

Equities

Global equity markets rose 1.4% in July (in € terms). Although world equities rose over the month, Eurozone government bonds outperformed equities (Eurozone 15+ AAA government bonds rose by 4.8%).

Investors took account of the possibility that Covid strains such as the Delta variant may continue to affect global economies and in turn anticipated growth rates. Quarterly report data in July from the U.S., including big stock names like Amazon, resulted in falls after disappointing (or not what investors were expecting) quarterly results were announced.

Bonds

Longer-dated Eurozone bond prices rose 4.8% over the month, with the yield on the AAA Eurozone 15+ Year Index falling to -0.09% by month-end. The Euro Broad Sovereign 10+ Year Index rose 3.8% with its yield falling to 0.54% by month-end.

Eurozone bond prices rose and yields fell sharply on fears that rising Covid cases could again hit economic growth, amid signs that growth was peaking. German government bond yields had their biggest monthly fall since January 2020.

Sample DB Scheme

The funding level of our sample DB scheme increased slightly to 107.0%, as its assets rose by more than its liabilities (calculated using a MFS proxy) over July.

Sample DC Schemes

All three of our sample DC Strategies rose over July as most asset classes were up.

All returns are in € terms	July '21	3 Months	Year to Date	1 Year	3 Years	5 Years	10 Years
	%	%	%	%	% pa	% pa	% pa
Equities							
FTSE World	1.4	5.9	18.4	35.2	14.2	13.3	13.2
FTSE World (€ Hedged)	0.7	4.0	14.5	33.2	14.0	14.3	12.2
FTSE Eurozone	1.4	5.4	17.6	34.8	7.9	10.2	n/a
FTSE World ex Eurozone	1.4	6.0	18.4	35.2	14.9	13.6	13.8
FTSE North America	2.2	7.2	21.4	37.0	18.0	16.1	17.1
FTSE Emerging Markets	-6.6	-2.7	4.3	18.9	7.8	8.9	6.0
Bonds							
Euro Sovereign AAA (15+ yr)	4.8	6.0	-3.0	-1.8	6.6	1.9	7.2
Euro Broad Sovereign (10+ yr)	3.8	4.8	-3.1	0.6	7.8	3.1	8.3
Euro Sovereign Inflation Linked	2.7	2.3	2.4	6.0	3.5	1.7	3.4
Euro Corporate (5+ yr)	1.9	2.3	0.7	1.6	4.6	2.8	5.3
Other							
Commodities	1.6	8.6	33.5	54.0	-1.0	4.1	-6.6
Fund of Hedge Funds	0.0	0.4	6.0	13.6	5.7	5.4	4.2
€/£	0.1	-1.2	-2.8	0.8	0.5	1.2	-1.9
€/£	-0.4	-1.9	-4.5	-5.2	-1.4	0.2	-0.3

Bond Index Yields	30 June '21	31 July '21	Change (b.p.)
iBoxx Euro Sovereign AAA (15+ yr)	0.16	-0.09	-0.25
iBoxx Euro Broad Sovereign (10+ yr)	0.77	0.54	-0.23
iBoxx Euro Corporates (5+ yr)	0.69	0.47	-0.22

Sample Pension Schemes	July '21	3 Months	Year to Date	1 Year	3 Years	5 Years
	%	%	%	%	% pa	% pa
DB Schemes						
Assets	2.6	5.1	7.0	14.9	9.8	7.3
Liabilities	2.3	3.5	1.0	3.1	6.8	4.7
Change in Funding Level	0.3	1.6	6.0	11.5	2.8	2.5
DC Schemes						
High Risk Strategy	0.8	3.3	10.5	21.0	9.3	8.2
Medium Risk Strategy	2.1	4.4	6.9	14.7	9.0	6.8
Pension Purchase Strategy	3.6	4.5	-2.3	-1.4	4.9	1.4

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

Equity Market Performance

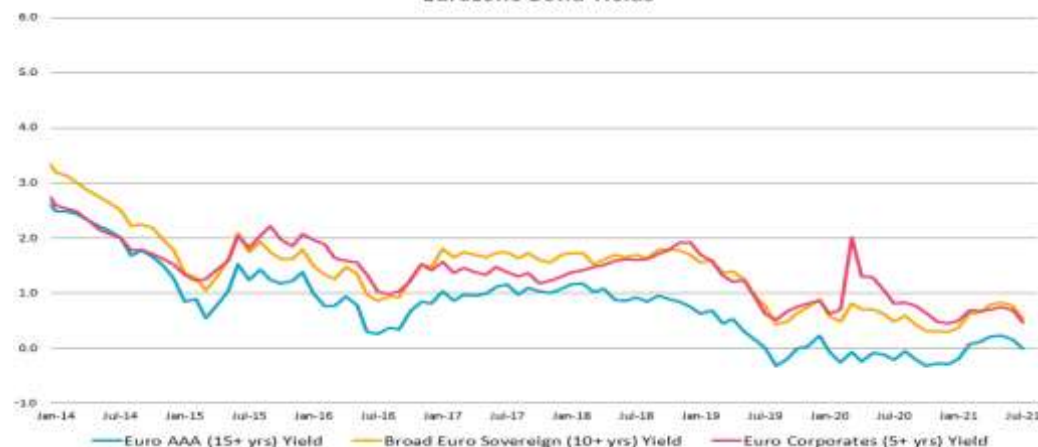


Sample DB Funding Level Progression



Historical Bond Yields

Eurozone Bond Yields



Sample DC Scheme Performance



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