

The LCP Monthly Brief

May 2026 Investment Update

Equities

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% (in EUR terms). The U.S. dollar strengthened against the Euro over the month.

Following a strong April, 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. Developed markets continued their positive momentum, while emerging markets posted strong gains, led by North Asia (notably Korea and Taiwan). These equity markets continued to benefit from their positioning in the AI supply chain.

Investor sentiment improved toward the end of the month following renewed US-Iran negotiations, which also contributed to a decline in oil prices.

Bonds

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%.

Annuity Prices

Annuity prices rose in May, reflecting increasing bond prices.

Sample DB Scheme

The sample DB scheme's funding level rose to c.112% during the month, reflecting an increase in asset values (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	May' 26	3 Months	YTD	1 Year	3 Years	5 Years	10 Years
	%	%	%	%	% pa	% pa	% pa
Equities							
FTSE World	6.2	9.7	14.4	29.2	20.0	14.0	13.3
FTSE World (€ Hedged)	5.4	8.0	12.4	31.0	22.5	13.0	13.7
FTSE Eurozone	4.3	1.6	8.2	18.1	17.2	11.1	10.3
FTSE World ex Eurozone	6.4	10.4	14.9	30.2	20.2	14.3	13.7
FTSE North America	5.7	11.5	11.6	25.8	20.1	14.8	14.9
FTSE Emerging Markets	4.1	3.7	11.8	27.5	16.6	6.8	9.2
Bonds							
Euro Sovereign AAA (15+ yr)	1.3	-2.1	1.4	-4.6	-2.6	-8.9	-3.3
Euro Broad Sovereign (10+ yr)	1.8	-2.2	1.5	-0.6	1.4	-5.9	-1.2
Euro Inflation Linked	-0.5	-0.6	2.3	1.2	0.0	-3.0	-0.7
Euro Corporate (5+ yr)	1.2	-0.8	1.1	2.4	4.9	-1.0	1.0
Other							
Commodities	-7.6	22.4	37.7	51.1	20.3	16.7	8.5
Fund of Hedge Funds*	2.7	2.8	5.4	13.6	10.1	6.8	6.2
Euro Cash Fund	0.2	0.5	0.8	1.9	2.9	1.8	0.6
€/£	-0.6	-1.3	-0.7	2.7	3.1	-0.9	0.5
€/€	0.3	-1.1	-0.7	2.8	0.3	0.1	1.2

Bond Index Yields	Apr' 26	May' 26	Change
	%	%	%
iBoxx Euro Sovereign AAA (15+ yr)	3.49	3.44	-0.05
iBoxx Euro Broad Sovereign (10+ yr)	3.94	3.83	-0.11
iBoxx Euro Corporates (5+ yr)	3.97	3.85	-0.12

Annuity cost – 65 year old	Cost of a €10k Pension	Change in annuity prices						
		May-26	3 months	YTD	1 year	3 year	5 year	10 Year
		%	%	%	%	%	%	%
No increases	€172k	0.7%	-2.3%	0.3%	-4.9%	-5.4%	-31.2%	-27.2%
2% increases	€216k	0.7%	-2.6%	0.4%	-5.5%	-6.1%	-34.7%	-30.4%
CPI max 4% increases	€240k	0.8%	-2.7%	0.4%	-5.8%	-6.4%	-33.8%	-31.4%

Sample Pension Schemes	May-26	3 Months	Year to Date	1 Year	3 Years	5 Years
	%	%	%	%	% pa	% pa
DB Schemes						
Assets	3.6	3.7	7.7	12.0	8.7	3.0
Liabilities	0.7	0.7	2.5	4.0	4.4	1.7
Change in Funding Level	2.9	2.9	5.2	7.8	4.1	1.3
DC Schemes						
High Risk Strategy	4.3	5.6	10.7	22.2	14.1	9.0
Medium Risk Strategy	3.5	3.6	7.9	13.5	9.2	3.8
Pension Purchase Strategy	1.0	-1.4	1.3	-3.0	-1.2	-6.2

