



# PenLife Ethical 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.

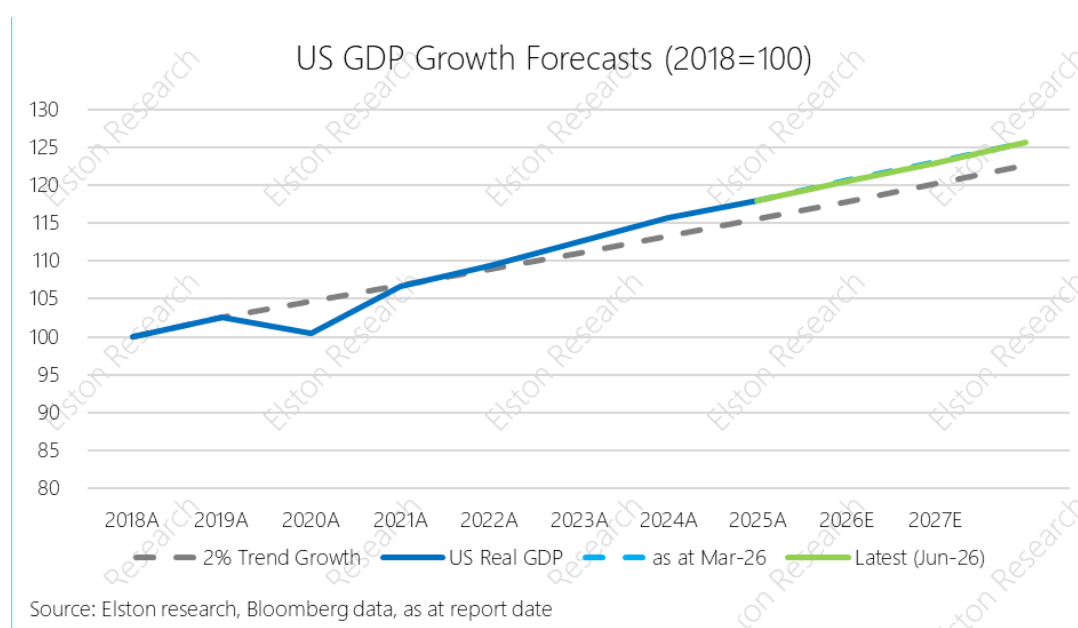
| 12 month outlook | Last update                          | This update |
|------------------|--------------------------------------|-------------|
| Growth           | Lower                                | Higher      |
| Inflation        | Higher                               | Higher      |
| Interest 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.**

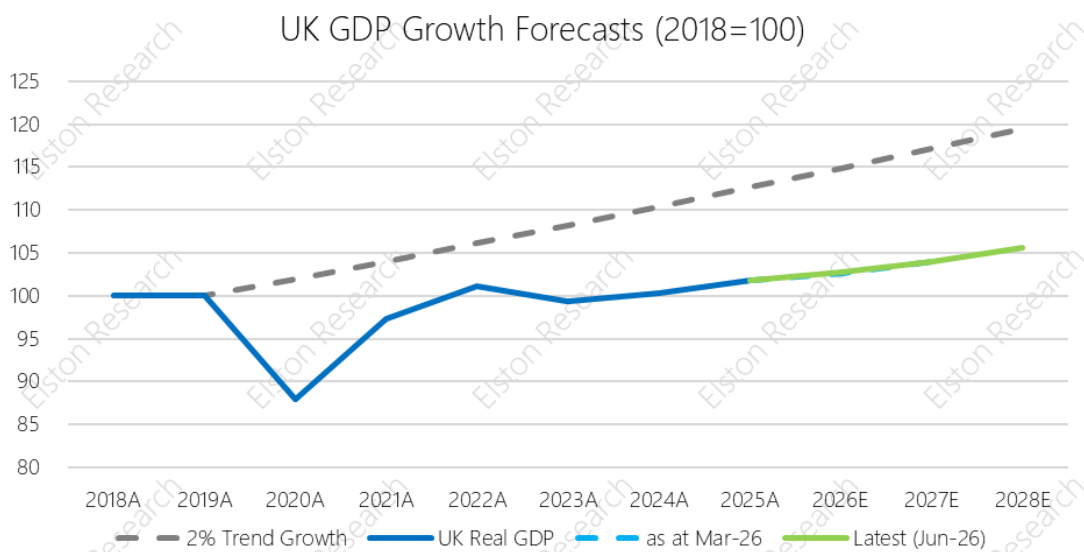
In the US, the 2026 year end growth estimate has been revised lower to 2.13%, down from 2.30% as at March, while the 2027 and 2028 estimates have been raised to 2.04% and 2.20% (from 2.00% and 2.08% respectively). Growth in 2025 was 2.00%, and the 3-year compound annual growth rate to 2028 year end is 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**



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.

