

Equities

Global equity markets rose by 1.3% (in local currency terms) in January. This follows on from a strong end to 2023 for equity markets with the index closing the month close to all-time highs.

The positive returns has been fuelled by strong earnings performance from many of the US' largest companies, with increasing AI demand proving a stimulus for further growth in equity markets.

Bonds

Yields rose modestly in January partially rebounding after a sharp fall in Q4 2023. The ECB kept interest rates unchanged for the third meeting in a row. The attitude from the ECB and Christine Lagarde, remains the same as it ended 2023, indicating that by maintaining the current interest rates for a “sufficiently long duration” will help to bring inflation closer to its 2% target.

Long-dated core Eurozone bond prices fell by 2.4% over the month, with the yield on the AAA Eurozone 15+ Year Index rising to 2.5% by month-end. Prices decreased by 1.5% on the Euro Broad Sovereign 10+ Year Index, with its yield increasing to 3.2% by month-end.

Annuity Prices

Annuity prices decreased over the month of January. All annuity rates are 5-year guaranteed and single life.

Sample DB Scheme

The funding level of our sample DB scheme increased by 0.6% over the month with an increase in its assets and a decrease in its liabilities (calculated using an MFS proxy).

Sample DC Scheme

Our Higher and Medium Risk DC strategies posted positive returns over the month, with the Pension Purchase Strategy falling in value over the month.

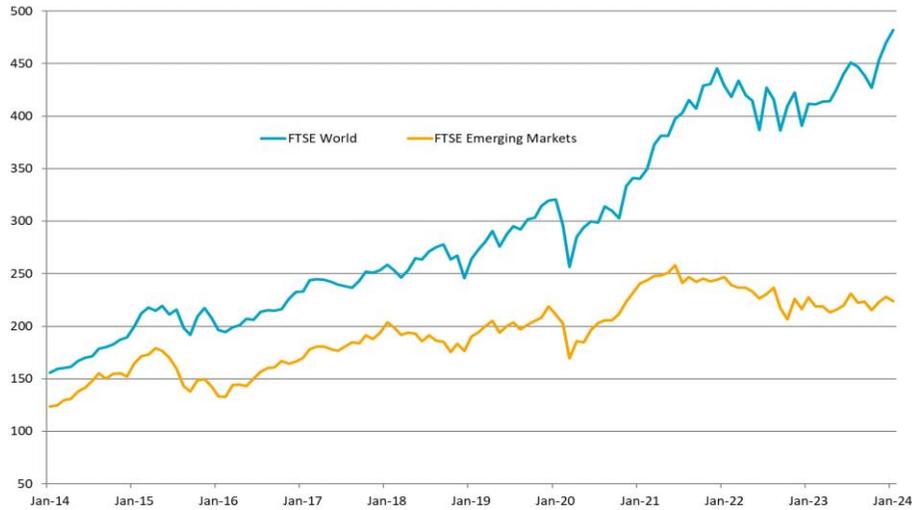
All returns are in € terms	Jan' 24 %	3 Months %	YTD %	1 Year %	3 Years % pa	5 Years % pa	10 Years % pa
Equities							
FTSE World	2.6	12.9	2.6	16.9	12.1	12.7	11.8
FTSE World (€ Hedged)	1.3	13.8	1.3	16.2	8.4	11.5	10.1
FTSE Eurozone	2.1	13.9	2.1	11.6	10.3	9.4	9.7
FTSE World ex Eurozone	2.7	12.8	2.7	17.4	12.3	13.1	12.3
FTSE North America	3.3	13.2	3.3	20.5	14.3	15.3	14.6
FTSE Emerging Markets	-1.9	4.0	-1.9	-1.7	-1.8	3.5	6.2
Bonds							
Euro Sovereign AAA (15+ yr)	-2.4	13.3	-2.4	0.1	-13.6	-5.6	0.9
Euro Broad Sovereign (10+ yr)	-1.5	12.5	-1.5	3.8	-11.4	-2.9	1.9
Euro Inflation Linked	-0.5	4.6	-0.5	0.9	-5.3	-1.3	0.4
Euro Corporate (5+ yr)	-0.1	8.0	-0.1	7.3	-4.7	-0.5	1.6
Other							
Commodities	4.5	-2.7	4.5	0.1	19.0	7.8	-3.0
Fund of Hedge Funds	0.7	2.0	0.7	5.8	5.0	6.1	3.9
€/\$	-1.7	2.6	-1.7	-0.1	-3.7	-1.1	-2.2
€/£	-1.6	-2.0	-1.6	-3.2	-1.2	-0.5	0.4

