



people's
partnership

People's Pension – Quarterly investment report

July to September 2025

Contents

Introduction	03
July to September 2025 Investment Commentary	04
How we manage our members' money	06
Balanced investment profile – Growth phase	07
All investment profiles – Consolidation phase	08
Adventurous profile – Growth phase	09
Cautious profile – Growth phase	10
Annuity, Cash, Ethical and Shariah Funds	11
Value for Money Performance	12
Five year annualised performance vs volatility	13
People's Pension Assets Under Management	14

Introduction

At People's Pension, we're committed to improving the financial lives of our members through the responsible growth and the performance of our investment funds. This document provides an overview of last quarter's fund performance and how we manage our members' money.

This document is purely for information purposes only and shouldn't be taken as advice. All our funds carry some degree of risk and their value can go down as well as up. Past performance is not a reliable indicator of future results.

July to September 2025 Investment Commentary

Q3 2025 – Another fine quarter for global shares

After volatility in Q2, markets saw strong gains in Q3 driven by robust corporate earnings, continuing demand for artificial intelligence (AI) and technology, and an anticipated cut in US interest rates by the Federal Reserve (Fed). The weakening US dollar benefitted emerging markets and several commodities – particularly silver and gold, both of which posted double-digit gains.

Over the longer term, global equity markets have performed strongly, returning 14.5% annualised over three years and 13.0% annualised over five years to 30 September 2025.¹

During 2025, currency has had a significant impact on overseas stock returns, particularly for a UK investor in US stocks, due to the dollar falling against the pound. However, in the third quarter, this effect reversed slightly with the dollar marginally stronger against the pound, helping unhedged investors do better.

US – S&P Soaring to an all-time high, but labour market a concern

It was a strong quarter for US equities, with both the S&P 500 and NASDAQ hitting all-time highs. The rally was driven by the ongoing AI boom and further supported by the Fed's interest rate cut in September. The healthcare and energy sectors lagged the market, with falling oil prices impacting energy companies. This has resulted in increasing concentration of the US market toward a smaller number of stocks.

GDP growth remained strong, with the US economy expanding at an annualised rate of 3.8% in Q2. However, this was slightly tempered by disappointing job figures. Additional concerns also emerged over the impact of a government shutdown that began on October 1.

UK – Shares up, inflation still sticky

The FTSE 100 had its best quarter since Q4 2022, with a weaker pound benefitting the internationally focused companies on the index. Continuing AI enthusiasm boosted communication services and

technology sectors. Higher gold prices also boosted basic materials producers (eg, mining companies, commodity companies, and metal refiners).

In August, inflation remained above target at 3.8% with price pressures driven by rising energy, utility and food costs. While in a narrow decision, the Bank of England's (BoE) Monetary Policy Committee voted to cut interest rates to 4.0%. In September, the BoE also announced a slowing of its quantitative tightening (QT) programme (the selling of government bonds). It is hoped that this reduction in QT could lower yields on government debt and reduce borrowing costs.

Eurozone – Banking on banks, feeling rosy with healthcare

In line with the British and US markets, it was a good quarter for Eurozone equities, with financial and healthcare sectors leading the way. Bank shares in particular benefitted from strong earnings figures.

The service sector expanded in the larger Eurozone economies, apart from France, which continued to struggle with political uncertainty. Manufacturing remained weak as new export orders declined for the 28 consecutive month.² In August, inflation reached the European Central Bank (ECB) target of 2.0%. Its President, Christine Lagarde indicated that the sharp rise in inflation between 2022 and 2024 has subsided and inflation risks are balanced. Lagarde also indicated that the Eurozone is coping with US tariffs better than expected.

Japan – Shares 'bigger' in Japan

It was another encouraging quarter for Japanese equities as both the TOPIX and Nikkei 225 returned 11% in Yen terms, reaching record highs.

Mirroring global trends, technology and semi-conductor stocks performed strongly. The corporate sector also delivered a positive story, with solid earnings, increased share buybacks and higher dividends.

In August, inflation fell back slightly to 2.7%, while the Bank of Japan (BOJ) kept interest rates unchanged at 0.5%.

¹ Please note that unless stated all returns are quoted in Sterling, not local currency.

