For institutional clients only.

Investment Outlook

An End of an Era?

Q2 2025

Macro Environment

Jason Shoup
CIO, Co-head of Global Fixed Income

"American exceptionalism may be fading—but its passing may yet be a prelude, not a requiem."

Market narratives shift quickly under President Trump. Barely three months ago, the talk was of American exceptionalism, of the irresistible draw of US capital markets and the seemingly unassailable status of the dollar. That chorus has quieted. A rise in bond yields, a softening dollar and a retreat in risk assets such as equities and credit suggest a new, less flattering narrative: that America's allure as the world's pre-eminent investment destination may be slipping.

Even before "Liberation Day," skepticism had begun to creep in. The launch of Deepseek—a reminder that America does not hold a monopoly on artificial intelligence or the productivity gains it may bestow—signaled that the rest of the world is catching up. Europe, long dismissed as structurally challenged, has begun to stir: Germany's easing of its fiscal constraints to rearm its military could, all else being equal, lift what had been a lackluster growth outlook.

But it was April's abrupt announcement of reciprocal tariffs that dealt the most jarring blow to the exceptionalism narrative. Investors were startled to see bond yields rise as the dollar fell—unusual behavior during a risk-off episode. As Federal Reserve Chair Jerome Powell recently observed, it is premature to draw definitive conclusions. Hedge fund deleveraging has likely contributed to the volatility in Treasury markets. Still, the more troubling question is whether uncertainty over tariffs has triggered a structural decline in demand for American assets.

The Trump administration's decision to delay implementation of the reciprocal tariffs (excluding China) for 90 days offered some respite. Risk assets have since rebounded, suggesting that markets expect the White House to temper its more aggressive trade rhetoric through bilateral deals. Even so, the rates market remains reluctant to retrace its steps—an implicit caution that concerns remain.

The outlook now hinges on the direction of tariff policy and its knock-on effects on economic sentiment. There is a growing sense that President Trump's inner circle is split between two factions: one that sees tariffs as an essential remedy for hollowed-out American manufacturing, and another that treats them as tactical tools to wring concessions from trading partners. The 90-day delay suggests an initial tilt toward the former group, followed by a tactical pivot once bond-market turbulence proved too much.

What truly motivates the administration behind closed doors is harder to define. Investors who have made a habit of discounting President Trump's more populist campaign promises have often been caught out. From his unpredictable stance on cryptocurrencies to his approach to immigration, DOGE and foreign policy, the president has proven willing to surprise. If the administration insists on reopening discussions around non-tariff barriers such as value-added taxes, currency manipulation and agricultural standards, negotiations could easily founder. Early signs suggest that a 10% structural tariff may become a permanent feature of American trade policy—a floor, not a bargaining chip.

The first completed trade deal will be telling. It will not only set a precedent but also reveal to what degree the ultimate aim is to isolate China. By excluding Beijing from the 90-day pause and responding forcefully to Chinese retaliation, the administration appears to be taking a hard line—one that it seems to recognize will be more effective with allied support. China, for its part, is not standing still. It is managing its sphere of influence carefully, rerouting exports, cautioning countries against doing deals with the US that harm them, and working to insulate its economy from American tariffs.

For the Federal Reserve, the tension between its twin mandates—maximum employment and price stability—is becoming more acute. While growth is expected to slow and prices to rise temporarily, the central bank's greater fear is that inflation expectations become unanchored. Mr. Powell has downplayed the likelihood of near-term rate cuts, arguing that the Fed's reaction function must prioritize whichever side of its mandate is more difficult to bring back into alignment. With hard economic data yet to reflect significant damage, monetary policy may offer little immediate cushion against tariff-related volatility—no matter how fervently the president wishes it otherwise.

In short, the outlook for markets is murky. Yet even the decline of American exceptionalism has its advantages. At the year's start, capital flooded into the United States, chasing high valuations in seemingly scarce opportunities. Some within the administration argue that too much money has chased too few assets in America for too long. If so, the rebalancing now under way—messy though it may be—could ultimately lead to a healthier distribution of capital. In time, risk premiums might normalize, valuations become more grounded, and returns more evenly shared. American exceptionalism may be fading—but its passing may yet be a prelude, not a requiem.

