

### 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 2.1% compared with a total return of 2.1% from the FTA Govt. All Stocks index.

##### Annual performance to the last quarter end

|                      | 31/03/09 | 31/03/10 | 31/03/11 | 31/03/12 | 31/03/13 |
|----------------------|----------|----------|----------|----------|----------|
|                      | 31/03/10 | 31/03/11 | 31/03/12 | 31/03/13 | 31/03/14 |
| Charinco             | 7.5%     | 6.2%     | 12.4%    | 8.6%     | -1.4%    |
| FTA Govt. All Stocks | 0.8%     | 5.2%     | 14.5%    | 5.3%     | -2.6%    |

Source: BlackRock/Datastream as at 31 March 2014. 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. The value of investments and the income from them can fall as well as rise and is not guaranteed. You may not get back the amount originally invested. Changes in the rates of exchange between currencies may cause the value of investments to fluctuate

#### Fund commentary

Our underweight duration (interest rate risk) position was negative for performance as government bonds rallied during January, before range trading for the rest of the quarter. Yield curve positioning detracted from performance as allocations to the front end of the curve underperformed. Our exposure to non-government debt, corporate and collateralized bonds was positive for the fund as credit outperformed government bonds. Overseas relative value was positive for performance, with tactical allocation to the US and German government bonds being positive.

The outlook for corporate bonds continues to be positive as improving economic data should support risk markets in 2014, Charinco's has a 28% holding in this asset class. Corporate bonds provided excess returns over government bonds of 0.31%.

From December 2013, target quarterly dividend payments were reduced from 2.5p to 2.0p per unit. The reduction reflects the current low yield environment in bond markets. Despite the reduction, Charinco remains one of the highest income distributions available for charity investors.

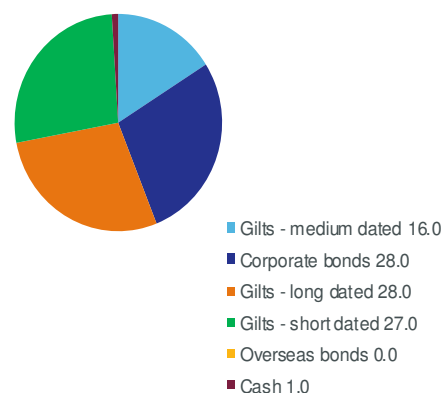
Reference to the names of each company mentioned in this communication are merely for explaining the investment strategy, and should not be construed as investment advice or investment recommendation of those companies

#### Fund details

|                           |  |
|---------------------------|--|
| Fund manager              | Ian Winship                              |
| Inception date            | 3 December 1975                          |
| Benchmark                 | FTA Govt. All-Stocks                     |
| Fund size                 | £256m                                    |
| Yield (%)                 | 4.4*                                     |
| Effective duration (yrs)  | 8.5                                      |
| 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<br>£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 %



Source: BlackRock

#### Contact us

0800 44 55 22

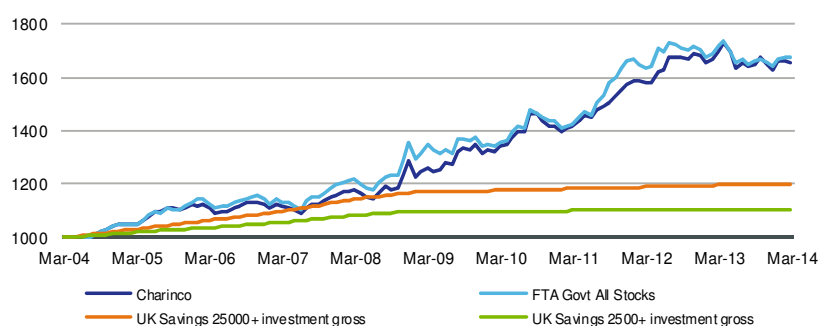
charity.enquires@blackrock.com

www.blackrock.co.uk

## Fund Strategy

- Underweight 10 year UK gilts relative to 50 year gilts – the economic recovery and outperformance of equities versus bonds has improved pension schemes funding levels and should lead to a continued outperformance of longer dated maturities compared to the 10 year part of the curve.
- Corporates – focus on the shorted dated maturities, prefer A and selective BBB non-peripheral names relative to AAA and AA bonds.

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



|   |        |
|---|--------|
| Charinco                                      | £1,659 |
| FTA Govt. All Stocks                          | £1,674 |
| UK Savings £25,000+ investment gross accounts | £1,202 |
| UK Savings £2,500+ investment gross accounts  | £1,106 |

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.

## Top 10 holdings %

|                              |      |
|------------------------------|------|
| UK Treasury 8.75% Stock 2017 | 20.4 |
| UK Treasury 8% Stock 2021    | 15.3 |
| UK Treasury 4.75% Stock 2038 | 5.4  |
| UK Treasury 8% Stock 2015    | 5.4  |
| UK Treasury 4.5% Stock 2042  | 5.2  |
| UK Treasury 4.25% Stock 2055 | 5.1  |
| UK Treasury 4.75% Stock 2030 | 4.2  |
| UK Treasury 4.25% Stock 2049 | 3.0  |
| UK Treasury 3.5% Stock 2068  | 2.9  |
| Vodafone 8.125% 2018         | 1.6  |

## Dividend record

|              | 2010         | 2011         | 2012         | 2013        | 2014 |
|--------------|--------------|--------------|--------------|-------------|------|
| March        | 2.5p         | 2.5p         | 2.5p         | 2.5p        | 2.0p |
| June         | 2.5p         | 2.5p         | 2.5p         | 2.5p        |      |
| September    | 2.5p         | 2.5p         | 2.5p         | 2.5p        |      |
| December     | 2.5p         | 2.5p         | 2.5p         | 2.0p        |      |
| <b>Total</b> | <b>10.0p</b> | <b>10.0p</b> | <b>10.0p</b> | <b>9.5p</b> |      |

## Charinco Dividends

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

All data in this Fact Sheet is as at 31 March 2014 unless otherwise stated.

## Important information

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.

BlackRock has not considered the suitability of this investment against your individual needs and risk tolerance.

Any research in this document has been procured and may have been acted on by BlackRock for its own purpose. The results of such research are being made available only incidentally. The views expressed do not constitute investment or any other advice and are subject to change. They do not necessarily reflect the views of any company in the BlackRock Group or any part thereof and no assurances are made as to their accuracy. Issued by BlackRock Investment Management (UK) Limited (authorised and regulated by the Financial Conduct Authority). Registered office: 12 Throgmorton Avenue, London, EC2N 2DL. Registered in England No. 2020394. Tel: 020 7743 3000. For your protection, telephone calls are usually recorded. BlackRock is a trading name of BlackRock Investment Management (UK) Limited".

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.