

# Clwyd Pension Fund

## Economic and Market Update – Q1 2022

# Monthly Capital Market Monitor (UK)

March 2022

## Equities rebounded in spite of geopolitical conflicts

Global equity markets recovered in mid-March as sentiment improved somewhat. Fixed income had negative returns amid central bank tightening and rising yields. Commodities continued to soar as markets priced in tighter supply due to the Russia – Ukraine conflict and Russian sanctions. The primary market drivers over the month were the unfolding conflict in Ukraine<sup>1</sup> and central banks accelerating tightening schedules as inflation remained at multi-decade highs.

Equity markets continued to be volatile throughout the month but returned to positive territory in the second half as investors started to see central bank tightening as a sign that central bankers remain committed not to let inflation run out of control. The equity recovery was mainly driven by developed markets though. Returns for emerging markets were negative again as Chinese markets were sharply down amid new lockdowns and fears over Chinese companies trading with Russia being targeted by sanctions. Taiwan and Korea were flat to slightly negative. Strong returns for commodity driven Latin America as well as India were not sufficient to offset this.

Fixed income returns were negative across the board as nominal yields rallied. Inflation linked bonds and high yield bonds were the best performers within fixed income but still delivered negative returns. Rising inflation expectations and falling credit spreads mitigated the impact of rising nominal yields for these asset classes to a degree.

Commodities were once again among the best performing assets during March. The energy sector benefited in particular, although some of those gains were given up later in the month due to Chinese lockdowns and the announced release from the US strategic oil reserve. Agricultural commodities such as wheat also rose sharply as the conflict is expected to lead to a reduction in global wheat supply, given both Russia's and Ukraine's high shares in global production and export. Nickel trading was suspended by London's commodity exchange after a large Chinese producer struggled to cover its short positions.

Sterling weakened sharply against the currencies of large commodity producers such as the Brazilian real and South African Rand and was also weaker against major developed market currencies, including the euro and the US dollar.

<sup>1</sup> Source: <https://insightcommunity.mercer.com/v1/api/uploads/c3e7d15876f0440cae2b6754c77742ca.pdf?public=false>

## At a Glance

Market Returns in % as of end of March 2022 in GBP

Major Asset Class Returns	1M	YTD	1Y
MSCI ACWI	4.1	-2.6	12.4
S&P 500	5.7	-1.9	21.2
FTSE All Share	1.3	0.5	13.0
MSCI World ex-UK	4.9	-2.6	15.8
MSCI EM	-0.4	-4.3	-7.1
Bloomberg Barclays Global Aggregate	-1.2	-3.5	-1.9
ICE Bank of America Sterling Non-Gilt index	-1.2	-6.2	-5.1
Bloomberg Barclays High Yield	0.6	-2.2	3.8
FTSE WGBI	-1.6	-3.8	-3.3
FTA UK Over 15 year gilts	-3.3	-12.3	-7.2
FTA UK 5+ year ILG's	-3.0	-6.4	4.8
NAREIT Global REITs	6.6	-1.0	20.9
Bloomberg Commodity TR	10.7	29.2	56.4

Source: Refinitiv; as of 31/3/22

Past performance is no guarantee of future results

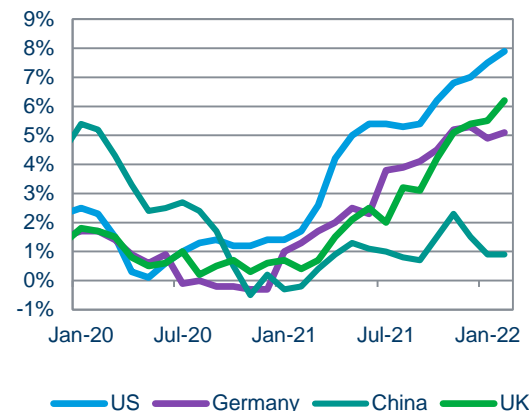
# Market Drivers

## Commodities rally, inflation and central banks tightening

- During March, markets continued to be driven by the conflict in eastern Europe, its impact on commodity markets, inflation and monetary policy decisions by major central banks.
- Russia's invasion of Ukraine continued to devastate the country and led to a combination of sanctions and western companies withdrawing from Russia. Economic figures such as purchasing manager indices, nonfarm payrolls and retail sales nevertheless remained strong in developed economies as they did not yet fully reflect the reduction in global commodity supply and thus additional inflation risk<sup>1</sup> as direct consequence from the conflict.
- February inflation figures for the US, UK and Eurozone came in between 6% and 8%, a multi-decade high for all regions and this is not yet fully reflecting the conflict induced commodity rally. The Federal Reserve and Bank of England hiked interest rates by 25 basis points each and sharpened their rhetoric. Markets remain positioned for a steep tightening cycle in 2022 and 2023. The European Central Bank did not hike rates, but announced a faster scaling back of quantitative easing.
- During the second half of the month, market sentiment improved somewhat on hopes of a ceasefire between Russia and Ukraine, along with easing oil prices. Oil demand is expected to be impacted by China locking down or severely restricting activities in major cities, including Shenzhen and Shanghai, whose output amounts to almost a quarter of Chinese GDP.

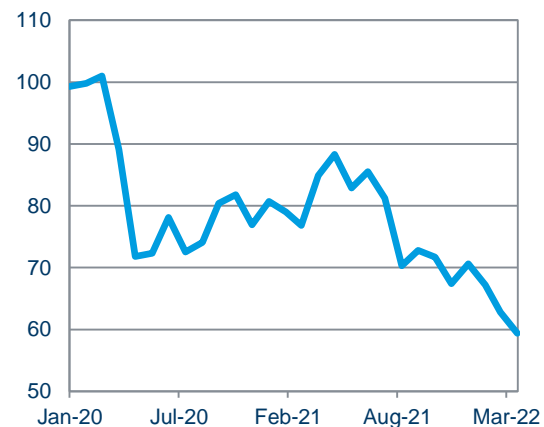
<sup>1</sup> Source: [https://insightcommunity.mercer.com/research/62390736182c1c002130025c/Mercer\\_Inflation\\_turning\\_up\\_the\\_heat](https://insightcommunity.mercer.com/research/62390736182c1c002130025c/Mercer_Inflation_turning_up_the_heat)

Consumer Price Index (Year-over-Year)



Source: Bloomberg; as of 28/2/22

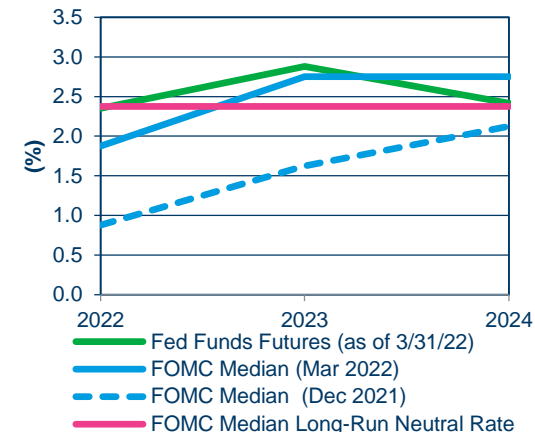
University of Michigan Consumer Sentiment Index



Source: Bloomberg; as of 31/3/22

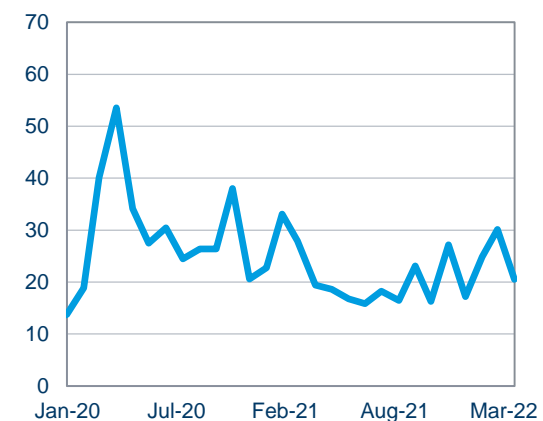
Returns in GBP unless stated otherwise.

