KraftHeinz

Bean Counting:

Investment Report
Update Q2 2025

At a glance…

Market background

Global equity markets rose over the quarter, driven mainly by US equities. Markets were dominated by US trade policy, with multiple announcements and modifications increasing uncertainty, as investors faced the prospect of higher than expected tariff rates on US trading partners. Despite this and continued geopolitical tensions in the Middle East, global equities provided positive returns. This was partly offset by US dollar depreciation against the pound, resulting in lower returns in sterling terms.

Government bonds rose in value over the quarter. This was due to a combination of regular income and a slight increase in bond prices, reflecting slower economic growth and the expectation that the Bank of England would cut interest rates further. The Bank of England cut interest rates by 0.25% p.a. to 4.25% p.a., while the European Central Bank cut its interest rate twice over the quarter by 0.25% p.a. each, to 2.00% p.a. Meanwhile, the US Federal Reserve maintained interest rates at a range of 4.25% to 4.50% p.a.

Investment-grade corporate bonds also increased in value over the quarter, reflecting both regular income and a slight fall in credit spreads (the difference between government and corporate bond yields).

Performance: Retirement Pathway Funds

All members invested in the Aon Managed Retirement Pathway Funds experienced positive returns, benefiting from positive equity and bond market returns.

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 the period since inception. Those funds closer to retirement (i.e. older members) are broadly in line these objectives. This reflects strong returns from equities against an environment of higher inflation and rising interest rates.

At a glance…

Fund changes

Aon Managed Diversified (Multi) Asset Fund

During the quarter, Aon DC Solutions removed the equity and gold overweight and increased the allocation to the liquidity fund. They also reduced their allocation to hedged equities.

In addition, Aon added the Robeco Credit Income Fund and the AXA Carbon Transition Fund, rebalancing the allocations to equities and bonds in the process.

Aon Managed Active Corporate Bond Fund (previously Aon Managed Core Bond Phase Fund)

At the beginning of the quarter, Aon introduced the Insight Responsible Horizons UK Corporate Bond Fund to replace the existing allocation to passive corporate bonds. This is an actively managed corporate bond fund that aims to generate additional returns relative to its benchmark. The Fund also takes account of environmental, social and governance considerations when selecting individual bonds for investment.

This change took place in two instalments at the end of March 2025 and early April 2025. Subsequently, the Fund's benchmark and investment objective were changed to reflect the use of an actively managed fund. The Fund was also renamed the Aon Managed Active Corporate Bond Fund with effect from 3 April 2025.

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

Scheme performance & benchmark

5 year (annualised)

+8.8% ↑

Underperformed long-term return objective of CPI +4.0% p.a. by 0.2% p.a.

Since inception(annualised)

+8.9% ↑

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 c75% reduction in carbon footprint (scope 1 & 2) from 2019 to 2024.[1]

Source: Aegon, Aon Investments Limited. Returns are to 30 June 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 3.3% against a backdrop of positive equity market returns.

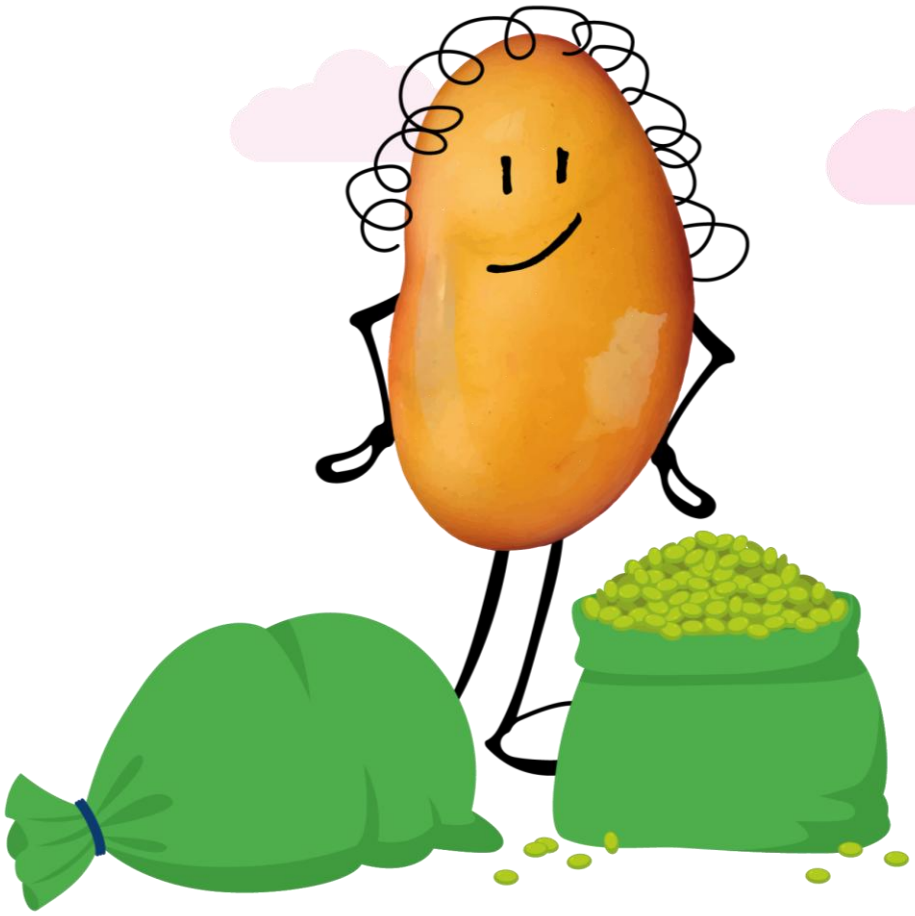
The Aon Managed Initial Growth Phase Fund returned 3.0%, underperforming its benchmark. The UBS Global Equity Climate Transition Fund returned 5.0%, slightly ahead of its benchmark, benefitting from its underweight to financial and energy sectors. The UBS Global Emerging Market Equity Climate Transition Fund saw positive returns and outperformed its benchmark. The allocation to multi-factor equities returned 1.0% and underperformed the broader market, mainly due to its underweight to large-cap technology.