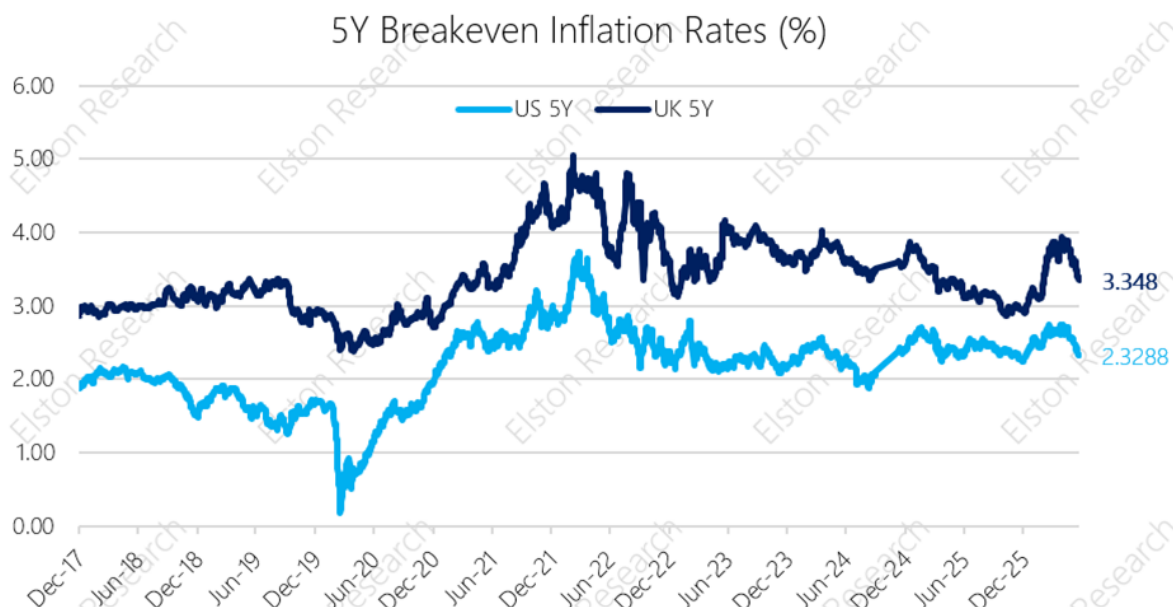
## INFLATION

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

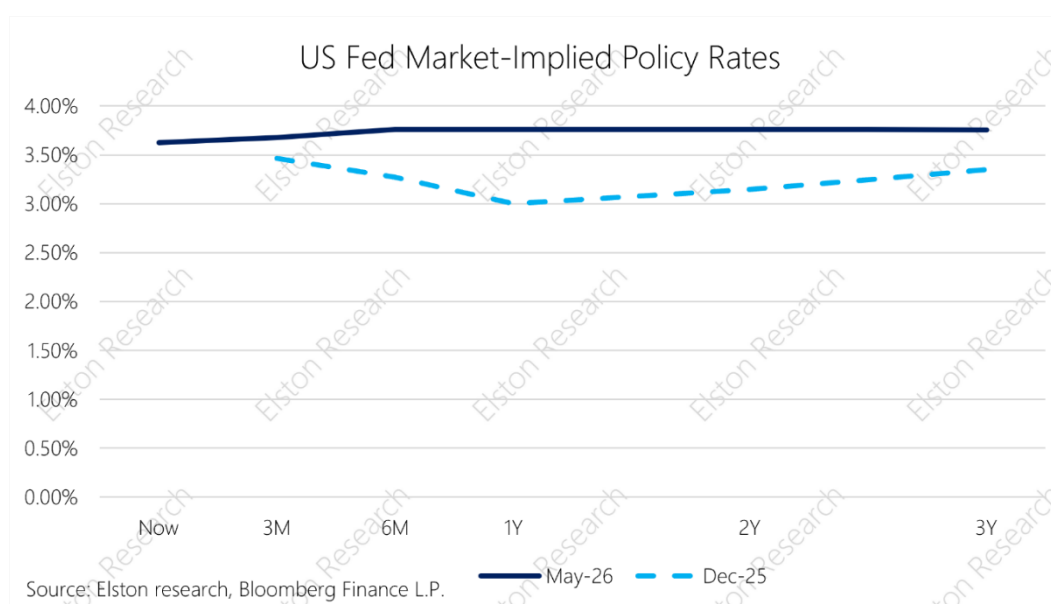
**Over the next 12 months, the outlook for Interest Rates moved higher, in our view.**

