

# Clwyd Pension Fund

## Economic and Market Update – Q4 2022

# Monthly Capital Market Monitor

December 2022

## Markets close out a disappointing year

December was a disappointing end to a bad year. Investors had few places to hide as traditional safe haven assets such as bonds fell in tandem with equities. The final month of the year saw negative returns for equities, commodities and slightly negative returns for bonds as fears that have driven negative investor sentiment for most of 2022 returned: no end in sight for monetary tightening and uncertainty over the duration and severity of the economic slowdown that started in 2022.

The year began with optimism. Most of the world got through the year without a major escalation of Covid restrictions, with the notable exception of China. A monetary tightening cycle was anticipated, but it was expected to be gradual because 'transitory' inflation was expected to recede due to improving supply chains. Alas, this goldilocks scenario did not play out. The beginning of a major conflict in Ukraine led to a commodity price shock, exacerbating demand-driven inflation from reopening economies. Inflation soon reached the highest levels in four decades. Central banks switched from being complacent to being proactive and initiated the fastest monetary tightening cycle in recent history. This led to a substantial economic slowdown, and asset valuations adjusted to the end of the low interest rate environment that had persisted since the GFC. China experienced a challenging year, keeping much of its economy locked down which depressed economic activity there until protests forced a U-turn late in the year. 2022 was therefore marred by fear and uncertainty over inflation, the monetary response, geopolitical escalation and what could be a looming recession.

What made 2022 different was high inflation forcing central banks to hike even as economic activity cooled rapidly. 10-year yields more than doubled over the year as a consequence and bonds delivered negative returns. The simultaneous declines in stocks and bonds led to negative returns of 5.7% for a 60% MSCI ACWI / 40% Bloomberg Aggregate portfolio. The best places to hide were commodities that delivered double digit positive returns, more defensive sectors such as consumer staples and alternative safe haven assets such as gold or hedge funds that delivered flat to slightly negative returns, outperforming a 60/40 portfolio by a wide margin.

2022 had silver linings as well. Labour market resilience and strong household balance sheets after a substantial tightening in monetary conditions and potentially peaking inflation raise the odds of a soft landing. Supply chains improved substantially, which eased inflationary pressures. The world, including China, has moved beyond Covid restrictions. Firms have found ways to alleviate the commodities shock and reshuffle supply chains. The return of higher rates has begun to clear some excesses from the system. Higher expected returns for most asset classes constitute an opportunity for investors. Uncertainty remains high but there are some reasons for optimism going into 2023<sup>1</sup>.



<sup>1</sup>[https://insightcommunity.mercer.com/research/63a3fb1782b3030021806377/Mercer\\_Shifting\\_sands\\_turning\\_tides\\_Addressing\\_investment\\_regime\\_change](https://insightcommunity.mercer.com/research/63a3fb1782b3030021806377/Mercer_Shifting_sands_turning_tides_Addressing_investment_regime_change)

## At a Glance

### Market Returns in % as of end of December 2022 in GBP

Major Asset Class Returns	1M	YTD	1Y
MSCI ACWI	-4.9	-8.1	-8.1
S&P 500	-6.7	-7.8	-7.8
FTSE All Share	-1.4	0.3	0.3
MSCI World ex-UK	-5.3	-8.0	-8.0
MSCI EM	-2.4	-10.0	-10.0
Bloomberg Global Aggregate	-0.5	-5.7	-5.7
ICE Bank of America Sterling Non-Gilt index	-1.7	-17.8	-17.8
Bloomberg High Yield	-1.6	-0.5	-0.5
FTSE WGBI	-1.2	-8.0	-8.0
FTA UK Over 15 year gilts	-8.4	-40.1	-40.1
FTA UK 5+ year ILG's	-6.0	-38.0	-38.0
NAREIT Global REITs	-3.6	-14.9	-14.9
Bloomberg Commodity TR	-3.4	30.7	30.7

Source: Refinitiv; as of 31/12/22

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# Market drivers

## Santa Rally ends prematurely amid central bank hawkishness, economic slowdown

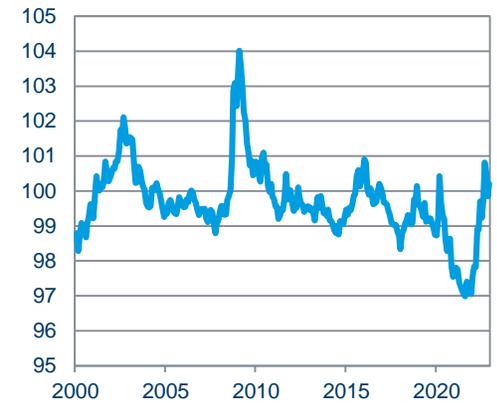
- The 'Santa' rally in the first two months of the fourth quarter came to a premature end in December as investor optimism over receding inflation was displaced by continued hawkish messages by central banks and more signs of a weakening economy.
- The Global economy is clearly slowing. November retail sales fell on a month over month basis in spite of holiday shopping season. The forward looking composite purchasing manager indices (PMI) fell deeper into recessionary territory. The labour market remains tight but non farm job creation has fallen back to the lowest level in over a year and more high profile layoffs were announced. There are clear signs that the US economy is slowing rapidly as tighter financial conditions are now taking effect. The UK and Eurozone are likely already in a recession but PMIs recovered slightly over the month and for Japan, its PMI came out of contractionary territory. Chinese data remained weak, reflecting lockdowns in prior months, but the reopening moved forward at a fast pace.
- Inflation continued to be a silver lining. In the US it slowed for the fifth straight month to the lowest level since the end of 2021. It also showed tentative signs of peaking in the UK and Eurozone albeit from more elevated levels. In Japan, inflation reached another record, although it is still much lower than in other developed countries. Meanwhile, inflation fell below 2% in China.
- Markets rallied when the US inflation figure came out and the Federal Reserve increased short rates by 50 rather than 75 basis points. However, to investors' disappointment, the Federal Reserve did not indicate an end to the hiking cycle but primed investors instead for a continuation through the spring of 2023 at least, although likely in smaller increments. The Bank of England and European Central Bank raised rates by 50 basis points as well and gave equally hawkish forward guidance. The Bank of Japan surprised investors when it widened the tolerance range for the 10-year yield, but there were different interpretations of what the exact rationale for this policy change was.
- Geopolitical events were not market moving this month. The Ukraine conflict remained in a stalemate, another Chinese company was blacklisted by the US and China responded with air drills around Taiwan after President Biden increased military aid to the island. Peru was in turmoil after its President was ousted when he tried to dissolve Congress to avoid an impeachment vote.

