



# Clwyd Pension Fund

Economic and Market Update  
Q2 2021

# Monthly Capital Market Monitor (UK)

## June 2021

### Month ends on positive note after mini taper tantrum

Global equities moved higher in June, with US equities outperforming non-US equities. During the month, we saw a continuation of the global economic rebound, along with supply chain constraints and inflationary pressures. Reopenings across the developed world have allowed the service sector to catch up with goods and forward looking activity indicators suggest that the recovery is still far from having run its course. Pressure on supply chains increased as the spread of Covid-19 disrupted transport and manufacturing, especially in countries where the vaccination roll-out is lagging behind. Inflation readings surprised on the upside. This prompted the Federal Reserve to send a more hawkish message, which initially spooked markets, although the month ended with positive equity returns and lower yields.

GDP readings indicate an ongoing strong global recovery and purchasing manager indices are still at multi-decade highs for most parts of the developed world. Supply chains remain constrained and some cyclical commodity markets are running hot as a consequence of pent-up demand, which could pose risks to the global recovery. Semiconductors are still the sector where shortages are felt most and this is spilling over into car manufacturing and tech devices.

Inflation has reached decade highs in some regions, which is also partly due to the base effect that is still being felt, more in some regions than in others. The Federal Reserve sent what markets perceived to be its most hawkish message since the Covid-19 crisis began. It announced the first scale-back of its Covid-related programs and suggested potential further tapering later in the year. Its dot plot brought forward the first expected rate increase to 2023. However, subsequent communications reassured markets again that there are no plans to pre-emptively raise interest rates at this point as inflation is still seen as transitory and downside risks to the recovery remain.

Geopolitical events this month included US sanctions on Russia, a brief UK-Russia naval encounter in the Black Sea and a major UK-EU dispute over the new regulatory border between Great Britain and Northern Ireland. Western media and politicians revisited the Chinese lab accident theory as possible origin of Covid-19 pandemic, which China once again dismissed.

The events of June did not escape the attention of financial markets. Volatility increased for both bonds and equities mid-month after the Federal Reserve meeting. Equities recovered subsequently after Chairman Powell toned down the perceived hawkishness and ended the month on a positive note, led by growth stocks. Bond yields fell after an initial spike and ended the month at lower levels with a flatter yield curve, which some investors saw as a sign of markets downplaying the prospects of a more aggressive Fed reaction function, especially as inflation expectations also receded.

Commodity markets had a mixed month. Energy performed well amid the prospect of the ongoing strong demand recovery, but other commodities such as copper and lumber saw their momentum reverse. Lumber supply is finally catching up with demand, and China released industrial metal stockpiles to the market in order to halt the spike in some commodity prices. Gold had a bad month after sentiment shifted back towards risk-on.

### At a Glance

Market Returns in % as of end of June 2021 in GBP

Major Asset Class Returns	1M	YTD	1Y
MSCI ACWI	4.3	11.1	24.6
S&P 500	5.3	14.0	25.9
FTSE All Share	0.2	11.1	21.5
MSCI World ex-UK	4.7	12.2	25.3
MSCI EM	3.1	6.3	26.0
Bloomberg Barclays Global Aggregate	2.0	-4.2	-8.2
ICE Bank of America Sterling Non-Gilt index	0.8	-2.5	1.8
Bloomberg Barclays High Yield	4.1	2.5	3.7
FTSE WGBI	1.8	-5.8	-9.9
FTA UK Over 15 year gilts	1.3	-9.7	-10.9
FTA UK 5+ year ILG's	-0.3	-3.4	-4.4
NAREIT Global REITs	3.8	14.9	20.6
Bloomberg Commodity TR	4.8	19.9	30.2

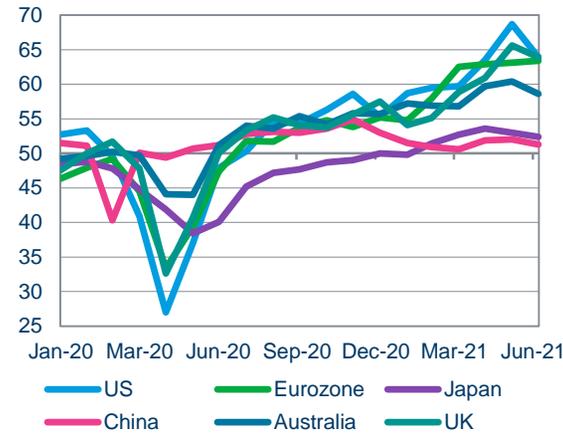
Source: Thomson Reuters Datastream

# Economy, policy and market drivers

## Economic rebound, supply bottlenecks and rising inflation

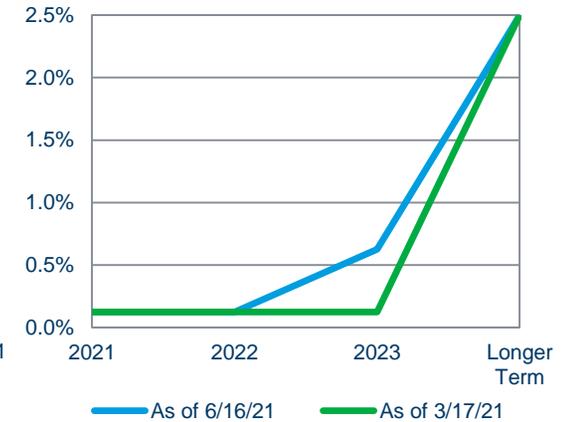
- The economic expansion in the developed world remained strong and broad based between goods and services. GDP figures indicate a recovery at different speeds, subject to the timings of lockdowns and reopenings in different regions. Forward-looking purchasing manager indices and other activity indicators for the US, UK and Eurozone suggest that the rebound is far from over. Regions behind the curve such as the Eurozone are starting to pick up strongly as the rebound in the US and China begins to stabilize.
- Supply bottlenecks are still keeping a lid on production, especially for the car industry and tech devices due to the ongoing chip shortage. Covid restrictions have been sporadically resurfacing in different parts of the world such as China's Guangdong region, Malaysia and other parts of Asia. This has led to sudden supply disruptions.
- The expected inflation rebound continued to be reflected in strong readings across large developed countries, due to the base effect and the aforementioned supply stresses. Central banks maintained their stance on inflation being transitory, which the market is still pricing in even if a significant number of pundits remain skeptical.
- Covid-19 has recently been less disruptive in developed countries with high vaccination rates such as the UK where soaring cases and 'variant' scares have not led to a commensurate increase in hospitalizations this time, as vulnerable groups have largely been vaccinated. Countries with lower vaccination rates such as Australia, New Zealand and parts of the emerging world have seen more disruptive restrictions re-emerging.
- Geopolitical events were plentiful but had a limited market impact. The US announced new sanctions on Russia, the UK and Russia had a brief naval encounter in the Black Sea and UK-EU tensions over the new regulatory border across the Irish Sea flared up.
- On policy, a bipartisan block of US senators agreed to \$1.2 trillion infrastructure package, while the latest Fed meeting was perceived to be less dovish than expected. Expected interest rate increases were moved forward and the Fed took the first step of scaling back accommodation by unwinding the corporate bond ETF lending facility. The Bank of Canada and Bank of New Zealand also gave less dovish messages. Monetary policy in the UK, Eurozone and China remained unchanged while the Bank of Japan actually expanded its financing support program.

