

31 January 2024

## Pension Fund

## Clerical Medical UK Index-linked Gilt

### Fund Aim

The Fund aims to provide income and capital growth by investing in UK government Index-Linked bonds (gilts). The benchmark index for the Fund is the FTSE Actuaries Government Securities UK Index Linked TR All Stocks (the "Index"). The Fund is actively managed. The Fund Manager aims to outperform the Index by 0.35% per annum on a rolling 3 year basis, before deduction of fees. At least 80% of the Fund will invest in UK government Index-Linked bonds. It may also invest in other types of index-linked securities, including bonds from other governments and investment grade corporate bonds. Investment in the asset classes will be direct and indirect using derivatives to seek to meet the Fund's aim. The use of derivatives depends on market conditions and is limited as the intention is this should not change the Fund's risk profile. In addition the Fund may invest in other funds, cash and cash like investments. Derivatives and stock lending may be used in a way that is designed to reduce risk, or cost and/or generate extra income or growth (often referred to as efficient portfolio management).

'FI and MA Fund Changes'

This document is provided for the purpose of information only. This factsheet is intended for individuals who are familiar with investment terminology. Please contact your financial adviser if you need an explanation of the terms used. This material should not be relied upon as sufficient information to support an investment decision. The portfolio data on this factsheet is updated on a quarterly basis.

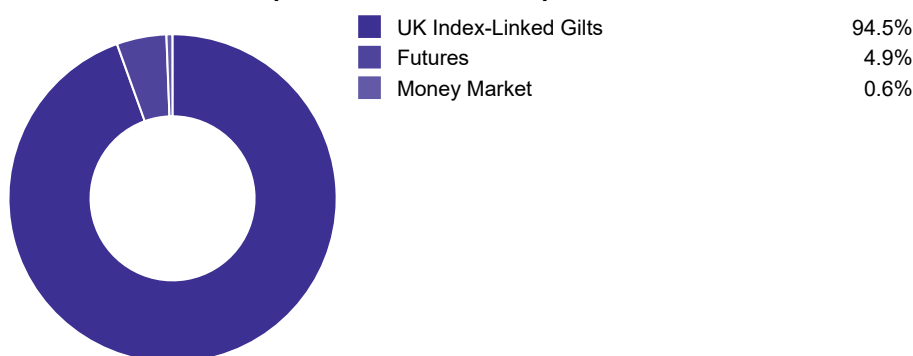
### Information Statement

The fund invests via the Scottish Widows Unit Trust Managers Limited (SWUTM) UK Index Linked Gilt OEIC Fund. A shortened version of the OEIC Fund aim is detailed under the heading Fund Aim. The Fund Manager is limited in the extent to which positions can vary to those of the Index: to help provide a balance between the spread of assets within the Fund and risk management; to provide a balance between the amount the Fund can vary from the Index and provide flexibility to seek to outperform the Index. Fund performance may differ from the Index. Please note: the Scottish Widows unit-linked funds aim to provide long-term growth in the price of units. Any income generated will not be distributed, but added to the fund value. In 2020 we increased the range of investment options for this Fund and added more detail to explain how it's invested. Please see our FI and MA Fund Changes web page for more information.

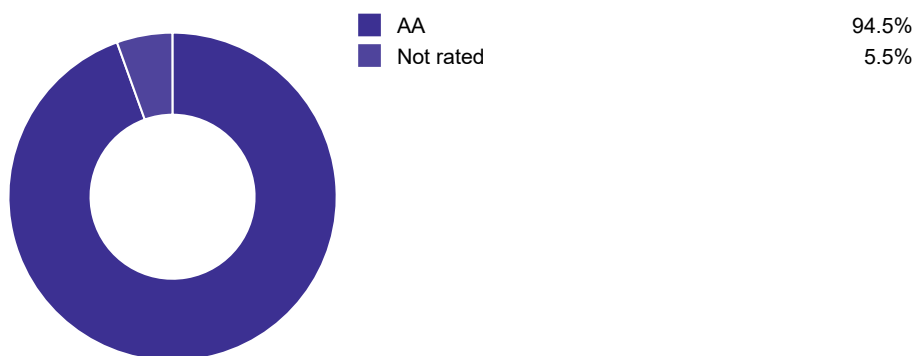
### Basic Fund Information

|                  |                             |
|------------------|-----------------------------|
| Fund Launch Date | 23/11/1987                  |
| Fund Size        | £23.1m                      |
| Sector           | ABI UK Index - Linked Gilts |
| ISIN             | GB0002040516                |
| MEX ID           | CMIL                        |
| SEDOL            | 0204051                     |
| Manager Name     | Paul Grainger               |
| Manager Since    | 08/11/2019                  |

