



U.S. LDI Pension MarketWatch

February 2024





February 2024 Highlights

01

Our funded status estimate (total assets / liability present value) increased 3.0% in February 2024, bringing our estimate to 108.1%.*

02

Yields rose further in February, with the 10yr Treasury rate increasing 28 basis points ("bps") and the 30yr Treasury rate increasing 9 bps.**

03

Equity markets continued to display the strength from the start of the year with Global Equity and US Equity returns up 4.3% and 5.4% respectively.***



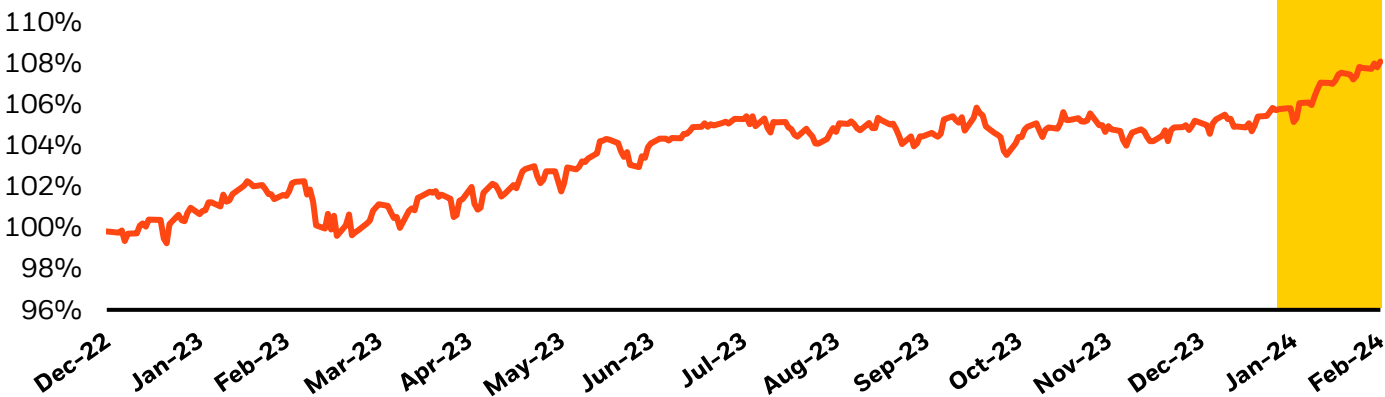
Source: ICE Bank of America Merrill Lynch, Barclays LIVE and BlackRock. All data as of market close at 2/29/2024. *The asset class weights are based on 10-K data from the top 200 public corporate pension plans as of 12/31/2022. The data was sourced using Capital IQ and subsequently aggregated and categorized into asset classes by BlackRock. Using the 10-K asset and liability data sourced by Capital IQ, the funded ratio of the top 200 corporate pension plans was estimated to be 99.81% as of 12/31/2022. ** ICE Bank of America Merrill Lynch spot curves published as of 2/29/2024. ***As measured by MSCI Developed – US Gross TR Index and MSCI All Country World Net TR Index. Indices are unmanaged. One cannot directly invest in an index. **Past performance does not guarantee future returns.**

Pension Funding Update

In February 2024, BlackRock estimates the average funded status for the top 200 U.S. corporate pension plans* was:

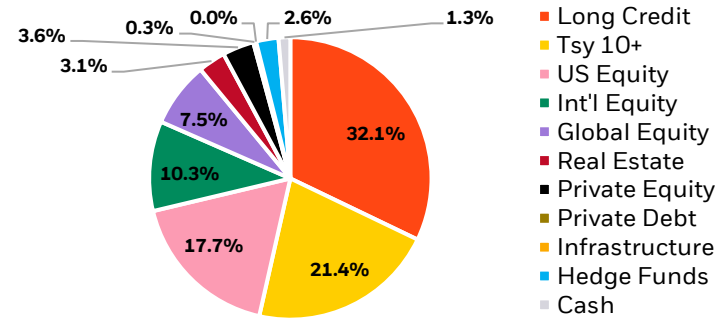
108.1% +3.0% MTD
+2.9% YTD

Highlighted portion denotes current month



Est. Return**	Feb 24	YTD
Assets	0.29%	-0.21%
Fixed Income	-2.46%	-3.87%
Equity	4.08%	5.17%
Alternatives/Cash	1.74%	0.67%
Liabilities	-2.44%	-2.88%
Funded Status	2.95%	2.89%

