

# Q2 2024

## Plan Universe Allocation & Return Analysis

**Relatively flat quarterly performance for defined plans**

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Prepared by:

**Brendan Cooper**

Head of Client Consulting & Research  
Confluence



## Executive Summary

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The Q2 2024 Confluence Plan Universe Report – the industry's most granular analytics tool for plan sponsors with data sourced directly from over 4,000 institutions – reported relatively flat quarterly performance for defined plans.

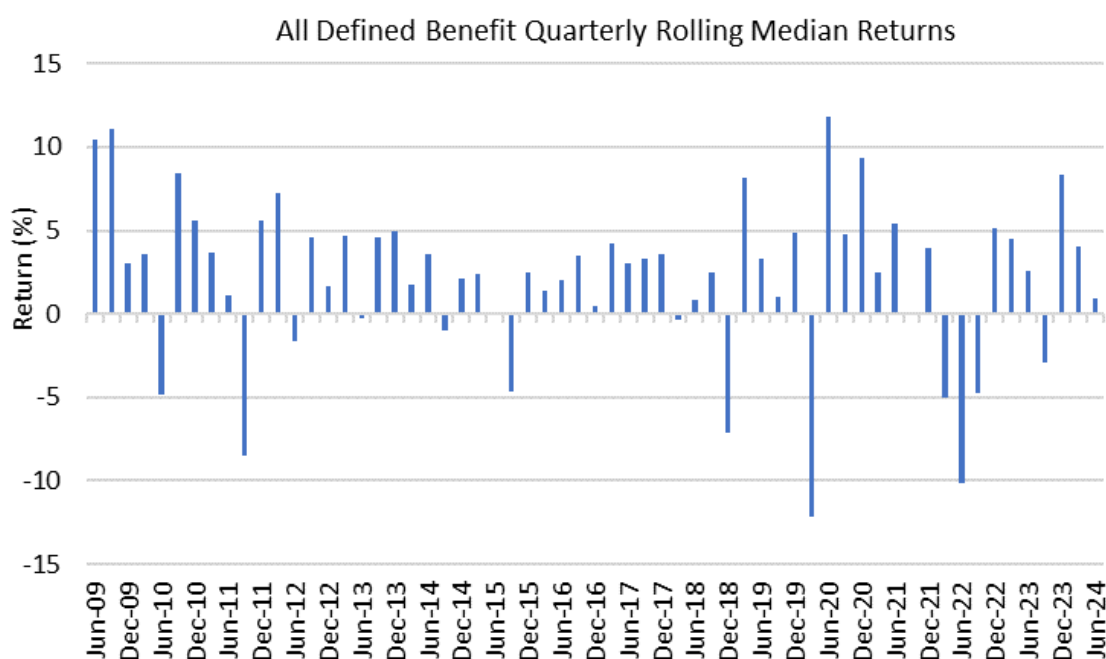
With inflation declining, global equity markets posted another positive quarter, with the MSCI ACWI index returning over 3%. Geopolitical tensions, increasing unemployment, and faltering consumer sentiment, however, continue to present headwinds to global markets. With returns across all asset classes relatively muted, defined benefit plans posted a median return of 0.92%, down more than 3% compared to last quarter.

### Highlights

- All defined benefit plans posted positive performance for the quarter, with a median return of 0.92%.
- U.S. equity continued to drive performance across defined benefit plans, at a median level returning 2.55%. Comparatively, the median returns for U.S. fixed income and alternatives were 0.37% and 1.07%.
- Corporate defined benefit plans, driven by their fixed income allocation to long bonds and low exposure to equity, were the worst performers by plan type during the quarter, returning 0.14% at a median level.
- Endowments & Foundations posted the strongest performance for the quarter with a median return of 1.18%.

## Plan Performance Over Time

During the second quarter of 2024, U.S. equity markets, driven by a concentrated group of Large-cap technology companies, posted the strongest performance relative to other assets classes. With signs of the economy starting to cool and uncertainty with regards to monetary policy, the Confluence All Defined Benefit Plan Sponsor Universe posted a median return of 0.92% (gross of fees) for the quarter.

