ILIM

Life | Pensions | **Investments**

Mid Year 2022
Investment Outlook

Helping people build better futures

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Executive Summary

Anthony MacGuinness
Chief Investment Officer, ILIM

Shifting Sands

Coming into this year, we pointed to the risk of higher volatility in financial markets. A 40-year high in US inflation, an aggressive tightening policy by the US Federal Reserve (Fed), the escalating crisis in Ukraine and a slowdown in global economic growth have all weighed heavily on global equities. At the same time, bond markets have posted their worst performance since the 1980s.

With the evolving growth, inflation and policy mix posing one of the most unpredictable and challenging investment backdrops we have faced in decades, we share our views of the topics that are at the front of investors' minds and how we are positioning for our clients' long-term benefit.

Soft or hard landing

With the European Central Bank (ECB) now set to commence interest rate hikes from July, we assess the unenviable task ahead for central banks as they look to reign in soaring inflation. With 10 of the last 13 Fed interest rate hiking cycles leading to recession, we ask whether Fed Chair Powell can avoid a hard landing for the economy while maintaining credibility in the central bank's core inflation mandate.

Geopolitics

We are all mindful of the tragic humanitarian cost of the conflict in Ukraine. From an economic perspective, this continues to pose significant near-term supply-side challenges for the West and, in particular, Europe. Policymakers look to balance the squeeze on consumers at home, while remaining firm on sanctions against Russia.

Longer term, we see several trends emerging from the crisis, including:

> the broader implications of rising food prices in lower income countries;

> balancing the urgent need for energy security in Europe with delivering on our long-term climate goals;

> a strengthening of defence budgets and greater military spend to deepen NATO alliances;

> a pivot from Western economies towards on/near-shoring of strategic inputs and the implications for cost and corporate margins.

Looking forward

Recognising the heightened macro-economic and geopolitical uncertainty, we expect the increased volatility regime to continue. In such an environment, we advocate staying diversified across and within asset classes. We recommend allocations to defensive equity, alternatives and real assets as part of any well diversified portfolio. These have proven beneficial this year as both equities and bonds have suffered losses.

Finally, when markets become more volatile and weakness takes over from strength, we remind ourselves that panic is not an investment strategy and that staying disciplined, diversified and invested serves investors well over the long-run.

02

Market & Equity Outlook

Lenny McLoughlin
Investment Strategist

Global Economic Outlook

A lot has happened during the first half of 2022. With the global economy appearing to have shifted from mid to late cycle, the landscape has transformed.

Inflation has proven to be higher and more persistent than expected, rising to its highest levels in over 40 years. This has resulted in a policy pivot from central banks, with aggressive policy tightening now in train. A war in mainland Europe has exacerbated inflationary pressures, while waves of Covid-19 in China have resulted in new lockdowns; this has dented growth and further disrupted supply chains.

The above have resulted in global growth forecasts for 2022 being reduced from 4.2% to 3.1% and a growth forecast of 2.9% in 2023.

Uncertainty over the economic outlook remains elevated, with several outcomes possible.

2023
growth forecast

2.9%

Potential upside to consensus growth forecasts comes from factors such as:

01 a faster moderation in inflation, requiring less monetary policy tightening;

02 repairing of global supply chains;

03 a benign resolution in Russia/Ukraine;

04 strong consumer backdrop given healthy labour markets/high excess savings;

05 stimulus in China and Covid-19 being controlled.

Risks appear more skewed to the downside, however, due to:

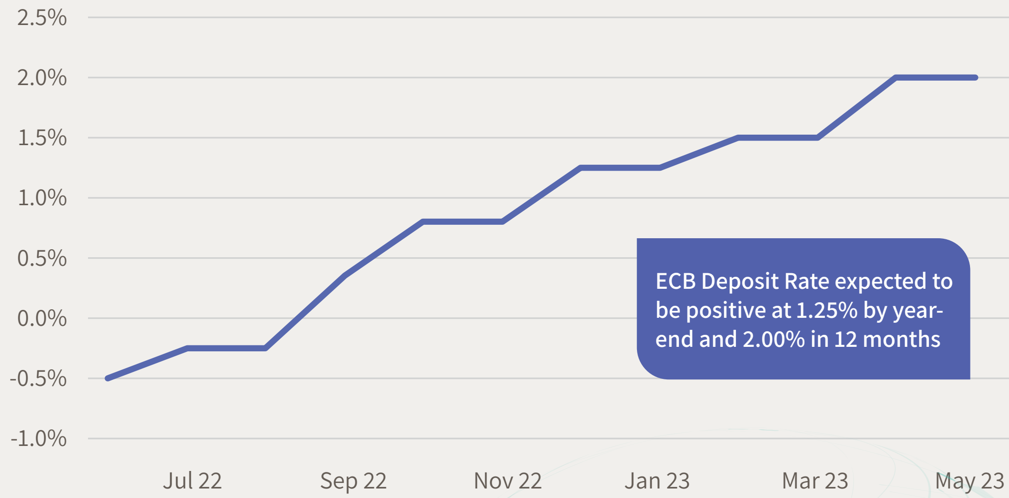
- inflation remaining relatively high, highlighted by recent food price pressures;
- a resultant requirement for the ongoing tightening of monetary policy;
- tighter financial conditions, with inflation squeezing real incomes;
- further contagion from China and Russia/Ukraine;
- recent softening of business/consumer sentiment;
- inversion of the US 2/10-year yield curve raising concerns over a possible recession.

A shorter cycle with slower growth now seems likely; the level of growth will be determined by the scale of tightening necessary to control inflation and how quickly geopolitical and supply bottlenecks can be resolved. Investors will be watching to see if central banks can deliver a ‘soft’ landing, which has proven difficult in the past.

