

Equities

Global equity markets rose 0.4% (in € terms) in October.

Markets were down early in the month as economic data in both Europe and the U.S. again disappointed. However investors reacted positively by mid-month with the announcement of a 'substantial, phase one' trade deal between the U.S. and China which included Chinese promises to purchase more U.S. agricultural products while the U.S. cancelled planned tariff increases on Chinese imports which were due to start on 15th October. But conflicting reports again on the future progress of talks tempered this enthusiasm somewhat by month-end.

Investors were also buoyed by receding fears of a 'no-deal' Brexit as well as another, and possibly final, cut in U.S. interest rates with Fed Chair Jerome Powell saying: 'There's plenty of risk left, but I have to say the risks seem to have subsided'. However, some investors are expecting further cuts in 2020, possibly in February. Q3 company earnings were generally well received with big names like Apple, Intel, Volkswagen and Facebook announcing positive news.

Bonds

Longer-dated eurozone bond prices fell 3.4% over the month, with the yield on the AAA Eurozone 15+ Year Index rising to 0.00% by month-end. The Euro Broad Sovereign 10+ Year Index fell by 2.2% with its yield rising to 0.64%.

Eurozone bond yields fell sharply late in the month after U.S. interest rates were cut and on doubts about the U.S./China trade negotiations which saw investors seek safe-haven assets. But despite these late falls, bond yields rose significantly over October mainly on increased expectations that the U.K. will avoid a 'no-deal' exit from the EU.

Sample DB Scheme

The funding level of our sample DB scheme rose to 99.1%, as its assets fell by less than its liabilities (calculated using a MFS proxy) over the month.

Sample DC Schemes

Two of our sample DC Strategies fell due to the performance of longer-dated Eurozone government bonds.

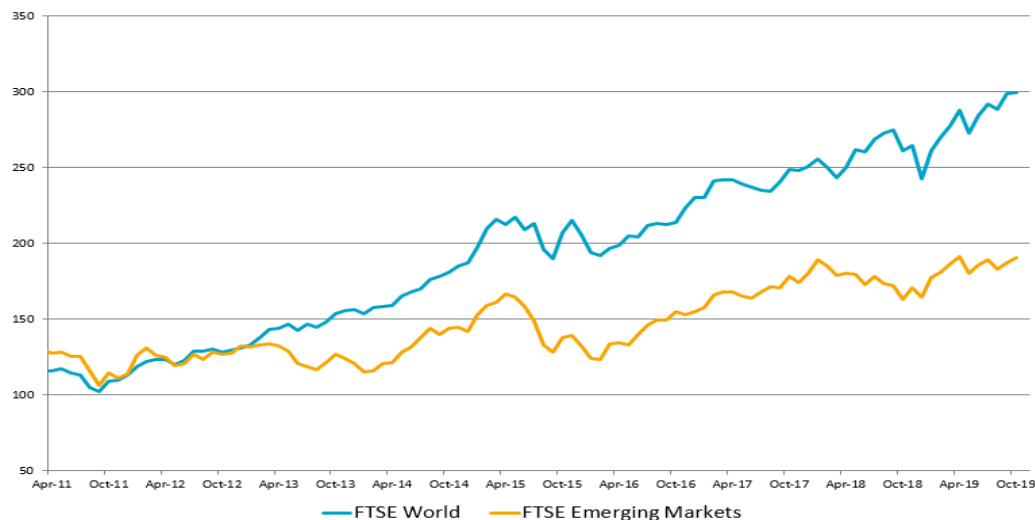
All returns are in € terms	Oct '19 %	3 Months %	Year to Date %	1 Year %	3 Years % pa	5 Years % pa	10 Years % pa
Equities							
FTSE World	0.4	2.6	23.4	14.9	11.5	10.4	12.7
FTSE World (€ Hedged)	2.1	2.5	20.0	12.9	12.0	8.8	10.5
FTSE Eurozone	1.2	3.6	21.5	13.3	9.1	7.7	7.8
FTSE World ex Eurozone	0.3	2.5	23.6	15.1	11.8	10.7	13.4
FTSE North America	-0.3	2.0	26.2	16.1	13.9	12.8	16.3
FTSE Emerging Markets	1.8	0.6	15.1	15.8	6.9	5.8	7.2
Bonds							
Euro Sovereign AAA (15+ yr)	-3.4	0.6	15.0	17.9	5.2	7.1	8.5
Euro Broad Sovereign (10+ yr)	-2.2	2.6	20.0	22.8	6.0	7.2	8.0
Euro Sovereign Inflation Linked	-0.6	0.8	7.8	7.5	1.5	2.1	2.4
Euro Corporate (5+ yr)	-0.3	-0.4	10.9	10.2	3.6	3.7	5.9
Other							
Commodities	1.2	-2.8	10.0	-10.0	2.5	-10.4	-5.9
Fund of Hedge Funds	0.0	-0.5	6.7	4.8	3.9	2.5	4.3
€/£	2.3	0.7	-2.7	-1.4	0.5	-2.3	-2.7
€/£	-2.8	-5.4	-4.1	-2.8	-1.3	1.9	-0.4

