

Equities

Global equity markets rose by 8.0% (in local currency terms) in November, with stocks returning their best month in three years. This was largely due to promising inflation data and a consensus that central banks have ended their run of interest rate hikes, with the narrative now shifting to the timing of cuts. A resilient US economy seeking to pull off a soft landing, has also contributed significantly.

China showed improved retail and industrial indicators; but their property market remained fragile. The Euro strengthened against the dollar over the month, which has a negative effect for non-hedged investors. This resulted in a 6.1% gain in Euro terms for investors.

Bonds

The ECB have signalled they will keep interest rates elevated for “long enough” to bring inflation down to their 2% target, according to President Christine Lagarde. Financial markets are pricing in a high probability that rates in the European region will begin to fall in the first half of 2024. This reflects the general view that inflation is lower than previously expected, and cuts will be required to stimulate the Eurozone economy which remains relatively weak.

Long-dated core Eurozone bond prices rose by 7.0% over the month, with the yield on the AAA Eurozone 15+ Year Index falling to 2.8% by month-end. Prices increased by 6.4% on the Euro Broad Sovereign 10+ Year Index, with its yield falling to 3.5% by month-end.

Annuity Prices

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

Sample DB Scheme

The funding level of our sample DB scheme increased to 99% as its assets increased by a greater margin than its liabilities (calculated using an MFS proxy) over November.

Sample DC Schemes

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

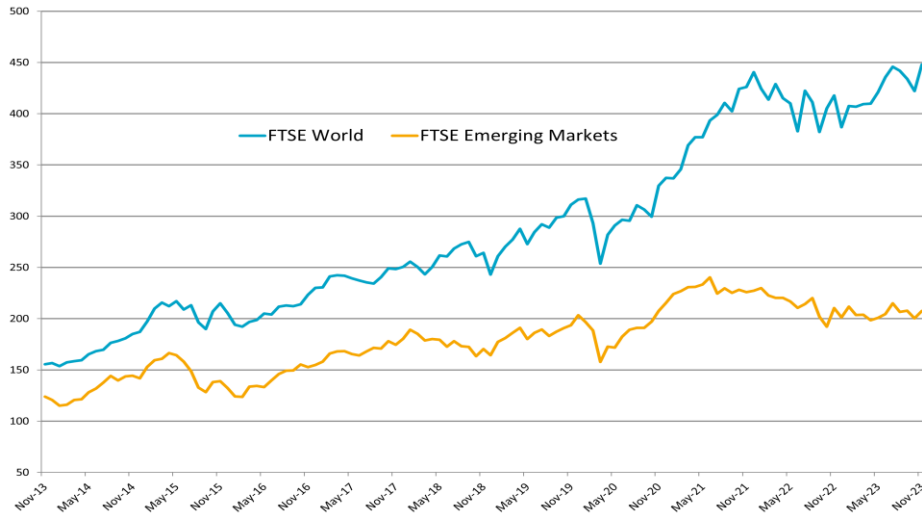
All returns are in € terms	Nov' 23 %	3 Months %	YTD %	1 Year %	3 Years % pa	5 Years % pa	10 Years % pa
Equities							
FTSE World	6.1	1.4	15.7	7.2	10.6	11.1	11.0
FTSE World (€ Hedged)	8.0	1.6	17.4	12.0	7.8	10.2	9.4
FTSE Eurozone	8.1	1.5	16.2	12.2	8.7	8.3	9.2
FTSE World ex Eurozone	5.9	1.4	15.7	6.7	10.8	11.3	11.5
FTSE North America	6.0	1.4	18.2	7.5	12.3	13.2	13.9
FTSE Emerging Markets	3.6	0.4	3.0	-1.4	0.6	4.3	5.4
Bonds							
Euro Sovereign AAA (15+ yr)	7.0	-1.2	-0.4	-11.8	-15.7	-5.9	0.6
Euro Broad Sovereign (10+ yr)	6.4	-0.4	2.9	-7.0	-13.3	-3.3	1.7
Euro Inflation Linked	2.4	-1.5	0.8	-5.7	-5.6	-1.5	0.3
Euro Corporate (5+ yr)	3.7	2.2	6.4	3.2	-6.0	-0.9	1.3
Other							
Commodities	-3.6	-3.9	-1.0	-2.4	22.9	7.7	-3.1
Fund of Hedge Funds	0.0	0.2	3.6	3.7	5.5	5.4	3.8
€/\$	3.0	0.5	1.7	5.6	-3.1	-0.8	-2.2
€/£	-0.9	0.8	-2.5	-0.1	-1.2	-0.6	0.4

Bond Index Yields	Oct' 23 %	Nov' 23 %	Change %
iBoxx Euro Sovereign AAA (15+ yr)	3.14	2.75	-0.39
iBoxx Euro Broad Sovereign (10+ yr)	3.93	3.50	-0.43
iBoxx Euro Corporates (5+ yr)	4.54	4.03	-0.51

	Cost of a €10k Pension	Change in annuity prices						
		Nov-23 %	3 months %	YTD %	1 year %	3 year % pa	5 year % pa	10 Year % pa
Annuity cost - 65 year old; no increases	€178k	5.2%	-0.4%	-3.0%	-8.2%	-13.1%	-4.7%	-0.8%
Annuity cost - 65 year old; 2% increases	€224k	5.9%	-0.5%	-3.4%	-9.3%	-14.7%	-5.4%	-1.0%
Annuity cost - 65 year old; CPI max 4%	€250k	6.2%	-0.5%	-3.5%	-9.7%	-14.4%	-5.6%	-1.0%

