



Clwyd Pension Fund

Economic and Market Update
Q3 2021

Monthly Capital Market Monitor (UK)

September 2021

Global slowdown, tapering lead to equity weakness

Global equity markets had negative returns over the month due to a confluence of factors weighing on investor sentiment, including the global slowdown, worsening supply chain stress and the Evergrande crisis in China. The US slightly underperformed global equity markets. Emerging market equities performed in line with global equities. Negative performance was driven by China. Credit spreads widened at the riskiest end of the spectrum as markets went into risk-off mode. The US dollar strengthened and energy prices soared, while performance for non-energy commodities was more mixed.

The global growth slowdown that started earlier in summer continued as purchasing manager indices ('PMI') fell from very high levels across the developed world, although they remained in expansionary territory. For China, however, one of the manufacturing PMIs unexpectedly contracted.

Supply chain woes worsened. Container ship queues at US west coast terminals lengthened, shipping rates reached new highs and a shortage of truck drivers needed to supply gas stations led to a 1970s – style run on fuel in the UK. These supply constraints kept inflation high across the developed world.

Central bankers, while still maintaining the view that the inflation surge is transitory, have started to gradually wind down the ultra-loose policies introduced in early 2020. The Federal Reserve has confirmed that tapering of asset purchases will likely start later in 2021 and an increasing number of board members believe that rates could rise as early as 2022. The Bank of England has hinted at a possible rate increase later in 2021, while Norway's central bank was the first among major western peers to actually increase rates in September. A large number of emerging market central banks also increased rates.

US Congress remains in gridlock over passing the proposed infrastructure package and the \$3.5 trillion budget that Republicans and some moderate Democrats deem excessive for an economy that is already running hot. While Congress passed a stopgap measure funding the Federal government through December, the debt ceiling standoff remains unresolved and could begin to impact government funding in mid-October. The UK became one of the first major developed countries to increase taxes rather than continue funding government spending via more national debt.

10-year yields rose considerably across most developed countries as markets priced in a tighter monetary policy outlook.

Elections in Canada and Germany had a limited impact on markets. The AUKUS agreement¹ was major geopolitical news as the US sent a clear signal that it is now shifting its focus to the Indo Pacific region following its withdrawal from Afghanistan. In Japan, Prime Minister Suga resigned and will be replaced by Fumio Kishida.

Risk-off sentiment benefited the US dollar which strengthened against most developed and emerging market currencies. Soaring energy prices triggered the onset of energy crises in the UK and Europe. The performance for other commodities was mixed driven by the ongoing slowdown in China's large property market of which the ongoing Evergrande crisis is a reminder.

¹ A trilateral security pact between Australia, the United Kingdom and the United States, announced on 15/09/21.

At a Glance

Market Returns in % as of end of Sept. 2021 in GBP

Major Asset Class Returns	1M	YTD	1Y
MSCI ACWI	-2.1	12.7	22.2
S&P 500	-2.7	17.5	24.6
FTSE All Share	-1.0	13.6	27.9
MSCI World ex-UK	-2.2	15.0	24.0
MSCI EM	-2.0	0.1	13.3
Bloomberg Barclays Global Aggregate	0.3	-2.7	-5.0
ICE Bank of America Sterling Non-Gilt index	-2.1	-3.4	-0.3
Bloomberg Barclays High Yield	1.9	5.8	6.8
FTSE WGBI	-0.2	-4.6	-7.3
FTA UK Over 15 year gilts	-6.5	-12.2	-11.2
FTA UK 5+ year ILG's	-4.8	-1.1	0.2
NAREIT Global REITs	-3.8	16.9	25.4
Bloomberg Commodity TR	7.1	30.9	36.4

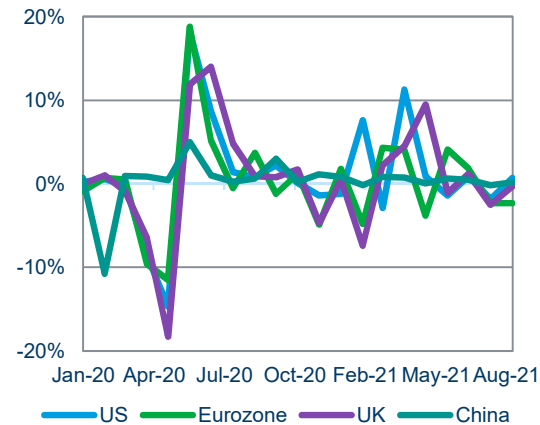
Source: Thomson Reuters Datastream

Economy, policy and market drivers

Economy still slowing, inflation remains high, policy uncertain

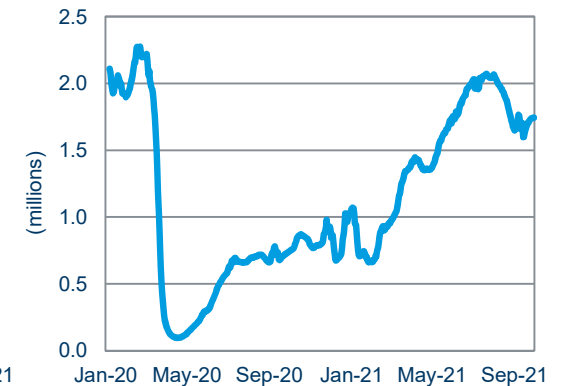
- The global economic slowdown that started earlier in the summer is still ongoing. Purchasing Manager Indices (PMI) have fallen short of expectations, albeit from very high levels. PMIs have generally remained well in expansionary territory, except for China where one of the manufacturing PMIs contracted for the first time since early 2020. US nonfarm payrolls have also disappointed. However, business surveys such as the Empire State survey for example perked back up in September. US retail sales surprised on the upside in spite of softening consumer sentiment, raising hopes that the slowdown is less severe than feared.
- Inflation remained high in major developed regions, but started to soften in the US. Meanwhile, inflation readings in China missed expectations, reflecting their more pronounced slowdown.
- Supply chain constraints are still an important driver of both weakening growth and high inflation. Cargo vessels are queuing outside major US ports as retailers scramble to secure goods ahead of the holiday season. A skills mismatch in labour markets is exacerbating supply issues. The UK witnessed a fuel buying panic with almost a third of petrol stations still out of fuel at month end due to a shortage in truck drivers.
- Covid-19 developments also put a dent on growth, hitting consumer sentiment and delaying travel and return to office plans. Governments continued to push hard to increase vaccination rates.
- The scramble in the US to pass the budget and infrastructure package has brought into question the Biden administration's ability to implement their economic agenda with a thin majority in Congress. A stopgap measure will keep the government funded until early December, but the US could hit the debt ceiling in mid-October.
- Less consequential for markets was an inconclusive election in Germany which is expected to lead to protracted coalition negotiations. Elections in Canada had little impact on the existing balance of power and a new prime minister was appointed in Japan.
- The AUKUS agreement heralded a new era of increased US engagement in the Indo-Pacific region to rein in China.
- The Federal Reserve reiterated its intention to taper later in 2021 and signaled that interest rate increases may also come earlier than expected. The Bank of England also announced that an interest rate increase may be imminent as early as this year. Central banks in Norway, Korea and Hungary lifted interest rates as monetary support introduced last year is gradually wound down.

