KraftHeinz

Bean Counting:

Investment Report
Update Q1 2025

At a glance…

Market background

Global equity markets fell over the quarter, primarily driven by US equities. A flurry of tariff announcements by US President Donald Trump created significant market uncertainty and led to falls in US equities. The US dollar depreciated against the pound, resulting in lower returns in sterling terms. Returns across other markets were mixed; both UK and European markets rose over the quarter, while Japanese markets fell.

Government bonds rose in value over the quarter. Positive returns from regular income offset rising bond yields. The Bank of England cut interest rates by 0.25% p.a. to 4.5% p.a., while the Federal Reserve maintained interest rates over the quarter between a range of 4.25% to 4.50% p.a. Meanwhile, the European Central Bank cut its interest rate twice over the quarter by 0.25% p.a. each, to 2.50% p.a.

Investment-grade corporate bonds also increased in value over the quarter. The return from regular income more than offset increased credit spreads (the difference between government and corporate bond yields).

Performance: Retirement Pathway Funds

Over the quarter, members closer to retirement (i.e. older members) invested in the Aon Managed Retirement Pathway Funds experienced positive returns, while members further away from retirement (i.e. younger members) experienced negative returns. This reflects falling equities, which were partially offset by positive corporate and government bond market returns for members closer to retirement.

Longer term, performance of the Aon Managed Retirement Pathway Funds has been positive. The funds further from retirement (i.e. younger members) outperformed their long-term inflation-linked return objectives over a five-year period, funds closer to retirement (i.e. older members) are slightly below these objectives. This reflects strong returns from equities against an environment of higher inflation and rising interest rates.

At a glance…

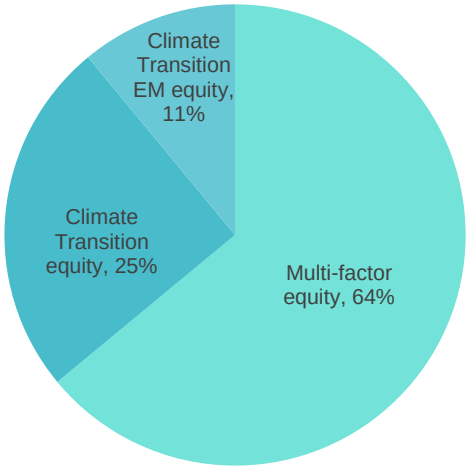
Fund changes

During the quarter, Aon DC Solutions made further reductions to the allocation to multi-factor equities with a corresponding increase in exposure to Climate Transition equities. This change was implemented over a twelve-month period; switches were made throughout 2024 with the revised allocation in place by 28 February 2025.

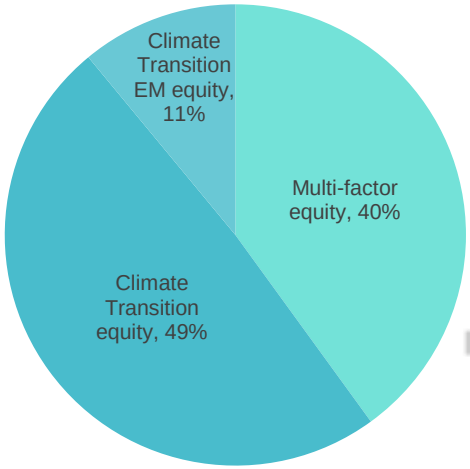
Aon also plans to enhance the existing multi-factor equity strategy to incorporate a more active approach. Longer term, Aon is also considering the potential to incorporate an alternative index fund to complement the current holdings and is currently evaluating several options.

