



nest

The event will start shortly



Investment update 2022

Mark Fawcett

Chief Investment Officer

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April 2022

nestpensions.org.uk

2021 in review...a good year

Strong economic fundamentals in developed economies – equities performed well

Rising interest rates and inflation held back bonds – headwinds too in emerging market equities

Commodities one of the best performers

Nest funds in growth phase achieved a 14.3% return in 2021 - well ahead of our CPI plus 3% benchmark





First quarter 2022 has been more challenging

Equities

- › Equities fell as investors started to expect higher inflation and interest rates.

Bonds

- › Higher inflation and interest rate expectations have also damaged bond markets with negative returns across the major bond markets.

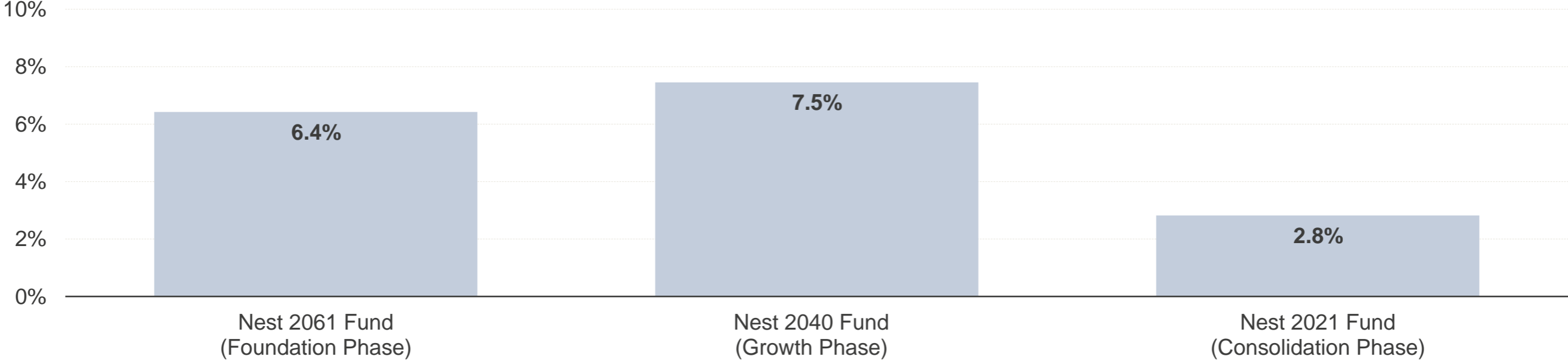
Property

- › With inflation rising investors are searching for “real assets”

Private markets

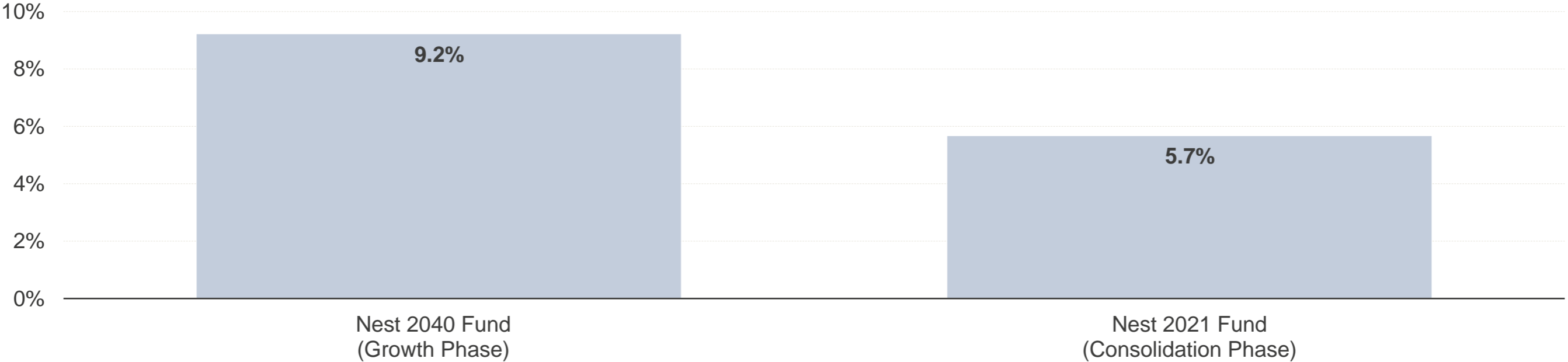
- › £874m deployed in private credit as of March 2022 with deals across the UK, Europe and the US.
- › £576m deployed in infrastructure equity including renewable energy deals in the UK and Europe.