Retail Sales (MoM, SA)



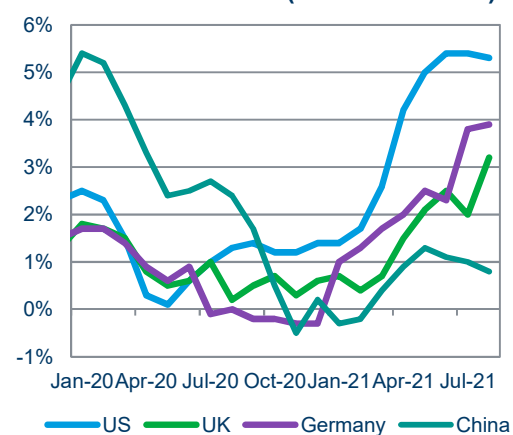
Source: Bloomberg; as of 31/08/21

TSA Total Traveler Throughput (7D Avg.)



Source: Bloomberg; as of 30/09/21

Consumer Price Index (Year-over-Year)



Source: Bloomberg; as of 31/08/21

Baltic Exchange Dry Index



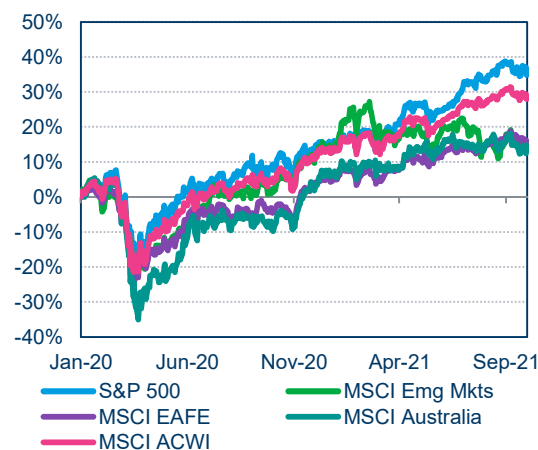
Source: Bloomberg; as of 30/09/21

Equities

Major indices fall over growth and tapering fears

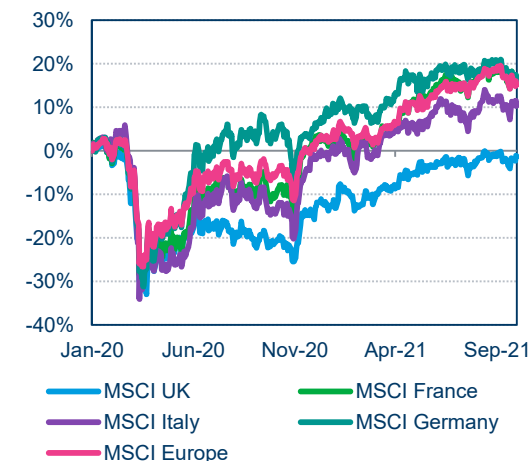
- The MSCI All Country World Index returned -2.1% for the month. The index declined on evidence of a cooling global economy suffering from supply constraints. Additionally, major central banks announced slowdowns in their asset purchases and in some cases rate increases.
- The sell-off intensified over the second half of September when large Chinese property developer Evergrande appeared to be on the brink of default. Investors feared wider contagion across China's property sector, which amounts to a large share of GDP. Given the size of Evergrande, there were also concerns over the impact of its failure on China's financial system and the ramifications for the global economy.
- The sell-off impacted most sectors led by IT, healthcare and industrials. Energy was unsurprisingly the only sector with strong positive returns as producers benefited from higher prices.
- Value stocks outperformed growth stocks over the month due to their higher exposure to energy as well as the perceived negative impact of higher interest rates on growth stocks, which discount cashflows over longer periods of time.
- On a country level, the US slightly underperformed the global index while Australia, the UK and most of Europe did slightly better. Germany underperformed due to its greater cyclical exposure to global trade, especially China. Japan stood out as the only major developed market with positive returns.
- Emerging markets performed in line global equities. China, Taiwan and Korea all posted mid-single digit negative returns due to concerns over Evergrande, electricity shortages in China and the feared impact of a broader slowdown in developed countries on exports. Russia was the best performer within emerging markets due to higher energy prices. India was up slightly for the month. Brazil stood out as the worst performer with a -11% return. This was driven by political populism ahead of next year's election, including the introduction of a financial transaction tax to pay for a welfare scheme and skepticism over the central bank's willingness to tackle inflation.

Global Equity Performance (GBP)



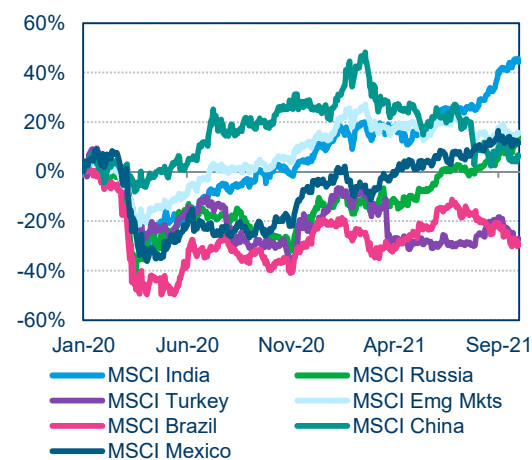
Source: Databank, Data as at 30/09/2021

European Equity Performance (GBP)

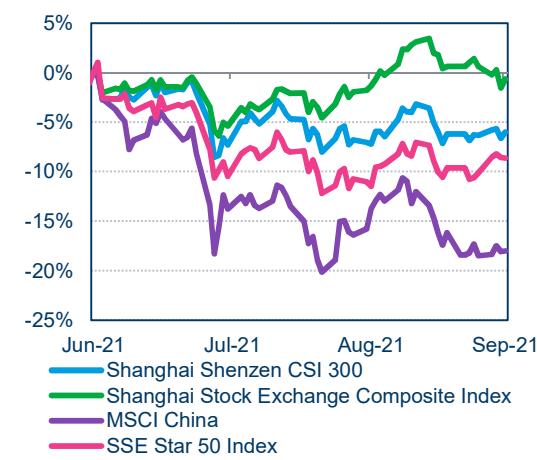


Source: Databank, Data as at 30/09/2021

Emerging Market Equity Performance (GBP) China Equity Performance (GBP)



Source: Databank, Data as at 30/09/2021



Source: Databank, Data as at 30/09/2021

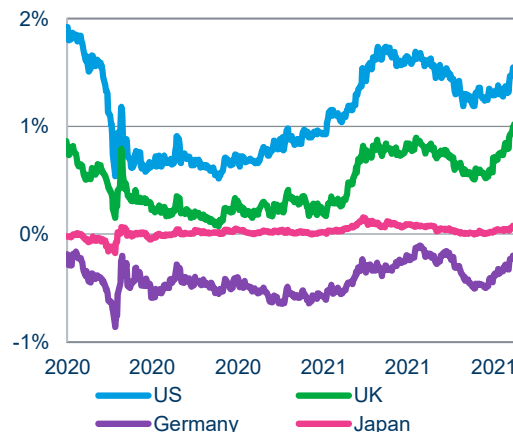
Performance figures in GBP unless stated otherwise.

