



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 31st March 2020.

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.

Due to the current Coronavirus (Covid-19) pandemic the Poole based team are working remotely from home. While they are available to help and assist with your queries and questions during this time we would ask you to email the team at mypension@TLWPT.co.uk rather than call.

Should you need to contact Options Pensions please email them at lewis@optionspensions.co.uk and if you require a call back please include your telephone number in the email.

The Pensions Regulator—Authorisation of TLWPT

On 22nd August 2019, TLWPT was officially authorised by The Pensions 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. **Please feel free to pass our details to any company directors that may be reviewing their workplace pension. We are more than happy to have an initial chat to discuss their requirements and what we offer.**

Market Overview

Unfortunately, the quarter to 31st March 2020 has been completely dominated by the coronavirus pandemic which has swept across the globe.

Although global stock markets have seen unprecedented falls, we have witnessed corrections and crashes previously, such as the Black Monday crash in 1987, the collapse of the Dot Com bubble in the early 2000's and the financial crisis of 2007-2008. These types of crashes happen and will happen again in the future. We know that riding the ups and downs of the market can be uncomfortable but remember the investing principle of Warren Buffett, the world's most successful investor: it's time in the market, not timing the market that is the key to success. As previously reported, pension investors can actually benefit from volatility whilst investing each month, as the average cost of buying those shares reduces.

When the Coronavirus became known in China in late January, it was not anticipated to have a serious effect on the global economy. Fast forward a few weeks and things have changed dramatically. Whilst this on-going crisis continues to deepen and is affecting all of our lives both in a financial manner and health, although this newsletter may seem irrelevant at this time, we want to show that we are still working and monitoring the situation in the background. We should all remember that given time over the coming weeks and months we will emerge from this crisis and hopefully begin to rebuild and prosper once again.

It is highly likely that global gross domestic product (GDP) will probably be negative for the first quarter, and the shutdown in economic activity from the virus containment measures will virtually assure negative growth in the second quarter, meaning a technical recession across the globe. Obviously at this stage the progress of the virus can't be forecast – if it continues to escalate and have a deeper economic impact, then it is likely a recession will last longer and well into the second half of 2020. If the situation improves dramatically, then we would expect strong equity performance in Q2.

Similar to the other main markets, the UK's FTSE100 Index fell by 23.8% during the 3 months to 31st March 2020. Just as we thought the uncertainty of Brexit was clearing, then the pandemic struck, along with a crash in oil prices which hit a number of the UK's energy companies.

Just a week after cutting the base rate to 0.25%, The Bank of England announced a further cut to just 0.10% in a move to bolster cash flow for households and small businesses. CPI Inflation in February was 1.7% and expectations will be for this to remain steady.

The Eurozone has been one of the worst affected regions outside of China by COVID-19. It has high exposure to global trade, particularly China, but the ECB has little monetary policy firepower and the rules around fiscal policy in the Eurozone make stimulus measures difficult to implement. With countries such as Italy in quarantine and having strict containment measures, this will likely be adopted by other European countries. The Eurozone is likely to experience a deeper recession but could potentially have a bigger economic bounce when the virus subsides and benefit strongly from the rebound in global trade.

In the US, it was only a few weeks ago in late February that the S&P 500 index reached an all-time high. A few weeks later and the US Treasury has just pushed through plans for an unprecedented \$2 trillion stimulus package to aid the US economy.

The US unemployment rate increased by almost 3.3 million in a week, up from the previous weekly figure of 282,000. That's the biggest jump ever, and way above the previous weekly jump of 695,000 in October 1982. This will get much worse - in January, a record 31.8 million Americans were employed in "retail trade, hotels & motels, air transportation, restaurants & other eating places, arts, entertainment & recreation (which includes amusements and gambling industries), and offices of real estate agents & brokers". Now there are all but none! So unemployment in the US could easily spike to 15%. That would imply an increase in the number of unemployed by 19.2 million from 5.8 million in early February to 25 million in early April.

The outlook for the immediate future and the second half of 2020 is uncertain. Stock markets will recover in the future but will likely take some time especially given the global impact of the coronavirus. Of greater importance, is our health and to remain safe in these unprecedented times.

