

Clwyd Pension Fund

Economic and Market Update – Q3 2022

Monthly Capital Market Monitor

September 2022

Nowhere to hide in a difficult month for investors

September 2022 left few portfolios unscathed in a major drawdown that affected all asset classes in public markets. Equities sold off across the board. Fears of more monetary policy tightening appear to be the primary cause, as inflation continued to surprise to the upside in most countries. The sell-off was broad based across sectors and regions with emerging market equities faring worse than developed markets. US dollar strength weighed on foreign market returns for US investors but boosted returns somewhat for unhedged sterling investors. Equity market volatility returned to the heights seen in early summer.

Bond returns were also negative after another meaningful rise in yields as central banks in most regions continued to tighten monetary policy. The UK bond market suffered a major sell-off after investors deemed an extraordinary budget fiscally unsound. This forced the Bank of England to launch a temporary bond purchase program targeting the longer end of the curve after soaring yields led to a scramble for collateral by UK pension plans to meet margin calls from leveraged fund vehicles used for liability hedging¹. Leveraged debt markets were also caught in the risk-off environment with high yield spreads rising substantially over the month.

Commodities indices were not spared from the drawdown this time as the deteriorating economic outlook superseded supply concerns. Oil fell substantially over the month which brought some relief to consumers, although oil has rebounded in early October on the potential for an OPEC production cut.

US inflation for August was a major driver of negative market sentiment. Even as headline CPI continued to decline from its previous peak, core inflation gained pace, suggesting that inflation momentum remains strong across all sectors. Investors interpreted this as a sign that monetary tightening is likely to continue over the near-term.

Geopolitics remained in the forefront. Russia suffered major defeats in Ukraine, announced a partial military mobilization and continued to suggest that further escalation was possible. The Nord Stream pipelines also appear to have been sabotaged. Elections in Italy and Brazil have brought additional uncertainty.

Sterling's performance over the month was mixed. After falling to multi-decade low versus the dollar following the announcement of the extraordinary budget, sterling made back most of its losses in the following days. Sterling strengthened versus a broad basket of currencies such as the Yen, Canadian dollar, Australian dollar, New Zealand dollar and the Norwegian krone. However, sterling weakened versus the US dollar, the euro and the Swiss franc.

At a Glance

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

Major Asset Class Returns	1M	YTD	1Y
MSCI ACWI	-5.7	-9.8	-4.2
S&P 500	-5.4	-7.6	2.1
FTSE All Share	-5.9	-7.9	-4.0
MSCI World ex-UK	-5.4	-9.5	-2.7
MSCI EM	-8.0	-11.6	-13.2
Bloomberg Barclays Global Aggregate	-1.1	-2.8	-3.9
ICE Bank of America Sterling Non-Gilt index	-8.5	-22.6	-22.2
Bloomberg Barclays High Yield	-0.1	2.5	2.8
FTSE WGBI	-0.1	-3.6	-5.1
FTA UK Over 15 year gilts	-11.1	-38.9	-35.5
FTA UK 5+ year ILG's	-7.8	-32.9	-29.3
NAREIT Global REITs	-8.6	-14.4	-5.9
Bloomberg Commodity TR	-4.2	37.8	35.0

Source: Refinitiv; as of 30/9/22

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Market drivers

Summer sell-off intensifies amid policy headwinds

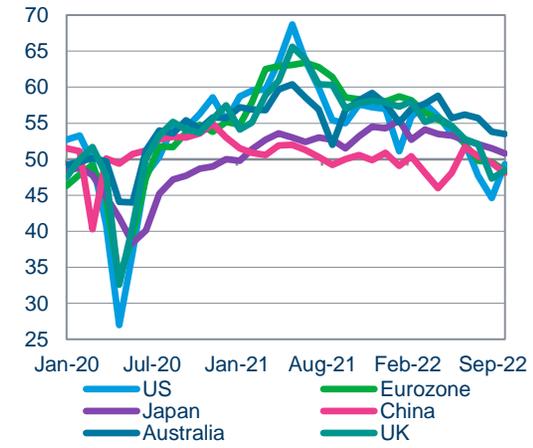
- Virtually all major asset classes moved lower during September as inflation figures continued to suggest more monetary tightening globally. In addition, poor economic data has led corporate America to highlight deteriorating business conditions, and investor sentiment remained downbeat.
- In August, it had already become clear that early summer hopes of a slowdown in monetary tightening were unlikely. Another set of disappointing inflation figures for the US showed core inflation accelerating in August, which put additional pressure on the Federal Reserve to maintain its hawkish stance.
- Inflation rates in other major regions were equally discouraging. In the Eurozone, inflation continued to increase from the previous month. In the UK, inflation edged lower but was still just under 10%. Even Japan saw inflation rise to the highest level in eight years.
- Central banks kept hiking aggressively. A 75 basis point increase by the Federal Reserve pushed borrowing costs to the highest level since 2008. The European Central Bank increased by the same amount, while the Bank of England hiked by 50 basis points. Central banks in India, Switzerland, South Africa, Indonesia, Philippines, Vietnam and Sweden also hiked. Japan, China and Brazil were the only major regions that left rates unchanged. Combined with the dollar continuing to rally, the global economy remained in a profound liquidity squeeze.
- Other macro indicators also remained weak, except for labour markets. Purchasing manager indices remained in contraction territory for the US, UK and Europe and barely stayed in expansion territory for China and Japan. Mortgage rates in the US reached their highest level since 2008. Data from Germany suggested a recession there, and China saw a deceleration in exports amid slowing global growth. The UK went through a market sell-off after announcing extraordinary budget measures that markets deemed fiscally unsound. There was also anxiety around the fiscal plans Italy's newly elected government is expected to announce, creating the potential for a new political conflict between Italy and the EU.
- Geopolitical issues also remained concerning. Russia launched a large mobilization after suffering major defeats in Ukraine and threatened further escalation. Fighting between Armenia and Azerbaijan flared up again.