Fed Funds Target Rate Projections



Source: Bloomberg; as of 31/3/22

CBOE Volatility Index (VIX Index)



Source: Bloomberg; as of 31/3/22

Past performance is no guarantee of future results

# Equities

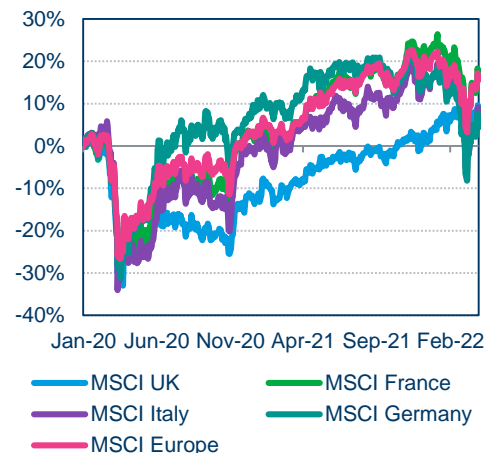
## Tentative recovery even as central banks tightened

- Equity markets continued to fall and volatility remained high for the first half of March, but this reversed during the second half. The MSCI ACWI index returned 4.1% for the month but finished the quarter down -2.6%.
- The equity recovery was mainly driven by developed markets. Market sentiment improved even though central banks shifted to more a hawkish tone on inflation. Stabilising oil prices started to give western consumers a break for now. The US outperformed other developed markets, outside North America, by over 3 percentage points during the month.
- Emerging markets on the other hand closed the month and quarter marginally in the red. China ended the month sharply lower due to new lockdowns, fears over delistings from US stock exchanges, a large regulatory fine against Tencent and increased risk of sanctions over Ukraine. Taiwan and Korea were also weak. Strong performance in Latin America and India were not sufficient to offset this. Russia was removed from the MSCI Emerging Markets Index on March 9th.<sup>1</sup>
- Growth outperformed value as risk sentiment recovered late in the month.
- Performance was positive for all sectors over the month. Energy was once again the top performer and also returned 41% over the quarter whilst quarterly performance for most other sectors was negative.
- Earnings came in as expected, but the outlook has weakened. The number of S&P 500 companies with negative guidance is the highest in over two years and earnings per share estimates have decreased the most since mid-2020.<sup>2</sup>

<sup>1</sup> Source: [Offloading Russia Investment implications of Russia being removed from indices](#)

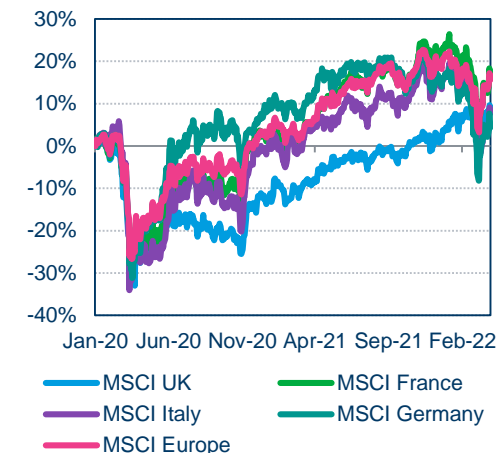
<sup>2</sup> Source: <https://insight.factset.com/highest-number-of-sp-500-companies-issuing-negative-eps-guidance-since-q4-2019>

### Global Equity Performance (GBP)



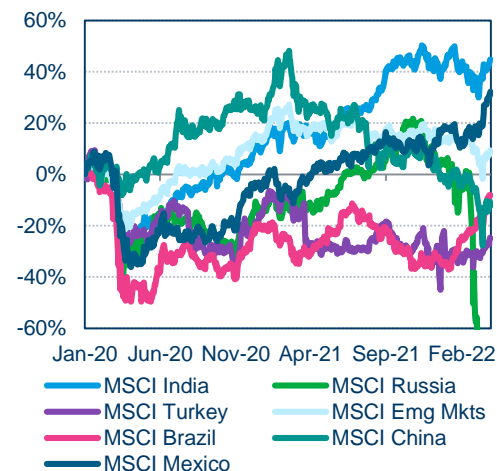
Source: Refinitiv, Data as at 31/03/2022

### European Equity Performance (GBP)



Source: Refinitiv, Data as at 31/03/2022

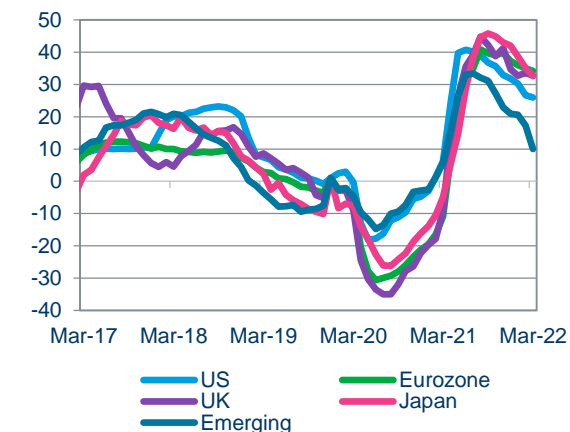
### Emerging Market Equity Performance (GBP)



Source: Refinitiv, Data as at 31/03/2022

Returns in GBP unless stated otherwise.

### Forward Earnings Estimates (YoY)



Source: Refinitiv; as of 31/3/22

Past performance is no guarantee of future results

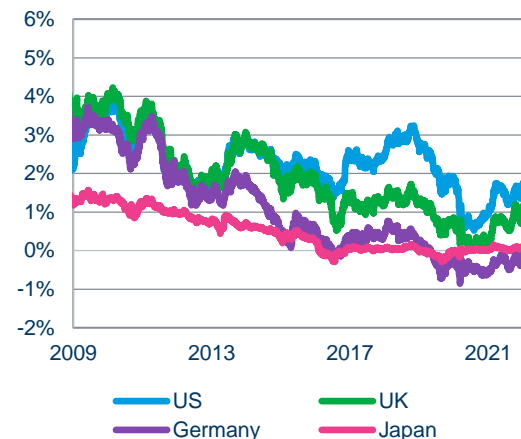
# Fixed income

## Bonds yields soar with tighter monetary policy

- In the UK, sovereign bond curves flattened as yields at the front end rose more than the longer end of the curve. UK 10-year government bond yields finished the quarter at 1.60%, having risen 20 basis points. The 2-year yield rose 31 basis points to 1.34%.
- Elsewhere in the world major developed bond yields rose considerably over the month, led by the US, Australia and Germany, with 10-year yields increasing by 49, 70 and 41 basis points respectively.
- Markets continued to position for even higher inflation and accelerating action by central banks as a consequence. For the UK, markets are pricing in another 5 – 6 quarter-point interest rate hikes this year.
- Inflation expectations as measured by 10-year inflation break-evens were pretty much flat over the month, having initially spiked 30 basis points intra month as markets priced in the impact of a reduction in Russian commodity supply on input prices. As a result real yields rose commensurately with nominal yields.<sup>1</sup>
- Riskier fixed income assets recovered along with equities throughout the second half of the month. Spreads for investment grade bonds fell by 6 basis points, while spreads for riskier high yield bonds fell by 34 basis points. Despite declines during the month, spreads are still significantly higher than at the beginning of the year.
- Emerging market debt yields increased. The JPM CEMBI Broad Diversified Index which tracks hard currency debt fell by 2.5% and remains down 8.8% in 2022 (USD terms). Russia made coupon payments on its local currency bonds during the month; however, a default on its hard currency bonds remained a concern. Chinese property developers came under renewed scrutiny after banks seized substantial cash holdings from Evergrande.

