Managed Pension Funds Limited

Timewise Target Retirement 2025 Sub-Fund

Multi-Asset Class

31 December 2020

Fund Objective

The Strategy seeks to provide a balance between capital growth and capital preservation, taking into account the investment manager's view of what investments it believes are typically appropriate for an investor in a UK pension fund retiring on the target retirement date of the Strategy. The investment manager will use proprietary valuation models and may select from a wide range of asset classes and instruments, including derivatives, across different geographical regions to design the portfolio while providing policyholders the ability to purchase and redeem units on an "as of" basis.

Investment Policy

Investments are made in accordance with an asset allocation "glide path" developed by the investment manager for the Strategy. The glide path sets out the types of investments which the investment manager believes are appropriate for the Strategy, taking into account the investment objective and the remaining time until the target retirement date of the Strategy. The asset allocation and risk profile of the Strategy will therefore vary over time and may also be amended from time to time depending upon the investment manager's view of whether a typical investor in a UK pension fund retiring on the target retirement date of the Strategy will purchase an income generating annuity (and, if so, when that purchase will be made), market-events, changes in average life expectancy, inflation, applicable law and regulation or other circumstances deemed relevant by the investment manager.

Performance Benchmark

The benchmark for performance measurement purposes is a custom benchmark based on the strategic asset allocation of the portfolio. The composition of this benchmark will be updated on a quarterly basis, in line with changes made to the strategic asset allocation of the portfolio as it moves along the glide path towards the target retirement date.

Structure

Limited Company

Domicile

United Kingdom

Investment Manager

State Street Global Advisors Limited

Strategy Facts

NAV	1.42 GBP as of 31 December 2020
Currency	GBP
Net Assets (millions)	107.93 GBP as of 31 December 2020
Inception Date	24 November 2014
Zone	Global
Settlement	Redemption Settlement Cycle, DD+4; Subscription Settlement Cycle, DD+4
Notification Deadline	DD 09:30am London time
Valuation	Daily market close
Swing Factor[1]	
Subscription	0.22%
Redemption	0.03%
Minimum Initial Investment	N/A
Minimum Subsequent Investment	N/A
TER Max	0.25%

1. Indicative as at the date of this factsheet and is subject to change.

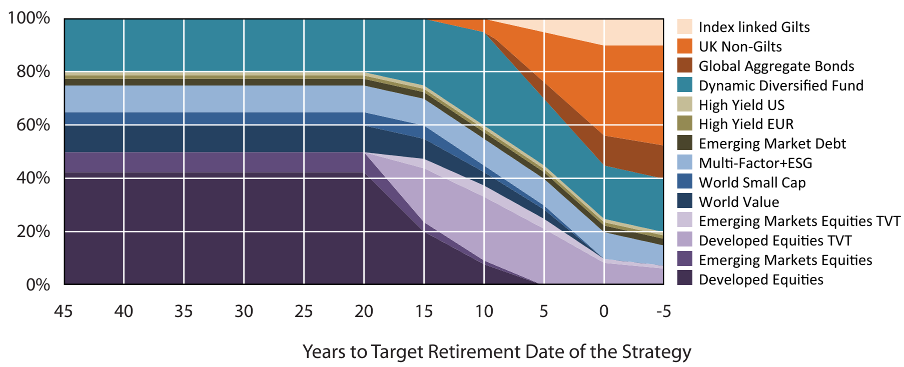
Performance

Annualised	Performance Benchmark	Strategy Gross	Difference	Strategy Net	Difference
1 Year (%)	6.83	4.46	-2.37	4.51	-2.33
3 Year (%)	5.28	4.83	-0.45	4.58	-0.70
5 Year (%)	8.37	7.70	-0.67	7.47	-0.90
Since Inception (%)	7.23	6.21	-1.02	5.93	-1.30
Cumulative					
3 Month (%)	4.96	6.25	1.29	6.21	1.25
1 Year (%)	6.83	4.46	-2.37	4.51	-2.33
3 Year (%)	16.69	15.22	-1.47	14.38	-2.32
5 Year (%)	49.50	44.94	-4.56	43.38	-6.13
Since Inception (%)	53.12	44.42	-8.70	42.11	-11.01
Calendar					
2020 (year to date)	6.83	4.46	-2.37	4.51	-2.33
2019	11.84	14.23	2.39	13.67	1.83
2018	-2.34	-3.45	-1.11	-3.72	-1.38
2017	10.41	11.64	1.23	11.58	1.17
2016	16.04	12.68	-3.36	12.34	-3.70

