

October 2022

RECENT MARKET VOLATILITY

ZPEN DB (FINAL SALARY SECTION) – INVESTMENT UPDATE

In light of the recent market conditions, Liability Driven Investment (LDI) portfolios have been mentioned in the headline news. This came about when market movements resulted in UK pension schemes selling government bonds in order to meet emergency collateral calls on their LDI portfolios, resulting in the Bank of England stepping in to buy government bonds.

The ZPen final salary section has a LDI portfolio and has been exposed to the recent market movements, but due to the conservative approach taken by the Trustee towards the use of leverage in its LDI mandate the Scheme's LDI portfolio has remained very well collateralised and we have not received any emergency collateral calls. The final salary section is being re-balanced in-line with its Strategic Asset Allocation and governance procedures with the in-house team carefully managing the liquidity position.

ZCASHBUILDER – INVESTMENT UPDATE

From time to time you may see falls in the value of your ZCashBuilder account or any of our other DC arrangements and want to know what's happening. Your ZCashBuilder account is invested which means that its value can go down as well as up. When investment markets are volatile, as they have been recently, you may see the value of your investments fluctuate, including possible falls in value.

There are many factors that can make markets volatile including political and economic uncertainty, conflicts and natural disasters. The last few years have seen an increase in market volatility from the beginning of Covid through to the war in Ukraine and the rise in energy prices and inflation. However, it is important to remember that volatility in the stock market is normal and that a long-term investment mind-set remains crucial.

What should you do?

- When investing you can't avoid market volatility so try to think long term and not to worry about short term ups and downs.
- Check where you are invested and whether you are comfortable with the level of investment risk you are taking. This is particularly important for those that are looking to retire in the short term.

More information on the investment options available to you can be found on the ZPen website ([ZCashBuilder Investment Choices \(zpen.info\)](https://www.zpen.info)) and the ZPen team run a regular course called 'Investment for Beginners' which you can sign up to [here](#).

FURTHER INFORMATION

Should you require any further information, please contact the team by email (zpenteam@uk.zurich.com).