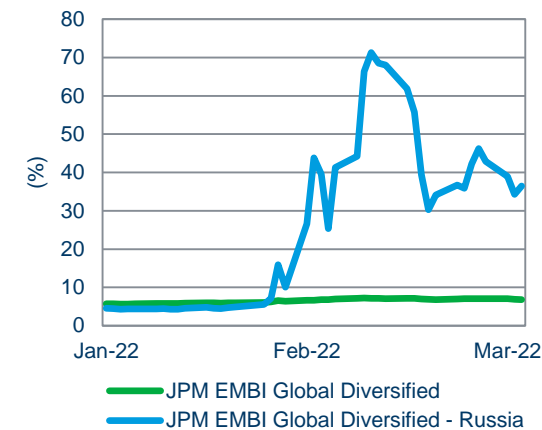
<sup>1</sup> Source: Bloomberg

### 10-Year Government Bond Yields



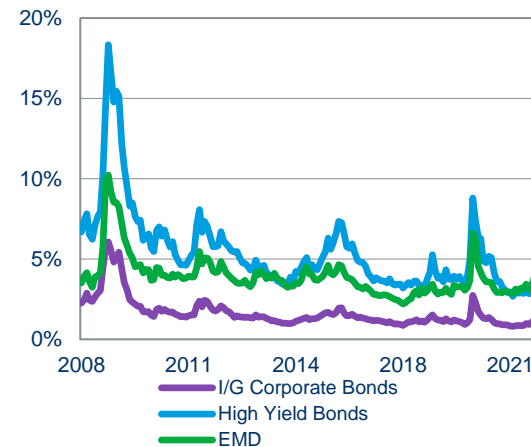
Source: Bloomberg; as of 31/3/22

### EMD Dollar Denominated Yields



Source: JP Morgan; as of 30/3/22

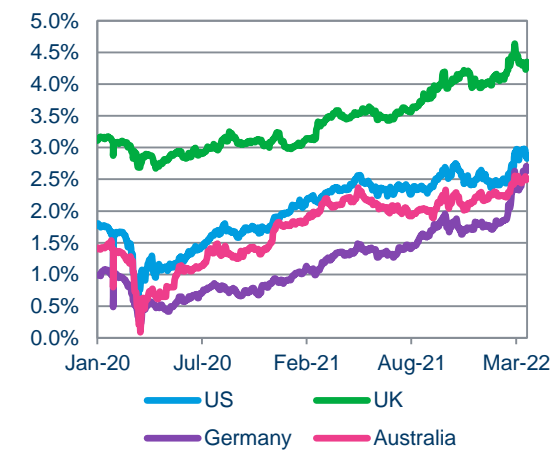
### Credit Spreads



Source: Bloomberg; as of 31/3/22

Returns in GBP unless stated otherwise.

### 10-Year Inflation Breakeven Rates



Source: Bloomberg; as of 31/3/22

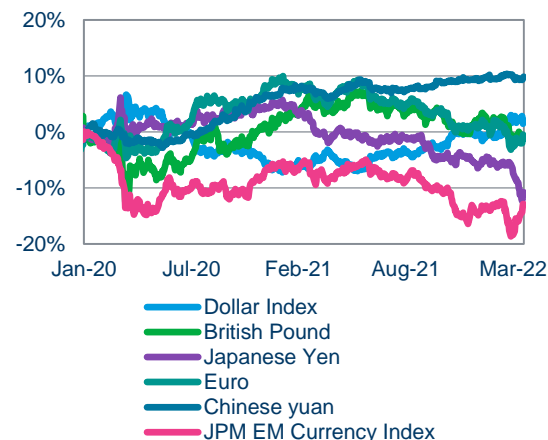
Past performance is no guarantee of future results

# Currencies, commodities and alternatives

## Commodities momentum remains strong as conflict drags on

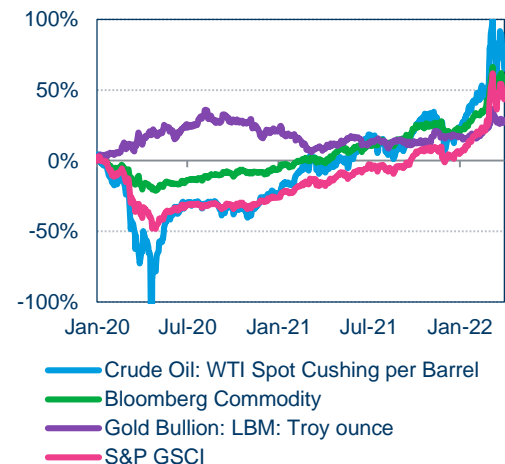
- Sterling weakened sharply against the currencies of large commodity producers such as the Brazilian real and South African Rand and was also weaker against major developed market currencies, including the euro and the US dollar.
- Commodities and energy in particular continued to rally over the month. The Bloomberg Commodity and S&P NA Natural Resources indices were up by 10.7% and 11.7%, respectively for March and 29.2% and 36.9% for the first quarter. Russia's high global market share in some commodities contributed to the strong performance. Oil benefited in particular with Brent soaring above \$125 intra-month, although it ended the month near \$100 as Chinese lockdowns led to expectations of global oil demand easing in the short term. In addition, the US announced a release from its strategic oil reserve.
- Other commodities markets also saw massive price increases. Wheat soared by 8% (USD terms) given Russia's and Ukraine's high market share. Trading in the London Nickel market had to be suspended after a large Chinese producer was unable to cover his short positions and its price soared by over 30% (USD terms).
- Gold returned almost 5% over the month after giving back some of its gains mid-month when risk sentiment returned. Bitcoin gained almost 10%.
- Global REITs increased by around 6.6% due to their inherent equity beta as risk markets as a whole recovered.
- Hedge funds, as measured by the HFRX Equal Weighted Strategies index, increased by 0.3% over the month.

### Currency Returns



Source: Bloomberg; as of 31/3/22

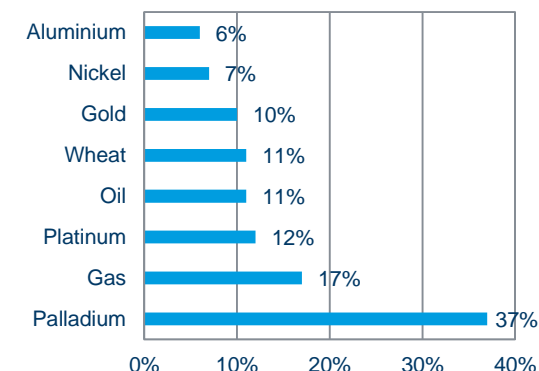
### Commodities



Source: Refinitiv, Data as at 31/03/2022

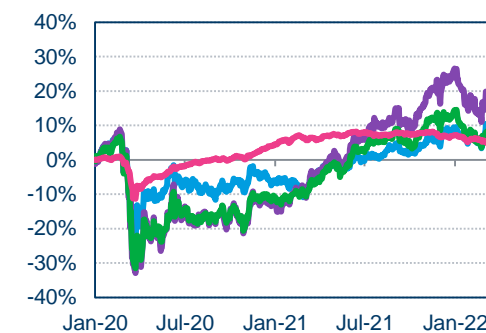
Returns in GBP unless stated otherwise.