The revised target allocation is shown in the chart below:

Aon Managed Global Equity Fund: Previous allocation



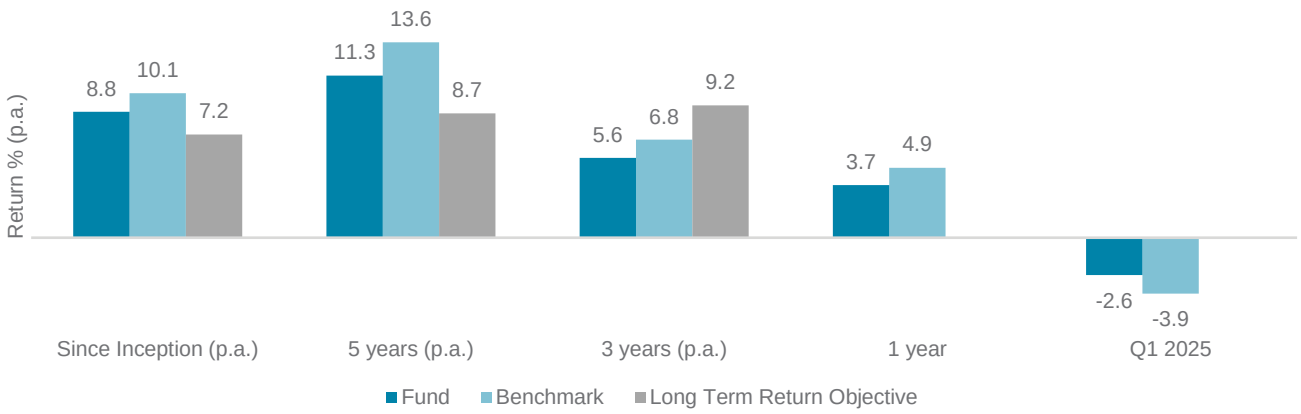
Aon Managed Global Equity Fund: Revised allocation as at 31 March 2025



Additionally, over the quarter, within the Aon Managed Diversified Asset Fund, Aon increased the allocation to gold. This reflects Aon's positive view on the asset class combined with heightened market volatility. Alongside, Aon reduced the allocation to multi-asset credit, absolute return bonds and asset-backed securities.

Aon Managed Retirement Pathway 2055-57 Fund
Member 30 years from retirement

Scheme performance & benchmark



5 year (annualised)

+11.3% ↑

Outperformed long-term return objective of CPI +4.0% p.a. by 1.6% p.a.

Since inception(annualised)

+8.8% ↑

Outperformed long-term return objective of CPI +4.0% p.a. by 1.6% p.a.

Comments

Since 1 August 2023, c99% of the Fund is invested in funds with a climate / ESG focus including a 10% allocation to the Aon Managed Global Impact Fund.

This provides a c66% reduction in carbon footprint (scope 1 & 2) from 2019 to 2023.[1]

Source: Aegon, Aon Investments Limited. Returns are to 31 March 2025 and are shown gross of fees. Returns are calculated using daily dealing prices and restated over all time periods to reflect the change in performance methodology implemented on 30 June 2024. Benchmarks are chain-linked using monthly underlying fund benchmarks and asset allocations and have been restated over all time periods to reflect this change. Please note the long term CPI+ objective is not shown for periods less than three years. Past performance does not guarantee future results.

1. Source: Aon, MSCI, underlying managers. Carbon footprint reduction relates to scope 1 & 2 greenhouse gas emissions only and shows the reduction from 2019 to 2023 based on those assets where emissions data is available.

Aon Managed Retirement Pathway 2055-57 Fund Member 30 years from retirement (continued)

Performance comments

Over the quarter, the Fund returned -2.6% against a backdrop of negative equity market returns.

The Aon Managed Initial Growth Phase Fund returned -2.4% and outperformed its benchmark. The UBS Global Emerging Market Equity Climate Transition Fund returned 2.5%, reflecting strong returns from emerging market equities. The allocation to multi-factor equities returned -0.2% and significantly outperformed the broader market, mainly due to its underweight to large-cap technology. The UBS Global Equity Climate Transition Fund returned -5.3%, reflecting weak returns from global equities.

