

Equities

Global equity markets fell slightly in February by 0.2% after posting strong returns in January. The Euro reversed some of the gains against the US dollar, falling by 2.4%. This provided a more negative return for hedged Euro investors, with returns of -1.8% for the month.

Inflationary concerns remained persistent with central banks continuing to act with further interest rate hikes by the Fed (0.25%) and ECB (0.5%).

The Eurozone led the way in February with returns of 1.8% over the month, further contributing to the strong start this year.

Bonds

Bonds struggled over the month as a result of continued interest rate hikes. Fed Chairman Jay Powell warned “we’ve got a long way to go”, with further interest rate hikes expected throughout 2023.

Long-dated core Eurozone bond prices fell 5.9% over the month, with the yield on the AAA Eurozone 15+ Year Index rising to 2.7% by month-end. Prices decreased by 4.5% on the Euro Broad Sovereign 10+ Year Index, with its yield increasing to 3.5% by the end of February.

Annuity Prices

Annuity prices fell over the month of February, across all sample annuity costs.

Sample DB Scheme

The funding level of our sample DB scheme decreased by 1.2% to 98.3% as its assets decreased by a greater margin than its liabilities (calculated using an MFS proxy) over February.

Sample DC Schemes

Our three sample DC strategies all experienced negative returns with the pension purchase strategy performing worst due to the higher allocation to bond assets which were most effected by rising interest rates.

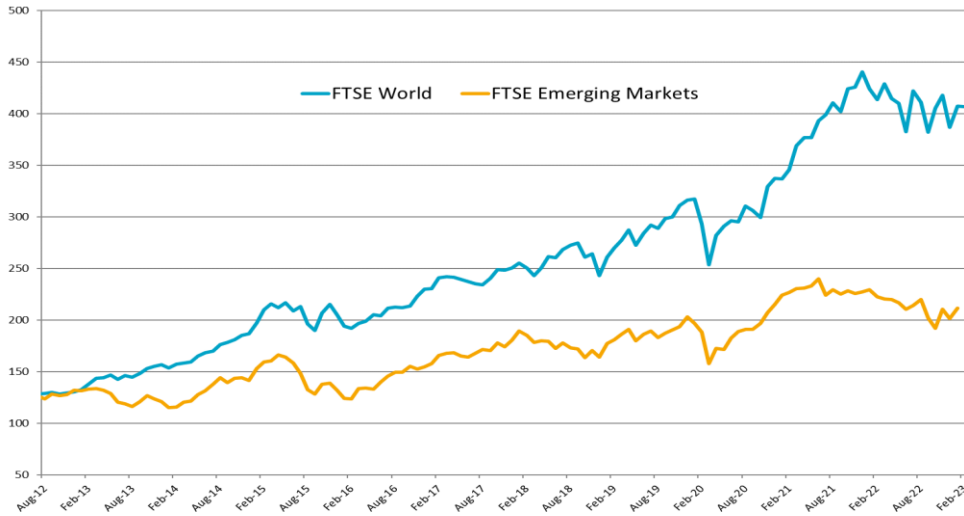
All returns are in € terms	Feb '23	3 Months	YTD	1 Year	3 Years	5 Years	10 Years
	%	%	%	%	% pa	% pa	% pa
Equities							
FTSE World	-0.2	-2.6	5.2	-1.6	11.4	9.9	11.2
FTSE World (€ Hedged)	-1.8	-0.3	4.4	-4.9	10.2	7.6	9.8
FTSE Eurozone	1.8	7.8	11.6	7.2	10.0	6.2	n/a
FTSE World ex Eurozone	-0.3	-3.6	4.6	-2.4	11.6	10.4	11.5
FTSE North America	-0.1	-4.9	4.7	-2.9	13.1	12.7	14.1
FTSE Emerging Markets	-3.9	-3.3	1.0	-8.6	3.3	2.2	4.6
Bonds							
Euro Sovereign AAA (15+ yr)	-5.9	-12.2	-0.9	-33.2	-15.7	-4.8	0.3
Euro Broad Sovereign (10+ yr)	-4.5	-9.5	0.2	-28.0	-13.0	-3.7	1.8
Euro Inflation Linked	0.2	-4.3	2.3	-15.6	-4.4	-1.8	0.5
Euro Corporate (5+ yr)	-2.3	-2.2	0.9	-14.6	-6.8	-2.3	1.1
Other							
Commodities	-3.8	-5.2	-3.9	-0.3	16.6	5.6	-3.7
Fund of Hedge Funds	0.0	2.0	1.8	3.2	6.5	4.5	4.2
€/\$	-2.4	2.8	-0.9	-5.3	-1.3	-2.8	-2.1
€/£	-0.6	1.5	-1.0	4.7	0.6	-0.2	0.2