**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.

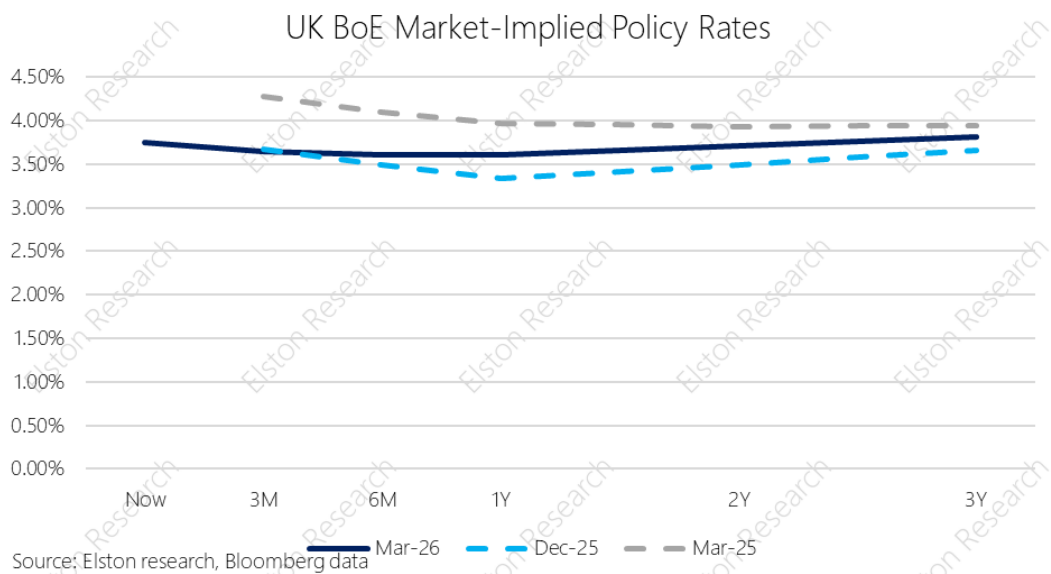
Central Banks' decisions on interest rates will remain highly data-dependent, but growing divergences within committees reflect the uncertainty around the economic outlook and inflationary pressures.

