Department for Communities | An Roinn Pobal | Depairtment fur Commonities

NI CENTRAL INVESTMENT FUND FOR CHARITIES

Fund Update September 2021

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), 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 (formerly Aberdeen Standard Capital), the portfolio is categorised as being managed with a medium high risk approach.

Fund Facts

Launch Date:	March 1965
Share Price:	1543.59 pence
Fund Value:	£53,908,796
Portfolio Manager:	Abrdn (formerly Aberdeen Standard Capital)
Cost Associated With Management Of the Fund:	0.67%*
Dividend Payment:	Biannual - June & December

**Information based on 2020 calendar year and % calculated against 31 December 2020 valuation.*

Performance against Benchmark (%)

	3 Months	Year To Date	3 Years Annualised	5 Years Annualised
Fund	1.3	15.9	8.6	8.2
Benchmark	1.9	6.7	5.3	5.7
Difference	-0.6	9.2	3.3	2.5

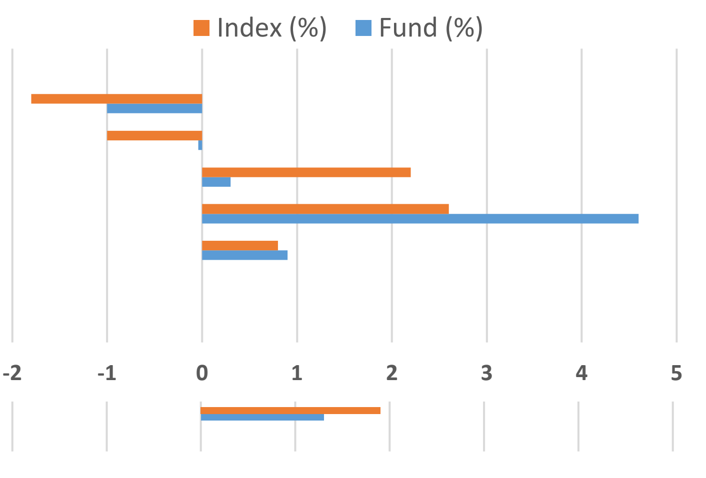
Discrete Calendar Year Performance (%)

	2020	2019	2018	2017	2016	2015
Fund	7.4	17.6	-2.8	10.6	15.3	1.0
Benchmark	3.6	12.1	-5.3	10.0	17.0	1.8
Difference	3.8	5.5	2.5	0.6	-1.7	-0.8

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 Gilts	-1.0	-1.8
Corporate Bonds	-0.4	-1.0
UK Equities	0.3	2.2
North America Equities	4.6	2.6
Europe (ex UK) Equities	0.9	0.8
Cash	0.0	0.0
Total Assets	1.3	1.9



Department for Communities | An Roinn Pobal | Depairtment fur Commonities

NI CENTRAL INVESTMENT FUND FOR CHARITIES

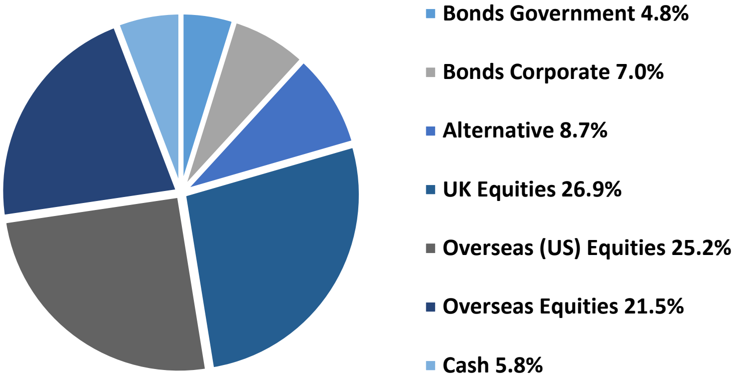
Fund Update September 2021

Top 10 Holdings

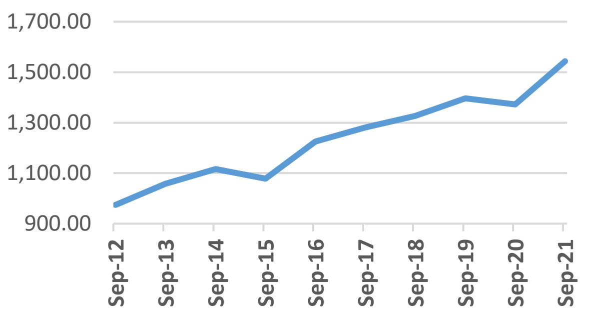
1. ASML Holding
2. Microsoft
3. Taiwan Semiconductor
4. Alphabet Inc
5. Astrazeneca
6. Amazon
7. Rio Tinto
8. BHP Group
9. Nextera Energy
10. Accenture

