

PENSION FUNDED STATUS TRACKER

Q3 2017

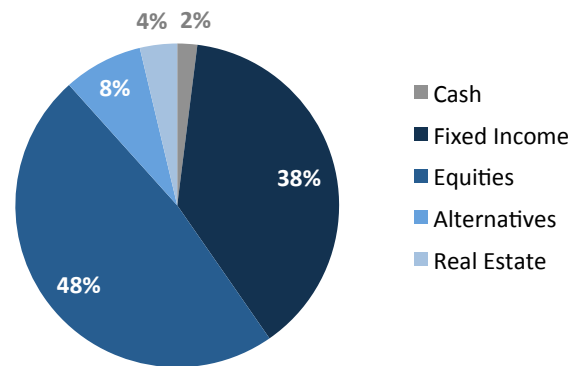
METHODOLOGY

Conning's Funded Status Tracker is a quarterly 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.

RESULTS OVER Q3

- The Plan's funded status improved by 2% from 81% as of June 30 to 83% as of September 30, 2017.
- Over Q3 2017, favorable asset portfolio performance was partially offset by an increase in liabilities:
 - The growth portfolio saw a strong quarter as risk assets continued to rally.
 - The hedging portfolio also increased in value as yields fell over July and August but most of the gains were erased in September as yields rose.
- Liability factors had an overall negative impact in Q3 2017 due to a decrease of approximately 5 basis points in the effective discount rate:
 - Ten-year Treasury yield marginally rose over the period, marking a 3 basis point increase.
 - A decrease in high quality spreads by roughly 7 basis points was the key driver in the decline in the discount curve.

Asset Allocation



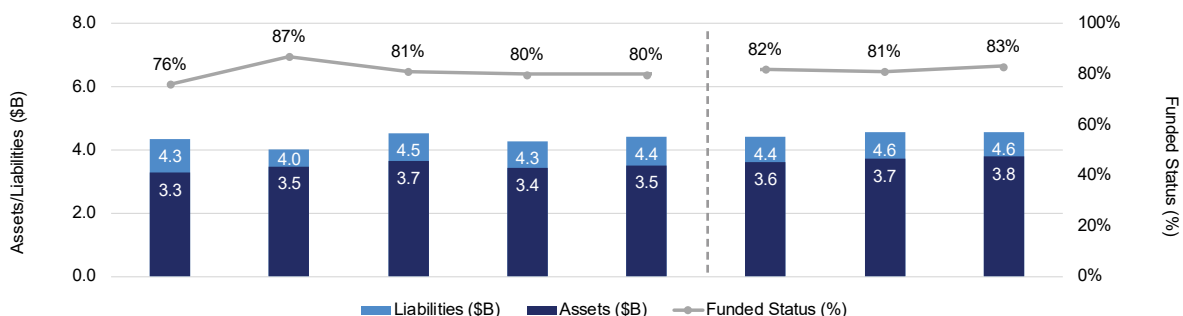
Prepared by Conning, Inc. Source: ©2017 Bloomberg, L.P. As of September 30, 2017

Pension Plan Key Metrics

Pension Plan	Assets	Liabilities [†]	Funded Status [†]
Valuation (\$B)	3.8	4.6	83%
Duration (Yr)	4.2	13.2	Interest Rate Hedge Ratio
Dollar Duration (\$mm)	1.6	6.0	
Yield* / Discount Rate	3.5%	3.6%	27%

Prepared by Conning, Inc. Source: ©2017 Bloomberg L.P. As of September 30, 2017 *Yield quoted as duration-weighted yield † see disclosure

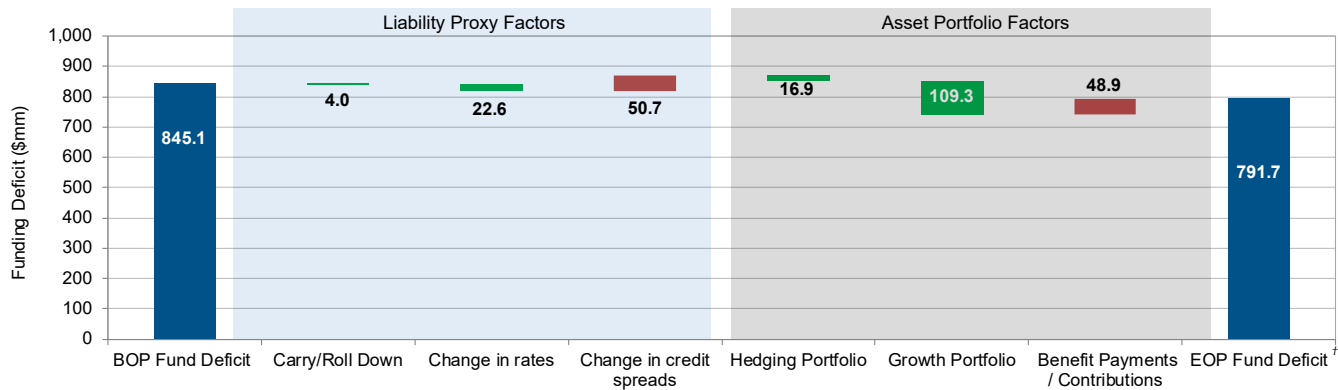
Pension Plan Tracker



Pension Plan	2012	2013	2014	2015	2016	Mar 17	Jun 17	Sep 17
Funded Status [†]	76%	87%	81%	80%	80%	82%	81%	83%
Assets (\$B)	3.3	3.5	3.7	3.4	3.5	3.6	3.7	3.8
Liabilities / PBO (\$B) [†]	4.3	4.0	4.5	4.3	4.4	4.4	4.6	4.6
Discount Rate (GAAP)	3.7%	4.6%	3.7%	4.1%	3.9%	3.9%	3.7%	3.6%