Consumer Price Index (Year-over-Year)



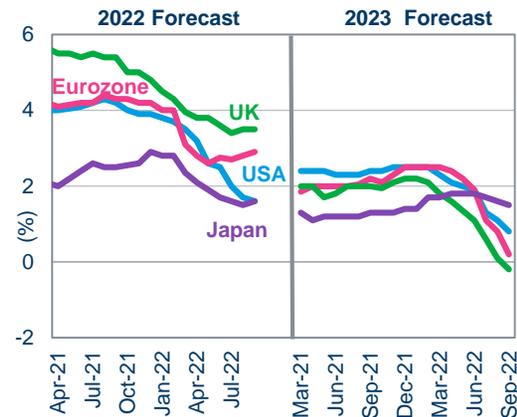
Source: Bloomberg; as of 31/08/22

Market Manufacturing PMIs



Source: Bloomberg; as of 30/09/22

Consensus GDP Growth Forecasts



Source: Bloomberg; as of 30/09/22

Commodity Prices



Source: Bloomberg; as of 30/09/22

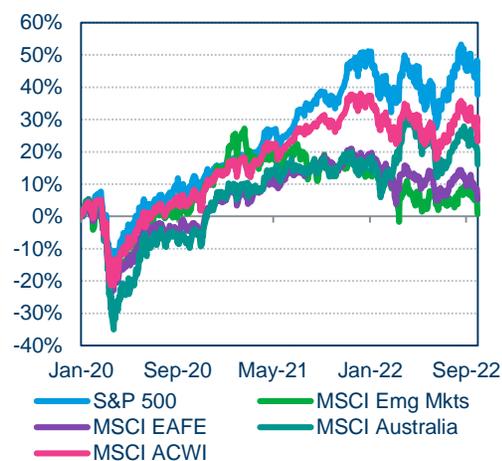
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Equities

Major equity indices fall back into bear market territory

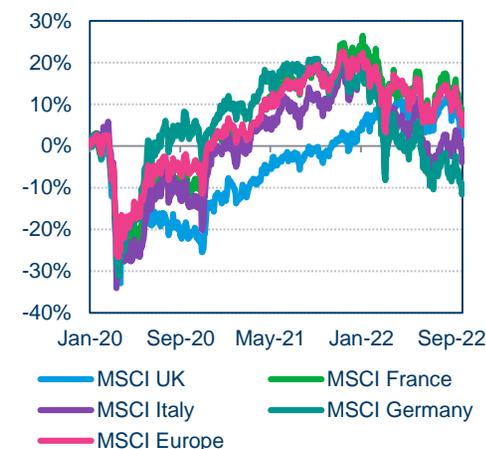
- September saw a continuation of the August drawdown which intensified mid-month after a brief reprieve. The MSCI ACWI, S&P 500 and FTSE all-share indices declined by 5.7%, 5.4% and 5.9% respectively.
- Investor sentiment continued to deteriorate in September and reached levels of peak negativity, according to the latest Bank of America Fund Manager Survey. Monetary policy is priced to be tighter for longer. Earnings expectations continue to decline amid weakening business conditions. A number of large US companies announced lay-offs and earnings results from FedEx were taken as a sign of broader weakness in the economy.
- Value modestly outperformed growth among large-cap stocks in September, while growth outperformed among the mid- and small-cap segments of the US market. The link between rising rates and growth stock underperformance appears to have broken down as the large rate increases over the month would have suggested more significant underperformance for growth stocks.
- On a sector level, there was nowhere to hide with all sectors posting negative absolute return, except for healthcare, as markets positioned for a broad slowdown. Healthcare fared best during September, while technology posted the most significant declines.
- Emerging markets underperformed developed markets, even after allowing for currency impact. Large Asian economies such as China, Taiwan and Korea posted negative returns in mid double digits. The primary drivers were slowing global growth hitting export demand, the downturn in China's housing market and disruptions due to Covid restrictions. This was somewhat offset by other large countries such as India and Brazil, which held up better during the month.
- Equity volatility rose further from already elevated levels reached in August and ended the month above 30. This brought volatility near the highs seen earlier this summer and in early 2021.

Global Equity Performance (GBP)



Source: Refinitiv, Data as at 30/09/2022

European Equity Performance (GBP)



Source: Refinitiv, Data as at 30/09/2022

Emerging Market Equity Performance (GBP)



Source: Refinitiv, Data as at 30/09/2022

Individual Factor Returns versus MSCI USA (GBP)



Source: Refinitiv, Data as at 30/09/2022

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Fixed income

Bonds get hammered as hopes for monetary reprieve evaporate; bond sell-off in the UK

- Major developed bond yields rose sharply over the month. Discouraging inflation readings across the developed world made it likely that monetary tightening will continue for the foreseeable future.
- The UK went through a major government bond (gilt) sell-off after its government announced a budget that markets deemed fiscally unsound. The 10-year gilt yield soared by over 130 basis points and ended the month at over 4%, above the equivalent US yield for the first time in eight years. Markets positioned for the Bank of England having to double down on tightening in order to offset the expansionary budget at a time of record high inflation. Soaring yields led to a scramble for collateral by UK pension plans that often use leverage for liability hedging strategies, with some forced deleveraging by fund vehicles used by UK plans. This ultimately led the Bank of England to provide temporary liquidity support at the longer end of the yield curve.
- Ten-year and 30-year yields rose by 68 and 52 basis points respectively in the US. The impact of monetary tightening in the real economy could be seen by the 30-year mortgage rate rising above 6.5%, an increase of a 100 basis points in just a month.
- Inflation expectations for the UK, as measured by the 10-year inflation break-even rate, fell slightly to 4.17%. The market consensus remains that inflation will stabilize in the medium term, but will likely stay above pre-2020 levels for the foreseeable future. However, the UK faces an uncertain future with elevated energy costs and ongoing unfunded fiscal stimulus.
- High yield credit spreads rose by almost 70 bps over the month, as risk-off sentiment began to spill into leveraged debt on a larger scale than in previous months. Rising rates are beginning to have an impact on debt-laden firms that are also seeing their costs increase and revenues decline in the current environment. Investment grade spreads also rose, but to a lesser degree.
- Emerging market local currency debt declined 4.9% (USD), while hard currency debt fell over 6% (USD). Global monetary tightening, US dollar strength and the resulting liquidity crunch were major headwinds for emerging and frontier economies, especially for those with substantial US dollar liabilities and for those reliant on food and energy imports. The largest frontier economies that constitute almost a fifth of hard currency indices saw their spreads reaching distressed levels. A number of countries, such as Argentina, Pakistan and Sri Lanka, already had to negotiate relief measures with the IMF.

