

The People's Pension – Quarterly investment report

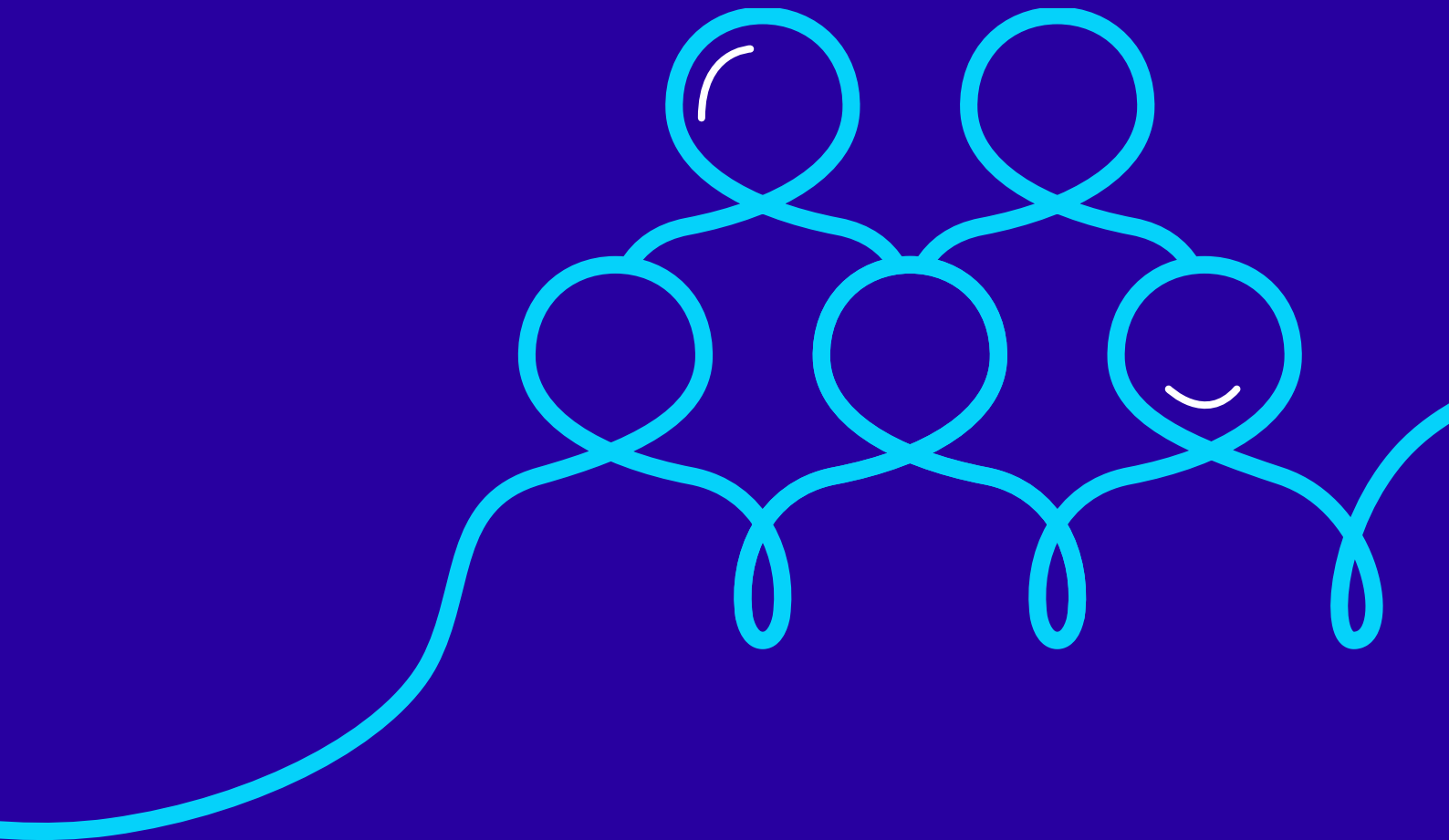
January to March 2025



Introduction

At The People's Pension, we are committed to improving the financial lives of our members through the responsible growth and the performance of our investment funds. This document provides an overview of last quarter's fund performance and how we manage our members' money.

This document is purely for information purposes only and shouldn't be taken as advice. All our funds carry some degree of risk and their value can go down as well as up. Past performance is not a reliable indicator of future results.



January to March 2025 Investment Commentary

Q1 2025 – Trumpeting in a new era?

Global equity markets moved in different directions in Q1. In the United States, a strong start was disrupted by increasing Chinese competition in the AI market and ongoing uncertainty around new trade policies with its largest trading partners. Stock markets in the US ended the quarter down about 5% (and fell further in early April).

