

**Kraft***Heinz*

**Bean Counting:**  
Investment Report  
Update Q2 2021



## At a glance...

### Market background

Global equities continued to perform well over the quarter, due to improving economic data in most countries and global vaccination roll-outs. Bond yields fell over the quarter, resulting in modest positive returns for government bonds and investment grade corporate bonds.

### Performance: Retirement Pathway Funds

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

### Fund changes

The changes made as part of the latest investment strategy review have now been fully implemented as at 30 June 2021. The 'New and notable' sections of this report provide more detail on these changes as they impact upon the specific funds we show.

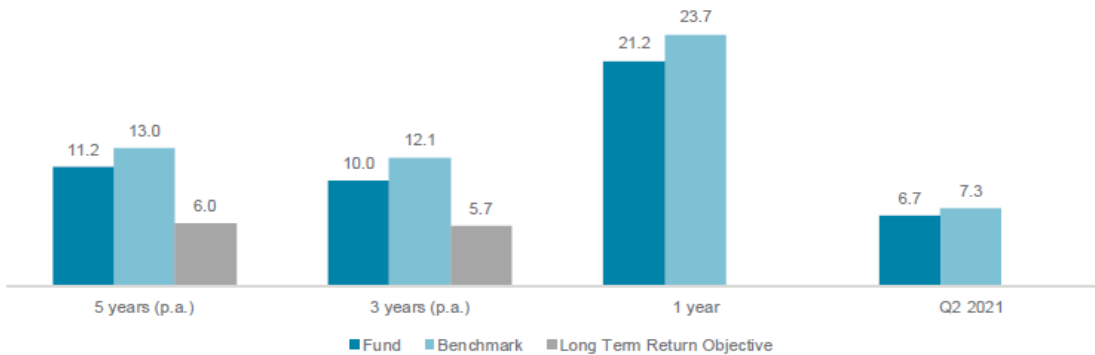
Within the Aon Managed Diversified (Multi) Asset Fund, we replaced the BlackRock MSCI Currency Hedged World Index Fund with the LGIM Global Developed Four Factor Scientific Beta Currency Hedged Index Fund in April. Additionally, in June we removed the BlackRock Market Advantage Fund and increased the allocation to equities.

During the quarter, BlackRock announced that the benchmark index used for their regional equity funds is changing to include an ESG screen.



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

## Scheme performance & benchmark



### 5 year (annualised)

**+11.2%↑**

Outperformed long-term return objective of CPI +4% p.a. by 5.2% 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)

**+10.0%↑**

Outperformed long-term return objective of CPI +4% p.a. by 4.3% 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. Returns were supported by positive performance from equity markets, continued optimism over the economic recovery and improving investor sentiment.

