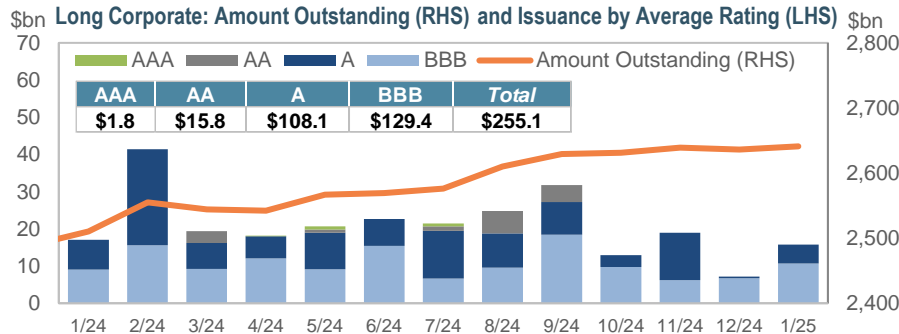
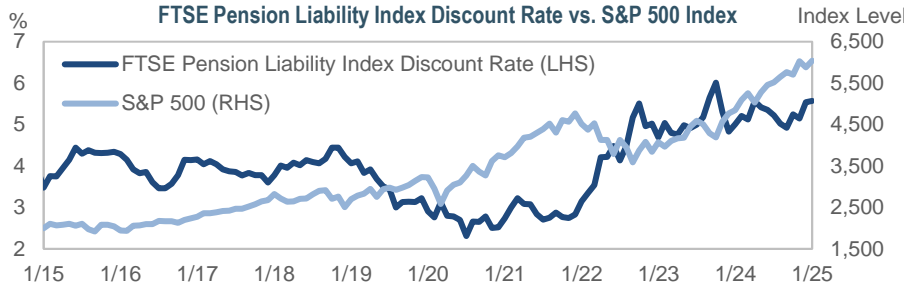


LDI Market Updates

- Discount rates¹ increased by 0.02% in January, from 5.36% to 5.38%.
- The S&P 500 returned 2.7%, and Treasury Bond yields rose early in the month before falling to close the month slightly below starting levels as market participants navigated a wave of high-impact events in during the month.
- High-grade corporate issuance totaled \$186 billion, which exceeded estimates but remained 2% below the January 2024 figure.
 - Long-end corporate bond issuance totaled nearly \$16 billion during the month, trailing the five-year January average of \$18 billion.

Rates Monitor	01/25	12/24	MoM Change
IR+M Average Plan Discount Rate (%)	5.38	5.36	0.02
Bloomberg Long Corp Yield (%)	5.80	5.80	0.00
Bloomberg Long Corp A+ Yield (%)	5.62	5.61	0.01
Bloomberg Long Corp BBB Yield (%)	6.02	6.02	0.00
Long Corp Spreads (bps)	98	98	0
Curve (Long Corp - Int Corp) (bps)	29	27	2



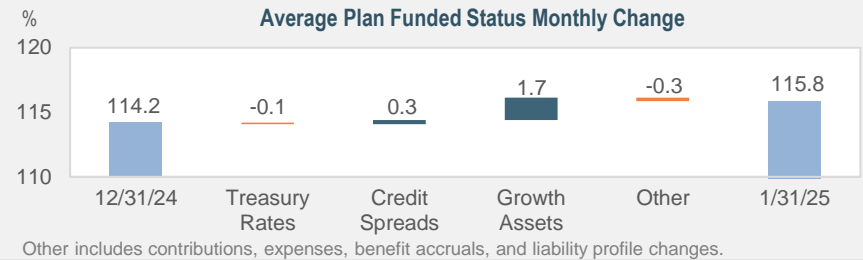
LDI MONITOR

January 31, 2025

IR+M Funded Status Monitor

- As risk assets carried their growth momentum of 2024 into January 2025, the funded status of our Sample Average Plan grew by 1.6%, to 115.8%.