Consumer Price Index (Year-over-Year)



Source: Bloomberg; as of 31/12/22

Goldman Sachs US Financial Conditions Index



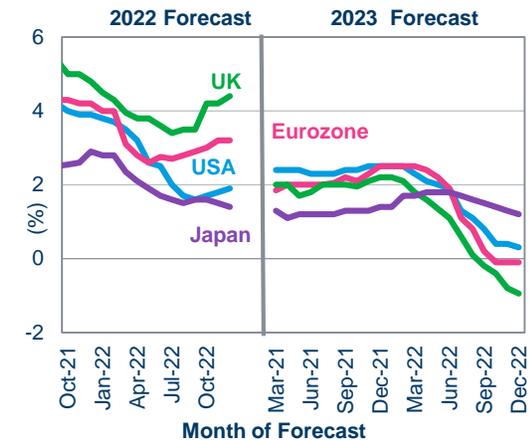
Source: Bloomberg; as of 31/12/22

University of Michigan Consumer Sentiment Index



Source: Bloomberg; as of 31/12/22

Consensus GDP Growth Forecasts



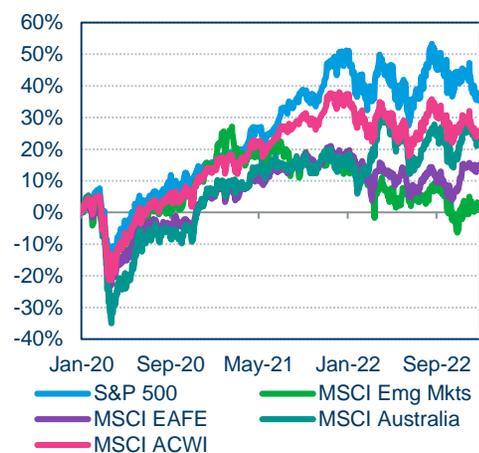
Source: Bloomberg; as of 31/12/22

# Equities

## Global equities finish 2022 close to bear market territory (USD terms) in the worst year for equities since 2008

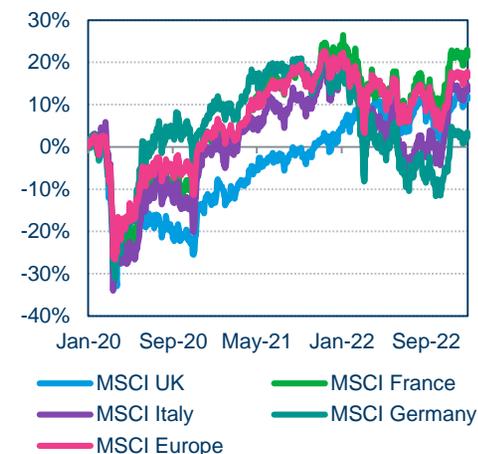
- Positive momentum for global equities seen over the first two months of the fourth quarter of 2022 did not last into December which was exacerbated for unhedged sterling investors by a depreciating dollar. The MSCI ACWI, S&P 500 and FTSE All Share indices returned -4.9%, -6.7% and -1.4% respectively. For 2022 as a whole, equities had their worst year since 2008. Global equities in US dollar terms ended the year near bear market territory (defined as a decline of more than 20%), however, meaningful US dollar appreciation mitigated the shock for sterling investors with unhedged exposure to US equities.
- In December, negative market sentiment returned as investor focus pivoted from favorable inflation trends towards continued monetary tightening and the ongoing economic slowdown, which earnings estimates may not yet fully reflect. For 2022 as a whole, equities were driven down by the monetary policy response to the inflation shock as well as seismic geopolitical events that had the greatest market impact in the first half of 2022. Over the year, value outperformed growth by a wide margin, while small-caps modestly underperformed large-caps.
- While 2022 as a whole is expected to still show positive earnings growth for the S&P500, most of it was concentrated in the first half of the year with 2022Q4 likely showing negative earnings growth for the first time since late 2020<sup>1</sup>.
- In December, equity markets held up better outside the US as the US dollar weakened against major currencies and growth stocks, which have greater representation in US equity indices, bore the brunt of this monetary policy driven sell-off. UK equities as measured by the unhedged FTSE 100 index therefore ended the month marginally negative when the S&P 500 had negative returns of almost -7%. For the year as a whole, unhedged international developed equities also outperformed the US despite the stronger dollar.
- Emerging markets had negative returns in December but outperformed US equities by a wide margin. Weakness in India, Brazil, Taiwan and Korea were offset by strength in China as investor sentiment improved amid the rapid reopening of its economy. For 2022 as a whole, emerging market equities declined around 10%, slightly worse than the S&P 500.
- Equity volatility increased slightly throughout the month but remained at the lowest levels for the year. 2022 saw four substantial volatility spikes when the VIX reached levels above 30, driven by geopolitical events, high inflation readings and more monetary tightening being priced in.

Global Equity Performance (GBP)



Source: Refinitiv, Data as at 31/12/2022

European Equity Performance (GBP)



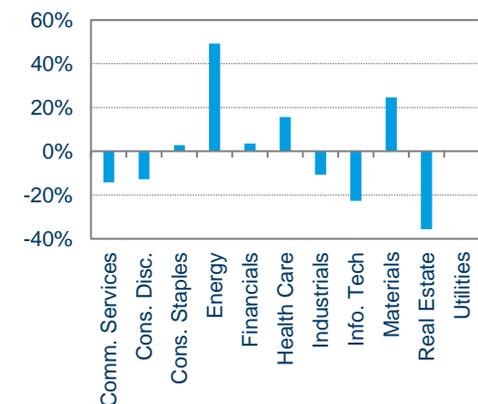
Source: Refinitiv, Data as at 31/12/2022

Emerging Market Equity Performance (GBP)



