



PenLife Ethical Spring 2026

PORTFOLIO INVESTMENT REVIEW

WELCOME TO YOUR SPRING 2026 PORTFOLIO INVESTMENT REVIEW

Your quarterly portfolio investment review is simply designed to give you a brief update of your portfolio, as well as an overview of the changes we are proposing to make to your portfolio this quarter, and reasons why.

We've updated the format of the reports to include:

1. **Markets Update** section as to what's been happening in the markets and how this has impacted decision-making on the portfolios we offer for our clients.
2. **Portfolio Update** section with recommended changes to each portfolio, by risk profile
3. **Important Notices** about actions to take with respect to our review and recommendations.

Your new Portfolio Factsheet is included at the end of this document. For those wanting information on each fund in the portfolio, this can be accessed in the Key Investor Information Documents section at www.pen-life-portfolios.co.uk

Queries or additional information

If you have any queries about any aspect of your financial plan, or your investment portfolio, please contact your financial adviser.

1. MARKETS UPDATE

Introduction

We look at developments in the month that have impacted the three key Macro Factors: Growth, Inflation & Interest Rates, as summarised below.

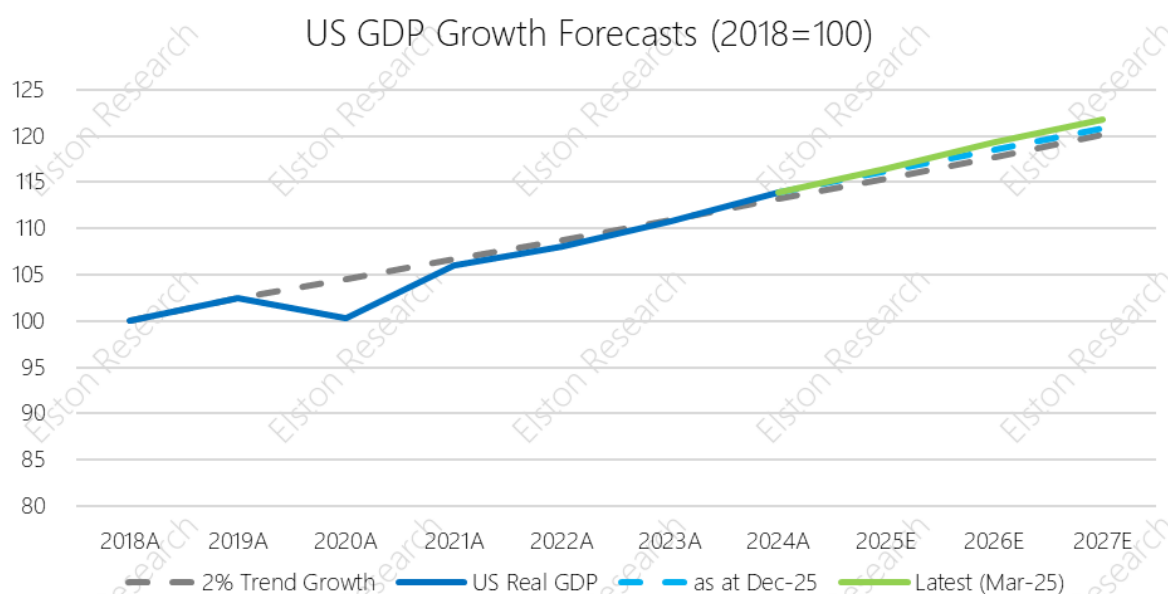
12 month outlook	Last update	This update
Growth	Lower	Higher
Inflation	Higher	Higher
Interest Rates	Outlook is lower than current levels	Lower

GROWTH

Over the next 12 months, the outlook for Growth moved higher, in our view.

In the US, the 2025 year end and 2026 year end growth estimates have both been revised moderately higher to 2.23% and 2.50%, up from 1.93% and 1.90% in December. The 2027 growth projection remains unchanged at 2.00%. The upward revisions reflect a rebound in economic activity following last autumn’s government shutdown, supported by the 2025 reconciliation act and strong AI-related business investment, which have more than offset headwinds from higher tariffs and reduced immigration.

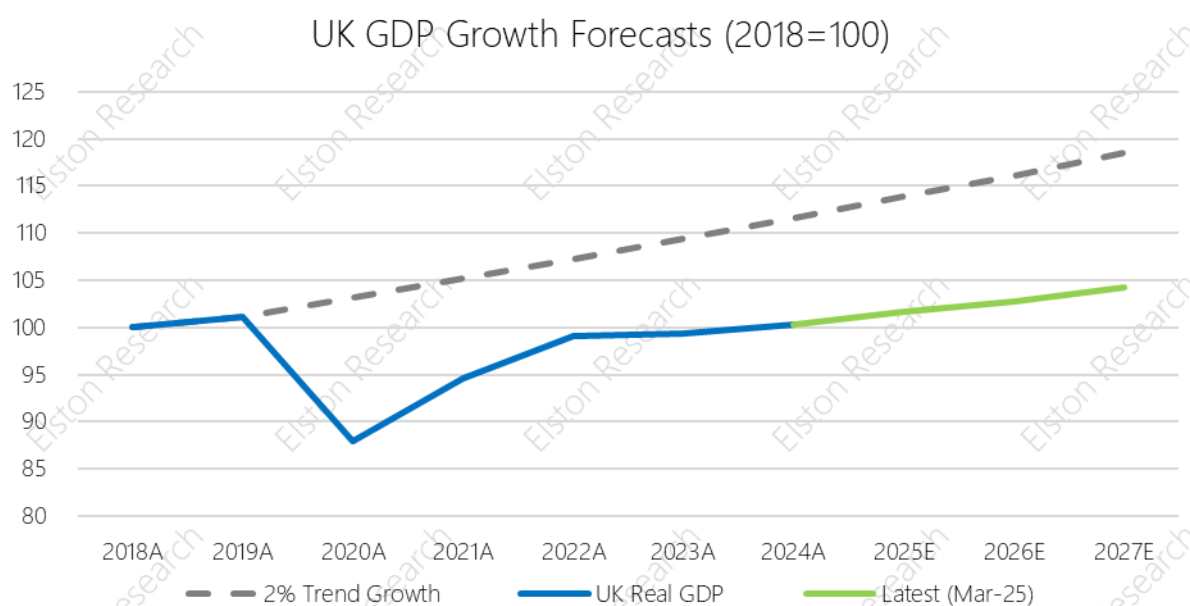
Fig.1. US real GDP growth forecasts



Source: Elston research, Bloomberg data, as at report date

In the UK, the forecast of GDP growth for 2025 year end, 2026 year end and 2027 has been unchanged at 1.40%, 1.10% and 1.40% respectively compared to December. Forecasts remain unchanged from December, reflecting continued modest growth expectations. The OBR also revised down its 2026 estimate to 1.1% from 1.4%, citing weaker-than-anticipated GDP data at end-2025, rising unemployment and subdued business sentiment. Persistent headwinds include weak productivity growth, fiscal tightening, and global trade uncertainty.

