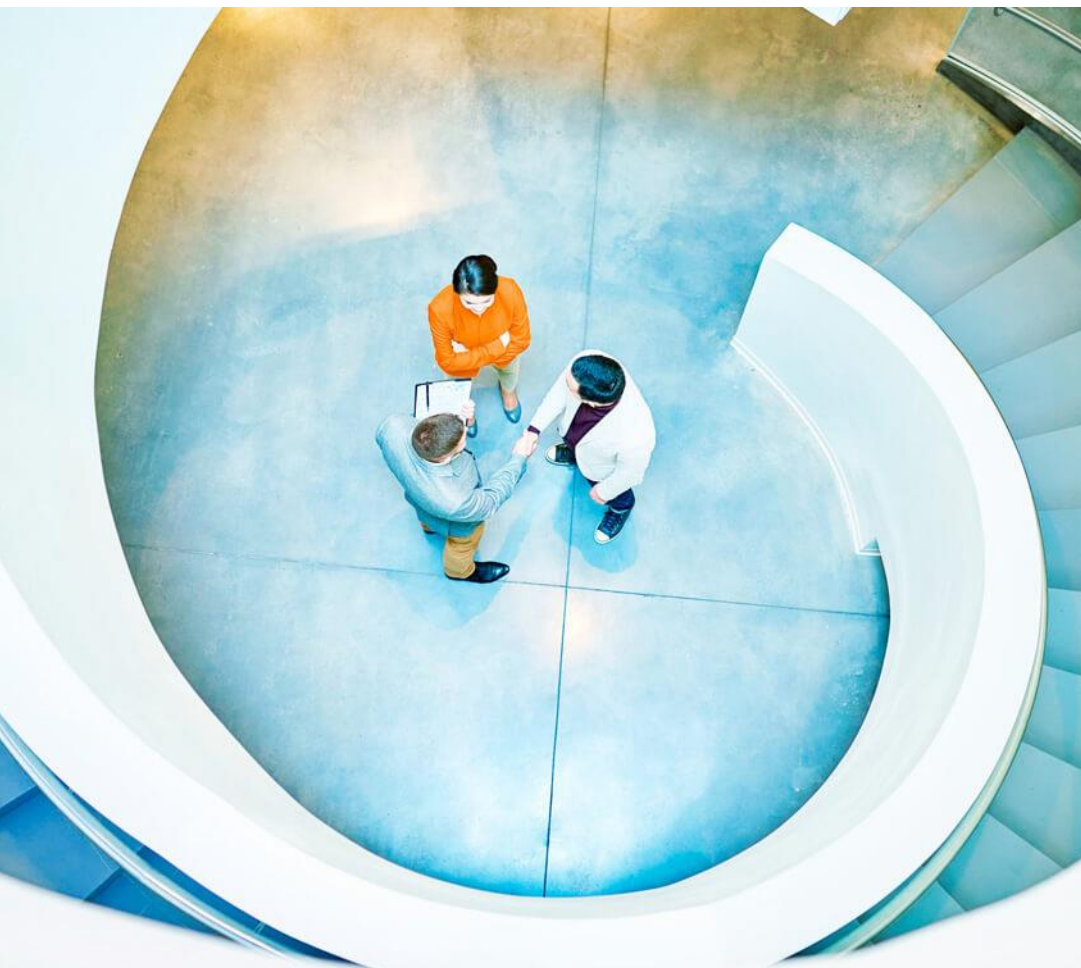




Institutional Trends

For Investment Professional Use Only

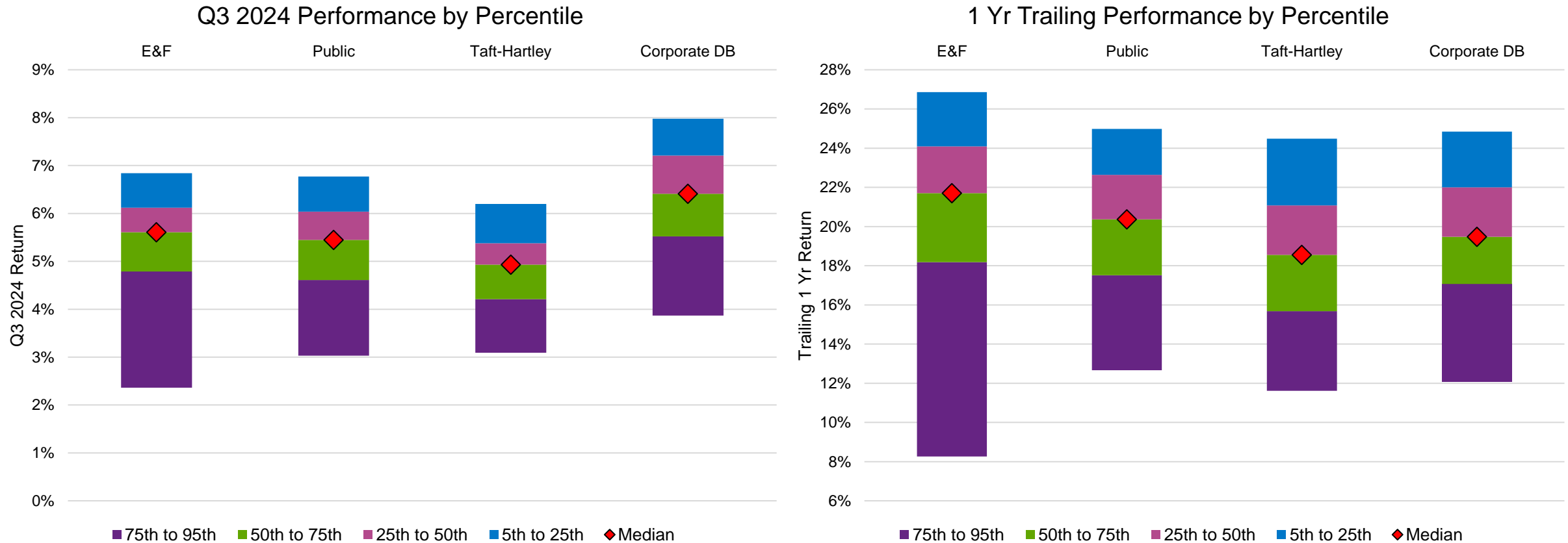


Institutional Trends – Year End 2024

- Return Environment (Slides 3-5)
- Trends by Client Type (Slides 6-8)
- Asset Allocation Trends (Slides 9-10)
- Private Markets Trends (Slides 11-15)

Lower Yields in Credit Boost Corporate DB Returns

Q3 2024 and 1-Year Return Percentiles by Plan Type



Institutional portfolios posted strong returns in Q3 2024, with corporate pension median returns outpacing endowments and foundations (E&F), public, and Taft Hartley pensions. On a 1-year basis, E&Fs led the performance pack.

