

The LCP Monthly Brief

September 2026 Investment Update

Equities

Global equities fell by 0.8% (in local currency terms) in September, with Eurozone markets falling by 2.0% and North America rising by 1.7% (in EUR terms). The Euro weakened against the U.S. dollar over the month.

Global equity markets were volatile in September as investors weighed inflation pressures against economic activity and company earnings. Equities weakened early in the month amid expectations of continued monetary policy restraint, before briefly recovering on gains in large-cap growth and technology stocks. Small-cap companies lagged as the stronger US dollar and higher borrowing costs weighed on sentiment.

Outside the US, a stronger dollar and interest-rate concerns remained headwinds. European equities were particularly weak as tighter monetary conditions dampened sentiment, while emerging markets proved more resilient, supported by selected AI-related stocks.

Bonds

Fixed income markets declined in September as rising oil prices and persistent inflation reinforced expectations that interest rates would remain higher for longer. Government bond yields rose, particularly at longer maturities, amid the ECB's rate increase and growing concerns about the fiscal sustainability of major economies.

Eurozone bonds continued to decline over the month as returns for core Euro government bonds fell 2.1%, broad Euro government bonds were down 3.9%, and Euro corporate bonds declined by 2.1%.

Annuity Prices

Annuity prices fell in September, reflecting declining bond prices.

Sample DB Scheme

The sample DB scheme's funding level fell to c.110% during the month, with a small decline in asset values (calculated using a Funding Standard proxy).

Sample DC Schemes

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

All returns are in € terms	Sep' 26 %	3 Months %	YTD %	1 Year %	3 Years % pa	5 Years % pa	10 Years % pa
Equities							
FTSE World	1.3	2.5	18.8	23.4	20.3	13.4	13.4
FTSE World (€ Hedged)	-0.8	1.3	13.8	18.1	21.8	12.9	13.4
FTSE Eurozone	-2.0	-1.2	11.3	17.1	18.5	11.4	10.6
FTSE World ex Eurozone	1.6	2.8	19.5	23.9	20.5	13.6	13.7
FTSE North America	1.7	3.1	16.4	19.5	20.2	13.9	15.0
FTSE Emerging Markets	0.4	2.3	14.7	16.8	16.3	7.7	8.3
Bonds							
Euro Sovereign AAA (15+ yr)	-2.1	-7.6	-5.1	-7.5	-1.8	-10.4	-4.7
Euro Broad Sovereign (10+ yr)	-3.9	-8.7	-6.5	-6.7	0.8	-7.7	-2.7
Euro Inflation Linked	-2.9	-4.1	-3.0	-3.1	-0.3	-4.5	-1.5
Euro Corporate (5+ yr)	-2.1	-4.3	-2.5	-2.6	4.1	-1.9	0.2
Other							
Commodities	4.8	25.1	55.2	56.7	17.5	17.3	10.3
Fund of Hedge Funds*	1.3	2.1	8.4	11.1	10.1	7.1	6.3
Euro Cash Fund	0.2	0.6	1.5	2.0	2.8	2.0	0.6
€/£	-2.4	-0.7	-3.4	-3.5	2.4	-0.4	0.1
€/£	-0.3	-0.8	-2.0	-2.1	-0.5	-0.1	-0.1

Bond Index Yields	Aug' 26 %	Sep' 26 %	Change %
iBoxx Euro Sovereign AAA (15+ yr)	3.77	3.91	0.14
iBoxx Euro Broad Sovereign (10+ yr)	4.23	4.55	0.32
iBoxx Euro Corporates (5+ yr)	4.24	4.62	0.38

Annuity cost - 65 year old	Cost of a €10k Pension	Change in annuity prices						
		Sep-26 %	3 months %	YTD %	1 year %	3 year %	5 year %	10 Year %
No increases	€162k	-1.8%	-6.1%	-5.1%	-7.1%	-5.3%	-36.1%	-35.7%
2% increases	€202k	-2.1%	-6.9%	-5.8%	-8.1%	-6.1%	-39.9%	-39.6%
CPI max 4%	€224k	-2.2%	-7.2%	-6.1%	-8.4%	-6.3%	-39.3%	-40.8%

