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Smart Pension Investment Report

As at 28th April 2017

“The vast majority of AutoEnrolment.co.uk Master Trust members are invested in ‘Lifestyle Default 1’ and have benefited from growth of **+21.51%** in the past year.”

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The vast majority of AutoEnrolment.co.uk Master Trust members are invested in 'Lifestyle Default 1' and have benefited from growth of +21.51% in the past year.

Commentary

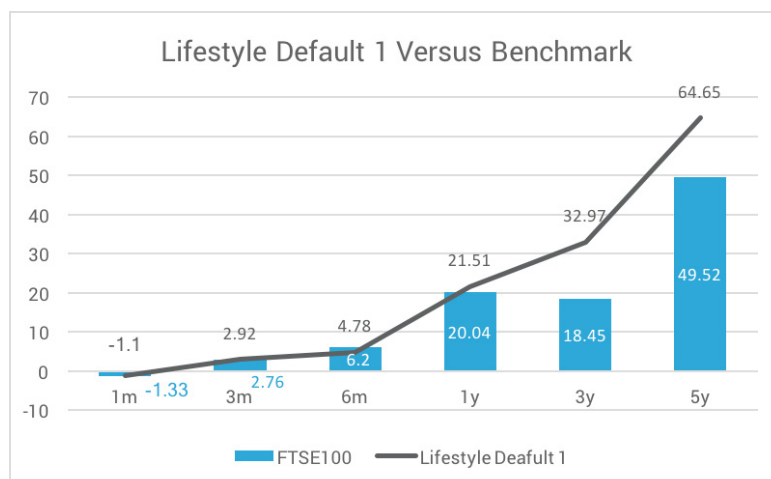
All funds have shown positive growth and we are delighted that all funds are ahead of benchmark in the 1 year time-frame.

Markets have continued to shrug off geopolitical risk and although momentum has somewhat stalled, investors appear to be sanguine about potential outcomes of a number of imminent events. The French election and forthcoming run off between the far right's Marine Le Pen and the centrist Emmanuel Macron is the latest event to fail to stir risk aversion and in addition, Theresa May the UK Prime Minister, has called an early general election for the 8th June to seize a bigger majority for the Conservative party at the expense of the Labour party.

Equity markets in the UK have fallen back slightly in March as the strengthening British Pound and weakening US Dollar have prompted some profit taking in the FTSE100. US stocks have been slightly more volatile but have also moderated on speculation of US rate increases, the lack of any concrete news on the Trump administration's tax plan and sabre rattling between the US and North Korea.

Markets are expected to see some volatility over the next few months as some of the previously mentioned events start to come to a conclusion and then Brexit negotiations are expected to come to the forefront of the news agenda.

Lifestyle Default 1 Performance Graph



Performance as at 28/04/2017 (Source Bloomberg)

All performance numbers shown are on a rolling period basis so 1y figures are for the 12 months up to and including 28 April 2017.

Overview

Auto Enrolment Master Trust Funds

| | 1m | 3m | 6m | 1y | 3y | 5y |
|---------------------|-------|------|------|-------|-------|-------|
| Lifestyle Default 1 | -1.10 | 2.92 | 4.78 | 21.51 | 32.97 | 64.65 |
| Lifestyle Default 2 | -0.78 | 2.21 | 3.46 | 15.46 | 24.32 | 46.69 |
| Lifestyle Default 3 | -0.45 | 1.51 | 2.15 | 9.34 | 15.43 | 28.43 |
| Lifestyle Default 4 | -0.08 | 0.69 | 0.67 | 2.22 | 4.80 | 6.84 |
| GLMT | | | | | | |
| Sharia | -1.22 | 5.33 | 4.90 | 29.87 | | |

Source Funds

| | 1m | 3m | 6m | 1y | 3y | 5y |
|--|-------|------|-------|-------|-------|--------|
| L&G UK 100 Index Trust | -1.21 | 2.65 | 5.76 | 19.52 | 19.18 | 49.65 |
| L&G US Index Trust | -2.50 | 2.72 | 7.52 | 33.60 | 73.02 | 131.99 |
| L&G European Index Trust | 1.72 | 7.92 | 9.63 | 28.09 | 32.32 | 92.75 |
| L&G Japan Index Trust | -2.28 | 0.22 | -1.77 | 29.78 | 61.01 | 86.94 |
| L&G Cash | 0.01 | 0.05 | 0.10 | 0.20 | 0.61 | 1.03 |
| L&G General All Stocks Index Linked Gilt Trust | -0.18 | 3.46 | 1.98 | 7.27 | 22.35 | 23.58 |