5-year fund performance (as at 31 March 2022)



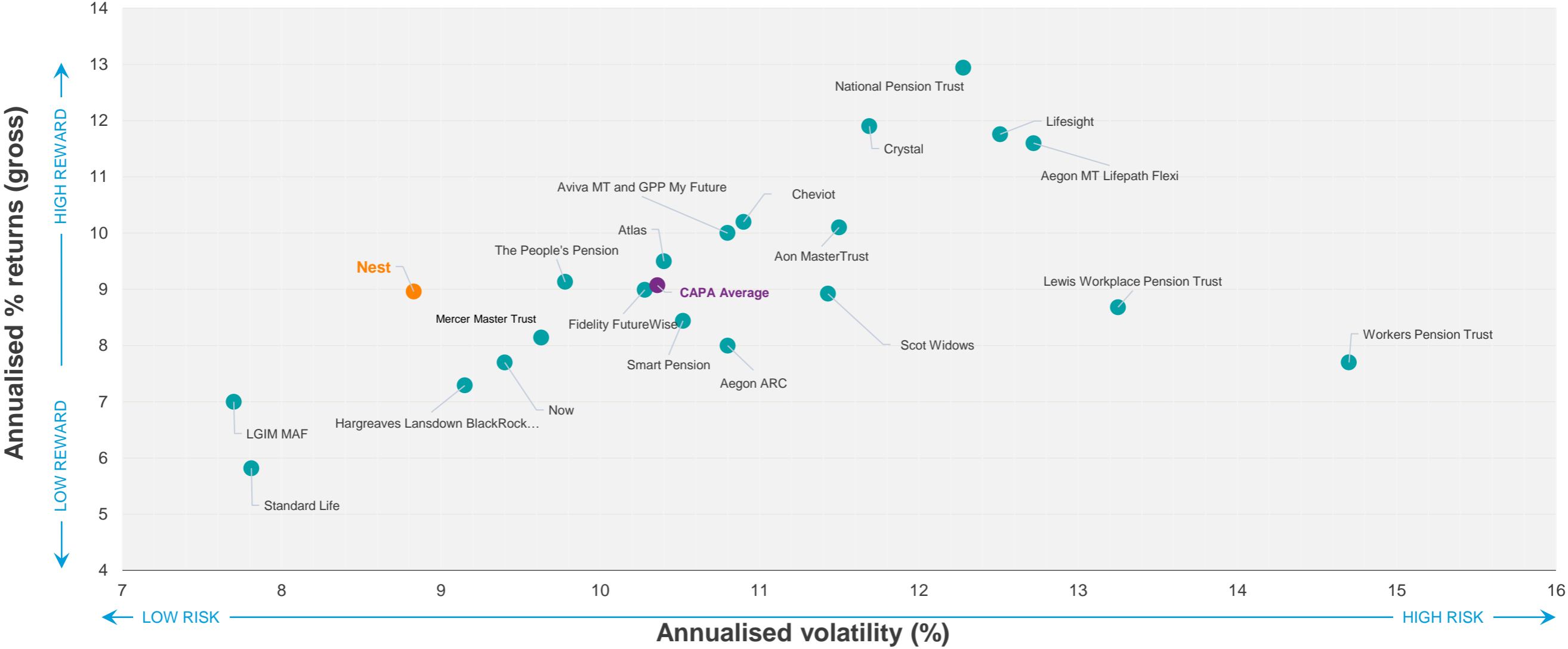
Source: Nest annualised returns are in GBP and are net of Nest annual management charge of 0.3%.

