

Fund Objective

Fund Facts

Our investment objective is to achieve a return of 3 per cent over and above the	Fund Name
return on Cash over a rolling five year period. We use the Sterling Overnight Index	Fund Manager
Average (SONIA) measure for Cash.	Fund size
The NOW: Pensions DGF is designed to achieve a risk exposure in line with a 60%	Fund Launch Date
	Annual Managemen

equity / 40% bond portfolio, but in a more diversified way. In order to achieve this target, we utilise an approach to investing that is based on diversification of risk rather than traditional asset allocation. Risk diversification is achieved by investing across four risk factors: Equity Factor, Interest Rate Factor, Inflation Factor, and Other Factors. The risk management of the fund is based on a model where control of risk level and diversification are the main tools.

Fund Name	NOW: Pensions Diversified Growth Fund	
Fund Manager	NOW: Pensions Investment A/S	
Fund size	£240m	
Fund Launch Date	18th December 2012	
Annual Management Charge	0.3%	
Pricing Basis	Single price	
Valuation and Dealing	Weekly, every Wednesday (excludes UK	
Frequency	bank holidays)	
Unit Price (30 June 16)	133.55	
Base Currency	GBP	
Domicile	United Kingdom	

Fund Description

The NOW: Pensions DGF adopts a multi-asset diversified strategy to deliver good expected returns in most economic scenarios. The fund is different from traditional approaches to multi-asset investment in that our approach focuses on the risk characteristics of each asset class. Traditional asset allocation approaches often have a high proportion of total risk allocated to equities, while we believe that our risk allocation approach enables us to maximise the benefits of diversification.

The investment strategy offers members exposure to global equity, fixed income, commodities, and credit markets.

The core strategy is centred on the principle that over the long-term, diversification of assets provides higher risk adjusted returns. This approach provides a very simple form of protection because in normal markets, assets with different return characteristics behave in different ways, i.e. some go down and some go up in each economic cycle.

Member Returns

Five year member returns showing percentage increase or decrease					
	01/01/2011 - 31/12/2011	01/01/2012 - 31/12/2012	01/01/2013 - 31/12/2013	01/01/2014 - 31/12/2014	01/01/2015 - 31/12/2015
NOW: Pensions Diversified Growth Fund	-	-	9.1%	21.7%	-8.0%
60% Equity / 40% Bond Portfolio	3.5%	10.6%	12.0%	9.3%	1.2%
Cash + 3%	3.6%	3.5%	3.5%	3.5%	3.5%

Cumulative member returns showing percentage increase or decrease					
	3 months to 30/06/2016	1 Year to 30/06/2016	3 Years to 30/06/2016	5 Years to 30/06/2016	Launch to 30/06/2016
NOW: Pensions Diversified Growth Fund	5.5%	-3.2%	38.0%	-	29.9%
60% Equity / 40% Bond Portfolio	3.6%	3.3%	24.0%	42.69%	26.8%
Cash + 3%	0.9%	3.5%	10.9%	18.43%	12.8%

Important Information

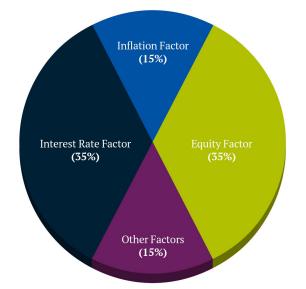
Member Returns for the NOW: Pensions DGF during Quarter 4 2013, Quarter 1 and Quarter 2 2014 included extraordinary returns in respect of assets sold by the NOW: Pensions Trust during 2013.

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



Target Risk Exposures

Top 10 Holdings



Holding	Allocation
1. EUR SCHATZ FUTURE	14.2%
2. UK 1.25% Treasury Gilt 2018	13.6%
3. US 2YR Future	13.5%
4. UK 1.5% Treasury Gilt 2021	6.5%
5. Euro BOBL Future	5.8%
6. US 5YR Future	5.7%
7. German Inflation Linked Bond	4.0%
8. TRS Equity Risk Premia Strategies	3.3%
9. S&P500 Mini Index Future	3.2%
10. US Inflation Linked Bond	2.9%

Market Review

The portfolio had a positive performance of 5.5% in the second quarter. All three months of the quarter posted positive performance, with the highest return being experienced in June. Year to date performance at the end of the quarter was 7.1%.

At the end of June, the portfolio was allocated to four risk factors – Rates Factor, Equity Factor, Inflation Factor and Other Factors. The former Commodity risk class was incorporated in the Inflation risk factor and Credit was predominantly included within the Equity Factor. A new risk factor called "Other" was created to accommodate alternative risk premia strategies.

Within each of the risk factors the portfolio implementation is diversified. In Rates, we invested along the curve in the US, Germany and the UK. These government bonds are equally weighted from a duration perspective through exposure to 2yr, 5yr and 10yr bonds in each country/region. In Equity, we segmented part of the European equity exposure between the UK, Swiss, German and French markets.

The main performance contribution came from Rates, as the quarter was to a large extent dominated by a "risk-off" environment (see below). Inflation also performed well, especially due to the rebound in commodities. The total risk of the portfolio was fairly stable throughout the quarter. At the end of June the total risk was 12.8%, which was slightly below the target of 13%.

The returns of the portfolio were to a large extent driven by developments in the global economy during the first part of the quarter, when especially weaker than expected US labour market data for both April and May pushed interest rates and equity markets lower. A June hike in US interest rates was completely priced out. At the end of the quarter, all focus turned to the UK EU referendum. Once polls started to show a lead for the "Brexit" side, volatility rose and risky assets were sold off. The risk-off environment peaked the day after the actual result.

The last days of June sparked some optimism, especially in the UK equity market, after Bank of England governor Mark Carney confirmed that the bank was likely to cut interest rates at some point during the summer and news broke that Boris Johnson would not be entering the leadership race for the Conservative Party. Commodities were surprisingly resilient during the quarter, supported by supply outages of oil in Canada, Libya, Nigeria and Venezuela. Brent oil traded above USD 50/barrel for the first time in six months in May.

The portfolio benefited from diversification during the market turmoil after the EU referendum. Returns were only marginally affected, as the negative return of risky assets, especially Equities, was offset by positive returns in Rates.

Important information

This factsheet has been created by the the Trust Manager on behalf of the NOW: Pensions Trust.

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. Past performance is not a guide to future performance.