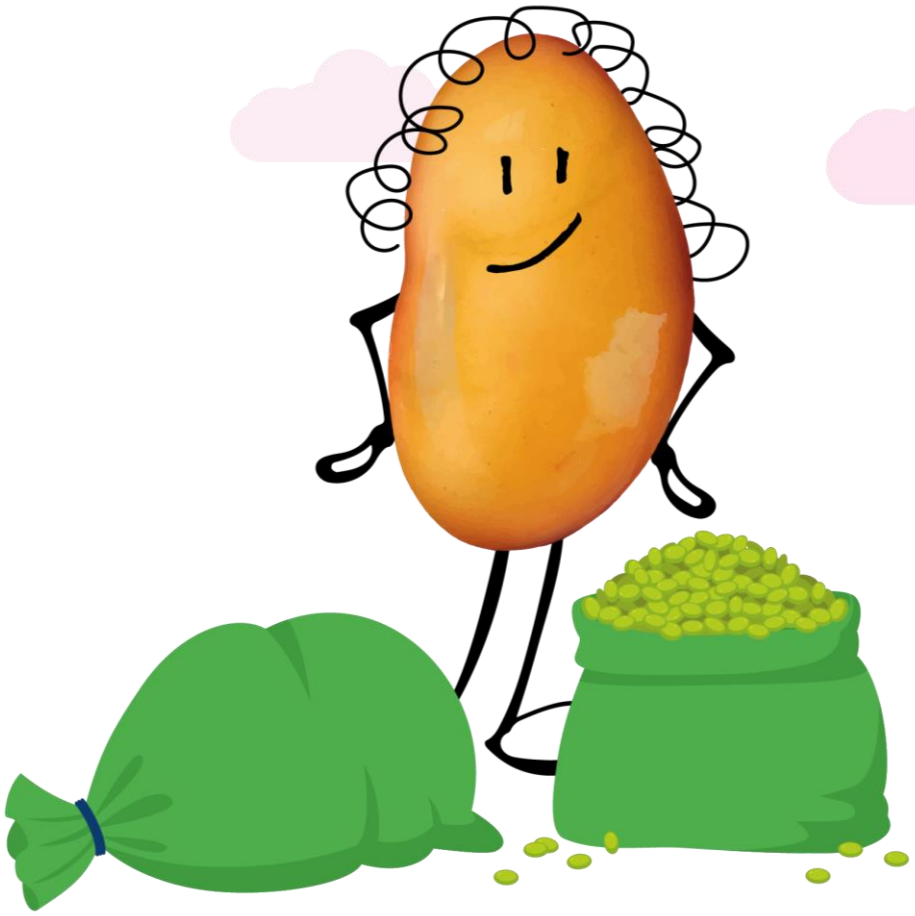
The allocation to property and infrastructure returned -0.4%. The listed property holding fell by 1.5%, although this was partly offset by gains in listed infrastructure and UK commercial property.

The Aon Managed Global Impact Fund returned -5.0%, slightly behind its benchmark. Stock selection in healthcare detracted.

New and notable

The Fund invests mainly in diversified global equities with a smaller allocation to property and infrastructure. This includes a 10% allocation to the Aon Managed Global Impact Fund.

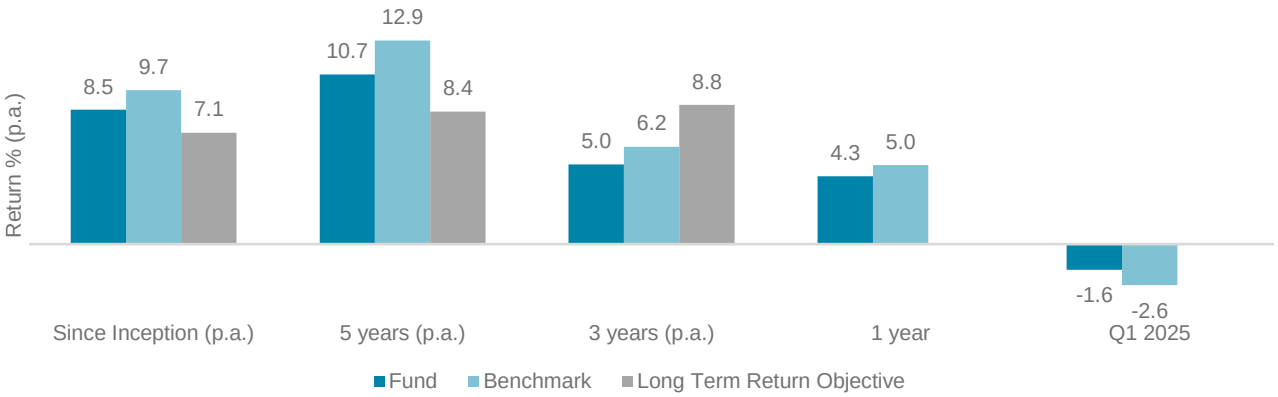
During the quarter Aon increased the allocation to the UBS Global Equity Climate Transition Fund, with a corresponding reduction in multi-factor equities. These changes increase exposure to funds with specific climate objectives, while also reducing the expected performance variability vs the market benchmark. This was completed in February 2025.



