

NCPERS Message



Are Public Pensions Affordable for Taxpayers?

By [Hank Kim](#), Executive Director and Counsel, NCPERS

At a time when the vast majority of states are seeing [tax revenues fall](#) below long-term trends, and many are grappling with budget shortfalls and structural deficits, leaders may be tempted to consider making changes to public pensions to balance their books in the short term.

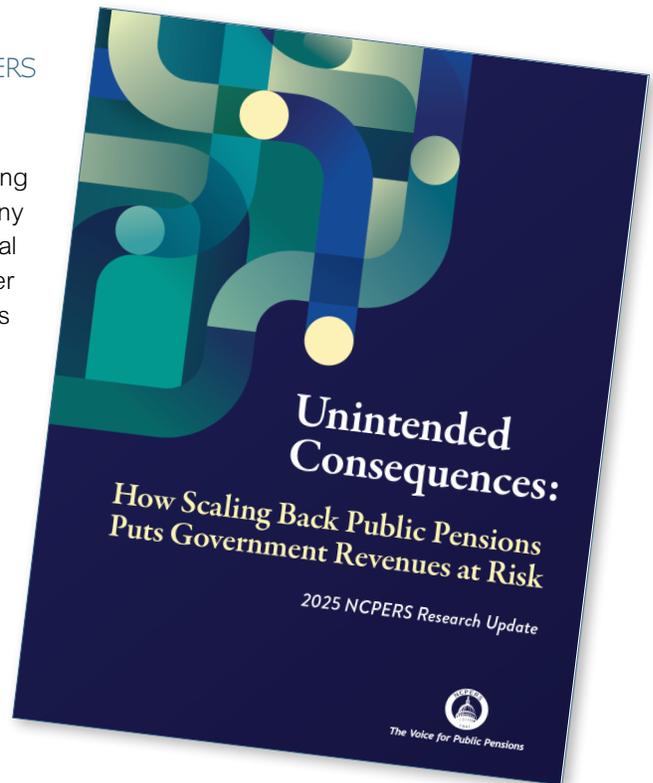
But a [new study from NCPERS](#) finds that scaling back public pensions could have negative economic effects: Public retirement systems generated nearly \$662 billion in state and local tax revenues and contributed \$2.9 trillion to the U.S. economy in 2023 alone.

Public pensions contribute to state and local tax revenues and economies in two primary ways: Retirees spend their pension checks each month, and pension funds invest capital to support economic development. By quantifying the economic impact of public pensions and comparing this to the relative contributions by taxpayers, we gain a clearer understanding of whether or not pensions are fiscally sustainable.

NCPERS' 2025 research update of [Unintended Consequences: How Scaling Back Public Pensions Puts Government Revenues at Risk](#) offers compelling evidence that public pensions are not a burden for taxpayers, but are instead a revenue generator that should not be overlooked.

The data reveals that in 2023:

- Public pensions **contributed \$2.9 trillion to the U.S. economy**: \$1.9 trillion from the investment of pension fund assets and \$980.7 billion from retiree spending of pension checks. ↻



- Public pensions **generated \$661.9 billion in state and local tax revenues**—\$445.2 billion *more* than the \$216.7 billion contributed by taxpayers.
- **Forty-three states saw a net revenue gain** from public pensions, highlighting their widespread fiscal benefits. This trend has grown steadily since 2016.
- For **every dollar taxpayers contributed** to public pensions, they generated **\$13.41 in economic activity**.

These are not abstract numbers. They represent real economic activity—retirees spending in their communities, pension funds investing in infrastructure and businesses, and governments collecting the revenues needed to fund essential services.

Reducing benefits or closing pension plans may appear to save money in the short term, but the long-term costs could include reduced economic activity and public services, higher taxpayer burdens, and diminished retirement security for public servants.

To learn more:

- We encourage you to [download the report here](#) and to [view our interactive map](#) to find the tax revenue generated by public pensions in your state.
- [View our on-demand webinar](#) for key takeaways from the study's lead author.
- Explore the [NCPERS' research library](#) to learn more.
- For insights into public pension funding practices and research into fiscal sustainability, head to Chicago on Aug. 17-19 for [NCPERS Public Pension Funding Forum](#). [View the agenda](#) and [register now to join us](#). ♦



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AUG. 17–19 | CHICAGO, IL

- Page 6** [**How Partisan Politics Threaten Retiree Security**](#) (*Alliance for Prosperity and a Secure Retirement*)
Political interference in public pension investments — no matter what side of the aisle it comes from — threatens the financial stability of retirees and taxpayers by reducing returns, increasing costs, and undermining long-term investment strategies. This article makes the case that pension fund decisions should remain focused solely on maximizing returns for beneficiaries, not advancing political agendas.
- Page 8** [**Measuring Returns in Alternatives**](#) (*J.P. Morgan Asset Management*)
When investing in alternative funds, it's crucial to understand the differences in return calculation methodologies, such as TWR and IRR, and the benefits of a diversified multi-vintage closed-end fund program, which can enhance capital efficiency and potentially deliver higher net MOICs through reinvestment and compounding returns over time.
- Page 12** [**From Blue Chips to Micro Chips: How Market Leadership Has Transformed**](#) (*Investment Performance Services, LLC*)
This article highlights how public equity markets have become more concentrated, U.S.-dominated, and driven by intangible-rich technology firms, reducing traditional diversification. Public pension trustees should reassess portfolio construction to address rising concentration risk and consider complementary strategies, including selective private market exposure, to access early-stage growth.
- Page 14** [**The Changing World of Credit**](#) (*Nuveen*)
The traditional boundaries between public and private lending are rapidly dissolving, creating unprecedented opportunities for investors. The future of credit investing won't be about choosing between public and private markets, but about combining them strategically to create portfolios that seek to withstand market cycles over the medium to long term.
- Page 17** [**India's Power Play**](#) (*William Blair*)
So far in 2025, markets have had plenty to absorb: the Trump administration's tariffs, Germany's latest investment commitments, the implications of the DeepSeek moment, and escalating military conflicts. Amid all of this, much could have been overlooked—most notably, the trade agreement between India and the United Kingdom announced on May 6.
- Page 19** [**Sports Investing: An Athlete-Centric Approach**](#) (*EnTrust Global*)
This piece discusses investment opportunities within the sports, media, and entertainment industry, providing an overview of the growing global sports market and, in particular, the compelling, athlete-centric opportunity set available to investors.
- Page 23** [**Selecting the Right AI Vendor for Your Organization**](#) (*Segal*)
Artificial intelligence (AI) offers tremendous potential to enhance business operations, drive efficiencies and unlock new opportunities. This article discusses why choosing the right vendor for your organization is a critical decision that requires careful consideration and provides criteria for a structured evaluation process to ensure a successful and sustainable integration.
- Page 26** [**Buy-Now, Pay Later \(BNPL\) Data Is Coming to Your Plan Members' Credit Scores**](#) (*GuidedChoice*)
FICO announced it will introduce BNPL data to credit scores this fall. This announcement raises concerns about cashflow risk for members, especially for younger and lower-credit score members who might already be living paycheck to paycheck.

- Page 29** [**Taking Stock of USD Pessimism**](#) (Record Financial Group)
The US dollar stands at a pivotal juncture. We examine the structural drivers behind dollar strength, review the factors behind its recent decline, and evaluate whether investor expectations of further weakness are justified.
- Page 33** [**Staying the Course: Why Tariff Concerns May Not Warrant Portfolio Changes**](#) (Dimensional Fund Advisors)
This article addresses two of the most pressing concerns facing institutional investors in 2025: tariff-induced market volatility and rising inflation expectations. The article provides what institutional investors need — data driven reassurance backed by rigorous historical analysis.
- Page 38** [**A Managing Risk Roadmap for Balanced Portfolios**](#) (L&G)
Diversification is supposed to be the only free lunch, but when historical relationships—like the traditionally inverse one between bond and stock prices—breakdown, public pensions must look at what else is on the menu. This article provides a roadmap to help plans determine optimal approaches for drawdown mitigation.
- Page 42** [**Total Portfolio Approach for Pension Funds**](#) (Ortec Finance)
This latest report from Ortec Finance on Total Portfolio Approach (TPA) uses a factor lens analysis to assess the risk and return exposures of the top 30 pension funds by AUM across five of the world's largest pension systems. Instead of relying on the traditional asset allocation lens, our comparative analysis focuses on quantifying factor exposures to macro drivers such as Equity, Real Rates, Credit, Inflation, and Other — where Other captures Alternative asset classes that are typically uncorrelated with Equity.
- Page 44** [**Complexity vs. Simplicity: Affirming the Power of Diverse Portfolios**](#) (Wilshire)
Pension fund investors can learn that while the 60/40 portfolio showed strong performance in 2024 due to a booming equity market, it is important not to underestimate the enduring benefits of diversification over the long term. By spreading risk and capturing returns across various asset classes, diversified portfolios can offer better resilience and potentially higher returns, making them a sound long-term strategy despite their complexity and higher fees.
- Page 49** [**How Bonds Can Enhance the Pension ROA**](#) (Ryan ALM, Inc.)
The true objective of a pension is to secure and fully fund the benefit payments in a cost-efficient manner with prudent risk. Cash flow matching is the best fit to accomplish the pension objective.
- Page 51** [**Power Surge: Capitalizing on the Electricity Boom**](#) (CurvePoint Capital)
As electricity demand surges and renewables scale, the U.S. grid is transforming—creating timely, strategic opportunities for pension fund managers to invest in the future of the electric grid.
- Page 54** [**Fannie Mae and Freddie Mac: Maximizing Value for All Stakeholders**](#) (Great Lakes Advisors)
This article discusses the potential privatization of Fannie Mae and Freddie Mac and proposes a contingent capital structure, which we feel would equitably and optimally address key stakeholders. The suggested Contingent Capital Commitment Facility (CCCF) would provide assurance to Agency MBS investors while protecting U.S. taxpayers and maximizing the value of Treasury's investment. The CCCF mechanism balances the needs of all stakeholders and offers a viable path forward as & if the GSEs are released from conservatorship.

Page 56 [Schroders Survey Finds US Retirement Plan Sponsors Are Bracing for Volatility and Looking to Active Management](#) (Schroders)

A Schroders-sponsored survey shows a majority of institutional investors, including US retirement plans, expect significant market volatility over the next 12 months. Many also believe active managers and greater exposure to private markets can enhance the resilience of their portfolios.

Page 58 [Trustees' Fiduciary Duties Relating to Securities Class Action Litigation](#)

(Lowey Dannenberg P.C.)

This article is intended for newer Trustees who may be stepping into their roles for the first time. As they work through a significant volume of new information, this concise piece serves as a valuable resource—emphasizing that partnering with an experienced law firm to implement a portfolio monitoring program is a best practice for fulfilling fiduciary responsibilities in the context of securities litigation.

Page 60 [Navigating Three of Today's Biggest Securities Class Action Pain Points](#) (Financial Recovery Technologies)

Documentation audits, claim deficiencies, and class action program governance are some of the key shareholder recovery challenges pension funds face today. To address this operational friction, plans need the right mix of people, process, and technology to solve routine issues with automation and proactively flag non-standard issues for hands-on review.

Page 64 [Filling the Gap: The Increasing Importance of Institutional Investors Addressing Corporate Misconduct in an Era of Reduced Government Enforcement](#) (Bleichmar Fonti & Auld LLP)

Without the deterrent power of strong enforcement, investors face increased risks of transacting in securities without complete and accurate information about a particular issuer. Congress entrusted regulators as well as private actors, such as public pension plans, with the power to enforce such laws. Regulators, however, have recently exhibited a marked decline in enforcement. By taking a more active role in corporate governance and related litigation, trustees can protect plan assets, enhance long-term returns, and work toward upholding the integrity of a fair and transparent market.

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How Partisan Politics Threaten Retiree Security

By: Tim Hill, Alliance for Prosperity and a Secure Retirement



Public pensions boost [families' economic stability](#), reduce income inequality and support local economies, which makes the recent trend of partisan politics interfering in investment decisions a disturbing — and growing — problem.

Both pro- and anti-environmental, social and governance (ESG) interests have been using pension funds as the latest political football to pressure companies to toe the line on things like the environment and social issues. Some elected officials have even threatened to remove plan trustees for fulfilling their fiduciary duties to retirees and taxpayers, rather than follow a politician's political whims.

But whatever side is pushing, they're seeking to score points on the backs of firefighters, police officers and teachers, who deserve the secure retirement they were promised in exchange for years of sacrifice and serving others.

We've seen it in [Texas](#) and [Oklahoma](#), which have enacted laws that require pension funds to invest in the fossil fuel and firearms industries, and [Indiana](#), where pension funds are prohibited from investing in funds or with firms that consider ESG issues. It's also happening in New York City, which is insisting that local pension funds [fight climate change](#) with their investment choices.

These are expensive mistakes. For example, a [study last year](#) found Texas' anti-ESG legislation could cost the state more than \$821 million in 2024 alone. Divesting Oklahoma's public pension fund of assets managed by two firms on the state treasurer's "restricted" list was estimated to total \$10 million.

In January, the attempt to encourage or restrict ESG investing by public pension funds leaked into the private sector. A judge ruled that [American Airlines](#) had breached its fiduciary responsibility because it employed an asset manager who allegedly considered ESG objectives — even though American Airlines didn't offer any ESG-focused funds to its retirement plan participants. ☹

This is all bad policy. Smart, responsible pension fund management requires a long-term strategy, not a focus on whichever side of the culture wars won the latest election. Allowing politics to interfere with investment choices can reduce long-term returns and increase volatility and risk by creating inconsistent strategies. It can leave funds with no choice but to turn to untested investment firms, resulting in subpar returns and higher costs.

In addition to damaging the funds and undermining their ability to meet future obligations, this interference can torpedo credibility, which is crucial for both current and future retirees who need to trust that their pensions are in safe hands. If allowed to run amok, political interference in pension investments can result in today's public servants being forced to invest a greater chunk of their paychecks in hopes of maintaining future benefits. Current retirees could even be left with a sudden decrease in benefits. All the while, taxpayers would be stuck footing the bill, forced to contribute more to meet minimum pension-funding requirements. The result would be significantly more financial uncertainty for everyone.

Worse yet, it's totally unnecessary. By federal law, employers are required to place the financial interests of their retirement plan participants above other considerations. It should be a no-brainer that arbitrarily eliminating investment managers who offer well-regarded funds at rock-bottom costs is a dumb way to ensure retirement security for hardworking public servants. The truth is that limiting investment choices for public pension funds means less competition, higher prices and lower returns.

However, there is some good news. Lawsuits seeking to prevent these sorts of political litmus tests have been filed in various states — and courts in Oklahoma and Missouri have struck down all or parts of laws there. Oklahoma's public pension fund refused to deprive its retirees of the \$10 million it would have cost to divest.

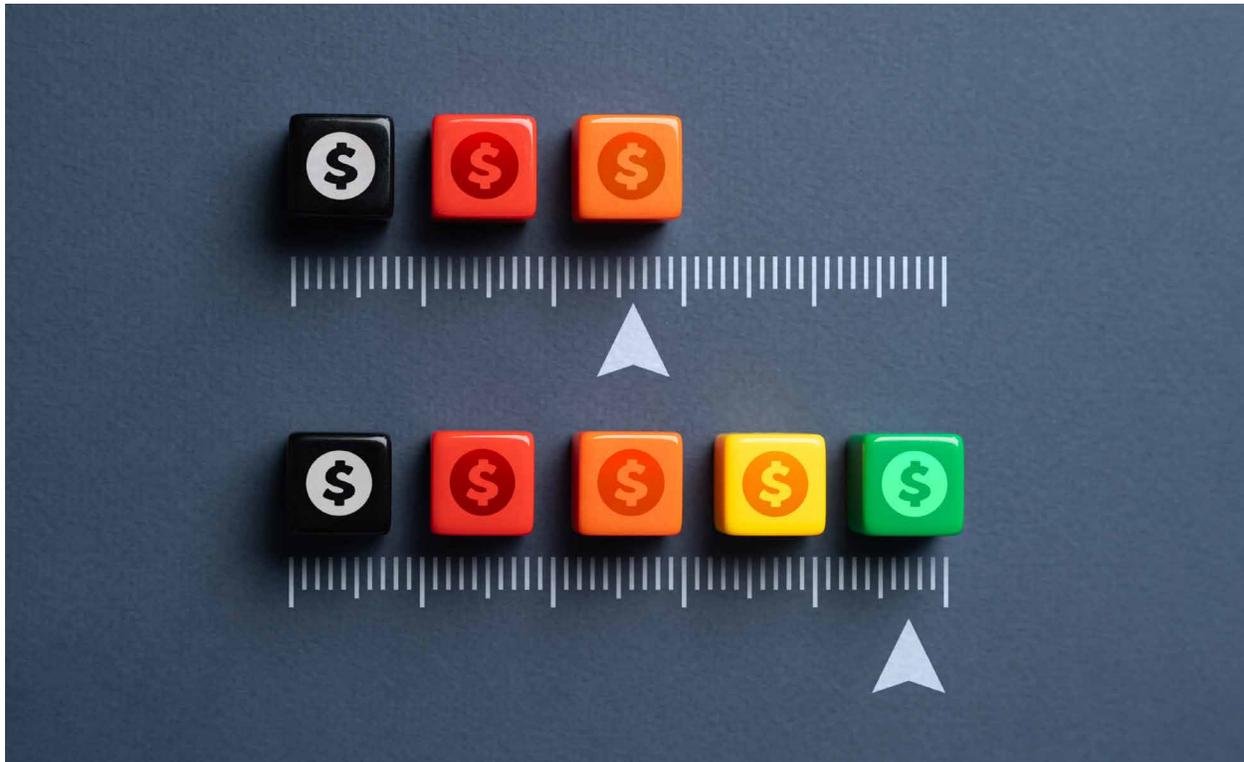
But it's far too early to declare victory. Just last fall, the U.S. House of Representatives [passed two bills](#) targeting ESG investing. In state legislatures, despite pushback, [161 anti-ESG bills](#) and resolutions were proposed in 2024. Many legislators continue to advocate for forcing professional asset managers to make investment decisions based on political considerations. Others are demanding that pension funds divest immediately from funds or managers that have different political leanings, regardless of any losses. Neither focus on providing the best returns for public pensions.

Managers of public pension funds have one job: securing the largest returns possible for beneficiaries. We should all demand that politics stay out of pensions. Our elected officials must stop threatening the security of public servants and work to protect the economic stability of retirees — who, after all, dedicated their entire careers to protecting *them*. ♦

***Tim Hill** is a retired Phoenix firefighter, president of the Alliance for Prosperity and a Secure Retirement, and a former director of the International Association of Fire Fighters (IAFF) Pension Resources Department.*

Measuring Returns in Alternatives

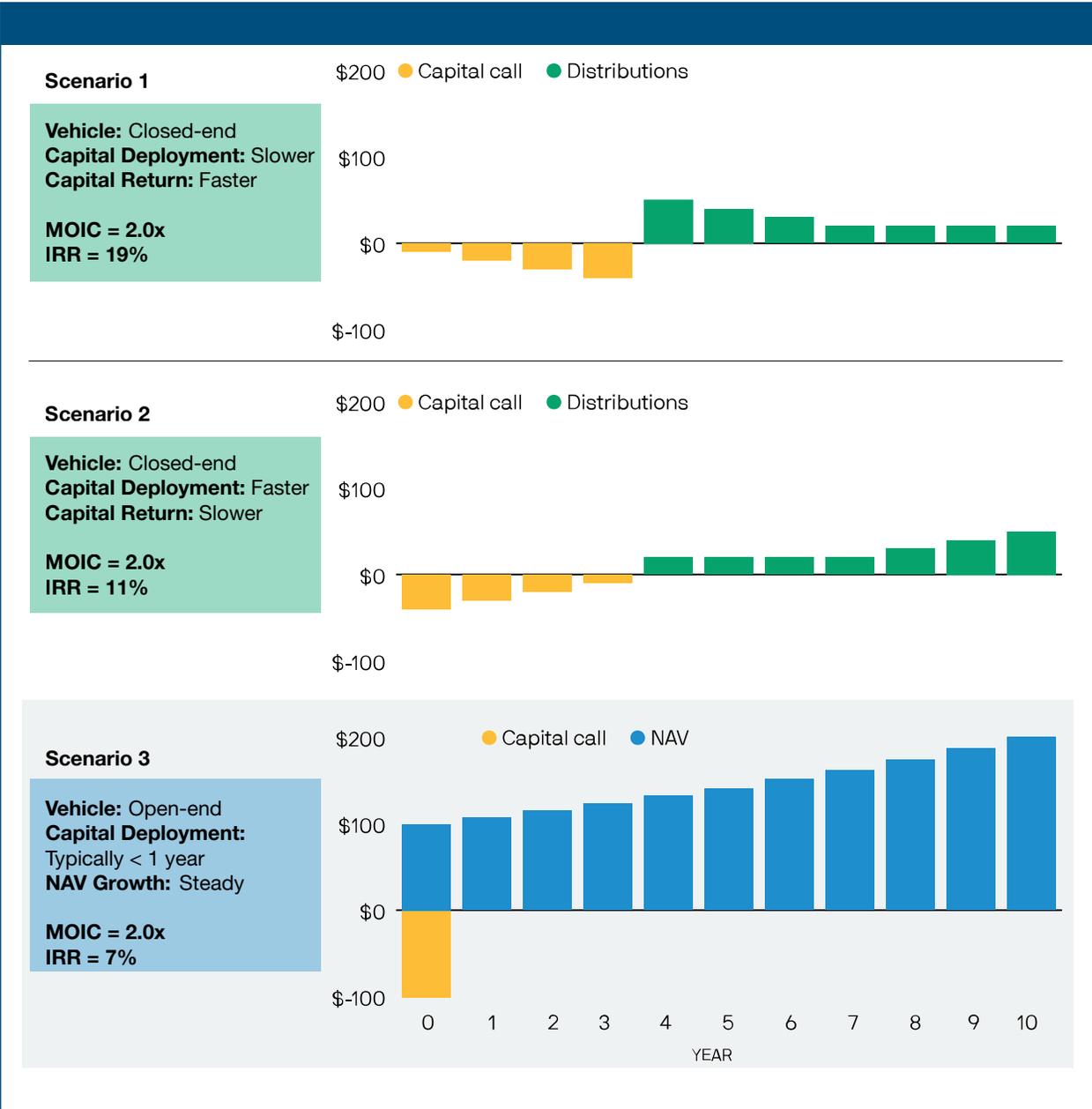
By: Pulkit Sharma, Jason DeSena, and Richard Wang, J.P. Morgan Asset Management



When investing in alternatives, it is important that investors take into consideration the return calculation methodology used across different fund structures. Open-end funds typically utilize time-weighted returns (TWRs) whereas closed-end funds typically use an internal rate of return (IRR). TWR and IRR are not directly comparable and can signal very different outcomes for investors. TWR is a compound rate of growth which excludes the impact of cash flows in calculating performance and is more appropriate for open-end funds where GPs have less control over timing and magnitude of capital commitments made to their fund. IRRs are more relevant for closed-end funds where GPs control the pacing and sizing of capital calls and distributions.

