



# PenLife 80 Summer 2026

## PORTFOLIO INVESTMENT REVIEW

WELCOME TO YOUR SUMMER 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](http://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.

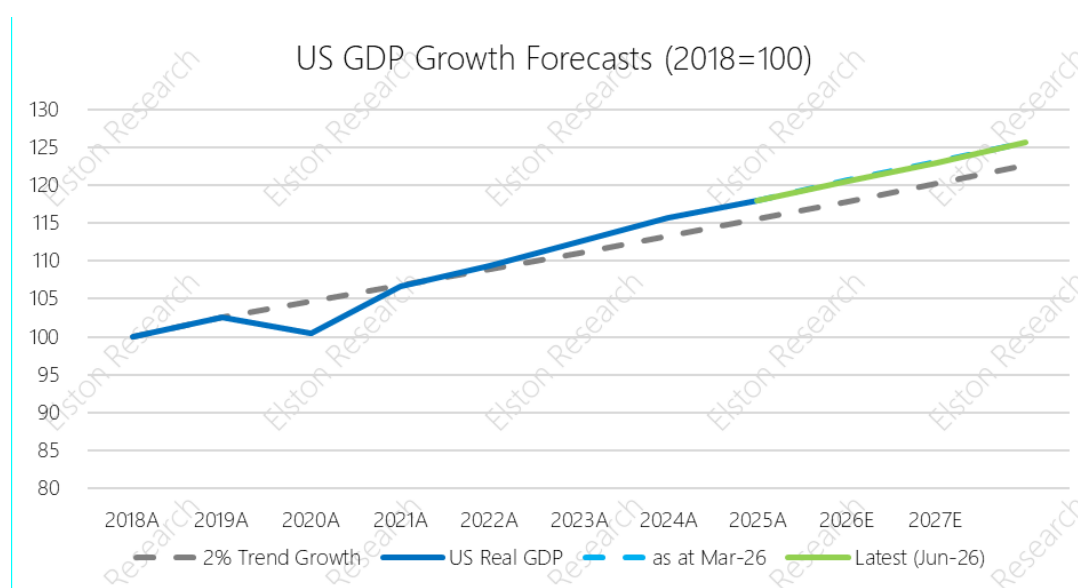
12 month outlook	Last update	This update
Growth	Lower	Higher
Inflation	Higher	Higher
Interest Rates	Outlook is lower than current levels	Lower

## GROWTH

**Over the next 12 months, the outlook for Growth moved lower in the near term but higher later, in our view.**

In the US, the 2026 year end growth estimate has been revised lower to 2.13%, down from 2.30% as at March, while the 2027 and 2028 estimates have been raised to 2.04% and 2.20% (from 2.00% and 2.08% respectively). Growth in 2025 was 2.00%, and the 3-year compound annual growth rate to 2028 year end is little changed at 2.12% (from 2.13%). The near-term downgrade follows the late-February US-Israel conflict with Iran and the energy supply shock that came with it. In its June projections the Federal Reserve cut 2026 growth to 2.2% from 2.4% in March, though capital investment and productivity stayed strong.