Expected Fed Funds Rate to December 2022

Source: Bloomberg

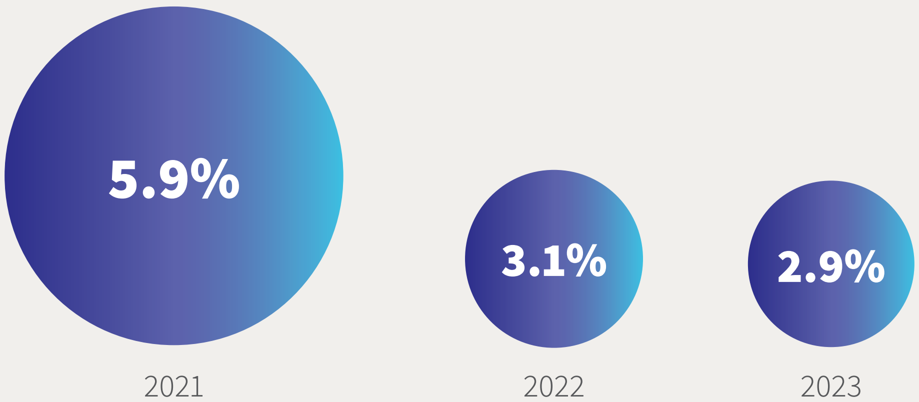
Expected ECB Deposit Rate



Source: Bloomberg

Global Growth Forecasts

Source: ILIM



Equity Outlook

Equities have declined over the year-to-date as central banks have tightened policy, bond yields have risen and economic growth forecasts have fallen.

Post the falls, equities now look attractive on an absolute valuation basis, trading on a 12-month forward price-to-earnings (P/E) multiple of 15.2x against a long-term average of 16.0x.

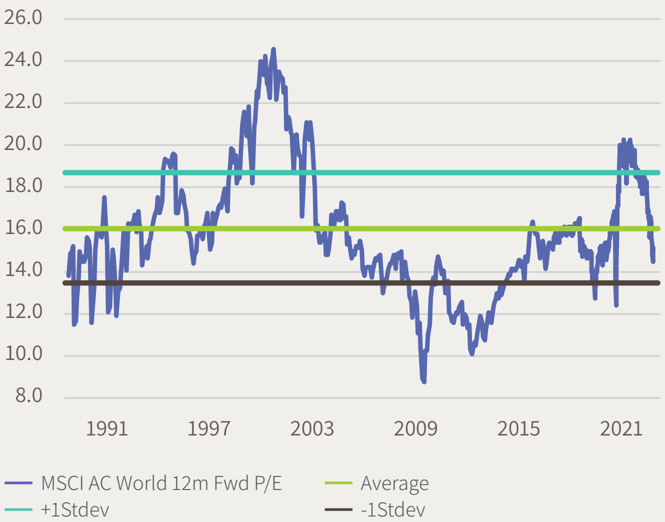
If consensus economic and earnings forecasts prove to be correct, and we are just in a mid-cycle slowdown, there is double-digit upside in equity markets on a one-year view. A moderation in inflation with no additional policy tightening (beyond what is currently discounted in markets) would also be supportive.

However, equities continue to face several headwinds. Due to the persistence of high inflation, central banks continue to tighten policy and are withdrawing the policy accommodation that has been supportive of equity markets in recent years. Given the significant rise in bond yields, equities are no longer cheap on a relative valuation basis and are expensive on some measures versus bonds. Earnings are at risk of being downgraded due to margin pressures from input and labour costs.

For equities to begin to recover from their recent falls, investors need to believe we are at the peak of policy tightening and growth risks are fading. Given the risks around inflation and central banks' policy response, the potential downside in growth and earnings forecasts, the failure to find resolutions to geopolitical issues and the removal of the undervaluation of equities versus bonds in the higher yield environment, we see risks in equities as still being skewed to the downside.

Even in a benign environment, navigating equity markets is difficult; but it has become more arduous against the current backdrop, with heightened uncertainty on many issues. As a result, increased volatility, evident throughout this year, is likely to continue.

Global Equity 12-Month Forward P/E



Source: JP Morgan/Bloomberg

Global Equity Dividend Yield Gap vs Bonds

Source: JP Morgan/Bloomberg

Asset calls

The changed fundamentals, increased uncertainty and perceived further downside risk in equities resulted in us changing our asset calls early this year; we have moved to an underweight position in equities. Current asset calls in MAPS 4 are shown below. Headline asset calls can be taken in a +/- 3% range.

Total Equities	**-2.0%**
Total Fixed Income	**-0.9%**
Property	**-0.3%**
Cash	**+3.2%**

03

Fixed Income Outlook

Niall O'Leary
Head of Indexation, Fixed Income & Credit Solutions

Fixed Income Outlook

In our 2022 fixed income outlook, we said that we expected bond yields to rise; we anticipated increased volatility as we moved from ultra-accommodative monetary policy to a rising rate environment. We also acknowledged that increases in inflation expectations could further exacerbate rising yields. We did not, however, envisage a breakout from the low-yield ranges of recent years.

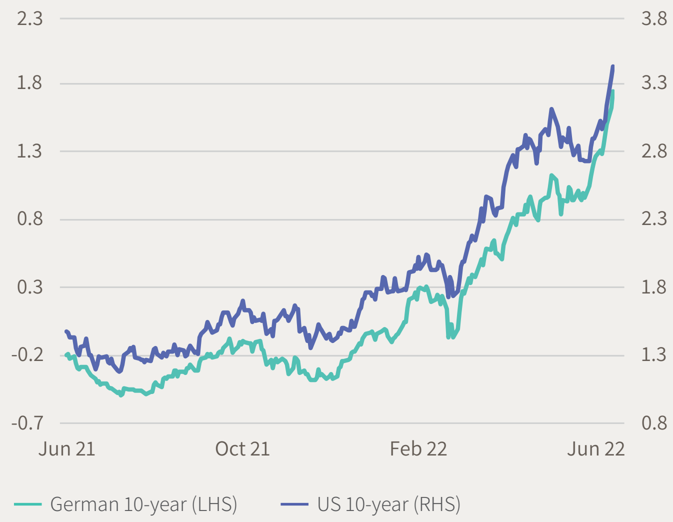
Bond yields are now materially higher in most major markets, and government bond returns year-to-date are the worst we have seen in a generation. The drawdown in European bond markets is more than twice as severe as any that has occurred since the creation of the euro, highlighting just how far bond yields have risen.

