



# Lewis Workplace Pension Trust Newsletter

Welcome to our quarterly newsletter that provides a brief stock market overview and performance update in relation to our **Auto Enrolment pension funds** for the quarter ending 31<sup>st</sup> December 2017.

## Market Overview

It is pleasing to report again that all investment funds posted strong positive returns through 2017 and have exceeded their benchmarks.

Despite 2017 having many macroeconomic and political uncertainties to which we have become more accustomed too, global stock markets have remained resilient with markets such as the US and UK reaching record highs in December. UK investors have benefitted further by the weak British Pound, with many of our leading FTSE 100 companies deriving their earnings from overseas.

We now have over 5,000 members in the Lewis Master Trust (LMT) and the majority of those are invested in the Default investment option, using **'Lifestyle Default 1'** which has benefited from growth of **12.33%** during 2017.

The other 'Life Styling' investment strategies that seek to reduce risk in line with members proximity to their retirement age, have performed in line with expectations and provided positive returns through 2017; 'Lifestyle Default 2' +8.69%, 'Lifestyle Default 3' +5.13% and 'Lifestyle Default 4' +0.78%.

**The risk assessed Model Portfolios;** 'Cautious', 'Moderate' and 'Speculative' have all performed strongly and have also exceeded their benchmarks; **'Cautious' +3.50%, 'Moderate' +10.30% and 'Speculative' +13.85%**. Although the continued positive performance in the model portfolios can be partly accredited to the weakness of Sterling, the broader asset allocation within the portfolios provides diversity which helps to reduce short term volatility.

Looking forward to 2018, whilst we continue to be optimistic for global equities, uncertainties remain, such as the continued Brexit negotiations and President Trump's reduced majority in the Senate. The correlation of weak Sterling, positive FTSE100 will likely stay, although volatility may increase as we draw closer to 29<sup>th</sup> March 2019 exit date and negotiations intensify. Also, if central banks remove their fiscal support, as long as economic growth and corporate earnings remain robust, then equities will likely remain strong.

The performance figures to 31<sup>st</sup> December 2017 for the Default and Model portfolios are:

Portfolio	1m	3m	6m	1y	3y	5y
Lewis Default Portfolio 1	1.98	4.65	5.36	12.33	39.43	77.97
<b>DP 1 Benchmark</b>	1.32	4.28	5.39	9.72	39.96	86.36
Lewis Default Portfolio 2	1.38	3.29	3.78	8.69	27.78	54.88
<b>DP 2 Benchmark</b>	0.93	3.01	3.81	6.87	28.30	61.01
Lewis Default Portfolio 3	0.79	1.96	2.24	5.13	16.37	32.19
<b>DP 3 Benchmark</b>	0.54	1.75	2.22	4.02	16.63	35.67
Lewis Default Portfolio 4	0.15	0.31	0.34	0.78	2.03	3.64
<b>DP 4 Benchmark</b>	0.09	0.27	0.37	0.70	3.02	6.09
Lewis Cautious Portfolio	1.06	2.44	2.17	3.50	24.74	51.56
<b>Cautious Benchmark</b>	0.41	1.33	1.69	3.07	12.74	27.22
Lewis Moderate Portfolio	1.41	3.57	4.53	10.30	35.23	65.30
<b>Moderate Benchmark</b>	0.67	2.17	2.75	4.97	20.52	44.12
Lewis Speculative Portfolio	1.43	4.20	5.74	13.85	43.90	81.14
<b>Speculative Benchmark</b>	0.93	3.01	3.81	6.87	28.30	61.01

*Past performance is no guarantee of future performance and the value of your investment may be less than originally invested.*

Whilst writing, I thought I should make a general reminder that the minimum pension contributions are scheduled to increase from 6<sup>th</sup> April 2018 to 2% from the employer and 3% from the employee, with a further increase in April 2019. Currently the minimum requirement is 1% from the employer and 1% from the employee.

If you have any questions concerning this, please do not hesitate to contact your usual Lewis adviser or the Workplace Pension Team.

Regards

Lee van Hoyland, APFS

Director

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