² HCOB flash eurozone purchasing managers index for September.

Emerging markets – China, Taiwan and South Korea all pull their weight

Emerging markets enjoyed broadly positive performance over the quarter. In Sterling terms, The MSCI Emerging Markets index was the top performing benchmark, returning just under 13%. Market heavyweights China, Taiwan and South Korea all performed strongly, supported by sustained demand for AI and technology, progress in US-China trade talks, and the US interest rate cut in September.

Egypt, Peru, China and South Africa were the top performers, with Peru and South Africa benefitting from rallies in raw materials. Indonesia, India and the Philippines lagged behind in declining US Dollar terms – with India impacted by additional US tariffs.

Global fixed Interest – Better bonds from Uncle Sam, corporate credit continues to tighten

There was a mixed picture for government debt, with US Treasury yields falling (and their prices rising) over the quarter. British, French, German and Japanese bond yields all rose (their prices fell).

US Government debt was boosted by the September rate cut, and market fears of the Fed's independence from interference by the Trump administration receding somewhat.

The yield on British government debt rose, despite the interest rate cut in August. Market concerns regarding the UK's fiscal position were not helped by borrowing figures showing £11.4 billion more than previously forecast.

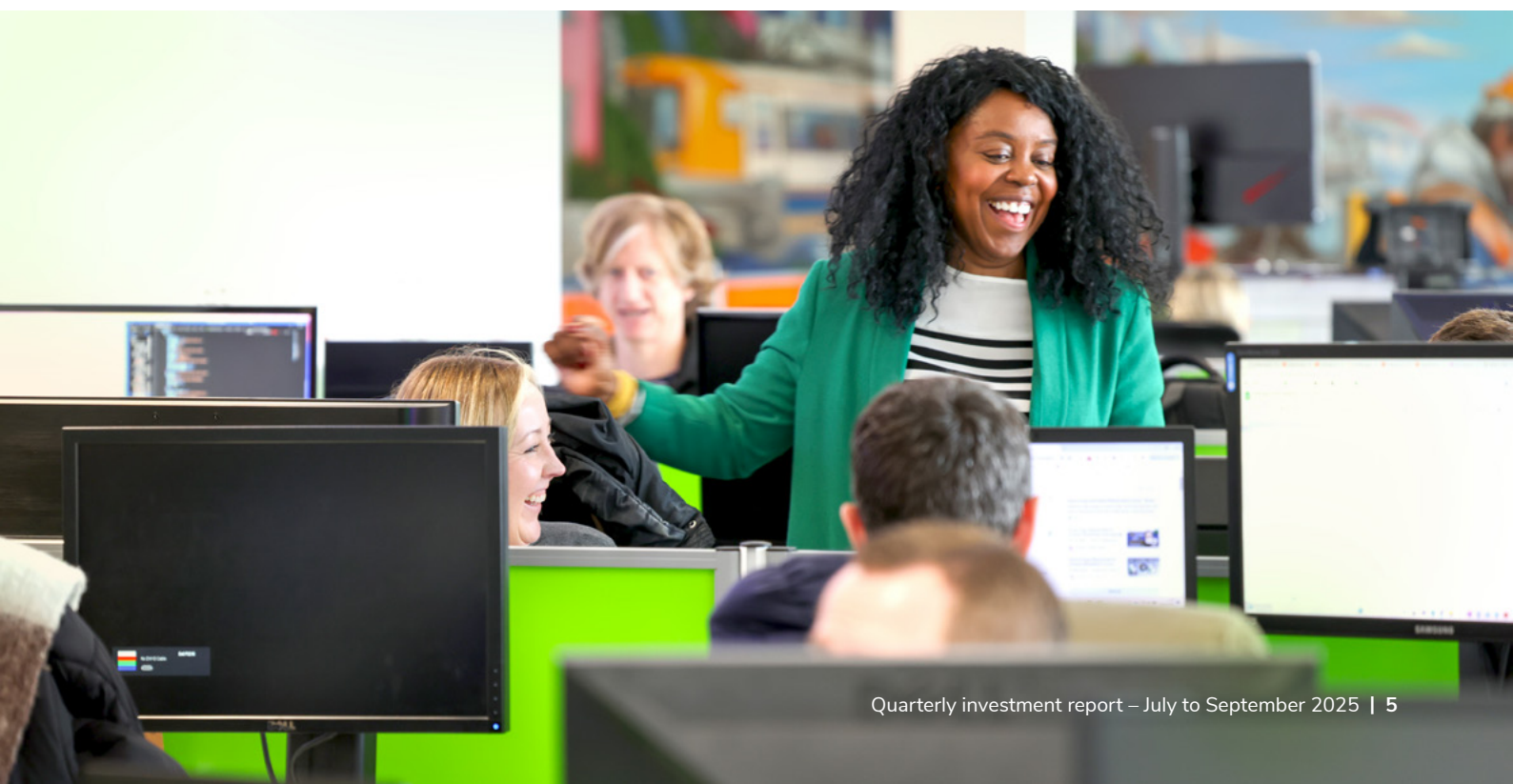
The quarter was positive for corporate credit, with spreads – the difference between the yield of a government bond and a corporate bond – tightening (getting smaller) to levels not seen since before the global financial crisis of 2008. The US market also comfortably absorbed an increased level of bond issuance in September, reflecting high demand and investor confidence.

