

The LCP Monthly Brief – April 2025

Investment Update

Equities

Global equities fell by 0.3% (in local currency terms) in April, with Eurozone markets rising by 0.4% and North America falling by 5.2% over the month.

European markets showed resilience relative to global peers in April, supported by steady GDP growth and low inflation, despite heightened geopolitical tensions and external headwinds. However, economic recovery slowed, with subdued growth and declining business confidence, as improvements in German manufacturing were offset by a services downturn, particularly in France.

In contrast, U.S. equities fell sharply due to renewed trade tensions and the Trump administrations 10% tariff on imports, sparking fears of economic contraction and policy uncertainty. Despite rate cut expectations, the Fed held steady, citing tariff-driven inflation risks. The dollar weakened notably, further souring investor sentiment as markets became increasingly concerned about long-term growth and inflation prospects.

Bonds

The ECB cut interest rates by a further 0.25% this month to 2.25%, with President Lagarde warning of increased downside risks to economic growth, fuelling expectations of further future cuts. In the U.S., government bond yields rose as investors priced in geopolitical risks and inflation pressures from tariffs.

Euro bond prices rose over April with long-dated core Eurozone bonds up by circa 3.9% over the month with the yield on the AAA Eurozone 15+ Year Index finishing the month down at 2.9% p.a. Prices rose by 3.1% on the Euro Broad Sovereign 10+ Year Index, with its yield finishing the month down at 3.5% p.a..

Annuity Prices

Annuity prices experienced an increase in April as bond prices rose. All annuity rates are 5-year guarantee and single life.

Sample DB Scheme

The funding level of our sample DB scheme fell to 101% in April, with assets falling and liabilities rising (calculated using a Funding Standard proxy).

Sample DC Schemes

The High Risk and Medium Risk DC strategies posted negative returns over the month, while the Pension Purchase DC strategy experienced an increase.

All returns are in € terms							
	Apr' 25	3 Months	YTD	1 Year	3 Years	5 Years	10 Years
	%	%	%	%	% pa	% pa	% pa
Equities							
FTSE World	-3.9	-12.0	-9.2	5.7	8.5	13.4	9.4
FTSE World (€ Hedged)	-0.3	-5.2	-2.2	10.6	10.9	13.9	9.7
FTSE Eurozone	0.4	0.9	8.3	10.5	12.1	14.2	6.9
FTSE World ex Eurozone	-4.3	-13.1	-10.6	5.2	8.2	13.3	9.7
FTSE North America	-5.2	-15.2	-12.9	6.2	9.4	14.7	11.9
FTSE Emerging Markets	-4.1	-6.4	-6.0	5.2	2.9	7.2	3.9
Bonds							
Euro Sovereign AAA (15+ yr)	3.9	-1.9	-3.7	0.5	-8.1	-9.4	-2.5
Euro Broad Sovereign (10+ yr)	3.1	-0.9	-1.6	2.3	-4.3	-5.8	-0.9
Euro Inflation Linked	0.7	-0.4	0.4	-0.4	-5.5	-1.7	-1.0
Euro Corporate (5+ yr)	1.4	0.0	0.5	6.1	1.5	-0.5	0.9
Other							
Commodities	-8.4	-7.0	-4.0	-6.0	-3.3	21.1	0.6
Fund of Hedge Funds	-0.3	2.1	2.0	6.5	5.5	8.7	4.4
€/£	5.0	9.6	9.7	6.3	2.5	0.8	0.1
€/€	1.6	1.8	2.9	-0.3	0.5	-0.4	1.5

Bond Index Yields		Mar' 25	Apr' 25	Change
		%	%	%
iBoxx Euro Sovereign AAA (15+ yr)		3.08	2.88	-0.20
iBoxx Euro Broad Sovereign (10+ yr)		3.69	3.48	-0.20
iBoxx Euro Corporates (5+ yr)		3.72	3.58	-0.15

