Diversified Growth Fund

as at 31 March 2014

Fund Objective

Our investment objective is to achieve a return of 3 per cent per annum over and above the return on Cash over a rolling five year period.

The NOW: Pensions DGF is designed to achieve a risk exposure in line with a 60% equity / 40% bond portfolio. In order to achieve this target, we utilise a dynamic approach to investing that is based on diversification of risk rather than traditional asset allocation. The fund is based on a model where control of risk level and diversification are the main tools. Risk allocation is diversified by investing across five different risk classes: Credit, Commodities, Equities, Inflation and Rates.

We use the Sterling OverNight Index Average (SONIA) measure for Cash

Fund Facts

Fund Name	NOW: Pensions Diversified Growth Fund
Fund Manager	NOW: Pensions Investment A/S
Fund size	Less than £50m
Fund Launch Date	18th December 2012
Annual Management Charge	0.3%
Pricing Basis	Single price
Valuation and Dealing Frequency	Weekly, every Wednesday (excludes UK bank holidays)
Unit Price (26-Mar 14)	123.85
Base Currency	GBP
Domicile	United Kingdom

Fund Description

The NOW: DGF adopts a multi-asset diversified strategy to deliver good expected returns in most economic scenarios.

- 'Multi asset' means that a significant return is expected to arise from asset classes other than Equities
- 'Diversified' means that not every asset class is expected to produce a high return at the same time.
- The investment strategy offers members exposure to global equity, fixed income, commodities, and credit markets.

The fund is in the family of Risk Parity portfolios. Risk parity is an approach to investing which focuses on allocation of risk (measured by volatility and potential loss), rather than allocation of capital. Our belief is that such portfolios will perform better over the long term. The Fund aims to achieve higher risk-adjusted returns than traditional portfolios in the long term.

Member Returns

Five year member returns showing percentage increase or decrease					
	01/01/2009 - 31/12/2009	01/01/2010 - 31/12/2010	01/01/2011 - 31/12/2011	01/01/2012 - 31/12/2012	01/01/2013 - 31/12/2013
NOW: Pensions Diversified Growth Fund	-	-	-	10.56%	9.10%
60% Equity / 40% Bond Portfolio	15.30%	9.42%	3.62%	10.63%	11.98%
Cash + 3%	3.57%	3.50%	3.54%	3.46%	3.44%

Cumulative member returns showing percentage increase or decrease					
	3 months to 31/03/2014	1 Year to 31/03/2014	3 Years to 31/03/2014	5 Years to 31/03/2014	Launch to 31/03/2014
NOW: Pensions Diversified Growth Fund	9.67%	13.06%	-	-	19.03%
60% Equity / 40% Bond Portfolio	1.68%	7.60%	25.83%	58.95%	13.26%
Cash + 3%	0.85%	3.49%	10.81%	18.66%	4.29%

Important Information

Please note that from 01 Jan 2012 to 31 Dec 2012 NOW: Pensions Investments ran a model portfolio. This entailed making daily decisions concerning implementation of investment strategy, as if the assets had been physically held. Whilst returns are not real, all investors in the NOW: DGF during the model portfolio period (01 Jan 2012 to 31 Dec 2012) received this return.

Member Returns for the DGF during Quarter 4 2013 and Quarter 1 2014 included extraordinary returns in respect of assets sold by the NOW: Pensions Trust during 2013.

This fact sheet is for member information only and should not be used for marketing purposes.

Source Morningstar Direct and NOW: Pensions Investment A/S

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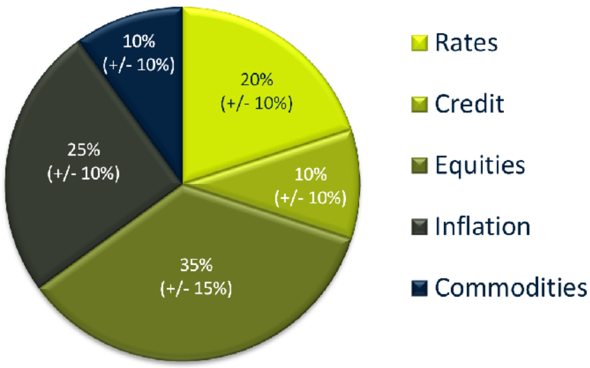
Target Risk Exposures



Top 10 Risk Holdings

Holding	Risk Allocation
1. STOXX Europe 50 Index Future	12.26%
2. S&P 500 Index Future	12.17%
3. Asia-Pacific Equity Index Futures	11.75%
4. UK Break-Even Inflation	7.78%
5. German Break-Even Inflation	7.71%
6. US Break-Even Inflation	7.62%
7. Commodity Total Return Swap	7.59%
8. UK 10Yr Gilt Future	6.97%
9. US 10Yr Treasury Future	6.96%
10. German 10Yr Bund Future	6.87%

Market Review

The returns in the first quarter of 2014 were extremely volatile with negative risk sentiment affecting the market after economic data showed a slowdown in China and Russia's annexation of Crimea which has led to an uncertainty in the markets over further military intervention in other parts of eastern Ukraine. The Federal Reserve (Fed) continued to reduce its monthly bond purchases over the first quarter, however weaker than expected economic data and signs of slowdown in the US recovery had an impact on the market. On the other side of the Atlantic, Eurozone activity continued to improve with German retail sales remaining strong and Greece producing its first current account surplus in more than 60 years.

The Equity risk class produced a -1.6% return over the quarter. The equity markets have been volatile over first quarter of 2014 due to weaker than expected data from China and the US, and the uncertainty for global markets caused by the situation in Crimea. We remain concerned over the success of "Abenomics" in Japan and as a result initiated a relative tactical strategy, short Japan vs. long US and Europe.

The Rates risk class produced a positive return of 3.6% over the quarter. This was the result of uncertainty in the markets and hawkish comments from the Fed and ECB.

The Inflation risk class produced a negative return of -1.3% over the quarter. This was the result of data from the Eurozone showing that Inflation fell in February and March far below the ECB's target of 2.0% which increased the risk of possible deflation within the Eurozone area.

The Credit risk class produced a positive return of 2.1% after strong performance from emerging market bonds in March as spreads continued to narrow.

Commodities had a flat return over the period producing a 0.4% return. However return has been volatile after concerns about the Chinese economy pushed base metals prices lower and the escalating tension between Russia and Ukraine impacted precious metal prices and energy prices. As the first quarter came to an end risk appetite for Commodities returned to the market which helped prices.

Important information

This factsheet has been created by the NOW: Pensions Trust. All data within this factsheet is valid at the date of its publication.

Nothing in this factsheet should be construed as advice and is therefore not a recommendation to buy or sell units. NOW: Pensions has expressed its own views and these may change. The information and opinions contained in this document have been obtained from sources we consider to be reliable. No responsibility can be accepted for errors of fact or opinion.

For more information please visit our website www.nowpensions.com

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