Source: Aon Investments Limited. The Plan's assets are managed on the Trustees' behalf by Aon DC Solutions. The commentary on fund performance and asset allocation changes included in this report has been provided to the Trustees by Aon DC Solutions.

Aon Managed Retirement Pathway 2034-36 Fund
Member 10 years from retirement

Scheme performance & benchmark



5 year (annualised)

+10.7%↑

Outperformed long-term return objective of CPI +3.7% p.a. by 2.3% p.a.

Since inception (annualised)

+8.5% ↑

Outperformed long-term return objective of CPI +3.9% p.a. by 1.4% p.a.

Comments

During Q1 2025, Aon de-risked the Fund in line with its original plan.

This follows changes to the asset allocation made in the first half of 2024 to allow for the impact of higher interest rates.

Source: Aegon, Aon Investments Limited. Returns are to 31 March 2025 and are shown gross of fees. Returns are calculated using daily dealing prices and restated over all time periods to reflect the change in performance methodology implemented on 30 June 2024. Benchmarks are chain-linked using monthly underlying fund benchmarks and asset allocations and have been restated over all time periods to reflect this change. Please note the long term CPI+ objective is not shown for periods less than three years. Past performance does not guarantee future results.

Aon Managed Retirement Pathway 2034-36 Fund - Member 10 years from retirement (continued)

Performance comments

Over the quarter, the Fund returned -1.6% against a backdrop of negative equity and positive bond market returns.

The Aon Managed Initial Growth Phase Fund returned -2.4%, outperforming its benchmark. Emerging market equities were the best performer, while listed infrastructure and UK property also provided positive returns. Multi factor equities outperformed its benchmark due to its underweight to large-cap technology stocks. The Aon Managed Global Impact Fund returned -5.0%, impacted negatively by healthcare stock selection.

The Aon Managed Diversified Asset Fund returned 1.7%, driven by gains from its allocations to emerging market and multi-factor equities, absolute return bonds, asset-backed securities, gold and cash. The Aon Managed Diversified Multi-Strategy Bond Fund returned 1.6%, with gains from allocations to asset-backed securities and absolute return bonds.