10-year fund performance (as at 31 March 2022)



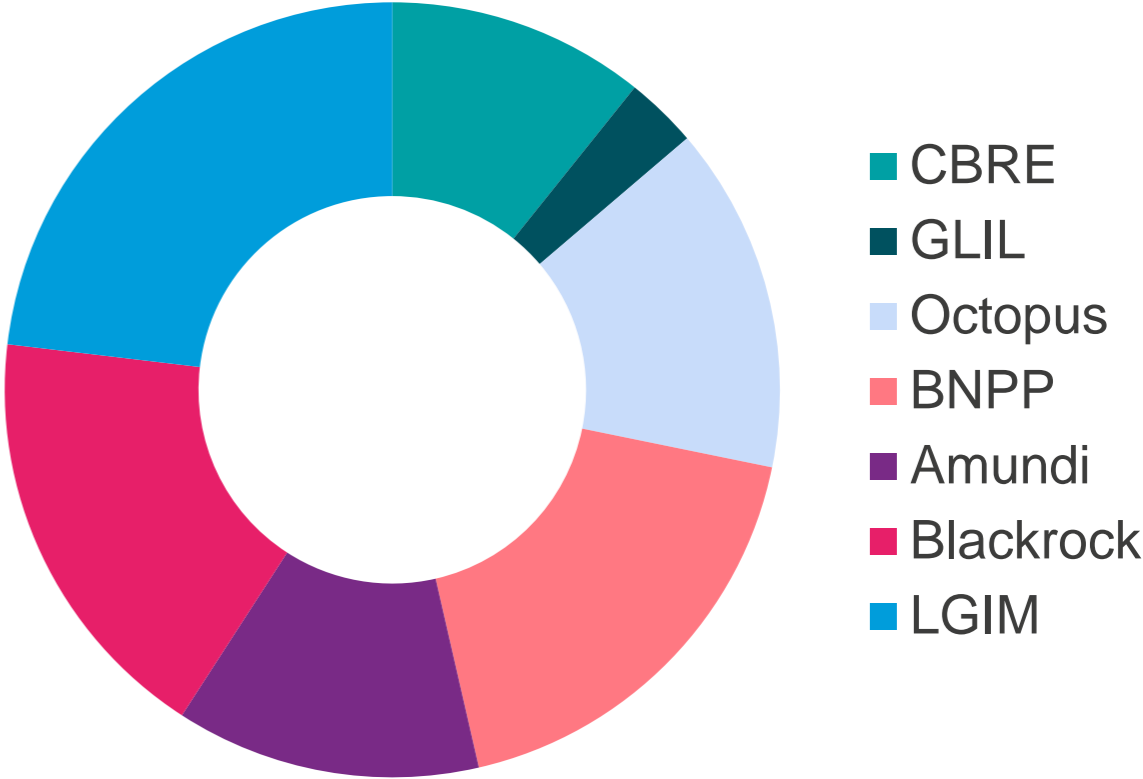
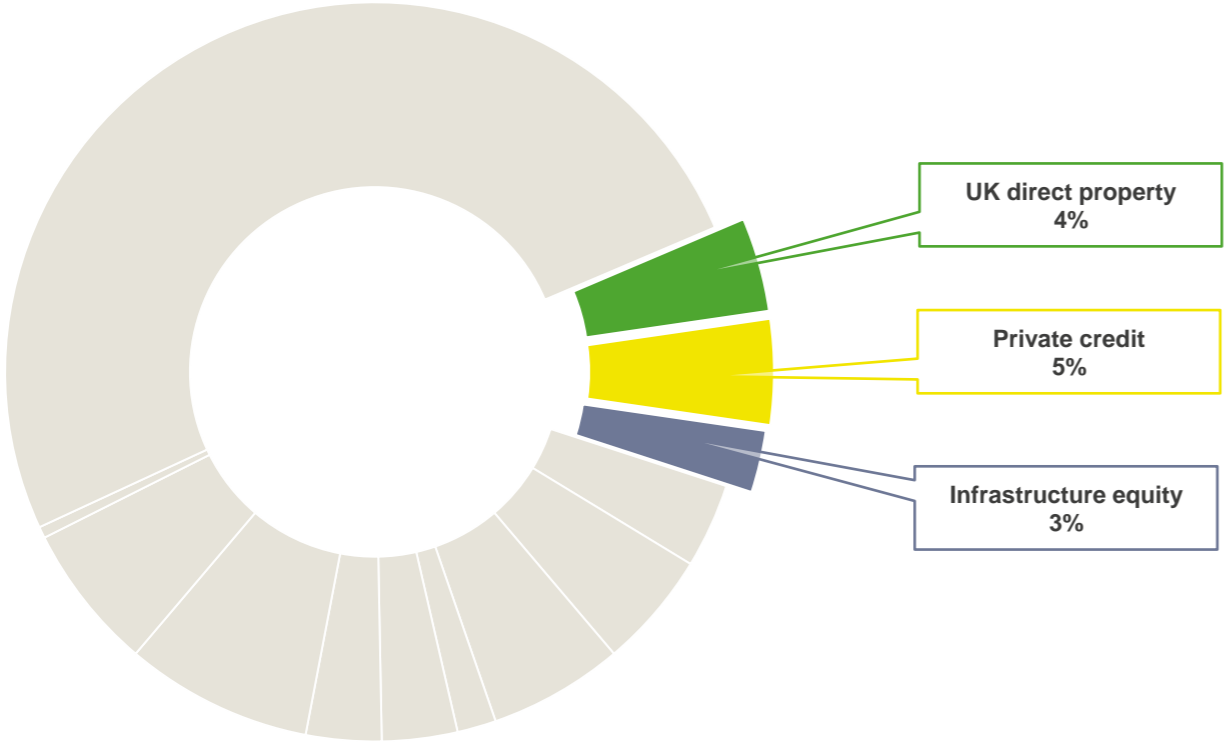
Source: Nest annualised returns are in GBP and are net of Nest annual management charge of 0.3%.