Source: Refinitiv, Data as at 31/12/2022

MSCI UK 2022 Sector Performance



Source: Refinitiv. Data as at 31/12/2022

<sup>1</sup> [https://advantage.factset.com/hubfs/Website/Resources%20Section/Research%20Desk/Earnings%20Insight/EarningsInsight\\_121522C.pdf](https://advantage.factset.com/hubfs/Website/Resources%20Section/Research%20Desk/Earnings%20Insight/EarningsInsight_121522C.pdf)

# Fixed income

## Bond returns negative for December with double digit losses for 2022

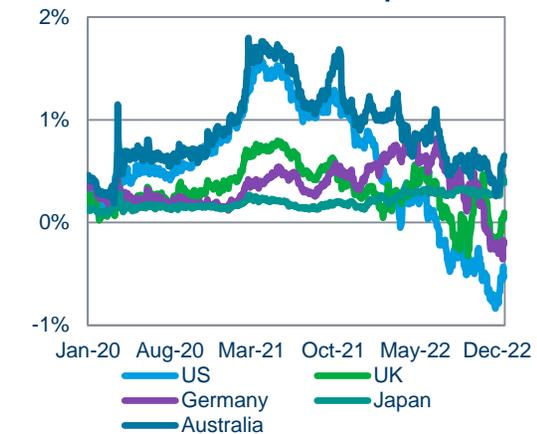
- Bond yields rose across major regions as fixed income investors positioned for continued monetary tightening following hawkish guidance from all major central banks over the month.
- Ten-year UK yields rose by roughly 50 basis points to almost 3.66%, while 30-year yields also rose by around 52 basis points to 3.94%. Yield movements were similar for Germany and were much more muted in the US where 10 year yields increased by 26 basis points. This was driven by persistent inflation, hawkish rhetoric from respective central banks and the fact that policy rates for both regions are still much lower than in the US. The Japanese 10-year yield increased by 16 basis points after the Bank of Japan's surprise announcement that it would increase the tolerance for its yield curve control program from 25 to 50 basis points. For 2022, yields across major regions soared, which led to a dismal year for fixed income assets except the shortest durations.
- Inflation expectations for the UK, as measured by the 10-year inflation breakeven rate, fell from 3.81% to 3.62%. In the UK, the inflation outlook is beginning to look more favourable as energy prices have been falling. However, the UK is yet to witness a continued downturn in inflation prints like in the US. The breakeven rate rose to almost 4.6% during the first half of 2022 when inflation trended upwards before stabilizing and beginning a downward trajectory as inflation began to recede later in the year.
- Rising rates and lower inflation expectations pushed up real yields for December, especially outside the US where nominal rates increased by more. For 2022 as a whole, real yields increased substantially, which explains poor returns for inflation linked bonds in a year where inflation was high.
- Credit spreads fell slightly, both for investment-grade and high yield. Credit returns were slightly negative in December. For 2022, credit suffered double digit losses, more so for investment grade than high yield due to the longer duration for the former.
- Emerging market hard currency debt was down slightly, while local currency debt rose 2.2% (USD). Over the fourth quarter of 2022, a weaker dollar helped emerging market debt pare back more substantial losses that were seen earlier in the year at the height of dollar strength. The improving outlook for China's property market and its economy as a whole towards the end of the year also added to positive momentum.

10-Year Government Bond Yields



Source: Bloomberg; as of 31/12/22

10-Year minus 2-Year Yield Spread



Source: Bloomberg; as of 31/12/22

Credit Spreads



Source: Bloomberg; as of 31/12/22

10-Year Inflation Breakeven Rates



Source: Bloomberg; as of 31/12/22

# Currencies, commodities and alternatives

## Recent weakness for dollar and commodities, but strong positive performance for 2022

- The US dollar continued to give back some of its gains from earlier in the year even as risk sentiment faded. It weakened most substantially against Japanese yen following the surprise widening of the tolerance range for the 10-year yield by the Bank of Japan. US dollar also weakened against euro and sterling following hawkish rhetoric from both central banks. Emerging market currency performance was more mixed. Chinese renminbi strengthened against US dollar, the Indian rupee weakened and other emerging market currencies were flat to slightly weaker. 2022 saw sustained weakness in Sterling specifically versus the dollar which was phenomenally strong due to tighter monetary policy. Sterling was also weak versus the euro given the more favorable inflationary outlook on the continent.
- Bitcoin recovered slightly but remained volatile as newsflow on crypto assets remained negative. The crypto exchange FTX that collapsed in November is now being treated as a major fraud case. Its former CEO was extradited from the Bahamas to the US to face criminal charges. 2022 has seen the onset of another crypto winter. Bitcoin lost around 65% (USD price) for the year.
- Gold strengthened for the second month in a row, rising by 2.7%. Higher nominal yields were offset by a weaker US dollar. Gold ended the year flat in USD terms and up 12.5% in sterling terms and 60/40 portfolios suffered mid-single digit losses in sterling terms.
- Commodity indices weakened over the month, with the more energy heavy Bloomberg Commodity index down by over 3%. Investors were concerned about falling demand amid a global slowdown, but there were hopes that China's reopening could mitigate weakness in western countries. For 2022 as a whole, commodities rose by double digit levels as inflation soared and geopolitical events led to expectations of shortages and commodity supply chain disruptions.
- Global REITs fell by 3.6% and were down almost 15% for 2022 as both equities and the US housing market weakened substantially.
- Hedge fund performance was mixed in December. The HFRX Equal Weighted Strategies Index posted marginal losses for the month, outperforming the -4.6% return for a 60% MSCI ACWI / 40% Bloomberg Aggregate portfolio. For 2022 as a whole, hedge funds returned 7.5% compared to -5.7% for 60/40 portfolios. Performance was strongest for macro hedge funds and CTAs and weakest for relative value strategies.

