

November 2023

BlackRock®

RL360

Portfolio Allocation

Portfolio Update

Executive Summary

Rebalance Date: 30th November 2023

Strategic Changes

In this rebalance:

- We do not make any large asset class shifts as we are broadly quite happy with the portfolio exposures, given the macroeconomic environment we are in.
- Within Fixed Income, our long-term capital market assumptions have demonstrated a preference for High Yield over Emerging Market Debt. We allocate 1% to Global High Yield across the three profiles. The addition to High Yield is funded by reducing 0.5% from the EM Local Currency Fund and 0.5% from Green bonds. This change also enables us to take profits on our EM local position this year.
- Globally, slower growth and inflation remain the baseline scenario in our opinion. Lower inflation increases the chances of an eventual soft landing, but in the near term increases real policy rates and hence overall policy tightness. We see an AI/energy transition led investment cycle as likely to partially compensate forthcoming weakness in consumer demand and non-strategic business investments. Below trend global growth seems to be the central scenario for a few quarters. Inflation is likely to decelerate close to central banks' target by year end, as cyclical forces (slower demand and supply chains normalization) dominate structural ones. Central banks are likely to remain insensitive to growth until labour markets shows clear signs of weakening or there is evidence that 2% inflation can coexist with a tight labour market.

Asset Allocation

Post Review

| | Description | Isin | Conservative | Balanced | Growth |
|-----------------------|--|--------------|----------------|----------------|----------------|
| Fixed Income | | | 73.00% | 48.00% | 23.00% |
| Global Government | BGF GLOBAL GOVERNMENT BOND F I2 | LU1567964413 | 33.00% | 20.50% | 8.10% |
| Green Bonds | ISHRS GREEN BD (IE) D USD HGD ACC | IE00BD8QG463 | 9.10% | 5.70% | 2.20% |
| Global Corporate | BGF Global Corporate Bond Fund Class I2 USD | LU1181254019 | 5.60% | 3.50% | 1.40% |
| US Corporates | iShares US Corporate Bond Index Fund (IE) | IE00B1W4R501 | 10.00% | 6.20% | 2.50% |
| China Bonds | BGF CHINA BOND FUND D6 USD HEDGED | LU2243824054 | 5.00% | 3.00% | 1.00% |
| Global Linkers | ISHR G IL BD IDX (IE)D AC USD HGD | IE00BD0NC367 | 3.30% | 2.10% | 0.80% |
| Global high Yield | BlackRock Global High Yield Sustainable Credit Screened Fund D USD Acc | IE00BF5HLF28 | 3.00% | 3.00% | 3.00% |
| EMD HC | BGF Sustainable Emerging Markets Bond Fund I2 USD | LU1864665432 | 2.00% | 2.00% | 2.00% |
| EMD LC | BGF Sustainable Emerging Markets Local Currency Bond Fund I2 USD | LU1864665945 | 2.00% | 2.00% | 2.00% |
| Equities | | | 25.00% | 50.00% | 75.00% |
| US equity | BlackRock Sustainable Advantage US Equity Fund - Class D Acc | IE00BFZP7V49 | 7.00% | 14.00% | 21.00% |
| US equity | iShares North America Index Fund (IE) Class D Acc USD | IE00BD575K12 | 7.30% | 14.60% | 21.80% |
| European ex-UK equity | BGF Continental European Flexible Fund I2 USD | LU2315844121 | 1.50% | 2.90% | 4.30% |
| Pan European equity | iShares Europe Equity Index (LU) D2 USD | LU1722863724 | 1.70% | 3.30% | 5.20% |
| UK equity | BGF United Kingdom Fund Class D2 USD | LU0827885905 | 0.40% | 0.90% | 1.40% |
| Japan equity | BGIF iShares Japan Equity Index Fund (LU) D2 USD | LU1811364568 | 1.20% | 2.40% | 3.60% |
| Pacific ex-Japan | iShares Pacific Index Fund (IE) Class D Acc USD | IE00BD0NCP86 | 0.50% | 1.10% | 1.80% |
| EM equity | BGF Emerging Markets Fund Class D2 USD | LU0252970164 | 0.00% | 0.00% | 0.00% |
| EM equity | iShares Emerging Market Screened Equity Index Fund (IE) D Acc USD | IE00BKPTWZ06 | 2.40% | 4.80% | 6.90% |
| World Thematics | BGF Multi-Theme Equity Fund Class Z2 USD | LU2197910974 | 3.00% | 6.00% | 9.00% |
| Cash | | | 2.00% | 2.00% | 2.00% |
| Money Market Fund | BlackRock ICS US Dollar Liquid Environmentally Aware Fund Premier (Acc T0) USD | IE00BH3Z9035 | 2.00% | 2.00% | 2.00% |
| Total | | | 100.00% | 100.00% | 100.00% |