**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)

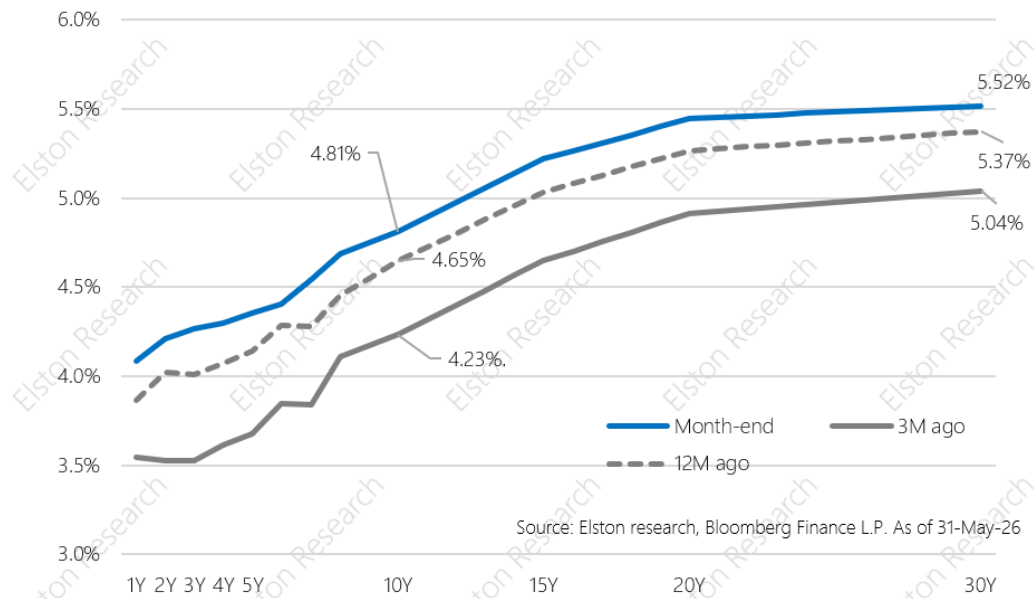
**Fig6. UK interest rate expectations**



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.