Performance data shown represents past performance and is not a guarantee of future results.

Calendar Year Returns by Asset Category

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 YTD (6/30/2024)	Annualized Return since 2015
US Private Equity 13.9%	US Equity SMID Cap 17.6%	EM Equity 37.3%	US Private Equity 12.5%	US Equity Large Cap 31.5%	US Private Equity 28.8%	US Private Equity 44.2%	US Private Real Assets 18.6%	US Equity Large Cap 26.3%	US Equity Large Cap 15.3%	US Private Equity 16.3%
US Private Real Estate 12.1%	US High Yield 17.1%	Intl Developed 25.0%	US Private Real Assets 6.3%	US Equity SMID Cap 27.8%	US Equity SMID Cap 20.0%	US Private Real Estate 32.5%	US Private Real Estate 9.5%	Intl Developed 18.2%	EM Equity 7.5%	US Equity Large Cap 12.9%
US Private Debt 4.1%	US Private Equity 13.2%	US Equity Large Cap 21.8%	US Private Real Estate 6.1%	Intl Developed 22.0%	US Equity Large Cap 18.4%	US Equity Large Cap 28.7%	US Private Debt 4.7%	US Equity SMID Cap 17.4%	Intl Developed 5.3%	US Private Real Estate 8.8%
US Equity Large Cap 1.4%	US Private Real Assets 13.0%	US Private Equity 18.4%	US Private Debt 4.8%	EM Equity 18.4%	EM Equity 18.3%	US Private Real Assets 25.5%	Cash 1.5%	US High Yield 13.4%	US Private Debt 5.2%	US Equity SMID Cap 8.3%
US Aggregate 0.5%	US Equity Large Cap 12.0%	US Equity SMID Cap 16.8%	Cash 1.8%	US Private Equity 16.6%	Intl Developed 7.8%	US Equity SMID Cap 18.2%	US Private Equity -1.0%	US Private Debt 10.9%	US Private Real Assets 4.0%	US Private Debt 8.3%
EM Bond USD 0.4%	EM Equity 11.2%	US Private Real Estate 10.7%	US Aggregate 0.0%	EM Bond USD 15.6%	US Aggregate 7.5%	US Private Debt 17.9%	US High Yield -11.2%	EM Bond USD 10.6%	US Private Equity 3.0%	US Private Real Assets 5.9%
Cash 0.0%	US Private Debt 10.0%	US Private Debt 10.2%	US High Yield -2.1%	US High Yield 14.3%	US High Yield 7.1%	Intl Developed 11.3%	US Aggregate -13.0%	US Private Equity 10.5%	US Private Real Estate 2.7%	Intl Developed 5.6%
Intl Developed -0.8%	EM Bond USD 9.4%	EM Bond USD 10.0%	US Equity Large Cap -4.4%	US Aggregate 8.7%	EM Bond USD 5.5%	US High Yield 5.3%	Intl Developed -14.5%	EM Equity 9.8%	Cash 2.7%	US High Yield 4.9%
US Equity SMID Cap -2.9%	US Private Real Estate 8.8%	US Private Real Assets 8.9%	EM Bond USD -5.7%	US Private Real Estate 8.4%	US Private Debt 3.6%	Cash 0.0%	EM Bond USD -18.0%	US Aggregate 5.5%	US High Yield 2.6%	EM Equity 3.8%
US High Yield -4.5%	US Aggregate 2.6%	US High Yield 7.5%	US Equity SMID Cap -10.0%	US Private Debt 7.7%	US Private Real Estate 3.3%	US Aggregate -1.5%	US Equity Large Cap -18.1%	Cash 5.1%	US Equity SMID Cap 2.3%	EM Bond USD 2.4%
US Private Real Assets -7.2%	Intl Developed 1.0%	US Aggregate 3.5%	Intl Developed -13.8%	Cash 2.2%	Cash 0.5%	EM Bond USD -2.4%	US Equity SMID Cap -18.4%	US Private Real Assets 3.3%	EM Bond USD 2.0%	Cash 1.6%
EM Equity -14.9%	Cash 0.2%	Cash 0.8%	EM Equity -14.6%	US Private Real Assets -3.8%	US Private Real Assets -7.4%	EM Equity -2.5%	EM Equity -20.1%	US Private Real Estate -6.4%	US Aggregate -0.7%	US Aggregate 1.2%

US large cap led in 2024, but long-term private market premiums remain robust relative to public counterparts.

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Corporate and Public Plans See Funded Status Gains

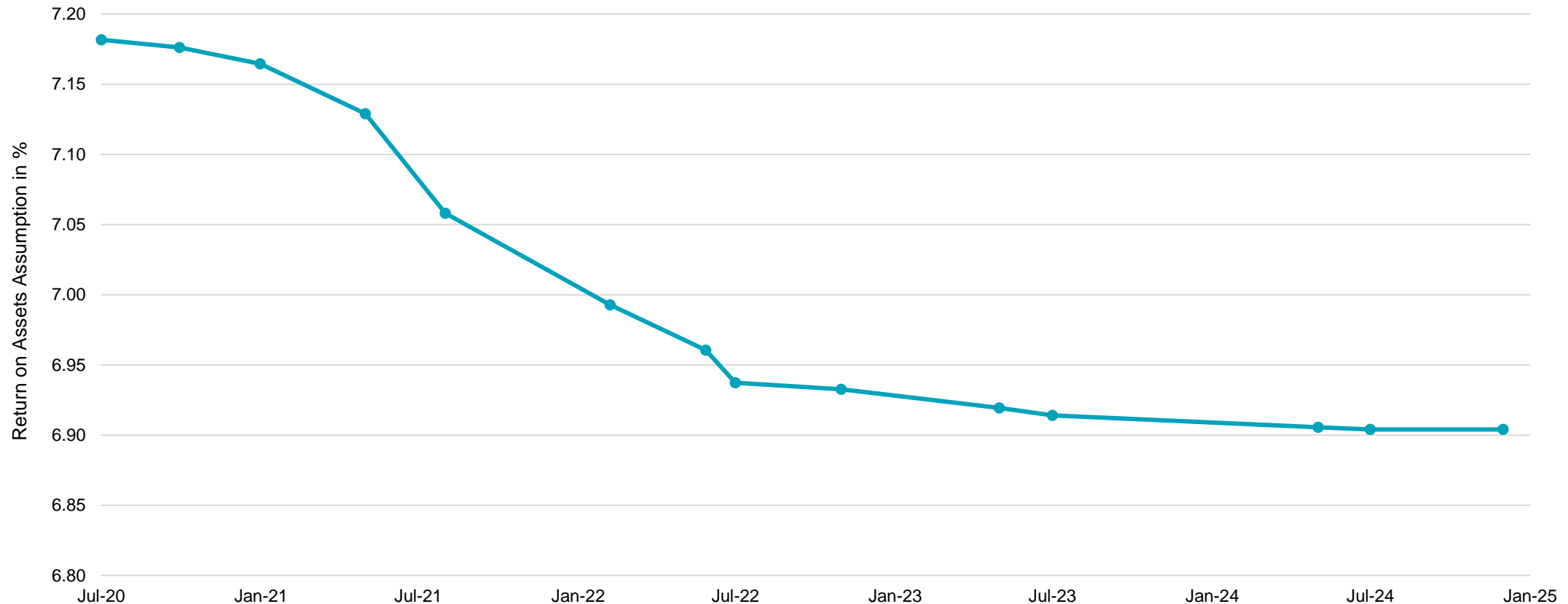
Milliman Corporate and Public Pension Funding Index