Bond Index Yields	Dec'23 %	Jan' 24 %	Change %
iBoxx Euro Sovereign AAA (15+ yr)	2.30	2.45	+0.15
iBoxx Euro Broad Sovereign (10+ yr)	3.02	3.16	+0.13
iBoxx Euro Corporates (5+ yr)	3.49	3.56	+0.06

	Cost of a €10k Pension	Change in annuity prices						
		Jan-24 %	3 months %	YTD %	1 year %	3 year % pa	5 year % pa	10 Year % pa
Annuity cost - 65 year old; no increases	€185k	-1.6%	9.4%	-1.6%	-0.8%	-11.6%	-4.3%	-0.6%
Annuity cost - 65 year old; 2% increases	€234k	-1.8%	10.8%	-1.8%	-0.9%	-13.1%	-4.9%	-0.6%
Annuity cost - 65 year old; CPI max 4%	€262k	-1.9%	11.3%	-1.9%	-0.9%	12.7%	-5.0%	-0.6%

Sample Pension Schemes	Jan-24 %	3 Months %	Year to Date %	1 Year %	3 Years % pa	5 Years % pa
DB Schemes						
Assets	0.3	11.9	8.0	8.0	-0.3	3.8
Liabilities	-0.3	4.8	4.9	4.9	-0.9	2.4
Change in Funding Level	0.6	6.8	2.9	2.9	0.6	1.4
DC Schemes						
High Risk Strategy	1.5	9.7	9.9	9.9	6.3	7.6
Medium Risk Strategy	0.4	10.9	7.6	7.6	0.6	4.1
Pension Purchase Strategy	-1.7	10.2	0.5	0.5	-10.1	-4.1

Equity Market Performance



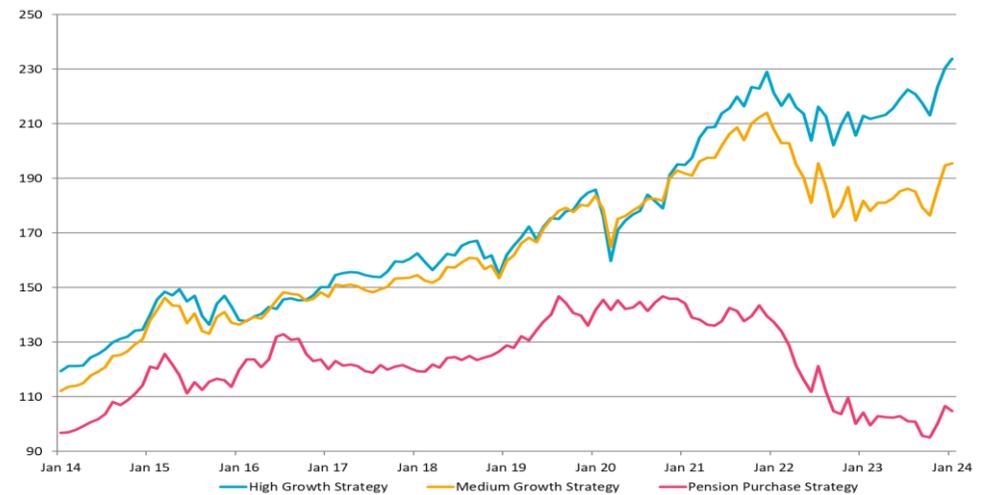
Sample DB Funding Level Progression (MFS Proxy Basis)



Historical Bond Yields



Sample DC Scheme Performance





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