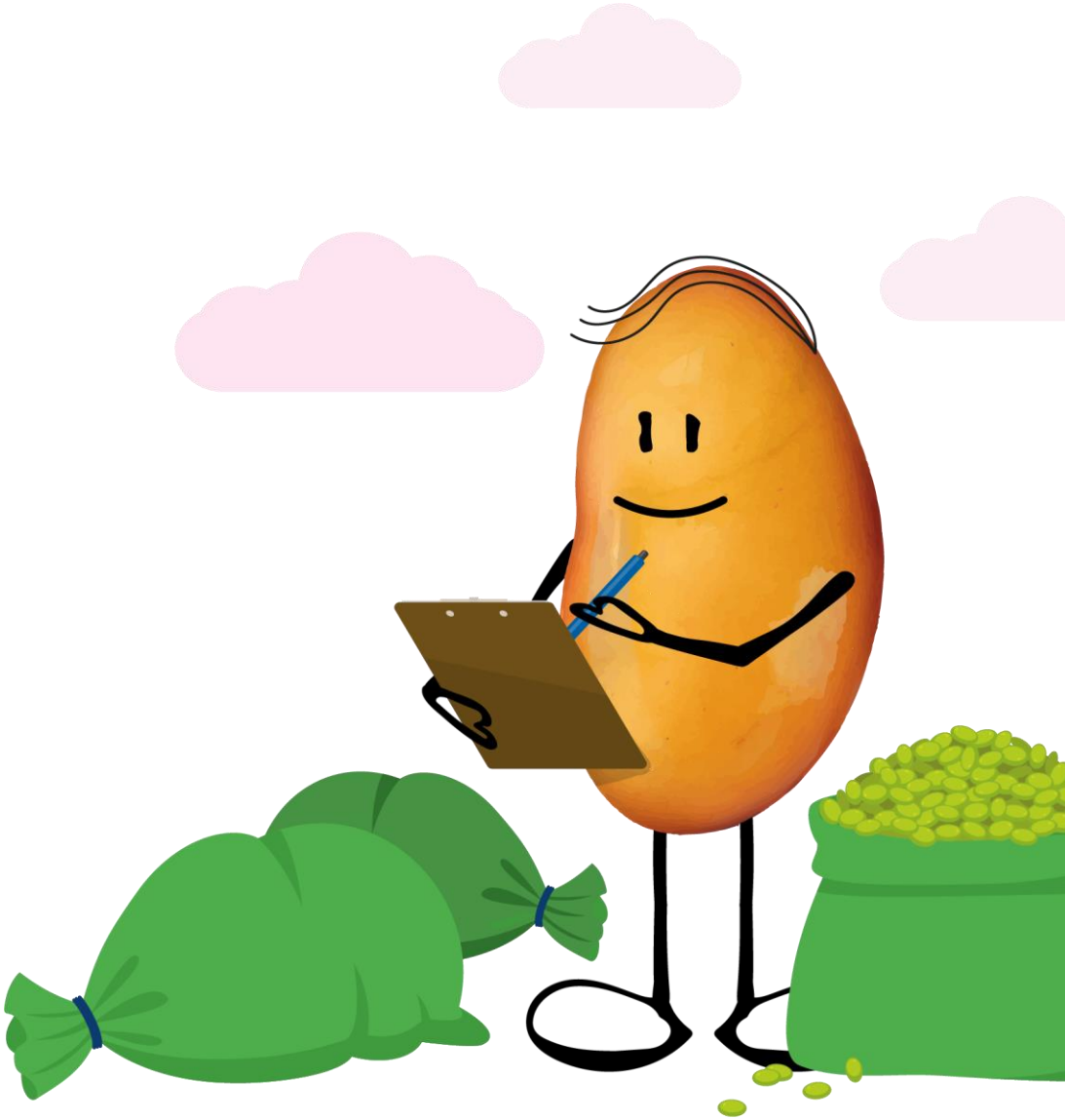
The Aon Managed Up to 5 Year Gilt Index Fund and the Aon Managed Short Term Inflation Linked Fund returned 1.4% and 1.2% respectively, as short maturity government bonds rose in value

New and notable

Following the latest review carried out in December 2024, Aon de-risked the Fund in line with our original plan over the first quarter of 2025.

Previously, Aon made changes to the Fund's allocation to allow for the impact of higher interest rates. These changes were implemented in the first half of 2024.

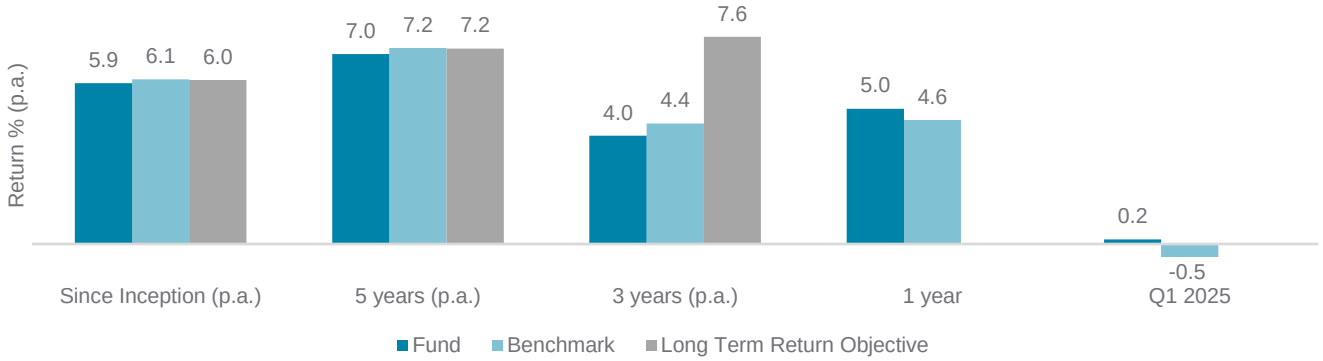
Aon continue to monitor this regularly going forward.