Funded status for the top corporate and public pensions have seen gains throughout 2024, with corporate pensions reaching an all time high in Q4 2024. This supports continued flows into fixed income and defensive equity strategies, as well as elevated risk transfer activity.

Public Pension Return on Asset Assumptions Stable

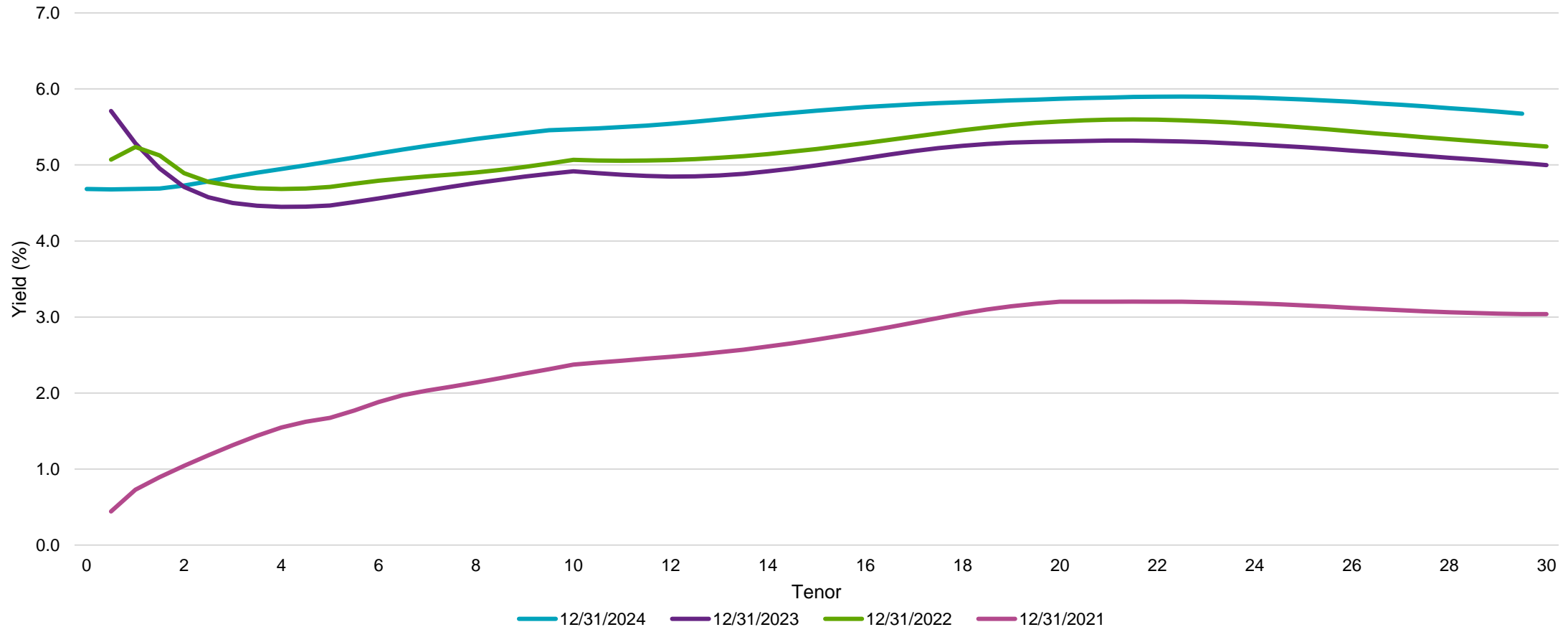
Average Return on Assets Assumption, US Public Pensions



Investment return assumptions continue to stabilize for public pensions at 6.9%, with higher yields and strong equity returns dampening the momentum toward increasingly conservative assumptions. The resulting more predictable liability growth over the past 2.5 years has contributed to funded status gains.