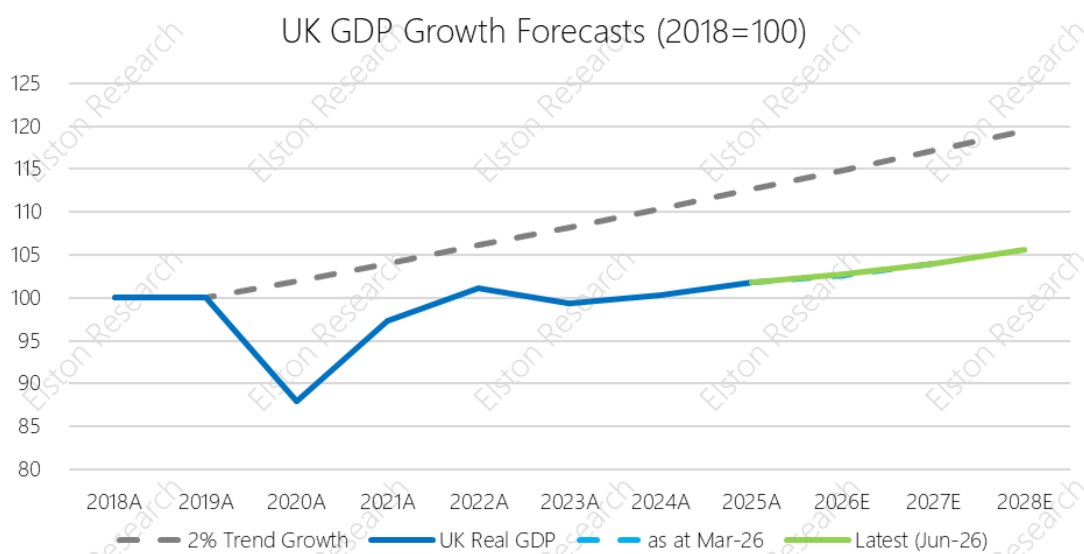
**Fig.1. US real GDP growth forecasts**



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

In the UK, the 2026 year end growth estimate has been revised up to 1.00% from 0.90% as at March, the 2028 estimate raised to 1.58% from 1.35%, and the 2027 estimate lowered to 1.10% from 1.30%. Growth in 2025 was 1.40%, and the 3-year compound annual growth rate to 2028 year end rises to 1.23% (from 1.18%). UK activity held up in early 2026, but the Gulf energy shock hit Britain harder than most: the IMF and OECD each cut 2026 UK growth by around 0.5%, the largest downgrades of any advanced economy.

**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.

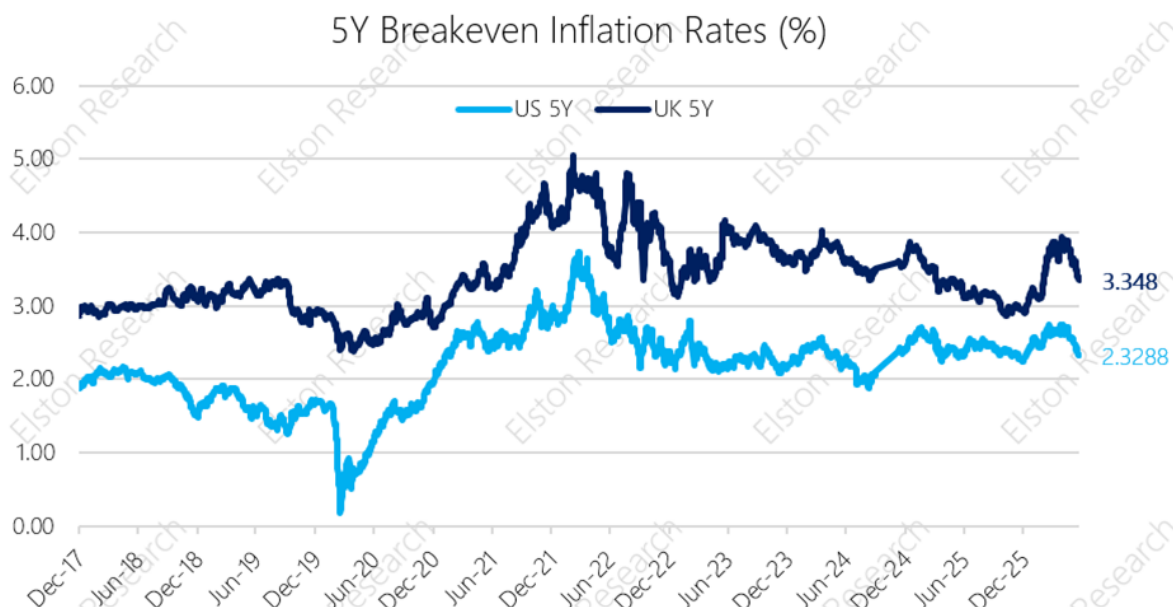
## INFLATION

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) fell to 2.33% in June, down from 2.61% as at March. This decrease suggests that markets now expect lower medium-term inflation in the US. The spring energy shock pushed breakevens higher, and headline CPI hit a three-year high of 4.2% in May. Oil has fallen back since the US-Iran peace deal, which has eased near-term inflation pressure, but prices are still above pre-conflict levels.

In the UK, the 5-Year BEIR fell to 3.35% in June from 3.46% as at March, which suggests markets now expect lower medium-term UK inflation. UK CPI eased to 2.8% in May from a March peak of 3.3% as energy prices fell back after the ceasefire, but services inflation rose to 3.7%.



