

**BlackRock**

**RL360**

**Portfolio Allocation**

# Portfolio Update

**Rebalance Date: 28th June 2024**

## Strategic Changes

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### 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 continue to remain underweight duration, but slightly add to duration accounting for the increase in yields, which could signal an improved outlook for government bonds over the longer term. As a result, the main change is a 1% addition to the BGF Global Government Bond Fund funded from a 1% reduction in Cash (BlackRock ICS USD LEAF) which is intended to increase duration slightly. We also switch share classes for the BGF China Bond Fund to the ACC share class as requested.
- Globally, slower growth and inflation settling closer to central banks' targets remain the baseline scenario in our opinion. Global growth is likely to go slightly below trend as the impact of previous monetary tightening filters through the economy. The deceleration in the YoY rate of inflation should allow a modest fine tune of the monetary policy stance to prevent an increase in real policy rates in 2024 and deliver a decrease in 2025. Europe is likely to adjust rates sooner and faster than US. Recent developments showing more resiliency in growth and inflation might delay and slow the fine tune in monetary policy cycle (a delayed soft landing), but do not change our base case. An AI centred investment cycle is likely to support growth and boost productivity globally. We also see Chinese growth as likely to stabilise around 4-5% and Europe picking up slightly from the broad stagnation of 2024.

# Asset Allocation

## Post Review

	Description	Isin	Conservative	Balanced	Growth
<b>Fixed Income</b>			<b>74.00%</b>	<b>49.00%</b>	<b>24.00%</b>
Global Government	BGF GLOBAL GOVERNMENT BOND F I2	LU1567964413	31.00%	21.00%	11.00%
Green Bonds	ISHRS GREEN BD (IE) D USD HGD ACC	IE00BD8QG463	17.00%	8.50%	0.00%
Global Corporate	BGF Global Corporate Bond Fund Class I2 USD	LU1181254019	7.50%	5.00%	2.50%
US Corporates	iShares US Corporate Bond Index Fund (IE)	IE00B1W4R501	7.50%	5.00%	2.50%
China Bonds	BGF CHINA BOND FUND D6 USD HEDGED (ACC)	LU2112292250	4.50%	3.00%	1.50%
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 Fund D USD Acc	IE00BF5HLF28	4.50%	4.50%	4.50%
EMD HC	BGF Sustainable Emerging Markets Bond Fund I2 USD	LU1864665432	1.00%	1.00%	1.00%
EMD LC	BGF Sustainable Emerging Markets Local Currency Bond Fund I2 USD	LU1864665945	1.00%	1.00%	1.00%
<b>Equities</b>			<b>25.00%</b>	<b>50.00%</b>	<b>75.00%</b>
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 Themes	BGF Multi-Theme Equity Fund Class Z2 USD	LU2197910974	3.00%	6.00%	9.00%
<b>Cash</b>			<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>
Money Market Fund	BlackRock ICS US Dollar Liquid Environmentally Aware Fund Premier (Acc TO) USD	IE00BH3Z9035	1.00%	1.00%	1.00%
<b>Total</b>			<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Source: BlackRock 28th June 2024. The Model Portfolios will drift with market movement intramonth and will reset to the asset allocation decided by BIMUK at each month end.