Corporate Pension Discount Rates Up 60 Basis Points in 2024

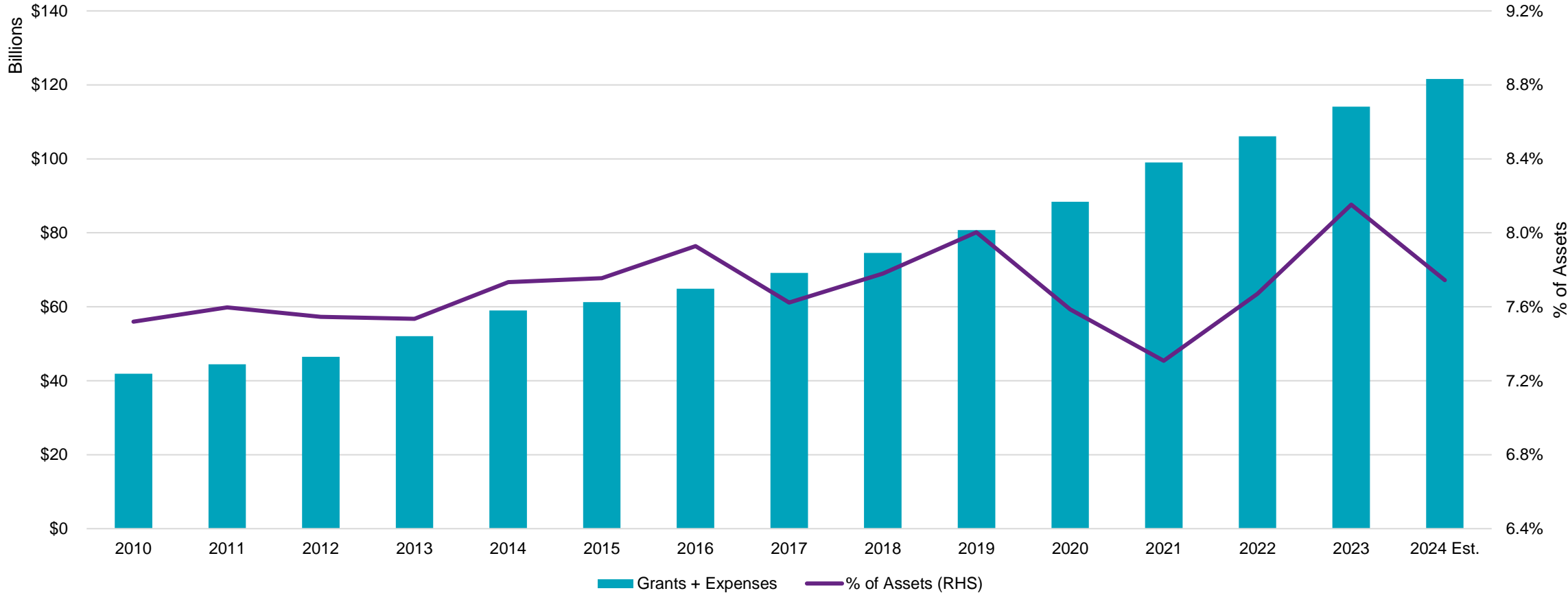
FTSE Above Median Pension Discount Curve



Higher Treasury yields were directionally offset by cycle tightens in credit spreads, but the FTSE Above Median Pension Discount Curve rose for all tenors beyond 2 years. Elevated discount rates alongside strong market returns have preserved and, in many cases, improved funded status of US corporate pension plans.

Foundation Asset Base Supporting Elevated Grantmaking Levels

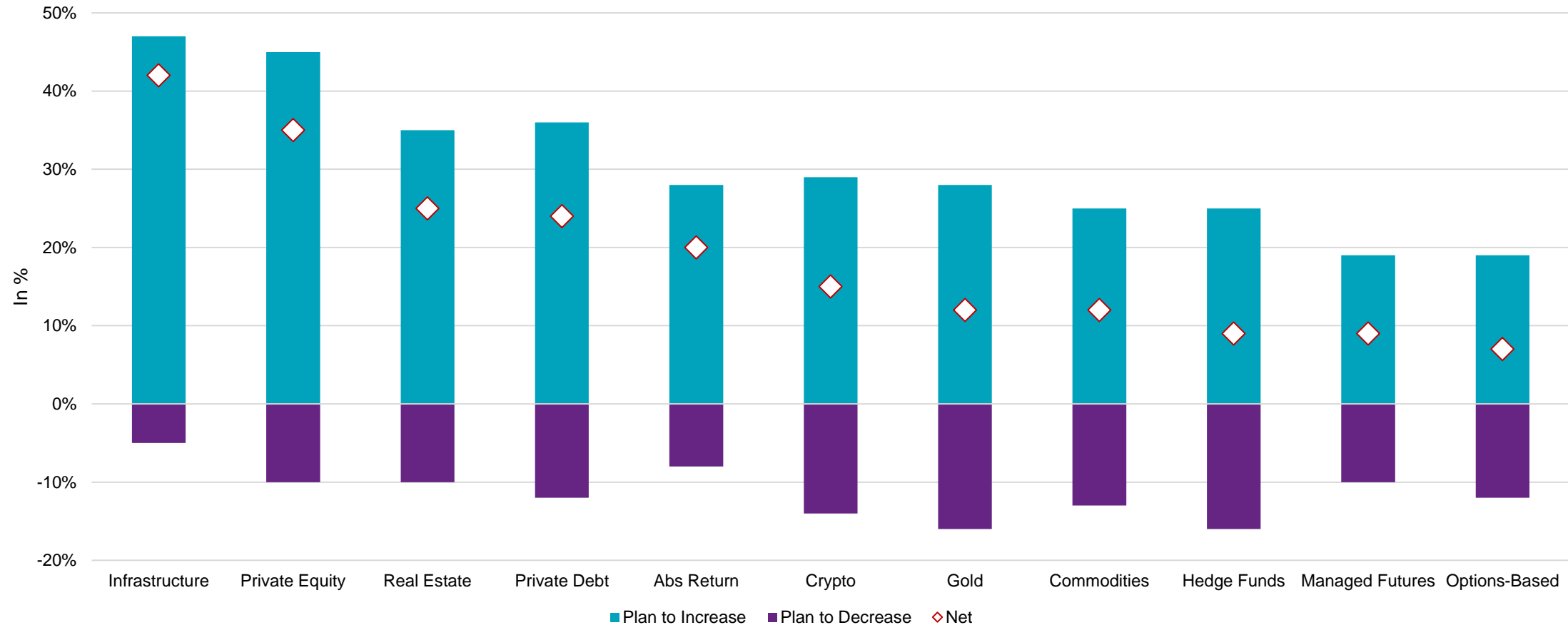
Total Grants and Expenses, US Foundations



Strong returns for risk-assets over the last 5 years have led to a meaningful increase in grantmaking by US foundations. While spending on grants and expenses have remained stable between 7.5% and 8.0% of total assets, the elevated asset base has led to all time highs in dollar terms, estimated at over \$120 billion in 2024.