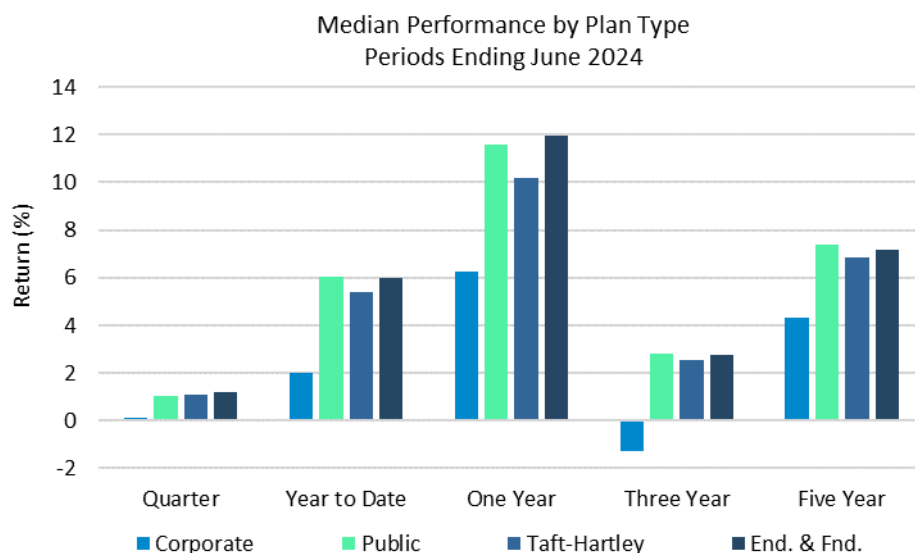


**Chart 1: Quarterly Rolling Median Returns for All Defined Benefit Plans.**

Source: Confluence Plan Universe

## Historical Plan Comparison

Endowments & Foundations returned 1.18% at a median level in Q2 of 2024, narrowly outperforming Public & Taft-Hartley plans. Comparatively, Corporate DB plans returned 0.14% for the quarter, lagging other plan types by 1%. The plans with the highest exposure to equity (Public, Taft-Hartley, Endowments & Foundations) posted the strongest performance for the quarter. However, no plan types outperformed a traditional 60/40 benchmark return of 1.83%. (60% MSCI ACWI Index/ 40% Bloomberg Barclays U.S. Aggregate Index).

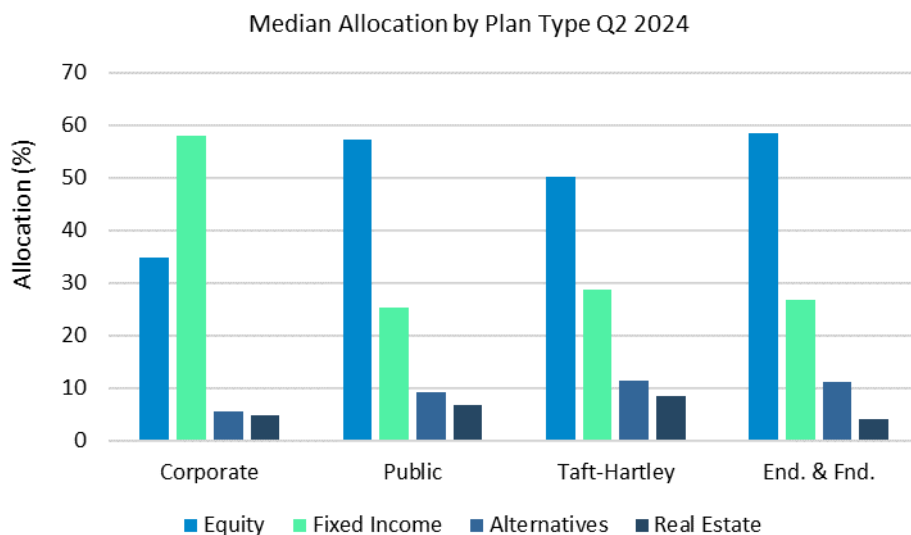


**Chart 2: Median Performance by Plan Type.**

Source: Confluence Plan Universe.