Fig.2. UK real GDP growth forecasts



Source: Elston research, Bloomberg data, as at report date

These charts show the US and UK's economic GDP growth trajectory. The charts show more resilience in the US economy in the next 36 months.

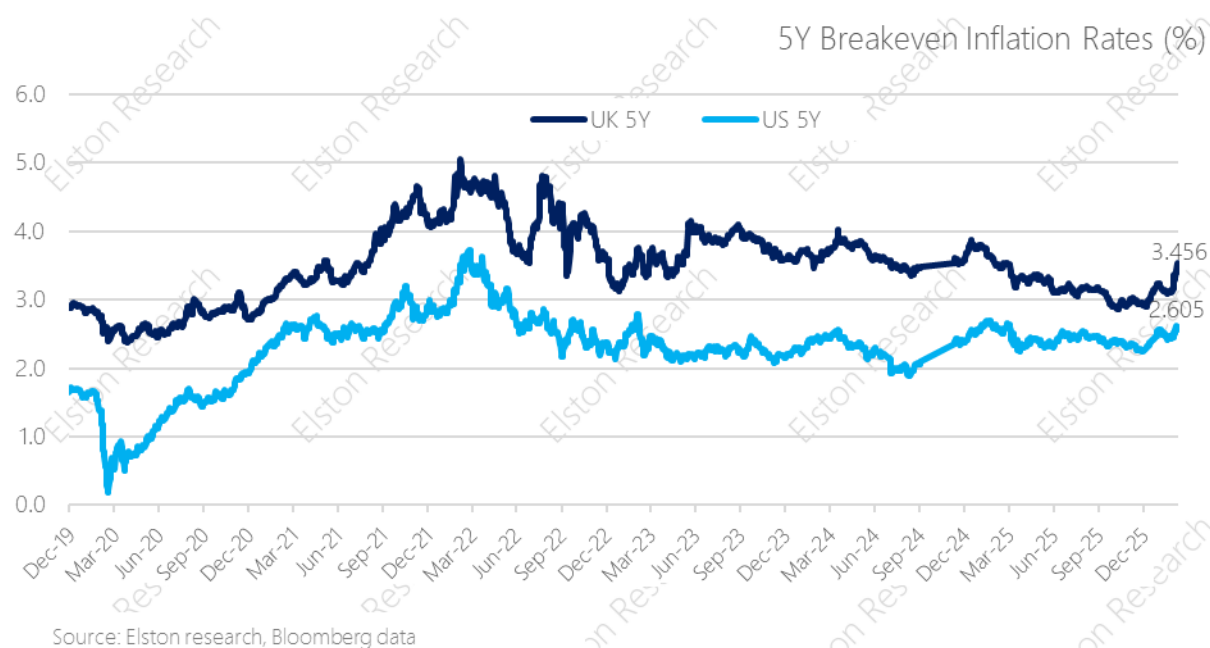
INFLATION

Over the next 12 months, the outlook for Inflation is declining but remains higher than target, in our view.

Fig.3. US & UK inflation expectations

In the US, the 5-Year Break Even Inflation Rate (BEIR) rose to 2.61% to, up from 2.32% in December. This increase suggests that markets now expect higher medium-term inflation in the US. The rise reflects 1. tariff-driven cost pressures and sticky services and shelter inflation already pushing CPI above the Fed's 2% target; and 2. the outbreak of the US-Israel war on Iran on 28th February, which effectively closed the Strait of Hormuz and caused crude oil prices to surge over 40% from pre-war levels, raising near-term inflation expectations sharply.

In the UK, the 5-Year BEIR increased to 3.46% from 2.96% in December, indicating that markets now expect higher medium-term UK inflation, with the BEIR widening further above US levels. The surge reflects the UK's vulnerability to the potential energy shock triggered by the US-Israel conflict with Iran. With the Strait of Hormuz effectively closed, UK and European gas prices nearly doubled as global LNG production was disrupted, compounding already-elevated UK inflation and significantly narrowing the scope for further BoE rate cuts.



This chart shows the forward-looking market-implied 5 year Break-Even Inflation Rate (BEIR), for the US and UK.

