

Equities

Global equity markets fell 0.3% (in € terms) in July. The Euro rose nearly 5% against the U.S. dollar over the month, reducing the strong return of U.S. equities for euro investors.

It was a mixed month for investors, reacting positively at times to potential progress on a COVID vaccine, the eventual announcement of the EU's €750bn stimulus package and positive Q2 earnings reports from many of the large IT companies.

The rising number of new COVID cases over the month in many countries (particularly in the U.S.) hit market sentiment, with some governments either delaying the easing of restrictions or re-imposing some restrictions (but in a more targeted way). Record-breaking negative Q2 economic data for both Germany and the U.S. was released late in the month, and while this was expected investors were concerned that the pace of a global recovery could potentially slow if infection rates continue to rise.

Bonds

Longer-dated Eurozone bond prices rose 1.8% over the month, with the yield on the AAA Eurozone 15+ Year Index falling to -0.21% by month-end. The Euro Broad Sovereign 10+ Year Index rose by 2.3% with its yield falling to 0.49%.

Longer-dated AAA yields initially rose in early July but then fell for the rest of the month as COVID cases began to rise again, potentially slowing the possible recovery in the region. Investors also looked for 'safe haven' assets with equity markets again volatile late in the month.

Sample DB Scheme

The funding level of our sample DB scheme fell to 95.9%, as its assets rose by less than its liabilities (calculated using a MFS proxy) over July.

Sample DC Schemes

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

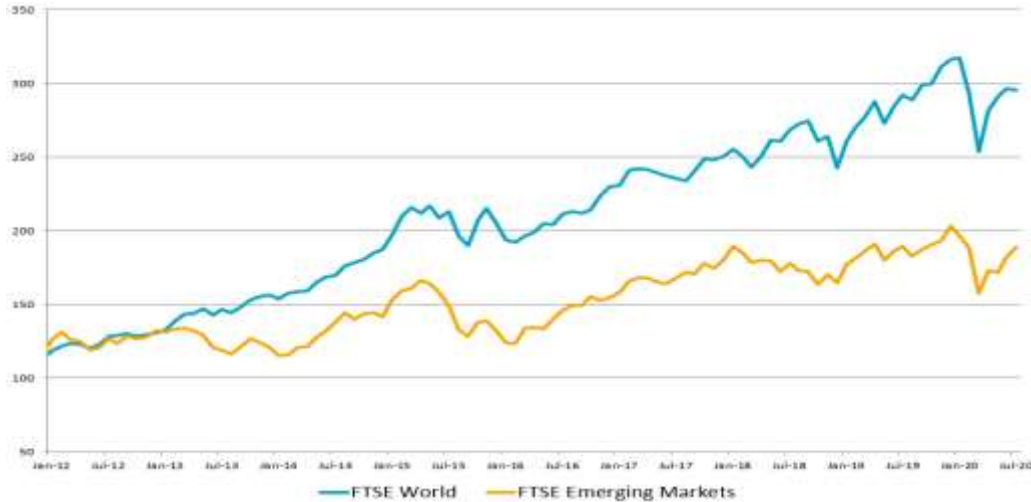
All returns are in € terms	Jul '20	3 Months	Year to Date	1 Year	3 Years	5 Years	10 Years
	%	%	%	%	% pa	% pa	% pa
Equities							
FTSE World	-0.3	4.8	-6.5	1.1	7.4	6.5	10.7
FTSE World (€ Hedged)	3.8	11.5	-1.6	6.5	7.8	7.9	10.2
FTSE Eurozone	-1.1	9.2	-12.7	-6.1	0.1	1.5	6.2
FTSE World ex Eurozone	-0.2	4.4	-5.8	1.9	8.3	7.1	11.3
FTSE North America	0.5	5.4	-2.3	5.8	11.8	9.8	14.3
FTSE Emerging Markets	3.6	9.5	-7.0	-0.2	3.7	4.8	4.7
Bonds							
Euro Sovereign AAA (15+ yr)	1.8	-0.6	8.4	4.4	9.2	6.2	7.7
Euro Broad Sovereign (10+ yr)	2.3	4.2	7.1	5.7	8.8	6.2	7.8
Euro Sovereign Inflation Linked	2.2	4.8	0.5	0.1	1.8	1.4	2.4
Euro Corporate (5+ yr)	2.1	4.0	0.9	-0.2	3.4	3.6	5.1
Other							
Commodities	3.8	26.9	-33.9	-31.2	-8.9	-9.2	-8.7
Fund of Hedge Funds	0.0	3.7	-3.3	-1.4	1.7	1.4	3.7
€/\$	4.8	7.5	5.0	6.3	-0.2	1.4	-1.0
€/£	-0.6	3.5	6.4	-1.2	0.2	5.1	0.8

Bond Index Yields	30 Jun '20	31 Jul '20	Change (b.p.)
iBoxx Euro Sovereign AAA (15+ yr)	-0.12	-0.21	-0.09
iBoxx Euro Broad Sovereign (10+ yr)	0.62	0.49	-0.13
iBoxx Euro Corporates (5+ yr)	1.06	0.82	-0.24

Sample Pension Schemes	Jul '20	3 Months	Year to Date	1 Year	3 Years	5 Years
	%	%	%	%	% pa	% pa
DB Schemes						
Assets	0.8	2.3	0.5	3.0	7.7	6.0
Liabilities	1.1	0.7	5.9	5.8	8.0	6.7
Change in Funding Level	-0.3	1.6	-5.1	-2.7	-0.2	-0.7
DC Schemes						
High Risk Strategy	0.8	4.1	-3.6	1.5	5.0	3.9
Medium Risk Strategy	0.9	2.6	-0.2	2.6	6.6	5.1
Pension Purchase Strategy	1.3	-0.5	6.3	3.3	6.8	4.6

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

Equity Market Performance

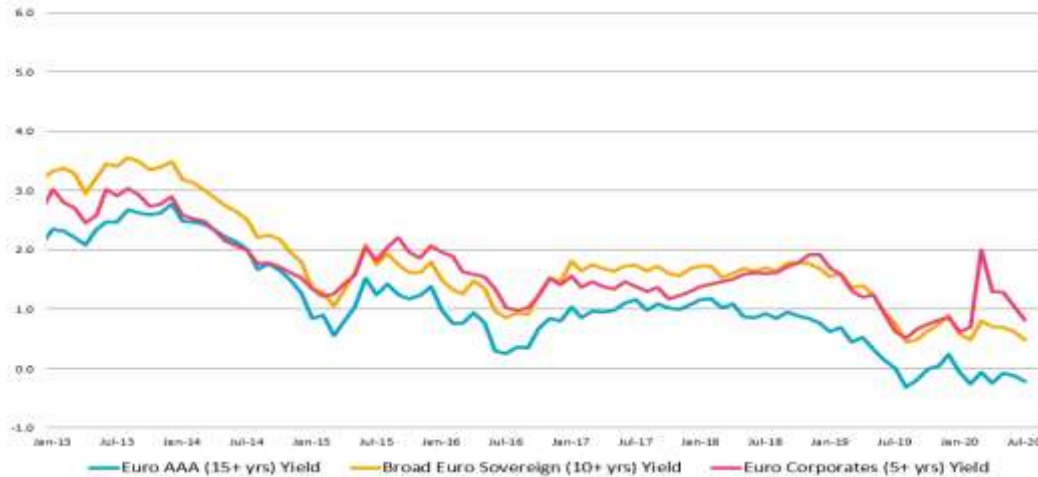


Sample DB Funding Level Progression



Historical Bond Yields

Eurozone Bond Yields



Sample DC Scheme Performance



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