Fixed income

Yields rise as markets position for tighter monetary policy

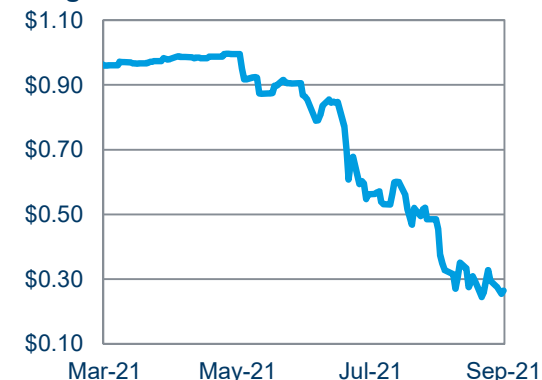
- 10-year government yields rose considerably over the month for all major developed economies except Japan, where they increased only marginally. Markets priced in tapering and the possibility of sooner than expected rate increases.
- UK gilt yields rose sharply as the Bank of England surprised markets by bringing forward their expectations for rate increases. Markets are pricing a potential hike as early as late 2021. Subsequently the UK 10-year and 30-year gilt yields increased by 30 and 31 basis points, respectively. The 10-year yield rose above 1% for the first time since May 2019.
- After the rate cutting cycle in 2020, central banks are gradually reversing easy monetary policy, predominantly in emerging markets where the impact of inflationary pressures on currencies are harder to ignore. The outlook for developed markets is also starting to change as persistently high inflation is beginning to worry some central bankers.
- Market based measures of inflation expectations, in the form of breakeven inflation, shifted upwards. The move was triggered by soaring energy prices over the month. The UK 10-year breakeven rate rose 17bps to 3.8% - the highest level since the 2008 Financial Crisis.
- US investment grade spreads fell marginally while high yield spreads rose more substantially, reflecting the risk-off market environment. In spite of high yield spreads rising, research by Deutsche Bank shows that close to 85% of US high yield bond yields are below US CPI inflation, as nominal yields remain near record lows at roughly 4% and inflation has reached a multi-decade high.
- Local currency emerging market debt returned -3.4% (USD) in September. The Evergrande saga and associated fears of wider contagion was a key driver for negative sentiment along with expected tighter US monetary policy and a stronger US dollar.

10-Year Government Bond Yields



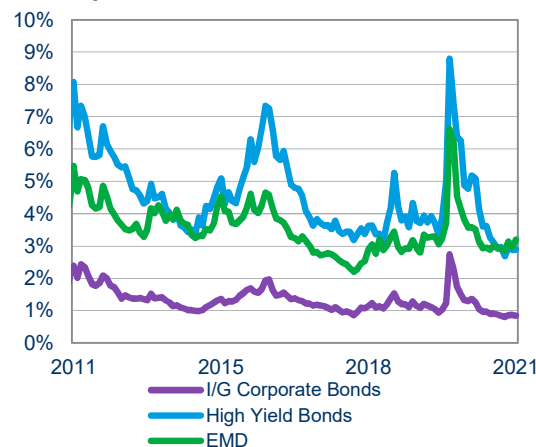
Source: Bloomberg; as of 30/09/21

Evergrande Mar-22 Bond Price



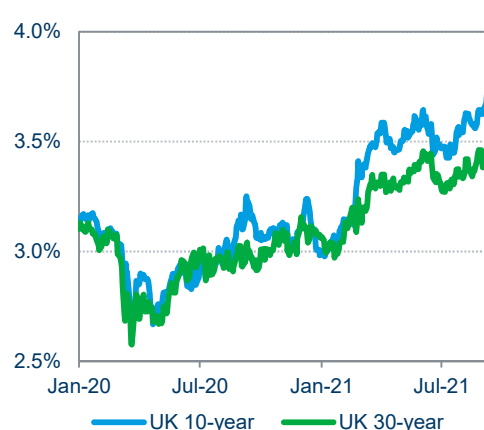
Source: Bloomberg; as of 30/09/21

Credit Spreads



Source: Bloomberg; as of 30/09/21

UK Inflation Breakeven Rates



Source: Bloomberg; as of 30/09/21

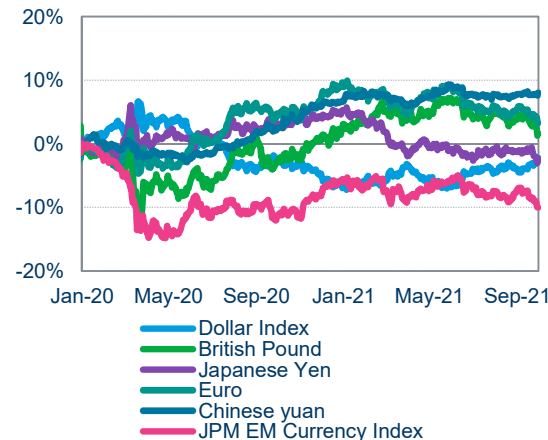
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Currencies, commodities and alternatives

Weaker sterling amid soaring energy prices

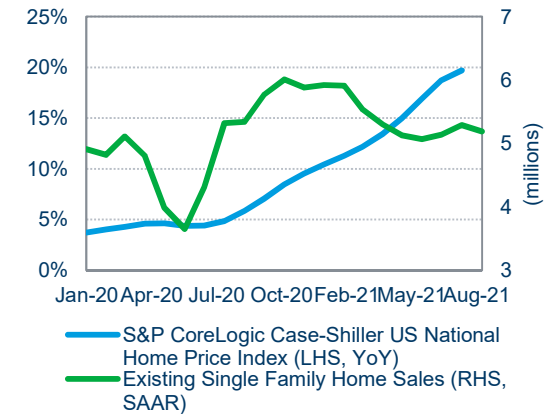
- Pound sterling weakened against most currencies of major developed and emerging economies as the country battled with a petrol shortage and rising energy prices. Further to this, the broader risk-off sentiment was more favourable for safe haven currencies such as the US Dollar and the Japanese Yen.
- Energy prices soared over the month with oil up by 11.8%. Much of America's oil and gas production facilities in the Gulf of Mexico have not returned to operating at full capacity yet as the region continues to recover from Hurricane Ida.
- The UK and Europe saw the onset of an energy crisis with natural gas futures soaring to new peaks. The situation is exacerbated by a massive reduction in power generation capacity from fossil fuels over the last few years which has made the energy grid less flexible and resilient. In the UK, a large number of small energy suppliers went out of business as price caps prevented them from fully passing through costs to end users right away and even larger supplier have sought government aid.
- Performance across other commodities was mixed. The weakening in China's large property market had a negative impact on iron ore prices, while a coup in Guinea led to a rally in aluminum prices earlier in the month. The S&P North American Natural Resources Index returned 6%.
- Gold fell by around -1% as real yields rose over the month.
- US property prices hit a new record high in July with the highest rate of annual house price growth as measured by the Case Shiller index in decades. There were some signs that the price growth is beginning to ease as price increases for three large metropolitan areas came in below expectations.
- Cryptocurrencies generally declined in September, as Chinese regulators made all transactions in such currencies illegal. Meanwhile, El Salvador was the first country to adopt bitcoin as legal tender.
- Hedge funds, measured by the HFRX equal weighted strategies index, returned -0.3% during September. Performance was negative for all sub-categories except for event-driven.

