

Kraft*Heinz*

Bean Counting:
Investment Report
Update Q1 2022



At a glance...

Market background

Geopolitical risk took centre stage over Q1, as Vladimir Putin sent Russian troops into eastern Ukraine on February 24th and has maintained a military presence since then. The G7 enacted a slew of financial sanctions to deter Russia from continuing its operations. Globally, major central banks continued to move forward with normalising monetary policy.

Global equity markets fell in response to these heightened geopolitical tensions and continued inflationary pressure. Government and corporate bonds also fell in value as bond yields rose.

Performance: Retirement Pathway Funds

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

Fund changes

We introduced a 20% allocation to the new UBS Global Equity Climate Transition Fund within the growth phase of the Aon Managed Retirement Pathway Funds, increasing the allocation to funds with a strong climate focus to 81%. This also impacted the Aon Managed Global Equity Fund.

Within the Aon Managed Diversified (Multi) Asset Fund, we increased exposure to growth assets following the market falls seen over the quarter.



Aon Managed Retirement Pathway 2052-54 Fund Member 30 years from retirement

Scheme performance & benchmark



5 year (annualised)

+8.3% ↑

Outperformed long-term return objective of CPI +4% p.a. by 1.6% p.a.

Comments

Following the addition of the UBS Global Equity Climate Transition Fund, 80% of the Fund is invested in funds with a specific ESG focus.

3 year (annualised)

+9.8% ↑

Outperformed long-term return objective of CPI +4% p.a. by 2.7% p.a.



Aon Managed Retirement Pathway 2052-54 Fund Member 30 years from retirement (continued)

Performance comments

The Aon Managed Global Equity Fund returned -3.6%, as equity markets fell. The allocation to factor-based equities detracted, due to the ESG screen / low carbon approach and the impact of soaring energy prices. Emerging Market equities also fell; Russian equities collapsed in price and the MSCI removed 'un-investable' Russian equities from its indices.

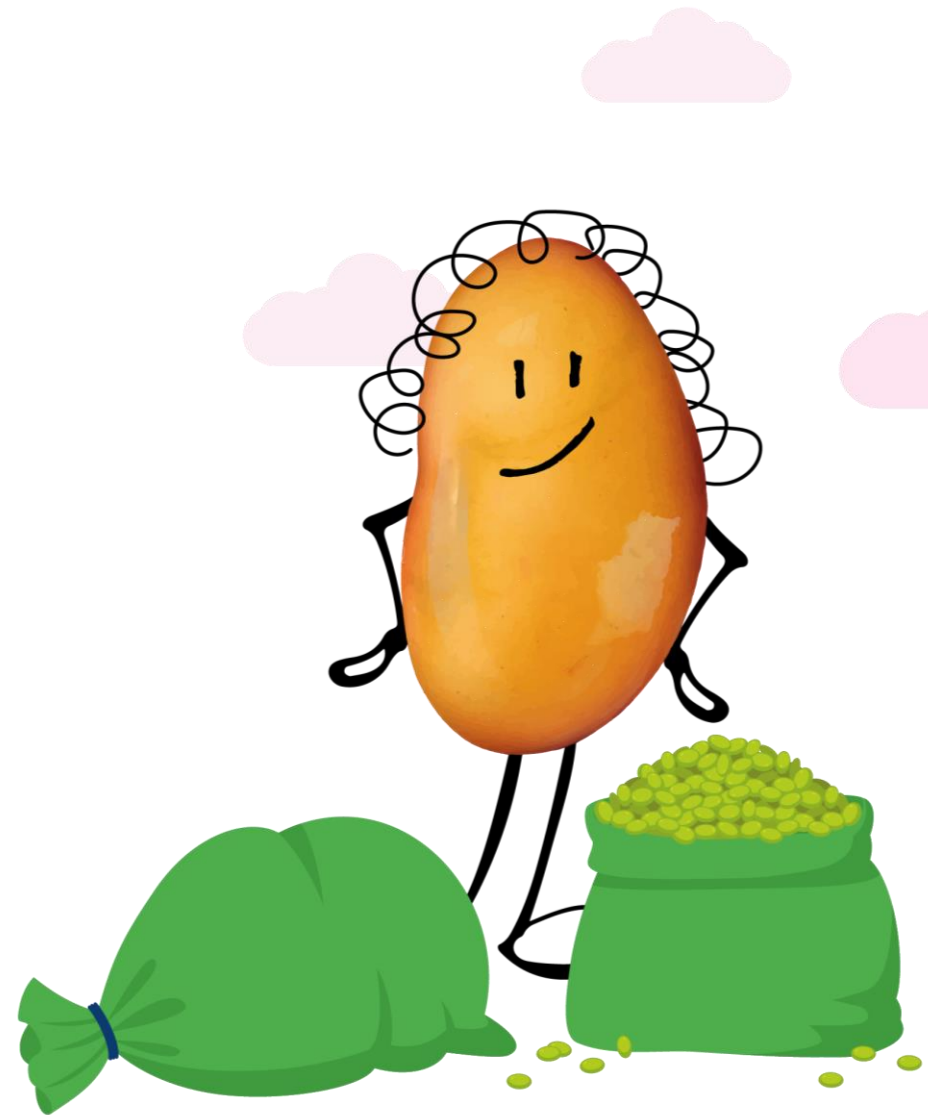
The allocation to property and infrastructure provided a positive return, with the listed infrastructure fund benefiting from rising energy prices.