Corporate credit markets in the Eurozone and UK performed in a similarly positive fashion.

Outlook

It has been another good quarter for global markets, and trade appears to have settled into a 'new normal'. US tariff policy has, in general, moderated, albeit at a higher level than before, but this does not yet appear to have had a significant impact on global growth or US inflation. AI related investment continues to dominate, particularly in the US. There are some potential signs of weakness around lower-than-expected job creation, but for the moment investor sentiment in global equity and corporate bond markets is confident.

We believe that the returns of different assets or classes or geographical areas won't always move in unison over the medium to long term, and that risk can be spread for our members through a well-constructed, diversified portfolio. Our approach is to spread our members' investments over a wide range of companies and sectors globally, rather than placing concentrated bets on which area might do best.





How we manage our members' money

People's Pension has a long-term strategic approach to investments. We look after over £37bn³ in members' pension savings so we understand how important it is to manage risk for our members, as well as seeking reward.

We aim to balance the risk and reward profile of our core funds alongside ensuring member investment costs remain competitive.

Where we believe there are good reasons for long-term investment in certain types of company, or to avoid or reduce investments in particular companies of a certain type we will do this. For example, part of our default fund invests so that investments in companies that produce lots of greenhouse gasses are reduced. This technique is known as 'smart beta'.

We use a technique called currency hedging to reduce the risk of our developed world equity funds. We do this because we don't believe the risks of major

currencies changing value against each other provide a good enough reward for our members.

We believe our environmental, social and governance (ESG) approach to investments will lead to better long-term returns. It's a buy, sell and talk approach:

- Buy into companies that reflect ESG factors that we believe will lead to improved, long-term returns
- Sell from companies whose operations we disagree with and that don't have an impact on our returns
- Talk, engage and use our voting power on companies that we invest in whose behaviour we'd like to change

If you'd like to know more about our investment process, ESG policies, our climate change policy or view our fund factsheets, they can be all found here peoplespension.co.uk/investment-downloads

Balanced investment profile – Growth phase*

Global Investments (up to 85% shares) Fund

Purpose

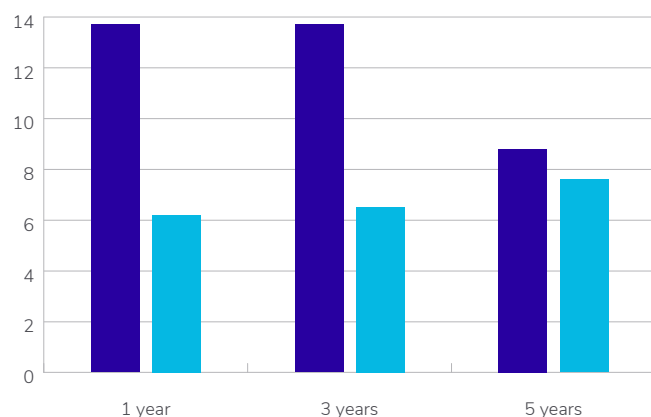
The fund is a balanced medium to high-risk capital growth fund.

