



Barclays Charity Fund

Quarterly Update

Q2 2024

Contents

Market Backdrop	3
Fund Performance	4
Portfolio Activity.....	5
Portfolio Asset Allocation	6
Direct Equity Portfolio.....	7
Looking Forward	8
Keeping up to speed with our research.....	9
Appendix – Historical Performance	10

Market Backdrop

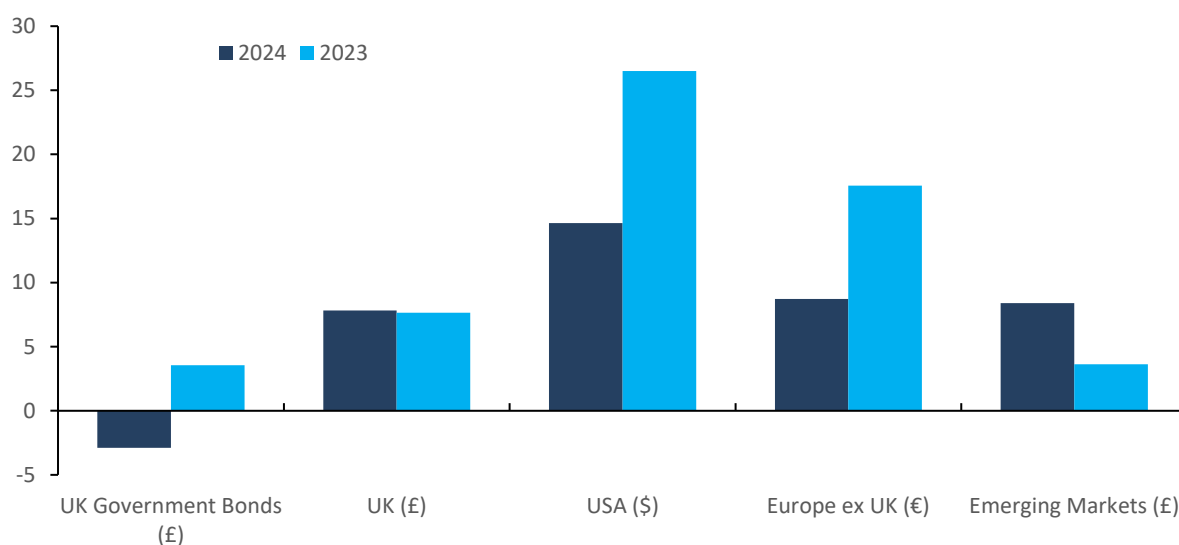


Fig 1: Market returns as at 30th June 2024

Past performance of investments is not a reliable indicator of their future performance. The value of investments and any income can fall.

For discrete 5-year performance of these indices, see page 10.

Source: Bloomberg. Indices used: Bloomberg Sterling Gilts, MSCI USA Net Total Return, MSCI UK Net Total Return, MSCI Europe ex UK Net Total Return, MSCI Emerging Markets Net Total Return (GBP)

Equity markets have been strong, once again led by technology stocks...

The second quarter of 2024 saw sustained positive momentum in equity markets, buoyed by supportive economic growth. The US economy showed signs of moderation yet remained resilient, while the rest of the world began to catch up. This favourable economic environment, coupled with the anticipation of interest rate cuts – some of which, like the European Central Bank's, have already begun – provided a robust backdrop for equities.

Emerging markets notably outperformed developed market equities during this period. The largest boost came from India, where the re-election of Modi as president sparked optimism for further structural reforms and infrastructure investments. Additionally, Taiwan's stock market, with its significant exposure to artificial intelligence, contributed positively. Chinese authorities' support for the real estate sector also bolstered sentiment, although the momentum waned towards the quarter's end amid high uncertainty.

The technology sector was the standout performer with a high contribution from a few mega-cap names such as Apple and Nvidia. The strong performance of the large technology companies was backed up by impressive underlying earnings and cash generation.

