

## Equities

Global equity markets rose 3.2% (in € terms) in May, continuing their recovery after the sharp falls seen over February and March.

Investors looked past the continuing severe global economic data released over the month, as most countries began to ease some of the restrictions put in place during March and April to combat the spread of COVID-19. There was positive news regarding the progress in finding a vaccine for the coronavirus, and also the announcement of a €750bn recovery fund for the EU.

There was still volatility during May as tensions resurfaced between the U.S. and China, with both countries criticising each other over the handling of coronavirus crisis. The U.S. government blocked a state pension plan from investing in Chinese equities and, late in the month, the Chinese government announced a draft national security law for Hong Kong. The U.S. government believes that this will undermine the freedoms and autonomy of the territory. U.S. corporate profits fell 13.9% in Q1 '20, the largest decline since Q4 2008.

## Bonds

Longer-dated eurozone bond prices fell 2.9% over the month, with the yield on the AAA Eurozone 15+ Year Index rising to -0.08% by month-end. The Euro Broad Sovereign 10+ Year Index rose by 0.2% with its yield falling to 0.70%.

Longer-dated AAA yields rose in May partly due of the continuing recovery in equity markets and the improved optimism over the gradual re-opening of the global economy. Yields also rose from mid-month on expectations that the EU would agree on a recovery fund, which was then announced by month-end (€750bn).

## Sample DB Scheme

The funding level of our sample DB scheme rose to 95.7%, as its assets rose and its liabilities (calculated using a MFS proxy) fell over May.

## Sample DC Schemes

Two of our sample DC Strategies rose as most asset classes were up for the month.

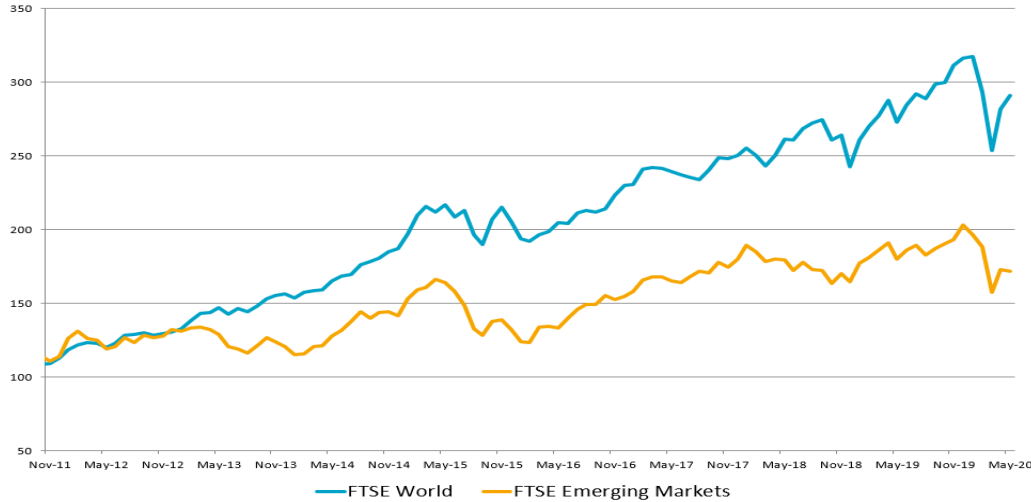
All returns are in € terms	May '20	3 Months	Year to Date	1 Year	3 Years	5 Years	10 Years
	%	%	%	%	% pa	% pa	% pa
<b>Equities</b>							
FTSE World	3.2	-0.8	-8.0	6.6	6.3	5.8	10.4
FTSE World (€ Hedged)	4.4	0.3	-7.9	6.5	6.1	6.2	9.7
FTSE Eurozone	5.2	-7.3	-15.9	-4.7	-1.8	0.9	6.3
FTSE World ex Eurozone	3.0	-0.1	-7.1	7.9	7.2	6.3	10.9
FTSE North America	3.5	2.0	-4.1	12.8	10.5	9.1	13.6
FTSE Emerging Markets	-0.6	-8.9	-15.6	-4.7	1.0	0.7	3.8
<b>Bonds</b>							
Euro Sovereign AAA (15+ yr)	-2.9	-3.1	5.9	7.7	7.4	5.1	7.5
Euro Broad Sovereign (10+ yr)	0.2	-3.6	2.9	10.3	7.2	5.0	7.4
Euro Sovereign Inflation Linked	0.5	-4.5	-3.6	0.8	0.6	0.4	1.9
Euro Corporate (5+ yr)	0.03	-4.4	-3.0	0.8	2.2	2.5	4.9
<b>Other</b>							
Commodities	16.4	-25.8	-39.4	-34.3	-10.8	-13.4	-8.9
Fund of Hedge Funds	0.0	-5.0	-6.8	-2.3	0.7	0.6	3.4
€/£	1.3	0.7	-1.0	-0.6	-0.4	0.2	-1.0
€/£	3.4	4.6	6.3	1.7	1.0	4.6	0.6