Market Manufacturing PMIs



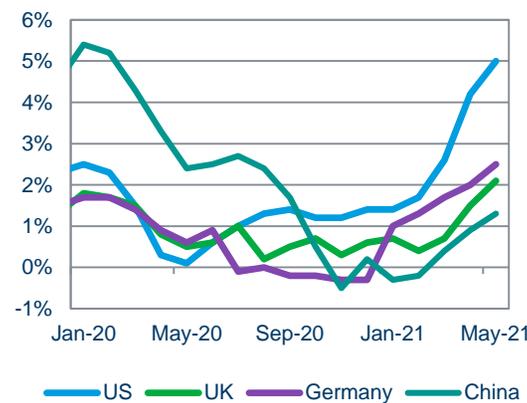
Source: Bloomberg; as of 30/06/21

Fed Dot Plot Median Levels



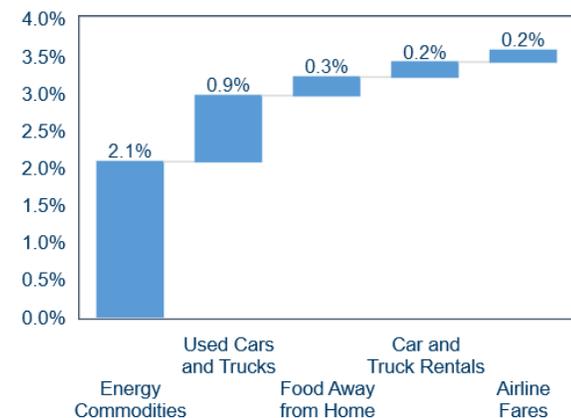
Source: Bloomberg; as of 30/06/21

Consumer Price Index (Year-over-Year)



Source: Bloomberg; as of 31/05/21

Inflation Factors



\* Factors that contributed to the YoY increase in CPI for May 2021  
Source: Bureau of Labor Statistics, Avalon Advisors; as of 31/05/21

Performance figures quoted in sterling unless indicated otherwise.

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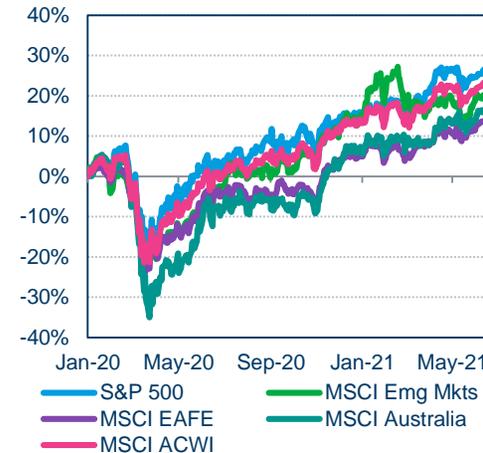
# Equities

## Major indices reached fresh highs despite an uptick in volatility

- The MSCI All Country World Index returned 4.3% for the month and 11.1% year-to-date as the index reached a new high. The index dipped mid-month, following the Federal Reserve meeting, but recovered subsequently after investors re-evaluated the message and Chairman Powell played down the perceived hawkishness at a subsequent congressional hearing.
- Growth outperformed value and industrials, materials and financials lagged behind the broad market on a sector level. Markets digested renewed global supply disruptions, the perceived hawkishness of the Fed and inflation readings that managed to surprise on the upside even if the market was primed for higher inflation figures.
- Overall equity valuations continued to get more stretched after the month ended with positive total returns for global equities. Investors can at least take solace in strong earnings fundamentals. Factset data shows that the number of companies issuing positive earnings per share guidance is almost double the five year average as the earnings recovery from last year's low levels continues<sup>1</sup>. However, the question remains to what extent this is now priced in.
- The more tech heavy US market outperformed other developed markets in another growth rally. Southern Europe performed particularly bad as another tourism season is being disrupted.
- Emerging markets returned 3.1% in June, underperforming the global index. The rally in Brazilian and Russian stocks, which were among the world's top performers, could not overcome weaker relative returns from China and India. Some emerging markets benefit from the commodity boom (Brazil, Russia), but this was a headwind for net importers (India) where a sluggish consumer recovery and sporadic Covid restrictions add to the malaise. In addition, China's deleveraging drive and regulatory drive on fintech has taken some wind out of the sails.
- There was also heavy trading activity in meme stocks and options again. The Security Exchange Commission announced potential new regulations in the light of the rise in retail trading.

<sup>1</sup><https://insight.factset.com/record-high-number-of-sp-500-companies-issuing-positive-eps-and-sales-guidance-for-q2?>

**Global Equity Performance (GBP)**



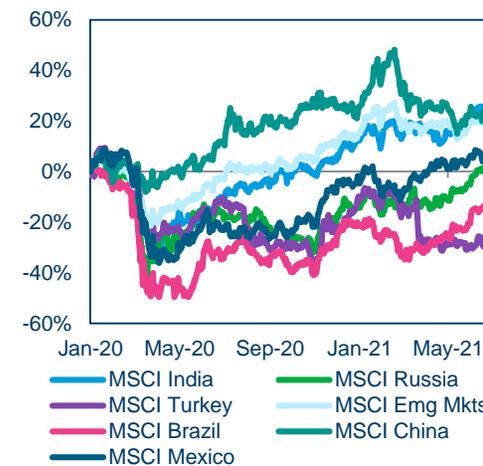
Source: Databank, Data as at 30/06/2021

**European Equity Performance (GBP)**



Source: Databank, Data as at 30/06/2021

**Emerging Market Equity Performance (GBP) Factor Returns vs. MSCI USA (GBP)**



Source: Databank, Data as at 30/06/2021



Source: Databank, Data as at 30/06/2021

Performance figures quoted in sterling unless indicated otherwise.