### Currency Returns



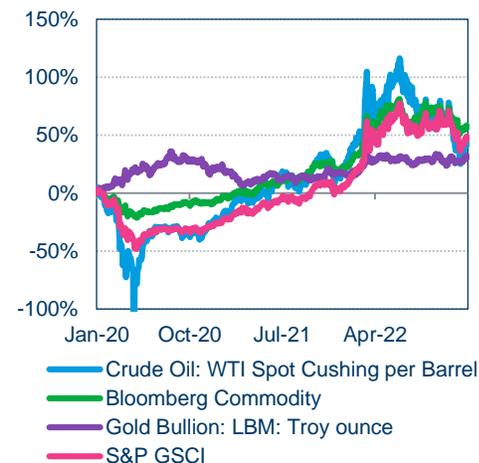
Source: Bloomberg; as of 31/12/22

### Gold & Bitcoin



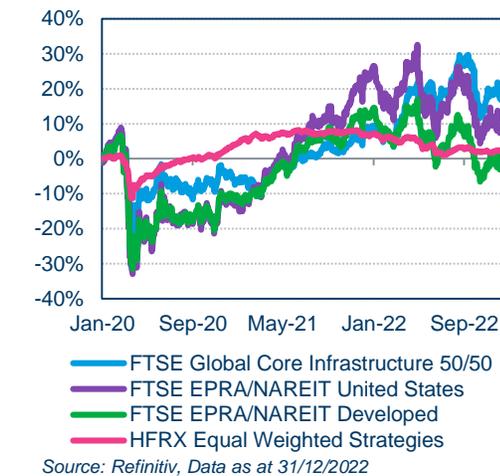
Source: Refinitiv, Bloomberg. Data as at

### Commodities



Source: Refinitiv, Data as at 31/12/2022

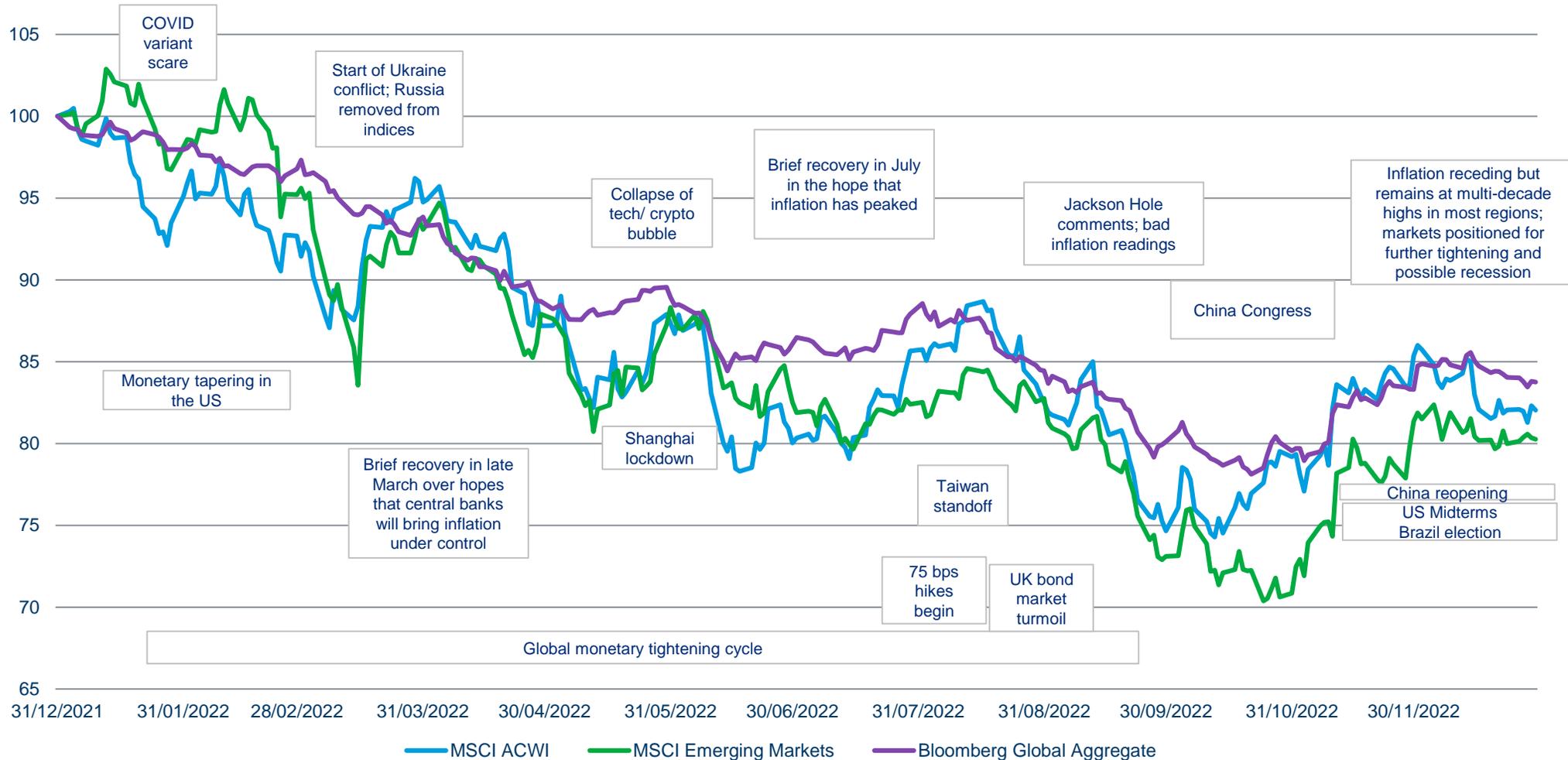
### REITs, Hedge Funds, Infrastructure



Source: Refinitiv, Data as at 31/12/2022

# 2022 in Review (in US \$)

## Markets and major developments



Source: Refinitiv and Mercer Research; as of 31/12/22

All indices in USD. Total return indices for MSCI ACWI, S&P 500, MSCI EAFE, MSCI Emerging Markets and Bloomberg US Aggregate. Price returns for NASDAQ.

Note: For visual reasons, events might not exactly pinpoint to the day they actually happened.  
 We do not imply a direct causal relationship between market movements and every single event.