10-Year Government Bond Yields



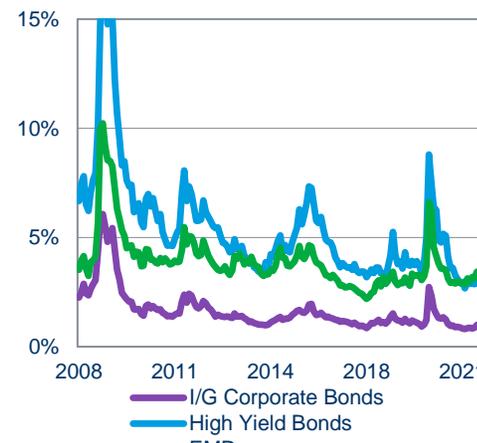
Source: Bloomberg; as of 30/09/22

10-Year minus 2-Year Yield Spread



Source: Bloomberg; as of 30/09/22

Credit Spreads



Source: Bloomberg; as of 30/09/22

10-Year Inflation Breakeven Rates



Source: Bloomberg; as of 30/09/22

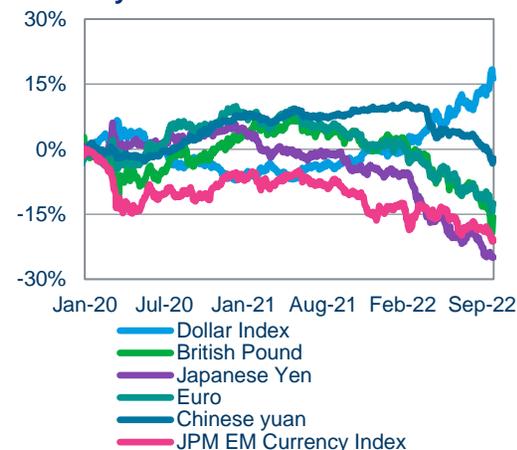
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Currencies, commodities and alternatives

US dollar continues its rise and commodities fall as economy slows

- Sterling collapsed over the month amid the UK market sell-off before recovering slightly from its lowest level since 1985. Year to date it has depreciated by almost 20% against US dollar.
- The US dollar kept soaring against most major developed and emerging market currencies, appreciating by almost 7% against the Australian dollar, over 4% against sterling and the Japanese yen, and 2.6% against the euro which is now trading below parity. Japan intervened in the foreign exchange market for the first time in over two decades. Korea also intervened.
- A strong dollar and another sharp increase in real rates led to gold falling by over 3% (USD), now down by 8.6% (USD), year-to-date. Unhedged UK investors saw gold increasing by 1% in sterling terms.
- Commodity indices declined considerably, with the more energy heavy S&P North American Natural Resources index down by 6.0%, more than global equities. Oil prices shed another 11.2% (USD) over the month, leaving oil up only 5.7% (USD) since the beginning of the year. Recession worries are overtaking concerns about supply constraints and geopolitical risk. However, oil prices have risen in early October on potential OPEC production cuts. Natural gas also fell substantially during the month, even as Russia suspended natural-gas flows to Europe and a pipeline was allegedly sabotaged.
- Global REITs gave negative returns of 8.6% during the month driven by equity beta and a weakening housing market amid higher mortgage rates. Commercial properties are also at risk of deteriorating economic conditions.
- Hedge funds provided a meaningful diversification benefit during September. The HFRX Equal Weighted Strategies index decreased 1.0% (USD) over the month, outperforming the -3.4% return for a 60% MSCI ACWI / 40% Bloomberg Aggregate (USD) portfolio by a wide margin. Performance was strong for macro hedge funds which posted positive returns, offsetting negative performance for relative value and equity strategies. Event-driven strategies were only marginally down.

Currency Returns



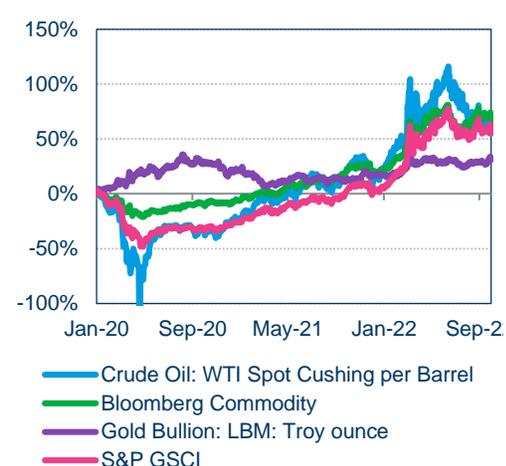
Source: Bloomberg; as of 30/09/22

Gold & Bitcoin



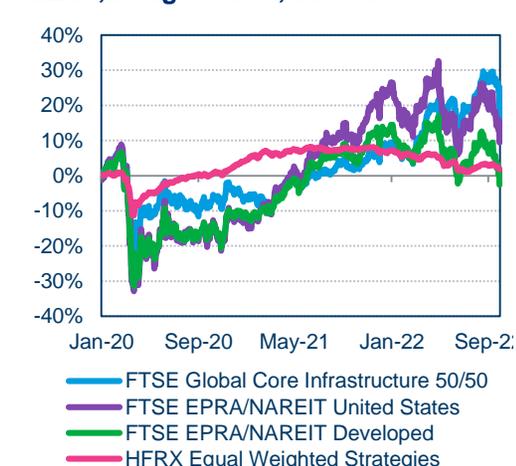
Source: Refinitiv, Bloomberg. Data as at 30/09/2022