Funded Status (%)	01/25	12/24	MoM Change
Average Plan	115.8	114.2	1.6
End Stage Plan	111.1	110.7	0.4
Young Plan	105.0	102.9	2.1



IR+M LDI Corner – Roses are Red, Violets are Blue; Review SFA Rules, and Strategy Too

- Since the Pension Benefit Guaranty Corporation (PBGC) opened the Special Financial Assistance (SFA) application period in July 2021, the program has approved over \$70 billion in aid to about 140 multiemployer pension plans. The longevity of SFA funds will vary by plan, and sponsors should regularly evaluate if their SFA strategy remains compliant and meets their objectives.
- The PBGC continues to refine their guidance, most notably via FAQs. For example, fixed to floating rate bonds can be classified as Investment Grade Fixed Income (IGFI) up until they become floating expanding the IGFI universe in the banking sector. We anticipate more changes as the PBGC audits SFA recipients.
- With front-end yields falling, we have seen SFA solutions evolve from extending duration to further derisking. Rebalancing between IGFI and Return-Seeking Assets (RSA) may impact underlying investment restrictions for IGFI separate accounts, including allowable allocations to 144As and fallen angels.
- As most sponsors have chosen to pay plan benefit payments from SFA funds, SFA assets tend to be in wind-down mode. Smaller, and shrinking, asset sizes may be susceptible to concentration risk which can be addressed via a PBGC-permissible fund vehicle or custom liquidity focused solution.
- At IR+M, we strive to be an informed and trusted subject matter expert on SFA regulations and trends. We believe our willingness to customize solutions, proactive client service, and intimate understanding of each client's unique situation are critical in partnering with SFA clients as their needs progress.

¹The single effective discount rate shown is for the IR+M Sample Average Plan, calculated from the FTSE Pension Discount Curve. Long issuance sourced from Bloomberg. Long issuance figures exclude 10-year bonds. Page 1
The table in the long issuance chart shows the 12-month running total investment grade issuance by rating, through 1/31/25 in USD billions. Totals may not sum due to rounding.

IR+M DISCLOSURE STATEMENT

Disclosures:

Sources: Moody's PFaroe, FTSE Russell (formerly Citigroup), and Bloomberg. All data in the above commentary is as of 1/31/2025. Yields are represented as of the aforementioned date and are subject to change. The views contained in this report are those of Income Research + Management ("IR+M") and are based on information obtained by IR+M from sources that are believed to be reliable but IR+M makes no guarantee as to the accuracy or completeness of the underlying third-party data used to form IR+M's views and opinions. This report is for informational purposes only and is not intended to provide specific advice, recommendations, or projected returns for any particular IR+M product. Investing in securities involves risk of loss that clients should be prepared to bear. More specifically, investing in the bond market is subject to certain risks including but not limited to market, interest rate, credit, call or prepayment, extension, issuer, and inflation risk. "Bloomberg®" and Bloomberg Indices are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the index (collectively, "Bloomberg") and have been licensed for use for certain purposes by IR+M. Bloomberg is not affiliated with IR+M, and Bloomberg does not approve, endorse, review, or recommend the products described herein. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to any IR+M product. Moody's Analytics PFaroe® product used by IR+M includes market data and other information sourced from third parties under license. Certain licensors require Moody's Analytics to make disclosures to, or to obtain acknowledgements or agreements from, IR+M and parties receiving the information from IR+M, which is effected by the disclosures and disclaimers available at <https://static.pfaroe.com/DisclosuresAndDisclaimers/index.html>. This material may not be reproduced in any form or referred to in any other publication without express written permission from IR+M.

IR+M Funded Status Monitor Assumptions:

Detailed methodology and assumptions for the IR+M Funded Status Monitor can be found at:

<https://www.incomeresearch.com/wp-content/uploads/IRM-Funded-Status-Monitor-Whitepaper-2025.pdf>

	End Stage	Average	Young
Target Liability Duration (Years)	6-8	9-11	12-14
Funded Ratio at Inception (i.e., 12/31/2019)	100.0%	89.8%	80.0%
Asset Allocations	End Stage	Average	Young
US All Cap Equity	8%	25%	38%
International Equity	2%	14%	22%
US REITS	0%	2%	5%
Private Equity	0%	4%	5%
Growth Assets Allocation	10%	45%	70%
Long Government Fixed Income	5%	10%	15%
Long Credit Fixed Income	28%	30%	15%
Intermediate Government Fixed Income	5%	5%	0%
Intermediate Credit Fixed Income	52%	10%	0%
Fixed Income Allocation	90%	50%	30%