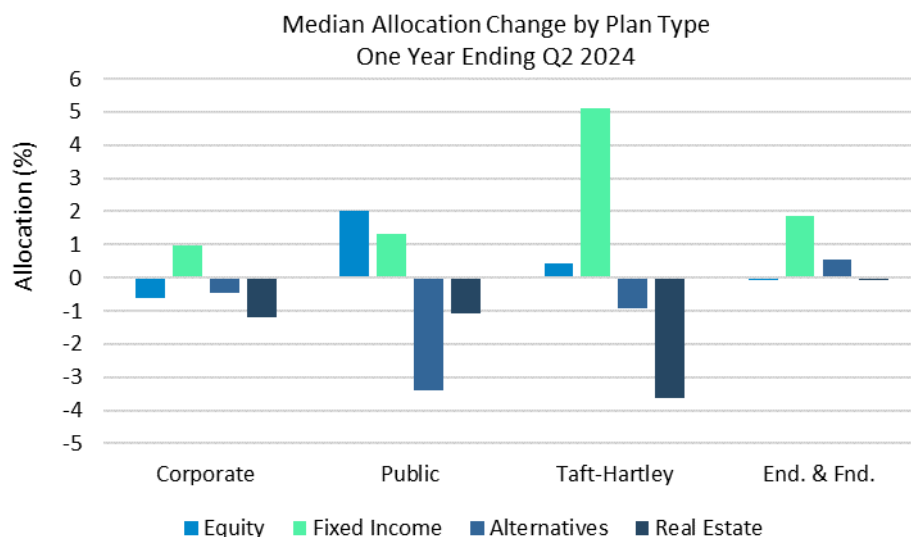
## Q2 Plan Allocation Analysis

Corporate plans, which lagged all other plan types in performance, continue to hold the largest allocation to fixed income, which increased by 1% at the median level. Allocations to Real Estate, the worst-performing asset class over the last year with a median return of -9.48, were down across all plan types.



**Chart 3: Median Allocations by Plan Type.**

Source: Confluence Plan Universe.

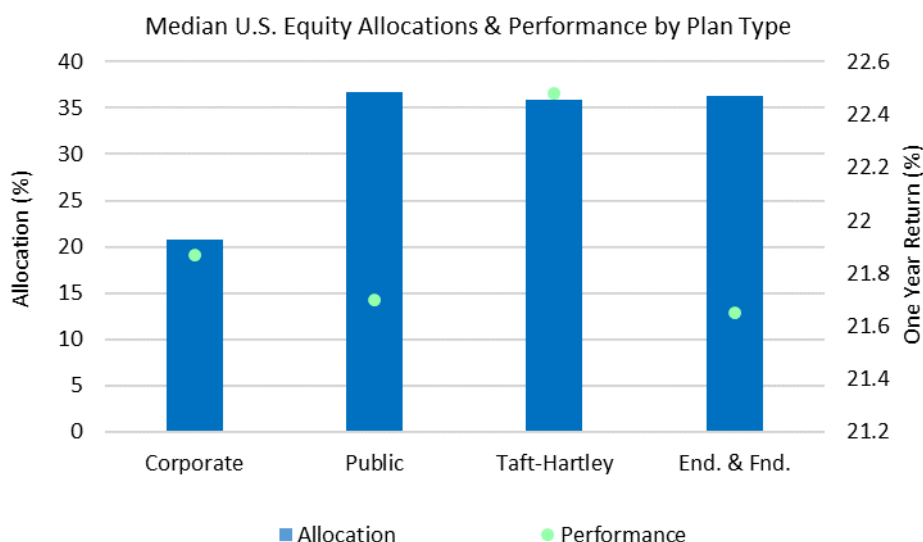


**Chart 4: Median Allocation shift by Plan Type.**

Source: Confluence Plan Universe.

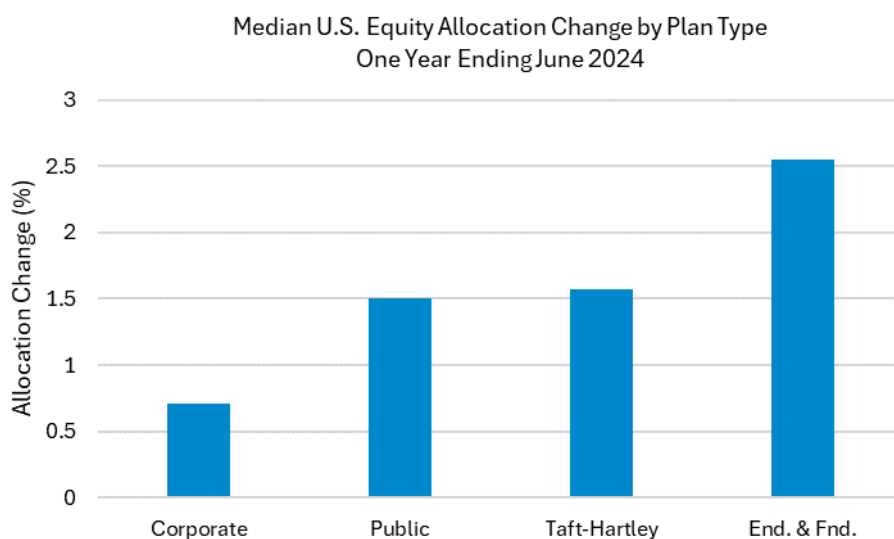
## U.S. Equity Performance

The public U.S. equity market posted positive returns in Q2 2024. For defined benefit plans, the median U.S. equity return was 2.55%. Corporate plans continue to be underweight U.S. equity, with a median allocation of 20.8%, roughly 60% of the allocation compared to other plan types. For the year ending June, all plan types increased their allocation to U.S. equity.