Commodities



Source: Refinitiv, Data as at 30/09/2022

REITs, Hedge Funds, Infrastructure



Source: Refinitiv, Data as at 30/09/2022

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Valuations and yields

Ending 30 September 2022

Valuations

FTSE ALL-Share	30-09-2022	30-06-2022	31-03-2022	31-12-2021
Index Level	7706.0	7981.3	8404.7	8363.9
P/E Ratio (Trailing)	13.0	16.6	14.7	21.0
CAPE Ratio	16.4	18.5	19.9	19.6
Dividend Yield	4.0	4.1	3.5	3.6
P/B	1.5	1.7	1.8	1.8
P/CF	4.8	5.8	6.4	7.5
MSCI World ex-UK	30-09-2022	30-06-2022	31-03-2022	31-12-2021
Index Level	7187.2	7644.0	9147.4	9674.6
P/E Ratio (Trailing)	15.6	16.6	20.5	23.5
CAPE Ratio	23.4	24.9	29.1	33.4
Dividend Yield	2.3	2.2	1.8	1.6
P/B	2.6	2.6	3.2	3.4
P/CF	9.8	11.0	14.1	14.4
MSCI EM	30-09-2022	30-06-2022	31-03-2022	31-12-2021
Index Level	443.1	501.1	565.8	608.3
P/E Ratio (Trailing)	11.5	12.5	14.0	21.7
CAPE Ratio	10.1	12.5	13.7	14.5
Dividend Yield	3.6	3.1	2.5	2.0
P/B	1.5	1.7	1.8	2.0
P/CF	6.7	8.5	8.3	9.4

Source: Bloomberg, Refinitiv

Yields

Global Bonds	30-09-2022	30-06-2022	31-03-2022	31-12-2021
Germany – 10Y	2.11	1.34	0.55	-0.18
France - 10Y	2.72	1.92	0.98	0.20
US - 10Y	3.83	3.01	2.34	1.51
Switzerland – 10Y	1.23	1.07	0.60	-0.14
Italy – 10Y	4.52	3.26	2.04	1.17
Spain 10Y	3.29	2.42	1.44	0.57
Japan – 10Y	0.24	0.23	0.22	0.07
Euro Corporate	4.24	3.29	1.55	0.52
Euro High Yield	9.01	7.81	5.18	3.55
EMD (\$)	9.57	8.56	6.42	5.27
EMD (LCL)	7.32	7.30	6.48	5.87
US Corporate	5.69	4.70	3.60	2.33
US Corporate High Yield	9.68	8.80	6.01	4.21
UK Bonds	30-09-2022	30-06-2022	31-03-2022	31-12-2021
SONIA	2.19	1.19	0.69	0.19
10 year gilt yield	4.10	2.21	1.59	0.97
30 year gilt yield	3.83	2.56	1.75	1.13
10 year index linked gilt yield	0.07	-1.40	-2.74	-2.95
30 year index linked gilt yield	0.07	-0.68	-1.92	-2.27
AA corporate bond yield	5.62	3.40	2.38	1.46
A corporate bond yield	6.05	3.70	2.61	1.68
BBB corporate bond yield	6.96	4.47	3.25	2.16

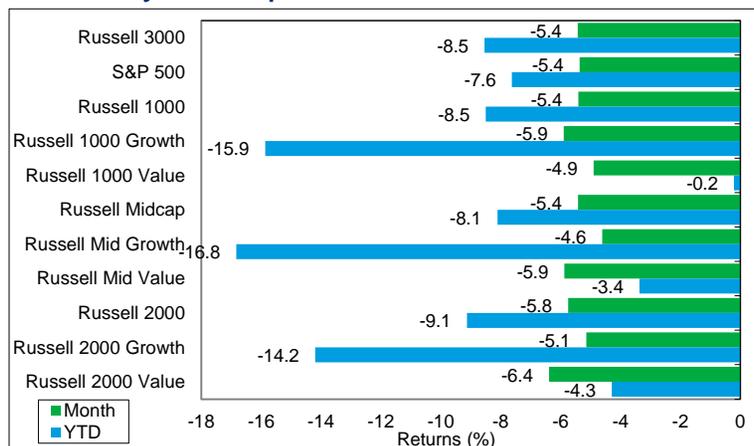
Source: Bloomberg, Refinitiv

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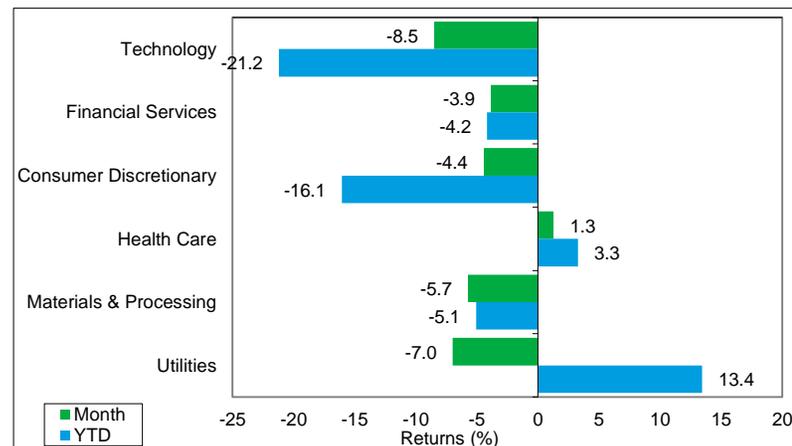
Performance Summary