### Russian Share of Global Commodity Production



Source: Morgan Stanley Research, Goldman Sachs, JP Morgan, Haver, Woodmac; as of 2020

### REITs, Hedge Funds, Infrastructure



Source: Refinitiv, Data as at 31/03/2022

Past performance is no guarantee of future results

# Valuations and yields

## Ending 31 March 2022

FTSE ALL-Share	31/03/2022	31/12/2021	30/09/2021	30/06/2021
Index Level	8404.7	8363.9	8027.1	7852.4
P/E Ratio (Trailing)	14.7	21.0	23.9	88.8
CAPE Ratio	19.9	19.6	19.1	19.0
Dividend Yield	3.5	3.6	3.7	3.1
P/B	1.8	1.8	1.8	1.8
P/CF	6.4	7.5	7.6	5.6
MSCI World ex-UK	31/03/2022	31/12/2021	30/09/2021	30/06/2021
Index Level	9147.4	9674.6	8969.6	8969.2
P/E Ratio (Trailing)	20.5	23.5	23.6	29.5
CAPE Ratio	29.1	33.4	31.3	31.1
Dividend Yield	1.8	1.6	1.7	1.6
P/B	3.2	3.4	3.2	3.3
P/CF	14.1	14.4	13.7	13.3
MSCI EM	31/03/2022	31/12/2021	30/09/2021	30/06/2021
Index Level	565.8	608.3	616.4	670.6
P/E Ratio (Trailing)	14.0	21.7	15.1	18.7
CAPE Ratio	14.0	14.5	15.2	17.2
Dividend Yield	2.5	2.0	2.2	1.9
P/B	1.8	2.0	1.9	2.1
P/CF	8.5	8.3	9.4	9.1

Source: Bloomberg, Refinitiv

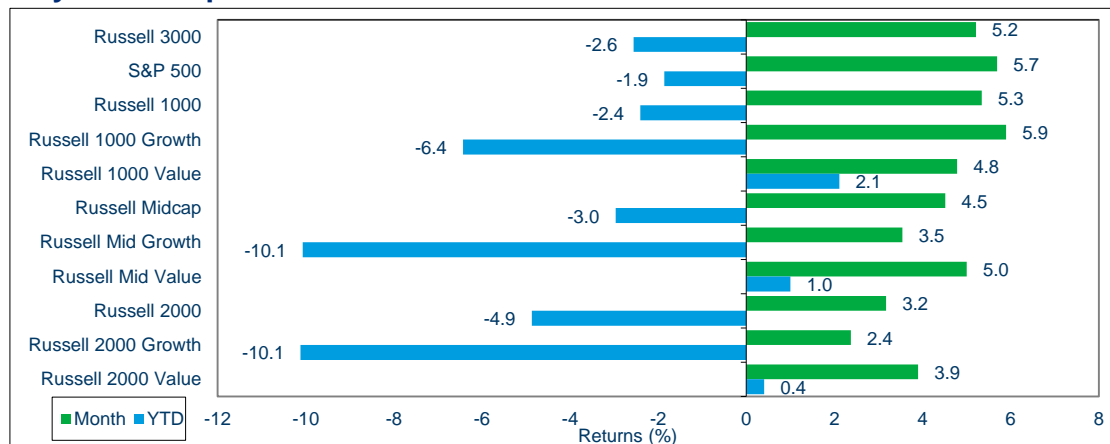
Global Bonds	31/03/2022	31/12/2021	30/09/2021	30/06/2021
Germany – 10Y	0.55	-0.18	-0.20	-0.21
France - 10Y	0.98	0.20	0.16	0.13
US - 10Y	2.34	1.51	1.49	1.47
Switzerland – 10Y	0.60	-0.14	-0.16	-0.22
Italy – 10Y	2.04	1.17	0.86	0.82
Spain 10Y	1.44	0.57	0.46	0.41
Japan – 10Y	0.22	0.07	0.07	0.06
Euro Corporate	1.55	0.52	0.35	0.33
Euro High Yield	5.18	3.55	3.16	2.97
EMD (\$)	6.42	5.27	5.11	4.89
EMD (LCL)	6.48	5.87	5.49	5.04
US Corporate	3.60	2.33	2.13	2.04
US Corporate High Yield	6.01	4.21	4.04	3.75
UK Bonds	31/03/2022	31/12/2021	30/09/2021	30/06/2021
SONIA	0.69	0.19	0.05	0.05
10 year gilt yield	1.59	0.97	1.02	0.75
30 year gilt yield	1.75	1.13	1.36	1.21
10 year index linked gilt yield	-2.74	-2.95	-2.77	-2.63
30 year index linked gilt yield	-1.92	-2.27	-2.10	-2.05
AA corporate bond yield	2.38	1.46	1.29	1.16
A corporate bond yield	2.61	1.68	1.56	1.40
BBB corporate bond yield	3.25	2.16	1.99	1.81

Source: Bloomberg, Refinitiv

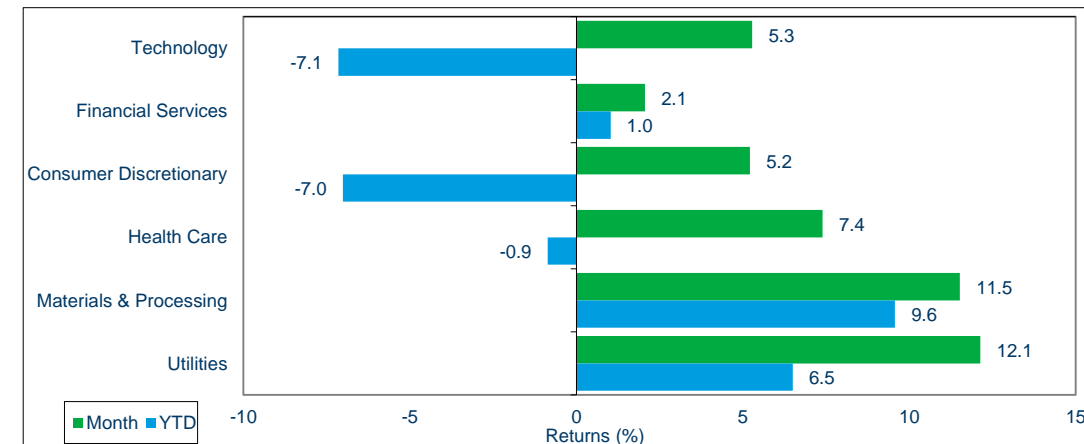
# Performance summary (GBP)

