Annual Report 2019

Children's Investment Fund Foundation (CIFF UK)

Contents

Chairman's Message

In 2019, the Children's Investment Fund Foundation's (UK) (CIFF) mission remained the same as it was when established eighteen years ago: to enable children and young people to survive and thrive across the world. As an independent philanthropy, CIFF aims to take a disruptive approach and work to support the next generation to solve the difficult problems they face. In 2019, we continued to invest in delivering near-term, measurable and ambitious outcomes that improve children's lives, as well as working towards the long-term security of children's futures.

CIFF continued on the path of localisation in 2019, through recruiting and onboarding our new Executive Director for Africa, the development and approval of a refreshed Africa Strategy, opening an office in Beijing, China, and substantially strengthening our team in Addis Ababa, Ethiopia. Among many other developments, these steps furthered our efforts to empower local change-makers to deliver systemic change in their own communities.

In 2019, we continued to invest in delivering near-term, measurable and ambitious outcomes that improve children's lives, as well as working towards the long-term security of children's futures.

Overall in 2019, we approved $386 million in new charitable investments (a rise of $64 million over 2018) and $269 million was disbursed between our Addis Ababa, Beijing, Delhi, London and Nairobi offices. A mandate to increase CIFF's ability to invest was approved by the Board of Trustees last year, by raising CIFF's spending parameters from 6% of the endowment, to 7% for 2020 and beyond. It is worth noting that this Annual Report is being written during the global Covid-19 pandemic, which is set to impact markets and cause a reduction in the endowment value. However, CIFF's investment strategy has always been to weather storms, therefore we are still able to honour our existing commitments.

In 2019 our sector teams grew and started building new insights, evidence and theories of change into the implementation of several long-term strategies. In Child Health & Development we designed a new strategy on Severe Acute Malnutrition (SAM), which focuses on the prevention of SAM, and increasing access to SAM treatment for all children in need, whilst pushing for accountability. Our Adolescence Sexual & Reproductive Health team began the implementation of a new strategy to empower more young women to receive and administer their own sexual and reproductive health requirements, and on climate change we launched a new approach aimed at tackling the unsustainable global financing of the fossil fuel industry. We also launched a new CIFF-wide strategy for empowering girls and young women in their journey from school to work, which was approved in late 2019, and will see us support partners in areas including girls' education, life skills, technical and vocational training and income generation, as well as fostering enabling environments in communities, schools and workplaces.

In addition to thematic developments, 2019 also saw the addition of two teams at CIFF: Organisational Development and Impact Investing. A strategy for the former was approved by the Board in March 2019. It will work to build institutional capacity and core strengths of our grantees, enabling them to achieve greater impact in delivering our common objectives. On Impact Investing, the Board approved a first investment policy for Impact Investing in June 2019. Under this approach, we are starting to invest in innovative private sector businesses and funds that can contribute to addressing the problems that CIFF was set up to address.

In 2019, we maintained our strong commitment to leveraging measurement and evaluation to improve the impact and sustainability of our programmes. To do this, we developed a range of practical tools and videos on effective monitoring and evaluation for our staff, and worked to strengthen grantee monitoring and evaluation capabilities.

None of this work would be possible without the generosity, commitment and vision of CIFF's co-founder Sir Christopher Hohn and CIFF staff, trustees, co-funders and especially our grantees who continually strive for a safe and supportive environment for children and young people across the world. In closing, I would like to draw your attention to the thoughtful and relevant message from our CEO, Kate Hampton, and fully endorse her focus on building the adaptive and collaborative capability of CIFF and our grantees in pursuit of lasting structural change.

Graeme Sweeney
Chairman
11 June 2020

CEO’s Message

At the time of writing, all of our staff are working from home due to Covid-19 restrictions, and we have spent the last few weeks assessing the impact of the pandemic on our grantees, our programmes and most importantly, on the children and communities we all serve. As we contemplate the tragic consequences of this crisis for the most vulnerable, the opportunity cost of our time and our resources is harder to weigh than ever. Nonetheless, I have been struck by the dedication of our staff, our Trustees and co-Founder, and our partners across the globe. Our common vision has served us well in making difficult choices and mobilising new energies. Although CIFF’s endowment has been affected, we are determined to honour our commitments to our grantees and continue our work, adapting to the new normal as we go. We look forward to reporting on the progress made, and any material challenges, in our next annual report.

We have highlighted two areas for deeper strategic focus: (1) tackling the climate and air pollution emergencies, and (2) harnessing the demographic dividend

In December 2019, the Board of Trustees agreed to a step-change in the financial and organisational support that we provide our grantees, a greater bias towards preventive and systemic problem solving, and an even stronger commitment to using, generating and disseminating evidence. We have highlighted two areas for deeper strategic focus: (1) tackling the climate and air pollution emergencies, and (2) harnessing the demographic dividend through adolescent sexual and reproductive health and rights, and a new strategy we are calling Girl Capital. We will do this while continuing the shift to more localised decision making, institution building and co-creation with local partners. This will build upon the strategic partnerships CIFF has developed over many years – with civil society, co-funders, governments, multilateral organisations, businesses and others – which we will continue to strengthen and are hugely grateful for.

In our climate change portfolio, to complement our existing work in policy advocacy and technical assistance, we will be supporting environmental governance including through litigation, contributing to social-movement building where appropriate and resourcing communications more effectively to achieve our goals. The financial sector and its regulators will be a key target of our engagement, as we seek with our grantees the redeployment of public and private capital away from high-carbon energy, infrastructure and industry – especially in Europe and Asia. Our global climate efforts have already pivoted from securing greater international ambition through COP26 (because of its unfortunate but necessary delay) to embedding a green and inclusive recovery from Covid-19 everywhere we work.

With the launch of our Girl Capital strategy, incubated and led from our Delhi office, we are moving to more gender-transformative programming. So many of the challenges facing the most vulnerable children start with the unequal status of their mothers. If girls can be free of harmful social norms, go to school, learn and secure employment, delay marriage and first birth, their status in society will be transformed and their children will benefit from better health, education and opportunity. We are seeking to concentrate, layer and integrate our work better to support the current generation of girls in achieving their best possible transition to adulthood, and we must ensure that Covid-19 does not set us back.

We are also taking a more integrated and preventive approach across the rest of our work:

- Breaking transmission of, not merely controlling, selected Neglected Tropical Diseases through expanded Mass Drug Administration, integration with water, sanitation and hygiene, and support for local ownership and sustainable capacity building in health systems – especially in Ethiopia;
- Focusing increasingly on the prevention of chronic and acute malnutrition rather than just treatment, with maternal nutrition and avoiding low birth weight in babies at the heart of our strategy – in both South Asia and East Africa;
- Supporting the development of an integrated child protection system that builds on access to education but also removes impunity for child exploitation (including online), child labour and trafficking – especially in India.

The world feels bleak at this point in time, and the Covid-19 crisis has shed new light on the systemic barriers faced by the poorest families: barriers which prevent children from avoiding harm and achieving their full potential. Perhaps we can, now, as one writer recently said, "break with past and imagine the world anew". For CIFF, that new world must be a world fit for children, and ever more deserving of their laughter.

Kate Hampton, CEO
11 June 2020

Trustees' Report

At a Glance: Portfolio Highlights

1 Clean Air Fund, an organisation working to improve air quality across the globe, was formally launched at the United Nations General Assembly in September, with the support of $20 million from CIFF.

2 The Healthy Mothers, Healthy Babies Accelerator was launched in 2019, to advance the uptake of multiple micronutrient supplements (MMS). CIFF alongside funding partners will collectively invest roughly $50 million into the Accelerator over the next three years, to support over 17.5 million pregnant women access MMS.

3 Over 1900 traffickers were identified through the Mukti Caravan (Freedom Van) Campaign by CIFF-funded Kailash Satyarthi Children's Foundation in India. Mukti Caravan is a nationwide campaign on wheels against the organised crime of child trafficking.

4 CIFF worked with grantees to expand the availability of self-care tools and broaden the adoption of youth-led design for future SRH programmes. Major progress was made on DMPA-SC (a type of self-injectable contraceptive), a 'dual-pill' for HIV and pregnancy prevention, and HIV self-testing with dozens of countries supporting scale-up.

5 CIFF-funded campaigns to increase political engagement and climate awareness among young people during the 2019 UK General Election helped to secure an additional 2.4 million youth voter registrations.

6 CIFF launched two new teams, Organisational Development and Impact Investing, to help strengthen the work of our grantees and allow CIFF to take a more holistic approach to solving problems in key areas of focus.

7 CIFF enhanced the function of evidence, measurement and evaluation to include a focus on evidence at strategy level, improve the rigour of CIFF strategies and investments and ramp up CIFF's work on technology for greater impact.

Trustees' Report

At a Glance: Financial Highlights

1 **$386m**

Charitable Investments Approved

During 2019 the CIFF Board approved a total of $386m of charitable investments.

2 **$269m**

Grant Disbursement

CIFF disbursed grants of $269m in 2019. Grant disbursements increased in 2019 by $37m compared to 2018.

3 **12%**

Operating Expense

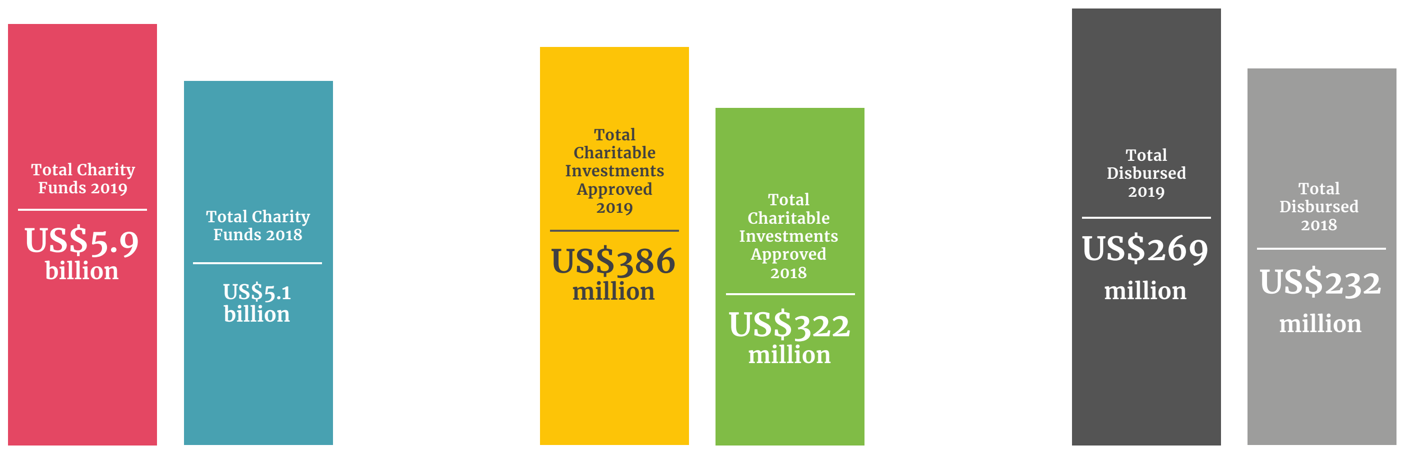
The Foundation's operating expenses increased as we took on more staff across our global network of offices, but the ratio of these costs to grant disbursements remained at a healthy level of 12%.

4 **$5.9bn**

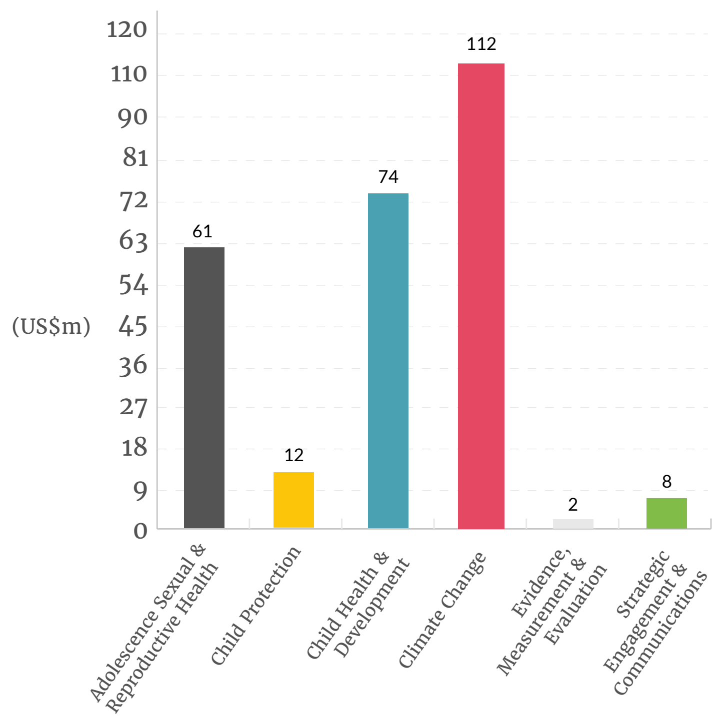
Endowment

Investment returns and income from our endowment assets were very strong in 2019 at $1.1bn, bringing the total endowment to $5.9bn. The size of the original endowment and the excellent investment returns we have enjoyed over the years give us the financial strength and stability to make substantial long term commitments to the work of our grantees.

At a Glance: 2019 Charitable Activities

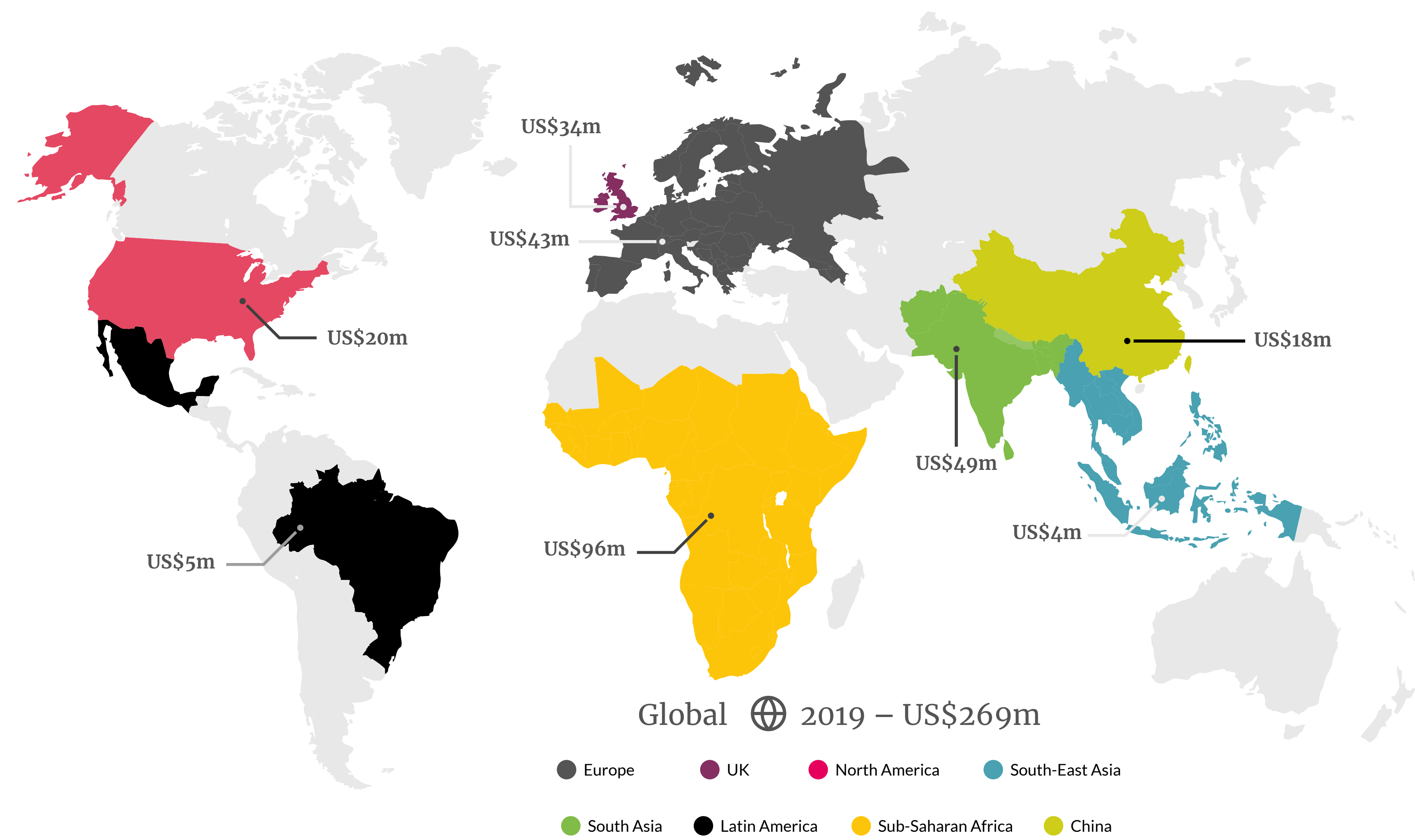


Charitable grant payments by sector (US$m)



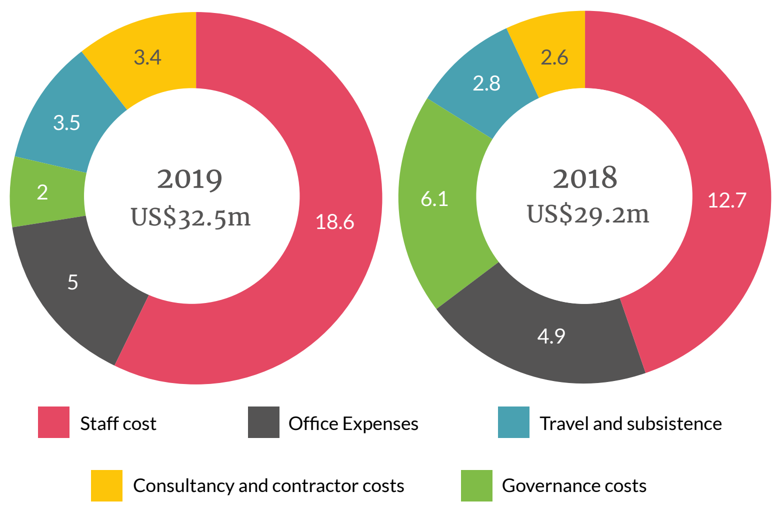
Total grant payments **US$269m**

Investment Regions – Distribution of charitable grant payments



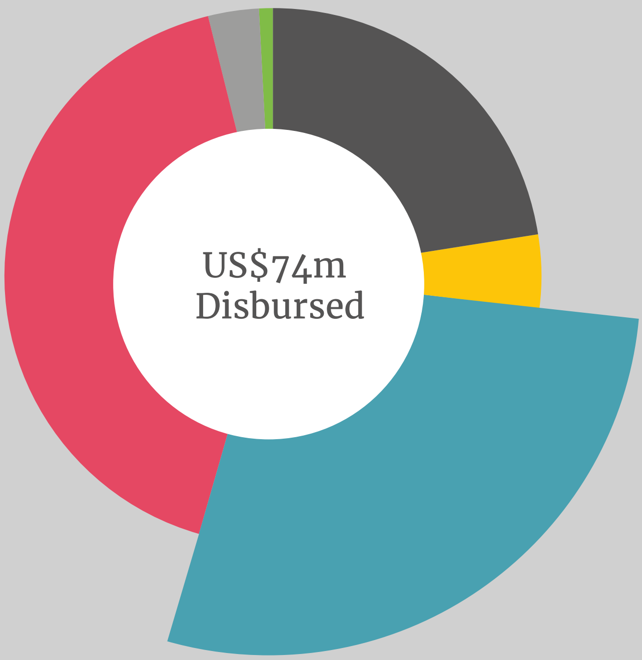
The map represents grant distributions by location of grantee activity.

Operating expense by type – 2019 and 2018



STRATEGIC OVERVIEW

Child Health & Development



Child Health & Development

At the heart of CIFF's grant-making lies the health, well-being and survival of children, through building resilient communities. Our Child Health & Development team focuses on issues such as nutrition, water, sanitation, and hygiene (WASH), and prevention and management of neglected tropical diseases (NTDs).

In 2019, the team underwent structural changes in order to localise CIFF's child health programmes, with leadership of the team shifting to CIFF's Executive Director for Africa based in Nairobi. CIFF's nutrition portfolio was also refreshed and an updated severe active malnutrition (SAM) strategy was approved by CIFF's Board.

Nutrition

From pregnancy to childhood, nutritional intake determines the long-term health status of an individual, which is why ending SAM is an essential component of CIFF's child health strategy.

The approval of the updated SAM strategy will see the Child Health & Development team double down on prevention and increasing access to SAM treatment for all children in need, with a greater emphasis on local accountability, all of which will be driven by the latest evidence in the field.

The prevention of SAM in children is also intrinsically linked to maternal health, and to support progress in this field **CIFF co-funded and co-launched the Healthy Mothers, Healthy Babies Accelerator in September 2019 alongside international partners.** The Accelerator will provide greater access to maternal supplements (i.e. vitamins and minerals that support healthy pregnancy outcomes) for women in countries with a high prevalence of babies born at low birth weight. Collectively, the funding partners will invest about $50 million to support over 17.5 million pregnant women globally with multiple micronutrient supplements over the next three years.

Alongside the importance of maternal health is the importance of a child's birth weight. Low birth weight is a significant factor in increasing a baby's likelihood of early death, risk of heart disease and/or diabetes, and reducing its intelligence quotient. **CIFF and global partners including the Bill & Melinda Gates Foundation, Jhpiego, and UNICEF are now leading the global movement to reduce the number of babies being born at a low birth weight, and 2019 was the first year in history that global estimates for low birth weight were released**, confirming that every year around 15% of babies are born at low birth weight. As part of our CIFF-wide strategy to engage stakeholders, CIFF held localised side events showcasing these global estimates, as part of the 2019 World Health Assembly on 'the right to be born healthy'. Ministers from India and Ethiopia attended, pledging to reduce and stop low birth weight in their countries.

Neglected Tropical Diseases (NTDs)

The overall goal of CIFF's work with NTDs is to ensure that children and their carers are free from these debilitating diseases, which can hinder nutrition and cognitive development, cause severe pain and permanent disability, and prevent girls and women from achieving their potential.

Since 2015 our **school-based deworming programmes in India and Ethiopia have delivered millions of preventive treatments to children**. The objective of these programmes is testing a new approach of breaking transmission of intestinal worms, using a combination of community-wide deworming treatment, WASH improvements and behaviour change. Breaking transmission of worms is also the goal of the Audacious END Fund's Deworming Innovation Fund, which will soon begin innovative mapping methods to estimate infection levels and deliver customised implementation plans in Ethiopia, Kenya, Rwanda and Zimbabwe.

CIFF is also investing in the Audacious AcceleraTE programme led by Sightsavers, which aims to eliminate blinding trachoma in 12 African countries and make strides towards: (1) eliminating trachoma through integrated NTD programmes; and (2) reducing child mortality using preventive trachoma treatment.

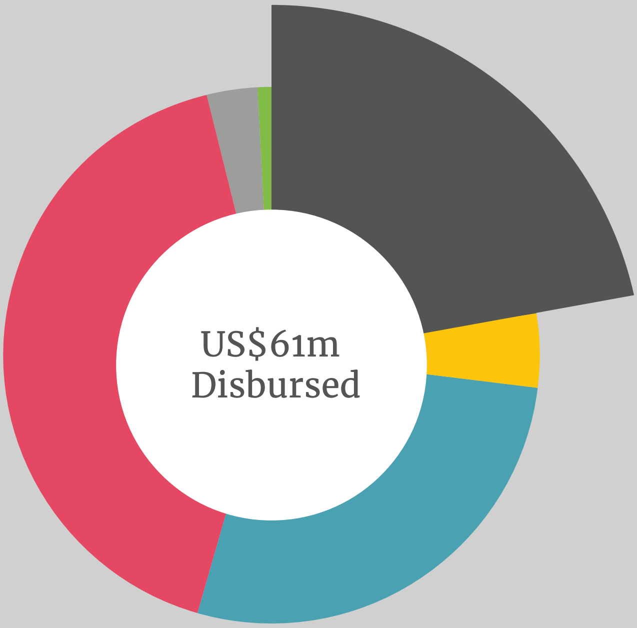
From pregnancy to childhood, nutritional intake determines the long-term health status of an individual, which is why ending SAM is an essential component of CIFF's child health strategy.

Water, Sanitation and Hygiene (WASH)

For WASH interventions, CIFF is focused on mainstreaming services in schools to ensure children have continued access to sanitation and hygiene. As part of improving WASH services, our interventions also look into the power supplies available for schools and healthcare facilities, to ensure that WASH provisions are sustainable and accessible irrespective of a region's broader infrastructure.

CIFF's WASH interventions will support the Government of Ethiopia in meeting the grand Woreda transformational initiative, which aims to improve the health services in regions across the country. Aside from Ethiopia, CIFF's primary focus for mainstreaming WASH Services is Kolkata, India.

Adolescence Sexual & Reproductive Health



Adolescence Sexual & Reproductive Health

In 2019, CIFF's Adolescence Sexual & Reproductive Health team continued its focus on empowering adolescents with the skills, knowledge and tools to control their sexual and reproductive health (SRH) and expanded the team to include dedicated roles in Commercial Solutions and Market Growth. Self-care in SRH played a major role in new funding commitments and partnership building, working towards the de-medicalisation and democratisation of such services.

Self-Care for SRHR

Young adults and adolescents should all have access to affordable and safe sexual and reproductive health care. At the centre of CIFF's approach to SRH is working to empower adolescents to make their own choices as to which sexual health service they use, when they use them, and where they use them.

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The key focus in 2019 for self-care for SRH was to formalise guidelines for its use and ensure that these guidelines are workable in varying geographical contexts. With CIFF support, the World Health Organisation released new Global Guidelines for Self-Care in SRH in June 2019. A fundamental aspect of the successful sustainability and socialisation of self-care for SRH lies in local partnerships. In order to strengthen advocacy and localised implementation of the global guideline recommendations, **CIFF joined multiple partners to launch the Self-Care Trailblazers Group, which is working to integrate self-care for SRH policy and practice into healthcare institutions** through bringing together various global and national stakeholders.

The self-care strategy also works to increase the use of digital systems into healthcare frameworks. CIFF's flagship In Their Hands investment in Kenya reached a milestone of over 250,000 adolescents accessing services via a technology-enabled platform and expanded into Uganda in partnership with the Aga Khan Foundation in 2019.

CIFF's self-care for SRH strategy also incorporates increasing HIV self-testing and leveraging catalytic work where possible. This includes working specifically with partners such as the Global Fund to Fight AIDS, Tuberculosis and Malaria, supporting countries that have made HIV self-testing central to their national strategies.

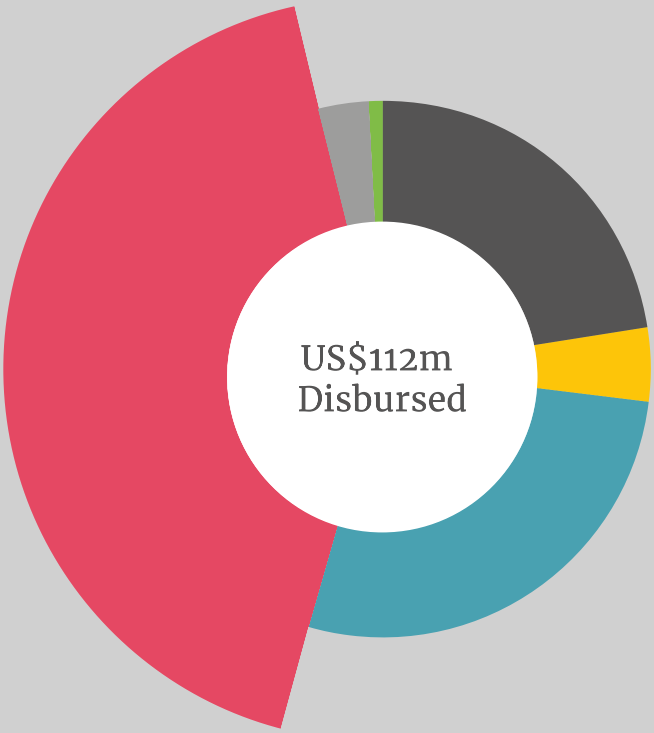
Commercial Solutions and Market Growth

Alongside the holistic approach to ensuring that adolescent users of sexual and reproductive health care are empowered, there is a mission-critical requirement of the pharmaceutical market to increase the availability, the accessibility, and the affordability of these services, such as HIV self-testing kits, and self-administered contraceptives.