The Aon Managed Global Impact Fund returned -8.6%. The bias to growth-orientated companies detracted, as performance was impacted by a shift towards more value orientated areas of the market, as well as rising energy prices.

New and notable

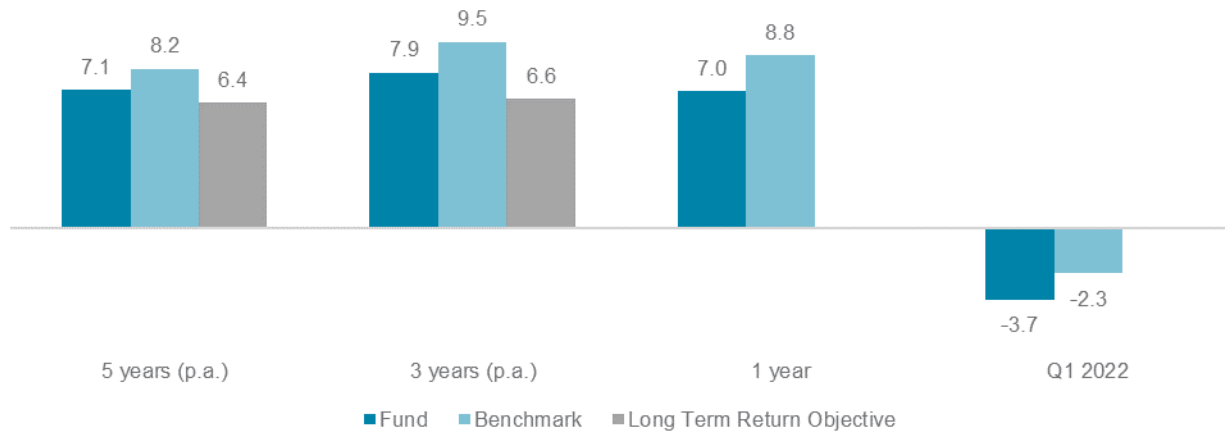
The Fund invests mainly in diversified global equities with a smaller allocation to property and infrastructure. This includes a 10% allocation to the Aon Managed Global Impact Fund.

At the end of February, we replaced the existing developed market equity exposure (BlackRock) with the newly launched UBS Global Equity Climate Transition Fund. This fund provides improved climate metrics, better ESG scores and invests more in companies aligned with a just and fair transition.



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

Scheme performance & benchmark



5 year (annualised)

+7.1% ↑

Outperformed long-term return objective of CPI +3.7% p.a. by 0.7% p.a.

