



31st March 2021

## Welcome to our quarterly newsletter

Inside you'll find a brief stock market overview and performance update in relation to our Auto Enrolment pension funds for the quarter ending 31st March 2021.

### Pension Scammers wreck lives

That's why we're pledging to **raise awareness of the risks, educate ourselves and protect members.**

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.



Our pledge to  
combat pension scams

For more information visit:

[The Pension Regulator website](#)

### e-Member Portal

Where you can find details of **your funds, transactions and other useful information.**

Members should have received an email advising their new registration details. This will allow you to register for the new e-Member Portal.

If you have not received this communication contact employer support

+44 (0) 330 124 9130 or

via email

[EmployerSupport@optionspensions.co.uk](mailto:EmployerSupport@optionspensions.co.uk)

You should ensure personal details and your home email address are kept up to date; you can change your email online via the portal but will need to advise any change of your postal address in writing. The portal shows a history of contributions and how they are invested, including any important correspondence issued.

# World Market Overview

At the end of Q1 to 31st March 2021, equity markets continued to perform strongly across most major markets on rising optimism and continued support from central banks, easily outperforming the fixed interest market. By contrast, fixed interest has had a poor 12 months, not helped by rising concern of an inflation spike and fears that post Covid rebound growth will be too fast.

The roll-out of vaccines, particularly in the UK, has provided further morale boosting news and we expect economic data to improve, leading to a cautious but optimistic outlook for 2021.

The 23rd March 2021 marked the anniversary of the beginning to the UK's first lockdown and also when most equity markets reached their lowest valuation point during the whole pandemic.

In the UK, the FTSE100 Index has continued to recover, buoyed by the fact that well over half of the adult population have received the first vaccination and with the gradual lifting of restrictions imminent, we expect economic activity to pick-up in the second and third quarters of 2021.

Although the FTSE100 has been one of the worst performing regional equity markets in recent years, it is also one of the cheapest. With the UK having a bias towards cyclical stocks (companies that tend to follow the trends of the market and benefit when consumers spend eg automobile sector), we expect the UK market to outperform following a boost from corporate earnings.

The UK's latest CPI inflation rate for February (published 24th March) fell unexpectedly to 0.4% and remains stable and well within the Bank of England's 2% target. However, thoughts have started to move to a potential spike in global inflation later this year, caused by some deflationary measures dropping off the year on year figures, but also due to lack of supply - although a supply chain can be shut down relatively quickly, like last year, it cannot be restarted quite so speedily. This, coupled with consumers who have been generally saving during the pandemic, will lead to a short term supply/demand mismatch, leading to a potential inflation spike.

This has also had a negative impact in the fixed interest market - yields rise, capital values fall. With our Cautious portfolio having the biggest weighting to fixed interest, short-term performance over the last 3 months suffered, although longer term performance expectations have been exceeded.

In the Eurozone, the vaccine roll-out has been slower,

especially when compared to the UK, and this has impacted European equity markets. We still expect a strong post-vaccine recovery, however, it is likely to be behind the curve, especially as new lockdowns have recently been implemented amid rising Covid infection rates, such as France imposing fresh restrictions on the last day of Q1.

In the US, Joe Biden was inaugurated as the new President and one of his first acts was to oversee the stimulus package of US\$1.9 trillion, billed as the great American Rescue Plan. A further US\$3trillion package is expected to be announced shortly, which will be rolled out over a number of years and will focus on infrastructure. This will provide a further boost to the labour market, which has reduced in recent months to 6.2% from a high of 14.8% last year. Although the rest of the world can't match the fiscal support that the US will be pumping into their economy, there will be a number of benefactors; countries like Japan and China and a number of European nations will piggyback off the expected post-lockdown growth stage.

In Asia, markets continue to perform well on general global optimism and an improving economic outlook. As previously mentioned, the general low infection rate across Asia will help production and maintain growth. Similarly, the Chinese economy was one of the few to actually grow in 2020 with latest data released showing industrial output expanding bolstered by the manufacturing sector and steady exports. The recent grounding of the Ever Given container ship in the Suez canal caused ripple effects on world markets - an amazing estimate of 12% of global trade flows through the canal each year!

