The LCP Monthly Brief

August 2026 Investment Update

Equities

Global equities have risen by 2.4% (in local currency terms) in August, with Eurozone markets rising by 1.0% and North America rising by 1.9% (in EUR terms). The U.S. dollar weakened against the Euro over the month.

Global equities rebounded in August, supported by resilient economic activity and robust corporate earnings, despite continued geopolitical uncertainty. Technology stocks regained momentum following July's sharp sell-off, as the AI theme remained in focus as capital expenditure and corporate earnings surged. Nvidia delivered another strong earnings quarter, beating analyst expectations and rising by 10%. There were gains in growth and value stocks across both developed and emerging markets.

The advance in equities was accompanied by widespread strength across commodity markets, with gold rising by 10%. The US Treasury's decision to actively buy back government bonds renewed concerns around inflation and the long-term value of the US dollar.

Bonds

Fixed income markets remained volatile in August, with government bond yields rising across most developed markets amid shifting expectations for central bank policy and fluctuations in energy prices. Markets continued to price in the possibility of an ECB rate hike in September, as recent comments from policymakers signalled a more hawkish policy stance.

Eurozone bonds continued to decline over the month as returns for core Euro government bonds fell -1.6%, broad Euro government bonds were down -1.5%, and Euro corporate bonds declined by -0.5%.

Annuity Prices

Annuity prices fell in August, reflecting declining bond prices.

Sample DB Scheme

The sample DB scheme's funding level remained at c.111% during the month, with a small increase in assets (calculated using a Funding Standard proxy).

Sample DC Schemes

Our High Risk and Medium Risk strategies experienced positive performance over the month while the Pension Purchase DC strategy experienced negative returns over the month.

All returns are in € terms	Aug' 26 %	3 Months %	YTD %	1 Year %	3 Years % pa	5 Years % pa	10 Years % pa
Equities							
FTSE World	1.9	2.5	17.3	25.5	19.1	12.6	13.2
FTSE World (€ Hedged)	2.4	2.0	14.7	23.4	20.8	12.2	13.5
FTSE Eurozone	1.0	4.9	13.6	22.9	18.1	11.1	10.8
FTSE World ex Eurozone	2.0	2.3	17.6	25.8	19.2	12.7	13.5
FTSE North America	1.9	2.5	14.4	21.3	18.6	12.8	14.8
FTSE Emerging Markets	1.8	2.2	14.2	23.4	16.3	7.3	8.2
Bonds							
Euro Sovereign AAA (15+ yr)	-1.6	-4.5	-3.1	-4.6	-3.4	-10.7	-4.5
Euro Broad Sovereign (10+ yr)	-1.5	-4.2	-2.7	-1.8	0.1	-7.4	-2.3
Euro Inflation Linked	-0.1	-2.3	-0.1	0.3	-0.5	-3.8	-1.1
Euro Corporate (5+ yr)	-0.5	-1.5	-0.4	0.1	4.2	-1.7	0.4
Other							
Commodities	6.1	7.6	48.1	50.6	17.2	17.6	10.2
Fund of Hedge Funds*	-0.4	1.5	7.1	11.8	9.7	7.0	6.2
Euro Cash Fund	0.2	0.6	1.4	2.0	2.8	1.9	0.6
€/$	0.8	-0.4	-1.0	-0.6	2.3	-0.3	0.4
€/£	0.3	-1.1	-1.7	-0.9	0.1	0.0	0.1

Bond Index Yields	Jul' 26 %	Aug' 26 %	Change %
iBoxx Euro Sovereign AAA (15+ yr)	3.65	3.77	0.12
iBoxx Euro Broad Sovereign (10+ yr)	4.10	4.23	0.13
iBoxx Euro Corporates (5+ yr)	4.10	4.24	0.14

			Change in annuity prices					
Annuity cost – 65 year old	Cost of a €10k Pension	Aug-26 %	3 months %	YTD %	1 year %	3 year %	5 year %	10 Year %
No increases	€165k	-1.4%	-3.7%	-3.4%	-6.7%	-7.3%	-37.0%	-34.2%
2% increases	€207k	-1.5%	-4.2%	-3.8%	-7.6%	-8.3%	-40.8%	-38.0%
CPI max 4%	€229k	-1.6%	-4.4%	-4.0%	-7.9%	-8.6%	-40.2%	-39.1%