Currency Returns



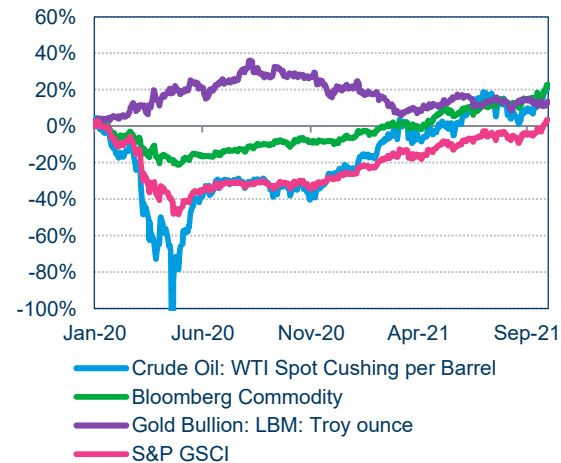
Source: Bloomberg; as of 30/09/21

US Housing



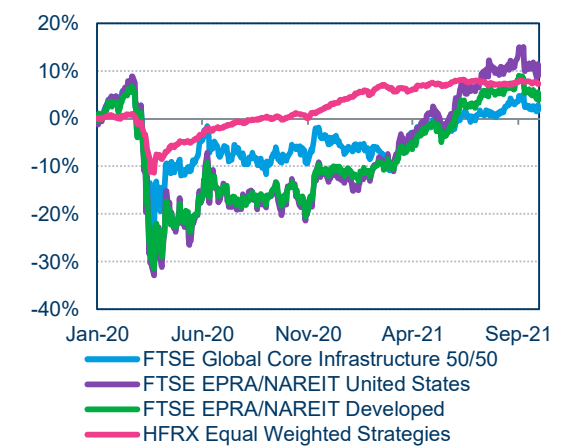
Source: Bloomberg; as of 30/09/21

Commodities



Source: Databank, Data as at 30/09/2021

REITs, Hedge Funds, Infrastructure



Source: Databank, Data as at 30/09/2021

Performance figures in GBP unless stated otherwise.

Valuations and yields

Ending 30 September 2021

Valuations

FTSE ALL-Share	30/09/2021	30/06/2021	31/03/2021	31/12/2021
Index Level	8027.1	7852.4	7435.6	7068.6
P/E Ratio (Trailing)	23.9	88.8	111.6	-
CAPE Ratio	19.1	19.0	17.8	15.6
Dividend Yield	3.7	3.1	3.1	3.0
P/B	1.8	1.8	1.7	1.6
P/CF	7.6	5.6	5.3	5.1
MSCI World ex-UK	30/09/2021	30/06/2021	31/03/2021	31/12/2021
Index Level	8969.6	8969.2	8318.5	7932.7
P/E Ratio (Trailing)	23.6	29.5	33.3	32.1
CAPE Ratio	31.3	31.1	29.1	27.4
Dividend Yield	1.7	1.6	1.7	1.8
P/B	3.2	3.3	3.1	3.1
P/CF	13.7	13.3	12.7	12.6
MSCI EM	30/09/2021	30/06/2021	31/03/2021	31/12/2021
Index Level	616.4	670.6	638.4	624.1
P/E Ratio (Trailing)	15.1	18.7	21.5	21.7
CAPE Ratio	15.2	17.2	16.4	15.9
Dividend Yield	2.2	1.9	1.9	2.0
P/B	1.9	2.1	2.1	2.0
P/CF	9.4	9.1	11.9	12.5

Source: Bloomberg, Thomson Reuters Datastream

Yields

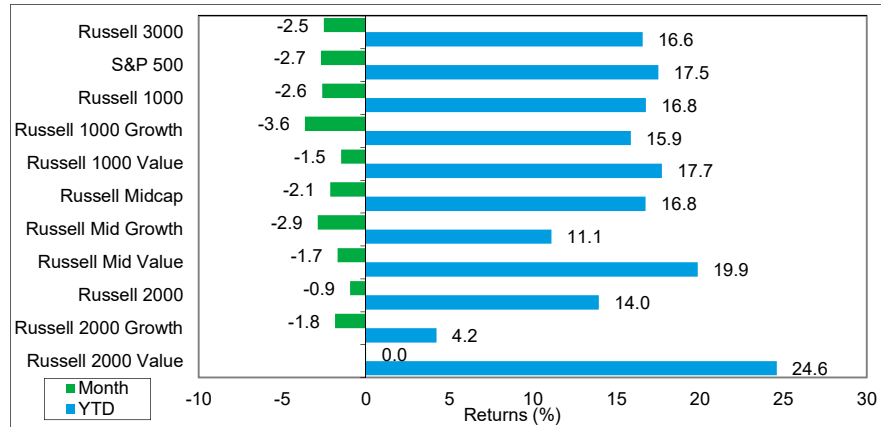
Global Bonds	30/09/2021	30/06/2021	31/03/2021	31/12/2021
Germany – 10Y	-0.20	-0.21	-0.29	-0.57
France - 10Y	0.16	0.13	-0.05	-0.34
US - 10Y	1.49	1.47	1.74	0.91
Switzerland – 10Y	-0.16	-0.22	-0.28	-0.55
Italy – 10Y	0.86	0.82	0.67	0.54
Spain 10Y	0.46	0.41	0.34	0.05
Japan – 10Y	0.07	0.06	0.10	0.02
Euro Corporate	0.35	0.33	0.36	0.24
Euro High Yield	3.16	2.97	3.22	3.40
EMD (\$)	5.11	4.89	5.26	4.53
EMD (LCL)	5.49	5.04	5.09	4.26
US Corporate	2.13	2.04	2.28	1.74
US Corporate High Yield	4.04	3.75	4.23	4.18
UK Bonds	30/09/2021	30/06/2021	31/03/2021	31/12/2021
SONIA	0.05	0.05	0.05	0.04
10 year gilt yield	1.02	0.72	0.85	0.20
30 year gilt yield	1.36	1.21	1.37	0.72
10 year index linked gilt yield	-2.77	-2.63	-2.59	-2.91
30 year index linked gilt yield	-2.10	-2.05	-1.92	-2.32
AA corporate bond yield	1.29	1.16	1.27	0.80
A corporate bond yield	1.56	1.40	1.51	0.97
BBB corporate bond yield	1.99	1.81	1.96	1.53