In relation to self-administered contraceptives, CIFF is working to grow the evidence base for DMPA-SC's sustained, safe, and effective use by women across South East Asia and Sub-Saharan Africa and increase its availability through working with providers and developers. **CIFF is also working to develop convenient and efficient solutions to SRH services, and in this light, supported the ground-breaking development and go-to-market planning for a new combined daily pill for pregnancy and HIV prevention.**

CIFF's top-level Adolescence strategy follows the journey of SRH services, from their development to their use. Focusing on both the demand for empowered SRH choice-making, and the supply of convenient and market-ready self-administered sexual and reproductive healthcare, CIFF works to increase political will to incorporate such provisions and develop the technical capabilities of a region's healthcare system.

Climate Change



Climate Change

Climate change poses the single biggest threat to the future of today's children and young people. At the core of CIFF's climate activities are improving air quality in cities globally, moving away from fossils fuels and accelerating the uptake of renewable energy in Europe and Asia, increasing the use of strategic litigation and communications to mobilise policy change, and supporting the financial and economic transition away from capital flows into fossil fuels, towards a low carbon economy.

The Climate team expanded both geographically and in staff numbers in 2019, with the introduction of a Climate Director based in CIFF's India office, and the opening of a new CIFF office in China focused exclusively on climate change. These developments have enabled CIFF to increase the localisation of the climate strategy, maximise opportunities for impact, and to form stronger relationships with governments, local organisations and international partners.

CIFF is committed to strategies that get to the heart of the greatest climate challenges and look to support new approaches in order to accelerate action and create a step change in ambition.

Air Quality

Air pollution and climate change are intrinsically connected. Tackling air pollution will not just save lives, but it will also inject urgency into the climate change agenda. In order to generate efficient and long-lasting impact in this area, CIFF has three core areas of work: (1) **leveraging practical solutions within our grasp**, such as electric buses, cycle and pedestrian friendly spaces, and renewable energy generation; (2) **increasing access to – and the use of – air quality sensors and satellite data**, which can better reveal the extent and sources of the problem and drive accountability; and (3) **understanding the health impacts in order to motivate public action**, the ability to understand the impact of air quality on local schools, communities, and individuals motivates the public to act at both a local and national level.

Energy

CIFF's energy strategy involves supporting increased renewable energy generation and power sector reform. CIFF recognises the power of private sector and philanthropic investment in these areas and seeks to leverage additional private funding for long-term sustainability and use of renewables. CIFF's renewables strategy also follows the overarching CIFF objective of ensuring local organisations and experts are supported. There is a material information and capacity gap between countries at the cutting edge of renewables deployment and countries at an earlier stage. We are working to close this gap with international and increasingly home-grown expertise that can bring a comprehensive suite of power sector solutions to in-country decision makers.

This localised approach includes efforts such as the spin-off after 20 years of the Energy Foundation China - our strategic grantee in China - from its parent organisation in the US, and CIFF co-creating the Southeast Asia Energy Transition Partnership with a coalition of like-minded governments and other philanthropies. In India, our local partners are enabling integration of renewable energy into the distribution to end users, through design and implementation support for solarisation of agriculture pumps.

Finance

In 2019, CIFF introduced a new climate finance strategy. The strategy aims to support the financial sector to accelerate decarbonisation in line with the Paris Agreement. CIFF works with partners in key geographies to (1) **reduce finance for polluting activities** like coal power while encouraging finance for clean technologies; (2) **encourage investors to take an active approach to reducing emissions** from the companies they own; (3) **support financial regulators to address the risks stemming from climate change** including through stronger, harmonised disclosure and prudential requirements, and; (4) ensure public finance and fiscal policy supports governments' climate objectives.

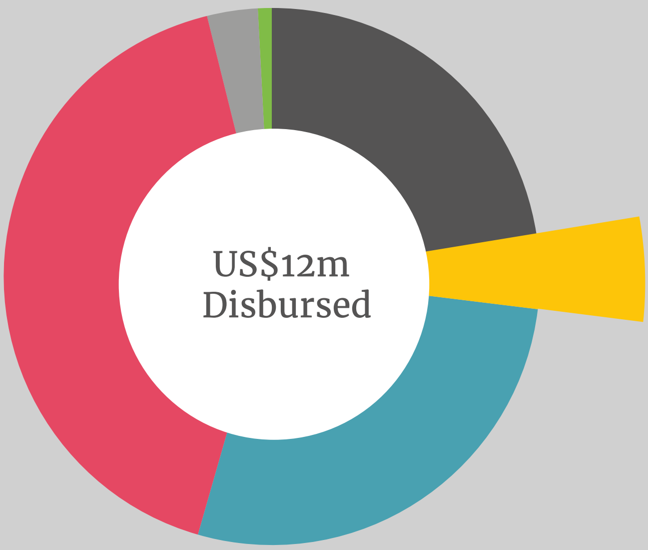
CIFF is committed to strategies that get to the heart of the greatest climate challenges and look to support new approaches in order to accelerate action and create a step change in ambition.

Strategic Litigation

Strategic litigation is a powerful tool that can drive transformational change in support of the climate goals of the Paris Agreement. It has potential to drive compliance with existing laws as well as the ambitious changes in law and policy that are needed to accelerate climate action. CIFF works with several long-standing, strategic partners[1] in this space with a specific focus on four branches of activity: (1) **focus on high impact, low risk and low cost litigation approaches** whilst exploring breaking new legal ground; (2) **work towards securing robust evidence bases**, including attribution to science, health impacts, and economics; (3) **amplify cases outside the courtroom through campaigns**, to increase public and political attention thereby strengthening legal action, and; (4) **facilitate knowledge sharing and learning in the environmental law community**, to empower legal groups and replicate successful strategies and initiatives.

[1] Strategic partners are grantees, co-funders, or co-implementing organisations that are long term, strategically aligned CIFF partners.

Child Protection



Child Protection

CIFF's Child Protection team continues to advance child protection by supporting grantees working towards accountability and policy implementation against child trafficking and slavery. At present, CIFF's child protection activities focus on India, where partnerships and awareness raising are the fundamental approaches to ending the exploitation of children.

Partnerships

CIFF's child protection strategy focuses on the power of partnerships and local change-makers to drive progress to ending child exploitation. These partnerships work on several elements of child protection, from strengthening law enforcement systems against child labour, trafficking, bonded labour and child sexual exploitation, to driving political commitment to protect vulnerable children and to pursue and prosecute offenders.

Raising Awareness

Another key element of CIFF's child protection work involves awareness raising. CIFF works with implementing partners to reduce and stop the demand for child labour, through campaigning and holding child labour supply chains to account. **CIFF's awareness raising activities have developed in recent years, through supporting the global alliance WeProtect in driving global commitments to end online child sexual exploitation, as well as funding the development of both on and offline content highlighting the prevalence and severity of child exploitation.**

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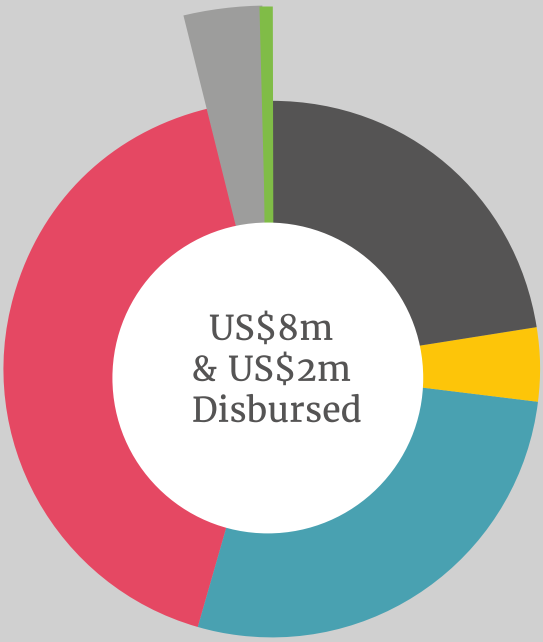
Cross-Cutting



The disbursement values are for functional grants additional to spend on evidence monitoring & evaluation and strategic engagement & communications reported in specific sectors.

Cross-Cutting

Critical to CIFF's mission to be an impactful, responsive, and catalytic funder lies the role of cross-cutting teams. The Strategic Engagement & Communications (SEC), and Evidence, Measurement & Evaluation teams (EME) both support and lead grant-making; delivering activities such as evaluating the impact of grants, ensuring effective stakeholder management, and developing new methods to engage and assess the broader landscape within which CIFF's activities sit. This is done with a focus on making our strategies as proactive and salient as possible.

The cross-cutting strategies also include two new areas of investment for CIFF, Organisational Development and Impact Investing. These new areas of work will explore different methods of funding and supporting grantees across all of CIFF's sector teams, aiming to create more robust, local organisations, and further engagement with commercial sectors.

Strategic Engagement & Communications

In line with efforts across CIFF towards localisation, 2019 saw the SEC team update its operating model to decentralise its capabilities by increasing SEC staff in-country and transferring SEC-related programme management to CIFF country offices closest to the activity base.

Critical to CIFF's mission to be an impactful, responsive, and catalytic funder lies the role of cross-cutting teams.

The operating model update also included streamlining the work of the London team to focus on issues that cut across CIFF's sector and regional teams. These include developing CIFF-wide approaches to risk forecasting and management, **supporting youth-led social movements and issue-based communications campaigns related to CIFF's strategic objectives, engaging with new allies and champions such as traditional and religious leaders,** and sharing lessons learnt and best practices from communications and strategic engagement across CIFF.

The SEC team has also commenced a broader, collaborative strategy with CIFF's EME team, focusing on increasing understanding of behavioural change processes and impact measurement approaches. This will be further developed throughout 2020.

Evidence, Measurement & Evaluation

CIFF enhanced the function of Evidence, Measurement & Evaluation to include a focus on evidence at strategy level, improve the rigour of CIFF strategies and investments and ramp up CIFF's work on technology for greater impact.

The EME team increased its presence in CIFF's Kenya, Ethiopia and India offices in 2019, creating a strong localised EME team across CIFF geographies and sectors. **2019 also saw the team lead the upskilling of grantees through several knowledge building workshops, and the development of the Technology Advisory Board to assist with the incorporation of new technologies into our evaluation and evidence frameworks.**

The team rolled out several grantee knowledge building workshops throughout the course of the year in Asia, Africa and Europe. This has led to a greater understanding of the importance and application of monitoring and evaluation within programming, and its role in achieving greater progress within CIFF areas of focus.

Organisational Development

CIFF's new Organisational Development (OD) function allocates 1% of our total annual grant-making commitments towards investments related to capacity development for our grantees. The key objectives of OD are to build institutional capacity and core strengths of our strategic grantees, enabling them to achieve greater impact in delivering our collective mission.

OD will help grantees become more resilient, manage risks and be better positioned to meet needs of their communities and stakeholders in future. Some of the areas in which OD provides support are governance and leadership, monitoring and evaluation, strategic communications, risk management, fundraising, human resources, financial management and technology.

The new team provides support through three core operations: customised one-to-one support, capacity building for groups of grantee partners ('cohorts'), and support during incubation for new organisations.

Impact Investing

The introduction of impact investments to CIFF's portfolio of activities enables CIFF to take a more holistic approach to solving problems in its areas of focus, by applying the most appropriate solution to each problem. The impact investing function formally commenced operations in April 2019, with the recruitment of an Impact Investing Director with an Investment Policy statement agreed with the Board in June. This sets out the team's approach to investment in commercial enterprises, making volume guarantees and making loans to non-profits.

Photo by Artem Beliaikin from Pexels

REGIONAL ACTIVITIES

Africa

Africa

In early 2019, CIFF grew its physical presence in Africa beyond Nairobi and opened a second office in Addis Ababa, Ethiopia, increasing the level of localisation and on-the-ground programme development and leadership. In addition, CIFF welcomed a new Executive Director for Africa, Faustina Fynn-Nyame, who led the development of CIFF's 2020-2025 Africa Strategy in consultation with partners and grantees. This strategy prioritises a commitment to systemic solutions and harnessing African expertise, growth, sustainability and leadership.

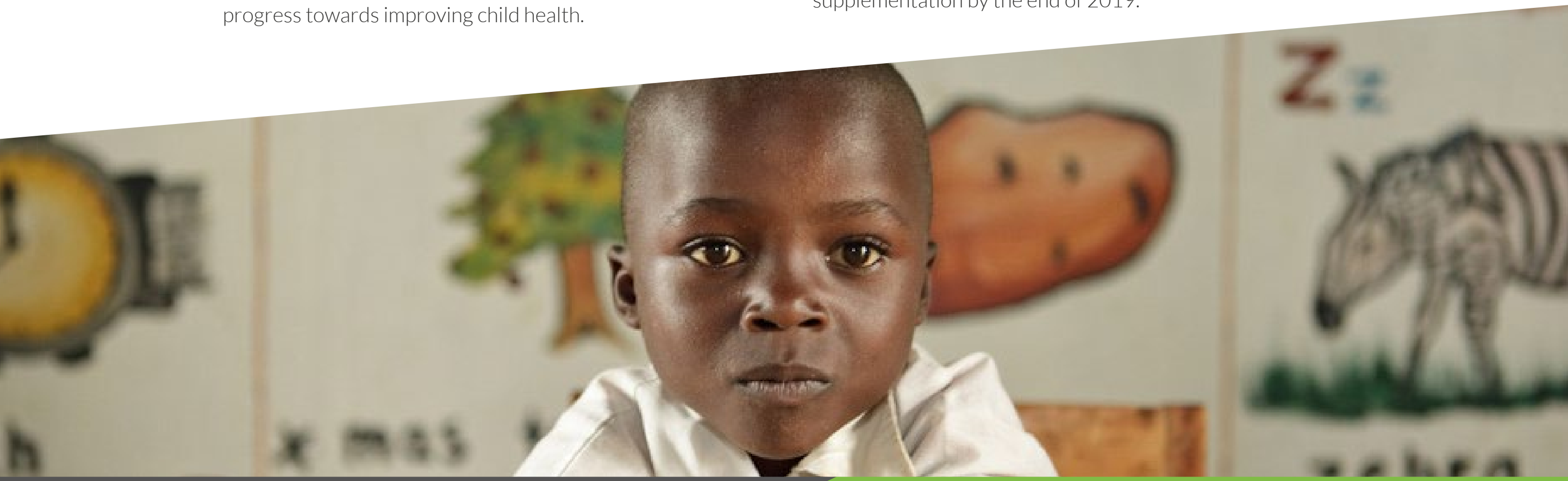
CIFF's engagement with Ethiopia increased significantly over 2019. This included the Government of Ethiopia's announcement that it will match CIFF's funding in the country 50:50, resulting in a major increase in investment capabilities and impact. In relation to Neglected Tropical Diseases (NTDs), the Government of Ethiopia collaborated with CIFF to initiate major actions towards eliminating trachoma, soil-transmitted helminths and schistosomiasis, through the commissioning of Operation Sight, the Deworming Innovation Fund programme and the commencement and scale-up of Accelerate and Geshiyaro Transmission Break investments respectively. In addition, CIFF partnered with the Government of Ethiopia to scale-up the "Smart Start" proof-of-concept, focused on reaching the most marginalised, married adolescents with aspirational messaging, financial planning and family planning choices. This investment - Roadmap for Integrating Smart Start in Ethiopia - is ready for early 2020 implementation. CIFF also supported the digitalisation of Ethiopia's Community Health System, through strengthening the Ministry of Health's reporting systems, and piloting biometric (the use of human characteristics as a form of identification) integration into community health practices.

In **Kenya**, CIFF supported the Government of Kenya in developing and launching a breaking transmission strategy for WASH (water, sanitation and hygiene) and Preventative Chemotherapy related NTDs. **A major step forward for policy change in relation to child health in Kenya was the inauguration of a National NTD Elimination Expert committee, by the Federal Minister of Health (FMoH), to oversee the implementation of this strategy.** The Government of Kenya also hosted the first ever international NTDs conference in December 2019, further committing the FMoH to implementing change and driving progress towards improving child health.

CIFF also supported several events and programmes in **Nigeria** in 2019, including the first ever convening of African traditional and religious leaders on keeping girls in school. The meeting, co-hosted by the Sultan of Sokoto and the Kabaka of Buganda, brought together 265 participants from 20 African countries with the highest rates of female school dropout and poorest maternal and child health indicators. The convening had high-level participation, including Nigerian President Muhammadu Buhari and UN Deputy Secretary-General Amina Mohammed. As a direct result of this conference, **the Kabaka of Buganda committed to hosting the first South-South learning visit for traditional and religious leaders in the Kingdom of Buganda (Uganda) in July 2019, and religious leaders in the Democratic Republic of Congo, Niger and Nigeria have committed to convening their peers to implement locally led solutions.** In relation to child health programmes, the Nigerian Government released $9.6 million throughout the lifecycle of CIFF's Severe Acute Malnutrition (SAM) work in the country, seeing a total of 1.4 million SAM-affected children access life-saving treatment over the course of the five-year investment. Since the programme ended in June 2019, Nigeria's First Lady Aisha Buhari called upon the country to increase political commitment for SAM prevention.

CIFF's 2020-2025 Africa Strategy prioritises a commitment to systemic solutions and harnessing African expertise, growth, sustainability and leadership.

In 2019 across Ethiopia, **Liberia** and **Tanzania**, the CIFF-supported foundation, **Power of Nutrition, reached over 28 million children, young women, and adolescent girls with essential nutrition services, and a total of $13.5 million was raised through diverse new donors, including corporations and foundations.** Due to Power of Nutrition's ongoing efforts in Tanzania, 64% of pregnant women attended four or more antenatal care visits and 100% of children aged 12-59 months received vitamin A supplementation by the end of 2019.



India

India

In 2019, CIFF's India team grew and continued to develop a wide portfolio of important projects. Rajasthan remains central to our portfolio - CIFF holds a long-running relationship with the State Government. In 2019, India also became the first country where all of CIFF's strategic areas had active investments. This involved the introduction of localised climate programmes in India, with a specific focus on air quality and cooling (refrigeration and air conditioning), and the roll-out of CIFF's new strategy for investing in girls' transition from school to work.

CIFF's strategy of building local solutions with local organisations and partnering alongside governments continues to deliver strong results in India, with Rajasthan State catalysing progress in other States on reducing perinatal mortality as well as reducing Severe Acute Malnutrition. In India, **$33m of CIFF's current active investments have unlocked $150m of Government co-investment**, which is invested in improving Government systems and delivery at scale.

Girl Capital marked a coming of age of CIFF's localisation focus, as this was the first strategy developed by a regional office – in this case the CIFF India team - for application globally.

Throughout 2019, **CIFF also made core progress in developing a new Girl Capital strategy, which brought strong focus on the rights of girls and young women to the centre of realising the demographic dividend.** Girl Capital will support girls' education, technical and life skills development, income generation as well as foster an enabling environment in communities, schools and the workplace. While the formal strategy was approved in late 2019, pre-existing Girl Capital activities made impact throughout 2019, through Udaan (cash transfers to get and keep girls in secondary school in Rajasthan), Educate Girls (which aims to get 1.5 million Indian girls into primary school - tackling 50% of India's education gender gap across four of the most populous states in India) and Manzil (ensuring life and vocation skills, and job training and apprenticeship access to more than 100,000 in and out of school girls.) Girl Capital marked a coming of age of CIFF's localisation focus, as this was the first strategy developed by a regional office – in this case the CIFF India team - for application globally.

In 2019 we also scaled-up pre-existing programmes through new adolescence strategies and investing in new areas of work including social accountability. The Matrix of Change investment involves a series of programmes working towards ensuring accountability for action in the areas of child and maternal nutrition, adolescent SRH access, and child protection. This contributed to a 24% increase in overall nutrition budgets in Odisha and 1.5 million additional adolescents received SRH knowledge in the state of Uttar Pradesh. This expansion of work also involved the Ab Meri Bari ('Now, it's my turn') programme, focusing on how we can positively change the way we talk about teenage pregnancy. **Over 300 girl champions were trained to conduct social audits across Rajasthan and Jharkhand to assess schemes, services and entitlements as part of Adolescent SRH programmes**. Insights, experiences and recommendations from these audits were collated to create a charter of demands which were publicly shared and amplified via a 15-day bus tour, across three states, during which the girls interacted with officials, communities and local media.

Finally, climate programmes in India expanded in 2019, primarily to address air quality and cooling efficiency. CIFF's air quality programmes in India have focused on awareness raising, accountability and providing technical support to the Government. This has already led the State Pollution Control Boards of Rajasthan and Maharashtra to take an 'airshed' approach – i.e. concentrating not only on the direct area of emissions, but the entire area over which the pollutants disperse - to tackle air pollution. By 2040, India's cooling energy demand (refrigeration, air conditioning, etc.) will be eight times its current level, and **CIFF's partners have initiated technical assistance to accelerate and realise the implementation of the Government's national cooling action plan.**

China

China

Building on several years of engagement with Chinese partners on climate programming, CIFF opened an office in Beijing in 2019. CIFF's work in China has been an integral pillar of CIFF's climate strategy and portfolio, and the Chinese Government's increased focus on addressing climate change offered an opportunity for CIFF to support real impact and climate progress in the region. In June 2019, CIFF's Beijing office became fully operational, with the onboarding of a small team currently covering programmes, evaluation, finance and operations. There are plans to expand the office further and increase staffing to better support partners in China over the next few years.

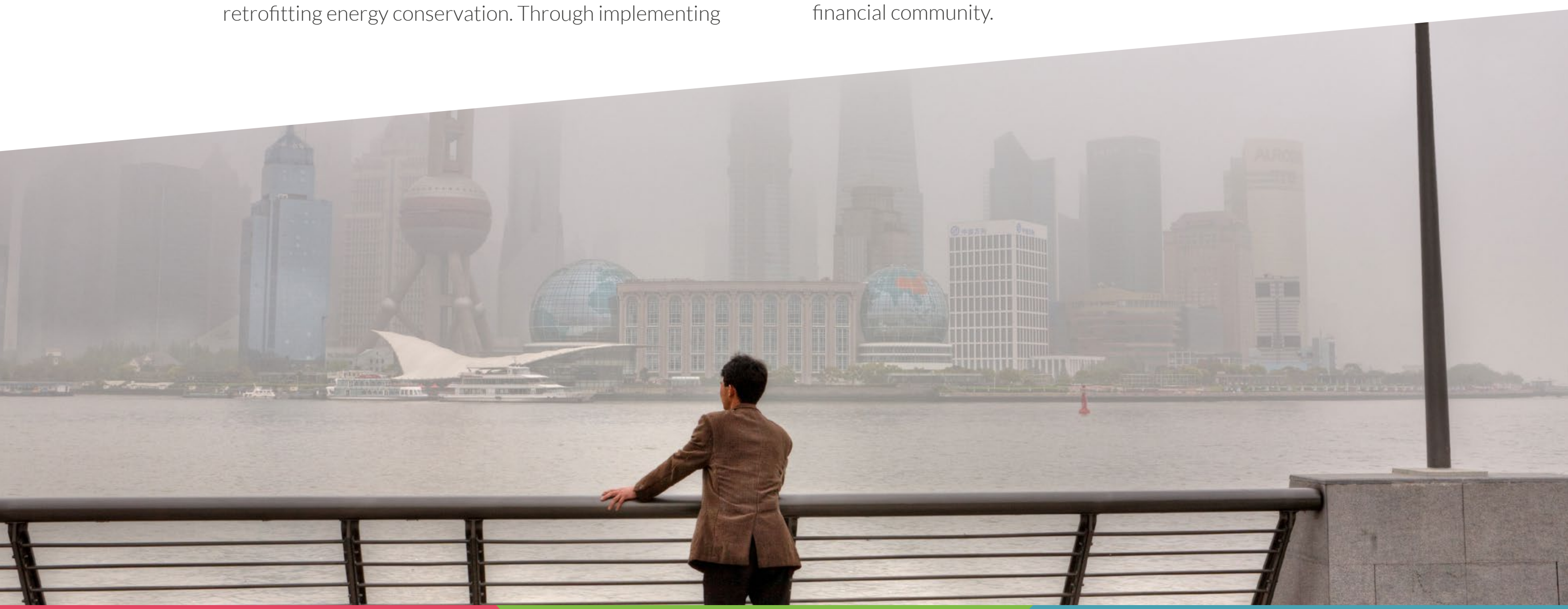
CIFF-supported grantees in China have contributed to several major successes in climate policy and action over 2019.

Energy Foundation China's (EFC) concept of 'reaching dual goals' of both improving air quality and reducing carbon emissions was adopted by the city of Shenzhen, and as a result, **the local government announced its plan to bring forward its peaking for carbon emissions from 2022 to 2020** at the 7th International Low Carbon Cities Forum in August 2019. Shenzhen (with a population over 12 million) is expected to peak its carbon emissions at 5.8 tonnes of CO2 per capita by 2020 - which is 22% lower than China's national figure. EFC has been working with Shenzhen and supporting the city's decarbonisation efforts for over a decade. The feasibility study and technical support from EFC provided the scientific basis and support for early peaking and boosted the city's confidence for the commitment of higher ambition.

Building on EFC's technical support – generated through CIFF funding and strategic collaboration – China launched its first-ever "Green Cooling Action Plan" (GCAP), an integrated master plan with the new energy efficiency and consumer market targets for air conditioners and cooling products. Serving as a national guide for promoting cooling efficiency, the Action Plan emphasises improving the energy efficiency standards of cooling system and air conditioning products, increasing the supply of green cooling products, promoting green consumption and retrofitting energy conservation. Through implementing the Action Plan, China has the potential to achieve annual electricity savings of 400 billion kWh by 2030, the equivalent to an annual saving of 120 million tonnes of coal and an annual reduction of 322 million tonnes of CO2 emissions.

In April 2019, the Green Silk Road Thematic Forum of the Second Belt and Road Forum (BRF) for International Cooperation was held in Beijing. The Belt and Road Initiative (BRI) was developed in 2013 by the Chinese government, as a call to advance infrastructure and investment across multiple countries. **At BRF, CIFF and over 120 other organisations joined the BRI International Green Development Coalition**, for which CIFF's CEO, Kate Hampton, serves as the convenor on the coalition's Advisory Committee. The coalition works to facilitate the implementation of the Sustainable Development Goals and the Paris Agreement, through making sustainable, renewable infrastructure investments in Belt and Road countries. The Green Investment Principles for the Belt and Road (GIP), led and hosted by the CIFF-supported Research Center for Green Finance Development at Tsinghua University, were integrated into a call to introduce key principles for addressing sustainability within the Belt and Road Initiative, and secured 27 signatories at the BRF (including major financial institutions from China, the UK, Europe and Middle East), demonstrating strong backing from the global financial community.

CIFF's work in China has been an integral pillar of CIFF's climate strategy and portfolio, and the Chinese Government's increased focus on addressing climate change offered an opportunity for CIFF to support real impact and climate progress in the region.



Europe

Photo by Pexels

Europe

In 2019, CIFF's London office grew substantially, from 54 members of staff in January 2019, to 78 members of staff by December 2019. This included the introduction of the Impact Investing team, based out of the London office, alongside growth across the sector and operational teams.

Europe is home to a significant number of CIFF's climate investments, with the London office overseeing the highest annual disbursement of climate funding in CIFF's history in 2019. Across the region, CIFF-supported climate programmes were implemented under a variety of strategies, from cross-cutting targeted communications to strategic litigation.

In Poland, CIFF's long-standing and key grantee ClientEarth – a legal charity focussed on using litigation to fight against climate change and protect the environment – achieved two significant legal victories related to coal phase-out: terminating construction of the 1.6 Giga Watt Polnoc power plant and terminating development of the 1 Giga Watt Ostroleka C coal powerplant. These terminations prevented new coal capacity from increasing, resulting in coal phase out becoming an achievable reality for Poland by 2030.