Private Markets Interest Remains Strong

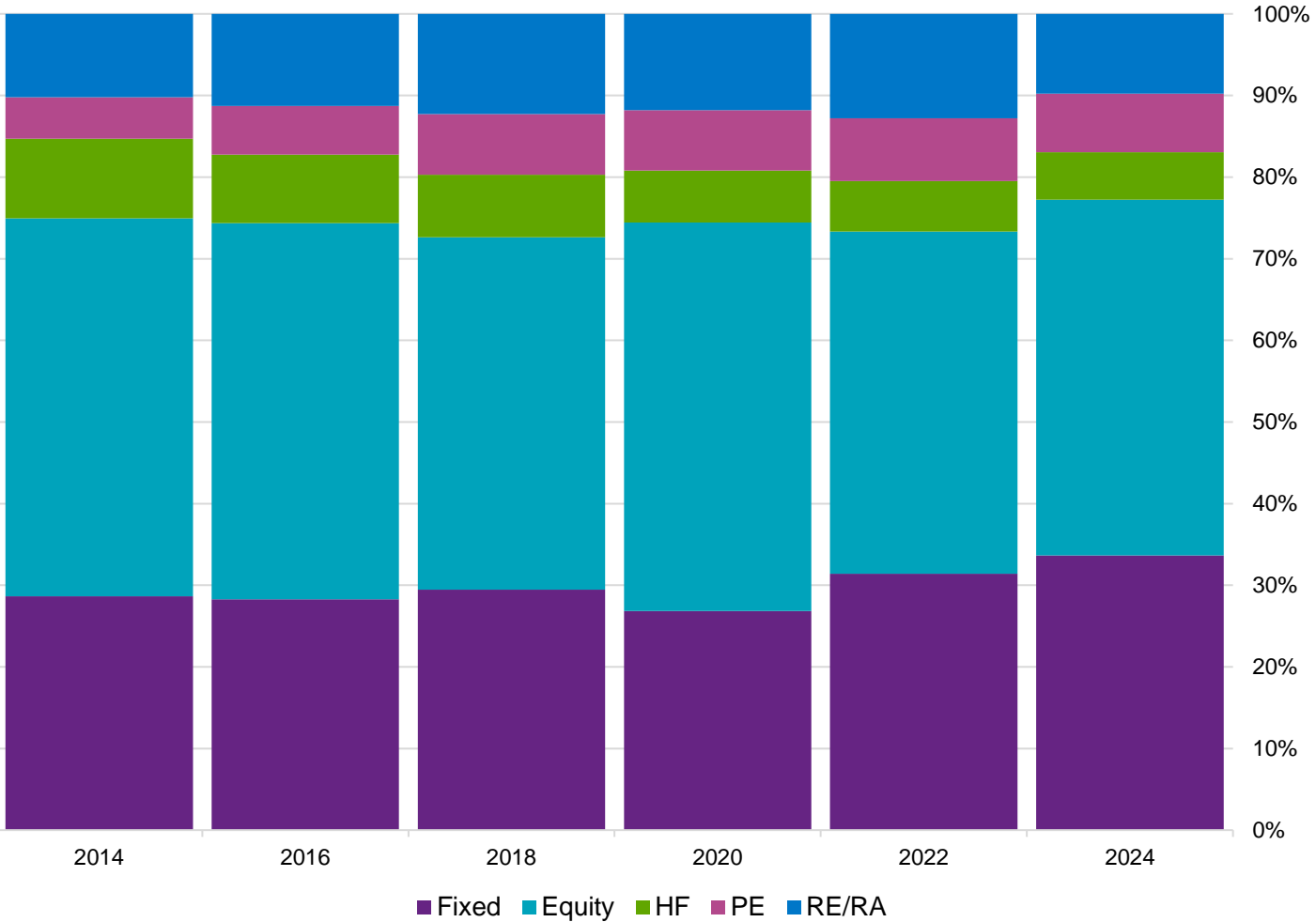
Plans to Increase/Decrease Alternatives Allocations



Institutional investors surveyed in the Natixis 2025 Institutional Outlook indicated broad based interest in many alternative categories, with private market assets taking all top 4 spots.

Fixed Income Allocations Increasing

Institutional Average* Asset Allocation Over Time



Asset Class	2 Year Change	10 Year Change
Fixed Income	+2.2%	+5.0%
Equity	+1.6%	-2.7%
Hedge Funds	-0.4%	-3.9%
Private Equity	-0.5%	+2.1%
Real Estate / Real Assets	-3.0%	-0.4%

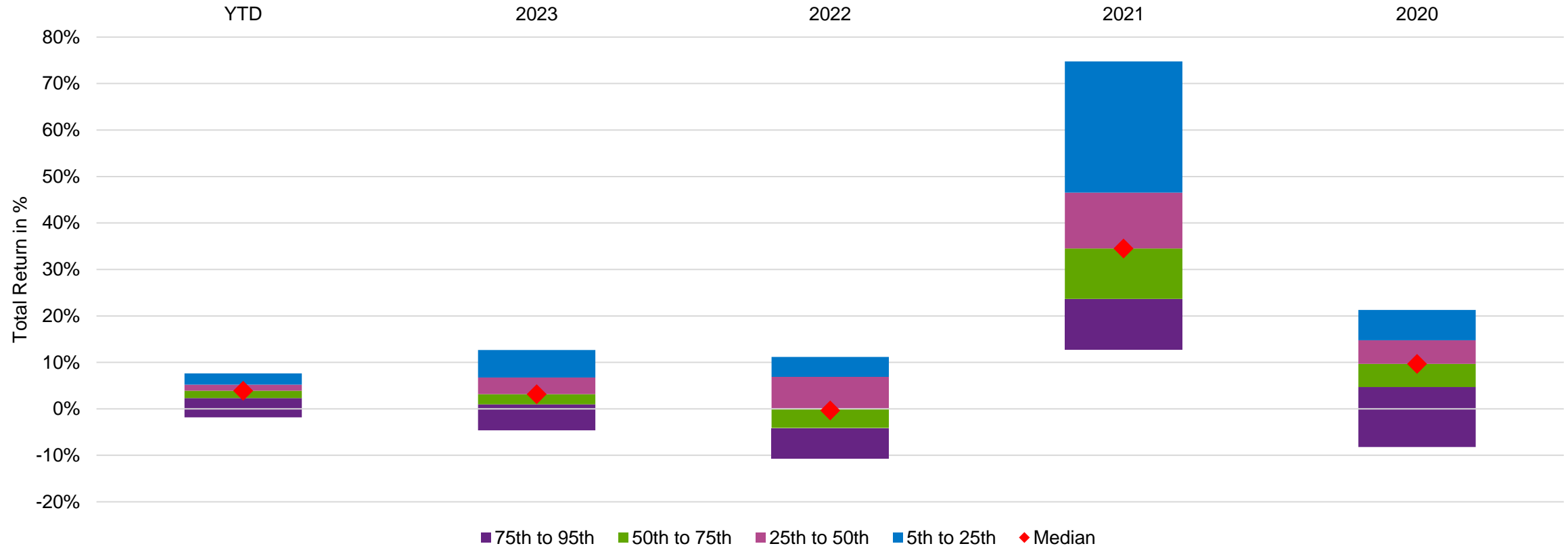
Higher yields have led to higher target allocations to fixed income over the past 2 and 10 years. Longer term, institutions have favored private equity over hedge funds, public equity, and real estate / real assets.

