

Investor Update 23 November 2020

With us in the final couple of months of what has been an extraordinary year, we hope that you and your family are continuing to stay well and the latest lockdown will not cause you too much inconvenience.

The coronavirus pandemic has caused significant volatility in global equity markets and we continue to see larger daily falls and gains than we would normally expect. With this in mind, it is really important that you think twice before taking any action over your pensions and investments.

European equity markets closed higher on Friday 20 November 2020 on a relatively lacklustre day if compared to earlier in the week.

The markets are trying to price in the effects of a potential coronavirus vaccine, which appears on the horizon with Pfizer and BioNTech applying to the US Food and Drug Administration for emergency use authorisation.

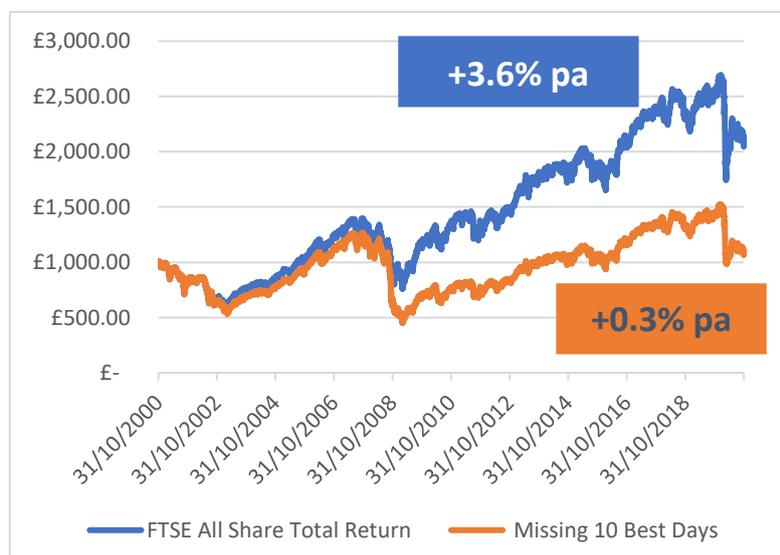
The FTSE 100 index was up 0.3% while Germany's DAX 30 and France's CAC 40 were both up 0.4%.

In the United States, the major equity market fell as rising new coronavirus cases, coupled with questions around central bank funding for key emergency programmes cast doubt on a swift economic recovery.

The Dow Jones 30 was down 0.8% and the S&P 500 fell by 0.7%. The Nasdaq fared slightly better, down 0.4%.

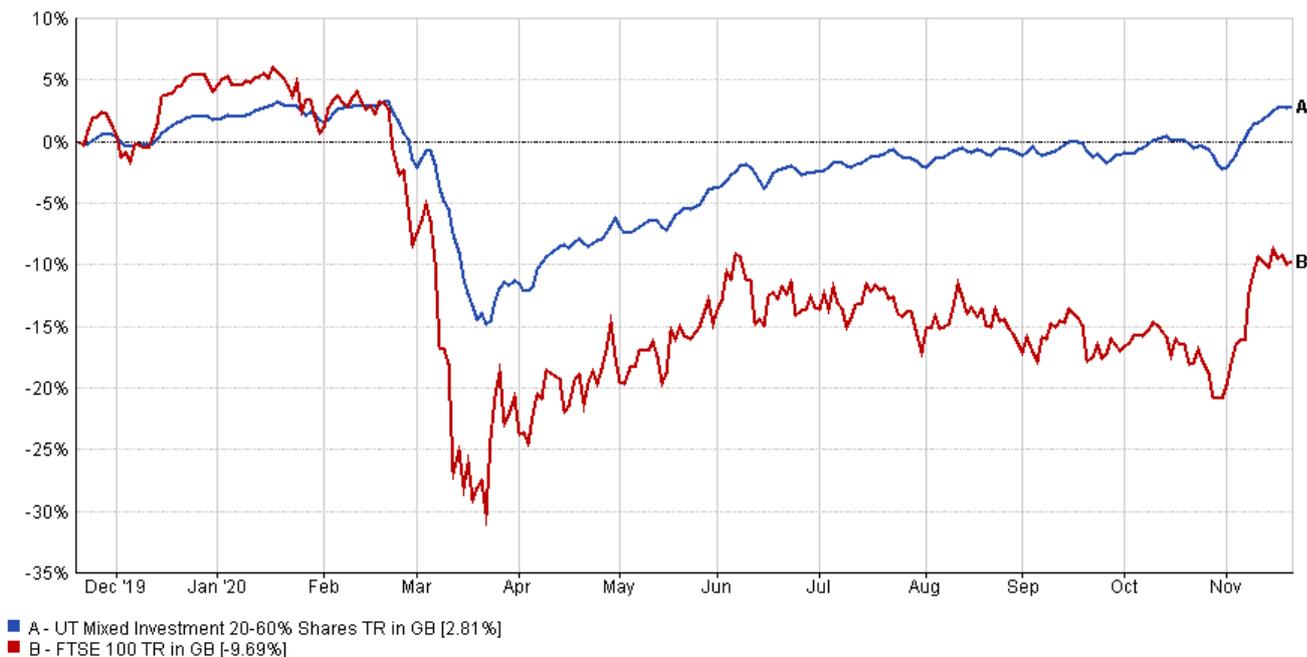
Whatever you are invested in, we'd like to remind you about the following key principles.