Past performance is not a guarantee of future results.
Investing involves risk including the risk of loss of capital.
Performance returns for periods of less than one year are not annualised. The Strategy returns are gross of fees (based on unit price) and net of irrecoverable withholding tax. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in GBP.
The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in GBP.
The performance figures contained herein are provided on a gross and net of fees basis, gross of fees do not and net of fees do reflect the deduction of advisory or other fees which could reduce the return.
Where performance is quoted as net, this is based on a swung price (includes the bid-offer spread). Where performance is quoted as gross, this is based on the mid price.
The calculation method for value added returns may show rounding differences.
When the Fund is closed according to its official Net Asset Value (NAV) calendar but, nonetheless, a significant portion of the underlying security prices can be determined, a Technical NAV is calculated. Past Performance indicated herein has therefore been calculated using a Technical NAV when required, as well as the official NAV of the Fund as at each other business day for the relevant period.
Any spreads disclosed are indicative only and are subject to the discretion of the investment manager, based on market conditions at the time of transaction.

Source: SSGA.
All data is as at 31/12/2020

Glide Path



The last strategic review of the glide path was completed in November 2019. The full report is available at www.ssga.com/definedcontribution/uk/investment-solutions/target_retirement_funds/index.
The Sub-Fund is only available for investment by defined contribution pension schemes and by insurance companies seeking to reinsure liabilities relating to defined contribution pension schemes.

Commentary

Market Review

After witnessing a strong recovery early in the quarter in key economies such as the United States (US) and Europe, economic momentum slowed toward the end of the year amid rising infection rates. However, positive news on vaccine approvals, progress on fiscal stimulus deals and continued monetary support are expected to boost growth momentum in 2021.

Risk assets rallied in the fourth quarter on positive news flow on vaccines and US election results. Cyclical sectors registered strong gains with defensive sectors posting modest growth. Commodities registered robust returns and oil prices rose as stronger demand outlook offset concerns on increased supply. The US dollar declined by nearly 4% in the quarter, its weakest fourth quarter performance since 2003, amid increased risk appetite and continued monetary support. The short end of the US Treasury curve remained unchanged, but yields on longer maturity drifted higher. US 10-year Treasury yields moved up by 24 bp to end at 0.93% for the year.

Equities

Global equity markets experienced positive growth for the third consecutive quarter with the FTSE All World Index rising by 8.5% in GBP terms. Developed market equities, based on the FTSE All World Developed Index, rose by 8.2% in GBP terms, over the quarter. New infection rates rose significantly in Europe and the US, topping the previous highs as a new strain of the virus emerged. Limited intensive care unit facilities and outbreaks in nursing homes forced many countries to implement new stringent lockdown measures to slow down the spread of the virus.

In the UK, the quarter ended with a Brexit deal finally being agreed, helping sterling to rise 5% over the quarter. UK Equities posted 10.9% in Q4, reversing some of the underformance that they suffered versus other regions during initial stage of COVID crisis. November was the strong month, whre FTSE 100 has recorded it's best month since 1989, amid vaccine optimism. Brexit trade deal also pushed the stocks higher. However, UK equities had a worst annual perfomrance since 2008, underperforming its developed market peers. Much of the UK's underperformance was down to the FTSE's heavy weighting towards oil and resources stocks - a sector that has suffered badly through coronavirus. On the monetary policy front, the Bank of England (BoE) took additional steps to support the economy. The BoE's Monetary Policy Committee agreed to increase the target stock of government bond purchases by £150 billion to £875 billion. On the economic front, manufacturing activity continues to chug along. The final read on the December manufacturing PMI was even better than initially reported, showing a 1.9-point gain to 57.5, the highest level since April 2017. The services PMI was a little weaker than initially reported, and it remained below the neutral 50 level.