Source: Investment Metrics, 9/30/2024. * Institutional average represented as a blend of Corporate DB, Public, Taft Hartley DB, and Endowments & Foundations. Equity contains US and Non-US, Fixed Income contains US and Non-US, Private Equity includes Private Equity and Venture Capital. Natixis Investment Managers Solutions.

Lower Dispersion in Private Equity Returns

Private Equity Returns By Percentile, US Endowments and Foundations

Performance by Percentile (9/30/2024)

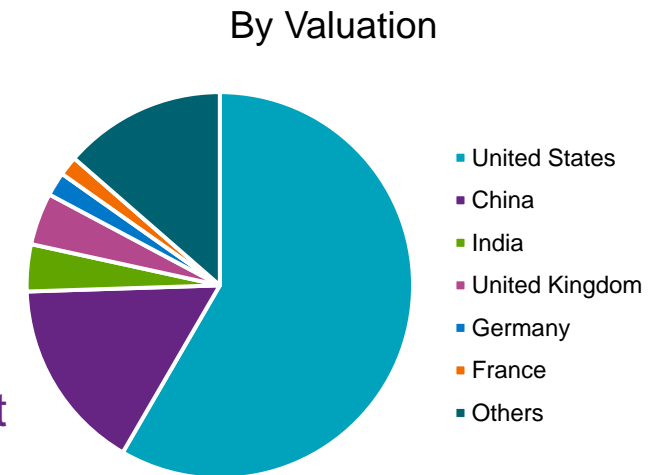
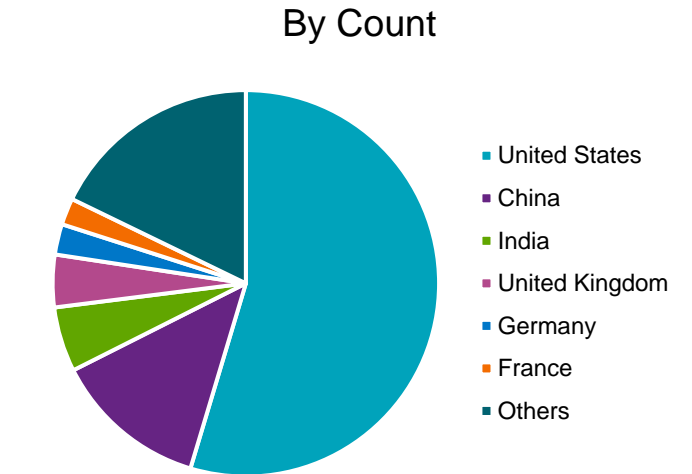
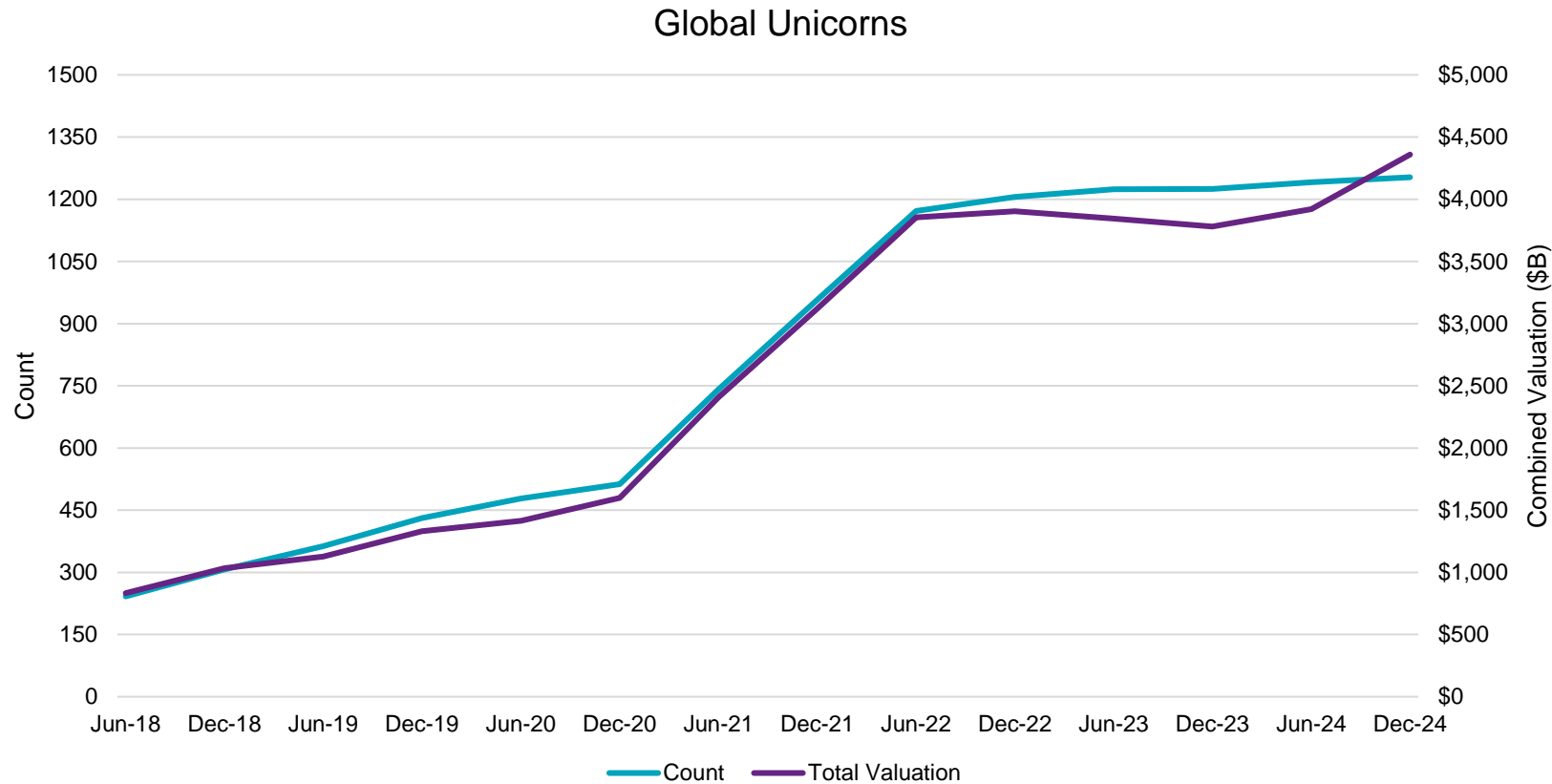


Private equity investors are experiencing the tightest return dispersion in the last 5 years. A slower exit environment has meant recent returns have been more valuation-based, highlighting the need to evaluate performance via other metrics beyond internal rate of return (IRR) and time-weighted returns.

