

## Equities

Global equity markets rose 5.4% in October (in € terms)

Markets recovered strongly after the falls seen in September, with the S&P500 index again hitting a record high over the month. Despite inflation remaining high, investors were reassured mainly by the release of better-than-expected Q3 earnings, and global economic data that remained generally solid.

Investors also welcomed comments from both the U.S. Federal Reserve and the ECB that suggested that interest rates might not rise as quickly as anticipated (although it is expected that they will both start to reduce their respective bond support programmes in the meantime).

## Bonds

Longer-dated Eurozone bond prices rose 1.8% over the month, with the yield on the AAA Eurozone 15+ Year Index falling to 0.07% by month-end. The Euro Broad Sovereign 10+ Year Index fell 0.1% with its yield rising to 0.77% by month-end.

Longer-dated AAA bond yields had a mixed month, initially rising over higher inflation data but then falling towards month-end as the ECB seemed to rule out the prospect of them increasing interest rates before 2023 (although some investors remain sceptical, believing that rates could rise by mid-2022).

## Sample DB Scheme

The funding level of our sample DB scheme increased to 109.0% as its assets rose by more than its liabilities (calculated using a MFS proxy) over October.

## Sample DC Schemes

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

All returns are in € terms	Oct '21	3 Months	Year to Date	1 Year	3 Years	5 Years	10 Years
	%	%	%	%	% pa	% pa	% pa
<b>Equities</b>							
FTSE World	5.4	5.9	25.3	41.2	17.4	14.3	14.3
FTSE World (€ Hedged)	4.9	3.9	19.0	37.8	17.6	15.1	13.2
FTSE Eurozone	4.2	3.3	21.6	45.4	12.7	10.4	n/a
FTSE World ex Eurozone	5.5	6.1	25.7	40.7	18.0	14.8	14.8
FTSE North America	7.2	7.6	30.6	44.4	21.0	17.7	17.9
FTSE Emerging Markets	1.3	3.6	8.1	18.2	12.2	8.3	7.4
<b>Bonds</b>							
Euro Sovereign AAA (15+ yr)	1.8	-2.8	-5.7	-6.4	5.3	2.9	6.5
Euro Broad Sovereign (10+ yr)	-0.1	-3.6	-6.6	-6.1	7.0	3.5	7.7
Euro Sovereign Inflation Linked	-0.2	-0.3	2.1	4.2	4.1	1.9	3.7
Euro Corporate (5+ yr)	-1.0	-2.8	-2.1	-0.3	3.9	2.5	5.1
<b>Other</b>							
Commodities	5.8	9.6	46.3	73.7	2.4	5.1	-5.2
Fund of Hedge Funds	0.0	0.9	7.2	14.6	7.0	5.5	4.7
€/£	-0.2	-2.6	-5.4	-0.8	0.7	1.0	-1.8
€/£	-1.7	-1.1	-5.5	-6.1	-1.6	-1.2	-0.2

Bond Index Yields	30 Sept '21	31 Oct '21	Change (b.p.)
iBoxx Euro Sovereign AAA (15+ yr)	0.16	0.07	-0.09
iBoxx Euro Broad Sovereign (10+ yr)	0.76	0.77	0.01
iBoxx Euro Corporates (5+ yr)	0.72	0.87	0.15

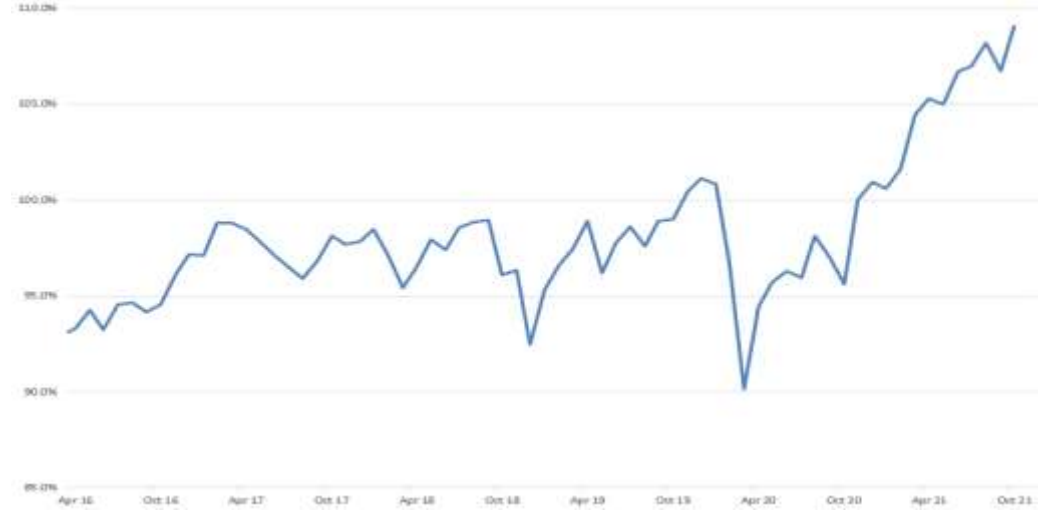
Sample Pension Schemes	Oct '21	3 Months	Year to Date	1 Year	3 Years	5 Years
	%	%	%	%	% pa	% pa
<b>DB Schemes</b>						
Assets	3.3	1.8	8.9	15.3	10.9	8.2
Liabilities	1.1	-0.2	0.8	1.1	6.3	5.2
Change in Funding Level	2.2	2.0	8.1	14.1	4.3	2.9
<b>DC Schemes</b>						
High Risk Strategy	3.2	3.6	14.5	24.8	11.6	9.0
Medium Risk Strategy	3.0	1.9	9.0	15.6	10.2	7.7
Pension Purchase Strategy	1.4	-2.1	-4.4	-4.9	3.9	2.1

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

**Equity Market Performance**



**Sample DB Funding Level Progression**



**Historical Bond Yields**



**Sample DC Scheme Performance**



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