Balancing investment risk and reward- how we compare to peers



Source: Corporate Adviser CAPA data at 31/12/21 showing gross returns and levels of risk for the main default fund of each provider

Private Market Investments by Fund Manager



Our private equity manager search

Benefits of Private Equity

Investing in fast growing companies



Illiquidity premium



helps our diversification strategy



minimise cost and complexity of implementation
(baselined against our current operating model)



Our progressive investment strategy has been recognised



WINNER
BEST DEFAULT ESG STRATEGY



WINNER
ULTIMATE DEFAULT FUND



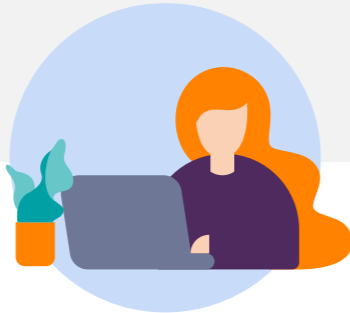
Responsible investment update

ESG areas of focus

Climate change



Human capital and workforce



Healthy markets



Cyber security



Diversity



Audit



New areas:

Natural capital
Impact management

Our climate change strategy and commitments

1.5°C

Alignment of the whole Nest's investment portfolio with limiting global warming to 1.5°C and to reach net zero CO₂ emissions by 2050.



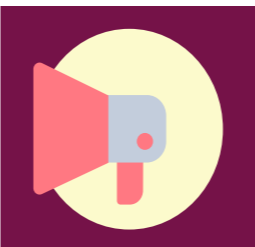
Asset allocation



Fund manager selection and monitoring



Stewardship



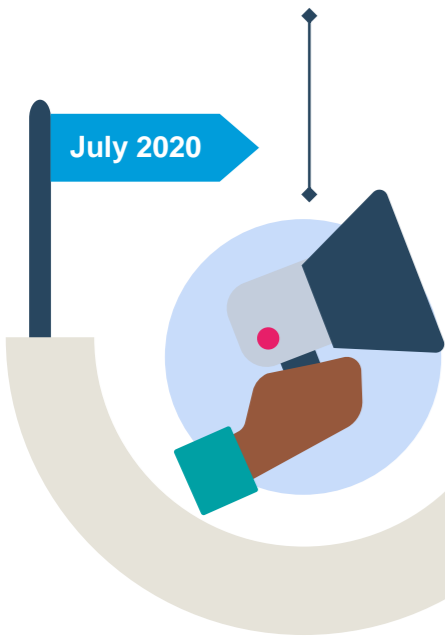
Public policy

Our Climate Change policy so far

Announced our climate change policy to align our to 1.5°C and to reach net zero CO2 emissions by

2050

July 2020



Moved all of our equity and majority of credit portfolios into climate aware portfolios



Set our ambitions and road map on how we're going to get there by working with our fund managers



Divested from companies where a fifth of revenues comes from these activities by the end of 2020