INTEREST RATES

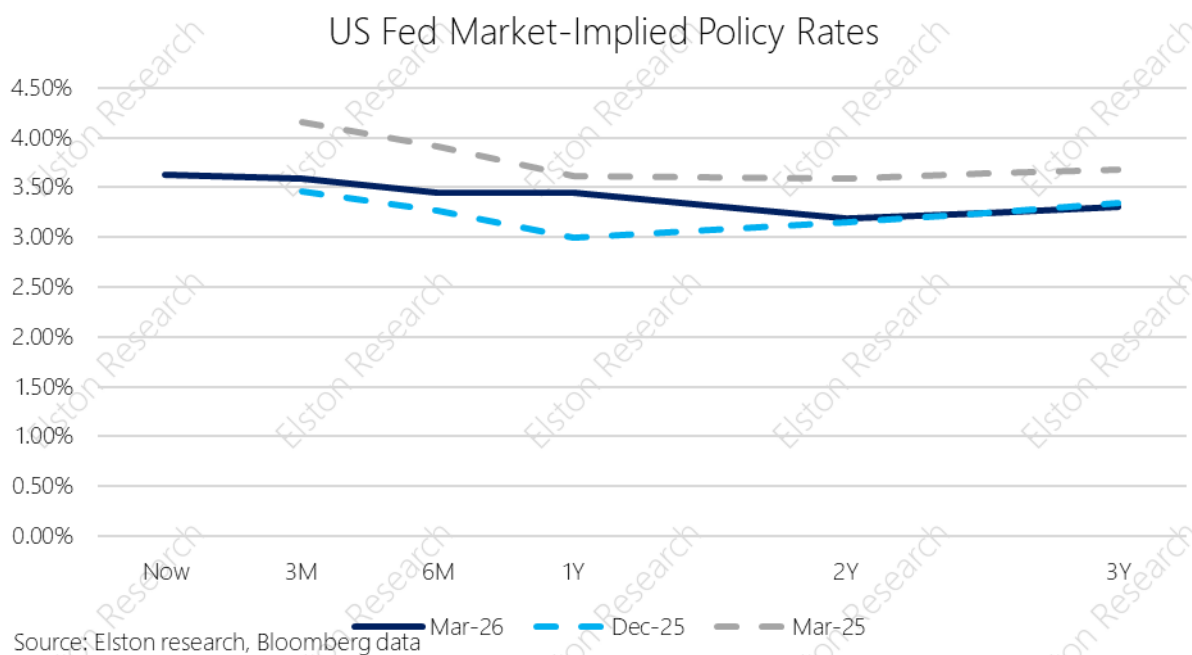
Over the next 12 months, the outlook for Interest Rates moved lower, in our view.

US Federal Reserve (Fed): The federal funds rate currently stands at 3.63%. The Fed held rates unchanged at its January 2026 meeting, pausing after three consecutive cuts in late 2025. The Iran war's energy price shock has since put the Fed in a stagflationary dilemma - non-farm payrolls fell 92,000 in February, the unemployment rate rose to 4.4%, yet cutting rates risks embedding inflation further above target. Markets have priced out near-term easing, with cuts not expected before mid-2026.

UK Bank of England (BoE): The BoE held Bank Rate at 3.75% in February in a close 5-4 vote. Inflation was on track to fall back to the 2% target from April, with pay growth and services inflation easing as the labour market softened. However, the Iran war drove UK gas prices up, with the OBR estimating a potential 1% addition to UK consumer prices by year-end, sharply narrowing the scope for further cuts. Markets now price in no cuts in 2026.

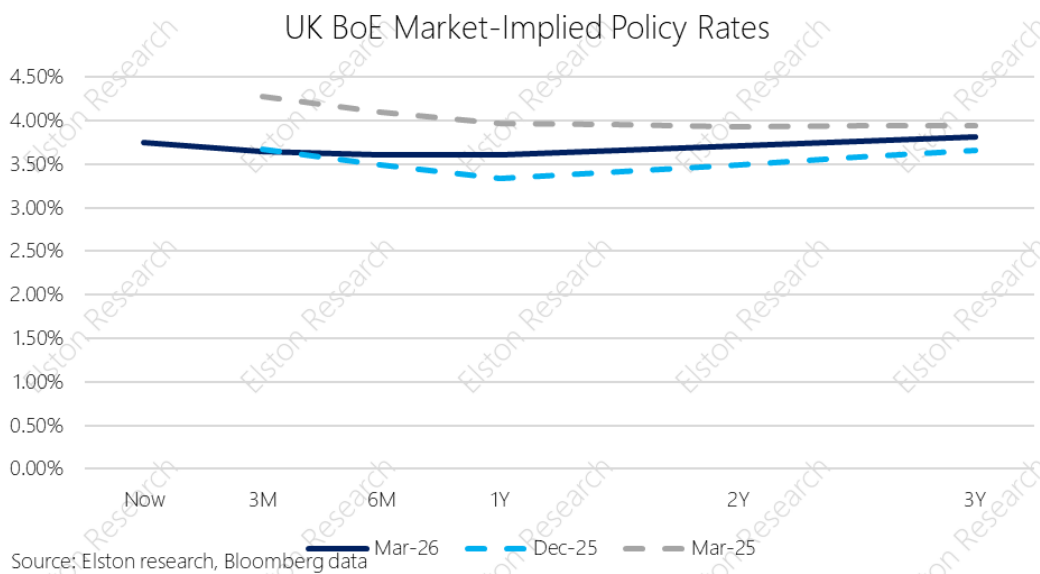
Central Banks' decisions on interest rates will remain highly data-dependent, but growing divergences within committees reflect the uncertainty around the economic outlook and inflationary pressures.

Fig.5. US interest rate expectations



This chart shows the current Fed Funds rate now, the market-implied policy rate path over 3 years (now), against the market-implied policy rate path 3 months ago (dotted)

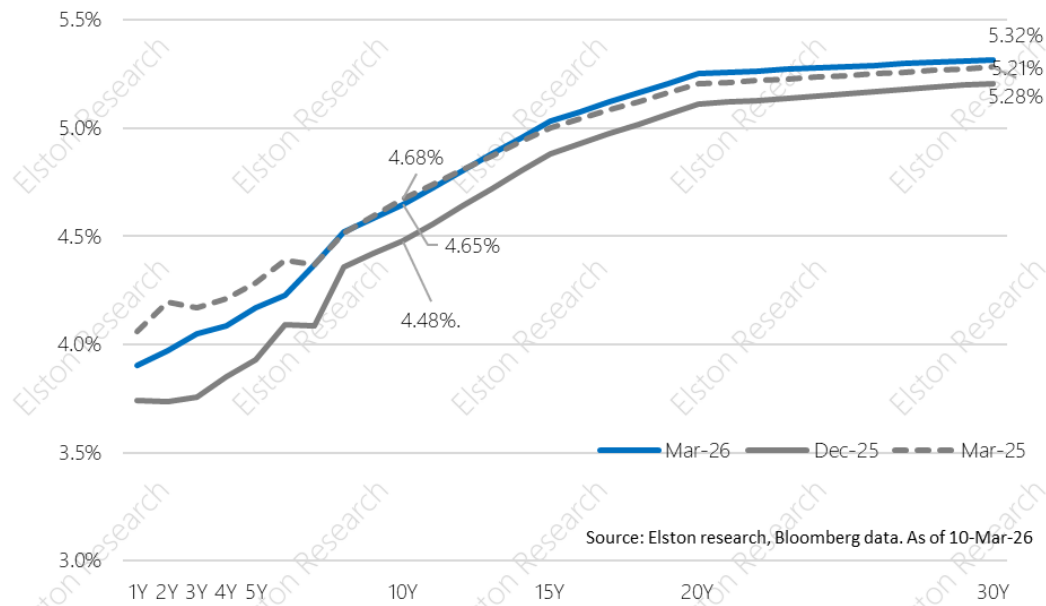
Fig6. UK interest rate expectations



This chart shows the Bank of England policy rate “Bank Rate” now and the market-implied 3 year policy rate. Compared to 3 months ago, the expected interest rates have increased.