Source: Aon Investments Limited. The Plan's assets are managed on the Trustees' behalf by Aon DC Solutions. The commentary on fund performance and asset allocation changes included in this report has been provided to the Trustees by Aon DC Solutions.

Aon Managed Retirement Pathway 2025-27 Fund
Member at retirement

Scheme performance & benchmark



5 year (annualised)

+7.0% ↑

Underperformed long-term return objective of CPI +2.5% p.a. by 0.2% p.a.

Since inception (annualised)

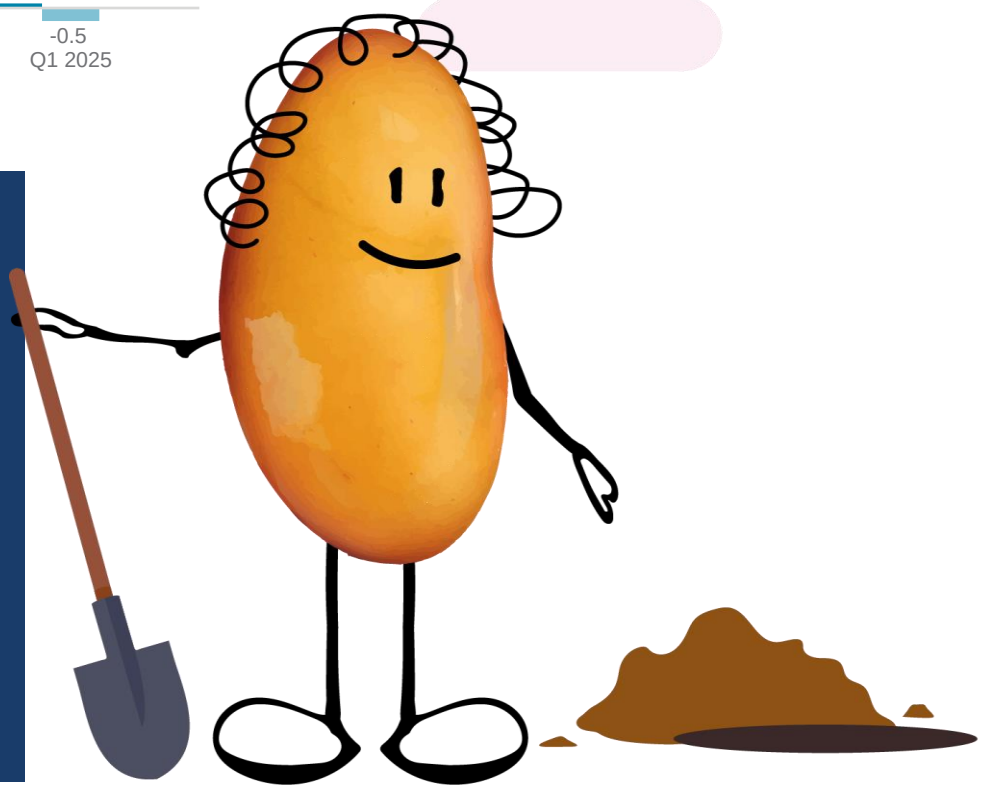
+5.9% ↑

Underperformed long-term return objective of CPI +2.8% p.a. by 0.1% p.a.

Comments

During Q1 2025, Aon de-risked the Fund in line with its original plan.