Bond Index Yields	Jan '23	Feb '23	Change
	%	%	%
iBoxx Euro Sovereign AAA (15+ yr)	2.32	2.67	0.35
iBoxx Euro Broad Sovereign (10+ yr)	3.17	3.51	0.35
iBoxx Euro Corporates (5+ yr)	3.96	4.34	0.38

	Cost of a €10k Pension	Change in annuity prices						
		Feb '23	3 months	YTD	1 year	3 year	5 year	10 Year
	€10k	%	%	%	%	% pa	% pa	% pa
Annuity cost - 65 year old; no increases	€176k	-5.4	-9.0	-3.8	-27.5	-12.7	-5.1	-1.0
Annuity cost - 65 year old; 2% increases	€222k	-6.1	-10.1	-4.3	-30.6	-14.3	-5.9	-1.1
Annuity cost - 65 year old; CPI max 4%	€247k	-6.4	-10.5	-4.4	-29.5	-14.0	-6.1	-1.1

Sample Pension Schemes	Feb '23	3 Months	Year to Date	1 Year	3 Years	5 Years
	%	%	%	%	% pa	% pa
DB Schemes						
Assets	-2.5	-6.1	2.0	-15.4	-1.4	3.0
Liabilities	-1.4	-2.7	0.5	-8.7	-1.9	2.7
Change in Funding Level	-1.2	-3.5	1.5	-7.3	0.5	0.2
DC Schemes						
High Risk Strategy	-0.5	-1.2	2.9	-2.3	6.3	5.8
Medium Risk Strategy	-2.0	-4.7	2.0	-12.2	-0.1	3.1
Pension Purchase Strategy	-4.4	-9.1	-0.6	-25.6	-11.9	-3.5