In Europe and the UK, markets fared better, with strong performance across the board. The Euro Stoxx 50 hit a new all-time high, its first since March 2000. European markets were buoyed by rallies in European banks and weapons manufacturers, with the latter driven by expectations of increased defence spending across the region. Since the end of the quarter, however, markets have also been affected by escalating tensions in US trade policy.

Stepping back over the longer term, global stock markets have delivered strong annualised returns of around 8% per year from the start of this decade up to the end of March.

US – Tariffs are on and off and on...

Following a strong 2024, technology and consumer discretionary stocks suffered a sharp correction as concerns grew over rising Chinese competition in artificial intelligence. While consumer confidence was weighed down by a tougher trade stance and cuts to the federal workforce.

UK – Bigger is more beautiful?

The UK stock market delivered a robust performance over the quarter, driven largely by strong gains in larger companies, particularly within the financial, energy, and healthcare sectors. In contrast, small and mid-sized companies struggled, feeling the effects of the UK's continuing sluggish economy.

Although the UK economy narrowly avoided two consecutive quarters of contraction, growth remains sluggish, continuing to pressure consumer-facing sectors like travel, housebuilding, and leisure.

January to March 2025

Investment Commentary (Continued)

Eurozone – Germany takes off the debt break

European shares had a strong quarter. The results of the German election buoyed markets, and paved the way for a new government committed to easing borrowing constraints for infrastructure and defence.

Any gains, however, were tempered at the end of the quarter as the markets responded to concerns over potential US tariffs. Meanwhile, the European Central Bank cut rates in both January and March, responding to inflation falling to 2.3% in February.

Japan – Some green shoots under the winter snow

Japanese equities ended the quarter in negative territory once again, as fears over potential US tariffs weighed heavily on sentiment, particularly among exporters. Still, there were some positive news stories underneath the equity market decline. Inflation and wage growth data was positive, and defence spending increased. Japanese banks also benefitted from the Bank of Japan's decision to increase interest rates.

Emerging Markets – Tech rises and tech falls

Overall, our emerging markets portfolio was down nearly 2% over the quarter. China performed well, benefitting from optimism around AI and government stimulus aimed at boosting domestic demand. However, sharp declines were seen in Indonesia, Thailand, and, most notably, Taiwan. The Taiwanese market was impacted by a general fall in technology companies and the potential for American tariffs impacting exports.

Global Fixed Interest – Not wholly plain sailing

Government bonds had a difficult start to the quarter and then benefitted from a movement towards lower-risks assets towards the end, with US Treasuries, UK Gilts and German Bunds all finishing strongly. Corporate bond investors benefitted from the attractive yields on offer and saw positive returns over the quarter. Although spreads (the difference between the yield for corporate bonds and government bonds) remain low by historical levels, they did widen during the quarter.

January to March 2025 Investment Commentary (Continued)

Outlook

The short-term global market outlook worsened over the quarter, particularly following Donald Trump's announcement of a broad set of global tariffs on 2 April. This has resulted in a fall for global equity markets. Bond markets were impacted but are providing some protection from the equity volatility.

There are some bright spots; notably, the push to increase defence spending in Germany and across Europe could provide a meaningful economic stimulus.

Q1 2025 was not a positive quarter for global equities, but if we look back further, three and five-year returns remain strongly positive.

We believe that the returns of different asset classes won't always move in unison over the medium to long term. Risk can be managed for our members through a carefully constructed and well-diversified portfolio. Our approach is to spread our members' investments over a wide array of companies and sectors globally, rather than placing concentrated bets on which area might do best.

How we manage our members' money

The People's Pension has a long-term strategic approach to investments. We look after over £31bn* in members' pension savings so we understand how important it is to manage risk for our members, as well as seeking reward.

We aim to balance the risk and reward profile of our core funds alongside ensuring member investment costs remain competitive.

Where we believe there are good reasons for long-term investment in certain types of company, or to avoid or reduce investments in particular companies of a certain type we will do this. For example, part of our default fund invests so that investments in companies that produce lots of greenhouse gasses are reduced. This technique is known as 'smart beta'.

We use a technique called currency hedging to reduce the risk of our developed world equity funds. We do this because we don't believe the risks of major currencies changing value against each other provide a good enough reward for our members.

We believe our environmental, social and governance (ESG) approach to investments will lead to better long-term returns. It's a buy, sell and talk approach:

- Buy into companies that reflect ESG factors that we believe will lead to improved, long-term returns
- Sell from companies whose operations we disagree with and that don't have an impact on our returns
- Talk, engage and use our voting power on companies that we invest in whose behaviour we'd like to change