This follows changes to the asset allocation made in the first half of 2024 to allow for the impact of higher interest rates.



Source: Aegon, Aon Investments Limited. Returns are to 31 March 2025 and are shown gross of fees. Following the change in performance methodology implemented on 30 June 2024, returns are calculated using daily dealing prices and have been restated over longer time periods to reflect this change. Benchmarks are chain-linked using underlying fund benchmarks and asset allocations and have been restated over long time periods to allow for this change. Please note the long term CPI+ objective is not shown for periods less than three years. Past performance does not guarantee future results.

Aon Managed Retirement Pathway 2025-27 Fund
Member at retirement (continued)

Performance comments

Over the quarter, the Fund returned 0.2% against a backdrop of negative equity and positive bond market returns.

The Aon Managed Initial Growth Phase Fund returned -2.4%, outperforming its benchmark. Emerging market equities were the best performer, while listed infrastructure and UK property also provided positive returns. Multi factor equities outperformed its benchmark due to its underweight to large-cap technology stocks. The Aon Managed Global Impact Fund returned -5.0%, impacted negatively by healthcare stock selection.

The Aon Managed Diversified Asset Fund returned 1.7%, driven by gains from its allocations to emerging market and multi-factor equities, absolute return bonds, asset-backed securities, gold and cash. The Aon Managed Diversified Multi-Strategy Bond Fund returned 1.6%, with gains from allocations to asset-backed securities and absolute return bonds.

The Aon Managed Up to 5 Year Gilt Index Fund and the Aon Managed Short Term Inflation Linked Fund returned 1.4% and 1.2% respectively, as short maturity government bonds rose in value.

New and notable

Following the latest review carried out in December 2024, Aon de-risked the Fund in line with their original plan over the first quarter of 2025.

Previously, Aon made changes to the Fund's allocation to allow for the impact of higher interest rates. These changes were implemented in the first half of 2024.

Aon continue to monitor this regularly going forward.

Source: Aon Investments Limited. The Plan's assets are managed on the Trustees' behalf by Aon DC Solutions. The commentary on fund performance and asset allocation changes included in this report has been provided to the Trustees by Aon DC Solutions.

Market – Snapshot Q1 2025

Global Equities

-4.2% ↓

Global equity markets generated -2.0% in local currency terms and -4.2%% in sterling terms

UK Equities

6.4% ↑

UK equities rose in value over the quarter.

US Equities

-7.3% ↓

US equities were the worst performing market in sterling terms, and returned -4.5%, in local terms.

Index-Linked Gilts

-1.4% ↓

Fixed-interest gilts outperformed Index-linked gilts across maturities, except the short end.

UK Corporate Bonds

0.7% ↑

Return from regular income more than offset increased credit spreads (the difference between government and corporate bond yields).

Property

2.0% ↑

Property capital values rose and income returns remained relatively stable.

