



DEFINED BENEFIT PLANS TO DE-RISK PORTFOLIOS AND INVEST IN ALTERNATIVE ASSETS IN 2019

BASED ON NEPC'S 2018 OUTLOOK FLASH POLL RESULTS



Of investors polled,

73%* CITE POLITICAL RISK AS THEIR BIGGEST CONCERN

ABOVE POTENTIAL FED ACTIONS AND INFLATION RISK

* 43% "geopolitical tensions" and 30% "political uncertainty"



Over 50% of respondents are **increasing alternative equity strategies** at the expense of US large cap.

Investors agree risk of a recession is low



but are **preparing** portfolios for higher risk and **capturing** funded status gains.



Over 60% of respondents cited planned increases of

SAFE HAVEN US FIXED INCOME



US INVESTMENT GRADE CREDIT

While most investors are staying the course with respect to plan actions...

- ✔ Reducing fixed PBGC premiums,
- ✔ Reducing variable PBGC premiums &
- ✔ Increasing contributions

are still top priorities.

→ 50%

of respondents cite **partial plan terminations** as primary method of reducing PBGC premiums.

23%

are increasing

+ PRIVATE DEBT

+ FIXED INCOME HEDGE FUNDS

over traditional return-seeking fixed income sectors

About NEPC, LLC NEPC® is an independent, full-service investment consulting firm, providing asset allocation, manager search, performance evaluation, and investment policy services. We work with discerning investors on both an advisory and discretionary basis. We service 360 retainer relationships, representing assets of \$1 trillion with approximately \$62.2 billion in alternative assets, from our offices in Boston, Atlanta, Charlotte, Chicago, Detroit, Las Vegas, Portland and San Francisco. This survey was conducted online by NEPC's Corporate Defined Benefit Practice in October 2018. The survey had 33 respondents. 24% of respondents were corporations, 40% were healthcare organizations and 36% requested to remain anonymous. Copyright is held by NEPC. Statistics as of 06/30/2018.