A rapid shift in policy is driving yields higher

There has been a dramatic shift in monetary policy this year, from a low interest rate environment to one where official interest rates are rising and are expected to continue rising considerably. In the US, the Federal Reserve (Fed) has hiked interest rates three times this year, to 1.50%, and is expected to hike by another 2% by the end of the year. In the Eurozone, the European Central Bank (ECB) has signalled that it will start hiking in July and is expected to raise rates by more than 1.75% during 2022. This dramatic shift is primarily attributable to the rise in inflation, which, in May, hit new all-time records in Europe at a rate of 8.1%. Inflationary pressures, which had been building as the global economy recovered quickly from the Covid pandemic, have been exacerbated by Russia's invasion of Ukraine and a rise in energy and agricultural commodities.

So long as inflation continues to trend above target, we expect central banks to remain on a tightening path. This could put them in a challenging position if the economy starts to slow without any material moderation in inflation expectations. Against this backdrop, we expect bond yields to remain elevated relative to recent history, but we also think that most of the re-pricing has already occurred. We would caution that there are many variables at play here (notably the war in Ukraine and supply chain concerns) and that we continue to expect ongoing volatility.

Major Government Bond Yields



Source: ILIM/Bloomberg as of 14 June 2022

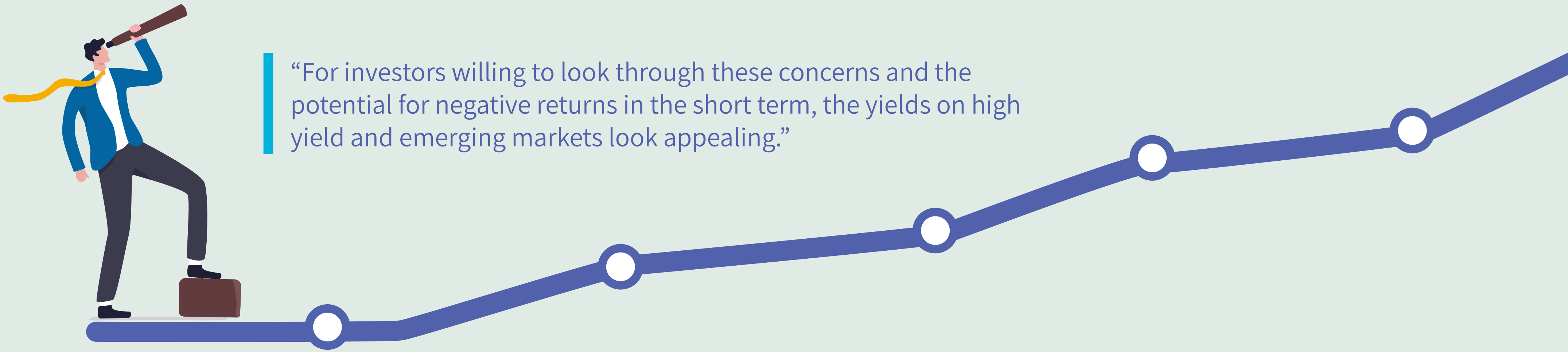
Seeking long-term opportunities

So far this year, there is not a segment of the market that has been left unscathed by the increase in government bond yields and rising inflation. Emerging markets have had to deal with Russia's invasion of Ukraine and the complete write-off of Russian and Belarussian debt, while credit markets (both investment grade and high yield) have seen a widening in credit spreads. It may surprise many to hear that the star performer within this space is local currency emerging market debt where, despite incurring losses on Russian debt of approximately 7%, the index is "only" down -5.4%. Currency appreciation in Brazil, Mexico and South Africa has insulated investors from the moves in bond yields.

As we look to the second half of 2022, we expect volatility to persist as we grapple with rising interest rates, elevated inflation and economic concerns. For investors willing to look through these concerns and the potential for negative returns in the short term, the yields on high yield and emerging markets look appealing.

Yields

Source: ILIM, ICE, JP Morgan, Bloomberg as of 14 June 2022



> "For investors willing to look through these concerns and the potential for negative returns in the short term, the yields on high yield and emerging markets look appealing."

04

Inflation Outlook

John Thornton
Head of LDI & Indexed Fixed Income

Inflation Outlook

Sometimes working in financial markets is a humbling experience. Reading our outlook from the start of the year brought to mind a quote from the famous economist John Maynard Keynes: "When the facts change, I change my mind. What do you do?"

We have gone from a world where most investors, including ourselves, expected inflation to moderate to one where it is has moved front and centre as a significant cost of living squeeze. Russia's invasion of Ukraine has caused us to change our views around the economic outlook and inflation.

The risk of high inflation becoming persistent over the coming years looks to be the greatest it has been since the 1980s. This is putting a 40-year track record of inflation fighting by key central banks at risk. Where does this leave us and, more importantly, the central bankers? Once again, the Chair of the Federal Reserve (Fed) is going to be the most important policymaker in the world. Current market pricing suggests that the Fed only needs to raise base rates to just over 4%, which is historically a modest number, to bring core inflation down from 6.2% in the US. This appears inconsistent to us given the breadth of inflationary pressure, which would indicate that further tightening will be required.