Pension Solutions Monitor[1]

Chris Wroblewski, CFA
Co-head of Solutions Strategy

"US pension funding ratios decreased over the first quarter of 2025."

Our analysis of market movements impacting US corporate defined benefit pension plans leads us to estimate that pension funding ratios decreased over the first quarter of 2025. Based on market movements, the average funding ratio is estimated to have decreased from 111.1% to 109.6%.

Equity markets experienced negative performance over the quarter with global equities[2] decreasing 1.2% and the S&P 500 decreasing 4.3%. Plan discount rates[3] were estimated to have decreased approximately 19 basis points over the quarter with the Treasury component decreasing 31 basis points and the credit component widening 12 basis points. Plan assets with a traditional "50/50" asset allocation increased 1.2% while liabilities increased 2.6%. The increase in liability values outpaced the mixed asset performance and resulted in a 1.5% decrease to funding ratios over the first quarter of 2025.

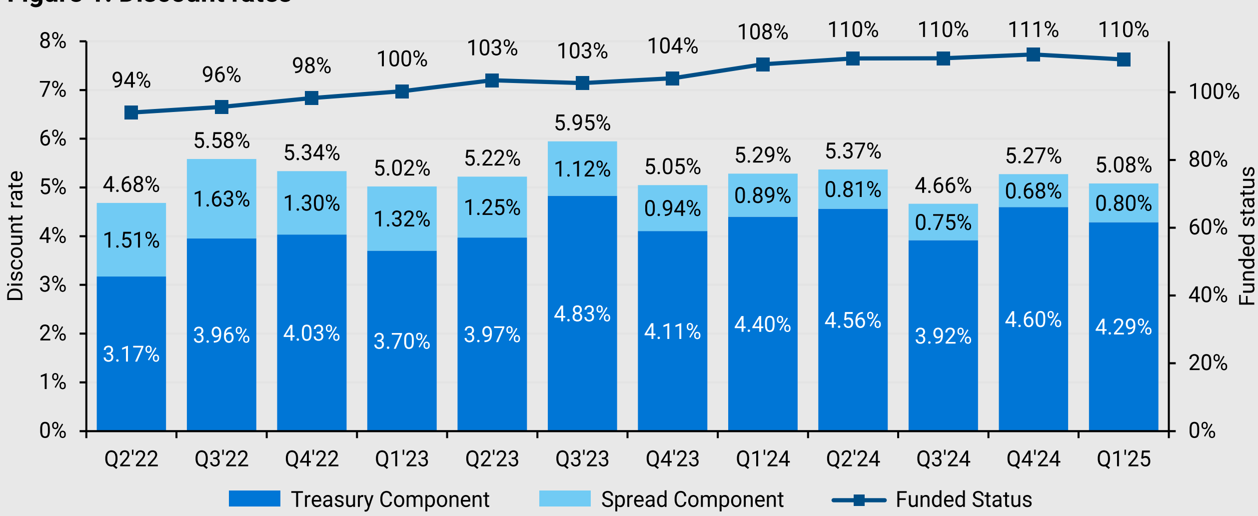
Average funding ratios declined over the first quarter, driven by negative equity performance and rising liabilities amid lower discount rates. The pullback in funding levels underscores the importance of risk management strategies, particularly for plans that entered 2025 in a surplus position. We continue to see demand for customized hedging strategies to lock in funded status gains. As fixed income allocations broadly rise, attention has centered on diversification objectives. The marginal dollar into fixed income is going more and more into strategies such as intermediate credit, investment grade private placements and shorter duration fixed income mandates. These fixed income strategies offer diversification benefits, the potential for enhanced yield, and ultimately, the chance for improved funded status outcomes. Looking further into 2025, we anticipate a continued emphasis on customization to target plan's unique objectives. For those with a primary focus of funded status preservation, custom credit portfolios that are managed in an annuity-aware framework and built benchmark agnostic could be a suitable approach.

