

**Kraft***Heinz*

**Bean Counting:**  
Investment Report  
Update Q3 2021



## At a glance...

### Market background

Global equities provided more modest returns over the quarter, due to fears over a slowing pace of economic growth and rising inflation, as well as reduced investor optimism over a continued robust global economic recovery. Bond yields rose over the quarter due to increasing inflation fears around the world, resulting in falls in bond prices.

### Performance: Retirement Pathway Funds

Over the quarter, the Aon Managed Retirement Pathway Funds generated positive returns for all members and performed broadly in line with their market based benchmarks. Longer term performance remains strong, comfortably outperforming the long-term inflation linked return objectives.

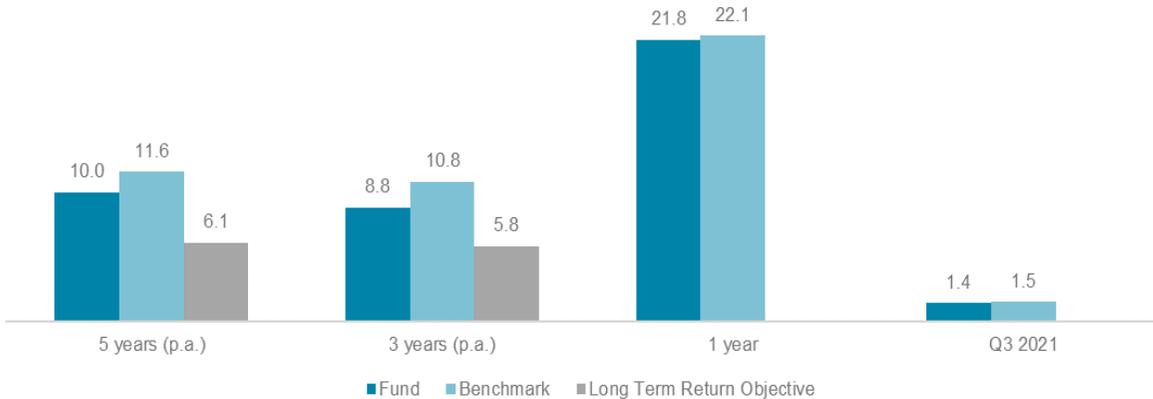
### Fund changes

Within the Aon Managed Diversified Multi Strategy Bond Fund, we reduced our allocation to the BlackRock Systematic Multi Allocation Credit Fund by 5% and correspondingly increased our allocation to the PIMCO Global LIBOR Fund.



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

## Scheme performance & benchmark



### 5 year (annualised)

**+10.0%↑**

Outperformed long-term return objective of CPI +4% p.a. by 3.9% 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)

**+8.8%↑**

Outperformed long-term return objective of CPI +4% p.a. by 3.0% p.a.



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

## Performance comments

All of the Fund's underlying holdings generated positive returns over the quarter, with the exception of the allocation to emerging market equities which fell in value as the Chinese economic recovery continued to slow.

The allocation to the Aon Managed Global Impact Fund returned 4.6% over the quarter, with strong returns from all three managers.