Return objective

UK Consumer Price Index +2.5% per annum on a net of fees basis.

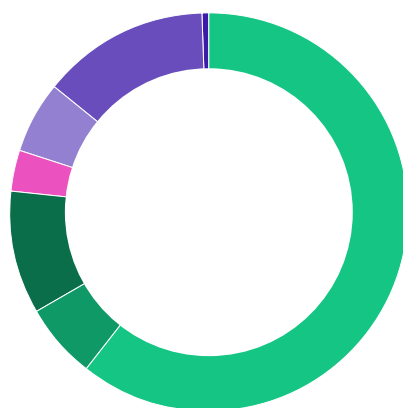
	1 year	3 years	5 years
Annualised fund performance	13.7	13.7	8.8
Annualised performance objective	6.2	6.5	7.6
Annualised fund volatility	8.7	8.5	10.0

Fund and performance objective



- Global Investments (up to 85% shares) Fund
- UK Consumer Price Index +2.5%

Asset allocation†



- Developed World Climate Aware Equity Index 60.7%
- UK Climate Aware Equity 6.2%
- Emerging Markets ESG Screened Equity 10.0%
- Multi-Asset Global Infrastructure 3.2%
- Developed Market Government Bonds 6.0%
- Developed Market Corporate Bonds 13.5%
- Emerging Market Bonds 0.5%

As of 30/09/2025. Source People's Partnership and Financial Express. Performance Net of Annual Management Charge.

* This is People's Pension's default profile.

† Rounded up to 1 decimal place.

All investment profiles – Consolidation phase

Pre-Retirement Fund

Purpose

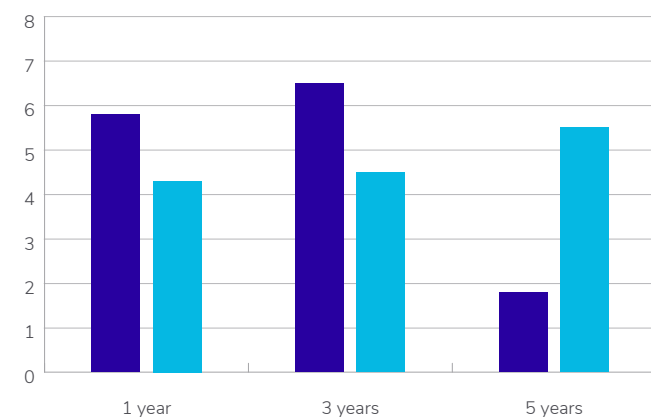
The fund is a low to medium-risk fund that balances capital preservation and capital growth.

Return objective

UK Consumer Price Index +0.5% per annum on a net of fees basis.

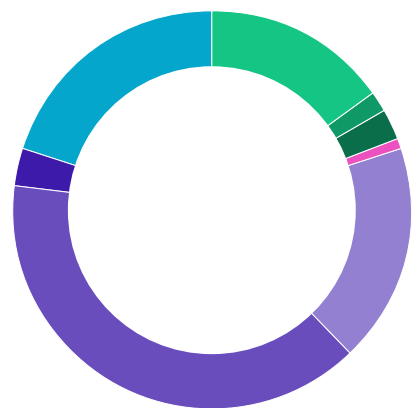
	1 year	3 years	5 years
Annualised fund performance	5.8	6.5	1.8
Annualised performance objective	4.3	4.5	5.5
Annualised fund volatility	3.4	4.6	5.4

Fund and performance objective



- Pre-Retirement Fund
- UK Consumer Price Index +0.5%

Asset allocation*



- Developed World Climate Aware Equity Index 15.2%
- UK Climate Aware Equity 1.5%
- Emerging Markets ESG Screened Equity 2.5%
- Multi-Asset Global Infrastructure 0.8%
- Developed Market Government Bonds 18.0%
- Developed Market Corporate Bonds 40.5%
- Emerging Market Bonds 1.5%
- Money Market 20.0%

As of 30/09/2025. Source People's Partnership and Financial Express. Performance Net of Annual Management Charge.

* Rounded up to 1 decimal place.