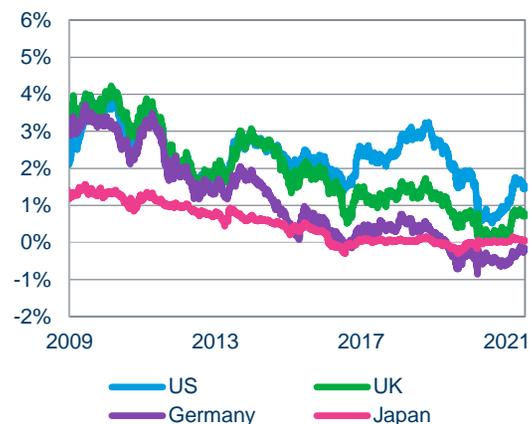
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# Fixed income

## Yield reaction to Fed meeting confounds investors

- 10-year global yields ended the month flat or slightly lower. Yields spiked following the Federal Reserve meeting mid-month, but this was quickly reversed. The US 10-year and 30-year bond yield finished the month 13 and 20 basis points lower, respectively, leaving a flatter the yield curve. Many observers were confounded by what was seen as the market moving away from pricing in a more hawkish Fed reaction function. Others, however, interpreted the curve flattening as a sign of monetary tightening leading to a lower growth and interest rate outlook in the long term.
- UK 10 year sovereign bond yields were marginally down over the month by c.8bps. The UK 10-year breakeven inflation rate fell from 3.56% to 3.47%<sup>1</sup> but is still up 47 bps year-to-date.
- Investment grade spreads fell marginally. Satisfactory results from the latest Fed stress tests led to lower spreads for bonds issued by banks.
- In the US, high yield spreads tightened more than investment grade over the month as the asset class benefited from the return of risk-on sentiment during the second half of June.
- Local currency emerging market debt declined 1.6% in June. Yields for Chinese bonds at the lower end of the rating spectrum returned to the highest levels seen since last year's Covid-related market turbulences as investors remain concerned about rising defaults among the weakest Chinese corporates as China pushes ahead with its deleveraging drive.

**10-Year Government Bond Yields**



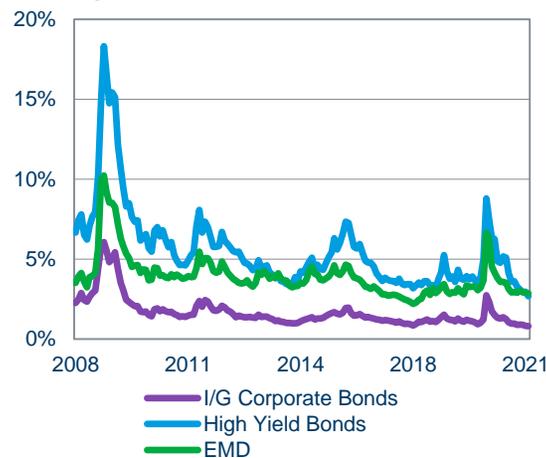
Source: Bloomberg; as of 30/06/21

**30 – 2 Year Treasury Yield Spread**



Source: Bloomberg; as of 30/06/21

**Credit Spreads**



Source: Bloomberg; as of 30/06/21

**10-Year Inflation Breakeven Rates**



Source: Bloomberg; as of 30/06/2021

<sup>1</sup> Source: Bloomberg

Performance figures quoted in sterling unless indicated otherwise.

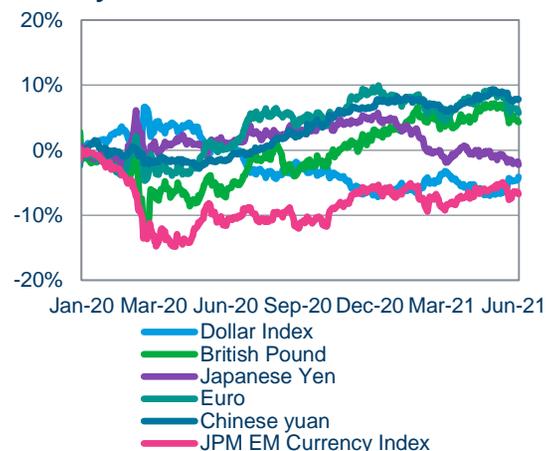
# Currencies, commodities and alternatives

## Strong dollar and mixed commodity performance

- The US dollar appreciated against major currencies in June. This was largely driven by the perceived hawkish message at June's Fed meeting. Even if bond markets did not seem to price in a more aggressive Fed reaction function, currency markets indicated that of all major developed central banks, the Fed is furthest ahead of the curve when it comes to future normalisation, which would benefit the US dollar. Sterling depreciated versus the US dollar and appreciated versus the euro over the month.
- Cyclical commodity prices kept rising as the ongoing recovery and reopenings of economies drive high expectations of energy demand. Oil reached a two-year high of \$75/bb and coal hit a decade high due to a shortfall in natural gas. In other commodity markets, recent rallies seem to have run their course as attested by the correction in lumber prices. Copper prices stabilised after China released industrial metals from state stockpiles in order to stabilise commodity markets.
- Gold fell by over 4% during the month. A combination of a stronger US dollar, perceived Fed hawkishness and a risk-on environment created an adverse environment for the precious metal.
- The NAREIT Global REITs index returned 3.8% over the month. After a strong run in the first half of the year which saw the price of a median family home increase by almost 25% from the previous year, US housing market data has shown signs of a gradual stabilization.
- In the alternative space, Bitcoin and other crypto currencies had another volatile month due to fears of increased government intervention, but some momentum returned later in the month after Micro Strategy completed a large high yield issuance to purchase Bitcoin for its own balance sheet.
- Hedge funds, measured by the HFRX equal weighted strategies index, returned 0.1% during June. Strong performance for equity hedge funds offset weaker performance by macro strategies.

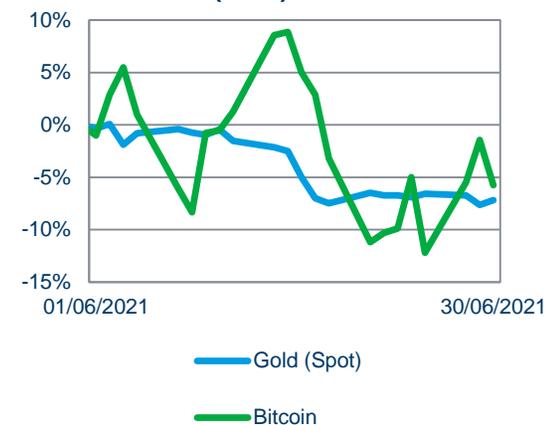
<sup>1</sup> Source: Bloomberg

### Currency Returns



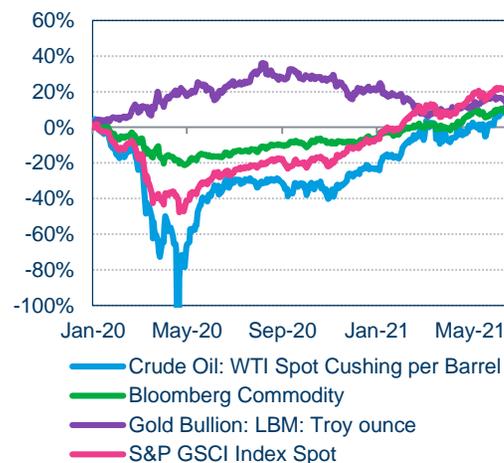
Source: Bloomberg; as of 30/06/21

### Gold vs. Bitcoin (USD)



Source: Bloomberg; as of 30/06/2021

### Commodities (GBP)



Source: Databank, Data as at 30/06/2021

### REITs, Hedge Funds, Infrastructure (GBP)



Source: Databank, Data as at 30/06/2021

Performance figures quoted in sterling unless indicated otherwise.