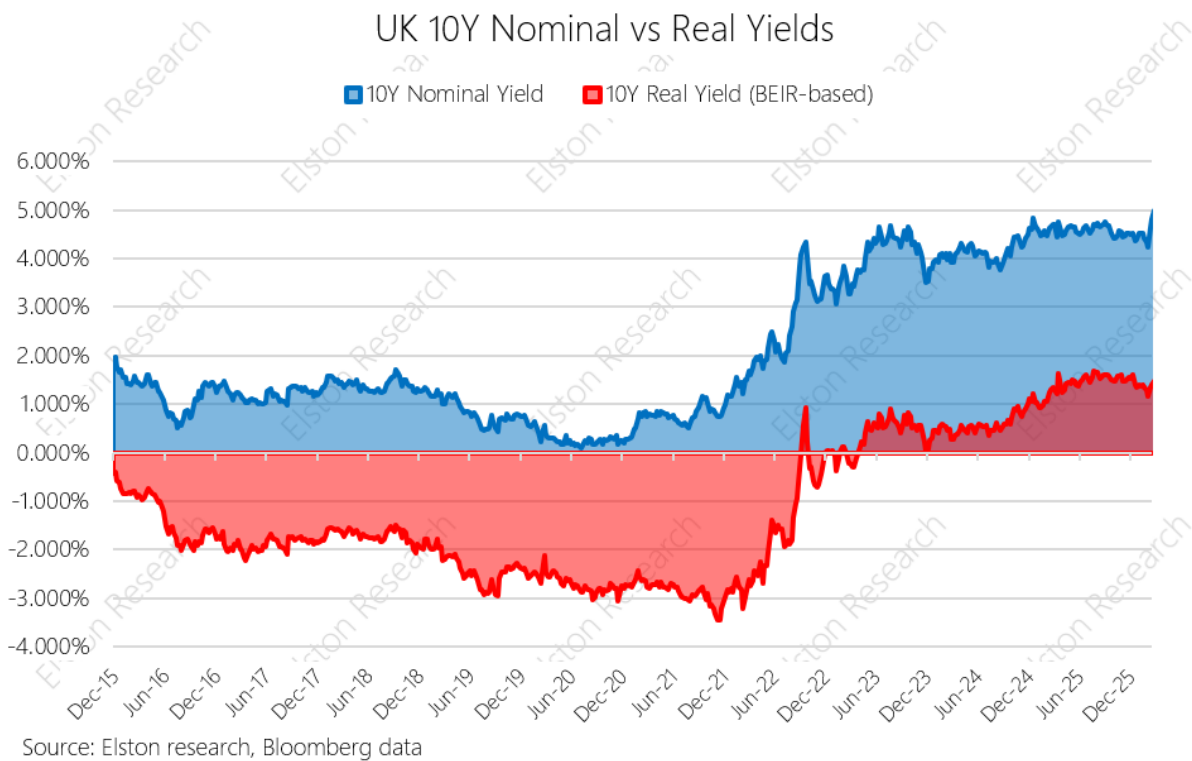
**Fig.7. UK yield curve**



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**



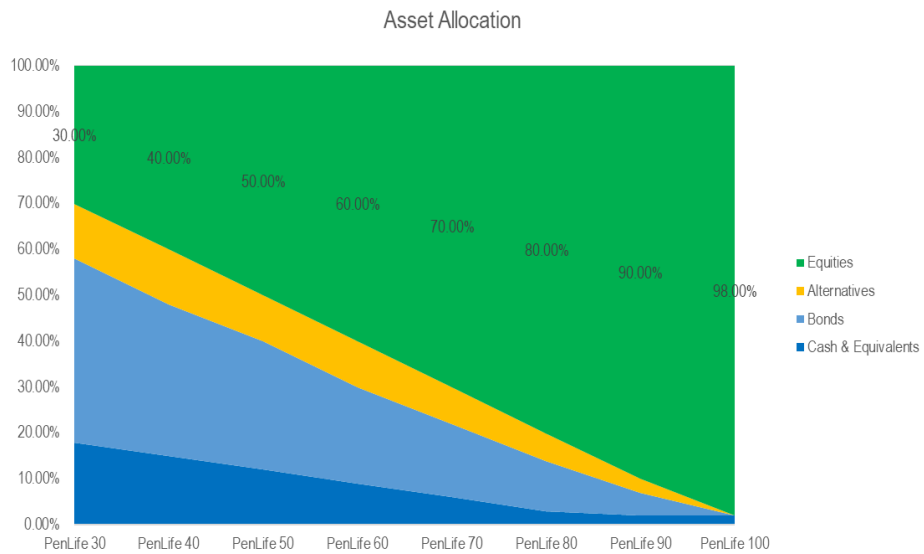
This chart shows nominal (headline) UK government bond yields, as well as how real (adjusted for inflation expectations) yields have evolved over time. The 10-year term is the standard reference rate for comparing government bonds across market. Inflation adjustment uses the break-even inflation rate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



## 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.   | 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 -<br>Spring 2026 | PenLife Ethical -<br>Summer 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%                            | 9.50%                            | 1.00%      |
| Amundi MSCI UK IMI SRI PAB IG Inc GBP                  | 8.20%                            | 8.20%                            | 0.00%      |
| EdenTree Responsible and Sustainable European Equity B | 5.50%                            | 5.50%                            | 0.00%      |
| Foresight Uk infrastructure                            | 3.00%                            | 3.00%                            | 0.00%      |
| Janus Henderson Sustainable US equity                  | 9.00%                            | 9.00%                            | 0.00%      |
| JPM US ESG Equity C Acc                                | 8.50%                            | 8.50%                            | 0.00%      |
| 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                      | 9.00%                            | 10.00%                           | 1.00%      |

### Global Equities

We recommend increasing Equities allocation back to Neutral via the World equity funds.

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 portfolios, the Alternatives part of the portfolio remains unchanged from last quarter.

| Name   | PenLife Ethical -<br>Spring 2026 | PenLife Ethical -<br>Summer 2026 | Difference |
|--|----------------------------------|----------------------------------|------------|
| First Sentier Global Property Securities B GBP Acc in GB | 3.00%                            | 3.00%                            | 0.00%      |
| VT Avastra Global Alternatives Fund A Acc GBP            | 6.60%                            | 6.60%                            | 0.00%      |

## BONDS AND CASH PORTFOLIO CHANGES

In our proposed changes, the Bonds and Cash part of the portfolio is summarised below.

| Name  | PenLife Ethical - Spring 2026 | PenLife Ethical - Summer 2026 | Difference    |
|---|-------------------------------|-------------------------------|---------------|
| abrdn Short Duration Global Inflation-Linked Bond | 1.30%                         | 1.30%                         | 0.00%         |
| Cash  | 2.00%                         | 2.00%                         | 0.00%         |
| <b>Fidelity Index UK Gilt P Acc</b>               | 2.00%                         | 0.00%                         | <b>-2.00%</b> |
| Jupiter Monthly Income Bond U1 Acc GBP **         | 5.30%                         | 5.30%                         | 0.00%         |
| L&G Strategic Bond I Acc                          | 5.30%                         | 5.30%                         | 0.00%         |
| Liontrust sustainable monthly income bond         | 3.30%                         | 3.30%                         | 0.00%         |
| Schroder sustainable bond                         | 3.40%                         | 3.40%                         | 0.00%         |

### Bonds

We recommend reducing Bonds to fund the move back to Neutral in Equities. 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 ETHICAL SPRING 26                    | PENLIFE ETHICAL SUMMER 26                    |
|--|--|
| <b>OLD PENLIFE PORTFOLIO CHARGE</b><br>0.54% | <b>NEW PENLIFE PORTFOLIO CHARGE</b><br>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 - Summer 2026                     | GBP      | 8.94 | 19.58 | 44.07 | -     | 2.30        | 0.54              | 65                     |
| Benchmark  | UT Mixed Investment 20-60% Shares Retail - Dec 89 | GBP      | 5.44 | 12.87 | 29.81 | 21.78 | -           | -                 | 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