The differences in convention mean that comparing performance between funds using different approaches is less meaningful and instead, investors should compare net MOICs over comparable periods, as highlighted below. [🔗](#)

TWR is a compound rate of growth which excludes the impact of cash flows in calculating performance and is more appropriate for open-end funds where GPs have less control over timing and magnitude of capital commitments made to their fund.



However, what is not captured above is the optionality of reinvesting income/distributions private funds into other investments as investors may benefit from returns generated from other components of their portfolio. Investors should therefore compare open-end funds with multi-vintage closed-end fund programs which include returns on idle/uninvested capital.¹ Through a multi-vintage program, capital efficiency can be enhanced through recycling, achieving a more fully invested profile over the long-term. Execution is critical and dependent on the accuracy of assumptions (inherently challenging given the uncertain nature of private markets). A diversified multi-vintage program has the potential to deliver a net MOIC that is slightly higher than core/core+ multi-alts fund, but several key requirements must be satisfied in order to effectively achieve these outcomes.



A Simple Rule of Thumb to Follow in Multi-Vintage Private Allocations:

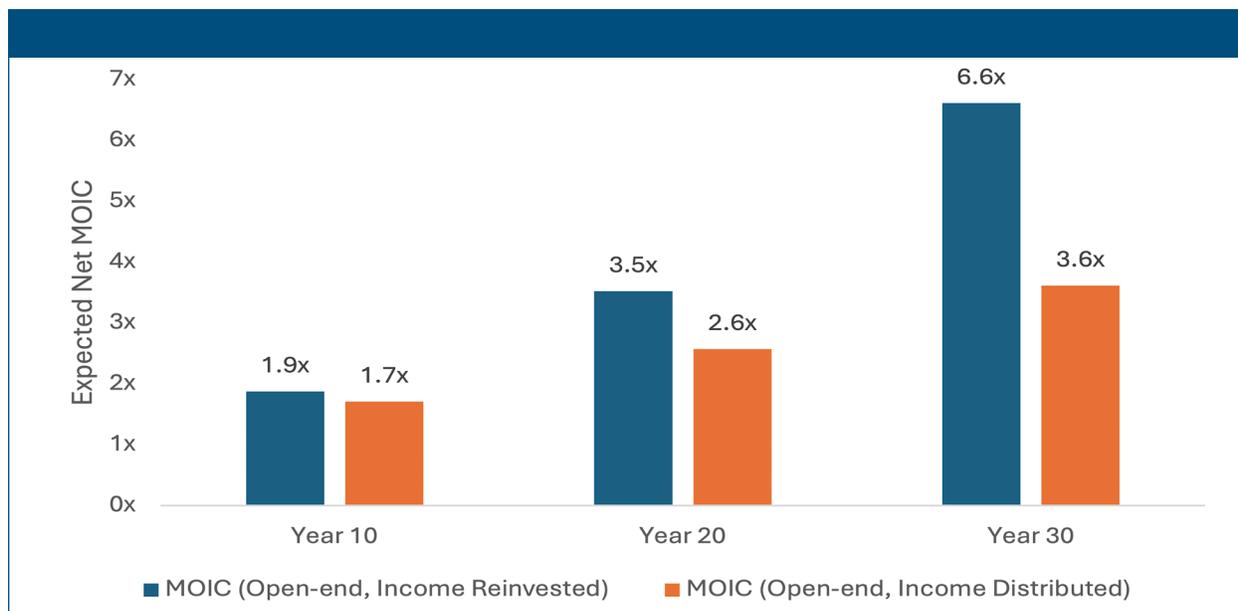
The IRR metric is sensitive to timing and magnitude of cash flows, which aren't factors for time-weighted return metrics. Using a relatively standard portfolio model over a 10-year period, we can construct a rule of thumb with which to utilize in comparing IRRs and TWRs: "IRR = 2 * TWR". The reason for this differential is largely attributed to the importance of the timing of cash flows in closed-end funds and the "j-curve effect" where performance in early years as fund management fees and expenses outweigh valuation uplift which typically occurs later in the fund life as operational improvements are reflected in asset values and/or asset sales are crystalized.

Note that this approach is an illustrative comparison which assumes a fully invested open-end fund and a multi-vintage closed-end fund program (to be more representative of an investor's experience in having an allocation diversified across closed-end funds). Diversifying across multiple vintage years mitigates the impact of single vintage j-curves; however, it's important to reiterate the challenges in executing according to plan given the uncertainties which exist (cash flow timing, manager selection, etc.).

It is also worth highlighting that in this example we have assumed that return on idle capital committed but not yet deployed and/or capital returned but not yet reinvested is 0%. While this portion of capital is lower in a multi-vintage program versus a standalone vintage analysis, it is not negligible. If we were to assume a 2.5% rate of return for this, the Net IRR / TWR equivalency metric would decline to 1.5-1.6x for the range of returns shown below.

Single vintage net IRR (within multi-vintage construct)	10%	11%	12%	13%	14%	15%	16%	17%	18%	19%	20%
10-year net MOIC	1.7	1.7	1.8	1.9	2.0	2.1	2.2	2.4	2.5	2.7	2.9
10-year MOIC-equivalent net TWR	5.2%	5.7%	6.2%	6.7%	7.3%	7.9%	8.4%	9.1%	9.7%	10.4%	11.1%
Net IRR/MOIC-equivalent net TWR	1.9x	1.8x	1.8x								

Another important consideration in analyzing different investments in alternatives is the potential for compounding of returns over time. Being more fully invested for longer and actively reinvesting income distributions can meaningfully impact long-term outcomes. We demonstrate this in showing the impact on net MOICs over time, assuming income is taken as a distribution versus reinvested back into the portfolio. Reinvesting income will increase net MOIC by an increasingly greater margin as the time period invested lengthens; this illustrates the importance of compounded returns and being fully invested over the long-term. ♦



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Endnotes:

¹ This is an important consideration in accurately comparing performance between the two fund structures. While investors in open-end funds benefit from faster capital deployment and being more fully invested for longer, investors in closed-end funds experience a more prolonged capital drawdown timeline and shorter period of full investment (if at all). Because of this it is only prudent to assume a rate of return for the idle/uninvested capital in comparing performance with open-end funds. In our analysis we have assumed a 2.5% return for idle/uninvested capital which is in line with JPMAM Long-Term Capital Market assumptions for core fixed income.

From Blue Chips to Micro Chips: How Market Leadership Has Transformed

By: Chris McDonough, Investment Performance Services, LLC



Public equity markets have undergone a dramatic transformation in recent decades. Once dominated by industrial “blue chips,” the U.S. stock market is now led by capital-light technology firms, “micro chip” companies, that command increasing influence over index performance and capital flows. This shift carries important implications for institutional asset allocators managing long-term portfolios.

A Look Back: The Age of Blue Chips

The term “blue chip” originates from the game of poker, where blue chips traditionally represent the highest value among the standard chip colors. While the term is believed to have been first used in relation to investing in the 1920s to describe high-priced stocks, its meaning has evolved and now represents companies that are well-established, financially sound, and considered industry leaders.

The Dow Jones Industrial Average (DJIA), launched in 1896 to track the U.S. economy, is often referred to as the “Blue Chip Index.” The original 12 companies included in the DJIA reflected the manufacturing backbone of the American economy — steel, oil, and railroads. While the Dow has expanded to 30 companies, its methodology has essentially not changed. It remains a price-weighted index that lacks diversification and adapts slowly to changes in the economy. As a result, it is rarely used today as a benchmark by institutional investors.

Market Evolution and the Rise of “Micro Chip” Companies

The global equity market has surged to \$115 trillion in capitalization, up from \$36 trillion just 20 years ago. Three primary forces fueled this growth:

- **Ultra-low interest rates** over the past 15 years have driven higher equity valuations, as well as enabled corporations to finance stock buybacks at a lower cost. Ⓞ

- **The rise of intangible assets**, such as software, data, and intellectual property, allows tech and service firms to scale rapidly without the capital intensity of traditional manufacturing.
- **Aggressive fiscal stimulus** supported consumer consumption and boosted corporate earnings.

The U.S. Tech Domination and Index Concentration

As markets evolved, so did the composition of indexes. In the MSCI All Country World Index (ACWI), which encompasses 85% of the world's listed equities, the U.S. portion has increased from below 50% in 2004 to over two-thirds today. Meanwhile, the technology sector's representation expanded from 10% to 26%.

This shift reflects the economic transition to digital platforms (cloud, e-commerce, AI, software), where U.S. firms lead in growth, profitability, and innovation. Their asset-light, high-margin business models attract investor capital and have driven valuations, thus increasing market concentration sharply. The top 10 largest holdings in the S&P 500 represented 39% of the index at the end of 2024, up from 21% in 2004. Within the Russell 1000 Growth index, the concentration is even more extreme, with the top ten names representing 61% at the end of 2024.

This concentration is a double-edged sword for allocators. While these companies delivered exceptional growth and margins, their sheer size and influence make portfolio diversification more difficult. Additionally, it increases exposure to sector-specific risks, such as regulatory crackdowns or technological disruption.

Fewer, Older IPOs — Less Opportunity for Public Investors

Another key trend impacting market structure is the shrinking number of publicly listed companies. In 2000, there were approximately 8,000 listed companies in the U.S.; today, there are fewer than 5,500. Meanwhile, the number of private equity-backed companies has increased tenfold to over 12,000. Being publicly traded can be costly due to regulatory requirements and public companies face pressure to meet short-term investor expectations. Therefore, many companies are choosing to stay private for longer, with venture capital and private equity funding growth through more of their life cycles and keeping early-stage growth in the private markets.

For public pension trustees, this means traditional public equity markets may no longer provide the same access to innovation or early-stage growth that they once did. As the universe of publicly listed opportunities contracts, investors must think more creatively about diversification.

Implications for Fiduciaries

In summary, public equity markets have become increasingly U.S.-dominated, tech-heavy, and concentrated over the last two decades. At the same time, private capital is capturing a growing share of the early growth and value creation of smaller companies, leading to a decline in public market diversification.

The rise of “micro chips” over “blue chips” is more than a metaphor; it is a structural shift that requires a reassessment of traditional investment assumptions. Trustees must ensure their portfolios are equipped to navigate a more concentrated and tech-heavy equity market. That means balancing exposure to market leaders with vigilance around valuation risk and reconsidering how to access the full spectrum of growth opportunities in both public and private markets. ♦

Christopher McDonough is the Chief Investment Officer and a Senior Consultant at Investment Performance Services, LLC and is responsible for developing and implementing investment policy for the firm. In addition, he works on all aspects of client funds including investment policy formulation, asset allocation strategies, performance monitoring, and manager searches. He serves as Chairman of the IPS Investment Committee and a frequent speaker at educational conferences. Prior to joining IPS in 2018, Mr. McDonough was the Chief Investment Officer for the approximately \$79 billion New Jersey Public Employees Retirement System. During his tenure, the State was frequently recognized for its innovative investment strategy and strong performance. Prior to New Jersey, Mr. McDonough spent ten years with the City of Philadelphia Public Employees Retirement System where he was the Chief Investment Officer of the defined benefit plan and deferred compensation plan with combined assets in excess of \$4.5 billion.

The Changing World of Credit

By: Anders Persson, Nuveen



The post-COVID era has redefined the credit landscape. Higher base interest rates, more dynamic private markets and persistent macro and geopolitical uncertainty have reset expectations for institutional investors. The traditional boundaries between public and private lending are rapidly dissolving, creating unprecedented opportunities for investors.

Nuveen's [latest EQuilibrium survey](#) shows that 94 percent of institutional investors now hold private credit in their portfolios, marking a significant jump in the last five years. At the same time, investors are reengaging with public fixed-income markets with the recent rise in yields. ↻

The traditional boundaries between public and private lending are rapidly dissolving, creating unprecedented opportunities for investors.

Figure 1: Percent of institutions investing in private credit (%)

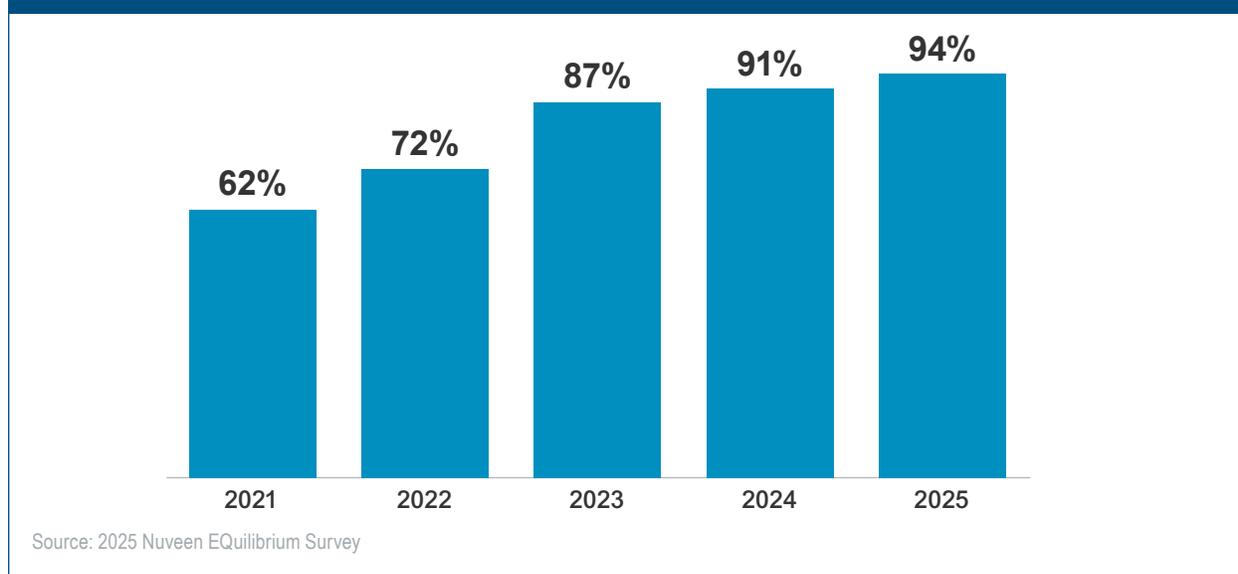


Figure 1: Private credit is now a core holding for institutional investors, marking a major shift in credit markets.

As banks curtailed lending activity in the wake of the global financial crisis, alternative credit sources emerged offering investors diversification and yield at a time of ultra-low rates. From under \$300 billion at end 2008, assets under management for private debt strategies grew to over \$2 trillion by 2024, according to alternative asset data provider Preqin.

But as rates have risen over the last two years, almost half of investors surveyed by Nuveen indicated plans to increase allocations to public fixed income. Institutional investors and wealth advisers are once again seeing opportunities in traditional bonds, with the Bloomberg US Aggregate Index ending Q1 2025 at 4.6 percent – approaching double its 2010-2019 average of 2.5 per cent.

Rather than viewing public and private credit as distinct alternatives, agile investors are embracing more flexible approaches that consider opportunities across both spaces. Commercial real estate exposure, for example, can be captured through publicly available CMBS – commercial mortgage-backed securities – or through private options such as direct real estate debt or specialist finance for clean energy upgrades.

This broader toolkit enables investors to fine-tune their portfolios beyond conventional levers such as duration, rating or sector. It involves balancing liquid and illiquid assets for steady cash flow management, blending fixed and floating rate exposures to hedge macro risks and selecting from a broad range of credit structures based on relative value and execution.

Accessing the opportunities

Innovation in financial product design is also changing how investments are delivered to investors. Asset managers are working with institutional investors to design capital-efficient vehicles – such as rated note feeders, credit-protected wrappers and semi-liquid funds – that facilitate exposure to attractive credit segments while navigating regulatory changes. This includes the post-financial crisis reform of Basel III Endgame that increased capital requirements and improved risk management among financial institutions.

Public-to-private wrappers, meanwhile, allow capital to enter liquid assets on day one and migrate into higher-yielding illiquid assets over time. Open-ended evergreen funds, co-investment sleeves and hybrid structures investing in public and private assets exemplify how asset managers are delivering tailored solutions for their clients' specific requirements.

New vehicles that combine flexibility, yield and liquidity in a unified framework are gaining ground with private wealth clients. Preqin noted that the number of evergreen funds doubled in five years to 520 in 2024, representing net asset value of more than \$350 billion, as asset managers offer private capital solutions to wealth investors. These fund developments are effectively democratising access to private credit, allowing high-net-worth individuals to participate in opportunities previously reserved for institutional investors.

Partnering for success

Asset managers and advisers will play a crucial role in helping clients navigate this evolving credit environment, from sourcing public and private market investments to analyzing the risks and return potential. The key lies in understanding each client's unique needs – from liquidity requirements and risk tolerance to income goals and tax considerations – and applying the full range of credit opportunities to build resilient portfolios.

The future of credit investing won't be about choosing between public and private markets, but about combining them strategically to create portfolios that seek to withstand market cycles over the medium to long term. ♦

Find out more in [The new architecture of institutional credit](#)

Anders Persson, CFA, is the fixed income chief investment officer and a member of the Nuveen Senior Leadership Team. He oversees all public and private global fixed income activities, including portfolio management, research, trading and investment risk management activities. Anders is also member of the Global Investment Committee and chairs the Global Fixed Income Investment Council.

Anders graduated with a B.S. from Lander College and an M.B.A. from Winthrop University. He is a member of the CFA Institute and the North Carolina Society of Security Analysts. Anders serves on the Board of the North Carolina Chapter of the Juvenile Diabetes Research Foundation.

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India's Power Play

By: Ian Smith, William Blair



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So far in 2025, markets have had plenty to absorb: the Trump administration's tariffs, Germany's latest investment commitments, the implications of the DeepSeek moment, and escalating military conflicts (now including one on the India-Pakistan border). Amid all of this, much could have been overlooked—most notably, the trade agreement between India and the United Kingdom announced on May 6.

Finalized after three years of negotiations, it is the most significant bilateral trade deal the United Kingdom has secured since leaving the European Union.

Finalized after three years of negotiations, it is the most significant bilateral trade deal the United Kingdom has secured since leaving the European Union (EU).

The agreement aims to eliminate tariffs on 99% of Indian exports to the United Kingdom and reduce tariffs on 90% of U.K. goods entering India, with most becoming tariff-free within a decade. Notably, tariffs on British automobiles entering India will fall from 100% to 10%, and tariffs on whiskey entering India will fall from 150% to 75% now and 40% over the next 10 years.

The United Kingdom estimates that these tariff reductions will increase trade between the two countries by \$34 billion by 2040. That's significantly higher than the \$23 billion of trade in goods between the two countries in 2024. (For reference, trade in goods between India and the United States was around \$125 billion in 2024.) The United Kingdom is 16th among India's trade partners in terms of size, so there is a lot of room for improvement. [🔗](#)

India is likely to benefit the most from the trade agreement.

Clearly, in isolation this deal is not going to have a particularly large impact on each country's economy. But there are interesting insights to glean.

First, while both countries should benefit from the reduction in trade barriers, India is likely to benefit the most from this agreement. While the Double Contribution Convention will apply to both nations, Indian companies will particularly benefit from the relief from paying National Insurance contributions for Indian employees working in the United Kingdom for up to three years—an advantage that likely strengthens the competitiveness of Indian IT services companies operating in the United Kingdom.

Additionally, while tariffs will be eliminated on the vast majority of Indian exports, U.K. companies in sectors such as technology, pharmaceuticals, and legal services might feel disappointed by the lack of concessions they received.

India's strong hand in these negotiations underscores its growing influence on the global stage. India is among the world's largest marketplaces, and it has an unparalleled growth outlook, in our opinion. It also stands out as a major democracy that is relatively unaligned, giving it greater strategic flexibility at a time when geopolitical tensions are rising. This is the first of several ongoing trade negotiations for India, which are likely to be expanded to the European Union and the Gulf Cooperation Council. The U.K. trade agreement is likely to be used as a blueprint for what will be negotiated with the E.U.

India has some of the same ingredients for progress as China had in the early 1990s.