## Style and sector equity performance ending 31 March 2022

### Style and Capitalisation Market Performance



### Russell 1000 Sector Performance



Index Returns	1 Mth	3 Mth	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years	20 Years	2021	2020	2019	2018	2017	2016
S&P 500	5.7	-1.9	-1.9	21.2	30.5	18.5	14.8	16.0	16.9	9.7	29.9	14.7	26.4	1.6	11.3	33.5
Russell 3000	5.2	-2.6	-2.6	17.3	30.9	17.8	14.2	15.3	16.5	9.8	26.8	17.2	26.0	0.6	10.6	34.5
Russell 3000 Growth	5.7	-6.6	-6.6	18.3	32.2	22.3	18.9	18.7	18.9	10.8	27.0	34.0	30.6	4.0	18.4	28.1
Russell 3000 Value	4.7	2.0	2.0	16.4	28.7	12.6	9.0	11.6	13.8	8.5	26.5	-0.3	21.4	-2.9	3.4	41.2
Russell 1000	5.3	-2.4	-2.4	18.7	30.9	18.3	14.6	15.7	16.8	9.8	27.6	17.2	26.4	1.1	11.2	33.7
Russell 1000 Growth	5.9	-6.4	-6.4	20.5	32.7	23.2	19.6	19.4	19.3	10.9	28.8	34.2	31.1	4.6	18.9	27.7
Russell 1000 Value	4.8	2.1	2.1	17.0	28.1	12.6	9.2	11.6	13.9	8.5	26.3	-0.4	21.7	-2.6	3.8	40.0
Russell Midcap	4.5	-3.0	-3.0	12.0	32.2	14.5	11.5	12.6	15.1	10.8	23.7	13.5	25.5	-3.4	8.3	35.7
Russell Mid Growth	3.5	-10.1	-10.1	3.9	25.4	14.4	13.9	13.8	15.7	10.6	13.8	31.4	30.2	1.2	14.4	28.0
Russell Mid Value	5.0	1.0	1.0	16.8	35.0	13.3	8.9	11.2	14.2	10.4	29.5	1.7	22.2	-6.8	3.5	43.1
Russell 2500	3.5	-3.1	-3.1	5.1	33.8	13.4	10.4	11.9	14.3	10.2	19.3	16.3	22.8	-4.4	6.7	40.3
Russell 2500 Growth	2.6	-9.8	-9.8	-5.8	26.0	12.6	12.1	12.4	14.9	10.2	6.0	36.1	27.5	-1.7	13.7	30.9
Russell 2500 Value	4.1	1.3	1.3	12.9	37.9	12.6	8.1	10.7	13.2	9.7	29.0	1.6	18.8	-6.9	0.8	49.3
Russell 2000	3.2	-4.9	-4.9	-1.3	31.5	11.4	8.6	10.8	13.2	9.1	15.9	16.3	20.7	-5.5	4.7	44.7
Russell 2000 Growth	2.4	-10.1	-10.1	-10.2	23.9	9.5	9.2	10.4	13.4	9.0	3.8	30.5	23.5	-3.7	11.6	32.8
Russell 2000 Value	3.9	0.4	0.4	8.3	38.5	12.3	7.5	10.6	12.7	9.0	29.5	1.4	17.7	-7.4	-1.5	57.1
Russell 1000 Technology	5.3	-7.1	-7.1	25.8	39.2	30.4	25.1	25.3	22.3	13.0	38.4	42.2	41.5	4.9	26.4	36.1
Russell 1000 Financial Services	2.1	1.0	1.0	20.0	36.4	18.7	14.3	16.0	17.4	7.1	36.3	3.9	28.6	-2.4	11.0	39.0
Russell 1000 Consumer Discretionary	5.2	-7.0	-7.0	7.8	32.9	19.2	16.3	16.8	18.8	11.2	18.4	38.5	24.2	6.1	13.4	26.8
Russell 1000 Health Care	7.4	-0.9	-0.9	21.6	22.2	15.7	13.9	13.3	18.4	10.3	24.4	13.4	16.8	13.2	11.5	15.8
Russell 1000 Energy	11.5	40.9	40.9	69.0	66.4	10.5	5.4	5.4	5.7	7.4	52.7	-33.0	6.5	-13.5	-9.7	50.2
Russell 1000 Producer Durables	3.8	-3.5	-3.5	5.7	25.6	10.1	9.3	12.2	14.6	8.7	17.2	8.4	25.7	-6.9	12.1	42.4
Russell 1000 Materials & Processing	11.5	9.6	9.6	26.4	42.5	20.5	13.0	14.3	14.3	9.7	26.5	13.9	21.6	-11.1	13.1	43.1
Russell 1000 Consumer Staples	2.5	3.2	3.2	19.7	18.5	12.4	6.9	10.3	12.9	10.0	19.3	3.8	19.3	-4.1	0.3	25.9
Russell 1000 Utilities	12.1	6.5	6.5	24.9	16.8	11.6	8.9	12.2	13.0	8.1	19.8	-3.2	21.3	6.1	-3.0	43.6

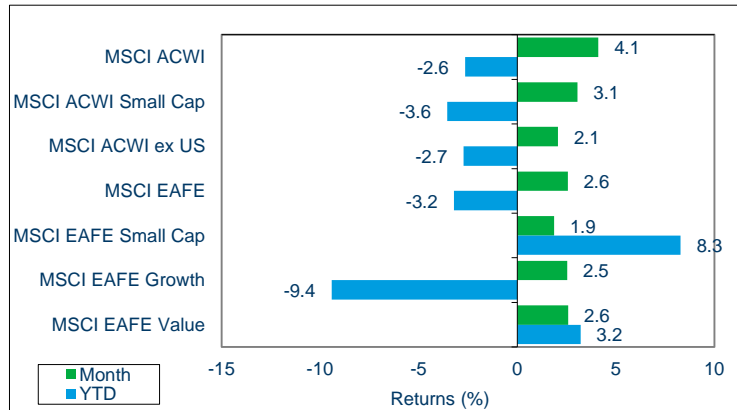
Data Source: Refinitiv



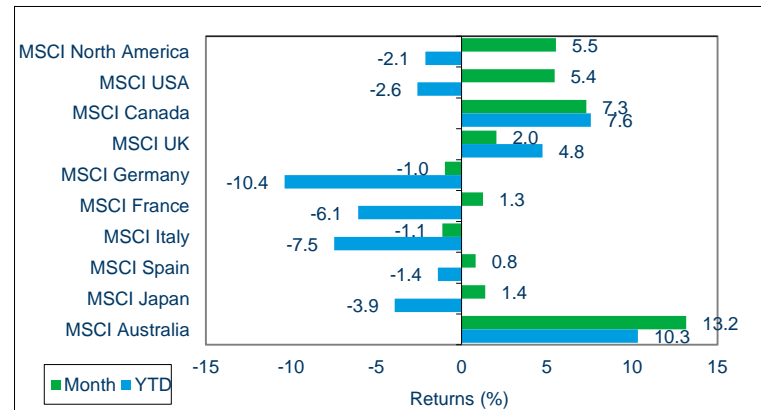
# Performance summary (GBP)