Source: Elston research, Bloomberg data as of 22-Jun-26

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

## INTEREST RATES

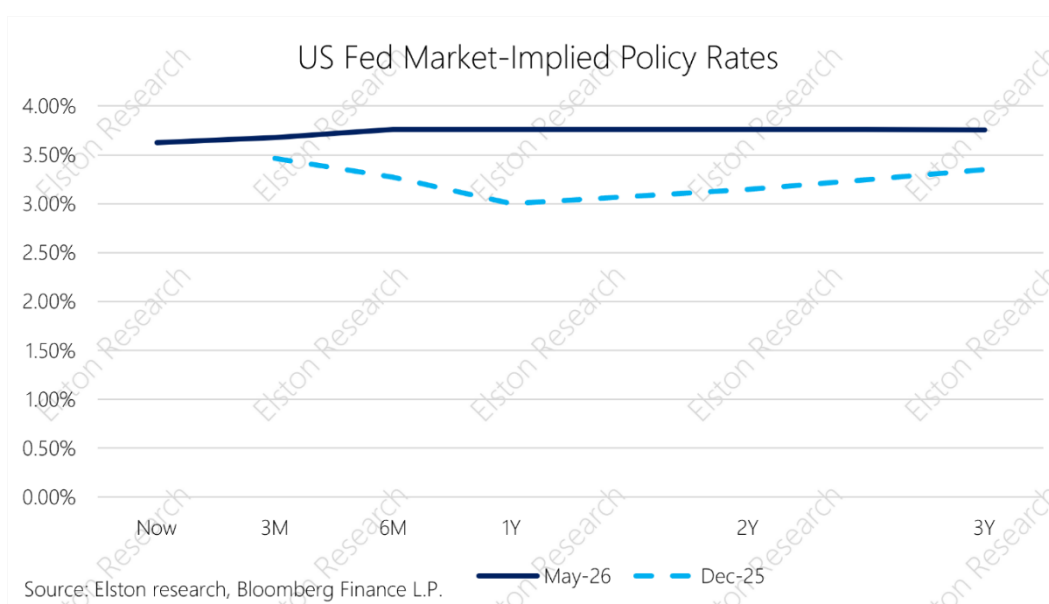
**Over the next 12 months, the outlook for Interest Rates moved lower, in our view.**

**US Federal Reserve (Fed):** The federal funds rate currently stands at 3.50-3.75%. The Fed held the target range unchanged on 17th June, a fourth consecutive hold and the first meeting under new Chair Kevin Warsh (12-0 vote). The June projections turned more hawkish. The median 2026 dot rose to 3.8% from 3.4% in March, moving from an implied cut to an implied hike, and nine of eighteen officials now expect at least one increase this year. The Fed raised its 2026 inflation projection and dropped its easing bias, citing energy price pressures. Markets now price a possible hike by October and no cuts through 2027.

**UK Bank of England (BoE):** The BoE held the Bank Rate at 3.75% on 18th June, a fourth consecutive hold, but the vote widened to 7-2 as two members voted for a 0.25 percentage point rise to 4%. After energy prices fell back, the Bank lowered its near-term inflation path compared to its April forecast, but services inflation stayed high at 3.7%. Markets are now debating when the Bank resumes cutting rather than whether it hikes.

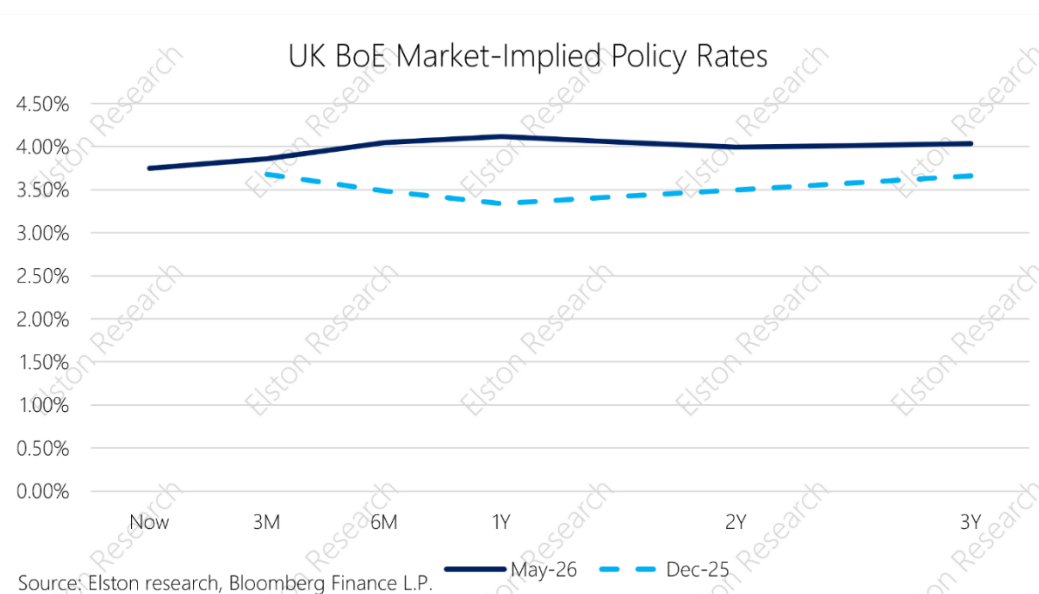
Central Banks' decisions on interest rates will remain highly data-dependent, but growing divergences within committees reflect the uncertainty around the economic outlook and inflationary pressures.