Of course, India-focused investors are weighing far more immediate concerns—particularly the trajectory of tensions with Pakistan and the progress of trade negotiations with the United States. While the outcomes are uncertain, it appears that India has meaningful leverage in both arenas. U.S. officials have already signaled that India is a top priority for a trade deal, and the recent U.K. agreement likely strengthens India's hand. It is not a done deal, though. There will likely be sticking points, most notably over agricultural product tariffs or foreign direct investment in India's retail sector.

Still, we remain optimistic about the long-term prospects for growth in India. India has some of the same ingredients for progress as China had in the early 1990s, including positive demographics, advantageous purchasing power parity (PPP) conversion rates, and a good starting point for economic growth. India will likely take a very different path to the one that China has taken over the past 35 years—for example, we see growth rates being slower and more volatile, and it will likely be challenging for India to build a manufacturing base similar to China's. William Blair's May 2024 podcast with Raghuram Rajan, professor of finance at the University of Chicago's Booth School of Business—"India's Wake-Up Call"—provides great insights into this topic.

India faces a more challenging global environment to grow its export base for manufactured goods than China did in 1992. Despite this, in our opinion, there is no other major nation that comes close to India in terms of the potential to garner a growing share of global trade and capital flows, or even global economic activity, in the years ahead. The trade deal with the United Kingdom is just another milestone on its journey toward reaching this potential. ♦

Ian Smith, partner, is a portfolio manager on William Blair's global equity team.

Figure 1: The Global Sports Market is Massive and Continuing to Expand

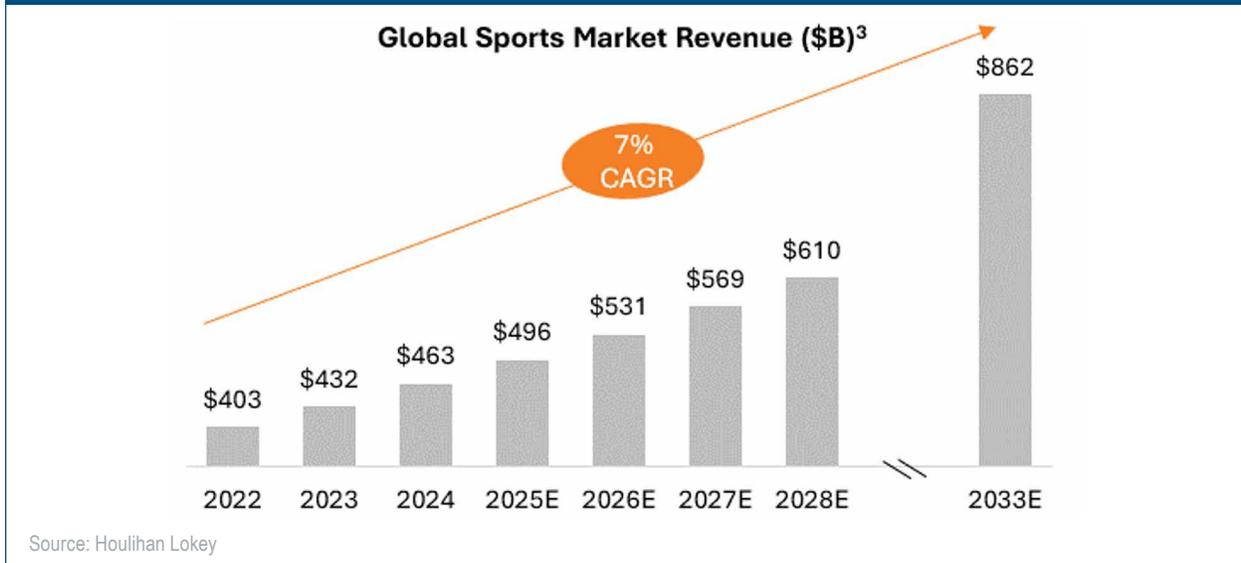
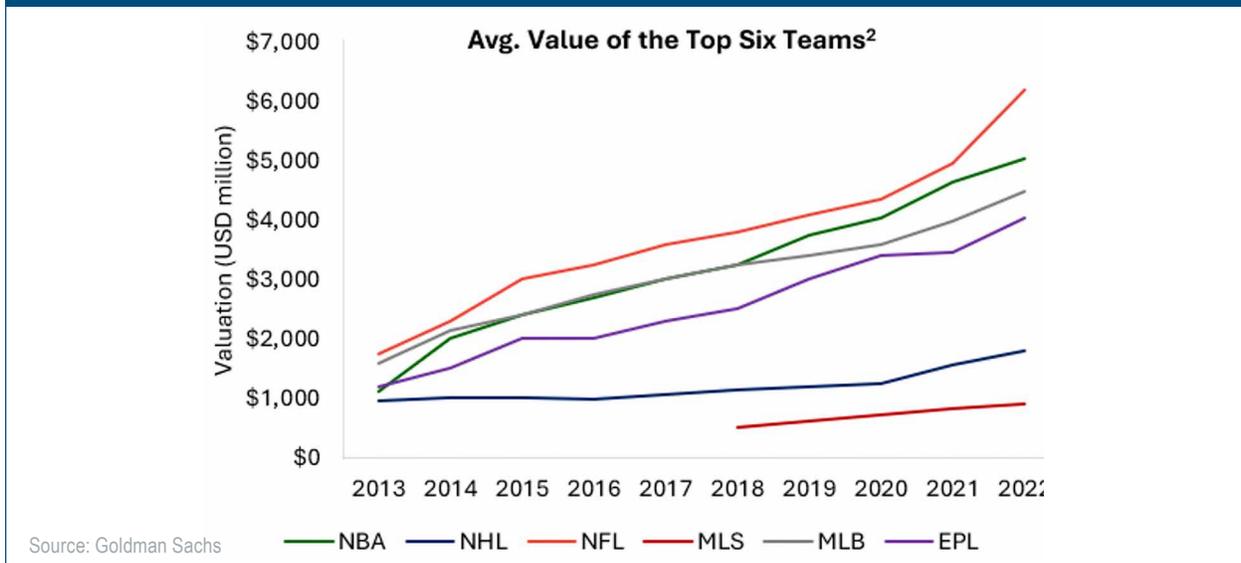
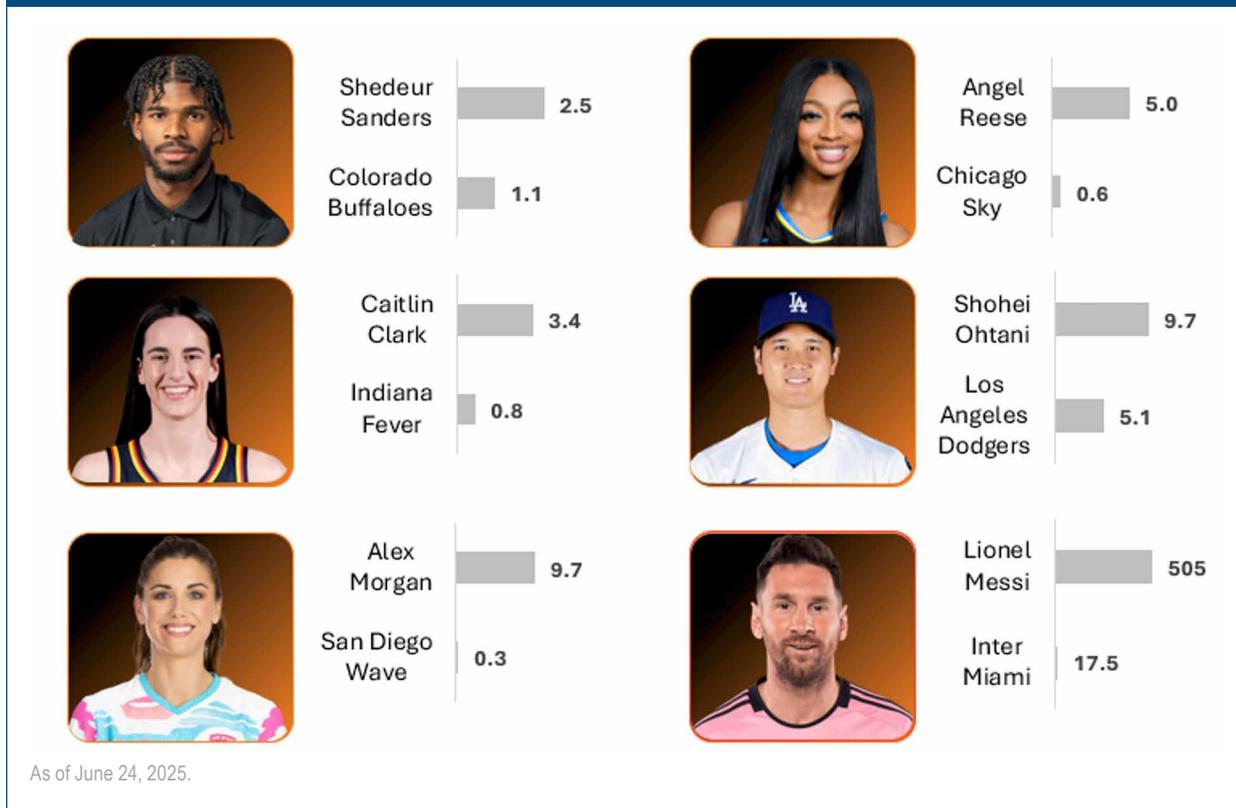


Figure 2: Institutional Investment Has Helped Drive Explosive Growth in League Valuations



The momentum in demand for sports reaches far beyond areas traditionally associated with the industry, and sports “fandom” is a cultural phenomenon that is widely recognized by a broad range of consumer-facing companies, from the sportswear market to food/beverage companies that can capitalize on fandom through sponsorships and other marketing activations. Driven by the proliferation of social media and diversifying ways to consume athlete-centric products, the phenomenon of sports “fandom” is transitioning from teams to athletes, with focus on the name on the “back of the jersey” versus the logo “on the front”. Athletes are now recognized as multifaceted entrepreneurs, creators, influencers, and cultural icons. To be sure, fans are engaging with athlete content at a significantly greater level than with the teams for which they play (see Figure 3). The traditional paradigm of athletes as mere performers has been replaced by one in which athletes are the value drivers behind sports. This includes record demand for athlete-related products, with the global trading cards and memorabilia market – which is dominated by athlete-centered collectibles – expected to grow at a ~22% CAGR to hit an astonishing \$271 billion in revenues by 2024.² The popularity of individual athletes is impossible to ignore: Inter Miami merchandise sales increased 50x when superstar Lionel Messi joined the team in 2023.³ And since making her professional debut in 2024, WNBA game attendance has been shown to increase 105% when Caitlin Clark is playing.⁴

Figure 3: Instagram Followers for Athlete and Their Respective Team (millions)



There is a compelling investment opportunity to target the SME market by tapping into the influence of the athletes that underpin the sports industry. As cultural phenomena with the power to influence, access to athletes and the ability to capitalize on their name, image and likeness (“NIL”) through sponsorship and licensing deals can meaningfully increase company value. Indeed, 67% of women’s sports fans make a point to support brands that sponsor their favorite teams or athletes.⁵ These dynamics are not going unrecognized by advertisers; costs of advertising during the most recent WNBA playoff grew by over 100%.⁶ Today, athlete-driven brands, content, and businesses are experiencing unprecedented momentum, creating prime opportunities for rapid growth and scalable investment. With the evolution of direct-to-consumer platforms, digital media, and athlete-controlled IP, athletes and their strategic partners are now able to commercialize sports in ways that were once exclusive to franchise owners and leagues. And the omni-channel capabilities are increasingly important; more than 90% of Gen Z and millennial fans surveyed use social media to consume sports-related content (e.g., live events, game clips, and news),⁷ while overall 68% of U.S. sports fans report watching sports live on TV or through an online streaming service.⁹ There are ample investment opportunities where athlete IP/NIL, influence, and marketing power are central to value creation. These opportunities span some of the most dynamic and fastest-growing verticals in the industry, including media, merchandising, collectibles, live events, human performance solutions, sports betting/fantasy, data analytics, and artificial intelligence. ♦

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Endnotes:

¹ Source: PwC

² Source: Sports Illustrated (citing Market Decipher report).

³ Source: Behind Sport

⁴ Source: Behind Sport

⁵ Source: Sportico

⁶ Source: Horizon Sports & Experiences

⁷ Source: Deloitte

⁸ Source: S&P Global

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PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS. Statements or opinions reflecting predictions or perceived trends in the sports, media and entertainment industry may be incorrect. Charts, tables and graphs contained in this document are not intended to be used to assist the reader in determining which securities to buy or sell or when to buy or sell securities. Targeted projections are HYPOTHETICAL and are not actual returns, profit forecasts or predictions. They are presented for illustrative purposes only and may only be achieved under certain conditions. There is no guarantee that these conditions will occur. This presentation does not represent all possible scenarios or outcomes and actual performance results may vary materially.

Selecting the Right AI Vendor for Your Organization

By: Norm Buckwalter, Segal



Artificial intelligence (AI), particularly generative AI (Gen AI),¹ offers tremendous potential to enhance business operations, drive efficiencies and unlock new opportunities. In the rapidly evolving field of AI, choosing the right vendor for your organization is a critical decision requiring careful consideration and a structured evaluation process to ensure a successful and sustainable integration.

Understanding your organization's AI requirements

The first step in selecting an AI vendor is to clearly define your organization's requirements. These requirements should be aligned with your business goals and objectives.

Consider the following:

- The very specific business problems you are trying to solve with AI. Clearly articulate your goals and desired outcomes.
- Identify the areas within your organization where AI can make a significant impact on operational efficiency. This could range from member service to vendor management. Identifying relevant use cases helps you focus on solution providers that have proven expertise in your area of interest.
- Determine which AI large language models (LLMs) and other tools can meet your needs, while taking into account strengths and tradeoffs of each LLM.
- Identify the AI vendors that offer those tools. AI vendors often specialize in particular use cases or industries.
- Estimate the budget for AI implementation, including ongoing support. This will help narrow the list of potential vendors. ☺

A challenge with AI tools

Typically, AI tools are standalone products with application programming interfaces available. Consequently, AI is often just a feature of a comprehensive solution for a use case that is completed by traditional features.

For example, if an organization wants to automate the creation of a 10-minute podcast from recordings of critical senior management meetings, converting a transcript into a podcast is where Gen AI comes into play. Multiple AI tools are needed; to automate the entire process from the beginning, traditional tools should be used so that the entire use case is automated and can be used repeatedly.

Technical fit for your environment

An AI solution must be technically compatible with your existing infrastructure and technology stack. Evaluating the technical fit involves review of:

- **Integration Capabilities:** Assess how easily the AI solution can integrate with your current systems and data sources. Compatibility is crucial to avoid disruptions.
- **Scalability:** Ensure that the AI solution can scale according to your organization's growth and evolving needs.
- **Security:** Review the security features of the AI solution to protect your data and comply with regulatory requirements.
- **Performance:** Evaluate the performance metrics of the AI solution to ensure it meets your operational standards.

Typically, AI tools are standalone products with application programming interfaces available.

Eight criteria for evaluating vendors

Developing a comprehensive list of evaluation criteria is essential to objectively assess potential AI vendors. Key criteria include:

- **Technology:** Evaluate the vendor's technology stack, algorithms and innovation capabilities.
- **Expertise:** Assess the vendor's expertise in AI, machine learning and data analytics.
- **Support:** Review the level of support and training provided by the vendor to ensure smooth implementation and user adoption.
- **Cost:** Compare the total cost of ownership, including licensing, implementation and ongoing maintenance.
- **Industry Experience:** Look for vendors with experience in your industry. They are more likely to understand your unique challenges and requirements.
- **Case Studies:** Review case studies and success stories from the vendor to gauge its ability to deliver results in similar scenarios.
- **Customer Service:** AI vendors typically offer customer service-related tools and agent automations. Choosing technologies that empower use cases yet protect your business data is critical.
- **Customer References:** Speak with existing customers to learn about their experiences and the impact of the AI solution on their businesses.

The importance of a thorough evaluation process

A thorough evaluation process is critical to mitigate risks and maximize the benefits of AI implementation. A comprehensive evaluation process ensures that you select an AI vendor that provides the best value for your investment. Moreover, proper evaluation and planning promote user adoption and support change management within your organization.²

Selecting the right AI vendor is a critical decision that can significantly impact your organization's success in harnessing the power of AI. By understanding your requirements, evaluating the technical fit, identifying relevant use cases and developing comprehensive evaluation criteria, you can make an informed and strategic choice. With careful planning and structured evaluation, you can confidently choose an AI vendor that will help drive innovation and growth within your organization. ♦

Norm Buckwalter, PMP, ACP is a Senior Consultant in Segal's Administration and Technology Consulting practice. He has more than 25 years of experience in strategic sourcing, application development and project management. Norm focuses on implementing large-scale technology projects for clients, including public pension systems and governments.

Endnotes:

¹ Scott Miller, "Artificial Intelligence and Plan Governance Considerations," NCPERS PERSist, Winter 2025.

² Karen Chavez, "Organizational Resilience Leads to Change Management Success," NCPERS PERSist, Summer 2024.



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Buy-Now, Pay Later (BNPL) Data Is Coming to Your Plan Members' Credit Scores

By: Thomas M. Anichini, CFA, CFP, GuidedChoice

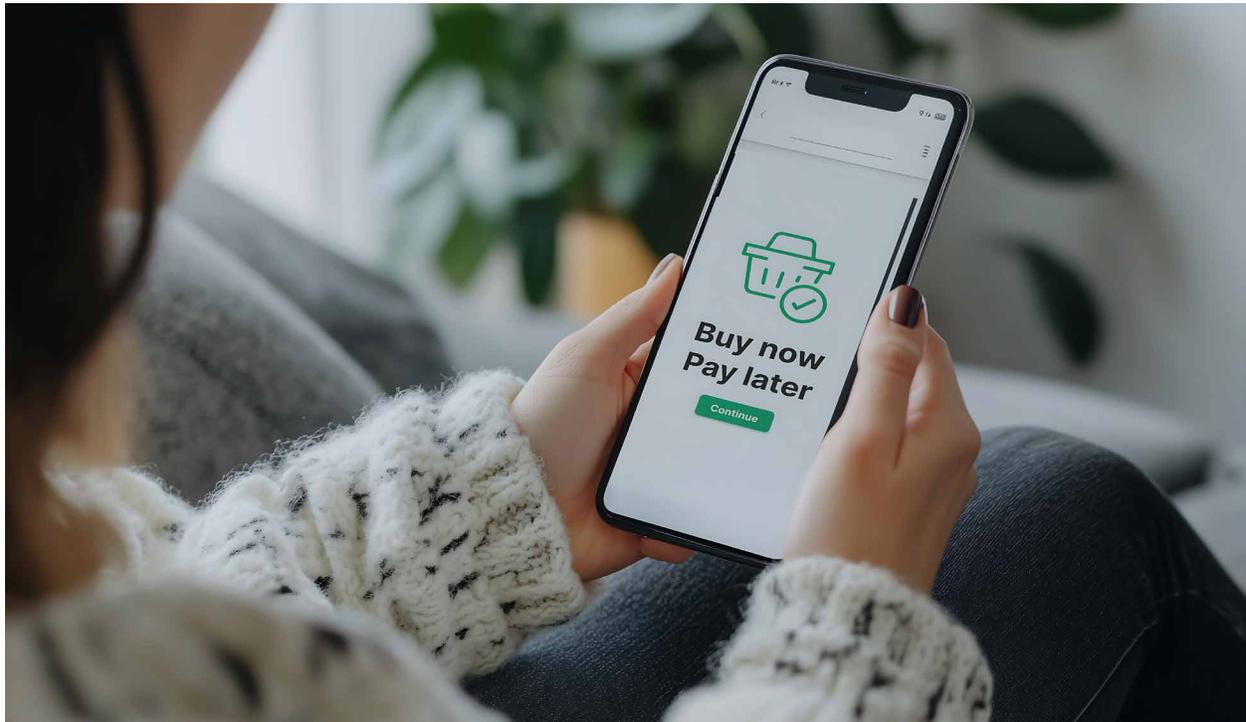


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Recently¹ FICO announced it will introduce Buy-Now, Pay Later (BNPL) data to credit scores this fall. This announcement raises concerns about cashflow risk for members, especially for younger and lower-credit score members who might already be living paycheck to paycheck.

FICO: The dominant provider of credit scores

While less visible than the Big 3 credit bureaus – Equifax, Experian, and Transunion, which collect and store consumer finance data on all of us, FICO is arguably more important. FICO is a predictive analytics and data science company.² Among other services, FICO provides credit scoring algorithms used by the Big 3 and by lenders of all sizes.

What is BNPL?

“BuyNow, PayLater (BNPL) is a type of installment loan that typically allows you to purchase something immediately with little or no initial payment and pay off the balance over four or fewer payments.”³ While BNPL lenders do not charge consumers interest, they do charge fees for late and missed payments. Transaction sizes range from a few dollars to thousands, such as to pay for a vacation or luxury exercise equipment.

You have seen BNPL options available at online and physical checkout, offered by brands such as Affirm, Klarna, Afterpay, Zip, and Sezzle. According to CapitalOne Shopping, these five lenders account for over 95% of the market share.⁴ [🔗](#)

Unlike with credit cards, the financing costs for BNPL are born by the seller, not the purchaser. In effect, BNPL allows sellers to reach consumers who might otherwise not make the purchase.

Until now, BNPL data have remained in silos. While card issuers can view a consumer’s other cards and balances, most lenders never see the consumer’s BNPL transactions with competing platforms.

Who Uses BNPL?

Federal Reserve calculations based on 2023 data⁵ show BNPL users tend to be young, have low credit scores, and high credit card utilization, as depicted in Tables 1 and 2.