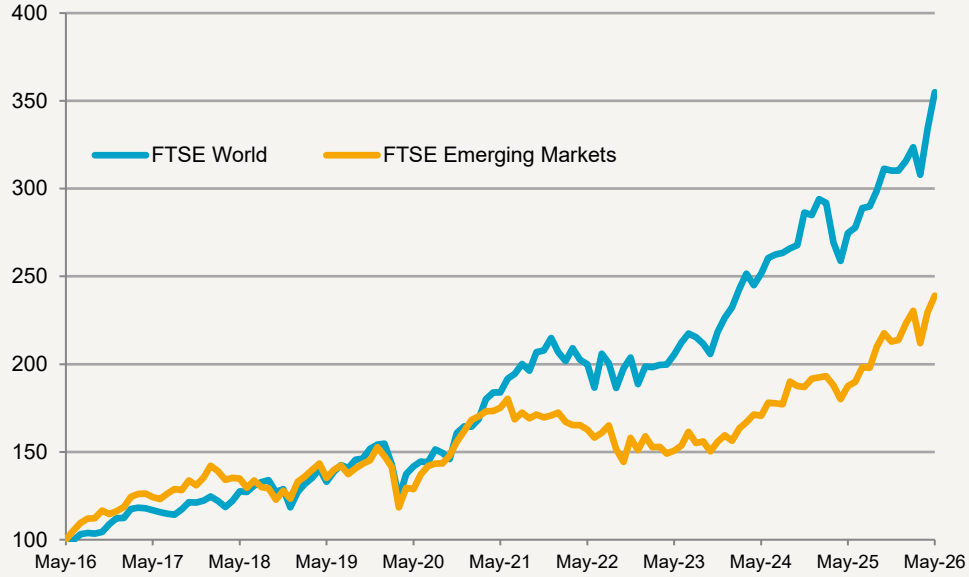
Sources: LCP, Bloomberg, Reuters, MarketWatch, FT, Markit, Irish Life and iBoxx

* Fund performance is 1-month in arrears

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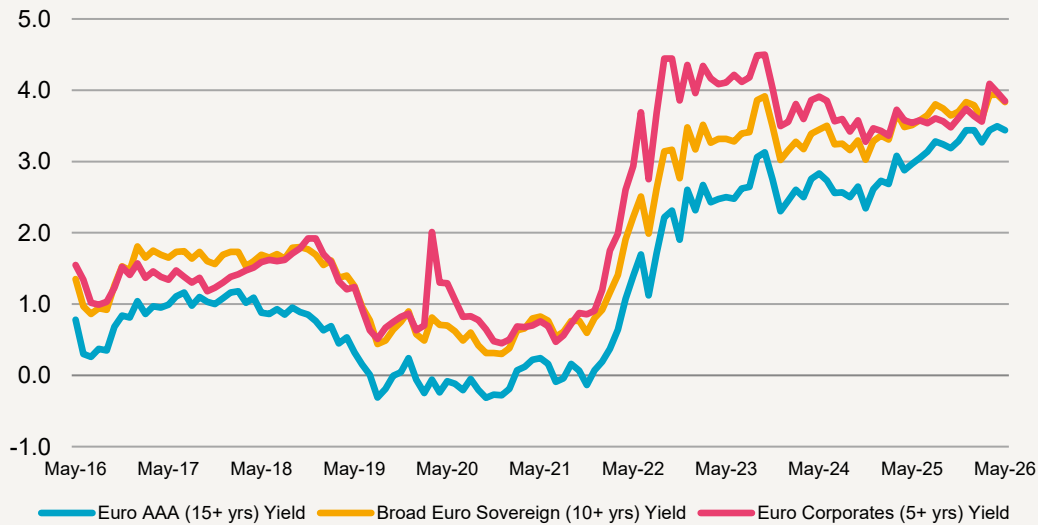
Equity Market Performance



Sample DB Funding Level Progression (MFS Proxy Basis)



Historical Bond Yields



Sample DC Scheme Performance



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