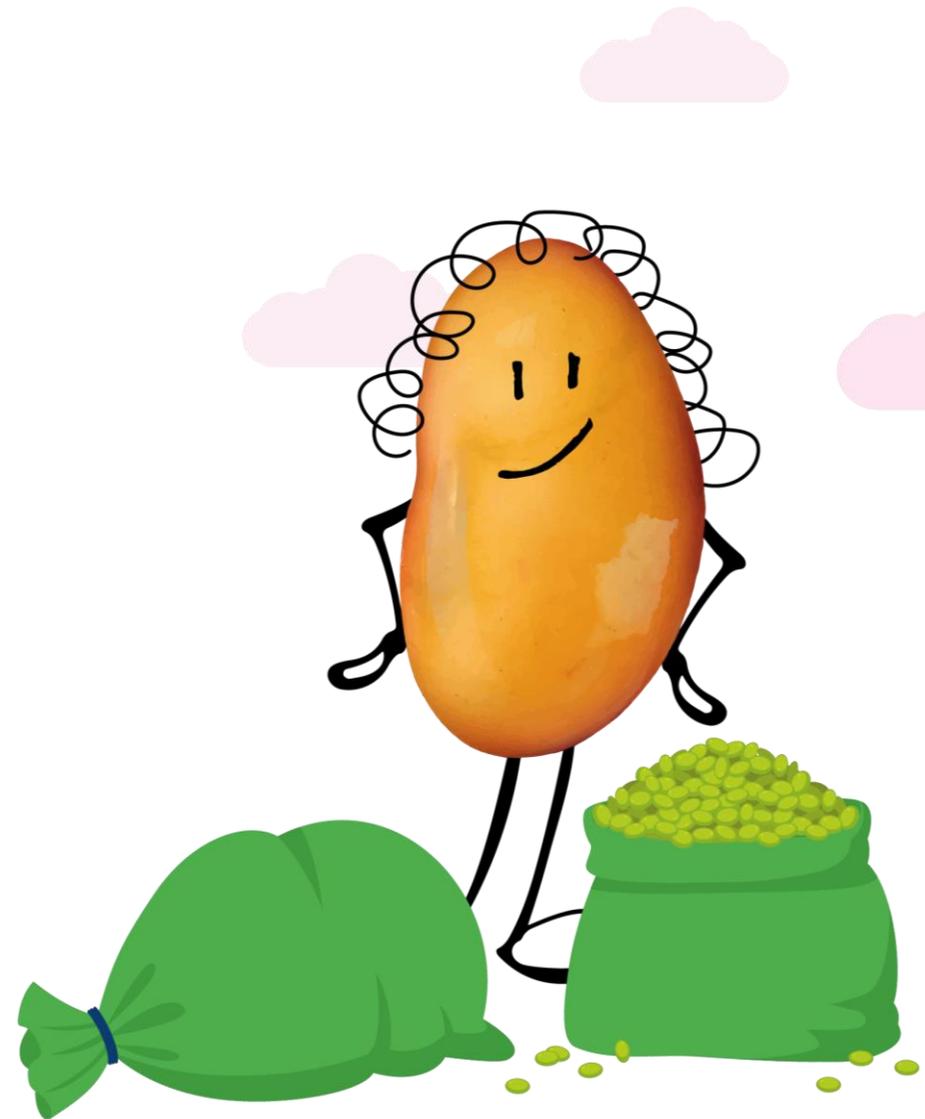
The Fund's allocation to multi-factor equities returned 1.6% over the quarter; strong performance from the different factors was partly offset by an underweight to energy companies.

The allocation to direct UK commercial property returned 4.7% over the quarter, reflecting income and rising capital values.

## 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)

**+9.1%** ↑

Outperformed long-term return objective of CPI +3.8% p.a. by 3.2% p.a.

### Comments

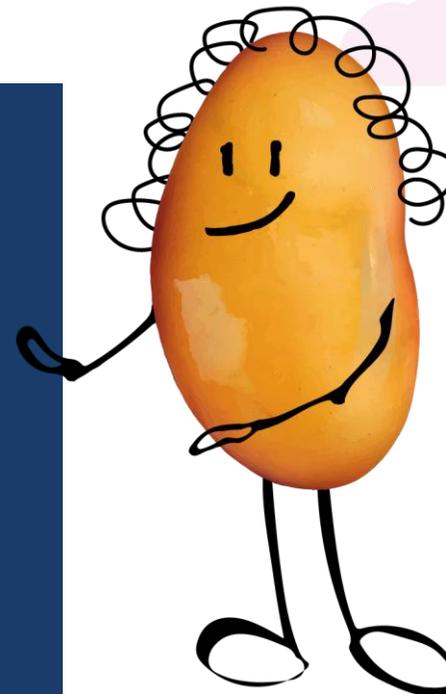
Reflecting strong market performance since the Fund's inception, we brought forward some of the planned de-risking during the first half of 2021 to further reduce risk as the Fund approaches its target date.

During Q3 2021, the Fund's asset allocation was unchanged, with no de-risking taking place.

### 3 year (annualised)

**+7.6%** ↑

Outperformed long-term return objective of CPI +3.6% p.a. by 2.2% 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 1.0%. This reflected positive returns from global equities, including factor-based equities, as well as the property and infrastructure holdings.

The Aon Managed Global Impact Fund returned 4.6%, with strong returns from all three managers.

The Aon Managed Diversified Asset Fund returned -0.6%, with positive performance from equities partly offset by negative returns from government and corporate bonds.

The Aon Managed Diversified Multi Strategy Bond Fund was flat, against a backdrop of falling bond prices, while the Aon Managed Passive Corporate Bond Fund returned -0.8%.

## New and notable

Following the latest performance review, the Fund's asset allocation remained unchanged over the third 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)

**+5.7% ↑**

Outperformed long-term return objective of CPI +2.2% p.a. by 1.4% p.a.