Performance data shown represents past performance and is not a guarantee of future results.

Global Unicorns Fly Higher

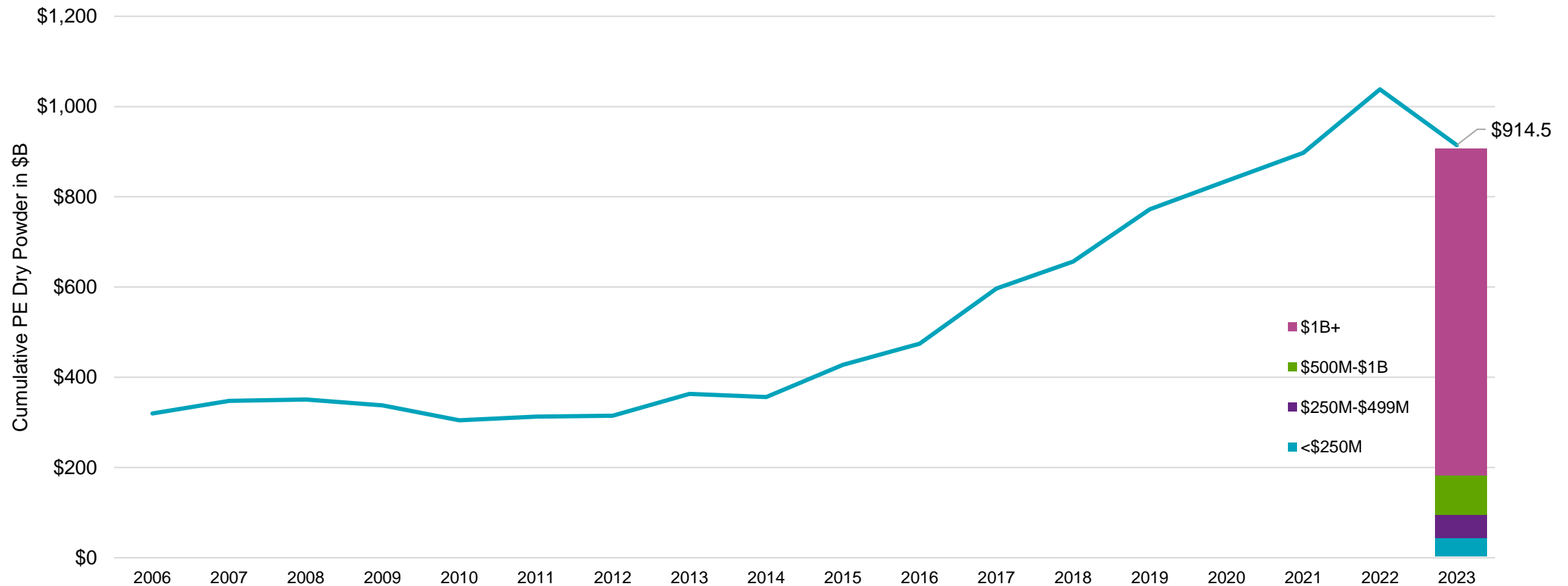
Privately held startup companies valued at \$1B or more



Unicorn growth has been much more measured since 2022, with just over 1250 at 12/31/2024. Combined valuations have spiked to \$4.4 trillion, with \$3.2 trillion coming from the US and China.

Private Equity Dry Powder

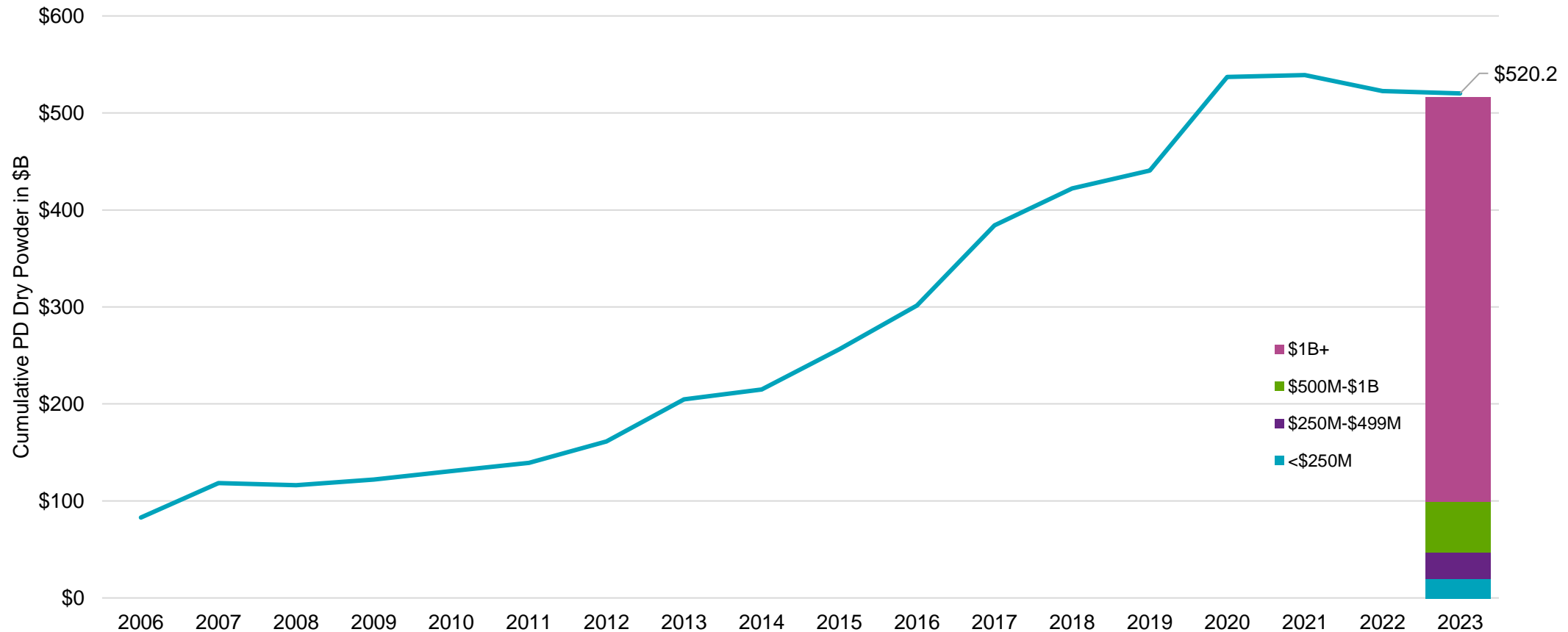
Cumulative US PE Dry Powder and Distribution by Fund Size (\$B)



Dry powder, which is capital committed by investors that has not yet been earmarked for specific opportunities, finally began rolling over in 2023. This can provide a signal for future investment targets as these funds are deployed. The aggregate figure sits disproportionately with larger private equity funds over \$1B in fund size.