Fixed Interest Gilts

0.5% ↑

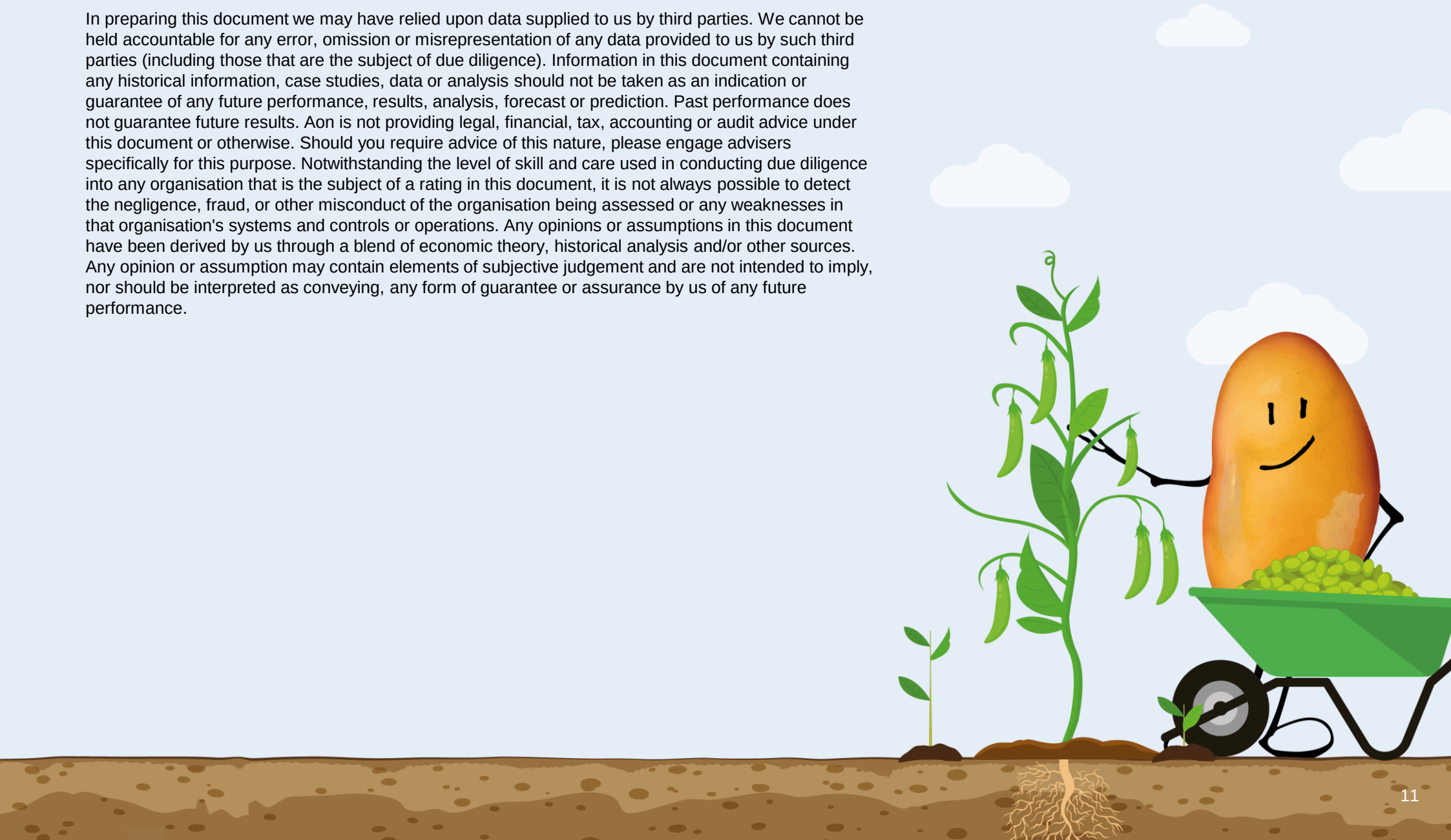
Short-dated gilts outperformed medium and long-dated gilts due to their lower duration and reduced sensitivity changes in interest rates.

Pound Sterling

3.1% ↑

Sterling strengthened against the US dollar ending the quarter at $1.29/£.

Source: FactSet, MSCI (Equities, Property), iBoxx (Corporate Bonds), FTSE (Gilts)

Disclaimer

In preparing this document we may have relied upon data supplied to us by third parties. We cannot be held accountable for any error, omission or misrepresentation of any data provided to us by such third parties (including those that are the subject of due diligence). Information in this document containing any historical information, case studies, data or analysis should not be taken as an indication or guarantee of any future performance, results, analysis, forecast or prediction. Past performance does not guarantee future results. Aon is not providing legal, financial, tax, accounting or audit advice under this document or otherwise. Should you require advice of this nature, please engage advisers specifically for this purpose. Notwithstanding the level of skill and care used in conducting due diligence into any organisation that is the subject of a rating in this document, it is not always possible to detect the negligence, fraud, or other misconduct of the organisation being assessed or any weaknesses in that organisation's systems and controls or operations. Any opinions or assumptions in this document have been derived by us through a blend of economic theory, historical analysis and/or other sources. Any opinion or assumption may contain elements of subjective judgement and are not intended to imply, nor should be interpreted as conveying, any form of guarantee or assurance by us of any future performance.