

Pension Funded Status Tracker

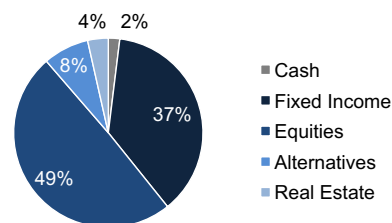
March 2018

ASSET MANAGEMENT | REPORT

At the end of Q1 2018, the average corporate defined benefit pension plan's funded status was up by 2% (83% vs 85%) since the end of 2017. In March, after a 1% decline in February, the average plan witnessed a further decline of 1% in funding level from 86% to 85%.

- » The prospect of a trade war between the U.S. and China, coupled with a spike in volatility in technology sector resulted in a fall in global equity markets.
 - With the exception of U.S. Small Cap equities, most major global equity indices erased all their gains achieved earlier in 2018 and are now in negative territory.
 - Bond markets, with the exception of high yield assets, gained value as interest rates fell due to increased equity market volatility.
- » Liabilities were fractionally up over the month:
 - The effective discount rate marginally increased by 4bps in March.

Asset Allocation



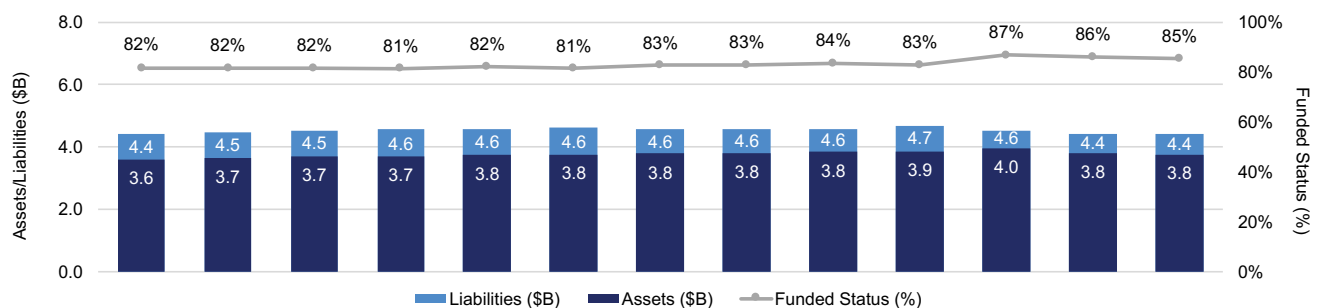
Prepared by Conning, Inc. Source: ©2018 Bloomberg, L.P. As of March 31, 2018

Key Metrics

Pension Plan	Assets	Liabilities [†]	Funded Status [†]
Valuation (\$B)	3.77	4.44	85%
Duration (Yr)	4.1	13.8	Interest Rate Hedge Ratio
Dollar Duration (\$mm)	1.5	6.1	
Yield* / Discount Rate	3.7%	3.8%	25%

Prepared by Conning, Inc. Source: ©2018 Bloomberg L.P. As of March 31, 2018 *Yield quoted as duration-weighted yield † Funded Status is hypothetical and calculated according to the Data and Methodology section outlined on Page 3. Refer to the Hypothetical Model Disclosures (page 3) for more important information.

Pension Plan Tracker (March 2018)[†]