The allocation to property and infrastructure returned -0.9%. The listed property and infrastructure holdings fell by 1.0% and 3.5% respectively. The allocation to UK commercial property partially offset this providing a positive return.

The Aon Managed Global Impact Fund returned 5.9%, ahead of its benchmark. Stock selection in the industrials and consumer discretionary sectors contributed to performance.

New and notable

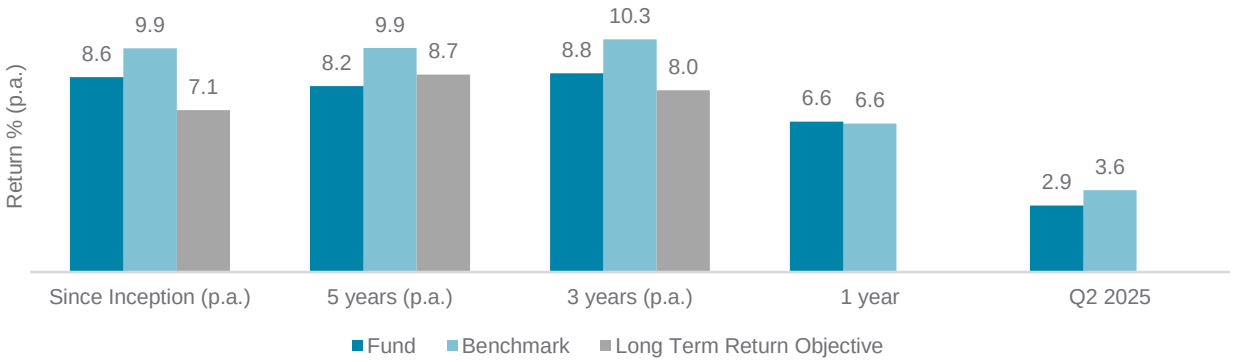
The Fund invests mainly in diversified global equities with a smaller allocation to property and infrastructure. This includes a 10% allocation to the Aon Managed Global Impact Fund.



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)

+8.2% ↑

Underperformed long-term return objective of CPI +3.7% p.a. by 0.5% p.a.

Since inception (annualised)