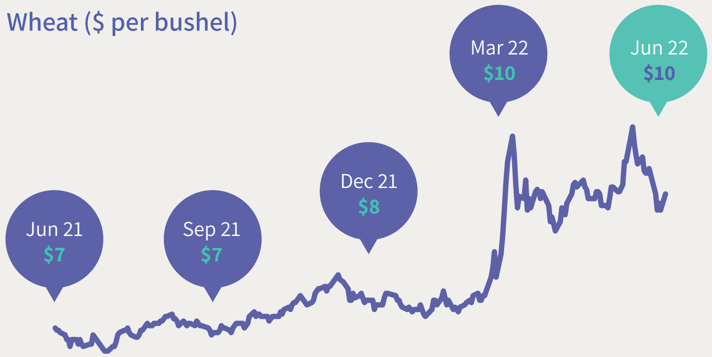
The ECB has a different set of pressures but, again, inflation is front and centre. Core inflation is at a lower rate of 3.8% but the key challenges for the European Central Bank (ECB) remain around a weak growth outlook and potential fragmentation risks in the eurozone. The ECB will raise interest rates and end bond buying programmes, but the key question is whether that will create other issues, such as a sovereign debt crisis, for countries who can't withstand higher interest rates.

Just as the war in Ukraine threw petrol on the inflation fire, the outlook for inflation will be highly dependent on how the war develops. Any potential ceasefire could release the pressure that has built up in the many food products Ukraine exports and reduce the tension in energy markets as well. Any changes that reduce cost pressures on the global economy will certainly help policymakers.

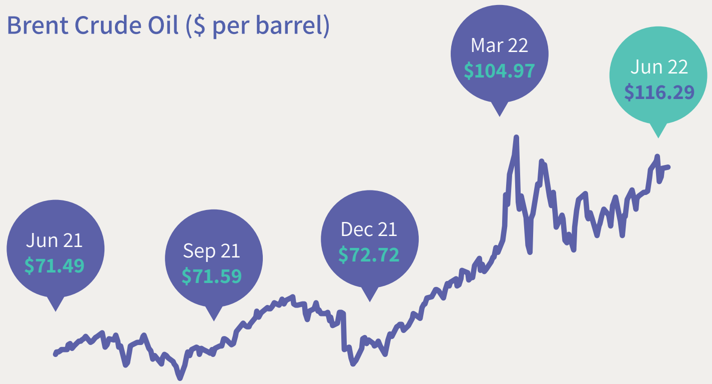
When considering how inflation will develop from here, the key area of focus is whether central banks will be up to the challenge. They can, absolutely, reduce inflation if required; this has never been in doubt. What has been in doubt is their willingness to inflict the level of economic pain necessary to do so. We suspect that the main central banks will have a strong desire to bring inflation down, and we believe that the markets are underestimating the Fed's resolve. They will not throw away 40 years of inflation fighting credibility. In Europe, these inflationary pressures and likely higher interest rates will put an increased focus back on the weakest members of the Eurozone. This is one of our key concerns for the next twelve months.

Overall, inflation has caused havoc in the global economy and the fact that it hasn't yet ignited further political instability is a major surprise. The Arab Spring started due to high food prices and price pressures are greater now. This is leading many to consider what further damage high inflation might cause.

Wheat ($ per bushel)



Brent Crude Oil ($ per barrel)



Source: Bloomberg, June 2022

05

Responsible Investment

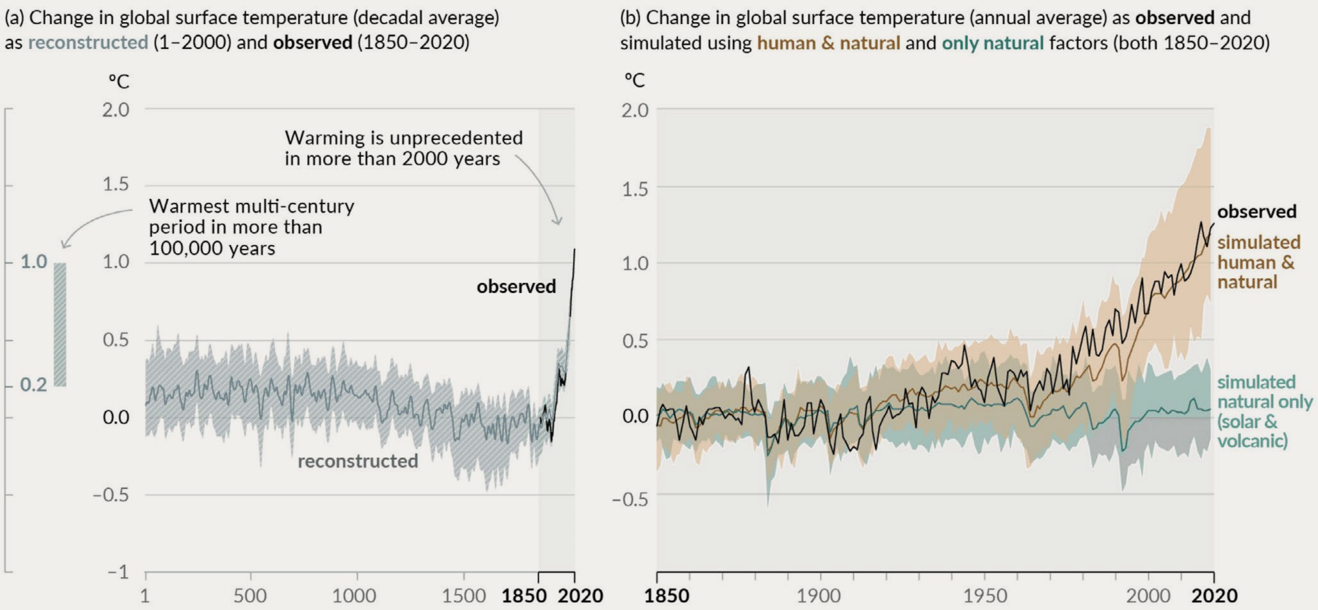
Kathy Ryan
Head of Responsible Investing