US Equity ending 30 September 2022

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	2021	2020	2019	2018	2017
S&P 500	-5.4	3.5	-7.6	2.1	12.8	11.8	13.3	16.4	15.9	11.7	29.9	14.7	26.4	1.6	11.3
Russell 3000	-5.4	3.9	-8.5	-0.5	12.2	11.3	12.7	15.8	15.6	11.8	26.8	17.2	26.0	0.6	10.6
Russell 3000 Growth	-5.9	5.1	-15.8	-7.0	6.7	13.9	15.7	18.3	17.6	12.9	27.0	34.0	30.6	4.0	18.4
Russell 3000 Value	-5.0	2.7	-0.5	6.6	18.2	7.9	9.1	12.9	13.2	10.6	26.5	-0.3	21.4	-2.9	3.4
Russell 1000	-5.4	3.8	-8.5	0.0	12.1	11.6	13.1	16.1	15.8	11.9	27.6	17.2	26.4	1.1	11.2
Russell 1000 Growth	-5.9	4.9	-15.9	-6.5	6.8	14.4	16.4	18.8	18.0	12.9	28.8	34.2	31.1	4.6	18.9
Russell 1000 Value	-4.9	2.7	-0.2	7.1	17.7	7.9	9.2	13.0	13.3	10.5	26.3	-0.4	21.7	-2.6	3.8
Russell Midcap	-5.4	5.1	-8.1	-2.6	13.5	8.7	10.5	13.6	14.4	12.7	23.7	13.5	25.5	-3.4	8.3
Russell Mid Growth	-4.6	8.1	-16.8	-14.8	3.2	7.8	11.7	14.4	15.0	12.9	13.8	31.4	30.2	1.2	14.4
Russell Mid Value	-5.9	3.4	-3.4	4.4	19.4	8.0	8.7	12.5	13.6	12.1	29.5	1.7	22.2	-6.8	3.5
Russell 2500	-5.7	5.7	-7.8	-4.7	15.1	8.9	9.4	13.2	13.7	12.1	19.3	16.3	22.8	-4.4	6.7
Russell 2500 Growth	-4.7	8.7	-14.5	-14.7	3.9	8.3	10.3	13.7	14.5	12.7	6.0	36.1	27.5	-1.7	13.7
Russell 2500 Value	-6.3	3.9	-3.4	2.2	23.0	8.0	7.7	12.1	12.5	11.3	29.0	1.6	18.8	-6.9	0.8
Russell 2000	-5.8	6.4	-9.1	-7.6	14.4	7.8	7.4	12.3	12.6	11.2	15.9	16.3	20.7	-5.5	4.7
Russell 2000 Growth	-5.1	9.1	-14.2	-14.6	4.5	6.4	7.5	11.9	12.9	11.6	3.8	30.5	23.5	-3.7	11.6
Russell 2000 Value	-6.4	3.8	-4.3	-0.6	25.0	8.2	6.7	12.2	12.0	10.7	29.5	1.4	17.7	-7.4	-1.5
Russell 1000 Technology	-8.5	0.5	-21.2	-10.4	7.9	18.2	20.0	23.7	20.6	15.2	38.4	42.2	41.5	4.9	26.4
Russell 1000 Financial Services	-3.9	5.6	-4.2	0.5	23.5	10.8	12.7	16.2	16.8	10.0	36.3	3.9	28.6	-2.4	11.0
Russell 1000 Consumer Discretionary	-4.4	12.5	-16.1	-9.2	4.3	10.8	14.6	15.9	17.1	13.1	18.4	38.5	24.2	6.1	13.4
Russell 1000 Health Care	1.3	2.7	3.3	12.2	14.7	15.7	14.2	15.7	18.0	12.2	24.4	13.4	16.8	13.2	11.5
Russell 1000 Energy	-5.3	13.6	63.7	75.6	75.1	18.1	10.3	11.5	7.1	10.5	52.7	-33.0	6.5	-13.5	-9.7
Russell 1000 Producer Durables	-6.8	3.7	-8.9	-4.4	8.3	4.5	7.5	13.2	14.1	10.9	17.2	8.4	25.7	-6.9	12.1
Russell 1000 Materials & Processing	-5.7	0.6	-5.1	7.1	13.9	10.7	9.5	15.1	12.8	8.8	26.5	13.9	21.6	-11.1	13.1
Russell 1000 Consumer Staples	-4.1	1.2	10.6	23.9	15.6	10.1	10.2	11.9	13.2	10.1	19.3	3.8	19.3	-4.1	0.3
Russell 1000 Utilities	-7.0	3.7	13.4	27.3	17.2	7.6	11.3	14.1	12.5	9.4	19.8	-3.2	21.3	6.1	-3.0

Source: Bloomberg, Refinitiv



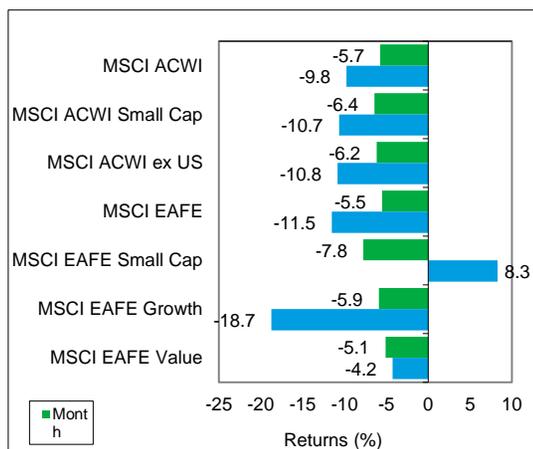
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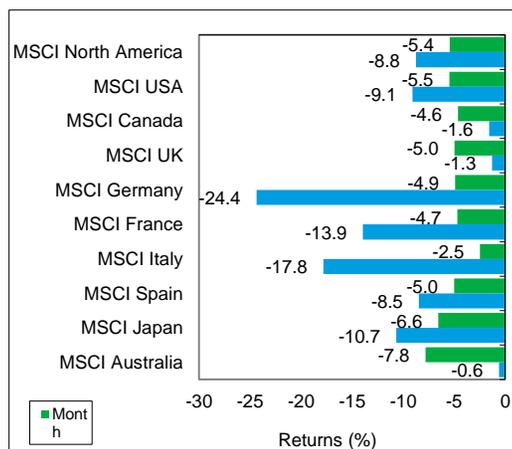
Performance Summary

