

## Equities

Global equity markets made a promising start to 2023, recording returns for January of 5.3%. The Euro continued to strengthen against the US dollar, climbing a further 1.5% to close out the first month of the year. This provided further gains for hedged Euro investors, with returns of 6.4% for the month.

On the back of a strong January, the International Monetary Fund (IMF) has raised their outlook for 2023, noting “surprisingly resilient” demand in Western markets, falling energy costs and the reopening of the Chinese economy.

The Eurozone led the way in January with returns of 9.6%, showing unexpected resilience over the month as reports emerged that the region once again avoided recession in the final quarter of 2022, with the economy expanding 0.1% despite the range of ongoing crises and challenges.

## Bonds

Long-dated core Eurozone bond prices climbed 5.3% over the month, with the yield on the AAA Eurozone 15+ Year Index falling 0.3% to 2.3% by month-end. Prices increased by 4.9% on the Euro Broad Sovereign 10+ Year Index, with its yield declining by around 0.3% to just under 3.2% by the end of January.

The promising performance of bond markets arose on the back of an array of bullish news; optimistic signs of inflation peaking, interest rate hikes subsiding, market movements pricing in falling borrowing costs and the near-miss avoidance of a global recession.

## Sample DB Scheme

The funding level of our sample DB scheme increased by 2.7% to 99.4% as its assets increased by a greater margin than its liabilities (calculated using an MFS proxy) over January.

## Sample DC Schemes

Our three sample DC Strategies all experienced positive returns as most asset classes increased in value over the month.

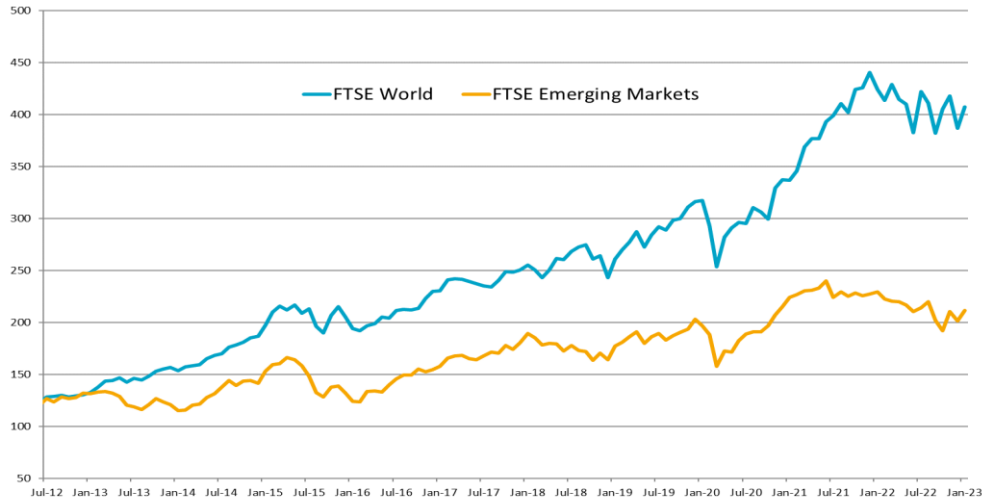
All returns are in € terms	Jan '23	3 Months	Year to Date	1 Year	3 Years	5 Years	10 Years
	%	%	%	%	% pa	% pa	% pa
<b>Equities</b>							
FTSE World	5.3	0.6	5.3	-4.0	8.6	9.5	11.6
FTSE World (€ Hedged)	6.4	8.0	6.4	-5.6	8.0	7.2	10.1
FTSE Eurozone	9.6	14.7	9.6	-0.1	6.5	5.0	n/a
FTSE World ex Eurozone	4.9	-0.6	4.9	-4.3	8.8	10.1	12.0
FTSE North America	4.8	-3.5	4.8	-5.8	10.3	12.3	14.7
FTSE Emerging Markets	5.1	10.1	5.1	-7.9	3.2	2.6	5.1
<b>Bonds</b>							
Euro Sovereign AAA (15+ yr)	5.3	0.4	5.3	-31.3	-13.0	-3.7	1.0
Euro Broad Sovereign (10+ yr)	4.9	0.8	4.9	-27.6	-11.3	-2.8	2.2
Euro Inflation Linked	2.1	-2.3	2.1	-16.4	-4.9	-1.9	0.4
Euro Corporate (5+ yr)	3.3	4.9	3.3	-16.1	-6.3	-1.9	1.5
<b>Other</b>							
Commodities	-0.1	-3.1	-0.1	12.8	14.8	5.7	-3.7
Fund of Hedge Funds	0.0	0.4	0.0	1.7	5.1	3.7	4.0
€/£	1.5	9.9	1.5	-3.2	-0.7	-2.6	-2.2
€/£	-0.4	2.2	-0.4	5.6	1.6	0.1	0.3

