



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 30th September 2019.

The Pension Regulator—Authorisation of TLWPT

On 22nd August 2019, TLWPT was officially authorised by The Pension Regulator, which is a fantastic achievement for all those involved and shows Lewis Investment's commitment to workplace pensions and providing independent advice to the members. This means our Master Trust can continue to expand and accept new participating employers. TLWPT is one of only a limited number of fully authorised schemes available in the UK. In fact, at the time, it was just the 21st scheme to be successfully authorised!

Market Overview

The political merry-go-round on both sides of the pond continued to hit the headlines throughout the quarter to 30th September 2019.

In the UK, Boris Johnson was successful in winning the Tory leadership race, although the turmoil in parliament continues.

Between the reporting period, the performance of the UK's FTSE100 Index was broadly flat, trading within a fairly tight band, with Sterling also ending the quarter in a similar position. It is likely volatility will continue and increase over the coming weeks and months, however, the trustees of TLWPT are happy to maintain the current equity exposure to the UK as the underlying economic data is fairly healthy. With the Consumer Price Index (CPI) falling slightly to 1.7% in August, interest rates in the UK will likely remain unchanged or have minimal movement.

The general outlook for CPI from several indicators, is forecasted to be around the 2% level for the next few years.

In mainland Europe, interest rates were cut again, by 0.10%, to a negative rate of minus 0.50%, with quantitative easing re-commencing at a rate of €20 billion per month. The ECB ended its previous QE program last December after cumulative purchases of €2.9 trillion. Lowering the ECB's interest rate further and restarting QE is unlikely to provide much economic stimulus with greater concern focused on the trade war and Brexit.

The US stock market was marginally positive for the quarter despite a slowing economy amid trade tensions and a weakening global economy. The Fed cut rates again in September, which disappointed President Trump who was pressurising the Fed to cut rates more aggressively. In making back to back rate cuts, the Fed is aiming to shield the American economy against headwinds from the US/China trade war and slowing growth in Europe and Asia.

The outlook is uncertain for the majority of markets and economies, given that manufacturing is contracting globally, trade is weakening and corporate profits are under pressure. The added concern is that central banks have limited ammunition to fight a downturn – interest rates are already at zero or negative in Japan and Europe. The US Fed has more scope to ease, but that is limited – previous recessions have seen the Fed cut rates by over 5%, although that would be impossible given the current underlying rate.

However, there are reasons a recession might be avoided and the market cycle and bull run extended. The service sector is active and still robust in most economies, with low unemployment and fairly high consumer confidence. In addition, a number of governments, like the US, could make interest rate cuts or start quantitative easing in order to provide a further boost to the economy.

The portfolios have all posted positive returns for the quarter and it is particularly pleasing to see the outperformance of the Cautious model portfolio, especially over the last 3, 6 and 12 months.

The performance figures to 30th September 2019 for the Default and Model portfolios are:

| Portfolio | 1m | 3m | 6m | 1y | 3y | 5y |
|--|-------|-------|-------|--------|--------|--------|
| Lewis Default Portfolio 1 (for ages up to 59) | 1.56% | 2.53% | 7.62% | 4.30% | 30.76% | 62.53% |
| DP 1 Benchmark | 0.75% | 3.36% | 9.36% | 5.63% | 33.17% | 68.88% |
| Lewis Default Portfolio 2 (for ages 59 to 60) | 1.21% | 1.45% | 4.72% | 2.72% | 19.75% | 38.73% |
| DP 2 Benchmark | 0.54% | 2.41% | 6.66% | 4.15% | 23.62% | 48.89% |
| Lewis Default Portfolio 3 (for ages 61 to 62) | 0.78% | 1.00% | 2.94% | 2.13% | 12.36% | 23.54% |
| DP 3 Benchmark | 0.34% | 1.45% | 3.96% | 2.68% | 14.08% | 28.91% |
| Lewis Default Portfolio 4 (for ages 63 and over) | 0.19% | 0.21% | 0.48% | 0.80% | 2.30% | 3.37% |
| DP 4 Benchmark | 0.09% | 0.34% | 0.81% | 0.96% | 2.94% | 5.59% |
| Lewis Cautious Portfolio (available for any age) | 0.19% | 4.84% | 8.19% | 11.24% | 18.65% | 49.15% |
| Cautious Benchmark | 0.41% | 1.77% | 4.86% | 3.17% | 17.26% | 35.57% |
| Lewis Moderate Portfolio (available for any age) | 0.78% | 2.57% | 7.14% | 6.89% | 29.87% | 60.90% |
| Moderate Benchmark | 0.61% | 2.72% | 7.56% | 4.65% | 26.81% | 55.56% |
| Lewis Speculative Portfolio (available for any age) | 1.13% | 2.10% | 6.88% | 4.30% | 31.02% | 63.73% |
| Speculative Benchmark | 0.68% | 3.04% | 8.46% | 5.14% | 29.99% | 62.22% |
| Lewis Ethical Portfolio | 4.00% | 1.60% | 5.50% | 4.60% | 20.10% | 36.20% |