Adventurous profile – Growth phase

Global Investments (up to 100% shares) Fund

Purpose

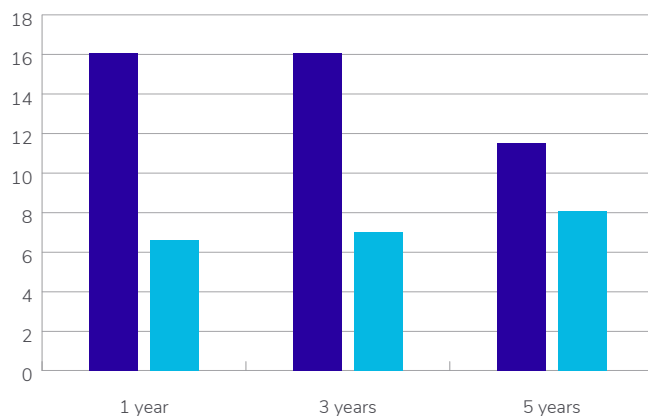
The fund is a higher-risk fund compared to the Global Investments (up to 85% shares) Fund. It aims for capital growth and invests up to 100% in global equities.

Return objective

UK Consumer Price Index 3.0% per annum on a net of fees basis.

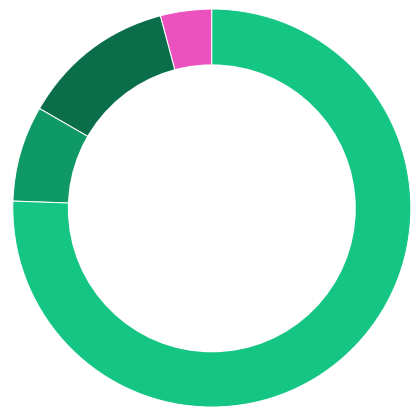
	1 year	3 years	5 years
Annualised fund performance	16.1	16.1	11.5
Annualised performance objective	6.6	7.0	8.1
Annualised fund volatility	11.0	10.0	11.7

Fund and performance objective



- Global Investments (up to 100% shares) Fund
- UK Consumer Price Index 3.0%

Asset allocation*



- Developed World Climate Aware Equity Index 75.9%
- UK Climate Aware Equity 7.7%
- Emerging Markets ESG Screened Equity 12.4%
- Multi-Asset Global Infrastructure 4.0%

As of 30/09/2025. Source People's Partnership and Financial Express. Performance Net of Annual Management Charge.

* Rounded up to 1 decimal place.

Cautious profile – Growth phase

Global Investments (up to 60% shares) Fund

Purpose

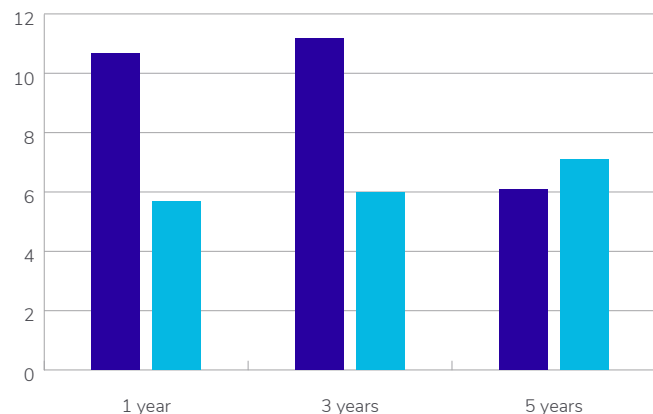
The fund is a lower-risk fund - compared to the Global Investments (up to 85% shares) Fund. It targets a combination of capital and income.

Return objective

UK Consumer Price Index 2.0% per annum on a net of fees basis.