...but markets showed mixed reactions to surprise elections in Europe.

In contrast, Europe experienced a weaker quarter compared to the US, posting modest gains. The surprise announcement of impending elections for the National Assembly in France raised concerns about political stability, as both right and left-wing factions gained traction, potentially impacting market confidence.

UK markets, however, fared better, posting comfortable gains over the quarter (FTSE 100 up 4%). Economic data confirmed that the UK had exited recession and base effects briefly brought inflation back to the Bank of England's 2% target. In May, Prime Minister Rishi Sunak called a general election, yet markets remained relatively calm, likely concluding that Liz Truss' mini-budget debacle of last year will serve as a warning ensuring a measured approach to economic policy.

The resilience of the economy had an adverse impact on bond markets where the persistent economic data pushed prices lower. Prices rebounded as signs of cooling US labour market and declining inflation emerged but performance overall finished subdued over the period influenced by central banks' alternating commentaries.

Fund Performance

2024 Q2 – Positive momentum continued

	2024 YTD as end of June	2023	2022	2021	3yr (p.a.)	5yr (p.a.)	10yr (p.a.)	Income Summary	
Fund	6.0	9.4	-7.8	12.4	3.7	4.8	6.2	12m distribution yield	2.9%
ARC Steady Growth*	5.6	7.5	-9.6	12.3	2.6	4.5	5.4	Next distribution	1.27
Relative	0.4	1.9	1.8	0.1	1.1	0.3	0.8	Distribution date	31-Jul

Fig 2: Charity Fund performance to 30th June 2024

Past performance of investments is not a reliable indicator of their future performance. The value of investments and any income can fall.

For a description of the ARC Index and discrete 5-year performance of indices, see page 10.

* The most recent quarter for the ARC Steady Growth Charity Index is the estimated ARC number.

Q2 saw US equities reach new highs

- The Fund returned 2.5% over the quarter, which was above the estimated 1.6% return from the comparative ARC Steady Growth index. Over 12 months the return was 11.7% which is 0.7% ahead of the initial peer group estimate. Longer-term numbers continue to show healthy outperformance over 3, 5 and 10 years.
- Equity markets were positive over the quarter mainly driven by the technology sector. Emerging market equities outperformed its developed counterpart (5.0% vs 2.8% as measured by MSCI indices in dollar terms).
- Similar to Q1, bond markets struggled against the backdrop of interest rates being higher for longer.
- Commodities moved higher driven by precious and industrial metals.

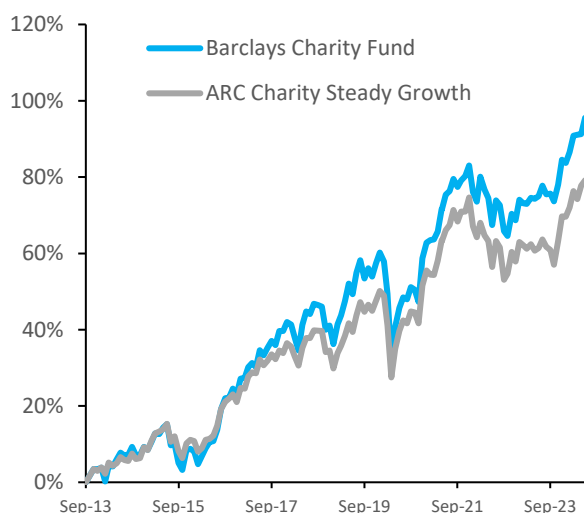


Fig 3: Barclays Charity Fund performance against ARC

Past performance of investments is not a reliable indicator of their future performance. The value of investments and any income can fall.

