The LCP Monthly Brief
October 2026 Investment Update

LCP powering possibility

Equities

Global equities fell by 1.6% (in local currency terms) in October, with Eurozone markets falling by 1.5% and North America rising by 0.9% (in EUR terms). The Euro weakened against the U.S. dollar over the month.

Technology stocks were a significant drag on equity market performance in October, as growing concerns over whether substantial investment in AI infrastructure would generate sustainable returns weighed on the tech sector. Higher financing costs also placed pressure on more highly leveraged areas of the technology ecosystem and weaker-than-expected Q3 earnings triggered sharp declines in several large-cap tech stocks. Market flows shifted towards defensive sectors, with Consumer Staples, Healthcare and Utilities delivering the strongest returns. Value stocks significantly outperformed growth stocks, while emerging markets also struggled, particularly technology-heavy Asian markets, which experienced notable declines.

Bonds

Government bond markets recovered in October, with yields falling across most major developed markets following the sharp increases seen in the previous quarter. The rally was supported by increased demand for safer assets amid heightened equity market volatility, as investors moved towards higher-quality government bonds. France remained an exception, with ongoing concerns over its fiscal position and political uncertainty putting pressure on French bonds.

Eurozone bonds delivered positive returns, as core Euro government bonds rose 4.6%, broad Euro government bonds were up 2.1%, and Euro corporate bonds increased by 1.1%.

Annuity Prices

Annuity prices rose in October, reflecting increasing bond prices.

Sample DB Scheme

The sample DB scheme's funding level rose slightly to c.111% during the month, reflecting a larger increase in asset values over liabilities (calculated using a Funding Standard proxy).

Sample DC Schemes

Our High Risk strategy experienced negative returns over the month, while our Medium Risk and Pension Purchase DC strategies experienced positive returns.

All returns are in € terms	Oct' 26 %	3 Months %	YTD %	1 Year %	3 Years % pa	5 Years % pa	10 Years % pa
Equities							
FTSE World	0.1	3.4	19.0	18.6	21.5	12.3	13.3
FTSE World (€ Hedged)	-1.6	0.0	12.0	13.1	22.3	11.4	13.2
FTSE Eurozone	-1.5	-2.6	9.6	12.7	19.2	10.1	10.2
FTSE World ex Eurozone	0.3	4.0	19.8	19.1	21.7	12.5	13.6
FTSE North America	0.9	4.6	17.5	15.9	21.4	12.5	15.1
FTSE Emerging Markets	-4.2	-2.1	9.8	7.9	16.0	6.5	7.4
Bonds							
Euro Sovereign AAA (15+ yr)	4.6	0.8	-0.8	-4.6	0.0	-9.9	-3.7
Euro Broad Sovereign (10+ yr)	2.1	-3.4	-4.6	-6.4	1.6	-7.3	-2.0
Euro Inflation Linked	0.3	-2.8	-2.7	-3.7	0.0	-4.4	-1.3
Euro Corporate (5+ yr)	1.1	-1.5	-1.4	-2.4	4.4	-1.5	0.5
Other							
Commodities	4.8	16.5	62.7	62.1	21.0	17.1	11.0
Fund of Hedge Funds*	0.6	1.5	9.0	10.1	10.2	7.2	6.3
Euro Cash Fund	0.2	0.6	1.8	2.1	2.7	2.0	0.7
€/$	-1.6	-3.2	-4.9	-3.3	1.8	-0.7	0.2
€/£	-2.5	-2.6	-4.5	-5.0	-1.4	-0.3	-0.7

Bond Index Yields	Sep' 26 %	Oct' 26 %	Change %
iBoxx Euro Sovereign AAA (15+ yr)	3.91	3.66	-0.25
iBoxx Euro Broad Sovereign (10+ yr)	4.55	4.41	-0.14
iBoxx Euro Corporates (5+ yr)	4.62	4.51	-0.11

Annuity cost - 65 year old	Cost of a €10k Pension	Oct-26 %	Change in annuity prices: 3 months %	YTD %	1 year %	3 year %	5 year %	10 Year %
No increases	€166k	2.4%	-0.9%	-2.9%	-5.5%	-1.6%	-35.4%	-31.8%
2% increases	€208k	2.7%	-1.0%	-3.3%	-6.3%	-1.8%	-39.2%	-35.5%
CPI max 4%	€231k	2.9%	-1.0%	-3.4%	-6.5%	-1.9%	-38.5%	-36.5%

