

# The LCP Monthly Brief – May 2025

## Investment Update

### Equities

Global equities rose by 5.7% (in local currency terms) in May, with Eurozone rising by 6.1% and North America rising by 6.5% over the month.

Equity markets experienced a notable recovery in May, returning to levels seen before the tariff-related sell-off. European markets saw a rebound due to easing trade tensions, along with rising U.S. fiscal concerns that prompted investors to continue a shift away from American assets.

U.S. equities also rebounded, reversing April's losses, led by strong tech earnings. Despite lingering legal uncertainty over Trump's tariff plans, investor confidence improved amid signs of policy moderation. The dollar stabilised, supporting broader market gains. China and the U.S. agreed to a 90-day truce, with the U.S. cutting tariffs from 145% to 30%, and China lowering its rate from 125% to 10%.

### Bonds

President Lagarde reiterated the Central Bank's commitment to supporting growth as inflation continues to drift closer to target, increasing the likelihood of another rate cut at their next meeting from 2.25%. In the U.S., bond yields rose amid market concerns over the newly approved spending bill by the House.

Core Euro bond prices declined in May, with long-dated core Eurozone bonds falling by approximately 1.3% over the month. The yield on the AAA Eurozone 15+ Year Index rose, ending the month at 3.0% p.a. Prices remained broadly the same on the Euro Broad Sovereign 10+ Year Index, with its yield finishing the month at 3.5% p.a..

### Annuity Prices

Annuity prices experienced no change over the month. All annuity rates are 5-year guarantee and single life.

### Sample DB Scheme

The funding level of our sample DB scheme rose to 104% in May, with assets increasing by more than the liabilities (calculated using a Funding Standard proxy).

### Sample DC Schemes

The High Risk, Medium Risk delivered positive returns for the month, while the Pension Purchase strategy experienced a decrease.

All returns are in € terms	May' 25 %	3 Months %	YTD %	1 Year %	3 Years % pa	5 Years % pa	10 Years % pa
<b>Equities</b>							
FTSE World	6.2	-5.8	-3.6	9.2	11.2	14.1	9.8
FTSE World (€ Hedged)	5.7	0.9	3.4	12.7	13.1	14.2	10.2
FTSE Eurozone	6.1	3.4	14.9	13.7	14.0	14.4	7.4
FTSE World ex Eurozone	6.2	-6.7	-5.1	8.8	10.9	14.0	10.1
FTSE North America	6.5	-8.2	-7.2	9.6	12.3	15.4	12.2
FTSE Emerging Markets	4.1	-2.9	-2.2	9.9	4.8	8.2	4.4
<b>Bonds</b>							
Euro Sovereign AAA (15+ yr)	-1.3	-4.2	-5.0	0.2	-6.7	-9.1	-2.3
Euro Broad Sovereign (10+ yr)	0.0	-1.8	-1.6	2.9	-2.8	-5.8	-0.6
Euro Inflation Linked	-0.2	-0.4	0.2	0.8	-3.4	-1.8	-0.7
Euro Corporate (5+ yr)	0.6	-0.2	1.1	6.7	2.5	-0.4	1.0
<b>Other</b>							
Commodities	1.6	-4.3	-2.4	-2.7	-4.4	17.8	1.0
Fund of Hedge Funds	-0.5	-0.6	1.6	5.8	5.2	8.1	4.3
€/\$	-0.1	9.4	9.6	4.6	1.9	0.4	0.3
€/£	-0.9	2.2	2.0	-1.0	-0.3	-1.3	1.6

Bond Index Yields	Apr' 25 %	May' 25 %	Change %
iBoxx Euro Sovereign AAA (15+ yr)	2.88	2.97	+0.09
iBoxx Euro Broad Sovereign (10+ yr)	3.48	3.51	+0.03
iBoxx Euro Corporates (5+ yr)	3.58	3.54	-0.04

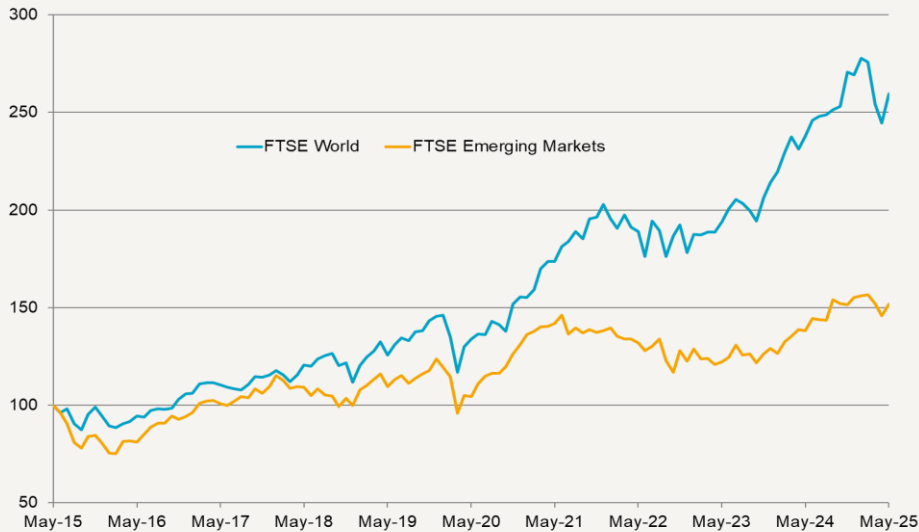
	Cost of a €10k Pension	May-25 %	3 months %	Change in annuity prices				
				YTD %	1 year %	3 year %	5 year %	10 Year %
Annuity cost - 65 year old; no increases	€180k	0.0%	-1.6%	-2.0%	1.1%	-14.5%	-28.5%	-20.6%
Annuity cost - 65 year old; 2% increases	€228k	0.0%	-1.8%	-2.3%	1.3%	-16.4%	-31.7%	-22.9%
Annuity cost - 65 year old; CPI max 4%	€254k	0.0%	-1.8%	-2.3%	1.3%	-16.9%	-30.7%	-23.6%

