31 October 2017

Pension Fund

Asset Allocation (as at 29/09/2017)

- UK Index Linked: 99.9%
- Money Market: 0.1%

Credit Rating Breakdown (as at 29/09/2017)

- AA: 99.9%
- Not rated: 0.1%

Maturity Breakdown (as at 29/09/2017)

- +10 years: 78.9%
- 0-5 years: 7.8%
- 5-10 years: 13.2%
- Other: 0.1%

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

Fund Aim

The fund aims to maximise total returns by investing primarily in interest-bearing securities issued by the UK government with flexibility to gain exposure to a minority holding in other fixed interest stocks.

Basic Fund Information

- Fund Launch Date: 23/11/1987
- Fund Size: £63.4m
- Sector: ABI UK Index - Linked Gilts
- ISIN: GB0002040516
- MEX ID: CMIIL
- SEDOL: 0204051
- Manager Name: Quantitative Investment Team
- Manager Since: 01/09/2014

The portfolio data on this factsheet is updated on a quarterly basis.

Top Ten Holdings

(as at 29/09/2017)

- UK GILT INFLATION 1.25PCT 22NOV2055 GBP: 5.4%
- UK GILT INFLATION 0.375PCT 22MAR2062 GBP: 4.9%
- UK GILT INFLATION 0.125PCT 22MAR2044 GBP: 4.2%
- UK GILT INFLATION 1.25PCT 22NOV2022 GBP: 4.0%
- UK GILT INFLATION 1.875PCT 22NOV2027 GBP: 4.1%
- UK GILT INFLATION 0.625PCT 22MAR2040 GBP: 4.4%
- UK GILT INFLATION 0.75PCT 22NOV2047 GBP: 4.4%
- UK GILT INFLATION 0.5PCT 22MAR2050 GBP: 4.4%
- UK GILT INFLATION 1.125PCT 22NOV2037 GBP: 4.5%
- UK GILT INFLATION 0.125PCT 22MAR2044 GBP: 4.2%
- UK GILT INFLATION 0.5PCT 22MAR2050 GBP: 4.4%
- UK GILT INFLATION 0.75PCT 22NOV2047 GBP: 4.4%
- UK GILT INFLATION 0.625PCT 22MAR2040 GBP: 4.4%
- UK GILT INFLATION 0.125PCT 22MAR2044 GBP: 4.2%
- UK GILT INFLATION 1.25PCT 22NOV2027 GBP: 4.1%
- UK GILT INFLATION 1.875PCT 22NOV2022 GBP: 4.0%
- TOTAL % OF FUND: 45.2%
Quarterly Fund Manager Review

The third quarter in index-linked bonds was fairly volatile. Yields took a round-trip and ended up pretty much close to flat on the quarter. At the end of the second quarter, yields moved higher on hawkish comments from various Monetary Policy Committee (MPC) members. The comments led to an increase in expectations that the Bank of England may increase bank rate (which would reduce future inflation). Over the first two months of the quarter, the move at the end of the second quarter retraced. This was mostly on a risk-off sentiment, driven by a mix of American politics and heightened tensions with North Korea. In September the round-trip for the quarter was complete; although there was no hike from MPC, a further shift towards hawkish rhetoric drove yields back to where we started the quarter.

The 10 year inflation-linked bond yield moved from around -1.8% at the end of June to -1.75% by the end of September. Market pricing of longer-term inflation expectations, broadly measured by breakevens, were also pretty much flat over the quarter.

Quantitative Investment Team 30/09/2017

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.