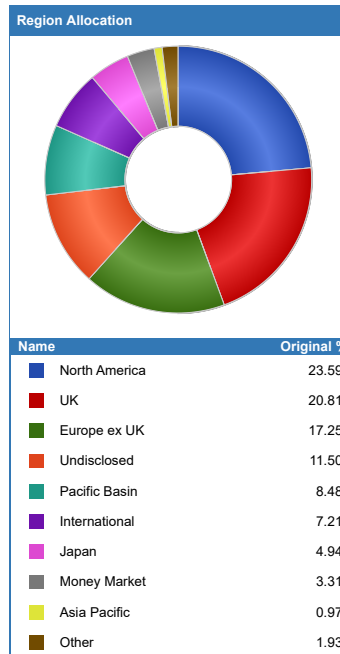
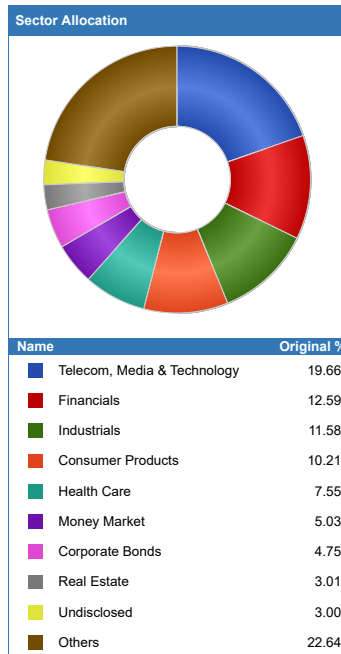
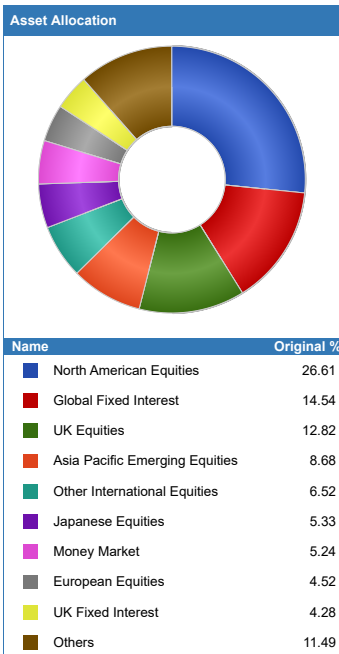
| Fund Manager                         | Name  | Original % Holding | Hist. Yield | 1 Year       |             |     | 3 Years      |             |     | FE fundinfo Crown Rating |
|--------------------------------------|---|--------------------|-------------|--------------|-------------|-----|--------------|-------------|-----|--------------------------|
|                                      |   |                    |             | Perf.        | Est. Contrb | Qtl | Perf.        | Est. Contrb | Qtl |                          |
| Schroder UT Managers**               | Global Sustainable Value Equity Z - Aug 05                        | 10.00              | 2.48        | 23.44        | 2.34        | 2   | 49.56        | 4.96        | 2   | ★★★★                     |
| Amundi SGR S.p.A.                    | MSCI World SRI Climate Paris Aligned IG GBP - Jan 20              | 9.50               | -           | 27.87        | 2.65        | 2   | 49.09        | 4.66        | 2   | N/A                      |
| Janus Henderson Global Investors Ltd | US Sustainable Equity I Acc GBP - Sep 22                          | 9.00               | 0.00        | 28.84        | 2.60        | 1   | 61.05        | 5.49        | 2   | ★★★★                     |
| JP Morgan Asset Management UK        | JPM US ESG Equity C Acc - Oct 21                                  | 8.50               | 0.29        | 20.51        | 1.74        | 3   | 61.60        | 5.24        | 2   | ★★★★                     |
| Amundi SGR S.p.A.                    | MSCI UK IMI SRI Climate Paris Aligned IG Inc GBP - Oct 22         | 8.20               | 2.64        | 14.60        | 1.20        | 2   | 47.35        | 3.88        | 2   | N/A                      |
| Valu-Trac Investment Management      | Avastra Global Diversified Assets GBP Acc A£ - Nov 10             | 6.60               | 2.56        | 12.56        | 0.83        |     | 28.16        | 1.86        |     | ★★★★                     |
| Amundi SGR S.p.A.                    | MSCI Emerging Markets SRI Climate Paris Aligned IG GBP - Jan 20   | 5.50               | -           | 39.82        | 2.19        | 4   | 53.12        | 2.92        | 4   | N/A                      |
| EdenTree Investment Management       | Sustainable European Equity B Dis GBP - Sep 99                    | 5.50               | 2.39        | 24.70        | 1.36        | 2   | 64.45        | 3.54        | 1   | ★★★★                     |
| Jupiter Unit Trust Mgrs Ltd**        | Monthly Income Bond U1 Acc GBP - Sep 04                           | 5.30               | 6.52        | 6.84         | 0.36        | 1   | 29.13        | 1.54        | 1   | ★★★★                     |
| Legal & General UT Mgr Ltd**         | Strategic Bond C Acc - May 07                                     | 5.30               | 6.30        | 6.43         | 0.34        | 2   | 29.75        | 1.58        | 1   | ★★★★                     |