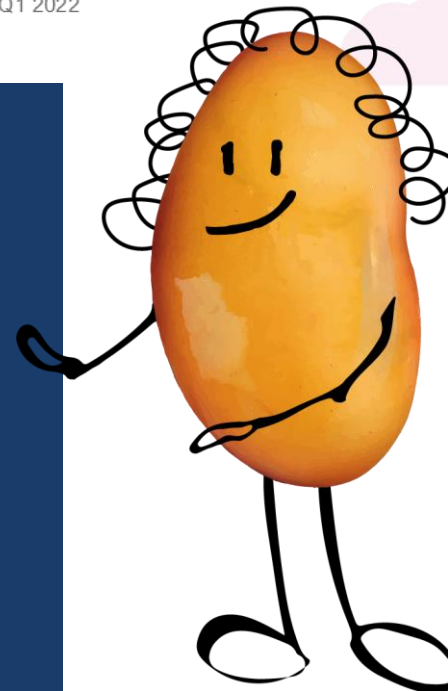
Comments

Reflecting strong market performance over 2021, we brought forward some of the planned de-risking during the first half of 2022 to further reduce risk as the Fund approaches its target date.

3 year (annualised)

+7.9% ↑

Outperformed long-term return objective of CPI +3.6% p.a. by 1.3% 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 -3.1%. The equity holdings generated negative returns, reflecting broad equity market falls, partly offset by positive returns from property and infrastructure.

The Aon Managed Global Impact Fund also delivered negative returns, as performance was impacted by a shift away from high quality growth companies and soaring energy prices.

The Aon Managed Diversified Asset Fund returned -2.3% over the quarter. The newly introduced allocation to gold was the best performing strategy.

The Aon Managed Diversified Multi Strategy Bond Fund and Aon Managed Passive Corporate Bond Fund returned -1.5% and -6.2% respectively.

New and notable

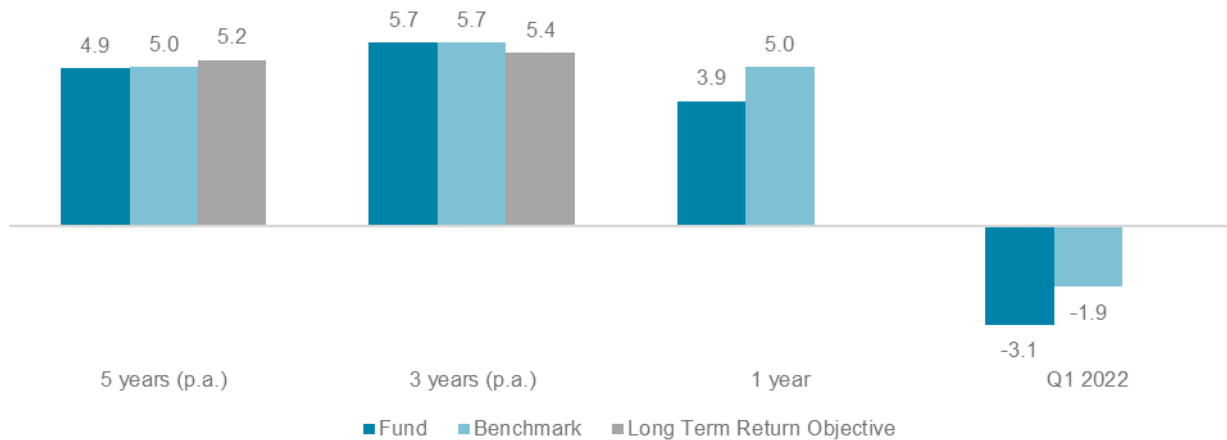
Following our latest review and reflecting strong performance over 2021, we decided to bring forward some of the planned de-risking to further reduce risk as the Fund approaches its target date; this is being implemented over the first half of 2022. This follows from additional de-risking we carried out in the first half of 2021.

At the end of February, we replaced the existing developed market equity exposure (BlackRock) with the newly launched UBS Global Equity Climate Transition Fund. This fund provides improved climate metrics, better ESG scores and invests more in companies aligned with a just and fair transition.



Aon Managed Retirement Pathway 2022-24 Fund Member at retirement

Scheme performance & benchmark



5 year (annualised)

+4.9% ↑

Underperformed long-term return objective of CPI +2.5% p.a. by 0.3% p.a.