In the UK, in partnership with the Mayor of London, C40 Cities, Environmental Defense Fund Europe and Google Earth Outreach, CIFF launched BreatheLondon, an initiative that uses a range of cutting-edge fixed and mobile sensors to build up a real-time, hyperlocal image of London's air quality. The data these monitors collect from across London is providing an unprecedented level of detail about London's air quality crisis, delivering new insight into the sources of pollution and informing actions to address it.

Another programme delivered in the UK was a two pronged campaign aimed at increasing political engagement and climate awareness among young people (aged 18-30) in **the run-up to the 2019 UK General Election. The first of the two campaigns contributed to securing an additional 2.4 million youth voter registrations in the three weeks prior to the registration deadline.** The second was a creative advertising campaign to encourage young people to demand climate action from all of their local candidates. The campaign reached over 8 million individuals on social media, and achieved over 178,000 visits to the campaign website, encouraging and facilitating young people to email all their candidates demanding they prioritise the climate emergency in their decision-making should they be elected.

To effectively action CIFF's air quality strategy, CIFF formally launched the Clean Air Fund at the United Nations General Assembly in September 2019. The Clean Air Fund is new philanthropic entity with an initial focus on air quality in the UK, India, and Eastern Europe, with the objective of increasing and implementing research, campaigning and policy change. Since its conception in early 2018, the Clean Air Fund has received over $50 million in funding from various foundations and philanthropies, $20 million was provided by CIFF.

Europe is home to a significant number of CIFF's climate investments, with the London office overseeing the highest annual disbursement of climate funding in CIFF's history in 2019.

Global

Global

Aside from CIFF's primary regions of activity - Sub-Saharan Africa, India, China and Europe - we also support grantees and partners implementing programmes in other areas across the globe.

Child Health & Development activities

CIFF worked with organisations in Peru and Bangladesh to facilitate south-south knowledge sharing. Peru is a world leader when it comes to reducing child stunting - in less than a decade it halved the number of children who are stunted through a revolutionary pay-for-performance (P4P) model, and Bangladesh has developed a robust technological tracker for its progress on the Sustainable Development Goals. At the 2019 UN World Data Forum, the two countries signed a ground-breaking agreement to work together to improve SDG data tracking.

In Bangladesh, CIFF supported a one-year randomised-controlled trial, SHIMA (SHIshu' (baby) and 'MA' (mother) in Bengali), which tested the impact of daily provision of an egg-based nutritious snack – along with micronutrient powder and child feeding counselling – on the growth and development of 6-12 month olds. At the end of the trial period, children receiving the intervention had a 61% lower rate of stunting and had significantly higher cognitive, language and motor scores compared to children in the control group.

Through a CIFF investment with UNICEF producing innovative training mechanisms, the Government of Bangladesh has released $22 million as part of their National Action Plan of Nutrition towards competency-based training (CBT) for health workers. CBT is a method of training that can develop high levels of skill and knowledge retention. When used by trainers and trainee health workers in nutrition, Bangladesh has seen a constant decline in stunting, with cases reducing from 31% in 2017 to 28% in 2019.

Adolescence Sexual & Reproductive Health activities

In 2019, we focused on increasing HIV self-testing, seeking to accelerate progress towards the first of the 90-90-90 goals (by 2020, 90% of individuals with HIV will know their status, of which 90% will receive sustained antiretroviral therapy, and 90% of those will have viral suppression). In October 2019, CIFF therefore committed $25m to the Global Fund to Fight AIDS, Tuberculosis and Malaria with these funds being used to establish a catalytic mechanism to support countries that have made HIV self-testing central to their national strategies.

Climate Change activities

In Southeast Asia, CIFF has been supporting a network of partners to establish a scalable platform of strategic grant-making for a full clean energy transition in the region. This grant-making has seen major achievements in 2019, contributing to a reduction in coal plant emissions, with the Global Coal Plant Tracker data for January 2020 highlighting that the pipeline for the region (including Pakistan and Bangladesh) has decreased from 102 Gigawatts (GW) in January 2019 to 80.9 GW in January 2020. In Japan, the Environment Minister Shinjiro Koizumi secured an agreement from the government to review their policy on coal finance in June 2019, and in Vietnam the government developed regulation and incentives supporting the use of solar energy, with a surge in capacity from less than 1 GW in 2018 to an impressive 5 GW in 2019.

In Mexico, CIFF strategic partners have scaled up the work at a subnational level, a major milestone of which was the establishment of the Governor's Alliance on Climate Change in November 2019. The initiative works with local governments that are seen as championing climate programmes, aiming to secure pathways to decarbonisation and emission reductions in their respective states, through proactive policies and renewable energy initiatives. The Governor's Alliance is working towards the collective aim of ensuring Mexico supports the global target of no more than 1.5 degrees Celsius of warming by 2030, and is also working to increase Mexico's NDC at state level.

In Brazil, CIFF reinforced its commitment to work in the country by approving a renewal of investment to our strategic partner, Instituto Clima e Sociedade (ICS). This investment will not only focus on areas such as uptake of renewables and improvement in air quality (as two core CIFF climate strategies) but is also pivoting towards the protection of the Amazon Rainforest. Rapid action in this space, including the protection of crucial climate legislation, has been pivotal in maintaining Brazil's adherence to the Paris Agreement.

In 2019, C40 – a CIFF-funded network of the world's largest cities committed to addressing climate change through action, collaboration and knowledge sharing – supported twelve of its 96 member cities to publish ambitious climate action plans, including New York City and Barcelona, with 70 other cities committed to publishing plans by the end of 2020. CIFF also supported the attendance of over 200 youth activists at the C40 Summit in Copenhagen, which hosted the first ever roundtable between mayors (from Los Angeles, Paris, Seattle, Copenhagen and Freetown) and youth activists (from countries including France, Germany, Uganda and the US), to discuss how they can work together to incorporate young people's perspectives and priorities into city decision-making processes. This led to the creation of the C40 Global Youth Initiative, which CIFF is supporting.

In relation to monitoring and evaluation, CIFF supported the development of a data management system and programme to support C40 cities to better understand and evaluate their emissions. 50 cities attended a CIFF-led webinar introducing them to the tool, including Jakarta, Buenos Aires, and Lagos, and an in-depth workshop was held in New York City for 10 cities to discuss its implementation.

Child Protection activities

In Malaysia, CIFF grantee Transparentem, an organisation working to advance the well-being of workers and communities through the eradication of human rights abuses, investigated forced labour practices. This led to more than $1.7m in illegal fee reimbursements, and 1,600 passports being returned to workers. At a systemic level, the work prompted apparel industry commitments, signed by 144 companies, prohibiting passport confiscation, debt bondage, and other elements of forced labour through unethical recruitment.

STRATEGIC REPORT

Strategic Report

In preparing the Strategic Report, the Trustees have considered their duty to promote the success of the Foundation under section 172(1) of the Companies Act as interpreted in accordance with section 172(2) given the Foundation's charitable objectives.

In making decisions regarding the Foundation's activities, the Trustees have considered a number of factors and most importantly in relation to its grant-making activities, the opinions and advice of independent experts appointed to its Programme Investment Committees (as described further below). Grant-making activity is also informed through regular engagement with grantees, including through a regular grantee survey whereby grantees are able to raise concerns and comments about the grant-making process and programmes. Grantees are also encouraged at all times to raise issues or concerns that are relayed to the Trustees (and other advisors) through regular portfolio review meetings.

The Foundation regularly engages expert consultants to provide both advice on the work it undertakes and advise on the implications and impact particular programmes could have in seeking to achieve its charitable objectives.

Decisions by the Board in relation to CIFF's endowment are taken following advice from experts appointed to the Finance Committee, who oversee the investment management arrangements (as further described below). In certain circumstances, the non-conflicted Trustees (through the Finance Committee) take advice from independent third-party consultants in relation to the investment management arrangements, in order to ensure the management of the endowment is consistent with the Board's strategy in seeking to achieve its charitable objectives.

The Trustees also regularly rely on the advice of external charity lawyers regarding regulatory and other matters related to the management and operation of the Foundation. This advice is received from experts in the area of charity law that are able to advise on modes of governance, operation and transactions in a manner that fully reflects regulatory requirements, Charity Commission guidance and general best practice.

Covid-19

At the time of writing the 2019 Annual Report, the Covid-19 pandemic has, and will continue to, significantly change the way we work at CIFF. We are facing new challenges every day and are having to adapt to new routines and ways of working. While facing such an unprecedented health crisis, our priority is to double down on our charitable objectives of improving children's lives and protecting the climate, whilst maintaining the health and wellbeing of CIFF's staff, grantees, and partners.

We have entered the Decade of Delivery for the Sustainable Development Goals (SDGs) and the Paris Agreement, and so we seek to provide solutions where possible to the challenges brought on by the pandemic, whilst maintaining our commitment as grant-makers to these overarching global goals. We are focused on ensuring that we are supporting our grantees and the organisations that we work with on achieving their ongoing activities and are committed to honouring pre-existing agreements. However, it is inevitable that the pandemic will have an impact on our Endowment value in future years. The specific impact is yet to be determined, but we anticipate some programmes having to shift deliverables, timelines, and outcomes, irrespective of whether the programme disbursements ratio of 7% is maintained from 2021 onwards. The Board does not foresee any ongoing concerns for the Foundation's operations due to consequences of the Covid-19 pandemic.

Social Impact of CIFF's Operations

Improving our culture and championing diversity

A core part of CIFF's ethos is to focus on building a diverse workforce and inclusive culture. Acting with honesty is one of our corporate values and we aim to play a catalytic role as a funder and influencer to deliver urgent and lasting change at scale, promoting equal rights and access to opportunities. We work towards ensuring that people who contribute to CIFF's mission operate respectfully, responsibly and with integrity in line with our collective values and aims.

In 2019, we launched our People Strategy to enforce our commitment to diversification of talent and localisation. Our People Strategy is designed around values, personal impact, talent and organisational development.

Our recruitment practises are based on recruiting from the widest talent pool. In 2019, we have introduced a panel comprising of diverse genders, locations, staff level and ethnic backgrounds. Our objective for 2020 is to further develop our hiring managers through recruitment and unconscious bias training.

Gender remains a key focus area for CIFF, with Board and public reporting on an annual basis. In 2020 we intend to present a Gender Pay Strategy to our Board, comprising of a number of activities over a three-year period that will increase the development and positioning of women in senior positions in our sector. By building female talent in the sector, we can contribute to decreasing vertical segregation of gender in the workplace and provide women with the skills and confidence to be better represented in the senior levels of the workforce.

The Trustees also seek to have insight into the opinions and interests of employees in their decision-making, including through staff surveys. During 2019, the Foundation implemented an employee feedback platform which facilitates regular interaction with staff and provides the Board with further understanding of staff satisfaction, wellness and performance. An annual staff appraisal and performance review process also provides an opportunity for the provision of feedback by staff that may be reflected in reports to the Board or the Remuneration Committee.

Alongside developing staff diversity and equality, we are committed to ensuring our employees' physical and mental wellbeing are supported by appropriate training and/or services. This includes physical first aid through recognised, certified training, and the provision of counselling services as part of CIFF's Health and Wellbeing Strategy. CIFF's objective in 2020 is to update the existing Health and Safety policy and to review our health and wellbeing offering, to take into account the expansion of CIFF offices and operations.

Reducing the environmental impact of our operations

CIFF remains committed to protecting the environment as we continue to focus on improving the environmental footprint of our buildings and our operations.

In conversation with our Board, CIFF will introduce a Carbon Policy in 2020. This follows the Board's amendments to CIFF's Investments Policy in December 2019, in order to ensure that CIFF's endowment remained invested in companies that aligned more closely to CIFF's ethical values and continued to divest from fossil fuels. Find out more about our Investment Policy on page 41.

In relation to CIFF's operations, our greatest source of emissions are the flights we take to visit our projects around the world. CIFF's carbon emissions totalled 7,414 tonnes between July 2016 and June 2019. We have purchased offsets for this period, and for the period July 2019 to June 2020 based on our estimated carbon emissions, 50% via Gold Standard Projects and 50% through the European Union Allowance scheme. We are aware however that there is still more to be done in this space, and we are continuing to review our working practices to ensure a reduction in our carbon footprint is substantial.

At our London office in 2019, we moved away from a number of single-use plastics and recycled over 50% of our waste, and we continue our environmental initiatives through using eco -friendly cleaning materials. Our objective for 2020 is to review opportunities to further reduce our waste and improve our recycling across all offices, including country specific audits by relevant Government bodies. CIFF follows the principles outlined by the Greenhouse Gas Protocol and the UK Government's Guidelines on Greenhouse Gas reporting.

Financial Review

Five-year summary of income and expenditure

Summary of income and expenditure

	2015	2016	2017	2018	2019
	US$m	US$m	US$m	US$m	US$m
Incoming resources	247	315	283	82	106
Net Investment gains/(losses)	133	266	491	131	1,013
Foreign exchange	(4)	(15)	6	(3)	2
Total incoming resources including recognised gains and (losses)	**376**	**566**	**781**	**211**	**1,121**
Investment management costs	31	48	67	34	98
Charitable activities	257	243	247	247	289
Total resources expended	**288**	**290**	**315**	**281**	**387**
Net movement in funds	**88**	**276**	**466**	**(70)**	**734**

Summary of assets and liabilities

	2015	2016	2017	2018	2019
	US$m	US$m	US$m	US$m	US$m
Investments	4,328	4,813	5,233	5,342	5,484
Current assets	567	186	550	307	650
Total liabilities	(453)	(281)	(599)	(521)	(272)
Total assets less Total liabilities	**4,442**	**4,718**	**5,183**	**5,128**	**5,862**

Summary of financial and operational information

	2015	2016	2017	2018	2019
Grant disbursements (US$m)	220	242	208	232	269
5-Year disbursement ratio*	3.6%	4%	4.4%	4.8%	5.2%
Average headcount (FTE)	80	80	80	95	115
Operating expense as a % of charitable activities**	10.1%	11.5%	10.0%	11.8%	11.0%
Operating expense as a % of disbursements**	11.8%	11.3%	11.7%	12.1%	11.8%

* The 5-year disbursement ratio is defined as the average spend divided by the average assets over a 5-year rolling period.
** For this ratio, operating cost do not include the exceptional expenses included in 2015, 2016, 2017, 2018 and 2019.

For the Income & Expenditure table, the information for 2015 is for the 12 month period to 31 August; the 2016 data is for the 16 month period to 31 December 2016. The Balance Sheet information for 2015 is as at 31 August, and at 31 December 2016. The summary financial and operational information is consistent with the Income & Expenditure and Balance Sheet information.

Charitable activities

The Foundation committed US$289 million to charitable activities (2018:US$247 million), which consisted of US$254 million of charitable grant commitments (2018:US$216 million), US$2 million of activities undertaken directly (2018:US$2 million) and US$33 million of operating cost (2018: $29 million).

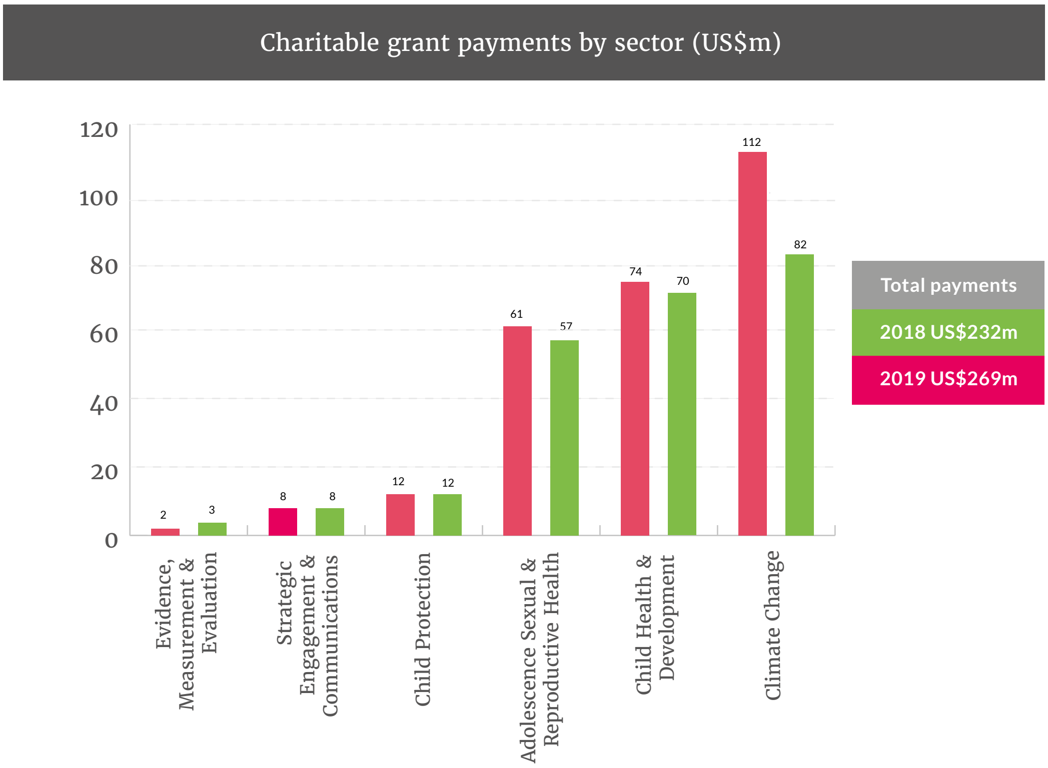
Activities undertaken directly (DCA)

The direct expenditure of US$2 million (2018:US$2 million) on charitable activities was mainly to further CIFF's mission by convening conferences and events, providing technical assistance and training to grantees and other charitable organisations, and publishing and disseminating research findings.

Grant disbursements

The Foundation made US$269 million of charitable grant payments in 2019, which is the fifth financial year in a row the Foundation has made grant payments greater than US$200 million and represents a 16% increase on prior year (2018: US$232 million). The chart below shows the grant payments made in 2019.

Charitable grant payments by sector:



Investment Review

Investment strategy

The Trustees have developed an investment strategy which provides for investing in a diverse portfolio of financial investments with a long-term investment horizon. The Foundation's investment objective is to:

- seek an inflation-adjusted return of at least 6% per annum over a 10-year rolling period;
- manage its investment portfolio to ensure appropriate liquidity and risk controls while also permitting illiquid investments with the potential for a high return; and
- diversify its investments across a range of asset classes and industry sectors.

The intention of the Trustees is to maintain and increase the value of the endowment fund to be able to sustain annual charitable disbursements of at least USD$340 million in 2020 and manage the overall spend in line with the increased spending target, adopted by the Board in late 2019, of distributing up to 7% of average assets over a five-year period (2018: 6%).

Asset growth

Since inception, the Foundation has received voluntary income, donations and donations-in-kind of over US$2.1 billion. Over the last 10 years, the Foundation's net assets have grown through Investment to US$5.9 billion as at 31 December 2019 (2018:US$5.1 billion), after charitable activities, governance costs and investment management costs of over US$2.3 billion (2018:US$1.9 billion).

Investment returns

Total incoming resources were US$106 million (2018: US$82 million), consisting primarily of dividends and interest received from the Group's equity and fixed income investment portfolio. Investment gains in the year were US$1,013 million (2018: gain of US$131 million). The combined net investment return for the financial year ended 31 December 2019 was 21% (2018: 5%), reflecting continued strong investment performance, with a cumulative performance of 372% since April 2009, equivalent to 16% per annum return (net of fees).

Cumulative investment performance is measured from April 2009, which is the inception date of Talos Capital Designated Activity Company (Talos), CIFF's wholly-owned subsidiary established for managing CIFF's investments.

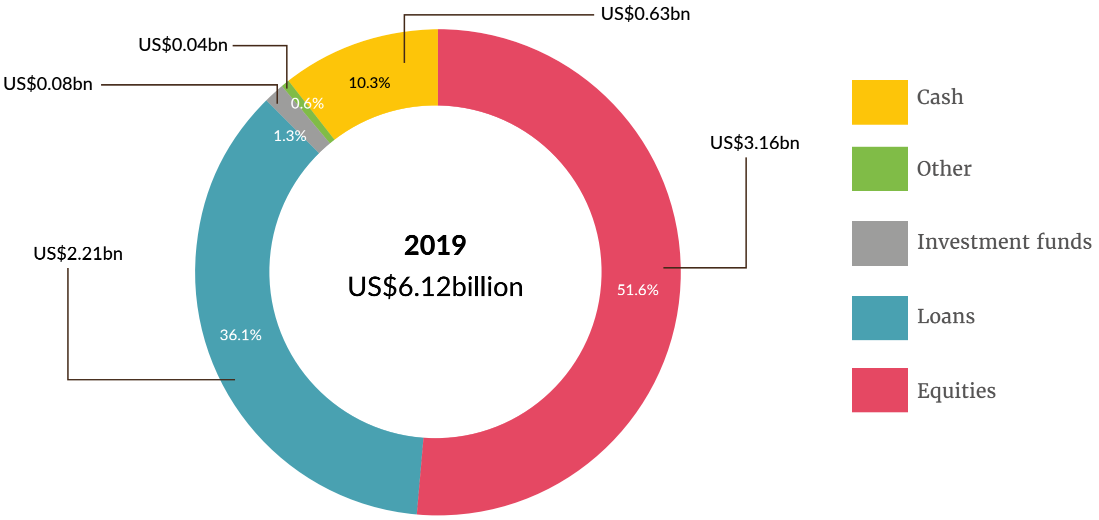
Investment management costs

Investment management costs in 2019 were US$98 million (2018: US$34 million), of which US$87 million (2018: US$23million) related to investment management fees accrued to the investment manager, TCI Fund Management Limited ("TCI FM") (see note 24 for further details of related party transactions). The Foundation carries out an annual review of TCI FM's fees, benchmarked against peers, and has affirmed the fees are reasonable, and represents strong value for fees paid relative to the performance of the investment portfolio.

Asset allocation

TCI FM invests the Foundation's assets in different classes and sectors within the parameters set by the Foundation's investment management restrictions, adopted by the Trustees. The Foundation and its subsidiaries ("the CIFF Group") operate a diversified portfolio, invested in a number of different types of financial instruments across a wide range of sectors (with certain limitations - see investment policy on page 41). The allocation by asset type is set out in the chart on the next page.

Percentage total asset allocation by asset type (including cash)



Risk Management and Key Policies

Risk Management

The Trustees are responsible for the management of the risks faced by the Foundation and have examined the major strategic, business and operational risks to which the Foundation is and may be exposed. The principal manageable risks identified by the Trustees are external risks including reputational risk e.g. programmes do not deliver the impact required by the Board, strategic risk (e.g. relationships with partners are not managed appropriately leading to a negative impact on existing or potential programmes) and financial risks (e.g. fraud and investment risk).

The Trustees are satisfied that sub-committees, systems, controls and policies are in place to mitigate and manage exposure to such major risks identified by the Trustees. They continue to review current processes, recognising that systems can only provide reasonable, but not absolute, assurance that major risks have been adequately managed. The Foundation is also exposed to external risks, including political risk. Management cannot directly manage this risk but the impact on the Foundation is monitored and action is taken in response.

The management of major risks is carried out in accordance with guidance by the Charity Commission. The following categories are considered when classifying risks: strategic risk, governance risk, compliance with law and regulation, financial risks, operational risks, and external risks. Where major risks are identified, assurance is sought that adequate controls have been actioned so that the risk is within the Foundation's risk tolerance.

Over the course of 2018, the Foundation reviewed its various internal organisational policies and procedures in respect of compliance and regulatory requirements. In February 2018, the Foundation's Board of Trustees approved an updated Safeguarding & Child Protection Policy reflecting its commitment to recognising, promoting and protecting the rights of all children. Amongst other things, this policy requires that all grantees have or implement their own child safeguarding policies that meet requirements of the Foundation. During 2019 the Foundation worked with a number of grantees to assist them in establishing robust child safeguarding policies.

In 2019 the Foundation approved a Modern Slavery Statement which is published on the Foundation's website. This statement was published on a voluntary basis following advice that the Foundation was not formally required to publish such a statement under the Modern Slavery Act 2015. Publication of the Modern Slavery Statement reflects the Foundation's commitment to ensuring modern slavery does not occur in its own supply chains. The Foundation will seek to continue to review, provide training and monitor compliance issues within the Foundation and its programmes. Its compliance policies and processes are reviewed on a regular basis to ensure they reflect best practice.

Investment Risk Management

Investment Policy

The Foundation implements its Investment Policy in accordance with its charitable objects and investment powers, as set out in its Memorandum of Association and in accordance with applicable guidance from the Charity Commission (including Charity Commission guidance "Charities and Investment Matters" ("CC14")) through direct and indirect investments, including via investment subsidiaries such as Talos.

The Trustees remain mindful of their duty to review and monitor regularly the management of the Foundation's investments. The Finance, Audit and Investments Committee (the "Finance Committee"), chaired by Mr Emmanuel Roman, acts as an advisory body to the Board on finance, audit and investment matters. In addition, in February 2018, the Trustees established the Investments Sub-Committee ("Investments Sub-Committee") to take decisions in relation to the Foundation's endowment. The Investment Sub-Committee is comprised only of the non-conflicted and un-recused Trustees.

While the Trustees do not wish to restrict the endowment's investments to only those companies or sectors which reflect the Foundation's values and charitable objectives, they recognise that some investments in companies or sectors may be harmful to the Foundation's mission to transform the lives of children across the globe. In December 2019, the following receipt of advice from the Finance Committee, the Board resolved to approve amendments to the social, environmental and ethical restrictions in the Investments Policy. As a result, the policy now prohibits investments in companies or entities that:

- Generate any turnover from the business of manufacturing tobacco products and tobacco marketing.
- Market breast milk substitutes unless they have committed to adopt the World Health Organisation's International Code of Marketing Breast Milk Substitutes.
- Generate 10% or more of turnover from extracting, stockpiling, distributing or trading fossil fuels.
- Generate 25% or more of turnover from the development, production, manufacture, distribution, stockpiling, transfer or sale of arms.

If a company in which the Foundation is invested falls into one of these categories, the investment manager has 12 months to divest. However, the investment manager may invest in companies or entities that market breast milk substitutes as described above if the investment manager encourages the relevant company or entity to adopt a publicly available policy committing to adopting the Code of Marketing Breast Milk Substitutes.

Based on the Finance Committee's own assessment, the Board is satisfied with the current investments and their allocation, although the Board will continue to monitor and review the investment strategy, through the Finance Committee. Following the impact of the COVID-19 pandemic on global capital markets, the Finance Committee is regularly reviewing the performance of the investments and engaging with the investment manager to understand the impacts and actions of the manager. The views of the Finance Committee will be shared with the Board so that the non-conflicted Trustees can assess whether they believe any changes to the Investment Policy or the investment management arrangements are required.

The Trustees are aware of the potential conflict of interest which exists between the Foundation and Sir Christopher Hohn as both a Trustee and his position as Managing Partner of TCI FM, the investment manager to certain entities within the Foundation's Group, and accordingly carefully and appropriately manage the relationship (see Recent Developments, page 47, and note 24). As noted above, the Investments Sub-Committee was established in February 2018 to manage any potential conflicts.

The members of the Finance Committee complete a full review of the Investment Policy at least annually, which includes a review of TCI FM, benchmarking its returns and management fees against its peers. Following the completion of the last review in May 2020, the unconflicted members of the Board endorsed TCI FM as the sole investment manager of the assets of CIFF's Group. Further details of the investment portfolio can be seen in the notes to the consolidated financial statements.

Cash Management Policy

The Foundation has a Cash Management Policy, which was adopted by the Trustees on 11 March 2013 and was most recently updated by Trustees in March 2020. The Cash Management Policy is reviewed at least annually by the Finance Committee and the Trustees and, if necessary, amended.