Over the past three months, the 10-year Gilts yield increased from 4.48% to 4.65% and the 2-year yield decreased from 3.75% to 3.53%. The 30-year Gilts yield rose from 5.21% to 5.32%. Gilt yields rose sharply across the curve over the quarter, reversing the falling trend of the prior period. The dominant driver was the outbreak of the US-Israel war on Iran, which triggered a significant upward repricing of UK inflation expectations, pushing the 10-year yield to its highest level in five months.

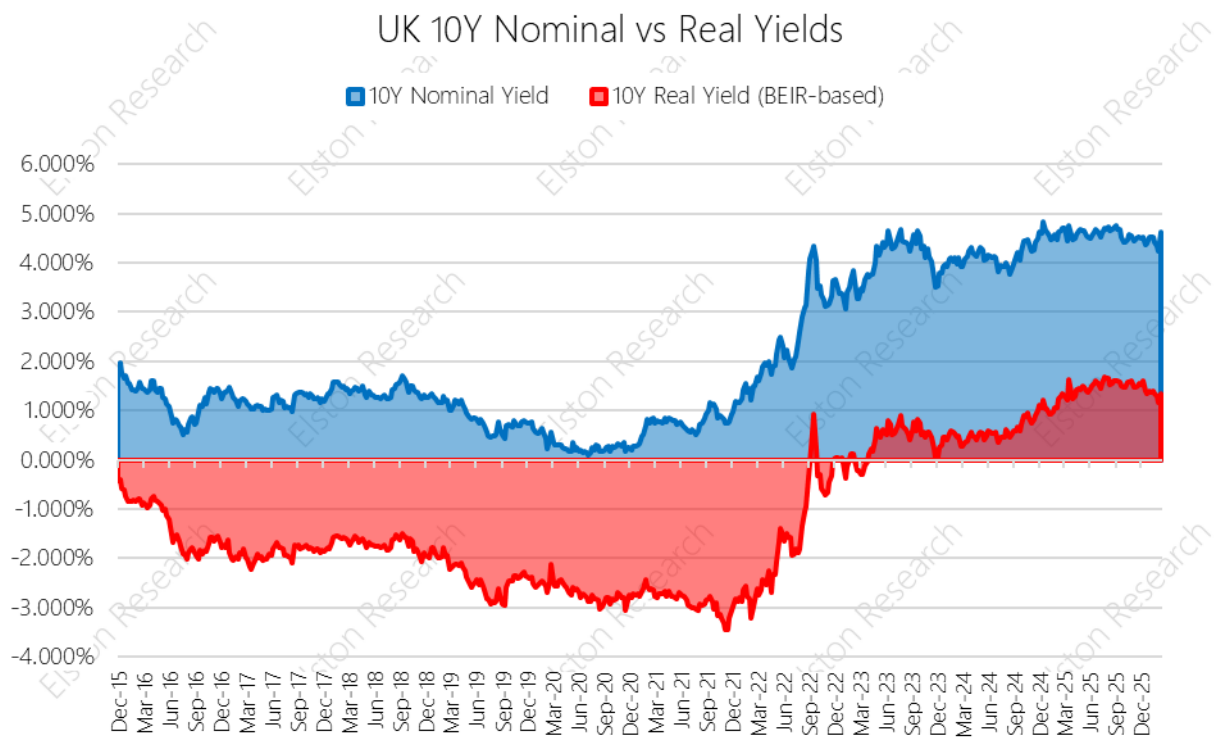
Fig.7. UK yield curve



The chart illustrates the UK government bond yield curve at different points in time (month-end, three months ago, and twelve months ago).

The 10-year nominal gilts yield rose to 4.65% in March, up from 4.48% in December. Real yields however fell from 1.5% in December to 1.3%, as break-even inflation expectations rose faster than nominal yields, reflecting the sharp upward repricing of inflation risk driven by the Iran war energy shock. Despite positive real yields, elevated government deficits, weak productivity growth, and the renewed inflationary pressure from energy prices are likely to keep long-dated gilts under pressure in the near term.

Fig.8. UK nominal vs real yields



Source: Elston research, Bloomberg data

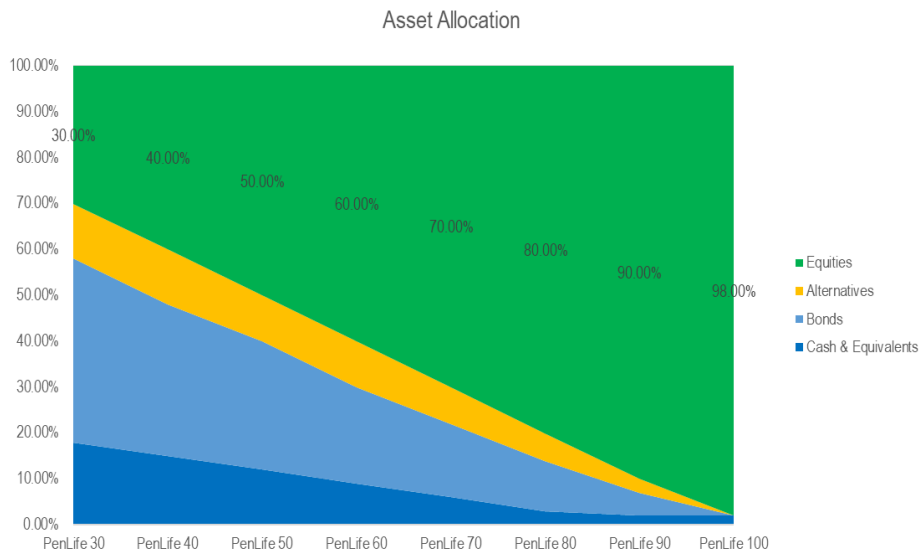
This chart shows nominal (headline) UK government bond yields, as well as how real (adjusted for inflation expectations) yields have evolved over time. The 10-year term is the standard reference rate for comparing government bonds across market. Inflation adjustment uses the break-even inflation rate for the same 10-year term.

