



Ryan ALM
Asset/Liability Management

RYAN ALM QUARTERLY

Q1'26 in Review

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Pension Performance Monitor (Total Returns %) – Q1'26

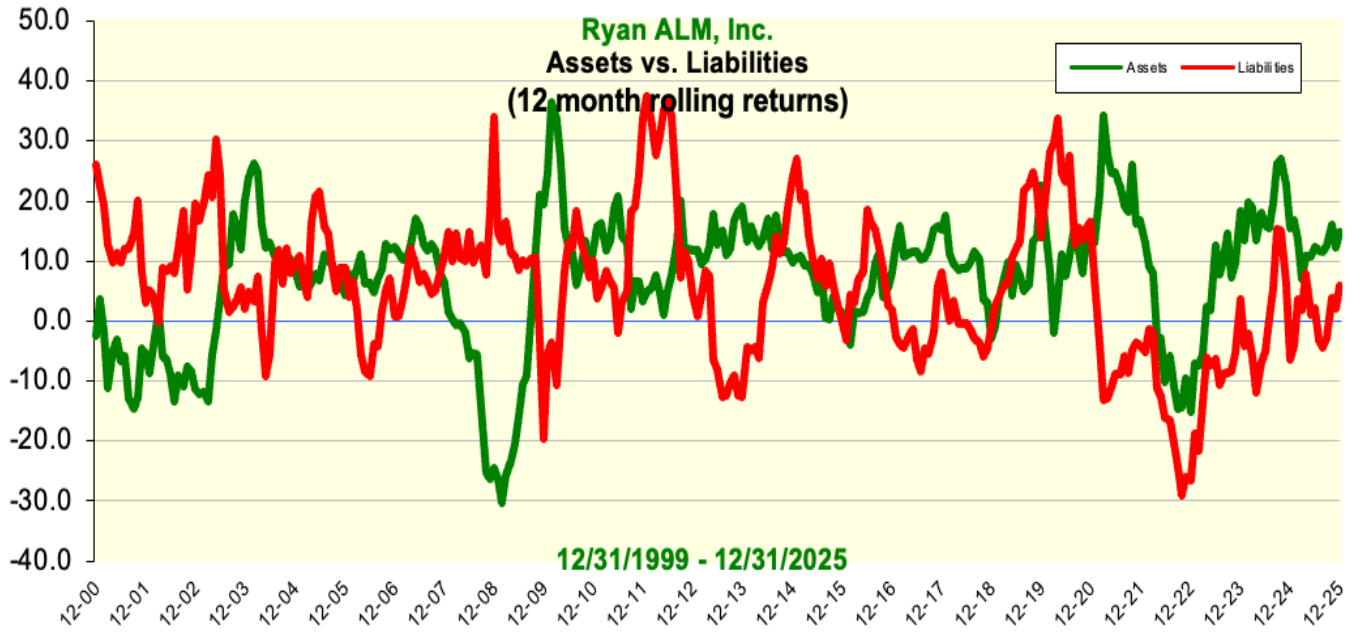
Pension Liabilities	Q1'26 (%)
Market (Treasury STRIPS)	-0.1
ASC 715 (FAS 158)	-0.7
PPA (MAP 21 = 3 Segments)	0.3
PPA (Spot Rates)	0.7
GASB /ASOP (7.0% ROA)	1.7

Pension Assets	
Cash (Ryan Cash Index)	0.8
Bloomberg Barclay Aggregate	-0.1
S&P 500	-4.4
MSCI EAFE International	-1.1
Asset Allocation Model ¹	-2.6

Pension Assets Minus Liabilities	
Market (Treasury STRIPS)	-2.5
ASC 715 (FAS 158)	-1.8
PPA (MAP 21 = 3 Segments)	-2.9
PPA (Spot Rates)	-3.3
GASB/ASOP (7.0% ROA)	-4.3

Based on the weights of the Ryan ALM Asset Allocation Model*, the difference in pension asset growth versus liability growth for Q1'26 reveals underperformance of pension assets minus pension liabilities no matter how pension liabilities are calculated. Corporate plans trailed their liability benchmarks (ASC 715) by -1.8%, while Public and Multiemployer plans using the ROA as the discount rate had a weaker comparison of -4.3% under GASB accounting. Only cash escaped negative performance during the first three months of 2026, with the S&P 500 suffering the largest hit at -4.4%. U.S. interest rates waffled during the quarter and resulted in a slight loss for the index at -0.1%.