If you'd like to know more about our investment process, ESG policies, our climate change policy or view our fund factsheets, they can be all found here

thepeoplespension.co.uk/investment-downloads/

Balanced investment profile – Growth phase*

Global Investments (up to 85% shares) Fund

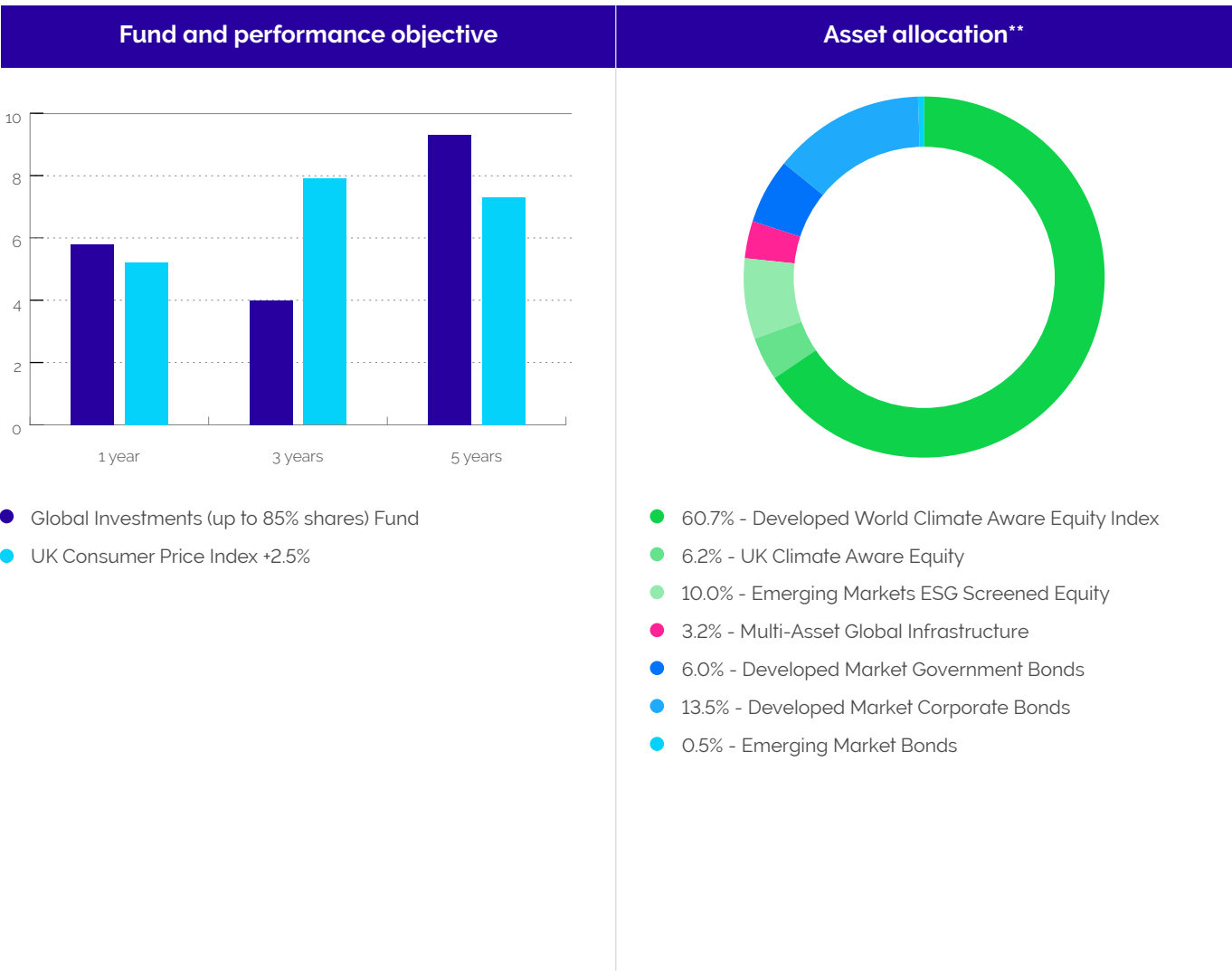
Purpose

The fund is a balanced medium to high-risk capital growth fund.

Return objective

UK Consumer Price Index +2.5% per annum on a net of fees basis.

	1 year	3 years	5 years
Annualised fund performance	5.8	4.0	9.3
Annualised performance objective	5.2	7.9	7.3
Annualised fund volatility	8.1	10.6	10.3



As of 31/03/2025. Source People's Partnership and Financial Express. Performance Net of Annual Management Charge.

* This is The People's Pension's default profile.