| Legal & General UT Mgr Ltd           | Asia Pacific Equity Income I Acc - Nov 08                         | 4.60               | 2.63        | 50.46        | 2.32        | 3   | 86.78        | 3.99        | 2   | ★★★★                     |
| Schroder UT Managers                 | Sustainable Bond Z Inc - Sep 03                                   | 3.40               | 5.18        | 4.54         | 0.15        | 4   | 25.55        | 0.87        | 1   | ★★★★                     |
| Liontrust                            | Sustainable Future Monthly Income Bond PG Gr Acc - Jul 10         | 3.30               | 5.49        | 4.91         | 0.16        | 2   | 24.66        | 0.81        | 1   | ★★                       |
| Amundi SGR S.p.A.                    | MSCI Japan SRI Climate Paris Aligned IG GBP - Jan 21              | 3.00               | -           | 18.91        | 0.57        | 4   | 15.17        | 0.46        | 4   | N/A                      |
| First Sentier Investors (UK)         | Global Property Securities B Acc - Sep 06                         | 3.00               | 2.59        | 12.65        | 0.38        |     | 23.39        | 0.70        |     | ★★★★                     |
| FundRock Partners Ltd                | Foresight UK Infrastructure Income A Acc - Dec 17                 | 3.00               | 6.09        | 8.02         | 0.24        | 4   | 15.48        | 0.46        | 4   | ★★                       |
| RLUM (CIS) Ltd                       | Sustainable Leaders Trust C Acc - May 90                          | 3.00               | 1.60        | 11.94        | 0.36        | 3   | 35.82        | 1.07        | 3   | ★★★★                     |
| Currency                             | Pounds Sterling - Jan 70  | 2.00               | -           | 0.00         | 0.00        |     | 0.00         | 0.00        |     | N/A                      |
| abrdn Fund Managers Limited          | Short Duration Global Inflation-Linked Bond Inst Acc GBP - Sep 14 | 1.30               | 3.57        | 3.44         | 0.04        | 2   | 12.65        | 0.16        | 1   | ★★                       |
| <b>Total Portfolio</b>               |   | <b>100.00</b>      | <b>2.30</b> | <b>19.58</b> |             |     | <b>44.07</b> |             |     |                          |
| <b>Selected Benchmark</b>            | <b>UT Mixed Investment 20-60% Shares Retail - Dec 89</b>          |                    |             | <b>12.87</b> |             |     | <b>29.81</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.



**Top 10 Holdings**

|  | Original % |
|--|------------|
| 1 NVIDIA CORPORATION   | 2.00       |
| 2 Cash   | 2.00       |
| 3 TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED               | 1.30       |
| 4 MICROSOFT CORPORATION  | 1.10       |
| 5 ISHARES IV PLC - ISHARES £ ULTRASHORT BOND ESG SRI UCITS ETF GBP | 1.10       |
| 6 ROYAL LONDON SHORT TERM MONEY MARKET Y INC                       | 0.98       |
| 7 GSK PLC  | 0.75       |
| 8 AMAZON.COM, INC.   | 0.66       |
| 9 XTRACKERS US TREASURIES ULTRASHORT BOND 1C UCITS ETF 1C          | 0.65       |
| 10 MICRON TECHNOLOGY, INC.   | 0.61       |

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.

