Department for **Communities** | An Roinn **Pobal** | Depairtment fur **Commonities**

NI CENTRAL INVESTMENT FUND FOR CHARITIES

Fund Update March 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 abrdn, formerly known as Aberdeen Standard Capital), 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 abrdn, the portfolio is categorised as being managed with a medium high risk approach.

Fund Facts

Launch Date: March 1965

Share Price: 1462.96 pence

Fund Value: £57,677,504

Portfolio Manager: abrdn

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 (%)

	3 Months	Rolling 12 Months	3 Years Annualised	5 Years Annualised
Fund	3.5	-4.1	8.8	11.3
Benchmark	2.6	14.3	9.7	14.0
Difference	0.9	(18.4)	(0.9)	(2.7)

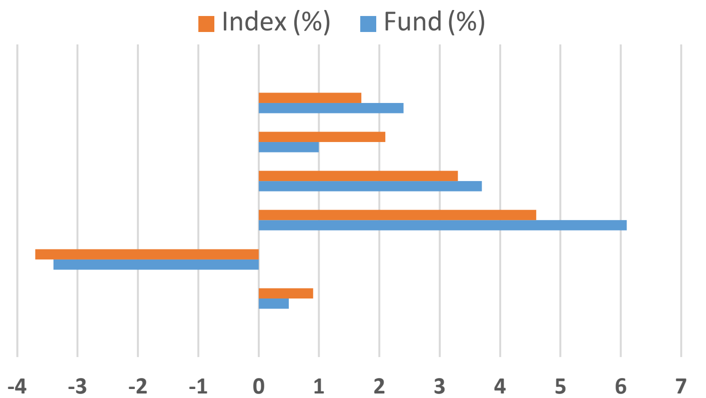
Discrete Calendar Year Performance (%)

	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

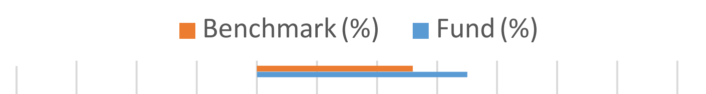
Current Benchmark UK CPI +3.5% p.a. (from 01/04/2019) prior to this the benchmark was a composite of 12.5% FTSE UK Gilts All Stocks, 12.5% ICE BoAML Stg non-Gilts, 50% FTSE All Share, 20% FTSE World Index Series, 5% UK LIBID 7-dayrate.
All performance returns are Total Returns unless otherwise specified.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

Performance Attribution for Quarter

Asset Class	Fund (%)	Index(%)
Government Gilts	2.4	2.3
Corporate Bonds	1.0	2.1
UK Equities	3.7	3.3
Overseas Equities	6.1	4.6
Alternatives	-3.4	-3.7
Cash	0.5	0.9



	Fund (%)	Benchmark (%)
Total Assets	3.5	2.6



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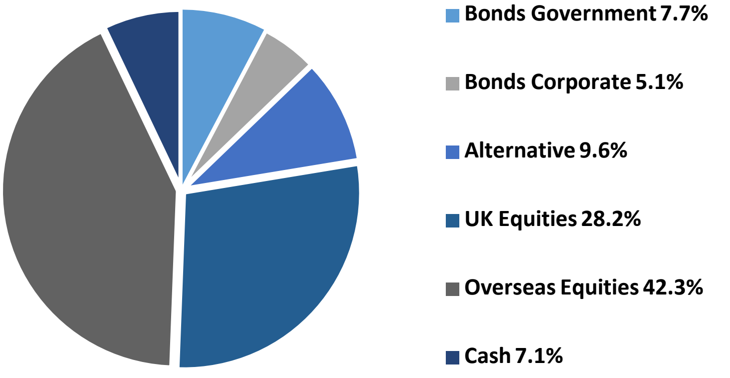
Fund Update March 2023

Top 10 Holdings

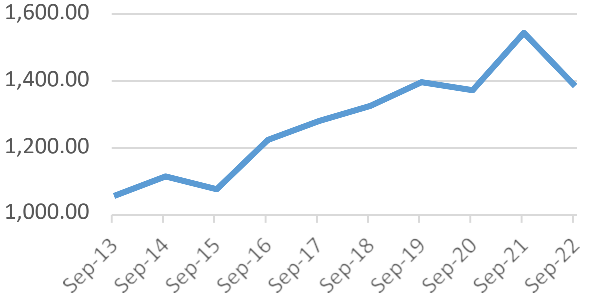
1. Aberdeen Liquidity Fund
2. Shell
3. UK Gov Gilts 0.25%
4. Astrazeneca
5. BP
6. BHP Group
7. UK Gov Gilts 0.75%
8. ASML Holding
9. Microsoft
10. Total Energies

Total Holdings: 65 – the top 10 holdings make up 30.5% of the Fund.

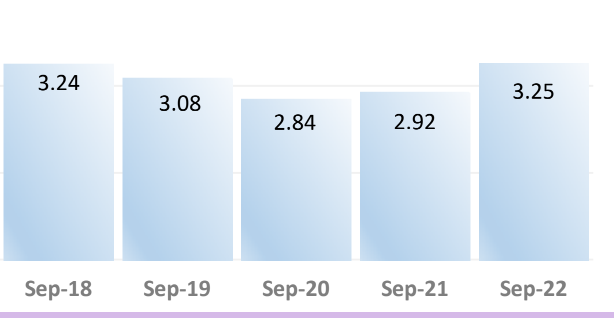
Investment Mix



Share Price Trend (Pence)



Income Yield Trend (%)



Market Commentary

Global economic activity has been resilient at the start of 2023, while underlying inflation pressures remain elevated. Rather than representing a stable equilibrium, this combination reinforces the judgement that a global recession is necessary to correct overheating.

Recent stresses in financial markets and worries about banks' health are a sign of the lagged impact of monetary policy tightening. A reasonable baseline is that these stresses don't prove systemic, in the sense of being an existential threat to the financial system itself (as seen in the "Global Financial Crisis" in 2007/8).

Nevertheless, the potential for a bona fide crisis is hard to predict given the role played by sentiment, so there are material risks in general. Abrdn underline that they look to hold high-quality assets in the Fund's portfolio, with the aim of avoiding areas of heightened risk.

Headline inflation is falling sharply almost everywhere and should continue to decline over 2023, due to a continued decline in energy costs. While core inflation remains elevated, there are signs that upward wage pressures in the US are moderating.

The cumulative size of the interest rate hiking cycle by the US Fed and other central banks is likely to be sufficient to bring about this downturn, starting in H2 2023. It should be noted that using interest rates to combat inflation is a blunt tool, and there is typically a lag of over 12 months between raising rates and any tempering effect on inflation.

Markets may be premature in pricing the end of central bank rate hiking cycles already. A recession would likely mean an interest rate cutting cycle, in excess of that already priced into markets. However, recent years' experiences suggest maintaining a reasonable cost of borrowing keeps corporate behaviour in check, therefore any cutting cycle may not be too severe.

The post-COVID lockdown Chinese economy is rebounding rapidly and has spare capacity to keep that strong growth going. Markets are "pricing in" some of this upside but, in our judgement, not all of it. That said, the spill-over from a strong China into broader emerging markets will be smaller than in the past.

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