The Cash Management Policy sets out:

- The principal objective of cash management at the Foundation, which is to ensure that the Foundation has sufficient cash available to meet its working capital requirements. The Foundation does not seek to maximise investment returns through its cash management activities;
- The cash management activities that are permitted by the Foundation and the applicable limitations upon those activities; and
- Who is required to authorise cash management activities.
- The Foundation implements the Cash Management Policy in accordance with its charitable objects and investment powers, as set out in its Memorandum of Association and in accordance with applicable guidance from the Charity Commission (including CC14).

Financial risk management

Internal controls

The Foundation's internal controls are designed to provide assurance to the Board of Trustees that adequate procedures are in place and operating effectively to mitigate the risk of material financial loss or misstatement.

The Foundation reviews internal operational and financial process controls on an ongoing basis, with external support where appropriate, and implements improvements. Significant investment in IT security was undertaken during 2019 and external testing and reviews carried out.

The Foundation's budgets are prepared annually. The Foundation's support and governance spend is set by reference to total planned charitable disbursements to ensure it remains reasonable and proportionate. The Executive Directors reviews and approves guidance for budget holders and staff to monitor and control operating cost and government-related expenditure. Further details of financial risk management can be seen in Note 15 of the consolidated financial statements.

Granting Policy

The Foundation currently adopts a "multi-year agreement" approach for multi-year programmes. This multi-year agreement permits, for example, a five-year programme to be contracted for the full five-year term of the programme, but subject to Annual Programme Reviews ("APR") and conditionality such that it remains consistent with Statement of Recommended Practice ("SORP") guidance, with expenditure being recognised annually in the Consolidated Statement of Financial Activities.

For each new grant programme, or "investment", a full programme budget and mapped work plan is developed by the grantee and the CIFF sector teams during the due diligence phase in order to obtain the necessary approval by the Board, Programme Investment Committees (PICs), or, in the case of investments of a programme with a budget of $1 million or less, the CEO (see also the Foundation Governance Structure section on page 46).

Upon approval by the Board or PICs, the full programme budget is agreed for the full-term of the programme, subject to the APR that takes place during each year of the multi-year programme. During the APR, the relevant CIFF sector team reviews the progress of the grant and, if appropriate, agrees the coming year's work-plan, budget, KPIs, milestones and deliverables.

The APR process is set out as a condition of the agreement with the grantee, with release of funding being conditional upon adherence to the work-plan, budget, KPIs, milestones and deliverables by a specific date set out in the multi-year contract.

Failure to complete the APR process and adhere to the work-plans, budgets, KPIs, milestones and deliverables by the relevant date specified may result in cancellation of the agreement.

Reserves Policy

The Foundation maintains three internal reserves to assist in achieving these financial objectives: Restricted Funds, an Expendable Endowment Fund and Unrestricted Funds. The level of these Reserves, considered on a five-year time horizon, is the key determinant in the amount of capital which the Group is able to distribute each year to charitable activities. The Trustees review reserves annually, and are satisfied that the CIFF group is in a position to meet all its current and anticipated future commitments.

Unrestricted reserves

Designated funds

As at 31 December 2019, the Trustees have earmarked $658 million (2018: $570 million) of reserves as designated funds in recognition of funds which may be called upon to fund approved multi-year programmes within the next 1 to 5 years.

Operational Reserves

The Foundation's unrestricted funds have also been used in 2019 and previous years as "Operational Reserves" to finance the Foundation's grant expenditure and direct charitable activity expenditure, operating cost and governance costs and to provide a short-term buffer for grant-making and other costs.

Cash flow projections for income and expenditure are reviewed to ensure that the level of disposable net assets is adequate and that the Foundation is in a position to meet all its grant-making and working capital commitments. In the event that the Foundation is unable to meet its commitments from reserves of unrestricted funds at their disposal, the Foundation will, as referred to below, draw on the expendable endowment to meet those commitments as necessary.

In view of the high level of liquidity of a large proportion of the Foundation's assets, the Trustees do not consider that it is necessary or justifiable to carry unrestricted operational reserves and therefore working capital surpluses are transferred to the expendable endowment. The unrestricted operational reserves as at 31 December 2019 was US$nil (2018:US$nil).

Restricted Funds

Restricted funds are generated when a donor stipulates how their donation may be spent. In most cases, there will be a time lag between when such funds are received and when they are expensed. The Trustees ensure that these funds are expensed in accordance with the terms under which they have been donated to the Group. The restricted fund balance as at 31 December 2019 was US$nil (2018:US$nil).

Expendable Endowment Funds

The Group's endowment is expendable at the Trustees' discretion. The Trustees have the power to convert any required amount of this endowment into an income which can then be utilised by the Foundation to further its charitable objects. The Trustees' intention is to monitor the value of the expendable endowment fund in real terms over a multi-year period to ensure that the Group can maintain its existing level of annual charitable expenditure and increase it gradually as they see necessary to meet the Foundation's charitable objectives for future years. At the year end, the value of the expendable endowment fund was US$5,204 million (2018:US$4,558 million).

Structure and Governance

Foundation Structure

The Foundation is a company limited by guarantee, incorporated on 8 February 2002 and registered as an English charity on 12 March 2002. The company number is 4370006.

Subsidiary Companies

The Foundation has eleven directly or indirectly owned vehicles within its Group as at 31 December 2019. A further entity was incorporated in 2020. The table below provides further details.

Entity	Incorporated in	% Holding	Purpose	Profit/(loss) US$ '000	
				2019	2018
CIFF (UK) Trading Limited ("CIFF Trading")	England & Wales	100	(1)	(21)	(8)
CIFF (UK) Newco Limited ("CIFF Newco")	England & Wales	100	(2)	(13)	(4)
Talos Capital Designated Activity Company ("Talos")	Ireland	100	(3)	4	4
Talos Properties Holdings Limited ("TPHL")	England & Wales	100	(4)	(11,183)	1,256
Talos Properties Limited ("TPL")	England & Wales	100*	(5)	(11,156)	1,274
CIFF Nutrition (UK) Limited ("CIFF Nutrition")	England & Wales	100	(6)	(15)	-
CIFF Capital UK LP ("CIFF Capital")	England & Wales	100**	(7)	-	-
CIFF Investments LLP ("CIFF Inv")	England & Wales	100*	(8)	10,688	-
CIFF IP Co Limited ("CIFF IP")	England & Wales	100	(9)	773	-
CIFF Investments II Limited ("CIFF II")	England & Wales	100*	(10)	2,224	-
CIFF Investments III LLP ("CIFF III")	England & Wales	100*	(11)	416	-
CIFF General Partner Limited ("CIFF GP")	England & Wales	100	(12)	-	-

* Indirect holdings
** Economic entitlement only

(1) During the financial year, CIFF Trading was a non-participating member in CIFF Inv but, in April 2020, resigned from CIFF Inv and transferred its interest in CIFF Inv to CIFF II. During the financial year, it also resigned its interest in TCI Fund Services LLP.

(2) CIFF Newco was a holding company for certain CIFF UK investments but is now dormant.

(3) Talos (company number: 464778) holds an underlying investment portfolio that is managed to provide the Foundation with investment return. At 31 December 2019, its total assets amounted to US$5,937,535k (2019: US$5,488,423k), total liabilities amounted to US$5,937,523k (2018: US$5,488,415k), and net assets amounted to US$12k (2018: US$8k).

(4) TPHL's principal activity is to act as the parent of a wholly owned subsidiary TPL.

(5) TPL owned and, during the financial year, sold a UK investment property portfolio.

(6) CIFF Nutrition promotes Ready to Use Therapeutic Foods in developing countries in furtherance of the Foundation's charitable activities.

(7) CIFF Capital was incorporated by limited partnership deed between the Foundation, TCI General Partner Limited and TCI Fund Management Limited. It has been established to hold investment assets for the Foundation. In April 2020, CIFF GP replaced TCI General Partner Limited as general partner.

(8) CIFF Inv was incorporated by limited liability partnership deed between Talos and CIFF Trading in 2019 to hold assets from the investment portfolio.

(9) CIFF IP holds licences to intellectual property rights in support of the charitable activities of the Foundation.

(10) CIFF II holds assets from the investment portfolio and, in April 2020, became a non-participating member of CIFF Investment LLP. The first set of financial statements will be produced for the period ending 31 December 2020.

(11) CIFF III was incorporated on 20 November 2019 by limited liability partnership deed between Talos and CIFF II to hold assets from the investment portfolio. The first set of financial statements will be produced for the period ending 31 December 2020.

(12) CIFF GP was incorporated on 19 March 2020 as a wholly owned limited company of the Foundation and, in April 2020, became general partner of CIFF Capital. The first set of Financial Statements will be produced for the period ending 31 December 2020.

For the period to 31 December 2019, the reported results of the subsidiary undertakings of CIFF are disclosed in the note 13. These results of the CIFF Group are consolidated and are presented in the consolidated financial statements.

Foundation Governance Structure

The Board of Trustees

The members of the Board of Trustees are set out below. For the purposes of company law the individuals listed are Directors of the Foundation and are appointed in accordance with the Foundation's constitution. The Board of Trustees meets to review and update the Foundation's strategy and areas of activity, including consideration of grant-making, investment, reserves and risk management policies and performance. The Trustees who were in office during the period and up to the date of signing the financial statements were:

Ms Jamie Cooper (recused)
Sir Christopher Hohn
Dr Graeme Sweeney
Mr Ben Goldsmith
Mr Masroor Siddiqui

The Trustees are selected on the basis of their skills and expertise, in particular in the areas of business management. The Trustees determine the strategy and policies of the Foundation and monitor implementation and impact. The Trustees also serve as resources to the Foundation, sharing new and relevant research and projects, and directly supporting key aspects of operations.

All Trustees give their time freely and no Trustee remuneration was paid in the year. Details of Trustee expenses and related party transactions are disclosed in notes 9 and 24 to the financial statements. Trustees are required to disclose all relevant interests and review the Board Members' Register of Interests at each Board meeting. Trustees must register all relevant interests with the Company Secretary and, in accordance with the Foundation's policy, withdraw from decisions where a conflict of interest arises.

The Foundation provides a formal induction programme for new Trustees and new committee members, including the provision of the Foundation's key governance, policy and financial documents, relevant Charity Commission guidance notes and details of the organisational structure of the Foundation (including delegated authority levels).

Induction sessions are also arranged to explain the legal obligations of Trustees and committee members and provide briefings from senior operational personnel and professional advisors.

The Finance, Audit and Investment Committee

The Finance, Audit and Investment Committee was established in May 2006 and is constituted by not less than four members appointed by the Board, one of whom must be a Trustee. Other members with appropriate skills and expertise, who need not be Trustees, may be appointed to the Committee by the Board. The current trustee member is Masroor Siddiqui and the three independent members of the Committee are Emmanuel Roman (Chair), Richard Hayden and Jacob Schimmel. CIFF's CFO and Financial Controller are regular attendees of the Committee. The Finance, Audit and Investment Committee has delegated responsibility on behalf of the Board for advising the Trustees on audit, finance and investment matters.

Investments Sub-Committee

The Investments Sub-Committee was established in February 2018 and is constituted by the Foundation's non-conflicted and un-recused Trustees, being Graeme Sweeney (Chair), Masroor Siddiqui and Ben Goldsmith. The Investments Sub-Committee has delegated responsibility on behalf of the Board for take decisions in relation to the Foundation's endowment.

Programme Investment Committee, Climate

The terms of reference of the Programme Investment Committee, Climate ("PIC Climate") were approved in October 2015 and most recently updated in June 2019. The PIC Climate is constituted by at least three Trustees, the Foundation's CEO, CFO and at least three (but no more than eight) independent advisers. The PIC Climate has delegated responsibility on behalf of the Board for advising on grant-making activities in relation to the Foundation's environmental objectives (advancing environmental protection or improvement, including preservation and conservation of the natural environment) and the promotion of sustainable development to mitigate climate change ("Climate Purposes"). The PIC Climate has decision making authority for grant proposals regarding Climate Purposes up to and including $20 million.

Programme Investment Committee, Children

The terms of reference of the Programme Investment Committee, Children ("PIC Children") were approved in August 2015 and most recently updated in June 2019. The PIC Children is constituted by at least three Trustees, the Foundation's CEO, CFO and at least three (but no more than eight) independent advisers. The PIC Children has delegated responsibility on behalf of the Board for advising on grant-making activities in relation to the Foundation's non-Climate Purposes. The PIC Children has decision-making authority for grant proposals regarding non-Climate Purposes up to and including $20 million.

CEO Delegated Authority

The Board has delegated to the CEO responsibility for receiving, considering and making decisions upon certain grant proposals up to and including $1 million. The Terms of Reference for the CEO's delegated authority were approved by the Board on 11 February 2014 and amended on 4 February 2015, 15 August 2015, 23 March 2019 and 10 June 2019. In 2018, this authority was subject to a maximum aggregate limit of 10% of forecast multi-year value ("MYV") of new programmes set out in the relevant financial year's business plan. The CEO also has delegated authority to approve evidence, measurement and evaluation, as well as grantee organisational development grants, in each case up to 1% of MYV.

Remuneration Committee

The Remuneration Committee was established in February 2015 and is constituted by at least two Trustees. The current Trustee members are Sir Christopher Hohn and Dr Graeme Sweeney (Chair). The Remuneration Committee has delegated responsibility on behalf of the Board for determining and reviewing policy for executive remuneration, approving principles and policies of reward throughout the Foundation (including the design of any performance-related pay schemes operated by the Foundation) and determining the total individual remuneration package of the CEO (including annual bonus).

Recent Developments

Proposed Grant to Big Win Philanthropy (UK)

As set out in the Foundation's annual report for the period ended 31 December 2016, the Trustees of the Foundation entered into the conditional agreement, in April 2015, to make a charitable endowment grant (the Proposed Grant) of $360m to Big Win Philanthropy (UK) (BWP), an English registered charity. BWP was founded by Ms Jamie Cooper, who is a trustee and member of CIFF and who is the sole member of BWP.

The payment of the Proposed Grant by the Foundation to BWP was conditional upon approval by the High Court. By an order dated 31 July 2017, the High Court approved the Proposed Grant as being in the best interests of the Foundation, subject to certain conditions.

One of the conditions of the order of the High Court was appealed by CIFF's independent member to the Court of Appeal. The Court of Appeal upheld the appeal by an order dated 6 July 2018. Ms Cooper has since sought and obtained permission to appeal to the Supreme Court. The Supreme Court hearing took place in January 2020, shortly after the reporting period closed for the Foundation's 2019 annual report.

The Foundation continues to await: (i) the final determination of these proceedings following judgment by the Supreme Court; and (ii) fulfillment of conditions of the order of the High Court, as varied by the Court of Appeal, which may or may not be varied further following the outcome of the Supreme Court proceedings, before it knows whether the Proposed Grant will be paid to BWP. These conditions are presently: the provision of consent by the Charity Commission pursuant to s.201 Charities Act 2011 and Clause 5.2.5 of the Foundation's Memorandum of Association; and a vote by the independent member of the Foundation under s217 of the Companies Act 2006.

If approved, the Proposed Grant is to be made in equal quarterly installments over five years,and would not have a significant impact on the Foundation's ability to meet its current obligations.

The total legal costs incurred by the Foundation in relation to the governance issues affecting the Foundation (over which its Governance Committee had oversight from its establishment in April 2015), including in relation to the Proposed Grant, from year ended August 2014 up to the year ended 31 December 2019 stand at US$8,867k (in the year ended 31 December 2019 US$515k (31 December 2018 US$1,142k)) which includes US$836k (in the year ended 31 December 2019 US$nil (31 December 2018 US$572k)) in legal fees ordered by the courts to be paid to certain parties in the above-mentioned proceedings relating to the Proposed Grant.

Investment management arrangements – benefit authorised by the Charity Commission

TCI Fund Management Limited (TCI FM), an organisation ultimately controlled by Sir Christopher Hohn (a CIFF trustee), provides investment management services to CIFF and its subsidiaries (Investment Management Arrangements), including to its main investment holding vehicle, Talos Capital Designated Activity Company (Talos). The Investment Management Arrangements and any related benefits to Sir Christopher Hohn, were authorised by the Charity Commission during the year. The Charity Commission has re-authorised, as being in the best interests of CIFF, the Investment Management Arrangements up to 31 July 2020.

As a result of the Restructure (as described below) and based on external legal advice, CIFF has only sought authorisation from the Charity Commission, in accordance with CIFF's Articles of Association, for certain payments made by Talos to TCI FM for investment management services in relation to certain assets retained by Talos beyond 31 July 2020.

In accordance with CIFF's Investment Policy, the historic investment performance of TCI FM was benchmarked by an independent advisor in March 2019 and March 2020. In both instances, CIFF's returns were found to have been in the top decile of its peers (in each case having assets greater than $1bn) in relation to which the independent advisor was able to obtain information.

The fees due and payable to TCI FM under the Investment Management Arrangements for its own account (not including any fees due and payable to TCI FM which TCI FM pays for sub-contracted investment management services) amounted to a total of $60,615,248 in respect of 2019 (a performance fee of $57,815,237 and management fees of $2,800,011). The performance fee of $57,815,237 was paid to TCI FM on 1 June 2020.

Donations by TCI FM, related entities and The CH Foundation

On 1 June 2020, TCI FM made an unrestricted charitable donation of $60,615,248 to CIFF. TCI FM also made a restricted charitable donation to CIFF of $2,000,000 on 13 May 2020.

Total voluntary charitable donations made by TCI FM to CIFF to date in 2020 exceed the amount of fees paid to TCI FM for its own account in respect of 2019.

On 4 February 2020 and 27 March 2020, the CH Foundation, which is a charitable entity controlled by Sir Christopher Hohn and wholly funded by TCI FM and its related parties, made restricted charitable donations to CIFF of $2,000,000 and $850,000 respectively.

Restructure

CIFF's Trustees have sought to simplify the manner in which CIFF holds its investment assets, while also ensuring that the successor structure remains in its best interests. In furtherance of that objective, on 29 May 2020, CIFF transferred certain investment assets held by Talos to a new English limited partnership, CIFF Capital UK LP (the Partnership).

As a result of the restructure:

1. CIFF is the sole limited partner of the Partnership and is the only partner entitled to any return from, or share in the investment assets of, the Partnership.
2. A wholly owned subsidiary of CIFF, CIFF General Partner Limited, is the general partner of the Partnership
3. TCI FM has been appointed as investment manager to the Partnership. TCI FM will not be paid a fee for these investment management services.
4. TCI FM has for itself and on behalf of Sir Christopher Hohn and other parties related to TCI FM and Sir Christopher Hohn, unilaterally waived the right to receive any kind of benefit (whether financial or non-financial but in each case having a monetary value) in respect of the provision of investment management services to the Partnership. On the basis of external legal advice, CIFF considers that no benefit (whether financial or non-financial but in each case having a monetary value) arises to Sir Christopher Hohn in respect of TCI FM's provision of investment management services to the Partnership.
5. It is intended that a third party appointed representative of TCI FM, AVE Capital Limited, will also be appointed directly by the Partnership to provide certain investment management services in relation to real estate assets for which it will be paid a performance-based fee. None of TCI FM, Sir Christopher Hohn or any other parties related to them have any financial interest in AVE Capital Limited.
6. TCI FM will continue to act as investment manager to Talos in respect of assets that are not transferred to the Partnership. However, it is not intended that any new investments will be made by Talos.
7. TCI FM remains entitled to be paid an arm's length management fee (0.1% of the market value of Talos' real estate loans) in respect of the investment management services it provides to Talos and a performance fee which is paid by TCI FM to AVE Capital Limited to whom TCI FM has sub-contracted certain investment management services.

Remuneration Report and Other Governance

The principles of the remuneration policy

The Foundation aims to develop and maintain remuneration strategies and policies in line with the corporate strategy, culture and objectives of the organisation. Our reward and recognition strategies and policies are designed to attract and retain motivated and talented people. We will remain competitive within the markets in which we work to manage a skilled and diverse workforce. Salaries are bench-marked periodically using external market data. Exceptional personal performance, giving due consideration to each role, is reflected in discretionary bonus awards and annual salary reviews.

Remuneration of Key Management Personnel

	2019 31 December US$'000	**2018 31 December US$'000**
Executive Directors	2,782	2,152
Employer Pension Contributions	80	183
Employer National Insurance Contributions	288	289
Total Consideration	**3,150**	**2,624**

The Key Management Personnel of CIFF have been defined as the:

- The Board of Trustees (who are not remunerated in their capacity as Trustees)
- The Executive Directors of the Foundation, who are responsible for the day to day running of the organisation.

The total remuneration to Key Management Personnel is summarised in the table above. Remuneration includes salaries, benefits in kind, bonuses, termination payments and employer pension contributions.

Relationship with Other Charities

The Foundation is a co-founder and collaborator in a number of projects with a range of other UK and international donors, including, but not limited to foundations, government agencies and private individuals.

Foundation Objectives and Public Benefit

The Foundation's objectives, as stated in its governing document, are the general purposes of such charitable bodies or for such other purposes for the benefit of the community as shall be exclusively charitable as the Trustees may from time-to-time determine.

In setting the Foundation's objectives and planning its activities, the Foundation's Trustees have considered section 17 of the Charities Act 2011. In doing so they are satisfied that they have complied with their duty to have regard to the Public Benefit guidance published by the Charity Commission. The Foundation's activities and achievements are outlined throughout this Trustees' Report and we believe fully demonstrate that the Foundation is providing public benefit.

Charity Governance Code

The Board has reviewed CIFF's governance practices against the principles set out in the Charity Governance Code (Code). For the majority of principles, CIFF is already applying these principles. In some cases, including trustee engagement, decision-making and evaluation of charity impact, CIFF is in many ways exceeding the best practice stated in the Code. There are other areas, such as Board composition and Board diversity, where CIFF is not fully applying the Code, reflecting that charitable foundations with a single donor often have different considerations from other types of charities. Where CIFF is not applying an aspect of the Code, it continues to consider whether and how it may choose to move towards applying it. In October 2018, the Board conducted a self-assessment of its performance.

Trustees' Responsibilities and Financial Statements

Statement of trustees' responsibilities in respect of the Trustees' Report and the financial statements

The trustees are responsible for preparing the Trustees' Report, which incorporates the Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under Company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Foundation and of the incoming resources and application of resources including the Group's income and expenditure for that year. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group's and the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Foundation or to cease operations, or have no realistic alternative but to do so.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Foundation's transactions and disclose with reasonable accuracy at any time the financial position of the Foundation and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Foundation's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated Financial Statements

The Trustees present here their report and audited consolidated financial statements for the period ended 31 December 2019. This Trustees' Report, required by the Charities Act 2011, is also the Directors' Report prepared in accordance with Section 415 of the Companies Act 2006. This Trustees' Report also includes the Strategic Report prepared in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. The Company Information on page 95 also forms part of this report.

Each of the directors confirms he/she has taken all steps that he/she should have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Audit

The auditors, KPMG, have expressed their willingness to remain in office for a further year.

In approving this Trustees' Annual Report, the Trustees are also approving the Strategic Report in their capacity as company directors.

On behalf of the Board
Graeme Sweeney
Chairman
11 June 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CHILDREN'S INVESTMENT FUND FOUNDATION (UK)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of the Children's Investment Fund Foundation (UK) ('the Foundation') and its subsidiaries (the 'Group') for the year ended 31 December 2019, which comprise the Consolidated Statement of Financial Activities, Consolidated and Foundation Balance Sheets, Consolidated Cash Flow Statement, and related notes, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is UK Law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the Group's and Foundation's affairs as at 31 December 2019 and of the Group's incoming resources and application of resources including its income and expenditure for the year then ended;
- have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

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 Group in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (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.

We have nothing to report on going concern

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Foundation or to cease their operations, and as they have concluded that the Group and Foundation's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the trustees' conclusions, we considered the inherent risks to the Group's business model, including the impact of Brexit, and analysed how those risks might affect the Group and the Foundation's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the Foundation will continue in operation.

Other information

The trustees are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the Trustees' Report, which incorporates the Strategic Report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information:

- we have not identified material misstatements in the Trustees' Report or the Strategic Report included within the Trustees' Report;
- in our opinion, the information given in the Trustees' Report, which incorporates the Strategic Report, is consistent with the financial statements; and
- in our opinion, these reports have been prepared in accordance with the Companies Act 2006.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken during the course of the audit:

- The information given in the Trustees' Report, which incorporates the Strategic Report, prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- These reports have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Respective responsibilities and restrictions on use

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 50, the trustees (who are also the directors of the Foundation for the purposes of company law) are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's and the Foundation'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 they either intend to liquidate the Group or the Foundation or to cease operations, 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Foundation's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Foundation's members 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 Foundation and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

11 June 2020

Brian Clavin
Senior Statutory Auditor
for and on behalf of
KPMG
Statutory Auditor
1 Harbourmaster Place
IFSC
Dublin 1
Ireland

THE CHILDREN'S INVESTMENT FUND FOUNDATION (UK)
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Unrestricted Funds US$ '000	Restricted Funds US$ '000	Expendable Endowment US$ '000	Year ended 31 Dec 2019 Total US$ '000
Income and endowments from					
Donations and legacies		-	3,740	-	3,740
Income from investments	3	-	-	102,366	102,366
Total incoming resources		-	3,740	102,366	106,106
Expenditure on					
Expenditure on raising funds	3	98,376	-	-	98,376
Expenditure on charitable activities	4	285,191	3,740	-	288,931
Total resources expended		383,567	3,740	-	387,307
Net gains on investments	13	-	-	1,013,306	1,013,306
Foreign Exchange gains/(losses)	13	496	-	-	496
Exchange differences on translating foreign currency operations		-	-	1,312	1,312
Net Income/Expenditure		(383,071)	-	1,116,984	733,913
Transfers	20	471,273	-	(471,273)	-
Net movement in funds		88,202	-	645,711	733,913
Fund balances carried forward at 1 January 2019		569,769	-	4,558,307	5,128,076
Fund balances carried forward at 31 December 2019		657,971	-	5,204,018	5,861,989

The consolidated Statement of Financial Activities ("SOFA") has been prepared on the basis that all activities are continuing.
All gains and losses recognised in the year are included in the SOFA.
The accounting policies and the notes on pages 58 to 95 form part of the Consolidated Financial Statements.

THE CHILDREN'S INVESTMENT FUND FOUNDATION (UK)
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Unrestricted Funds US$ '000	Restricted Funds US$ '000	Expendable Endowment US$ '000	Year ended 31 Dec 2018 Total US$ '000
Income and endowments from					
Donations and legacies		-	10,000	-	**10,000**
Income from investments	3	-	-	72,392	**72,392**
Total incoming resources		-	10,000	72,392	**82,392**
Expenditure on					
Expenditure on raising funds	3	33,507	-	-	**33,507**
Expenditure on charitable activities	4	237,019	10,000	-	**247,019**
Total resources expended		270,526	10,000	-	**280,526**
Net gains on investments	13	-	-	131,027	**131,027**
Foreign Exchange gains/(losses)	13	(1,528)	-	1,458	**(70)**
Exchange differences on translating foreign currency operations		-	-	(2,838)	**(2,838)**
Net Income/Expenditure		(272,054)	-	202,039	**(70,015)**
Transfers	20	403,862	-	(403,862)	**-**
Net movement in funds		131,808	-	(201,823)	**(70,015)**
Fund balances carried forward at 31 December 2017		437,961	-	4,745,465	**5,183,426**
Impact from application of IFRS 9		-	-	14,665	**14,665**
Fund balances carried forward at 1 January 2018		437,961	-	4,760,130	**5,198,091**
Fund balances carried forward at 31 December 2018		569,769	-	4,558,307	**5,128,076**

The consolidated Statement of Financial Activities ("SOFA") has been prepared on the basis that all activities are continuing.
All gains and losses recognised in the year are included in the SOFA.
The accounting policies and the notes on pages 58 to 95 form part of the Consolidated Financial Statements.

