



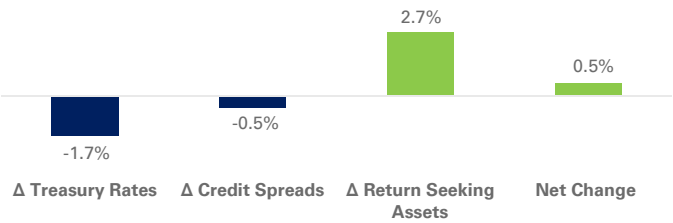
NEPC PENSION MONITOR

APRIL 2021

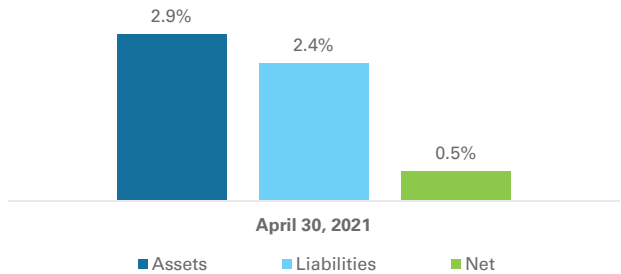
Corporate pension plans likely saw modest increases in funded status in April, as equities continued to rally while Treasury rates fell slightly. LDI-focused plans that hedge interest-rate risk outpaced total-return plans, as liability-hedging assets provided protection from interest-rate declines. Based on NEPC's hypothetical open- and frozen-pension plans, the funded status of the total-return plan increased by 0.5%, while the LDI-focused plan rose 1.2%.

HYPOTHETICAL OPEN/TOTAL-RETURN PLAN

Funded Status Attribution

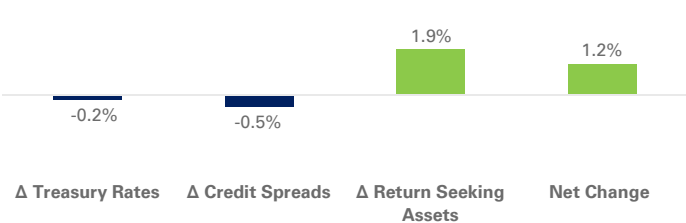


The funded status of the total-return plan rose 0.5%, as an increase in estimated liability valuations was offset by a strong performance in equities.

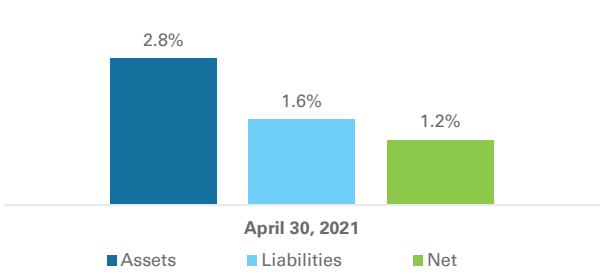


HYPOTHETICAL FROZEN/LDI-FOCUSED PLAN

Funded Status Attribution



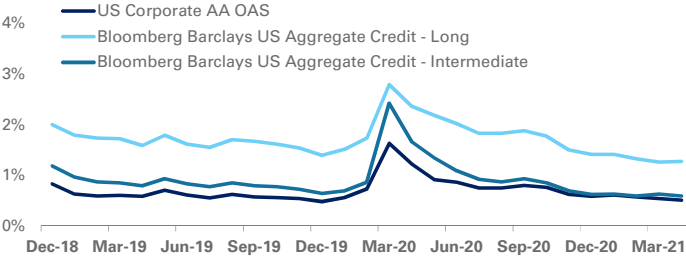
The funded status of the LDI-focused plan was up 1.2%, as positive asset returns from equities and fixed income exceeded liability growth. The plan is 87% hedged, as of April 30.



RATE MOVEMENT COMMENTARY

After rising over 80 basis points in the first quarter of 2021, Treasury yields fell modestly in April. The 10-year Treasury decreased nine basis points to 1.65% and the 30-year Treasury fell by 11 basis points to 2.3%. Credit spreads remained relatively flat, hovering around their tightest levels in decades. The effect on pension discount rates was a 14-basis point decrease in the rates used for NEPC's hypothetical pension plans, with the open total-return plan ending the month at 3.14% and the frozen LDI-focused plan landing at 2.88%. This slight drop in discount rates pushed estimated liabilities higher by 2.4% and 1.6%, respectively, for the total-return and LDI-focused plans.