Following a period of strong performance, the Japanese Nikkei index has been steady, although the expectant boost to the economy from overseas visitors for the Tokyo Olympics has reduced, given it seems unlikely spectators will be present. Our exposure to Japanese Smaller Companies held in the Speculative portfolio, really propelled performance, posting returns of 23% over the last 3 months. Similarly, Natural Resources held within the Moderate and Speculative portfolios, also outperformed strongly.

Overall, we remain cautiously optimistic for the remainder of 2021. We expect corporates and economies to gradually improve, especially in Q3 and Q4. The main concerns will be any disruption to the vaccine roll-outs and any new infection variants.

# Performance Figures

The performance figures to **31st March 2021** for the Default and Model portfolios are:

Portfolio	1m	3m	6m	1y	3y	5y
Lewis Default Portfolio 1 (for ages up to 59)	4.01%	4.35%	13.30%	31.08%	26.06%	64.81%
DP 1 Benchmark	4.48%	3.56%	11.29%	36.39%	38.32%	77.73%
Lewis Default Portfolio 2 (for ages 59 to 60)	2.78%	3.33%	9.69%	21.12%	14.31%	38.85%
DP 2 Benchmark	3.14%	2.49%	7.91%	25.55%	27.27%	55.06%
Lewis Default Portfolio 3 (for ages 61 to 62)	1.60%	1.87%	5.46%	12.57%	8.74%	22.93%
DP 3 Benchmark	1.79%	1.42%	4.53%	14.70%	16.23%	32.38%
Lewis Default Portfolio 4 (for ages 63 and over)	0.19%	0.26%	0.79%	1.14%	1.58%	3.21%
DP 4 Benchmark	0.22%	0.18%	0.58%	2.05%	3.34%	5.93%
Lewis Cautious Portfolio (for any age)	2.06%	-1.55%	2.02%	10.72%	17.81%	38.52%
Cautious Benchmark	2.24%	1.78%	5.66%	18.32%	19.91%	39.94%
Lewis Moderate Portfolio (for any age)	2.85%	3.29%	13.04%	34.22%	30.07%	74.97%
Moderate Benchmark	3.58%	2.85%	9.04%	29.16%	30.96%	62.61%
Lewis Speculative Portfolio (for any age)	3.26%	5.71%	16.55%	40.69%	32.37%	83.01%
Speculative Benchmark	4.03%	3.20%	10.16%	32.78%	34.64%	70.17%
Lewis Ethical Portfolio	4.50%	1.40%	14.90%	30.90%	12.90%	26.00%
Lewis Shariah Portfolio	3.80%	1.40%	5.00%	36.00%	68.60%	119.70%

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

## 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 e-Member Portal (where you view valuations/annual statements, etc) or please contact the Lewis Workplace Pension team on **01202 738650** for the

form.

*Please note*, even if you have made a will, because pensions are normally outside 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.



## 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.

## 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/>



## Useful Links

### State Pension Forecast

Your State Pension is a regular payment you can claim from the government once you reach State Pension age. You can get a State Pension [online](#) forecast to tell you how much you might get and the earliest you can claim it.

<https://www.gov.uk/check-state-pension>

### The Pension Tracing Service

The Department of Work and Pension's [online](#) Pension Tracing Service helps reunite people with their lost pensions, giving details of providers to help people track them down.

<https://www.gov.uk/find-pension-contact-details>

### Retirement Budgeting

A [budget](#) shows you how much money you have coming in and what you spend it on. It makes it easier to create your own spending plan which will put you in control of your money in retirement.

<https://www.moneyadvice.service.org.uk/en/pensions-and-retirement/budgeting>

## Feedback

If you have any questions concerning this newsletter, or any other matter, or have any suggestions, please do not hesitate to contact the Workplace Pension Team.

Regards

Trustees of The Lewis Workplace Pension Trust