# Valuations and yields

## Ending 30 June 2021

### Valuations

FTSE ALL-Share	30/06/2021	31/03/2021	31/12/2020	30/09/2020
Index Level	7852.4	7435.6	7068.6	6276.3
P/E Ratio (Trailing)	88.8	111.6	-	171.8
CAPE Ratio	19.0	17.8	15.6	14.8
Dividend Yield	3.1	3.1	3.0	3.8
P/B	1.8	1.7	1.6	1.4
P/CF	5.6	5.3	5.1	4.4
MSCI World ex-UK	30/06/2021	31/03/2021	31/12/2020	30/09/2020
Index Level	8969.2	8318.5	7932.7	6968.6
P/E Ratio (Trailing)	29.5	33.3	32.1	27.8
CAPE Ratio	31.1	29.1	27.4	24.6
Dividend Yield	1.6	1.7	1.8	2.0
P/B	3.3	3.1	3.1	2.7
P/CF	13.3	12.7	12.6	11.1
MSCI EM	30/06/2021	31/03/2021	31/12/2020	30/09/2020
Index Level	670.6	638.4	624.1	521.4
P/E Ratio (Trailing)	18.7	21.5	21.7	18.6
CAPE Ratio	17.2	16.4	15.9	13.4
Dividend Yield	1.9	1.9	2	2.4
P/B	2.1	2.1	2	1.8
P/CF	9.1	11.9	12.5	10.4

Source: Bloomberg, Thomson Reuters Datastream

### Yields

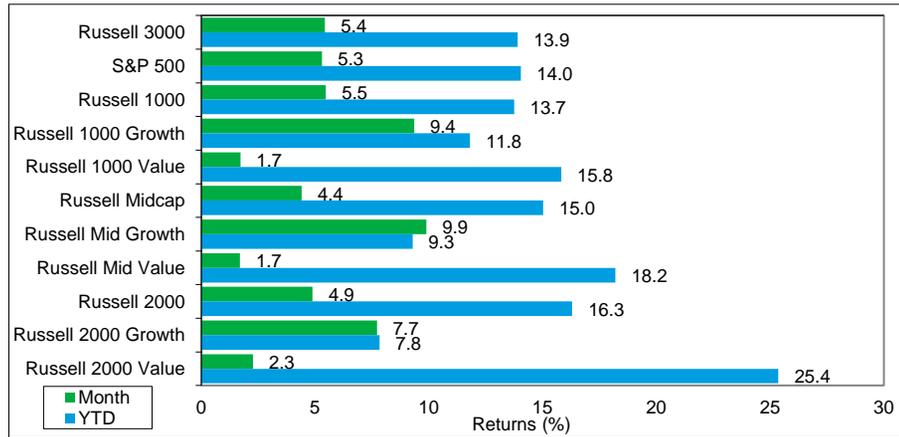
Global Bonds	30/06/2021	31/03/2021	31/12/2020	30/09/2020
Germany – 10Y	-0.21	-0.29	-0.57	-0.52
France - 10Y	0.13	-0.05	-0.34	-0.24
US - 10Y	1.47	1.74	0.91	0.68
Switzerland – 10Y	-0.22	-0.28	-0.55	-0.49
Italy – 10Y	0.82	0.67	0.54	0.87
Spain 10Y	0.41	0.34	0.05	0.25
Japan – 10Y	0.06	0.10	0.02	0.02
Euro Corporate	0.33	0.36	0.24	0.55
Euro High Yield	2.97	3.22	3.40	4.80
EMD (\$)	4.89	5.26	4.53	5.14
EMD (LCL)	5.04	5.09	4.26	4.48
US Corporate	2.04	2.28	1.74	2.01
US Corporate High Yield	3.75	4.23	4.18	5.77
UK Bonds	30/06/2021	31/03/2021	31/12/2020	30/09/2020
SONIA	0.05	0.05	0.04	0.05
10 year gilt yield	0.72	0.85	0.20	0.23
30 year gilt yield	1.21	1.37	0.72	0.76
10 year index linked gilt yield	-2.63	-2.59	-2.91	-2.94
30 year index linked gilt yield	-2.05	-1.92	-2.32	-2.19
AA corporate bond yield	1.16	1.27	0.80	1.03
A corporate bond yield	1.40	1.51	0.97	1.25
BBB corporate bond yield	1.81	1.96	1.53	2.02

Source: Bloomberg, Thomson Reuters Datastream

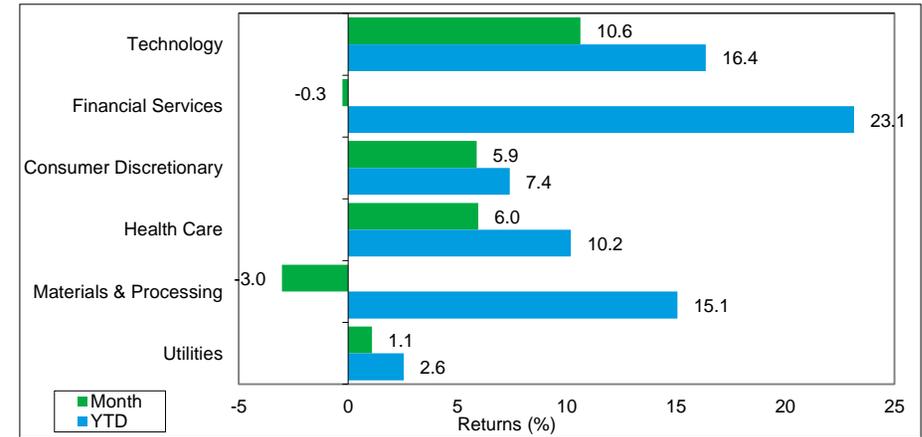
# Performance Summary (GBP)

