

FOR INSTITUTIONAL USE ONLY - NOT FOR PUBLIC DISTRIBUTION

BlackRock

U.S. LDI Pension MarketWatch

June 2024





June 2024 Highlights

01

Our funded status estimate (total assets / liability present value) increased 0.6% in June, bringing our estimate to 105.3%.*

02

Treasury yields moved lower in June, with the 10yr and 30yr Treasury rates decreasing 12 basis points (“bps”) at each tenor.**

03

Equity markets continued their trend upwards to end the second quarter, with Global Equity and U.S. Equity returns up 2.2% and 3.6%, respectively.***



Past performance does not guarantee future returns.

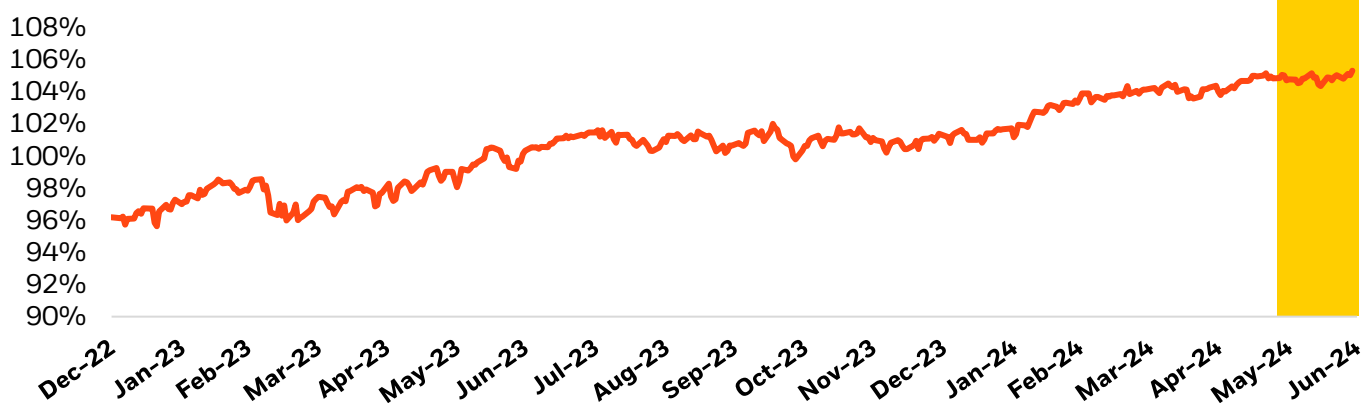
Source: *The asset class weights are based on 10-K data from the top 200 public corporate pension plans as of 12/31/2023. The data was sourced using Capital IQ and subsequently aggregated and categorized into asset classes by BlackRock. Using the 10-K asset and liability data sourced by Capital IQ, the funded ratio of the top 200 corporate pension plans was estimated to be 101.37% as of 12/31/2023. ** ICE Bank of America Merrill Lynch spot curves published as of 6/28/2024. ***As measured by MSCI Developed – US Gross TR Index and MSCI All Country World Net TR Index. Index performance does not reflect the deduction of fees and expenses but does reflect the reinvestment of dividends, capital gains, and interest. Indices are unmanaged. One cannot directly invest in an index.

Pension Funding Update

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

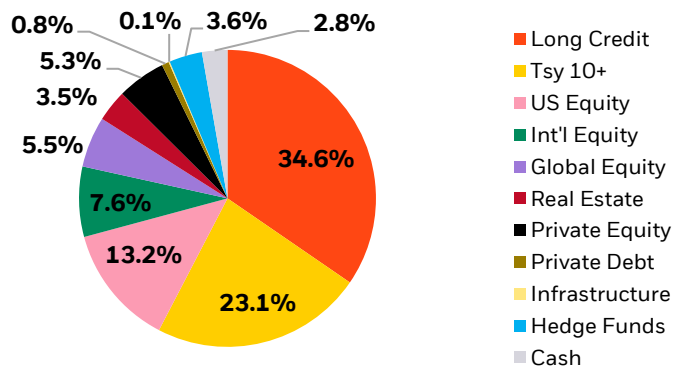
105.3% +0.6% MTD***
+3.9% YTD***

Highlighted portion denotes current month



Est. Return**	June 24	YTD
Assets	1.15%	1.14%
Fixed Income	1.00%	-3.98%
Equity	1.77%	11.37%
Alternatives/Cash	0.53%	3.36%
Liabilities	0.62%	-2.63%
Funded Status	0.56%	3.90%