Sample Pension Schemes	Nov-23 %	3 Months %	Year to Date %	1 Year %	3 Years % pa	5 Years % pa
DB Schemes						
Assets	5.9	0.3	2.2	-1.5	-1.9	2.9
Liabilities	2.3	0.9	2.4	1.0	-1.6	2.3
Change in Funding Level	3.6	-0.6	-0.2	-2.5	-0.3	0.6
DC Schemes						
High Risk Strategy	4.8	1.2	5.0	4.3	5.3	6.7
Medium Risk Strategy	5.4	0.5	2.3	-0.4	-0.7	3.3
Pension Purchase Strategy	5.3	-0.8	-4.0	-8.7	-11.8	-4.4

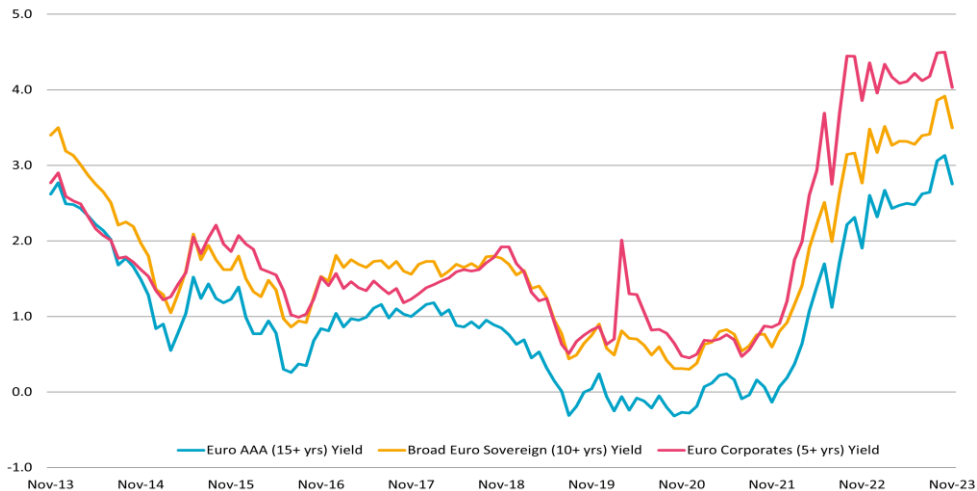
Equity Market Performance



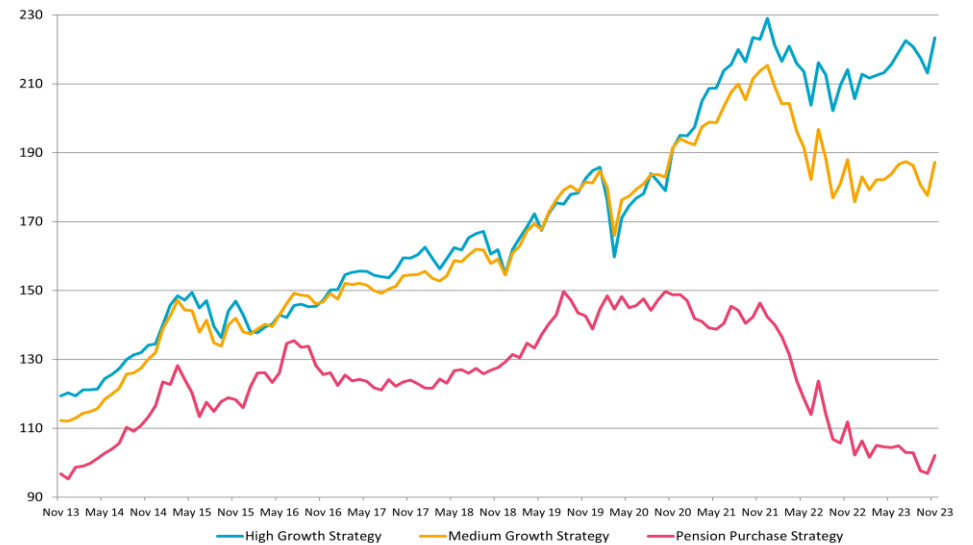
Sample DB Funding Level Progression (MFS Proxy Basis)



Historical Bond Yields



Sample DC Scheme Performance





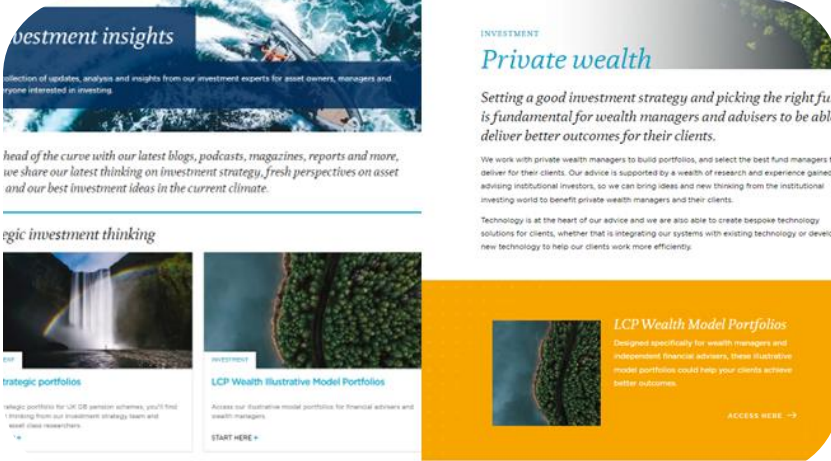
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