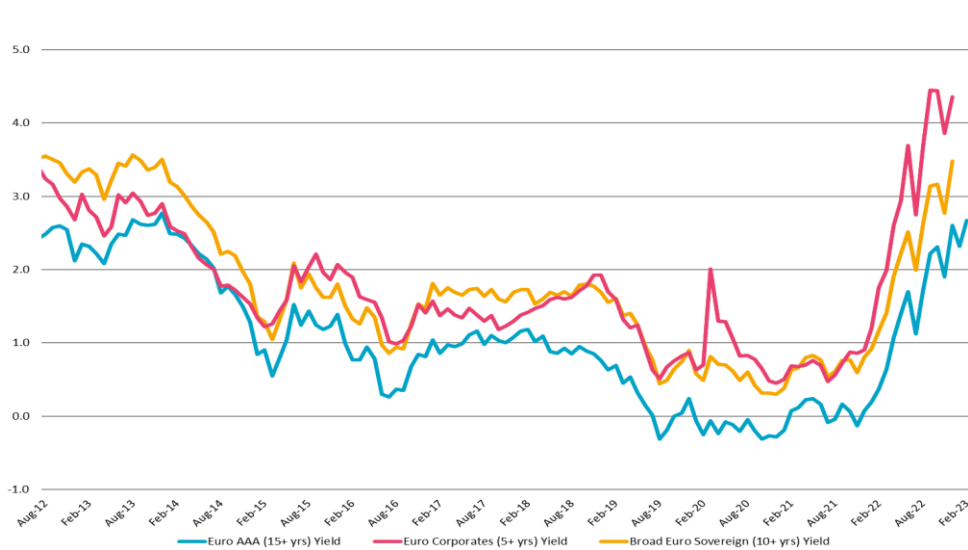
Equity Market Performance



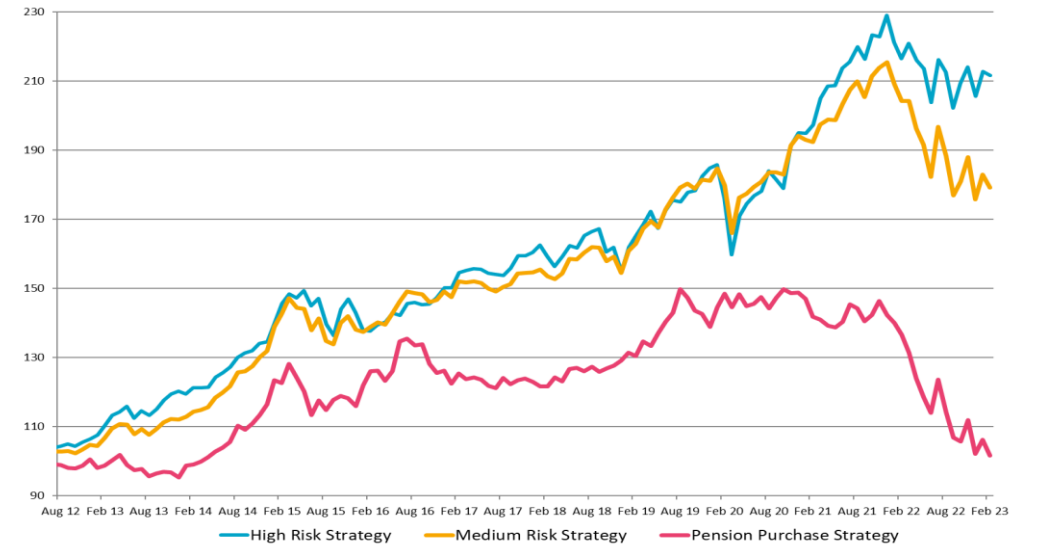
Sample DB Funding Level Progression (MFS Proxy Basis)



Historical Bond Yields



Sample DC Scheme Performance





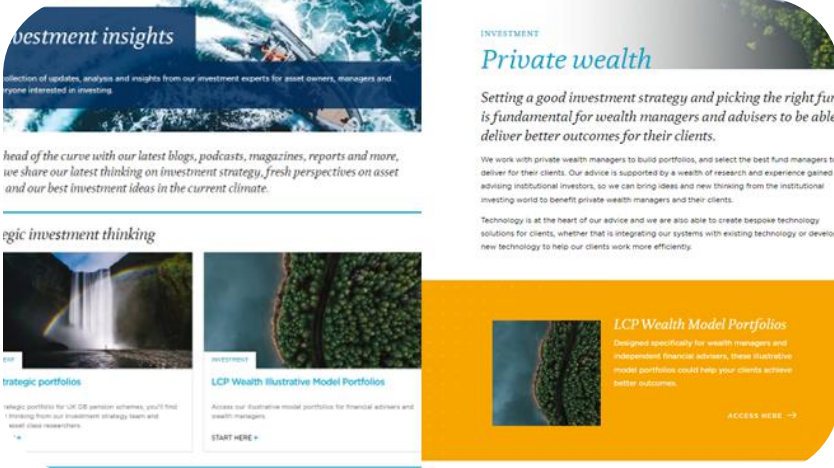
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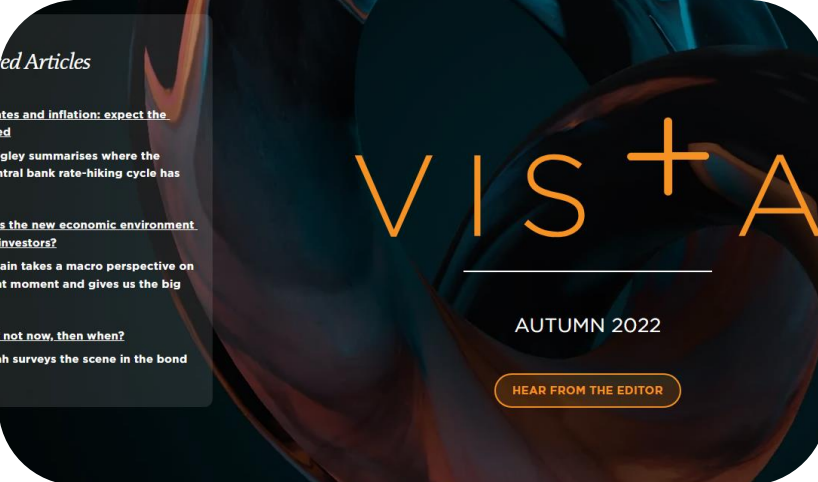
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