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Funded Status Attribution (July 1 – September 30, 2017)

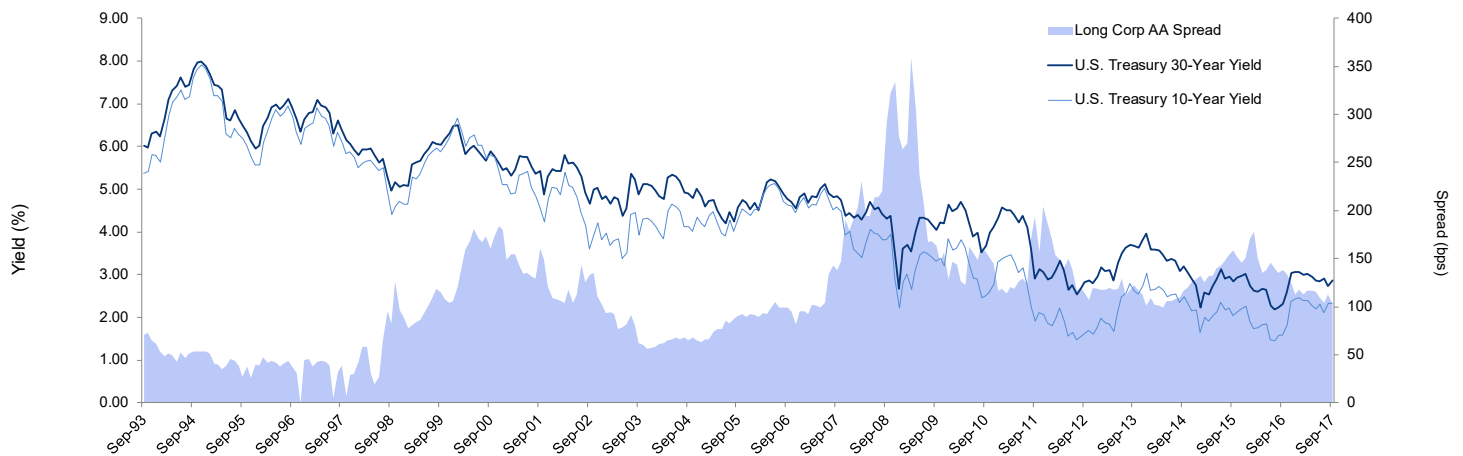


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[†] see disclosure

Chart shows the liability proxy and asset portfolio factors that contributed to the change in funded status over the quarter.

Yields and Corporate Spreads



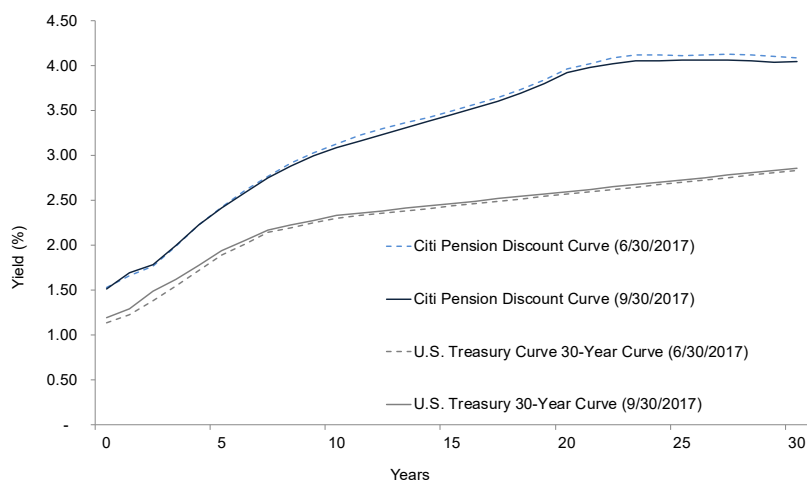
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Market Performance

		MTD	QTD	YTD
Equities	S&P 500	2%	4%	14.2%
	Russell 2000	6%	6%	11%
	MSCI World ACWI	2%	5%	18%
	EAFE	3%	5%	20%
Alternatives	Private Equity	4%	6%	23%
	Hedge Funds	0%	2%	6%
	Real Estate	-1%	1%	7%
Fixed Income	High Yield	1%	2%	7%
	US Aggregate	0%	1%	3%
	US Long Gov/Credit	-1%	2%	8%
	US Long Credit	0%	2%	9%
	US Long Corporate AA	0%	2%	8%

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Liability Discount Curve



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ABOUT CONNING®

Conning (www.conning.com) is a leading global investment management firm with nearly \$118 billion in global assets under management as of September 30, 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 offices in Boston, Cologne, Hartford, Hong Kong, London, New York, and Tokyo.

*As of September 30, 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

The data in this quarterly 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.

We 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.

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