Source: Bloomberg, Thomson Reuters Datastream

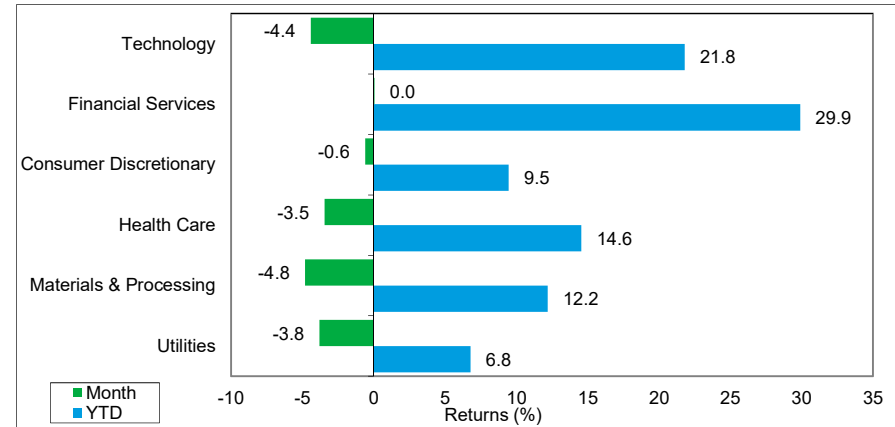
Performance Summary

Style and sector equity performance ending 30 September 2021

Style and Capitalization Market Performance



Russell 1000 Sector Performance



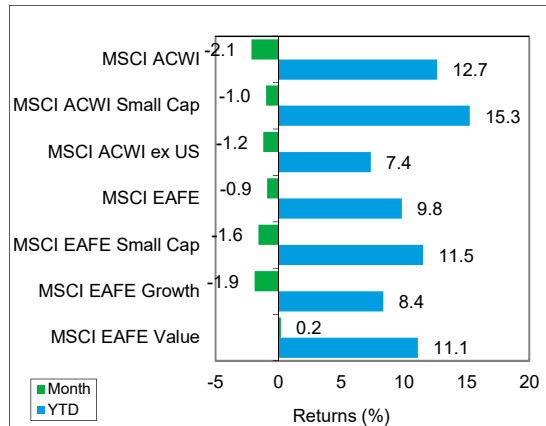
Index Returns	1 Mth	3 Mth	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years	20 Years	2020	2019	2018	2017	2016
S&P 500	-2.7	3.1	17.5	24.6	17.0	14.7	16.0	17.1	18.3	10.0	14.7	26.4	1.6	11.3	33.5
Russell 3000	-2.5	2.4	16.6	26.4	17.7	14.7	16.0	17.0	18.3	10.3	17.2	26.0	0.6	10.6	34.5
Russell 3000 Growth	-3.5	3.2	15.1	22.3	26.0	19.9	21.4	21.3	21.1	11.5	34.0	30.6	4.0	18.4	28.1
Russell 3000 Value	-1.4	1.5	18.2	31.0	8.5	8.7	10.1	12.3	15.1	8.9	-0.3	21.4	-2.9	3.4	41.2
Russell 1000	-2.6	2.7	16.8	25.6	17.8	15.1	16.2	17.1	18.5	10.3	17.2	26.4	1.1	11.2	33.7
Russell 1000 Growth	-3.6	3.6	15.9	22.1	26.5	20.7	21.9	21.7	21.4	11.5	34.2	31.1	4.6	18.9	27.7
Russell 1000 Value	-1.5	1.7	17.7	29.4	8.3	8.9	10.1	12.2	15.2	8.8	-0.4	21.7	-2.6	3.8	40.0
Russell Midcap	-2.1	1.5	16.8	32.4	14.9	13.0	13.5	15.1	17.2	11.9	13.5	25.5	-3.4	8.3	35.7
Russell Mid Growth	-2.9	1.7	11.1	25.1	21.2	17.8	18.4	18.5	19.3	12.5	31.4	30.2	1.2	14.4	28.0
Russell Mid Value	-1.7	1.4	19.9	36.5	9.8	9.1	9.8	12.5	15.6	11.2	1.7	22.2	-6.8	3.5	43.1
Russell 2500	-1.1	-0.3	15.4	39.1	16.4	11.2	13.4	15.2	16.9	11.6	16.3	22.8	-4.4	6.7	40.3
Russell 2500 Growth	-1.8	-1.2	6.3	26.5	22.0	14.7	17.3	18.0	18.9	12.1	36.1	27.5	-1.7	13.7	30.9
Russell 2500 Value	-0.7	0.3	21.8	48.0	11.0	7.7	9.7	12.4	15.0	10.7	1.6	18.8	-6.9	0.8	49.3
Russell 2000	-0.9	-2.0	14.0	41.6	16.4	9.3	12.6	14.9	16.3	10.8	16.3	20.7	-5.5	4.7	44.7
Russell 2000 Growth	-1.8	-3.3	4.2	27.8	18.7	10.5	14.5	16.2	17.4	11.0	30.5	23.5	-3.7	11.6	32.8
Russell 2000 Value	0.0	-0.6	24.6	57.2	12.9	7.4	10.2	13.1	14.9	10.3	1.4	17.7	-7.4	-1.5	57.1
Russell 1000 Technology	-4.4	4.7	21.8	29.9	35.8	27.2	28.2	26.8	24.7	14.1	42.2	41.5	4.9	26.4	36.1
Russell 1000 Financial Services	0.0	5.5	29.9	51.8	16.3	16.0	17.4	17.7	19.8	7.7	3.9	28.6	-2.4	11.0	39.0
Russell 1000 Consumer Discretionary	-0.6	1.9	9.5	19.7	22.4	18.2	19.4	20.2	21.6	12.4	38.5	24.2	6.1	13.4	26.8
Russell 1000 Health Care	-3.5	4.0	14.6	17.3	17.5	12.1	14.1	15.9	19.4	10.1	13.4	16.8	13.2	11.5	15.8
Russell 1000 Energy	10.8	0.3	42.3	74.6	-3.1	-7.8	-2.2	-1.6	3.3	5.9	-33.0	6.5	-13.5	-9.7	50.2
Russell 1000 Producer Durables	-4.1	-1.7	11.6	22.5	9.3	8.7	12.5	14.6	17.2	9.9	8.4	25.7	-6.9	12.1	42.4
Russell 1000 Materials & Processing	-4.8	-2.5	12.2	21.2	12.5	11.1	11.5	12.4	14.7	9.8	13.9	21.6	-11.1	13.1	43.1
Russell 1000 Consumer Staples	-1.6	0.9	6.5	8.0	3.8	8.4	5.6	10.8	12.6	10.0	3.8	19.3	-4.1	0.3	25.9
Russell 1000 Utilities	-3.8	4.1	6.8	8.0	-1.1	8.1	6.8	11.2	11.6	6.6	-3.2	21.3	6.1	-3.0	43.6