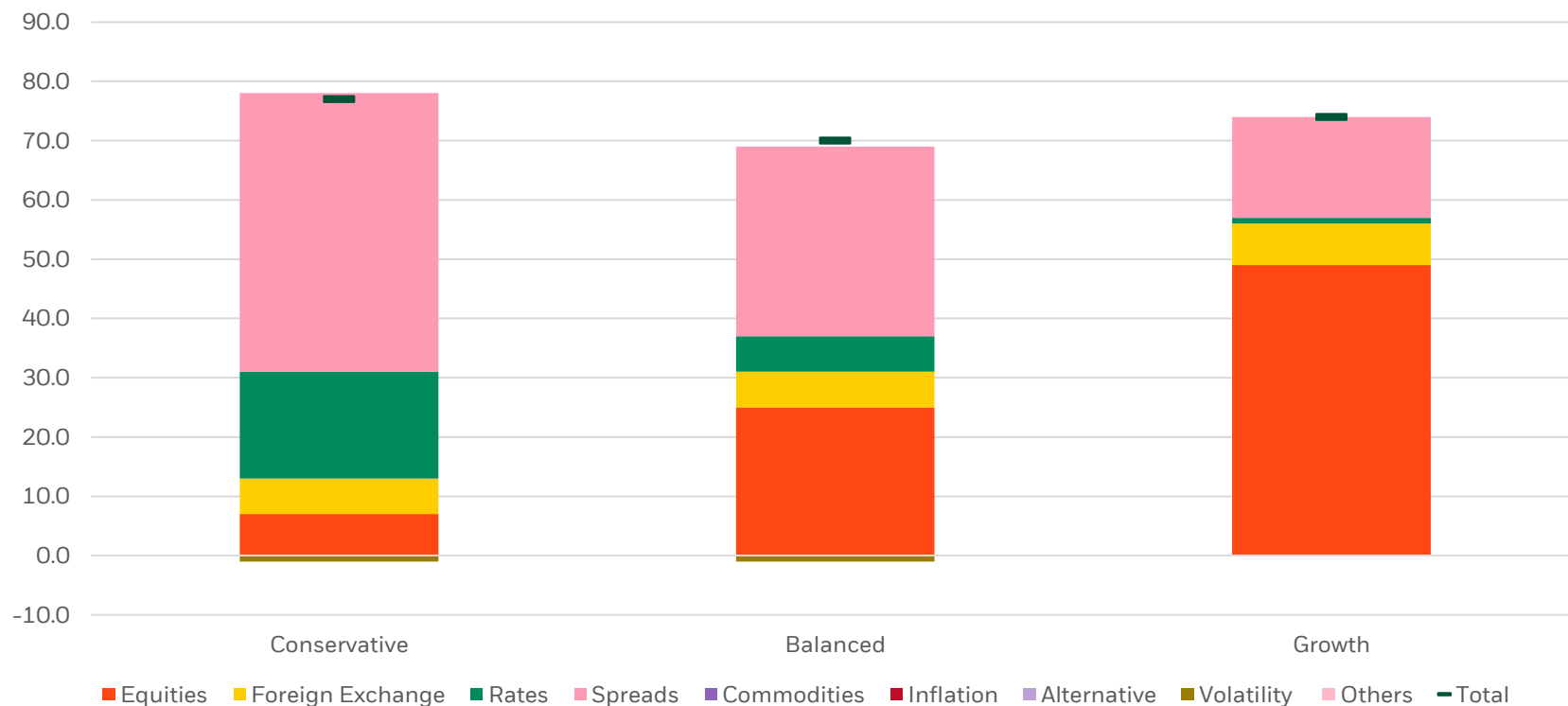
# Portfolio Asset Allocation Change

## Post Review

	Description	Isin	Conservative	Balanced	Growth
<b>Fixed Income</b>			<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>
Global Government	BGF GLOBAL GOVERNMENT BOND F I2	LU1567964413	1.00%	1.00%	1.00%
Green Bonds	ISHRS GREEN BD (IE) D USD HGD ACC	IE00BD8QG463	0.00%	0.00%	0.00%
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 (ACC)	LU2112292250	4.50%	3.00%	1.50%
China Bonds	BGF CHINA BOND FUND D6 USD HEDGED	LU2243824054	-4.50%	-3.00%	-1.50%
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 Fund D USD Acc	IE00BF5HLF28	0.00%	0.00%	0.00%
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	0.00%	0.00%	0.00%
<b>Equities</b>			<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
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%
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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%
<b>Cash</b>			<b>-1.00%</b>	<b>-1.00%</b>	<b>-1.00%</b>
Money Market Fund	BlackRock ICS US Dollar Liquid Environmentally Aware Fund Premier (Acc TO) USD	IE00BH3Z9035	-1.00%	-1.00%	-1.00%
<b>Total</b>			<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>

Source: BlackRock 28th June 2024. 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 18th June 2024.

# Supporting Documents

# Glossary of Terms – Risk Exposures

<b>Term</b>	<b>Description</b>
<b>Equity</b>	Measures the contribution to risk from holding equities in the portfolio.
<b>FX</b>	Measures the contribution to risk from unhedged non GBP currency exposure
<b>Specific</b>	Idiosyncratic risk; that is, risk due to the unique circumstances of a particular security and not the market as a whole.
<b>Alternatives</b>	Measures the contribution to risk from holding alternative asset classes such as property, hedge funds or illiquid assets.
<b>Interest Rates</b>	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.
<b>Spreads</b>	Measures the contribution to risk from holding corporate bonds and swaps in the portfolio.
<b>US Interest Rates</b>	Measures contribution to risk from exposure to US interest rates.
<b>Inflation</b>	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.
<b>Others</b>	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
<b>Market Crash - 2008</b>	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.
<b>US Downgrade - 2011</b>	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.
<b>Chinese Market Crash - 2015</b>	October 12 - Aug 26, 2015: Chinese stock market crash beginning with the popping of the stock market bubble on 12 October 2015
<b>Stock Market Drop Europe</b>	1% probability Downward movement in Europe Equity Market

# Disclaimer

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