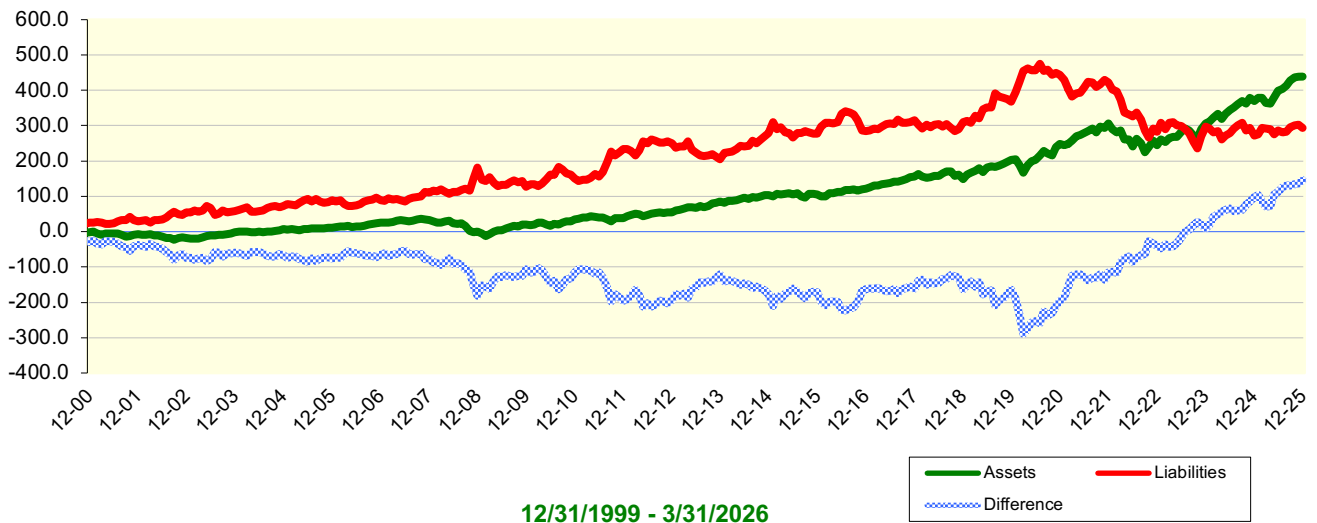
* Model weights are: 5% Ryan Cash, 30% Bloomberg Barclay Aggregate, 60% S&P 500, and 5% MSCI EAFE International



After a very impressive 2025, which had nearly every equity strategy and economic sector in positive territory, the first quarter of 2026 proved to be a mixed bag of results. If you were long energy (read that as oil), first quarter returns were massive, whether one invested in the S&P 500, S&P 400, or S&P 600, where returns were 38.3%, 37.6%, and 42.8%, respectively. In addition to Energy, U.S. equity investors benefited from exposure to Consumer Staples and Materials. Information Technology was a drag in large caps, but a positive contributor to those investing in mid and small cap. Foreign markets performed in similar fashion with Energy dominating, while Consumer Staples and Materials contributed but to a lesser extent than their U.S. competitors.

U.S. interest rates briefly dipped during the quarter but began to elevate in March following the significant rise in oil prices fueling fear that inflation could spike, which it did, rising to 0.9% for March and 3.3% for the 12-months ending March 31, 2026. As a result, bonds, as represented by the Barclays Aggregate Index declined -0.1%. The uncertainty surrounding the future path of interest rates, inflation, and economic activity should lead sponsors to seek an alternative to active fixed income. As a reminder, cash flow matching (CFM) eliminates interest rate risk as assets are used to defease liabilities that are future values, which are not interest rate sensitive.

Ryan ALM, Inc.
Assets vs. Liabilities
Cumulative returns starting 12/31/1999



As we've mentioned previously, most pension funds enjoyed a funded ratio surplus in 1999, but pension asset growth severely underperformed liability growth (based on the Ryan ALM Treasury STRIPS discount rate) fairly consistently for much of the next two decades. Fortunately, that funding deficit has been eliminated as a result of the Fed's tightening campaign, which saw interest rates rise and pension liabilities fall, as rising interest rates reduce the present value of those future pension obligations. The cumulative difference is now 131.4% on a compound index basis starting at 100 on 12/31/99. The difference had been as much as -197.1% in 2020. Starting at a funded ratio of 100 on 12/31/99, the estimated funded ratio today would be 133.4%, which is based on the Ryan ALM liability calculations and our hypothetical asset allocation. Q1'26 saw assets underperform liabilities, leading to a slight reversal in the recent strong improvement..