The Pension Solutions Monitor assumes a typical liability profile using an approximate duration of 10 years and a 50% MSCI AC World Total Gross Index / 50% Bloomberg US Long Government/Credit Index investment strategy. Our analysis incorporates data from LGIM America research, ICE indices and Bloomberg.

Pension funded status market summary:

- Equity markets delivered negative performance with the S&P 500 and global equities down throughout the quarter.
- Plan liabilities increased due to lower discount rates.
- Funding ratio levels decreased on the back of rising liabilities outpacing the asset performance.

Figure 1: Discount rates



Sources: L&G – Asset Management, America, ICE indices and Bloomberg. Data as of March 31, 2025.

Fixed Income Markets

Anthony Woodside, CFA, FRM
Head of Multi-Sector Fixed Income & Investment Strategy

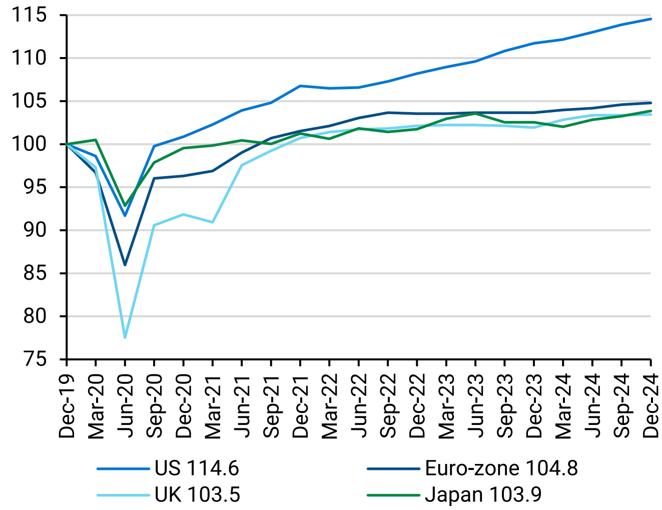
“The trillion-dollar question is are we embarking upon a brave new era where US exceptionalism gives way to material convergence with international peers.”

Exceptionalism is universally celebrated, but rarely is it comfortable or enduring. While many aspire to be at the front of the pack, the deafening sound of footsteps constantly remind leaders that forfeiting their position is just one miscalculation away. For years the US economy has outperformed the rest of the world (Figure 2). Coming into 2025 this pattern was largely expected to continue as investors were torn between soft-landing and reacceleration outcomes for the economy, buoyed by what most expected to be a pro-business agenda from the Trump administration.

However, the narrative has changed dramatically in 2025, as the perceived growth-friendly aspects of President Trump’s platform (deregulation and tax cuts) have taken a backseat to potential headwinds for economic momentum—DOGE layoffs, mass deportation, and most concerningly, a meaningfully higher tariff rate regime. While it would be pre-mature to call time on US exceptionalism, the broad underperformance in US assets this year—equities, credit, and the dollar—underscores how tenuous maintaining pole position can be amidst elevated policy uncertainty and a potentially more volatile path for the economy (Figure 3).

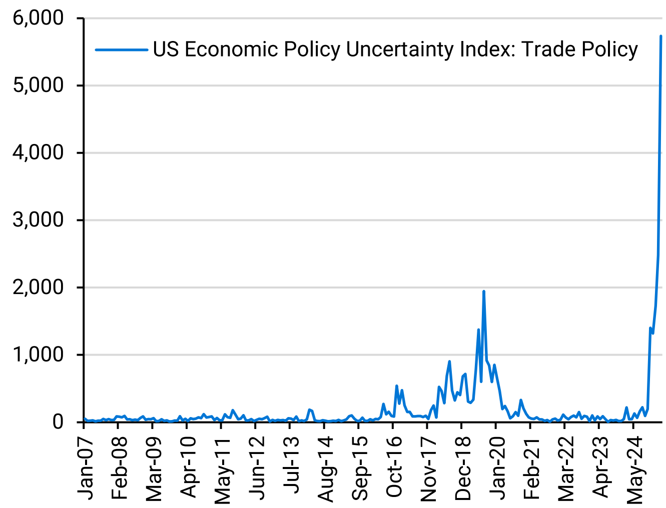
Understandably, investors have struggled to form high conviction views amidst a highly uncertain policy backdrop. Market participants largely viewed recession risk as a relatively low probability outcome coming into 2025. However, with the effective tariff rate increasing from roughly 2.5% at the start of the year to greater than 20% following the reciprocal tariff announcement in early April, the consensus odds for recession have been revised markedly higher. Soft (survey-based, sentiment data) economic data has collapsed, yet it is important to note that hard data has been relatively resilient.