Data Source: Thomson Reuters Datastream

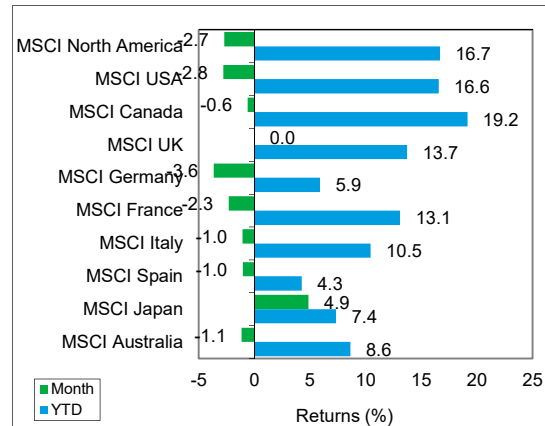
Performance Summary

Global equity ending 30 September 2021

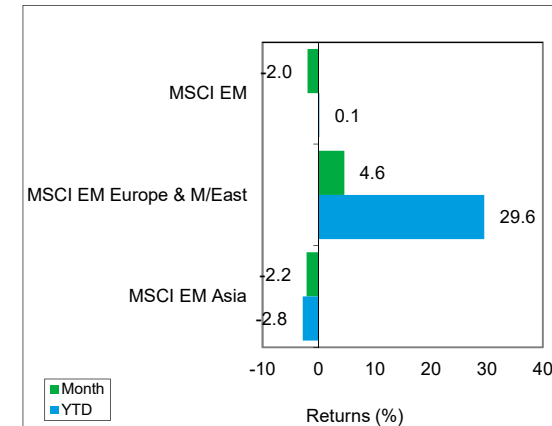
International Equity Performance



Developed Country Performance



Emerging Market Performance



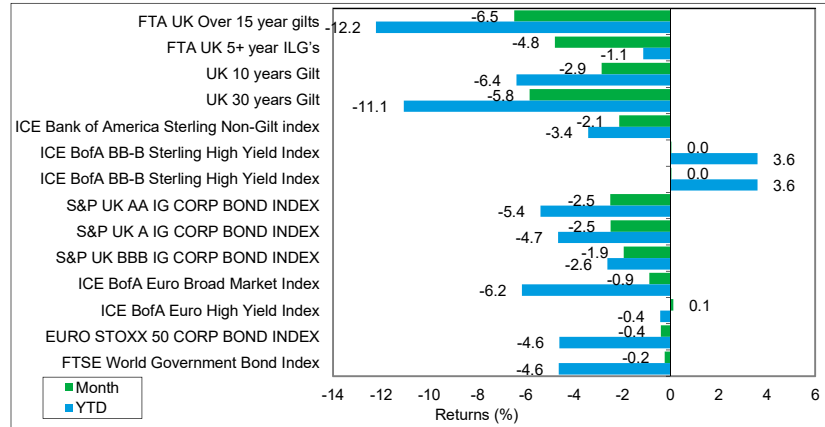
Index Returns	1 Mth	3 Mth	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years	20 Years	2020	2019	2018	2017	2016
MSCI ACWI	-2.1	1.4	12.7	22.2	13.4	11.3	12.4	12.9	13.5	8.6	12.7	21.7	-3.8	13.2	28.7
MSCI ACWI IMI	-2.0	1.4	13.3	24.1	14.1	11.7	12.8	13.5	14.2	9.6	13.2	22.1	-4.0	13.8	30.0
MSCI ACWI Small Cap	-1.0	0.9	15.3	34.8	15.2	9.9	11.4	13.1	14.0	11.4	12.7	19.8	-9.1	13.1	33.1
MSCI ACWI ex US	-1.2	-0.6	7.4	18.8	8.0	6.8	8.1	8.5	9.0	7.6	7.2	16.8	-8.9	16.2	24.6
MSCI EAFE	-0.9	2.0	9.8	20.6	7.5	6.4	8.0	8.6	9.7	7.0	4.5	17.3	-8.4	14.2	20.5
MSCI EAFE Growth	-1.9	2.5	8.4	15.9	11.9	10.7	10.6	11.6	11.7	7.9	14.6	23.0	-7.4	17.7	15.6
MSCI EAFE Value	0.2	1.5	11.1	25.3	2.6	1.9	5.2	5.5	7.5	6.0	-5.6	11.6	-9.5	10.9	25.3
EM	-2.0	-5.8	0.1	13.3	9.3	7.4	8.4	8.4	7.6	11.4	14.7	13.8	-9.3	25.4	32.6
North America	-2.7	2.6	16.7	24.8	17.1	14.5	15.4	16.1	17.1	9.4	16.2	25.7	0.1	10.4	33.1
Europe	-2.8	0.9	11.6	22.0	7.4	6.6	8.0	7.9	9.7	6.9	2.1	19.0	-9.6	14.6	18.8
EM Europe & M/East	4.6	10.4	29.6	40.1	8.2	9.3	9.2	6.0	4.3	8.9	-10.4	14.6	-2.2	5.8	45.8
EM Asia	-2.2	-7.4	-2.8	9.2	12.5	8.8	9.9	10.7	10.1	12.2	24.4	14.6	-10.2	30.5	26.6
Latin America	-8.5	-11.1	-4.3	22.1	-9.3	-2.5	1.1	0.6	0.4	9.5	-16.5	12.9	-0.8	13.0	56.3
USA	-2.8	2.8	16.6	24.6	17.6	14.8	15.8	16.6	17.8	9.4	17.0	25.8	0.9	10.7	32.3
Canada	-0.6	-0.1	19.2	28.4	8.9	8.9	8.6	7.3	7.4	9.2	2.1	22.6	-12.1	6.0	48.6
Australia	-1.1	-0.6	8.6	26.3	5.4	7.6	8.0	8.4	8.7	11.0	5.4	18.2	-6.5	9.6	32.9
UK	0.0	2.2	13.7	25.8	0.5	1.2	4.0	4.5	6.9	5.4	-13.2	16.4	-8.8	11.7	19.2
Germany	-3.6	-1.9	5.9	11.7	8.2	4.8	6.5	7.8	10.1	7.6	8.1	16.1	-17.3	16.6	22.6
France	-2.3	0.4	13.1	28.8	7.3	6.2	10.2	9.9	10.9	6.9	0.9	20.9	-7.3	17.6	25.1
Italy	-1.0	1.4	10.5	27.9	4.7	6.4	9.7	5.2	6.9	3.4	-1.3	22.4	-12.6	17.3	6.8
Spain	-1.0	-0.9	4.3	25.9	-2.6	-1.1	2.8	1.1	3.6	5.6	-7.7	7.7	-11.0	16.0	18.1
Japan	4.9	7.1	7.4	17.0	9.2	6.4	8.5	10.9	9.9	6.0	10.9	15.0	-7.5	13.3	22.1
Brazil	-11.2	-18.2	-10.5	16.0	-13.6	-0.3	1.9	1.5	-0.1	10.8	-21.5	21.4	5.7	13.4	98.3
China	-3.1	-16.2	-15.5	-11.2	6.4	4.8	8.3	10.4	10.3	12.6	25.5	18.7	-13.8	40.7	20.4
India	2.7	15.3	28.2	46.8	18.6	16.0	12.4	12.2	10.8	14.9	12.0	3.4	-1.5	26.7	17.6
Russia	8.5	12.2	32.9	52.8	10.6	15.2	15.7	13.1	8.2	12.2	-15.2	45.1	5.8	-3.9	84.7