## Global equity ending 31 March 2022

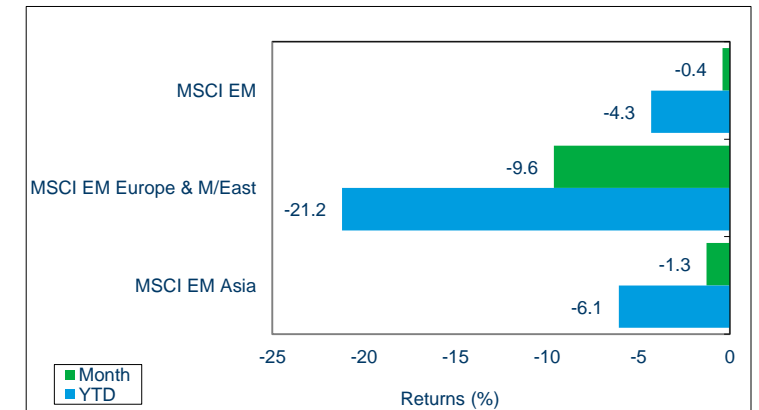
### International Equity Performance



### Developed Country Performance



### Emerging Market Performance



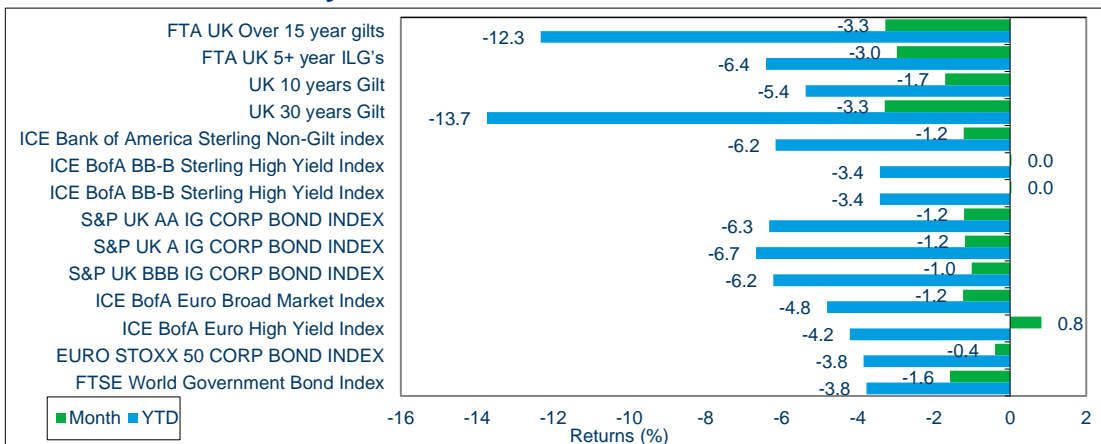
Index Returns	1 Mth	3 Mth	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years	20 Years	2021	2020	2019	2018	2017	2016
MSCI ACWI	4.1	-2.6	-2.6	12.4	25.0	13.4	10.5	11.6	12.1	8.1	19.6	12.7	21.7	-3.8	13.2	28.7
MSCI ACWI IMI	4.0	-2.7	-2.7	11.9	26.1	13.6	10.8	12.0	12.7	8.9	19.8	13.2	22.1	-4.0	13.8	30.0
MSCI ACWI Small Cap	3.1	-3.6	-3.6	4.4	30.7	11.4	8.4	10.4	11.8	10.1	17.2	12.7	19.8	-9.1	13.1	33.1
MSCI ACWI ex US	2.1	-2.7	-2.7	3.2	17.7	7.1	5.7	7.0	7.6	6.8	8.8	7.2	16.8	-8.9	16.2	24.6
MSCI EAFE	2.6	-3.2	-3.2	6.0	17.4	7.4	5.6	6.9	8.3	6.4	12.3	4.5	17.3	-8.4	14.2	20.5
MSCI EAFE Growth	2.5	-9.4	-9.4	3.2	15.0	9.4	7.8	8.7	9.6	6.9	12.3	14.6	23.0	-7.4	17.7	15.6
MSCI EAFE Value	2.6	3.2	3.2	8.5	19.2	4.9	3.1	4.9	6.9	5.7	11.9	-5.6	11.6	-9.5	10.9	25.3
EM	-0.4	-4.3	-4.3	-7.1	15.0	4.6	4.9	6.5	5.4	9.0	-1.6	14.7	13.8	-9.3	25.4	32.6
North America	5.5	-2.1	-2.1	19.4	30.5	17.9	14.0	15.0	15.7	9.0	27.6	16.2	25.7	0.1	10.4	33.1
Europe	1.8	-4.7	-4.7	8.5	18.9	7.9	5.8	6.8	8.3	6.3	17.4	2.1	19.0	-9.6	14.6	18.8
EM Europe & M/East	-9.6	-21.2	-21.2	-6.6	9.4	-0.9	0.8	3.7	-0.1	5.6	25.1	-10.4	14.6	-2.2	5.8	45.8
EM Asia	-1.3	-6.1	-6.1	-11.1	13.1	5.7	6.1	7.4	7.8	9.2	-4.2	24.4	14.6	-10.2	30.5	26.6
Latin America	15.2	30.9	30.9	29.5	32.1	2.8	3.0	6.4	0.8	9.1	-7.2	-16.5	12.9	-0.8	13.0	56.3
USA	5.4	-2.6	-2.6	19.1	30.3	18.1	14.3	15.3	16.2	9.1	27.6	17.0	25.8	0.9	10.7	32.3
Canada	7.3	7.6	7.6	26.0	34.3	14.9	9.5	9.8	7.9	9.1	27.1	2.1	22.6	-12.1	6.0	48.6
Australia	13.2	10.3	10.3	18.9	34.2	11.7	7.2	8.9	8.6	10.2	10.4	5.4	18.2	-6.5	9.6	32.9
UK	2.0	4.8	4.8	19.1	19.5	5.0	4.4	5.4	6.5	5.4	19.6	-13.2	16.4	-8.8	11.7	19.2
Germany	-1.0	-10.4	-10.4	-7.7	14.9	4.6	1.5	3.7	6.7	5.9	6.3	8.1	16.1	-17.3	16.6	22.6
France	1.3	-6.1	-6.1	9.5	21.5	8.5	7.3	8.8	9.6	6.1	20.6	0.9	20.9	-7.3	17.6	25.1
Italy	-1.1	-7.5	-7.5	2.0	18.4	5.0	4.9	4.6	5.9	2.6	16.1	-1.3	22.4	-12.6	17.3	6.8
Spain	0.8	-1.4	-1.4	0.9	11.4	-1.4	-1.8	0.6	4.1	4.9	2.3	-7.7	7.7	-11.0	16.0	18.1
Japan	1.4	-3.9	-3.9	-2.0	10.9	6.5	5.0	7.1	8.5	5.6	2.6	10.9	15.0	-7.5	13.3	22.1
Brazil	17.1	39.8	39.8	30.7	31.2	1.7	4.1	9.0	0.6	10.1	-16.6	-21.5	21.4	5.7	13.4	98.3
China	-6.2	-11.7	-11.7	-29.3	-4.5	-3.3	2.5	3.8	6.6	10.8	-21.0	25.5	18.7	-13.8	40.7	20.4
India	5.6	1.0	1.0	23.5	39.9	12.5	9.9	10.1	10.8	13.4	27.4	12.0	3.4	-1.5	26.7	17.6
Russia	-100.0	-100.0	-100.0	-100.0	-100.0	-100.0	-100.0	-100.0	-100.0	-100.0	20.1	-15.2	45.1	5.8	-3.9	84.7

Data Source: Refinitiv

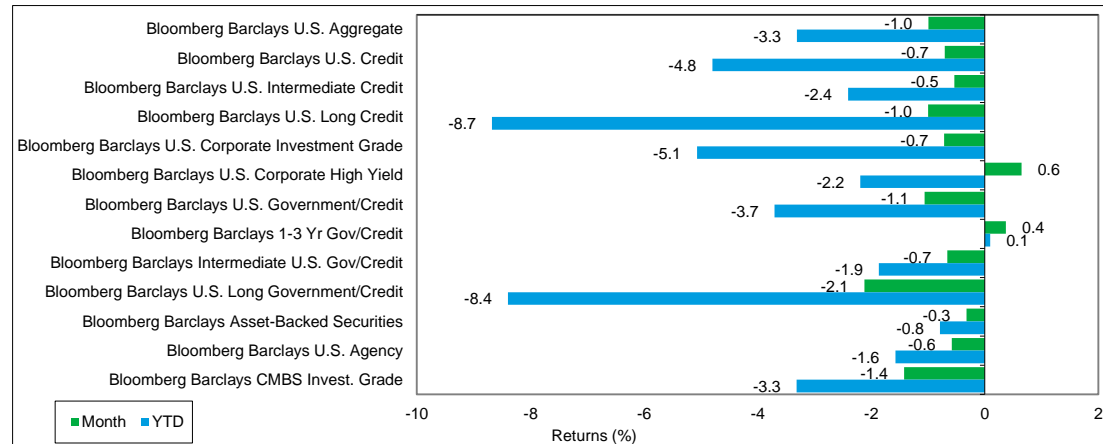
# Performance summary (GBP)