Performance contributors and detractors

- The Fund benefitted from its exposure to US mega-cap technology names, particularly from more recent additions [Amphenol](#) and [Apple](#).
- [Fidelity Asia](#) delivered an impressive performance over the quarter (+5.6%), bolstered by high returns from India and Taiwan. Overall, our emerging market funds outperformed the benchmark, showcasing the strength of our blend.
- UK companies also contributed positively as performance broadened out across regions. Notable highlights in our portfolio included [AstraZeneca's](#) announcement of successful clinical results, which bolstered investor confidence for future growth.
- Conversely, consumer-sensitive stocks such as [LVMH](#), [Diageo](#) and [JD Sports](#) underperformed, reflecting a reduction in spending on goods.
- Our fixed income funds performed largely in line with the wider market. While government bond prices were pressured by robust fiscal spending across countries, corporate bonds fared somewhat better amid stable economic activity.
- Gold continued its upward trajectory and was up 5.3% bolstered by high demand from central banks and increasing geopolitical uncertainty.

Portfolio Activity

Buy AIA & Apple

Sell Nike & St James's Place

Fig 4: Transactional activities over the last quarter

Buy

- In the beginning of May, we purchased [AIA Group](#). While the company has been facing challenges from mobility restrictions during COVID (mainland to Hong Kong) and Chinese related headwinds, the business has very attractive structural tailwinds given the underpenetrated insurance market in Asia.
- We also bought [Apple](#) as valuations have come back to more palatable levels and the smartphone market is showing signs of improvement. The company suffered from post-covid hangover and lower demand in China, but the long-term business prospects continue to be strong. We believe incorporation of AI features into their products are likely to boost demand. In addition, the company announced the largest share buyback in history which will further support earnings per share growth.
- [JD Sports](#) is one of the most interesting current investment opportunities in the UK retail space. We believe the recent announcement of the acquisition of Hibbett, Inc (like JD an important strategic wholesale partner of Nike) will prove to be a sensible piece of business for JD. We acknowledge the ongoing struggles in the Nike business but draw confidence from the fact that Nike is consolidating their wholesale vendors with JD Sports expressively being singled out as one of their most important partnerships. We added to our previously small position.
- Lastly, following the autocall of our previous [Phoenix structured product](#) at the start of the month, we contracted a new note under similar terms. The note will pay a coupon of 8.35% quarterly with the first distribution on September 11th 2024.

Sell

- In May we took the decision to sell [Nike](#). While Nike continues to be a good business, it has clearly struggled with inventory management, necessary promotional activities, and slower growth in certain areas due to lack of product innovation. The company is undergoing some restructuring activities which will be a drag on cash flows and has been lagging on its transition plan to Direct to Consumer (DTC). Nike also plans to consolidate their wholesale partners and therefore we prefer to have exposure in this space through our holding in JD Sports.
- We also sold [Veralto](#) which was a spin off from Danaher, and a small position in the portfolio. The business is exposed to lower growth end markets and competition in the water space is increasing. Therefore, we prefer to allocate capital in other investment opportunities with more attractive returns.
- Towards the end of the quarter, we exited our position in [St James's Place](#). The uncertainty around the business amid increased regulatory scrutiny and negative trajectory of earnings has driven our decision to move on from the investment and the recent 30% bounce in the share price off their lows provided a better exit point.

Portfolio Asset Allocation

Strategic blend of assets to generate long-term income and capital growth

Long-term focus on equities

- Our preference for equities over bonds is based on the Fund's longer term investment horizon and objective to generate returns through a combination of income and capital growth.
- We invest in direct companies globally whilst the UK serves as a useful dividend anchor.
- The Fund derives its alternatives exposure partly through property which provides a secure stream of income, as well as a structured note that delivers high levels of cash flow. Gold and alternative trading strategies are held to improve diversification.

