

The LCP Monthly Brief

February 2026 Investment Update

Equities

Global equities rose by 1.6% (in local currency terms) in February, with Eurozone markets rising by 3.5% and North America rising by 0.2% (in EUR terms). The U.S. dollar strengthened against the Euro over the month.

European equities posted strong gains in February supported by solid corporate earnings and signs of economic stabilisation. Cyclical sectors tied to the commodity/energy upswing were standout performers. Eurozone PMI hit a 44-month high in February rising to 50.8 up from 49.5 in January.

In contrast, US equity markets exhibited a more mixed performance, the big tech stocks lagged, while value and non-tech cyclicals advanced. Geopolitical tensions and uncertainty around U.S. trade policy, including the introduction of a 15% global tariff, contributed to increased volatility and weighed on risk assets.

Bonds

Eurozone inflation in January came in below target at 1.7% year on year. The European Central Bank expects headline inflation to remain below target for 2026 and 2027, At its February policy meeting, the ECB kept interest rates unchanged, in line with market expectations.

Global government bonds delivered strong returns in February as yields declined across major markets.

Core Euro Sovereign bond prices rose in February with the Euro AAA 15+ Year and Euro Broad 10+ Year Indices up 3.3% and 2.8% respectively.

Annuity Prices

Annuity prices rose in February, reflecting increasing bond prices.

Sample DB Scheme

The sample DB scheme's funding level rose to c.109% during the month, reflecting a rise in asset values (calculated using a Funding Standard proxy).

Sample DC Schemes

Our High Risk, Medium Risk & Pension Purchase DC strategies all posted positive returns.

All returns are in € terms	Feb' 26	3 Months	YTD	1 Year	3 Years	5 Years	10 Years
	%	%	%	%	% pa	% pa	% pa
Equities							
FTSE World	2.5	4.3	4.3	12.0	17.6	13.9	13.0
FTSE World (€ Hedged)	1.6	5.0	4.1	23.3	20.8	13.2	13.7
FTSE Eurozone	3.5	9.1	6.5	20.1	16.5	13.3	10.9
FTSE World ex Eurozone	2.4	3.9	4.1	11.2	17.7	13.9	13.3
FTSE North America	0.2	-1.0	0.1	5.3	17.5	14.4	14.4
FTSE Emerging Markets	3.3	8.2	7.8	16.9	14.5	6.7	9.7
Bonds							
Euro Sovereign AAA (15+ yr)	3.3	1.2	3.6	-6.4	-1.0	-9.0	-3.1
Euro Broad Sovereign (10+ yr)	2.8	2.3	3.8	0.1	3.1	-6.0	-0.9
Euro Inflation Linked	1.0	1.8	2.9	1.3	0.5	-2.8	-0.4
Euro Corporate (5+ yr)	0.9	1.4	1.9	3.0	5.9	-0.9	1.4
Other							
Commodities	2.4	12.1	12.4	16.8	9.7	13.9	8.3
Fund of Hedge Funds*	1.6	3.9	2.6	9.9	28.1	43.1	76.8
Euro Cash Fund	0.2	0.5	0.3	2.0	3.0	1.6	0.5
€/\$	-0.3	1.8	0.7	13.5	3.7	-0.4	0.8
€/£	1.2	0.0	0.5	6.2	-0.1	0.2	1.1

Bond Index Yields	Jan' 26	Feb' 26	Change
	%	%	%
iBoxx Euro Sovereign AAA (15+ yr)	3.44	3.27	-0.17
iBoxx Euro Broad Sovereign (10+ yr)	3.79	3.60	-0.19
iBoxx Euro Corporates (5+ yr)	3.64	3.56	-0.08