Strengthened our climate-aware voting and engagement programme



Our roadmap to 2025

2023

2025

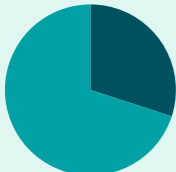
2030

- › Divest from assets deriving more than 10% of revenues from thermal coal production or power generation, oil sands or arctic drilling
- › All managers to be disclosing fully in line with the TCFD recommendations

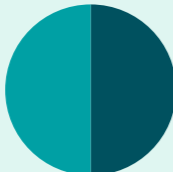
- › Divest from all assets involved in coal production or power generation, oil sands or arctic drilling unless they have a clear and credible plan to phase out these activities by 2030
- › Have companies representing 70% of emissions under engagement in our equity portfolio
- › Aim to have reduced carbon emissions by 30% across our investments

- › Estimated to invest £1.4bn in renewable infrastructure
- › Aim to halve emissions in our investments

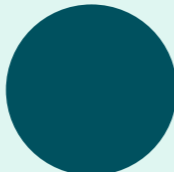
Carbon reduction targets across our investment portfolio*



30%
2025



50%
2030



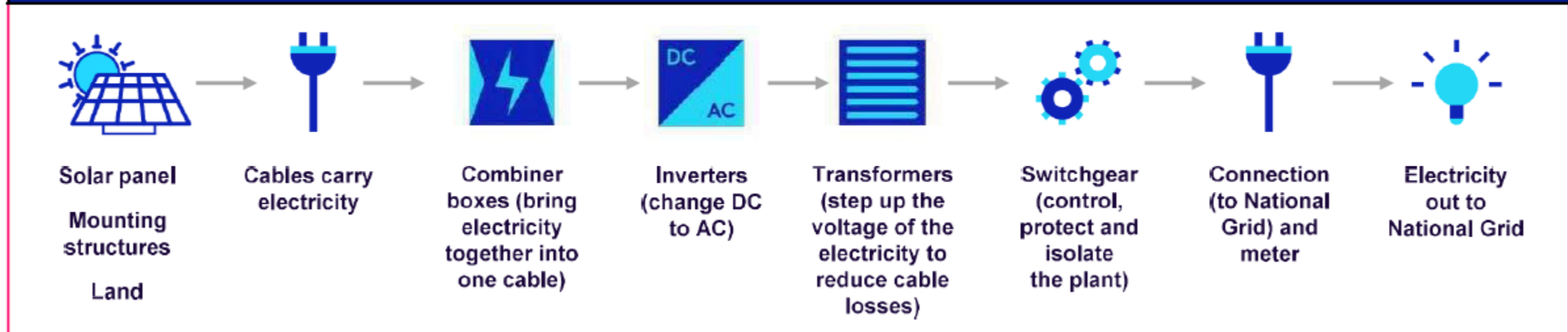
100%
2050

Pingewood Solar Farm

- › The solar farm, located in Reading, England
- › Capacity: 15.4 MW
- › Site is located on a redundant landfill site
- › Demonstrates that solar farms can revive brownfield sites unsuitable for other forms of development and generate green electricity



How a solar farm works



QA



Money &
Pensions
Service

Financial Wellbeing in the Workplace

Jenny Wright
April 2022



Who we are

We are here to help people throughout the UK access the guidance and information they need to make effective financial decisions over their lifetime.



Our consumer service MoneyHelper is the easy way for your audiences to get clear, free, impartial money and pensions guidance that's on your side and backed by government.

› Money and Pensions Service



Sponsored by:



Engages with:





***“Knowing you can pay the bills today,
can deal with the unexpected and are
on track for a healthy financial future”***

Secure

Confident

Empowered

Financial wellbeing

State of play

We know that poor financial wellbeing, affecting tens of millions of people, is holding the UK back. There are 52 million adults in this country, of whom:

- 9m adults are either missing payments or feeling like keeping up with their bills is a heavy burden*
- 11.5 million have less than £100 in savings;* and
- 24 million do not feel confident making decisions about financial products and services*.





The money worries facing employees

£

1/3

people have
£1,000 or less
in savings.



45%

run out of
money between
pay cheques.

The case for financial wellbeing in the workplace



47%

of UK employees admit to **worrying about money**



69%

of UK employers believe their **employees' job performance is negatively affected** when they are under financial pressure (2018).

Six out of 10 employees consider financial wellbeing to be the **responsibility of their employer.**

2019

What we cover



Benefits Everyday money Family & care Homes Money troubles Pensions & retirement Savings Work

For free guidance you can trust, we can help.