1. **Stay invested** – as you have seen global equity markets fall and the value of your own investments fall as well, it is natural that some of you will be thinking whether you should sell your investments and move to cash or some other “safe haven”. Our strong message to you is stay invested, focus on the investment objective that you set with your Financial Adviser at outset and trust the process. History shows that as night follows day, global equity market recoveries follow global equity market falls and it is damaging to miss out on the recovery days. The following chart shows the performance of the FTSE All Share over the last 20 years, between 31 October 2000 and 30 October 2020, and the impact if you missed the 10 best days. The cost of missing these 10 best days would have been over 3% a year (Source: Omnis Investments).



2. **Understand your attitude to risk** – we know that you will have discussed your Attitude to Risk and your capacity for loss comprehensively with your Financial Adviser. We are delighted that this process appears to have really worked during this extremely short-term volatile period.

If you are a Cautious or Balanced investor, you have been protected from the extreme falls of global equity markets. In fact, if you look at the average of all Cautious funds in the market (using the IA sector – Mixed Investment 20% to 60% Shares), a typical Cautious investment will be up by nearly 3% in the last 12 months, compared to the FTSE 100 which has fallen by nearly 10% (Source: FE Analytics as at close on 20 November 2020).



20/11/2019 - 20/11/2020 Data from FE fundinfo2020

For Balanced (using the IA sector – Mixed Investment 40% to 85% Shares), a typical Balanced investment will be up over 5% over the last 12 months (Source: FE Analytics as at close on 20 November 2020).

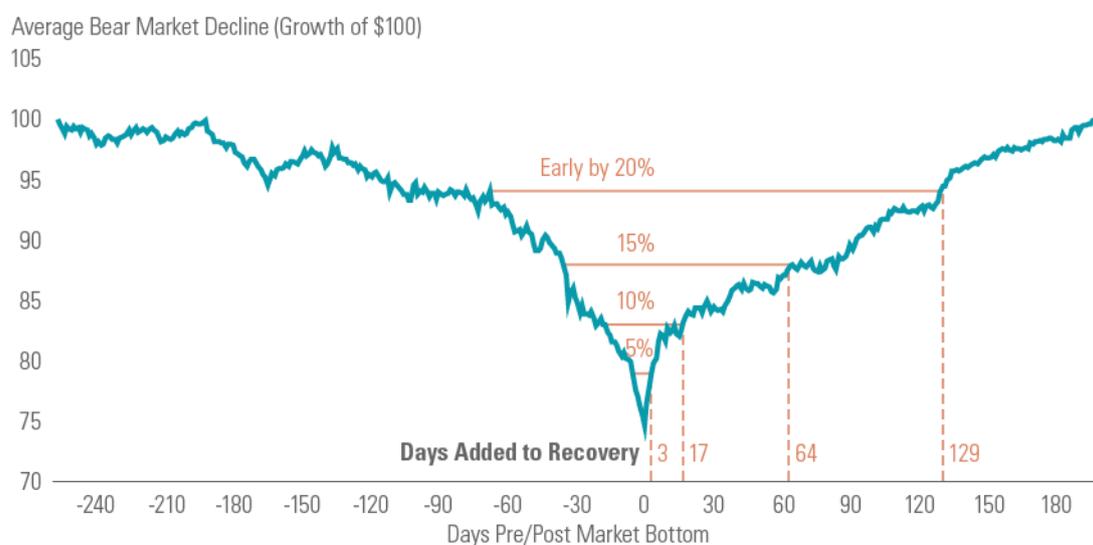


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3. **Diversify your investments** – if you are invested in Openwork recommended investments in line with your Attitude to Risk like the Openwork Graphene Model Portfolios, Openwork Portfolio of Funds and Prudential PruFunds, your investment is diversified which means it invests in a wide range of different asset classes.

Different types of investment (asset classes) and regions of the world all perform differently. Diversifying your investment by spreading it across many different asset classes and regions of the world means that, when certain segments aren't performing as well, others in your portfolio are likely to be doing better and so will help protect the value of your overall investment.

4. **Buying low** – when you invest, you are always trying to buy low and sell high. For many, now may be a good time to consider increasing your investment. While trying to time a market bottom is difficult, history tells us that you do not have to wait long, if you invest slightly before the bottom, before your investment is back to its original value. As the chart below shows, investing 5% before the market bottom has, on average, added just 3 days to an investor's recovery period.



In such unprecedented times, it is important to know that your hard-earned pension savings and other investments are being looked after. The Openwork Investment Committee is monitoring your investment closely. While none of us can stop short-term market falls, we do fully expect global equity markets to recover. We cannot predict timescales but if you do not need your money now, we believe you will be rewarded for staying invested.

The value of investments and any income from them can fall as well as rise and you may not get back the original amount invested.

Past performance is not a reliable indicator of future performance and should not be relied upon.