Figure 2: G4 Real GDP comparison (Dec 2019 = 100)



Source: Baker, Bloom and Davis and Bloomberg. Data as of March 31, 2025.

Figure 3: Trade policy uncertainty at elevated levels



Source: Bloomberg. Data as of December 31, 2024.

The rates market has taken note of the increasing downside risks to growth, and the curve has bull steepened aggressively. Specifically, 2- and 5-year yields have rallied over 50 basis points, while 10- and 30-year yields have fallen roughly 35 and 9 basis points respectively year-to-date.[4]

Meanwhile, burgeoning concerns around an economic slowdown have weighed on corporate credit. While total returns for investment grade were positive in the first quarter (full market and long credit indices were up over 2%) aided by the duration rally, excess returns have been negative, and spreads are now roughly 18 basis points wider year-to-date for both indices.[4] This pattern has been mirrored in high-yield, where total returns have been positive, while excess returns have been negative as spreads have widened over 70 basis points this year.[4]

With the US economy seemingly nearing an inflection point, there remains an uncomfortable ambiguity around the Fed's reaction function. Specifically, policymakers find themselves torn between increasing downside risks to growth and near-term upside risks to inflation. Although the Fed lowered rates by 100 basis points last year, the current policy range of 4.25%-4.50% certainly leaves the Fed with ample space to stimulate the economy should conditions deteriorate in a disorderly fashion. In its Summary of Economic Projections released in March, the central bank's median dot implied 50 basis points of cumulative easing in 2025. Meanwhile, the market is pricing in over 90 basis points of cuts this year as reciprocal tariffs announced in April were more punitive than expected. We believe policymakers prefer to remain on the sidelines until they get more clarity around the policy outlook. However, if both components of its dual mandate were to move in undesirable directions, we expect the Fed to prioritize growth at this point of the cycle, especially as tariffs are often viewed as one-time price level adjustment. The Fed's decision to kick off its easing cycle last September with a 50-basis point cut after one weak labor market print and budding stress in currency markets help reinforce this view.

In rates, we have started to build an overweight position in the long-end of the yield curve, after being constructive on the short-end for much of the year. As mentioned earlier, the yield curve has steepened aggressively, and real yields are in elevated territory. Additionally, term premium is at the highest level in over a decade amidst record policy uncertainty, rising upside risks to near-term inflation, elevated debt issuance and ongoing skepticism around the hedging properties of Treasuries should there be a major risk-off event. While it is difficult to dismiss these concerns outright, the administration has made it clear that it wants to bring down long-term yields and we contend that there is already significant pessimism priced into the term structure of rates. Moreover, we believe the announcement of the 90-day pause in reciprocal tariffs after the violent bond market selloff adds credence to the view that the "Trump put" is likely to be as much about the level of rates as the drawdown in equities.

In credit, the much-discussed dichotomy between attractive all-in yields and historically tight credit spreads has sparked vigorous debate in recent years. However, valuations have cheapened in recent months, and all else equal, spreads are now hovering around levels where forward-looking excess returns are near zero (from decidedly negative a few months ago). Moreover, fledgling signs of decompression have begun, but there is admittedly substantial room to run should rising recession odds get further priced in to credit markets.

Yet, there is a case to be made that credit can perform well in a moderating growth environment once growth remains positive and stagflation risks do not ratchet higher. Technicals are broadly supportive, as all-in yields remain elevated for now, but we note the risk for this positive catalyst to fade against a softer macro backdrop. Furthermore, management teams are also likely to be cautious on capex and M&A activity, which can help underpin corporate fundamentals. However, we believe the asset class has not cheapened enough to compensate for the potential disruption that lies ahead from the evolving policy landscape.

