

Equities

Global equity markets rose by 3.3% (in local currency terms) in March, representing the strongest first quarter for equity markets over the last 5 years.

The surge in stock prices has been predominantly driven by technology stocks, with the Artificial Intelligence boom continuing.

Bonds

Bond yields fell over March with long-dated core Eurozone bond prices rising by 2.0% over the month and the yield on the AAA Eurozone 15+ Year Index finishing the month at 2.5% p.a. Prices increased by 1.9% on the Euro Broad Sovereign 10+ Year Index, with its yield declining to 3.2% by the end of March.

At its March meeting, the ECB indicated the possibility of a June rate cut, with the condition of further progress being made towards its 2% inflation target.

Annuity Prices

Annuity prices increased over the month of March as a result of falling bond yields. All annuity rates are 5 year guarantee and single life.

Sample DB Scheme

The funding level of our sample DB scheme increased to 106% as its assets increased more than its liabilities (calculated using an MFS proxy) over March.

Sample DC Schemes

Our three sample DC strategies were positive for the month with positive returns across the main asset classes.

All returns are in € terms	Mar' 24 %	3 Months %	YTD %	1 Year %	3 Years % pa	5 Years % pa	10 Years % pa
Equities							
FTSE World	3.5	11.1	11.1	25.9	11.7	13.1	12.3
FTSE World (€ Hedged)	3.3	9.5	9.5	25.0	9.0	12.2	10.5
FTSE Eurozone	4.5	10.1	10.1	17.8	9.4	10.0	10.6
FTSE World ex Eurozone	3.4	11.1	11.1	26.7	11.9	13.5	12.9
FTSE North America	3.3	12.6	12.6	30.3	13.8	15.6	15.3
FTSE Emerging Markets	2.1	4.8	4.8	9.1	-0.6	4.0	6.4
Bonds							
Euro Sovereign AAA (15+ yr)	2.0	-2.9	-2.9	1.3	-12.1	-6.3	0.7
Euro Broad Sovereign (10+ yr)	1.9	-1.1	-1.1	5.0	-10.0	-3.4	1.7
Euro Inflation Linked	1.4	0.3	0.3	-0.2	-5.1	-1.5	0.2
Euro Corporate (5+ yr)	1.8	0.3	0.3	8.6	-4.2	-1.1	1.5
Other							
Commodities	4.7	10.4	10.4	11.1	18.1	7.8	-2.9
Fund of Hedge Funds	0.0	2.1	2.1	6.4	4.8	5.8	3.9
€/£	-0.1	-2.3	-2.3	-0.5	-2.8	-0.8	-2.4
€/£	-0.1	-1.4	-1.4	-2.7	0.1	-0.1	0.3

Bond Index Yields	Feb' 24 %	Mar' 24 %	Change %
iBoxx Euro Sovereign AAA (15+ yr)	2.60	2.50	-0.10
iBoxx Euro Broad Sovereign (10+ yr)	3.28	3.17	-0.11
iBoxx Euro Corporates (5+ yr)	3.81	3.60	-0.21

	Cost of a €10k Pension	Change in annuity prices						
		Mar-24 %	3 months %	YTD %	1 year %	3 year %	5 year %	10 Year %
Annuity cost - 65 year old; no increases	€185k	1.4%	-1.3%	-1.3%	2.3%	-27.3%	-20.9%	-6.2%
Annuity cost - 65 year old; 2% increases	€235k	1.6%	-1.4%	-1.4%	2.6%	-30.4%	-23.4%	-6.9%
Annuity cost - 65 year old; CPI max 4%	€263k	1.6%	-1.5%	-1.5%	2.7%	-29.3%	-24.2%	-7.1%

Sample Pension Schemes	Mar-24 %	3 Months %	Year to Date %	1 Year %	3 Years % pa	5 Years % pa
DB Schemes						
Assets	2.6	4.1	4.1	12.7	0.3	3.7
Liabilities	1.0	0.4	0.4	5.3	-0.1	2.1
Change in Funding Level	1.6	3.7	3.7	7.0	0.3	1.6
DC Schemes						
High Risk Strategy	2.9	7.3	7.3	16.4	6.5	8.0
Medium Risk Strategy	2.6	4.4	4.4	12.4	1.2	4.1
Pension Purchase Strategy	1.6	-1.9	-1.9	1.6	-8.9	-4.6

Background

Global equity markets boasted its strongest first quarter in the last 5 years, increasing by 9.5% (in local currency terms). Non-hedged investors experienced gains north of 10% over the quarter with dollar strengthening against the euro.

The surge in stock prices has been predominantly driven by technology stocks, with the Artificial Intelligence boom continuing. European bond yields rose over the quarter as hopes for earlier ECB rate cuts dwindled.

Equity Performance

January: 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.

February: Global equity markets rose by 4.6% (in local currency terms) in February. Artificial Intelligence enthusiasm continued, as US indices rallied in response to strong earnings posted from technology stocks, namely chipmaker Nvidia, which boosted investor sentiment globally. Japan's benchmark stock index, the Nikkei 225, surged, setting a new all-time record exceeding its previous peak from 1989.

The Euro weakened slightly against the dollar and strengthened against other currencies over the month, translating in a gain of 4.6% for non-hedged investors in Euro terms.

March: Global equity markets rose by 3.3% (in local currency terms) in March, representing the strongest first quarter for equity markets over the last 5 years. The surge in stock prices has been predominantly driven by technology stocks, with the Artificial Intelligence boom continuing.

Bond Performance

January: 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.