Bond Index Yields	31 Dec '22	31 Jan '23	Change
	%	%	%
iBoxx Euro Sovereign AAA (15+ yr)	2.60	2.32	-0.28
iBoxx Euro Broad Sovereign (10+ yr)	3.48	3.17	-0.31
iBoxx Euro Corporates (5+ yr)	4.36	3.96	-0.40

Sample Pension Schemes	Jan '23	3 Months	Year to Date	1 Year	3 Years	5 Years
	%	%	%	%	% pa	% pa
<b>DB Schemes</b>						
Assets	4.7	0.8	4.7	-15.4	-1.3	3.3
Liabilities	1.9	1.3	1.9	-8.3	-0.8	3.1
Change in Funding Level	2.7	-0.5	2.7	-7.8	-0.5	0.2
<b>DC Schemes</b>						
High Risk Strategy	3.4	1.6	3.4	-3.8	4.6	5.5
Medium Risk Strategy	4.1	1.1	4.1	-12.5	-0.3	3.3
Pension Purchase Strategy	4.0	0.5	4.0	-24.1	-9.7	-2.7

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

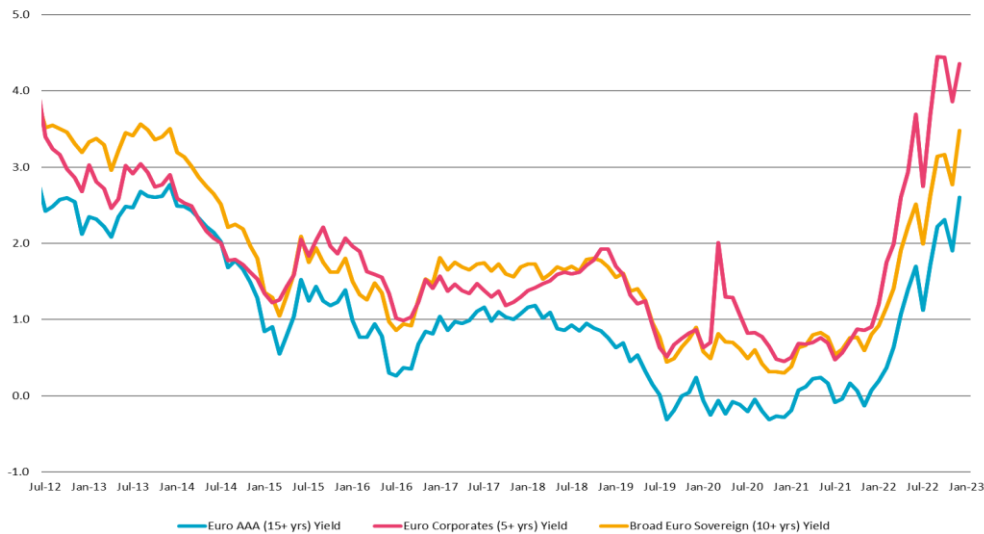
### Equity Market Performance



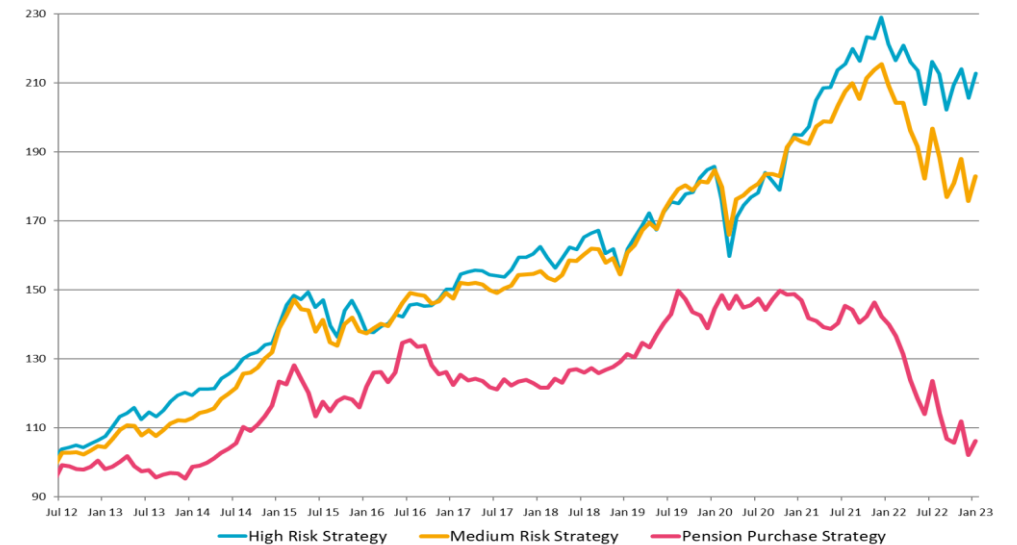
### Sample DB Funding Level Progression (MFS Proxy Basis)



### Historical Bond Yields



### Sample DC Scheme Performance



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