European equities gained sharply in Q4, as positive news on the Covid-19 vaccine rollout, the US pandemic relief bill and the UK-EU post-Brexit trade deal outweighed the surge in Covid-19 cases and boosted investors' optimism. In addition, the European market continued to enjoy strong liquidity support from the central bank. On the fiscal front, while roadblocks were cleared for a fiscal support deal, paving the way for a roll out in early 2021, support from a landmark recovery fund was expected by mid-2021. The EU agreed a Brexit trade deal with the UK. On the economic front, the Covid resurgence is once again accentuating the divergence between manufacturing and service activity in the eurozone. Indeed, while the manufacturing PMI index improved 1.4 points to 55.7 in December - the highest level since May 2018—the services PMI sits at a paltry 46.4 points. The weakness in service activity is being acutely felt in consumer spending.

In the US, election results contributed to the S&P 500 Index gaining 6.1% in GBP terms, during the quarter. Markets reacted positively to reduced chances of tax hikes and tighter regulation for technology and health care sectors. The last days of the year brought long-awaited relief for pandemic-stricken companies and households. US lawmakers finally agreed on a pandemic relief plan that will extend many of the provisions under the Coronavirus Aid, Relief and Economic Security Act, including renewing direct payments to households and more generous unemployment benefits. The Fed also explicitly committed to purchasing at least US$80 billion worth of Treasuries and agency MBS every month until substantial progress was deemed to be made toward its inflation and employment goals.

Asia Pacific equities rallied strongly. Despite the pandemic taking a turn for the worse over the quarter, the US election results and positive news on COVID-19 vaccines helped markets to recover. Hard-hit sectors, such as energy, traditional retail, hotels, airlines and financials, rallied, while pandemic winners, such as online retail, health care and home improvement, lagged. Within the region, in Japan, Prime Minister Yoshihide Suga's cabinet approved a record US$1 trillion budget for the next fiscal year.

The broad measure of EM, the FTSE All World Emerging Markets Index, was up 11.3% in GBP terms, for the quarter. EM equities benefited from renewed hopes of a cyclical recovery, a falling US dollar and increasing global trade activity. Strong demand for medical supplies and tech products lifted Chinese exports. China's success in controlling the virus allowed its economic recovery to gather pace with third-quarter GDP growth printing at 4.9% YoY. After a strong rebound over the summer, China looks set to be one of the only major economy to show aggregate positive economic growth in 2020 relative to 2019. South Korea, another beneficiary of increased technology demand, also showed accelerating momentum in its exports.

Bonds

Global bonds (Bloomberg Barclays Global Aggregate Bond Index) returned -2.3% in GBP terms, over the quarter. Government bond yields diverged markedly while, corporate bonds gained ground.

Sovereign fixed income markets reported highly divergent figures amidst a swathe of newly announced, monetary policy and political results accompanying welcomed Covid-19 vaccine progress. Optimism generated from positive news fueled risk on sentiment and quickly filtered to markets as the US 10y yield reported an increase of 23bps over the quarter to finish at 0.91%, particularly sensitive to the US election results in November. European government bonds performed well as sentiment toward the region improved noticeably after the ECB significantly increased quantitative easing measures and extended Brexit trade talks lifted, spurring increased demand for higher risk periphery nation bonds. 10y Gilt yields ended the quarter at 0.20%, down slightly from 0.23% at the beginning of the quarter.

Global corporates continued to benefit from the risk-on sentiment in the markets, on the back of continued policy support from governments and central banks and mainly due to several vaccines proving effective against covid-19, and spreads tightened across all currencies and ratings during the last quarter of 2020. US Corporate delivered quarterly total returns of 3.1% in USD terms (-2.3% in GBP terms), outperforming EUR IG Corporates while GBP denominated IG securities delivered total returns of 4.05% in GBP terms.

In similar fashion to Investment Grade Corporates, High Yield bonds delivered strong positive total returns across all currencies benefiting from the improved market sentiment on the back of definitive steps towards the development of a tested Covid-19 vaccine. Spreads tightened across all currencies and ratings, particularly within the lower quality buckets as Investors rotated down to higher yielding assets.