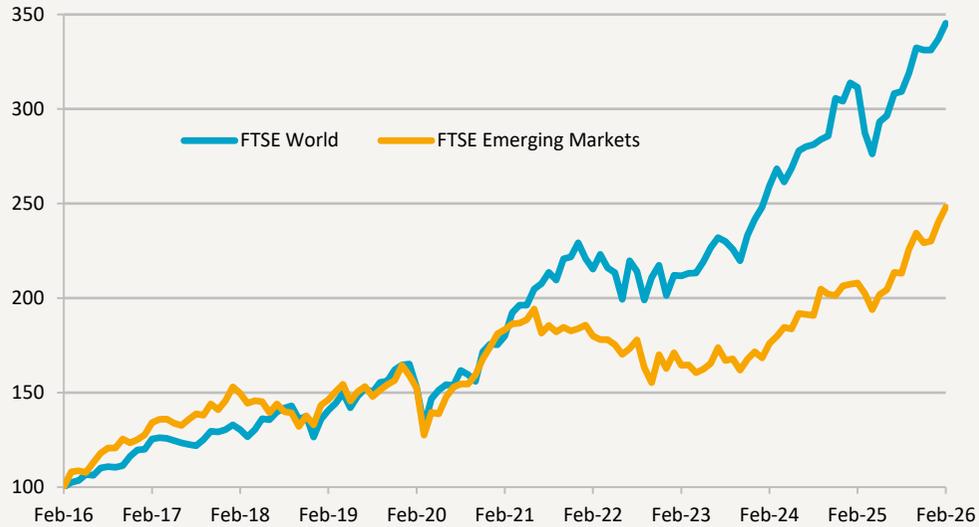
Annuity cost – 65-year-old	Cost of a €10k Pension	Change in annuity prices						
		Feb-26	3 months	YTD	1 year	3 year	5 year	10 Year
		%	%	%	%	%	%	%
No increases	€176k	2.5%	1.2%	2.7%	-4.2%	-0.3%	-31.8%	-23.5%
2% increases	€221k	2.9%	1.4%	3.0%	-4.8%	-0.4%	-35.3%	-26.1%
CPI max 4% increases	€246k	3.0%	1.4%	3.2%	-4.9%	-0.4%	-34.4%	-26.9%

Sample Pension Schemes	Feb-26	3 Months	Year to Date	1 Year	3 Years	5 Years
	%	%	%	%	% pa	% pa
DB Schemes						
Assets	2.6	3.0	3.9	3.4	8.4	2.8
Liabilities	1.2	1.5	1.6	3.3	4.9	1.5
Change in Funding Level	1.4	1.5	2.2	0.1	3.4	1.3
DC Schemes						
High Risk Strategy	2.0	5.2	4.7	11.7	12.7	8.9
Medium Risk Strategy	2.4	3.6	4.1	5.4	8.8	3.7
Pension Purchase Strategy	2.5	1.0	2.7	-4.5	0.2	-6.4

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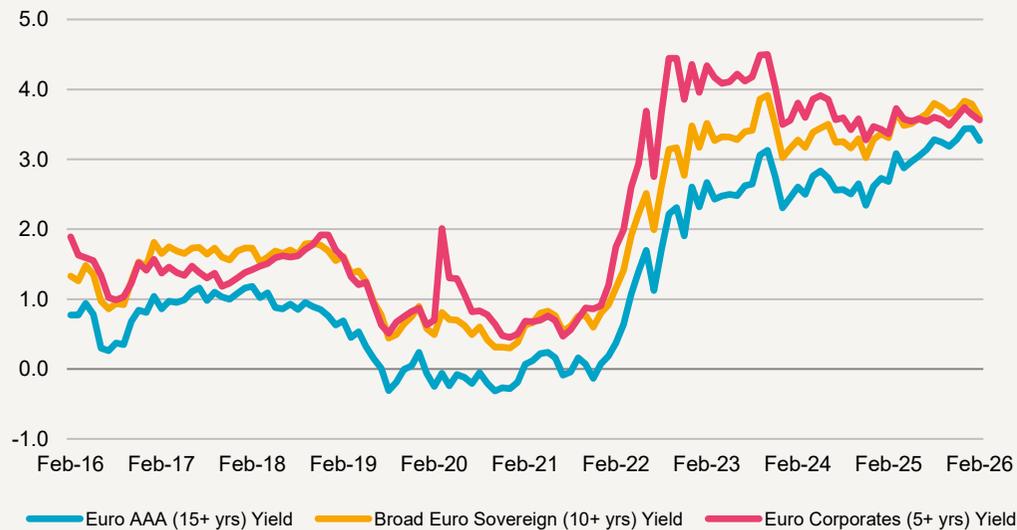
Equity Market Performance



Sample DB Funding Level Progression (MFS Proxy Basis)



Historical Bond Yields



Sample DC Scheme Performance



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