Bond Index Yields	30 Sept '19	31 Oct '19	Change (b.p.)
iBoxx Euro Sovereign AAA (15+ yr)	-0.19	0.00	0.19
iBoxx Euro Broad Sovereign (10+ yr)	0.49	0.64	0.15
iBoxx Euro Corporates (5+ yr)	0.67	0.75	0.08

Sample Pension Schemes	Oct '19 %	3 Months %	Year to Date %	1 Year %	3 Years % pa	5 Years % pa
DB Schemes						
Assets	-1.16	1.6	17.4	14.9	7.8	8.1
Liabilities	-1.22	1.2	9.7	11.6	6.2	7.0
Change in Funding Level	0.07	0.4	7.1	3.0	1.5	1.0
DC Schemes						
High Risk Strategy	0.3	1.6	15.3	11.1	7.0	6.2
Medium Risk Strategy	-0.8	1.5	15.8	13.3	7.0	7.0
Pension Purchase Strategy	-2.5	0.5	11.2	13.3	3.9	5.4

Sources: LCP, Bloomberg, Reuters, MarketWatch, Markit and iBoxx

Equity Market Performance

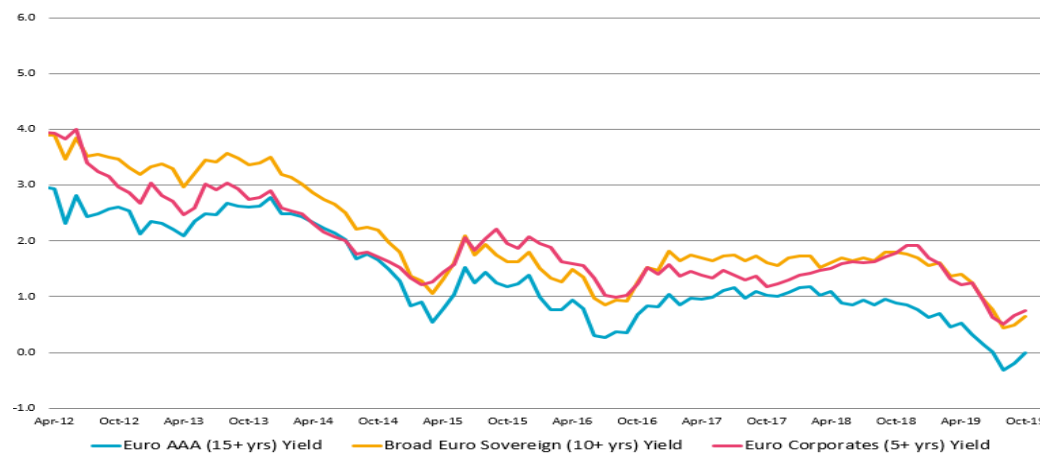


Sample DB Funding Level Progression

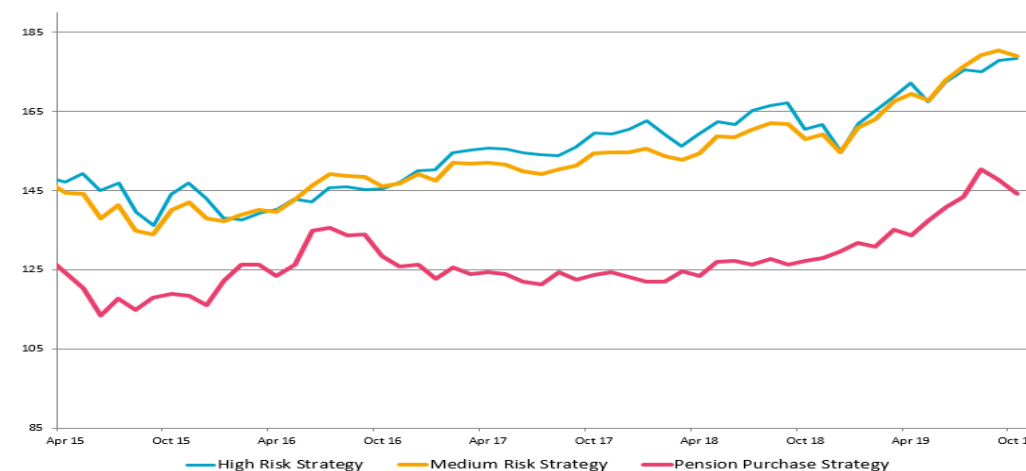


Historical Bond Yields

Eurozone Bond Yields



Sample DC Scheme Performance



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