EM debt saw strong positive returns in Q4, aided by discovery of effective vaccines for the COVID-19 pandemic, the potential benefits to EM as a result of a prospective Biden administration, continued USD weakness, and increased demand for risk-assets amidst availability of ample global liquidity.

Alternatives

Commodities (as measured by the Bloomberg Commodities Total Return Index) returned 4.3% in GBP terms, for the quarter. Positive vaccine news and a weaker US dollar helped commodities post double digit returns. Overall, all three commodity sectors finished the quarter higher, with agriculture sector performing the best.

Real estate investment trusts (REITs) as indicated by the FTSE EPRA Nareit Global Real Estate Index gained 12.8% in Q4, while the Dow Jones US Select REIT returned 12.9% for the quarter. The news about successful vaccine trials and hopes that the global economy will return to pre-pandemic levels buoyed sectoral REITs sectors that were buffeted by shutdowns and social distancing measures. Lodging/resorts sector had a total return of greater than 50% in the fourth quarter and retail sector gained over 20%.

Asset Allocation

One of the mechanisms of managing risk within the glidepath is the allocation to the Dynamic Diversified Fund, which dynamically adjusts exposures based on anticipated market conditions - guided by our proprietary Market Regime Indicator (MRI).

As the quarter commenced, the State Street MPF Dynamic Diversified Fund was approximately 67% invested in growth assets. In early October the team slightly adjusted the portfolio by increasing corporate bonds and small cap equity funding that from developed equity and high yield bonds. The second half of the month saw gradually increasing risk-aversion in response to rising infection rates, delayed talks regarding fiscal stimulus and uncertainty associated with the upcoming elections in the US. As such, the MRI moved to High Risk Regime and the team decided to de-risk the portfolio by implementing the Tail Risk Basket and reducing the developed equities allocation. However, November turned out to be very constructive for financial markets. The long-awaited news regarding a safe COVID-19 vaccine and diminishing US election uncertainty created more risk-on environment and allowed growth assets to raise sharply over the month. A lot was done to allow the portfolio benefiting from this vigorous rally. Firstly, early in the month, the team exited the Tail Risk Basket and increased developed equity allocations. Secondly, the risky assets allocation was gradually increased reaching almost 85% by the end of the month. The key asset allocation changes were reduction in cash as well as corporate and government bonds with proceeds invested in developed markets large cap and small cap equity, emerging markets equity and commodities. The main portfolio adjustments in December, driven mainly by increasing uncertainties around potential hard Brexit, were moderate reduction in developed equity and addition to cash. At the end of the fourth quarter the State Street MPF Dynamic Diversified Fund was approximately 77% invested in growth asset.

For More Information

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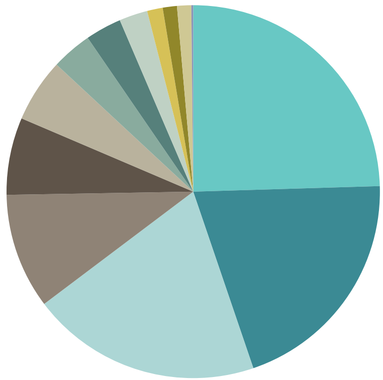
Asset Allocation

	Fund (%)
Dynamic Diversified Fund	24.52
UK Non-Gilts	20.25
Developed Equities TVT	19.93
SS ACS MF GLBL ESG EQTY INDX FD	10.01
SSgA Global Aggregate Bond Index Fund	6.70
Index Linked Gilts	5.50
Emerging Markets TVT	3.51
MPF Fundamental Weighted Glb Eq (75pct Hdg)	3.13
SPDR BBG Emerging Markets Local Bond ETF	2.46
SPDR World Small Cap	1.35
SPDR BBG Euro HY Bond UCITS ETF	1.23
SPDR BBG High Yield Bond ETF	1.23
Cash	0.16



Asset allocations shown are as of the date indicated and are subject to change.

Please note that full details of underlying fund holdings can be found on www.ssga.com.

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Marketing Communication
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