Source: BlackRock 30th November 2023. The Model Portfolios will drift with market movement intramonth and will reset to the asset allocation decided by BIMUK at each month end.

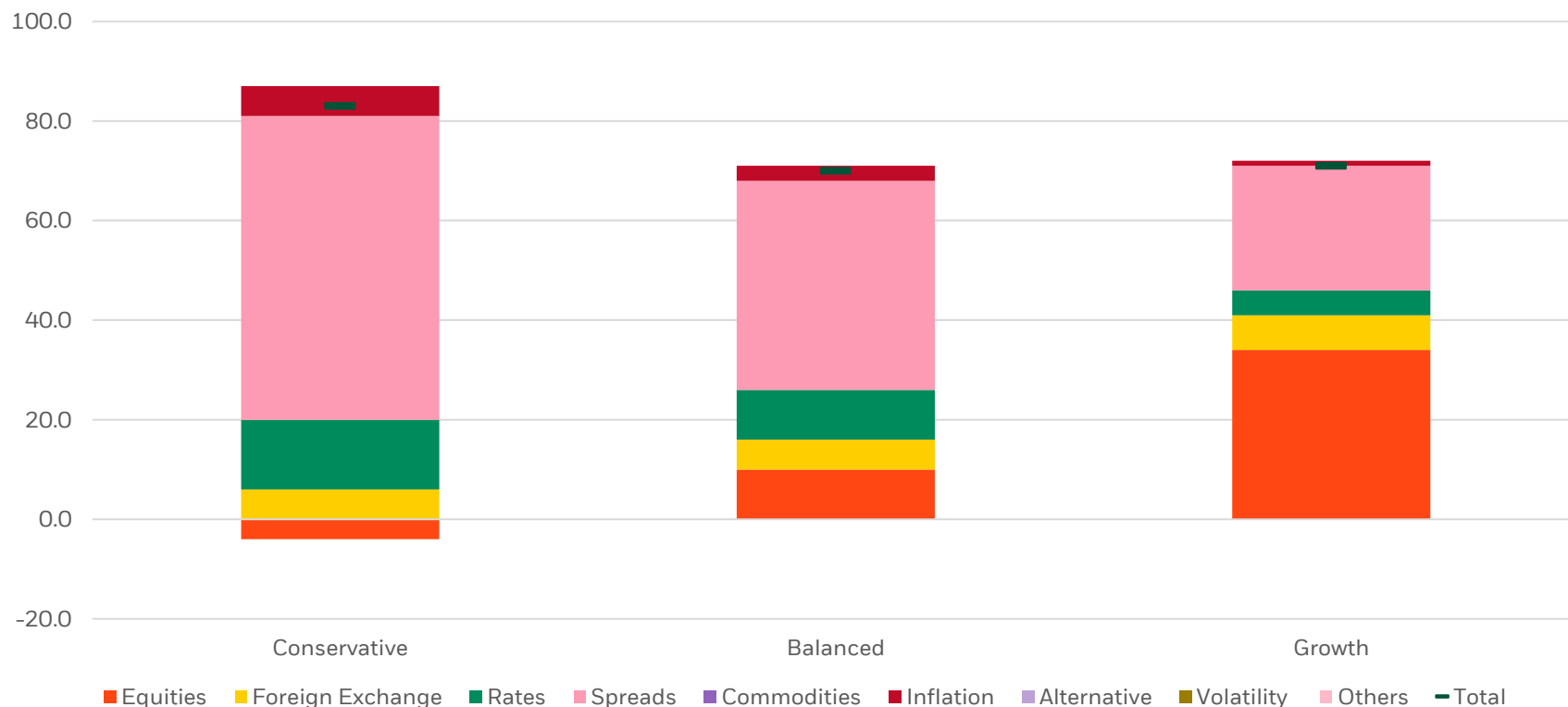
Portfolio Asset Allocation Change

Post Review

| | Description | Isin | Conservative | Balanced | Growth |
|-----------------------|--|--------------|--------------|--------------|--------------|
| Fixed Income | | | 0.00% | 0.00% | 0.00% |
| Global Government | BGF GLOBAL GOVERNMENT BOND F I2 | LU1567964413 | 0.00% | 0.00% | 0.00% |
| Green Bonds | ISHRS GREEN BD (IE) D USD HGD ACC | IE00BD8QG463 | -0.50% | -0.50% | -0.50% |
| Global Corporate | BGF Global Corporate Bond Fund Class I2 USD | LU1181254019 | 0.00% | 0.00% | 0.00% |
| US Corporates | iShares US Corporate Bond Index Fund (IE) | IE00B1W4R501 | 0.00% | 0.00% | 0.00% |
| China Bonds | BGF CHINA BOND FUND D6 USD HEDGED | LU2243824054 | 0.00% | 0.00% | 0.00% |
| Global Linkers | ISHR G IL BD IDX (IE)D AC USD HGD | IE00BD0NC367 | 0.00% | 0.00% | 0.00% |
| Global high Yield | BlackRock Global High Yield Sustainable Credit Screened Fud D USD Acc | IE00BF5HLF28 | 1.00% | 1.00% | 1.00% |
| EMD HC | BGF Sustainable Emerging Markets Bond Fund I2 USD | LU1864665432 | 0.00% | 0.00% | 0.00% |
| EMD LC | BGF Sustainable Emerging Markets Local Currency Bond Fund I2 USD | LU1864665945 | -0.50% | -0.50% | -0.50% |
| Equities | | | 0.00% | 0.00% | 0.00% |