** Rounded up to 1 decimal place.

All investment profiles

– Consolidation phase

Pre-Retirement Fund

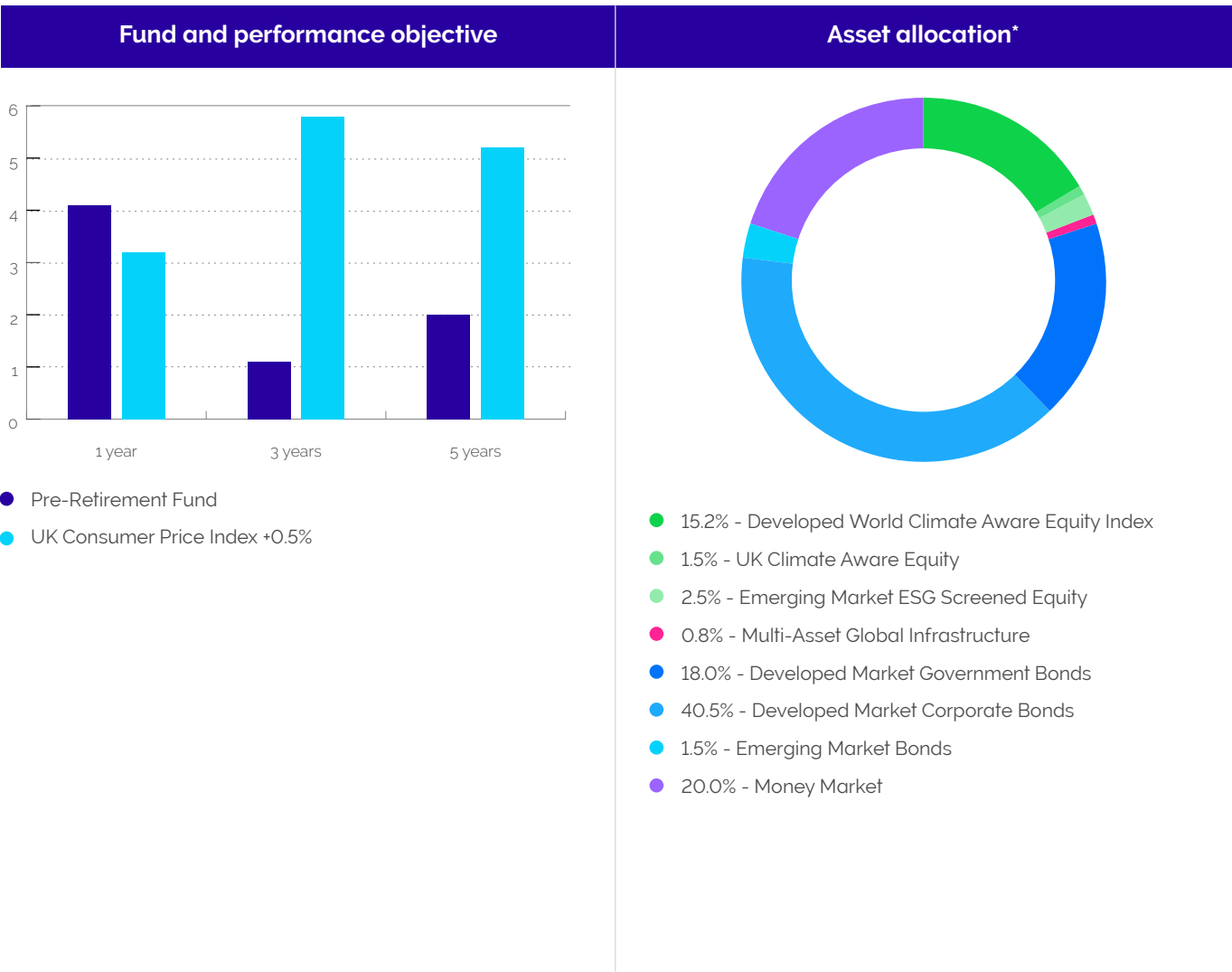
Purpose

The fund is a low to medium-risk fund that balances capital preservation and capital growth.

Return objective

UK Consumer Price Index +0.5% per annum on a net of fees basis.

	1 year	3 years	5 years
Annualised fund performance	4.1	1.1	2.0
Annualised performance objective	3.2	5.8	5.2
Annualised fund volatility	4.1	6.2	5.6



As of 31/03/2025.. Source People's Partnership and Financial Express. Performance Net of Annual Management Charge.
* Rounded up to 1 decimal place.