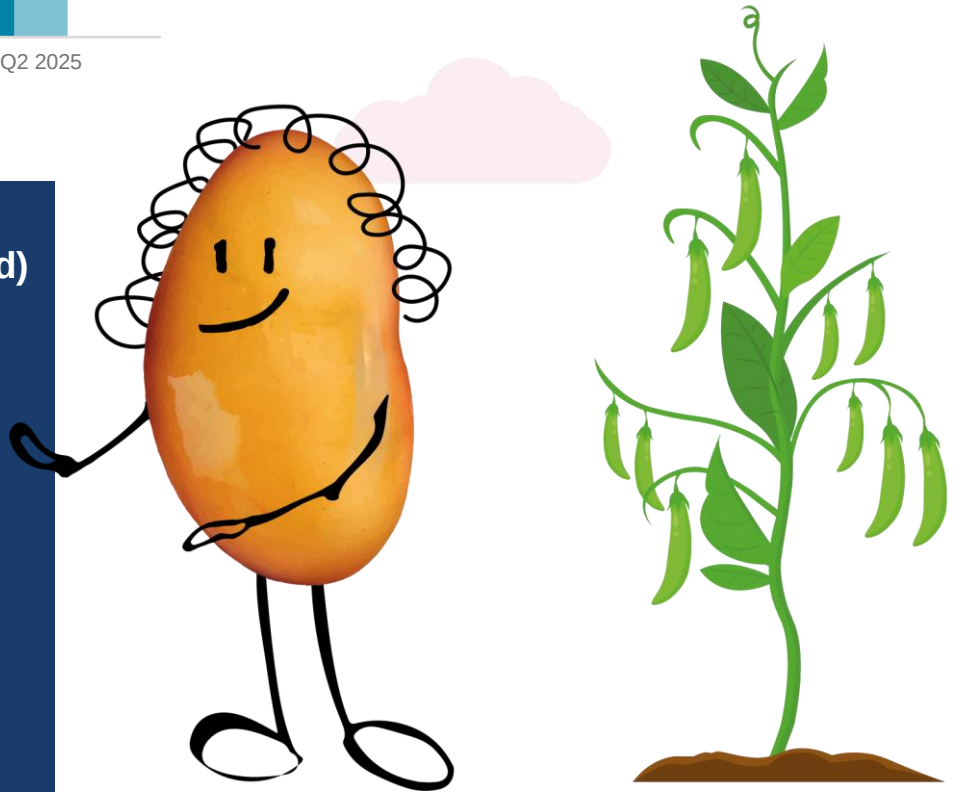
+8.6% ↑

Outperformed long-term return objective of CPI +3.9% p.a. by 1.5% p.a.

Comments

During Q2 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.



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

Performance comments

Over the quarter, the Fund returned 2.9% against a backdrop of positive equity and bond market returns.

The Aon Managed Initial Growth Phase Fund returned 3.0%, underperforming its benchmark. The allocation to climate transition equities was positive for performance, returning 5.0%, slightly ahead of benchmark. Emerging markets also saw positive saw positive returns. The allocation to multi factor equities underperformed its benchmark, returning 1.0%, due to its underweight to large-cap technology stocks. The Aon Managed Global Impact Fund returned 5.9%, ahead of its benchmark.

The Aon Managed Diversified Asset Fund returned 2.5%, driven by gains from its allocations to climate transition and emerging market equities, absolute return bonds, asset-backed securities 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.

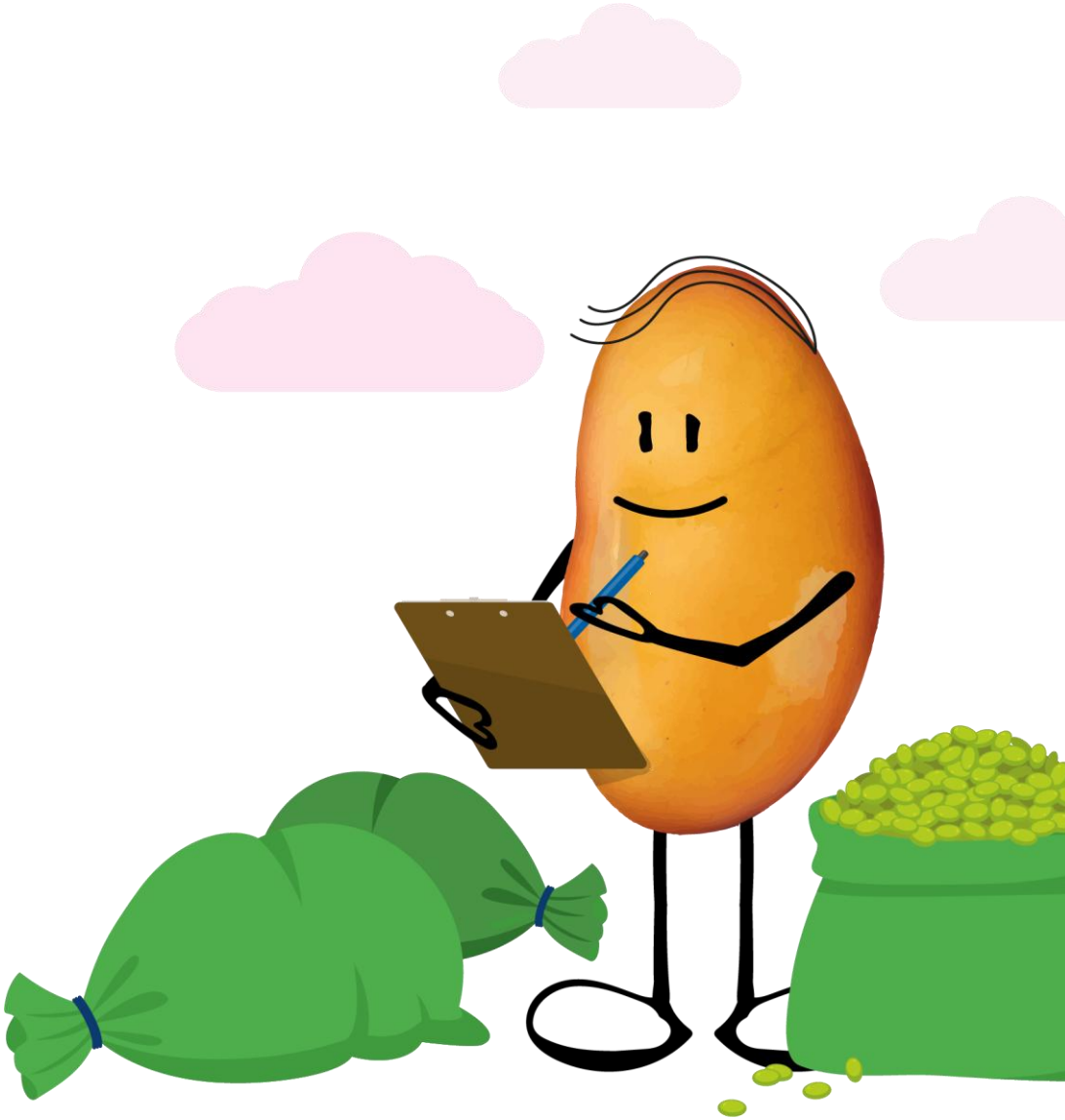
The Aon Managed Up to 5 Year Gilt Index Fund and the Aon Managed Short Term Inflation Linked Fund both returned 1.7%, as short maturity government bonds rose in value.