2. PORTFOLIO UPDATE

In this section, we outline the recommended changes to the portfolio considering the macroeconomic and market conditions summarised above.

Strategic Asset Allocations (Neutral)

The strategic asset allocation for the portfolios is presented below: this represents the long-term “neutral” position for the portfolios.



CHANGES WITHIN EACH ASSET CLASS

Asset class	Outlook	Implementation
Equities	<p>Regions:</p> <p>US/Global: We have moved to a slight Underweight position on US equities. While the US remains highly profitable, technology valuations remain stretched with current P/E multiples reaching 44x and most of the AI growth already priced in. The top nine companies now represent nearly 40% of the S&P 500. To mitigate this concentration risk, we are moving some allocation away from the US index into value/yield orientated stocks to maintain exposure to domestic profitability without over-reliance on a few stretched tech stocks.</p> <p>UK: We suggest maintaining a tactical Overweight in UK Equity Income relative to large cap stocks. The UK market is currently favoured due to its low valuations and low correlation to global equities, which provides further diversification.</p> <p>Europe: We remain Neutral on European equities as part of a broader "rotational story" where investors are looking for less allocated markets outside of the US. While Europe offers better value than stretched US technology sectors, we remain mindful of below trend growth compared to the US.</p> <p>Japan: We remain Neutral on Japan as structural tailwinds around buybacks are counterbalanced by rate hikes which could stall any progress.</p>	Diversifying US exposures away from market cap into Value and Yield tilted strategies, which tend to be more resilient in inflationary environments.
Alternatives	<p>Alternatives: Remain appealing as inflation is expected to remain higher than 2% target with pressure on inflation increased by the Gulf conflict.</p>	Increase Infrastructure allocation away from absolute return strategies.
Bonds	<p>Rates: We expect the Bank of England will become increasingly dovish and lead the market to lower rates as the UK job market weakens and inflation reaches target 2% levels. However, we are concerned about an inflation shock due to the ongoing US-Iran war delaying these cuts.</p> <p>Inflation: Headline inflation had been dropping over the last few months but with the recent escalation of war in the Gulf, UK break-even rates have started to rise again, re-igniting risks of a 2022 style inflation shock.</p> <p>Duration: We remain Underweight on duration, due to the ongoing concerns about higher for longer interest rates.</p>	Fund changes with updates to sustainability criteria.
Cash & Equivalents	<p>GBP/USD: We expect continued Sterling weakness vs the Dollar over long term. This is driven by "Dollar primacy" as a stated US national security strategy and the likelihood of the Bank of England cutting rates faster than the Federal Reserve, putting sustained downward pressure on the Pound.</p>	No change

EQUITY PORTFOLIO CHANGES

In our proposed changes, the Equities part of the portfolio is summarised below.

We have increased or decreased allocation to our funds as denoted in the difference column (green indicates an increase in allocation and red is a decrease in allocation)

Name	PenLife Ethical – Winter 2025/26	PenLife Ethical – Spring 2026	Difference
Amundi Index MSCI Emerging Markets SRI PAB IG GBP	5.50%	5.50%	0.00%
Amundi Index MSCI Japan SRI PAB IG GBP	3.00%	3.00%	0.00%
Amundi Index MSCI World SRI PAB IG Inc GBP	8.50%	8.50%	0.00%
Amundi MSCI UK IMI SRI PAB IG Inc GBP	6.30%	8.20%	1.90%
EdenTree Responsible and Sustainable European Equity B	5.50%	5.50%	0.00%
ES Alliancebernstein Sustainable US Equity Fund	7.00%	0.00%	7.00%
Fidelity - Sustainable Global Equity Income W Acc	9.00%	0.00%	9.00%
Janus Henderson Sustainable US equity	7.00%	9.00%	2.00%
JPM US ESG Equity C Acc	5.40%	8.50%	3.10%
Legal & General Asia Pacific Equity Income Fund I Acc	4.60%	4.60%	0.00%
Royal London - Sustainable Leaders Trust C Acc	3.00%	3.00%	0.00%
Schroder Sustainable Value equity	0.00%	9.00%	9.00%

US Equities

We recommend removing the ES Alliancebernstein Sustainable US Equity Fund

In order to allocate to The Janus Henderson and JPM US funds which have performed better, and increase allocation to UK allocation to provide further diversification.

Global Equities

Remove Fidelity Sustainable Global Equity Income Fund to allocate to Value strategy, to diversify away from high growth stocks, and give a slightly defensive tilt.

ALTERNATIVE PORTFOLIO CHANGES

In our proposed changes, the Alternatives part of the portfolio is summarised below.

Name	PenLife Ethical – Winter 2025/26	PenLife Ethical – Spring 2026	Difference
Aviva Inv Multi Strategy Target Return 2	4.00%	0.00%	4.00%
First Sentier Global Property Securities B GBP Acc in GB	2.00%	3.00%	1.00%
Foresight Uk infrastructure	0.00%	3.00%	3.00%

Global Alternatives

Remove Aviva Multi Strategy Target Return Fund to Allocate to Foresight Infrastructure Fund which has performed well and provides some diversification in case of sustained inflationary pressures, and to Property Fund to increase diversification.

BONDS AND CASH PORTFOLIO CHANGES

In our proposed changes, the bonds and cash part of the portfolio is summarised below.