## Style and sector equity performance ending 30 June 2021

### Style and Capitalization Market Performance



### Russell 1000 Sector Performance



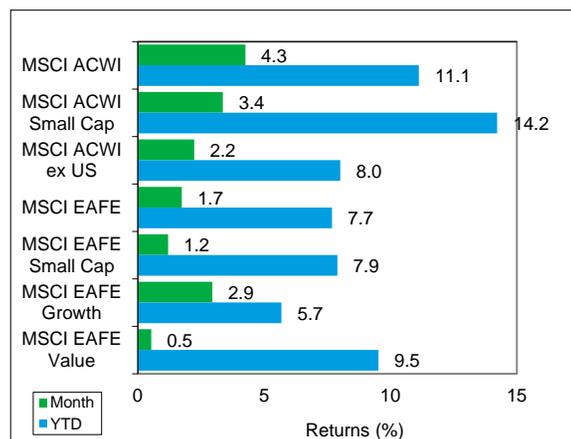
Index Returns	1 Mth	3 Mth	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years	20 Years	2020	2019	2018	2017	2016
S&P 500	5.3	8.4	14.0	25.9	18.1	16.9	16.9	17.6	16.6	8.7	14.7	26.4	1.6	11.3	33.5
Russell 3000	5.4	8.1	13.9	28.9	18.9	17.0	17.1	17.5	16.4	9.0	17.2	26.0	0.6	10.6	34.5
Russell 3000 Growth	9.2	11.2	11.5	27.9	26.7	22.6	22.5	21.8	19.3	9.8	34.0	30.6	4.0	18.4	28.1
Russell 3000 Value	1.8	5.0	16.4	30.0	10.2	10.5	11.3	12.8	13.2	7.9	-0.3	21.4	-2.9	3.4	41.2
Russell 1000	5.5	8.4	13.7	28.0	19.0	17.4	17.2	17.7	16.6	9.0	17.2	26.4	1.1	11.2	33.7
Russell 1000 Growth	9.4	11.8	11.8	27.5	27.2	23.3	22.8	22.2	19.7	9.9	34.2	31.1	4.6	18.9	27.7
Russell 1000 Value	1.7	5.1	15.8	28.5	9.9	10.7	11.1	12.8	13.3	7.8	-0.4	21.7	-2.6	3.8	40.0
Russell Midcap	4.4	7.4	15.0	34.0	16.2	14.7	14.9	15.5	15.0	10.5	13.5	25.5	-3.4	8.3	35.7
Russell Mid Growth	9.9	10.9	9.3	28.6	21.7	20.6	19.7	19.0	16.9	10.3	31.4	30.2	1.2	14.4	28.0
Russell Mid Value	1.7	5.5	18.2	36.9	11.5	10.2	11.1	12.7	13.4	10.2	1.7	22.2	-6.8	3.5	43.1
Russell 2500	4.1	5.3	15.7	41.1	17.7	13.5	15.6	15.2	14.6	10.2	16.3	22.8	-4.4	6.7	40.3
Russell 2500 Growth	8.4	5.9	7.5	33.8	22.7	18.3	19.9	18.4	16.6	10.2	36.1	27.5	-1.7	13.7	30.9
Russell 2500 Value	1.5	4.9	21.4	46.0	12.7	8.9	11.6	12.2	12.6	9.7	1.6	18.8	-6.9	0.8	49.3
Russell 2000	4.9	4.2	16.3	44.9	18.1	11.8	15.7	14.8	14.0	9.4	16.3	20.7	-5.5	4.7	44.7
Russell 2000 Growth	7.7	3.8	7.8	35.4	20.1	14.2	18.0	16.6	15.2	9.1	30.5	23.5	-3.7	11.6	32.8
Russell 2000 Value	2.3	4.4	25.4	55.0	14.8	8.6	12.9	12.6	12.5	9.3	1.4	17.7	-7.4	-1.5	57.1
Russell 1000 Technology	10.6	13.8	16.4	33.2	37.2	29.6	31.0	27.8	23.4	11.2	42.2	41.5	4.9	26.4	36.1
Russell 1000 Financial Services	-0.3	7.4	23.1	42.7	16.7	16.2	18.0	17.9	16.7	6.4	3.9	28.6	-2.4	11.0	39.0
Russell 1000 Consumer Discretionary	5.9	5.2	7.4	31.9	22.9	20.5	20.4	20.9	20.0	10.7	38.5	24.2	6.1	13.4	26.8
Russell 1000 Health Care	6.0	8.6	10.2	15.0	15.3	16.2	14.2	17.0	18.0	9.7	13.4	16.8	13.2	11.5	15.8
Russell 1000 Energy	8.5	11.5	42.0	37.2	-5.1	-7.3	-1.2	-2.1	1.2	4.8	-33.0	6.5	-13.5	-9.7	50.2
Russell 1000 Producer Durables	2.7	6.1	13.5	33.5	12.4	13.3	14.4	15.5	14.9	8.4	8.4	25.7	-6.9	12.1	42.4
Russell 1000 Materials & Processing	-3.0	4.9	15.1	33.4	15.8	12.8	13.6	13.4	12.2	9.0	13.9	21.6	-11.1	13.1	43.1
Russell 1000 Consumer Staples	1.8	2.7	5.6	10.1	8.0	10.5	5.4	11.8	12.4	9.9	3.8	19.3	-4.1	0.3	25.9
Russell 1000 Utilities	1.1	0.4	2.6	5.0	2.8	8.6	5.4	11.2	11.0	6.0	-3.2	21.3	6.1	-3.0	43.6

Data Source: Thomson Reuters Datastream

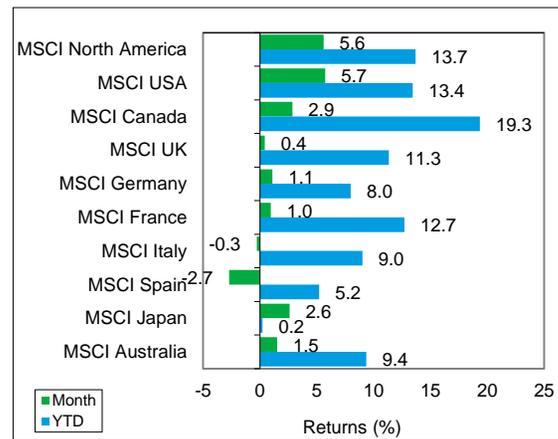
# Performance Summary (GBP)

