

The LCP Monthly Brief

June 2026 Investment Update

Equities

Global equities fell by -0.1% (in local currency terms) in June, with Eurozone markets rising by 4.0% and North America rising by 1.1% (in EUR terms). The U.S. dollar strengthened against the Euro over the month.

Following a strong May, global equities ended broadly flat in June as investor sentiment became more cautious amid renewed geopolitical uncertainty and higher interest rate expectations. Late-month weakness in semiconductor and AI-related technology stocks reflected investor concerns over elevated valuations and the sustainability of AI-driven capital expenditure, tempering some of the AI-driven momentum that had underpinned earlier gains.

Bonds

Fixed income markets were volatile in June. Government bond performance was mixed as investors balanced Middle East conflict tensions, higher energy-driven inflation with a weakening growth outlook, while investment-grade credit benefited from tightening spreads, supported by resilient corporate earnings.

Eurozone government bonds performed well despite the ECB raising interest rates. In the US, Treasury yields remained broadly stable as the Federal Reserve kept policy rates unchanged, although its guidance remained cautious and hawkish as inflation remained above target.

Returns for core Euro government bonds were up 1.3%, broad Euro government bonds were up 0.8%, and Euro corporate bonds returned 0.7%.

Sample DB Scheme

The sample DB scheme's funding level rose to c.112% during the month, reflecting a larger increase in asset values over liabilities (calculated using a Funding Standard proxy).

Sample DC Schemes

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

All returns are in € terms	Jun' 26	3 Months	YTD	1 Year	3 Years	5 Years	10 Years
	%	%	%	%	% pa	% pa	% pa
Equities							
FTSE World	1.4	16.8	15.9	29.5	19.2	13.3	13.5
FTSE World (€ Hedged)	-0.1	15.2	12.4	26.1	20.4	12.5	13.8
FTSE Eurozone	4.0	15.5	12.6	23.7	17.3	11.8	11.4
FTSE World ex Eurozone	1.1	16.9	16.2	30.0	19.4	13.4	13.8
FTSE North America	1.1	15.9	12.9	25.2	18.9	13.8	15.0
FTSE Emerging Markets	0.2	13.0	12.0	26.2	16.0	6.2	8.7
Bonds							
Euro Sovereign AAA (15+ yr)	1.3	1.9	2.7	-2.3	-2.3	-8.9	-4.0
Euro Broad Sovereign (10+ yr)	0.8	2.8	2.3	0.7	1.3	-5.9	-1.7
Euro Inflation Linked	-1.1	-1.1	1.2	0.2	-0.1	-3.2	-1.0
Euro Corporate (5+ yr)	0.7	3.2	1.9	3.0	5.3	-1.0	1.0
Other							
Commodities	-9.9	-11.4	24.1	30.4	14.6	13.3	7.4
Fund of Hedge Funds*	0.8	1.2	6.2	12.9	10.5	6.7	6.2
Euro Cash Fund	0.2	0.5	1.0	1.9	2.9	1.8	0.6
€/€	-2.1	-1.1	-2.7	-3.0	1.5	-0.7	0.3
€/£	-0.6	-1.4	-1.3	0.4	0.1	0.1	0.3

Bond Index Yields	May' 26	Jun' 26	Change
	%	%	%
iBoxx Euro Sovereign AAA (15+ yr)	3.44	3.39	-0.05
iBoxx Euro Broad Sovereign (10+ yr)	3.83	3.81	-0.02
iBoxx Euro Corporates (5+ yr)	3.85	3.79	-0.06

Sample Pension Schemes	Jun-26	3 Months	Year to Date	1 Year	3 Years	5 Years
	%	%	%	%	% pa	% pa
DB Schemes						
Assets	1.1	8.9	8.9	12.9	8.4	2.6
Liabilities	0.7	1.7	3.2	4.6	4.4	1.6
Change in Funding Level	0.4	7.1	5.5	8.0	3.8	1.0
DC Schemes						
High Risk Strategy	0.5	11.6	11.0	20.8	13.6	8.5
Medium Risk Strategy	0.9	8.8	8.8	13.7	9.0	3.5
Pension Purchase Strategy	1.0	1.5	2.3	-1.2	-1.0	-6.3

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

* Fund performance is 1-month in arrears

The LCP Quarterly Brief – Q2 2026

Investment Update

Background

In the second quarter of 2026, global equity markets have experienced strong positive returns, rising by 15.2% (in local currency terms). Non-hedged investors experienced a rise of 15.5% over the quarter in Euro terms, as the US dollar strengthened slightly.