**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)

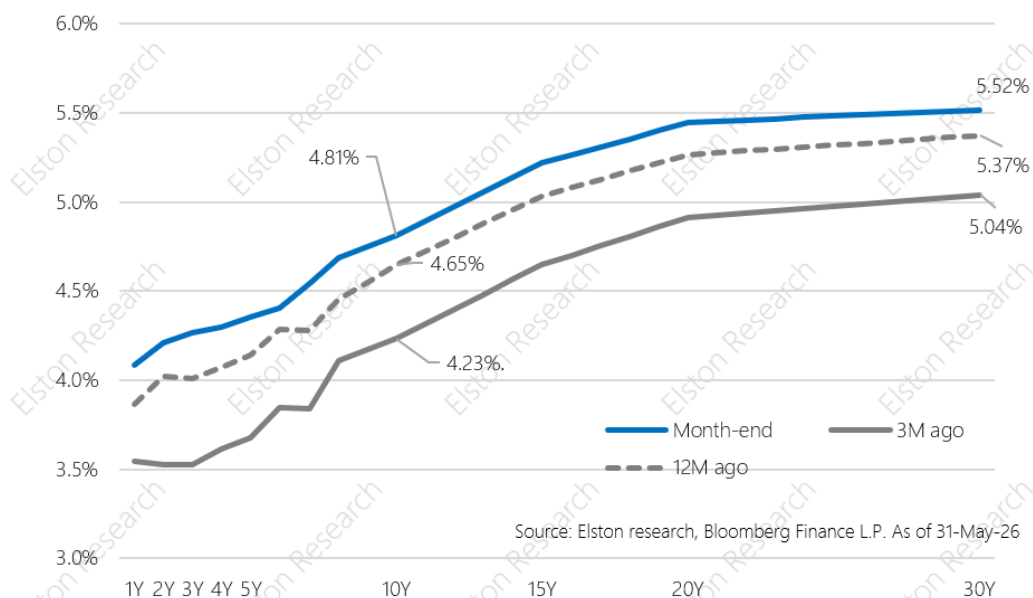
**Fig6. UK interest rate expectations**



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 4.23% to 4.81% as at the end of May and the 30-year Gilts yield rose from 5.04% to 5.52%. Yields stayed elevated across the curve and reached multi-decade highs during the quarter. The drivers were not only inflation and a higher expected Bank Rate path, but also UK political instability and fiscal concerns: markets worried that a new government could loosen the fiscal rules and increase gilt issuance against an already high debt burden.