Estimated pension asset allocation*



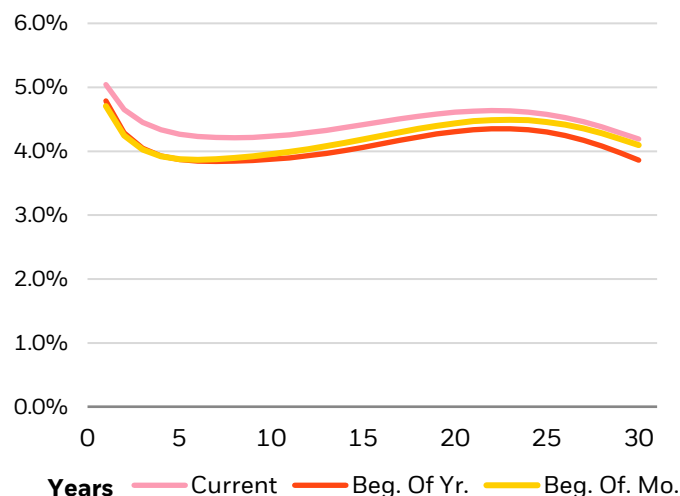
Highlights

- The average funded status for a top 200 U.S. corporate pension plan is now 108.1%.*
- Funded status increased in the month of February, up 3.0% from January.**
- Equities helped drive the increase in funded status, returning 4.1% and Alternatives followed with 1.7%. Liabilities and Fixed Income were down 2.4% and 2.5% respectively, for the month.**

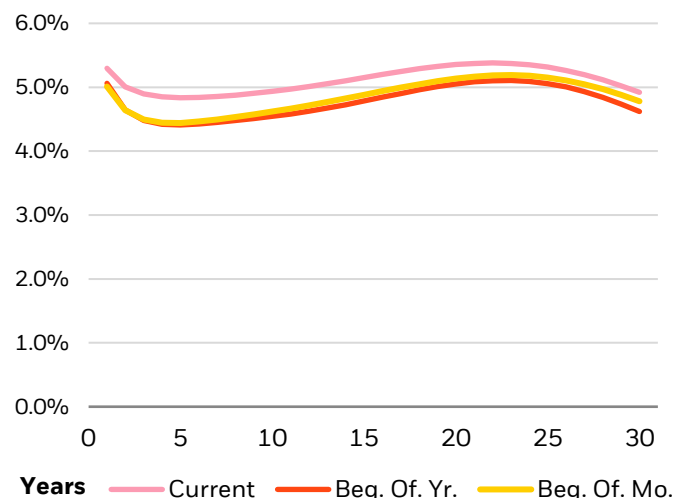
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Treasury market and corporate yield curves

Treasury Yield Curves - Spot



ML AA Corporate Yield Curves



Data shown in the tables is a numerical representation of the yield curve charts and highlights the yield at a specific tenor of the yield curve. "Current" represents the yield curve as of 2/29/2024. "Beg. Of. Mo." represents the yield curve as of 1/31/2024. "Beg. Of. Yr." represents the yield curve as of 12/29/2023.

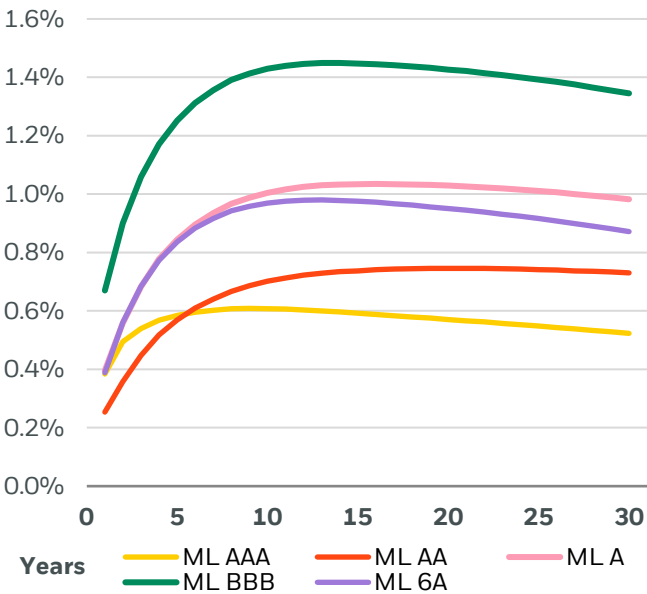
Highlights

- In February, Treasury yields moved higher across the curve, with the 5yr Treasury 39bps higher, 10yr Treasury 28bps higher and 30yr Treasury 9bps higher.*
- The curve flattened for the month, led by the front end, with the 5yr point moving 30bps higher versus the 30yr point.*
- In February, corporate yields also moved higher, with the 5yr point up 40bps, 10yr point up 31bps and 30yr point up by 14bps.*