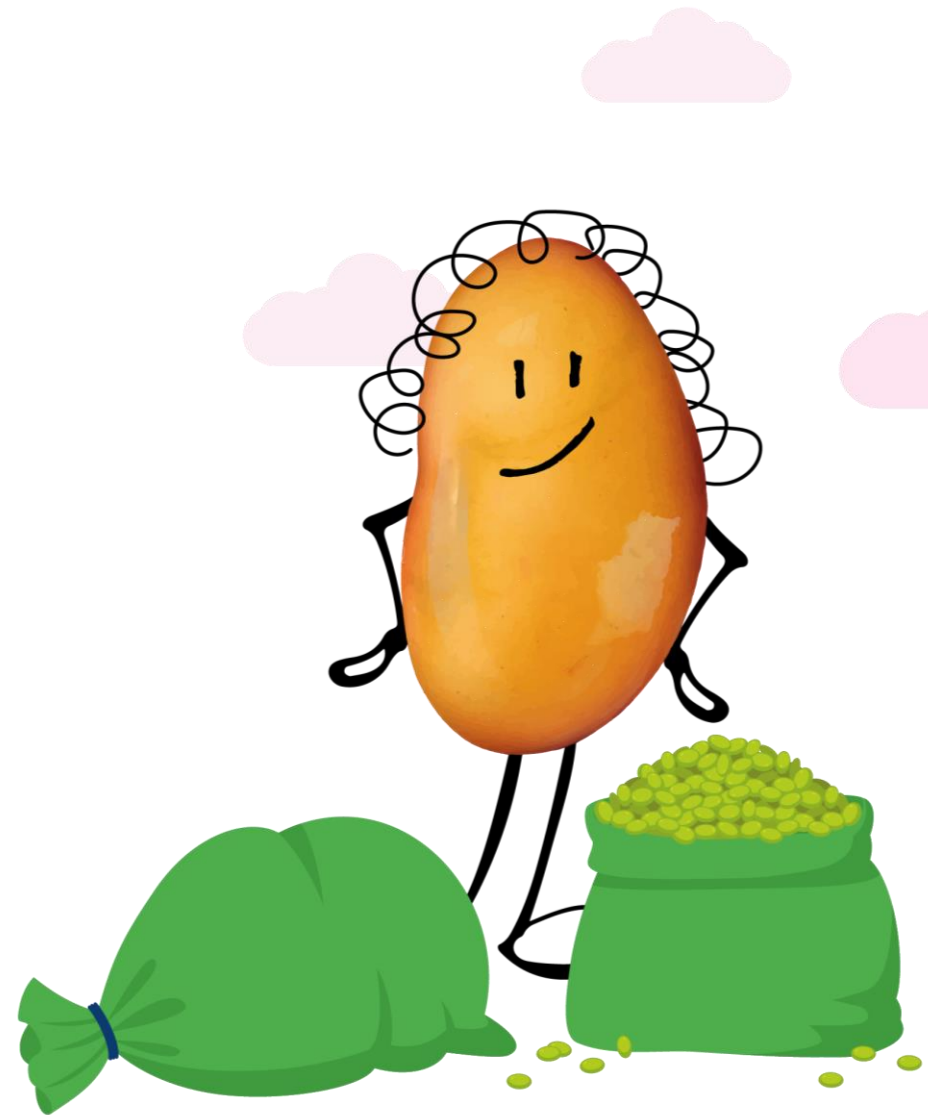
The allocation to listed property was the best performing holding and returned 8.3% over the quarter. Developed market equities also provided strong returns, returning 7.7% over the quarter.

The allocations to multi-factor equities and emerging market equities also generated positive returns, although lagged the benchmark over the quarter.

## New and notable

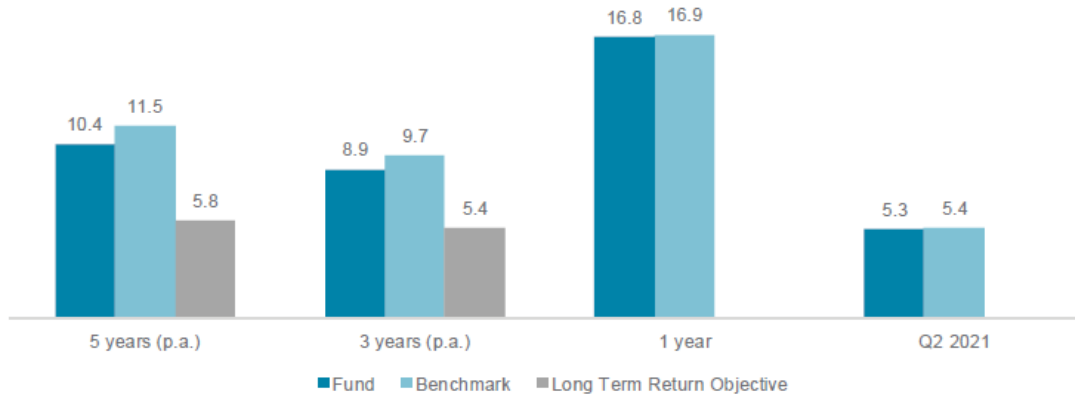
The Fund invests mainly in diversified global equities with a smaller allocation to property and infrastructure.

In January 2021, we introduced a 10% allocation to 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)

**+10.4% ↑**

Outperformed long-term return objective of CPI +3.8% p.a. by 4.6% p.a.