Bond Index Yields	30 Apr '20	31 May '20	Change (b.p.)
iBoxx Euro Sovereign AAA (15+ yr)	-0.24	-0.08	0.16
iBoxx Euro Broad Sovereign (10+ yr)	0.71	0.70	-0.01
iBoxx Euro Corporates (5+ yr)	1.30	1.29	-0.01

Sample Pension Schemes	May '20	3 Months	Year to Date	1 Year	3 Years	5 Years
	%	%	%	%	% pa	% pa
<b>DB Schemes</b>						
Assets	0.3	-1.5	-1.4	6.8	6.4	5.1
Liabilities	-1.0	-0.5	4.2	7.3	7.2	6.1
Change in Funding Level	1.4	-1.0	-5.3	-0.5	-0.7	-1.0
<b>DC Schemes</b>						
High Risk Strategy	2.0	-0.9	-5.5	4.2	3.9	3.2
Medium Risk Strategy	0.6	-1.4	-2.1	5.8	5.4	4.2
Pension Purchase Strategy	-2.2	-2.3	4.4	5.7	5.4	3.8

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

**Equity Market Performance**

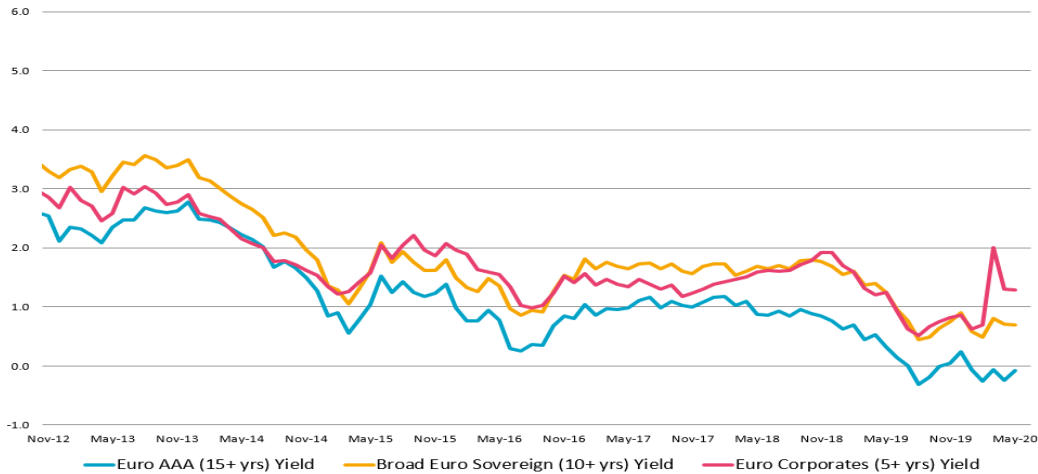


**Sample DB Funding Level Progression**

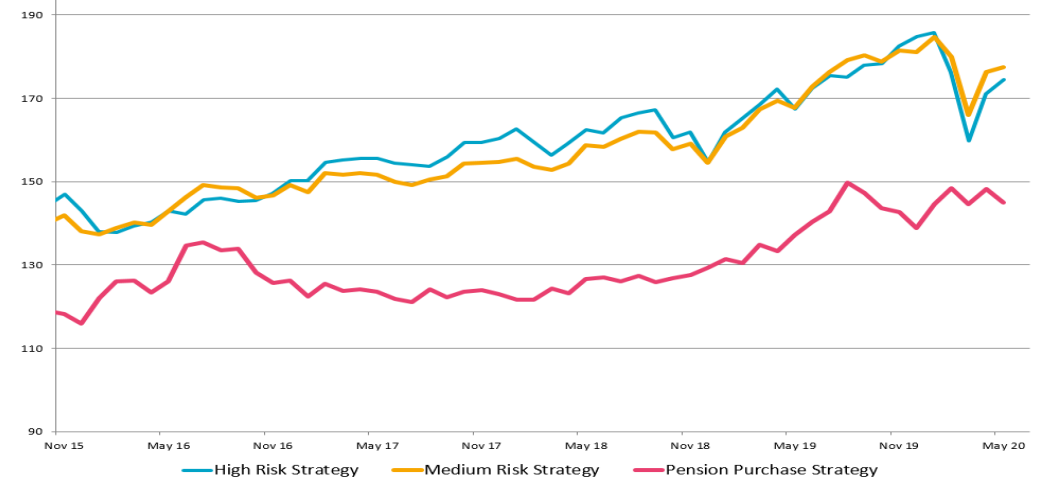


**Historical Bond Yields**

**Eurozone Bond Yields**



**Sample DC Scheme Performance**



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