Sample Pension Schemes	Sep-26 %	3 Months %	Year to Date %	1 Year %	3 Years % pa	5 Years % pa	10 Years % pa
DB Schemes							
Assets	-0.3	-2.0	6.7	7.7	9.2	2.0	4.5
Liabilities	-0.1	-0.6	2.7	3.4	4.8	1.3	2.9
Change in Funding Level	-0.2	-1.4	3.9	4.2	4.2	0.7	1.6
DC Schemes							
High Risk Strategy	0.2	1.4	12.5	15.9	14.4	8.5	8.4
Medium Risk Strategy	-0.3	-1.3	7.3	8.8	9.7	3.0	4.9
Pension Purchase Strategy	-1.5	-5.6	-3.5	-5.2	-0.6	-7.3	-3.3

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

* Fund performance is 1-month in arrears

The LCP Quarterly Brief – Q3 2026

Investment Update

Background

In the third quarter of 2026, global equity markets experienced positive returns, rising by 1.3% (in local currency terms). Non-hedged investors experienced a rise of 2.5% over the quarter in Euro terms, as the US dollar strengthened slightly.

Despite heightened geopolitical tensions in the Middle East, rising energy prices and a new wave of U.S. trade tariffs, global economic activity remained resilient. Strong business investment, continued AI-related capital expenditure and a supportive earnings backdrop helped global equities reach several record highs. Developed markets outperformed, led by Japan and the U.S., while European equities lagged amid concerns around higher interest rates and weaker earnings momentum.

Central banks remained focused on inflation risks as higher oil and gas prices fed into headline inflation. More than 80% of developed-market central banks raised policy rates during the quarter, including the Federal Reserve, ECB and Bank of Japan, contributing to rising bond yields and a challenging environment for fixed income markets.

Equity Performance

July: Global equities fell by -0.3% (in local currency terms) in July, with Eurozone markets falling by -0.1%.

Following a strong first half of the year, global equities experienced heightened volatility in July, driven by renewed geopolitical tensions and growing scrutiny of the sustainability of profits across the AI investment cycle. Resilient corporate earnings and relative strength in selected mega-cap companies, as well as the financials and energy sectors, helped limit the overall decline.

August: Global equities rebounded in August, rising by 2.4%. This was supported by resilient economic activity and robust corporate earnings, despite continued geopolitical uncertainty. Technology stocks regained momentum following July's sharp sell-off, as the AI theme remained in focus as capital expenditure and corporate earnings surged. There were gains in growth and value stocks across both developed and emerging markets.

September: Global equities fell by 0.8% (in local currency terms) in September, with Eurozone markets falling by 2.0%. The Euro weakened against the U.S. dollar over the month.

Global equity markets were volatile in September as investors weighed inflation pressures against economic activity and company earnings. Equities weakened early in the month amid expectations that interest rates could remain higher for longer, before briefly recovering on gains in large-cap growth and technology stocks. Small-cap companies lagged as the stronger US dollar and higher borrowing costs weighed on sentiment.

Bond Performance

July: Fixed income markets were volatile in July, with government bond yields rising across most developed markets. Middle East tensions and higher energy prices led investors to reassess the outlook for inflation and monetary policy. Although the major developed market central banks left policy rates unchanged, a broadly hawkish tone reinforced expectations that interest rates will remain elevated, with markets continuing to price in further rate increases over the next 12 months.

Eurozone bonds came under pressure as returns for core Euro government bonds fell by -4.1%, broad Euro government bonds were down -3.5%, and euro corporate bonds declined by -1.7%.

August: Fixed income markets remained volatile in August, with government bond yields rising across most developed markets amid shifting expectations for central bank policy and fluctuations in energy prices. Markets continued to price in the possibility of an ECB rate hike in September, as recent comments from policymakers signalled a more hawkish policy stance.