Estimated pension asset allocation*



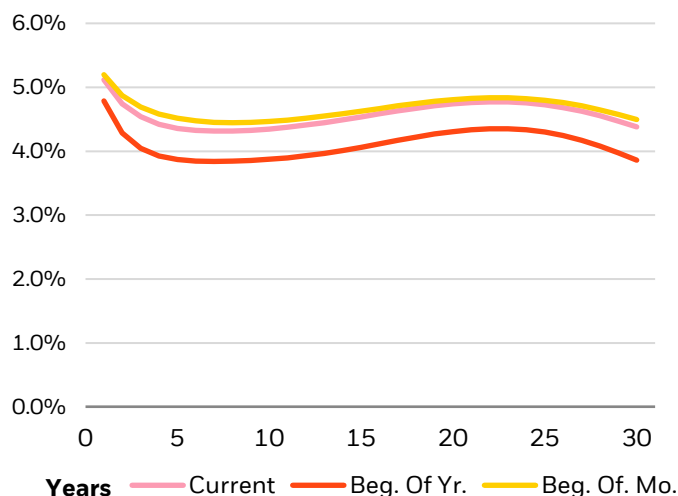
Highlights

- We estimate that the average funded status for a top 200 U.S. corporate pension plan is now 105.3%.*
- Funded status increased in the month of June, up 0.6% from May.**
- Returns across asset classes were positive in June, building on a positive May. Returns were led by Equities at 1.8% with Fixed Income and Alternatives following, returning 1.0% and 0.5%, respectively.**

*The asset class weights are based on 10-K data from the top 200 public corporate pension plans as of 12/31/2023. 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 101.37% as of 12/31/2023. Neither asset allocation nor diversification can guarantee profit or prevent loss. **All data as of market close at 6/28/2024. No allowance has been made for active management or costs. Asset returns are based on the historical levels of indices modeled on Page 7. Returns are calculated by taking a weighted average of the asset allocation weights and the returns of the underlying indices listed on Page 7. Liability returns are based on the historical levels of the Bank of America Merrill Lynch Mature U.S. Pension Plan AAA-A Index. Asset and liability returns are rolled forward on a daily basis based on underlying returns to calculate an estimated funded status for the top 200 plans using the estimated pension asset allocation above. ***MTD and YTD changes are based on 12/31/2023 asset allocation weights rolled forward. **Past performance does not guarantee future returns.** Models are for illustrative purposes only, hypothetical, based on assumptions, and subject to significant limitations. Models should not be relied upon as actual results may vary significantly. Indexes are unmanaged and one cannot invest directly in an index.

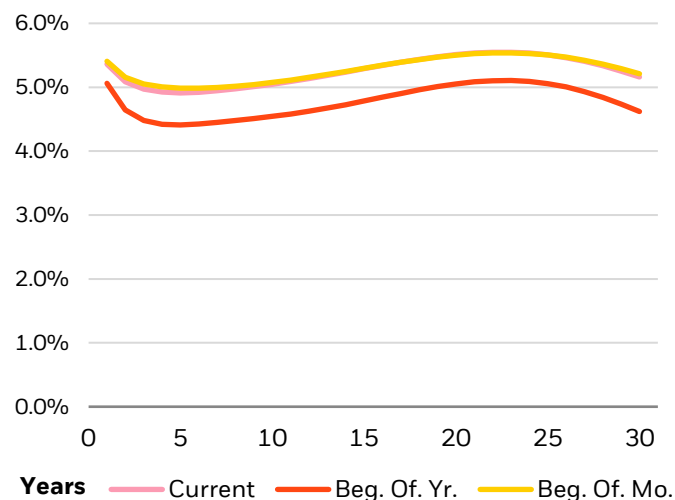
Treasury market and corporate yield curves