# Valuations and yields

Ending 31 December 2022

## Valuations

FTSE ALL-Share	31-12-2022	30-09-2022	30-06-2022	31-03-2022
Index Level	8391.9	7706.0	7981.3	8404.7
P/E Ratio (Trailing)	13.9	13.0	16.6	14.7
CAPE Ratio	18.2	16.4	18.5	19.9
Dividend Yield	3.7	4.0	4.1	3.5
P/B	1.5	1.5	1.7	1.8
P/CF	5.2	4.8	5.8	6.4
MSCI World ex-UK	31-12-2022	30-09-2022	30-06-2022	31-03-2022
Index Level	7866.8	7187.2	7644.0	9147.4
P/E Ratio (Trailing)	16.9	15.6	16.6	20.5
CAPE Ratio	24.6	23.4	24.9	29.1
Dividend Yield	2.3	2.3	2.2	1.8
P/B	2.8	2.6	2.6	3.2
P/CF	11.3	9.8	11.0	14.1
MSCI EM	31-12-2022	30-09-2022	30-06-2022	31-03-2022
Index Level	486.1	443.1	501.1	565.8
P/E Ratio (Trailing)	12.2	11.5	12.5	14.0
CAPE Ratio	11.0	10.1	12.5	13.7
Dividend Yield	3.4	3.6	3.1	2.5
P/B	1.6	1.5	1.7	1.8
P/CF	8.2	6.7	8.5	8.3

Source: Bloomberg, Refinitiv

## Yields

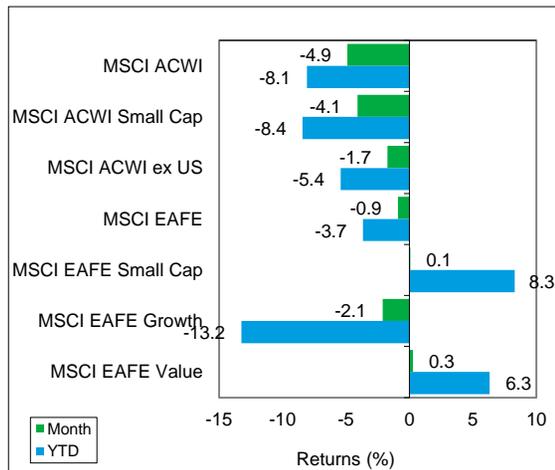
Global Bonds	31-12-2022	30-09-2022	30-06-2022	31-03-2022
Germany – 10Y	2.57	2.11	1.34	0.55
France - 10Y	3.12	2.72	1.92	0.98
US - 10Y	3.87	3.83	3.01	2.34
Switzerland – 10Y	1.62	1.23	1.07	0.60
Italy – 10Y	4.72	4.52	3.26	2.04
Spain 10Y	3.66	3.29	2.42	1.44
Japan – 10Y	0.42	0.24	0.23	0.22
Euro Corporate	4.32	4.24	3.29	1.55
Euro High Yield	8.32	9.01	7.81	5.18
EMD (\$)	8.55	9.57	8.56	6.42
EMD (LCL)	7.00	7.32	7.30	6.48
US Corporate	5.42	5.69	4.70	3.60
US Corporate High Yield	8.96	9.68	8.80	6.01
UK Bonds	31-12-2022	30-09-2022	30-06-2022	31-03-2022
SONIA	3.43	2.19	1.19	0.69
10 year gilt yield	3.67	4.10	2.21	1.59
30 year gilt yield	3.96	3.83	2.56	1.75
10 year index linked gilt yield	0.06	0.07	-1.40	-2.74
30 year index linked gilt yield	0.55	0.07	-0.68	-1.92
AA corporate bond yield	4.79	5.62	3.40	2.38
A corporate bond yield	5.20	6.05	3.70	2.61
BBB corporate bond yield	5.96	6.96	4.47	3.25

Source: Bloomberg, Refinitiv

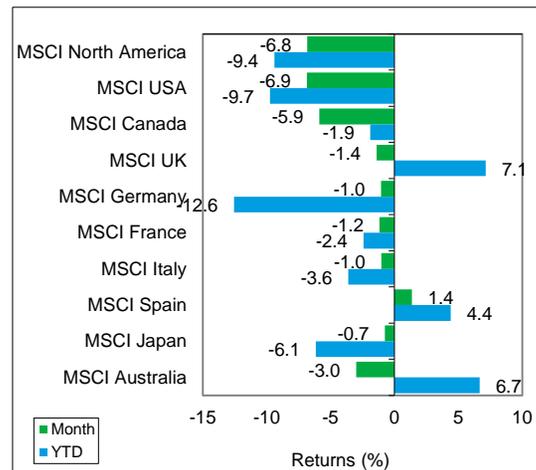
# Performance Summary (GBP)

