

Equities

Global equity markets fell -1.2% in May (in € terms), in what was another volatile month for investors. Hedged investors fared better this month as the U.S. Dollar gave up some of its recent gains against the Euro.

Markets were down for the first three weeks of May as global inflation data remained stubbornly high, raising the possibility of higher-than-expected interest rate rises. Both the U.S. Federal Reserve and the Bank of England did increase interest rates in May as expected but investors remained concerned that future higher interest rate rises could potentially affect economic growth.

The S&P500 was down 20% from its January '22 high at one stage in May, with investors rattled by disappointing earnings forecasts from some of the large U.S. retailers. However, the last week of the month then saw a strong recovery in many equity markets as inflation data looked to moderate and Central Banks hinted at a slower pace of future interest rate rises.

Bonds

Longer-dated Eurozone bond prices fell 5.7% over the month, with the yield on the AAA Eurozone 15+ Year Index rising to 1.39% by month-end. The Euro Broad Sovereign 10+ Year Index fell 4.4%, with its yield rising to 2.22% by the end of May.

Eurozone bond yields rose over the month as inflation data remained high and with the ECB hinting at an interest rate rise, possibly in Q3 '22. Yields moderated somewhat when equity markets fell, and the ECB hinted at a gradual pace of monetary tightening, but then rose sharply again at month-end after preliminary data showed that Eurozone inflation was rising more quickly than expected.

Sample DB Scheme

The funding level of our sample DB scheme fell to 103.8% as its assets fell by more than its liabilities (calculated using an MFS proxy) over May.

Sample DC Schemes

Our three sample DC Strategies all fell as most asset classes were down for the month.

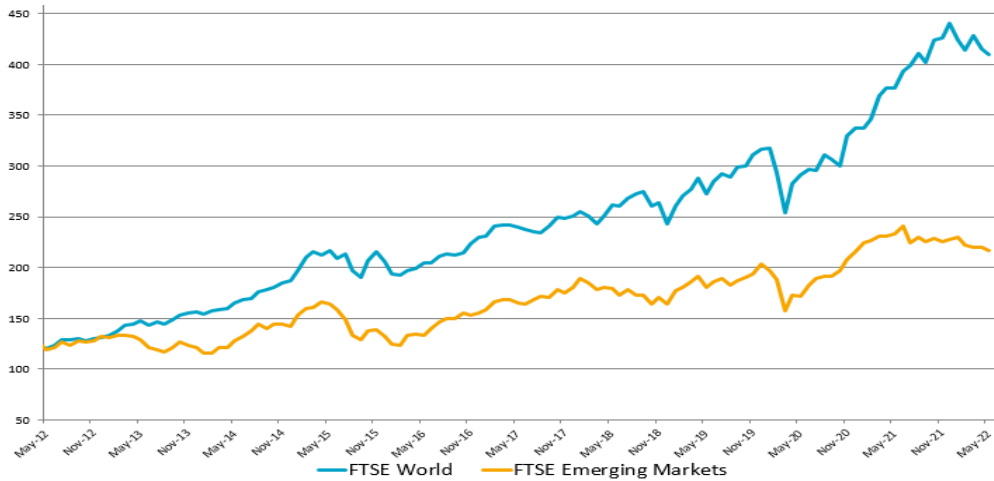
All returns are in € terms	May '22	3 Months	Year to Date	1 Year	3 Years	5 Years	10 Years
	%	%	%	%	% pa	% pa	% pa
Equities							
FTSE World	-1.2	-0.8	-6.9	8.5	14.4	11.0	12.8
FTSE World (€ Hedged)	-0.2	-4.1	-10.8	-2.7	12.7	10.0	12.0
FTSE Eurozone	0.8	-1.5	-9.8	-3.2	8.0	4.6	n/a
FTSE World ex Eurozone	-1.4	-0.8	-6.6	9.7	15.1	11.8	13.1
FTSE North America	-1.6	-1.2	-8.0	11.8	17.6	14.2	15.5
FTSE Emerging Markets	-1.5	-2.6	-4.6	-5.1	7.1	5.8	6.4
Bonds							
Euro Sovereign AAA (15+ yr)	-5.7	-17.3	-21.6	-18.9	-6.2	-1.1	2.3
Euro Broad Sovereign (10+ yr)	-4.4	-14.9	-19.7	-19.0	-3.8	-0.1	4.1
Euro Inflation Linked	-6.5	-6.6	-8.1	-5.8	0.7	0.6	2.5
Euro Corporate (5+ yr)	-2.2	-8.1	-13.7	-13.9	-2.8	-0.6	2.8
Other							
Commodities	5.1	21.1	47.0	63.8	19.5	13.0	-0.9
Fund of Hedge Funds	0.0	2.8	2.5	4.0	7.3	5.3	4.9
€/ \$	1.8	-4.3	-5.6	-12.2	-1.3	-0.9	-1.4
€/ £	1.6	1.9	1.2	-1.0	-1.2	-0.5	0.6