Treasury Yield Curves - Spot



Yields (%)	5 yr	10 yr	20 yr	30 yr
Beg. of Yr.	3.87	3.87	4.31	3.86
Beg. Of. Mo.	4.51	4.47	4.81	4.50
Current	4.36	4.35	4.74	4.38

ML AA Corporate Yield Curves



Yields (%)	5 yr	10 yr	20 yr	30 yr
Beg. of Yr.	4.41	4.54	5.05	4.62
Beg. Of. Mo.	4.99	5.08	5.50	5.21
Current	4.91	5.05	5.51	5.16

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 6/28/2024. “Beg. Of. Mo.” represents the yield curve as of 5/31/2024. “Beg. Of. Yr.” represents the yield curve as of 12/29/2023.

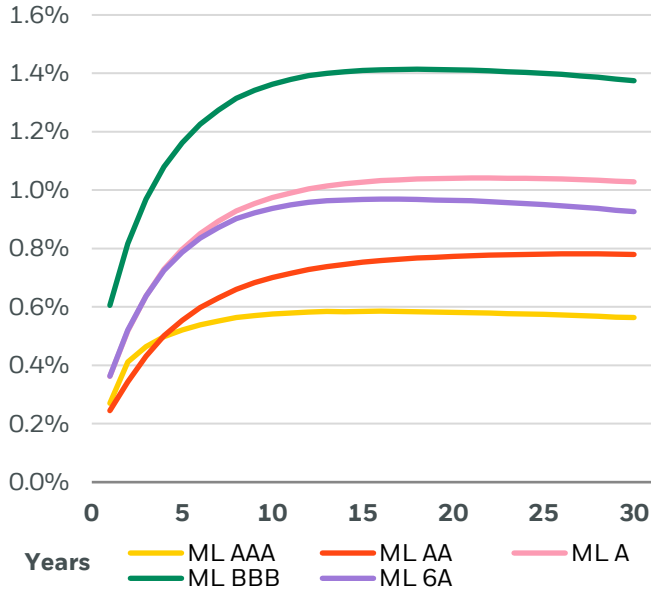
Highlights

- Rates fell across the curve for the second consecutive month, lowering 15bps at the 5yr, -12bps at the 10yr and -12bps at the 30yr.*
- In addition to the fall in rates, the 5s30s curve is no longer inverted after steepening another 3bps on the month.**
- Corporate yields moved slightly lower across much of the curve in the month of June despite a widening in investment grade corporate spreads. Looking at the different tenors of the curve, yields were -8bps at the 5yr, -3bps at the 10yr and -5bps at the 30yr.**

Source: *Bureau of Labor Statistics. **ICE Bank of America Merrill Lynch spot curves published as of 6/28/2024. All yields are spot rates. All data as of market close at 6/28/2024. **Past performance does not guarantee future returns.** Indexes do not reflect the deduction of fees and expenses but do include the reinvestment of dividends, capital gains, and interest. Indexes are unmanaged and one cannot invest directly in an index.