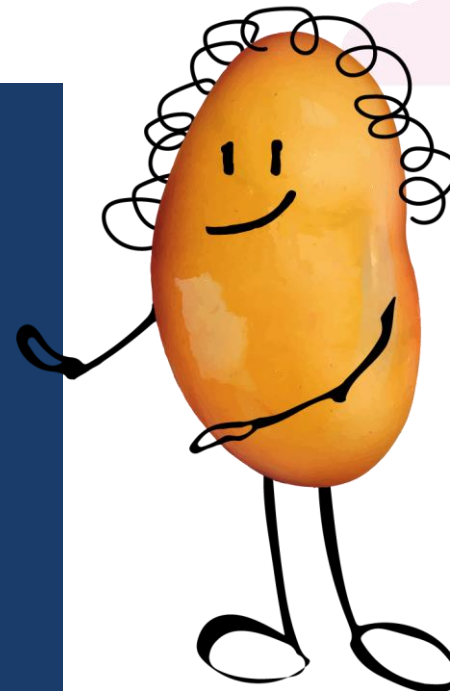
### 3 year (annualised)

**+8.9% ↑**

Outperformed long-term return objective of CPI +3.7% p.a. by 3.5% p.a.

### Comments

Reflecting strong performance since the Fund's inception, we were able to reduce the long-term inflation linked return objective and bring forward some of the planned de-risking to further reduce risk for members. This change was implemented over the first half of 2021 and is fully in place as of 30 June 2021.



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

## Performance comments

All of the Fund's underlying holdings generated positive returns over the quarter.

The Aon Managed Initial Growth Phase Fund was the highest performer, returning 6.5%. The Aon Managed Diversified Asset Fund returned 2.5% and Aon Managed Diversified Multi Strategy Bond Fund returned 0.6%, reflecting mixed performance from the absolute return bond managers.

The Aon Managed Long Term Inflation Linked Fund and Aon Managed Passive Corporate Bond Fund returned 4.5% and 1.6% respectively, due to falling bond yields. The newly introduced BlackRock Up to 5 Year fixed Interest Gilt Index Fund generated a modest positive return of 0.1%.

## New and notable

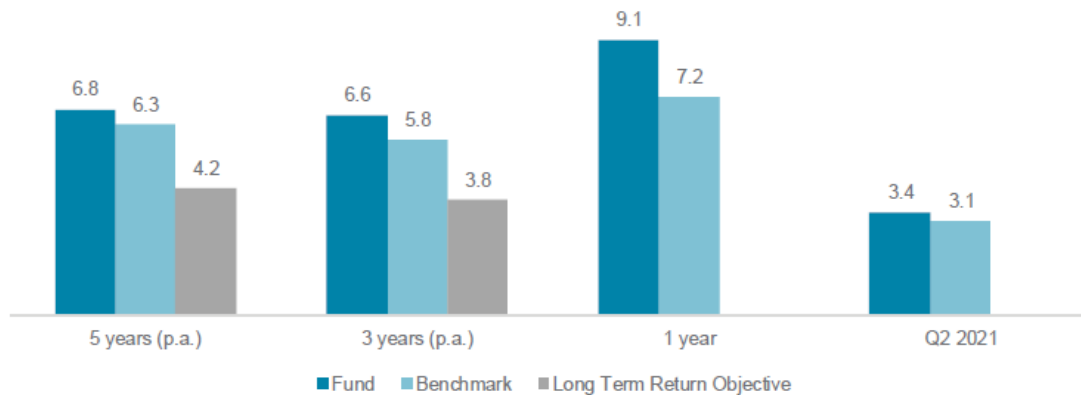
During the quarter, we introduced a 10% allocation to the Aon Managed Global Impact Fund within the allocation to growth assets. This fund aims to outperform its benchmark and make a positive impact on our planet and society.

Following the latest investment strategy review, we reduced exposure to government bonds with a corresponding increase to the Aon Managed Diversified Asset Fund. We also removed the allocation to long dated inflation linked government bonds and introduced an allocation to short dated fixed interest government bonds. These changes were fully in place by 30 June 2021.



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

## Scheme performance & benchmark



### 5 year (annualised)

**+6.8% ↑**

Outperformed long-term return objective of CPI +2.2% p.a. by 2.6% p.a.

