

Kraft*Heinz*

Bean Counting:
Investment Report
Update Q4 2021



At a glance...

Market background

The discovery of the Omicron variant, a new highly mutated coronavirus strain, cast doubt on the strength of global economic growth over the quarter. Inflation rates worldwide continued to rise, leading to major central banks phasing out pandemic-era asset purchase programs and hinting at accelerated interest rate hike schedules. However, equity markets were able to shrug off inflation and growth concerns, posting solid gains in Q4 2021.

Performance: Retirement Pathway Funds

Over the quarter, the Aon Managed Retirement Pathway Funds generated strong positive returns for all members, however, the later dated funds underperformed their market based benchmarks. Longer term performance remains strong, with all funds comfortably outperforming the long-term inflation linked return objectives.

Fund changes

Within the Aon Managed Diversified Multi Strategy Bond Fund, we introduced an allocation to asset backed securities via the Aegon European ABS Fund and reduced exposure to absolute return bond funds.

Within the Aon Managed Diversified (Multi) Asset Fund, we introduced new allocations to gold and asset backed securities and reduced our allocations to equity, absolute return bonds and corporate bonds.

We also reduced the allocation to emerging market equities and increased the allocation to multi-factor equities within the Aon Managed Global Equity Fund and Aon Managed Initial Growth Phase Fund.



Aon Managed Retirement Pathway 2049-51 Fund - Member 30 years from retirement

Scheme performance & benchmark



5 year (annualised)

+10.1%↑

Outperformed long-term return objective of CPI +4% p.a. by 3.6% p.a.

Comments

Following the addition of the Aon Managed Global Impact Fund, c60% of the Fund is invested in funds with a specific ESG focus.

3 year (annualised)

+14.2%↑

Outperformed long-term return objective of CPI +4% p.a. by 7.8% p.a.



Aon Managed Retirement Pathway 2049-51 Fund - Member 30 years from retirement (continued)

Performance comments

The allocation to developed market equities and multi-factor equities returned 7.4% and 7.3% respectively over the quarter, reflecting strong returns from US, European and UK equity markets.

The overweight allocation to emerging market equities detracted slightly, as Chinese and Brazilian equity markets fell in value.

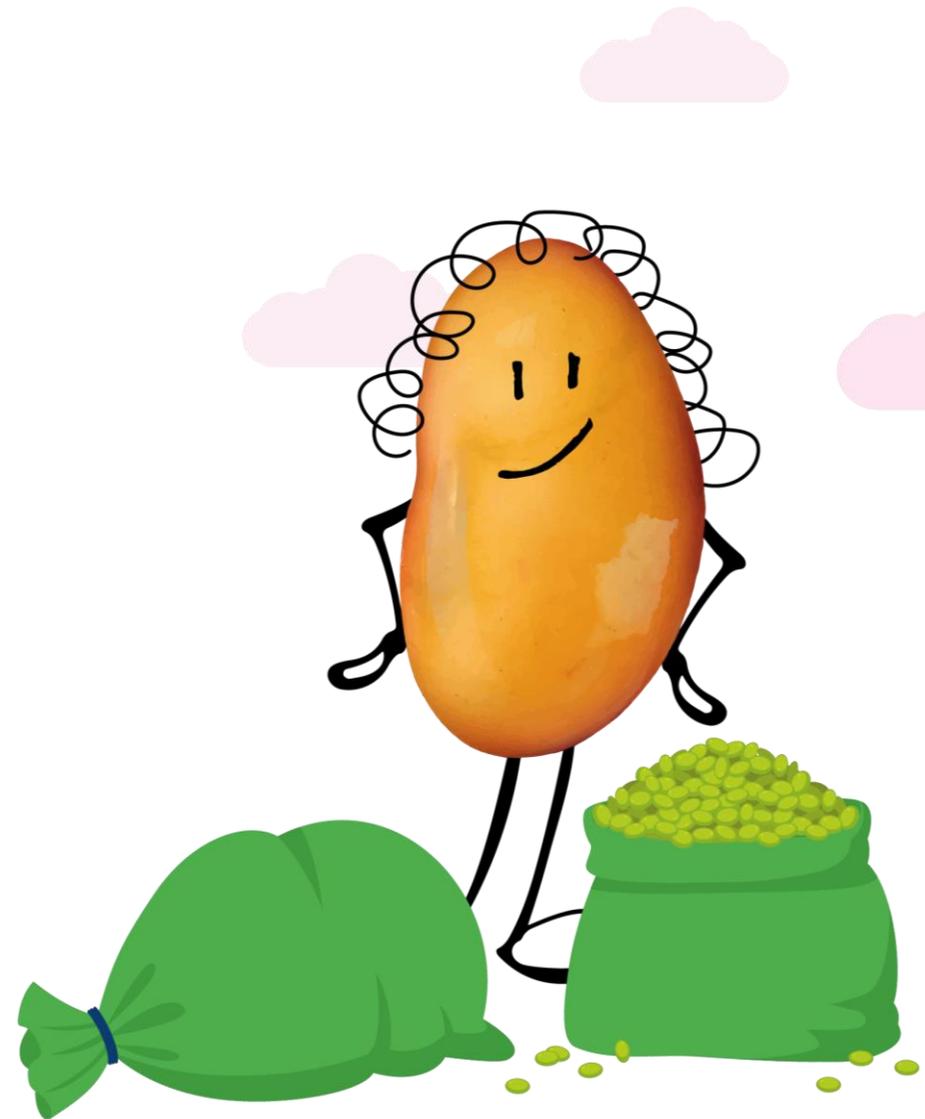
The Aon Managed Global Impact Fund returned 4.2% over the quarter, with mixed returns from the three underlying managers.