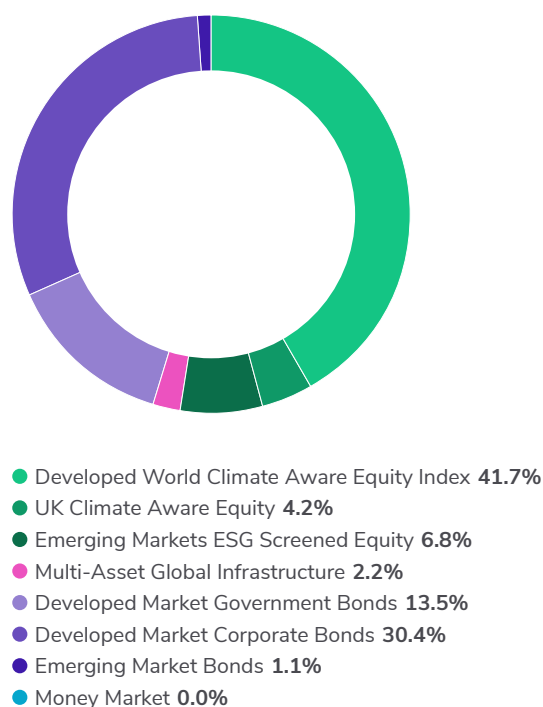
	1 year	3 years	5 years
Annualised fund performance	10.7	11.2	6.1
Annualised performance objective	5.7	6.0	7.1
Annualised fund volatility	6.9	7.4	8.7

Fund and performance objective



- Global Investments (up to 60% shares) Fund
- UK Consumer Price Index 2.0%

Asset allocation*



As of 30/09/2025. Source People's Partnership and Financial Express. Performance Net of Annual Management Charge.

* Rounded up to 1 decimal place.

Annuity, Cash, Ethical and Shariah Funds

Fund	Objective	Asset allocation	1 year performance	3 years annualised performance	5 years annualised performance	1 year volatility	3 year volatility	5 year volatility
Annuity Fund Performance objective (IA Sterling Long Bond)	The Annuity Fund is suitable for those approaching retirement and looking to buy an annuity (a regular income, usually for life). It aims to protect against the effect of falls in the level of annuity rates.	70% Global Corporate Fixed Interest 30% UK Gilts	-5.3 (-5.9)	0.9 (-0.6)	-9.1 (-10.2)	8.2	12.4	14.3
Cash Fund Performance objective (SONIA)	The Cash Fund aims to maintain the value of investments by investing in short term money market instruments and fixed deposits.	100% Money Market	4.1 (4.5)	4.2 (4.6)	2.5 (2.9)	0.1	0.2	0.6
Ethical Fund Performance objective (CPI+3.0%)	The Ethical Fund aims to invest across the global stock market while taking into account how a company performs across a variety of environmental, social and governance (ESG) issues.	100% Developed Global ESG Screened Equities	14.0 (6.6)	15.4 (7.0)	12.5 (8.1)	12.3	9.9	11.4
Shariah Fund Performance objective (CPI+3.0%)	The fund tracks the Dow Jones Islamic Market Titans Index, which comprises Shariah-compliant companies endorsed by the HSBC Amanah Shariah Supervisory Committee. This fund invests in company shares from around the world and is compliant with Islamic Shariah principles.	100% Global Shariah Compliant Equities	16.1 (6.6)	19.6 (7.0)	14.1 (8.1)	16.4	13.2	14.1

As of 30/09/2025. Source People's Partnership and Financial Express. Performance Net of Annual Management Charge.
The funds do not have a volatility benchmark.

Value for Money Performance

Balanced Profile

Fund	Gross of charges			Net of charges		
	1 year performance	3 years annualised performance	5 years annualised performance	1 year performance	3 years annualised performance	5 years annualised performance
Member 15 Years to Retirement	10.1%	10.2%	8.3%	9.6%	9.6%	7.8%
Member 10 Years to Retirement	9.1%	8.6%	7.0%	8.5%	8.0%	6.5%
Member 5 Years to Retirement	8.0%	6.8%	5.0%	7.4%	6.2%	4.4%