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 second 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.



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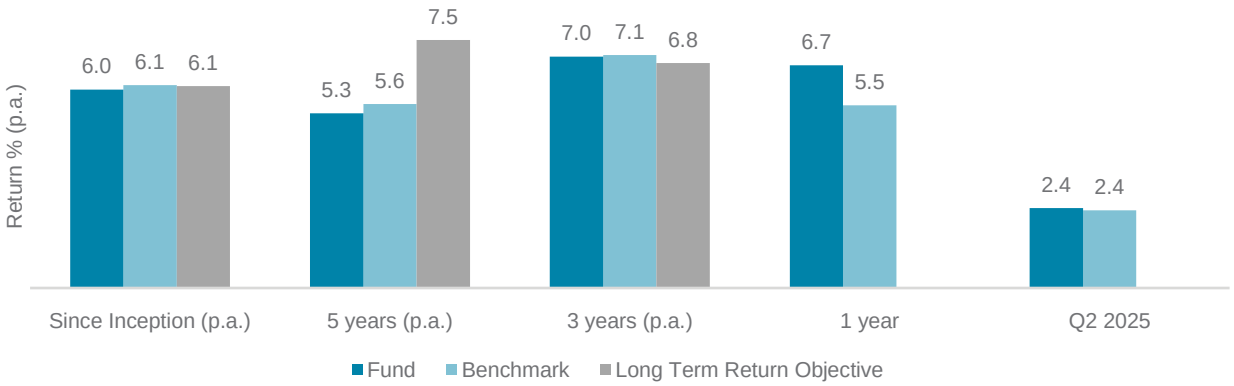
Aon Managed Retirement Pathway 2025-27 Fund Member at retirement

Scheme performance & benchmark



5 year (annualised)

+5.3% ↑

Underperformed long-term return objective of CPI +2.5% p.a. by 2.2% p.a.

Since inception (annualised)

+6.0% ↑

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

Comments

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

Performance comments

Over the quarter, the Fund returned 2.4% against a backdrop of positive equity and bond market returns.

The Aon Managed Initial Growth Phase Fund returned 3.0%, underperforming its benchmark. The allocation to climate transition equities was positive for performance, returning 5.0%, slightly ahead of benchmark. Emerging markets also saw positive saw positive returns. The allocation to multi factor equities underperformed its benchmark, returning 1.0%, due to its underweight to large-cap technology stocks. The Aon Managed Global Impact Fund returned 5.9%, ahead of its benchmark.

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Market – Snapshot Q2 2025

Global Equities

5.0% ↑

Global equity markets generated 5.0% in local currency terms and 5.2% in sterling terms.

UK Equities

2.4% ↑

UK equities rose in value over the quarter.