In terms of portfolio positioning, we went underweight investment grade credit in the first quarter of the year, opportunistically paring back generic BBB risk in favor of A-rated issuers with solid balance sheets that can withstand multiple quarters of sluggish growth. In terms of sector decomposition, we have prioritized domestic-oriented industries with less exposure to tariff risk. Specifically, we are constructive on banks and utilities, with the latter also doubling as a defensive sector that tends to outperform during downturns. Conversely, we are underweight autos, technology and pharmaceuticals. Finally, we continue to advocate for allocations to securitized credit and emerging markets in building more resilient, diversified portfolios.

While market participants currently find themselves confronted by more questions than answers, it is reasonable to ask if we are now past peak uncertainty. We are sympathetic to the argument that universal tariffs look increasingly like a floor and reciprocal tariffs will likely serve as a ceiling in tariff negotiations. Moreover, the 90-day pause also supports the view that a détente from the aggressive tone of negotiations is more likely than not. However, it seems clear that we are entering a new phase for global trade. This paradigm shift has the potential to substantially alter supply chains, which would certainly lead to growing pains for companies and investors alike. We entered 2025 with the view that the economy was already cooling in an orderly fashion. Now the risk is that fiscal retrenchment, declining consumer and business confidence and escalating trade tensions will prove sufficient to tip the US economy into recession.

In our last quarterly update, we argued that the bond market sell-off in the fourth quarter created an attractive entry point for fixed income investors from a total return perspective but the prospects for generating positive excess returns were less sanguine. This view proved correct, and we believe it remains appropriate in characterizing the outlook for the next quarter. In summary, the events of the last few months remind us that the margin for error between exceptional and the rest of the field is often smaller than we think. The trillion-dollar question is are we embarking upon a brave new era where US exceptionalism gives way to material convergence with international peers.

Equity Markets

Dave Chapman, CFA
Head of Multi-asset

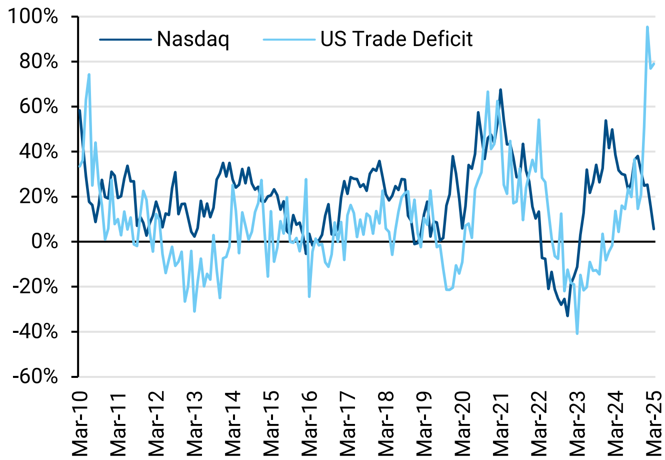
"Gold has a specific role to play in the ongoing policy and geopolitical uncertainty, and so do the broader commodity market and related sectors."

A colleague recently quipped that the "superlatives write themselves" regarding investors' experiences through the early weeks of April. The 3% overnight gaps followed by 5-10% intraday ranges were velocities with few historical comparisons. Indeed, all the deviations have become standard. In fact, as we write, US equity markets are down a little over 2% on the day with the yield curve about 10 basis points steeper, yet it feels like a reprieve.[5] It may sound a bit absurd, but it's true that we're observing signs of stress diminishing. After any high-stress period, it's natural to seek clarity by questioning some common narratives that have troubled the markets and reassessing potential opportunities for portfolio improvement.

Jason previously highlighted that doubts about the sustainability of American exceptionalism had already started to percolate but only boiled over with the tariff announcement. Disappointingly, then, a lot of the ex-post rationalization for the equity market response focused myopically on the role of trade. Figure 4 recreates a prominent piece of evidence for that argument. It relates the rolling annual return of the Nasdaq to the year-over-year change in the US trade deficit. It certainly passes the eye test, but the r-squared of the relationship is a scant 0.10.[6] This caught our attention because, in relatively stable environments, the industry tends to describe the market as a complex, dynamic system. However, when volatility surged this month, we observed more instances where participants became increasingly convicted in a single-variable explanation for the equity drawdown.