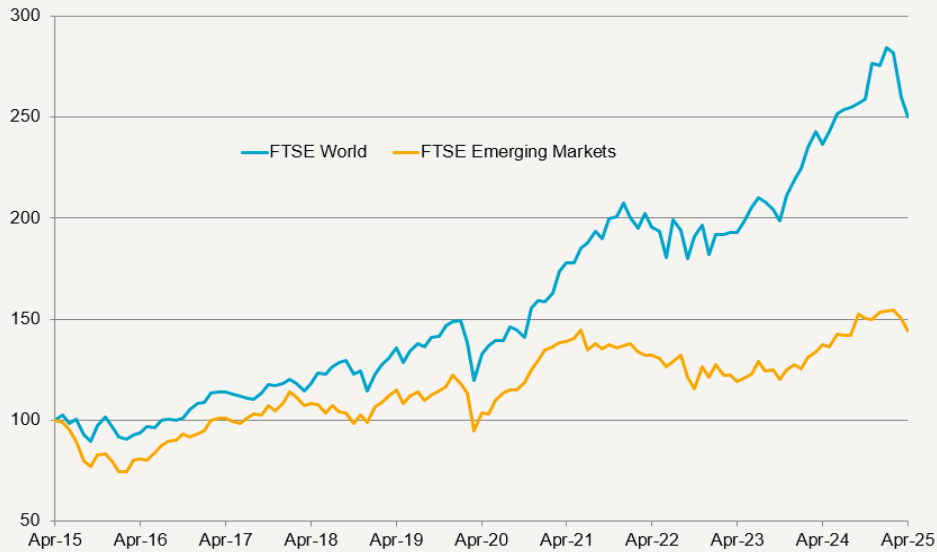
	Cost of a €10k Pension	Change in annuity prices						
		Apr-25	3 months	YTD	1 year	3 year	5 year	10 Year
		%	%	%	%	%	%	%
Annuity cost - 65 year old; no increases	€180k	1.0%	0.2%	-2.0%	0.3%	-17.2%	-28.5%	-22.6%
Annuity cost - 65 year old; 2% increases	€228k	1.2%	0.3%	-2.3%	0.4%	-19.3%	-31.7%	-25.1%
Annuity cost - 65 year old; CPI max 4%	€254k	1.2%	0.3%	-2.3%	0.4%	-19.9%	-30.7%	-25.9%

Sample Pension Schemes		Apr-25	3 Months	Year to Date	1 Year	3 Years	5 Years
		%	%	%	%	% pa	% pa
DB Schemes							
Assets		-0.2	-6.5	-5.7	3.3	0.9	2.4
Liabilities		1.4	0.7	0.7	5.2	2.1	1.0
Change in Funding Level		-1.6	-7.2	-6.3	-1.9	-1.2	1.4
DC Schemes							
High Risk Strategy		-2.2	-7.6	-5.4	3.8	5.3	8.1
Medium Risk Strategy		-0.5	-6.2	-5.1	3.2	1.6	3.1
Pension Purchase Strategy		3.0	-1.3	-2.5	1.3	-5.5	-6.7

The LCP Monthly Brief – April 2025

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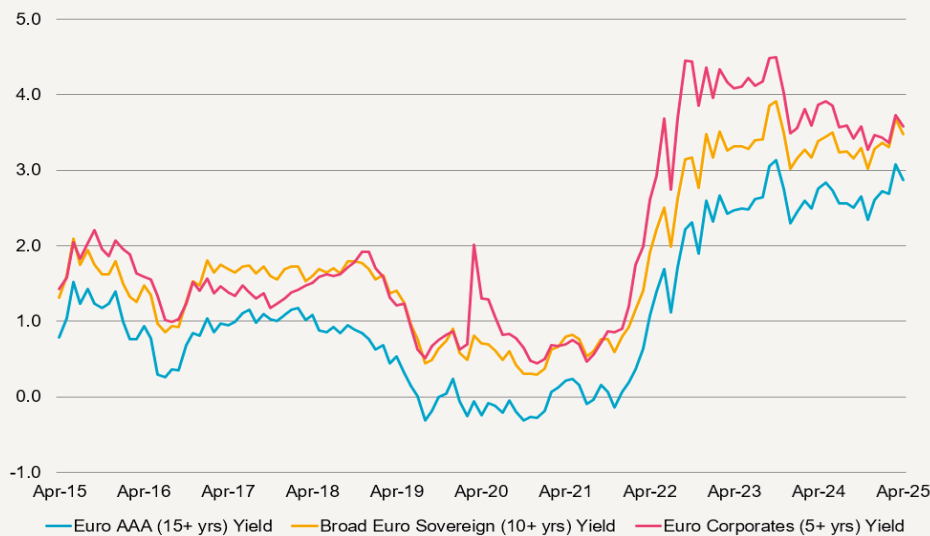
Equity Market Performance