Data Source: Thomson Reuters Datastream

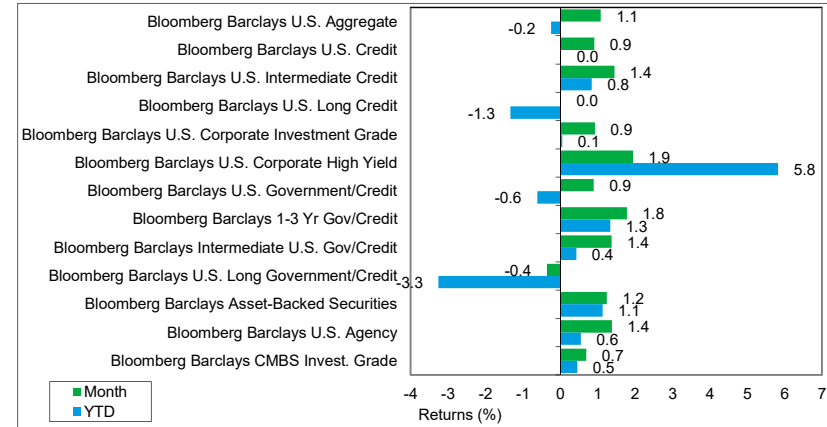
Performance Summary

Fixed Income ending 30 September 2021

Bond Performance by Duration



Sector, Credit, and Global Bond Performance



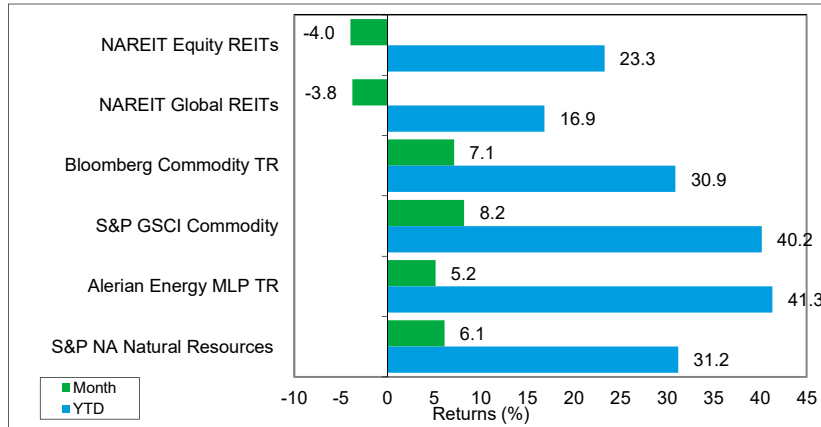
Index Returns	1 Mth	3 Mth	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years	20 Years	2020	2019	2018	2017	2016
FTA UK Over 15 year Gilts	-6.5	-2.8	-12.2	-11.2	-3.4	4.7	1.8	6.3	6.3	6.4	13.9	12.0	0.3	3.3	18.5
FTA UK 5+ year ILG's	-4.8	2.3	-1.1	0.2	0.3	6.6	3.3	7.6	7.5	7.6	12.4	6.8	-0.4	2.5	27.4
UK 10 years Gilt	-2.9	-2.0	-6.4	-6.1	-1.6	2.7	1.1	3.7	3.6	5.3	6.6	5.2	2.0	2.7	9.3
UK 30 years Gilt	-5.8	-2.5	-11.1	-10.2	-2.8	5.1	1.6	6.3	6.4	6.5	13.8	11.7	0.4	3.1	17.7
ICE Bank of America Sterling Non-Gilt index	-2.1	-1.0	-3.4	-0.3	1.8	4.5	2.7	4.5	5.5	5.6	8.0	9.5	-1.6	4.3	10.6
ICE BofA BB-B Sterling High Yield Index	0.0	0.8	3.6	9.8	6.3	6.7	6.2	6.8	9.8	10.5	6.1	13.8	-1.4	8.2	10.5
S&P UK AA IG CORP BOND INDEX	-2.5	-1.1	-5.4	-2.9	0.4	3.3	1.8	4.1	4.8	5.3	7.7	7.3	-0.3	3.2	12.7
S&P UK A IG CORP BOND INDEX	-2.5	-1.1	-4.7	-1.8	1.2	4.6	2.3	4.7	5.7	5.7	8.4	10.4	-1.5	3.6	12.6
S&P UK BBB IG CORP BOND INDEX	-1.9	-0.8	-2.6	1.6	3.0	5.5	3.5	5.0	6.3	6.4	8.7	11.6	-2.6	5.5	11.3
ICE BofA Euro Broad Market Index	-0.9	0.1	-6.2	-6.2	-1.7	1.6	1.1	3.6	3.7	5.9	9.9	0.1	1.6	4.7	19.7
ICE BofA Euro High Yield Index	0.1	0.8	-0.4	3.6	2.7	3.3	4.3	5.9	7.5	9.9	8.6	5.1	-2.5	11.0	26.3
EURO STOXX 50 CORP BOND INDEX	-0.4	0.1	-4.6	-4.6	-0.8	1.0	1.0	3.1	3.3	--	8.5	-0.9	0.1	5.5	19.5
FTSE World Government Bond Index	-0.2	1.2	-4.6	-7.3	-2.9	2.6	0.6	4.5	2.5	1.4	6.7	1.8	5.3	-1.8	21.2
Bloomberg Barclays U.S. Aggregate	1.1	2.4	-0.2	-4.7	-1.4	4.2	2.2	5.7	4.3	4.6	4.3	4.6	5.8	-4.9	20.9
Bloomberg Barclays U.S. Credit	0.9	2.3	0.0	-2.6	0.0	5.9	3.6	7.1	6.0	5.7	6.0	9.4	3.7	-2.7	24.8
Bloomberg Barclays U.S. Intermediate Credit	1.4	2.4	0.8	-2.9	-0.7	4.4	2.7	6.1	5.1	5.0	3.8	5.4	5.9	-4.9	22.5
Bloomberg Barclays U.S. Long Credit	0.0	2.2	-1.3	-2.0	1.1	8.9	5.3	9.2	8.0	7.6	9.8	18.6	-1.1	2.7	30.5
Bloomberg Barclays U.S. Corporate Investment Grade	0.9	2.4	0.1	-2.3	0.3	6.2	3.8	7.3	6.2	5.9	6.5	10.2	3.3	-2.5	25.4
Bloomberg Barclays U.S. Corporate High Yield	1.9	3.2	5.8	6.8	2.6	5.7	5.7	8.4	8.6	8.2	3.9	10.0	3.6	-1.3	37.3
Bloomberg Barclays U.S. Government/Credit	0.9	2.4	-0.6	-5.0	-1.0	4.8	2.5	6.1	4.6	4.8	5.6	5.6	5.4	-4.6	21.6
Bloomberg Barclays 1-3 Yr Gov/Credit	1.8	2.3	1.3	-3.5	-2.1	1.8	1.2	4.1	2.7	2.9	0.4	0.3	7.2	-7.1	18.5
Bloomberg Barclays Intermediate U.S. Gov/Credit	1.4	2.3	0.4	-4.3	-1.4	3.5	1.8	5.2	3.9	4.1	3.2	2.8	6.7	-6.2	20.3
Bloomberg Barclays U.S. Long Government/Credit	-0.4	2.5	-3.3	-6.8	0.2	8.9	4.4	8.8	7.2	7.3	12.5	15.0	1.1	1.4	26.3
Bloomberg Barclays CMBS Invest. Grade	0.7	1.6	0.5	-2.4	0.1	4.5	2.5	4.9	4.5	4.4	5.2	4.9	4.7	-2.7	14.9
Bloomberg Barclays U.S. Mortgage Backed Securities	1.6	2.4	0.6	-4.3	-2.3	2.7	1.4	5.0	3.7	4.3	0.8	2.4	6.9	-5.9	19.8
Bloomberg Barclays Municipal Bond	1.1	1.9	2.0	-1.3	-0.8	3.9	2.5	5.9	5.0	4.6	2.2	3.6	6.8	-2.8	17.1