## International Equity ending 31 December 2022

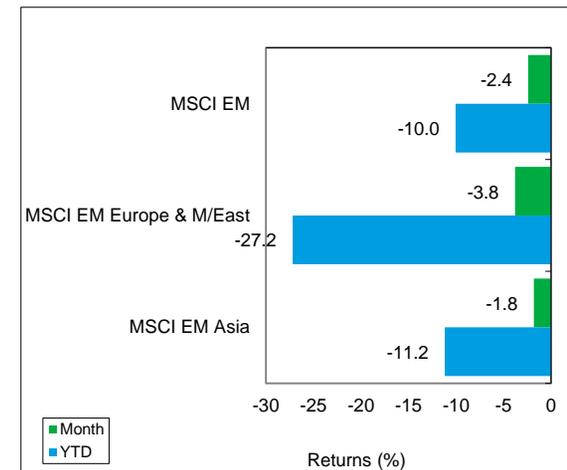
### International Equity Performance



### 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	-4.9	1.9	-8.1	-8.1	4.9	7.4	7.7	11.3	11.3	9.6	19.6	12.7	21.7	-3.8	13.2
MSCI ACWI IMI	-4.8	2.0	-7.7	-7.7	5.2	7.8	8.0	11.7	11.8	10.4	19.8	13.2	22.1	-4.0	13.8
MSCI ACWI Small Cap	-4.1	2.5	-8.4	-8.4	3.6	6.5	5.7	10.3	11.0	11.5	17.2	12.7	19.8	-9.1	13.1
MSCI ACWI ex US	-1.7	6.1	-5.4	-5.4	1.4	3.3	3.3	7.9	7.0	8.3	8.8	7.2	16.8	-8.9	16.2
MSCI EAFE	-0.9	8.9	-3.7	-3.7	4.0	4.2	4.0	7.6	7.9	8.0	12.3	4.5	17.3	-8.4	14.2
MSCI EAFE Growth	-2.1	6.8	-13.2	-13.2	-1.3	3.8	4.9	8.2	8.8	8.2	12.3	14.6	23.0	-7.4	17.7
MSCI EAFE Value	0.3	11.0	6.3	6.3	9.1	3.9	2.6	6.7	6.7	7.6	11.9	-5.6	11.6	-9.5	10.9
EM	-2.4	1.8	-10.0	-10.0	-5.9	0.5	0.9	8.3	4.5	10.3	-1.6	14.7	13.8	-9.3	25.4
North America	-6.8	-0.7	-9.4	-9.4	7.5	10.4	11.1	13.9	14.7	10.7	27.6	16.2	25.7	0.1	10.4
Europe	-1.0	10.8	-4.4	-4.4	6.0	4.7	4.3	7.7	7.8	8.0	17.4	2.1	19.0	-9.6	14.6
EM Europe & M/East	-3.8	-6.0	-27.2	-27.2	-4.6	-6.6	-1.8	5.0	-1.1	6.3	25.1	-10.4	14.6	-2.2	5.8
EM Asia	-1.8	2.9	-11.2	-11.2	-7.8	1.9	1.7	8.8	6.7	10.6	-4.2	24.4	14.6	-10.2	30.5
Latin America	-5.0	-1.9	22.6	22.6	6.7	-1.7	1.3	9.5	0.8	11.2	-7.2	-16.5	12.9	-0.8	13.0
USA	-6.9	-0.7	-9.7	-9.7	7.3	10.5	11.3	14.0	15.2	10.8	27.6	17.0	25.8	0.9	10.7
Canada	-5.9	-0.3	-1.9	-1.9	11.7	8.4	6.5	11.6	6.8	10.2	27.1	2.1	22.6	-12.1	6.0
Australia	-3.0	7.3	6.7	6.7	8.5	7.5	6.5	10.4	7.2	11.0	10.4	5.4	18.2	-6.5	9.6
UK	-1.4	8.6	7.1	7.1	13.2	3.6	3.4	6.7	6.2	7.1	19.6	-13.2	16.4	-8.8	11.7
Germany	-1.0	15.6	-12.6	-12.6	-3.6	0.2	-0.7	4.7	5.8	8.7	6.3	8.1	16.1	-17.3	16.6
France	-1.2	13.4	-2.4	-2.4	8.5	5.9	5.9	10.1	9.4	8.3	20.6	0.9	20.9	-7.3	17.6
Italy	-1.0	17.3	-3.6	-3.6	5.8	3.3	3.4	5.8	6.2	4.0	16.1	-1.3	22.4	-12.6	17.3
Spain	1.4	14.1	4.4	4.4	3.4	-0.5	-1.1	3.8	4.2	6.5	2.3	-7.7	7.7	-11.0	16.0
Japan	-0.7	5.1	-6.1	-6.1	-1.8	2.2	2.6	6.7	8.8	6.8	2.6	10.9	15.0	-7.5	13.3
Brazil	-3.9	-5.0	28.5	28.5	3.5	-5.6	1.5	13.5	1.2	12.8	-16.6	-21.5	21.4	5.7	13.4
China	4.2	5.3	-12.1	-12.1	-16.7	-4.5	-2.3	6.1	5.6	12.1	-21.0	25.5	18.7	-13.8	40.7
India	-6.4	-5.4	3.6	3.6	14.9	13.9	8.5	12.2	10.7	14.3	27.4	12.0	3.4	-1.5	26.7
Russia	0.0	0.0	-100.0	-100.0	-99.9	-98.9	-92.6	-83.0	-72.5	-44.1	20.1	-15.2	45.1	5.8	-3.9

Source: Bloomberg, Refinitiv



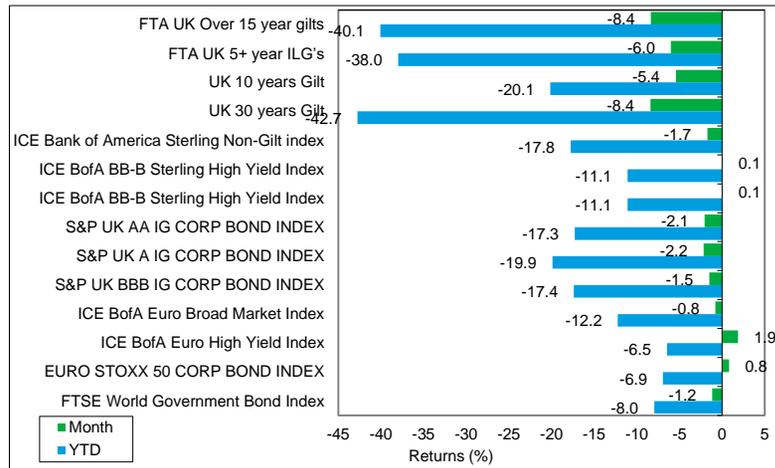
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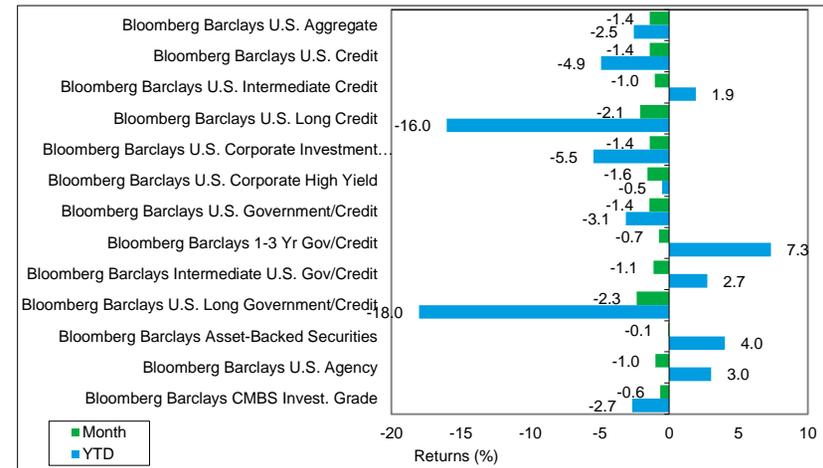
# Performance Summary (GBP)