Credit Score	18-29	30-44	45-59	60+	All adults
< 620	31	28	36	20	30
620 - 659	31	31	27	24	29
660 - 719	24	28	25	20	24
> 720	12	12	11	6	10

Source: FEDS Notes, December 20, 2024 Table 3

Characteristic	Used BNPL
Credit card limit	
\$5000 or less	31
\$5,000-\$9,999	18
\$10,000-\$24,999	15
\$25,000-\$49,999	11
\$50,000 or more	11
Credit card utilization	
Less than 10%	8
10-25%	14
25-50%	20
50-75%	26
75-100%	35

Source: FEDS Notes, December 20, 2024 Table 4

What impact will FICO’s inclusion of BNPL data have on your members’ credit scores?

Plan members who use BNPL and pay on time might see some of their credit scores improve. Those who do not pay on time might see some of their scores decline.

FICO supports a variety of score versions.⁶ The press release mentioned above specifies FICO will evolve its Score 10 and Score 10 T to include BNPL data. If FICO’s earlier versions, especially Score 8 and Score 9, remain widely used, scores calculated by those models should not be affected. It seems reasonable that versions using BNPL data will be used by lenders marketing to Millennials and to higher risk borrowers, possibly to first-time home buyers.

Who benefits and who loses from this decision?

Including BNPL data in credit scores should benefit convenience borrowers who repay on time – higher scores should result in marginally lower interest rates. BNPL data will probably lower scores of consumers who are delinquent, raising interest rates lenders charge them.

Takeaways

- Until now, BNPL data has flown under the radar in widely used credit scores
- Consumers who repay BNPL loans on time may benefit; those who are delinquent may find their credit scores hurt
- Make sure to boost your plan members' financial literacy - about credit scores, their effect on borrowing rates, and the importance of repaying loans on time ♦

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Prior to joining the firm, Tom gained experience in various actuarial, investment consulting, and portfolio management positions, including for EnnisKnupp & Associates, Mercer, Westpeak Global Advisors, and Freeman Investment Management.

Endnotes:

¹ [FICO Unveils Groundbreaking Credit Scores That Incorporate Buy Now, Pay Later Data](#), downloaded June 24, 2025 12:17pm PDT

² <https://www.fico.com/en/about-us>, downloaded June 24, 2025 4:58pm PDT

³ [What is a Buy Now, Pay Later \(BNPL\) loan?](#) downloaded June 25, 2025 3:23pm PDT

⁴ [Buy Now Pay Later Statistics \(updated June 23, 2025\)](#) downloaded June 25, 2025 4:16pm PDT

⁵ "The Only Way I Could Afford It!": Who Uses BNPL and Why, FEDS Notes, December 20, 2024, downloaded June 25, 2025 10:44am PDT

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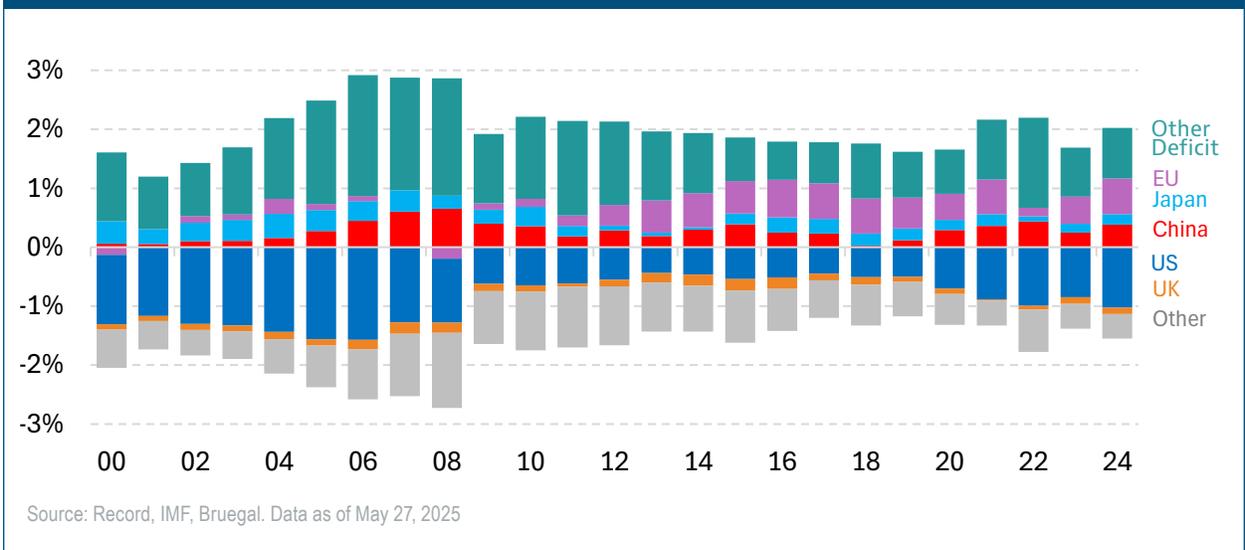
Taking Stock of USD Pessimism

By: Andrew Bloomfield and Patrick Barley, Record Financial Group



The US Dollar is at a pivotal juncture, with its real trade-weighted exchange rate recently exceeding the 1985 Plaza Accord peak. The US now accounts for two-thirds of global current account deficits (Figure 1), raising concerns about imbalances and leading to speculation about a shift toward a weaker dollar policy.

Figure 1 – Global current account balances as % of World GDP



US Exceptionalism – Too Much of a Good Thing?

Persistent twin fiscal and trade deficits have long characterized the US economy. Yet, the dollar’s “exceptionalism” has persisted through strong relative productivity growth which generates value misalignments, and geopolitical insulation with strong demand for US assets during risk-off periods.

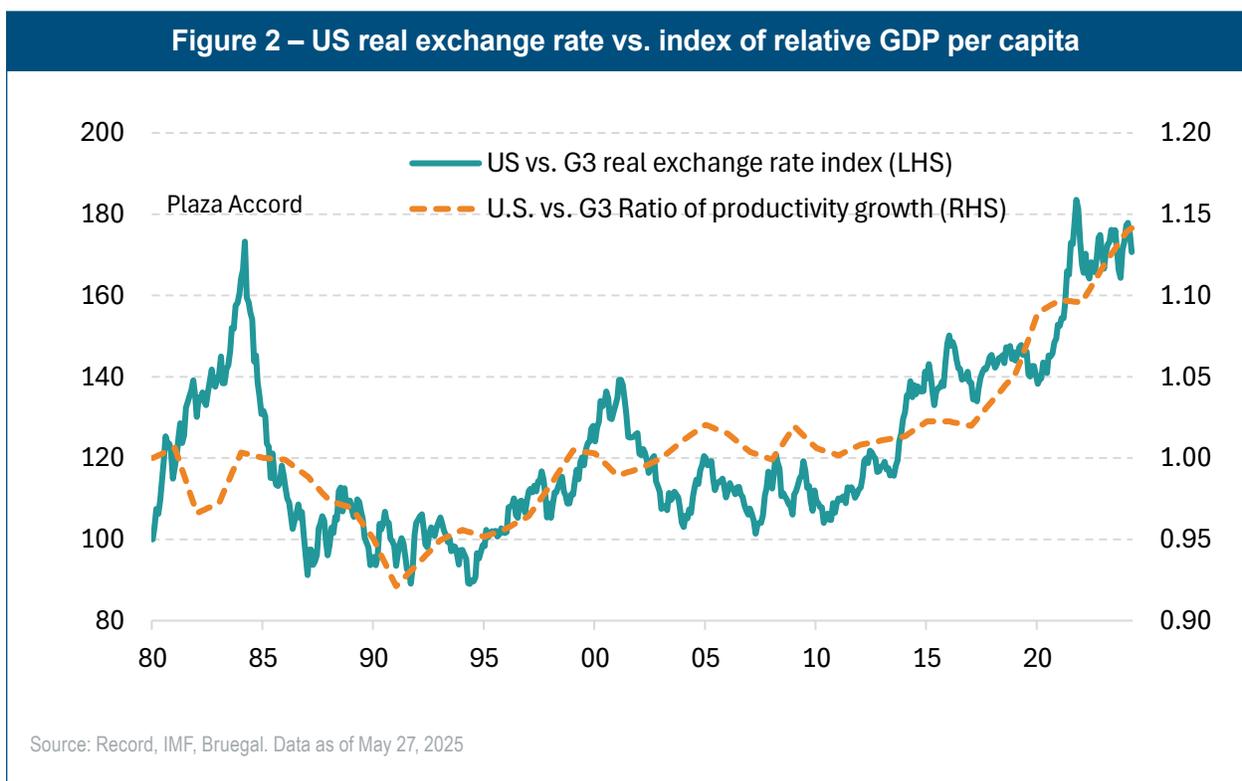
However, vulnerabilities do exist. Expansionary fiscal policies that attract capital also grow current account deficits unless offset by private savings. That capital must be retained to support the dollar, and if growth fails to meet investors’ expectations, capital outflows often follow. Yet, the trade war has exacerbated both of these issues by creating a supply shock and suppressing earnings growth. Other regions, notably Europe, are emerging as investment alternatives.

The Trump administration’s desire to rebalance trade is understandable. However, its approach undermines economic credibility, lacking acknowledgement of the investment-savings gap as a driver of imbalances. Early signs of stress in the bond market have checked the administration, yet erratic policymaking has cast doubt on the US dollar’s safe haven status.

A Plaza Accord 2.0 Seems Less Likely

The apparent goal of the Trump administration is to use tariffs to pressure foreign countries to shift investment to the US or appreciate their currencies. However, Treasury market weakness exposed the fragility of the US negotiating position, and export-oriented countries like China and Europe are unlikely to support coordinated dollar devaluation.

East Asian export economies are more open to bilateral trade talks. However, any currency policy must align with economic fundamentals to be effective as continued productivity growth in the US could complicate coordinated depreciation efforts (Figure 2). A more gradual dollar depreciation could help to advance US competitiveness and improve external sustainability through a revaluation of foreign assets priced in dollars relative to local currency foreign liabilities.



Policy Credibility a Greater Risk to Safe-Haven Status

The greater risk to the US dollar lies in policy credibility where the dollar's reserve currency status depends on sustained confidence from foreign creditors. Cooling of trade tensions suggest some intent to preserve the dollar's reserve status, however the dollar remains weak compared to its fundamental anchors including interest rates, highlighting the need for credible policy. The key risks to credibility include:

- **Fiscal policy** where further budget deficits exacerbate external imbalances and hamper demand for US treasuries.
- **Monetary policy** where undermining the Federal Reserve's price mandate (e.g. through a ShadowFed Chair) could erode confidence.
- **Institutional policy** where disregarding constitutional checks and balances may weaken investor confidence.

If these risks unwind the dollar's natural diversification, institutional investors may be forced to mechanically increase hedge ratios on US dollar holdings in order to maintain optimality of equity and fixed income portfolios.

Looking through the USD pessimism

The market has adopted a predominantly negative view of the US dollar. However, strong positioning for dollar weakness combined with dislocated market fundamentals increases the risk of a sharp dollar rebound should more market-friendly policies materialize.

"Liberation Day" events suggests the Trump administration often pushes boundaries before moderating. If external market pressure forces politicians to adopt more orthodox trade and fiscal policies, a recovery in the dollar is possible. Furthermore, structural US dollar downside would be bounded if the US can limit productivity declines to match those of other developed markets.

Alternatively, a prolonged or deep US slowdown could spill over globally as the US remains the world's largest economy and consumer. The US dollar also remains the world's primary funding currency and a financial crisis beyond US borders would likely lead to risk-off demand for dollars. We are recently reminded as well that the US dollar responds well to geopolitical crises that threaten energy supply where there is no shortage of risks.

Conclusion

US exceptionalism and demand for US assets have supported the dollar, but recent weakness has exposed policy vulnerabilities. While rebalancing trade is reasonable, the current approach has undermined US economic credibility, and both fiscal and monetary policy actions further threaten investor sentiment towards the US.

A multilateral currency deal seems unlikely, yet a careful, gradual depreciation could enhance US competitiveness. Despite current vulnerabilities outlined, a rebound in policy credibility could lead to a rapid dollar recovery, and geopolitical tensions risk sudden bouts of US dollar appreciation. ◆

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Staying the Course: Why Tariff Concerns May Not Warrant Portfolio Changes

By: Wes Crill, Dimensional Fund Advisors



News concerning developments with tariff imposition has been a roller coaster ride this year. The stark shift in US tariff policy announced on April 2, and ongoing responses worldwide, put many investors on edge. The ensuing negotiations with other nations have muddied the picture for where tariff rates may eventually land.

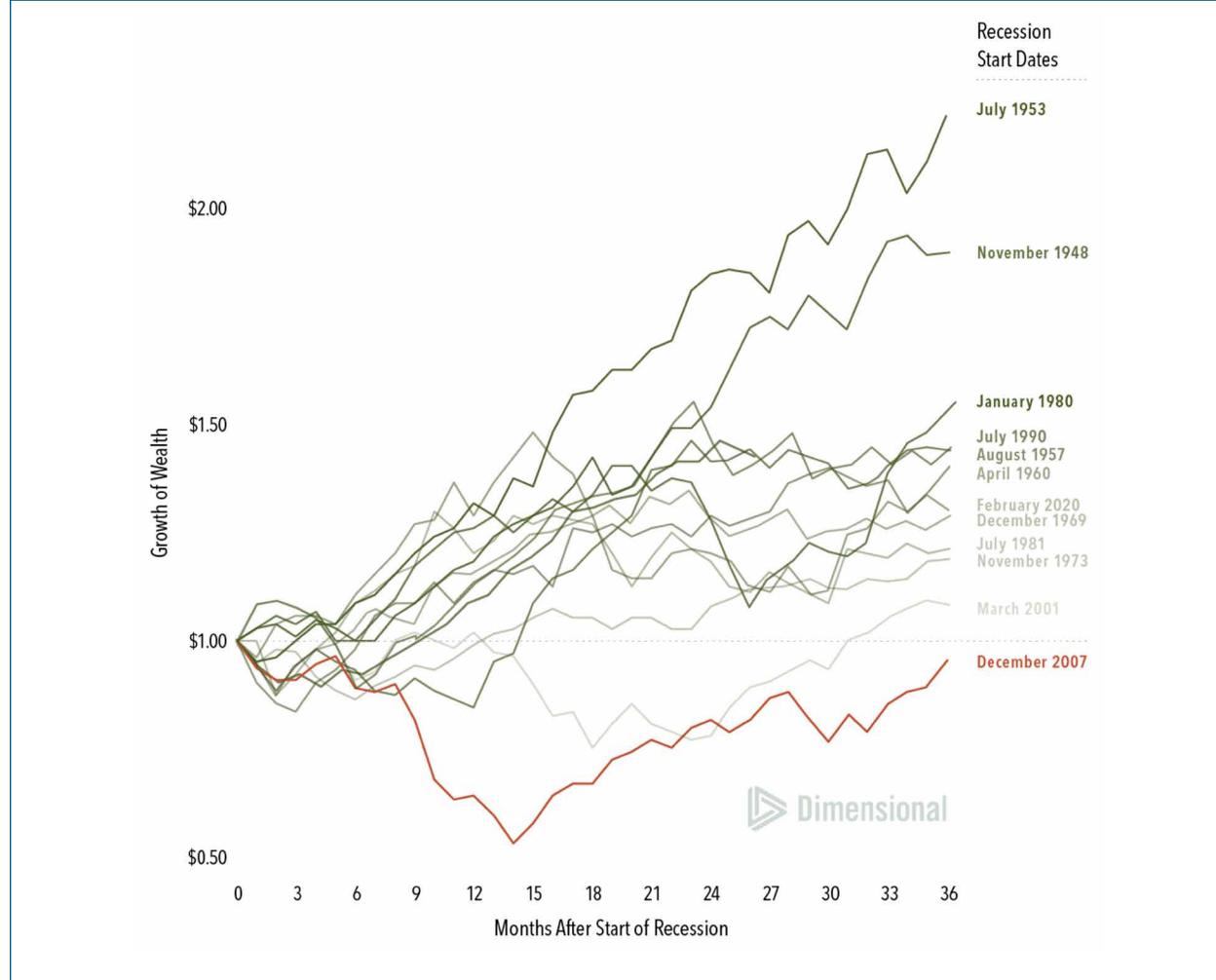
Markets reflected this uncertainty with substantial volatility in April. The VIX Index closed at 52.3 on April 7, the highest since March of 2020. The S&P 500 Index moved by at least two percentage points on eight days during April. This volatility suggests market participants were continuously forming and revising expectations for how tariffs will impact the macroeconomy, particularly the potential for reduced economic output and rising consumer prices. ☺

The stark shift in US tariff policy announced on April 2, and ongoing responses worldwide, put many investors on edge.

The good news for investors is the fallout from tariffs may not merit asset allocation changes. Take an economic slowdown, for example. The National Bureau of Economic Research identifies recessions using backward-looking data, so we won't know we're in recession until after it's begun. But the forward-looking nature of markets means that expected stock returns are positive even when the economic outlook is weak.

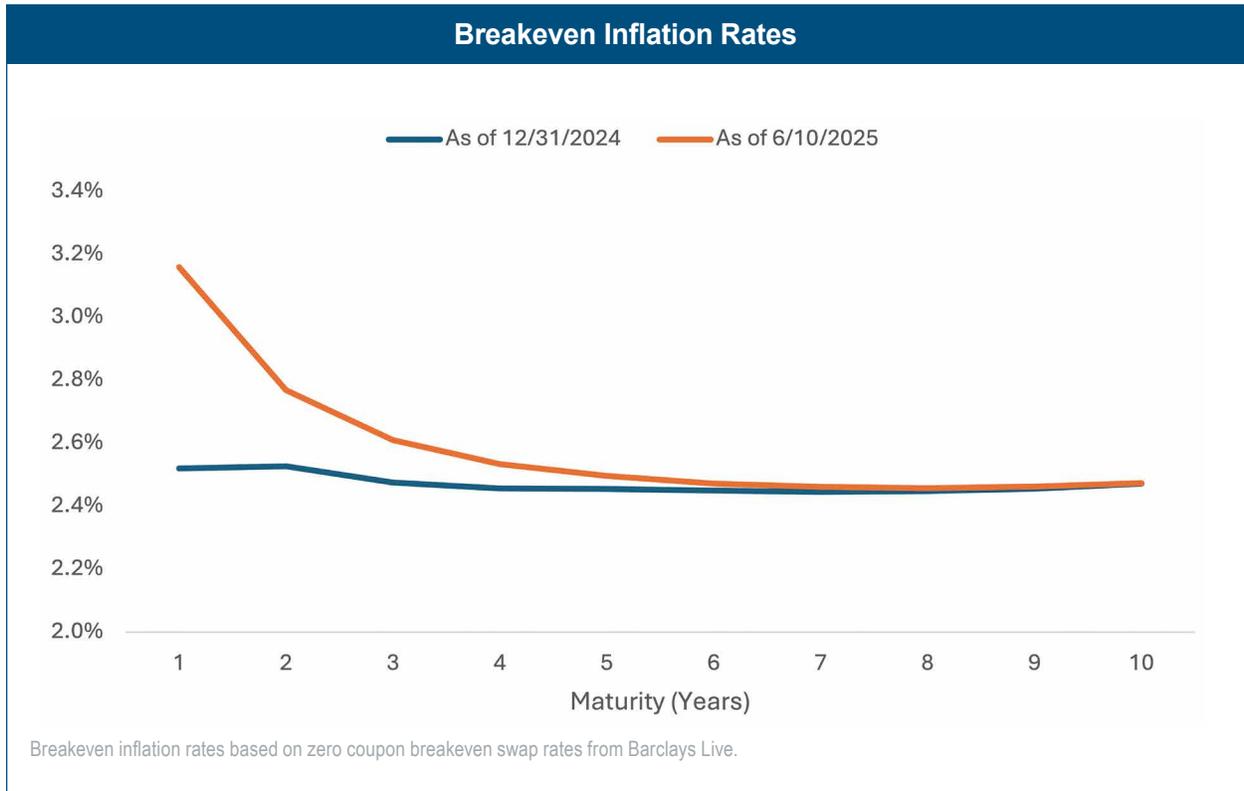
This is borne out in the historical data. One dollar invested at the start of a recession saw positive returns after three years in 11 out of 12 past recessions. The average of the three-year returns after the start of a recession was 43.2%, which is nearly identical to the 41.8% average return of all three-year periods from 1947 to 2024.

Growth of a Dollar for US Stocks over a 3-Year Period Beginning from the First Month of Recession (January 1947-March 2025)



In USD. Each line shows the growth of \$1 for a hypothetical investment in the Fama/French Total US Market Research Index over the 36 months starting the month after the relevant recession start date. Data presented is hypothetical and assumes reinvestment of income and no transaction costs or taxes. Sample includes 16 US recessions as identified by the National Bureau of Economic Research (NBER) from January 1947 to December 2024. NBER defines recessions as starting at the peak of a business cycle. A business cycle is a description of the various stages of economic output. The chart is for illustrative purposes only and is not indicative of any investment. The Fama/French indices represent academic concepts that may be used in portfolio construction and are not available for direct investment or for use as a benchmark. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment. See "Index Descriptions" for descriptions of Fama/French index data.

On the inflation front, bond market data suggests investors are expecting a rise in consumer prices in the short term. Breakeven inflation, composed of expected inflation plus a premium for bearing inflation risk, jumped at the one-year horizon from 2.5% at the start of the year to 3.2% as of June 10.