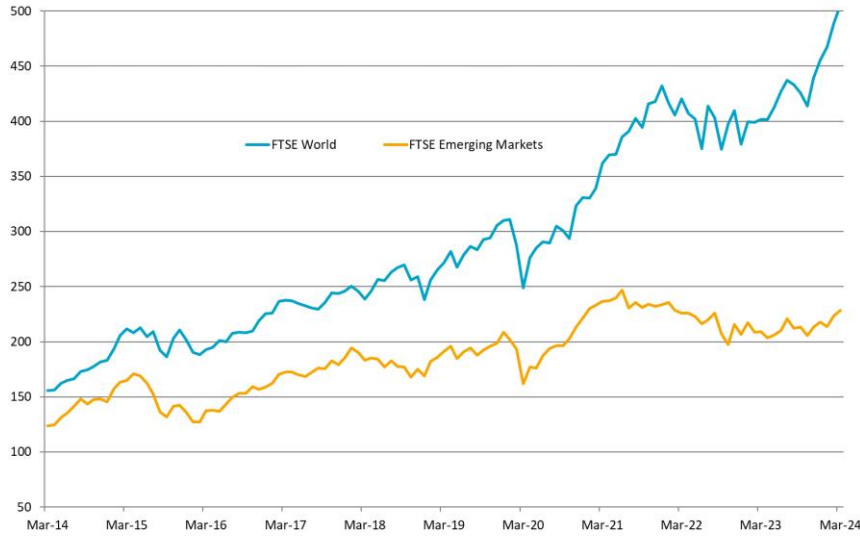
February: Yields rose across the board in February. Eurozone inflation fell to 2.6% in February however the ECB remain hesitant to cut interest rates due to pressure around wage growth - noting it is still too quick to start unwinding policy. Investors are coming around to this message, as expectations for large cuts in 2024 have receded.

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 2.6% by month-end. Prices decreased by 1.4% on the Euro Broad Sovereign 10+ Year Index, with its yield increasing to 3.3% by month-end.

March: Fixed income bond yields fell over March with volatility remaining amid uncertainty about the path of interest rates. At its March meeting, the ECB indicated the possibility of a June rate cut, with the condition of further progress being made towards its 2% inflation target.

Long-dated core Eurozone bond prices rose by 2.0% over the month, with the yield on the AAA Eurozone 15+ Year Index falling to 2.5%. by month-end. Prices increased by 1.9% on the Euro Broad Sovereign 10+ Year Index, with its yield declining to 3.2% by the end of March.

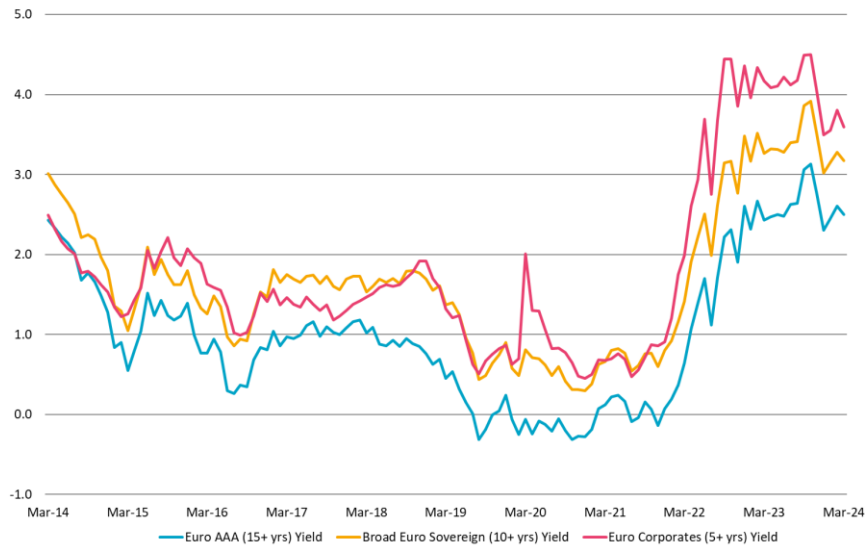
Equity Market Performance



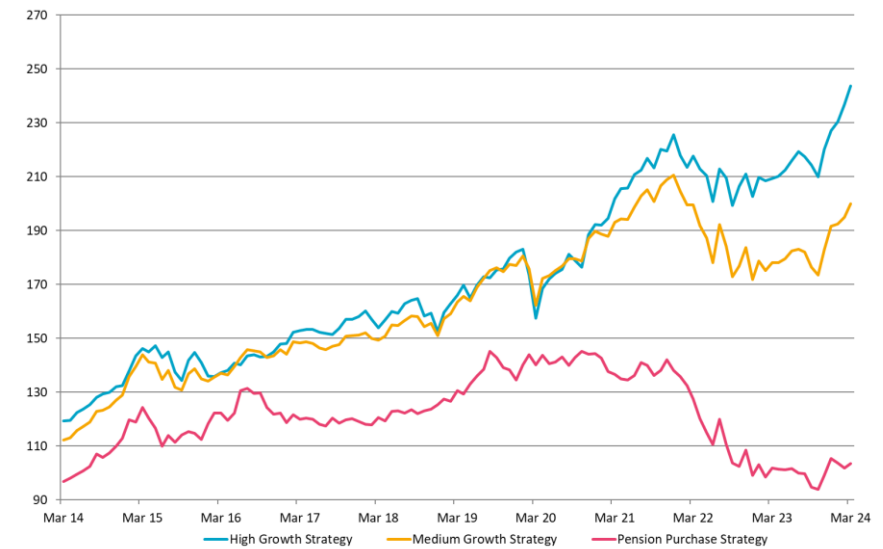
Sample DB Funding Level Progression (MFS Proxy Basis)



Historical Bond Yields



Sample DC Scheme Performance






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