



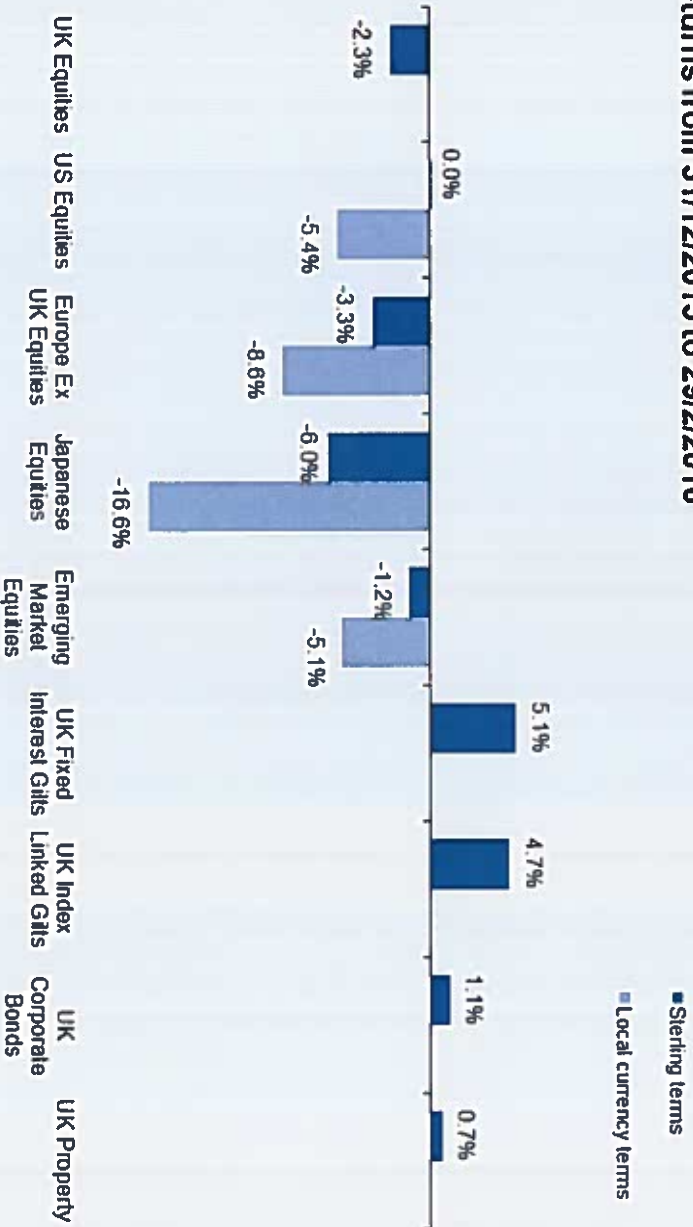
# Investment markets update

London Borough of Croydon Pension Fund  
7 March 2016

Prepared by **Aon Hewitt**  
Aon Hewitt | Consulting | Investment Consulting Practice  
Presentation to Trustees of the London Borough of Croydon Pension Fund