Data Source: Thomson Reuters Datastream

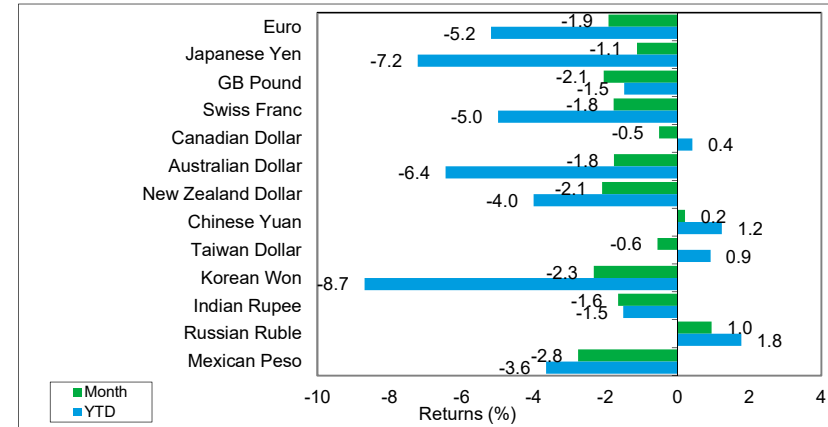
Performance summary

Alternatives ending 30 September 2021

Real Asset Performance



Performance of Foreign Currencies versus the US Dollar



Index Returns	1 Mth	3 Mth	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years	20 Years	2020	2019	2018	2017	2016
NAREIT Equity REITs	-4.0	2.7	23.3	26.1	2.8	10.5	7.6	13.0	13.8	11.1	-8.1	23.7	1.9	-0.7	29.6
NAREIT Global REITs	-3.8	1.7	16.9	25.4	-0.7	6.0	4.7	9.5	10.9	9.8	-11.0	18.3	1.2	1.8	25.2
Bloomberg Commodity TR	7.1	9.2	30.9	36.4	9.3	5.7	3.8	1.1	-1.2	2.0	-6.1	3.5	-5.7	-7.1	33.3
S&P GSCI Commodity	8.2	7.8	40.2	51.8	2.2	-2.6	2.9	-4.3	-3.4	-0.3	-26.1	13.1	-8.5	-3.4	32.8
Alerian Energy MLP TR	5.2	-3.4	41.3	77.0	-6.6	-5.4	-3.1	-4.4	2.7	8.1	-30.9	2.4	-7.0	-14.6	41.1
Oil	11.8	4.6	56.8	78.9	12.6	-0.3	8.4	-0.1	0.9	6.4	-23.0	29.3	-20.2	2.7	73.0
Gold	-1.4	1.6	-6.0	-11.1	4.4	12.4	5.1	8.3	2.3	9.8	20.6	14.3	3.9	3.8	29.6
S&P NA Natural Resources	6.1	-0.1	31.2	47.6	1.5	-3.0	-0.1	0.2	3.3	6.3	-21.5	13.1	-16.2	-7.5	56.1
Euro	-1.9	-2.3	-5.2	-1.2	3.1	-0.1	0.6	-1.2	-1.4	1.2	8.9	-2.3	-4.4	14.1	-3.2
Japanese Yen	-1.1	-0.2	-7.2	-5.3	-1.4	0.7	-1.9	-0.2	-3.6	0.4	5.2	0.9	2.8	3.7	2.9
GB Pound	-2.1	-2.6	-1.5	4.3	4.7	1.1	0.8	-2.6	-1.4	-0.4	3.1	3.9	-5.6	9.5	-16.3
Swiss Franc	-1.8	-0.7	-5.0	-1.1	3.5	1.8	0.8	0.4	-0.3	2.8	9.3	1.4	-0.7	4.5	-1.6
Canadian Dollar	-0.5	-2.2	0.4	5.1	2.2	0.6	0.7	-1.8	-1.9	1.1	2.0	5.0	-7.8	6.8	3.0
Australian Dollar	-1.8	-4.2	-6.4	1.4	3.3	-0.1	-1.1	-2.7	-3.0	1.9	9.9	-0.7	-9.5	7.8	-1.0
New Zealand Dollar	-2.1	-1.2	-4.0	4.3	5.0	1.4	-1.1	-1.8	-1.0	2.7	6.6	0.3	-5.2	2.0	1.7
Chinese Yuan	0.2	0.2	1.2	5.3	5.3	2.1	0.7	-0.7	-0.1	1.3	6.7	-1.2	-5.4	6.7	-6.5
Taiwan Dollar	-0.6	0.3	0.9	3.9	5.6	3.1	2.4	1.3	0.9	1.1	6.5	2.2	-3.0	9.4	1.1
Korean Won	-2.3	-4.5	-8.7	-2.3	0.6	-2.3	-1.6	-1.7	-0.1	0.4	5.7	-3.3	-4.3	13.3	-2.4
Indian Rupee	-1.6	0.3	-1.5	-0.8	-2.4	-0.8	-2.1	-2.5	-4.1	-2.2	-2.3	-2.5	-8.2	6.4	-2.6
Russian Ruble	1.0	0.6	1.8	6.8	-5.6	-3.4	-2.9	-8.3	-7.8	-4.4	-16.3	12.6	-17.3	6.4	19.0
Brazilian Real	-5.4	-8.7	-4.6	3.1	-12.6	-9.4	-9.7	-10.8	-10.1	-3.5	-22.6	-3.4	-14.7	-1.7	21.7
Mexican Peso	-2.8	-3.4	-3.6	7.1	-2.2	-3.2	-1.2	-6.0	-3.9	-3.8	-4.8	3.8	0.0	5.5	-17.1
BofA ML All Convertibles	0.4	2.0	7.8	22.1	23.6	18.9	16.5	16.2	16.0	10.1	41.7	18.4	6.4	3.9	32.1
60%S&P 500/40% Barc Agg	-1.2	2.8	10.4	12.9	9.6	10.5	10.5	12.5	12.7	7.8	10.6	17.7	3.3	4.8	28.5

Data Source: Thomson Reuters Datastream

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