Department for Communities | An Roinn Pobal | Depairtment fur Commonities

NI CENTRAL INVESTMENT FUND FOR CHARITIES

Fund Update September 2023

Fund Background

Established in 1965 through the Charities Act (Northern Ireland) 1964, the Northern Ireland Central Investment Fund for Charities (the Fund) aims to provide trustees of charities with the opportunity to invest all or part of their funds with the benefit of expert supervision. It is managed by the Department through recognised fund managers (currently LGT Wealth Management, formerly abrdn), and its investment policy is guided by a locally based Advisory Committee appointed by the Department.

Fund Aim & Risk Profile

Aim: The primary objective of the Fund is to generate income and thereafter long-term capital growth in real terms. The recommended investment timeframe is 5 years and over. The Fund aims to achieve an annual return of 3.5% (net of fees and charges) above the UK rate of inflation as measured by CPI, over the medium term through a combination of income and capital growth.

Income : The fund aims to distribute an income of 3% per annum to investors.

Risk Profile: Based on the definitions of risk determined by LGT Wealth Management, the portfolio is categorised as being managed with a medium high risk approach.

Fund Facts

Launch Date:	March 1965
Share Price:	1417.37 pence
Fund Value:	£55,845,888
Portfolio Manager:	LGT Wealth Management
Cost Associated With Management Of the Fund:	0.67%*
Dividend Payment:	Biannual - June & December

**Information based on 2022 calendar year and % calculated against 31 December 2022 valuation.*

Performance against Benchmark (%)

	YTD	Rolling 12 Months	3 Years Annualised	5 Years Annualised
Fund	1.9	5.3	4.2	4.5
Benchmark	6.3	10.2	10.2	7.5
Difference	(4.4)	(4.9)	(6.0)	(3.0)

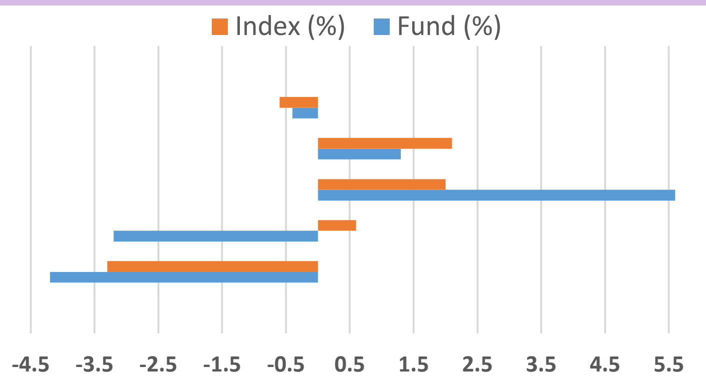
Discrete Calendar Year Performance (%)

	2022	2021	2020	2019	2018	2017
Fund	-9.3	13.8	7.4	17.6	-2.8	10.6
Benchmark	14.0	9.1	4.1	12.1	-5.3	10.0
Difference	(23.3)	4.7	3.3	5.5	2.5	0.6

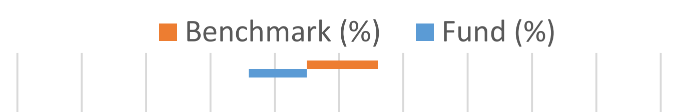
Current Benchmark UK CPI +3.5% p.a. (from 01/04/2019) prior to this the benchmark was a composite of 12.5% FTSE UK Gilts All Stocks, 12.5% ICE BoAML Stg non-Gilts, 50% FTSE All Share, 20% FTSE World Index Series, 5% UK LIBID 7-day rate.
All performance returns are Total Returns unless otherwise specified. Performance figures for the Fund are calculated net of the management fee.