Benchmarks

| | 1m | 3m | 6m | 1y | 3y | 5y |
|-----------------------------------|-------|------|-------|-------|-------|-------|
| FTSE100 (Div. Reinvested) | -1.33 | 2.76 | 6.20 | 20.04 | 18.45 | 49.52 |
| Blackrock Sterling Liquidity Fund | 0.02 | 0.06 | 0.12 | 0.31 | 1.17 | 0.00 |
| MSCI World Index (GBP) | 0.93 | 5.09 | 12.95 | 17.34 | 25.68 | 71.86 |

How we Invest

Effective Lifestyling: We created Default Funds to suit members' needs through their working lives.

High Quality Investments: We use funds which are cost-effective and provide the purest form of index tracking.

Diversification: We split investments across different geographical locations and use investment funds holding large numbers of stocks and shares.

What we Invest: Lifestyle Default Funds

The Default funds allocate members' pension assets depending on their age and time until retirement. There are five Default Funds. Most members will be invested in Default Fund 1 which is designed for men and women up to the age of 58 years. As members get older, they will progress through the other Default Funds until retirement. In most of a member's working life we are choosing investments to grow value whilst they can afford to take more risk. Then as a member approaches retirement, we reduce the investment risk by using a different mix of investment assets. This is called a 'lifestyling' arrangement.

Each Default Fund consists of a collection of Exchange-Traded Funds (ETFs). These are investment funds that hold assets such as stocks and bonds, managed by Legal and General Investment Management (LGIM). The Default Funds each hold a selection of these ETFs to deliver appropriate returns at acceptable levels of risk.

Benchmarks

A Benchmark sets an expectation used to measure an investment and put its performance in context; with the choice of appropriate indices e.g. FTSE 100, a benchmark forms an objective test of the effectiveness of an investment strategy.

The benchmarks we include:

FTSE100: The Financial Times Stock Exchange 100 Index is an index of the 100 companies listed on the London Stock Exchange with the highest market capitalization.

Blackrock Sterling Liquidity Fund: The Fund invests in a broad range of fixed income securities (such as bonds) and money market instruments (MMIs).

MSCI World Index (GDP): Morgan Stanley Capital International's World Index is used as a common benchmark for 'world' or 'global' stock funds. It uses Gross Domestic Product (GDP) of nations to allocate an appropriate weighting to each stock market.

Dow Jones Islamic Titans 100: The Fund includes thousands of broad-market, blue-chip, fixed income

securities and indices that have passed rules-based screens for Sharia compliance.

Funds

Each Default Fund contains a mix of investments. A fund pools together the money from investors and invests into different assets e.g. cash, bonds, equities. We spread members' pension pots across large numbers of shares to reduce the risk of any one investment under-performing. We do this using a type of unit trust called Exchange-Traded Funds or ETFs that are particularly cost-effective.

The funds we use include:

1. L&G UK 100 Index Trust

This fund aims to track the return of the FTSE 100 index in a low-cost way. It buys every share in this index in appropriate proportions, providing the purest form of index tracking and reducing risks.

2. L&G US Index Trust

This fund tracks the return of the FTSE World USA index. It employs a straightforward, low cost and pragmatic approach to passive fund management.

3. L&G European Index Trust

This fund tracks the return of the FTSE World Europe ex UK index. It includes a broad spread of listed companies across the continent which provides a wealth of investment opportunities due to its diversity.

4. L&G Japan Index Trust

This fund aims to track the return of the FTSE World Japan Index, which provides broad exposure to listed companies in Japan. It is a low-cost and efficient way to invest in Japanese equities.

5. L&G Cash

This fund aims to maintain capital and provide returns in line with money market rates by investing in a range of money market securities denominated in sterling. These securities offer a better rate of return than cash without taking equity risks.

6. L&G all stocks index linked gilt Trust

This fund aims to provide a higher return than the L&G Cash fund with a combination of income and growth (if the income is reinvested) by tracking the performance of the FTSE Actuaries British Government Index- Linked All Stocks Index. It holds fixed interest, longer-dated stocks.

Measuring performance

Each Default Fund holds underlying unit trusts in different proportions and to calculate its performance we use those proportions and the returns on each of these unit trusts, comparing against appropriate benchmarks.

Auto Enrolment Master Trust Report as at 28/04/2017

All performance numbers shown are on a rolling period basis so 1y figures are for the 12 months up to and including 28 April 2017.