## Global equity ending 30 June 2021

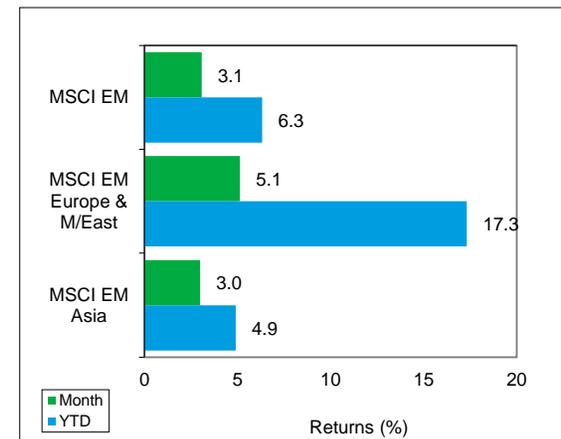
### International Equity Performance



### Developed Country Performance



### Emerging Market Performance



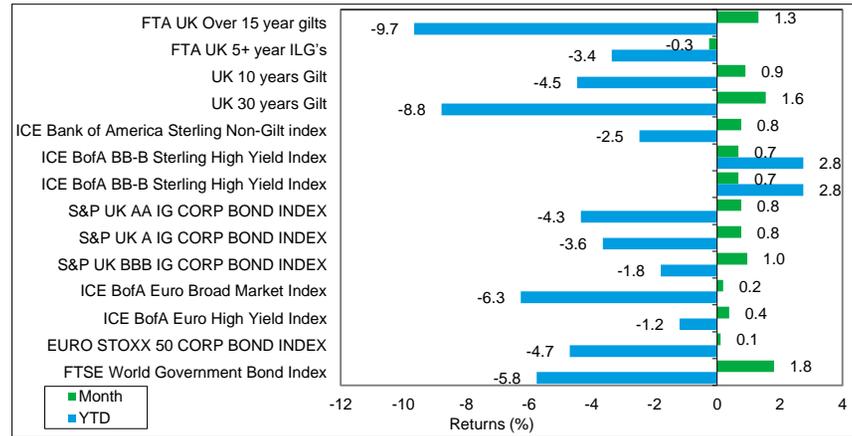
Index Returns	1 Mth	3 Mth	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years	20 Years	2020	2019	2018	2017	2016
MSCI ACWI	4.3	7.3	11.1	24.6	14.5	12.8	13.9	13.1	11.6	7.4	12.7	21.7	-3.8	13.2	28.7
MSCI ACWI IMI	4.2	7.2	11.7	26.6	15.2	13.1	14.4	13.7	12.1	8.3	13.2	22.1	-4.0	13.8	30.0
MSCI ACWI Small Cap	3.4	5.5	14.2	37.8	15.8	10.5	13.4	12.8	11.6	10.1	12.7	19.8	-9.1	13.1	33.1
MSCI ACWI ex US	2.2	5.3	8.0	21.4	9.1	7.7	10.4	8.6	7.0	6.6	7.2	16.8	-8.9	16.2	24.6
MSCI EAFE	1.7	5.0	7.7	18.4	7.6	6.6	9.6	8.2	7.5	5.9	4.5	17.3	-8.4	14.2	20.5
MSCI EAFE Growth	2.9	7.3	5.7	17.1	12.1	10.8	11.7	11.1	9.4	6.6	14.6	23.0	-7.4	17.7	15.6
MSCI EAFE Value	0.5	2.9	9.5	19.4	2.6	2.2	7.1	5.1	5.4	5.0	-5.6	11.6	-9.5	10.9	25.3
EM	3.1	4.9	6.3	26.0	12.0	9.6	12.3	9.6	5.9	10.2	14.7	13.8	-9.3	25.4	32.6
North America	5.6	8.7	13.7	27.1	18.3	16.6	16.4	16.6	15.3	8.1	16.2	25.7	0.1	10.4	33.1
Europe	1.5	7.3	10.6	20.8	7.7	7.0	9.6	7.5	7.2	6.0	2.1	19.0	-9.6	14.6	18.8
EM Europe & M/East	5.1	11.1	17.3	22.5	2.5	7.3	8.7	3.8	0.0	6.5	-10.4	14.6	-2.2	5.8	45.8
EM Asia	3.0	3.6	4.9	26.1	16.7	11.4	14.5	12.5	8.7	11.1	24.4	14.6	-10.2	30.5	26.6
Latin America	5.7	14.9	7.7	29.6	-5.0	3.5	5.2	2.2	-1.0	8.4	-16.5	12.9	-0.8	13.0	56.3
USA	5.7	8.7	13.4	26.9	18.7	17.0	16.7	17.2	16.1	8.2	17.0	25.8	0.9	10.7	32.3
Canada	2.9	9.9	19.3	30.4	11.0	9.7	10.3	7.5	5.5	8.1	2.1	22.6	-12.1	6.0	48.6
Australia	1.5	6.7	9.4	24.9	6.7	8.0	10.4	8.0	6.7	9.7	5.4	18.2	-6.5	9.6	32.9
UK	0.4	5.8	11.3	17.4	-0.2	0.4	5.0	4.0	5.3	4.7	-13.2	16.4	-8.8	11.7	19.2
Germany	1.1	4.6	8.0	17.9	8.8	5.7	9.6	7.1	6.6	6.1	8.1	16.1	-17.3	16.6	22.6
France	1.0	8.9	12.7	26.0	7.9	7.5	12.1	9.3	7.3	5.8	0.9	20.9	-7.3	17.6	25.1
Italy	-0.3	3.5	9.0	22.2	5.6	4.8	10.6	4.4	3.2	2.4	-1.3	22.4	-12.6	17.3	6.8
Spain	-2.7	5.2	5.2	16.9	-2.5	-1.1	5.5	0.8	1.4	4.9	-7.7	7.7	-11.0	16.0	18.1
Japan	2.6	-0.4	0.2	11.7	8.9	5.6	9.5	10.3	8.8	4.3	10.9	15.0	-7.5	13.3	22.1
Brazil	8.4	22.8	9.5	31.1	-5.2	9.2	9.0	4.0	-1.0	9.8	-21.5	21.4	5.7	13.4	98.3
China	3.0	2.1	0.8	13.9	15.2	8.7	15.8	14.3	9.3	10.9	25.5	18.7	-13.8	40.7	20.4
India	2.2	6.8	11.2	39.8	9.3	10.2	11.1	11.1	7.1	12.7	12.0	3.4	-1.5	26.7	17.6
Russia	7.2	13.9	18.4	24.0	5.4	13.5	15.6	9.4	3.4	10.1	-15.2	45.1	5.8	-3.9	84.7