US Equities

4.9% ↑

US equities saw positive returns in sterling terms and returned 11.4% in dollar terms.

Index-Linked Gilts

0.9% ↑

Short-dated index-linked gilts outperformed medium and long-dated index-linked gilts.

UK Corporate Bonds

2.8% ↑

UK investment grade credit spreads fell by 0.10% to 1.02% p.a., based on iBoxx Sterling Non-Gilts data.

Property

1.7% ↑

Property capital values rose and income returns remained relatively stable.

Fixed Interest Gilts

1.9% ↑

Medium-dated fixed interest gilts outperformed long and short-dated fixed interest gilts.

Pound Sterling

6.2% ↑

Sterling strengthened against the US dollar ending the quarter at $1.37/£.

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

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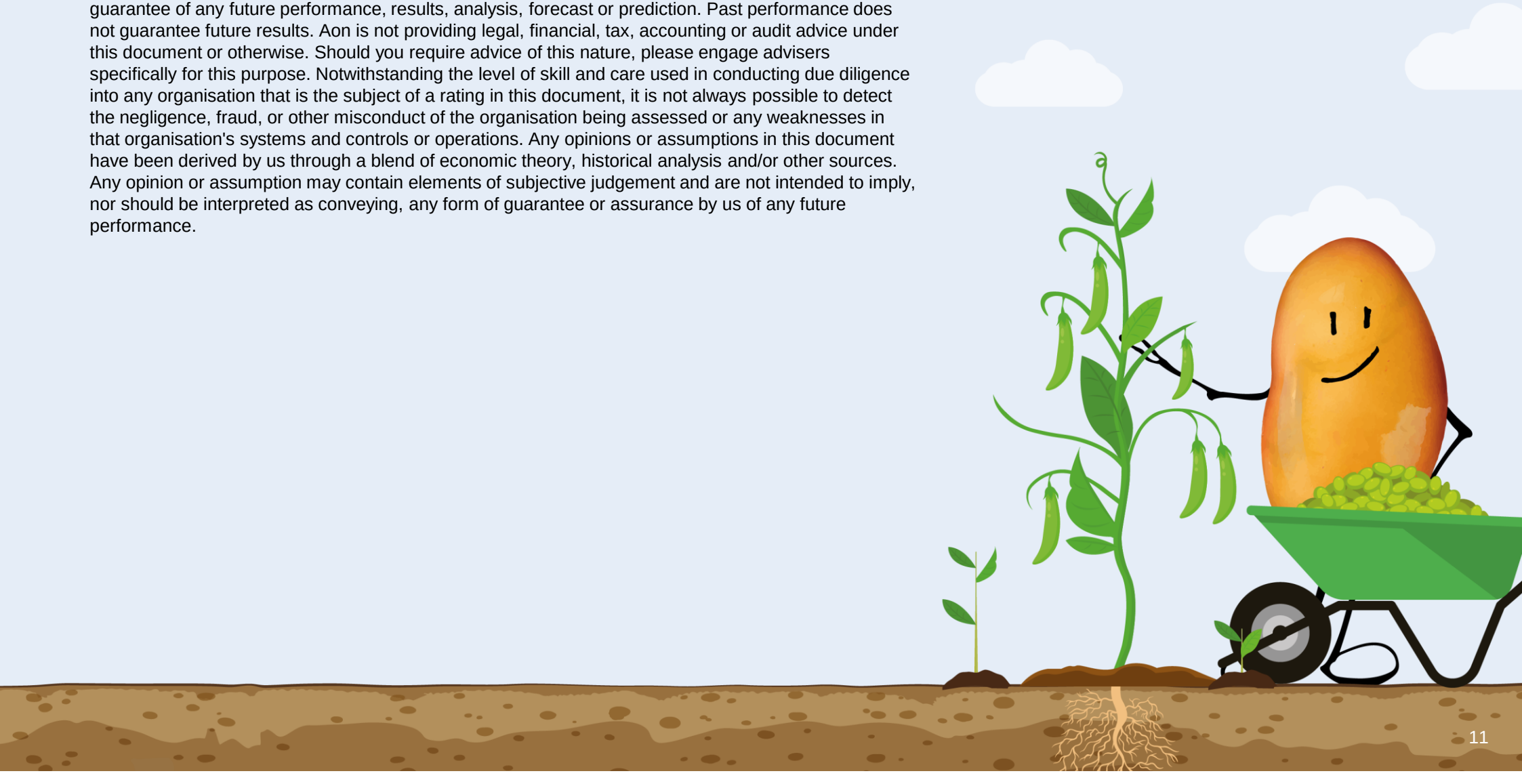
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