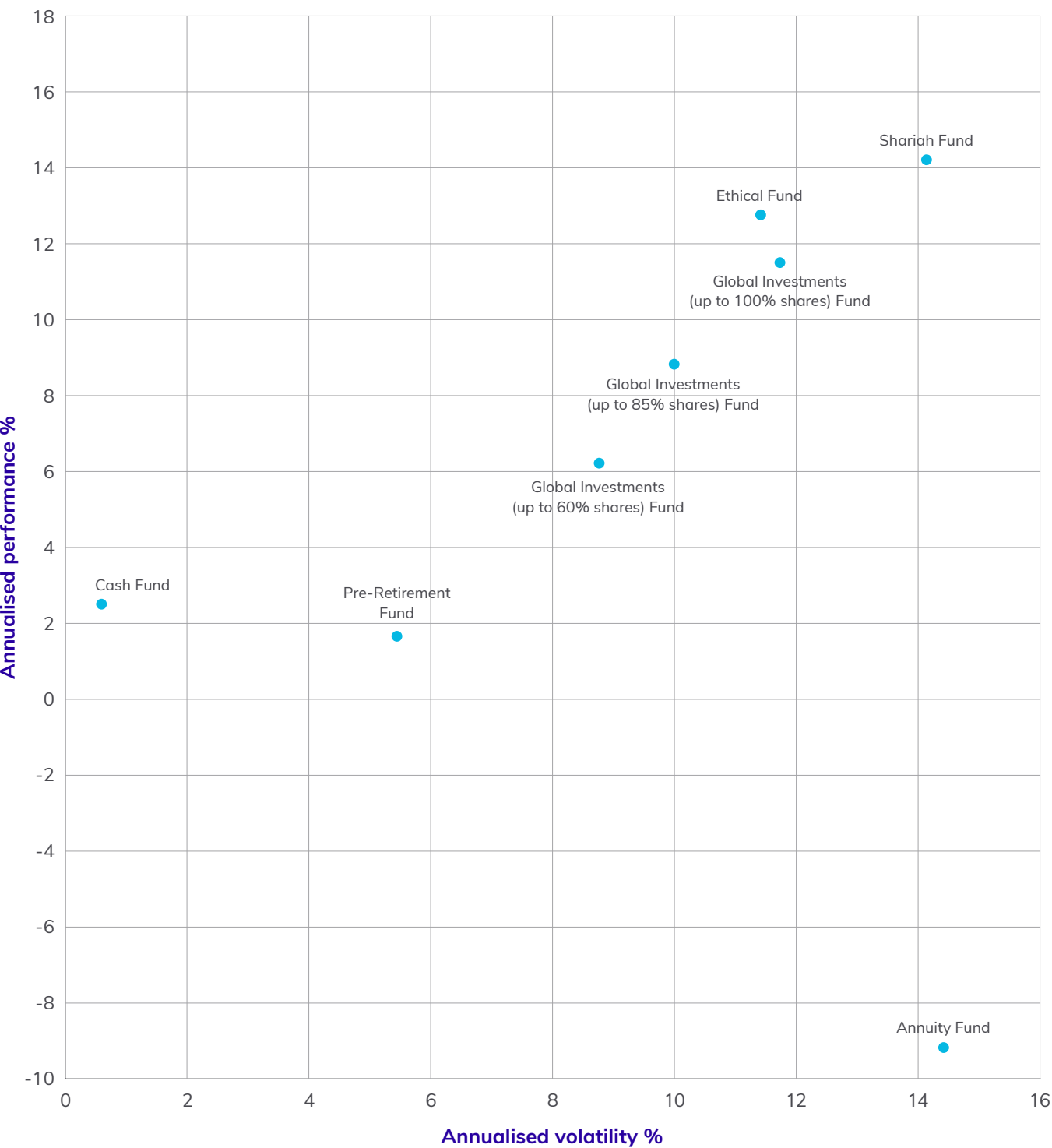
As of 30/09/2025. Source People's Partnership and Financial Express.

Member's time to retirement is at the date of performance calculation.

People's Pension's Balanced Investment Profile is composed of the Global Investments (up to 85% shares) Fund and Pre-Retirement Fund.