Bond Index Yields	30 Apr '22	31 May '22	Change
	%	%	(% b.p.)
iBoxx Euro Sovereign AAA (15+ yr)	1.07	1.39	0.32
iBoxx Euro Broad Sovereign (10+ yr)	1.91	2.22	0.31
iBoxx Euro Corporates (5+ yr)	2.60	2.93	0.33

Sample Pension Schemes	May '22	3 Months	Year to Date	1 Year	3 Years	5 Years
	%	%	%	%	% pa	% pa
DB Schemes						
Assets	-2.9	-7.7	-12.6	-4.6	4.3	5.0
Liabilities	-1.7	-5.7	-7.1	-3.5	1.7	3.8
Change in Funding Level	-1.3	-2.1	-6.0	-1.1	2.6	1.2
DC Schemes						
High Risk Strategy	-1.1	-1.4	-6.7	2.3	8.4	6.5
Medium Risk Strategy	-2.5	-6.2	-11.1	-3.6	4.5	4.8
Pension Purchase Strategy	-4.3	-13.2	-16.6	-14.5	-4.7	-0.8

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

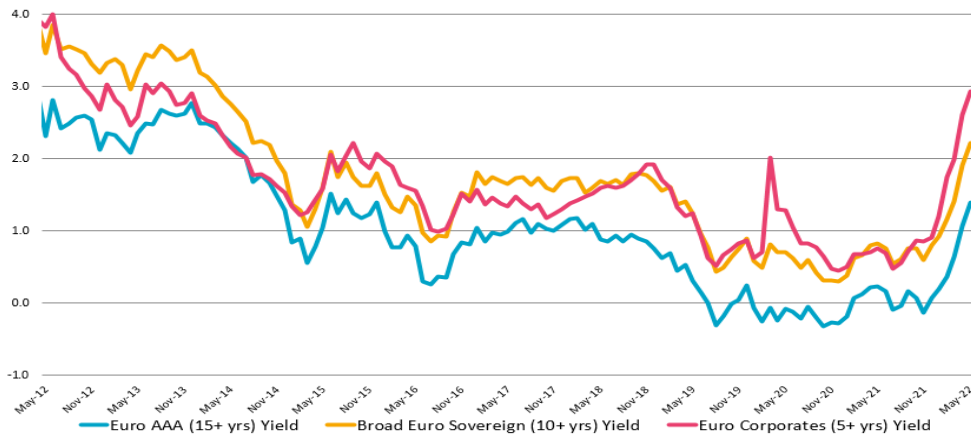
Equity Market Performance



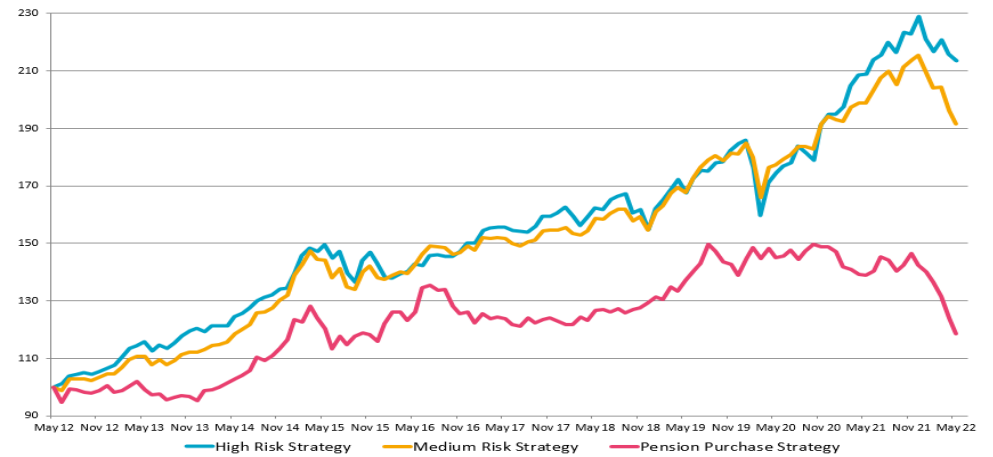
Sample DB Funding Level Progression



Historical Bond Yields



Sample DC Scheme Performance



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