**Chart 5: Median U.S. Equity Allocation & Performance by Plan Type.**

Source: Confluence Plan Universe

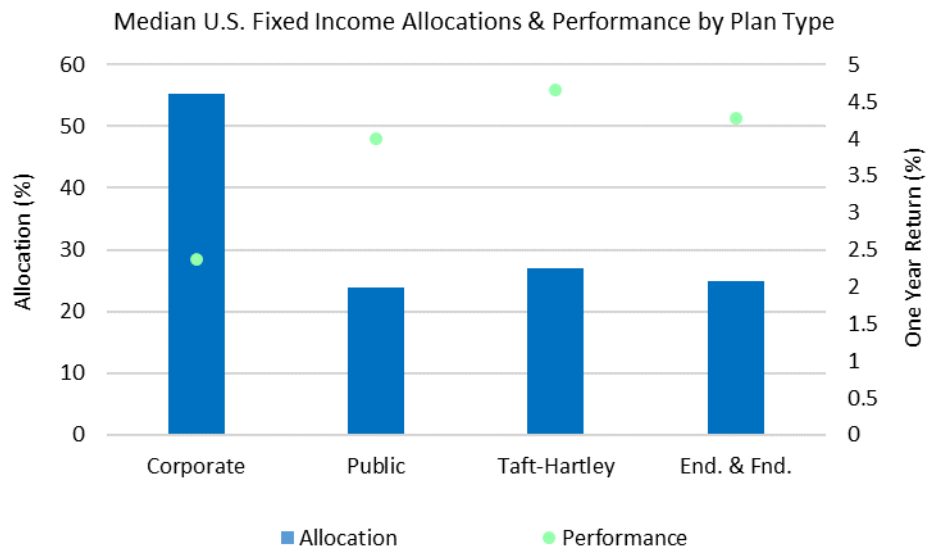


**Chart 6: Median U.S. Equity Allocation Shift by Plan Type.**

Source: Confluence Plan Universe

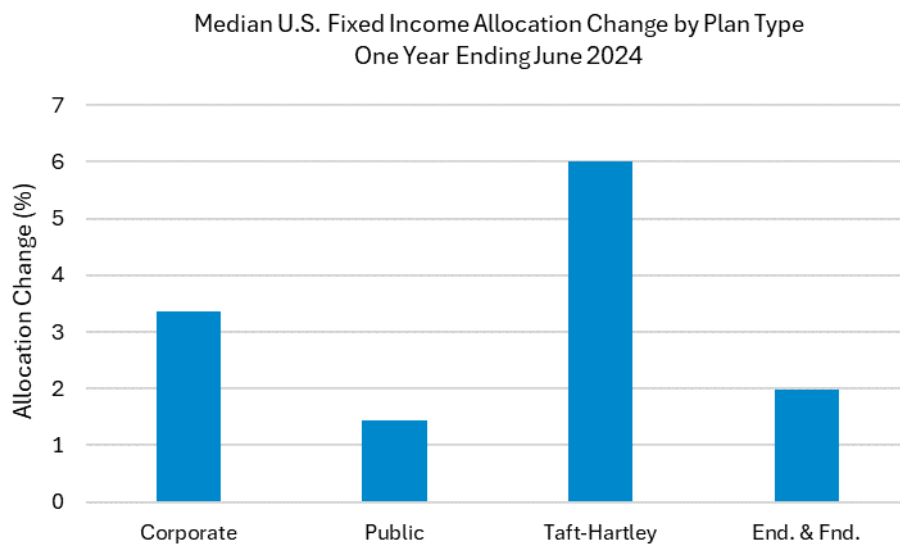
## U.S. Fixed Income Performance

All plan types increased their allocation to U.S. Fixed income over the last year. Taft-Hartley plans have increased their allocation by 6% (from 21% to 27%) in the last year. Corporate plans, which have the highest allocation to the asset class at 55%, also increased their allocation by more than 3% during the last year.