| US equity | BlackRock Sustainable Advantage US Equity Fund - Class D Acc | IE00BFZP7V49 | 0.00% | 0.00% | 0.00% |
| US equity | iShares North America Index Fund (IE) Class D Acc USD | IE00BD575K12 | 0.00% | 0.00% | 0.00% |
| European ex-UK equity | BGF Continental European Flexible Fund I2 USD | LU2315844121 | 0.00% | 0.00% | 0.00% |
| Pan European equity | iShares Europe Equity Index (LU) D2 USD | LU1722863724 | 0.00% | 0.00% | 0.00% |
| UK equity | BGF United Kingdom Fund Class D2 USD | LU0827885905 | 0.00% | 0.00% | 0.00% |
| Japan equity | BGIF iShares Japan Equity Index Fund (LU) D2 USD | LU1811364568 | 0.00% | 0.00% | 0.00% |
| Pacific ex-Japan | iShares Pacific Index Fund (IE) Class D Acc USD | IE00BD0NCP86 | 0.00% | 0.00% | 0.00% |
| EM equity | BGF Emerging Markets Fund Class D2 USD | LU0252970164 | 0.00% | 0.00% | 0.00% |
| EM equity | iShares Emerging Market Screened Equity Index Fund (IE) D Acc USD | IE00BKPTWZ06 | 0.00% | 0.00% | 0.00% |
| World Themes | BGF Multi-Theme Equity Fund Class Z2 USD | LU2197910974 | 0.00% | 0.00% | 0.00% |
| Cash | | | 0.00% | 0.00% | 0.00% |
| Money Market Fund | BlackRock ICS US Dollar Liquid Environmentally Aware Fund Premier (Acc T0) USD | IE00BH3Z9035 | 0.00% | 0.00% | 0.00% |
| Total | | | 0.00% | 0.00% | 0.00% |

Source: BlackRock 30th November 2023. The Model Portfolios will drift with market movement intramonth and will reset to the asset allocation decided by BIMUK at each month end.