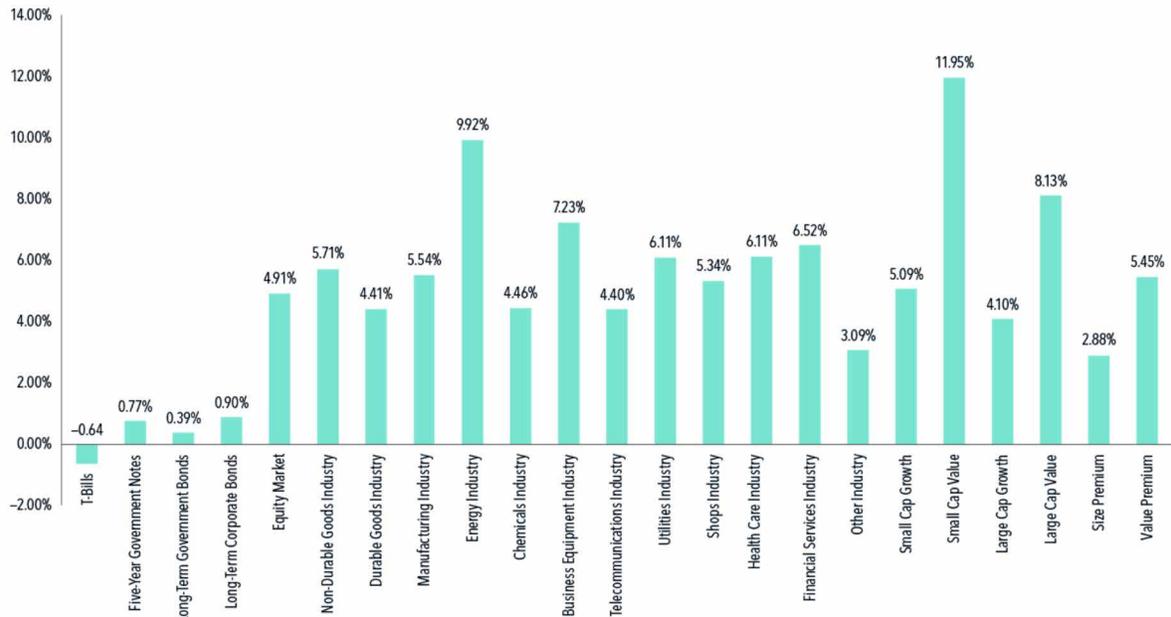


Rising inflation expectations don't necessarily mean investors should take action with their portfolios. Expected inflation is continuously incorporated into current market prices. Stock and bond market prices should be set to a level where expected returns compensate investors for the effects of inflation. This is consistent with the long-run data, which show that most stock and bond market segments have had positive average real returns even in years with high inflation. So, if actual inflation pans out similarly to expectations, investors can likely stay the course with their current asset allocation. ♦

Rising inflation expectations don't necessarily mean investors should take action with their portfolios.

Keeping It Real

Average annual real returns in years with above-median US inflation, 1927-2020



Fama/French Indices represent academic concepts that may be used in portfolio construction and are not available for direct investment or for use as a benchmark. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment. See "Index Descriptions" in the appendix for descriptions of the Fama/French index data. Returns are in US dollars.

Wes Crill is Senior Client Solutions Director in Dimensional's Global Client Group and a Vice President. He serves as a spokesperson for the firm, communicating with clients on topics ranging from deep dives on Dimensional's investment process to economic forecasts and asset allocation considerations. A frequent speaker at Dimensional and industry events, Wes works to translate Dimensional's research insights into thought leadership content for the firm's websites and social media. He is the primary author of *Above the Fray*, a weekly, online commentary highlighting Dimensional's take on current market events.

Wes previously spent over a decade on Dimensional's Research team, conducting rigorous research on a wide gamut of investment initiatives and questions pertaining to both the broad investment landscape and Dimensional's own strategy innovations.

Wes earned a BS and a PhD in materials science engineering from North Carolina State University.

Endnotes:

¹ Fama/French Total US Market Research Index: July 1926[®] present: Fama/French Total US Market Research Factor + One-Month US Treasury Bills. Source: [Ken French website](#).

Fama/French US Small Growth Research Index: Provided by Fama/French from CRSP securities data. Includes the higher 30% in price-to-book of NYSE securities (plus NYSE Amex equivalents since July 1962 and Nasdaq equivalents since 1973) that have smaller market capitalization than the median NYSE company.

Fama/French US Small Value Research Index: Provided by Fama/French from CRSP securities data. Includes the lower 30% in price-to-book of NYSE securities (plus NYSE Amex equivalents since July 1962 and Nasdaq equivalents since 1973) that have smaller market capitalization than the median NYSE company.

Fama/French US Large Growth Research Index: Provided by Fama/French from CRSP securities data. Includes the higher 30% in price-to-book of NYSE securities (plus NYSE Amex equivalents since July 1962 and Nasdaq equivalents since 1973) that have larger market capitalization than the median NYSE company.

Fama/French US Large Value Research Index: Provided by Fama/French from CRSP securities data. Includes the lower 30% in price-to-book of NYSE securities (plus NYSE Amex equivalents since July 1962 and Nasdaq equivalents since 1973) that have larger market capitalization than the median NYSE company.

Results shown during periods prior to each index's index inception date do not represent actual returns of the respective index. Other periods selected may have different results, including losses. Backtested index performance is hypothetical and is provided for informational purposes only to indicate historical performance had the index been calculated over the relevant time periods. Backtested performance results assume the reinvestment of dividends and capital gains. Profitability is measured as operating income before depreciation and amortization minus interest expense scaled by book. Eugene Fama and Ken French are members of the Board of Directors of the general partner of, and provide consulting services to, Dimensional Fund Advisors LP.

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Past performance is no guarantee of future results. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio. The VIX Index is a calculation designed to produce a measure of constant, 30-day expected volatility of the U.S. stock market, derived from real-time, mid-quote prices of S&P 500 Index (SPX) call and put options. Data sourced from CBOE. S&P data © 2025 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

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A Managing Risk Roadmap for Balanced Portfolios

By: David Chapman, L&G



Diversification is supposed to be the only free lunch, but when historical relationships—like the traditionally inverse one between bond and stock prices—breakdown, public pensions must look at what else is on the menu. Below we provide a roadmap to help plans determine optimal approaches for drawdown mitigation.

We begin with broader historical context and simple, objective scenario analysis that can be instructive for setting expectations for US Treasuries as a diversifier or hedge for higher return-seeking assets and then we delve into the full menu available for managing risk.

A stocks-down, bonds-down environment

Recently, markets have had to contend with “Liberation Day,” poor Treasury auctions, renewed and multiple conflicts in the Middle East and the list goes on. Those events are occurring at a time when equities are priced nearly for perfection, and all markets are oscillating between inflation fears and growth worries. So, equities are more vulnerable to corrections and the response from Treasuries is less reliable, depending on which macroeconomic narrative is dominant at the time.

Case in point, 2025 is already—before the year is even half over—outpacing the average full year for the number of days when equities are down more than 1% and Treasury returns are also negative.¹

Many investment professionals today have not experienced an environment persistently like this. [🕒](#)

Setting expectations for US Treasuries

With yields today at 20-year highs, benchmark duration is lower. Figure 1 shows the well-known relationship between bond yields and duration. As yields move up, duration falls and vice versa. Starting duration is the largest determinant of fixed income returns, making portfolios less sensitive to yield changes today than in recent years. Higher starting yields ostensibly provide more room to fall (i.e., so that total returns are better, despite lower starting duration). However, Figure 2 shows that in today's murky middle of the road duration/yield relationship, rates moving higher is just as likely. That coin flip on yields moving lower or higher is weighted between persistent inflationary pressure and slowing, late cycle growth.

Figure 1: As bond yields move up, duration falls and vice versa
US Treasury index yield and duration (1/31/90-5/30/25)

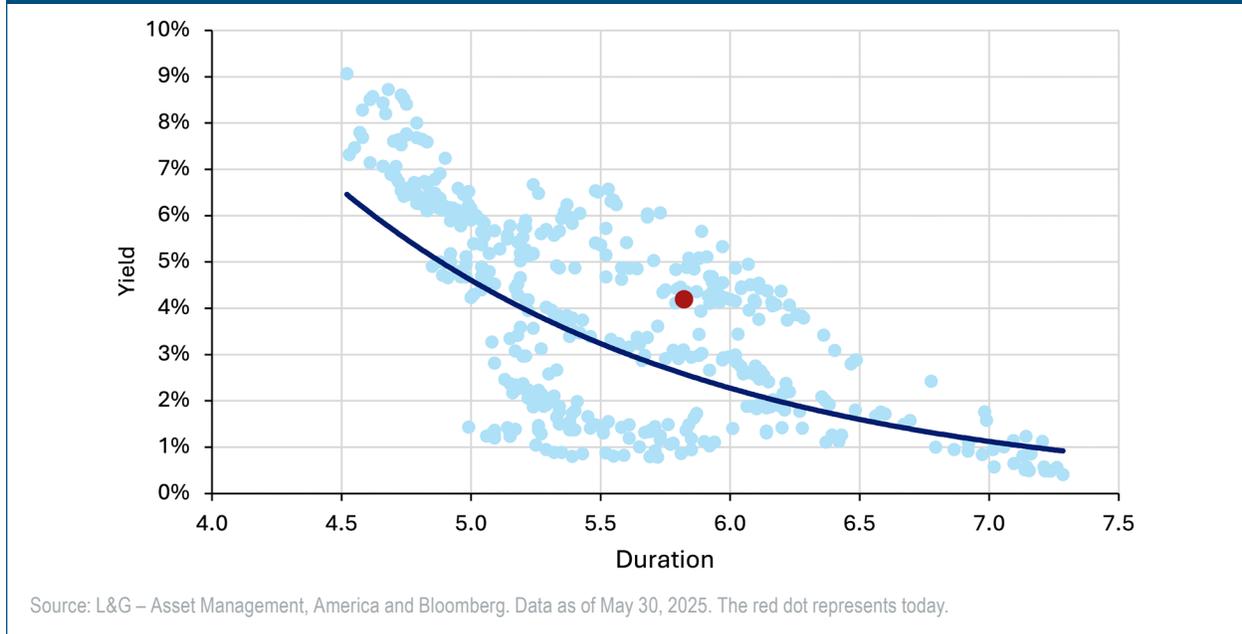
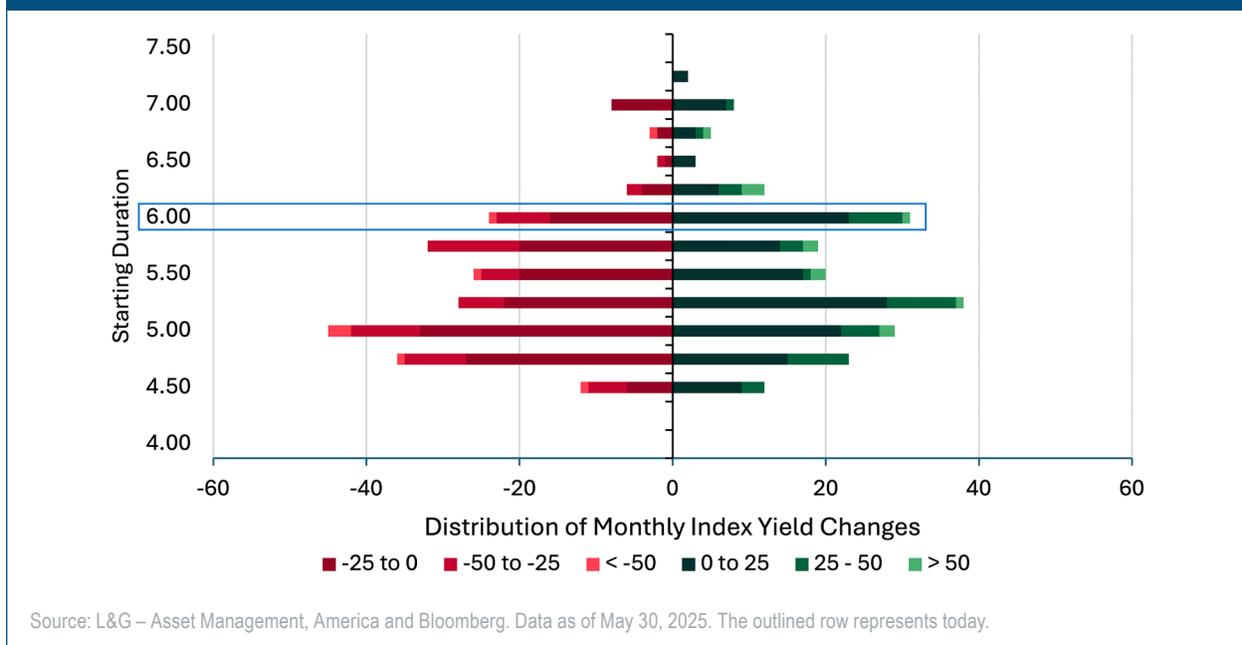
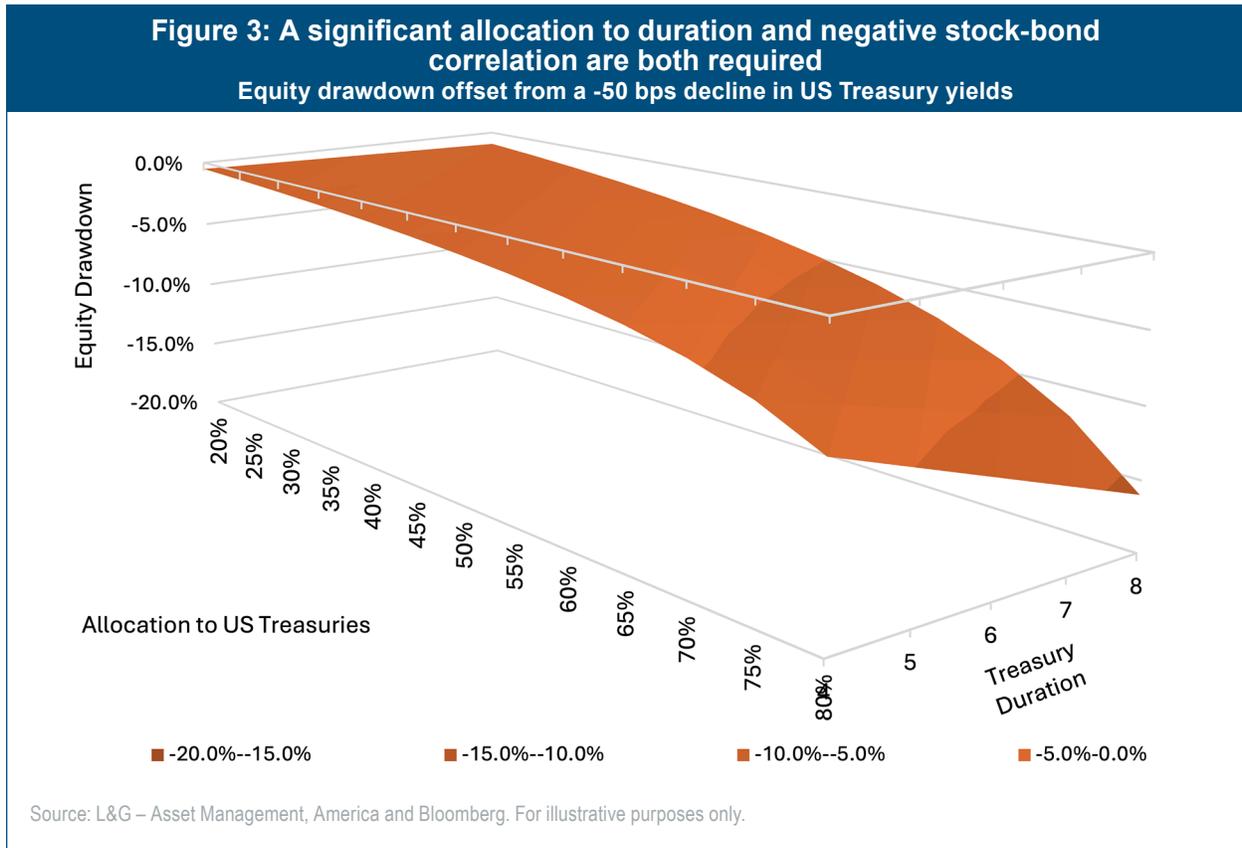


Figure 2: Rates could move up or down from here
Distribution of monthly US Treasury index yield changes for a given starting duration (1/31/90-5/30/25)



So, what potential protection do US Treasuries currently provide multi-asset investors? Unfortunately, not much. At today's starting duration (approximately six years), a 50 basis point (bps) decline in yield nets a return of 3%. For an investor with a 70/30 portfolio, that offsets a scant -1.3% equity decline. Figure 3 presents this relationship under a wider set of scenarios.

The critical observation is that realizing any material portfolio benefit requires both a significant allocation to duration and and, of course, negative stock-bond correlation.



Looking at the full menu

Diversification, duration extension and hedging are the three common approaches to managing risk for a balanced portfolio. Public pensions have been adding additional diversifying strategies for decades. However, some have failed to provide diversification when it was needed most (e.g., some hedge fund strategies) and others have come with a price of illiquidity at a time when liquidity is needed. Other diversifying strategies like commodities and liquid real assets can provide diversification but have not been allocated sufficient capital.

Extending duration is straightforward and easily benchmarked. It may also align with the long-dated cash flows of public plans. However, the portfolio impact is particularly reliant on negative stock-bond correlation. So, investors concerned specifically with positive stock-bond correlation recognize this approach as a double-edged sword for shorter-term rate movements (while still potentially being aligned with more strategic, long-term cash flow objectives).

Hedging can be direct but is generally viewed as more expensive. There are long-held beliefs that the implied volatility premium paid for owning options is excessive (although a negative stock-bond correlation is also a long-held belief...), yet systematic volatility sellers have changed this dynamic significantly. Further, to mitigate stocks-down, bonds-down environments, contingent options and their replication are a viable way to reduce hedging costs. An example of such option is a 95% put on the S&P 500 that only pays off if rates rise 10 bps more than expected over the same horizon.

The right combination of approaches to managing risk ultimately depends on an investor's strategic asset allocation, liquidity profile, funded status and ability to utilize certain instruments. Yet the risk of episodic, or perhaps even secular, positive stock-bond correlation is an opportunity to think creatively and build more resilient portfolios on behalf of your beneficiaries. ♦

David Chapman is the Head of Multi-Asset at L&G-Asset Management, America. In his role, he is responsible for the oversight of our asset allocation and quantitative solutions, including overlays, hedging and multi-asset funds. He is also a member of the firm's Investment Oversight Committee.

Dave joined the firm in 2015. Prior to this, Dave was the Chief Investment Officer for ALAS, Inc., a professional liability mutual insurance company. Prior to ALAS, he was with Ascension Investment Management where he was the Managing Director responsible for asset allocation and investment risk management across a variety of institutional investors and plan sponsors. Dave began his investment career as a Portfolio Manager at BlackRock.

Dave earned a BS in Business Administration from Washington University in St. Louis and an MBA from the University of Michigan. He is a CFA charterholder and holds a Series 3 license registered with the NFA.

Endnotes:

¹ Source: Bloomberg.

Disclosures

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Total Portfolio Approach for Pension Funds

By: Ortec Finance



This report applies a Total Portfolio Approach (TPA) by using a factor lens analysis to assess risk and return exposures among pension funds within and across five of the largest pension systems worldwide: Canada, The Netherlands, Switzerland, the U.K., and the U.S. Rather than utilizing a traditional asset allocation lens for assessing risk and return exposures, this study conducts a comparative analysis of the top 30 pension funds by assets under management by quantifying their factor exposure to the following macro drivers: Equity Factor, Real Rates, Credit, Inflation, and Other. The benefit of applying a factor lens approach provides an additional perspective to understand risk and return exposures. The risk and return values used in this analysis are based on calculations in the proprietary Ortec Finance Asset-Liability Management (ALM) software GLASS and the Ortec Finance Scenario Set.

Key findings

The traditional asset allocation lens shows that pension funds have, on average, the highest allocation to Fixed Income assets, apart from the U.S. which has the highest allocation to Public Equity. A factor lens shows all five pension markets face the highest allocation to Equity Factor.

EquityFactor is the largest driver of total risk and return in each of the five markets. However, Real Rates and Inflation provide the most efficiency given their return for the cost of risk. The biggest driver of total risk and total return in all markets is the Equity Factor, contributing roughly 40% to 60% of total return and 55% to 70% of total risk. 

Through a factor lens approach, the top 30 funds within each market face relatively similar decomposition to return and risk, except the U.K. where there is more dispersion across the funds as more than one-third of funds face a higher exposure to Credit and Inflation than Equity. The factor risk exposure in Canada, Switzerland, the Netherlands, and the U.S. is relatively homogenous amongst the top 30 funds where Equity Factor is the top return and risk driver. In the U.K. more than one-third of the 30 top pension funds have a higher factor return and risk exposure to Credit and Inflation than to Equity Factor.

The difference across the five pension markets can be explained by local regulations and the set-up of the funds. Liabilities discounted by long-term expected return on assets (U.S.) public plans or discounted by the risk-free rate (NL) have a massive impact on which factor exposures are the best fit.

Methodology

Our analysis is based upon publicly available data, including investment policy statements and annual reports, from the top 30 largest pension funds in Canada, The Netherlands, Switzerland, the U.K., and the U.S. All country-level results are presented as the average across the 30 funds for that region and all risk (standard deviation of return) and return figures are presented as the expected results over the next three years. Liabilities are not considered in this analysis.

Factor analysis is an alternative assessment method which approaches exposure from identifying underlying macro risk rather than from each individual asset. The aim of *factor lens* is to explore the variations between complex correlated variables and decompose risk to understand the behavior of commonly unobserved variables.

