

Equities

Global equity markets rose by 1.7% (in local currency terms) in August, while Eurozone markets rose by 1.5% over the month.

In August, US equities showed mixed performance but remained resilient despite increased market volatility. This was driven by weaker-than-expected job growth data and an unexpected rate hike by the Bank of Japan, which led to an unwinding of the Yen carry trade (a strategy where investors borrow Japanese yen at a low interest rate and use it to purchase assets in other countries).

Eurozone equities saw modest gains over the month. The Purchasing Managers' Index (PMI) increased from 50.2 to 51.2 in August, indicating a rise in eurozone business activity. This boost was likely influenced by heightened services activity in France due to the Olympics.

Bonds

Eurozone annual rate of headline inflation fell to 2.2% in August following an increase the prior month. The ECB meet again in September, with the general expectation amongst economists and investors that a rate cut is likely to occur.

Bond yields remained broadly the same in August with long-dated core Eurozone bond prices rising by circa 0.2% over the month with the yield on the AAA Eurozone 15+ Year Index finishing the month at 2.6% p.a. Prices rose 0.2% on the Euro Broad Sovereign 10+ Year Index, with its yield finishing at 3.3% by the end of August.

Annuity Prices

Annuity prices increased slightly over August. All annuity rates are 5-year guarantee and single life.

Sample DB Scheme

The funding level of our sample DB scheme remained around 106%, falling slightly as its liabilities increase slightly more than its assets (calculated using a Funding Standard proxy) over August.

Sample DC Schemes

Our High Risk, Medium Risk and Pension Purchase DC strategies posted positive returns over the month.

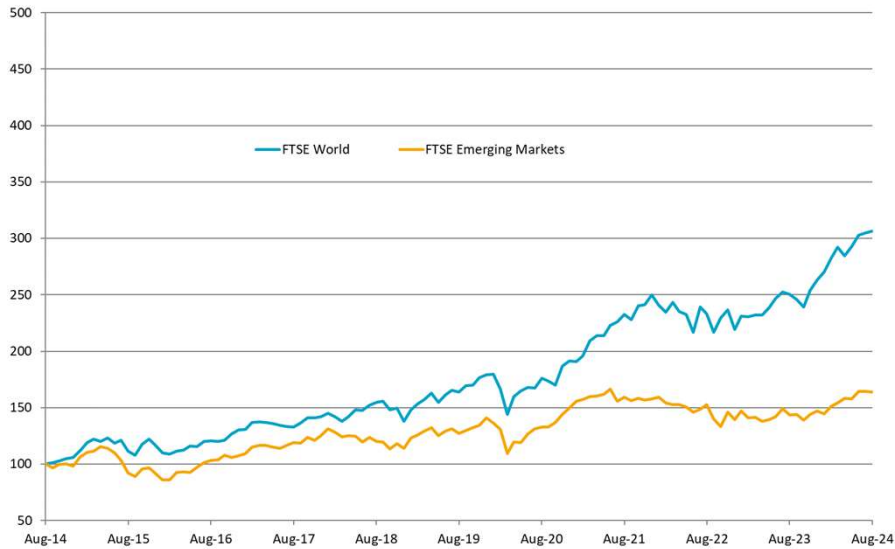
All returns are in € terms							
	Aug' 24	3 Months	YTD	1 Year	3 Years	5 Years	10 Years
	%	%	%	%	% pa	% pa	% pa
Equities							
FTSE World	0.4	4.7	16.3	22.3	9.4	13.3	11.7
FTSE World (€ Hedged)	1.7	5.6	16.8	23.4	7.7	13.1	10.4
FTSE Eurozone	1.5	-0.4	11.2	16.4	6.2	9.5	10.7
FTSE World ex Eurozone	0.3	5.2	16.8	22.8	9.7	13.7	12.1
FTSE North America	0.3	5.5	18.8	24.6	10.9	15.5	14.4
FTSE Emerging Markets	-0.3	3.9	11.1	14.2	1.0	5.6	5.2
Bonds							
Euro Sovereign AAA (15+ yr)	0.2	5.5	-2.9	4.1	-13.0	-8.9	-0.6
Euro Broad Sovereign (10+ yr)	0.2	3.8	-0.8	6.1	-10.3	-6.4	0.5
Euro Inflation Linked	-0.6	0.0	-2.2	-1.0	-6.2	-3.0	-0.5
Euro Corporate (5+ yr)	0.1	3.2	2.0	8.6	-4.2	-2.1	1.0
Other							
Commodities	-1.7	-3.8	5.3	-2.1	11.0	8.4	-3.0
Fund of Hedge Funds	0.0	1.3	7.6	9.6	5.2	6.1	4.3
€/\$	2.2	1.8	0.1	1.9	-2.2	0.1	-1.7
€/£	-0.1	-1.2	-2.9	-1.7	-0.7	-1.4	0.6

Bond Index Yields		Jul' 24	Aug' 24	Change
		%	%	%
iBoxx Euro Sovereign AAA (15+ yr)		2.56	2.57	+0.01
iBoxx Euro Broad Sovereign (10+ yr)		3.24	3.25	+0.01
iBoxx Euro Corporates (5+ yr)		3.57	3.59	+0.02

	Cost of a €10k Pension	Change in annuity prices						
		Aug-24	3 months	YTD	1 year	3 year	5 year	10 Year
		%	%	%	%	%	%	%
Annuity cost - 65 year old; no increases	€186k	0.2%	4.0%	-1.2%	4.0%	-29.2%	-30.2%	-14.5%
Annuity cost - 65 year old; 2% increases	€236k	0.3%	4.6%	-1.3%	4.6%	-32.5%	-33.5%	-16.3%
Annuity cost - 65 year old; CPI max 4%	€263k	0.3%	4.8%	-1.3%	4.8%	-31.5%	-32.5%	-16.8%