THE CHILDREN'S INVESTMENT FUND FOUNDATION (UK)
CONSOLIDATED AND FOUNDATION BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	**Group** **31 Dec 2019** **US$ '000**	Group 31 Dec 2018 US$ '000	**Foundation** **31 Dec 2019** **US$ '000**	Foundation 31 Dec 2018 US$ '000
Fixed Assets					
Intangible assets	**11**	**500**	-	**-**	-
Tangible assets	**12**	**837**	1,022	**837**	1,022
Investments	**13**	**5,483,124**	5,341,198	**5,887,076**	5,193,451
of which loans		*2,208,753*	*2,878,438*	-	-
of which other investments		*3,274,371*	*2,462,760*	*5,887,076*	*5,193,451*
Total fixed assets		**5,484,461**	5,342,220	**5,887,913**	5,194,473
Current Assets					
Debtors	**16**	**18,689**	12,031	**24,497**	3,052
Cash at bank and in hand	**17**	**555,515**	147,150	**46,445**	30,084
Cash pledged as collateral	**17**	**75,980**	148,015	**–**	–
Total current assets		**650,184**	307,196	**70,942**	33,136
Creditors: amounts falling due within one year	**18**	**(226,676)**	(476,325)	**(91,991)**	(105,277)
Net Current Assets/Liabilities		**423,508**	(169,129)	**(21,049)**	(72,141)
Total Assets less Current Liabilities		**5,907,969**	5,173,091	**5,866,864**	5,122,332
Creditors: amounts falling due after one year	**19**	**(45,980)**	(45,015)	–	–
Net Assets		**5,861,989**	5,128,076	**5,866,864**	5,122,332
		–	–	–	–
Total funds of the charity:					
Expendable Endowment Fund	**20**	**5,204,018**	4,558,307	**5,208,893**	4,552,563
Restricted Funds	**20**	–	–	**–**	–
Unrestricted Funds:					
Designated Funds	**20**	**657,971**	569,769	**657,971**	569,769
Total charity funds		**5,861,989**	5,128,076	**5,866,864**	5,122,332

The financial statements on pages 54 to 95 were approved by the Trustees and authorised for issue on 11 June 2020, and signed on their behalf by:

Graeme Sweeney
Chairman
11 June 2020

The accounting policies and the notes on pages 58 to 95 form part of the Consolidated Financial Statements.

Consolidated Cash Flow Statement

	31 Dec 2019 US$ '000	31 Dec 2018 US$ '000
Net cash used in operating activities	**(180,034)**	(103,557)
Cash flow from investing activities:		
Dividends received	**44,275**	57,805
Interest received	**5,209**	43,400
Dividends paid on investments sold short	**(2,085)**	(1,436)
Proceeds from the sale of:		
Investments	**2,783,457**	2,690,162
Purchase of:		
Intangible assets	**(500)**	-
Tangible fixed assets	**(85)**	-
Investments	**(2,242,668)**	(2,896,681)
Net cash used in investing activities	**587,603**	(106,750)
Cash flows from financing activities		
Interest paid	**(1,012)**	(709)
Net cash used in financing activities	**(1,012)**	(709)
Change in cash and cash equivalents in the reporting year	**406,557**	(211,016)
Cash and cash equivalents at the beginning of the reporting year	**147,150**	361,074
Effect of exchange rate movements on cash and cash equivalents	**1,808**	(2,908)
Cash and cash equivalents at the end of the reporting year	**555,515**	147,150

The accounting policies and the notes on pages 58 to 95 form part of the Consolidated Financial Statements.

Reconciliation of incoming resources to net cash flows

	31 Dec 2019 US$ '000	31 Dec 2018 US$ '000
Net gain/(loss) for the reporting year (as per the statement of financial activities)	**733,913**	(70,015)
Adjustments for:		
Net loss/(gain) on investments	**(682,715)**	97,358
Dividends income	**(44,899)**	(58,108)
Dividends expense	**-**	3,521
Foreign exchange movements	**(1,808)**	2,908
Interest income on investments	**(54,567)**	(10,662)
Interest expense	**713**	977
Depreciation charges	**270**	268
Decrease/(increase) in debtors	**43,324**	(3,622)
Decrease/(increase) in cash pledged as collateral	**72,035**	14,249
(Decrease)/increase in creditors	**(246,300)**	(80,431)
Net cash used in operating activities	**(180,034)**	(103,557)

The accounting policies and the notes on pages 58 to 95 form part of the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

1. BASIS OF PREPARATION

a) Basis of accounting

The Consolidated Financial Statements have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of investments, and have been prepared in accordance with the Statement of Recommended Practice ("SORP") 'Accounting and Reporting by Charities' (published 2015), the Charities Act 2011, Financial Reporting Standard 102,The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102") and the requirements of the Companies Act 2006.

The Foundation applied the recognition and measurement provisions of International Financial Reporting Standards ("IFRS") 9 'Financial Instruments' (as adopted in the European Union) and the disclosure and presentation requirements of Sections 11 and 12 of FRS 102 to account for all of its financial instruments.

The Foundation is a public benefit entity and has adapted the Companies Act formats to reflect the Charities SORP and the nature of the Foundation's activities.

The Foundation meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements.

b) Functional currency and presentational currency

These financial statements are presented in United States Dollar ("US$"), which is the Group's functional currency. 'Functional currency' is the currency of the primary economic environment in which the Group operates. If indicators of the primary economic environment are mixed, then the Board uses its judgment to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The Group's investments and transactions are denominated in US$. The grants and expenditures (including management fees, custodian fees and administration fees) are denominated and paid mostly in US$. Accordingly, the Board has determined that the functional currency of the Group is United States Dollar. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

c) Basis of consolidation

The Consolidated Statements of Financial Activities ("SOFA"), Balance Sheets and Cash Flow Statements incorporate the results of The Children's Investment Fund Foundation (UK) (the "Foundation") and its subsidiary undertakings, CIFF (UK) Trading Limited ("CIFF Trading"), CIFF (UK) Newco Limited ("CIFF Newco"), Talos Capital Designated Activity Company ("Talos"), Talos Properties Limited ("TPL"), Talos Properties Holdings Limited ("TPHL"), CIFF Nutrition (UK) Limited ("CIFF Nutrition"), CIFF Capital UK LP ("CIFF Capital"), CIFF Investments LLP ("CIFF Inv"), CIFF Investments II Limited ("CIFF II"), CIFF Investments III LLP ("CIFF III") and CIFF IP Co Limited ("CIFF IP"). The consolidated entity is referred to as the "Group". No separate SOFA has been presented for the Foundation alone as permitted by Section 408 of the Companies Act 2006 and SORP. No separate Cash Flow Statement has been prepared as permitted under the qualifying entity exemption noted above. Intra-group balances are eliminated fully on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies used with those used by the Group.

2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated and separate Financial Statements are set out below in paragraphs (a) to (q). The policies have been consistently applied to all periods presented, unless otherwise stated.

a) Critical accounting estimates and judgements in applying accounting policies

In preparing the financial statements, the Group makes estimates and assumptions that affect the reported valuations of assets and liabilities within the financial year. Actual results may differ from those estimates. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key assumptions are explained in the respective accounting policy notes below and in notes 13 and 14 for investments.

b) New and amended standards and interpretations

In December 2017, the Financial Reporting Council (FRC) published their first Triennial Review of FRS 102. The updated standard was published in March 2018 and is mandatory for financial periods beginning on or after 1 January 2019, with early adoption permitted. Charities SORP Update Bulletin 2 was published in October 2018, to bring the existing SORP into line with the revisions to FRS 102. The Update contains three sections: Clarifying Amendments, Significant Amendments and Other Amendments. Early adoption of one or all of these sections is permitted; otherwise they come into effect for periods beginning on or after 1 January 2019.

The Clarifying Amendments sets out the changes made to ensure that the Charities SORP remains consistent with the existing requirements of FRS 102.

The Significant Amendments are those changes brought in by the Triennial Review to FRS 102 which are likely to have an impact on the accounts. The amendment introduces an accounting policy choice which allows charities that rent investment properties to other group entities to measure those investment properties either at cost (less depreciation and impairment) or at fair value. It is also amended to remove the undue cost or effort exemption for measuring the investment property component of a mixed use property at fair value, and include additional guidance on when the different components of the property should be separated. It also removes the requirement to disclose the amount of stock recognised as an expense in the notes to the accounts. Finally, a reconciliation of net debt is now required to be presented as a note to the cash flow statement, although a comparative period analysis is not required.

The Other Amendments section contain updates that are editorial in nature or considered to be less significant and likely to have an impact on the accounts of only a limited number of charities.

From 1 January 2019, the Group adopted the Charities SORP Updated Bulletin 2. The adoption did not result in a significant change to classification or measurement in either the current or comparative period.

c) Incoming resources

All incoming resources are accounted for when the Group is legally entitled to the income and the amount can be quantified with reasonable certainty.

Interest income earned on loan investments is recorded within ‘Net gains/ (losses) on investments'. Interest income on cash balances is recorded in ‘Income from investments'. Dividend income and expenses, when the underlying security is held directly by the Group, is recognised in SOFA on an ex-dividend basis, gross of receivable foreign withholding taxes. Withholding tax is accounted for on an accruals basis. For those securities held via an intermediary, the dividends are accounted for when notified. Endowment and investment income is accounted for on a receivable basis. Any realised gains and losses from dealing in the related assets are retained within the endowment in the Consolidated Balance Sheet.

Donations and gifts-in-kind, are recognised when the Group is legally entitled to the income and the amount can be quantified with reasonable accuracy.

d) Resources expended

Resources expended are accounted for on an accruals basis. Expenditure is allocated to either the sectoral teams or cost categories. For expenditure incurred across the sectors, amounts are attributed to each area based on the granting activities undertaken during the financial period. Constructive obligations (including grants payable) are accounted for as liabilities where it is probable that there will be a transfer of economic benefits and the amount of the obligation can be reliably estimated and communicated to the recipient. Multi-year grants are subject to annual reviews and conditionality such that the liability is recognised annually, when the criteria for recognising the liability are met.

Support costs, other than each sectoral teams costs and excluding any restricted expenditure, are re-allocated to each of the activities on the following basis, which is an estimate based on annual grant commitments levels:

	2019	2018
Climate Change	**42.6%**	39.8%
Child Health & Development	**20.0%**	23.5%
Adolescence Sexual & Reproductive Health	**25.0%**	23.1%
Child Protection	**4.3%**	4.5%
Evidence, Measurement & Evaluation	**5.2%**	5.5%
Strategic Engagement & Communications	**2.9%**	3.6%

2. ACCOUNTING POLICIES (CONTINUED)

Activities undertaken directly relate to expenditure incurred by the Foundation through direct service provision or work undertaken by the Foundation that contributes directly to the Foundation's objectives.

Expenditure incurred in relation to the Foundation's restricted activities are costs specifically identifiable and relevant to the restrictions assigned to those activities and therefore can be allocated to the restricted funds.

e) Financial assets and liabilities

Financial assets

Initial recognition and measurement

As per paragraphs 11.2 and 12.2 of FRS 102 the Group has elected to adopt the recognition and measurement requirements of IFRS 9 which superseded the provision requirements of IAS 39.

Under IFRS 9 'Financial Instruments', financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), or fair value through profit or loss ("FVPL"). Purchases and sales of investments are recognised on their trade date, which is the date on which the Foundation commits to purchase or sell the asset. Investments are initially recognised at fair value and transaction costs for such investments are expensed as incurred. Investments are de-recognised when the rights to receive cash flows from the investments have expired or the Foundation has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, financial assets are measured at FVPL. Gains and losses arising from changes in the fair value of the investments category are included in the SOFA in the year in which they arise and are based on the First-In, First-Out ("FIFO") method.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

- The Group's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

In accordance with IFRS 9, the Group classifies its financial assets at initial recognition into the categories discussed below.

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding. The Group includes in this category short-term non-financing receivables including cash at bank and in hand, cash pledged as collateral and debtors.

Financial assets measured at fair value through profit or loss

A financial asset is measured at FVPL if:

(a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest ("SPPI") on the principal amount outstanding; or

(b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The Group includes in the FVPL category all investments in real estate loans (principal amount plus accrued interest receivable), listed equities, corporate bonds, private placement and investment funds. This category also includes derivative contracts in an asset position.

Impairment of financial assets

The Group assesses on a forward looking basis the expected credit loss ("ECL") associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For these financial assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group classifies the following financial assets under amortised cost: cash at bank and in hand, cash pledged as collateral and debtors. Cash at bank and in hand and cash pledged as collateral comprise cash at banks and in hand, on demand and interest bearing deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value and their carrying amounts approximate amortised cost. The loss allowance is based on lifetime expected credit losses. All material counterparties have an investment grade credit rating by Moody's/S&P of A1/A+ or higher and there is no history of defaults/non-payment and all receivables' balances are short term (<1 year).

The Group only holds receivables with no financing component and which have maturities of less than 12 months at amortised cost and therefore has adopted the simplified approach to ECLs. No ECL impairment allowance has been recorded against the Group's receivables during the year. The ECL is not relevant to financial assets at fair value through profit or loss and financial liabilities designated at fair value through profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the SOFA under 'Net gains/(losses) on investments'. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL and include loans and borrowings, payables, and derivatives in a liability position, as appropriate. All financial liabilities are recognised initially at fair value.

Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost include all financial liabilities, other than those measured at FVPL. The Group includes in this category amounts due to brokers, grants, accruals and deferred income and other payables.

Financial liabilities measured at fair value through profit or loss

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in SOFA in the year in which they arise and are based on the FIFO method. Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

The senior delayed drawdown variable rate notes ("Notes") were designated at FVPL at inception. The Group did not designate any derivatives as hedges in a hedging relationship and includes in this category derivative contracts in a liability position.

f) Investments

Listed and unlisted securities

Securities listed or quoted on any securities exchange and regularly traded thereon are valued at fair value. The fair value of an investment is based on its quoted market price.

Unlisted securities or listed securities not regularly traded, or in respect of which no prices as described above are available, other than loans and receivables, will be valued at their fair value based on information provided by the Investment Manager's portfolio management team such as using the latest available redemption price for investment funds.

Because of their inherent uncertainty, estimated fair values may differ from the values that would have been used had a ready market for the securities existed.

Unfunded commitments

The Group may invest in loans and securities which incorporate a commitment that it will be obliged to pay at a future date if called upon by the counterparty. The timing and amounts of settlement of these potential obligations are uncertain at the Consolidated Balance Sheet date. Due to these uncertainties the Group does not recognise these amounts as liabilities on its Consolidated Balance Sheet, however these amounts are disclosed as contingent commitments in Note 22 to the financial statements. The total uncertain commitments as at 31 December 2019 was estimated as US$1,460,955k (2018: US$918,540k).

Derivative contracts

Derivative contracts ("derivatives") are recognised at fair value on the date on which the derivative is entered into and are subsequently re-measured at their fair value on an ongoing basis. Fair values are obtained from quoted market prices in active markets, including recent market transactions. Where quoted prices are not available the investments are valued using information provided by brokers.

All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received). Subsequent changes in the fair value of any derivative instrument are recognised immediately in the SOFA.

2. ACCOUNTING POLICIES (CONTINUED)

Contracts for difference ("CFDs")

A CFD is a derivative contract over an asset that bases its value on the price of the reference asset, without investing in the underlying physical asset. As such, the Group has no rights or obligations relating to the underlying asset. The CFD is a contract between two parties to exchange, at the close of the contract, the difference between the reset value or initial value of the reference asset and the closing value of the reference asset. The realised gain or loss depends upon the prices at which the underlying reference asset of the CFD is valued at the CFD's settlement date and is included in the SOFA.

Unrealised gains or losses are fair valued based on the difference between the close of business value of the reference asset on the date of determination and the reset or initial value. The reset value is determined periodically on payment dates in accordance with the terms of the contracts and the resulting movement in the unrealised gain or loss is recorded in the SOFA. As at 31 December 2019 the Group held CFDs with a net aggregate fair value of US$nil (31 December 2018: US$134k).

Forward foreign exchange contracts

The Group enters into forward foreign exchange contracts. Forward foreign exchange contracts are fair valued on a daily basis using the forward contracted rate derived from readily available market data. When the contract is closed, the Group records a realised gains/losses equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. Forward foreign exchange contracts are fair valued using the forward contracted rate derived from readily available market data. At 31 December 2019 the Group held forward foreign exchange contracts with an aggregate fair value of US$705k (31 December 2018: US$30,283k).

Investment funds

The Group invests in investment funds ("Investee Funds") which are subject to the terms and conditions of the Investee Funds' offering documentation. The investment in the Investee Funds are primarily valued based on the latest available redemption price of such units for the Investee Fund, as determined by the administrator of the Investee Fund. Where a readily ascertainable market valuation is not available, the Investee Funds is valued at cost less any expected losses (see note 13). When a share/unit is sold the Group recognises the realised gains/(losses). Other changes in fair value of the Investee Funds are recorded as unrealised gains/(losses). At 31 December 2019, the Group held investment fund positions of US$80,575k (2018:US$82,241k).

Investment properties

The Group previously invested in a portfolio of investment properties (via its subsidiary company, TPL), comprising wholly of UK-based freehold land and buildings leased to third parties. The Group's policy was to include the investment properties in the Consolidated Balance Sheet within investments at their fair value, which is usually equivalent to the open market value. The Directors used an external party to provide valuations of the properties. Investment properties included in the Consolidated Balance Sheet as at 31 December 2019 were US$nil (2018: US$46,422k). During 2019, the Group disposed all of its investment properties.

Leased assets

The annual rentals for operating leases are charged to the SOFA on a straight-line basis over the lease term.

Investments in subsidiaries

Investments in subsidiaries are held at cost, less impairment in the Foundation Balance Sheet, other than variable rate notes.

Loans

The Group invests in Real Estate and Corporate Loans which are accounted for on a fair value basis. Fair values are calculated with reference to discounted cash flow models on the expected future cash flows of each loan investment constructed by external valuers. The movements in the fair values are included within "Net gains/(losses) on investments" in the SOFA. Please refer to note 14 which details information surrounding the significant unobservable inputs of these loan investments.

Private placement

Private placement securities are not registered for public sale and are carried at an estimated fair value at each valuation point, as determined by the Group, in consultation with the Investment Manager's portfolio management team, with reference to recent funding rounds and performance updates provided by the investment management's team. At 31 December 2019, the Group held one private placement position, which has been fair valued at US$nil (2018: US$nil).

Programme related investment

Programme related investments are a type of social investment and are made directly in pursuit of the Foundation's charitable purposes. The primary motivation for making a programme related investmentsis not for financial gain but to further our charitable objects. Programme related investments can generate some financial return, and the funding may or may not be provided on commercial terms. The current programme related investments portfolio consists of a number of fund and private placement investments which follow the respective investments accounting policy. Programme related investments as at 31 December 2019 amounted to US$18,809k (2018: US$12,965k).

2. ACCOUNTING POLICIES (CONTINUED)

Mixed motive investments

Mixed motive investments are made in pursuit of the Foundation's charitable purposes and financial gains. The current mixed motive investment portfolio consists of a number of fund investments which follow the fund investment accounting policy. Mixed motive investments as at 31 December 2019 amounted to US$3,426k (2018: US$nil).

g) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into US$ at the foreign currency spot rate of exchange at the balance sheet date. Transactions in foreign currencies are recorded at the foreign currency spot rates of exchange at the date of the transaction. Differences arising on settlement and translation of monetary items are recognised in the SOFA.

The year end rate prevailing on the balance sheet date was US$1 : £0.76 (2018: US$1 : £0.78). For consolidation purposes, balance sheets of subsidiaries reported in non-US dollar currencies have been converted into US dollar at the foreign exchange rate as at 31 December 2019. For all non-US dollar reported profit and loss accounts of subsidiaries, the average foreign exchange rate for the relevant period has been applied at USD rate of US$1: £0.79 (2018: US$1 : £0.75).

h) Intangible assets and amortisation

Intangible assets that are acquired and developed by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment loss.

Amortisation is calculated on a straight line basis so as to write off the cost of an asset over the estimated useful economic life of 10 years. The amortisation will commence once the intangible product's development is completed.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the SOFA as incurred.

i) Tangible fixed assets and depreciation

Tangible fixed assets are capitalised at cost.

Depreciation is calculated on a straight line basis so as to write off the cost of an asset over the estimated useful economic life. Fixtures and fittings over 5 years or the remaining life of the lease whichever is shorter. On the basis of materiality, tangible fixed assets are not reviewed annually for impairment.

j) Cash and cash equivalents

Cash and cash equivalents include amounts due from the Group's counterparties on demand and interest bearing deposits with original maturities of less than 3 months. For each separate account at each prime broker, cash can only be withdrawn so long as there is a sufficient collateral excess within the account.

k) Cash pledged as collateral

Cash pledged as collateral includes balances held at year end with the Group's prime brokers and other counterparties. The use of these amounts is restricted based upon the Group's contractual margin requirements with each broker at the year-end date.

l) Amounts due from/to brokers

Amounts due from brokers include cash from investments sold but which have not yet settled and cash for forward foreign exchange contracts closed but awaiting settlement. Amounts due to brokers include cash from investments purchased which have not yet settled and cash for forward foreign exchange contracts closed but awaiting settlement.

m) Debtors

Amounts due from debtors are measured at transaction price, less any impairment.

n) Creditors

Amounts due to creditors are measured at the transaction price.

2. ACCOUNTING POLICIES (CONTINUED)

o) Funds

Designated funds are the unrestricted funds that have been set aside for a particular purpose by the Trustees. Unrestricted funds comprise those funds which the Trustees are free to use in accordance with the charitable objectives of the Foundation.

Restricted funds comprise those funds that can only be used for particular restricted purposes within the objectives of the Foundation. Restricted funds arise when the funds are specified as such by the donor or when funds are raised for particular restricted purposes. The Expendable Endowment Fund represents those assets held by the Trustees principally in investments. Income on investments is accounted for within the Expendable Endowment Fund. When the Foundation is unable to meet its commitments from reserves of Unrestricted Funds, there would be a transfer from the Expendable Endowment to Unrestricted Funds to meet those commitments.

p) Delayed drawdown variable rate notes ("the Notes")

The Notes are designated as financial liabilities at FVPL. The Notes are financial instruments that contain an embedded derivative. It is the view of the Trustees that the economic characteristics and risks of the embedded derivative are closely related to the economic characteristics and risks of the host contract. The Notes are presented as financial liabilities at FVPL on the Consolidated Balance Sheet. Financial liabilities are classified in the FVPL category when an entity chooses, on initial recognition, to designate such instrument as at FVPL using the fair value option. An entity may use this designation when the combined instrument (the host contract plus the embedded derivative) contain an embedded derivative.

The Notes mature on 31 March 2024, (as amended pursuant to an amended and retained trust deed constitution regarding Notes dated 19 February 2019), however they can be redeemed at the option of the note holder on any date in whole or in part upon giving ten business days' notice to the issuer. Save to the extent previously redeemed, the Notes will be redeemed on the maturity date at their principal amount outstanding. Refer to Note 15 for further details.

The issuer may, if it gives the noteholders ten business days (or such shorter period as may be agreed between the issuer and the noteholders) prior notice at any time elect to make a prepayment of the whole or any part of the principal amount outstanding (but, if in part, being an amount that reduces the principal amount outstanding by a minimum of US$1,000,000). Any amounts prepaid may be re-borrowed by the issuer.

Interest accrued on the Notes is recognised in the SOFA on an effective interest rate basis. As at 31 December 2019, interest accrued on the Notes was US$1,003,006k (2018: US$954,971k).

This is presented within Note 18 Creditors due within one year.

q) Taxation

The Foundation is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Foundation is exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of the Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

3. INCOME FROM INVESTMENTS AND EXPENDITURE ON RAISING FUNDS

(a) Income from investments

The investment income arises from interest received on cash deposits and rental income within the investment portfolio held by the Group. Interest income earned on loans and receivables is recorded within interest income from financial instruments. Dividend income is from equity securities within the portfolio held by the Group and is recorded in the SOFA on an ex-dividend date, gross of foreign withholding taxes. Withholding tax is recorded on an accruals basis. All rental income is derived from investment properties in the United Kingdom.

	Group year ended 31 December 2019 US$ '000	Group year ended 31 December 2018 US$ '000
Dividend income from overseas equities	**44,899**	58,108
Interest income from financial instruments	**54,567**	10,939
Rental income	**2,900**	3,345
	102,366	72,392

(b) Expenditure on raising funds

The expenditure of raising funds of US$98,376k (2018: US$33,507k) include fees paid to the Investment Manager who manage both the Foundation's directly held investments as well as the portfolio held by Talos.

4. EXPENDITURE ON CHARITABLE ACTIVITIES

	Grant funding of activities 2019 (2) US$ '000	Activities Undertaken Directly 2019 (1) US$ '000	Support Cost 2019 (3) US$ '000	Total Charitable Activities 2019 US$ '000
Climate Change	108,287	841	11,443	**120,571**
Child Health & Development	50,746	261	5,929	**56,936**
Adolescence Sexual & Reproductive Health	63,456	319	6,585	**70,360**
Child Protection	10,997	171	3,073	**14,241**
Evidence, Measurement & Evaluation	13,312	143	3,246	**16,701**
Strategic Engagement & Communications	7,301	558	2,263	**10,122**
	254,099	**2,293**	**32,539**	**288,931**

	Grant funding of activities 2018 US$ '000	Activities Undertaken Directly 2018 US$ '000	Support Cost 2018 US$ '000	Total Charitable Activities 2018 US$ '000
Climate Change	85,721	345	9,351	**95,417**
Child Health & Development	50,671	573	7,958	**59,202**
Adolescence Sexual & Reproductive Health	49,941	269	4,338	**54,548**
Child Protection	9,805	359	2,117	**12,281**
Evidence, Measurement & Evaluation	11,773	256	3,059	**15,088**
Strategic Engagement & Communications	7,872	148	2,463	**10,483**
	215,783	**1,950**	**29,286**	**247,019**

(1) See note 5
(2) See note 6
(3) See note 7

5. ACTIVITIES UNDERTAKEN DIRECTLY

The direct expenditure of US$2,293k 2018: US$1,950k) on charitable activities was mainly to further CIFF's mission by convening conferences and events; providing technical assistance and training to grantees and other charitable organisations; and publishing and disseminating reports on research findings.