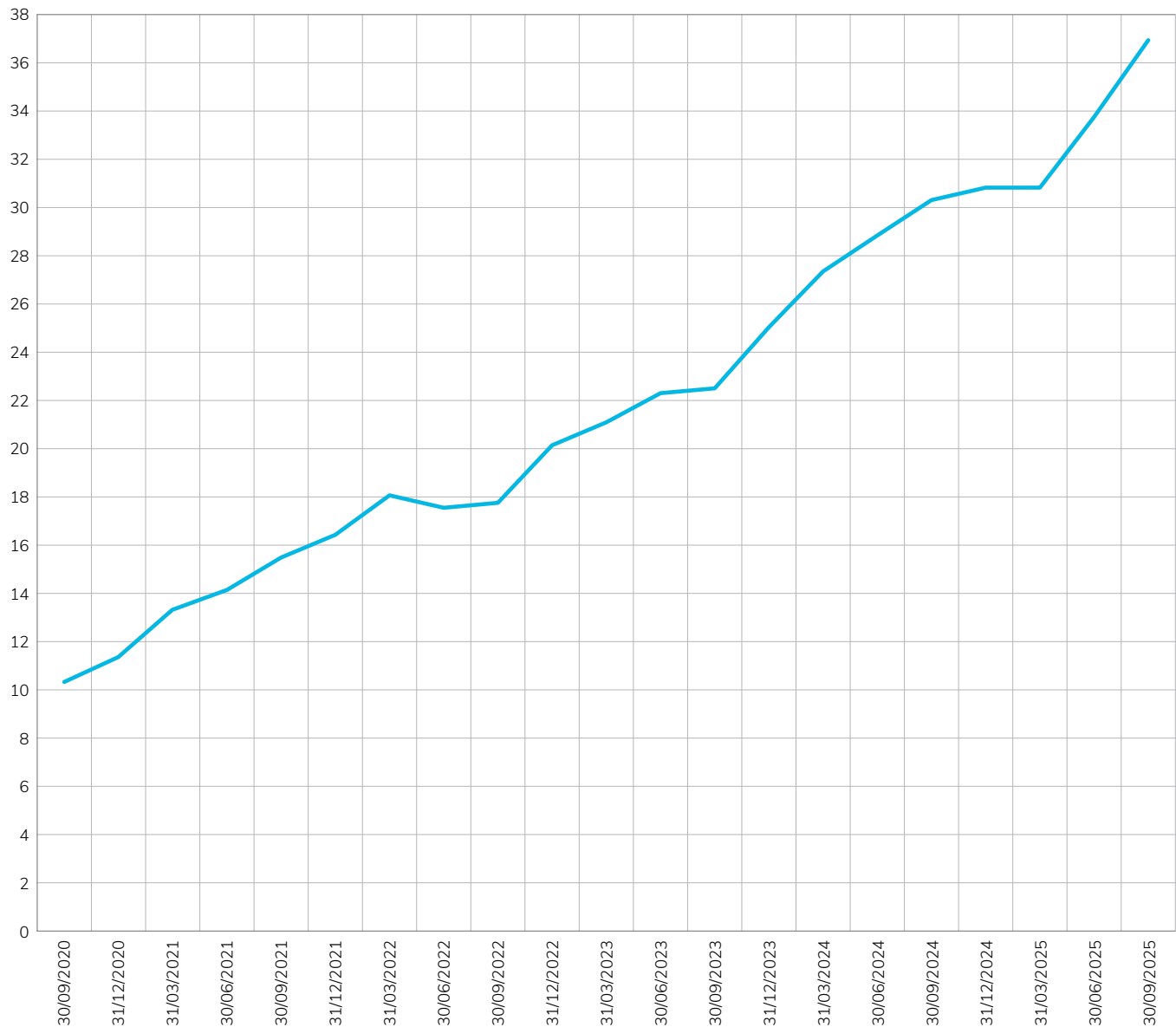
Net of charges performance is net management charge of 0.5%.

Five year annualised performance vs volatility



As of 30/09/2025. Source People's Partnership and Financial Express. Performance Net of management charge.

People's Pension Assets Under Management (£ bn)



Fund sizes as at 30 September 2025	(£ bn)*
People's Pension Total	£37.1
Global Investments (up to 85% shares) Fund	£29.0
Pre-Retirement Fund	£5.8
Global Investments (up to 100% shares) Fund	£1.7
Shariah Fund	£0.3
Ethical Fund	£0.2
Cash Fund	£0.1
Global Investments (up to 60% shares) Fund	£0.1
Annuity Fund	£0.0

As of 30/09/2025. Source People's Partnership and Financial Express. Performance Net of Annual Management Charge.

* Rounded up to 1 decimal place.

For more information:

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