The listed infrastructure holding, managed by Legal & General, returned 10.3% over the quarter. The listed real estate and direct UK property holdings also performed well.

New and notable

The Fund invests mainly in diversified global equities with a smaller allocation to property and infrastructure.

10% of the Fund is invested in the Aon Managed Global Impact Fund. This fund aims to outperform its benchmark and make a positive impact on our planet and society.



Aon Managed Retirement Pathway 2031-33 Fund - Member 10 years from retirement

Scheme performance & benchmark



5 year (annualised)

+8.9%↑

Outperformed long-term return objective of CPI +3.8% p.a. by 2.7% p.a.

Comments

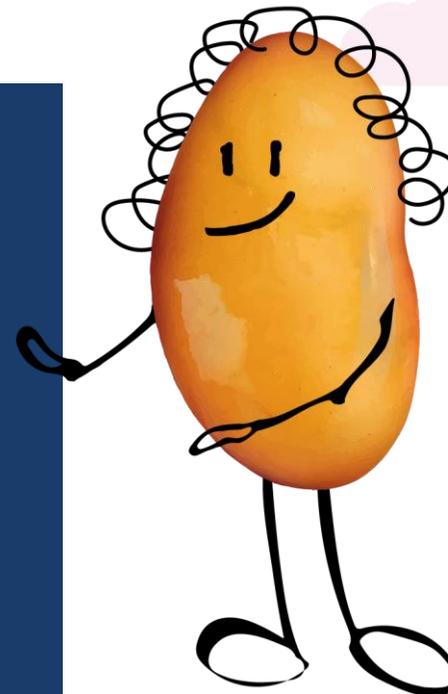
Reflecting strong market performance since the Fund's inception, we brought forward some of the planned de-risking during the first half of 2021 to further reduce risk as the Fund approaches its target date.

During Q4 2021, the Fund's asset allocation was unchanged, with no de-risking taking place.

3 year (annualised)

+12.1%↑

Outperformed long-term return objective of CPI +3.6% p.a. by 6.1% p.a.



Aon Managed Retirement Pathway 2031-33 Fund - Member 10 years from retirement (continued)

Performance comments

During the quarter, the Aon Managed Initial Growth Phase Fund returned 6.3%. This reflected strong returns from global equities, including factor-based equities, as well as the property and infrastructure holdings.

The Aon Managed Global Impact Fund returned 4.2%, with mixed performance from the three underlying managers.

The Aon Managed Diversified Asset Fund returned 2.0% over the quarter, with positive returns from equities, investment grade corporate bonds and government bonds partly offset by returns from the absolute return bond funds.

The Aon Managed Diversified Multi Strategy Bond Fund and Aon Managed Passive Corporate Bond Fund returned -1.0% and 0.3% respectively.

New and notable

Following the latest performance review, the Fund's asset allocation remained unchanged over the fourth quarter, with no de-risking taking place. This reflects strong performance of the Fund and allows for additional de-risking we carried out during the first half of 2021.



Aon Managed Retirement Pathway 2019-21 Fund - Member at retirement

Scheme performance & benchmark



5 year (annualised)

+5.9% ↑

Outperformed long-term return objective of CPI +2.2% p.a. by 1.3% p.a.