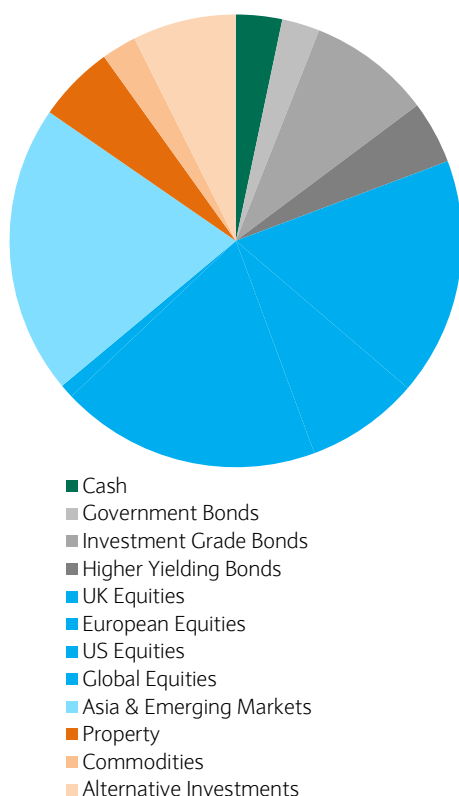


Fig 5: Broad Asset Allocation as at 30th June 2024

Our Current Portfolio

CASH & SHORT MATURITY	3.3%
2.75% UK Gilt Sept 24	
GOVERNMENT BONDS	2.7%
iShares USD Treasury Bond	
Bluebay Global Government Bond	
PIMCO Global Real Return Fund	
DIRECT INVESTMENT GRADE BONDS	8.8%
HIGHER YIELDING BONDS	4.5%
Global Access High Yield Bond	
iShares USD High Yield Corp Bond	
Global Access Emerging Markets Local Currency Debt	
iShares JPM USD Emerging Markets Hard Currency	
TOTAL EQUITIES	65.4%
UK Equities	17.0%
Direct Equities	
European Equities	8.1%
Blackrock European Income Fund	
Direct Equities	
US Equities	18.6%
Loomis US Growth Fund	
Direct Equities	
Global Equities	1.0%
Vanguard FTSE All World High Dividend	
Asia-Pacific & Emerging Markets	20.7%
Fidelity Asia Fund	
Henderson Asia Dividend Fund	
Robeco Emerging Conservative Equities	
xTrackers ESG MSCI Emerging Markets	
AIA Group	
PROPERTY	5.5%
Mayfair Property Income Trust for Charities	
iShares Developed Market Property Yield ETF	
COMMODITIES	2.5%
WisdomTree Physical Swiss Gold	
ALTERNATIVE INVESTMENTS	7.4%
Barclays Phoenix Income Note	
Man AHL Trend Alternative	
Lyxor/Tiedemann Arbitrage Strategy	