Private Debt Dry Powder

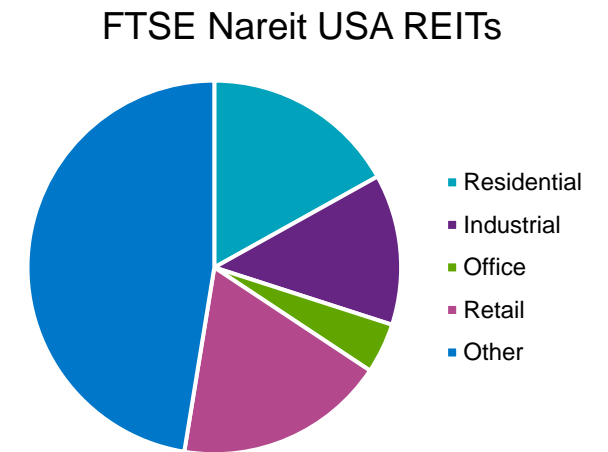
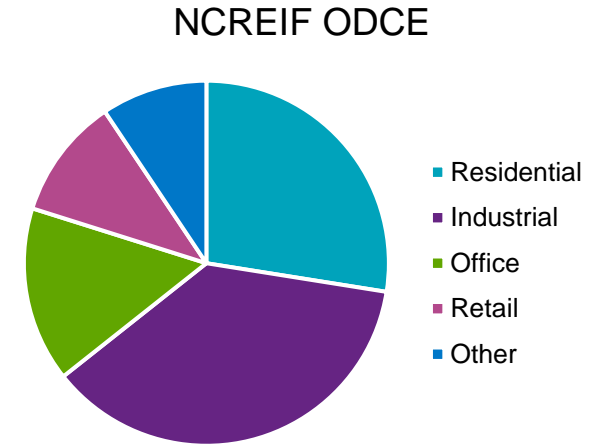
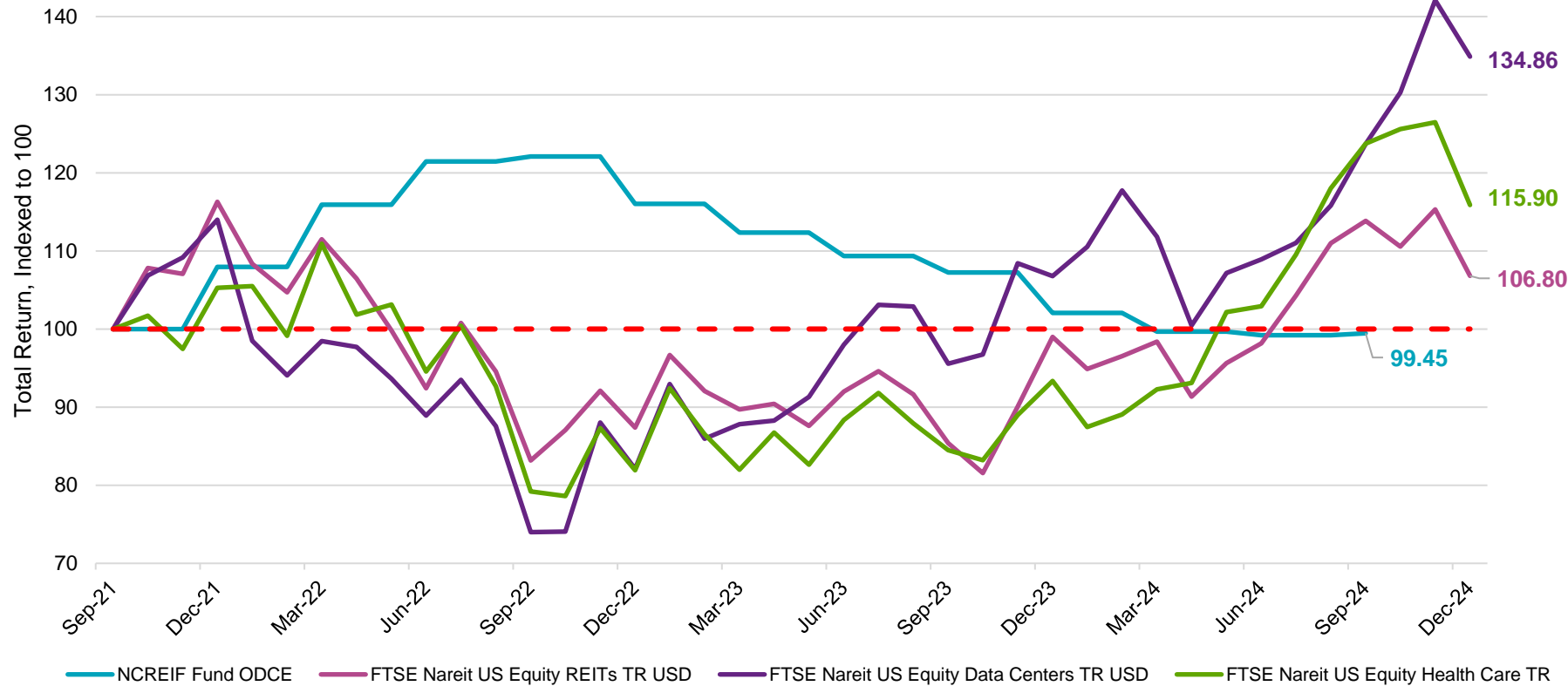
Cumulative US PD Dry Powder and Distribution by Fund Size (\$B)



Private debt dry powder appears to be on a slightly earlier trajectory, with sharp increases between 2014-2020 and gradually rolling over since. Similar to private equity, this dry powder sits disproportionately with larger funds over \$1B in size. Nearly 40% of the \$520B in dry powder is connected to direct lending.

Relative Public vs. Private Real Estate Returns Flip

Returns Since 9/30/2021, Indexed to 100



Real estate returns often lag public market fluctuations in the REIT market. While a recent rebound in REITs could bode well for private real estate to catch up in 2025, much of the returns have been driven by “other” sectors like health care and data centers, which comprise a smaller percentage of core real estate mandates.

Performance data shown represents past performance and is not a guarantee of future results.

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