

The LCP Monthly Brief – July 2025

Investment Update

Equities

Global equities rose by 2.2% (in local currency terms) in July, with Eurozone markets rising by 1.0% and North America by 4.8% (in EUR terms).

European equities experienced modest gains in July amid a new U.S.-EU trade deal imposing a 15% tariff on most European exports to the U.S. While the agreement brings stability after weeks of uncertainty, EU exporters face higher costs, it sparked some concerns over European competitiveness. These factors contributed to the euro weakening against the dollar by the end of the month.

U.S. equity markets continued their strong run in July. Positive returns were driven by the tech sector, with the Nasdaq & S&P 500 posting new all-time highs over the month, despite ongoing geopolitical tensions and the August 1 deadline for unresolved U.S. trade deals.

Bonds

The European Central Bank held its deposit rate at 2.0% at the July meeting amid economic uncertainty. The ECB has cut interest rates at each of its four meetings so far this year, however President Christine Lagarde stated the bank was now in a “wait-and-watch situation”. The US Federal Reserve held its rate unchanged despite pressure from the Trump administration to lower it.

Core Euro government bond prices fell in July with the Euro Sovereign AAA 15+ year and Euro Broad Sovereign 10+ Year Indices down 1.3% and 0.7% respectively over the month. The yields on both increased marginally over the month. Both prices and yields for Euro Inflation Linked Bonds fell slightly, with Euro 5+ year Corporates posting positive 0.7% returns as credit spreads tightened.

Annuity Prices

Annuity prices experienced a slight fall in July as bond prices fell.

Sample DB Scheme

The funding level of our sample DB scheme rose to c.105% in July (calculated using a Funding Standard proxy).

Sample DC Schemes

Our High Risk and Medium Risk DC strategies posted positive returns over the month while the Pension Purchase DC strategy experienced a fall, reflecting a decrease in the cost of annuities.

All returns are in € terms	Jul' 25 %	3 Months %	YTD %	1 Year %	3 Years % pa	5 Years % pa	10 Years % pa
Equities							
FTSE World	4.0	11.6	1.4	10.1	11.9	14.8	10.6
FTSE World (€ Hedged)	2.2	12.2	9.8	15.3	15.7	14.1	11.0
FTSE Eurozone	1.0	6.5	15.3	16.4	15.2	13.6	7.4
FTSE World ex Eurozone	4.3	12.1	0.2	9.5	11.6	15.0	11.0
FTSE North America	4.8	13.4	-1.2	10.9	12.8	16.4	13.0
FTSE Emerging Markets	4.5	10.1	3.4	11.6	7.2	7.3	6.1
Bonds							
Euro Sovereign AAA (15+ yr)	-1.3	-3.7	-7.3	-7.1	-9.1	-9.9	-2.2
Euro Broad Sovereign (10+ yr)	-0.7	-1.2	-2.8	-1.9	-4.4	-6.8	-0.5
Euro Inflation Linked	-0.1	-0.4	0.0	-0.1	-3.8	-2.6	-0.7
Euro Corporate (5+ yr)	0.7	1.4	2.0	4.3	2.2	-1.0	1.3
Other							
Commodities	3.6	10.0	5.6	7.7	0.8	17.6	3.4
Fund of Hedge Funds*	0.0	0.9	3.0	5.9	6.6	7.6	4.5
Euro Cash Fund	0.2	0.3	0.5	1.4	2.8	2.8	1.3
€/\$	-2.9	0.6	10.4	5.7	3.8	-0.6	0.4
€/£	0.7	1.5	4.5	2.6	1.0	-0.8	2.1

Bond Index Yields	Jun' 25 %	Jul' 25 %	Change %
iBoxx Euro Sovereign AAA (15+ yr)	3.05	3.14	0.09
iBoxx Euro Broad Sovereign (10+ yr)	3.58	3.65	0.07
iBoxx Euro Corporates (5+ yr)	3.58	3.54	-0.04

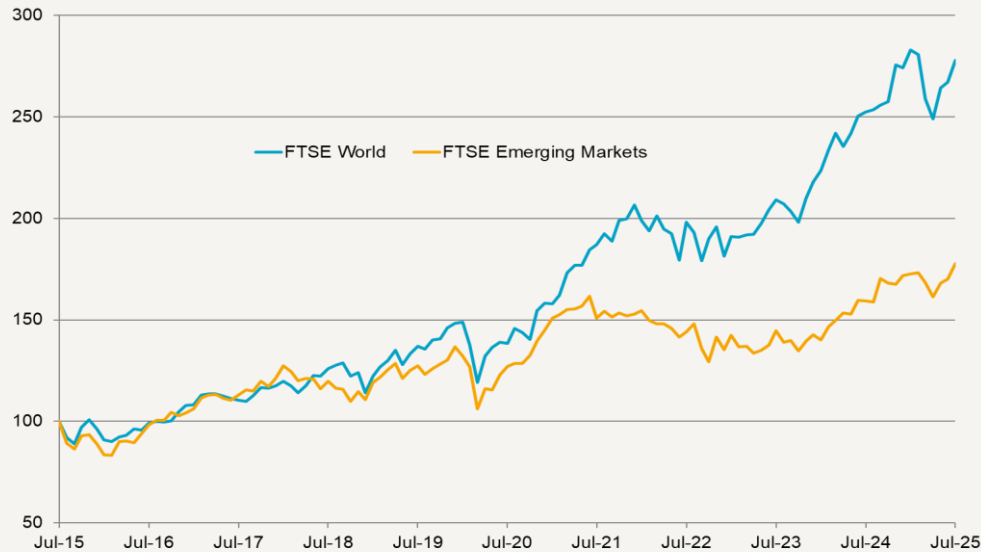
	Cost of a €10k Pension	Jul-25 %	3 months %	Change in annuity prices YTD %	1 year %	3 year %	5 year %	10 Year %
Annuity cost - 65 year old; no increases	€179k	-0.2%	-1.0%	-3.0%	-3.6%	-17.2%	-31.8%	-18.7%
Annuity cost - 65 year old; 2% increases	€226k	-0.2%	-1.1%	-3.4%	-4.0%	-19.3%	-35.2%	-20.8%
Annuity cost - 65 year old; CPI max 4%	€251k	-0.3%	-1.2%	-3.5%	-4.2%	-19.9%	-34.4%	-21.5%

