The LCP Monthly Brief

July 2026 Investment Update

LCP powering possibility

Equities

Global equities fell by -0.3% (in local currency terms) in July, with Eurozone markets falling by -0.1% and North America falling by -0.6% (in EUR terms). The U.S. dollar weakened against the Euro over the month.

Following a strong first half of the year, global equities experienced heightened volatility in July, driven by renewed geopolitical tensions and growing scrutiny of the sustainability of profits across the AI investment cycle. Technology stocks came under pressure as investors reassessed elevated valuations and the returns expected from continued AI-related capital expenditure. Semiconductor companies were among the weakest performers, while forced deleveraging by some hedge funds amplified the sell-off. However, resilient corporate earnings and relative strength in selected mega-cap companies, as well as the financials and energy sectors, helped limit the overall decline.

Bonds

Fixed income markets remained volatile in July, with government bond yields rising across most developed markets. Middle East tensions and higher energy prices led investors to reassess the outlook for inflation and monetary policy. Although the major developed market central banks left policy rates unchanged, a broadly hawkish tone reinforced expectations that interest rates will remain elevated for longer, with markets continuing to price in further rate increases over the next 12 months.

Eurozone bonds came under pressure as returns for core Euro government bonds fell -4.1%, broad Euro government bonds were down -3.5%, and Euro corporate bonds declined by -1.7%.

Annuity Prices

Annuity prices fell in July, reflecting declining bond prices.

Sample DB Scheme

The sample DB scheme's funding level fell to c.111% during the month, reflecting a decline in asset values (calculated using a Funding Standard proxy).

Sample DC Schemes

Our High Risk, Medium Risk and Pension Purchase DC strategies all experienced negative returns over the month.

All returns are in € terms	Jul' 26 %	3 Months %	YTD %	1 Year %	3 Years % pa	5 Years % pa	10 Years % pa
Equities							
FTSE World	-0.8	6.8	15.0	23.5	17.9	12.8	13.0
FTSE World (€ Hedged)	-0.3	5.0	12.0	22.9	19.0	12.3	13.3
FTSE Eurozone	-0.1	8.3	12.5	22.3	16.5	11.4	10.8
FTSE World ex Eurozone	-0.8	6.7	15.3	23.7	18.1	12.9	13.3
FTSE North America	-0.6	6.3	12.3	18.8	17.8	13.1	14.6
FTSE Emerging Markets	0.1	4.5	12.2	20.9	14.1	7.7	8.3
Bonds							
Euro Sovereign AAA (15+ yr)	-4.1	-1.7	-1.5	-5.1	-2.9	-10.6	-4.5
Euro Broad Sovereign (10+ yr)	-3.5	-1.1	-1.3	-2.1	0.6	-7.3	-2.2
Euro Inflation Linked	-1.1	-2.6	0.1	-0.8	-0.6	-3.9	-1.1
Euro Corporate (5+ yr)	-1.7	0.2	0.1	0.5	4.4	-1.8	0.5
Other							
Commodities	12.6	-6.3	39.7	41.6	15.2	15.7	9.8
Fund of Hedge Funds*	1.2	4.7	7.5	12.8	10.3	7.1	6.4
Euro Cash Fund	0.2	0.5	1.2	2.0	2.8	1.9	0.6
€/$	1.0	-1.7	-1.8	0.9	1.6	-0.6	0.3
€/£	-0.7	-1.0	-2.0	-1.0	0.0	0.0	0.1

Bond Index Yields	Jun' 26 %	Jul' 26 %	Change %
iBoxx Euro Sovereign AAA (15+ yr)	3.39	3.65	0.26
iBoxx Euro Broad Sovereign (10+ yr)	3.81	4.10	0.29
iBoxx Euro Corporates (5+ yr)	3.79	4.10	0.31

Annuity cost – 65 year old	Cost of a €10k Pension	Change in annuity prices						
		Jul-26 %	3 months %	YTD %	1 year %	3 year %	5 year %	10 Year %
No increases	€168k	-3.0%	-1.7%	-2.0%	-6.2%	-6.3%	-35.9%	-33.3%
2% increases	€210k	-3.4%	-2.0%	-2.3%	-7.0%	-7.1%	-39.7%	-37.1%
CPI max 4%	€233k	-3.5%	-2.0%	-2.4%	-7.2%	-7.4%	-39.0%	-38.2%