The performance figures to 31st March 2020 for the Default and Model portfolios are:

Portfolio	1m	3m	6m	1y	3y	5y
Lewis Default Portfolio 1 (for ages up to 59)	-10.24%	-18.78%	-17.24%	-10.84%	-2.39%	21.89%
DP 1 Benchmark	-10.86%	-16.07%	-15.38%	-7.63%	1.01%	27.44%
Lewis Default Portfolio 2 (for ages 59 to 60)	-7.74%	-13.78%	-12.55%	-8.75%	-3.26%	11.68%
DP 2 Benchmark	-7.59%	-11.20%	-10.66%	-5.13%	1.17%	19.93%
Lewis Default Portfolio 3 (for ages 61 to 62)	-4.25%	-7.70%	-6.87%	-4.70%	-1.22%	7.49%
DP 3 Benchmark	-4.31%	-6.33%	-5.94%	-2.63%	1.33%	12.41%
Lewis Default Portfolio 4 (for ages 63 and over)	-0.60%	-1.00%	-0.80%	-0.27%	0.79%	1.87%
DP 4 Benchmark	-0.50%	-0.64%	-0.44%	0.29%	1.52%	3.64%
Lewis Cautious Portfolio (available for any age)	-4.75%	-4.28%	-7.30%	0.21%	5.68%	26.04%
Cautious Benchmark	-5.41%	-7.95%	-7.52%	-3.46%	1.28%	14.92%
Lewis Moderate Portfolio (available for any age)	-10.38%	-15.71%	-15.29%	-9.25%	0.52%	25.47%
Moderate Benchmark	-8.68%	-12.82%	-12.23%	-5.96%	1.12%	22.43%
Lewis Speculative Portfolio (available for any age)	-10.81%	-17.93%	-16.31%	-10.55%	-1.55%	25.35%
Speculative Benchmark	-9.77%	-14.45%	-13.81%	-6.80%	1.06%	24.94%
Lewis Ethical Portfolio	-19.60%	-29.00%	-22.70%	-18.40%	-12.20%	-5.20%

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 has a contact email address which should be used for any enquiries: mypension@TLWPT.co.uk.

With the outbreak of coronavirus, our administration team are working remotely. This may mean temporary delays with answering queries.

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. 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 normally outside of your estate for any Inheritance Tax liability, your pension will not be included. Therefore, to have your wishes fulfilled, you should complete an Expression of Wish form.

Please note, from 1st January 2020, Carey Pensions changed their name to Options and this will be reflected in future correspondence.

Re-enrolment - as a reminder

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 Options Pensions direct for the necessary form.

We would also like to clarify the options that are available to members as we have noticed that there is sometimes confusion surrounding these terms.

Ceasing Membership - A member can stop contributing into the pension scheme by emailing mypension@TLWPT.co.uk. The member's contributions in their workplace pension will remain invested (unless they transfer into another scheme) until such time as when they can access it, at the age of 55. Please note, under extenuating circumstances a member may be able to encash their pension at an earlier date.

Opt Out - Available to members within their 30 day opt out period (30 days from when they receive their welcome communication). Should they wish to opt out, they can call Options on 0330 124 1510 and request an opt out form. Once this has been received and completed, they can return it to us and we will action their request as long as they are still within the 30 day window. The employer will then receive a refund on the contributions made within this period, and the employee element, can then be refunded to the employee.

Member Portal

If any member wishes to, or has lost or forgotten their login details, then they should contact the administrators, Options, directly on 0330 1241510.

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

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.

Shariah Investment Fund

TLWPT is pleased to announce the introduction of a Shariah compliant investment fund. The fund, managed by HSBC, aims to create long term appreciation of capital through investment in a diversified portfolio of securities as defined by a relevant world index, which meets Islamic investment principles as interpreted and laid down by the Shariah Committee and provided to the Board of Directors. The fund tracks the DJ Islamic Market Global Titans 100 Index, which is Shariah compliant. The fund follows an investment process that has been approved by an independent Shariah committee. The Shariah committee monitors the fund throughout the year and issues an annual Shariah certificate on the fund's compliance with Shariah principles.

Defaqto Rating

The ratings agency, defaqto, have a dedicated link on their website to workplace pensions, where it provides their rating on each scheme. The link can be opened below:

<https://www.defaqto.com/advisers/ratings/star-ratings/pensions/workplace-pension/>

If you have any questions concerning this newsletter, 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