Sustainability remains centre stage in 2022

The E of ESG underwent scrutiny given the acute energy crisis in Europe, which has been brought about by the war in Ukraine. Critics of sustainable investing laid the blame at the door of ESG for underinvestment in fossil fuels. Meanwhile, proponents of ESG and sustainable investing pointed to the increased energy security provided by renewable energy and the reduced future reliance on 'petro-states' for primary energy supply. The EU reacted in earnest with a €300[1]bn spending package to wean itself off fossil fuels; €86bn was earmarked for renewables and €56bn for energy efficiency initiatives.

The importance of the task ahead was highlighted by the International Panel on Climate Change's (IPCC) release of the sixth instalment of its climate assessment report, which totalled over 3,500 pages. In short, without investment in climate solutions to mitigate and reduce C02 emissions, coupled with investment in climate adaptation measures, the impact of climate change will, over time, cause substantial and increased upheaval to both humanity and investment markets. This risk must be managed.

Changes in global surface temperature relative to 1850–1900



Source: IPCC

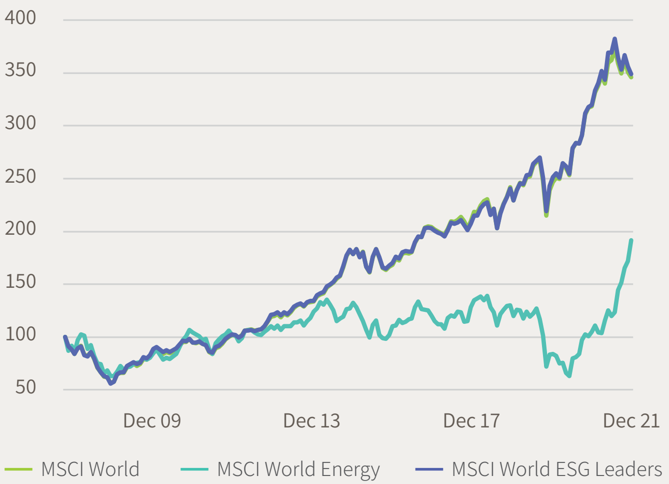
1 https://apnews.com/article/russia-ukraine-climate-ursula-von-der-leyen-european-union-fca230025ac78905c3d025701ae30900

ESG and performance

Sustainable mandates and ESG funds have a lower exposure to the fossil fuel industry. These funds often have an increased allocation to green solutions and companies involved in the transition to the new green economy. Year-to-date, ESG funds have, in general, underperformed their board market parent indices given their reduced allocation to brown energy sources and the fossil fuel industry. In euro terms, the MSCI World Energy Index, which tracks the performance of the energy stocks within MSCI World, has returned 55.6% in the first five months. Meanwhile, the MSCI World is down 7.4% over the same period.

It must be noted that the recent outperformance of the energy sector in 2022 follows a decade of relatively poor performance. A €1000 investment in the MSCI World Energy Index in May 2012 would be worth €1,994.60 today. Meanwhile, the equivalent invested in MSCI World would be worth €3,476.77. The MSCI's flagship index, MSCI World ESG leaders, has returned a similar but improved €3,497.85 over the past decade.

ESG Performance vs Broad Market vs Energy Sector

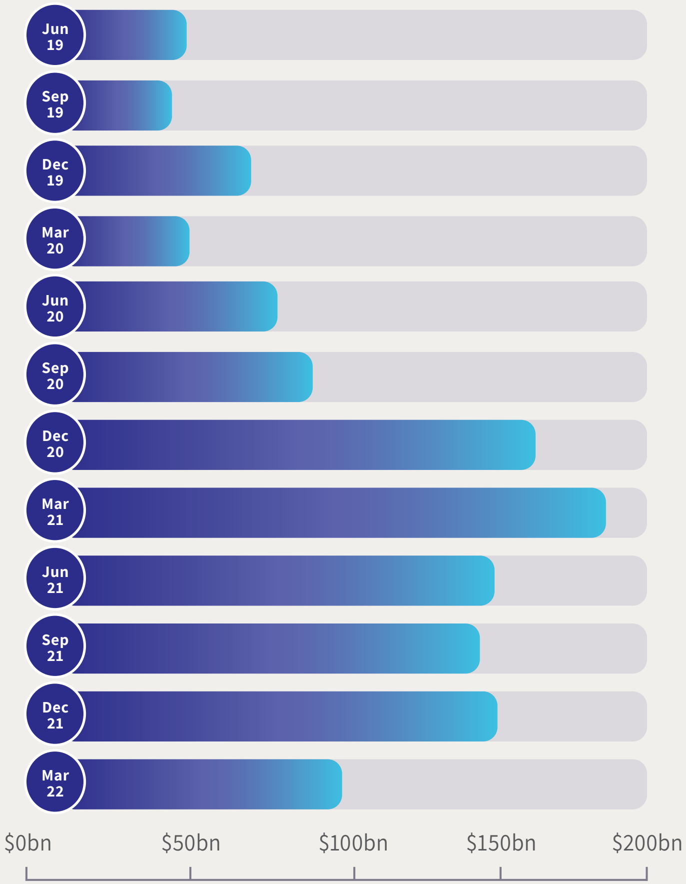


Source: Factset

ESG flows

Global sustainable funds experienced $96.6bn in net new deposits over the first quarter of 2022. This was a 36% decline compared to the last quarter of 2021, but ESG flows still fared better than the 73% decline in inflows in the broader fund market over the same period.[2]

AUM Flows, Global Sustainable Funds, US$



Source: Morningstar

Stewardship

The impact of proxy voting as a vital stewardship tool has continued to increase through 2022. According to the Proxy Preview 2022 report, there has been a 22% increase in shareholder proposals being filed this year. In addition, actively targeting directors at companies lagging on ESG risk and performance has become an increasingly important method for asset managers to ensure their impact through proxy voting.