Despite elevated volatility driven by the ongoing conflict in the Middle East and sharp fluctuations in oil prices, which kept inflation and monetary policy expectations in focus, global markets rebounded strongly from the weakness experienced in Q1. Renewed enthusiasm surrounding artificial intelligence supported a broad recovery in risk assets, with emerging market equities being a strong performer and delivering their best quarterly return since 2009.

Central banks continued to focus on balancing inflation risks against slowing economic growth. The European Central Bank and the Bank of Japan raised policy rates during the quarter, while the Federal Reserve maintained a cautious stance and left rates unchanged.

Equity Performance

April: Global equities rose by 9.3% (in local currency terms) in April, with Eurozone markets rising by 6.5% over the month.

European and US equities posted strong gains, supported by robust corporate earnings and a resilient economic backdrop. Improving investor sentiment further fuelled the advance, with a notable rotation back into AI-related stocks. Growth stocks significantly outperformed value, reflecting continued investor conviction in companies positioned to benefit from the AI investment cycle.

May: Global equities rose by 5.4% (in local currency terms) in May, with Eurozone markets rising by 4.3% and North America rising by 5.7% over the month.

Global equities delivered another positive month in May, supported by resilient macro data and strong corporate earnings. Technology stocks were the primary driver of market performance, supported by continued demand for AI-related infrastructure and semiconductors, growth stocks continued to outperform value.

June: Global equities fell by -0.1% (in local currency terms) in June, with Eurozone markets rising by 4.0% and North America rising by 1.1% (in EUR terms).

Following a strong May, global equities ended broadly flat in June as investor sentiment became more cautious amid renewed geopolitical uncertainty and higher interest rate expectations. Late-month weakness in semiconductor and AI-related technology stocks reflected investor concerns over elevated valuations and the sustainability of AI-driven capital expenditure, tempering some of the AI-driven momentum that had underpinned earlier gains.

Bond Performance

April: Fixed income markets delivered more nuanced returns in April. Rising yields caused by elevated oil prices, mounting inflation and fiscal sustainability concerns weighed on government bonds, while robust earnings and risk-on sentiment drove investment-grade spreads tighter. Major central banks globally kept interest rates unchanged; however, markets increasingly began pricing in the possibility of renewed rate hikes later in the year.

Returns for core Euro government bonds were down -0.7%, while broad Euro government bonds were up 0.2%. Euro corporate bonds returned 1.2% over the month.

May: Fixed income markets were volatile in May as shifting geopolitical developments and energy price moves drove swings in inflation expectations and yields. In the Eurozone, stubborn inflation reinforced expectations of an ECB rate hike as early as June with inflation rising to 3.2% p.a. in May. In the US, the Fed maintained a cautious stance, keeping the option of further rate hikes open if inflation remains sticky.

Returns for core Euro government bonds were up 1.3%, broad Euro government bonds were up 1.8%, and Euro corporate bonds returned 1.2%.

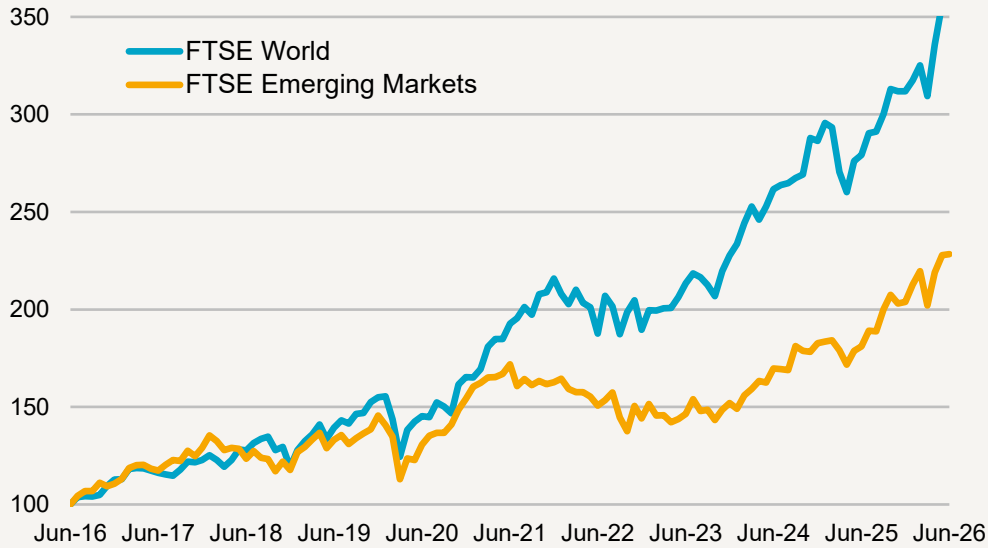
June: Fixed income markets were volatile in June. Government bond performance was mixed as investors balanced Middle East conflict tensions, higher energy-driven inflation with a weakening growth outlook, while investment-grades credit benefited from tightening spreads, supported by resilient corporate earnings.