Data Source: Thomson Reuters Datastream

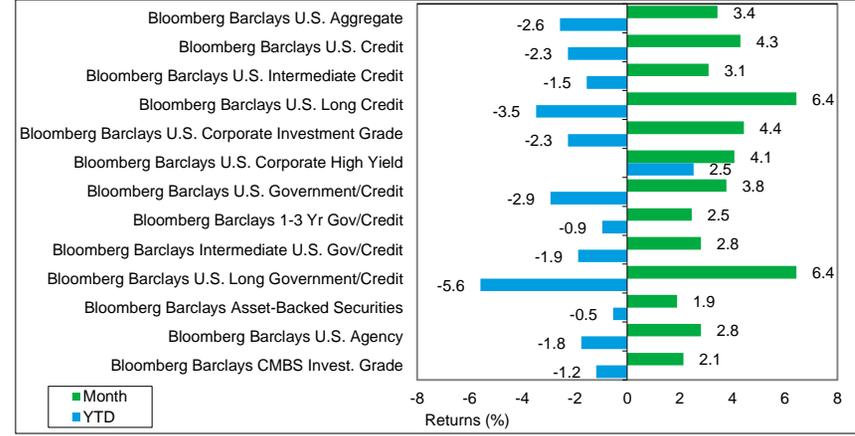
# Performance Summary (GBP)

## Fixed Income ending 30 June 2021

### Bond Performance by Duration



### Sector, Credit, and Global Bond Performance



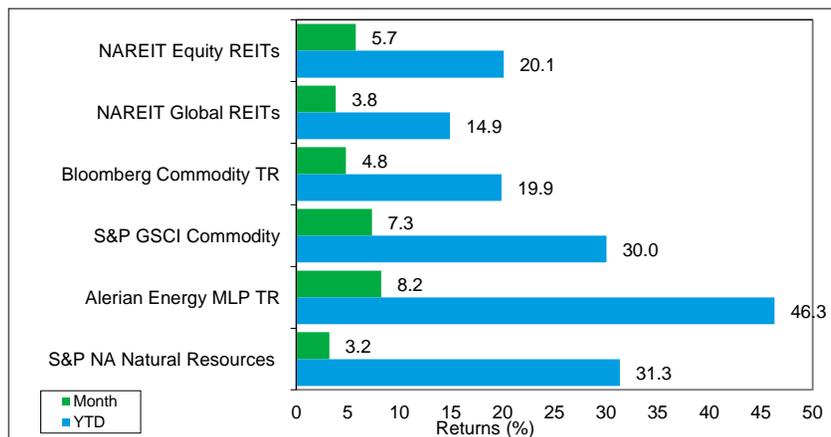
Index Returns	1 Mth	3 Mth	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years	20 Years	2020	2019	2018	2017	2016
FTA UK Over 15 year Gilts	1.3	3.2	-9.7	-10.9	3.3	4.6	3.2	7.8	8.0	6.8	13.9	12.0	0.3	3.3	18.5
FTA UK 5+ year ILG's	-0.3	3.9	-3.4	-4.4	3.4	5.3	5.0	8.1	8.0	7.5	12.4	6.8	-0.4	2.5	27.4
UK 10 years Gilt	0.9	1.4	-4.5	-4.7	1.3	3.1	2.0	4.6	4.8	5.6	6.6	5.2	2.0	2.7	9.3
UK 30 years Gilt	1.6	3.5	-8.8	-10.2	3.7	4.7	3.1	7.9	8.1	6.9	13.8	11.7	0.4	3.1	17.7
ICE Bank of America Sterling Non-Gilt index	0.8	1.7	-2.5	1.8	4.1	4.7	4.1	5.1	5.8	5.8	8.0	9.5	-1.6	4.3	10.6
ICE BofA BB-B Sterling High Yield Index	0.7	1.5	2.8	11.9	6.9	6.9	7.4	6.5	8.6	9.8	6.1	13.8	-1.4	8.2	10.5
S&P UK AA IG CORP BOND INDEX	0.8	1.7	-4.3	-1.5	2.6	3.6	3.1	4.7	5.2	5.5	7.7	7.3	-0.3	3.2	12.7
S&P UK A IG CORP BOND INDEX	0.8	1.7	-3.6	0.2	3.8	5.0	4.0	5.4	5.9	5.9	8.4	10.4	-1.5	3.6	12.6
S&P UK BBB IG CORP BOND INDEX	1.0	2.0	-1.8	4.3	5.3	5.7	5.0	5.5	6.5	6.6	8.7	11.6	-2.6	5.5	11.3
ICE BofA Euro Broad Market Index	0.2	0.4	-6.3	-5.1	-1.0	1.6	2.1	3.6	3.4	6.2	9.9	0.1	1.6	4.7	19.7
ICE BofA Euro High Yield Index	0.4	2.2	-1.2	5.3	2.4	3.9	5.7	5.2	5.7	9.1	8.6	5.1	-2.5	11.0	26.3
EURO STOXX 50 CORP BOND INDEX	0.1	1.0	-4.7	-3.1	-0.8	1.2	2.0	3.0	2.9	--	8.5	-0.9	0.1	5.5	19.5
FTSE World Government Bond Index	1.8	0.9	-5.8	-9.9	-1.5	2.0	1.0	4.5	3.0	1.5	6.7	1.8	5.3	-1.8	21.2
Bloomberg Barclays U.S. Aggregate	3.4	1.7	-2.6	-10.3	0.1	3.8	2.3	6.2	4.8	4.5	4.3	4.6	5.8	-4.9	20.9
Bloomberg Barclays U.S. Credit	4.3	3.2	-2.3	-7.5	1.8	5.8	3.9	7.5	6.3	5.6	6.0	9.4	3.7	-2.7	24.8
Bloomberg Barclays U.S. Intermediate Credit	3.1	1.4	-1.5	-8.1	0.5	4.2	2.9	6.5	5.2	4.9	3.8	5.4	5.9	-4.9	22.5
Bloomberg Barclays U.S. Long Credit	6.4	6.3	-3.5	-6.4	4.4	9.0	5.9	9.7	9.0	7.5	9.8	18.6	-1.1	2.7	30.5
Bloomberg Barclays U.S. Corporate Investment Grade	4.4	3.4	-2.3	-7.2	2.2	6.2	4.2	7.7	6.6	5.7	6.5	10.2	3.3	-2.5	25.4
Bloomberg Barclays U.S. Corporate High Yield	4.1	2.6	2.5	3.7	3.3	5.8	6.7	8.3	7.9	7.6	3.9	10.0	3.6	-1.3	37.3
Bloomberg Barclays U.S. Government/Credit	3.8	2.3	-2.9	-10.4	0.6	4.4	2.6	6.5	5.1	4.7	5.6	5.6	5.4	-4.6	21.6
Bloomberg Barclays 1-3 Yr Gov/Credit	2.5	-0.1	-0.9	-9.2	-1.5	1.5	1.2	4.4	2.8	2.7	0.4	0.3	7.2	-7.1	18.5
Bloomberg Barclays Intermediate U.S. Gov/Credit	2.8	0.8	-1.9	-9.8	-0.4	3.1	2.0	5.6	4.1	4.0	3.2	2.8	6.7	-6.2	20.3
Bloomberg Barclays U.S. Long Government/Credit	6.4	6.3	-5.6	-12.0	3.8	8.2	4.7	9.4	8.7	7.2	12.5	15.0	1.1	1.4	26.3
Bloomberg Barclays CMBS Invest. Grade	2.1	1.6	-1.2	-5.5	1.3	4.4	2.7	5.1	4.4	4.6	5.2	4.9	4.7	-2.7	14.9
Bloomberg Barclays U.S. Mortgage Backed Securities	2.7	0.2	-1.7	-10.4	-1.3	2.3	1.6	5.4	4.0	4.2	0.8	2.4	6.9	-5.9	19.8
Bloomberg Barclays Municipal Bond	2.9	1.3	0.1	-5.9	0.4	3.5	2.6	6.5	5.5	4.5	2.2	3.6	6.8	-2.8	17.1