Active Risk Decomposition



Standard deviation - A statistical estimate measuring how dispersed returns are around an average. The estimate uses the risk factor exposures and volatilities of the underlying funds, based on BlackRock's risk models and takes into account the correlations of the factors across the portfolio. It isn't meant to be predict model volatility, actual volatility of any portfolio based on the models shown will vary and may be higher.

For further information on the Risk Contribution and Risk Exposures, please see the end of this document. This information should not be relied upon as investment advice, research, or a recommendation by BlackRock regarding (i) the iShares Funds, (ii) the use or suitability of the model portfolios or (iii) any security in particular. Only an investor and their financial advisor know enough about their circumstances to make an investment decision.. An index has been used as a risk proxy for the BlackRock ICS US Dollar Liquid Environmentally Aware Fund

Source: BlackRock 27th November 2023.

Supporting Documents

Glossary of Terms – Risk Exposures

| Term | Description |
|--------------------------|--|
| Equity | Measures the contribution to risk from holding equities in the portfolio. |
| FX | Measures the contribution to risk from unhedged non GBP currency exposure |
| Specific | Idiosyncratic risk; that is, risk due to the unique circumstances of a particular security and not the market as a whole. |
| Alternatives | Measures the contribution to risk from holding alternative asset classes such as property, hedge funds or illiquid assets. |
| Interest Rates | The Scheme's liabilities and fixed income assets are exposed to interest rate risk which means that the values of these assets will change when there is a change to the level of interest rates. This illustrates the contribution to risk from the Scheme's liabilities which aren't offset by fixed income (matching) assets. |
| Spreads | Measures the contribution to risk from holding corporate bonds and swaps in the portfolio. |
| US Interest Rates | Measures contribution to risk from exposure to US interest rates. |
| Inflation | The Scheme's liabilities and fixed income assets are exposed to inflation risk which means that the values of these assets will change when there is a change to inflation expectations. This illustrates the contribution to risk from the Scheme's liabilities which aren't offset by inflation linked (matching) assets. |
| Others | Measures risks that are not attributed to any of the factors listed above. It includes but is not limited to risks attributed to convexity, and cash & cash equivalents. |

Appendix: Scenario descriptions

BlackRock maintains hypothetical stress test scenarios. These forward looking scenarios allow BlackRock to stress test your portfolio to build a broader understanding of the market risks to your asset allocation strategy.

Scenario analysis can be used to help expose particular risk concentrations in a wide range of market conditions, which can influence portfolio design and facilitate a faster response to unfavourable changes in market conditions.

The scenarios are designed to shock a specific set of asset classes / economic variables, and rely on historical implied correlations to determine the shocks for all other factors/asset classes. For the below set of Scenario Stress Tests 7 years of rolling data is used. The Global Financial Crisis has been deliberately excluded due to structural changes in leverage and regulations.

BlackRock will review these scenarios on a periodic basis and will update this stress test analysis as market conditions change.

| Term | Description |
|------------------------------------|--|
| Market Crash - 2008 | Sep 12 - Nov 03, 2008: Credit & liquidity crisis and equity market crash set off by Lehman Brothers bankruptcy. Significant credit spreads widening caused by massive deleveraging. Shocks for DxS Factors are percentages of spread. |
| US Downgrade - 2011 | July 21 - Sept 20, 2011: The period starts with 50% chance US downgrade indication from S&P Standards and ends with Operational Twist announcement by Fed. Stock market incurred losses while bonds markets saw gains due to flight to safety. Shocks for DxS Factors are percentages of spread. |
| Chinese Market Crash - 2015 | October 12 - Aug 26, 2015: Chinese stock market crash beginning with the popping of the stock market bubble on 12 October 2015 |
| Stock Market Drop Europe | 1% probability Downward movement in Europe Equity Market |

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