**Chart 7: Median U.S. Fixed Income Allocation & Performance by Plan Type.**

Source: Confluence Plan Universe

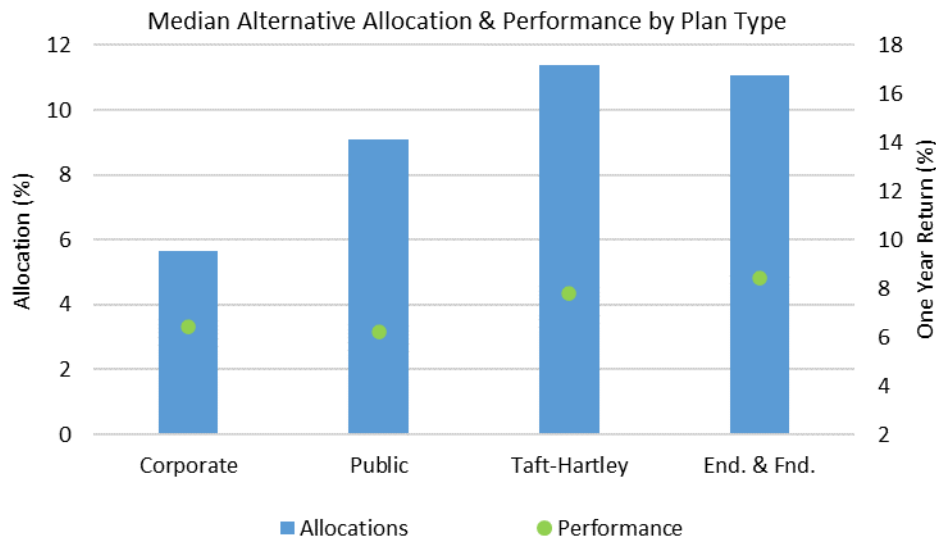


**Chart 8: Median U.S. Fixed Income Allocation Shift by Plan Type.**

Source: Investment Metrics, a Confluence

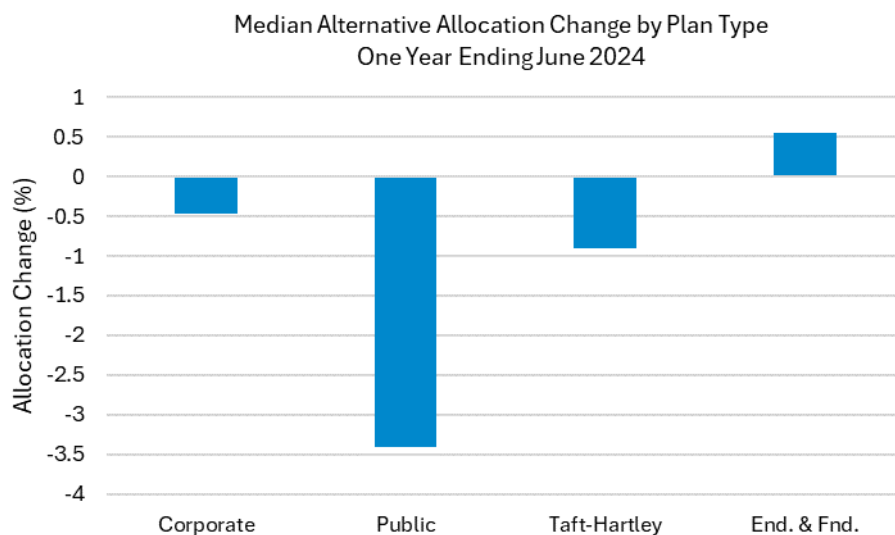
## Alternatives Performance

Endowments & Foundations, which posted the strongest performance over the last year, were the only plan type to increase their allocations to Alternatives during the last year. Public plans had the largest pullback to alternatives during the year, down over 3% at the median level.



**Chart 9: Median Alternative Allocation & Performance.**

Source: Confluence Plan Universe



**Chart 10: Median Alternative Allocation Shift by Plan Type.**

Source: Confluence Plan Universe



## Confluence Plan Universe

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Confluence Plan Universe is the industry's most granular analytics tool for plan sponsors, and it includes standard and custom peer group comparisons of performance, risk, and asset allocations by plan type and size. The data is sourced directly from over 4,000 institutions using our reporting and analytics solutions, including investment consultants, advisors, and asset owners. Plan Universe is updated quarterly and typically available on or near the following schedule: preliminary data on the 14th business day after quarter end, a second cut on the 21st business day, and a final cut on the 29th business day, the data includes 20+ years' history on:

- Trust Funds, Corporates, Public Plans, Taft-Hartley, Endowments & Foundations, High Net Worth, Health & Welfare, and custom groups.
- Asset Allocations are broken into equity (US, global, global ex-US), fixed income (US, global, and global ex-US), alternatives, real estate (public and private), and multi-asset and cash. Emerging Markets allocations are available for equities and debt securities.
- Net and gross performances displayed by quartile with full percentiles via download.
- With all information aggregated by Plan Size.

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 [confluence.com](https://confluence.com)  
 [info@confluence.com](mailto:info@confluence.com)  
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