- > Benefits
- > Everyday money
- > Family & care
- > Homes
- > Money troubles
- > Pensions & retirement
- > Savings
- > Work



Talk to us live



HM Government

<https://www.moneyhelper.org.uk/en>

Budget Planner

Your detailed spending breakdown

Our free Budget Planner puts you in control of your household spending and analyses your results to help you take control of your money. It's already helped hundreds of thousands of people.

Get Started! >

Access your saved Budget Plan

How to use our online Budget Planner

Before you get started, grab as much information (bank statements, bills...) as you can. The more up to date your details are, the more accurate your results will be.

1 Enter what you spend and how much you earn

Pay (after tax) ⓘ
0.00 per Month

Income from self-employment ⓘ
0.00 per Year

Statutory Sick Pay ⓘ
0.00 per Month

2 The calculator will give you a breakdown of your finances...



3 ...and personalised tips to help you make the most of your money

Save your money

Make sure you're ready for a cash emergency, or start saving for your next holiday, or even a new home. Learn why [getting into the savings habit](#) is so important.

Cut your costs

Learn [how to save money on household bills](#) and become even more of a money master. For example, did you know that a quick energy switch could save you up to £200 per year?

Budget Planner: Income

How to use **Income** Household bills Living costs Finance & Insurance Family & Friends Travel Leisure Summary

Pay ^

Pay (after tax) ⓘ 0.00 per Month

Income from self-employment ⓘ 0.00 per Year

Statutory Sick Pay ⓘ 0.00 per Month

Statutory Maternity Pay ⓘ 0.00 per Month

Benefits and Tax Credits v

Pension v

Other income v

Your additional items v

Income total

£0.00
per Month

Money Troubles



Gwasanaeth
Arian a
Phensiynau



Money &
Pensions
Service

Money
Helper

Cymraeg



Benefits Everyday money Family & care Homes **Money troubles** Pensions & retirement Savings Work

Money troubles

If you're having problems with debts, need to make a complaint about a financial service or are worried about being scammed, this section will help you.



Managing your money in uncertain times

Budgeting, paying bills, finding extra financial support, coping with job loss.



Dealing with debt

Bills, court fines, help with debts.



Money problems and complaints

What to do about mis-selling, compensation and complaints.



Talk to
us live



Scams

Spotting scams and what to do if you're caught out.

Pensions and retirement



Gwasanaeth
Arian a
Phensiynau



Money &
Pensions
Service

Money
Helper

Cymraeg



Benefits

Everyday money

Family & care

Homes

Money troubles

Pensions & retirement

Savings

Work

> Auto enrolment

Introduction, how it works, all about contributions

> Building your retirement pot

How much do you need, ways to build your pot, transferring and merging

> Pension problems

Complaints, financial help when retired, changes to schemes

> Pensions basics

Starting a pension, types of pension, understanding pensions

> State Pension

How it works, what you might get, National Insurance

> Taking your pension

Ways to draw your pension, when can you retire, Pension Wise appointments

> Tax and pensions

Tax allowances, tax paid on pensions, tax relief

> Pensions & retirement

All guidance, including how to use the Pension Wise service

✕ Close

Tools

Appointment

> Book a Pension Wise appointment

Calculator

> Pensions calculator

Calculator

> Workplace pension contribution calculator

ALL TOOLS



Talk to
us live



HM Government

What we offer

We offer a range of **free and impartial products and services** to help you support your employees and customers:



Library of online articles and videos



Printed guides for you to share with your staff and audiences



A suite of guidance, tools and calculators



Free pensions support incl. bespoke appointments



Join one or more of our programmes



Customer guidance and support via phone and web



Our content syndicated on your internal & external channels



MaPS speakers / reps at your staff events

Supported by a dedicated local regional/partnerships manager

North East
Karleen Dowden

Northern Ireland
Margaret McCloskey

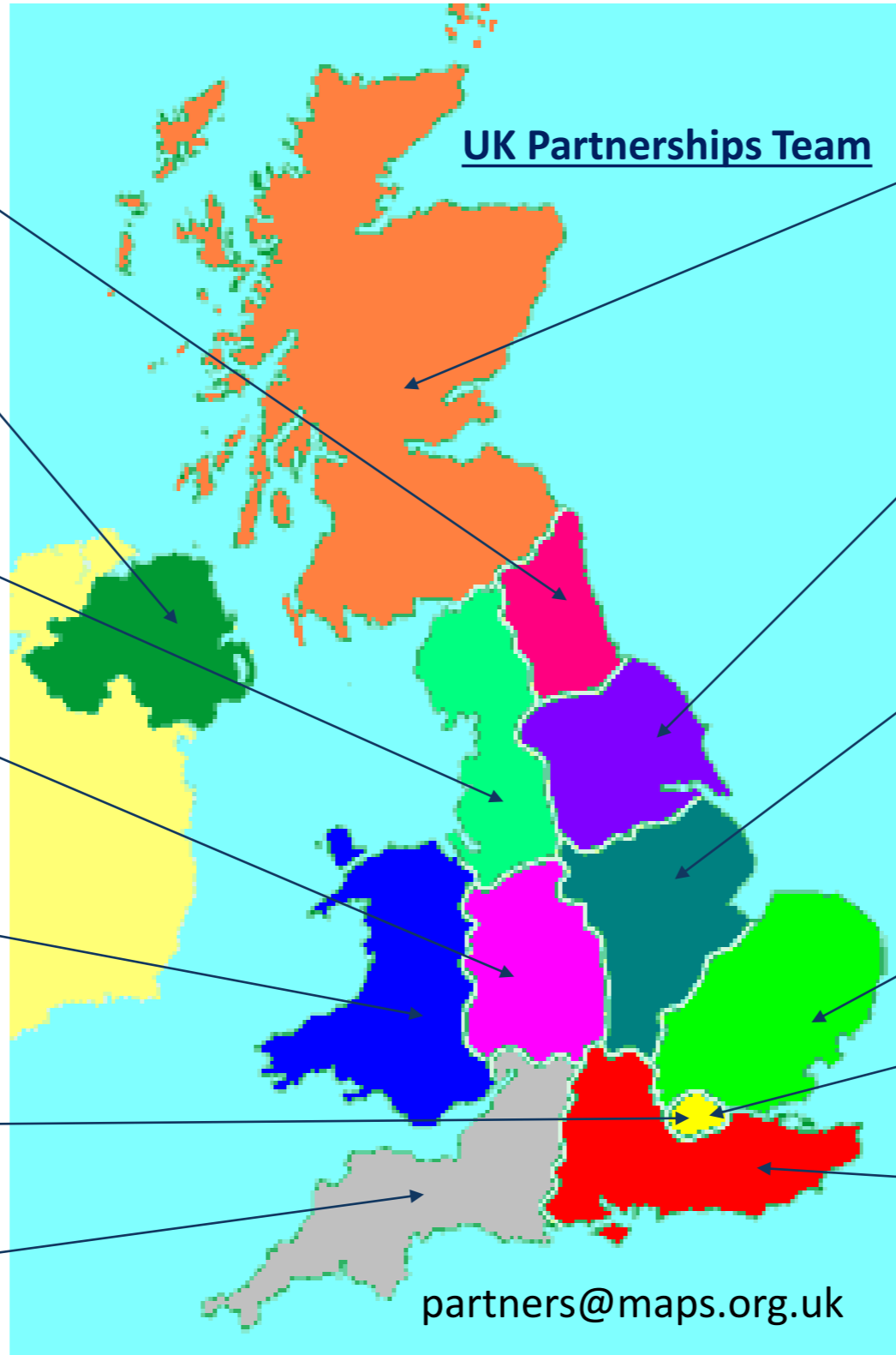
North West
James Kelly

West Midlands
Tiana Pathmanathan
(Lead RM North of England)

Wales
Rhian Hughes

London West
Victoria Copeland

South West
Paul Fox



Scotland
Kevin Duffy

Yorkshire & The Humber
Jenny Wright

East Midlands
Dawn Cummins

East of England
Alan Nicholls

London East
Monica Kaur

South East
Lee Appleyard
(Lead RM South of England)

Thanks for listening

I'd be delighted to answer any questions...

Contact MaPS:
Partners@maps.org.uk

Pensions guidance: 0800 0113797

More information can be found at:
<https://maps.org.uk/financial-wellbeing-in-the-workplace/contact-our-partnerships-team/>





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