Eurozone bonds continued to decline over the month as returns for core Euro government bonds fell -1.6%, broad Euro government bonds were down -1.5%, and Euro corporate bonds declined by -0.5%

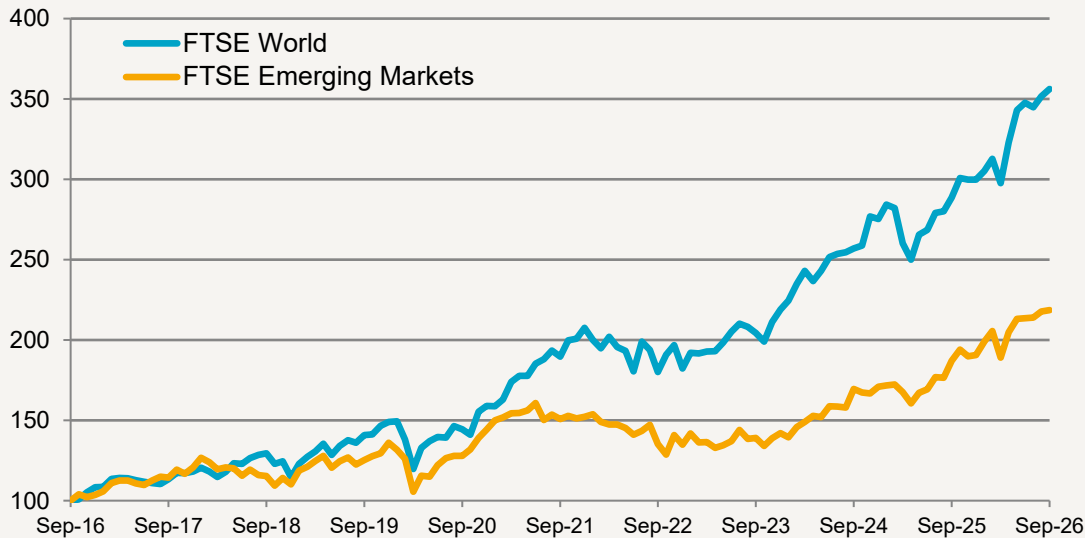
September: Fixed income markets moved lower in September, as rising oil prices and persistent inflation concerns led investors to expect that interest rates may remain elevated for longer. Government bond yields increased, particularly at longer maturities, following the Federal Reserve's interest rate rise and continued signs of resilience in economic activity and corporate earnings.

Eurozone bonds declined further during the month: broad government bonds fell 3.9%, while core government and corporate bonds each returned -2.1%.

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September 2026 Investment Update

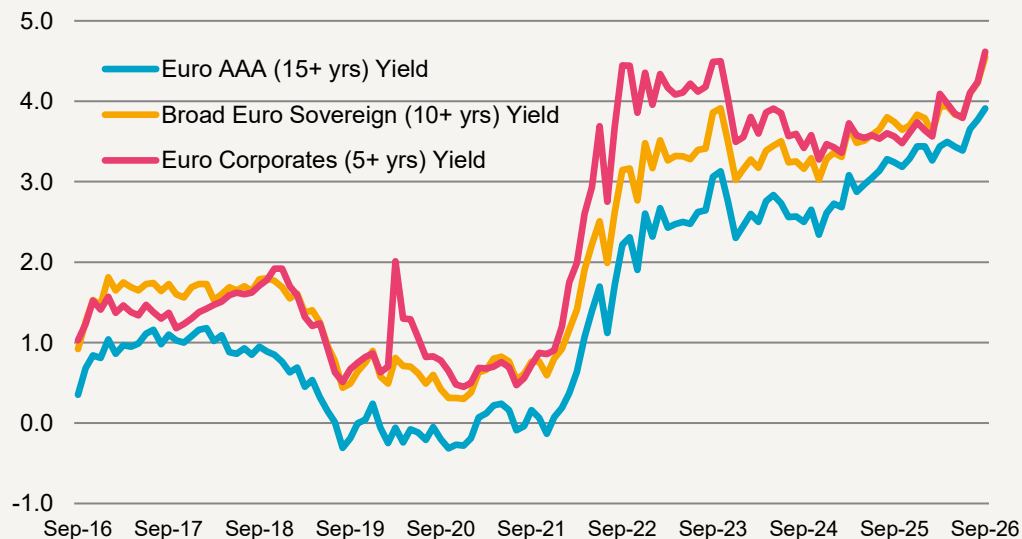
Equity Market Performance



Sample DB Funding Level Progression (MFS Proxy Basis)



Historical Bond Yields



Sample DC Scheme Performance



The LCP Monthly Brief

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