In this context, ILIM's Global Proxy Guidelines have been taking ILIM's proxy voting in a more progressive direction – with enhanced board accountability for climate risk, diversity and independent leadership, and a higher alignment with ILIM's stewardship strategy through the integration of ILIM's four priority areas: climate change, natural capital, human rights and corporate governance. As of 26 May, ILIM has increased votes against management recommendations on shareholder proposals by 48.6% and votes against management on director elections by 106.4%, relative to 2021.

What to expect for the rest of 2022

We expect the following to be key themes for the remainder of 2022 in the ESG space:

- **Drive to net zero:** We expect that the investment management industry will make increased commitments to the Net Zero Asset Manager Initiative in 2022. This initiative aims to support the goal of net-zero greenhouse gas emissions by 2050 through the gradual decarbonisation of investment portfolios.
- **Increased awareness:** One impact of the increased EU-driven regulatory initiatives and requirement will be the general public's increased awareness of ESG products and investments. The Insurance Distribution Directive (IDD), which comes on stream in August of this year, will dictate that financial services firms must conduct sustainability preference questionnaires with their customers. The Sustainable Finance Regulatory Disclosures (SFDR) level II will ensure increased disclosure from a sustainability perspective. These initiatives will further aid the transparency of sustainable investing, while helping to promote knowledge and awareness.

2 https://www.reuters.com/business/sustainable-business/sustainable-fund-q1-inflows-dip-less-than-broader-market-2022-05-03/

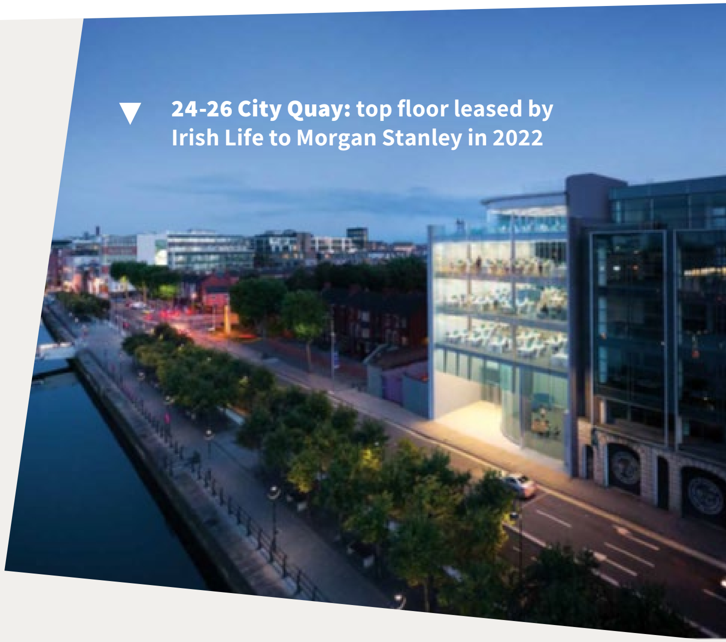
06

Property Outlook

Martin O'Reilly
Head of Property

Deirdre Hayes
Head of Commercial Property

Property Outlook



▼ **24-26 City Quay: top floor leased by Irish Life to Morgan Stanley in 2022**

Property reaffirmed its diversification benefits during the first half of the year. The sector delivered consistent income returns from rental payments and stable valuations in the face of significant economic and geopolitical uncertainty.

Despite heightened inflation levels, the prospect of increased interest rates and the general uncertainty surrounding the global economy (which has led to a downgrade of the ESRI's expectations for Irish GDP), no discernible impact on the property market has been apparent over the year-to-date.

In Ireland, 30 property transactions, which totalled €760m, were contracted during the first quarter. This is in line with the high level of activity recorded through 2021, when €5.5bn of deals were completed. This compares with the 10-year annual average of €3.8bn and the trend is in line with other European markets.

While the office sector has historically dominated investment demand, the residential sector accounted for 50% of investment during the first quarter. Meanwhile, industrial/logistics deals represented 23%.

The performance of each of the sectors (office, retail, industrial, and residential) has diverged in recent years due to underlying occupational trends, such as remote working, online shopping, and environmental considerations.

The strength of the logistics sector is underlined by several leasing and investment deals, which indicate that rental levels and yields are at record levels. The evolution of online trade and more developed logistics networks have created a shortage of supply, which is underpinning this growth.

The retail sector has seen limited activity in both leasing and investment transactions. However, there are indications of an improvement in retailer activity on prime retail streets and in the retail park market, which has been very resilient during the pandemic.

Office take-up in the first quarter reached approximately 484,000 square feet, which is below the average take-up for the same period pre-Covid-19. Demand remains strong for well-located office accommodation with high environmental, social and governance (ESG) ratings. An example of this was Irish Life's letting to Morgan Stanley of a newly constructed top floor in 24-26 City Quay for a rent equating to €62.50 per square foot.

> "The sector delivered consistent income returns from rental payments and stable valuations in the face of significant economic and geopolitical uncertainty."

30

property transactions, which totalled

€760m

were contracted during the first quarter

▼ **41 Grafton Street:** leased by ILIM to Lego during Q1 for a rent of €500,000 PA

> "The prospect for rental growth and valuation appreciation remains, although investors should exhibit caution around market pricing and liquidity, particularly for non-core assets."