Adventurous profile

– Growth phase

Global Investments (up to 100% shares) Fund

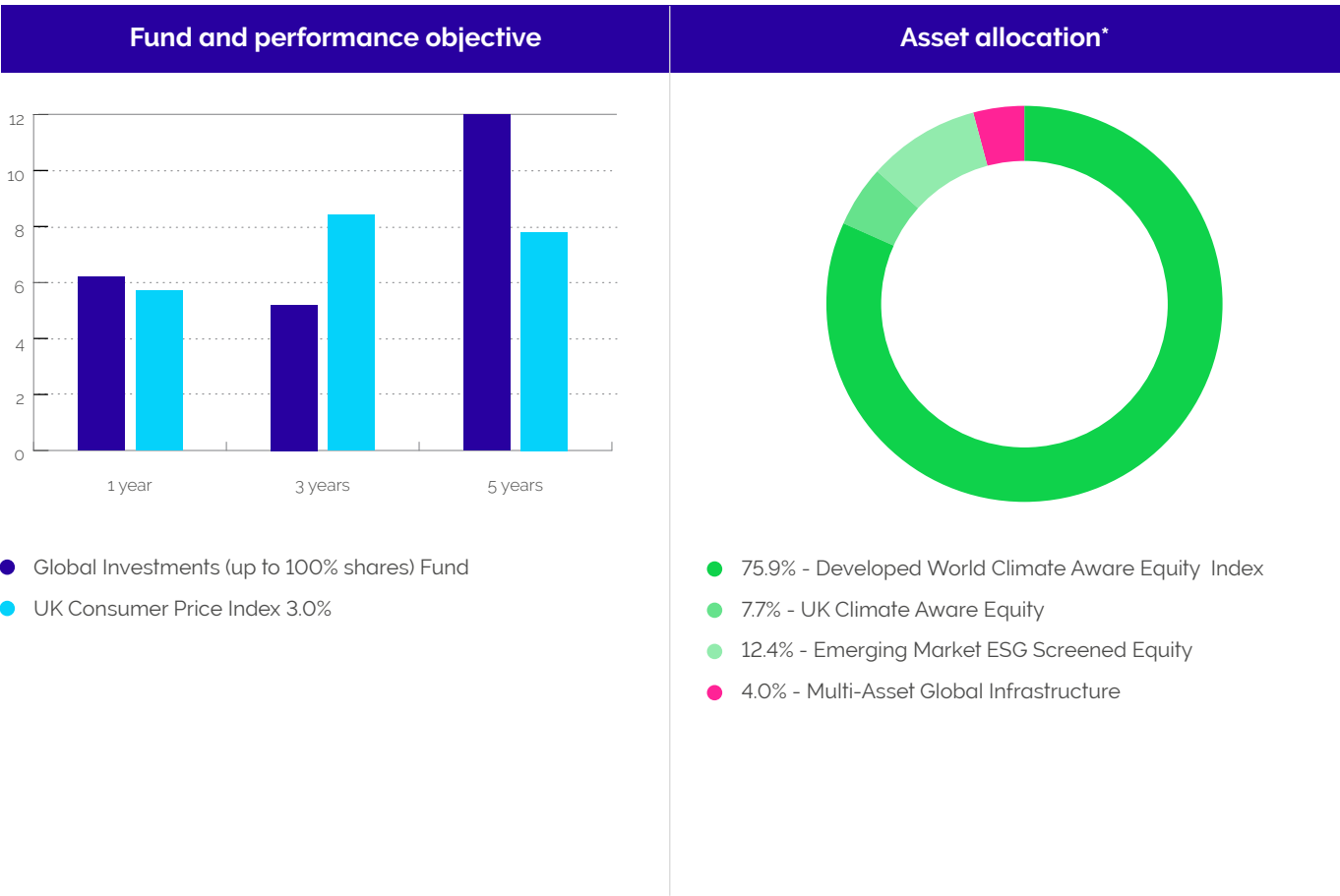
Purpose

The fund is a higher-risk fund compared to the Global Investments (up to 85% shares) Fund. It aims for capital growth and invests up to 100% in global equities.

Return objective

UK Consumer Price Index 3.0% per annum on a net of fees basis.

	1 year	3 years	5 years
Annualised fund performance	6.2	5.2	12.0
Annualised performance objective	5.7	8.4	7.8
Annualised fund volatility	10.1	12.2	12.1



As of 31/03/2025. Source People's Partnership and Financial Express. Performance Net of Annual Management Charge.
* Rounded up to 1 decimal place.

