



# ***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 September 2020.

***The Trustees of TLWPT would like to remind everyone that The Pensions Regulator is concerned about the rising number of fraud cases in relation to pension scamming. We would therefore ask you to forward this email to all members of staff, not only as we want them to engage in their retirement savings but the newsletter also provides a link to The Pensions Regulator website which offers advice on preventing scamming and fraud.***

### ***Forthcoming changes***

Our third party administrators, Options Corporate, are enhancing their IT system to eConnect which means some important changes for you as employers and our members. The biggest change for our employers is you or your payroll provider will need to upload your pension schedule to a new portal rather than sending it via email. This change will bring us in line with industry standards and will ensure that member data is correct from the outset.

You will have received communications directly from Options Corporate. Please take time to read these important messages and to register for the training webinars.

### ***Annual benefit statements***

Statements will be uploaded to each member's online portal in October. They contain important information and we would encourage every member to access their portal to view the statement.

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## **Market Overview**

Just three months ago in our Quarter 2 newsletter, the COVID-19 infection rates in the UK and Europe seemed to be under control and economic activity picking up. In a relatively short period, the tide has turned with some form(s) of lockdown seemingly inevitable and renewed uncertainty at the forefront.

The performances of the major global stock markets have been relatively flat during the past 3 months to 30th September 2020. The UK FTSE100 Index fell by 4% during the period and as mentioned in the Q2 newsletter, the UK has continued to underperform relative to other major markets with the Brexit deadline looming. Our portfolio's exposure to the UK has meant we have underperformed against the benchmarks.

The economic picture for the UK was looking slightly more optimistic in the summer months but the recent rise in infection rates coupled with further restrictions announced by Boris Johnson in his address to the nation on 22nd September, has halted any immediate signs of improvement. With the likelihood of a harsh economic winter, and Brexit looming on the horizon, we expect an increase in stock market volatility in the coming months but are maintaining our current exposure to the UK as we believe it to be undervalued against other major markets.

The UK's CPI inflation rate fell again in August to 0.50%. Recently, reports have emerged of the Bank of England possibly introducing negative interest rates. Negative interest rates have been used by other central banks around the world, including the European Central Bank and the Bank of Japan, to stimulate growth. Negative rates basically involves central banks charging commercial banks interest on deposits held, in the hope that they will be encouraged to lend to businesses and households.

In the Eurozone, the euro has continued to strengthen in the quarter, particularly against the US dollar which has dampened global trade exports, with focus now firmly on the steep rise again of COVID-19 cases, particularly in Spain and France. Along with the other major markets, we expect economic recovery in the Eurozone for the remainder of 2020 to be muted. During the quarter, European markets continued to benefit from the European Council agreement in July to establish a Euro750 billion EU recovery fund, which has reassured investors about the future of the EU, with equity markets witnessing positive investor flows in July and August.

Mid way through the quarter, the S&P500 provided the US market with upbeat data to reach its

all-time high despite the backdrop of uncertainty caused by the rise COVID-19 infections and the Presidential election only weeks away. In some quarters, it is thought that with a less stringent lockdown, some sectors of the US economy will and are emerging earlier on the “other side”, providing some ground of optimism, coupled with a gradual decline in the number of new cases. Although the pace of job gains has slowed, the unemployment numbers have continued to fall and are expected to continue to do so for the foreseeable future. Depending on the health of President Trump, this could cause additional market volatility.

In Asia, the number of daily new COVID cases rose in India, Indonesia, the Philippines and South Korea but declined in most other countries. In Latin America the number of new cases remained high although the pace of gains slowed in Brazil, Mexico and Chile, while in the Middle-East and Africa, the number of reported new cases continued to decrease across most of the region.

On the economic front, China continued to draw most of the attention. Their manufacturing index showed continued expansion and recovery, albeit at a slightly more moderate pace.

With infection rates on the rise again in the UK and mainland Europe, it is difficult to see any real positive news and it is likely markets will struggle and will increase in volatility but we see that as a short-term positive for the long-term investing nature of the workplace pension. This second wave reminds us that the battle is far from over and until a vaccine is widely available, global economies will likely remain constrained by measures aimed at slowing the spread of the virus.

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

Portfolio	1m	3m	6m	1y	3y	5y
<b>Lewis Default Portfolio 1 (for ages up to 59)</b>	<b>-0.43%</b>	<b>0.65%</b>	<b>17.39%</b>	<b>-3.98%</b>	<b>10.17%</b>	<b>58.22%</b>
DP 1 Benchmark	-0.15%	2.76%	27.72%	3.51%	22.81%	75.37%
Lewis Default Portfolio 2 (for ages 59 to 60)	-0.65%	0.10%	11.55%	-4.06%	3.34%	32.93%
DP 2 Benchmark	-0.10%	1.95%	19.47%	2.63%	16.44%	53.46%
Lewis Default Portfolio 3 (for ages 61 to 62)	-0.35%	0.25%	7.09%	-1.54%	2.55%	10.63%
DP 3 Benchmark	-0.05%	1.14%	11.22%	1.75%	10.08%	31.56%
Lewis Default Portfolio 4 (for ages 63 and over)	-0.06%	-0.07%	0.54%	-0.47%	0.93%	2.74%
DP 4 Benchmark	0.01%	0.20%	1.60%	0.72%	2.65%	6.00%
Lewis Cautious Portfolio (available for any age)	0.99%	-0.65%	7.66%	0.27%	16.15%	43.15%
Cautious Benchmark	-0.07%	1.41%	13.97%	2.04%	12.20%	38.86%
Lewis Moderate Portfolio (available for any age)	-0.28%	1.58%	19.69%	0.54%	15.90%	67.92%
Moderate Benchmark	-0.12%	2.22%	22.22%	2.92%	18.57%	60.77%
Lewis Speculative Portfolio (available for any age)	0.16%	2.43%	22.09%	1.05%	14.09%	71.60%
Speculative Benchmark	-0.13%	2.49%	24.97%	3.22%	20.69%	68.07%
Lewis Ethical Portfolio	-1.80%	-0.90%	17.00%	-11.90%	-3.70%	11.70%
Lewis Shariah Portfolio	-0.40%	6.60%	28.40%	22.30%	58.90%	136.10%

*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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### ***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.

### ***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.

### ***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/>

### ***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.

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.

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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