Lifestyle Default 1

| Funds | Weighting | 1m | 3m | 6m | 1y | 3y | 5y |
|--|----------------|--------------|-------------|-------------|--------------|--------------|--------------|
| L&G UK 100 Index Trust | 51.00% | -0.61 | 1.35 | 2.94 | 9.95 | 9.78 | 25.32 |
| L&G US Index Trust | 12.75% | -0.32 | 0.35 | 0.96 | 4.28 | 9.31 | 16.83 |
| L&G European Index Trust | 8.50% | 0.15 | 0.67 | 0.82 | 2.39 | 2.75 | 7.88 |
| L&G Japan Index Trust | 12.75% | -0.29 | 0.03 | -0.23 | 3.80 | 7.78 | 11.09 |
| L&G General All Stocks Index Linked Gilt Trust | 15.00% | -0.03 | 0.52 | 0.30 | 1.09 | 3.35 | 3.54 |
| | 100.00% | -1.10 | 2.92 | 4.78 | 21.51 | 32.97 | 64.65 |

Benchmark

| | | | | | | | |
|------------------------|---------|-------|------|-------|-------|-------|-------|
| MSCI World Index (GBP) | 100.00% | 0.93 | 5.09 | 12.95 | 17.34 | 25.68 | 71.86 |
| FTSE100 | 100.00% | -1.33 | 2.76 | 6.20 | 20.04 | 18.45 | 49.52 |

Lifestyle Default 2

| Funds | Weighting | 1m | 3m | 6m | 1y | 3y | 5y |
|--|----------------|--------------|-------------|-------------|--------------|--------------|--------------|
| L&G UK 100 Index Trust | 35.50% | -0.43 | 0.94 | 2.04 | 6.93 | 6.81 | 17.63 |
| L&G US Index Trust | 9.00% | -0.22 | 0.24 | 0.68 | 3.02 | 6.57 | 11.88 |
| L&G European Index Trust | 6.00% | 0.10 | 0.48 | 0.58 | 1.69 | 1.94 | 5.57 |
| L&G Japan Index Trust | 9.00% | -0.21 | 0.02 | -0.16 | 2.68 | 5.49 | 7.82 |
| L&G Cash | 25.50% | 0.00 | 0.01 | 0.03 | 0.05 | 0.16 | 0.26 |
| L&G General All Stocks Index Linked Gilt Trust | 15.00% | -0.03 | 0.52 | 0.30 | 1.09 | 3.35 | 3.54 |
| | 100.00% | -0.78 | 2.21 | 3.46 | 15.46 | 24.32 | 46.69 |

Benchmark

| | | | | | | | |
|-----------------------------------|----------------|-------------|-------------|-------------|--------------|--------------|--------------|
| MSCI World Index (GBP) | 70.00% | 0.65 | 3.56 | 9.07 | 12.14 | 17.97 | 50.30 |
| Blackrock Sterling Liquidity Fund | 30.00% | 0.01 | 0.02 | 0.04 | 0.09 | 0.35 | 0.00 |
| | 100.00% | 0.66 | 3.58 | 9.10 | 12.23 | 18.32 | 50.30 |

Auto Enrolment Master Trust Report as at 28/04/2017

Lifestyle Default 3

| Funds | Weighting | 1m | 3m | 6m | 1y | 3y | 5y |
|--|----------------|--------------|-------------|-------------|-------------|--------------|--------------|
| L&G UK 100 Index Trust | 20.50% | -0.25 | 0.54 | 1.18 | 4.00 | 3.93 | 10.18 |
| L&G US Index Trust | 5.00% | -0.12 | 0.14 | 0.38 | 1.68 | 3.65 | 6.60 |
| L&G European Index Trust | 3.50% | 0.06 | 0.28 | 0.34 | 0.98 | 1.13 | 3.25 |
| L&G Japan Index Trust | 5.00% | -0.11 | 0.01 | -0.09 | 1.49 | 3.05 | 4.35 |
| L&G General All Stocks Index Linked Gilt Trust | 15.00% | -0.03 | 0.52 | 0.30 | 1.09 | 3.35 | 3.54 |
| L&G Cash | 51.00% | 0.01 | 0.03 | 0.05 | 0.10 | 0.31 | 0.53 |
| | 100.00% | -0.45 | 1.51 | 2.15 | 9.34 | 15.43 | 28.43 |
| Benchmark | | | | | | | |
| MSCI World Index (GBP) | 40.00% | 0.37 | 2.04 | 5.18 | 6.94 | 10.27 | 28.74 |
| Blackrock Sterling Liquidity Fund | 60.00% | 0.01 | 0.04 | 0.07 | 0.19 | 0.70 | 0.00 |
| | 100.00% | 0.38 | 2.07 | 5.25 | 7.13 | 10.97 | 28.74 |