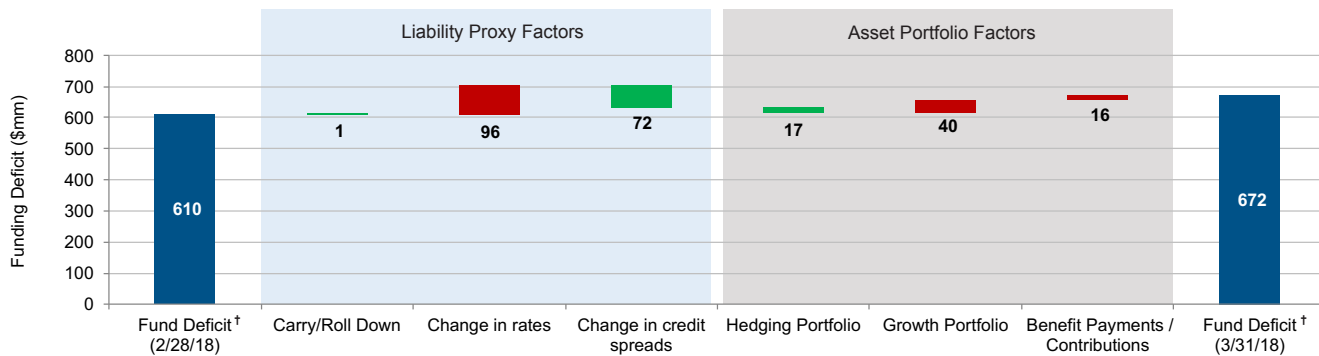


Pension Plan	Mar '17	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar '18
Funded Status (%)	82%	82%	82%	81%	82%	81%	83%	83%	84%	83%	87%	86%	85%
Assets (\$B)	3.62	3.66	3.70	3.71	3.76	3.77	3.79	3.81	3.84	3.88	3.96	3.81	3.77
Liabilities (\$B)	4.41	4.47	4.54	4.55	4.57	4.63	4.58	4.60	4.59	4.68	4.55	4.42	4.44
Discount Rate (GAAP)	3.9%	3.8%	3.7%	3.7%	3.6%	3.5%	3.6%	3.6%	3.6%	3.6%	3.7%	3.9%	3.8%

[†] Pension Plan Tracker results presented do not reflect actual performance. The results are hypothetical, and are generated according to the Data and Methodology section outlined on Page 3. Refer to the Hypothetical Model Disclosures (page 3) for more important information.

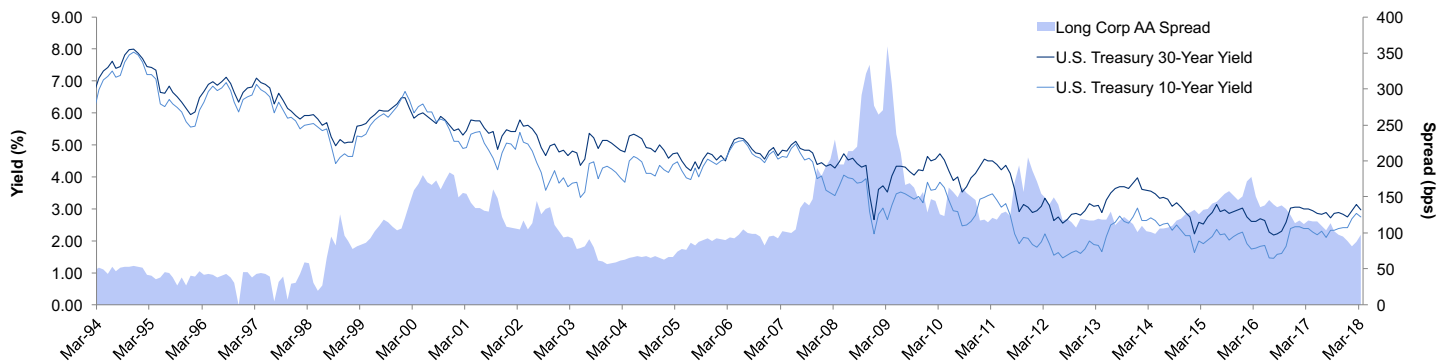
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Funded Status Attribution (February 28, 2018 – March 31, 2018)



† Funded Status Attribution presented does not reflect actual performance. The results are hypothetical, and are generated according to the Data and Methodology section outlined on Page 3. Refer to the Hypothetical Model Disclosures (page 3) for more important information. Chart shows the liability proxy and asset portfolio factors that contributed to the change in funded status over the month. Prepared by Conning, Inc., for illustrative purposes only. Source: ©2018 Bloomberg, L.P.

Yields and Corporate Spreads



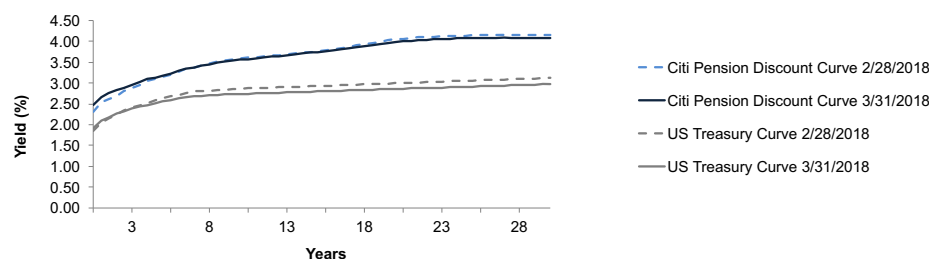
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Market Performance (March 2018 YTD)