Cautious profile

– Growth phase

Global Investments (up to 60% shares) Fund

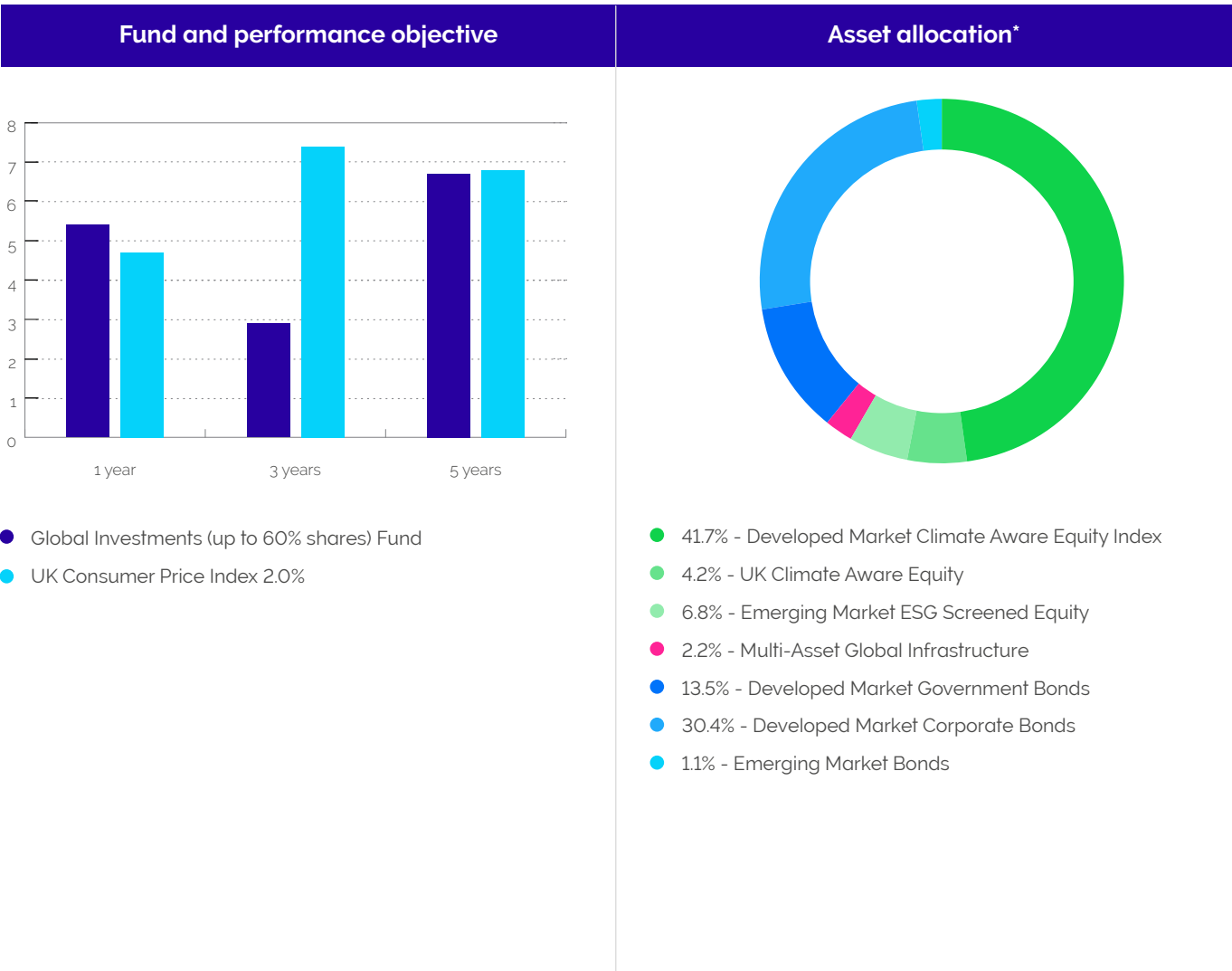
Purpose

The fund is a lower-risk fund - compared to the Global Investments (up to 85% shares) Fund. It targets a combination of capital and income.

Return objective

UK Consumer Price Index 2.0% per annum on a net of fees basis.

	1 year	3 years	5 years
Annualised fund performance	5.4	2.9	6.7
Annualised performance objective	4.7	7.4	6.8
Annualised fund volatility	7.0	9.5	9.0



As of 31/03/2025. Source People's Partnership and Financial Express. Performance Net of Annual Management Charge.
* Rounded up to 1 decimal place.

Annuity, Cash, Ethical and Shariah Funds

Fund	Objective	Asset allocation	1 year performance	3 years annualised performance	5 years annualised performance	1 year volatility	3 year volatility	5 year volatility
Annuity Fund Performance objective (IA Sterling Long Bond)	The Annuity Fund is suitable for those approaching retirement and looking to buy an annuity (a regular income, usually for life). It aims to protect against the effect of falls in the level of annuity rates.	70% Global Corporate Fixed Interest 30% UK Gilts	-6.9 (-6.1)	-10.4 (-11.7)	-7.6 (-9.4)	8.8	16.1	15.0
Cash Fund Performance objective (SONIA)	The Cash Fund aims to maintain the value of investments by investing in short term money market instruments and fixed deposits.	100% Money Market	4.7 (5.1)	3.7 (4.1)	2.0 (2.5)	0.1	0.4	0.7
Ethical Fund Performance objective (CPI+3.0%)	The Ethical Fund aims to invest across the global stock market while taking into account how a company performs across a variety of Environmental, Social and Governance ("ESG") issues.	100% Developed Global ESG Screened Equities	1.5 (5.7)	7.1 (8.4)	13.9 (7.8)	10.4	11.5	12.0
Shariah Fund Performance objective (CPI+3.0%)	The fund tracks the Dow Jones Islamic Market Titans Index, which comprises Shariah-compliant companies endorsed by the HSBC Amanah Shariah Supervisory Committee. This fund invests in company shares from around the world and is compliant with Islamic Shariah principles.	100% Global Shariah Compliant Equities	3.4 (5.7)	9.2 (8.4)	16.0 (7.8)	14.8	14.3	14.5

As of 31/03/2025. Source People's Partnership and Financial Express. Performance Net of Annual Management Charge. The funds do not have a volatility benchmark.

