Department for Communities | An Roinn Pobal | Depairtment fur Commonities

NI CENTRAL INVESTMENT FUND FOR CHARITIES

Fund Update March 2022

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

Fund Facts

Launch Date:	March 1965
Share Price:	1575.54 pence
Fund Value:	£57,318,319
Portfolio Manager:	abrdn (formerly known as Aberdeen Standard Capital)
Cost Associated With Management Of the Fund:	0.62%*
Dividend Payment:	Biannual - June & December

**Information based on 2021 calendar year and % calculated against 31 December 2021 valuation.*

Performance against Benchmark (%)

	3 Months	Rolling 12 Months	3 Years Annualised	5 Years Annualised
Fund	-2.2	9.7	9.3	7.8
Benchmark	2.7	10.5	6.5	6.2
Difference	(4.9)	(0.8)	2.8	1.6

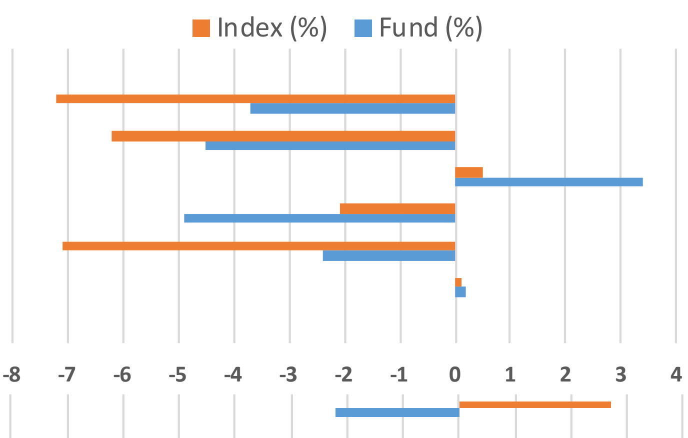
Discrete Calendar Year Performance (%)

	2021	2020	2019	2018	2017	2016
Fund	13.8	7.4	17.6	-2.8	10.6	15.3
Benchmark	9.1	4.1	12.1	-5.3	10.0	17.0
Difference	4.7	3.3	5.5	2.5	0.6	-1.7

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	-3.7	-7.2
Corporate Bonds	-4.5	-6.2
UK Equities	3.4	0.5
North America Equities	-4.9	-2.1
Europe (ex UK) Equities	-2.4	-7.1
Cash	0.2	0.1
Total Assets	-2.2	2.7



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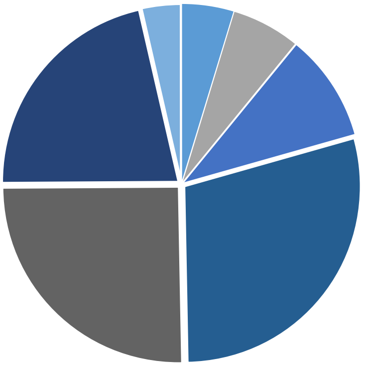
Top 10 Holdings

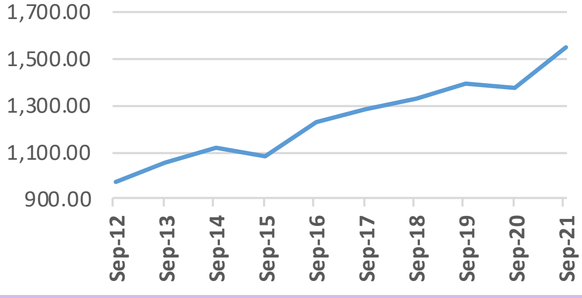
1. BHP Group
2. Shell PLC
3. Microsoft Corp
4. Astrazeneca
5. Rio Tinto
6. ASML Holding
7. Alphabet
8. Abbvie Inc
9. Accenture PLC
10. Taiwan Semiconductor Manufacturing

Total Holdings: 74 – the top 10 holdings make up 27% of the Fund.

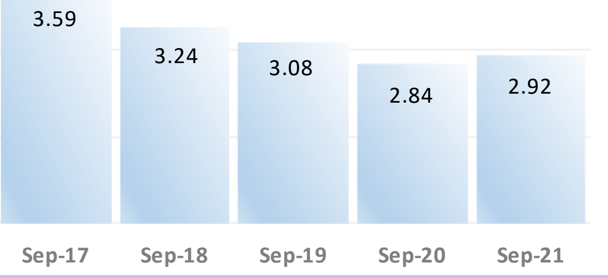
Investment Mix



Share Price Trend (Pence)



Income Yield Trend (%)



Quarterly Commentary

The start of this year saw the FTSE World Index fall 4.1% in January (in sterling terms). The root cause of the losses could be found in the US Federal Reserve's (Fed) response to higher inflation data, which was to signal a more aggressive path to higher interest rates. The implications of higher interest rates caused investors to rotate from valued growth stocks to areas of the economy perceived to benefit from higher rates such as financials and even more materially to energy stocks, as these were seen as good value and set to benefit from attractive supply-and-demand dynamics. Overall, it was the commodity heavy FTSE 100 Index that led the way in January, bucking the global trend of losses, although, admittedly, mid- and small-cap UK indices suffered. January saw more than constructive returns in the beleaguered domestic property market. It was the highest of any single month since the index was formed back in 1986, climbing 3.9%. Testament to the growing interest, transactional volumes totalled £17.3 billion during the previous year, which was the highest level ever recorded and 80% higher than total transactions during 2020.

The following month saw continued downward pressure on markets, compounded by growing tensions on the Ukrainian border which escalated with Russia waging war on Ukraine on 24 February. Europe's main stock markets opened 2.5-4% lower on the day, with government bonds, the US dollar, Swiss franc, Japanese yen and gold all rallying as investors fled to safe-haven assets. The European Union denounced Moscow's move as a "flagrant violation of international law" and reacted with an initial wave of sanctions, which included Germany putting the opening of gas pipeline Nordstream 2 on hold. Given low inventories and dwindling spare capacity, the oil market rallied further on the prospect of supply disruptions, black gold made its way past US$105 a barrel for the first time since 2014. The same was true of soft commodity indices - with Ukraine and Russia combined being one of the world's largest exporters of fertilisers, grains and wheat, food prices were pushed up. The European Central Bank took the chance to hold rates at historic lows, even after January's annual inflation print showed consumer prices rising by 5.1%.

The Bank of England has hiked the UK base rate three times, each time raising rates by 0.25%. While accepting that inflation could now top 8% during the spring, the Bank of England seemed reluctant to enter into a more aggressive cycle, trimming its growth expectations while citing a myriad of medium-term risks. Meanwhile the US Fed kicked off its rate-hike cycle, introducing a much anticipated 0.25% rise. With US inflation hitting a 40-year high of 7.9% in February, many market commentators are now pricing in a hair-raising seven to eight subsequent rate rises this year. To put this another way, the cumulative 2% rise that is now expected, if realised, would be the most in a calendar year since 1994.

The global economy faces a number of headwinds as we progress through 2022, but abrdn's baseline view remains for a continued recovery, albeit at a lower average speed and with some divergences across regions. With the anticipated boom in post-pandemic consumer spending potentially cut short by high inflation and rising energy costs, economic growth forecasts have now been downgraded almost unilaterally. Our quality, sustainable growth approach maintains our focus on companies underpinned by long- term structural growth themes.

Contact

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