Sample Pension Schemes	Jul-26 %	3 Months %	Year to Date %	1 Year %	3 Years % pa	5 Years % pa
DB Schemes						
Assets	-2.1	2.5	6.8	9.2	7.6	1.7
Liabilities	-0.6	0.9	2.6	3.9	4.4	1.1
Change in Funding Level	-1.5	1.7	4.0	5.1	3.1	0.7
DC Schemes						
High Risk Strategy	-0.7	4.1	10.9	17.5	13.0	8.3
Medium Risk Strategy	-1.7	2.6	7.2	10.4	8.3	2.8
Pension Purchase Strategy	-3.1	-1.1	-0.8	-3.3	-1.5	-7.5

Sources: LCP, Bloomberg, Reuters, MarketWatch, FT, Markit, Irish Life and iBoxx

* Fund performance is 1-month in arrears

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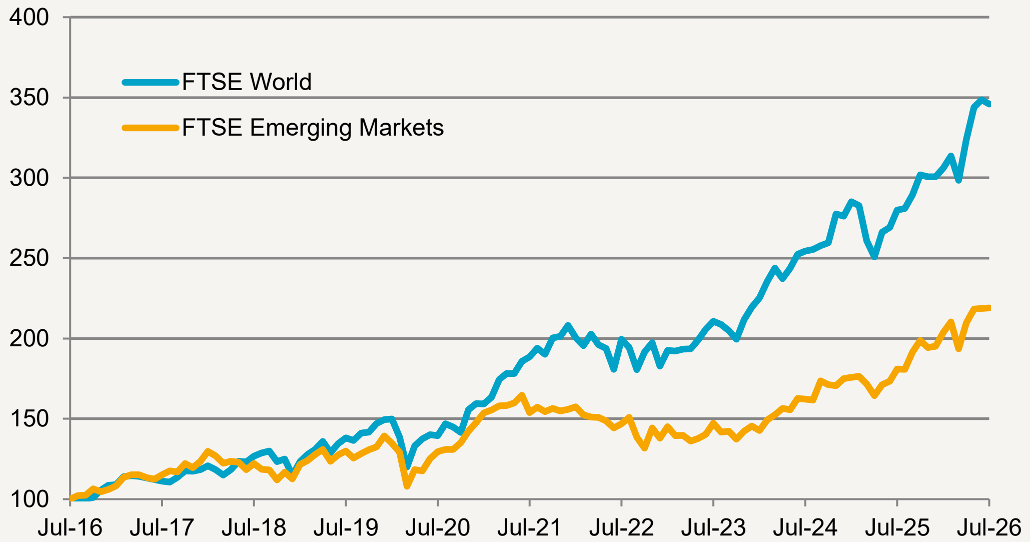
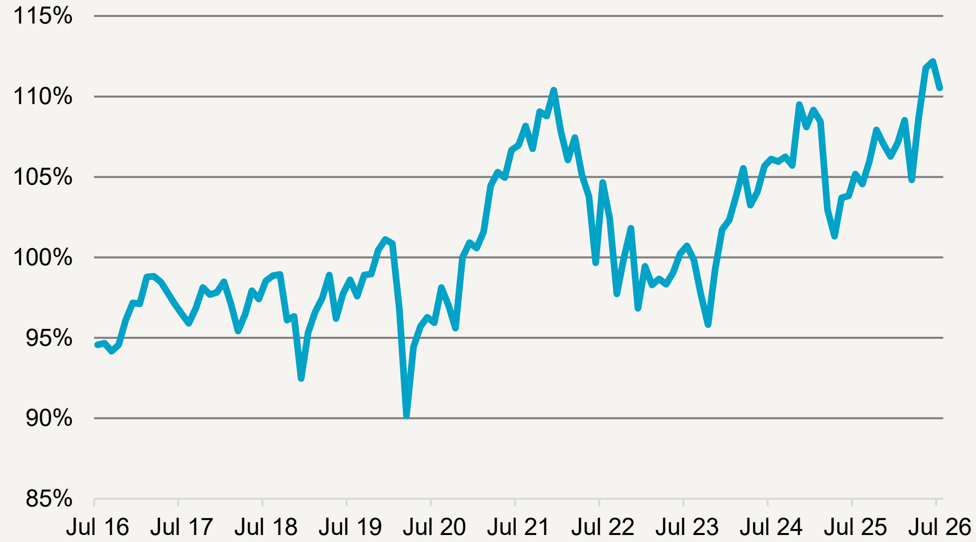
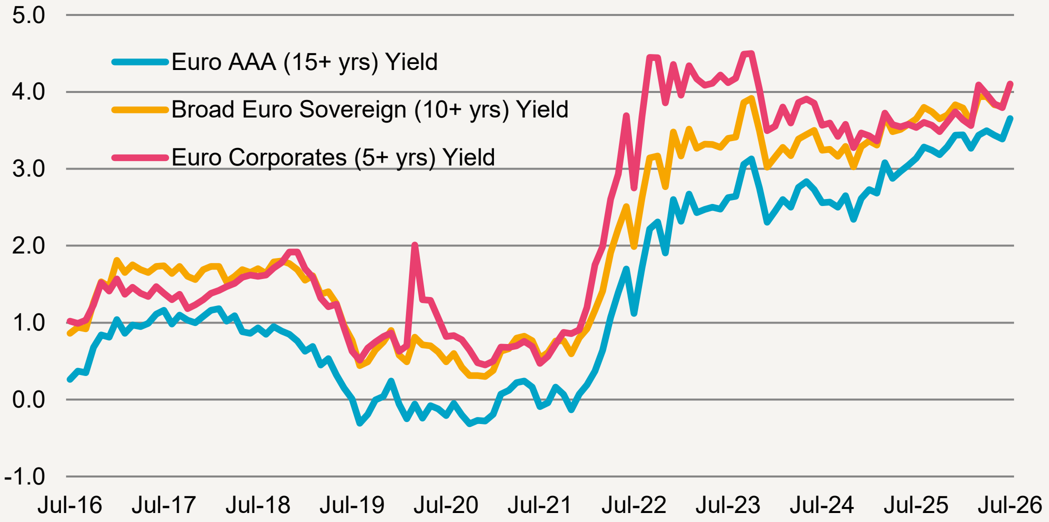
Equity Market Performance