Data Source: Thomson Reuters Datastream

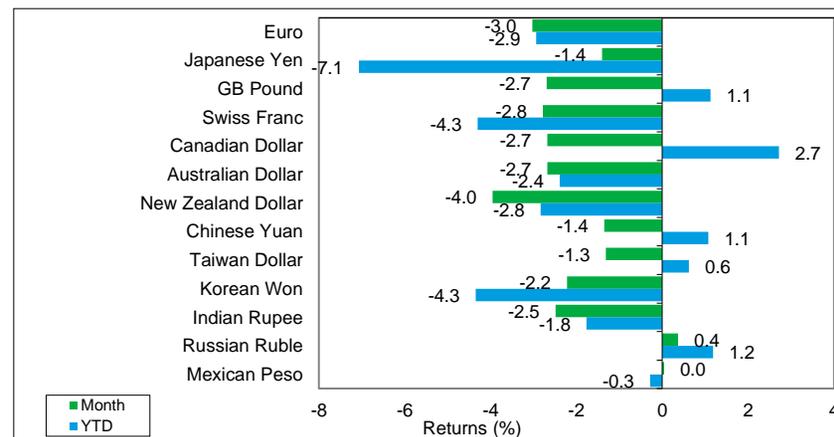
# Performance summary (GBP)

## Alternatives ending 30 June 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	5.7	11.9	20.1	18.8	7.0	10.3	7.4	13.0	12.0	10.6	-8.1	23.7	1.9	-0.7	29.6
NAREIT Global REITs	3.8	9.3	14.9	20.6	2.5	5.8	5.3	9.4	8.9	8.9	-11.0	18.3	1.2	1.8	25.2
Bloomberg Commodity TR	4.8	13.2	19.9	30.2	5.3	2.3	1.7	-1.2	-3.0	1.0	-6.1	3.5	-5.7	-7.1	33.3
S&P GSCI Commodity	7.3	15.6	30.0	40.8	-2.1	-4.2	1.1	-6.4	-5.1	-1.4	-26.1	13.1	-8.5	-3.4	32.8
Alerian Energy MLP TR	8.2	21.1	46.3	46.7	-5.9	-1.8	-1.7	-2.8	2.6	8.4	-30.9	2.4	-7.0	-14.6	41.1
Oil	14.0	24.0	49.8	67.3	7.6	-1.8	8.0	-2.1	-1.1	5.4	-23.0	29.3	-20.2	2.7	73.0
Gold	-4.3	3.1	-7.5	-12.0	7.4	10.5	5.4	7.5	3.2	9.9	20.6	14.3	3.9	3.8	29.6
S&P NA Natural Resources	3.2	11.0	31.3	30.5	0.8	-3.2	1.4	-0.6	0.9	5.3	-21.5	13.1	-16.2	-7.5	56.1
Euro	-3.0	1.1	-2.9	5.6	2.1	0.5	1.3	-2.0	-2.0	1.7	8.9	-2.3	-4.4	14.1	-3.2
Japanese Yen	-1.4	-0.4	-7.1	-2.9	-1.5	-0.1	-1.4	-1.3	-3.2	0.6	5.2	0.9	2.8	3.7	2.9
GB Pound	-2.7	0.3	1.1	11.5	4.4	1.5	0.8	-3.0	-1.5	-0.1	3.1	3.9	-5.6	9.5	-16.3
Swiss Franc	-2.8	2.0	-4.3	2.4	2.7	2.3	1.1	-0.6	-1.0	3.4	9.3	1.4	-0.7	4.5	-1.6
Canadian Dollar	-2.7	1.3	2.7	9.5	2.8	1.9	0.8	-2.1	-2.5	1.0	2.0	5.0	-7.8	6.8	3.0
Australian Dollar	-2.7	-1.1	-2.4	9.5	3.5	0.6	0.2	-3.2	-3.5	2.0	9.9	-0.7	-9.5	7.8	-1.0
New Zealand Dollar	-4.0	0.0	-2.8	8.2	1.9	1.1	-0.4	-3.2	-1.7	2.7	6.6	0.3	-5.2	2.0	1.7
Chinese Yuan	-1.4	1.5	1.1	9.4	3.1	0.8	0.6	-0.6	0.0	1.2	6.7	-1.2	-5.4	6.7	-6.5
Taiwan Dollar	-1.3	1.9	0.6	5.4	5.3	3.0	2.9	1.0	0.3	1.1	6.5	2.2	-3.0	9.4	1.1
Korean Won	-2.2	-1.1	-4.3	6.0	1.2	-0.7	0.2	-1.7	-0.7	0.7	5.7	-3.3	-4.3	13.3	-2.4
Indian Rupee	-2.5	-1.6	-1.8	1.6	-3.7	-2.7	-1.9	-3.0	-5.0	-2.3	-2.3	-2.5	-8.2	6.4	-2.6
Russian Ruble	0.4	3.4	1.2	-2.7	-7.0	-5.0	-2.7	-10.4	-9.2	-4.5	-16.3	12.6	-17.3	6.4	19.0
Brazilian Real	5.0	13.4	4.5	10.0	-12.0	-7.9	-8.4	-10.9	-10.9	-3.8	-22.6	-3.4	-14.7	-1.7	21.7
Mexican Peso	0.0	2.5	-0.3	15.3	-1.8	0.0	-1.7	-6.0	-5.2	-3.9	-4.8	3.8	0.0	5.5	-17.1
BofA ML All Convertibles	6.0	3.8	5.8	30.4	24.5	20.1	18.1	16.5	14.6	9.3	41.7	18.4	6.4	3.9	32.1
60%S&P 500/40% Barc Agg	4.6	5.7	7.4	11.4	10.9	11.6	11.1	13.0	11.8	7.0	10.6	17.7	3.3	4.8	28.5

Data Source: Thomson Reuters Datastream

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