Direct Equity Portfolio

A focus on higher quality companies with international exposure

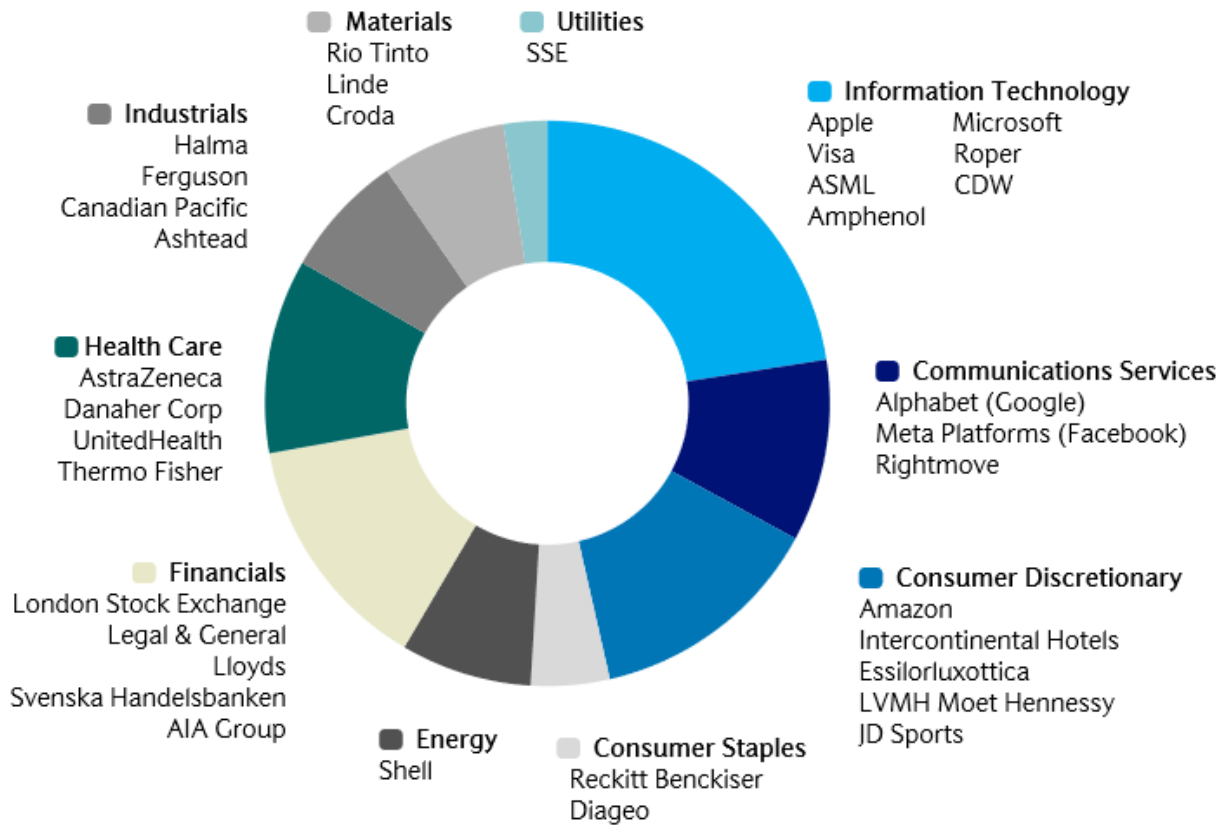


Fig 6: Charity Fund Direct Equity Sector Allocation

Technology sector driving the market again...

Equities enjoyed another quarter of gains, though the distribution of returns was mixed. In the US, technology stocks surged with the Nasdaq 100 up 8.1%. Conversely, small caps lagged as evidenced by the Russell 2000's decline of 3.6%. European equities also underperformed, however, UK equities fared better with the FTSE 100 gaining just under 3%.

Against this backdrop, our technology holdings had another strong quarter, in particular more recent additions to the portfolio, such as [Amphenol](#) (+16%) and [Apple](#) (+24% since purchase) performed well.

Delving deeper into our latest addition Apple, the company unveiled details of its artificial intelligence system (Apple Intelligence) at the Worldwide Developers Conference in June, which included a partnership with ChatGPT. The extensive upgrades generated enthusiasm among investors, who believe this rollout could spur a customer upgrade cycle.

Beyond the well-known technology names, it was encouraging to see robust performance from other holdings, such as [Halma](#) (+14%). The company reported very positive earnings, driven by high demand for their safety products and for their photonics subdivision which supplies the semiconductor industry. Additionally, Halma's numerous acquisitions have reinforced their impressive sustainable growth model.

...whilst consumer demand shows signs of softening.

On the other hand, some holdings underperformed. [LVMH](#) declined almost 14% over the quarter as consumer spending in the luxury market continues to normalize from the pandemic highs (during lockdown sales were boosted as people redirected their spending to goods). [Diageo](#) and [Croda](#) also struggled over the quarter, down 15% and 18% respectively, reporting destocking of inventory amid softer consumer demand.