International Equity ending 30 September 2022

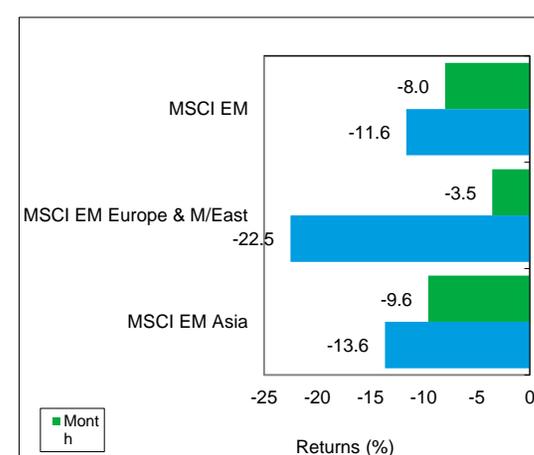
International Equity Performance



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
MSCI ACWI	-5.7	1.4	-9.8	-4.2	8.2	7.2	8.4	12.2	11.3	9.8	19.6	12.7	21.7	-3.8	13.2
MSCI ACWI IMI	-5.8	1.7	-9.5	-4.3	9.0	7.6	8.6	12.6	11.8	10.6	19.8	13.2	22.1	-4.0	13.8
MSCI ACWI Small Cap	-6.4	3.1	-10.7	-9.2	10.7	6.4	6.2	11.0	11.0	11.5	17.2	12.7	19.8	-9.1	13.1
MSCI ACWI ex US	-6.2	-2.0	-10.8	-9.6	3.6	1.8	2.9	7.9	6.9	8.2	8.8	7.2	16.8	-8.9	16.2
MSCI EAFE	-5.5	-1.4	-11.5	-9.6	4.4	1.5	2.9	7.4	7.6	7.7	12.3	4.5	17.3	-8.4	14.2
MSCI EAFE Growth	-5.9	-0.5	-18.7	-15.8	-1.2	1.8	4.4	8.6	8.6	8.1	12.3	14.6	23.0	-7.4	17.7
MSCI EAFE Value	-5.1	-2.3	-4.2	-3.6	9.9	0.5	0.9	5.9	6.2	7.2	11.9	-5.6	11.6	-9.5	10.9
EM	-8.0	-3.8	-11.6	-13.2	-0.8	1.2	1.9	8.5	4.8	10.6	-1.6	14.7	13.8	-9.3	25.4
North America	-5.4	3.4	-8.8	-0.2	11.6	11.0	12.4	15.4	14.7	11.1	27.6	16.2	25.7	0.1	10.4
Europe	-4.8	-2.2	-13.6	-9.2	5.3	1.6	2.5	6.9	7.3	7.9	17.4	2.1	19.0	-9.6	14.6
EM Europe & M/East	-3.5	6.0	-22.5	-25.2	2.4	-4.3	0.1	5.4	0.1	6.9	25.1	-10.4	14.6	-2.2	5.8
EM Asia	-9.6	-6.5	-13.6	-14.9	-3.6	2.5	2.6	9.3	7.0	10.6	-4.2	24.4	14.6	-10.2	30.5
Latin America	0.8	12.7	25.0	21.1	21.6	-0.2	1.0	9.7	1.4	12.2	-7.2	-16.5	12.9	-0.8	13.0
USA	-5.5	3.6	-9.1	-0.5	11.4	11.2	12.7	15.6	15.2	11.2	27.6	17.0	25.8	0.9	10.7
Canada	-4.6	0.1	-1.6	5.0	16.1	7.6	7.3	11.3	6.9	10.5	27.1	2.1	22.6	-12.1	6.0
Australia	-7.8	1.5	-0.6	1.0	12.9	3.9	6.2	11.2	7.0	10.9	10.4	5.4	18.2	-6.5	9.6
UK	-5.0	-2.9	-1.3	3.8	14.3	1.6	2.6	5.9	5.7	7.0	19.6	-13.2	16.4	-8.8	11.7
Germany	-4.9	-4.9	-24.4	-24.1	-7.9	-3.9	-3.2	4.0	5.1	8.3	6.3	8.1	16.1	-17.3	16.6
France	-4.7	-0.9	-13.9	-8.2	8.7	1.9	3.4	8.8	9.1	8.2	20.6	0.9	20.9	-7.3	17.6
Italy	-2.5	-0.5	-17.8	-13.6	5.1	-1.8	-0.5	3.4	5.3	3.8	16.1	-1.3	22.4	-12.6	17.3
Spain	-5.0	-6.5	-8.5	-10.2	6.4	-5.2	-4.2	1.8	3.7	6.7	2.3	-7.7	7.7	-11.0	16.0
Japan	-6.6	0.4	-10.7	-14.6	0.0	0.6	3.1	7.7	8.8	6.1	2.6	10.9	15.0	-7.5	13.3
Brazil	0.8	18.1	35.3	26.0	20.9	-2.0	2.0	14.2	2.1	14.9	-16.6	-21.5	21.4	5.7	13.4
China	-10.9	-15.7	-16.6	-22.0	-16.7	-4.1	-2.0	6.3	6.2	11.8	-21.0	25.5	18.7	-13.8	40.7
India	-2.5	15.9	9.5	8.8	26.4	15.2	12.0	13.4	11.3	15.3	27.4	12.0	3.4	-1.5	26.7
Russia	0.0	0.0	-100.0	-100.0	-99.9	-98.8	-92.5	-83.1	-72.4	-44.0	20.1	-15.2	45.1	5.8	-3.9

Source: Bloomberg, Refinitiv



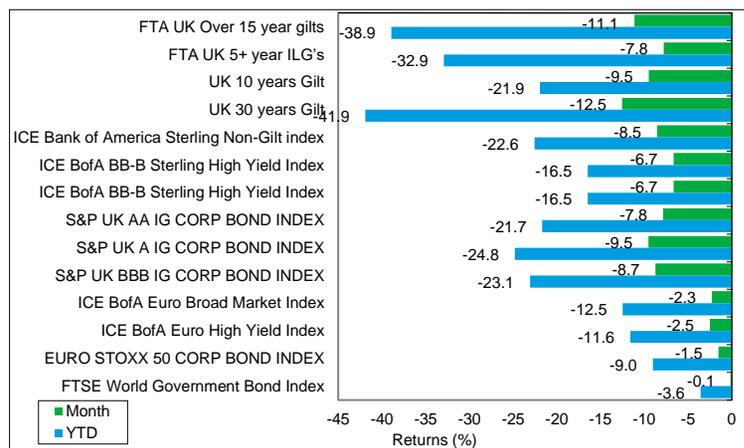
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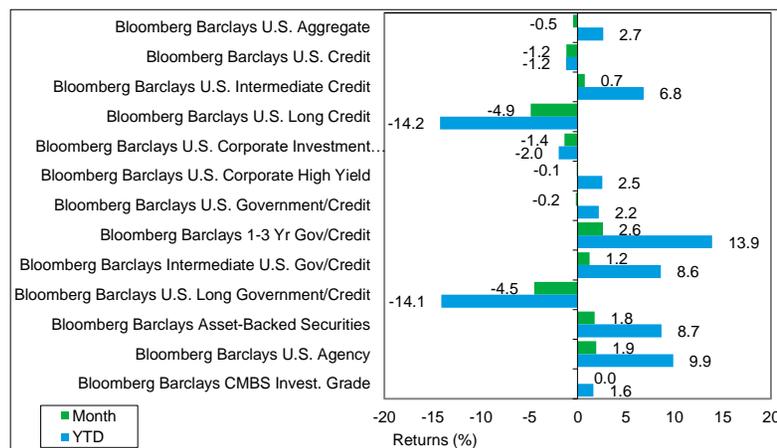
Performance Summary