Further, perhaps you don't have to be exceptional if you're exceptionally profligate. The US has run significant budget deficits for decades. But conspicuously, European equity outperformed the S&P 500 in local terms by over 10% since Germany's expansive fiscal policy announcement in early March.[7] Interestingly, though, we have seen derivative financing costs (which are influenced by supply and demand for levered exposure) continue to decline modestly for developed international markets while US equity funding has stabilized at still historically rich levels. [As we highlighted recently], investors can take advantage of this pricing differential, whether to rebalance, express a view or simply diversify away from US equity market concentration.

Figure 4: Rolling annual changes of Nasdaq and US trade deficit



Source: Bloomberg and L&G – Asset Management, America. Data as of March 31, 2025.

We note the relative equity performance of the US and Europe in local currency very intentionally, as well. The US dollar is front-and-center for all policy risk right now—trade, fiscal and monetary—after defying the risks of twin deficits for so long, and dollar risk is asymmetric for global investors. As the US dollar declines, US investors with global assets receive a relative benefit. Of course, that means it is a detriment for non-US investors, and we would argue that clients with non-US pensions or other assets would be well-advised to hedge their currency risk.

Finally, we will also relate our macro comments regarding the faction of Trump's inner circle that see tariffs as a remedy for hollowed-out US manufacturing to further rebalance away from US financial assets. We quote from 13d Strategy and Research:

> *For every five baby boomers that retire from skilled trades, there are only two replacements from younger generations....*
>
> *The problem is particularly acute in mining. The number of graduates from U.S. mining programs dropped nearly 40% between 2016 and 2022, and the nation's mining and engineering schools graduate fewer than 350 people per year. There were only 600 students enrolled in these programs in 2022, down from 1,500 in 2015. According to the Society for Mining, Metallurgy and Exploration, over 200,000 U.S. mining workers are expected to retire by decade's end.*[8]

The S&P metals and mining sector market capitalization is just over $150 billion compared to over $12 trillion for the Mag 7.[9] Gold is starting to get more attention due to the rise in spot price. Gold has a specific role to play in the ongoing policy and geopolitical uncertainty, and so do the broader commodity market and related sectors. Sourcing commodities has been a bottleneck in some form or another since COVID, and proposed policies could extenuate or exacerbate that through production constraints, given the labor and capital underinvestment described earlier.

We previously highlighted our commodity strategy, which, importantly, carries a strategic overweight to gold and is backed by a full market TIPS exposure. Not only do we believe that a strategic allocation to commodities is a critical diversifier, but we also currently prefer real duration (i.e., TIPS) over nominal (i.e., Treasuries) in multi-asset portfolios. And, as Jason mentioned, if recent history was a trend of capital chasing too few opportunities at high valuations, commodities and related sectors are well-positioned to benefit from the healthy reallocation of capital we alluded to.

Equity Solutions: MSCI Rebalance Predictions

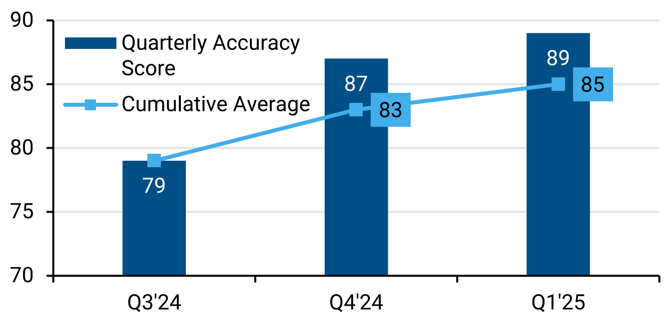
Dave Barron, CFA, CAIA
Head of US Equity Solutions

"Since Q3 last year, the accuracy of our predictions has steadily risen in each successive quarter."

Demonstrating accuracy and reliability

This marks our fourth quarter publishing MSCI rebalance predictions in this outlook, so now with a few data points under our belt, let's take a look back and review our accuracy over that period.