To implement a *factor lens* analysis, we qualitatively map assets across Public Equity, Fixed Income, Real Estate, and Alternatives to five factors – *Equity Factor, Real Rates, Inflation, Credit* and *Other* – where *Other* captures Alternative asset classes that are typically uncorrelated with Equity. Our analysis portrays the breadth of exposure to these five factors in our ALM software GLASS. Using the Ortec Finance Economic Scenario Generator, we map the factor allocation and calculate the factor risk and return of each pension fund in our analysis.

The Ortec Finance Economic Scenario Generator integrates short and long investment horizons consistently across all asset classes and economies. Instead of the traditional complex, and inconsistent mix of models, a wide range of investment and risk management applications are now served with one model.

The advantage of using one integrated and consistent methodology is that it provides realistic stochastic risk and return scenarios for all relevant time horizons and balance-sheet-level applications in one application, bringing consistency and efficiency to enterprise-wide investment decision-making and risk management processes.

The proprietary frequency domain methodology of our Economic Scenario Generator, combined with dynamic factor models, has been developed specifically to capture the complex realities of financial and economic markets for all horizons and asset classes at any point in time. ♦

For more, we invite you to [read the complete report from Ortec Finance](#).

Ortec Finance is the leading provider of technology and solutions for risk and return management. We model and map the relevant uncertainties to help institutional investors monitor their goals and decisions. We design, build, and deliver high-quality software models for asset-liability management, risk management, impact investment, portfolio construction, performance measurement & attribution, and financial planning.

Ortec Finance's strength lies in an effective combination of advanced models, innovative technology, and in-depth market knowledge. This combination of skills and expertise supports investment professionals in achieving a better risk-return ratio and thus better results.

Founded in the Netherlands, Ortec Finance has eight global offices in Amsterdam, Rotterdam, London, Zurich, Melbourne, Singapore, Toronto, and New York.

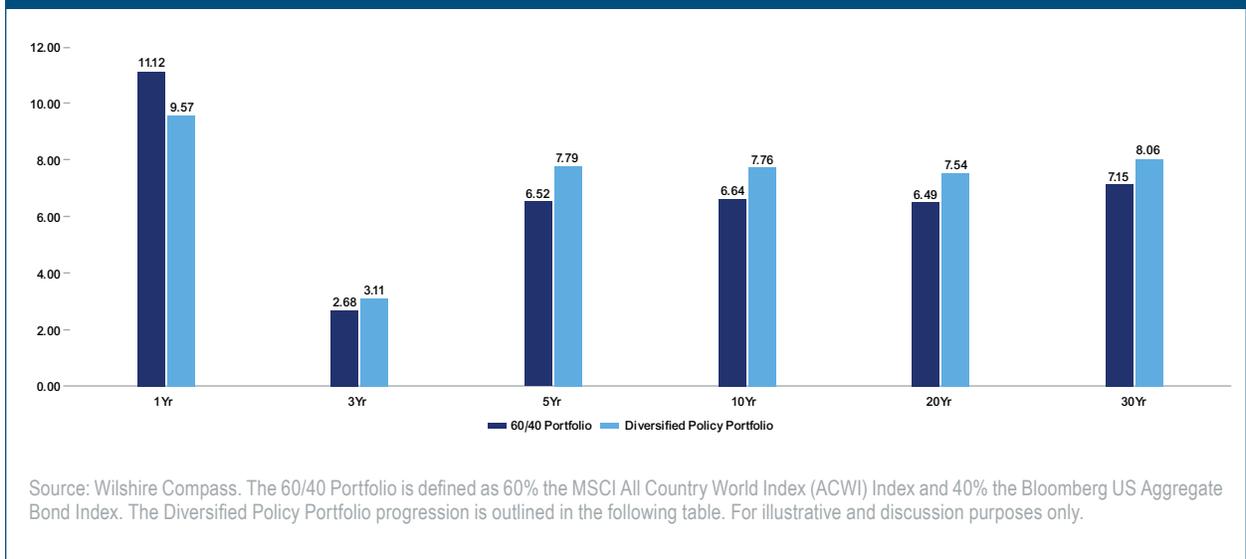
Complexity vs. Simplicity: Affirming the Power of Diverse Portfolios

By: Joanna Bewick and Christopher Tessman, Wilshire



The 60/40 portfolio, a classic investment strategy comprising 60% equities and 40% bonds, delivered a remarkable 11.12% return in 2024. This robust performance, driven largely by a booming U.S. equity market, has led some to question the merit of more diversified portfolios, particularly given their greater complexity and often higher fees. ☹️

Exhibit I: Returns as of December 31, 2024



	Diversified Policy Portfolio	Interval 1 12/31/1991- 12/31/2000	Interval 2 12/31/2000- 9/30/2006	Interval 3 9/30/2006- Current
Equities	55%			
MSCI - AC World Index (\$Gross)		55%	40%	40%
Preqin - All Private Equity Index		0%	15%	15%
Fixed Income	25%			
Bloomberg - U.S. Universal Bond Index		20%	20%	20%
Credit Suisse - Leveraged Loan Index		5%	5%	5%
Real Assets	20%			
NCREIF - ODCE Index (\$Net)		10%	10%	10%
Wilshire - REIT Index		5%	4%	3%
S&P - GSCI Total Index		5%	3%	3%
Bloomberg - U.S. TIPS Index		0%	3%	3%
S&P - Global Infrastructure Index		0%	0%	1%
Total		100.00%	100.00%	100.00%

For illustrative and discussion purposes only.

Overemphasizing one-year results, especially those influenced by unique, non-recurring factors, can mislead investors into undervaluing the benefits of diversification. Exhibit I illustrates that, over extended periods, diversified portfolios have historically outperformed the 60/40 portfolio, despite the latter's stellar 2024 performance. This enduring advantage of diversification stems from its ability to capture returns across a broader range of asset classes, including real assets and alternative investments that are less correlated with traditional equities and bonds. By spreading risk, diversified portfolios may be better positioned to weather economic shifts and market volatility.

By spreading risk, diversified portfolios may be better positioned to weather economic shifts and market volatility.

Focusing on historical returns makes diversification seem unnecessary. With the benefit of perfect hindsight, it is easy to look back on results and choose the handful of assets that outperformed. The danger of an ex-post examination of returns is the temptation to extrapolate past results into the future. However, past performance is no guarantee of future results. Regrettably, we cannot predict the future with certainty, however history and financial models can be guides to the directionality of future returns.

Wilshire has been formulating long-term (10-year) returns, risk, and correlation assumptions since the early 1980s.² We believe that high current valuations are likely to lead to lower capital market return expectations over the next 10 years versus the last 10 years. Importantly, Wilshire's capital market assumptions forecast a 10-year return expectation of 5.32% for the 60/40 portfolio as of December 31, 2024. For many investors, this level of return will be unsatisfactory. Fortunately, a broader opportunity set of asset classes offers both more attractive returns and diversification which can improve portfolio efficiency and dampen volatility.

For example, non-U.S. equities, non-core bonds, private assets, and a basket of real assets including real estate, infrastructure and commodities are projected to offer premiums to both U.S. equities and core fixed income. The table in Exhibit II details the array of asset classes that might be included in a typical diversified policy portfolio and the constraints used to generate the efficient frontiers shown in Exhibit III.

Exhibit II: Asset Classes in Typical Diversified Policy Portfolio			
Asset Class	60/40 Portfolio	Diversified Portfolio	Constraints of a Diversified Portfolio ³
Global Equity	60.0%	39.0%	Global Equity ≥ 15.0%
Private Equity		4.0%	Maximum = 15.0%
Core Bonds	40.0%	25.0%	15% ≤ Core Bonds ≤ 25%
Private Credit		10.0%	Maximum = 10.0%
Real Assets ⁴		20.0%	Maximum = 20.0%
Cash		2.0%	Maximum = 2.0%
10-Year Expected Return	5.32%	6.06%	
10-Year Expected Risk	10.76%	10.75%	
Return/Risk	0.49	0.56	
Change in Return		+0.74%	
Change in Risk		-0.01%	
Change in Return/Risk		+0.07	

For illustrative and discussion purposes only.

As shown in Exhibit II, a diversified policy portfolio with a similar risk level to the 60/40 portfolio increases expected returns by 74 basis points and improves portfolio efficiency by boosting return per unit of risk from 0.49 to 0.56. Moreover, we can broaden the comparison via a series of optimizations. Exhibit III presents two efficient frontiers. Efficient Frontier 1 (EF1) is an optimization of the array of asset classes shown in Exhibit II. Efficient Frontier 2 (EF2) optimizes only global equities and core bonds. From this analysis we see that at every risk level, a diversified policy portfolio (mapped on EF1) is expected to offer higher returns than the two-asset reference portfolio of similar risk (mapped on EF2). The box in Exhibit III highlights the return expectations of the 60/40 portfolio and the higher return expectations for the diversified portfolio of the same expected risk from the table in Exhibit II. As a point of comparison, we also plot a 70/30 portfolio with an even larger return premium for the diversified portfolio of the same expected risk. Importantly, these return expectations are model-based hypothetical projections derived from Wilshire’s capital market assumptions. They rely on numerous assumptions regarding asset class behavior and correlations that may not materialize. Actual results may differ materially from these estimates. To the extent that active managers can add excess returns over their benchmarks, the total portfolio expected returns may be higher than shown in Exhibits II and III.

As we look to the future, the power of diversification remains a cornerstone of sound investment strategy.

Exhibit III: Efficient Frontiers

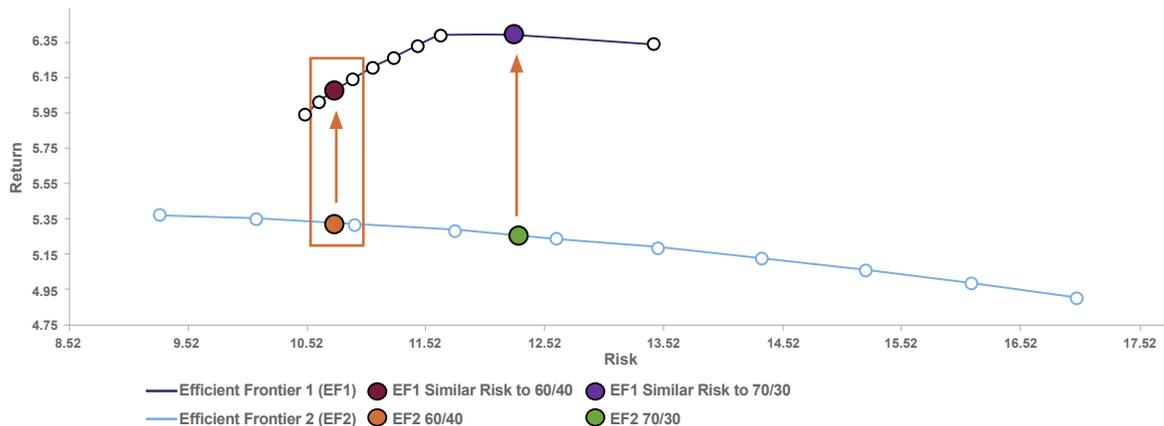


Exhibit III presents hypothetical model-based outputs for illustrative purposes only. These results are not guarantees and actual investment outcomes may differ materially. For illustrative and discussion purposes only.

In conclusion, the 60/40 portfolio's impressive 2024 performance is a reminder of the strength of simplicity. However, investors must be cautious not to let recency bias cloud their judgment. History demonstrates that while there are periods where the 60/40 portfolio outshines, diversified portfolios have consistently delivered superior returns over the long term.

As we look to the future, the power of diversification remains a cornerstone of sound investment strategy. By spreading risk and capturing opportunities across a broad spectrum of asset classes, diversified portfolios offer a durable framework for navigating the uncertainties of the market. For investors seeking to achieve sustainable, long-term growth, the complexity of diversification is not a hurdle, it is an advantage. ♦

For a more in-depth analysis visit: [wilshire.com/product-literature/complexity-vs-simplicity-affirming-the-power-of-diverse-portfolios](https://www.wilshire.com/product-literature/complexity-vs-simplicity-affirming-the-power-of-diverse-portfolios)

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Endnotes:

¹ Credit Suisse Leveraged Loan Index for period 12/31/1991 – 11/30/2024, S&P UBS Leveraged Loan Index for period 12/1/2024 – 12/31/2024.

² See <https://www.wilshire.com/product-literature/asset-allocation-return-and-risk-assumptions>

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How Bonds Can Enhance the Pension ROA

By: Ronald Ryan, Ryan ALM



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Given the volatility and uncertainty of the financial markets, bonds can provide a solution through the certainty of their cash flows. Most pensions focus on earning the return on asset (ROA) assumption as the goal of asset allocation. Because bonds yield less today than the ROA (7.00% average) the asset allocation to bonds tends to be somewhat low. But the bond allocation could enhance the ROA. Here's how:

- 1. Cash Flow Matching** – if bonds were used to cash flow match and fund net liabilities (after contributions) *chronologically* they would produce the liquidity needed to fully fund such net liabilities with certainty. Cash flow matching works best with longer coupon bonds where you use semi-annual interest income to partially fund liabilities (benefits + expenses). A 10-year bond has 20 interest cash flows and one principal cash flow all priced at a 10-year yield. This would eliminate the need to do a *cash sweep* of other asset classes which is a common liquidity procedure. According to a study by Guinness Global, the S&P 500 has 48% of its historical returns from dividends and reinvestment since 1940 on a 10-year rolling period basis. Wouldn't you want to reinvest dividends back into growth assets rather than spend it on funding benefits and expenses? By using bonds as the liquidity assets, the growth assets are left unencumbered to grow. The longer the cash flow matching period, the more time the growth assets can compound their growth. This could significantly enhance the total ROA. ☺

2. Yield on Bonds – asset allocation models forecast the return of each asset class in the model, then weight each asset class to get the derived ROA for total assets. The ROA for most asset classes is based on the historical returns of each asset class index benchmark except for bonds. The *current yield* on the bond index benchmark is usually used as the forecast for bond returns. The Bloomberg Barclay Aggregate is most favored as the bond index benchmark. This index was designed at Lehman Bros. by Ron Ryan when he was the head of Fixed Income Research & Strategy from 1977 to 1983. The Aggregate is a very large and diversified portfolio of bonds with the following summary statistics as of March 31, 2025:

# of issues	13,770	Treasury	44.79%	AAA	3.06%
YTM	4.51%	Agency	1.29%	AA	47.86%
Duration	6.08 yrs.	Mtg. Backed	24.85%	A	11.38%
Avg. Maturity	8.38 yrs.	Corporates	24.06%	BBB	11.43%
				NR	25.60%

As a result, most asset allocation models would have a ROA for bonds of about **4.50%**. If you can build a bond portfolio that outyields the Aggregate index with the same or similar term structure, by definition, it should enhance the ROA for total assets. Cash flow matching is optimal using a portfolio of A/BBB corporate bonds providing a 50 to 100 basis points yield advantage over the Aggregate index. Moreover, given America's deficit financing there should be a greater supply of Treasuries issued in the future skewing the index to lower yielding bonds.

3. Cash – many pension plans have a cash allocation of around 2% to 3%. Cash is usually the lowest yielding asset. Using cash flow matching (CFM) as the liquidity assets to fully fund benefits and expenses (B+E) chronologically, there is little need for cash to fund B+E. Cash might only be needed for capital calls on Private Equity and Alternative Investments. CFM should significantly increase the yield margin versus cash since it is heavily weighted to A/BBB issues. With the CFM fully funding B+E, the cash allocation can be reduced to around 1%. Replacing most of the cash allocation to fund B+E with the CFM allocation is another ROA enhancement... it all adds up.

4. Performance – The intrinsic value in bonds is the certainty of their cash flows. They are not performance or growth assets but liquidity assets. The past performance of the Bloomberg Aggregate for rolling periods as of 3/31/25 is a testament to this:

1 year	= 5.2%	5 years	= 0.3%	10 years	= 5.2%
3 years	= 5.2%	7 years	= 1.6%	20 years	= 5.2%

Logic: Pension plans who use their fixed income allocation for cash flow matching instead of a total return focus versus a generic bond index should enhance their ROA and liquidity. The benefits are significant and clear. ♦

“Where is the knowledge we have lost in information”

T.S. Eliot

Ronald J. Ryan, CFA is the Chairman and Founder of Ryan ALM, Inc.. Ryan ALM is an asset liability manager specializing in cash flow matching. He also created Ryan Labs in 1988 which became a leading bond asset manager. He was the former Director of fixed income research at Lehman Bros. from 1977-1983 where he designed most of the popular Lehman bond indexes including the Aggregate.

Power Surge: Capitalizing on the Electricity Boom

By: James Rich, CurvePoint Capital



Photo Illustration © 2025, iStock.com

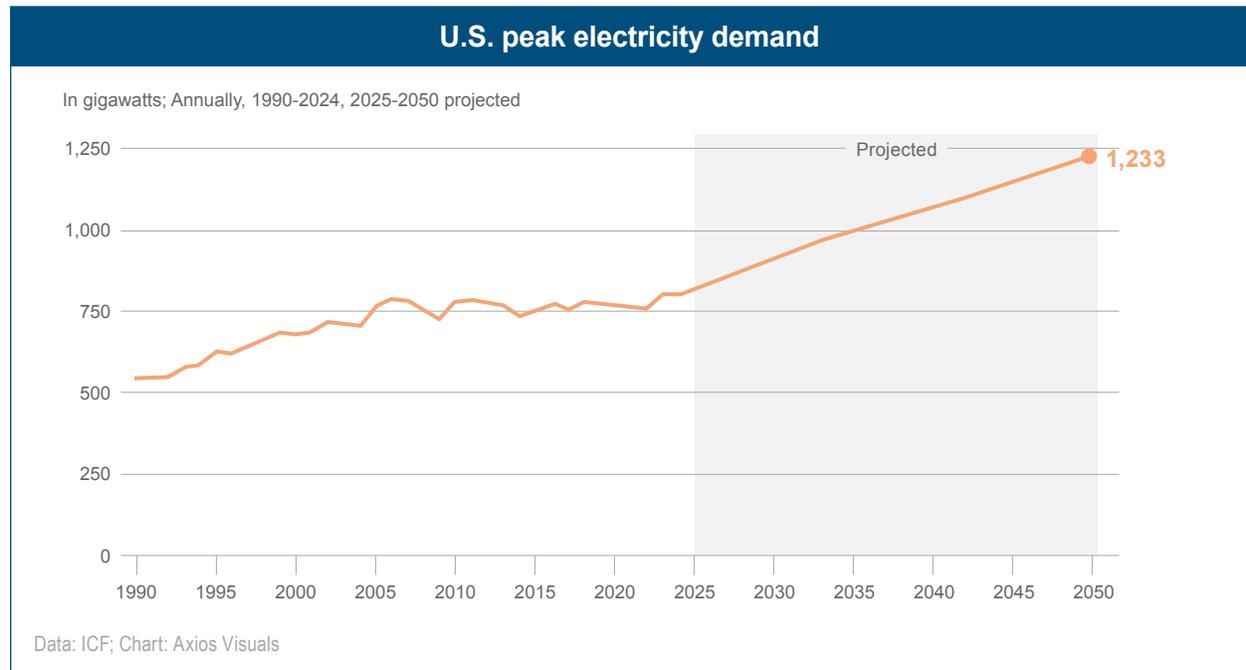
As the U.S. electricity sector undergoes an historic transformation driven by surging demand and a rapid shift toward renewables, pension fund managers are uniquely positioned to capitalize on this opportunity. According to BloombergNEF, global energy transition investment needs to reach \$2.5-3.4 trillion annually by 2030.

The energy transition offers attractive investment potential for pension fund managers and the opportunity to align with sustainability mandates. Legacy investment theses may underperform as capital flows shift decisively toward decentralized and renewable energy systems. Pension managers must ensure their investment managers are aware of these trends and actively allocating capital in alignment with them.

Private credit is increasingly recognized as a catalyst for financing renewable energy, distributed energy resources, and grid modernization. According to Goldman Sachs, while private equity has historically dominated energy transition capital flows, the next phase of growth will be driven by credit due to the maturation of clean energy technologies, which now offer lower risk profiles, making them good candidates for debt financing. [🔗](#)

Growing Demand & Supply

The demand for electricity in the U.S. is on a steep upward trajectory after a decade of flat usage. The rapid growth of data centers to support AI technology, the electrification of transportation from electric vehicles, the increasing prevalence of heat pumps, and the rising use of air conditioners due to climate change are all contributing to this demand growth. Consulting firm ICF suggests that U.S. electricity demand is expected to grow by as much as 25% by 2030 and by 78% by 2050, compared to 2023.