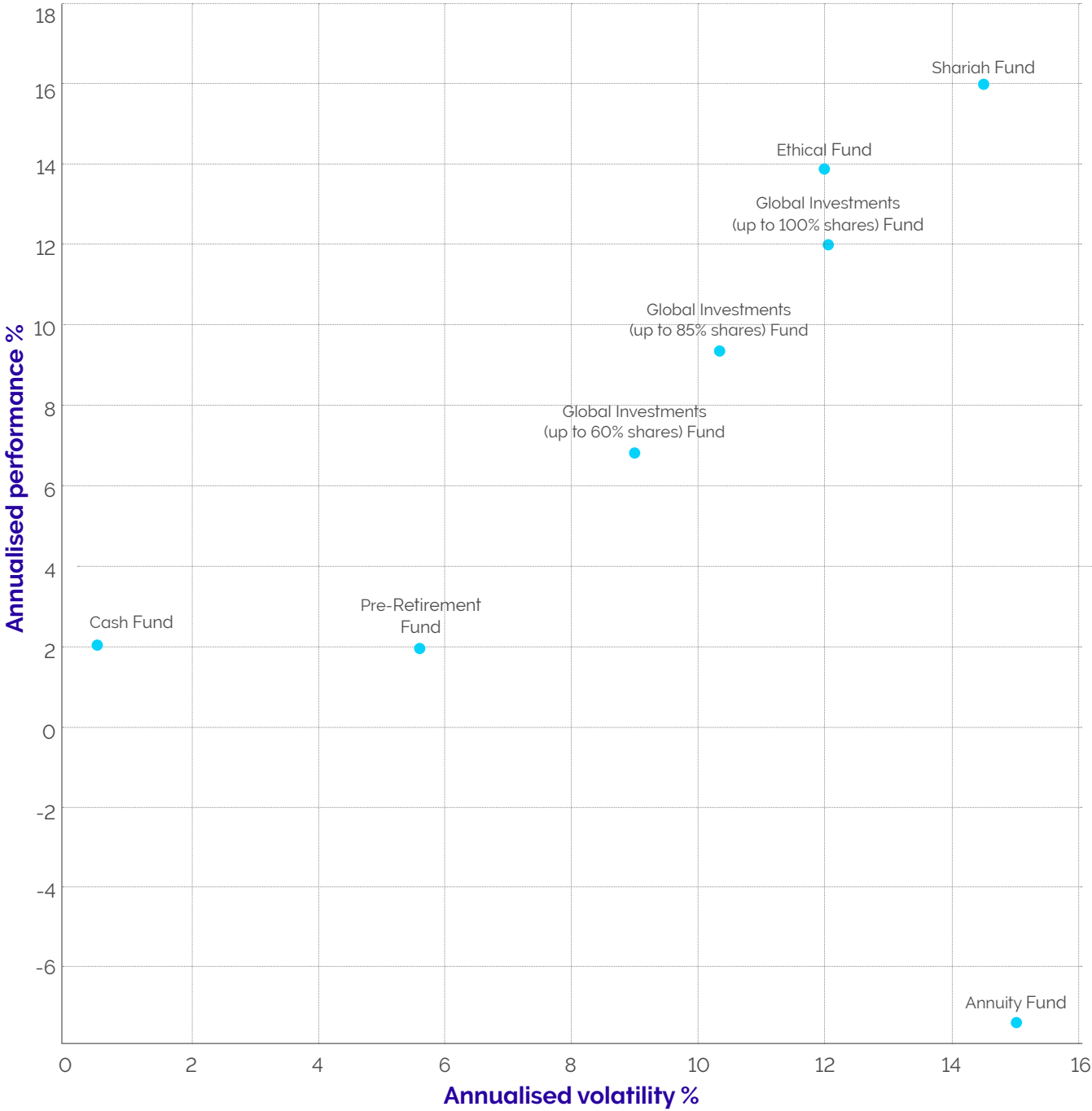
Value for Money Performance

Balanced Profile

	Gross of charges			Net of charges		
Fund	1 year performance	3 years annualised performance	5 years annualised performance	1 year performance	3 years annualised performance	5 years annualised performance
Member 15 Years to Retirement	6.2%	4.5%	9.8%	5.6%	3.9%	9.2%
Member 10 Years to Retirement	5.7%	3.6%	8.5%	5.2%	3.1%	7.9%
Member 5 Years to Retirement	5.2%	2.7%	6.2%	4.7%	2.2%	5.6%