Looking Forward

Elections have limited impact on long-term growth

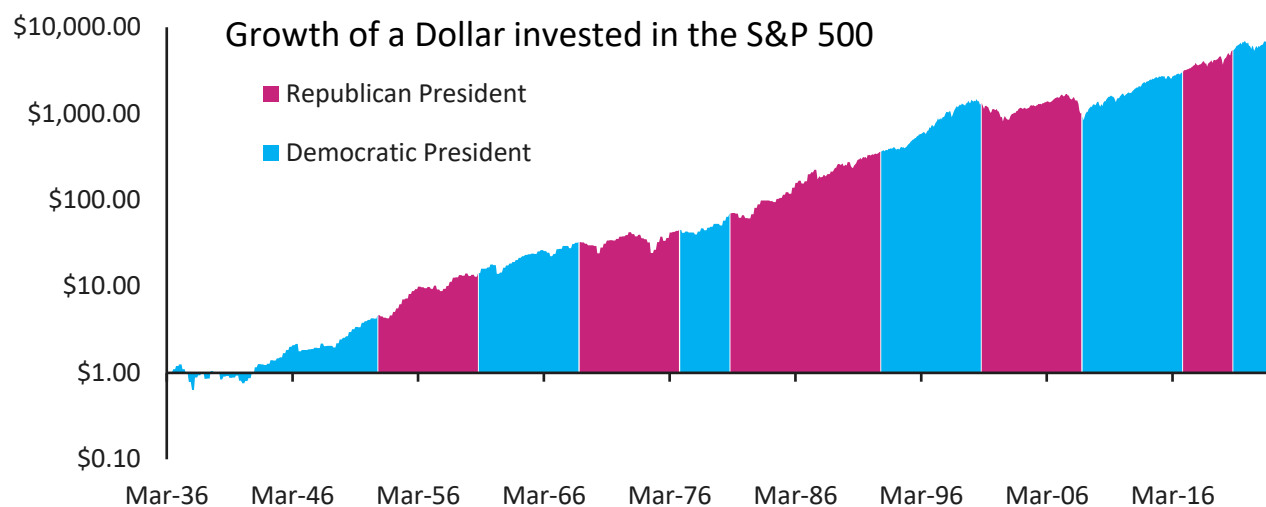


Fig 7: S&P 500 from March 1936 to date and growth under different presidents and parties

Source: Barclays Research.

Rate cuts coming closer...

In the first half of 2024, equity markets exhibited a pattern reminiscent of 2023, with strong performance driven by technology and communication services sectors, particularly boosted by mega-cap companies. This strength was bolstered by the global economies' unexpected resilience in the face of higher interest rates and the burgeoning excitement surrounding artificial intelligence. Given the strength of the markets this and last year we would not be surprised by some pause for breath, however, there are reasons to remain positive.

The US economy has consistently held up better but it is interesting to note that more recent data has moderated. Whilst a more severe decline in activity could pose a risk, the mild moderation we are expecting could potentially reinforce the ongoing disinflationary trend and revive the possibility of rate cuts during early autumn.

On the other hand, recent data from European economies indicate a potential cyclical bounce which could offer a timely counterbalance to the normalization of US consumer spending. In emerging markets, India remains a central driver of growth, Prime Minister Modi's re-election fuelling optimism for continued economic advancement.

We remain optimistic about the current investment climate as corporate earnings have been robust and we anticipate interest rate cuts in the latter half of 2024.

...and elections across the globe.

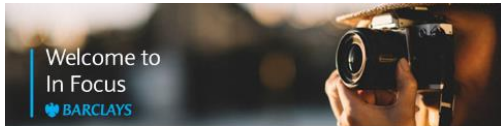
The year 2024 was already set to be a notable one for elections, but the unexpected election in France and the surprising timing of the UK election have further amplified political uncertainty. In the UK, the transition to a more centrist Labour government has been almost seamless for markets and investors are taking heart from the emerging signs of economic vitality in the UK.

