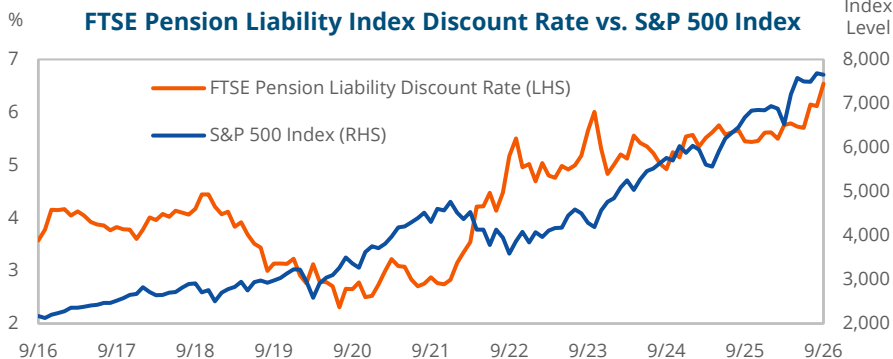


LDI/Defined Benefit Highlights

- The funded ratio of the Milliman 100 Pension Funding Index increased by 5.09% in the Q3 2026, reaching 114.5%, its highest level since 2001.
- Improved funded ratios for the quarter were supported by higher yields and strong equity performance, as the S&P 500 reached another all-time high.
- AI-driven debt issuance and wider AA-rated hyperscaler spreads have lifted corporate pension discount curves, reducing liabilities and strengthening funded status, all else equal, but increasing concentration and potential downgrade risk.
- With US corporate pension plans now well funded, industry advocates are seeking reforms that would let sponsors use surplus DB assets to fund 401(k)s or health-and-welfare plans without terminating their pension plans.
- US PRT buyout and buy-in sales totaled ~\$3 billion in Q2 2026, down 26% year over year, as the absence of large transactions weighed on premium volume. However, contract volume rose 21% to 176 contracts, reflecting continued activity among small and midsized plan sponsors.
- Following an uptick in PRT litigation in recent years, no new PRT lawsuits have been publicly reported in 2026 to date, suggesting a potential slowdown in filings.

Glidepath Statistics

(%)	9/26	6/26	QoQ Change	12/25	YTD Change
Milliman 100 Funded Status	114.5	109.4	5.09	106.1	8.4
FTSE Pension Liability Discount Rate	6.54	5.70	0.84	5.61	0.93
FTSE Pension Liability Return	--	--	-10.8	--	-9.6
Long Corporate Index Return	--	--	-7.5	--	-6.5
S&P 500 Index Return	--	--	2.3	--	12.7



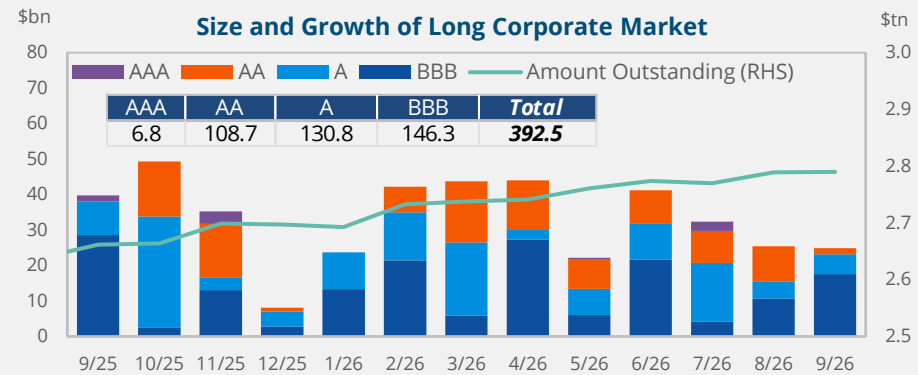
Source: Bloomberg, LIMRA, FTSE Russell (formerly Citigroup), Pensions & Investments (*Surplus flexibility, PBGC premium reform top corporate pension needs 20 years after Pension Protection Act; 9/2/26*), and Encore Fiduciary (*Pension Risk Transfer Litigation: No New Cases but New Developments in Existing Cases Show This Litigation Trend is Not Over; 9/15/2026*). Unless otherwise stated, all data in the above commentary is as of 9/30/2026. Long Corporate Index is the Bloomberg Long Corporate Index. Long issuance figures exclude 10-year bonds. The table in the long issuance chart shows the 12-month running total investment grade issuance by rating in USD billions. Totals may not sum due to rounding.

Long Corporate Insights – Quarter in Review

- The economy remained resilient in Q3, supported by low unemployment, AI investment, and consumer spending, though higher energy costs and geopolitical tensions kept inflation above target.
- In response, the Fed raised rates 25 bps to 3.75%–4.00%, with policymakers signaling one further hike by year-end.
- Strong equity gains and elevated funded statuses supported pension rebalancing demand for long-duration fixed income.
- Long corporate spreads widened 4 bps during the quarter, ending at 98 bps after reaching 20-year tightness in Q2 2026.
- The notable rise in Treasury yields during Q3 attracted yield-oriented buyers, helping to bolster demand for long-duration IG corporates and mute spread weakness.
- Long corporate bond issuance totaled roughly \$80 billion in Q3, remaining robust despite moderating from the historic highs reached in Q1 and Q2.

Long Market Statistics

	9/26	6/26	QoQ Change	12/25	YTD Change
30-Year Treasury Yield (%)	5.63	4.95	0.68	4.85	0.79
Bloomberg Long Corp Yield (%)	6.59	5.81	0.78	5.64	0.95
Bloomberg Long Corp A+ Yield (%)	6.44	5.66	0.78	5.46	0.98
Bloomberg Long Corp BBB Yield (%)	6.79	6.02	0.77	5.87	0.92
Long Corp Spreads (bps)	98	94	4	94	4
Curve (Long Corp - Int Corp) (bps)	25	29	-4	25	0



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