6. GRANT FUNDING OF ACTIVITIES

Group and Foundation 2019	Climate Change US$ '000	Child Health & Development US$ '000	Adolescence Sexual & Reproductive Health US$ '000	Child Protection US$ '000	Evidence, Measurement & Evaluation US$ '000	Strategic Engagement & Communica-tions US$ '000	Total US$ '000
Grantees receiving charitable grants							
Active Philanthropy	634	-	-	-	-	-	**634**
Africaid	-	-	407	-	-	-	**407**
African Population and Health Research Center	-	-	245	-	138	-	**383**
AIDS Vaccine Advocacy Coalition	-	-	1,235	-	-	-	**1,235**
Albright Stonebridge Group LLC	378	-	-	-	-	-	**378**
Alliance for Sustainable Energy, LLC	3,208	-	-	-	-	-	**3,208**
APCO India	-	-	-	131	-	300	**431**
Bachpan Bachao Andolan	-	-	-	855	-	-	**855**
Bill & Melinda Gates Foundation (BMGF)	-	-	1,997	-	-	-	**1,997**
BRAC UK	-	-	-	800	-	-	**800**
C40 Cities Climate Leadership Group Inc.	7,041	-	-	-	550	-	**7,591**
Campaign Academy	-	-	-	-	-	600	**600**
Capital For Good USA	-	2,000	-	-	-	-	**2,000**
CDP	1,520	-	-	-	(789)	-	**731**
Center for Study of Science, Technology and Policy	400	-	-	-	158	-	**558**
Centre for Science and Environment	789	-	-	-	-	-	**789**
CHASE	-	251	-	-	-	-	**251**
China National Renewable Energy Centre	839	-	-	-	-	-	**839**
China Renewable Energy Society	345	-	-	-	-	-	**345**
Clean Air Fund	9,145	-	-	-	-	-	**9,145**
ClientEarth	6,269	-	-	-	-	-	**6,269**
Climate Policy Initiative	400	-	-	-	-	-	**400**
ClimateWorks Foundation	4,128	-	-	-	-	-	**4,128**
Coalition for Global Prosperity	-	-	-	-	-	269	**269**
Comms Lab	-	-	-	-	-	342	**342**
Concept Foundation	-	-	685	-	-	-	**685**
Corkery Group Unlimited	-	-	-	-	-	290	**290**
Crown Agents	-	-	2,100	-	-	-	**2,100**
CTI	804	-	-	-	-	-	**804**
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH	1,000	-	-	-	-	-	**1,000**
Development Solutions	-	-	-	6	469	-	**475**
DKT International	-	-	5,532	-	-	-	**5,532**
Doc Society	25	-	-	-	-	512	**537**
E3G-Third Generation Environmentalism Ltd	900	-	-	-	-	-	**900**
EDF Europe	643	-	-	-	-	-	**643**
Educate Girls	-	4,000	-	-	-	-	**4,000**
EGPAF	-	500	-	-	-	-	**500**
Ekjut	-	1,449	-	-	-	-	**1,449**
END Fund	-	1,590	-	-	-	-	**1,590**
Energy Foundation China	8,423	-	-	-	-	-	**8,423**
Environmental Defense Fund	4,096	-	-	-	-	-	**4,096**
Environmental Investigation Agency (UK)	398	-	-	-	-	-	**398**
European Climate Foundation	24,932	-	-	-	378	50	**25,360**
Evidence Action	-	2,986	-	-	-	-	**2,986**
FHI 360	-	-	-	-	300	-	**300**
[1] FMOH - Federal Ministry of Health, Ethiopia	-	(4,560)	-	-	1,231	-	**(3,329)**
Foundation for International Law for the Environment	5,279	-	-	-	-	-	**5,279**
Freedom Fund	-	-	-	2,316	30	111	**2,457**
FRIDA	-	-	-	-	-	400	**400**
Fundacion Horizonte Ciudadano	-	-	-	-	-	447	**447**
Girl Effect	-	-	790	-	-	-	**790**

Group and Foundation 2019	Climate Change US$ '000	Child Health & Development US$ '000	Adolescence Sexual & Reproductive Health US$ '000	Child Protection US$ '000	Evidence, Measurement & Evaluation US$ '000	Strategic Engagement & Communica-tions US$ '000	Total US$ '000
Global Impact Advisors (GIA)	-	-	225	-	245	-	**470**
Global March India Foundation	-	-	-	625	-	-	**625**
Good Stuff	-	-	-	-	-	1,056	**1,056**
Graduate Institute - Global Health Centre	-	531	-	-	-	-	**531**
Guttmacher Institute	-	-	375	-	-	-	**375**
Halteres Associates	-	-	452	-	-	-	**452**
Harvard School of Public Health	-	259	-	-	-	-	**259**
Humanitas Global Development LLC	-	519	-	-	-	-	**519**
iCS - Instituto Clima e Sociedade (LARCI Brazil)	514	-	-	-	-	-	**514**
ID Insight India Private Limited	-	600	-	-	-	-	**600**
Imperial College of Science, Technology and Medicine	-	-	-	-	1,070	-	**1,070**
Iniciativa Climática de México	3,000	-	-	-	-	-	**3,000**
Institute for Governance and Sustainable Development	5,275	-	-	-	-	-	**5,275**
International Center for Research on Women	-	-	812	-	-	-	**812**
International Council on Clean Transportation (ICCT)	800	-	-	-	-	-	**800**
IPE Global Private Limited	-	1,818	4,853	-	-	-	**6,671**
ITAD Limited	-	-	-	-	499	-	**499**
Jal Seva Charitable Foundation	-	520	-	-	-	-	**520**
Jan Sahas Social Development Society	-	-	-	434	-	-	**434**
Jhpiego	-	3,433	-	-	-	-	**3,433**
John Snow, Incorporated	-	-	500	-	-	-	**500**
Kailash Satyarthi Children's Foundation of America	-	-	-	2,523	-	848	**3,371**
Kamonohashi Project	-	-	-	467	-	-	**467**
Kois Invest	-	-	281	-	-	-	**281**
Liverpool School of Tropical Medicine	-	515	-	-	-	-	**515**
Living Goods	-	3,440	-	-	-	-	**3,440**
London School of Hygiene and Tropical Medicine (LSHTM)	-	380	-	-	103	-	**483**
LTS International	-	-	-	-	259	-	**259**
MANA Nutritive Aid Products Incorporated	-	5,000	-	-	-	-	**5,000**
Mann Global Health LLC	-	-	654	-	-	-	**654**
Marie Stopes International	-	-	12,367	-	-	-	**12,367**
Mathematica Policy Research	-	-	-	-	261	-	**261**
Meridian Economics (Pty) Ltd	911	-	-	-	-	-	**911**
Metrics for Managment	-	-	335	-	-	-	**335**
Miljostiftelsen Bellona	1,147	-	-	-	-	-	**1,147**
Muthengo Development Solutions	-	-	-	-	270	-	**270**
Natural Resources Defense Council	3,057	-	-	-	-	-	**3,057**
New Venture Fund	810	-	-	-	-	-	**810**
Observer Research Foundation	127	-	-	-	-	147	**274**
(1) One Acre Fund	-	(789)	-	-	-	-	**(789)**
(1) Options	-	-	(916)	-	-	-	**(916)**
Other Grantees	3,004	1,619	1,492	240	2,076	1,104	**9,535**
Oxford Policy Management (OPM)	-	-	-	-	301	-	**301**
PATH	-	-	1,025	-	-	-	**1,025**
Pfizer	-	-	3,175	-	-	-	**3,175**
Pharm Access Foundation	-	1,647	-	-	-	-	**1,647**
Play Verto	-	-	-	-	-	500	**500**
Population Council	-	-	2,279	-	243	-	**2,522**
Population Foundation of India	-	-	817	-	-	-	**817**
Praxis UK	-	-	-	-	-	522	**522**
PSI	-	-	10,888	-	-	-	**10,888**
Quilt.AI	20	-	670	-	-	-	**690**
Regulatory Assistance Project	300	-	-	-	-	-	**300**
Rockefeller Philanthropic Collaborative (RPA)	4,484	-	-	-	-	-	**4,484**
Ross Strategic	-	-	-	-	560	-	**560**
RTI International India	-	-	-	-	897	-	**897**
Sandholt Holding	321	-	-	-	-	-	**321**

Group and Foundation 2019	Climate Change US$ '000	Child Health & Development US$ '000	Adolescence Sexual & Reproductive Health US$ '000	Child Protection US$ '000	Evidence, Measurement & Evaluation US$ '000	Strategic Engagement & Communica-tions US$ '000	Total US$ '000
Satellite Applications Catapult	421	-	-	-	-	-	**421**
[(1)] Sedia Biosciences Corporation	-	-	(323)	-	-	-	**(323)**
SH:24 CIC	-	-	492	-	-	-	**492**
Shakti Sustainable Energy Foundation	500	-	-	-	-	-	**500**
Sight and Life	-	656	-	-	-	-	**656**
Sightsavers	-	5,125	-	-	-	-	**5,125**
Simprints	-	-	-	-	3,190	-	**3,190**
[(1)] Social Science Research Council	-	-	-	-	-	(500)	**(500)**
Splash.org	-	5,330	-	-	-	-	**5,330**
The Carter Center Inc	-	1,250	-	-	-	-	**1,250**
The Energy and Resources Institute	2,000	-	-	-	-	-	**2,000**
The Power of Nutrition	-	3,400	-	-	-	-	**3,400**
Thorn	-	-	-	1,500	-	-	**1,500**
Transparentem	-	-	-	1,100	-	-	**1,100**
Triggerise	-	-	7,073	-	98	-	**7,171**
[(1)] United Nations Children's Fund (UNICEF)	-	(1,047)	-	-	-	-	**(1,047)**
United Nations Foundation	-	-	-	-	495	-	**495**
University College London (UCL)	-	-	-	-	280	-	**280**
University of Tampere Foundation	-	456	-	-	-	-	**456**
Well Told Story	-	-	1,469	-	-	-	**1,469**
William Marsh Rice University	-	3,222	-	-	-	-	**3,222**
Wits RHI	-	-	341	-	-	-	**341**
World Economic Forum LLC	-	-	-	-	-	303	**303**
World Health Organisation	-	-	713	-	-	-	**713**
World Vision Ethiopia	-	4,646	-	-	-	-	**4,646**
Total charitable grants	**108,287**	**50,746**	**63,456**	**10,997**	**13,312**	**7,301**	**254,099**

[(1)] Grant commitments expensed in a previous financial year, cancelled during this financial year and written back.

Group and Foundation 2018	Climate Change US$ '000	Child Health & Development US$ '000	Adolescence Sexual & Reproductive Health US$ '000	Child Protection US$ '000	Evidence, Measurement & Evaluation US$ '000	Strategic Engagement & Communica-tions US$ '000	Total US$ '000
Grantees Receiving Charitable Grants							
Alliance for Sustainable Energy	4,827	-	-	-	-	-	**4,827**
Access Health International	-	582	-	-	-	-	**582**
Action Against Hunger (AAH)	-	1,399	-	-	-	-	**1,399**
Africaid	-	37	409	-	-	-	**446**
Africa Population	-	-	532	-	150	-	**682**
Aisha Buhari Foundation	-	335	-	73	-	-	**408**
ALMA - African Leaders Malaria Alliance	-	-	-	-	3,621	-	**3,621**
AMREF Health Africa	-	-	-	-	-	990	**990**
Bachpan Bachao	-	-	-	2,064	-	-	**2,064**
Behavioural Insights Team	-	-	-	-	380	-	**380**
[(1)] Beijing Jike Energy New Technology Development Company	(496)	-	-	-	-	-	**(496)**
Bill and Melinda Gates Foundation	-	-	5,262	-	-	-	**5,262**
C40	11,997	-	-	-	-	-	**11,997**
Camber Collective LLC	-	-	1,490	-	-	-	**1,490**
Carbon Disclosure Project	2,923	-	-	-	-	-	**2,923**
Carter Centre	-	2,500	-	-	-	-	**2,500**
Center for Study of Science Tech and Policy	650	-	-	-	-	-	**650**
Centre for Health Solutions Kenya	-	850	-	-	-	-	**850**
Chatham House	567	-	-	-	-	-	**567**
China National Renewable Energy Centre	373	-	-	-	-	-	**373**
China Renewable Energy Society	1,615	-	-	-	-	-	**1,615**
Civil Society Legislative Advocacy Centre	-	450	-	-	-	-	**450**
Clean Air Strategy	2,000	-	-	-	-	-	**2,000**
Client Earth	3,710	-	-	-	-	-	**3,710**
Climate Policy Initiative	400	-	-	-	-	-	**400**
ClimateWorks Foundation	428	-	-	-	350	-	**778**

Group and Foundation 2018	Climate Change US$ '000	Child Health & Development US$ '000	Adolescence Sexual & Reproductive Health US$ '000	Child Protection US$ '000	Evidence, Measurement & Evaluation US$ '000	Strategic Engagement & Communica-tions US$ '000	Total US$ '000
Concept Foundation	-	-	1,781	-	-	-	**1,781**
Crown Agents	-	-	1,100	-	-	-	**1,100**
CUAMM	-	458	-	-	-	-	**458**
Dalberg	-	-	315	-	-	-	**315**
Danish Energy Agency (Energistyrelsen)	500	-	-	-	-	-	**500**
DASRA	-	-	288	-	-	604	**892**
Environmental Defense Fund	4,213	-	-	-	-	-	**4,213**
EIA UK	470	-	-	-	-	-	**470**
EKJUT	-	1,198	-	-	-	-	**1,198**
Elizabeth Glaser Pediatric AIDS Foundation	-	3,315	(1,649)	-	0	-	**1,666**
End Fund	-	2,731	-	-	-	-	**2,731**
Energy Foundation	6,800	-	-	-	-	-	**6,800**
European Climate Foundation	18,746	-	-	-	703	600	**20,049**
Evidence Action	-	1,604	-	-	-	-	**1,604**
(1) Federal Ministry of Health (Ethiopia)	-	(6,928)	-	-	-	-	**(6,928)**
(1) Federal Ministry of Health (Rwanda)	-	(473)	-	-	-	-	**(473)**
Foundation for International Law for the Environment	5,168	-	-	-	-	-	**5,168**
Foundation of Civil Society	-	-	720	-	-	-	**720**
Freedom Fund	-	-	-	2,082	-	200	**2,282**
(1) Ghana Remedial - GES & IPA	-	(913)	-	-	-	-	**(913)**
Global Alliance for Improved Nutrition	-	518	-	-	-	-	**518**
(1) Global Health Strategies	-	(600)	-	-	-	-	**(600)**
Global Impact Advisors	-	-	-	-	672	-	**672**
(1) Guttmacher Institute	-	-	(375)	-	-	-	**(375)**
Harvard School of Public Health	-	328	-	-	-	-	**328**
Humanitas Gobal	-	275	-	-	-	-	**275**
Imperial College of Science, Technology and Medicine	298	705	-	-	-	-	**1,003**
IGSD	5,018	-	-	-	-	-	**5,018**
Incepta Pharmaceuticals Ltd	-	-	1,750	-	-	-	**1,750**
Iniciativa Climatica de Mexico	1,697	-	-	-	-	-	**1,697**
Instituto Clima e Sociedade	3,625	-	-	-	-	-	**3,625**
International Rescue Committee	-	300	-	-	-	-	**300**
IPA (from LG)	-	445	-	-	-	-	**445**
IPE Global	-	1,610	1,936	-	-	728	**4,274**
ITAD Ltd	-	-	-	-	324	-	**324**
Jan Sahas Social Development Society	-	-	-	316	-	-	**316**
Jhpiego	-	1,067	-	-	-	-	**1,067**
Johns Hopkins University	-	-	-	-	413	-	**413**
Kailash Satyarthi Children's Foundation of America	-	-	-	681	-	-	**681**
Kamonohashi Project	-	-	-	531	-	-	**531**
Kenya Red Cross Society	-	196	941	-	-	-	**1,137**
Last Mile Health	-	550	-	-	-	-	**550**
Living Goods	-	4,186	-	-	-	-	**4,186**
London School of Hygiene and Tropical Medicine	-	2,664	-	-	337	-	**3,001**
LTS International	408	-	-	-	-	-	**408**
(1) MANA	-	(750)	-	-	-	-	**(750)**
(1) Management Sciences for Health	-	-	(329)	-	-	-	**(329)**
Marie Stopes International	-	-	8,507	-	-	-	**8,507**
Mathematica Policy Research	92	207	-	-	145	-	**444**
Medic Mobile	-	103	-	-	245	-	**348**
Metrics for Management	-	-	421	-	-	-	**421**
Miljostiftelsen Bellona	699	-	-	-	-	-	**699**
MTV Staying Alive Foundation	-	-	1,000	-	-	-	**1,000**
Natural Resources Defense Council	3,093	-	-	-	-	-	**3,093**
Network for Health Equity and Development	-	375	-	75	-	-	**450**
One Acre Fund	-	6,255	-	-	-	-	**6,255**
Options Consultancy Services	-	-	2,668	-	-	-	**2,668**
Oxford Policy Management	-	-	-	-	1,774	-	**1,774**
PATH	-	347	1,554	-	-	-	**1,901**

Group and Foundation 2018	Climate Change US$ '000	Child Health & Development US$ '000	Adolescence Sexual & Reproductive Health US$ '000	Child Protection US$ '000	Evidence, Measurement & Evaluation US$ '000	Strategic Engagement & Communica-tions US$ '000	Total US$ '000
Pfizer	-	-	3,500	-	-	-	**3,500**
Public Health Foundation of India	-	-	547	-	-	104	**651**
Power of Nutrition	-	8,738	-	-	-	-	**8,738**
Population Council	-	-	658	-	-	-	**658**
Population Foundation of India	-	-	300	-	-	405	**705**
Prayas FC	650	-	-	-	-	-	**650**
Population Services International	-	366	5,541	-	-	400	**6,307**
Regulatory Assistance Project	600	-	-	-	-	-	**600**
Royal Commonwealth Society of Blind	-	4,039	-	-	-	-	**4,039**
RTI International	-	2,516	-	-	-	-	**2,516**
(1) Save the Children Federation	-	(103)	-	-	-	(309)	**(412)**
Sedia Biosciences Corporation	-	-	3,500	-	-	-	**3,500**
She Decides	-	-	-	-	-	1,850	**1,850**
Sight & Life	-	460	-	-	-	-	**460**
Simprint	-	504	-	-	-	-	**504**
Social Science Research Council	-	-	-	-	-	1,000	**1,000**
Sophoi Ltd	290	-	-	-	-	-	**290**
South Pole Carbon Asset Managemen	276	-	-	-	-	-	**276**
The Global Fund	-	3,726	-	-	-	-	**3,726**
Transparentem	-	-	-	2,200	-	-	**2,200**
Triggerise	-	-	2,721	-	249	-	**2,970**
UBS Optimus Foundation	-	422	-	-	-	69	**491**
UNICEF	-	2,952	-	735	-	-	**3,687**
Univ of California Berkeley	-	161	-	-	110	-	**271**
University College London	-	(145)	-	315	145	-	**315**
University of Cape Town	500	-	-	-	-	-	**500**
Well Told Story	-	-	1,396	-	-	-	**1,396**
World Bank - Global Partnership for Education Fund MTO	-	2,000	2,000	-	-	-	**4,000**
World Food Program	-	781	-	-	-	-	**781**
World Health Organisation	-	733	850	-	-	-	**1,583**
World Resources Institute	2,203	-	-	-	-	-	**2,203**
(1) World Vision (UK)	-	(3,915)	-	-	-	-	**(3,915)**
Young Lives India	-	-	-	-	-	424	**424**
Other Grantees	1,381	1,510	607	733	2,155	807	**7,193**
Total charitable grants	**85,721**	**50,671**	**49,941**	**9,805**	**11,773**	**7,872**	**215,783**

(1) Grant commitments expensed in a previous financial year, cancelled during this financial year and written back.

7. ALLOCATION OF SUPPORT COSTS

2019	Climate Change US$ '000	Child Health & Development US$ '000	Adolescence Sexual & Reproductive Health US$ '000	Child Protection US$ '000	Evidence, Measurement & Evaluation US$ '000	Strategic Engagement & Communi-cations US$ '000	Total US$ '000
Support costs							
Staff costs (Note 9)	6,411	3,360	3,559	1,543	2,303	1,407	18,583
Office expenses	1,961	940	979	744	216	186	5,026
Governance costs (Note 8)	832	390	488	84	102	56	1,952
Travel and subsistence	1,212	621	661	507	321	201	3,523
Consultancy and contractor costs	1,027	618	898	195	304	413	3,455
Total support costs allocated to charitable activities	**11,443**	**5,929**	**6,585**	**3,073**	**3,246**	**2,263**	**32,539**

2018	Climate Change US$ '000	Child Health & Development US$ '000	Adolescence Sexual & Reproductive Health US$ '000	Child Protection US$ '000	Evidence, Measurement & Evaluation US$ '000	Strategic Engagement & Communi-cations US$ '000	Total US$ '000
Support costs							
Staff costs (Note 9)	3,321	3,753	1,264	1,229	1,891	1,277	**12,735**
Office expenses	1,955	1,155	1,139	224	268	179	**4,920**
Governance costs (Note 8)	2,438	1,441	1,420	279	335	224	**6,137**
Travel and subsistence	808	887	285	262	347	282	**2,871**
Consultancy and contractor costs	829	722	230	123	218	501	**2,623**
Total support costs allocated to charitable activities	**9,351**	**7,958**	**4,338**	**2,117**	**3,059**	**2,463**	**29,286**

See note 2(d) on explanation on the allocation method of the support costs.

8. GOVERNANCE COSTS

	Group year ended 31 December 2019 US$ '000	Group year ended 31 December 2018 US$ '000
Auditors' remuneration	**274**	223
Legal fees	**1,276**	3,866
Professional fees	**402**	2,048
	1,952	6,137

The auditors' remuneration, for the year ended 31 December 2019 is split between KPMG US$258k (2018: US$204k), S.P. Nagrath (India liaison office auditors) US$8k (2018:US$19k) and Mazars (China office auditors) US$8k (2018: nil). In 2019, non-audit fees paid to KPMG were US$30k (2018: US$11k to KPMG) in relation to other professional services.

9. STAFF COST

	Group and Foundation year ended 31 Dec 2019 US$ '000	Group and Foundation year ended 31 Dec 2018 US$ '000
Wages and salaries	**15,104**	9,664
Social security costs	**1,213**	1,125
Other pension costs	**480**	362
	16,797	11,151
Other staff costs	**1,786**	1,584
Total staff costs	**18,583**	12,735

The average monthly number of employees (based on the 12 month period) who were employed during the year totalled: 115 (2018: 95). The staff numbers were split between direct activities: 78 (2018: 66) and support: 37 (2018: 29). The number of employees of the Group and Foundation whose remuneration paid in the financial year fell within the following bands were:

Total remuneration Bandings	Group and Foundation 2019	Group and Foundation 2018
$85k - $99k	**11**	8
$99k - $113k	**6**	8
$113k - $127k	**9**	3
$127k - $141k	**4**	6
$141k - $155k	**4**	4
$155k - $169k	**5**	2
$169k - $183k	**4**	2
$183k - $197k	**1**	4
$197k - $211k	**6**	3
$211k - $225k	**1**	3
$225k - $239k	**1**	-
$254k - $268k	**1**	1
$268k - $282k	**1**	-
$296k - $310k	**-**	1
$310k - $324k	**2**	
$338k - $352k	**1**	-
$352k - $366k	**1**	-
$437k - $451k	**-**	1
$451k - $465k	**1**	-

The staff remuneration applied in the bandings is for the years ended 31 December 2019 and 31 December 2018. The above salaries were paid mainly in GBP and include benefits in kind and have been translated at the average rate of US$1:£0.79 (2018: US$1:£0.75).

The contributions in the year for the provision of a defined contribution pension scheme to employees of the Foundation were US$987k (2018: US$533k). The number of staff who were members of the scheme was 113 (2018: 95).

The Trustees did not receive any remuneration for their services during the year (2018: US$nil). The Trustees' expenses reimbursed amounted to US$15k for travel and subsistence during the year (2018: US$25k). In 2019, the reimbursed expenses related to one trustee (2018: one trustee).

Remuneration of Key Management Personnel

	31 December 2019 US$'000	31 December 2018 US$'000
Executive Directors	2,782	2,152
Employer Pension Contributions	80	183
Employer National Insurance Contributions	288	289
Total Consideration	**3,150**	**2,624**

The Key Management Personnel of CIFF have been defined as the:

- The Board of Trustees (who are not remunerated in their capacity as Trustees)
- The Executive Directors of the Foundation, who are responsible for the day to day running of the organisation.

The total remuneration to Key Management Personnel is summarised in the table above. Remuneration includes salaries, benefits in kind, bonuses, termination payments and employer pension contributions.

10. TAXATION

A Group Company, Talos Property Limited, has made Gift Aid payment to the Foundation, which removes its tax liability. The Group companies, CIFF Newco, CIFF Trading, CIFF Nutrition (UK) and Talos Property Holding Limited, did not realise any taxable profit in this financial year, therefore have no tax liability. The subsidiary company, Talos, incurred no tax charges (2018: US$Nil) under Irish taxation, due to a profit of US$4k (2018: profit of US$4k). Talos is a qualifying company within the meaning of Section 110 of the Taxes Consolidation Act, 1997. As such, the profits are chargeable to corporation tax under Case III of Schedule D at a rate of 25% but are computed in accordance with the provisions applicable to Case I of Schedule D. During the year, Talos incurred US$2,295k of withholding tax (2018: US$1,902k). The subsidiary company CIFF IP incurred tax charges of US$34k, due to a taxable profit of US$179k.

11. INTANGIBLE FIXED ASSETS

Group	31 December 2019 US$ '000
Cost brought forward	-
Additions during the year	500
At 31 December 2019	**500**
Amortisation brought forward	-
Charge for the year	-
At 31 December 2019	**500**
At 31 December 2018	**-**

The addition during the period relates to intellectual property for HIV self-testing. The intangible has been in its development and testing phase during 2019. As per FRS 102, no amortisation is recorded as the intangible asset is not ready for its intended use.

12. TANGIBLE FIXED ASSETS

Group and Foundation	Fixtures and Fittings 31 December 2019 US$ '000	Fixtures and Fittings 31 December 2018 US$ '000
Cost brought forward	1,343	1,343
Additions during the year	85	-
Disposals during the year	-	-
At year end	**1,428**	**1,343**
Depreciation brought forward	321	53
Charge for the year	270	268
Reversal on disposals	-	-
At year end	**591**	**321**
Net book value		
At year end	**837**	**1,022**

13. INVESTMENTS

The Group and Foundation's investments comprise of the following:

Group Financial Assets	31 December 2019 US$ '000	31 December 2018 US$ '000
Equities - Overseas	3,157,346	2,281,715
Investment properties	-	46,422
Investment funds	80,575	82,241
Mixed motive investments	3,426	-
Programme related investments	18,809	12,965
	3,260,156	2,423,343
Contracts for difference	-	134
Forward currency contracts	14,215	39,283
	14,215	39,417
Loans and receivables	2,208,753	2,878,438
Total Financial Assets	**5,483,124**	**5,341,198**

Group Financial Liabilities	Notes	31 December 2019 US$ '000	31 December 2018 US$ '000
Securities sold short – listed equities		-	259,831
Senior delayed drawdown variable rate notes		-	52,655
	18	-	312,486
Forward currency contracts		13,510	9,000
Derivative financial instrument liabilities	18	13,510	9,000
Total Financial Liabilities		**13,510**	**321,486**

Gains/(losses) recognised in relation to financial assets and liabilities at fair value through the SOFA	31 December 2019 US$ '000	Year ended 31 December 2018 US$ '000
Realised gains/(losses) on financial assets and liabilities	720,999	626,546
Unrealised gains/(losses) on financial assets and liabilities	292,307	(495,519)
	1,013,306	131,027
Foreign exchange gains/(losses) on financial assets and liabilities	496	(70)
	1,013,802	**130,957**

Foundation Financial Assets	Notes	31 December 2019 US$ '000	31 December 2018 US$ '000
Investment subsidiaries	13(a)	41,882	41,882
Programme related investments	13(b)	18,809	12,965
Investment in variable rate note	13(c)	5,757,604	5,073,415
Mixed motive investments	13(d)	3,426	-
Investment funds		65,355	65,189
Total Financial Assets		**5,887,076**	**5,193,451**

* There are no financial liabilities in the Foundation as at 31 December 2019 (2018: none).

The table below outlines the categories of investments held by the Foundation at 31 December 2019 and 31 December 2018:

Foundation

	Investment subsidiaries US$ '000	Programme related investments US$ '000	Mixed motive investments US$ '000	Variable Rate Notes US$ '000	Unquoted Investments US$ '000	Total US$ '000
As at 31 December 2018	41,882	12,965	-	5,073,412	65,192	5,193,451
Additions	-	2,766	3,569	52,000	1,526	59,861
Disposals	-	(4,630)	-	(370,814)	-	(375,444)
Investment gains/(losses)	-	7,708	(143)	1,003,006	(1,363)	1,009,208
As at 31 December 2019	**41,882**	**18,809**	**3,426**	**5,757,604**	**65,355**	**5,887,076**
Cost as at 31 December 2019	**41,882**	**11,631**	**3,569**	**4,754,597**	**121,713**	**4,933,392**

	Investment subsidiaries US$ '000	Programme related investments US$ '000	Mixed motive Investment US$ '000	Variable Rate Notes US$ '000	Unquoted Investments US$ '000	Total US$ '000
As at 31 December 2017	41,882	10,250	-	5,030,522	146,501	5,229,155
Additions	-	2,715	-	-	-	2,715
Disposals	-	-	-	(187,096)	(21,975)	(209,071)
Investment gains/(losses)	-	-	-	229,986	(59,334)	170,652
As at 31 December 2018	**41,882**	**12,965**	**-**	**5,073,412**	**65,192**	**5,193,451**
Cost as at 31 December 2018	**41,882**	**12,965**	**-**	**4,128,251**	**120,187**	**4,303,285**

The following tables present the movement of the Group's and Foundation's investments as at 31 December 2019:

Group	Fair value at 31/12/18 US$ '000	Additions US$ '000	Disposals US$ '000	Investment gains/(losses) US$ '000	Fair value at 31/12/19 US$ '000	Cost at 31/12/19 US$ '000
UK	581,721	-	-	20,837	602,558	568,616
Overseas	2,391,923	498,057	(1,193,273)	12,296	1,709,003	1,653,814
Total unquoted	**2,973,644**	**498,057**	**(1,193,273)**	**33,133**	**2,311,561**	**2,222,430**
UK	-	-	-	-	-	-
Overseas	2,321,132	1,744,611	(1,532,633)	638,453	3,171,563	2,675,243
Total quoted	**2,321,132**	**1,744,611**	**(1,532,633)**	**638,453**	**3,171,563**	**2,675,243**
UK	46,422	-	(57,551)	11,129[2]	-	-
Total property	**46,422**	**-**	**(57,551)**	**11,129**	**-**	**-**
Total	**5,341,198**	**2,242,668**	**(2,783,457)**	**682,715**[1]	**5,483,124**	**4,897,673**

(1) The difference between total gains above of US$682,715k and the SOFA gain of US$1,013,802k, (sum of net gains on investments of US$1,013,306k and foreign exchange gains of US$496k) is due to the interest on loans of US$285,367k and unrealised gains on short forwards of US$45,720k which are disclosed within creditors: amounts falling due within one year and foreign exchange movements on the cash balances held by the Group throughout the period as well as gains and losses incurred through the Foreign exchange overlay.