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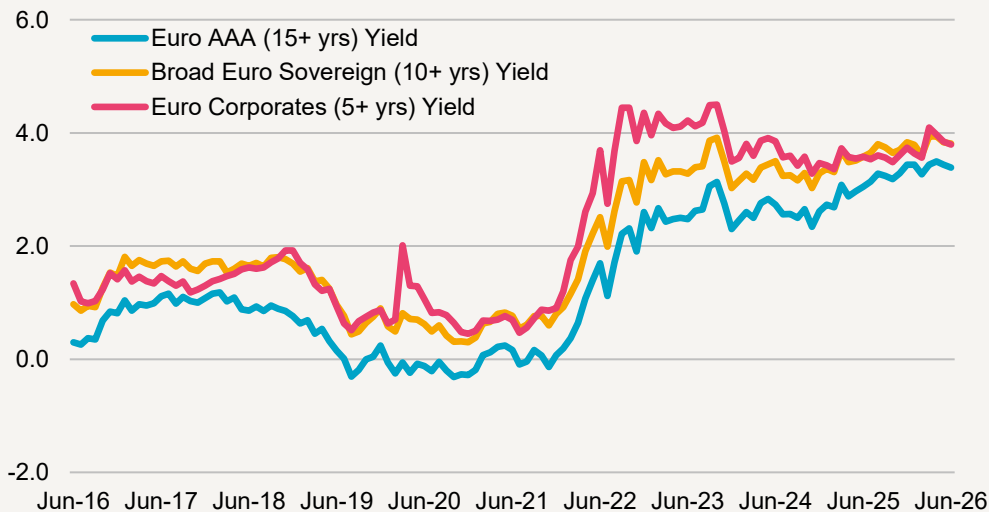
Equity Market Performance



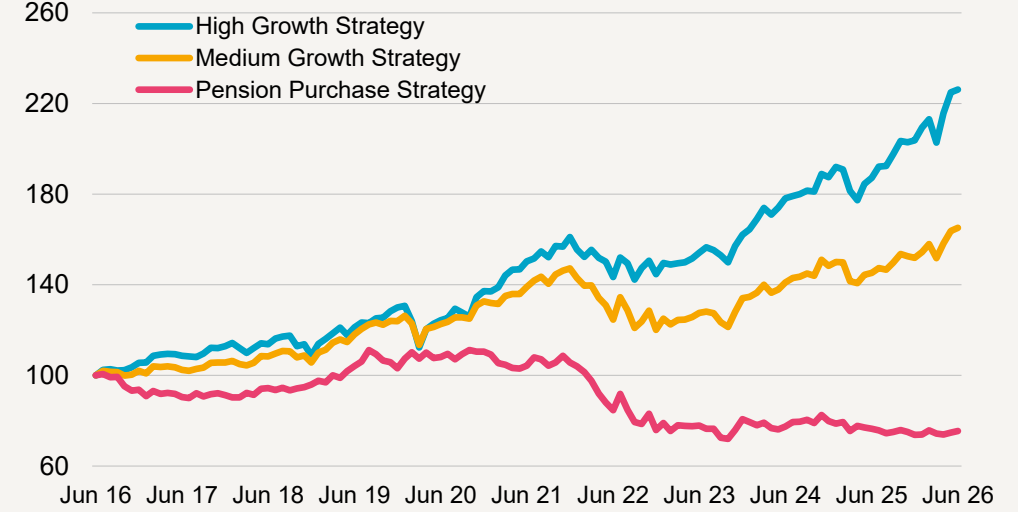
Sample DB Funding Level Progression (MFS Proxy Basis)



Historical Bond Yields



Sample DC Scheme Performance



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