Figure 5: MSCI rebalance prediction history



Source: L&G – Asset Management, America. Data as of March 31, 2025.

Since Q3 last year, the accuracy of our predictions has steadily risen in each successive quarter. That includes the first rebalance of this year, which contained a total of 57 adds and deletes, of which we accurately predicted 52 of them, yielding an accuracy score of 89—our highest to date. This result brought our cumulative average accuracy to 85 since our first publication.

Of course, accuracy is the primary metric when it comes to evaluating these predictions, but in moments of heightened volatility, like today's global equity market, the reliability of the approach becomes equally important. As the track record demonstrates, our process has produced consistently accurate predictions, capturing a significant majority of both adds and deletes in each period. And as we've said before, accurately predicting this information in advance is knowing what trillions of dollars are likely to do before they do it—at a time like this, that information can be a guiding light in a cloud of uncertainty.

Figure 6: Our MSCI predictions for Q2 2025

Benchmark	Country	Name	Prediction
World ex USA	Australia	EVOLUTION MINING LTD	Add
World ex USA	Australia	GPT GROUP	Delete
World ex USA	Australia	TREASURY WINE ESTATES LTD	Delete
World ex USA	Canada	ALAMOS GOLD INC-CLASS A	Add
World ex USA	Canada	LUNDIN GOLD INC	Add
World ex USA	Canada	AIR CANADA	Delete
World ex USA	Canada	ONEX CORPORATION	Delete
World ex USA	Spain	BANKINTER SA	Add
World ex USA	Belgium	ELIA GROUP SA/NV	Add
World ex USA	Italy	AMPLIFON SPA	Delete
World ex USA	Germany	PUMA SE	Delete
World ex USA	Denmark	ZEALAND PHARMA A/S	Delete
World ex USA	Israel	GLOBAL-E ONLINE LTD	Delete
World ex USA	Israel	NOVA LTD	Delete
World ex USA	Japan	IHI CORP	Add
World ex USA	Japan	SANRIO CO LTD	Add
World ex USA	Japan	YASKAWA ELECTRIC CORP	Delete
World ex USA	Japan	SEIKO EPSON CORP	Delete
World ex USA	Italy	BANCA MEDIOLANUM SPA	Add
World ex USA	Germany	HOCHTIEF AG	Add
USA	USA	SOUTHWEST AIRLINES CO	Delete
USA	USA	ASSURANT INC	Delete
USA	USA	ALBEMARLE CORP	Delete
USA	USA	ALLY FINANCIAL INC	Delete
USA	USA	SMITH (A.O.) CORP	Delete
USA	USA	FRANKLIN RESOURCES INC	Delete
USA	USA	BUNGE GLOBAL SA	Delete
USA	USA	BIO-RAD LABORATORIES-A	Delete
USA	USA	BXP INC	Delete
USA	USA	CROWN HOLDINGS INC	Delete
USA	USA	DAYFORCE INC	Delete
USA	USA	EASTMAN CHEMICAL CO	Delete
USA	USA	EPAM SYSTEMS INC	Delete
USA	USA	EXACT SCIENCES CORP	Delete
USA	USA	FORTUNE BRANDS INNOVATIONS	Delete
USA	USA	HOST HOTELS & RESORTS INC	Delete
USA	USA	INTERPUBLIC GROUP OF COS INC	Delete
USA	USA	MANHATTAN ASSOCIATES INC	Delete
USA	USA	MGM RESORTS INTERNATIONAL	Delete
USA	USA	MODERNA INC	Delete
USA	USA	NEUROCRINE BIOSCIENCES INC	Delete
USA	USA	OVINTIV INC	Delete
USA	USA	ROKU INC	Delete
USA	USA	SEI INVESTMENTS COMPANY	Delete
USA	USA	SKYWORKS SOLUTIONS INC	Delete
USA	USA	STANLEY BLACK & DECKER INC	Delete
USA	USA	BIO-TECHNE CORP	Delete
USA	USA	WALGREENS BOOTS ALLIANCE INC	Delete
USA	USA	VIATRIS INC	Delete
USA	USA	WESTLAKE CORP	Delete
USA	USA	WYNN RESORTS LTD	Delete

Source: L&G – Asset Management, America. Data as of April 30, 2025. For illustrative purposes only.