(2) The total gains above of US$11,129k include exchange differences on translating foreign operations.

Foundation – Investments Held at Fair Value

	Fair value At 31/12/18 US$ '000	Additions US$ '000	Disposals US$ '000	Investment gains/(losses) US$ '000	Fair value At 31/12/19 US$ '000	Cost At 31/12/19 US$ '000
Overseas	5,151,569	59,861	(375,444)	1,009,208	5,845,194	4,891,510
Total unquoted	**5,151,569**	**59,861**	**(375,444)**	**1,009,208**	**5,845,194**	**4,891,510**

Foundation – Investments Held at Cost

	Cost At 31/12/18 US$ '000	Additions US$ '000	Disposals US$ '000	Cost At 31/12/19 US$ '000
UK	41,882	-	-	41,882
Total	**41,882**	**-**	**-**	**41,882**

The following tables present the movement of the Group's and Foundation's investments as at 31 December 2018:

Group	Fair value at 31/12/17 US$ '000	Additions US$ '000	Disposals US$ '000	Investment gains/(losses) US$ '000	Fair value at 31/12/18 US$ '000	Cost at 31/12/18 US$ '000
UK	89,231	493,350	-	(860)	581,721	583,221
Overseas	2,257,307	631,149	(479,535)	(16,998)	2,391,923	2,320,118
Total unquoted	**2,346,538**	**1,124,499**	**(479,535)**	**(17,858)**	**2,973,644**	**2,903,339**
UK	87,861	-	(89,038)	1,177	-	-
Overseas	2,749,889	1,772,182	(2,121,589)	(79,350)	2,321,132	2,087,461
Total quoted	**2,837,750**	**1,772,182**	**(2,210,627)**	**(78,173)**	**2,321,132**	**2,087,461**
UK	47,749	-	-	(1,327)[2]	46,422	41,846
Total property	**47,749**	**-**	**-**	**(1,327)**	**46,422**	**41,846**
Total	**5,232,037**	**2,896,681**	**(2,690,162)**	**(97,358)[1]**	**5,341,198**	**5,032,646**

(1) The difference between total losses above of US$(97,358)k and the SOFA gain of US$130,957k (sum of net gains on investments of US$131,027k and foreign exchange losses of US$(70)k) is due to the unrealised loss on short swaps and forwards of US$(228,315)k which are disclosed within creditors: amounts falling due within one year and foreign exchange movements on the cash balances held by the Group throughout the period as well as gains and losses incurred through the Foreign exchange overlay.

(2) The total losses above of US$1,327k include exchange differences on translating foreign operations.

Foundation – Investments Held at Fair Value

	Fair value At 31/12/17 US$ '000	Additions US$ '000	Disposals US$ '000	Investment gains/(losses) US$ '000	Fair value At 31/12/18 US$ '000	Cost At 31/12/18 US$ '000
Overseas	5,187,273	2,715	(209,071)	170,652	5,151,569	4,261,403
Total unquoted	**5,187,275**	**2,715**	**(209,071)**	**170,652**	**5,151,569**	**4,261,403**

Foundation – Investments Held at Cost

	Cost at 31/12/17 US$ '000	Additions US$ '000	Disposals US$ '000	Cost at 31/12/18 US$ '000
UK	41,882	-	-	41,882
Total	**41,882**	**-**	**-**	**41,882**

13. INVESTMENTS (continued)

13 (a) Investments in subsidiaries

The table below details the investments held by the Foundation in its subsidiaries:

Entity	Incorporated in	% Holding	Purpose	Profit/(loss) US$ '000	
				2019	2018
CIFF (UK) Trading Limited ("CIFF Trading")	England & Wales	100	(1)	(21)	(8)
CIFF (UK) Newco Limited ("CIFF Newco")	England & Wales	100	(2)	(13)	(4)
Talos Capital Designated Activity Company ("Talos")	Ireland	100	(3)	4	4
Talos Properties Holdings Limited ("TPHL")	England & Wales	100	(4)	(11,183)	1,256
Talos Properties Limited ("TPL")	England & Wales	100*	(5)	(11,156)	1,274
CIFF Nutrition (UK) Limited ("CIFF Nutrition")	England & Wales	100	(6)	(15)	-
CIFF Capital UK LP (''CIFF Capital'')	England & Wales	100**	(7)	-	-
CIFF Investments LLP (''CIFF Inv'')	England & Wales	100*	(8)	10,688	-
CIFF IP Co Limited (''CIFF IP'')	England & Wales	100	(9)	773	-
CIFF Investments II Limited ("CIFF II")	England & Wales	100*	(10)	2,224	-
CIFF Investments III LLP ("CIFF III")	England & Wales	100*	(11)	416	-
CIFF General Partner Limited ("CIFF GP")	England & Wales	100	(12)	-	-

* Indirect holdings
** Economic entitlement only

(1) During the financial year, CIFF Trading was a non-participating member in CIFF Inv but, in April 2020, resigned from CIFF Inv and transferred its interest in CIFF Inv to CIFF II. During the financial year, it also resigned its interest in TCI Fund Services LLP.

(2) CIFF Newco was a holding company for certain CIFF UK investments but is now dormant.

(3) Talos (company number: 464778) holds an underlying investment portfolio that is managed to provide the Foundation with investment return. At 31 December 2019, its total assets amounted to US$5,937,535k (2019: US$5,488,423k), total liabilities amounted to US$5,937,523k (2018: US$5,488,415k), and net assets amounted to US$12k (2018: US$8k).

(4) TPHL's principal activity is to act as the parent of a wholly owned subsidiary TPL.

(5) TPL owned and, during the financial year, sold a UK investment property portfolio.

(6) CIFF Nutrition promotes Ready to Use Therapeutic Foods in developing countries in furtherance of the Foundation's charitable activities.

(7) CIFF Capital was incorporated by limited partnership deed between the Foundation, TCI General Partner Limited and TCI Fund Management Limited. It has been established to hold investment assets for the Foundation. In April 2020, CIFF GP replaced TCI General Partner Limited as general partner.

(8) CIFF Inv was incorporated by limited liability partnership deed between Talos and CIFF Trading in 2019 to hold assets from the investment portfolio.

(9) CIFF IP holds licences to intellectual property rights in support of the charitable activities of the Foundation.

(10) CIFF II holds assets from the investment portfolio and, in April 2020, became a non-participating member of CIFF Investment LLP. The first set of financial statements will be produced for the period ending 31 December 2020.

(11) CIFF III was incorporated on 20 November 2019 by limited liability partnership deed between Talos and CIFF II to hold assets from the investment portfolio. The first set of financial statements will be produced for the period ending 31 December 2020.

(12) CIFF GP was incorporated on 19 March 2020 as a wholly owned limited company of the Foundation and, in April 2020, became general partner of CIFF Capital. The first set of Financial Statements will be produced for the period ending 31 December 2020.

13 (b) Programme Related Investments

The Foundation classified these investments as a Programme related investments("PRI"), as the primary motivation for making the investment is not financial, but to further the objects of the Foundation.

The Foundation invested additional US$0.8 million (2018: US$6.8 million) in the Global Health Investment Fund ("GHIF"). GHIF intends to provide funding to support the development of drugs, vaccines and other technologies that address global health challenges that disproportionately impact developing countries, while also generating a financial return consistent with its charitable objectives. In 2014, the Foundation committed US$20 million to GHIF, of which US$1.1 million (2018: US$2 million) remains outstanding to be drawn down as at 31 December 2019 (see note 22).

The Foundation invested additional US$0.2 million (2018: US$0.53 million) in Working Capital GP, LLP. Working Capital is an early stage venture fund that invests in scalable innovations to meet the growing corporate demand for more transparent and ethical supply chains, addressing the urgent need to protect vulnerable workers and source responsibly. In 2018, the Foundation committed US$2 million to Working Capital GP, LLP of which US$1.23 million (2018: US$1.47 million) remains outstanding to be drawn down as at 31 December 2019 (see note 22).

The Foundation invested US$1.75 million in Astraea Inc. ("Astraea"). Astraea is a US software start-up developing machine learning platform to empower corporations, NGOs, and individuals to easilly access, analyze, and extract actionable insights from Earth-observing satellite data. CIFF's ownership stake is 11.6% as at 31 December 2019.

13 (c) Variable Rate Notes

The delayed drawdown variable rate notes (the ''Notes'') are admitted to the Global Exchange Market of the Euronext Dublin and to trading on its unregulated market. The Notes pay a variable return based on the return of the underlying investments of Talos, plus any income received, less expenses incurred. The terms of the Notes are such that any positive interest is determined as a further drawdown, whereas any negative interest is determined as a reduction in the principal of the Notes outstanding. Such movements are shown in the table in investment gains/(losses).

13 (d) Mixed Motive Investments

The Foundation classified these investments as a Mixed Motive Investments ("MMI"), as the investments furthers CIFF's charitable aims as well as anticipate financial returns. In accordance with CC14 (Charities and investment matters: a guide for trustees), the Foundation considered the level of private benefit to third parties created by investing to be reasonable and appropriate.

The Foundation invested additional US$2.7 million in Adjuvant Global Health Technology Fund, LP ("Adjuvant"). Adjuvant invests in the development of solutions to neglected diseases, with a high-level objective of bringing solutions to the market which would not otherwise have been funded, of which at least a third may be used for children. In 2019, the Foundation committed US$20 million to Adjuvant, of which US$17 million remains outstanding to be drawn down as at 31 December 2019 (see note 22).

The Foundation invested additional US$0.64 million in Clean Energy Venture Fund ("CEVF"). CEVF invests in early-stage companies commercializing disruptive clean energy tech and businesses that have the potential to address global climate disruption at scale, with the high-level ability to reduce GHG emissions by 100 metric tons per year. In 2019, the Foundation committed US$5 million to CEVF, of which US$4.3 million remains outstanding to be drawn down as at 31 December 2019 (see note 22).

13 (e) Unquoted Investments

As at 31 December 2019, the Foundation held unquoted investments of US$65.4 million (2018: US$65.2 million) included US$43.9 million (2018: US$43.9 million) in an investment fund investing in development properties in India. The properties are being constructed for sale.

Where the underlying assets are under construction, the fair value of the investment cannot be reliably determined, the directors are required to make their best estimate of the fair value. Where sufficient progress has been made such that a readily ascertainable market value can be obtained for the underlying assets, the investment fund is valued at fair value using third party valuations prepared by independent experts CBRE South Asia Pvt. Ltd. Fair value is determined using a combination of valuation methodologies, including comparable precedent transactions and discounted cash flows. Key sensitivities include timing of future cash flows and the discount rate used to determine the net present value of future cash flows.

Unquoted investments also comprised US$21.4 million (2018: US$21.3 million) of investments in underlying assets held with an unquoted investment fund. The investments are held at market value based on the valuation report supplied by the investment fund as at 31 December 2019 with any gains and losses being taken to the SOFA.

13 (f) Loans

Refer to page 84 for details of loans.

14. KEY INVESTMENTS AND UNCERTAINTIES

For Investments in the Group held at fair value, the Group note there may be unobserveable inputs in the valuation of these investments outlined below.

The following table presents additional information about valuation techniques and significant unobservable inputs used for unlisted assets and liabilities, which are measured at fair value, as at 31 December 2019:

Asset category	Valuation method	Fair value at 31 December 2019 US$ '000	Significant unobservable input	Range of estimated (weighted average) for unobservable input	Sensitivity to changes in significant unobservable input
Loans	Discounted cash flow	2,208,752	Discount rate	10% to 19%	An increase in the discount rate would result in a lower fair value
Investment Funds	Discounted cash flow	57,576	Weighted Discount rate	18%	An increase in the discount rate would result in a lower fair value

When determining fair value, the Group uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. The valuation techniques used by the Group to determine the fair value are considered to be an income approach.

Income approach provides an estimation of the fair value of an investment based on expectations about the cash flows that the investment would generate over time. The Group used the yield calibration method to derive the discount rates of the loan investments. In applying the Yield calibration method, discount rate is determined by first estimating the implied yield-to-maturity, yield-to-exit, or yield-to-worst as of the latest date where the loan investment was involved in an arm's length transaction (the "Transaction Date"). The yield as of the Transaction Date provides an observable measurement of compensation a market participant requires to hold a security. Qualifying transactions often consist of: (1) the initial primary market transaction, (2) secondary transactions and (3) amendments where the investment was re-priced. In addition, inputs used under the yield calibration method include assessment of the credit spread of comparable securities and indices and changes in credit quality of the borrower as at 31 December 2019.

Refer to note 15 for the measurement of delayed drawdown variable rate notes.

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

The Group believes that use of different methodologies or assumptions in determining the fair value of the above financial instruments would result to immaterial changes
in fair value.

The Group's reporting systems and the nature of the instruments and the valuation models do not allow it to accurately analyse the total annual amounts of gains/losses that are attributable to observable and unobservable inputs.

15. FINANCIAL RISK MANAGEMENT

Principles of Risk Management

The Group's investment programme seeks to maximise the returns derived for the level of risk to which the Group is exposed and seeks to minimise potential adverse effects on the Group's financial performance (the "Investment Programme").

The Group has appointed an Investment Manager to provide investment management services in relation to the portfolio of investments it holds. These services, as part of the investment management agreement, include monitoring and managing the risks associated with holding such investments through the application of the Investment Programme as agreed with the Foundation's Trustees.

The Group's Investment Programme seeks to diversify its investments across a range of asset classes, industry sectors, and counterparties, and also to limit the use of leverage and off balance sheet commitments.

All investments present a risk of loss of capital. The maximum loss of capital on long equity and debt securities is limited to the fair value of those positions. The maximum loss of capital on investments carried at amortised cost is the carrying value of those investments as well as any associated accrued interest receivable. On written call options, short positions on equity and debt sold short the maximum loss of capital can be unlimited. The maximum loss of capital on written put options, equity swaps and forward foreign exchange contracts is limited to the notional contract values of those positions. For loans and securities which incorporate a future commitment there is a risk of loss of capital in excess of the carrying amount of those positions on the Consolidated Balance Sheet. The Group may be obliged to settle these commitments at a time when the investment is impaired and therefore the maximum additional loss is the total amount of commitments as disclosed in note 22.

The Group is exposed to operational risks such as settlement and custody risk. Custody risk is the risk of loss of financial assets and liabilities held in custody occasioned by the insolvency or negligence of the custodian. Settlement risk is the risk that a counterparty does not deliver a security or its value in cash as agreed when the security was traded after the Group has already delivered security or cash as per the trade agreement. Although an appropriate legal framework is in place that reduces the risk of loss of value of the financial assets and liabilities held by the custodian or counterparty, in the event of its failure, any cash balances held by the Group are at risk of being lost and the ability of the Group to transfer securities might be temporarily impaired.

With respect to the privately placed loan agreements the Group is exposed to a wide variety of operational risks specific to such investments. These risks are mitigated by the engagement of industry experts, legal advisors and independent loan servicing agents during the pre-commitment due diligence process and throughout the life of the deal.

The Group invests in readily tradeable equity securities and their derivatives, and foreign exchange derivatives. These investments are generally traded in active secondary markets and the time taken to exit a position and the value received would depend upon factors including the size of the position relative to the total issue size, the daily average traded volume and the prevailing market trends of the period in which the trade is executed. The Group also invests in privately traded equity securities, bank debt and loans. The market for these types of investments is illiquid and secondary market transactions are infrequent. It is more difficult to predict the time and exit price of these type of investments.

The Group's activities expose it to a variety of financial risks: market risk (including other price risk, interest rate risk and foreign currency risk), credit risk and liquidity risk. In accordance with the Investment Programme, the Investment Manager uses different methods to measure and manage the various types of risk to which the Group's investments are exposed; these methods are explained below.

Market Risk

(a) Price risk

The Group is exposed to securities price risk and derivative price risk. This arises from investments held by the Group for which prices in the future are uncertain. Where non-monetary financial instruments such as equity securities are denominated in currencies other than the US dollar, the price initially expressed in foreign currency and then converted into US dollar will also fluctuate because of changes in foreign exchange rates. Paragraph (b) 'Foreign exchange risk' sets out how this component of price risk is managed and measured.

The Group's policy is to manage price risk through diversification and selection of securities and other financial instruments within specified limits set by the Directors of Talos in the Investment Programme. The Investment Programme contains restrictions on overall market exposure (the "Exposure Policy"). The Exposure Policy regarding overall exposure states that market exposure shall not exceed 100% of the Reference NAV.

The use of the term "Reference NAV" within the risk management policies refers to the value of the net assets of the Group, excluding any obligations under the Delayed Drawdown Variable Rate Notes. The Investment Programme seeks to manage the Group's exposure to price risk by analysing the investment portfolio by industrial sector.

The table below is a summary of the sector exposures which are included in the Reference NAV for the purpose of monitoring the investment restrictions.

	% of Reference NAV	
	31 December	**31 December**
Sector	**2019**	**2018**
Industrials	32.3%	21.0%
Real estate loans	29.0%	46.0%
Corporate debt	8.0%	8.2%
Information technology	6.0%	3.2%
Healthcare services	3.4%	-
Consumer discretionary	7.4%	-
Consumer services	0.4%	12.4%
Other	5.6%	4.6%
	92.1%	**95.4%**

At 31 December 2019, the net exposure of the Group to Equity Investments was US$3,157,348k (2018: US$2,030,014k).

The paragraph below summarises the sensitivity of the Group's equity and CFD positions (the "Equity Investments") to equity price movements, derived by regressing the daily returns of the Group's Equity Investments against the daily returns of the MSCI World Equity Index including net dividends reinvested (the "Index") (Bloomberg ticker "NDDUWI"), and including the effect of movements in foreign currency exchange rates on equity prices, as at 31 December 2019 and 31 December 2018.

The analysis uses the arithmetic mean of the absolute one year moves of the Index aligned with the Group's financial year since the Group's inception as an estimate for the reasonably possible annual move in global equity prices. For 31 December 2019, this is 10.3% (31 December 2018: 12.9%). This represents the best estimate of a reasonable possible shift in the Index over a period of one year, having regard to the historical volatility of the index. As at 31 December 2019, the exposure of the Group to Equity Investments was US$3,157,348k (31 December 2018: US$2,030,014k).

In 2019, the beta of the Group's Equity Investments against movements in the Index was 0.33 (31 December 2018: 0.30). The figures below give an estimation of a reasonable possible change in the fair value of the Group's Equity Investments over the period of one year, using the beta value stated above.

	2019 US$ '000	2018 US$ '000
Predicted effect on the Group's Equity Investments of an increase in the index	131,695	78,256
Predicted effect on the Group's Equity Investments of a decrease in the index	(131,695)	(78,256)

The Index has been used as the reference point in determining the effect of price risk only. The Investment Manager does not manage the Group's investment strategy to track this index or any other index or external benchmark. The sensitivity analysis presented is based upon the Equity Investments composition as at 31 December 2019 and 31 December 2018 and the historical correlation of the returns from the securities comprising the Equity Investments to the Index returns. The composition of the Group's Equity Investments, and the correlation thereof to the Index, is expected to change over time. The sensitivity analysis prepared as at 31 December 2019 and 31 December 2018 is not necessarily indicative of the effect on the Group's investments of future movements in the level of the Index.

(b) Foreign currency risk

The Group operates internationally and holds both monetary and non-monetary assets denominated in currencies other than its functional currency, the US dollar. Foreign currency risk as defined, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. The table below shows the concentration of assets and liabilities denominated in currencies other than the US dollar at 31 December 2019 and 2018 and has been analysed between monetary and non-monetary items.

31 December 2019 **Currency**	**Monetary US$ '000**	**Non Monetary US$ '000**	**Currency forward US$ '000**	**Net exposure US$ '000**
Australian Dollar	1,209	78,580	(81,840)	(2,051)
Canadian Dollar	(7,285)	389,465	(391,644)	(9,464)
Euro	315,354	1,408,913	(1,313,916)	410,351
Indian Rupee	87	-	-	87
Japanese Yen	-	-	(3,542)	(3,542)
Pound Sterling	686,608	-	(874,826)	(188,218)
Swiss Franc	311	-	-	311

31 December 2018 **Currency**	**Monetary US$ '000**	**Non Monetary US$ '000**	**Currency forward US$ '000**	**Net exposure US$ '000**
Australian Dollar	-	55,606	(52,895)	2,711
Brazilian Real	1	-	-	1
Canadian Dollar	(1,596)	52,909	(57,791)	(6,478)
Euro	286,648	952,919	(1,151,797)	87,770
Indian Rupee	50	-	-	50
Japanese Yen	-	-	(2,548)	(2,548)
Pound Sterling	590,811	46,422	(865,688)	(228,455)
Swiss Franc	307	-	-	307

The following table shows the 260 day historical volatility rates between the US dollar and a range of currencies. These rates provide a best estimate of a potential move in the exchange rate over a period of 12 months as at the statement of financial position date.

Historical volatility rates	2019 %	2018 %
Australian Dollar	6.89	8.67
Brazilian Real	–	15.67
Canadian Dollar	5.14	6.90
Euro	4.91	7.23
Indian Rupee	6.08	6.56
Japanese Yen	5.52	6.50
Pound Sterling	8.24	8.24
Swiss Franc	5.52	6.45

The following table summarises the amount of the increase/(decrease) in net assets arising from an increase/ (decrease) of the exchange rate in line with the above volatility rates, with all other variables held constant. The analysis below presents the changes in net assets for each currency in their absolute values.

Change in net assets	2019 US$ '000	2018 US$ '000
Australian Dollar	(141)	235
Canadian Dollar	(486)	(447)
Euro	20,149	6,346
Indian Rupee	5	3
Japanese Yen	(196)	(166)
Pound Sterling	(15,509)	(18,825)
Swiss Franc	17	20

The objective of the Group's currency risk management policy is to allow the Group to retain its purchasing power and minimise the risk that its purchasing power is reduced as a result of foreign exchange rate fluctuations. The investment process focuses on fundamental and systematic factors. The Investment Manager monitors the currency risk on an ongoing basis and reports to the Finance, Audit and Investment Committee on a quarterly basis.

(c) Interest rate risk

The Group holds liquid, interest-bearing assets and liabilities such as cash and brokerage accounts, where changes in interest rates would change the amount of interest received or paid in relation to these balances.

The Group's investments in loans are carried at fair value. In determining fair value, the Group uses discounted cash flow techniques and recognises income at a rate based upon the effective interest rate of all expected cash flows over the life of the loan. For all loan investments, the discount rate used in the fair valuation model is calibrated against movements in market interest rates and changes in credit quality of the borrower. For the purpose of assessing interest rate risk and the impact of market interest rates on the discount rate used in the valuation, the loan investments held by the Group should be divided into two sets; 1) those loans whose yield (coupon rate) is linked to LIBOR, and 2) those loans whose yield is not linked to LIBOR.

All loan investments whose yield is linked to LIBOR also have a contractual interest rate floor. Therefore, the risk of a decrease in fair value (due to rising market interest rates) has been mitigated by the floating interest rate, because, assuming all other factors remaining constant, a rise in market rates causes an equal rise in the loan's yield. The risk of a decrease in the rate of income earned (due to a fall in market interest rates) has been mitigated by the contractual interest rate floor.

The following tables summarises the sensitivity of the Group's assets and liabilities to interest rate risk at 31 December 2019 and 31 December 2018:

31 December 2019	< 3 months US$ '000	3 months - 1 year US$ '000	> 1 year US$ '000	Non-interest rate sensitive US$ '000	Non-interest bearing US$ '000	Total US$ '000
Cash at bank and in hand	555,515	-	-	-	-	**555,515**
Cash pledged as collateral	30,000	-	45,980	-	-	**75,980**
Investment assets/(liabilities)	-	-	-	2,208,753	3,274,371	**5,483,124**

31 December 2018	< 3 months US$ '000	3 months - 1 year US$ '000	> 1 year US$ '000	Non-interest rate sensitive US$ '000	Non-interest bearing US$ '000	Total US$ '000
Cash at bank and in hand	147,150	-	-	-	-	**147,150**
Cash pledged as collateral	103,000	-	45,015	-	-	**148,015**
Investment assets/(liabilities)	-	-	-	2,878,438	2,462,760	**5,341,198**

Credit risk

The Group is exposed to credit risk, which 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 Group's approach to managing credit risk recognises that there is a risk of adverse financial impact resulting from fluctuations in credit quality of third parties including default, rating transition and credit spread movements. The Group's credit risks arise principally through exposures to corporate debt investments, loans, bank deposits, and derivative counterparties.

All of the loan investments held by the Group are secured against physical assets including real estate and property. The value of the security relating to a loan investment may become equal to or less than the value of the loan that it secures. Accordingly, in the event of a default the Group may incur a loss after all costs relating to obtaining and selling secured assets have been taken into account. Although the Group monitors the value of the secured assets on a periodic basis as there is no active market for the positions, their risk is managed on an exposure basis, with not more than 50% of the Reference NAV to be drawn under loans classified as Real Estate Debt (as outlined in the Investment Management Agreement). Due to the illiquid nature of such loans and the variety of risks attached including property development and concentration risk, significant losses could arise. The 50% threshold increased to 55% in March 2019.

Loans

At 31 December 2019, the Group held investments in loans valued at US$2,208,753k (2018: US$2,878,438k). The key risk relating to each of these loans is the possibility that the borrower will not repay the interest and principal relating to the loan in full. To protect the Group against this possibility of default, security is sought from the borrower over assets worth more than the value of the loan outstanding. This security normally takes the form of prime real estate assets in developed markets. The Group monitors the value of the assets pledged as security by engaging independent experts to provide valuations on the assets on a periodic basis and considers metrics such as loan-to-value or loan-to-commitment ratio.

Through the assets against which the loans are secured, the Group has an indirect exposure to reductions in asset valuations as a result of a market crash or other tail events. This may result in the amount lent under a loan being greater than the value of the secured assets and increase the probability of the loans going into default.

The Group is also protected by covenants built into its loan agreements which require immediate repayment in the event that the borrower breaches certain covenants. These are agreed on a loan-by-loan basis at the origination of each deal and may include metrics such as loan-to-value ratio, interest cover and other performance based metrics. As at 31 December 2019 and 2018, there was no loan in material breach of its covenants.

Counterparty credit risk

The Group is also exposed to counterparty credit risk through the trading of derivative products, cash and cash equivalents, cash pledged as collateral, amounts due from brokers and other receivable balances. One element of counterparty credit risk is the monitoring of the credit ratings of parties where all material amounts due from brokers, cash and short-term deposits are held by parties with a credit rating A1/A or higher.