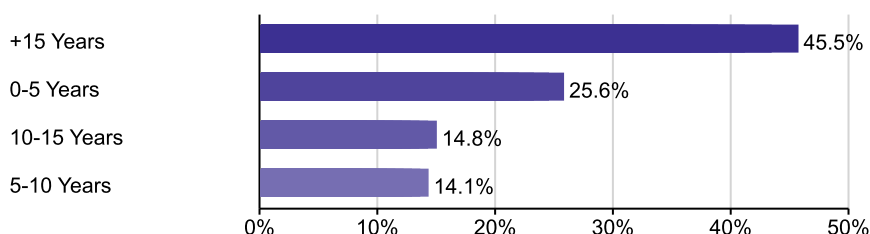
### Asset Allocation (as at 29/12/2023)



### Credit Rating Breakdown (as at 29/12/2023)



### Maturity Breakdown (as at 29/12/2023)



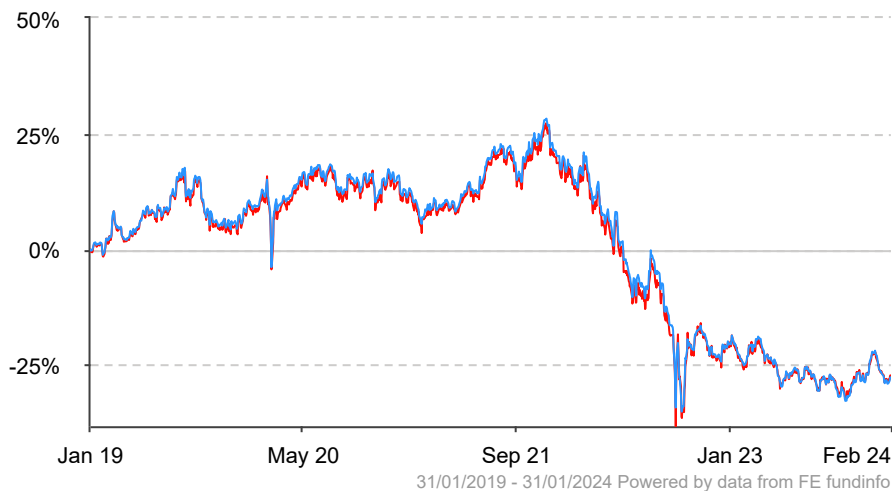
The composition of asset mix and asset allocation may change at any time and exclude cash unless otherwise stated

### Top Ten Holdings

(as at 29/12/2023)

|   |              |
|---|--------------|
| US 5YR NOTE MAR 24 (FVH4)                           | 5.7%         |
| TREASURY IL REGS 1.25% 22 NOV 2032                  | 4.6%         |
| TSY 1 1/8% 2037 I/L GILT SR REGS 1.125% 22 NOV 2037 | 4.3%         |
| TSY 2 1/2% 2024I/L STOCK SR REGS 2.5% 17 JUL 2024   | 4.3%         |
| TREASURY IL REGS .125% 22 MAR 2029                  | 4.0%         |
| TREASURY IL REGS .125% 10 AUG 2028                  | 3.9%         |
| TREASURY IL REGS .625% 22 MAR 2040                  | 3.9%         |
| TREASURY IL REGS .5% 22 MAR 2050                    | 3.9%         |
| TSY 2% 2035 I/L STOCK SR REGS 2% 26 JAN 2035        | 3.9%         |
| UK TREASURY I/L GILT SR REGS .125% 22 MAR 2024      | 3.8%         |
| <b>TOTAL</b>  | <b>42.3%</b> |

## Past Performance



■ Clerical Medical UK Index-linked Gilt Pension

■ ABI UK Index - Linked Gilts

Past performance is not a guide to future performance. Investment value and income from it may fall as well as rise, as a result of market and currency movements. You may not get back the amount originally invested.