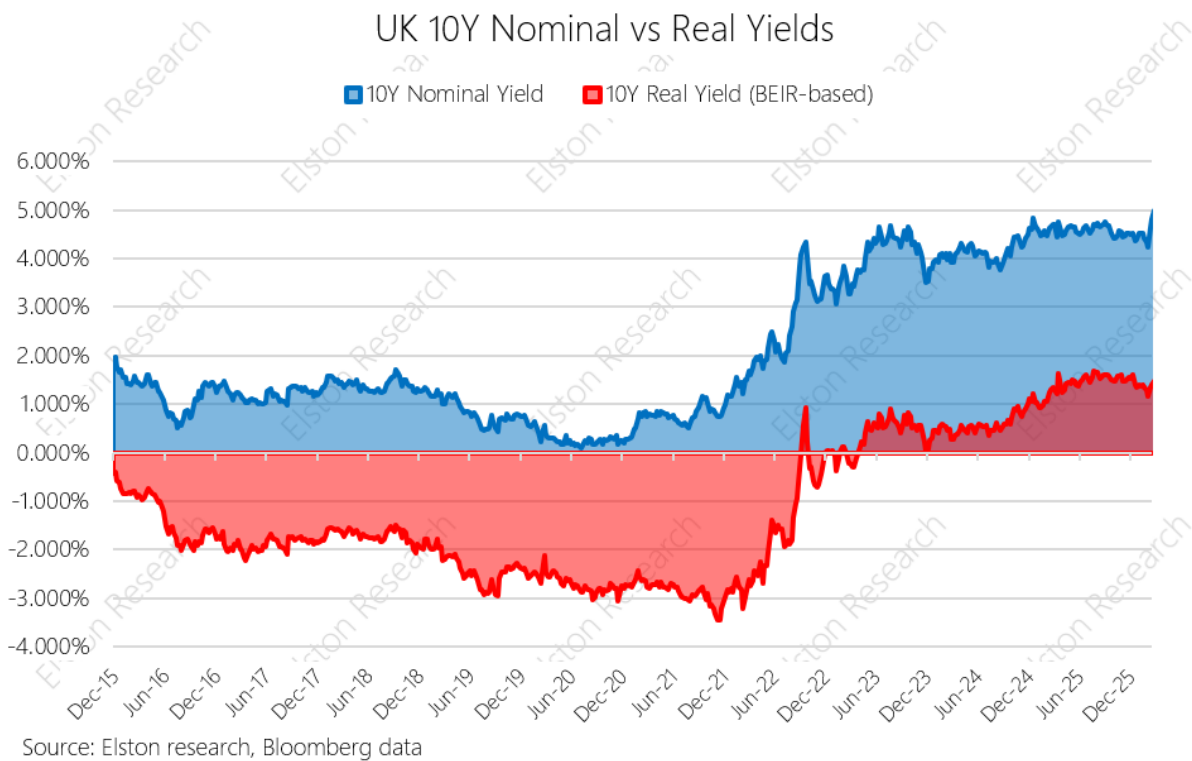
**Fig.7. UK yield curve**



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 4.76% in June, up from 4.23% in March. Real yields increased to 1.7%, up from 1.5% in March, reflecting a higher risk premium on gilts. Positive real yields mean investors still earn an inflation-adjusted return on 10-year gilts. Even as near-term inflation expectations eased with the energy shock, high government deficits, fiscal and political uncertainty and weak productivity growth are likely to keep long-dated gilts under pressure in the near term.

**Fig.8. UK nominal vs real yields**



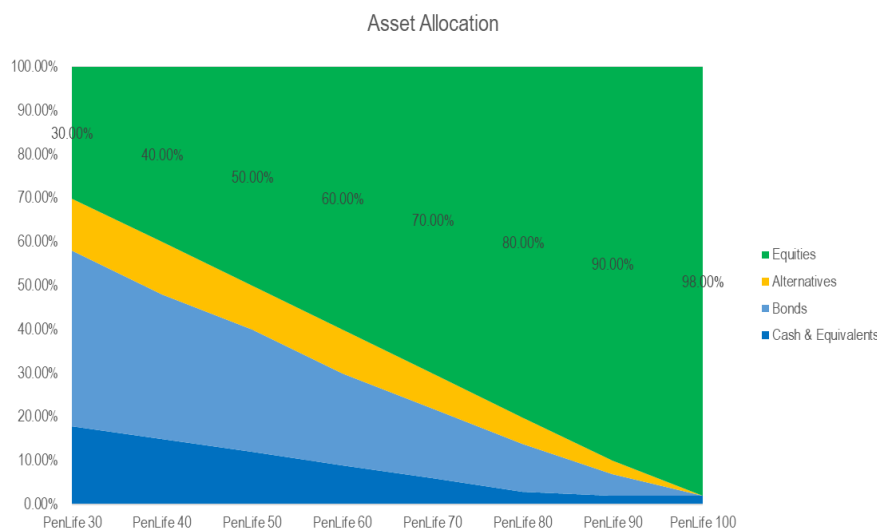
This chart shows nominal (headline) UK government bond yields, as well as how real (adjusted for inflation expectations) yields have evolved over time. The 10-year term is the standard reference rate for comparing government bonds across market. Inflation adjustment uses the break-even inflation rate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

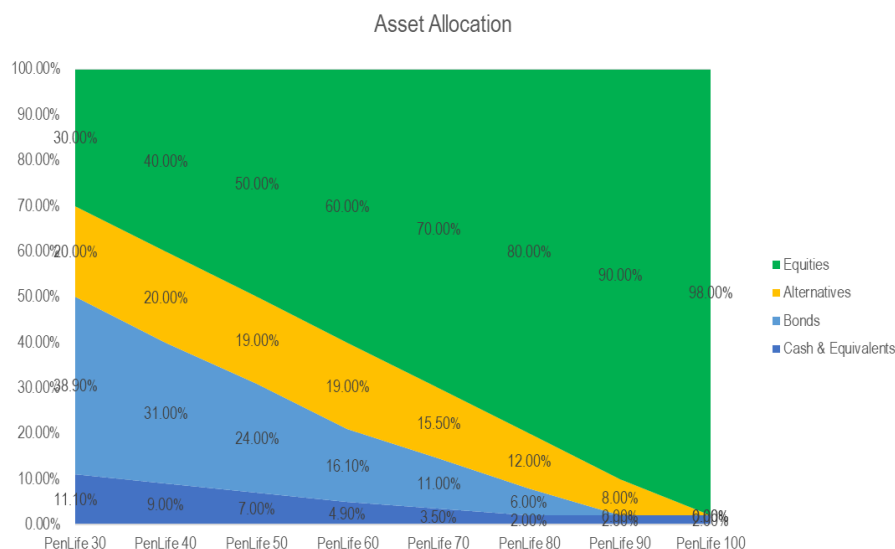
### Strategic Asset Allocations (Neutral)

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



### Proposed Tactical Asset Allocation

This quarter, we recommend raising equity from slight Underweight to Neutral, funded by a reduction in Bonds. With inflation risks starting to reaccelerate, Bonds are less reliable as a source of capital protection. We keep overweight positions in cash equivalents (money market funds) and alternatives as shock absorbers and more resilient sources of return amid elevated uncertainty.