Name	PenLife Ethical – Winter 2025/26	PenLife Ethical – Spring 2026	Difference
abrdn Short Duration Global Inflation-Linked Bond	1.30%	1.30%	0.00%
Fidelity Index UK Gilt P Acc	2.00%	2.00%	0.00%
Jupiter Monthly Income Bond U1 Acc GBP **	5.30%	5.30%	0.00%
L&G All Stocks Index Linked Gilt Index Trust I Acc	0.00%	0.00%	0.00%
L&G Strategic Bond I Acc	5.30%	5.30%	0.00%
Pimco GIS Global Bond Inst Hedged Acc GBP	3.40%	0.00%	3.40%
VT Avastra Global Fixed Income Acc	3.30%	0.00%	3.30%
Schroder sustainable bond	0.00%	3.40%	3.40%
Liontrust sustainable monthly income bond	0.00%	3.30%	3.30%

BONDS

Remove Pimco Global Bond Fund to reduce allocation to US Govt treasuries which are under pressure due to inflationary pressures. Remove Avastra Global Fixed Income and Allocate to Schroder Sustainable Bond and Liontrust Sustainable Monthly Income Bond to allocate to corporate bonds instead for performance, and adherence with recently updated Sustainability criteria.

INVESTMENT COMMITTEE SUMMARY

With these recommended changes, our view is that your portfolio will be better positioned for the upcoming period, whilst remaining in line with its long-term strategic risk-return objective.

Short-run volatility may continue as markets adjust to the outlook for growth, interest rates, and inflation.

Charges

PENLIFE ETHICAL WINTER 25/26	PENLIFE ETHICAL SPRING 26
OLD PENLIFE PORTFOLIO CHARGE 0.57%	NEW PENLIFE PORTFOLIO CHARGE 0.54%

3. IMPORTANT NOTICES

- WE NEED YOUR EXPRESS AUTHORITY TO SWITCH FUNDS AND REBALANCE BACK TO THE ORIGINAL ASSET ALLOCATION AS DESCRIBED IN THIS SUMMARY. PLEASE ACCEPT THE CHANGES BY CLICKING ON THE ACCEPT BUTTON IN YOUR EMAIL OR RETURNING YOUR ACCEPTANCE LETTER.
- WITHDRAWALS FROM PORTFOLIOS DURING THE REBALANCE PERIOD ARE RESTRICTED AND CAN LEAD TO LENGTHY DELAYS. PLEASE ADVISE US OF ANY WITHDRAWAL OR ENCASHMENT REQUESTS BEFORE ACCEPTING THE CHANGES.
- THIS INVESTMENT ADVICE IS BASED ON THE SUITABILITY OF YOUR ORIGINAL RECOMMENDATION AND YOU SHOULD REFER BACK TO YOUR LATEST SUITABILITY REPORT FROM US WHICH CONFIRMS HOW OUR ADVICE MEETS YOUR OBJECTIVES. IF THERE HAVE BEEN ANY CHANGES TO CIRCUMSTANCES, PLEASE CONTACT US IMMEDIATELY.
- TAX IMPLICATIONS: IF YOUR CURRENT INVESTMENTS ARE HELD IN A PENSION, ISA OR OFFSHORE BOND, THERE SHOULD BE NO TAX IMPLICATIONS ASSOCIATED WITH YOUR REBALANCE OR FUND SWITCHES. **IF YOU HAVE A GENERAL INVESTMENT ACCOUNT, THERE COULD BE TAX IMPLICATIONS.** YOU MUST LET US KNOW IF YOU HAVE MADE ANY DISPOSALS WHICH MAY HAVE USED ANY OF YOUR PERSONAL CAPITAL GAINS TAX ALLOWANCE IN THE CURRENT TAX YEAR. FOR INDIVIDUALS DURING THE 2023-2024 TAX YEAR THE ANNUAL CGT EXEMPTION ALLOWANCE IS £6,000 AND FROM APRIL 2024 IT WILL BE £3,000. ALTHOUGH WE WILL DO OUR BEST TO KEEP YOU WITHIN YOUR CGT ALLOWANCE, WE CANNOT GUARANTEE THAT WE WILL NOT EXCEED THEM.
- PENLIFE AND YOUR WRAP PROVIDER WILL NOT CHARGE ANY ADDITIONAL FEES FOR YOUR REBALANCE OR FUND SWITCHES.

TO VIEW YOUR PORTFOLIO FACTSHEET, PLEASE SEE BELOW



Portfolio Summary

Instrument	Name	Currency	6m	1y	3y	5y	Hist. Yield	Portfolio Expense	FE fundinfo Risk Score
Portfolio	PenLife Ethical - Spring 2026	GBP	1.01	9.60	30.26	-	2.37	0.53	65
Benchmark	UT Mixed Investment 20-60% Shares Retail - Dec 89	GBP	1.76	8.00	21.76	18.40	-	-	45

Performance figures to last price date

Portfolio Expense - The portfolio expense is calculated using the weighted value of the Ongoing Costs Ex Ante of the portfolio constituents. Where the Ongoing Costs Ex Ante is not available the OCF is used, and where this is not available the TER is used. Please note: Historic yield figures will only be provided for funds with at least 12 months of performance history.