### 3 year (annualised)

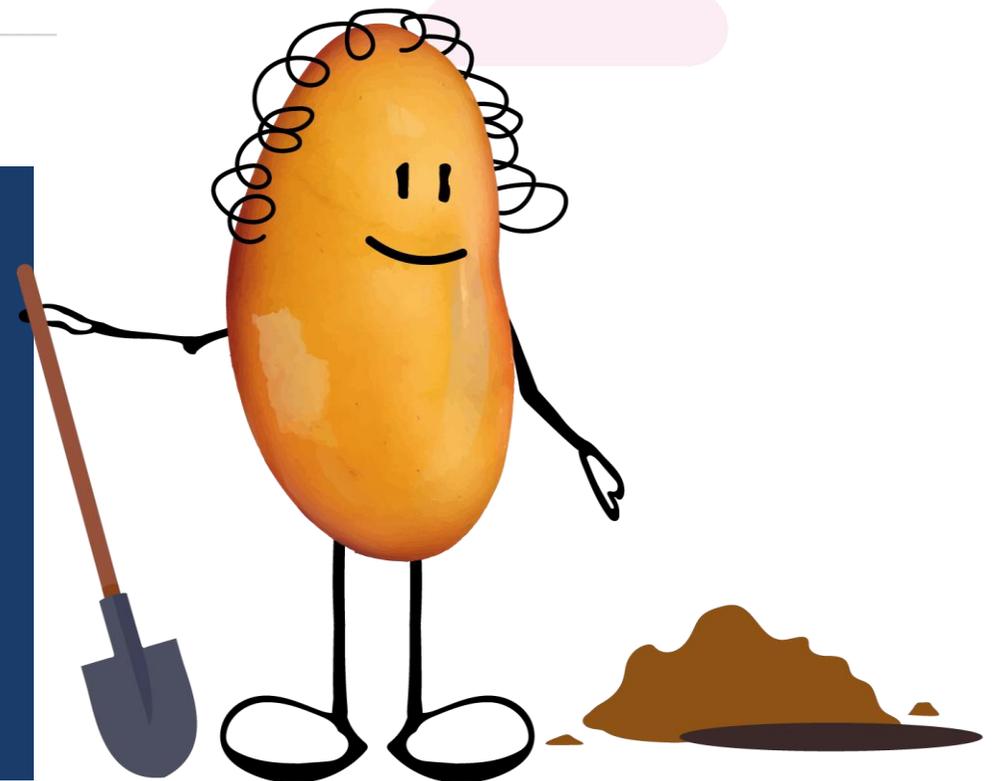
**+6.1% ↑**

Outperformed long-term return objective of CPI +2.0% p.a. by 2.3% 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 1.0%. This reflected positive returns from global equities, including factor-based equities, as well as the property and infrastructure holdings.

The Aon Managed Global Impact Fund returned 4.6%, with strong returns from all three managers.

The Aon Managed Diversified Asset Fund returned -0.6%, with positive performance from equities partly offset by negative returns from government and corporate bonds.

The Aon Managed Diversified Multi Strategy Bond Fund was flat, against a backdrop of falling bond prices, while the Aon Managed Passive Corporate Bond Fund returned -0.8%.

## New and notable

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



## Global Equities

**+1.5%** ↑

Fears over a slowing pace of economic growth and rising inflation reduced investor optimism over a continued robust global economic recover.

## UK Equities

**+2.2%** ↑

The Energy sector performed particularly well, returning 14.5% over the quarter as energy prices rose strongly. The Industrial sector also posted a 9.0% return.

## US Equities

**+2.9%** ↑

The labour market continued to improve, albeit at a slower rate, with the US unemployment rate falling to 5.2% in August.

## Index-Linked Gilts

**+2.3%** ↑

FTSE All Stocks Index-Linked Gilts Index posted positive returns as higher inflation expectations caused breakevens to rise.

## UK Corporate Bonds

**-1.0%** ↓

UK investment grade credit spreads edged down by 2bps to 99bps, based on IBoxx Sterling Non-Gilts data.

## Property

**+4.6%** ↑

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

## Fixed Interest Gilts

**-1.8%** ↓

UK fixed gilt yields rose across all maturities over the third quarter, driving the negative performance of UK fixed interest government bonds.

## Pound Sterling

**-2.4%** ↓

Sterling fell against the US dollar over the quarter (2.4% move to €1.35/£) as the dollar appreciated on a broad basis against the global risk-off backdrop and increasing rate expectations.