Sample Pension Schemes	May-25 %	3 Months %	Year to Date %	1 Year %	3 Years % pa	5 Years % pa
<b>DB Schemes</b>						
Assets	2.4	-4.2	-4.2	4.8	2.7	2.8
Liabilities	0.1	0.1	0.8	5.2	2.7	1.2
Change in Funding Level	2.4	-4.4	-5.0	-0.3	0.0	1.6
<b>DC Schemes</b>						
High Risk Strategy	4.1	-3.3	-3.9	6.0	7.1	8.5
Medium Risk Strategy	2.6	-3.7	-3.8	4.7	3.3	3.5
Pension Purchase Strategy	-1.0	-2.9	-2.2	1.0	-4.4	-6.5

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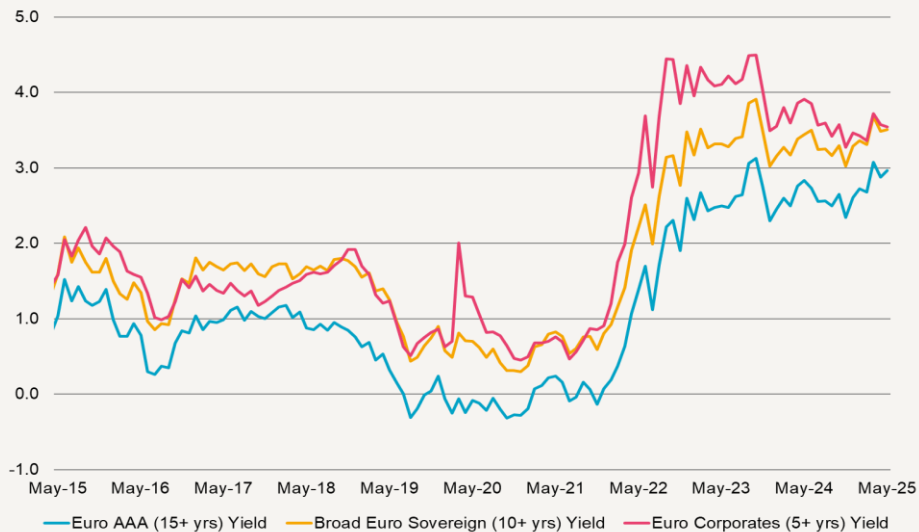
*Equity Market Performance*



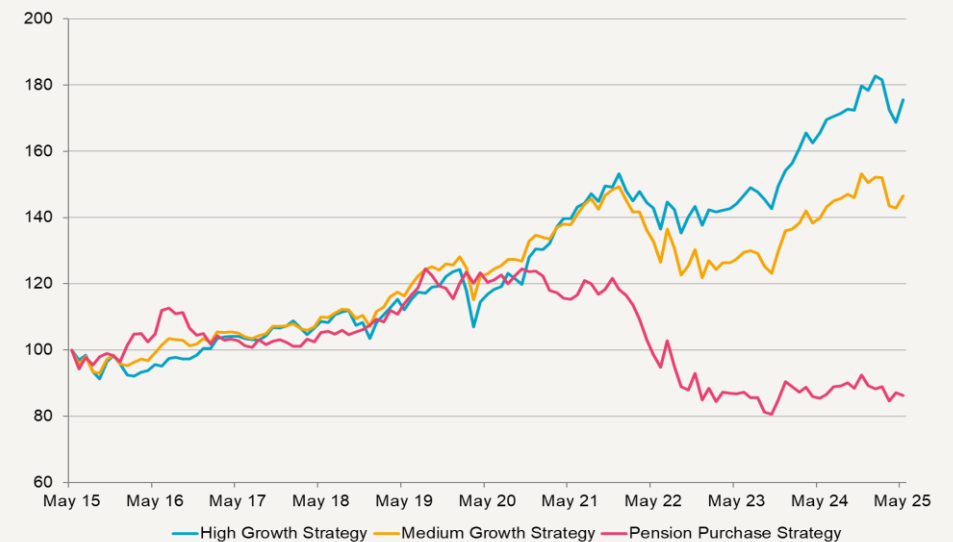
*Sample DB Funding Level Progression (MFS Proxy Basis)*



*Historical Bond Yields*



*Sample DC Scheme Performance*



## Managing DB surpluses: what are the options?

### Event Details

📅 Date

11 June 2025

🕒 Time

11a.m. - 11:45a.m.

📍 Location

Webinar

[Register here](#)

## What to consider when setting your DB Investment Strategy?

### Event Details

📅 Date

18 June 2025

🕒 Time

2p.m.

📍 Location

Webinar

[Register here](#)



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