Total Holdings: 73 – the top 10 holdings make up 25.4% of the Fund.

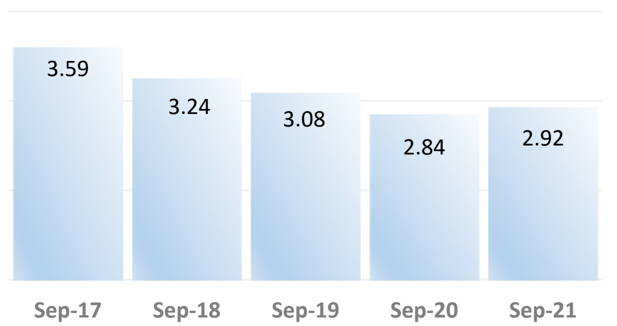
Investment Mix



Share Price Trend (Pence)



Income Yield Trend (%)



Quarterly Comment

Forecasting in the UK is no easy occupation, weather or otherwise, something that the Bank of England (BoE) has come to realise only too well, especially after the gale force-like headwinds brought about by a global pandemic. July provided something of a port in storm on domestic shores, a culmination of a more successful Covid-19 vaccine rollout than anticipated, allowing the government to usher in 'freedom day' on 19 July. Despite warnings over the growing Delta variant, a persistent cloud on the horizon of a post-pandemic UK, the government saw it fit to remove nearly all social distancing rules. Although peaking mid-month, the new variant went on to disrupt supply chains and lead to staff shortages throughout the summer as companies struggled to fill job vacancies.

Meanwhile in the US, lawmakers worked to pass a major infrastructure spending bill amid a wave of positive economic updates, any worries about the sharp rise in Covid cases were far outweighed, with all US stock market indices regularly hitting record highs. With an economic bounce back much more pronounced than most commentators had predicted, data showed that US inflation went on to strike a new high of 5.4% in July. However, as the economy continued to recover, the Fed went on to use increasingly hawkish language in relation to its bond purchasing programme.

European markets where in pole position during August, buoyed by a combination of improving economic data and recovering corporate earnings. The proportion of companies beating analysts' forecasts on the continent hit its highest level in five years, as the bloc's vaccine rollout gathered pace, even overtaking the US in terms of percentage of second vaccines administered. September also saw the European Central Bank start to introduce the notion that it would taper its asset purchasing programme. Although inflation data showed that prices rose at their fastest pace in 10 years, the central bank was quick to reassure investors that any moves in interest rates would be well telegraphed and the taps could be turned back on if needed.

In China a fall in property prices, triggered by a growing reluctance on both the part of the Chinese consumer to move house and the government to support the sector, left Evergrande Group unable to sell properties and other assets quickly enough to service its US$300 billion obligations. Famously now the world's most indebted company, Evergrande has seen its shares tumble by up to 75% this year, sparking fears of contagion that spread through China's financial system and reverberated around global markets.

Abrdn's experience has taught them that companies that have strong balance sheets and can create value by generating cash flow exceeding their operational requirements tend to generate stronger, more sustainable returns. They are usually better positioned to reinvest in their businesses and distribute earnings to shareholders. These types of companies merit long-term positions in portfolios regardless of shorter-term sentiment.

Contact

If you would like further information on the NICIFC you can contact us on:
Tel: (028) 90512604 E-mail: nicifc@communities-ni.gov.uk
Address: NICIFC, Level 5 Causeway Exchange, 1-7 Bedford Street, Belfast, BT2 7EG
Website: https://www.communities-ni.gov.uk/articles/northern-ireland-central-investment-fund-charities