Fixed Income ending 30 September 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
FTA UK Over 15 year gilts	-11.1	-18.8	-38.9	-35.5	-24.3	-15.5	-5.6	-2.0	0.5	3.6	-7.3	13.9	12.0	0.3	3.3
FTA UK 5+ year ILG's	-7.8	-10.6	-32.9	-29.3	-15.8	-10.7	-2.8	0.8	3.3	5.3	4.2	12.4	6.8	-0.4	2.5
UK 10 years Gilt	-9.5	-13.2	-21.9	-21.4	-14.1	-8.7	-3.0	-1.0	0.3	3.6	-5.7	6.6	5.2	2.0	2.7
UK 30 years Gilt	-12.5	-21.3	-41.9	-38.8	-25.9	-16.7	-6.3	-2.8	0.3	3.3	-6.4	13.8	11.7	0.4	3.1
ICE Bank of America Sterling Non-Gilt index	-8.5	-11.6	-22.6	-22.2	-12.0	-7.0	-2.3	0.2	1.6	3.7	-3.0	8.0	9.5	-1.6	4.3
ICE BofA BB-B Sterling High Yield Index	-6.7	-4.8	-16.5	-17.0	-4.5	-2.1	0.7	3.2	5.2	10.1	3.0	6.1	13.8	-1.4	8.2
S&P UK AA IG CORP BOND INDEX	-7.8	-10.8	-21.7	-21.0	-12.4	-7.3	-2.6	0.0	1.1	3.5	-4.8	7.7	7.3	-0.3	3.2
S&P UK A IG CORP BOND INDEX	-9.5	-12.9	-24.8	-24.0	-13.6	-8.0	-2.8	0.0	1.4	3.7	-3.9	8.4	10.4	-1.5	3.6
S&P UK BBB IG CORP BOND INDEX	-8.7	-11.5	-23.1	-22.8	-11.4	-6.4	-1.9	0.7	2.1	4.6	-2.4	8.7	11.6	-2.6	5.5
ICE BofA Euro Broad Market Index	-2.3	-2.9	-12.5	-14.9	-10.7	-6.3	-2.0	1.7	2.0	4.6	-8.8	9.9	0.1	1.6	4.7
ICE BofA Euro High Yield Index	-2.5	1.6	-11.6	-13.9	-5.6	-3.1	-0.7	4.4	4.4	9.2	-3.1	8.6	5.1	-2.5	11.0
EURO STOXX 50 CORP BOND INDEX	-1.5	-1.4	-9.0	-11.6	-8.1	-4.5	-1.7	2.1	1.9	--	-7.2	8.5	-0.9	0.1	5.5
FTSE World Government Bond Index	-0.1	1.5	-3.6	-5.1	-6.2	-3.6	0.8	3.3	2.0	4.2	-6.1	6.7	1.8	5.3	-1.8
Bloomberg Barclays U.S. Aggregate	-0.5	3.2	2.7	2.2	-1.3	-0.2	3.2	4.7	4.4	4.6	-0.7	4.3	4.6	5.8	-4.9
Bloomberg Barclays U.S. Credit	-1.2	3.1	-1.2	-1.4	-2.0	-0.5	3.5	5.7	5.2	5.6	-0.2	6.0	9.4	3.7	-2.7
Bloomberg Barclays U.S. Intermediate Credit	0.7	5.1	6.8	5.8	1.3	1.4	4.2	5.7	5.2	5.3	-0.1	3.8	5.4	5.9	-4.9
Bloomberg Barclays U.S. Long Credit	-4.9	-0.7	-14.2	-13.3	-7.8	-4.0	2.4	6.0	5.4	6.7	-0.3	9.8	18.6	-1.1	2.7
Bloomberg Barclays U.S. Corporate Investment Grade	-1.4	3.0	-2.0	-2.2	-2.2	-0.5	3.6	5.8	5.3	5.7	-0.2	6.5	10.2	3.3	-2.5
Bloomberg Barclays U.S. Corporate High Yield	-0.1	7.6	2.5	2.8	4.8	2.7	5.1	8.4	7.5	8.7	6.1	3.9	10.0	3.6	-1.3
Bloomberg Barclays U.S. Government/Credit	-0.2	3.4	2.2	1.9	-1.6	0.0	3.5	5.0	4.6	4.8	-0.9	5.6	5.6	5.4	-4.6
Bloomberg Barclays 1-3 Yr Gov/Credit	2.6	6.4	13.9	12.8	4.4	2.6	4.1	4.8	4.2	3.5	0.4	0.4	0.3	7.2	-7.1
Bloomberg Barclays Intermediate U.S. Gov/Credit	1.2	5.0	8.6	7.5	1.5	1.5	3.9	5.0	4.5	4.4	-0.6	3.2	2.8	6.7	-6.2
Bloomberg Barclays U.S. Long Government/Credit	-4.5	-1.2	-14.1	-12.6	-9.8	-4.3	2.4	5.3	5.0	6.3	-1.6	12.5	15.0	1.1	1.4
Bloomberg Barclays CMBS Invest. Grade	0.0	2.3	1.6	0.7	-0.8	0.3	3.1	4.0	3.8	4.1	-0.4	5.2	4.9	4.7	-2.7
Bloomberg Barclays U.S. Mortgage Backed Securities	-0.7	3.1	4.4	3.5	-0.5	-0.4	2.7	4.1	4.1	4.4	-0.2	0.8	2.4	6.9	-5.9
Bloomberg Barclays Municipal Bond	-0.1	4.2	4.9	5.2	1.9	1.1	4.0	5.3	5.1	4.8	2.3	2.2	3.6	6.8	-2.8