Performance Attribution for Quarter

Asset Class	Fund (%)	Index(%)
Government Bonds	-0.4	-0.6
Corporate Bonds	1.3	2.1
UK Equities	5.6	2.0
Overseas Equities	-3.2	0.6
Alternatives	-4.2	-3.3



	Fund (%)	Benchmark (%)
Total Assets	-0.9	1.1



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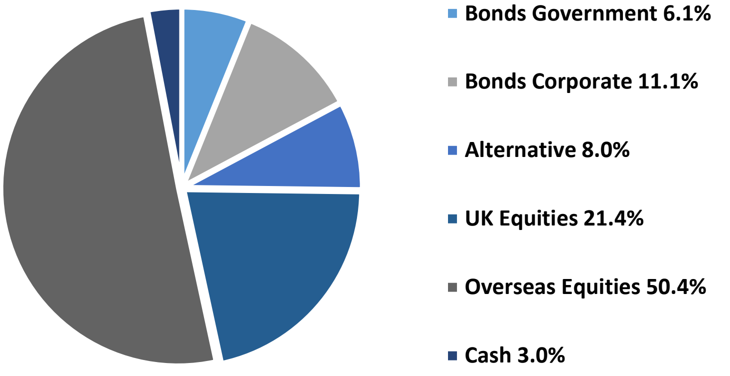
Top 10 Holdings

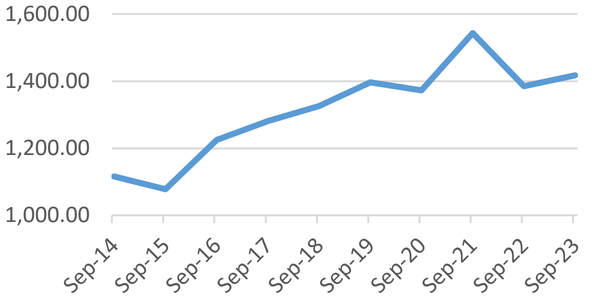
1. Volare Offshore Fixed Interest
2. Shell
3. Microsoft
4. BP
5. Astrazeneca
6. UK Gov Gilts 0.25%
7. ASML
8. BHP
9. Accenture
10. Total Energies SE

Total Holdings: 64 – the top 10 holdings make up 32.2% of the Fund.

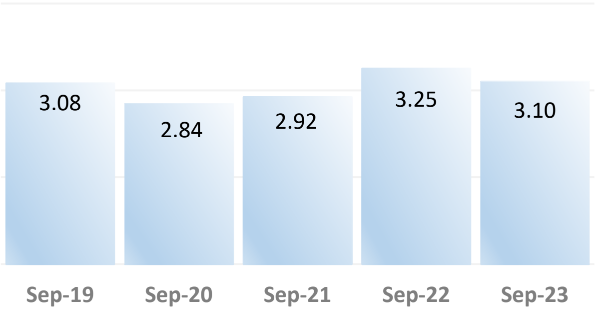
Investment Mix



Share Price Trend (Pence)



Income Yield Trend (%)



Market Commentary

Economic momentum in the US remained strong throughout the quarter, despite the Federal Reserve's efforts to cool the economy through interest rate increases. A higher for longer narrative on interest rates has emerged, which impacted the US equity markets and drove several of the mega-cap technology stocks to give up some of their recent gains. CPI figure rose to 3.7% YoY due to higher oil prices, but price pressures are broadly moving in the right direction. The Federal Reserve paused its interest rate hiking in September. This latest break gave the clearest indication yet that interest rates may well have peaked. This provided no comfort to markets as commodity prices including oil rose, driving the risk that inflation will remain stubbornly high. Federal Reserve members now expect fewer rate cuts next year, a clear indication that rates will stay higher for longer.

In late September the US 10-year Treasury yield rose above 4.5% for the first time since 2007. The sharp move in the 10-year was likely a combination of the market pricing in higher for longer rates, as well as the fact that Treasury supply will remain elevated over mounting budget deficits.

The UK was a bright spot for equities, with the FTSE 100 rising 2.1% over the quarter, benefiting from higher commodity prices and a weaker pound. Following a rate hike in August to 5.25%, most economic forecasters assumed the Bank of England would raise rates by a further 0.25% in September. Lower than expected inflation led them to hold rates, although with a 5-to-4 vote split, clearly the members remain divided and have lingering concerns over future inflation.

In summary, both the Federal Reserve and Bank of England are nearing the conclusion of a rapid interest rate tightening cycle intended to dampen very high levels of inflation. Core inflation has started to come down, but the resilience of the US economy, recent increases in commodity prices and mixed economic data has led to a hawkish tone in recent meetings and added to the higher for- longer narrative. While there has been a lagged impact on the real economy, the impact of higher rates on both consumers' disposable income and corporate profit margins is likely to be felt in coming quarters. Businesses with strong pricing power and robust balance sheets will be better positioned to weather any downturn.

Contact

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