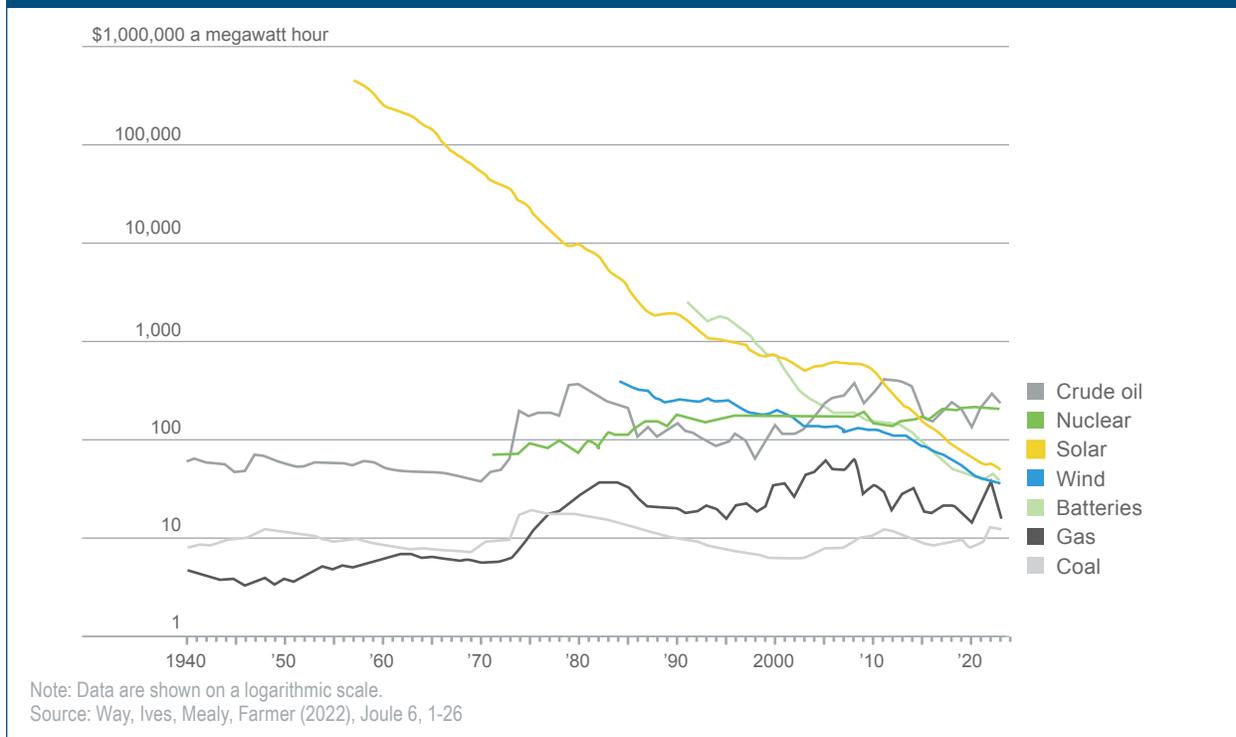
The U.S. power sector is in the midst of a transformation, retiring older plants while rapidly building new ones, especially renewables. To meet even moderate demand growth, the pace of capacity additions will need to accelerate. According to an analysis by ICF, the U.S. will need to add 80 GW of new generating capacity every year from 2025 through 2045 to satisfy rising demand and replace retiring units. That is double the recent rate of additions, which averaged ~40 GW/year over 2018–2022. In other words, an immense build-out is required – on par with constructing dozens of new power plants each year. This 80 GW/year figure encompasses all generation types and assumes an “all-of-the-above” mindset, including renewables, gas, nuclear, and storage.

The Role of Renewable Energy

Renewable energy in the US comprised approximately 24% of total U.S. utility-scale electricity generation in 2025 and continues to grow. Even if policy support from policies like the Inflation Reduction Act is removed entirely, renewable energy remains among the cheapest forms of electricity generation and significant amounts of renewable energy will still need to be built. The cost of renewable energy and other climate technologies has and continues to decrease significantly, making them competitive even without government subsidies.

The cost of renewable energy and other climate technologies has and continues to decrease significantly, making them competitive even without government subsidies.

Energy costs of renewable energy sources compared with fossil fuels



In 2025, 93% of new power generation capacity being installed in the U.S. is from renewables, including solar, battery storage, and wind, illustrating the strong demand for renewable energy due to its advantages over legacy energy sources. Renewable energy continues to improve in efficacy and become cheaper, while fossil fuels become harder to extract with every barrel produced and ultimately less competitive in the long run.

Investment Opportunities

The transition to a sustainable energy system is not just about building solar farms and wind turbines, but also about innovating all the “glue” technologies that allow a myriad of small resources to work together. Numerous products and services will be needed to support the growth in supply of renewable and other energy sources, representing an estimated \$2.5-3.4 trillion of annual investment opportunity by 2030.

Distributed energy technologies are emerging as some of the most attractive investment opportunities in the renewable energy sector. These technologies – ranging from virtual power plants (VPPs) to microgrids, battery storage systems, demand response and energy efficiency systems, and intelligent grid monitoring devices – play critical roles across the renewable energy value chain. Unlike utility-scale wind farms or solar parks, these are typically modular solutions that enhance grid resilience, improve energy security, and capitalize on technological advancements to reduce costs.

A detailed write up of each these investment opportunities and data sources is available [here](#). ♦

James Rich is Managing Partner and Co-Founder of CurvePoint Capital, with 22 years of investment experience in private and public investments across diverse asset classes. Before co-founding CurvePoint, he spent 15 years at Aegon Asset Management, where he co-founded the Aegon Climate Capital strategy. He also served on the board of the Aegon Transamerica Foundation, supporting financial and social empowerment initiatives. Earlier in his career, James worked at Madison Dearborn Partners and Morgan Stanley. A frequent speaker and guest lecturer, he has been featured in the Financial Times, Barron's, the Wall Street Journal, Bloomberg, and more. He mentors climate ventures through Third Derivative and holds an MBA from Kellogg and an ScB from Brown University. He lives in Boulder, CO with his wife and three children.

Fannie Mae and Freddie Mac: Maximizing Value for All Stakeholders

By: Ray Wicklander, Great Lakes Advisors



Photo © 2025, Courtesy of Fannie Mae and Freddie Mac

Recent comments from Treasury Secretary Bessent, FHFA Director Pulte, and more recently by President Trump, suggest that systemically-important mortgage guarantors Fannie Mae and Freddie Mac (the “GSEs”) may be privatized and released from government conservatorship. This is a politically sensitive issue with many important stakeholders – primary of which are U.S. taxpayers, mortgage borrowers, mortgage-backed securities (MBS) investors, and, by extension, the U.S. housing market and economy.

Fannie Mae and, to a lesser extent, Freddie Mac are well capitalized today. Fannie Mae has over \$90bn in capital, roughly three times the amount as 2007, which is likely sufficient to withstand the most severe credit stress tests. The problem is, greater than 100% of Fannie Mae’s capital is in the form of Senior Preferred stock, owned by the Department of the Treasury, leaving common equity – the highest quality form of capital for a financial institution – negative, and deficient compared to “well capitalized” core capital standards.

To equitably balance the interests of all stakeholders and address the (significant) issue of government guarantees of Agency MBS, the liquidation preference of the government’s Senior Preferred stakes (for Fannie Mae, just over \$200bn, as of 3/31/2025) could be replaced, nearly dollar-for-dollar, with a new, unfunded facility from Treasury to the GSEs: **a Contingent Capital Commitment Facility (CCCF)**. Were the GSEs’ capital levels to ever breach a well-capitalized minimum standard, the CCCF would convert into new common equity at a predefined (and highly dilutive) price. This would give one of the GSEs’ primary stakeholders – Agency MBS owners – contractual assurance that Fannie and Freddie will always be capitalized beyond reproach, effectively closing the debate around implicit or explicit government guarantees of Agency MBS.¹ [🔗](#)

For the US taxpayer, who currently sits in a “first loss” position in the GSEs, a structure like the CCCF would move the taxpayer to a “risk-remote” position, and, like any unfunded commitment, the CCCF should carry a fee, to provide Treasury and US taxpayers with a stream of annuity-like fee income from the (hopefully perpetually) undrawn commitment. More importantly for taxpayers, certainty about the capital structure and shares outstanding would maximize the value of Treasury’s 79.9% warrants in each GSE. In Fannie Mae’s case, the value of the warrants should ultimately be worth well over \$100bn, and the capitalized value of the commitment fee around \$60bn, providing a highly competitive outcome for taxpayers, on top of what has already been paid to Treasury.²

Finally, to further upgrade and simplify the GSEs’ capital structure, Junior Preferred shareholders could be offered the option to convert from preferred stock into common stock, at a preferential price. Common Equity Tier 1 capital is the highest-quality capital for a financial institution, and a conversion option for the Junior Preferreds would incentivize Common Equity Tier 1 build, further reducing risk to taxpayers.

Incentives matter. These structural changes would provide strong, positive motivation to GSEs’ management to underwrite conservatively, and allocate capital appropriately, as well as reward efforts to curb mortgage fraud and operate efficiently. The benefits of a safe, liquid, well-capitalized mortgage market inure to the US housing market, US mortgage investors and borrowers, and by default, the entire US economy. And a structure like this for the GSEs upon release of conservatorship would effectively balance and maximize the interests of all stakeholders. ♦

Ray Wicklander runs the Global Value equities investment platform for Great Lakes Advisors, an institutional investment manager in Chicago. This is not intended as investment advice. Great Lakes Advisors’ fixed income group owns or may own, in the ordinary course of business, Agency MBS, on behalf of clients. Great Lakes Advisors does not currently hold a position in the common or preferred stock of Fannie Mae or Freddie Mac. The views expressed are the author’s own and do not necessarily reflect those of Great Lakes Advisors or its parent company.

Endnotes:

¹ A \$200bn contingent capital commitment would equal about 15% of Fannie Mae’s risk-weighted assets, around twice what would be considered adequate levels of capital, and this amount should be tied to risk-weighted assets to account for future growth

² I would argue that replacing c. \$200bn of value that is illiquid and risk-proximate (Senior Preferred) with c. \$160bn of liquid (warrant intrinsic value) and risk-remote (CCCF capitalized fee value) consideration is a competitive and fair outcome for taxpayers.

Disclosures

Performance data quoted herein represents past performance. All data is as of the current quarter, unless otherwise noted. Returns and net asset value will fluctuate. Performance figures have been reduced by the actual fees paid by composite accounts; applicable fees may vary depending on a number of factors, including the relevant fee schedule and portfolio size. For performance current to the most recent month end, please call 312-553-3700. Additionally, market commentary is available upon request. The currency used to express performance is the US Dollar.

All indices are unmanaged and performance of the indices includes reinvestment of dividends and interest income, unless otherwise noted. The indices are not illustrative of any particular investment and it is not possible to invest directly in an index. Indices are not managed or sold by Great Lakes Advisors or any of its affiliates.

Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investment in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities. To determine if an investment strategy is appropriate for you, carefully consider the investment objectives, risk factors, and expenses before investing. — 25-5-0004

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Schroders Survey Finds US Retirement Plan Sponsors Are Bracing for Volatility and Looking to Active Management

By: Scott Garrett, Schroders



Photo Illustration © 2025, iStock.com

Sponsors of US retirement plans are bracing for heightened market volatility, according to Schroders [Global Investor Insights Survey 2025](#). The annual survey polls institutional investors worldwide for their views on key investment themes. Among the nearly 1,000 institutional investors surveyed, 81 represented US retirement plans, with plan sizes ranging from under \$1 billion to nearly \$100 billion. Half the group were from public employee plans, and there was a nearly even split of defined benefit and defined contribution plans.

More than half of US retirement plan sponsors – 53% – expect that the next 12 months will be more volatile than 2022 and early 2023, a period that saw the return of inflation. Forty-one percent anticipate the next year could be even more volatile than the Global Financial Crisis. The top macroeconomic concerns for respondents were tariffs and protectionist trade policies (83%), an economic downturn (60%) and higher inflation (57%). In this climate, 51% of the plans now rank portfolio resilience as their top investment priority.

This volatile market environment has refocused investors' attention on active management. Sixty-three percent of US retirement plans are confident that active management can deliver value in the new investment landscape, and 77% say they are more likely to employ active management in the next year.

Retirement plans recognize that active management can enhance portfolio resilience

When asked to identify the reasons for their confidence in active management, US plans cited active managers' nimbleness to navigate uncertainty and provide diversification as their top reason (55%), followed by the active managers' ability to apply specialist approaches and provide specific market segment exposures (51%). [🔗](#)

The attributes of active managers that the plans most valued were their ability to conduct rigorous research into companies and industries (cited by 52%) and to help enhance the long-term resilience of investor portfolios.

“Active management has demonstrated it can adapt to changing market conditions, manage risk, and potentially uncover returns in areas where passive strategies may fall short,” said Tom Darnowski, CEO, Americas for Schroders.

Private debt and credit alternatives are top of mind for income

Private debt and credit alternatives have moved from the margins to the mainstream for institutional portfolios. Having captured an increased share of the lending market since the end of the Global Financial Crisis, private debt has grown considerably, and more investors now view it as reliable source of income.

North America continues to lead the way in private credit adoption. As the world's largest and most mature private debt market, it may not be surprising that 52% of US plans view private debt and credit alternatives (PDCA) as their top overall return opportunity, ahead of private equity (cited by 48%) or public equity (42%). When institutional investors globally were asked to identify their top sources for income generation specifically, North American investors once again expressed the highest preference for PDCA, with 52% of plans citing it as their preferred source, well above the 33% who mentioned public corporate bonds and the 25 who cited income-generating equities.

The retirement plans saw the best sources for attractive risk-adjusted income in this climate as direct lending (noted by 76%); securitized products, including asset-backed securities, (60%); and real estate debt (55%).

“In an environment defined by uncertainty, inefficiency and volatile risk premiums, the ability to select well-collateralized debt, backed by strong borrowers and robust security packages, is a significant advantage of private debt and alternative credit markets,” said Michelle Russell-Dowe, Co-Head of Private Debt and Credit Alternatives at Schroders Capital.

Plans are looking to global equities as a source of strong returns

Among public equities, more plans believe the strongest returns will come from global equity strategies (44%), surpassing those who cited regional portfolios (35%). Despite the recent strong performance of the US market, only 21% of the US plans believe domestic equity strategies will deliver the best returns.

Survey methodology

The full survey, with results for all institutional investors globally, is available [here](#). The fieldwork was carried out by Core Data Research during April–May 2025. The survey went into the field 13 days after the Trump Administration's initial announcement of higher tariffs on April 2, the survey results reflect a historic moment in time for markets and investment strategy. ◆

Scott Garrett, CFA, Head of US Institutional, Schroders.

Disclosures

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Trustees' Fiduciary Duties Relating to Securities Class Action Litigation

By: Andrea Farah and John Madden, Lowey Dannenberg P.C.

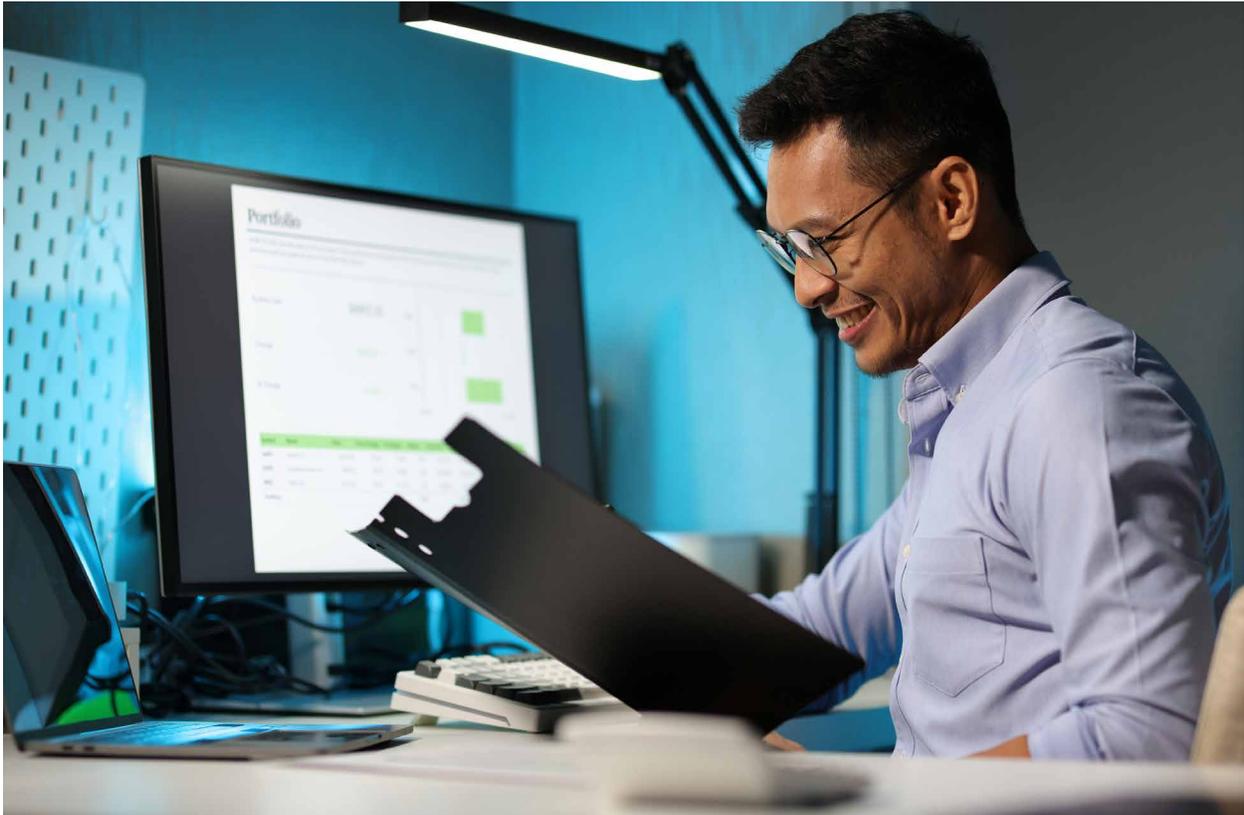


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As fiduciaries, trustees are held to a stringent legal standard of care in administering their Pension Plan. Central to their responsibilities is the duty of prudent administration, which requires careful consideration of the Plan's purpose, terms, and relevant circumstances. Failure to exercise appropriate diligence, skill, and prudence may result in personal liability for the losses incurred by the Plan.

The law offers limited guidance on how trustees should fulfill their fiduciary duties in the context of securities class action litigation. In such cases, trustees or the Plan's governing body must evaluate several potential courses of action—ranging from serving as lead plaintiff, participating passively through the settlement process, to opting out entirely. While some experts contend that filing proofs of claim exceeds the typical scope of fiduciary responsibility, others assert that institutional investors have a legal duty to do so unless it would be imprudent or futile. To navigate this ambiguity, Plans are encouraged to adopt a Securities Litigation Policy that provides clear direction for trustee decision-making. Engaging legal counsel with expertise in securities litigation is a prudent first step in developing and implementing such a policy. [🔗](#)

The law offers limited guidance on how trustees should fulfill their fiduciary duties in the context of securities class action litigation.

Portfolio Monitoring Is the Best Way for Plans to Discharge Their Fiduciary Duty

Portfolio monitoring is the process of tracking a Plan's securities investments against class action filings in U.S. and international courts. A robust monitoring program identifies shareholder lawsuits where the Plan may benefit by participating as a lead plaintiff or individual claimant, enhancing potential recoveries and protecting member interests. It also ensures timely identification of settlement opportunities for which the Plan is eligible.

Portfolio monitoring is the process of tracking a Plan's securities investments against class action filings in U.S. and international courts.

Recognized as an industry best practice, portfolio monitoring is often provided at no cost to Pension Plans by law firms specializing in securities litigation. These firms assess each case based on its merits, likelihood of recovery, potential for corporate governance improvements, and alignment with the Plan's investment and litigation policies, including any loss thresholds.

To support informed decision-making, each Plan should adopt their own Securities Litigation Policy, which should articulate the appropriate course of action when relevant litigation arises and be reviewed periodically to ensure it reflects the Plan's evolving strategy and fiduciary approach to securities litigation.

Conclusion

Implementing a portfolio monitoring program is a best practice for fulfilling fiduciary duties in the context of securities litigation. It enables trustees to protect the interests of the Pension Plan and its members by staying informed and exercising sound judgment in response to evolving legal standards. Regardless of a Plan's size, having structured processes to deliver timely, relevant information is essential for effective decision-making. At Lowey Dannenberg, we are committed to partnering with investment staff and trustees to uphold the high standards of care that Pension Plans demand. ♦

Andrea Farah, Esq. is a Senior Associate who focuses her practice on securities fraud, commodities manipulation, and antitrust litigation. Andrea is one of Lowey's attorneys who leads the securities monitoring team and identifies securities litigation opportunities for clients and is a frequent panel contributor at various Institutional Public Pension Plan events.

John Madden is Lowey's Managing Director of Institutional Client Services. With over 30 years of experience supporting public pension systems and their consultants, John offers deep expertise in fiduciary responsibilities and the distinct challenges faced by public institutions entrusted with safeguarding shareholder assets.

Navigating Three of Today's Biggest Securities Class Action Pain Points

By: Bill Kidder, Financial Recovery Technologies



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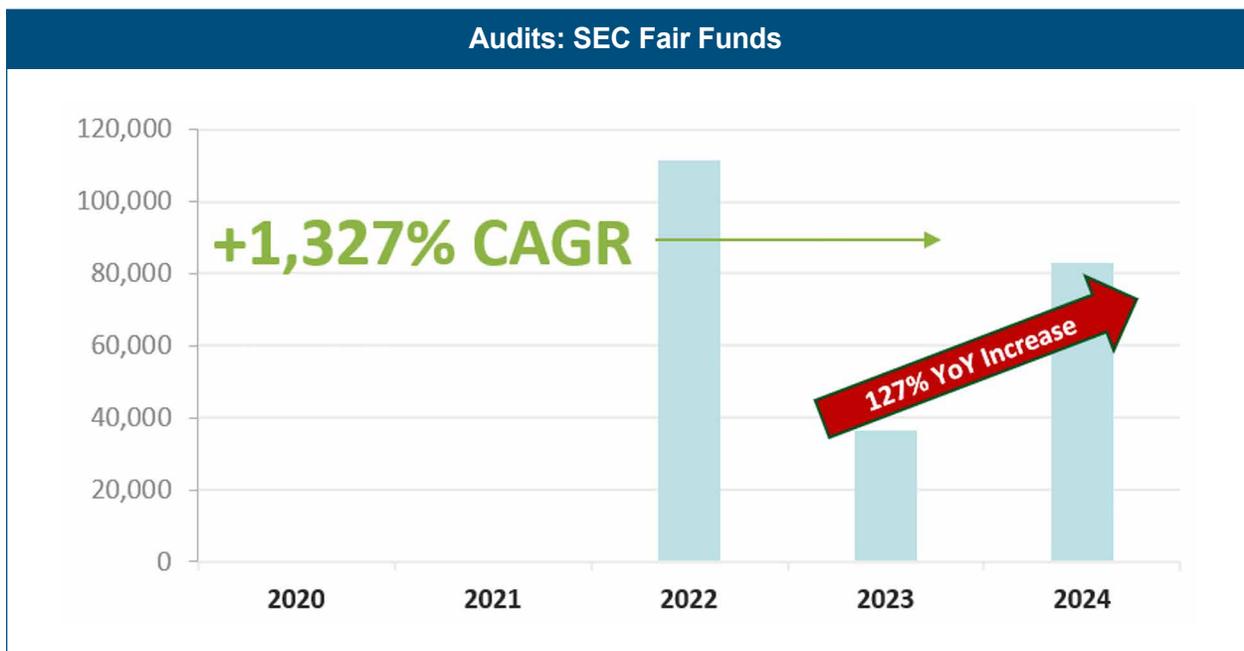
A successful shareholder recovery program has long demanded specialized expertise – not only in the legal realm, but also regarding the operational and historical data complexities of class actions.