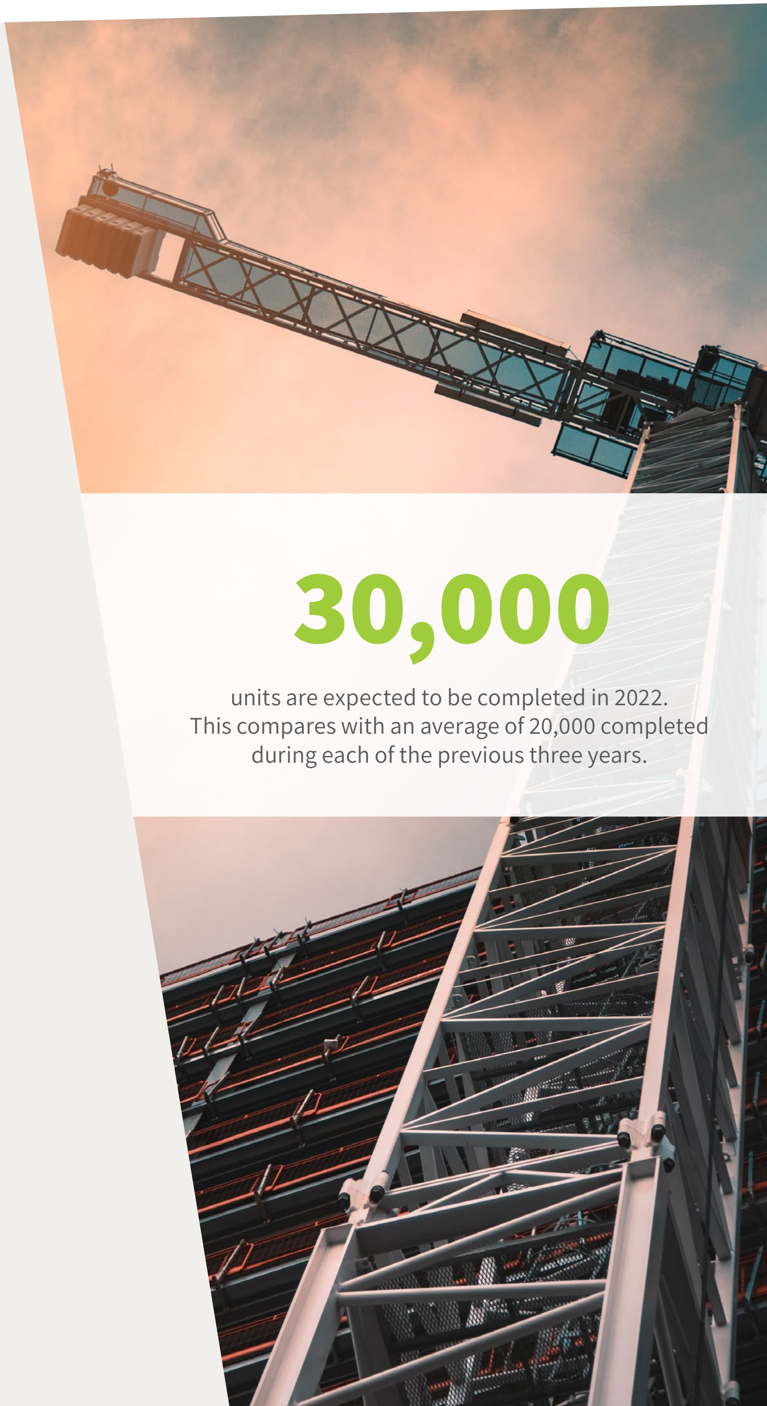
Unprecedented undersupply and tenant demand continue to drive rental growth in the residential sector – open market rents of new units increased ahead of the 2% cap in Rental Pressure Zones (RPZ) during the first quarter alone. Supply is anticipated to gather more momentum during 2022, with 30,000 units expected to be completed. This compares with an average of 20,000 completed during each of the previous three years.

Looking forward, construction cost inflation, which has been a factor for some time, has intensified on the back of input price increases stemming from the war in Ukraine and the subsequent disruption in energy prices and supply chains. This is starting to bring the viability of new projects into question in marginal locations and could impact new supply in 2023-2024 and beyond if the current macro conditions persist. While this reduced supply supports a positive rental outlook, the impact of general inflation on affordability, energy costs and wages could temper future growth.

The rising interest rate environment and the resulting increase in borrowing costs hasn't impacted market values but is expected to reduce investor sentiment and risk appetite in the medium term. Assets with additional risk are becoming more expensive in terms of borrowing, along with lower loan-to-value levels. The short-term impact is most likely to affect non-prime assets and higher risk investors who often use high levels of debt to fund opportunistic investments.

Investors will continue to increase their focus on ESG factors when considering prospective investments and their own portfolios' capital expenditure requirements. ESG, sustainability and net zero targets are at the forefront of institutional investors' minds and are of increasing importance for most occupiers when negotiating new leases.

Notwithstanding the current market challenges and the long-awaited emergence from Covid-19 restrictions, property continues to generate a positive return while demonstrating its defensive qualities and role in a diversified portfolio. The prospect for rental growth and valuation appreciation remains, although investors should exhibit caution around market pricing and liquidity, particularly for non-core assets.



30,000

units are expected to be completed in 2022.
This compares with an average of 20,000 completed during each of the previous three years.

07

Alternatives Outlook

Shane Murphy
Senior Portfolio Manager,
Alternatives Team

Alternatives Outlook

The first five months of the year have provided a timely reminder of the importance of being well diversified and the role that alternatives serve in improving that diversification.

The past decade was one in which extraordinary monetary policy supported both equities and bonds, driving the prices of those assets to higher and higher levels.