# Index returns since the end of Q4 2015

Index returns from 31/12/2015 to 29/2/2016

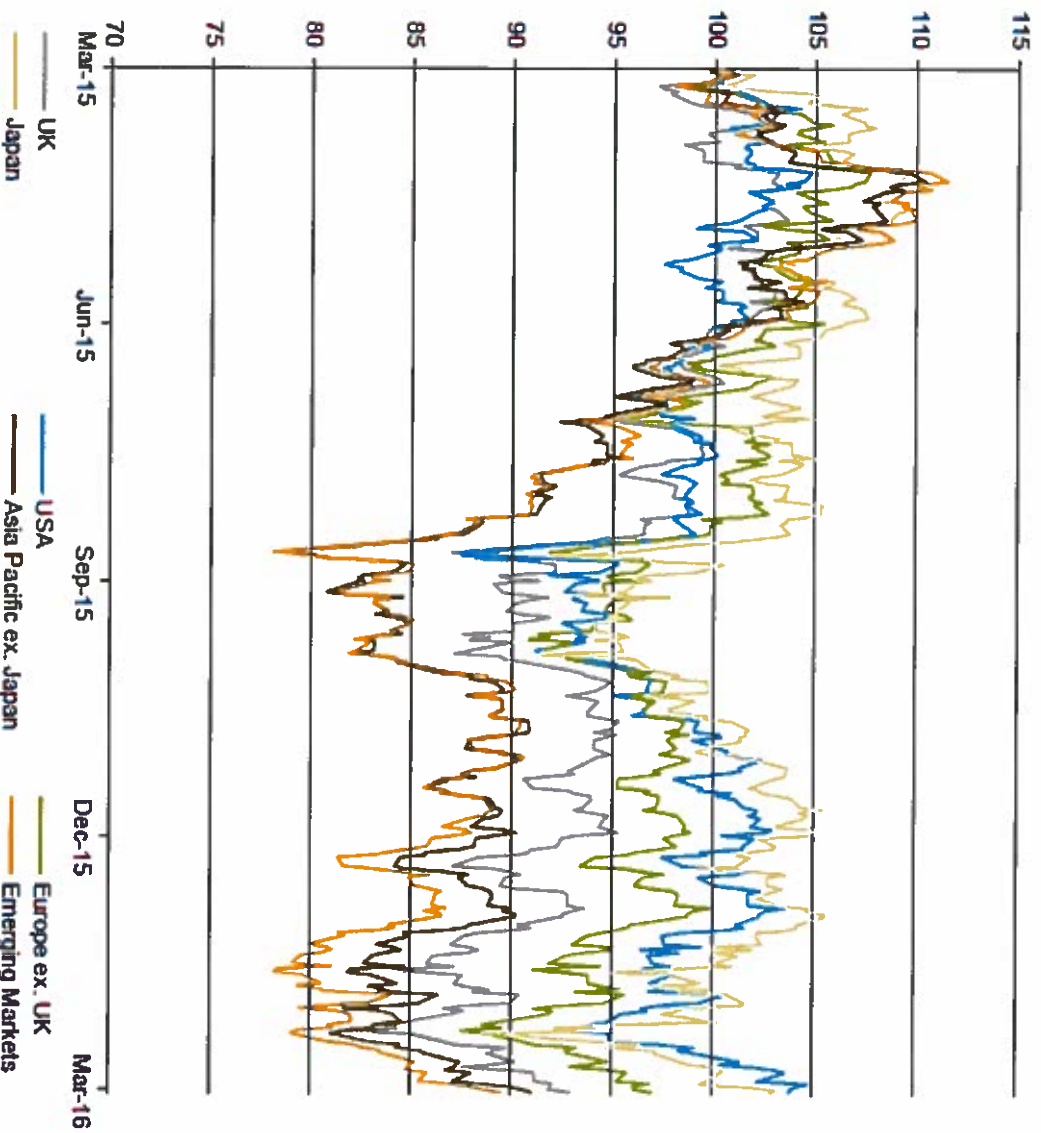


Source: Datastream/IPD

\*The UK Property return covers the period to 31 January 2016 due to a lag in producing the IPD UK Property data.

# Global equities

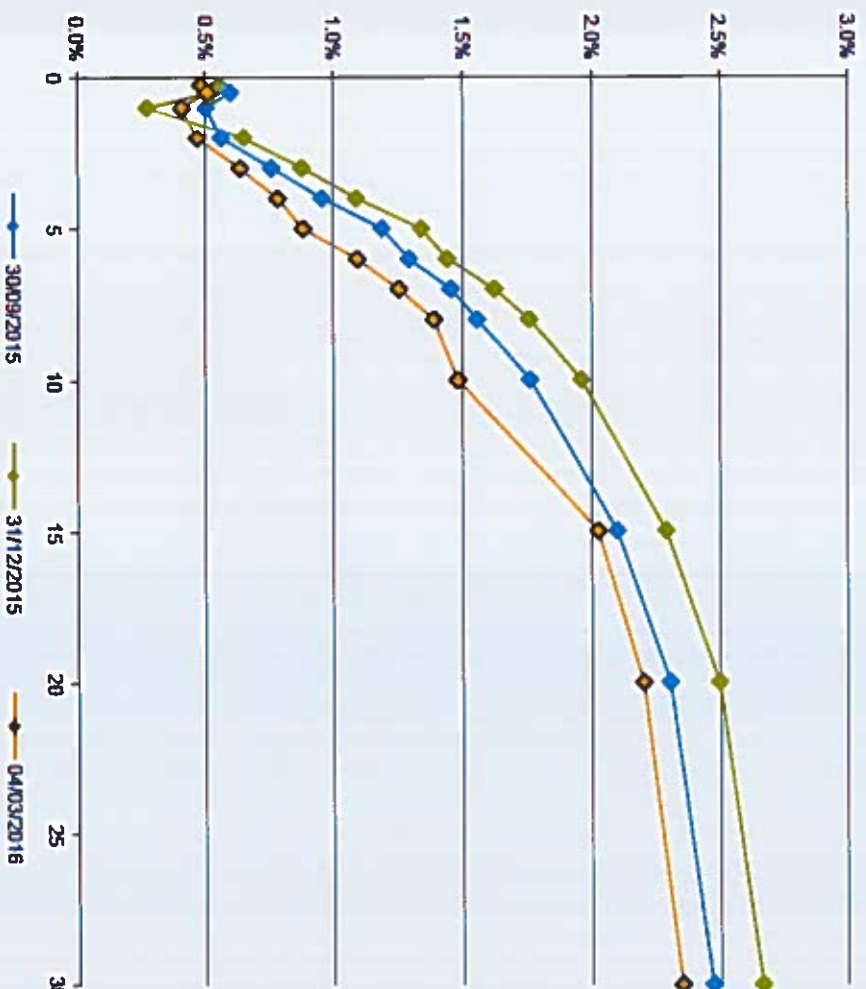
## MSCI Global Equity Indices – 12 Month Cumulative Return