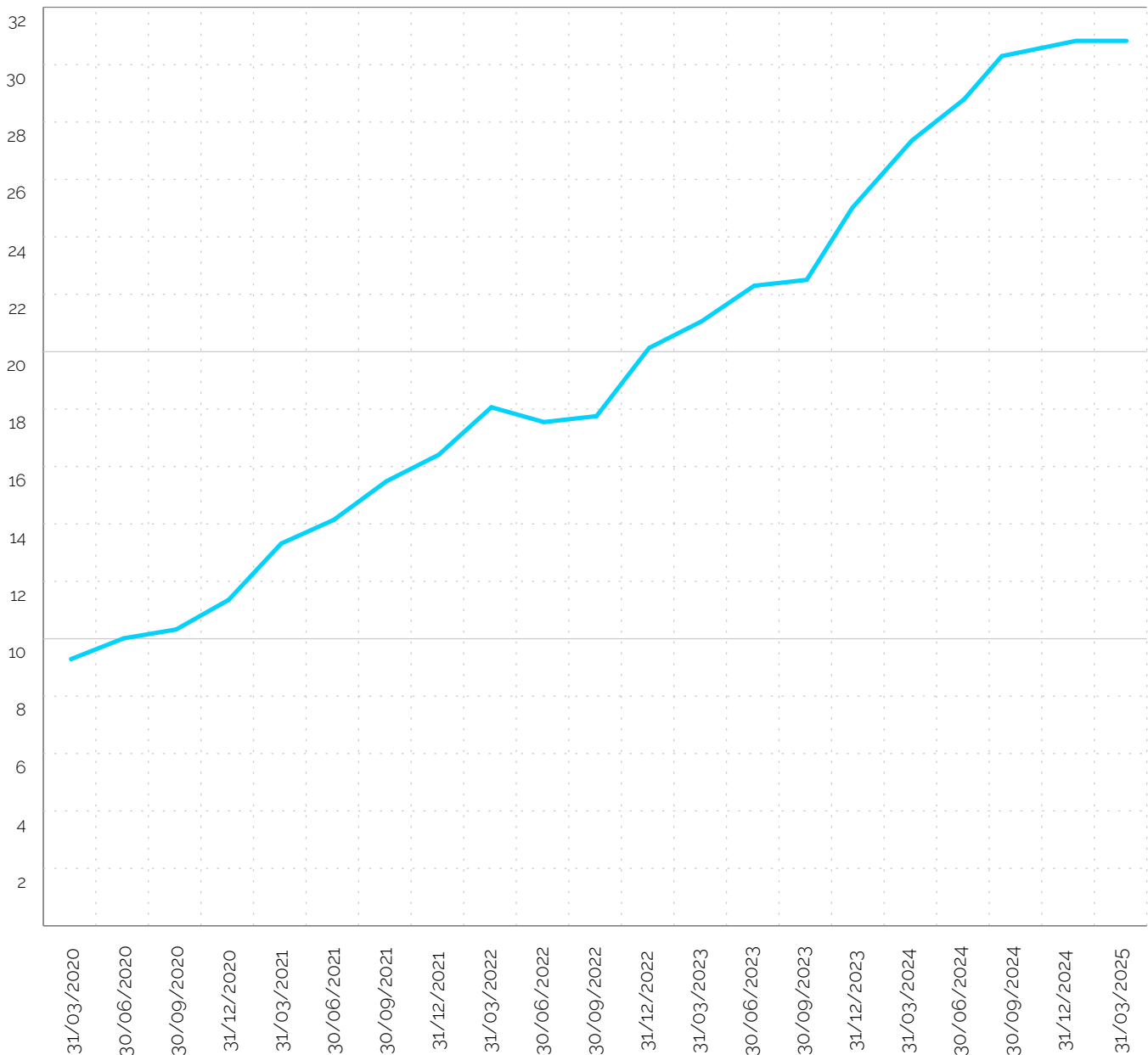
As of 31/03/2025. Source People's Partnership and Financial Express.
Member's time to retirement is at the date of performance calculation.
The People's Pension Balanced Investment Profile is composed of the Global Investments (up to 85% shares) Fund and Pre-Retirement Fund.
Net of charges performance is net management charge of 0.5%.

Five year annualised performance vs volatility



As of 31/03/2025. Source People's Partnership and Financial Express. Performance Net of management charge.

The People's Pension Assets Under Management (£ bn)



Fund sizes as at 31 March 2025	(£ bn) *
The People's Pension Total	£31.34
Global Investments (up to 85% shares) Fund	£24.5
Pre-Retirement Fund	£5.1
Global Investments (up to 100% shares) Fund	£1.3
Shariah Fund	£0.2
Ethical Fund	£0.1
Cash Fund	£0.1
Global Investments (up to 60% shares) Fund	£0.1
Annuity Fund	£0.0

As of 31/03/2025. Source People's Partnership.

*Values rounded to 1 decimal place.

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