Source: *ICE Bank of America Merrill Lynch spot curves published as of 2/29/2024. All yields are spot rates. All data as of market close at 2/29/2024. Indexes are unmanaged and one cannot invest directly in an index. **Past performance does not guarantee future returns.**

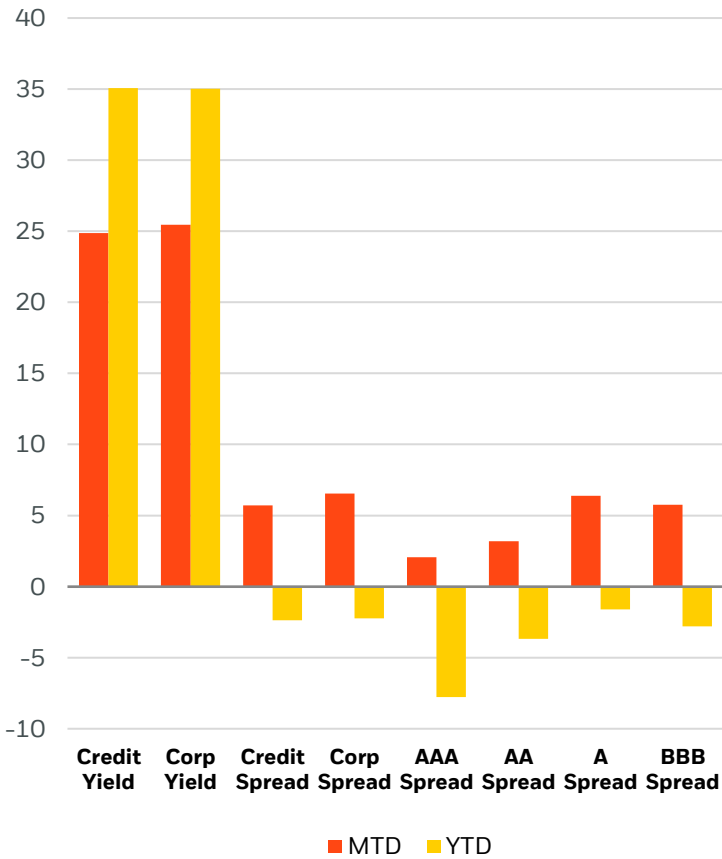
Credit market

Credit spread curves



Term Yr	ML AAA	ML AA	ML A	ML BBB	ML 6A
5	0.58%	0.57%	0.84%	1.25%	0.84%
10	0.61%	0.70%	1.00%	1.43%	0.97%
20	0.57%	0.75%	1.03%	1.43%	0.95%
30	0.52%	0.73%	0.98%	1.35%	0.87%

Change of 10+yr bond index maturities (in bps)



Data shown in table is a numerical representation of the credit spread curves chart.* The table highlights the yield of a particular spread curve at a specific tenor.*

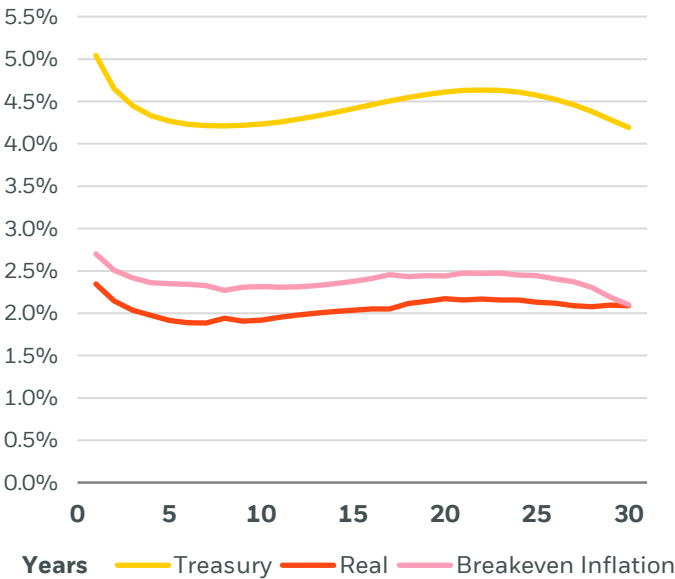
Highlights

- Corporate yields increased over the month driven by large moves upward in the rate component paired with a modest widening in spreads.*
- The modest move wider in spreads was led higher by A corporates and BBB corporates, each widening by 6bps throughout the month.*

