31 July 2019

Pension Fund

Asset Allocation (as at 28/06/2019)

- UK Gilts: 94.0%
- Overseas Bonds: 5.7%
- Money Market: 0.3%

Credit Rating Breakdown (as at 28/06/2019)

- AAA: 4.4%
- AA: 91.7%
- Not rated: 4.0%

Maturity Breakdown (as at 28/06/2019)

- +10 years: 51.9%
- 0-5 years: 37.8%
- 5-10 years: 10.1%
- Other: 0.3%

The composition of asset mix and asset allocation may change at any time and exclude cash unless otherwise stated.
Despite attempts at tweaks to her Brexit Withdrawal Agreement, UK Prime Minister Theresa May finally had to admit failure in the face of constant division. Heavy losses for the Conservatives at the English local election intensified the pressure on the PM to name her departure date. This triggered a Conservative leadership race that was whittled down to Boris Johnson and Jeremy Hunt by the end of June. Such political manoeuvring increased the chances of both the ‘no deal’ outcome or an early UK general election. Gilts concentrated upon the former and outperformed German bunds through the middle of the quarter before finding some resistance as 10-year yields breached 1%. The expectation of quantitative easing in Europe and a dovish leaning from the US Federal Reserve encouraged further yield falls into quarter end with 10-year yields at 0.8%. More hawkish ‘steering’ comments from core Monetary Policy Committee members on the rates outlook were largely ignored by the market while poor positioning, lower sterling and heavier cash liability matching pushed inflation breakevens higher.

Investment Solutions, Global Credit Team 30/06/2019

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.

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

<table>
<thead>
<tr>
<th>30/06/2018 - 30/06/2019</th>
<th>30/06/2017 - 30/06/2018</th>
<th>30/06/2016 - 30/06/2017</th>
<th>30/06/2015 - 30/06/2016</th>
<th>30/06/2014 - 30/06/2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clerical Medical UK Gilt</td>
<td>4.5%</td>
<td>1.2%</td>
<td>-1.5%</td>
<td>11.5%</td>
</tr>
<tr>
<td>ABI UK Gilts</td>
<td>4.0%</td>
<td>1.0%</td>
<td>-1.0%</td>
<td>11.6%</td>
</tr>
</tbody>
</table>

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

Cumulative Performance

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Clerical Medical UK Gilt</td>
<td>1.5%</td>
<td>4.4%</td>
<td>6.5%</td>
<td>4.0%</td>
</tr>
<tr>
<td>ABI UK Gilts</td>
<td>1.4%</td>
<td>4.3%</td>
<td>6.2%</td>
<td>3.4%</td>
</tr>
</tbody>
</table>

Quarterly Fund Manager Review

Despite attempts at tweaks to her Brexit Withdrawal Agreement, UK Prime Minister Theresa May finally had to admit failure in the face of constant division. Heavy losses for the Conservatives at the English local election intensified the pressure on the PM to name her departure date. This triggered a Conservative leadership race that was whittled down to Boris Johnson and Jeremy Hunt by the end of June. Such political manoeuvring increased the chances of both the ‘no deal’ outcome or an early UK general election. Gilts concentrated upon the former and outperformed German bunds through the middle of the quarter before finding some resistance as 10-year yields breached 1%. The expectation of quantitative easing in Europe and a dovish leaning from the US Federal Reserve encouraged further yield falls into quarter end with 10-year yields at 0.8%. More hawkish ‘steering’ comments from core Monetary Policy Committee members on the rates outlook were largely ignored by the market while poor positioning, lower sterling and heavier cash liability matching pushed inflation breakevens higher.

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