## Fixed Income ending 31 December 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	-8.4	-1.8	-40.1	-40.1	-25.5	-14.1	-6.6	-2.0	0.3	3.5	-7.3	13.9	12.0	0.3	3.3
FTA UK 5+ year ILG's	-6.0	-7.5	-38.0	-38.0	-19.6	-10.1	-5.0	0.1	2.0	4.8	4.2	12.4	6.8	-0.4	2.5
UK 10 years Gilt	-5.4	2.3	-20.1	-20.1	-13.2	-7.0	-2.9	-0.5	0.6	3.6	-5.7	6.6	5.2	2.0	2.7
UK 30 years Gilt	-8.4	-1.4	-42.7	-42.7	-26.8	-15.2	-7.3	-2.6	0.1	3.3	-6.4	13.8	11.7	0.4	3.1
ICE Bank of America Sterling Non-Gilt index	-1.7	6.2	-17.8	-17.8	-10.7	-4.9	-1.5	1.0	2.0	4.0	-3.0	8.0	9.5	-1.6	4.3
ICE BofA BB-B Sterling High Yield Index	0.1	6.5	-11.1	-11.1	-4.3	-1.0	1.7	3.9	5.0	10.1	3.0	6.1	13.8	-1.4	8.2
S&P UK AA IG CORP BOND INDEX	-2.1	4.9	-17.3	-17.3	-11.2	-5.3	-1.9	0.8	1.5	3.8	-4.8	7.7	7.3	-0.3	3.2
S&P UK A IG CORP BOND INDEX	-2.2	5.7	-19.9	-19.9	-12.2	-5.8	-1.9	0.8	1.9	3.9	-3.9	8.4	10.4	-1.5	3.6
S&P UK BBB IG CORP BOND INDEX	-1.5	6.9	-17.4	-17.4	-10.2	-4.3	-0.9	1.6	2.5	5.0	-2.4	8.7	11.6	-2.6	5.5
ICE BofA Euro Broad Market Index	-0.8	0.3	-12.2	-12.2	-10.5	-4.2	-2.2	1.6	1.6	4.3	-8.8	9.9	0.1	1.6	4.7
ICE BofA Euro High Yield Index	1.9	5.8	-6.5	-6.5	-4.8	-0.5	0.2	5.1	4.2	8.6	-3.1	8.6	5.1	-2.5	11.0
EURO STOXX 50 CORP BOND INDEX	0.8	2.0	-6.9	-6.9	-7.1	-2.2	-1.5	2.3	1.7	--	-7.2	8.5	-0.9	0.1	5.5
FTSE World Government Bond Index	-1.2	-3.7	-8.0	-8.0	-7.0	-2.7	-0.2	2.3	1.8	3.8	-6.1	6.7	1.8	5.3	-1.8
Bloomberg Barclays U.S. Aggregate	-1.4	-5.1	-2.5	-2.5	-1.6	0.3	2.3	3.6	3.9	4.4	-0.7	4.3	4.6	5.8	-4.9
Bloomberg Barclays U.S. Credit	-1.4	-3.7	-4.9	-4.9	-2.6	0.2	2.7	4.8	4.7	5.3	-0.2	6.0	9.4	3.7	-2.7
Bloomberg Barclays U.S. Intermediate Credit	-1.0	-4.6	1.9	1.9	0.9	1.9	3.4	4.6	4.7	5.0	-0.1	3.8	5.4	5.9	-4.9
Bloomberg Barclays U.S. Long Credit	-2.1	-2.1	-16.0	-16.0	-8.5	-2.8	1.5	5.4	5.1	6.5	-0.3	9.8	18.6	-1.1	2.7
Bloomberg Barclays U.S. Corporate Investment Grade	-1.4	-3.6	-5.5	-5.5	-2.8	0.2	2.7	4.9	4.9	5.4	-0.2	6.5	10.2	3.3	-2.5
Bloomberg Barclays U.S. Corporate High Yield	-1.6	-3.0	-0.5	-0.5	2.8	3.1	4.6	7.8	6.9	8.3	6.1	3.9	10.0	3.6	-1.3
Bloomberg Barclays U.S. Government/Credit	-1.4	-5.2	-3.1	-3.1	-2.0	0.5	2.5	3.9	4.0	4.5	-0.9	5.6	5.6	5.4	-4.6
Bloomberg Barclays 1-3 Yr Gov/Credit	-0.7	-5.8	7.3	7.3	3.8	2.6	3.1	3.6	3.6	3.2	0.4	0.4	0.3	7.2	-7.1
Bloomberg Barclays Intermediate U.S. Gov/Credit	-1.1	-5.4	2.7	2.7	1.1	1.8	3.0	3.9	4.0	4.2	-0.6	3.2	2.8	6.7	-6.2
Bloomberg Barclays U.S. Long Government/Credit	-2.3	-4.6	-18.0	-18.0	-10.2	-3.2	1.1	4.4	4.5	6.1	-1.6	12.5	15.0	1.1	1.4
Bloomberg Barclays CMBS Invest. Grade	-0.6	-4.0	-2.7	-2.7	-1.6	0.6	2.3	3.2	3.3	3.9	-0.4	5.2	4.9	4.7	-2.7
Bloomberg Barclays U.S. Mortgage Backed Securities	-1.4	-4.8	-1.2	-1.2	-0.7	-0.2	1.7	3.0	3.6	4.2	-0.2	0.8	2.4	6.9	-5.9
Bloomberg Barclays Municipal Bond	-0.6	-2.8	2.0	2.0	2.2	2.2	3.4	4.3	4.8	4.7	2.3	2.2	3.6	6.8	-2.8

