



# ***The 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 June 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](mailto:mypension@TLWPT.co.uk) rather than call.

Should you need to contact Options Corporate please email them at [lewis@optionspensions.co.uk](mailto: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 22<sup>nd</sup> 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**

The second quarter to 30th June 2020 has witnessed strong equity returns, bouncing back, as expected, from the initial panic and mass market sell-offs in quarter one. Whilst the coronavirus pandemic continues, although markets have performed strongly in the last 3 months, caution prevails particularly if further spikes in the virus occur, but also from the rather blasé and blinkered approach from some overseas countries.

During the recent downturn, members of TLWPT have benefited from buying the assets at a lower price with each monthly contribution.

In the UK, the FTSE100 Index rose by 11.3% during the past 3 months to 30th June 2020. This was in fact one of the poorer performing major indices as the UK has been hit hard by the COVID-19 crisis, with high infection and death rates, which are slowing the easing of lockdowns. The economic uncertainty in the UK has been compounded by the OECG forecasting an 11.5% decline in GDP in 2020, followed by a 9% rebound in 2021. And of course, the Brexit negotiations are still to be concluded! We expect a deal to be reached but the potential for a no-deal exit still exist and therefore, although the UK market has underperformed against other major bourses, we are happy to maintain our exposure to the UK in the expectation of outperformance in the future over the long-term.

In the last newsletter, we reported that The Bank of England had cut interest rates to just 0.10% and with the global economy declining, interest rates are low or at zero across all major central banks. The UK's CPI inflation rate, having fallen to 0.70% in May, will likely remain low for the next couple of years, along with major central bank's interest rates. In turn, this will keep bond yields low, weakening their attractiveness.

Although the Eurozone was initially one of the first regions to suffer from the COVID-19 crisis, European economies are beginning to emerge from the lockdown, with little evidence of a significant second wave of infections (the isolated German industry sectors aside). Last quarter, we reported that the European Central Bank (ECB) had little firepower to act, with interest rates already in negative territory and the strict rules around increasing fiscal deficits and high debt countries like Italy were at risk of a re-run of the 2012 debt crises. Surprisingly, the ECB increased its asset purchase program by more than 12% of GDP and the rules on fiscal deficits have been temporarily relaxed. A further positive was the work subsidy scheme implemented in most countries which kept the unemployment rate near record lows. This boosted our European fund by 21.8% over the last 3 months.

As previously reported, the US fiscal and monetary response to the crisis has been extraordinary, with the Federal Reserve cutting interest rates to zero and announcing unlimited quantitative easing and being committed to buying investment grade and high yield corporate bonds. With these unprecedented stimulus measures and expectant low inflation levels, equity returns are predicted to be positive, having already posted returns of 21.8% over the last 3 months. However, the main concern is the relatively high COVID-19 infection rate with the number of new cases seeming to continue to climb. The US have the Presidential election in November, with the race between Trump and Biden expected to be close. Because of this, we do not believe there will be any sudden deterioration in the US/China trade war, unless Trump is losing in the opinion polls. A sustained recovery in the US stock market will be Trump's best aid in re-election to the White House.

The outlook for the second half of 2020 remains uncertain – if infection rates rise/second waves occur, then this will likely have a detrimental effect on markets. That said, at the time of writing, there is little evidence of any meaningful second wave in virus infections following the gradual easing of lockdowns across Europe and Asia. On a positive note, most countries are now in a better place to manage a second spike and the development for a vaccine continues.

The performance figures to 30th June 2020 for the Default and Model portfolios are:

<b>Portfolio</b>	<b>1m</b>	<b>3m</b>	<b>6m</b>	<b>1y</b>	<b>3y</b>	<b>5y</b>
<b>Lewis Default Portfolio 1 (for ages up to 59)</b>	<b>1.27%</b>	<b>16.54%</b>	<b>-7.55%</b>	<b>-2.36%</b>	<b>10.39%</b>	<b>46.34%</b>
DP 1 Benchmark	2.57%	19.26%	-0.84%	4.11%	20.79%	61.49%
Lewis Default Portfolio 2 (for ages 59 to 60)	0.71%	11.39%	-6.48%	-2.81%	4.31%	26.14%
DP 2 Benchmark	1.81%	13.53%	-0.49%	3.08%	15.03%	43.76%
Lewis Default Portfolio 3 (for ages 61 to 62)	0.49%	6.71%	-3.16%	-0.84%	3.11%	15.75%
DP 3 Benchmark	1.05%	7.80%	-0.14%	2.06%	9.26%	26.03%
Lewis Default Portfolio 4 (for ages 63 and over)	-0.01%	0.73%	-0.69%	-0.13%	1.14%	2.50%
DP 4 Benchmark	0.17%	1.12%	0.27%	0.86%	2.54%	5.35%
Lewis Cautious Portfolio (available for any age)	0.89%	8.26%	4.04%	5.79%	16.35%	43.69%
Cautious Benchmark	1.31%	9.71%	-0.26%	2.40%	11.19%	31.94%
Lewis Moderate Portfolio (available for any age)	3.09%	17.65%	-2.31%	1.25%	15.67%	53.98%
Moderate Benchmark	2.06%	15.44%	-0.61%	3.43%	16.95%	49.67%
Lewis Speculative Portfolio (available for any age)	3.13%	19.09%	-4.13%	0.43%	13.48%	55.15%
Speculative Benchmark	2.32%	17.35%	-0.72%	3.77%	18.87%	55.58%
Lewis Ethical Portfolio	0.80%	18.00%	-19.00%	-9.70%	-1.80%	7.20%
Lewis Shariah Portfolio	2.90%	19.60%	10.20%	20.00%	51.20%	112.40%

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

## Other Matters

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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 contact email address which should be used for any enquiries:

[mypension@TLWPT.co.uk](mailto: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 Options Corporate 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 Corporate 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 Corporate direct for the necessary form. Currently, although we do not encourage members to opt-out, due to the current pandemic a form is available on TLWPT website on the member's frequently asked questions section to assist access during this difficult time.

<https://lewismastertrust.co.uk/the-lewis-workplace-pension-trust/members/employee-faq/>

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](mailto: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 the Lewis Team on 01202 738650 or email [mypension@TLWPT.co.uk](mailto:mypension@TLWPT.co.uk) 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. Once the employer has received notification from the Lewis team of the opt out, they should immediately refund any paid contribution made within this period to the member.

### **Member Portal**

If any member wishes to, or has lost or forgotten their login details, then they should contact the Lewis Team directly on 01202 738650 or via email [mypension@TLWPT.co.uk](mailto:mypension@TLWPT.co.uk).

You should ensure personal details and home email addresses are kept up to date and if you are advised of any changes, these should be notified to Options Corporate 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.

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

### ***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***

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