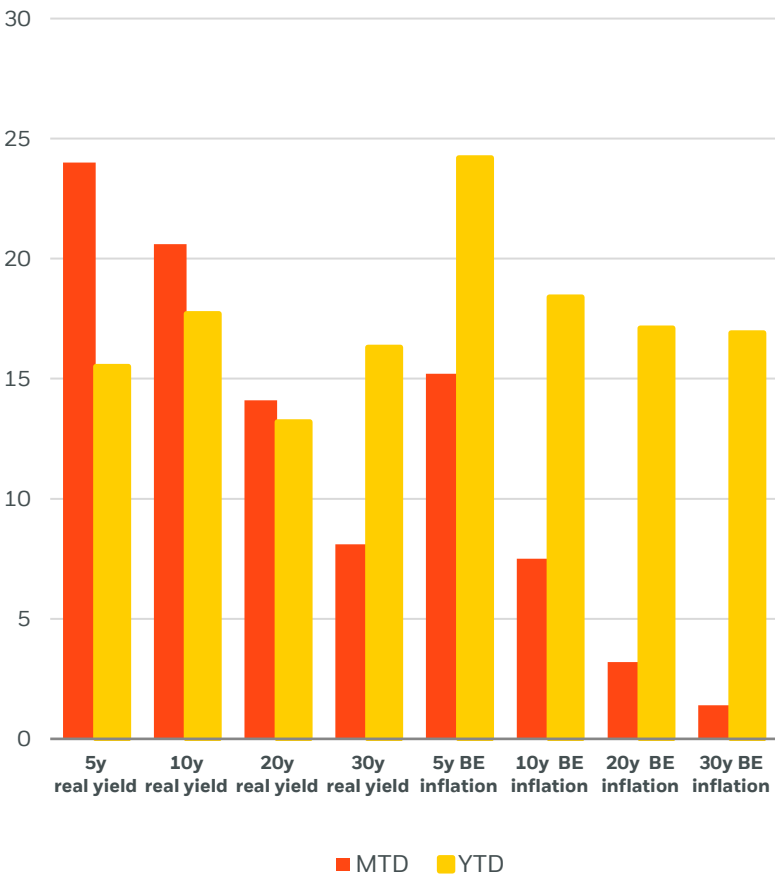
*Source: ICE Bank of America Merrill Lynch yield curves; Barclays 10+ year bond maturity indices. All data as of market close at 2/29/2024. Indices are unmanaged. One cannot directly invest in an index. **Past performance does not guarantee future returns.**

Inflation and breakevens

Real Yields



Periodic Change (in bps)



Term Yr	Treasury Yield (%)	Real Yield (%)	BE Inflation (%)
5	4.27	1.92	2.35
10	4.23	1.92	2.31
20	4.61	2.17	2.44
30	4.19	2.09	2.10

Table is a numerical representation of the chart above, which highlights the Treasury yield, breakeven inflation level and real yield at a specific term.**

Highlights

- Core Consumer Price Index (“CPI”) accelerated to +0.4% MoM for January (released on February 13, 2024) with YoY Core CPI unchanged at +3.9% from December.*
- Breakeven inflation moved higher MoM, with the 5yr point up by 15bps.**
- Real yields, defined as the interest rate adjusted to remove the effects of inflation, increased across all points. 5yr real yields and 10yr real yields were up by 24bps and 21bps respectively.**

Source: *Bureau of Labor Statistics. **ICE Bank of America Merrill Lynch. All yields are spot rates. All data as of market close at 2/29/2024. **Past Performance is not a reliable indicator of future results.** BE = breakeven.

Modelling assumptions for Pension Funding Update

Asset allocation mapping for funding ratio calculation on Page 3

Type	Asset Class	Index Assumption	Weight
Fixed Income	Long Credit	BBG U.S. Long Credit Index	32.1%
	Tsy 10+	BBG Treasury 10+ Yr Index	21.4%
Equity	U.S. Equity	MSCI Developed – U.S. Gross TR Index	17.7%
	Int'l Equity	MSCI World Ex U.S. Index	10.3%
	Global Equity	MSCI All Country World Net TR Index	7.5%
Alts/Cash	Real Estate	Dow Jones U.S. Real Estate Index	3.1%
	Private Equity	S&P Listed Private Equity Index	3.6%
	Private Debt	BBG Private Debt 10+ Years Custom Index	0.3%
	Infrastructure	Dow Jones Brookfield Global Infrastructure Index	0.0%
	Hedge Funds	HFRX Global Hedge Fund Index	2.6%
	Cash	BBG T-Bill 1-3 Month Index	1.3%
		Liability	N/A

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