Sample Pension Schemes		Aug-24	3 Months	Year to Date	1 Year	3 Years	5 Years
		%	%	%	%	% pa	% pa
DB Schemes							
Assets		0.3	4.6	6.7	12.7	-1.0	2.6
Liabilities		0.5	2.7	2.4	6.2	-0.4	0.9
Change in Funding Level		-0.1	1.8	4.1	6.1	-0.7	1.7
DC Schemes							
High Risk Strategy		0.5	3.5	11.1	15.9	5.2	7.9
Medium Risk Strategy		0.4	4.1	7.1	12.7	0.0	3.2
Pension Purchase Strategy		0.2	4.3	-1.5	4.0	-9.5	-6.5

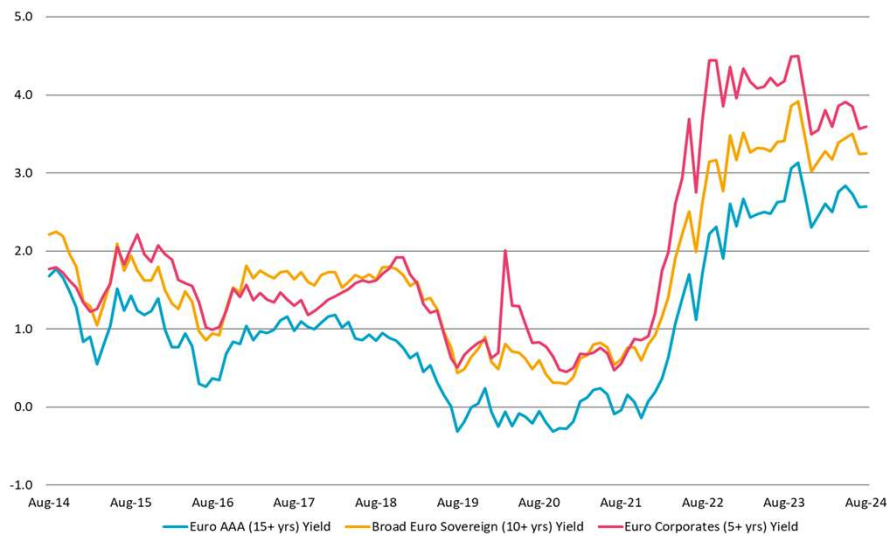
Equity Market Performance



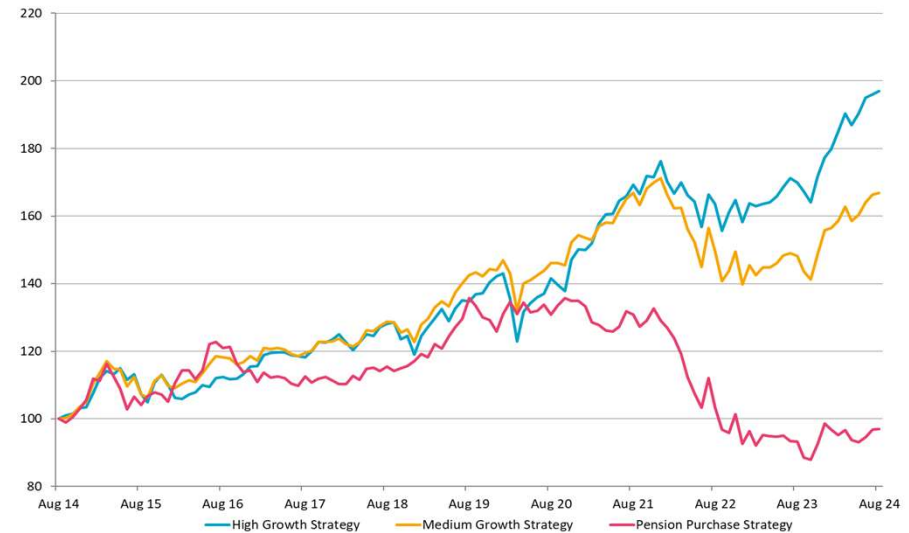
Sample DB Funding Level Progression (MFS Proxy Basis)



Historical Bond Yields



Sample DC Scheme Performance

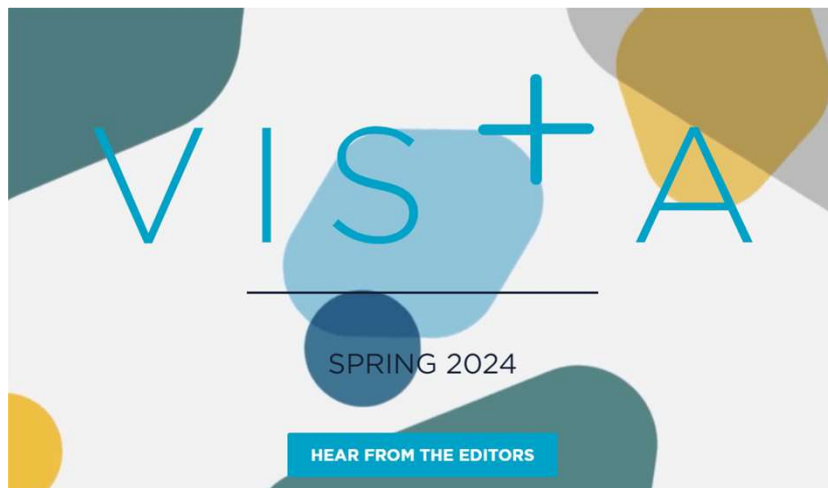




LCP Ireland Master Trust Survey 2024



LCP Investment Uncut Podcast



LCP Vista



LCP RI Survey

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