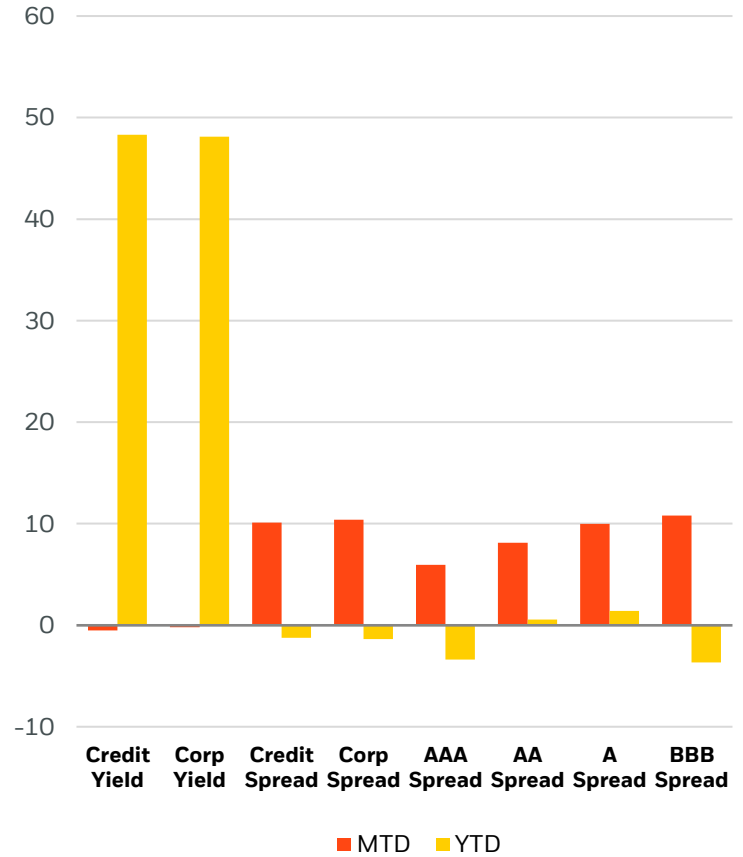
Credit market

Credit spread curves



Term Yr	ML AAA	ML AA	ML A	ML BBB	ML 6A
5	0.52%	0.55%	0.80%	1.16%	0.79%
10	0.58%	0.70%	0.97%	1.36%	0.94%
20	0.58%	0.77%	1.04%	1.41%	0.97%
30	0.56%	0.78%	1.03%	1.37%	0.93%

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.*

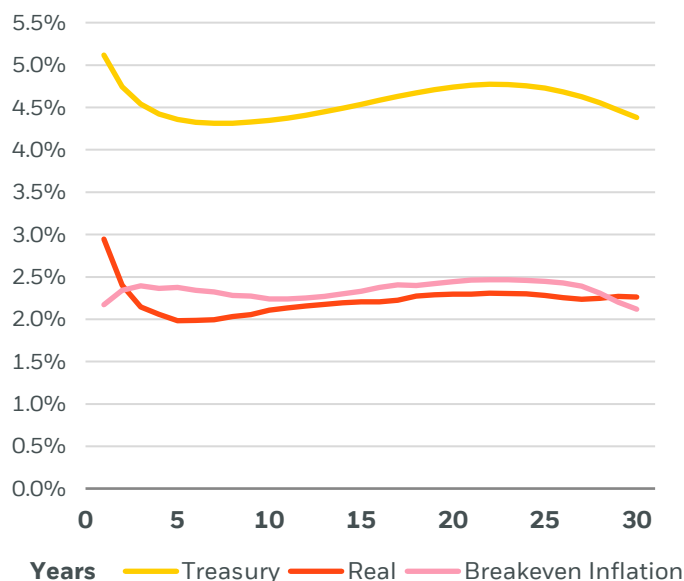
Highlights

- Corporate yields moved lower primarily due to the rate component, but were marginally offset by a 10bps move wider in corporate spreads.*
- Looking across investment grade credit qualities, BBBs led the move wider at 11bps with AAAs moving out 6bps in June.*

Source: *ICE Bank of America Merrill Lynch yield curves; Barclays 10+ year bond maturity indices. All data as of market close at 6/28/2024. **Past performance does not guarantee future returns.** Indices are unmanaged. One cannot directly invest in an index.

Inflation and breakevens

Real Yields



Term Yr	Treasury Yield (%)	Real Yield (%)	BE Inflation (%)
5	4.36	1.98	2.38
10	4.35	2.11	2.24
20	4.74	2.30	2.44
30	4.38	2.26	2.12

Periodic Change (in bps)