Today, changing filing requirements and greater scrutiny of securities class action claims have made filing and recovery even more nuanced, as settlement administrators face pressure to prevent fraud *and* distribute payments efficiently. As a result, ensuring claim survival from the initial filing through final payment distribution has become more challenging for pension funds.

To navigate this operational friction, plans need the right combination of people, process, and technology so they can solve routine issues with automated workflows and proactively flag non-standard or complex issues for manual intervention. ☺

Today, changing filing requirements and greater scrutiny of securities class action claims have made filing and recovery even more nuanced...

Managing Documentation Audits

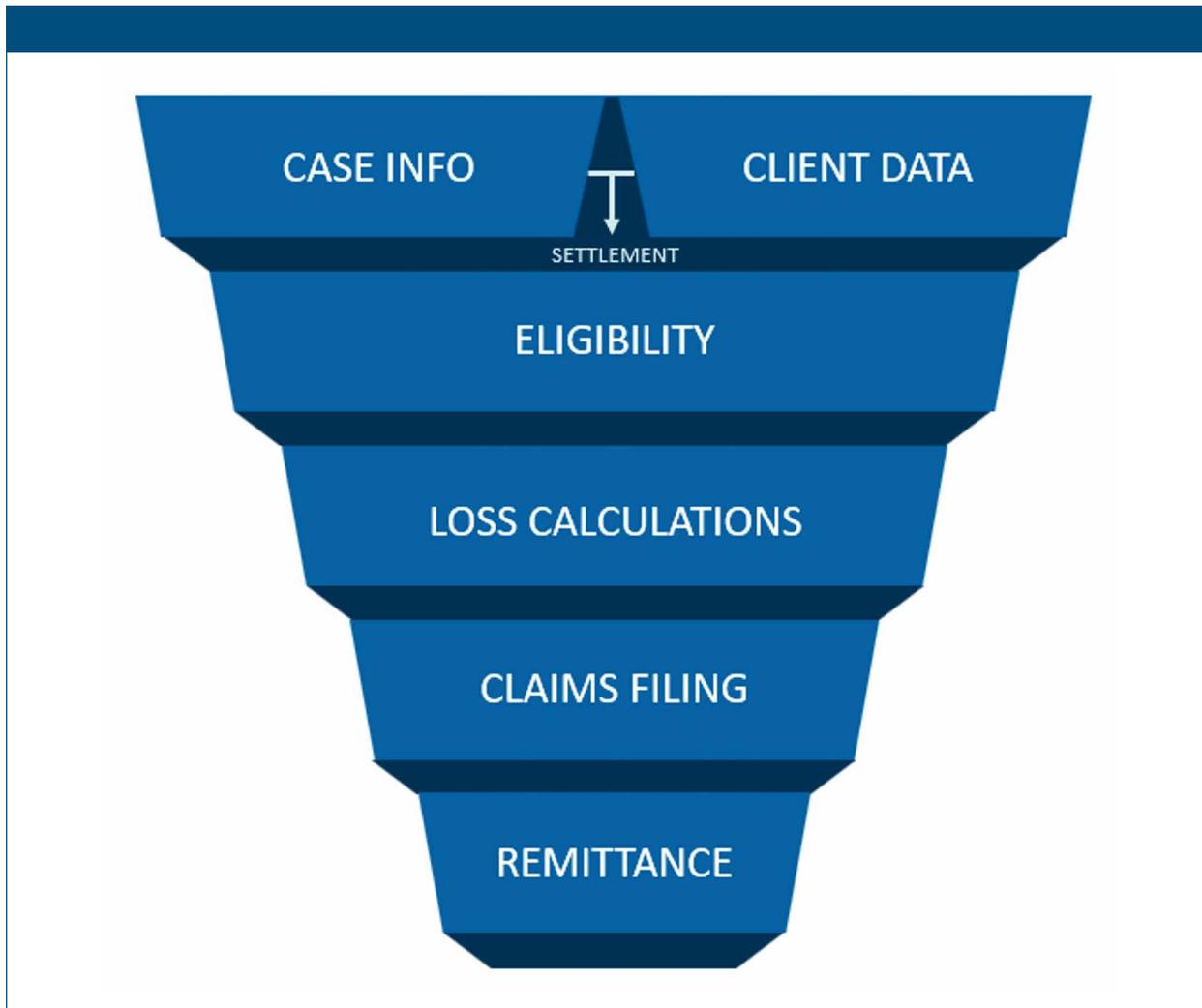


Increasingly, the administrators responsible for processing class action settlements require pension funds to provide independent documentation (e.g., bank and broker statements) that substantiates the transaction activity provided in their filed claims.

In typical securities class actions, higher-value claims are more likely to be audited. This raises the financial stakes of addressing these requests quickly and effectively, given the often-large volume of submissions that administrators must review in a timely manner. SEC Fair Funds present an even greater hurdle for investors, as these enforcement actions require *full* documentation of all claims in order to receive payment.

Exhibits 1 and 2 show the number of documentation audits FRT has managed in securities class actions and SEC Fair Funds from 2020-24, illustrating the dramatic growth in claim scrutiny. In response, plans should ensure they establish processes and solutions for managing these requests efficiently – as this gives shareholders more time to respond and reduces the risk of claim rejection. For example, in lieu of providing original transaction statements when they no longer exist, FRT has developed templated affidavits that attest to the reliability of a plan’s records.

Preventing Claim Rejections



Settlement administrators can deem claims deficient for a variety of reasons, including:

- Ineligible securities (i.e., not covered under the settlement terms)
- A determination of zero recognized loss
- Missing TINs or account information

Addressing these issues when they arise is critical, as they determine claim survival and recovery amounts. At FRT, we subscribe to the slogan that “**the best deficiency is one that never happens.**”

For pension plans, their class action recovery processes should be able to identify routine issues (such as those listed above) for further investigation and, if needed, engage in direct communication with the administrator to validate the eligibility of a claim. While administrator decisions are largely accurate, mistakes do happen given the large number of claims processed in most securities settlements. Having a “second set of eyes” monitoring the quality of your plan’s class action claims can help pensions proactively cure deficiencies.

Class Action Program Oversight

Maintaining an effective class action program today means tracking and understanding where filed claims stand in the recovery lifecycle. Fund operations teams need a way to monitor results and support governance objectives, while also balancing class action work against their many other day-to-day responsibilities.

Ultimately, pensions can benefit from having a single book of record for shareholder recovery – one that can provide case-specific insights, board-level reporting, and automated alerts regarding upcoming case deadlines.

Without this, it would be difficult for pensions (or third-party providers responsible for class action filing) to understand the status of ongoing recovery opportunities and how they evolve over the course of a multi-year settlement lifecycle.

Conclusion

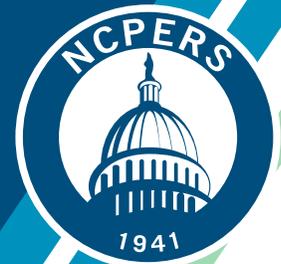
Facilitating securities class action monitoring, filing, and recovery falls squarely under a plan's fiduciary responsibility to its members. But *how* pensions manage their class action programs matters more now than ever, primarily for the reasons listed above.

Plan executives can benefit from assessing the checks, balances, and internal controls of their class action programs today – and whether they serve to improve claim survival rates. ♦

*As COO, **Bill Kidder** is responsible for global operations and client success. He joined FRT in 2020 from Brown Brothers Harriman & Co., where he was most recently the executive in charge of global project delivery for Investor Services. Bill graduated magna cum laude from Boston University and earned his MBA from Boston College.*

Pension Industry Careers: Job Listings, Hiring, and Retirement Announcements

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Filling the Gap: The Increasing Importance of Institutional Investors Addressing Corporate Misconduct in an Era of Reduced Government Enforcement

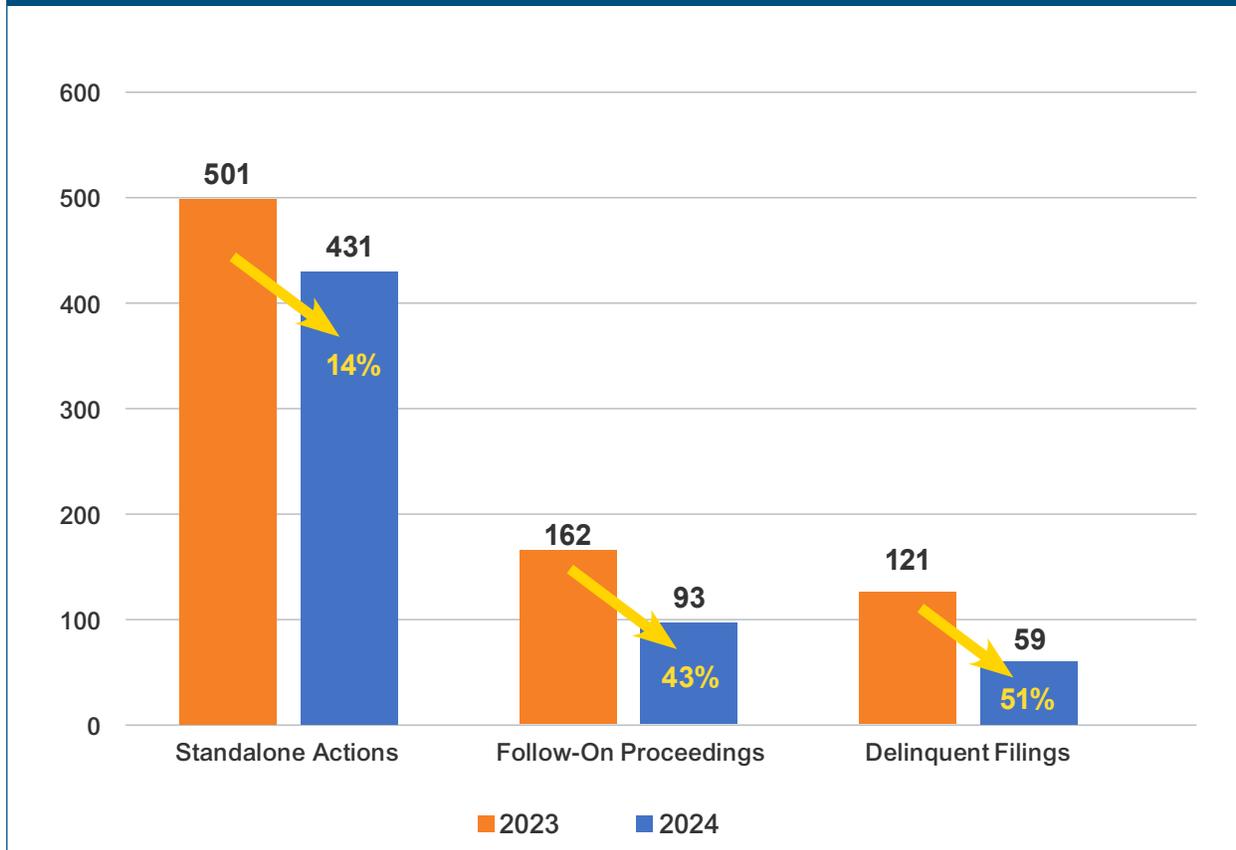
By: Erin Woods, Nancy Kulesa, and William Massa, Bleichmar Fonti & Auld LLP



The integrity of the capital markets is premised on enforcement of the federal securities laws to redress corporate wrongdoing. Without the deterrent power of strong enforcement, investors face increased risks of transacting in securities without complete and accurate information about a particular issuer. Congress entrusted regulators as well as private actors, such as public pension plans, with the power to enforce such laws. Regulators, however, have recently exhibited a marked decline in enforcement. What's more, broader government developments reflect a policy shift that's leaving a burgeoning gap. This provides an opportunity for trustees of public pension funds to fill the enforcement gap, thereby supporting a level playing field for market participants, recovering monetary sums for aggrieved investors, and protecting the value of plan assets.

Recent enforcement data from the U.S. Securities and Exchange Commission (SEC) reveals significant declines across several key metrics. In 2024, the SEC filed 431 standalone enforcement actions—a 14% drop from 2023 and the lowest annual total in a decade, excluding the pandemic-disrupted year of 2020.ⁱ Follow-on administrative proceedings, which seek sanctions based on prior criminal convictions, civil injunctions, or regulatory orders, fell to 93—a 43% decline and the lowest in ten years.ⁱⁱ Similarly, the SEC brought just 59 delinquent filing cases against issuers, down 51% from 2023 and also a decade low.ⁱⁱⁱ While the SEC recovered a record \$8.2 billion in financial remedies in 2024, roughly 56% of that amount stemmed from one trial victory against Terraform Labs and Do Kwon, who were charged in one of the largest securities fraud cases in U.S. history.^{iv} [🔗](#)

U.S. Securities and Exchange Commission Enforcement Actions



The decline in enforcement is surprising, given statements from then-SEC Chairman, Gary Gensler, who analogized the SEC’s Division of Enforcement to “a steadfast cop on the beat” that holds all wrongdoers accountable.”^v There are also reasons to suspect enforcement metrics may continue to decline. Mr. Gensler’s successor, Paul Atkins, who assumed the role of Chairman in April 2025, stated that the SEC will shift its focus away from “*ad hoc* enforcement actions” and instead will prioritize enforcement of clearly established obligations, such as those relating to fraud and manipulation.^{vi} Already, this has led the agency to drop lawsuits and discontinue investigations involving several cryptocurrency firms, including Coinbase and Binance.^{vii} What’s more, the SEC is expected to undergo significant staff reductions, as Mr. Atkins recently requested funding from Congress for 4,101 positions for fiscal year 2026—a 16% decrease from fiscal 2024.^{viii}

Mr. Atkins’s enforcement approach is not an outlier. Amid broader trends of reduced government spending, the federal government has advanced efforts to eliminate or scale back agencies tasked with protecting the public. Sights have been set on notable targets, including the Department of Justice’s Consumer Protection Branch (CPB) and National Cryptocurrency Enforcement Team (NCET), the Consumer Financial Protection Bureau (CFPB), and the Public Company Accounting Oversight Board (PCAOB), a nonprofit established by Congress in the wake of the Enron and WorldCom accounting scandals.^{ix}

In short, while securities litigation settlements achieved by public pension plans have long outpaced those achieved by the SEC, recent developments create a meaningful opportunity for pension plan trustees to further close the growing gap in the government’s enforcement. As former SEC Chairman Arthur Levitt—its longest-serving leader—recognized, private enforcement is “fundamental” to the integrity and success of the securities markets.^x By taking a more active role in corporate governance and related litigation, trustees can protect plan assets, enhance long-term returns, and work toward upholding the integrity of a fair and transparent market. ♦

Erin Woods, Nancy Kulesa, and William Massa are attorneys at Bleichmar Fonti & Auld LLP, a law firm focusing on securities class action and shareholder litigation as well as settlement claim form filing on behalf of institutional investors. Each of their biographies is available at www.bfalaw.com.

Disclosures

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Endnotes:

- ⁱ A Press Release, SEC Announces Enforcement Results for Fiscal Year 2024, SEC (Nov. 22, 2024), <https://www.sec.gov/newsroom/press-releases/2024-186>.
- ⁱⁱ *Id.*
- ⁱⁱⁱ *Id.*
- ^{iv} *Id.*
- ^v *Id.*
- ^{vi} Paul S. Atkins, *Keynote Address at the Crypto Task Force Roundtable on Tokenization*, SEC (May 12, 2025), <https://www.sec.gov/newsroom/speeches-statements/atkins-remarks-crypto-roundtable-tokenization-051225-keynote-address-crypto-task-force-roundtable-tokenization>.
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- ^{viii} Jessica Corso, *SEC Seeks To Cut Enforcement Staff To 2010 Levels*, LAW 360 (June 5, 2025), <https://www.law360.com/articles/2349239/sec-seeks-to-cut-enforcement-staff-to-2010-levels>.
- ^{ix} See, e.g., Sarah N. Lynch, *US Justice Department unit for drug and food safety cases being disbanded*, REUTERS (Apr. 25, 2025), <https://www.reuters.com/business/healthcare-pharmaceuticals/us-justice-department-unit-drug-food-safety-cases-being-disbanded-2025-04-25/>; Filip Timotija, *Trump administration to cut 90 percent of CFPB in latest layoffs: Reports*, THE HILL (Apr. 17, 2025), <https://thehill.com/business/5255231-trump-admin-to-cut-90-percent-of-cfpb-in-latest-layoffs-reports/>; Jacob Horowitz, *House Bill Looks to Dissolve the PCAOB, Cut Regulatory Budgets*, INTERNAL AUDIT 360° (May 8, 2025), <https://internalaudit360.com/house-bill-looks-to-dissolve-the-pcaob-cut-regulatory-budgets/>.
- ^x Arthur Levitt, *Between Caveat Emptor and Caveat Vendor: The Middle Ground of Litigation Reform*, REMARKS AT THE 22ND ANNUAL SECURITIES REGULATION INSTITUTE (Jan. 25, 1995), <https://www.sec.gov/news/speech/speecharchive/1995/spch023.txt>.

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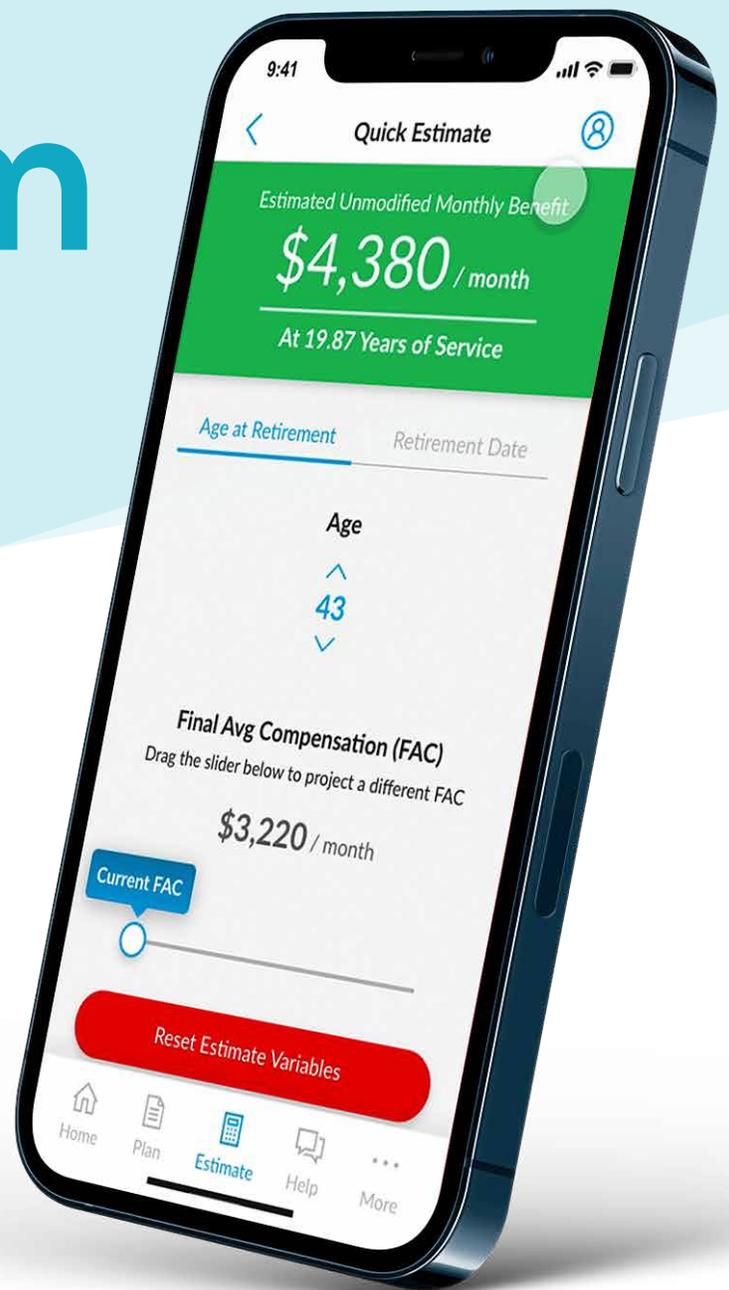
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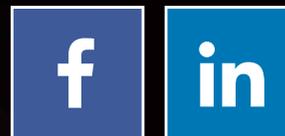
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