### 3 year (annualised)

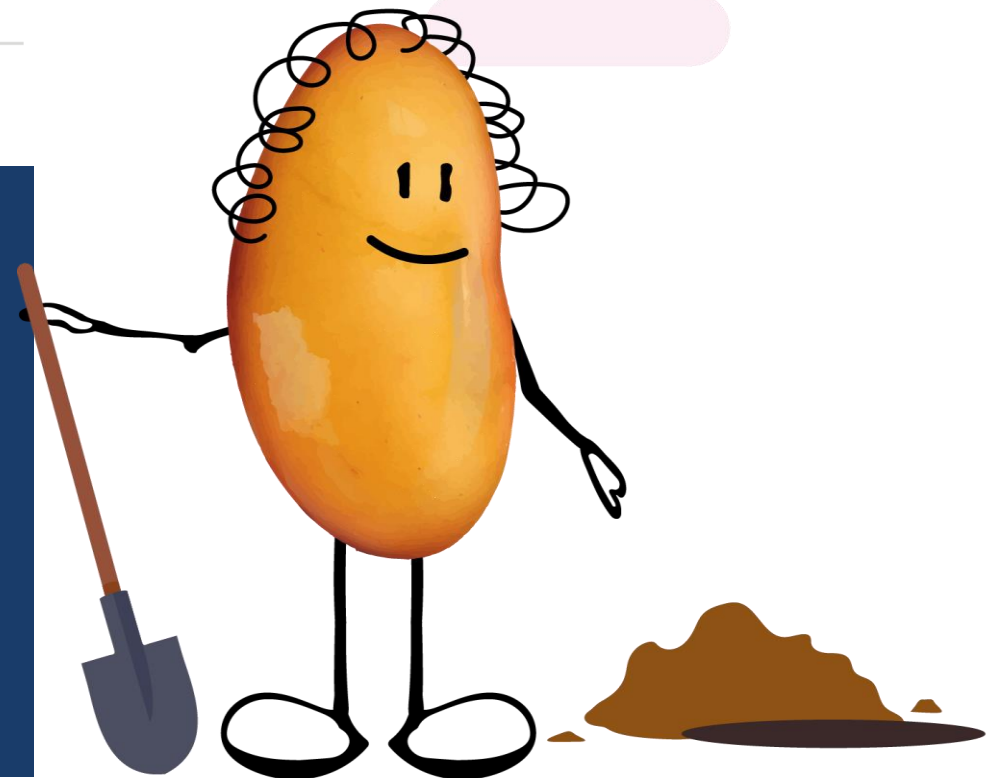
**+6.6% ↑**

Outperformed long-term return objective of CPI +2.1% p.a. by 2.8% p.a.

### Comments

At its target date, the Fund's long-term return objective is CPI +2% p.a.

Based on our forward-looking analysis, we have changed the strategic asset mix to reduce the allocation to government bonds to ensure 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

All of the Fund's underlying holdings generated positive returns over the quarter.

The Aon Managed Initial Growth Phase Fund was the highest performer, returning 6.5%. The Aon Managed Diversified Asset Fund returned 2.5% and Aon Managed Diversified Multi Strategy Bond Fund returned 0.6%, reflecting mixed performance from the absolute return bond managers.

The Aon Managed Long Term Inflation Linked Fund and Aon Managed Passive Corporate Bond Fund returned 4.5% and 1.6% respectively, due to falling bond yields. The newly introduced BlackRock Up to 5 Year fixed Interest Gilt Index Fund generated a modest positive return of 0.1%.

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## Global Equities

**+7.4%** ↑

Improving economic data over the quarter in most countries and global vaccination roll-outs provided continued optimism over economic recovery.

## UK Equities

**+5.8%** ↑

The Healthcare sector performed well, returning 16.4%. The IT sector also posted a 12.3% return as falling bond yields buoyed the sector.

## US Equities

**+8.9%** ↑

US equities were the best performing equity market over the quarter.

## Index-Linked Gilts

**+3.6%** ↑

FTSE All Stocks Index-Linked Gilts Index returned 3.6%.

## UK Corporate Bonds

**+1.7%** ↑

iBoxx Sterling Non-Gilt Index returned 1.7%.

## Property

**+3.9%** ↑

MSCI UK Monthly Property Index returned 3.9%.

## Fixed Interest Gilts

**+1.7%** ↑

UK fixed gilt yields fell across most maturities over the second quarter, driving the positive performance of UK fixed interest government bonds.

## US Dollar

**-0.9%** ↓

The US Dollar Index ended the quarter 0.9% lower. However, the dollar erased a significant proportion of its earlier losses as interest rate hike projections were brought forward.