## Fixed income ending 31 March 2022

### Bond Performance by Duration



### Sector, Credit, and Global Bond Performance



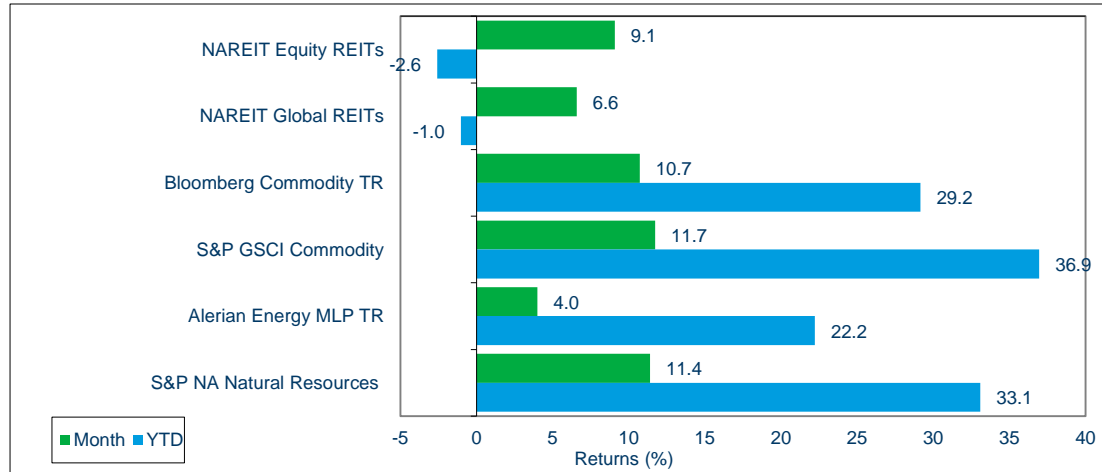
Index Returns	1 Mth	3 Mth	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years	20 Years	2021	2020	2019	2018	2017	2016
FTA UK Over 15 year gilts	-3.3	-12.3	-12.3	-7.2	-8.8	-0.7	0.9	2.9	5.0	6.1	-7.3	13.9	12.0	0.3	3.3	18.5
FTA UK 5+ year ILG's	-3.0	-6.4	-6.4	4.8	3.7	3.3	3.2	5.5	6.5	7.4	4.2	12.4	6.8	-0.4	2.5	27.4
UK 10 years Gilt	-1.7	-5.4	-5.4	-5.3	-4.8	-0.8	0.6	1.8	2.7	5.1	-5.7	6.6	5.2	2.0	2.7	9.3
UK 30 years Gilt	-3.3	-13.7	-13.7	-8.4	-9.0	-1.0	0.7	2.5	4.9	6.1	-6.4	13.8	11.7	0.4	3.1	17.7
ICE Bank of America Sterling Non-Gilt index	-1.2	-6.2	-6.2	-5.1	0.8	1.1	1.6	2.5	4.4	5.1	-3.0	8.0	9.5	-1.6	4.3	10.6
ICE BofA BB-B Sterling High Yield Index	0.0	-3.4	-3.4	-1.7	9.6	4.5	4.4	5.3	7.9	10.3	3.0	6.1	13.8	-1.4	8.2	10.5
S&P UK AA IG CORP BOND INDEX	-1.2	-6.3	-6.3	-5.0	-0.3	0.0	0.9	2.2	3.7	4.9	-4.8	7.7	7.3	-0.3	3.2	12.7
S&P UK A IG CORP BOND INDEX	-1.2	-6.7	-6.7	-5.1	0.9	0.9	1.5	2.6	4.5	5.1	-3.9	8.4	10.4	-1.5	3.6	12.6
S&P UK BBB IG CORP BOND INDEX	-1.0	-6.2	-6.2	-4.8	3.0	1.9	2.3	3.1	4.9	5.9	-2.4	8.7	11.6	-2.6	5.5	11.3
ICE BofA Euro Broad Market Index	-1.2	-4.8	-4.8	-7.1	-3.9	-1.0	0.4	2.8	2.8	5.5	-8.8	9.9	0.1	1.6	4.7	19.7
ICE BofA Euro High Yield Index	0.8	-4.2	-4.2	-3.9	6.3	1.6	2.4	5.4	5.4	9.1	-3.1	8.6	5.1	-2.5	11.0	26.3
EURO STOXX 50 CORP BOND INDEX	-0.4	-3.8	-3.8	-5.5	-1.1	-0.9	0.2	2.8	2.3	--	-7.2	8.5	-0.9	0.1	5.5	19.5
FTSE World Government Bond Index	-1.6	-3.8	-3.8	-3.3	-5.9	-0.4	0.2	2.9	2.3	1.1	-6.1	6.7	1.8	5.3	-1.8	21.2
Bloomberg Barclays U.S. Aggregate	-1.0	-3.3	-3.3	0.2	-4.5	1.3	1.1	3.5	4.0	4.3	-0.7	4.3	4.6	5.8	-4.9	20.9
Bloomberg Barclays U.S. Credit	-0.7	-4.8	-4.8	0.3	-1.2	2.4	2.1	4.5	5.3	5.3	-0.2	6.0	9.4	3.7	-2.7	24.8
Bloomberg Barclays U.S. Intermediate Credit	-0.5	-2.4	-2.4	0.4	-1.4	1.7	1.4	4.0	4.6	4.7	-0.1	3.8	5.4	5.9	-4.9	22.5
Bloomberg Barclays U.S. Long Credit	-1.0	-8.7	-8.7	0.2	-0.8	4.0	3.7	5.6	7.0	7.0	-0.3	9.8	18.6	-1.1	2.7	30.5
Bloomberg Barclays U.S. Corporate Investment Grade	-0.7	-5.1	-5.1	0.2	-0.9	2.7	2.3	4.6	5.5	5.4	-0.2	6.5	10.2	3.3	-2.5	25.4
Bloomberg Barclays U.S. Corporate High Yield	0.6	-2.2	-2.2	3.8	7.6	4.2	3.6	6.6	7.5	7.6	6.1	3.9	10.0	3.6	-1.3	37.3
Bloomberg Barclays U.S. Government/Credit	-1.1	-3.7	-3.7	0.6	-4.3	1.8	1.4	3.7	4.3	4.5	-0.9	5.6	5.6	5.4	-4.6	21.6
Bloomberg Barclays 1-3 Yr Gov/Credit	0.4	0.1	0.1	1.4	-3.3	0.7	0.3	2.7	2.8	2.6	0.4	0.4	0.3	7.2	-7.1	18.5
Bloomberg Barclays Intermediate U.S. Gov/Credit	-0.7	-1.9	-1.9	0.3	-3.8	1.1	0.8	3.3	3.7	3.8	-0.6	3.2	2.8	6.7	-6.2	20.3
Bloomberg Barclays U.S. Long Government/Credit	-2.1	-8.4	-8.4	1.4	-5.4	3.8	3.5	5.2	6.6	6.8	-1.6	12.5	15.0	1.1	1.4	26.3
Bloomberg Barclays CMBS Invest. Grade	-1.4	-3.3	-3.3	-1.0	-2.2	1.5	1.6	3.1	3.6	4.2	-0.4	5.2	4.9	4.7	-2.7	14.9
Bloomberg Barclays U.S. Mortgage Backed Securities	-0.8	-2.3	-2.3	-0.6	-5.2	0.2	0.4	3.0	3.5	3.9	-0.2	0.8	2.4	6.9	-5.9	19.8
Bloomberg Barclays Municipal Bond	-1.5	-3.7	-3.7	-0.2	-2.3	1.2	1.5	3.9	4.5	4.3	2.3	2.2	3.6	6.8	-2.8	17.1

Data Source: Refinitiv

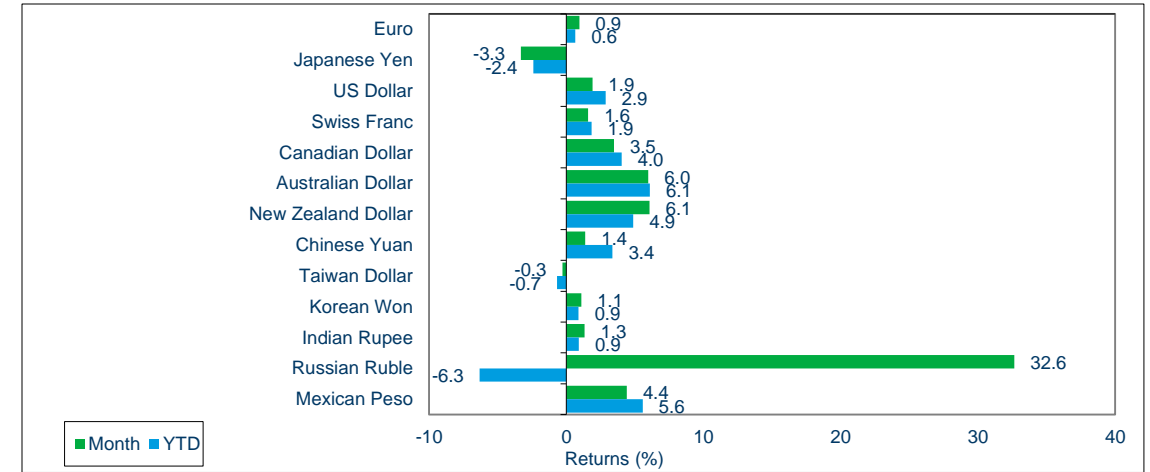
# Performance summary (GBP)