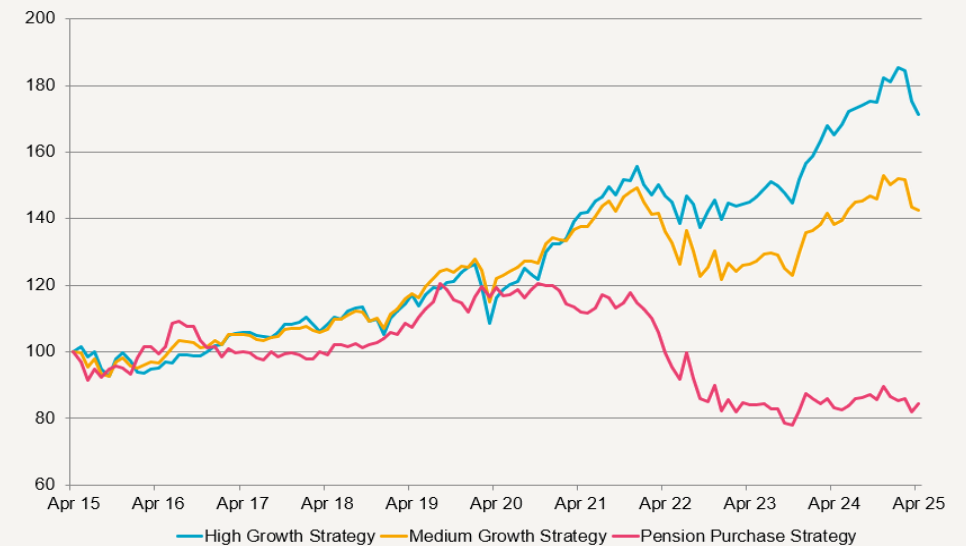
Sample DB Funding Level Progression (MFS Proxy Basis)



Historical Bond Yields



Sample DC Scheme Performance



The LCP Monthly Brief – April 2025

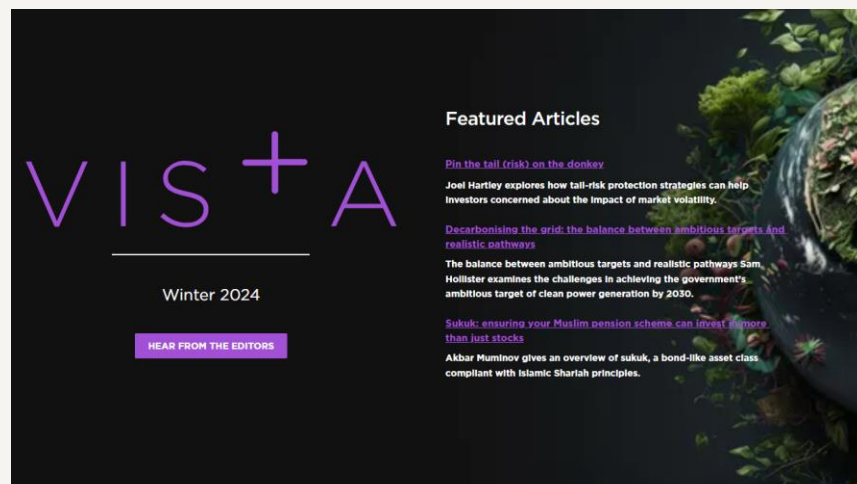
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