## CHANGES WITHIN EACH ASSET CLASS

Asset class	Outlook	Implementation
Equities	<p><b>Regions:</b></p> <p><b>US/Global:</b> We remain Neutral. US energy self-sufficiency means the disruption is structurally supportive for the domestic energy complex. However, corporate earnings show a resilient economy driven by large capital expenditures related to AI infrastructure build out. We retain value and income tilt to increase exposure to energy producers and LNG exporters, while reducing concentration risk.</p> <p><b>UK:</b> We remain Underweight. However, UK Equity income sector's structural bias toward energy and commodity producers positions it well to benefit from a sustained energy risk premium. Sterling weakness further supports earnings given the high share of overseas revenues. We remain cautious on domestic mid and small caps, where consumers are more exposed to higher fuel-related costs.</p> <p><b>Europe:</b> We remain Neutral. Europe is the most exposed developed market to refined product dislocations. However, potential fiscal stimulus, particularly from Germany, could offset some of the near-term drag from higher energy prices. The European Central Bank faces the same trade-off between supporting growth and containing inflation.</p> <p><b>Japan:</b> We remain Neutral. Structural tailwinds such as corporate reforms and buybacks are balanced by the risk that rate hikes may slow momentum.</p> <p><b>Asia &amp; Emerging Markets:</b> We remain Overweight Emerging Markets. A weaker US dollar and strong earnings growth expectations continue to drive Emerging Market equities higher. Valuations for Emerging Market equities remain compelling and we continue to split exposure between broad Emerging Markets and Emerging Markets excluding-China strategies.</p>	Increase Equities allocation from underweight to neutral
Alternatives	We remain Overweight to provide agility and uncorrelated returns. While Gold delivered a 54% return in 2025, we move to a Neutral stance at current levels, as recent performance appears increasingly driven by retail sentiment rather than underlying fundamentals. We continue to favour broad commodity exposure, including copper, oil, gas and agricultural products, where structural supply constraints and geopolitical dynamics remain supportive.	No change
Bonds	<p><b>Rates:</b> We expect the Bank of England to face a difficult trade-off between a weakening labour market and a renewed inflation impulse driven by higher energy prices.</p> <p><b>Inflation:</b> If oil prices remain above \$100 per barrel, headline inflation could re-accelerate toward 4%, re-igniting possible interest rate hikes.</p> <p><b>Duration:</b> We reduce our duration target toward 3 years from 5 years to limit sensitivity to further upside risks in yields.</p> <p><b>Credit:</b> We remain Neutral on corporate bonds but retain a strong preference for Emerging Market US dollar debt. Emerging Market sovereign balance sheets are, in aggregate, in a stronger fiscal position relative to developed markets, where elevated deficits and growing debt burdens are creating signs of "debt indigestion."</p>	Decrease Bonds allocation and increase Equities allocation
Cash & Equivalents	<b>GBP/USD:</b> We expect continued weakness in British Pound Sterling against the US Dollar over the long term, driven by entrenched dollar primacy as a core element of US national strategy, alongside its continued safe-haven appeal during periods of geopolitical conflict.	Decrease cash equivalent allocation to increase Equities allocation

## 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 80 - Spring 2026	PenLife 80 - Summer 2026	Difference
Artemis Global Income I Acc	5.00%	6.10%	1.10%
Artemis SmartGARP European Equity I Acc	2.40%	2.40%	0.00%
Artemis SmartGARP Global Emerging Markets Equity	4.80%	4.80%	0.00%
Artemis SmartGARP UK Equity I Acc	3.20%	3.20%	0.00%
BNY Mellon US Equity Income Inst W Acc	7.20%	7.20%	0.00%
CT North American Equity 3 Acc	8.00%	8.00%	0.00%
Fidelity Index US P	8.00%	8.00%	0.00%
Fidelity Investment Funds ICVC - Index World Fund	4.40%	6.20%	1.80%
Invesco Emerging Markets ex China Fund (UK) Z Acc	3.20%	3.20%	0.00%
Jupiter India I Acc	1.60%	1.60%	0.00%
Liontrust European Dynamic I Acc	4.00%	4.00%	0.00%
M&G Asian I Acc	4.80%	4.80%	0.00%
Man GLG Japan Core Alpha C Professional Acc	4.00%	4.00%	0.00%
Ninety One UK Special Situations J Acc	3.20%	3.20%	0.00%
Orbis Global Equity Standard Acc	5.00%	6.10%	1.10%
VT Munro Smart-Beta UK Fund	7.20%	7.20%	0.00%

### Global Equities

We recommend increasing Equities allocation back to Neutral via the World equity tracker as well as the actively managed global equity funds: Artemis Global Income fund and Orbis Global Equity Standard fund. The US-Iran ceasefire has reduced the energy and geopolitical tail risk that led us to de-risk last quarter, oil has fallen back, and growth has held up despite the shock. With that downside lower, we suggest moving back to Neutral. Pairing active managers with low-cost index exposure adds diversification with an income and value tilt.