3 year (annualised)

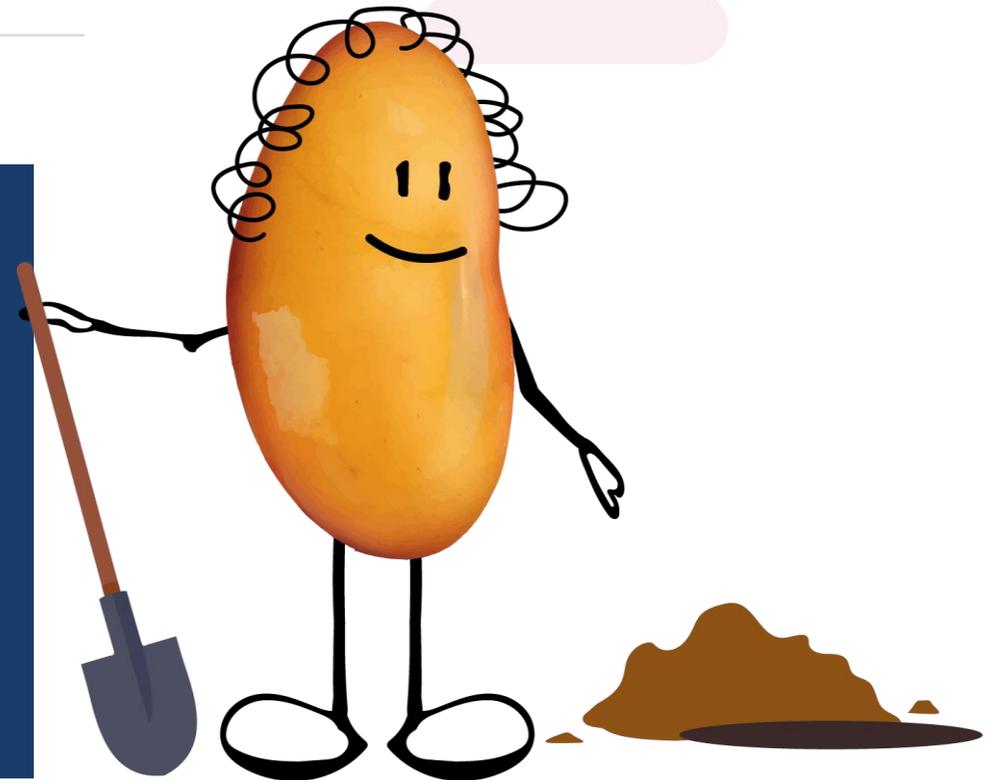
+8.3% ↑

Outperformed long-term return objective of CPI +2.0% p.a. by 3.9% p.a.

Comments

At the quarter end, the Fund's long-term return objective is CPI +1.9% p.a.

Based on the current asset strategy and our forward-looking analysis, we believe the Fund remains on track to achieve its long-term return objective.



Aon Managed Retirement Pathway 2019-21 Fund - Member at retirement (continued)

Performance comments

During the quarter, the Aon Managed Initial Growth Phase Fund returned 6.3%. This reflected strong returns from global equities, including factor-based equities, as well as the property and infrastructure holdings.

The Aon Managed Global Impact Fund returned 4.2%, with mixed performance from the three underlying managers.

The Aon Managed Diversified Asset Fund returned 2.0% over the quarter, with positive returns from equities, investment grade corporate bonds and government bonds partly offset by returns from the absolute return bond funds

The Aon Managed Diversified Multi Strategy Bond Fund and Aon Managed Passive Corporate Bond Fund returned -1.0% and 0.3% respectively.

New and notable

During the fourth quarter, the Fund continued to de-risk in line with the strategic glidepath asset allocation.



Global Equities

+6.3% ↑

Global equity markets rose despite concerns about the new Omicron variant and inflationary pressures.

UK Equities

+5.2% ↑

UK equities underperformed US and European equity markets, weighed down in late Q4 by fears around the newly discovered Omicron variant.

US Equities

+9.6% ↑

US equities was the best performing region. Equity market momentum waned towards the end of the year due to the discovery of the Omicron variant.

Index-Linked Gilts

+4.9% ↑

The FTSE All Stocks Index-Linked Gilts Index posted positive returns as increasing inflation expectations caused breakeven inflation rates to rise.

UK Corporate Bonds

+0.3% ↑

UK investment-grade credit spreads rose by 9bps p.a. to 108bps p.a., based on iBoxx Sterling Non-Gilts data

Property

+7.9% ↑

MSCI UK Monthly Property Index reached an all-time high index level.

Fixed Interest Gilts

+2.4% ↑

UK gilt curve flattened on the back of Omicron and growth worries over the fourth quarter, driving the positive performance of UK fixed-interest gilts.

Pound Sterling

+0.5% ↑

Sterling rose against the US dollar over the quarter (0.5% move to \$1.35/£).