	MTD	QTD	YTD	
Equities	S&P 500	-2.5%	-0.8%	-0.8%
	Russell 2000	1.3%	-0.1%	-0.1%
	MSCI World ACWI	-2.1%	-0.9%	-0.9%
	EAFE	-1.7%	-1.4%	-1.4%
Alternatives	Private Equity	-2.2%	-3.2%	-3.2%
	Hedge Funds	-0.2%	0.3%	0.3%
	Real Estate	3.8%	-5.9%	-5.9%
Fixed Income	High Yield	-0.6%	-0.9%	-0.9%
	US Aggregate	0.6%	-1.5%	-1.5%
	US Long Gov/Credit	1.7%	-3.6%	-3.6%
	US Long Credit	0.7%	-3.8%	-3.8%
	US Long Corporate AA	1.3%	-3.9%	-3.8%
	US Treasury 10 Yrs	1.4%	-2.1%	-2.1%
	US Treasury 30 Yrs	3.2%	-4.0%	-4.0%

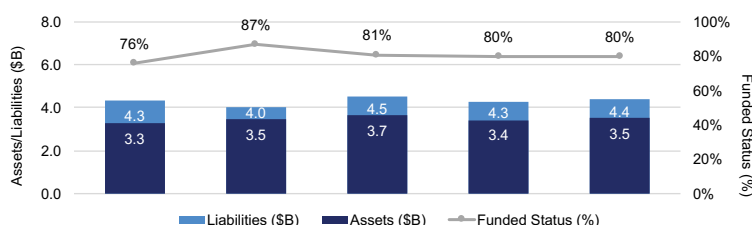
Prepared by Conning, Inc. Source: ©2018 Bloomberg L.P.

Liability Discount Curve



Prepared by Conning, Inc. Source: ©2017-2018 Bloomberg L.P. and ©2017-2018 Analytics Provided by "The Yield Book"® Software and Services

Pension Plan Tracker (Annual 2012-2016)



Pension Plan	2012	2013	2014	2015	2016
Funded Status (%)	76%	87%	81%	80%	80%
Assets (\$B)	3.3	3.5	3.7	3.4	3.5
Liabilities (\$B)	4.3	4.0	4.5	4.3	4.4
Discount Rate (GAAP)	3.7%	4.6%	3.7%	4.1%	3.9%

Prepared by Conning, Inc. Source: ©2012-2016 Bloomberg, L.P.

About Conning®

Conning (www.conning.com) is a leading investment management firm with approximately \$121 billion in global assets under management as of December 31, 2017.* With a long history of serving the insurance industry, Conning supports institutional investors, including pension plans, with investment solutions and asset management offerings, award-winning risk modeling software, and industry research. Founded in 1912, Conning has investment centers in Asia, Europe and North America.

*As of December 31, 2017, represents the combined global assets under management for the affiliated firms under Conning Holdings Limited, and Cathay Securities Investment Trust Co., Ltd. ("SITE"). SITE reports internally into Conning Asia Pacific Limited, but is a separate legal entity under Cathay Financial Holding Co., Ltd. which is the ultimate controlling parent of all Conning entities.

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Data and Methodology

Conning's Funded Status Tracker is a monthly publication that tracks the performance of the average defined benefit pension plan (the "Plan") of corporate sponsors comprising the Russell 3000 Index. The average plan size is approximately \$3.8 billion in assets and \$4.6 billion in liabilities. The Plan's liability is a hypothetical cash flow generated from our proprietary model to reflect a 13-year duration and valuation equivalent to the Plan's PBO on a US GAAP valuation basis.

The data in this monthly review was reported in the 10-Ks of 389 publicly traded companies. These companies were selected because they had consistently filed pension data every year for the period of 2012 through 2016.

Conning categorized these companies based on their plan assets and their business sector. Note, those assets may include non-U.S. pension plans. In aggregate, these 389 reported \$1.4 trillion in plan assets and \$1.7 trillion in plan liabilities.

It is important to note that asset definitions are not uniform. Conning's analysis of companies' financial statements has found that some firms only report individual stocks as equities, while other firms include stock mutual funds. A similar mixing of types occurs in fixed income. In this analysis, Conning has used the allocations as reported by the companies and not adjusted them. Funded status is the percentage of liabilities that are covered by assets. Interest rate hedge ratio is the dollar duration of assets as a percentage of liability dollar duration.

LDI Hypothetical Model Disclosures

The proprietary model analysis presented herein is for illustrative purposes only. The model relies on a number of assumptions that are generally stated in the Data and Methodology and within the illustrations. The assumptions can be subject to significant uncertainties and contingencies, and such illustrations may change materially in response to small changes in one or more of such assumptions. The data used for this model was obtained from sources deemed reliable, and then organized by Conning, Inc. and was not audited by any third party. Errors could have occurred in the data, in the calculations, or in the preparation of this analysis. Therefore, information contained in this analysis may not be precise. C: 6988451

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