## ALTERNATIVE PORTFOLIO CHANGES

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

Name	PenLife 80 - Spring 2026	PenLife 80 - Summer 2026	Difference
VT Avastra Global Alternatives Fund A Acc GBP	12.00%	12.00%	0.00%

## BONDS AND CASH PORTFOLIO CHANGES

In our proposed changes, the bonds and cash part of the portfolio remains unchanged from last quarter.

Name	PenLife 80 - Spring 2026	PenLife 80 - Summer 2026	Difference
<b>abrdn Short Duration Global Inflation-Linked Bond</b>	0.80%	0.00%	-0.80%
Cash	2.00%	2.00%	0.00%
Jupiter Monthly Income Bond U1 Acc	1.40%	1.50%	0.10%
L&G Strategic Bond I Acc	1.40%	1.50%	0.10%
M&G Emerging Markets Bond I Acc GBP GTR in GB	0.80%	1.50%	0.70%
<b>Pimco GIS Global Bond Inst Hedged Acc GBP</b>	0.80%	0.00%	-0.80%
<b>Royal London Short Term Money Market Y Acc</b>	3.40%	0.00%	-3.40%
VT Avastra Global Fixed Income Acc	1.40%	1.50%	0.10%

### Bonds

We recommend reducing Government Bonds to fund the move back to Neutral in Equities and adding to corporate bonds. The reduction is from the Pimco GIS Global Bond fund, a longer-duration holding that carries higher interest rate risk, and more modestly from the abrdn Short Duration Global Inflation-Linked Bond and Royal London Short Term Money Market funds. With inflation risks still lingering, Bonds are also less reliable for capital protection.

## 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 80 SPRING 26	PENLIFE 80 SUMMER 26
<b>OLD PENLIFE PORTFOLIO CHARGE</b> 0.53%	<b>NEW PENLIFE PORTFOLIO CHARGE</b> 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 80 - Summer 2026	GBP	12.89	30.09	75.04	90.62	2.08	0.54	75	
Benchmark	UT Mixed Investment 40-85% Shares - Dec 89	GBP	7.71	18.19	39.02	34.83	-	-	60	