Source: Bloomberg, Refinitiv



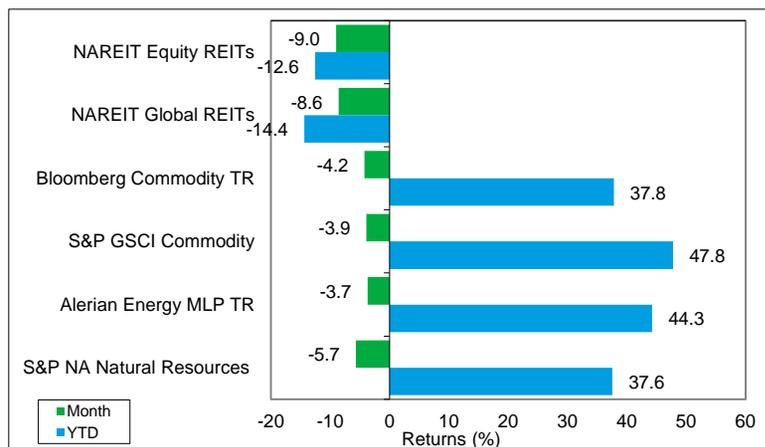
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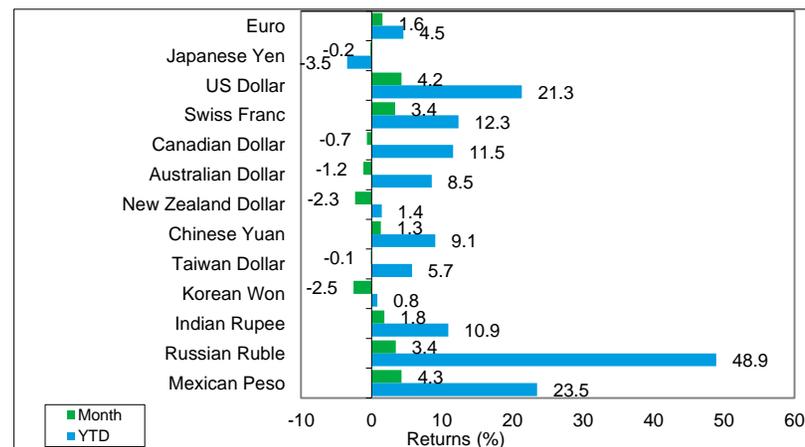
Performance Summary

Alternatives ending 30 September 2022

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	2021	2020	2019	2018	2017
NAREIT Equity REITs	-9.0	-3.0	-12.6	1.1	12.9	2.2	8.0	10.9	11.0	11.1	42.6	-8.1	23.7	1.9	-0.7
NAREIT Global REITs	-8.6	-3.6	-14.4	-5.9	8.6	-2.5	3.8	7.0	7.7	9.6	28.4	-11.0	18.3	1.2	1.8
Bloomberg Commodity TR	-4.2	4.3	37.8	35.0	35.7	17.3	11.0	9.1	1.5	3.2	28.3	-6.1	3.5	-5.7	-7.1
S&P GSCI Commodity	-3.9	-2.4	47.8	49.3	50.6	16.0	11.8	8.4	-0.3	1.4	41.6	-26.1	13.1	-8.5	-3.4
Alerian Energy MLP TR	-3.7	17.6	44.3	44.4	59.9	8.0	5.7	7.1	4.4	10.6	41.5	-30.9	2.4	-7.0	-14.6
Oil	-7.5	-18.2	28.2	28.0	51.3	17.5	13.1	13.3	2.2	6.7	56.4	-23.0	29.3	-20.2	2.7
Gold	1.0	0.6	10.9	14.9	1.1	7.8	9.4	10.7	3.1	10.4	-2.6	20.6	14.3	3.9	3.8
S&P NA Natural Resources	-5.7	6.5	37.6	48.1	47.8	15.1	8.7	11.2	5.8	9.7	41.2	-21.5	13.1	-16.2	-7.5
Euro	1.6	2.0	4.5	2.1	-1.6	-0.3	-0.1	2.5	1.0	1.7	-6.9	5.6	-5.6	1.1	4.0
Japanese Yen	-0.2	2.1	-3.5	-6.9	-8.1	-6.2	-1.3	1.7	-2.5	0.9	-10.3	2.0	-2.9	9.1	-5.4
US Dollar	4.2	8.8	21.3	20.8	7.6	3.4	3.7	4.5	3.8	1.7	-1.1	-3.1	-3.9	6.2	-8.7
Swiss Franc	3.4	5.8	12.3	14.5	4.0	3.8	3.4	4.3	3.3	--	-3.0	6.2	-2.1	5.0	-4.7
Canadian Dollar	-0.7	2.1	11.5	11.4	6.1	2.1	1.8	4.1	0.4	2.5	0.8	-1.4	1.3	-2.6	-2.2
Australian Dollar	-1.2	2.9	8.5	8.8	2.6	2.1	0.0	3.4	-1.0	2.6	-5.8	5.9	-4.0	-4.0	-1.6
New Zealand Dollar	-2.3	0.1	1.4	0.4	-0.1	0.2	-0.9	2.9	0.0	--	-5.0	3.1	-2.9	0.2	-6.9
Chinese Yuan	1.3	2.7	9.1	10.1	5.5	3.6	2.4	2.8	2.5	2.5	2.7	3.2	-5.2	0.7	-2.5
Taiwan Dollar	-0.1	1.9	5.7	6.0	2.8	2.6	2.8	5.0	2.9	2.2	1.3	3.4	-1.4	2.8	-1.1
Korean Won	-2.5	-1.3	0.8	0.0	-2.7	-2.6	-0.8	1.7	1.2	1.0	-8.7	3.2	-7.2	1.9	3.1
Indian Rupee	1.8	5.6	10.9	10.2	2.5	-1.3	-0.7	1.3	-0.6	-0.9	-1.9	-5.3	-6.0	-2.9	-2.9
Russian Ruble	3.4	-2.6	48.9	43.8	21.3	5.4	2.5	5.5	-3.0	-1.6	-1.0	-18.6	7.4	-11.9	-3.1
Brazilian Real	-0.2	5.2	24.9	21.7	9.9	-5.3	-6.8	0.0	-5.9	0.1	-6.8	-24.9	-7.4	-9.1	-10.4
Mexican Peso	4.3	9.2	23.5	23.4	12.8	2.7	1.7	1.9	-0.8	-1.7	-3.0	-8.2	0.3	5.5	-3.8
BofA ML All Convertibles	-2.0	9.1	-2.9	-3.4	8.6	13.8	13.4	14.9	14.3	10.9	7.6	41.7	18.4	6.4	3.9
60%S&P 500/40% Barc Agg	-3.4	3.4	-3.5	2.2	7.2	7.0	9.3	11.7	11.3	8.9	17.7	10.6	17.7	3.3	4.8

Source: Bloomberg, Refinitiv



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