The analysis below summarises the Group's exposure by counterparty credit rating at 31 December 2019:

Counterparty	Credit rating at 31 December 2019 (Moody's)	(S&P)	Credit exposure 31 December 2019 US$ '000	% of Assets
HSBC Bank Plc	Aa3	AA-	598,831	9.76%
UBS AG	Aa3	A+	25,816	0.42%
JP Morgan Chase	Aa2	A+	7	-
Barclays Bank	A2	A	167	-
ABSA Group Limited	Baa3	BBB-	50	-
Wells Fargo	Aa2	A+	1	-
Citco Bank Nederland NV	N/A	N/A	285	-
			625,157	**10.18%**

Credit risk (continued)

The analysis below summarises the Group's exposure by counterparty credit rating at 31 December 2018:

Counterparty	Credit rating at 31 December 2018 (Moody's)	(S&P)	Credit exposure 31 December 2018 US$ '000	% of Assets
HSBC Bank Plc	Aa3	AA-	278,509	4.93%
JP Morgan Chase	Aa2	A+	13,439	0.24%
UBS AG	Aa3	A+	2,358	0.04%
Barclays Bank	A2	A	968	0.02%
Wells Fargo	Aa2	A+	2	-
Citco Bank Nederland NV	N/A	N/A	96	-
			295,372	**5.23%**

Credit risk is also managed by a policy contained in the Investment Programme to maintain exposures to any one counterparty to less than 15% of its Reference NAV.

In the event of any breach of the above restrictions not remedied within 3 business days of the date of such breach, the Foundation management shall in their sole discretion determine the action and will seek to achieve, where practicable, a rectification of the breach within a reasonable timeframe and/or a commercial economic advantage.

In addition, the Group also restricts its exposure to credit losses on the trading derivative instruments it holds by including netting agreements with counterparties (approved brokers) with whom it undertakes a significant volume of transactions. These netting provisions do not result in an offset on the Consolidated Balance Sheet, as transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by netting to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis.

The Group's overall exposure to credit risk on derivative instruments subject to a netting arrangement can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the counterparty has received payment. Payment is made on a purchase once the securities have been received by the Group. The trade will fail if either party fails to meet its obligation.

The Group has appointed HSBC Bank plc ("HSBC") as custodian and prime broker and provider of other services (including financing) under the terms of the HSBC Prime Custody Agreement. HSBC will act as banker, custodian and prime broker of the cash and securities delivered to HSBC and will be responsible for receipt and disbursement of cash on behalf of the Group, for the receipt and safe custody and registration of securities of the Group and for the transfer of securities for the Group. The Group has both a custody and collateral account with HSBC. HSBC will also provide financing and securities lending to the Group pursuant to the HSBC Prime Custody Agreement. The collateral required to support any financing, securities lending or other exposure of HSBC to the Group will be held in the collateral account with HSBC in the name of the Group. At 31 December 2019, 80% of cash and cash pledged as collateral and investments were placed in custody with HSBC (2018: 81%).

The prime brokerage agreement with UBS AG states that the counterparty has the right to utilise, re-hypothecate or otherwise appropriate the Group's assets subject to a limit equal to 100% of the indebtedness of the Group to the counterparty. The agreement also includes a net settlement provision in the event of an end to the prime brokerage agreement.

The prime brokerage agreement with JP Morgan Chase Bank N.A. states that, to the extent permitted under the laws, rules and regulations of the United States Securities and Exchange Commission and other exchanges and dealer associations by which certain of the JP Morgan Chase entities are regulated (collectively, the "US Rules"), the Group's assets that are not required to be segregated by US Rules, may be borrowed, lent or otherwise used by such JP Morgan Chase entities who may hold such assets for their own purposes subject to a limit equal to 140% of the indebtedness of the Group to the counterparty. Certain JP Morgan Chase entities may not be subject to the US Rules and assets held by such entities may be borrowed, lent or otherwise used by such entities without the limitations imposed under the US Rules. The credit exposure with JP Morgan Chase N.A at 31 December 2019 and 2018, relates primarily to cash and cash equivalents.

The Group has entered into ISDA master agreements with Barclays Bank plc, Goldman Sachs International, HSBC Bank plc, UBS AG, Deutsche Bank AG London, Credit Suisse Securities (Europe) Limited and JP Morgan Chase, for the purpose of trading over the counter derivative instruments. The ISDA master agreements ensure that the Group has the ability to call cash to cover any unrealised mark to market gains prior to settlement, and is therefore able to limit credit exposure to the initial margin posted on any particular trade.

Liquidity risk

Liquidity risk is the risk that the Group may be unable to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The Group is exposed to the daily settlement of margin calls on derivatives, settlement of funding requests on loans with an unfunded commitment (see note 2(f) accounting policy on "Unfunded Commitments" for further details), Note repayment requests and the annual payment of interest due to the Noteholders.

The Investment Manager monitors the Group's liquidity position on a daily basis, and in accordance with agreed risk framework reports to the Group on a monthly basis. The liquidity report has been designed to confirm that the Group has sufficient resources to cover projected outflows in a stress scenario given preset liquidity haircuts for each asset class.

As part of the management of liquidity risk, the Investment Programme prescribes a limit to the amount of unfunded commitments as a certain percentage of its Reference NAV.

On 21 October 2014, an Investment Programme waiver was approved to allow the total unlisted instruments and undrawn commitments exposure to exceed 80% of the Groups Reference NAV for the purpose of, and to the percentage required for, proceeding with a certain loan deal. The waiver is specific to this loan deal and as part of the agreement, the Investment Manager cannot increase such exposure further until it is back below the 75% limit following the signing of the loan deal specified in the waiver request. The percentage threshold changed to 80% in June 2018.

The Group's main sources of liquidity are listed equity securities, actively traded corporate debt and cash deposits. The asset class investment restrictions ensure a proportion of the Group's assets are invested in these types of assets, which can be readily disposed. The Group also has the ability to meet Note repayments obligations by an in specie delivery of a Noteholder's pro rata share of the investments in the portfolio at the redemption date.

The Group may also invest in derivative contracts that are traded over-the-counter, debt securities and unlisted equity investments that are not traded in an active market. As a result, the Group may not be able to quickly liquidate these investments at an amount close to their fair value to meet its liquidity requirements, or be able to respond to specific events such as deterioration in the creditworthiness of any particular issuer.

The below tables analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period at the Balance Sheet date to the maturity date.

Group **31 December 2019**	**Less than 1 month US$ '000**	**1 to 3 months US$ '000**	**3 months to 1 year US$ '000**	**1 to 5 years US$ '000**	**More than 5 years US$ '000**	**Total US$ '000**
Creditors: amounts falling due within one year	214,401	71	12,204	-	-	226,676
Creditors: amounts falling due in more than one year	-	-	-	45,980	-	45,980
Total liabilities	**214,401**	**71**	**12,204**	**45,980**	**-**	**272,656**

Group **31 December 2018**	**Less than 1 month US$ '000**	**1 to 3 months US$ '000**	**3 months to 1 year US$ '000**	**1 to 5 years US$ '000**	**More than 5 years US$ '000**	**Total US$ '000**
Creditors: amounts falling due within one year	457,515	8,054	10,756	-	-	476,325
Creditors: amounts falling due in more than one year	-	-	-	45,015	-	45,015
Total liabilities	**457,515**	**8,054**	**10,756**	**45,015**	**-**	**521,340**

Uncertain liabilities, which are not recognised on the Balance Sheet, are not included in the table above for the purpose of analysing the Foundation liquidity risk.

Delayed drawdown variable rate notes analysis

On 10 July 2009, the Group issued Delayed Drawdown Variable Rate Notes to The Children's Investment Fund Foundation (US) a charitable trust created under the laws of the USA and (which subsequently changed its name to 'Big Win Philanthropy (US)' ("BWP") with an aggregate commitment balance of US$92,643k (''Second Issue Notes''). The Second Issue Notes are asset backed notes, and have been issued in definitive fully registered form, without principal receipts attached. The Issue Notes are listed on the Global Exchange Market of Euronext Dublin.

On 11 December 2009, by deed of amendment, the aggregate commitment balance of the Second Issue Notes was increased from US$92,643k to US$178,665k.

On 25 July 2015, the Foundation signed a purchase agreement to purchase the Second Issue Notes from BWP. The purchase will be over 20 quarterly instalments commencing on the 15th working day of September 2015. The purchase amount will be determined according to the net asset value of the second issue notes on the valuation date, being the last business day of the month preceding the purchase instalment.

On 24 January 2019, BW and the Foundation entered into an amended and restated sale and purchase deed whereby BW agreed to sell the Notes. The Foundation purchased the senior delayed drawdown variable rate notes with a principal amount outstanding of US$42,846k (together with any accrued interest thereon). The Foundation now owns 100% of the Notes issued by Talos.

The below table analyses the valuation of the Issue Notes drawn down at the year end:

	31 December 2019 US$ '000	31 December 2018 US$ '000
Balance drawn down at beginning of year	**42,846**	**75,525**
Prepayment of notes	(771)	(3,416)
Transfer of notes	(42,075)	(29,263)
Balance drawn down at end of year	**-**	**42,846**

Uncertain liabilities

As disclosed in note 13, the Group has invested in loans and securities which incorporate an uncertain commitment that it may be obliged to pay at a future date. The likelihood that these commitments are paid by the Group is unknown at the balance sheet date. The total uncertain commitments as at 31 December 2019 have been estimated as US$1,460,955k (2018: US$918,540k).

16. DEBTORS

	Group 31 Dec 2019 US$ '000	Group 31 Dec 2018 US$ '000	**Foundation 31 Dec 2019 US$ '000**	Foundation 31 Dec 2018 US$ '000
Interest receivable	2,196	594	-	-
Dividends receivable	1,778	142	-	-
Amounts due from brokers	6,411	2,059	-	-
Other Debtors	7,741	8,679	223	-
Receivable from Talos Properties Ltd	-	-	23,722	2,540
Prepayments	563	557	552	512
Total	**18,689**	**12,031**	**24,497**	**3,052**

The debtor amounts due from brokers includes cash from forward foreign exchange contracts closed but awaiting settlement, cash from trades sold but which have not yet settled and interest receivable.

17. CASH AT BANK AND IN HAND

Cash at bank includes amounts due from the Group's custodian and other counterparties, on demand and interest bearing deposits with original maturities of less than 3 months.

Cash pledged as collateral includes collateral balances held at year end with the Group's custodian and prime broker and other counterparties. The use of these amounts is restricted based upon the Group's contractual margin exposures at the year end date.

The total of cash at bank and cash pledged as collateral is shown on the face of the Consolidated Balance Sheet and the movement reflected within the Consolidated Cash flow Statement.

The following table shows the breakdown of the amounts with custodians and other counterparties as at 31 December 2019:

Group	Cash and cash equivalents 31 Dec 2019 US$ '000	Cash pledged as collateral 31 Dec 2019 US$ '000	Cash at bank and in hand 31 Dec 2019 US$ '000	Amounts due from brokers 31 Dec 2019 US$ '000	Amounts due to brokers 31 Dec 2019 US$ '000	Net counter-party position 31 Dec 2019 US$ '000
Custodian and prime broker						
HSBC Bank Plc	529,189	75,980	**605,169**	6,411	(12,749)	**598,831**
Other counterparties						
JP Morgan Chase	25,816	-	**25,816**	-	-	**25,816**
UBS AG	7	-	**7**	-	-	**7**
Barclays Bank	167	-	**167**	-	-	**167**
ABSA Group Limited	50	-	**50**	-	-	**50**
Wells Fargo	1	-	**1**	-	-	**1**
Citco Bank Nederland NV	285	-	**285**	-	-	**285**
Total	555,515	75,980	**631,495**	6,411	(12,749)	**625,157**

The following table shows the breakdown of the amounts with custodians and other counterparties as at 31 December 2018:

Group	Cash and cash equivalents 31 Dec 2018 US$ '000	Cash pledged as collateral 31 Dec 2018 US$ '000	Cash at bank and in hand 31 Dec 2018 US$ '000	Amounts due from brokers 31 Dec 2018 US$ '000	Amounts due to brokers 31 Dec 2018 US$ '000	Net counter-party position 31 Dec 2018 US$ '000
Custodian						
HSBC Bank Plc	130,287	148,015	**278,302**	2,059	(1,852)	**278,509**
Other counterparties						
JP Morgan Chase	13,439	-	**13,439**	-	-	**13,439**
UBS AG	2,358	-	**2,358**	-	-	**2,358**
Barclays Bank	968	-	**968**	-	-	**968**
Wells Fargo	2	-	**2**	-	-	**2**
Citco Bank Nederland NV	96	-	**96**	-	-	**96**
Total	147,150	148,015	**295,165**	2,059	(1,852)	**295,372**

The following table shows the breakdown of the cash and cash equivalents of the Foundation held with counterparties as at year end:

Foundation	Cash and cash equivalents 31 Dec 2019 US$ '000	Cash and cash equivalents 31 Dec 2018 US$ '000
HSBC Bank plc	21,096	16,238
JP Morgan Chase	25,132	13,132
ABSA Bank	50	-
Barclays Bank plc	167	714
	46,445	30,084

18. CREDITORS: amounts falling due within one year

	Group 31 Dec 2019 US$ '000	Group 31 Dec 2018 US$ '000	**Foundation 31 Dec 2019 US$ '000**	Foundation 31 Dec 2018 US$ '000
Amounts due to brokers [(2)]	12,749	1,852	-	-
Financial liabilities [(1) (2)]	-	312,486	-	-
Grants	83,629	99,019	83,629	99,019
Creditors	106,210	46,375	1,001	-
Derivative financial instrument liabilities [(2)]	13,510	9,000	-	-
Accruals and deferred income	10,413	7,140	7,290	6,161
Interest payable	57	356	-	-
Taxes and social security costs	108	97	71	97
	226,676	476,325	**91,991**	105,277

(1) Financial liabilities of US$nil (2018: US$42,846k) due on senior delayed drawdown variable rate note previously owned by BWP and US$nil (2018: US$9,810k) due to accrued interest on this note (see note 15).
(2) See note 15 for details of interest and maturity

The amounts due to brokers include cash from trades purchased which have not yet settled and cash for forward foreign exchange contracts closed but awaiting settlement.

19. CREDITORS: amounts falling due after one year

	Group 31 Dec 2019 US$ '000	Group 31 Dec 2018 US$ '000	**Foundation 31 Dec 2019 US$ '000**	Foundation 31 Dec 2018 US$ '000
Creditors payable between 1 and 2 years	45,980	45,015	-	-
Creditors payable between 2 and 5 years	-	-	-	-
Creditors payable after 5 years	-	-	-	-
	45,980	45,015		

20. MOVEMENT IN FUNDS

Funds were transferred from the Expendable Endowment Fund to the Designated Funds at the year end.

Group	**Balance as at 31 Dec 2018 US$ '000**	**Incoming Resources US$ '000**	**Resources Expended US$ '000**	**Investment gains/(losses) US$ '000**	**FX gains/(losses) US$ '000**	**Exchange difference reserve US$ '000**	**Transfer between funds US$ '000**	**Balance as at 31 Dec 2019 US$ '000**
Unrestricted: (1)								
Income funds	-	-	(383,567)	-	496	-	383,071	-
Designated funds	569,769	-	-	-	-	-	88,202	657,971
Restricted income funds	-	3,740	(3,740)	-	-	-	-	-
Expendable endowment fund	4,558,307	102,366	-	1,013,306	-	1,312	(471,273)	5,204,018
Total funds	**5,128,076**	**106,106**	**(387,307)**	**1,013,306**	**496**	**1,312**	**-**	**5,861,989**

Group	**Balance as at 31 Dec 2017 US$ '000**	**Incoming resources US$ '000**	**Resources expended US$ '000**	**Investment gains/(losses) US$ '000**	**FX gains/(losses) US$ '000**	**Exchange difference reserve US$ '000**	**Transfer between funds US$ '000**	**Balance as at 31 Dec 2018 US$ '000**
Unrestricted: (1)								
Income funds	-	-	(270,526)	-	(1,528)	-	272,054	**-**
Designated funds	437,961	-	-	-	-	-	131,808	**569,769**
Restricted income funds	-	10,000	(10,000)	-	-	-	-	**-**
Expendable endowment fund	4,760,130	72,392	-	131,027	1,458	(2,838)	(403,862)	**4,558,307**
Total funds	**5,198,091**	**82,392**	**(280,526)**	**131,027**	**(70)**	**(2,838)**	**-**	**5,128,076**

(1) Reserves retained by subsidiary undertakings and general unrestricted funds are disclosed in total in the tables above and total US$192,970k (2018: US$44,963k).

Foundation	**Balance as at 31 Dec 2018 US$ '000**	**Incoming Resources US$ '000**	**Resources Expended US$ '000**	**Investment gains/(losses) US$ '000**	**FX gains/(losses) US$ '000**	**Transfer between funds US$ '000**	**Balance as at 31 Dec 2019 US$ '000**
Unrestricted							
Income funds	-	65	(267,071)	-	(397)	267,403	-
Designated funds	569,769	-	-	-	-	88,202	**657,971**
Restricted income funds	-	27,462	(27,462)	-	-	-	-
Expendable endowment fund	4,552,563	-	-	1,011,935	-	(355,605)	**5,208,893**
Total funds	**5,122,332**	**27,527**	**(294,533)**	**1,011,935**	**(397)**	**-**	**5,866,864**

Foundation	Balance as at 31 Dec 2017 US$ '000	Incoming Resources US$ '000	Resources Expended US$ '000	Investment gains/(losses) US$ '000	FX gains/(losses) US$ '000	Transfer between funds US$ '000	Balance as at 31 Dec 2018US$ '000
Unrestricted							
Income funds	-	-	(240,852)	-	(1,411)	242,263	-
Designated funds	437,961	-	-	-	-	131,808	**569,769**
Restricted income Funds	-	10,000	(10,000)	-	-	-	-
Expendable endowment fund	4,738,339	2,978	-	185,317	-	(374,071)	**4,552,563**
Total funds	**5,176,300**	**12,978**	**(250,852)**	**185,317**	**(1,411)**	**-**	**5,122,332**

As at 31 December 2019, the Trustees have allocated US$657,971k (2018: US$569,769k) of reserves as designated funds which represents funds that may be called upon to be disbursed to multi-year programmes.

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Expendable Endowment US$ '000	Unrestricted Funds- Designated US$ '000	Total 31 Dec 2019 US$ '000	Total 31 Dec 2018 US$ '000
Tangible fixed assets	-	837	**837**	1,022
Intangible asset	-	500	**500**	-
Investments	4,805,441	677,683	**5,483,124**	5,341,198
Current assets	579,242	70,942	**650,184**	307,196
Liabilities	(180,665)	(91,991)	**(272,656)**	(521,340)
	5,204,018	**657,971**	**5,861,989**	**5,128,076**

22. COMMITMENTS

At 31 December 2019, the Group had outstanding commitments of US$23,754k (2018: US$68,746k), US$nil (2018: US$65,204k) of this is related to the notes agreement, and US$23,754k (2018:US$3,542k) is in relation to the unquoted investments held within the investment portfolio.

The Group has invested in loans and securities which incorporate an uncertain commitment that it may be obliged to pay at a future date. The likelihood that these commitments are paid by the Group is unknown at the balance sheet date. The total uncertain commitments as at 31 December 2019 have been estimated as US$1,460,955k (2018: US$918,540k).

23. OPERATING LEASES

The total rent charged as an expense in the SOFA, is disclosed below:

	Group Year ended 31 Dec 2019 US$ '000	Group Year ended 31 Dec 2018 US$ '000	Foundation Year ended 31 Dec 2019 US$ '000	Foundation Year ended 31 Dec 2018 US$ '000
Rent	**1,388**	1,020	**1,388**	1,020

The Group had commitments to future minimum lease payments under non cancellable operating leases at the year end as follows:

	Group 31 Dec 2019 US$ '000	Group 31 Dec 2018 US$ '000	**Foundation 31 Dec 2019 US$ '000**	Foundation 31 Dec 2018 US$ '000
Land and Building				
Less than one year[1]	**1,350**	1,011	**1,350**	1,011
Between one and five years	**3,974**	3,352	**3,974**	3,352
More than five years	**1,922**	2,565	**1,922**	2,565
	7,246	**6,928**	**7,246**	**6,928**

[1] Includes a commitment under an operating lease with TCI LLP to pay rentals during the period following the period of these accounts of US$335k.

The Group is a lessor of UK investment properties. The total non-cancellable future minimum lease payments expected to be received are:

	Group 31 Dec 2019 US$ '000	Group 31 Dec 2018 US$ '000	**Foundation 31 Dec 2019 US$ '000**	Foundation 31 Dec 2018 US$ '000
Less than one year	**-**	3,218	**-**	-
Between one and five years	**-**	16,928	**-**	-
More than five years	**-**	88,372	**-**	-
	-	**108,518**	**-**	-

All investment properties were disposed of during the year.

24. RELATED PARTIES

TCI Fund Management Limited ("TCI FM"), and its various group entities, is ultimately controlled by Sir Christopher Hohn, a member and trustee of CIFF. On an annual basis, CIFF seeks the approval of the Charity Commission in respect of any benefits accruing to Sir Christopher Hohn from the investment management relationship. The current approval is valid until 31 July 2020.

CIFF's principal investment subsidiary, Talos, made payments of US$19.7 million (2018: US$23.2 million) to TCI FM in respect of fees for the management services in relation to CIFF's investment portfolio held by Talos. TPL also made payments of US$1.2million (2018: US$0.1m) to TCI FM in respect of fees for the investment management services in relation to the UK real estate investment held by TPL. CIFF Investments LLP, CIFF Investment II Ltd and CIFF Investment III LLP also made payments of US$37k (2018:US$nil) in respect of investment management services. These fees have been agreed on an arm's length basis.

CIFF made payments to TCI FM of US$302k (2018: US$589k) in respect of reimbursements of costs in relation to investment management services provided by TCI FM and payments of US$554k (2018: US$1.2 million) to TCI's holding company, TCI Fund Management (UK) Limited, in respect of rent and associated property costs.

TCI FM made no donations to CIFF in 2019 (2018: US$10 million, restricted donation to support the charitable activities of CIFF). The CH Foundation made donations to CIFF of US$3.7 million (2018: none) in 2019 as restricted donations to support the charitable activities of CIFF. As at 31 December 2019, the CH foundation had committed additional restricted funding of $18.8m (2018: Nil) to be paid in future years.

During the year, directors' fees of US$29k (2018: US$30k) for Jackie Gilroy, an independent Director of Talos, were charged to Talos. The other director, John Donohoe, was not entitled to receive a fee.

CIFF, through its subsidiary CIFF Trading, held a membership interest in TCI Fund Services LLP ("TCI FS"), a vehicle providing support function sevices to TCI FM, this membership was retired during 2019. This is a historic position and TCI FS did not distribute any profit share to CIFF Trading during 2019 or 2018.

In the normal course of charitable granting, there are instances where CIFF grants to charities with common trustees as CIFF. CIFF does not disclose grants to these charities as related party transactions, as the trustees as part of a collective of non-related trustees are not considered to be in a significant position of influence. The Trustees are satisfied that appropriate procedures are in place to ensure that any potential conflicts of interest are appropriately managed and avoided.

CIFF has taken advantage of the exemption contained in FRS 102, paragraph 33.A, not to disclose other transactions with group companies as all are wholly owned subsidiaries of CIFF and the consolidated financial statements are publicly available. Copies can be requested from the company secretary.

25. SERVICE PROVIDERS

Administrator

The Group has entered into an administration agreement with the Administrator, Citco Fund Services (Ireland) Limited. The Administrator receives from the Group a monthly administration fee which is calculated as a percentage of Talos' and Talos Properties Limited's Adjusted Assets on a sliding scale. The total administration fee for the year was US$1,734k (2018: US$1,656k), of which US$156k (2018: US$140k) was payable at year end.

Custodian and Prime Broker

The Group has a custody agreement with HSBC. The Group retains beneficial ownership of assets held by HSBC. Cash and securities deposited with HSBC are repayable on demand. In addition, the Group's cash held with HSBC will be segregated from HSBC's own cash. HSBC is not permitted to utilise, re-hypothecate or otherwise appropriate the assets of the Group, however HSBC will acquire a security interest in any assets that are provided as collateral to HSBC by the Group.

Investment Manager Fees

As stated above, TCI FM is the appointed Investment Manager to certain members of the Group. The fee agreement has been structured so that it is performance-based, with no base or liquidity management fees. In the Trustees' opinion the management fee structure correlates investment manager fees with performance and consequently reduces the financial risk to the Group.

During this financial year, TCI FM accrued investment management fees from the Group comprising the following fees:

(a) Non-Real Estate Performance Fee

The Group will pay the Investment Manager a performance fee above a specified hurdle rate equal to 10% of the net realised and unrealised appreciation of the Adjusted Net Asset Value of the Group's investments in Talos during the Hurdle Rate Period. The total non-real estate performance fee for the year was US$57,815k (2018: US$nil), of which US$57,815k (2018: US$nil) was payable at year end.

(b) Real Estate Performance Fee

The Group will pay the Investment Manager, upon realisation of real estates loans, a performance fee of up to 7% of realised profit, based on the performance of pools of loans. The total real estate performance fee for the year was US$26,230k (2018: US$20,748k), of which US$50,090k (2018: US$41,950k) was payable at year end.

(c) Real Estate Management Fee

The Group will pay to the Investment Manager, monthly in arrears, a Real Estate Management Fee for managing a portfolio of Real Estate Loans managed by the Investment Manager. The total Real Estate Management Fee for the year was US$2,800k (2018: US$2,444k), of which US$193k (2018: US$241k) was payable at year end.

Other counterparties

The Group has amounts due from other related counterparties. Refer to note 16 for further details.

26. POST BALANCE SHEET EVENTS

Restructure

On 29 May 2020, the Foundation transferred certain investment assets held by Talos to a new English limited partnership, CIFF Capital UK LP (CIFF LP Partnership). The Foundation is the sole limited partner in the CIFF LP Partnership, and a wholly owned subsidiary of the Foundation, CIFF General Partner Limited (CIFF GP), is the general partner of, the CIFF LP Partnership.

The Foundation's Trustees have sought to simplify the manner in which the Foundation holds its investment assets, while also ensuring that the successor structure remains in the best interests of the Foundation.

COVID-19

The first half of 2020 has seen a sharp increase in the volatility of all financial markets due to the COVID-19 pandemic. The Investment Manager is actively monitoring the situation and continues to manage the Group's assets within the investment and risk parameters that have been established.

It is too early to estimate with any accuracy the long term effect of the COVID-19 pandemic on the assets owned by the Group. The CIFF Finance Committee and Trustees will continue to review the situation as it develops in conjunction with the Investment Manager in order to navigate the Group through this period of heightened uncertainty.

27. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent undertaking and controlling party is The Children's Investment Fund Foundation (UK), a charitable company limited by guarantee (without a share capital) incorporated in England and Wales. Pursuant to article 7 of the Foundation's Articles of Association, every member promises that if the charitable company is dissolved while he, she or it remains a member or within 12 months afterwards, to pay up to one pound sterling towards the costs of dissolution and the liabilities incurred by the charitable company while the contributor was a member.

The Foundation is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2019. The consolidated financial statements of the foundation is available from the Company Secretary at 7 Clifford Street, London, W1S 2FT.

The Children's Investment Fund Foundation (UK)
Group information for the year ended 31 December 2019

CONSTITUTION	A Company limited by guarantee and an English registered charity governed by its Memorandum and Articles of Association
COMPANY NUMBER	4370006
REGISTERED CHARITY NUMBER	1091043
TRUSTEES	Ms Jamie Cooper (recused) Sir Christopher Hohn Dr Graeme Sweeney Mr Ben Goldsmith Mr Masroor Siddiqui
REGISTERED OFFICE	7 Clifford Street London W1S 2FT
COMPANY SECRETARY	Cargil Management Services Limited 27-28, Eastcastle Street London W1W 8DH
BANKERS	HSBC Bank plc Level 18 8 Canada Square London E14 2HQ
SOLICITORS	Mills & Reeves LLP Botanic House 100 Hills Road Cambridge CB2 1PH
INDEPENDENT AUDITORS	KPMG 1 Harbourmaster Place Dublin 1, Ireland
INVESTMENT	TCI Fund Management Limited
MANAGER	7 Clifford Street London W1S 2FT England

CIFF

CHILDREN'S INVESTMENT FUND FOUNDATION

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