## Discrete Performance

|                                       | 31/12/2022 - 31/12/2023 | 31/12/2021 - 31/12/2022 | 31/12/2020 - 31/12/2021 | 31/12/2019 - 31/12/2020 | 31/12/2018 - 31/12/2019 |
|---------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Clerical Medical UK Index-linked Gilt | 1.0%                    | -36.0%                  | 3.6%                    | 10.5%                   | 3.6%                    |
| ABI UK Index - Linked Gilts           | 0.4%                    | -36.1%                  | 3.8%                    | 10.8%                   | 4.8%                    |

Information is shown as unavailable if prior to the launch of fund.

## Cumulative Performance

|                                       | 31/12/2023 - 31/01/2024 | 31/10/2023 - 31/01/2024 | 31/01/2023 - 31/01/2024 | 31/01/2021 - 31/01/2024 | 31/01/2019 - 31/01/2024 |
|---------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Clerical Medical UK Index-linked Gilt | -5.1%                   | 4.3%                    | -9.1%                   | -35.0%                  | -27.2%                  |
| ABI UK Index - Linked Gilts           | -6.1%                   | 4.9%                    | -9.3%                   | -36.0%                  | -27.6%                  |
| Quartile                              | 1                       | 3                       | 2                       | 2                       | 3                       |

Source: FE fundinfo as at 31/01/2024

Performance figures are in £ Sterling on a single pricing basis, with income (where applicable) reinvested net of UK tax and net of total annual fund charges. These figures do not include any initial charge or other product charge(s) that may be applicable.

## Quarterly Fund Manager Review

The final quarter of the year was a very positive one for fixed income markets, marking their best quarterly performance in over two decades, according to the Bloomberg Global Aggregate indices. The major driver of this performance was a perceived shift in monetary policy direction, from a "higher-for-longer" stance to prospective rate cuts. Government bond yields fell sharply, and credit markets rallied, outperforming government bonds. The US Federal Reserve (Fed) kept rates unchanged throughout the quarter, with a much clearer shift to a more dovish tone in December accelerating the market rally. Other major central banks held steady rates, although they appeared more cautious about inflation. The European Central Bank (ECB) made progress in its plan to unwind some of its Pandemic Emergency Purchase Programme support, while highlighting concerns about domestic inflation. Meanwhile, the Bank of England's Monetary Policy Committee remained divided on further tightening. The latest inflation release surprised to the downside which extended the gilt market rally. Elsewhere, the Bank of Japan's decision to make only minor adjustments to its yield curve control policy fell short of market expectations. As markets priced in easing conditions, government bond yields fell across the board. The US 10-year Treasury yield fell from 4.57% at the end of Q3 to 3.87% at the end of Q4. The UK 10-year gilt yield fell from 4.44% to 3.54%, while the German 10-year Bund yield ended the quarter 0.81% lower at 2.03%. Despite a slowing growth outlook, the corporate bond market staged an impressive rally on hopes that a deep recession could be averted as financial conditions eased. High yield markets outperformed investment grade in both the US and Europe, with a tightening of spreads also marking significant outperformance over government bonds. Meanwhile, quarterly returns in US and European investment grade credit markets have not been better since Q3 2009. The rally was broad-based across all sectors, with securitised credit, covered bonds, and quasi-government bonds all performing strongly over the quarter.

**Paul Grainger 31/12/2023**

The views, opinions and forecasts expressed in this document are those of the fund management house. Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact, nor should reliance be placed on these views when making investment decisions.

## Fund Rating Information

Overall Morningstar Rating -  
Morningstar Medalist Rating -  
FE fundinfo Crown Rating 5

The FE fundinfo Crown Rating relates to this fund. However, the Morningstar ratings are based on the underlying fund. These are supplied by the respective independent ratings agencies and are the latest available at the time this factsheet was issued. Past performance is not a reliable indicator of future results.

## Other Information

The views, opinions and forecasts expressed in this document are those of the fund manager. Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statement of fact, nor should reliance be placed on these views when making investment decisions.

For further information contact your local sales office or phone Customer Services on 0345 030 6243 (Life and Pensions) 0345 300 2244 (OEIC). Details are also available at [www.clericalmedical.co.uk](http://www.clericalmedical.co.uk)

Not all products have access to this fund, please refer to the relevant product literature. Full terms and conditions are available on request from us using the contact details provided. Charges, terms and the selection of funds we make available may change. Information on the general and specific risks associated with investing in this fund is available in the relevant fund guide, or KIID where applicable. All information is sourced from Scottish Widows or the relevant fund management group unless otherwise stated.