Sample Pension Schemes	Jul-25 %	3 Months %	Year to Date %	1 Year %	3 Years % pa	5 Years % pa
DB Schemes						
Assets	1.4	4.1	-1.8	2.2	2.1	2.8
Liabilities	0.1	0.3	1.0	3.1	1.9	0.9
Change in Funding Level	1.3	3.8	-2.7	-0.9	0.2	1.9
DC Schemes						
High Risk Strategy	2.5	8.3	2.4	7.1	8.1	8.9
Medium Risk Strategy	1.5	4.7	-0.7	3.0	3.1	3.6
Pension Purchase Strategy	-0.9	-2.7	-5.1	-4.6	-6.2	-7.1

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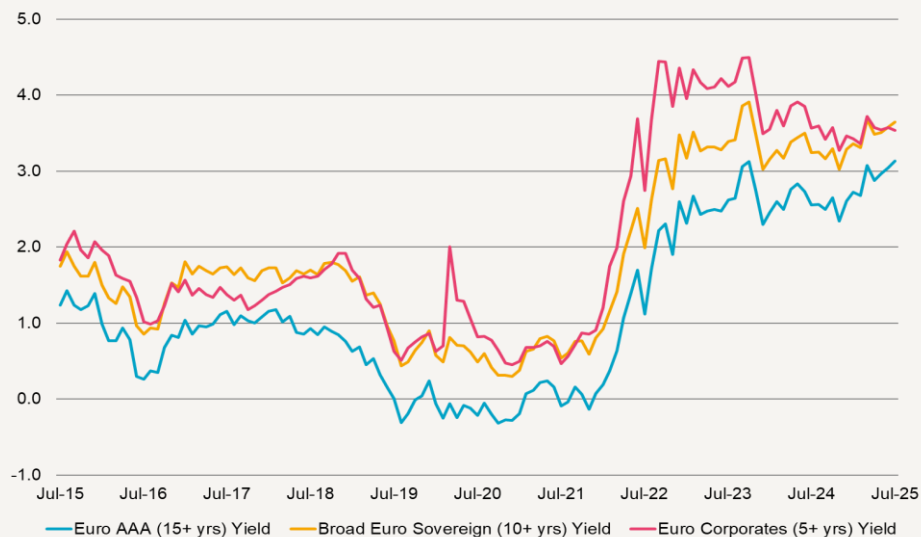
Equity Market Performance



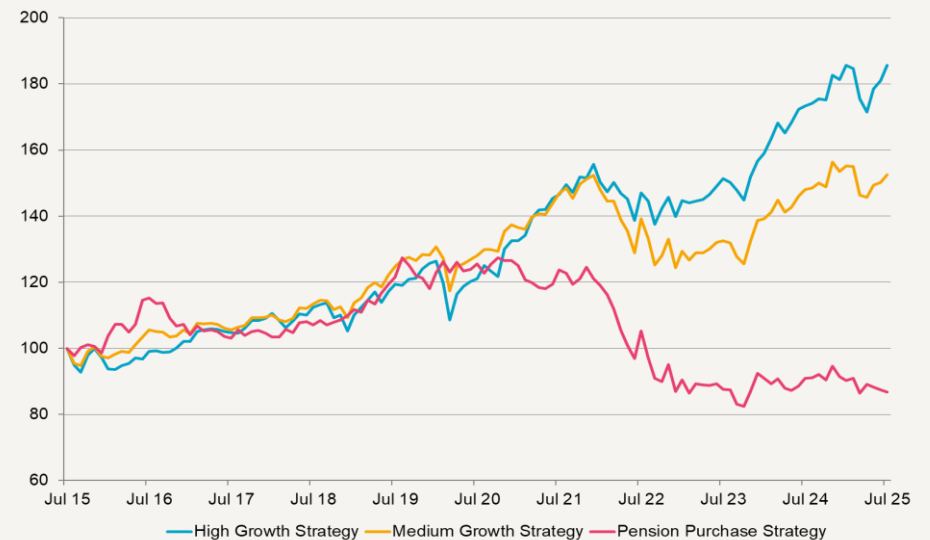
Sample DB Funding Level Progression (MFS Proxy Basis)



Historical Bond Yields



Sample DC Scheme Performance



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Investment Essentials webinar series

Effective oversight of implementation, fiduciary and OCIO services

Event Details

📅 Date

17 September 2025

🕒 Time

2p.m.

📍 Location

Webinar

[Register here](#)



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