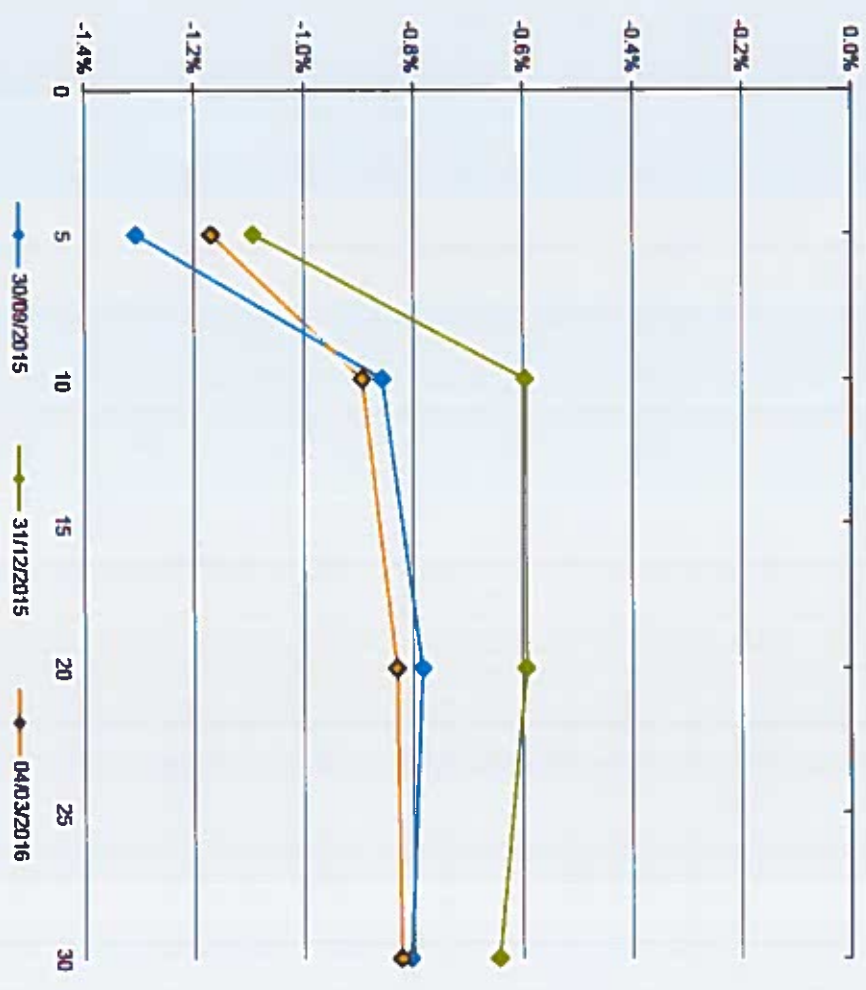
- Global equity markets saw a correction at the beginning of 2016, however, they have now rallied again. Equity returns year to date are broadly flat.
- UK equity markets are, for the most part, slightly down from the start of 2016.
- Over the past 12 months, emerging markets have suffered more than their developed peers. In absolute terms, only the USA and Japan have made gains.