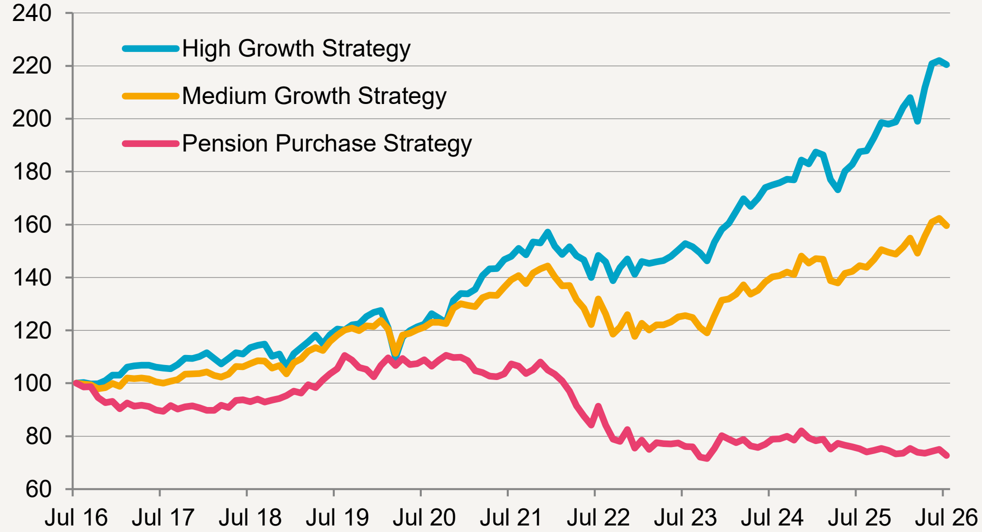
Sample DB Funding Level Progression (MFS Proxy Basis)



Historical Bond Yields



Sample DC Scheme Performance



Sources: LCP, Bloomberg, Reuters, MarketWatch, FT, Markit, Irish Life and iBoxx

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