Sample Pension Schemes	Aug-26 %	3 Months %	Year to Date %	1 Year %	3 Years % pa	5 Years % pa
DB Schemes						
Assets	0.4	-0.6	7.2	10.4	8.0	1.6
Liabilities	0.0	0.2	2.7	4.1	4.3	1.1
Change in Funding Level	0.4	-0.7	4.3	6.0	3.6	0.5
DC Schemes						
High Risk Strategy	1.9	1.7	12.7	19.3	13.9	8.2
Medium Risk Strategy	0.8	-0.1	7.9	11.7	8.8	2.7
Pension Purchase Strategy	-1.2	-3.2	-2.0	-3.0	-1.8	-7.6

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

* Fund performance is 1-month in arrears

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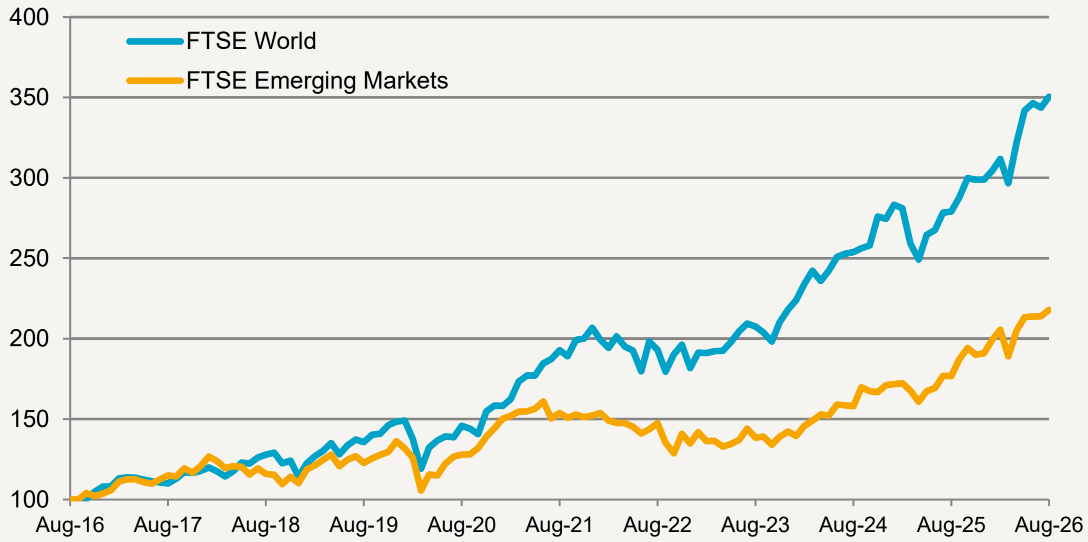
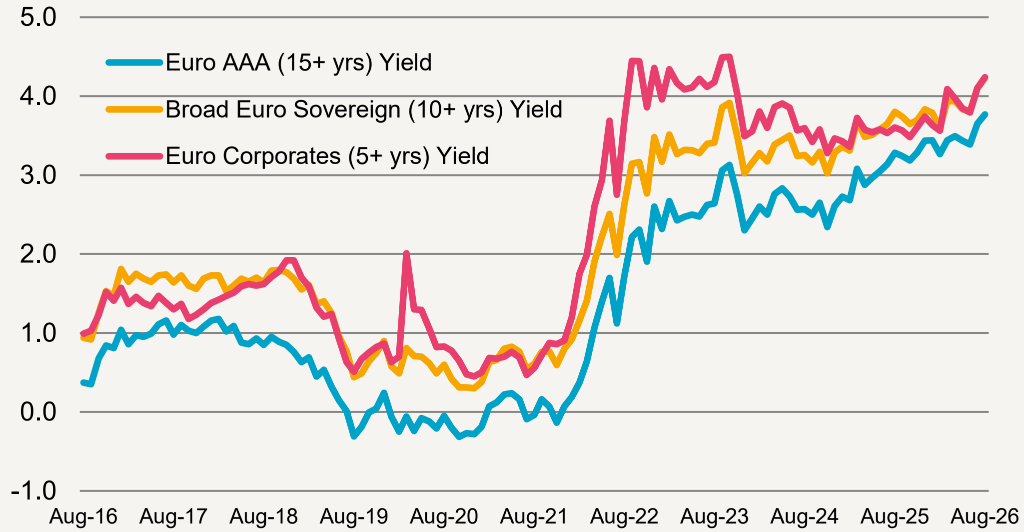
Equity Market Performance



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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