Portfolio Composition

Fund Manager	Name	Original % Holding	Hist. Yield	1 Year			3 Years			FE fundinfo Crown Rating
				Perf.	Est. Contrib	Qtl	Perf.	Est. Contrib	Qtl	
Janus Henderson Global Investors Ltd	US Sustainable Equity I Acc GBP - Sep 22	9.00	0.00	8.76	0.79	3	39.22	3.53	3	★★★★
Schroder UT Managers**	Global Sustainable Value Equity Z - Aug 05	9.00	3.63	13.68	1.23	2	41.56	3.74	2	★★★★
Amundi SGR S.p.A.	MSCI World SRI Climate Paris Aligned IG GBP - Jan 20	8.50	-	10.03	0.85	2	31.11	2.64	2	N/A
JP Morgan Asset Management UK	JPM US ESG Equity C Acc - Oct 21	8.50	0.30	5.22	0.44	4	51.48	4.38	2	★★★★
Amundi SGR S.p.A.	MSCI UK IMI SRI Climate Paris Aligned IG Inc GBP - Oct 22	8.20	2.64	11.62	0.95	2	35.46	2.91	2	N/A
Valu-Trac Investment Management	Avastra Global Diversified Assets GBP Acc A£ - Nov 10	6.60	1.25	13.10	0.86		24.37	1.61		★★★★
Amundi SGR S.p.A.	MSCI Emerging Markets SRI Climate Paris Aligned IG GBP - Jan 20	5.50	-	21.41	1.18	4	26.39	1.45	4	N/A
EdenTree Investment Management	Sustainable European Equity B Dis GBP - Sep 99	5.50	2.39	11.66	0.64	1	40.44	2.22	1	★★★★
Jupiter Unit Trust Mgrs Ltd**	Monthly Income Bond U1 Acc GBP - Sep 04	5.30	6.45	5.16	0.27	2	24.98	1.32	1	★★★★
Legal & General UT Mgr Ltd**	Strategic Bond C Acc - May 07	5.30	6.37	4.56	0.24	2	26.51	1.40	1	★★★★
Legal & General UT Mgr Ltd	Asia Pacific Equity Income I Acc - Nov 08	4.60	2.57	24.48	1.13	2	48.13	2.21	1	★★★★
Schroder UT Managers	Sustainable Bond Z Inc - Sep 03	3.40	5.18	4.99	0.17	2	22.44	0.76	1	★★★★
Liontrust	Sustainable Future Monthly Income Bond PG Gr Acc - Jul 10	3.30	5.29	3.90	0.13	2	15.12	0.50	2	★★
Amundi SGR S.p.A.	MSCI Japan SRI Climate Paris Aligned IG GBP - Jan 21	3.00	-	3.83	0.11	4	7.66	0.23	4	N/A
First Sentier Investors (UK)	Global Property Securities B Acc - Sep 06	3.00	2.59	6.37	0.19		16.91	0.51		★★★★
FundRock Partners Ltd	Foresight UK Infrastructure Income A Acc - Dec 17	3.00	6.23	10.54	0.32	4	-0.13	0.00	4	★★
RLUM (CIS) Ltd	Sustainable Leaders Trust C Acc - May 90	3.00	1.60	9.30	0.28	3	29.68	0.89	3	★★★★
Currency	Pounds Sterling - Jan 70	2.00	-	0.00	0.00		0.00	0.00		N/A
Fidelity International (FIL Invst Svcs UK Ltd)	Index UK Gilt P Acc - Aug 20	2.00	3.94	1.85	0.04	2	0.43	0.01	2	N/A
abrdn Fund Managers Limited	Short Duration Global Inflation-Linked Bond Inst Acc GBP - Sep 14	1.30	3.57	4.18	0.05	2	10.97	0.14	1	★★
Total Portfolio		100.00	2.37	9.60			30.26			
Selected Benchmark	UT Mixed Investment 20-60% Shares Retail - Dec 89			8.00			21.76			

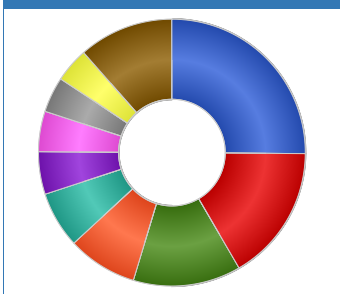
Performance figures to last price date, rebased in Pounds Sterling, ordered by largest original holdings.

Estimated contribution values are based on the percentage weightings being correct at the start of the analysed performance period.

Please note: Historic yield figures will only be provided for funds with at least 12 months of performance history.

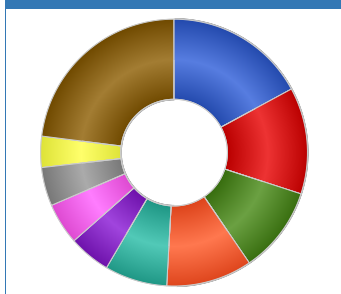
** The history of this unit/share class has been extended, at FE fundinfo's discretion, to give a sense of a longer track record of the fund as a whole.

Asset Allocation



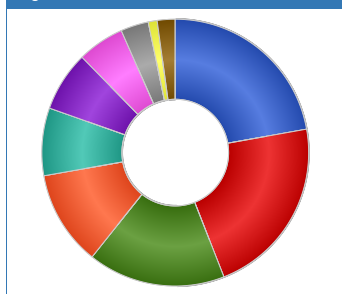
Name	Original %
North American Equities	25.13
Global Fixed Interest	16.48
UK Equities	13.07
Asia Pacific Emerging Equities	8.47
Other International Equities	6.82
Japanese Equities	5.16
Money Market	4.90
UK Fixed Interest	4.30
European Equities	4.19
Others	11.50

Sector Allocation



Name	Original %
Telecom, Media & Technology	17.10
Financials	12.91
Industrials	10.47
Consumer Products	10.41
Health Care	7.57
Government Bonds	5.06
Money Market	5.03
Corporate Bonds	4.66
Real Estate	3.78
Others	23.02

Region Allocation



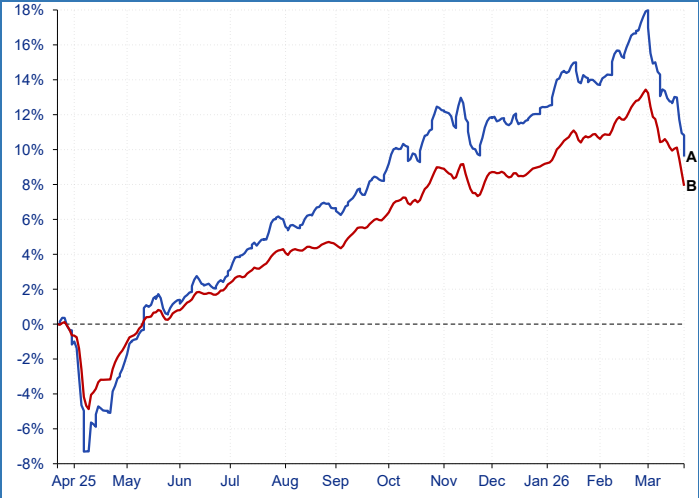
Name	Original %
UK	22.18
North America	21.87
Europe ex UK	16.65
Undisclosed	11.50
Pacific Basin	8.19
International	7.25
Japan	5.71
Money Market	3.37
Asia Pacific	1.08
Other	2.17

Top 10 Holdings

Rank	Original %
1 Cash	2.00
2 (UKT) UNITED KINGDOM GILT	2.00
3 NVIDIA CORPORATION	1.98
4 TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED	1.22
5 MICROSOFT CORPORATION	1.13
6 ROYAL LONDON SHORT TERM MONEY MARKET Y INC	0.99
7 ASTRAZENECA PLC	0.91
8 GSK PLC	0.73
9 XTRACKERS II GBP RATE SWAP UCITS ETF 1D GBP	0.56
10 LLOYDS BANKING GROUP PLC	0.54