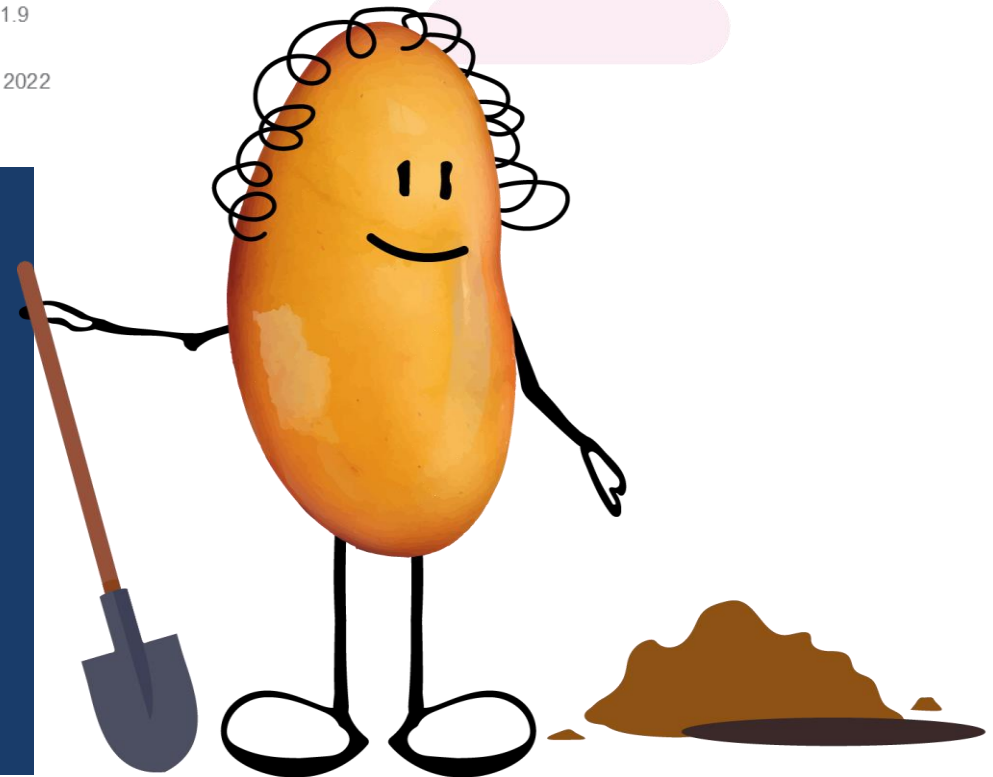
Comments

Reflecting strong market performance over 2021, we brought forward some of the planned de-risking during the first half of 2022 to further reduce risk as the Fund approaches its target date.

3 year (annualised)

+5.7% ↑

Outperformed long-term return objective of CPI +2.4% p.a. by 0.3% p.a.



Aon Managed Retirement Pathway 2022-24 Fund Member at retirement (continued)

Performance comments

During the quarter, the Aon Managed Initial Growth Phase Fund returned -3.1%. The equity holdings generated negative returns, reflecting broad equity market falls, partly offset by positive returns from property and infrastructure.

The Aon Managed Global Impact Fund also delivered negative returns, as performance was impacted by a shift away from high quality growth companies and soaring energy prices.

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The Aon Managed Diversified Multi Strategy Bond Fund and Aon Managed Passive Corporate Bond Fund returned -1.5% and -6.2% respectively.

New and notable

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Global Equities

-2.5% ↓

Global equity markets fell in response to heightened geopolitical tensions and continued inflationary pressure.

UK Equities

+4.8% ↑

UK equities were the best performing equity market region. UK equities were bolstered by rising crude oil and raw material prices.

US Equities

-2.5% ↓

US equities performed the second-best amongst major equity regions. Inflation concerns weighed on performance of IT and Consumer Discretionary sectors.

Index-Linked Gilts

-5.5% ↓

The FTSE All Stocks Index-Linked Gilts Index produced negative returns as increasing inflation expectations caused breakevens to rise.

UK Corporate Bonds

-6.2% ↓

UK investment grade credit spreads rose by 22bps to 130bps, based on iBoxx Sterling Non-Gilts data.

Property

+5.6% ↑

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

Fixed Interest Gilts

-7.2% ↓

The FTSE All Stocks Gilts Index fell as gilt yields rose sharply.

Pound Sterling

-2.8% ↓

Sterling weakened against the US dollar over the quarter (-2.8% move to \$1.32/£).