However, the increasing appeal of extreme political parties in France presents more significant concerns. In the short-term, the potential for heightened fiscal spending could jeopardize efforts to bring inflation back to target, while over the longer-term the rise of anti-euro and protectionist sentiments could threaten economic growth within the eurozone. The eventual result of the second round delivered a hung parliament which appeased market fears.

Across the Atlantic, the theme of increased protectionism also persists in the run up of the US election in November. The ongoing geopolitical tension is expected to continue, yet we will also see substantial investments in US infrastructure driven by various legislative packages. Whilst one can discuss the possible consequences of the US election in the short-term – such as inflationary concerns if Donald Trump is elected – over the longer-term it is expected to have limited impact on asset returns (see Figure 7) and we remain confident in the very dynamic US economy independent of who sits in the White House.

Keeping up to speed with our research

In Focus



23 April 2021

From the Chief Investment Office

Market report

Incoming newsflow on the global economy has remained on the sunny side for the most part this week. Coincident and leading indicators continue to describe booming activity with both the government and private sector, somewhat unusually, surging in tandem. Priced-in numbers for the US economy point to the second fastest quarterly growth rate since 1978 (the winner being the third quarter of last year). However, capital markets have seemed a little dyspeptic in the last week or so, struggling to digest this persistently rich diet of better-than-expected data on the economy, and indeed incoming corporate earnings reports. The news in emerging markets remains considerably less positive at the moment, with surging infections in Brazil and India in particular forcing some reassessment of the near-term outlook.

Our perspective

The response of various markets to all of this incoming evidence of economic cheer has prompted many to wonder whether the amazing rally from the lows of last year has run far enough. Many of the economic indicators that tend to describe the near future can plausibly go no higher. Various measures of investor sentiment are warning of a degree of giddiness. All this as we approach the start of May and a period that has often (somewhat bizarrely) delivered lower returns in years gone by.

So some caution is likely warranted with regards to the near-term outlook for stocks and those parts of the credit complex more tightly related to the economic cycle. A likely pretty optimistic assessment of the range of potential futures ahead is already incorporated into market pricing. Disappointing such a consensus could conceivably be easier than exceeding it.

A word of hopefully familiar caution nonetheless. Investing to take advantage of any kinks in short-term market pricing should always be a low conviction activity. We have a team dedicated to the battle to scoop up the available basis points. However, even with the benefit of this concentrated focus, we constrain ourselves here to changes only to the fringes of our range of multi-asset class funds and portfolios. The bulk of your long-term returns will be decided by your broader mix of assets, that carefully selected and organised strategic asset allocation. The resulting, and admittedly self-serving, point is that today is still the best day to get invested for the long term.

In Focus is our weekly research note, providing our market views and a weekly article on an investment topic.

You can see our [latest edition here](#).

Word on the street



Word on the street is our regular podcast, you can listen to our latest [investment views here](#).

Quarterly Market Insights



[Watch the latest](#) Quarterly Market Insights video.

Appendix – Historical Performance

Discrete 5-year performance of gilts and equities across regions

Market	YTD	2023	2022	2021	2020	2019
Gilts (£)	-2.9	3.6	-25.1	-5.3	8.9	7.1
UK (£)	7.8	7.7	7.2	19.6	-13.2	16.4
USA (\$)	14.6	26.5	-19.9	26.5	20.7	30.9
Europe ex UK (€)	8.7	17.6	-12.6	24.4	1.7	27.1
Emerging Markets (£)	8.4	3.6	-10.0	-1.6	14.7	13.9

Past performance is not a reliable indicator of future performance. The value of investments and any income can fall.

Index Source: Bloomberg. Indices used: Bloomberg Barclays Sterling Gilts, MSCI USA Net Total Return, MSCI UK Net Total Return, MSCI Europe ex UK Net Total Return, MSCI Emerging Markets Net Total Return (GBP). All returns include income reinvested and are in local currency apart from MSCI Emerging Markets which is in £.