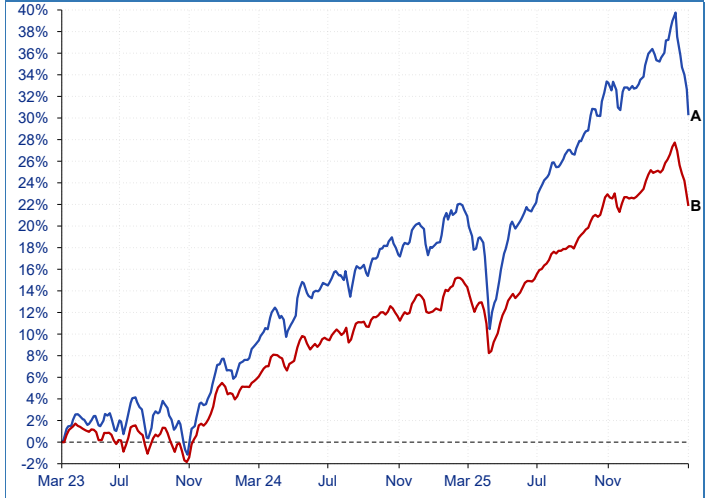
Portfolio breakdown and holdings are based on latest published data for each constituent which may have different publication dates. Portfolio start date is required to calculate current weightings.

Portfolio Backtested vs. Benchmark over 1 year



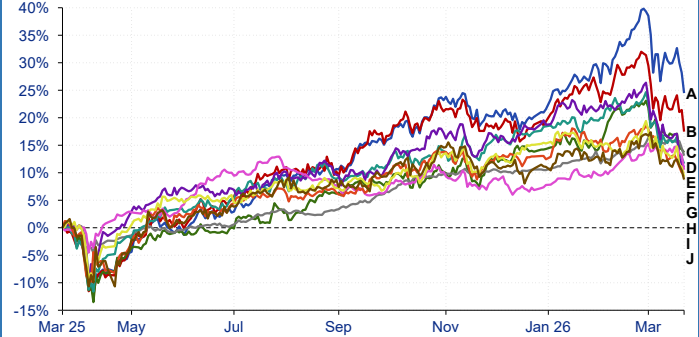
21/03/2025 - 23/03/2026 Powered by data from FE fundinfo

Portfolio Backtested vs. Benchmark over 3 years



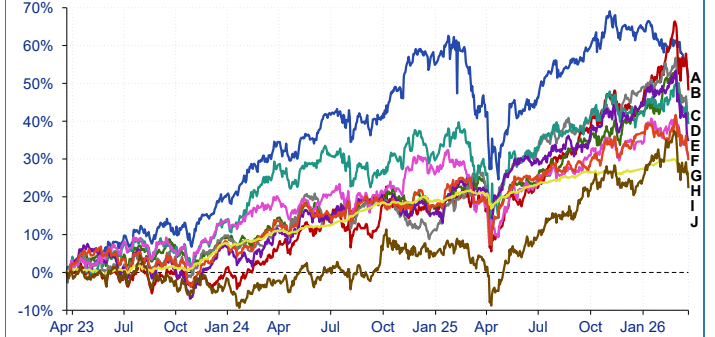
23/03/2023 - 23/03/2026 Powered by data from FE fundinfo

Relative Performance of Holdings over 1 year



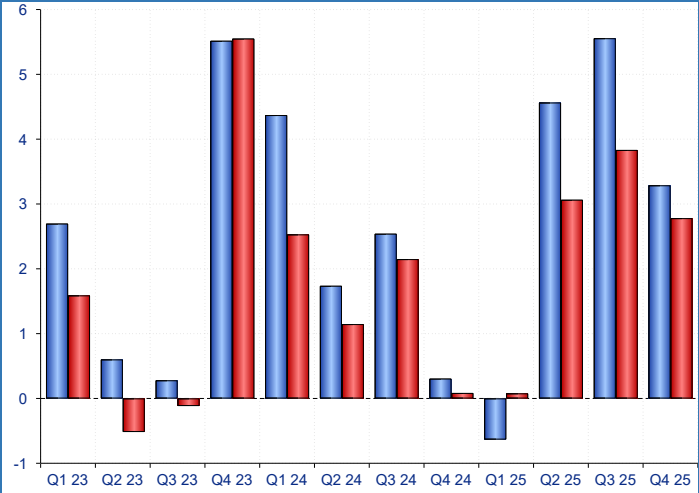
21/03/2025 - 23/03/2026 Powered by data from FE fundinfo

Relative Performance of Holdings over 3 years



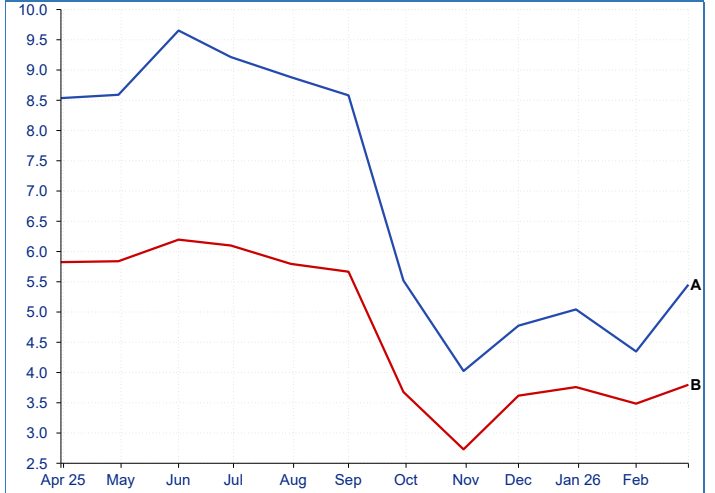
23/03/2023 - 23/03/2026 Powered by data from FE fundinfo

Medium Term Quarterly Discrete Performance over 3 years



Powered by data from FE fundinfo

Rolling 6 months Volatility vs. Benchmark over 1 year



31/03/2025 - 02/03/2026 Powered by data from FE fundinfo