Better still, equities and bonds were almost always negatively correlated – every time equities experienced a dip, bonds were there to pick up the slack. Alternatives didn't benefit from that stimulus; it was easy to look at the decade's returns and conclude that the 60-40 equity-bond portfolio was the only show in town.

However, the arrival of the threat of inflation has changed the landscape dramatically. Inflation, which began to emerge in 2021, has been exacerbated in 2022 by several factors including the conflict in Ukraine and lockdowns in China.

The result has been upward pressure on interest rates, which has, in turn, impacted the equity market. This has threatened the valuations of technology stocks in particular, whose promise of future earnings growth had driven the equity market returns over 2020 and 2021.

The net effect is that bonds and equities have fallen together and it has become apparent that the 60-40 equity bond portfolio is not as bulletproof as it looked in the 2010s. The chart opposite shows the sharp increase in equity-bond correlation that has recently materialised.

Against a backdrop where equities, bonds and other assets have all fallen together, we have seen alternatives return +5.4% over the year-to-date (to end May).

Two factors have driven this positive performance: the rotation back to 'value' stocks and the performance of trend-following strategies. Both are up more than 20% over the year-to-date (to 20 May). The question investors will now rightly ask is: "should we cash in on these strategies after they have performed so well?" Our answer is that we believe both are positioned to continue to perform.

Rolling 2-year Equity-Bond Correlation

Source: ILIM/Bloomberg

"Against a backdrop where equities, bonds and other assets have all fallen together, we have seen alternatives return +5.4% over the year-to-date."

1 Equity Value

Value strategies (essentially buying cheap stocks and selling expensive) have a tendency to favour increases in interest rates. The more expensive growth stocks, priced for the promise of future earnings, typically have much greater sensitivity to interest rates as a result of the longer-dated nature of those future cashflows.

The chart below shows the 'value spread', which measures the gap in cost between cheap value stocks and expensive growth stocks.

Viewed over a nearly 30-year history, the spread is still very close to its historic high despite a recent move lower. In other words, there is still a long way to go in terms of reversion to a more 'normal' gap (the line at zero in the chart below is the historic average spread). This tells us that growth stocks are still very expensive at current valuations relative to value stocks and that value stocks are still very cheap relative to growth.

2 Trend following

Trend followers, also known as CTAs, have benefitted from the behaviour of energy prices, commodities prices and interest rates. Trend followers only care about the strength of the trend, not the direction. They have been long energy and commodities and short bonds from late 2021; they have been able to hold these positions as they have persistently moved in a particular direction: up for energy and down for bonds.

Trend following is harder to predict in terms of how it will respond to different macroeconomic environments but, as a rule of thumb, it generally favours environments where the markets are volatile and trends can persist for longer. The last five years have been challenging. Every equity market dip prompted monetary support and a swift trend reversal. The coming period, where policy makers are less concerned with supporting markets, is likely to result in greater volatility with lengthier drawdowns and recoveries. This should be more supportive for CTAs.

"In an environment where so much is uncertain, forecasting future equity and bond returns is difficult and predicting their correlation is even more so. This uncertainty only heightens the importance of remaining as diversified as possible."

Growth Value Spreads vs Historical Average 1998-2022

Source: ILIM/Bloomberg

08

Market Performance

Market Performance

Equity and Bond Markets % (in Local Currency)	2017	2018	2019	2020	2021	2022 YTD
MSCI AC World	9.5	-4.3	29.6	7.2	21.4	-11.0
Ireland ISEQ Overall	9.5	-20.8	33.6	4.2	15.7	-12.4
Euro STOXX 50	10.0	-11.2	29.3	-2.6	24.1	-9.5
S&P 500	7.0	0.4	33.9	8.6	28.7	-12.8
NASDAQ Composite Index	13.9	2.1	39.2	32.9	22.2	-22.5
Japan Nikkei 225	10.3	-3.2	24.1	14.2	6.7	-4.4
MSCI EM (Emerging Markets)	21.0	-9.9	21.1	8.9	0.1	-9.5
Eurozone Government Bonds 1-5 yr	-0.2	0.0	1.1	0.6	-0.9	-3.4

Sovereign 10-year Bond Yields (%)	2017	2018	2019	2020	2021	2022 YTD
US	2.4	2.7	1.9	0.9	1.5	2.8
German	0.5	0.2	-0.2	-0.6	-0.2	1.1
UK	1.3	1.3	0.8	0.2	1.0	2.1
Japan	0.0	0.0	0.0	0.0	0.1	0.2
Ireland	0.7	0.9	0.1	-0.3	-0.3	1.7
Italy	2.0	2.7	1.4	0.5	1.2	3.1
Greece	4.1	4.4	1.5	0.6	1.3	3.6
Portugal	1.9	1.7	0.4	0.0	0.0	2.3
Spain	1.5	1.4	0.5	0.0	0.6	2.2

Central Bank Rates (%)	2017	2018	2019	2020	2021	2022 YTD
ECB	0.00	0.00	0.00	0.00	0.00	0.00
Bank of England	0.25	0.75	0.75	0.10	0.25	1.00
US Federal Reserve	1.50	2.50	1.75	0.25	0.25	1.00

Foreign Exchange Rates	2017	2018	2019	2020	2021	2022 YTD
Euro/Dollar (€/$)	1.20	1.14	1.12	1.22	1.14	1.07
Euro/Sterling (€/£)	0.89	0.90	0.85	0.90	0.84	0.85
Sterling/Dollar (£/$)	1.35	1.27	1.32	1.37	1.35	1.26

2022 figures shown are to 31 May 2022.

Warning: Past performance is not a reliable guide to future performance

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Figures referenced herein have been sourced from ILIM and Bloomberg. Forecast figures have been prepared by ILIM based on reasonable assumptions, internal data and data sourced from Bloomberg.

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