## Alternatives ending 31 March 2022

### Real Asset Performance



### Performance of Foreign Currencies versus Sterling



Index Returns	1 Mth	3 Mth	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years	20 Years	2021	2020	2019	2018	2017	2016
NAREIT Equity REITs	9.1	-2.5	-2.5	29.5	25.0	11.3	9.6	10.9	12.7	10.9	42.6	-8.1	23.7	1.9	-0.7	29.6
NAREIT Global REITs	6.6	-1.0	-1.0	20.9	21.5	6.0	6.4	7.6	9.9	9.5	28.4	-11.0	18.3	1.2	1.8	25.2
Bloomberg Commodity TR	10.7	29.2	29.2	56.4	37.8	15.7	7.9	6.1	1.2	2.7	28.3	-6.1	3.5	-5.7	-7.1	33.3
S&P GSCI Commodity	11.7	36.9	36.9	72.4	52.6	13.0	8.9	5.0	-1.4	1.1	41.6	-26.1	13.1	-8.5	-3.4	32.8
Alerian Energy MLP TR	4.0	22.2	22.2	43.1	61.6	2.3	-1.1	-0.2	3.3	8.8	41.5	-30.9	2.4	-7.0	-14.6	41.1
Oil	6.8	37.2	37.2	77.6	114.7	18.2	13.5	13.2	1.7	7.3	56.4	-23.0	29.3	-20.2	2.7	73.0
Gold	4.8	9.9	9.9	19.4	7.4	14.2	8.2	9.3	3.6	10.2	-2.6	20.6	14.3	3.9	3.8	29.6
S&P NA Natural Resources	11.4	33.1	33.1	58.8	56.9	13.7	6.5	6.6	5.5	7.3	41.2	-21.5	13.1	-16.2	-7.5	56.1
Euro	0.9	0.6	0.6	-0.8	-2.3	-0.6	-0.2	2.2	0.1	1.6	-6.9	5.6	-5.6	1.1	4.0	15.8
Japanese Yen	-3.3	-2.4	-2.4	-4.6	-8.5	-3.4	-2.7	1.6	-1.9	0.8	-10.3	2.0	-2.9	9.1	-5.4	23.0
US Dollar	1.9	2.9	2.9	7.8	-3.0	-0.3	-1.0	1.7	2.0	0.4	-1.1	-3.1	-3.9	6.2	-8.7	19.3
Swiss Franc	1.6	1.9	1.9	7.2	-0.5	2.3	0.7	2.5	1.8	--	-3.0	6.2	-2.1	5.0	-4.7	17.5
Canadian Dollar	3.5	4.0	4.0	5.4	3.6	1.9	0.3	1.9	-0.3	1.6	0.8	-1.4	1.3	-2.6	-2.2	23.6
Australian Dollar	6.0	6.1	6.1	3.0	6.7	1.7	-1.4	1.4	-1.3	2.2	-5.8	5.9	-4.0	-4.0	-1.6	19.5
New Zealand Dollar	6.1	4.9	4.9	4.4	4.5	0.7	-1.1	0.7	0.4	--	-5.0	3.1	-2.9	0.2	-6.9	22.7
Chinese Yuan	1.4	3.4	3.4	8.3	2.6	1.6	0.6	1.4	1.9	1.7	2.7	3.2	-5.2	0.7	-2.5	11.5
Taiwan Dollar	-0.3	-0.7	-0.7	4.4	-0.3	2.1	0.1	3.0	2.3	1.4	1.3	3.4	-1.4	2.8	-1.1	21.6
Korean Won	1.1	0.9	0.9	-2.2	-2.7	-2.5	-2.6	0.5	1.3	0.8	-8.7	3.2	-7.2	1.9	3.1	15.8
Indian Rupee	1.3	0.9	0.9	1.1	-3.0	-3.3	-4.0	-1.0	-2.0	-1.8	-1.9	-5.3	-6.0	-2.9	-2.9	16.3
Russian Ruble	32.6	-6.3	-6.3	-3.9	-5.5	-7.6	-8.3	-3.2	-8.0	-4.4	-1.0	-18.6	7.4	-11.9	-3.1	42.7
Brazilian Real	10.5	20.6	20.6	24.4	1.4	-6.8	-8.7	-3.9	-7.4	-3.1	-6.8	-24.9	-7.4	-9.1	-10.4	45.0
Mexican Peso	4.4	5.6	5.6	7.5	5.3	-1.3	-2.2	-2.1	-2.5	-3.5	-3.0	-8.2	0.3	5.5	-3.8	0.0
BofA ML All Convertibles	3.1	-2.7	-2.7	2.5	26.6	17.6	13.2	13.4	14.4	9.5	7.6	41.7	18.4	6.4	3.9	32.1
60%S&P 500/40% Barc Agg	3.0	-2.4	-2.4	12.8	16.5	11.6	9.3	11.0	11.7	7.5	17.7	10.6	17.7	3.3	4.8	28.5

Data Source: Refinitiv

# Important Notices

References to Mercer shall be construed to include Mercer LLC and/or its associated companies.

© 2022 Mercer Limited. All rights reserved.

This contains confidential and proprietary information of Mercer and is intended for the exclusive use of the parties to whom it was provided by Mercer. Its content may not be modified, sold or otherwise provided, in whole or in part, to any other person or entity without Mercer's prior written permission.

Information contained herein has been obtained from a range of third party sources. While the information is believed to be reliable, Mercer has not sought to verify it independently. As such, Mercer makes no representations or warranties as to the accuracy of the information presented and takes no responsibility or liability (including for indirect, consequential or incidental damages) for any error, omission or inaccuracy in the data supplied by any third party.

Mercer does not provide tax or legal advice. You should contact your tax advisor, accountant and/or attorney before making any decisions with tax or legal implications. This does not constitute an offer to purchase or sell any securities. The findings, ratings and/or opinions expressed herein are the intellectual property of Mercer and are subject to change without notice. They are not intended to convey any guarantees as to the future performance of the investment products, asset classes or capital markets discussed.

For Mercer's conflict of interest disclosures, contact your Mercer representative or see <http://www.mercer.com/conflictsofinterest>.

This does not constitute an offer to purchase or sell any securities.

The findings, ratings and/or opinions expressed herein are the intellectual property of Mercer and are subject to change without notice. They are not intended to convey any guarantees as to the future performance of the investment products, asset classes or capital markets discussed.

This does not contain investment advice relating to your particular circumstances. No investment decision should be made based on this information without first obtaining appropriate professional advice and considering your circumstances. Mercer provides recommendations based on the particular client's circumstances, investment objectives and needs. As such, investment results will vary and actual results may differ materially.

Past performance is no guarantee of future results. The value of investments can go down as well as up, and you may not get back the amount you have invested. Investments denominated in a foreign currency will fluctuate with the value of the currency. Certain investments, such as securities issued by small capitalization, foreign and emerging market issuers, real property, and illiquid, leveraged or high-yield funds, carry additional risks that should be considered before choosing an investment manager or making an investment decision.

Mercer universes: Mercer's universes are intended to provide collective samples of strategies that best allow for robust peer group comparisons over a chosen timeframe. Mercer does not assert that the peer groups are wholly representative of and applicable to all strategies available to investors.

Issued in the United Kingdom by Mercer Limited which is authorised and regulated by the Financial Conduct Authority. Registered in England No. 984275. Registered Office: 1 Tower Place West, London, EC3R 5BU

Please see the following link for information on indexes: <https://www.mercer.com/content/dam/mercer/attachments/private/nurture-cycle/gi-2020-investment-management-index-definitions-mercer.pdf>