# Yield movements since the end of Q3 2015

## UK Fixed Income Yield Curve



## UK Index-Linked Yield Curve



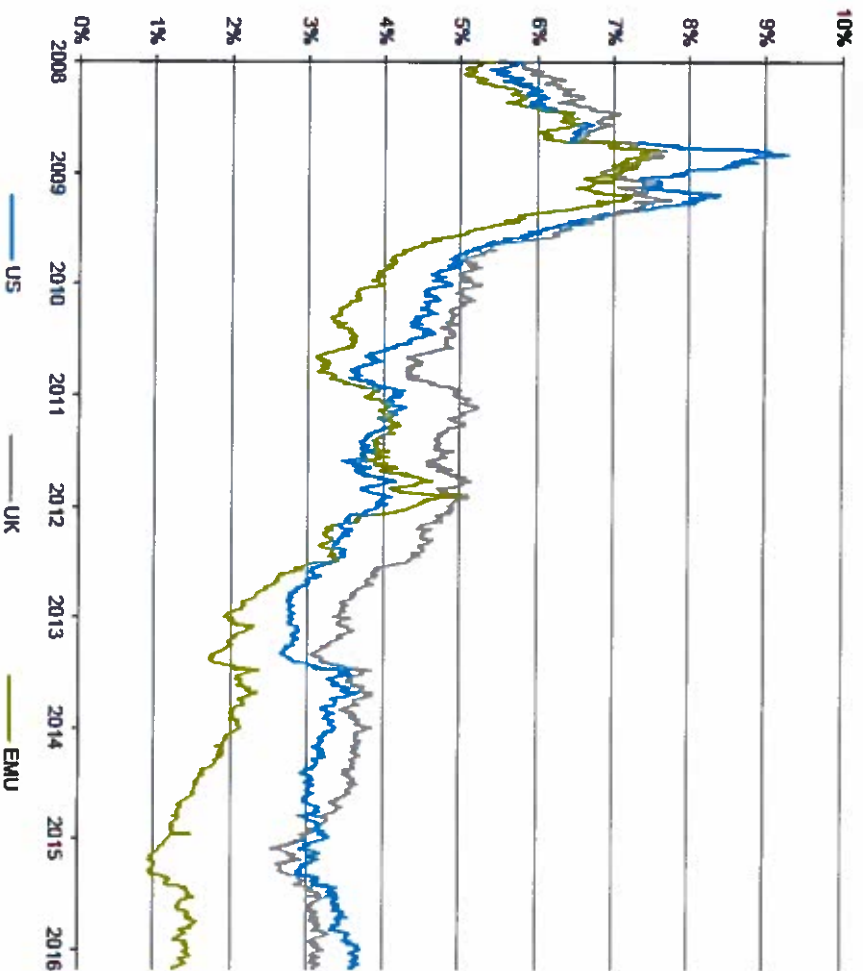
- Yields rose across all but the very short end of the curve in Q4 2015, only to see this trend reversed since the start of the year.
- Real yields have fallen since the end of Q4 2015, however, remain higher than at the end of Q3 2015 at the short end of the curve.

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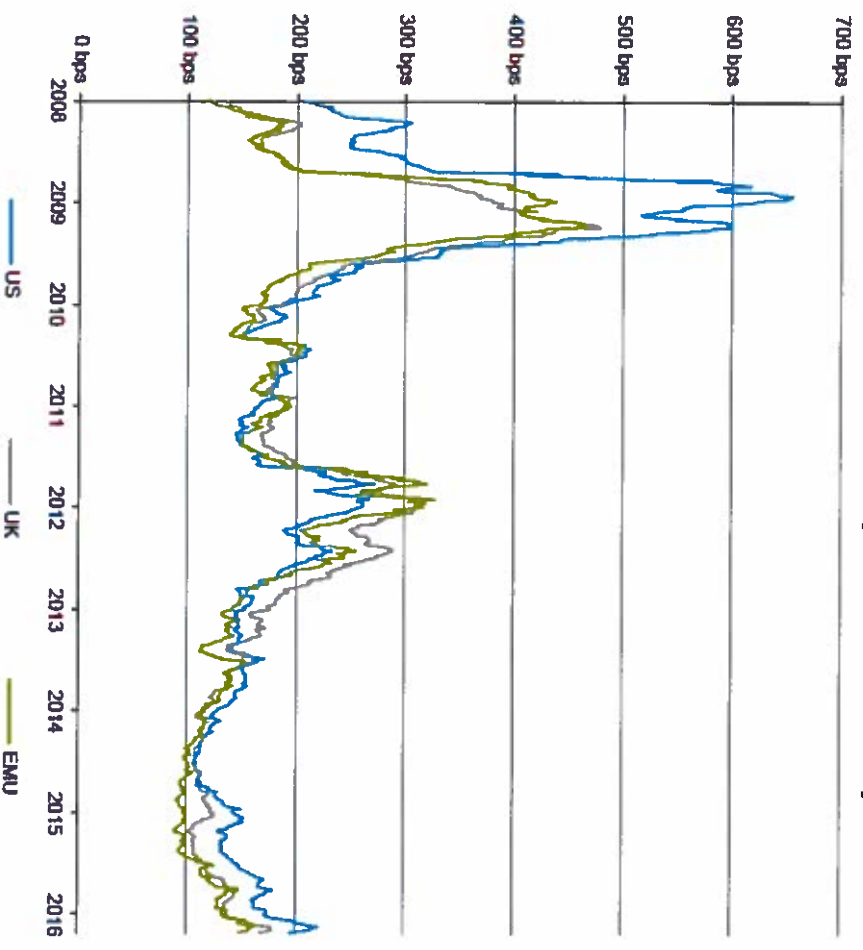
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# Corporate Bond Yields and Spreads

## Investment Grade Corporate Bond Yields



## Investment Grade Corporate Bond Spreads



- Corporate bond yields remained relatively flat over Q4 2015
- Credit spreads saw a sharp increase at the beginning of 2016, although these have fallen back more recently



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