Lifestyle Default 4

| Funds | Weighting | 1m | 3m | 6m | 1y | 3y | 5y |
|--|----------------|--------------|-------------|-------------|-------------|-------------|-------------|
| L&G UK 100 Index Trust | 5.00% | -0.06 | 0.13 | 0.29 | 0.98 | 0.96 | 2.48 |
| L&G Cash | 80.00% | 0.01 | 0.04 | 0.08 | 0.16 | 0.49 | 0.83 |
| L&G General All Stocks Index Linked Gilt Trust | 15.00% | -0.03 | 0.52 | 0.30 | 1.09 | 3.35 | 3.54 |
| | 100.00% | -0.08 | 0.69 | 0.67 | 2.22 | 4.80 | 6.84 |
| Benchmark | | | | | | | |
| FTSE100 | 5.00% | -0.07 | 0.14 | 0.31 | 1.00 | 0.92 | 2.48 |
| Blackrock Sterling Liquidity Fund | 95.00% | 0.02 | 0.06 | 0.11 | 0.30 | 1.11 | 0.00 |
| | 100.00% | -0.05 | 0.19 | 0.42 | 1.30 | 2.03 | 2.48 |

Meet the Team



Fund Managers

Investment funds are managed by a team at Legal and General Investment Management with average industry experience of 15 years, of which ten years has been at LGIM. The team is focused on achieving the equally important objectives of close tracking and maximising returns.

Professional, Experienced Trustees Oversee Your Work Place Pension

We've ensured that a team of experienced, professional trustees with decades of experience between them in overseeing large pension schemes is in place to serve our clients and their employees. The trustees ensure pension legislation is followed, act in the best interests of members (now and in the future), and invest the scheme's assets in line with the trust deed.

Claire Altman

Chair of the Board of Trustees



Claire is a practicing pensions lawyer and qualified as a barrister in 1997 after studying law at Cambridge University. Claire is a former partner at Sackers and Partners LLP (a City law firm specialising in pensions) and joined Capital Cranfield in 2009. She is internal legal counsel for Capital Cranfield and sits on its governance committee. Claire also chairs the Blackwells Pension Fund.

Jamie Smith

Trustee



Jamie Smith has served as Chair of the UK Structured Products Association, with expertise and awareness of regulatory processes and procedures and has deep knowledge on Asset Management & Retail clients in his role as a Senior Director within a UK Bank.

Paul Jebson

Trustee



Paul has been a Trustee of the

Standard Chartered pension scheme since 2003, and presently chairs their Investment Committee. Paul was Managing Director, Global Head of Fund Management at Standard Chartered and is now also a Non-Executive Director of Sentosa Asian Credit Fund (a Singapore managed Asian fixed income fund).

Peter Walker

Trustee



Peter has more than 30 years of experience in financial services, including setup of Coutts Bank in Asia, and COO roles in Kleinwort Benson and the Pension Protection Fund. He is qualified as a chartered accountant, corporate treasurer and investment manager. Peter brings a wealth of experience in building and growing successful businesses, and of the pensions and investment worlds.

Darren Agombar

Trustee



Darren has worked within the financial markets for over 25 years and has a wealth of experience in investing in a wide spectrum of asset classes. He has studied behavioural finance, and has gained a high level of expertise in the application of behavioural finance to investing and understanding investor behaviour. Darren is the Chief Investment Officer of a privately owned, independent investment management firm as well as the founder of Claradan, a company that provides behavioural analysis and strategies to businesses specialising in financial markets and services.

Our Investment Management Strategy

The trustees are responsible for the investment strategy of our Master Trust. We understand that financial expertise in balancing performance, risk and cost is key here and are delighted to be leveraging the deep expertise of our trustees with investment advice from Barnett Waddingham, the UK's largest independent provider of actuarial, administration, investment, workplace health and wealth and consultancy services to pension schemes and other clients.

Legal Disclaimer

The value of investments may go up or down due to fluctuations in currencies, financial markets and other risk factors. Default Funds may not fulfil their objectives; performance is not guaranteed and future performance may not be in line with the past. This report has been created by Smart Pension and is valid at the date it is published. It has been created for general information only and does not constitute specific legal advice or opinion. You should not rely on any of the information contained within this report without seeking further advice from qualified investment advisors. The facts and data contained in this report shall not be copied, made available, reproduced, extracted or published within your business, for commercial purposes, or to the public or any other purposes unless Smart Pension gives you consent.

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