

Charinco Common Investment Fund

Fund overview

Charinco is one of six Common Investment Funds managed by BlackRock that have been specifically designed to meet the investment needs of charities. The Fund has the power to invest in many different kinds of fixed interest securities including short, medium and long dated gilt-edged stocks, certificates of deposit, certain Eurosterling issues, debenture and convertible loan stocks and convertible preference shares. Charinco is a charity in its own right, approved by the Charity Commission and with an independent Advisory Committee. It is exempt from income tax and capital gains tax.

Fund objective

Charinco aims to provide charities with a high level of income from a portfolio of fixed interest securities.

Performance

During the quarter the total return for the Fund was 1.3% compared with a total return of 0.5% from the FTA Govt. All Stocks index.

% returns

	30/09/08	30/09/09	30/09/10	30/09/11	30/09/12
	30/09/09	30/09/10	30/09/11	30/09/12	30/09/13
Charinco	14.6%	9.9%	4.5%	11.7%	-0.6%
FTA Govt. All Stocks	11.2%	7.3%	7.8%	8.3%	-3.0%

Source: BlackRock/Datastream as at 30 September 2013. Annual Fund returns calculated using bid to bid closing prices, gross of expenses. Quarterly performance quoted gross of expenses.

For up-to-date performance figures, please contact our Charities Helpline 0800 44 55 22.

Past performance is not a guide to future performance and should not be the sole factor of consideration when selecting a product. All financial investments involve an element of risk. Therefore, the value of your investment and the income from it will vary and your initial investment amount cannot be guaranteed.

Fund commentary

The Fund outperformed against the FTA Govt. All Stocks Index by 0.8% over the quarter mainly due to our overweight exposure to credit which outperformed. This was driven by the increase in yields in government bonds due to the belief that the US Federal Reserve would start to wind down its asset purchase programme in September. However this turned out not to be the case and as a result yields fell back. We believe there is continued value (and yield) in selected Corporate Bonds (those issued by Companies) hence Charinco's c. 30% holding in this asset class. Corporate Bonds outperformed during the quarter by 2% adding to performance. We have reduced credit risk over the quarter, and current positioning reflects near-term cautiousness.

From December 2013, target quarterly dividend payments will be reduced from 2.5p to 2.0p per unit. The reduction reflects the current low yield environment in bond markets. We are naturally disappointed to take this step, however, market conditions make this unavoidable. Despite the reduction, Charinco remains one of the highest income distributions available for charity investors.

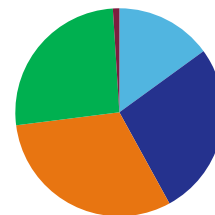
Source: BlackRock

Fund details

Fund manager	Ian Winship
Inception date	3 December 1975
Benchmark	FTA Govt. All-Stocks
Fund size	£281m
Yield (%)	4.2*
Effective duration (yrs)	8.9
Average yield to maturity	2.7%
Distribution dates	20 Mar, Jun, Sep & Dec
Ex-distribution dates	Last business day of Feb, May, Aug & Nov
Minimum investment	£500 initial £100 thereafter
Initial charge	Max.1%
Annual management charge	0.75%
Units	Income and Accumulation
Dealing	Daily, forward price basis
Settlement	Trade date + 4 days

* Based on a target annual dividend of 8.0p

Sector allocation %



■	Gilts - medium dated 15.0
■	Corporate bonds 27.0
■	Gilts - long dated 31.0
■	Gilts - short dated 26.0
■	Overseas bonds 0.0
■	Cash 1.0

Contact us

0800 44 55 22

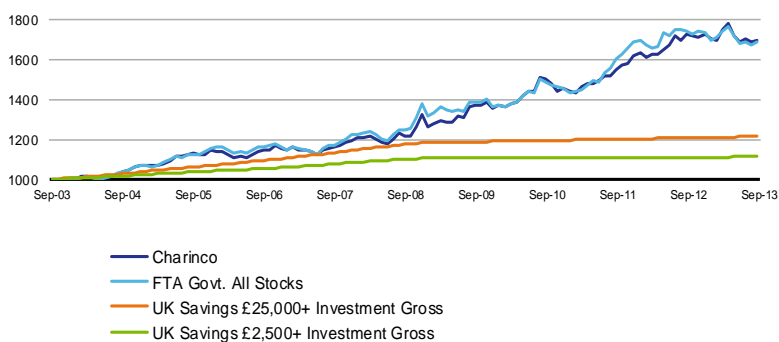
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Fund Strategy

- Underweight 10 year UK gilts relative to 30 year gilts – attractive risk reward characteristics from longer dated maturities that should outperform from encouraging economic signs.
- Corporates – focus on the 5-10 year maturities. Prefer A and selective BBB non-peripheral names relative to AAA and AA bonds.
- Exited our long held Australian government bond position, taking profits after the RBA cut interest rates to an all-time low of 2.5%.

Current value of £1,000 invested over 10 years (£)



Charinco	£1,701
FTA Govt. All Stocks	£1,689
UK Savings £25,000+ investment gross accounts	£1,214
UK Savings £2,500+ investment gross accounts	£1,112

Top 10 holdings %

UK Treasury 8.75% Stock 2017	20.4
UK Treasury 8% Stock 2021	15.3
UK Treasury 4.75% Stock 2038	5.3
UK Treasury 4.25% Stock 2055	5.2
UK Treasury 8% Stock 2015	5.1
UK Treasury 6% Stock 2028	4.6
UK Treasury 4.75% Stock 2030	3.5
UK Treasury 4.25% Stock 2049	3.1
UK Treasury 3.5% Stock 2068	1.8
UK Treasury 4.5% Stock 2034	1.8

Dividend record

	2009	2010	2011	2012	2013
March	2.5p	2.5p	2.5p	2.5p	2.5p
June	2.5p	2.5p	2.5p	2.5p	2.5p
September	2.5p	2.5p	2.5p	2.5p	2.5p
December	2.5p	2.5p	2.5p	2.5p	2.5p
Total	10.0p	10.0p	10.0p	10.0p	7.5p

Charinco Dividends

With effect from December 2013, target quarterly dividend payments will be reduced from 2.5p to 2.0p per unit. The reduction reflects the current low yield environment in bond markets.

Source: Standard & Poor's. The Index is compiled from the rates of the largest 20 building societies and ex-societies. Fund performance is calculated on a bid to bid basis with gross income reinvested, net of expenses.

All data in this Fact Sheet is as at 30 September 2013 unless otherwise stated.

Unless indicated the fund information displayed only provides summary information. Investment should be made on the basis of the Scheme Particulars which is available from the manager.

Unless indicated the fund information displayed only provides summary information. Investment should be made on the basis of the Scheme Particulars which is available from the manager. Charinco ("the Fund") is a Common Investment Funds ("CIF") established under Section 24 of The Charities Act 1993 and its registered charity number is 270540. Over 35% of the fund is invested in securities issued by the British Government. Investment in the Fund must be made in writing using an official application form and be based on the information contained in the Scheme Particulars. The Fund is a Common Investment Fund established and registered with the Charity Commission for England and Wales. Pursuant to the Charities Act 2006, charities established and registered in England and Wales, Scotland and Northern Ireland may invest in the Fund. Cancellation rights do not apply to investments in Charinco and the protections provided under the Financial Conduct Authority will not be available. The lead Investment Adviser of the Fund is BlackRock Investment Management (UK) Limited. BlackRock Fund Managers Limited carries out all administrative functions. Both companies are authorised and regulated by the Financial Conduct Authority.