Our latest predictions

Figure 6 highlights our predictions for the second quarter of 2025 MSCI rebalance. The key dates for this cycle are the following:

- 10 business day window: April 15 - April 30.
- Announcement: May 13.
- Implementation point: Close of Friday, May 30, but may be different for some markets (e.g., market holiday, exchange closures).

Prediction process

We have designed and implemented a low active risk approach to capture outperformance created by index micro inefficiencies. In our investment approach, we target a variety of opportunities, one being rebalance predictions, where we model widely followed approaches to predict index additions and deletions. This predictive capability provides an opportunity for us to optimize portfolio adjustments before official index announcements, potentially enhancing returns. Here's how it works for an MSCI rebalance:

- On a quarterly basis, MSCI will re-establish its market cap weighted index series using a publicly available methodology, which means it can be independently modeled with reasonable certainty.
- We identify which companies we believe will be reclassified between the Standard (Large + Mid Cap) indices and Small Cap indices.
- MSCI selects one of ten days at the end of the month prior to the actual rebalance to crystalize sizing classifications.
- A public notification of the changes happens approximately two weeks before the rebalance, with the rebalance happening at the end of the month (February, May, August, November cycle).

After the rebalance period ends, we evaluate our predictions based on the following method:

- Correct prediction (i.e., True positive; 1 point)—We assign ourselves one point for every accurate add or delete prediction.
- Incorrect prediction (i.e., False positive; -1 point)—One point is deducted for every prediction that is not ultimately added or deleted by MSCI.
- No prediction (i.e., False negative; 0 points)—No points are assigned or deducted for an add or delete that was not originally predicted.
- We add up the total number of points and divide it by the total number of adds and deletes implemented by MSCI to determine the Rebalance Accuracy Score. While we do not expect to achieve perfect accuracy, our aim is to maximize correct predictions and minimize mistakes.

Accurately predicting this information in advance is knowing what trillions of dollars are likely to do before they do it.

1. For illustrative purposes only. L&G – Asset Management, America prepares the Pension Solutions Monitor data assuming a typical liability profile using an approximate duration of 10 years and 50% MSCI AC World Total Gross Index / 50% Bloomberg US Long Government/Credit Index. Our analysis incorporates data from LGIM America research, ICE indices and Bloomberg. Prior to January 2023 the funded ratio of a typical US corporate defined benefit plan was calculated using an approximate duration of 12 years and a 60% MSCI AC World Total Gross Index / 40% Bloomberg US Aggregate Index ("60/40") investment allocation strategy incorporating data from LGIM America research, ICE indices and Bloomberg. The change to a "50/50" asset allocation reflects our understanding that most US corporate defined benefit plans have extended the duration of their fixed income as funded status has improved for the broader market. Furthermore, we believe that the duration of a typical plan's fixed income portfolio is better represented by the Bloomberg US Long Government/Credit Index compared to the Bloomberg US Aggregate Index. As of March 2025, we began using an approximate duration of 10 years. These results are based on simulated or hypothetical assumptions that have certain inherent limitations. Unlike the results in an actual performance record, these results do not represent actual trading. Because these trades have not actually been executed, these results may have under- or over-compensated for the impact, if any, of certain market factors, such as lack of liquidity. Simulated or hypothetical trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. No representation is being made that any account will or is likely to achieve profits or losses similar to these being shown.
2. "Global equities" referred to here is represented by the MSCI AC World Total Gross Index.
3. Discount rates based on a blend of the Intercontinental Exchange Mature US Pension Plan AAA-A and Intercontinental Exchange Retired US Pension Plan AAA-A discount curves.
4. Bloomberg. Data as of April 28, 2025.
5. Bloomberg. Data as of April 21, 2025.
6. Bloomberg, L&G – Asset Management, America calculations. Data as of March 31, 2025.
7. Bloomberg, L&G – Asset Management, America calculations. Data as of April 18, 2025.
8. 13D Research & Strategy.
9. Bloomberg, L&G – Asset Management, America. Data as of April 18, 2025.

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