US interest rates are not high relative to history, as I entered this industry in 1981 when the yield on the 10-year Treasury was roughly 15%, but they do provide the plan sponsor community with the opportunity to reduce risk within their plans by defeasing a portion of the liabilities, such as the Retired Lives Liability (RLL). You'll read more on this in the "Latest Thinking Section", but the higher rates and a steepening yield curve are creating an opportunity that hasn't been available in decades. We encourage you to act today before this opportunity fades, or worse, your current asset allocation is impacted by a market correction brought about by significant uncertainty related to both the economy and geopolitical actions. Unfortunately, a similar opportunity existed at the end of 1999, but that went unheeded.

Cumulative returns of assets versus liabilities (%)

Calendar Year	Assets	Liabilities	Difference	Cumulative Difference	Funded Ratio
2000	-2.5	26.0	-28.5	-28.5	77.4
2005	4.4	8.9	-4.4	-76.8	59.2
2006	12.3	0.8	11.4	-64.6	66.0
2007	6.4	11.0	-4.6	-77.5	63.2
2008	-24.5	33.9	-58.4	-181.6	35.7
2009	15.7	-19.5	35.3	-106.9	52.9
2010	11.9	10.1	1.8	-115.7	53.8
2011	3.3	33.8	-30.5	-195.7	41.5
2012	11.8	4.5	7.3	-194.3	44.4
2013	19.0	-12.6	31.6	-120.7	60.5
2014	9.7	24.4	-14.6	-177.1	53.4
2015	1.2	-0.5	1.7	-172.8	54.3
2016	8.1	1.9	6.2	-163.4	57.6
2017	15.2	7.9	7.2	-160.3	60.9
2018	-3.0	-1.3	-1.7	-162.7	60.4
2019	22.8	13.9	8.9	-163.9	65.0
2020	14.4	16.5	-2.1	-197.1	63.8
2021	17.4	-4.2	21.6	-116.1	77.8
2022	-15.2	-26.6	11.4	-39.0	89.8
2023	18.3	3.7	14.6	9.9	102.5
2024	15.4	-6.4	21.8	97.9	126.3
2025	14.7	5.9	8.8	145.2	136.9
Q1'26	-2.6	-0.1	-2.5	131.4	133.4

Source: Ryan

ECONOMIC SNAPSHOT AS OF MARCH 31, 2026

	2025	Q1'26
U.S. GDP	3.0%*	2.0%*
US Debt	\$38.4T	\$39.0T
CPI - U	2.7%^	2.4%^
Unemployment Rate	4.6%	4.4%
30-Year Treasury Yield	4.85%	4.92%
10-Year Treasury Yield	4.17%	4.32%
2-Year Treasury Yield	3.48%	3.81%
3 Mo. T-Bills Yield	3.63%	3.68%
S&P 500	6,845.50	6,528.52
Nasdaq 100	23,241.99	21,590.63
R2000	2,481.91	2,496.37
Gold	4,342.90	4,709.80
Oil	\$57.56	\$101.86
Existing Single Family sales	3.75M**	3.73M**

*GDPNow forecast as of March 23, 2026, ^annual # through February 2026, ** as of February 28, 2026

Year-to-date change in the Treasury Yield Curve



Sharing Perspective at [RyanALM.com/white-papers](https://ryanalm.com/white-papers) or [Ryanalm.com/Blog](https://ryanalm.com/Blog)

Cash Flow Negative – Good or Bad for Pensions?

It is traditionally considered that it is bad for a pension to be cash flow negative (CFN). But let's take a closer look. CFN means that benefits exceed contributions ($B > C$). Contributions are an extra cost caused by a funding Deficiency where the present value of assets $<$ present value of benefits.

What Would You do?

As many of you know, we are always willing to provide to the pension and E&F communities a free analysis to highlight how a Cash Flow Matching (CFM) mandate could secure the promised benefits/grants for your fund...

It's Not Just The Price of Gasoline

Folks (the investment community) seem to be focused on the rising price of oil for its effect on gasoline prices, but the impact of rising oil prices has far greater implications for the broader U.S. economy.

Eliminate the Uncertainty

There are many benefits to using Cash Flow Matching (CFM) for your pension plan, endowment or foundation. The obvious benefit is the [liquidity](#) that is created to meet ongoing expenditures, whether benefit payments or grants. That liquidity comes at a premium today...