Credit Spread Movement



RETIREE BUYOUT INDEX

The Buyout Index for retirees is estimated to be approximately **102.9%** of PBO, as of April 30, 2021

RECENT INSIGHTS FROM NEPC

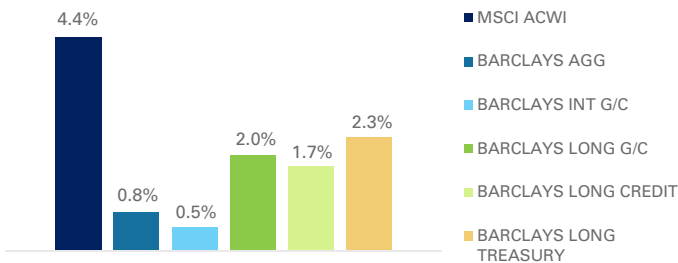
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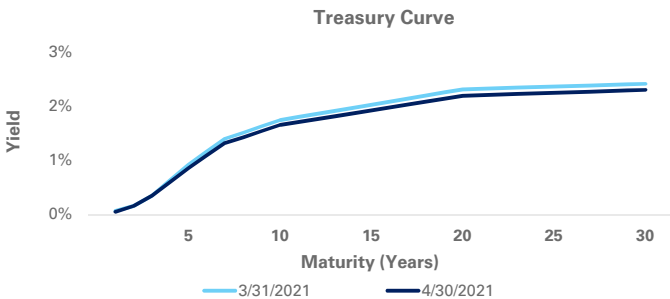
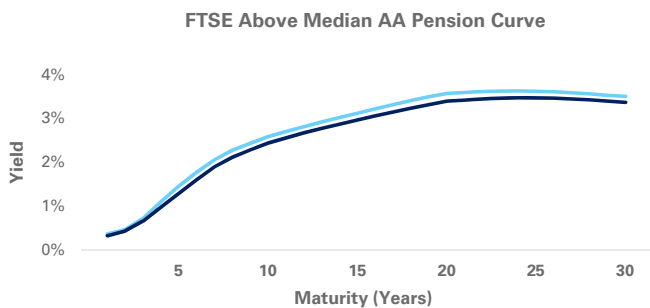
Equity markets continued their march upward as stimulus flowed into the hands of consumers, pandemic-related restrictions eased, and the number of vaccinations increased. The Treasury curve took a step back after a sharp increase in the first quarter. NEPC maintains its recommendation to adhere to plan hedge ratios and long-term strategic target allocations.

MARKET ENVIRONMENT AND YIELD CURVE MOVEMENT



Strong earnings reports and positivity around vaccine rollout pushed the S&P 500 higher by 5.3% in April. During the same period, the EAFE Index earned 3%, emerging market equities were up 2.5%, and the MSCI ACWI Index gained 4.4%.

Increasing demand drove the Treasury curve to fall slightly at both the 10- and 30-year tenors, with the 30-year Treasury yield decreasing 11 basis points in April, resulting in the Barclays Long Treasury Index earning 2.3% last month. Meanwhile, credit spreads remained essentially flat, resulting in gains of 1.7% for the Barclays Long Credit Index last month.



DISCLOSURES

Liability returns are based on the FTSE Above Median Pension Discount Curve. Liabilities for the two hypothetical plans are based on sample benefit payments of two unique plans, set equal to stable duration targets as of December 31, 2018. The total-return plan reflects an open plan with a 15-year duration, while the LDI-focused plan represents a frozen plan with a 10-year duration. The benefit payments are not rolled forward each month to maintain the duration targets. No future benefit accruals or benefit payments are assumed in order to isolate the performance of plan's liabilities due to changes in interest rates. The funded status of each hypothetical plan was set at 90% funded as of December 31, 2018.

The total-return plan assumes an allocation of 60% global equity, 40% core bonds. The LDI-focused plan assumes an asset allocation of 40% global equity and 30% long credit, 20% long Treasuries, 10% intermediate government/credit, with a greater emphasis on hedging liability duration. Monthly rebalancing is assumed. We do not assume any fees, expenses, benefit payments or contributions are made during the year in order to isolate the impact of market returns on the hypothetical allocations.

NEPC's Retiree Buyout Index is estimated using midpoint annuity purchase rates published by Brentwood Advisors, discounted against the cash flows of a sample retiree population, and compared with the same discounted cashflows using the FTSE Above Median Pension Discount Curve. Actual annuity pricing may vary substantially based on multiple factors.

Asset benchmarks used to measure asset returns are sourced from FactSet: MSCI ACWI Index, Barclays Aggregate Index, Barclays Intermediate Gov/Credit Index, Barclays Long Gov/Credit Index, Barclays Long Credit Index, Barclays Long Treasury Index, Barclays US Aggregate Intermediate Credit spread, Barclays US Aggregate Long Credit spread, and US Corporate AA Option-Adjusted Spread.

Past performance is no guarantee of future results.