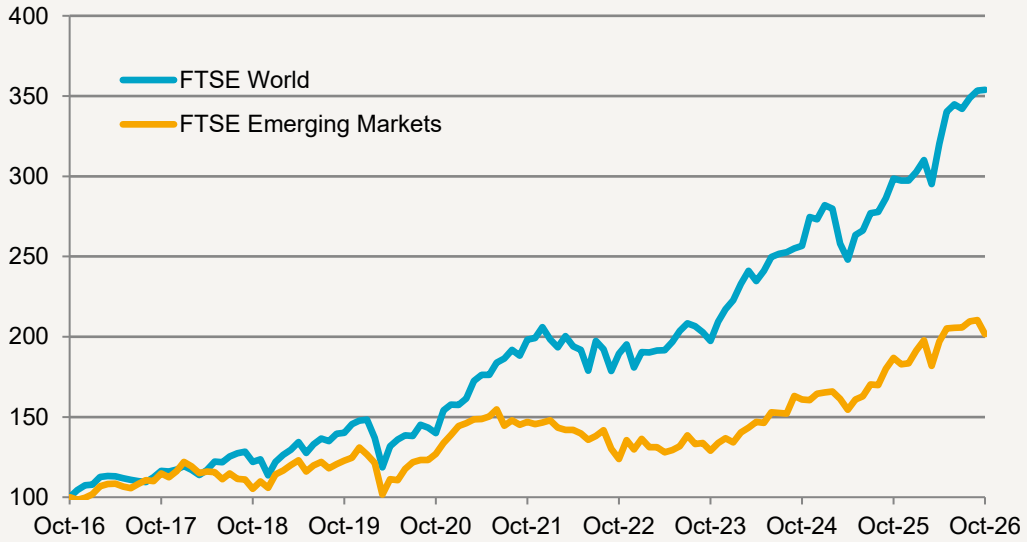
Sample Pension Schemes	Oct-26 %	3 Months %	Year to Date %	1 Year %	3 Years % pa	5 Years % pa	10 Years % pa
DB Schemes							
Assets	1.8	1.9	8.6	6.9	10.4	1.7	4.9
Liabilities	1.4	1.4	4.2	4.1	5.2	1.4	3.3
Change in Funding Level	0.4	0.5	4.3	2.7	5.0	0.3	1.6
DC Schemes							
High Risk Strategy	-0.4	1.7	11.8	12.0	15.0	7.7	8.3
Medium Risk Strategy	1.2	1.7	8.5	7.3	10.7	2.6	5.1
Pension Purchase Strategy	3.5	0.7	-0.1	-2.9	0.8	-7.0	-2.5

Sources: LCP, Bloomberg, Reuters, MarketWatch, FT, Markit, Irish Life and iBoxx
* Fund performance is 1-month in arrears

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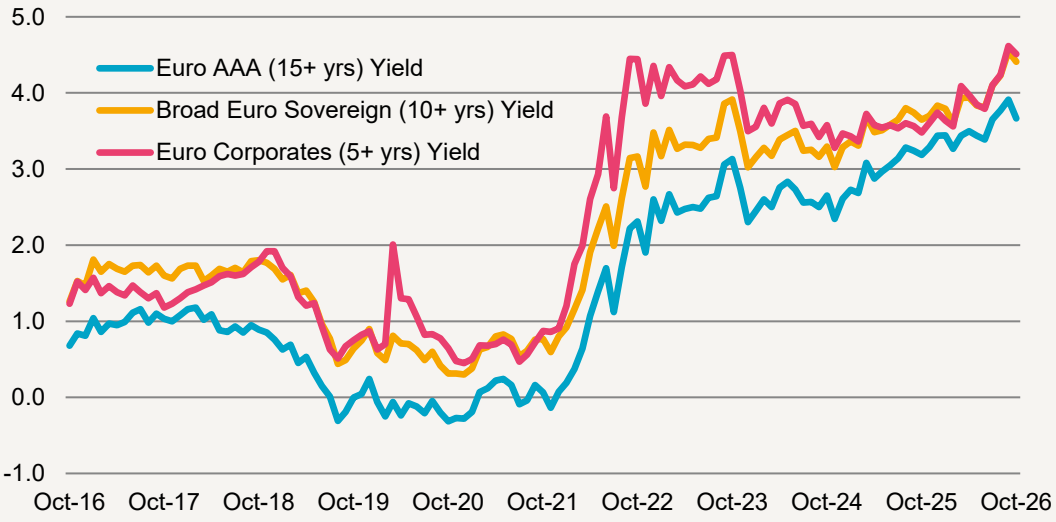
Equity Market Performance



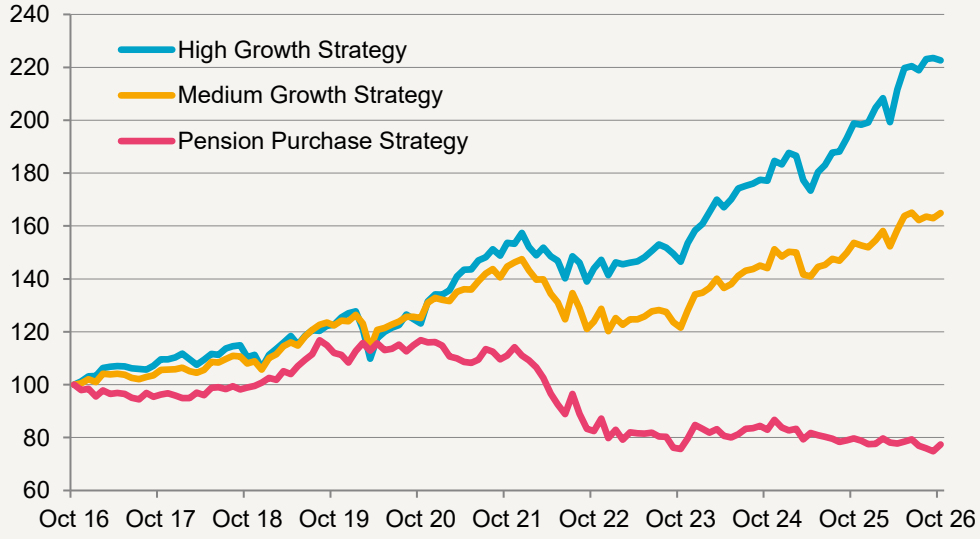
Sample DB Funding Level Progression (MFS Proxy Basis)



Historical Bond Yields



Sample DC Scheme Performance



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

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