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

Other Matters

The Lewis Workplace Pension Trust has a dedicated website. You can access it via the following link: <https://lewismastertrust.co.uk/>. In addition, TLWPT administration team also has a new contact email address which should be used for any enquiries: mypension@TLWPT.co.uk.

Warning - Protect your pension

With the increase in flexibility on how you can use your pensions, scammers could be after yours and they know you can now access your pensions in new ways and will try to lure you with promises of upfront cash and one-off 'deals' with guaranteed high returns. The Pensions Regulator has a section on their website specifically designed to help you protect your pension. In addition, The Pension Regulator launched a new ScamSmart campaign on 1st July 2019, which will be broadcast on television, radio and other social media. Information can be accessed here:

<http://www.thepensionsregulator.gov.uk/pension-scams.aspx>

Expression of Wish

We would encourage all members to complete an Expression of Wish form. This indicates to the trustees whom you wish to benefit from your pension on your demise. This form can be completed either on the Member Portal (where you view valuations/annual statements etc) or please contact the Lewis Workplace Pension team or Carey Pensions direct for the form. Please note, even if you have made a will, because pensions are void of any Inheritance Tax liability, your pension will not be included. Therefore, to have your wishes fulfilled, you should complete an Expression of Wish form.

Re-enrolment

If a staff member previously opted out of joining the workplace pension, then under pension guidelines they will automatically be re-enrolled after 3 years. It is up to the member of staff if they then decide to opt out again and if they do, they should contact Carey Pensions direct for the necessary form.

Member Portal

The annual pension statements will shortly be made available to view on the members portal. If any member wishes to, or has lost or forgotten their login details, then they should contact the administrators, Carey Pensions, directly on 0330 1241510.

You should ensure your personal details and email addresses are kept up to date and if you make changes, these should be notified to Carey as above. The portal shows a history of your contributions and how they are invested, including any important correspondence issued to you.

Environmental, Social & Governance (ESG)

ESG refers to the three main factors or standards when measuring the sustainability and ethical impact of an investment in a company or business. The Environmental criteria considers how a company performs as a steward of nature; Social criteria examines how it manages relationships with employees, suppliers, customers and the communities where it operates. The Governance criteria deals with a company's leadership, executive pay, audits, internal controls and shareholder rights. An ESG investment fund will **exclude** companies that do not meet the ethical standards or that harm society or the environment.

From 1st October 2019, legislation was introduced for trustees overseeing workplace pensions to give due consideration to a number of factors, including ESG. It is clearly evident that ESG is becoming more prevalent and TLWPT is pleased to report that we will now incorporate a new ESG investment into the three main Default portfolios. It is hoped that this will be extended to the Model portfolios in due course.

Because of GDPR, we are unable to email these quarterly updates directly to the members, although we do upload a copy to their portal and it is available via the website. However, could we ask you to forward this email to all members as we want them to engage in their retirement savings.

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

Regards

Trustees of The Lewis Workplace Pension Trust