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		1 Year					3 Years			FE fundinfo Crown Rating
Fund Manager	Name	Original % Holding	Hist. Yield	Perf.	Est. Contrb	Qtl	Perf.	Est. Contrb	Qtl	
Valu-Trac Investment Management	Avastra Global Diversified Assets GBP Acc A£ - Nov 10	12.00	2.56	12.56	1.51		28.16	3.38		W W W W W
Columbia Threadneedle Investments**	North American Systematic Equity 3 Acc - Jan 95	8.00	0.70	17.78	1.42	3	68.42	5.47	2	W W W W W
Fidelity International (FIL Invst Svcs UK Ltd)	Index US P - Nov 12	8.00	0.96	25.93	2.07	2	67.61	5.41	2	N/A
BNY Mellon Fund Managers Ltd	US Equity Income Inst W Acc - Dec 18	7.20	1.86	27.62	1.99	2	58.61	4.22	3	W W W W W
Valu-Trac Investment Management	Munro UK Equity Income X Acc - Sep 07	7.20	3.71	25.84	1.86	1	63.20	4.55	1	N/A
Fidelity International (FIL Invst Svcs UK Ltd)	Index World P - Dec 12	6.20	1.25	25.67	1.59	2	63.86	3.96	2	N/A
Artemis Fund Managers Limited	Global Income I Acc - Jul 10	6.10	2.46	47.63	2.91	1	154.19	9.41	1	W W W W W
Orbis Investments	Global Equity Standard - Dec 89	6.10	-	43.21	2.64	1	107.31	6.55	1	W W W W W
Artemis Fund Managers Limited	SmartGARP Global Emerging Markets Equity I Acc GBP - Apr 15	4.80	2.50	60.90	2.92	2	111.73	5.36	1	W W W W W
M&G UK	Asian I Acc GBP - Sep 73	4.80	2.65	52.09	2.50	3	99.60	4.78	1	W W W W W
Liontrust**	European Dynamic I Acc - Nov 06	4.00	1.84	31.34	1.25	1	65.95	2.64	1	W W W W W
Man Group**	Japan Core Alpha C Professional Acc - Mar 98	4.00	1.43	39.37	1.57	2	69.59	2.78	1	W W W W W
Artemis Fund Managers Limited	SmartGARP UK Equity I Acc - Dec 86	3.20	2.69	30.70	0.98	1	98.94	3.17	1	W W W W W
Invesco Fund Managers Ltd	Emerging Markets ex China (UK) Z Acc - Jan 95	3.20	2.13	71.85	2.30	1	111.00	3.55	1	W W W W W
Ninety One Fund Managers UK Limited**	UK Special Situations J Acc GBP - Oct 88	3.20	1.92	16.49	0.53	2	90.51	2.90	1	W W W W W
Artemis Fund Managers Limited	SmartGARP European Equity I Acc - Mar 01	2.40	2.36	33.93	0.81	1	122.71	2.94	1	W W W W W
Currency	Pounds Sterling - Jan 70	2.00	-	0.00	0.00		0.00	0.00		N/A
Jupiter Unit Trust Mgrs Ltd	India I Acc - Feb 08	1.60	0.50	-3.72	-0.06	1	48.93	0.78	1	W W W W W
Jupiter Unit Trust Mgrs Ltd**	Monthly Income Bond U1 Acc GBP - Sep 04	1.50	6.52	6.84	0.10	1	29.13	0.44	1	W W W W W
Legal & General UT Mgr Ltd	Strategic Bond I Acc - May 07	1.50	6.24	6.29	0.09	2	29.31	0.44	1	W W W W W
M&G UK	Emerging Markets Bond I Acc GBP - Oct 99	1.50	6.40	14.97	0.22	2	28.90	0.43	2	W W W W W
Valu-Trac Investment Management	Avastra Global Fixed Income GBP Acc A£ - Nov 10	1.50	4.65	4.12	0.06	3	8.45	0.13	4	W W W W W
<b>Total Portfolio</b>		<b>100.00</b>	<b>2.08</b>	<b>30.09</b>			<b>75.04</b>			
<b>Selected Benchmark</b>	<b>UT Mixed Investment 40-85% Shares - Dec 89</b>			<b>18.19</b>			<b>39.02</b>			

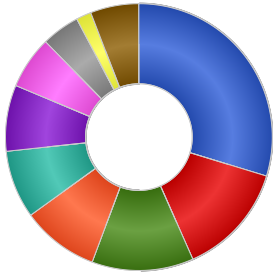
Performance figures to last price date, rebased in Pounds Sterling, ordered by largest original holdings.

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.

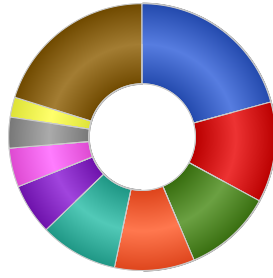
\*\* The history of this unit/share class has been extended, at FE fundinfo's discretion, to give a sense of a longer track record of the fund as a whole.

**Asset Allocation**



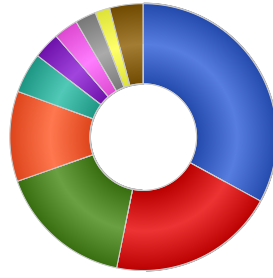
Name	Original %
North American Equities	29.72
UK Equities	13.66
Asia Pacific Emerging Equities	12.32
Other International Equities	9.36
Global Fixed Interest	8.24
European Equities	8.02
Money Market	6.34
Japanese Equities	4.64
Commodity & Energy	1.83
Others	5.87

**Sector Allocation**



Name	Original %
Telecom, Media & Technology	20.76
Financials	12.16
Consumer Products	10.71
Basic Materials	9.69
Industrials	9.46
Money Market	6.16
Health Care	4.72
Banks	3.72
Corporate Bonds	2.44
Others	20.16

**Region Allocation**



Name	Original %
North America	32.96
UK	20.25
Europe ex UK	16.43
Pacific Basin	10.93
Japan	4.89
Money Market	3.22
International	2.95
Asia Pacific	2.50
Americas	1.83
Other	4.05

**Top 10 Holdings**

	Original %
1 Cash	2.00
2 ISHARES IV PLC - ISHARES £ ULTRASHORT BOND ESG SRI UCITS ETF GBP	1.99
3 ROYAL LONDON SHORT TERM MONEY MARKET Y INC	1.79
4 SAMSUNG ELECTRONICS CO., LTD	1.74
5 NVIDIA CORPORATION	1.69
6 ALPHABET INC.	1.53
7 APPLE INC.	1.47
8 XTRACKERS US TREASURIES ULTRASHORT BOND 1C UCITS ETF 1C	1.39
9 AMAZON.COM, INC.	0.91
10 MICROSOFT CORPORATION	0.88

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.