Discrete 5-year performance for the Barclays Charity Fund

	2024 YTD	2023	2022	2021	2020	2019
Portfolio (net)	6.0%	9.4%	-7.8%	12.4%	1.6%	17.6%
ARC Steady Growth*	5.6%	7.5%	-9.6%	12.3%	3.5%	15.6%
Relative	-0.4%	1.8%	1.8%	0.1%	-1.9%	2.0%

Past performance is not a reliable indicator of future performance. The value of investments and any income can fall.

* Please note that the most recent quarter for the ARC Steady Growth Charity Index is the estimated number. Performance data is net of fees for the fund.

ARC Further information

The Manager compares the performance of the Trust against the ARC Sterling Steady Growth ACI (the “Index”), one of the ARC Charity Indices. The Trust is not constrained to, or managed in line with, the Index and it is relevant only for the purposes of comparing the Trust’s performance.

ARC Charity Indices are specifically designed to be used by charity trustees and advisers in assessing the performance of discretionary charity portfolios. The Manager compares performance of the Trust with the Index to help investors understand how it has performed versus an appropriate peer group. The Index is used because portfolios included in it have comparable risk characteristics. The Index is compiled by taking the performance of each portfolio submitted by the data contributors where the historic volatility of that portfolio has been in the range of 60–80% of that experienced by UK equity markets.

Disclaimer and Risk Considerations

Risk Factors

Investments of this type will be exposed to a variety of risk, including but not limited to:

- Investments Long Term: Investments should be regarded as long term and are not suitable for money which may be needed in the short term, you should always have a sufficient cash reserve.
- High Yield Bonds: The fund invests in high yield bonds. High yield bonds carry a greater risk of default than investment grade bonds, and economic conditions and interest rate movements will have a greater effect on their price. Income levels may not be achieved and the income provided may vary.
- Value of Investments: The value of investments, and any income, can fall as well as rise, so you could get back less than you invested. Neither capital nor income is guaranteed.

Disclaimer

This document has been issued and approved by Barclays Bank UK PLC. Where information in this document has been obtained from third-parties, the sources are believed to be reliable but we do not represent or warrant its accuracy, and such information may be incomplete or condensed. This document does not constitute a prospectus, offer, invitation or solicitation to buy or sell securities and is not intended to provide the sole basis for any evaluation of the securities or any other instrument, which may be discussed in it. Any estimates and opinions included in this document constitute our judgement as of the date of the document and may be subject to change without notice. Past performance is not an indication of future performance. The value of investments, and the income from them, can fall as well as rise and you may get back less than you invested. This document is not a personal recommendation and you should consider whether you can rely upon any opinion or statement contained in this document without seeking further advice tailored for your own circumstances. This document is confidential. It may not be reproduced or disclosed (in whole or in part) to any other person without our prior written permission. Law or regulation in certain countries may restrict the manner of distribution of this document and persons who come into possession of this document are required to inform themselves of and observe such restrictions. We or our affiliates may have acted upon or have made use of material in this document prior to its publication.

You should seek advice concerning any impact that any investment described in this document may have on your tax position from your own tax adviser. You have sole responsibility for the management of your tax and legal affairs including making any applicable filings and payments and complying with any applicable laws and regulations. We have not and will not provide you with tax or legal advice and recommend that you obtain your own independent tax and legal advice tailored to your individual circumstances.

Barclays offers banking, wealth and investment products and services to its clients through Barclays Bank UK PLC, and its subsidiary companies. Barclays Bank UK PLC is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (Financial Services Register No. 759676). Registered in England. Registered No. 9740322. Registered Office: 1 Churchill Place, London E14 5HP. Barclays Investment Solutions Limited is authorised and regulated by the Financial Conduct Authority and is a member of the London Stock Exchange and NEX. Registered in England. Registered No. 02752982. Registered Office: 1 Churchill Place, London E14 5HP. © 2018 Barclays Bank PLC (All rights reserved).