What Is My Funded Ratio? Who Cares?

The funded ratio of a DB pension plan gets a lot of attention, especially if it is perceived to be weak. But does the funded ratio truly tell you the whole story as to the financial health of a DB pension plan? We, at Ryan ALM, Inc. don't think so.

It's Not A Product – It's A Service!

Anyone who has read my blogs (>1,700 to date) knows that my personal mission and that of Ryan ALM, Inc. is to protect and preserve defined benefit pension plans. How is our collective mission pursued? It is through the implementation of unique client-specific cash flow matching (CFM) assignments.

Latest Thinking

We continue to be thrilled that the American Rescue Plan Act (ARPA) was passed as part of the \$1.9 trillion stimulus package. This legislation has many of the elements of the Butch Lewis Act which Ryan ALM's Ron Ryan was instrumental in providing the defeasance language. As a reminder, any Special Financial Assistance (SFA) received must be kept separate and managed conservatively (at least 66.7% in IG bonds) to ensure that the funds received and earmarked to pay the promised benefits (through 2051) are actually available. The PBGC has approved the SFA applications for 159 multiemployer plans through March 31, 2025, totaling \$77.9 billion (including supplemental filings and interest) in government grants.

The first quarter of 2026 continued the positive momentum established in 2025, for Ryan ALM, Inc. as we strive to protect and preserve the promised benefits for as many DB pension plans and E&Fs, as possible. So far in 2026, we have added three full discretion CFM clients and additional contributions from another three. We thank you for your continued trust. Please don't hesitate to reach out to us if you'd like a **FREE** analysis to learn more about what CFM can do to **SECURE** your liabilities. We've already had a number of plans take us up on our offer.

We are very committed to educating plan sponsors and their advisors about the positive impact of the current interest rate environment and the impact higher rates have on the ability to de-risk DB pensions through Cash Flow Matching (CFM). As I wrote in the year-end 2025 newsletter, market participants remain concerned about the economy's current and prospective level of inflation. That insight was given prior to any knowledge of the Iran conflict, which has only heightened those concerns. As a result, US long-dated interest rates remain at levels supportive of de-risking and they might rise from here, although we don't forecast rates at Ryan ALM, Inc. The information below is from a recent study we did for a prospect. The rate environment provides an incredible opportunity to secure the promises at low cost (-49.6%)!

LBP Summary

	ASC 715	LBP Model	Cost Savings (\$ and %) *	
Future Value	\$1,995,350,033	\$1,995,350,033		
Present Value	\$1,017,944,495	\$1,004,827,801	\$990,522,232	49.64%
YTM	5.24%	5.58%		
MDuration	9.88	10.00		
LBP Model Efficiency		100.00%		
Total Assets		\$1,004,848,075		

Ryan ALM's mission is to solve liability driven problems through low cost, low risk unique solutions.

About Ryan ALM, Inc.

Ryan ALM was founded by Ronald J. Ryan, CFA on June 15, 2004 as an Asset/Liability Management firm, with a specific expertise in Cash Flow Matching (CFM). The firm has built a turnkey system of proprietary synergistic products designed to measure liabilities as a Custom Liability Index (CLI) and manage assets to the CLI as Liability Beta Portfolios.

Ryan ALM is unique in having its own proprietary Index company named ALM Research Solutions, LLC. This company builds both custom and generic bond indexes. Such indexes range from Custom Liability Indexes to ETF Indexes.

Our Liability Beta Portfolio™ is our proprietary cost optimization model that "cash flow matches" clients projected liability benefit payment schedules at low cost and with prudent risk using investment grade bonds (rated BBB+ or better). In this higher interest rate environment, our portfolios are producing cost savings of >2%/year. Our LBP best represents the core portfolio (or liquidity bucket) of a pension plan or endowment/foundation.

FASB requires corporations and nonprofit organizations to price their liabilities at certain discount rates. Importantly, Ryan ALM provides these discount rates in conformity to ASC 715: Pensions. For more info: [Read here](#)

Our team has been recognized for our expertise and results including Ron Ryan having won the William F. Sharpe Index Lifetime Achievement Award.



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Contact Us

Russell D. Kamp
CEO
rkamp@ryanalm.com
+1 (201) 675-8797

500 Ocean Trail Way
Unit 410
Jupiter, FL 33477

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