Source: Bloomberg, Refinitiv



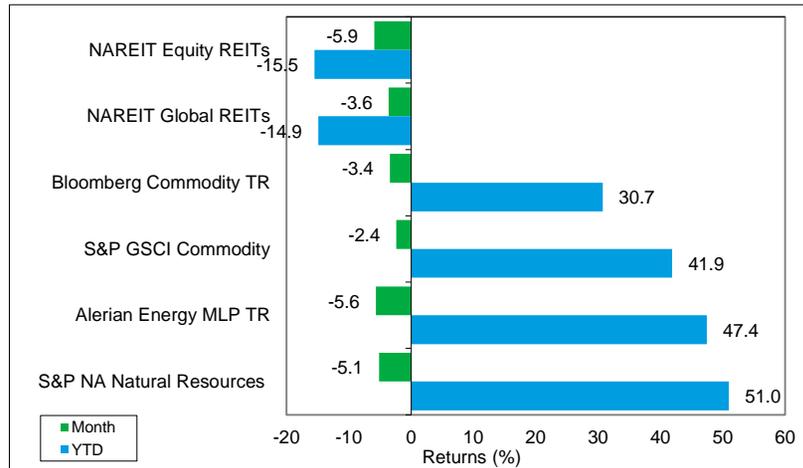
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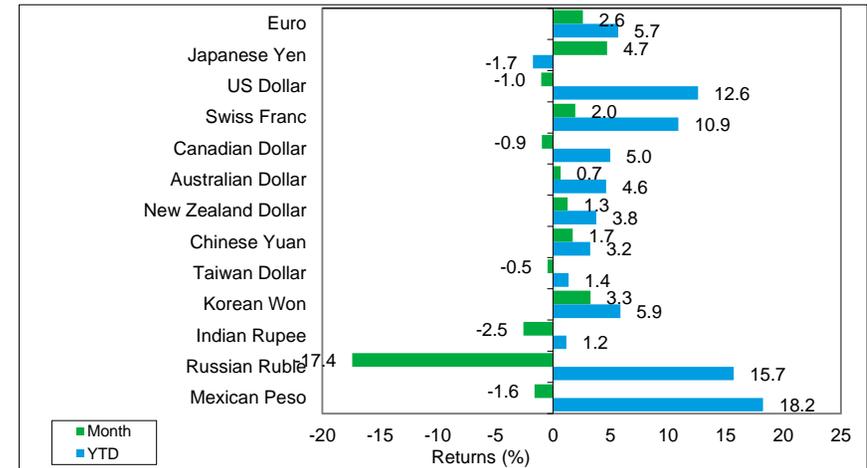
# Performance Summary (GBP)

## Alternatives ending 31 December 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	-5.9	-3.4	-15.5	-15.5	9.8	3.5	6.9	8.7	10.4	11.0	42.6	-8.1	23.7	1.9	-0.7
NAREIT Global REITs	-3.6	-0.6	-14.9	-14.9	4.5	-0.9	3.1	5.8	7.1	9.5	28.4	-11.0	18.3	1.2	1.8
Bloomberg Commodity TR	-3.4	-5.1	30.7	30.7	29.5	16.3	9.0	9.6	1.7	2.9	28.3	-6.1	3.5	-5.7	-7.1
S&P GSCI Commodity	-2.4	-4.0	41.9	41.9	41.8	14.1	9.0	10.2	-0.3	1.1	41.6	-26.1	13.1	-8.5	-3.4
Alerian Energy MLP TR	-5.6	2.2	47.4	47.4	44.4	13.0	6.6	7.5	5.1	10.6	41.5	-30.9	2.4	-7.0	-14.6
Oil	-1.4	-6.3	20.2	20.2	37.1	13.1	8.4	15.0	1.7	6.4	56.4	-23.0	29.3	-20.2	2.7
Gold	2.7	1.4	12.5	12.5	4.6	9.7	9.4	11.3	3.9	10.2	-2.6	20.6	14.3	3.9	3.8
S&P NA Natural Resources	-5.1	9.7	51.0	51.0	46.0	18.7	9.7	12.6	7.2	9.9	41.2	-21.5	13.1	-16.2	-7.5
Euro	2.6	1.1	5.7	5.7	-0.4	1.5	0.0	2.7	0.9	1.6	-6.9	5.6	-5.6	1.1	4.0
Japanese Yen	4.7	1.8	-1.7	-1.7	-5.7	-3.2	-0.8	1.6	-1.2	0.9	-10.3	2.0	-2.9	9.1	-5.4
US Dollar	-1.0	-7.2	12.6	12.6	6.6	3.3	2.4	2.9	3.1	1.5	-1.1	-3.1	-3.9	6.2	-8.7
Swiss Franc	2.0	-1.3	10.9	10.9	4.2	4.8	3.4	4.1	2.9	--	-3.0	6.2	-2.1	5.0	-4.7
Canadian Dollar	-0.9	-5.9	5.0	5.0	3.4	1.8	0.8	3.3	-0.1	2.2	0.8	-1.4	1.3	-2.6	-2.2
Australian Dollar	0.7	-3.6	4.6	4.6	-0.3	1.7	-0.6	1.9	-1.3	2.4	-5.8	5.9	-4.0	-4.0	-1.6
New Zealand Dollar	1.3	2.3	3.8	3.8	-0.4	0.7	-0.1	1.8	0.3	--	-5.0	3.1	-2.9	0.2	-6.9
Chinese Yuan	1.7	-5.3	3.2	3.2	3.4	3.3	1.0	1.9	1.9	2.4	2.7	3.2	-5.2	0.7	-2.5
Taiwan Dollar	-0.5	-4.1	1.4	1.4	1.9	2.4	1.7	3.9	2.5	2.1	1.3	3.4	-1.4	2.8	-1.1
Korean Won	3.3	5.0	5.9	5.9	-1.2	0.2	-1.0	1.8	1.4	1.1	-8.7	3.2	-7.2	1.9	3.1
Indian Rupee	-2.5	-8.7	1.2	1.2	0.2	-1.7	-2.8	-0.3	-1.1	-1.3	-1.9	-5.3	-6.0	-2.9	-2.9
Russian Ruble	-17.4	-22.3	15.7	15.7	7.3	-2.1	-2.4	3.0	-5.5	-2.6	-1.0	-18.6	7.4	-11.9	-3.1
Brazilian Real	-1.4	-4.9	18.8	18.8	5.7	-5.7	-6.7	-1.2	-6.3	-0.5	-6.8	-24.9	-7.4	-9.1	-10.4
Mexican Peso	-1.6	-4.2	18.2	18.2	7.8	2.2	2.5	1.2	-1.0	-1.6	-3.0	-8.2	0.3	5.5	-3.8
BofA ML All Convertibles	-4.1	-5.7	-8.5	-8.5	-0.9	11.7	11.9	13.4	13.4	10.2	7.6	41.7	18.4	6.4	3.9
60%S&P 500/40% Barc Agg	-4.6	-2.1	-5.7	-5.7	5.0	6.8	8.1	10.3	11.2	8.6	17.7	10.6	17.7	3.3	4.8

Source: Bloomberg, Refinitiv



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