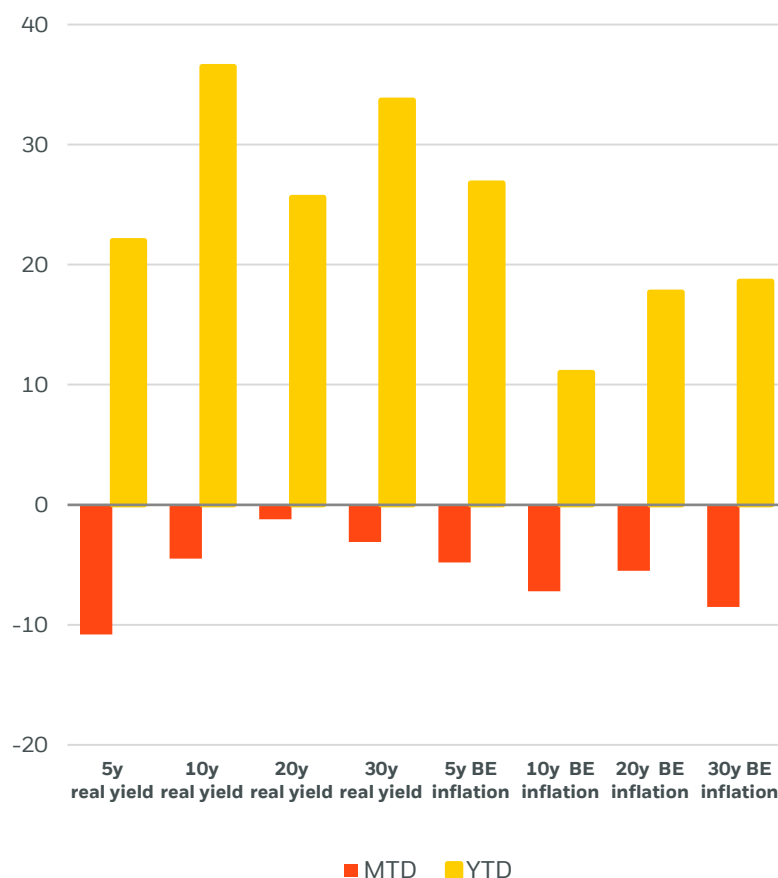


Table is a numerical representation of the chart above, which highlights the Treasury yield, breakeven inflation level and real yield at a specific term.**

Highlights

- Core Consumer Price Index ("CPI") came in at 0.2% MoM for May (released June 12, 2024). The YoY Core CPI moved downward to 3.4%, signaling progress but leaving the Fed remaining cautious as a lot of the disinflation from May was led by more volatile components.*
- Breakeven inflation levels continued lower MoM in June, with the 5yr and 30yr breakeven levels down 5bps and 8bps, respectively.**
- Real yields, the interest rate adjusted to remove the effects of inflation, were also lower across the curve.**

Source: *Bureau of Labor Statistics. **ICE Bank of America Merrill Lynch. All yields are spot rates. All data as of market close at 6/28/2024. **Past Performance is not a reliable indicator of future results.** BE = breakeven.

Modeling 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	34.6%
	Tsy 10+	BBG Treasury 10+ Yr Index	23.1%
Equity	U.S. Equity	MSCI Developed – U.S. Gross TR Index	13.2%
	Int'l Equity	MSCI World Ex U.S. Index	7.6%
	Global Equity	MSCI All Country World Net TR Index	5.5%
Alts/Cash	Real Estate	Dow Jones U.S. Real Estate Index	3.5%
	Private Equity	S&P Listed Private Equity Index	5.3%
	Private Debt	BBG Private Debt 10+ Years Custom Index	0.8%
	Infrastructure	Dow Jones Brookfield Global Infrastructure Index	0.1%
	Hedge Funds	HFRX Global Hedge Fund Index	3.6%
	Cash	BBG T-Bill 1-3 Month Index	2.8%
		Liability	N/A

The asset class weights are based on 10-K data from the top 200 public corporate pension plans as of 12/31/2023. 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 101.37% as of 12/31/2023.

No allowance has been made for active management or costs. Asset returns are based on the historical levels of the modeled on Page 3. Liability returns are based on the historical levels of the Bank of America Merrill Lynch Mature U.S. Pension Plan AAA-A Index. Asset and liability returns are rolled forward on a daily basis based on underlying returns to calculate an estimated funded status for the top 200 plans using the estimated pension asset allocation above. **Past performance does not guarantee future returns.** Models are for illustrative purposes only, hypothetical, based on assumptions, and subject to significant limitations. Models should not be relied upon as actual results may vary significantly. An index is unmanaged and one cannot invest directly in an index.

Disclaimer

This material is for distribution only to those types of recipients as provided below and should not be relied upon by any other persons. This material is provided for informational purposes only and does not constitute a solicitation in any jurisdiction in which such solicitation is unlawful or to any person to whom it is unlawful. Moreover, it neither constitutes an offer to enter into an investment agreement with the recipient of this document nor an invitation to respond to it by making an offer to enter into an investment agreement.

This material may contain “forward-looking” information that is not purely historical in nature. Such information may include, among other things, projections, forecasts, estimates of yields or returns, and proposed or expected portfolio composition. Moreover, where certain historical performance information of other investment vehicles or composite accounts managed by BlackRock, Inc. and/or its subsidiaries (together, “BlackRock”) has been included in this material and such performance information is presented by way of example only. No representation is made that the performance presented will be achieved, or that every assumption made in achieving, calculating or presenting either the forward-looking information or the historical performance information herein has been considered or stated in preparing this material. Any changes to assumptions that may have been made in preparing this material could have a material impact on the investment returns that are presented herein by way of example.

This material is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. The opinions expressed are as of June 2024 and may change as subsequent conditions vary. The information and opinions contained in this material are derived from proprietary and nonproprietary sources deemed by BlackRock to be reliable, are not necessarily all-inclusive and are not guaranteed as to accuracy. There is no guarantee that any forecasts made will come to pass. Any investments named within this material may not necessarily be held in any accounts managed by BlackRock. Reliance upon information in this material is at the sole discretion of the reader. Past performance is no guarantee of future results.

This document contains general information only and is not intended to represent general or specific investment advice. The information does not take into account your financial circumstances. An assessment should be made as to whether the information is appropriate for you having regard to your objectives, financial situation and needs.

Capital at risk. All financial investments involve an element of risk. Therefore, the value of the investment and the income from it will vary and the initial investment amount cannot be guaranteed. Typically, when interest rates rise, there is a corresponding decline in the market value of bonds. Credit risk refers to the possibility that the issuer of the bond will not be able to make principal and interest payments. Certain countries, particularly emerging market countries, may impose foreign currency exchange controls or other restrictions on the transferability, repatriation or convertibility of currency. Heightened risk may be involved due to currency fluctuations and economic and political risks, which may be enhanced in emerging markets. Principal of mortgage-backed securities normally may be prepaid at any time, reducing the yield and market value of those securities. Credit risk associated with the performance of the underlying mortgage properties and of the borrowers owning these properties; risks associated with their structure and execution (including the collateral, the process by which principal and interest payments are allocated and distributed to investors and how credit losses affect the issuing vehicle and the return to investors

A fund's use of derivatives may reduce a fund's returns and/or increase volatility and subject the fund to counterparty risk, which is the risk that the other party in the transaction will not fulfill its contractual obligation. A fund could suffer losses related to its derivative positions because of a possible lack of liquidity in the secondary market and as a result of unanticipated market movements, which losses are potentially unlimited. There can be no assurance that any fund's hedging transactions will be effective.

The credit quality of a particular security or group of securities may be determined either by BlackRock or a nationally recognized statistical rating organization and does not ensure the stability or safety of an overall portfolio. In the event a security is unrated by a ratings organization, BlackRock may assign an internal rating for purposes of determining credit quality. BlackRock provides compensation in connection with obtaining or using third-party ratings and rankings.

Past performance is not a guide to future performance. The value of investments and the income from them can fall as well as rise and is not guaranteed. You may not get back the amount originally invested. Changes in the rates of exchange between currencies may cause the value of investments to fluctuate.

THIS MATERIAL IS HIGHLY CONFIDENTIAL AND IS NOT TO BE REPRODUCED OR DISTRIBUTED TO PERSONS OTHER THAN THE RECIPIENT. FOR INSTITUTIONAL INVESTORS ONLY.

© 2024 BlackRock, Inc. or its affiliates. All Rights Reserved. BLACKROCK is a trademark of BlackRock, Inc. or its affiliates. All other trademarks are those of their respective owners.