

BARROW, HANLEY, MEWHINNEY & STRAUSS
ESTIMATES PENSION FUNDED STATUS 90.5% AT 3Q18

Pension Funded Status Increases in Q3

Barrow, Hanley, Mewhinney & Strauss, LLC (Barrow Hanley), one of the nation's leading value-oriented investment managers, has estimated that corporate pension plan funded ratio rose to 90.5% as of September 30, 2018, from 88.4% as of June 30, 2018. Asset returns drove the increase in funded ratio. Liabilities were unchanged during the quarter.

Industry Differences

Funded status varies significantly by industry. Although people tend to focus on the headline average, funded ratios have good reason to be different from one industry to the next.

For example, solvency rules require banks to reduce their reported capital by the amount that pensions are underfunded. It is natural then that plans sponsored by Banks were among the best funded with an average funded status of 109.0%. By contrast, Airlines, have more lenient funding rules than other corporate pension sponsors and not surprisingly they also have one of the lowest average funded ratios at just 75.0%.

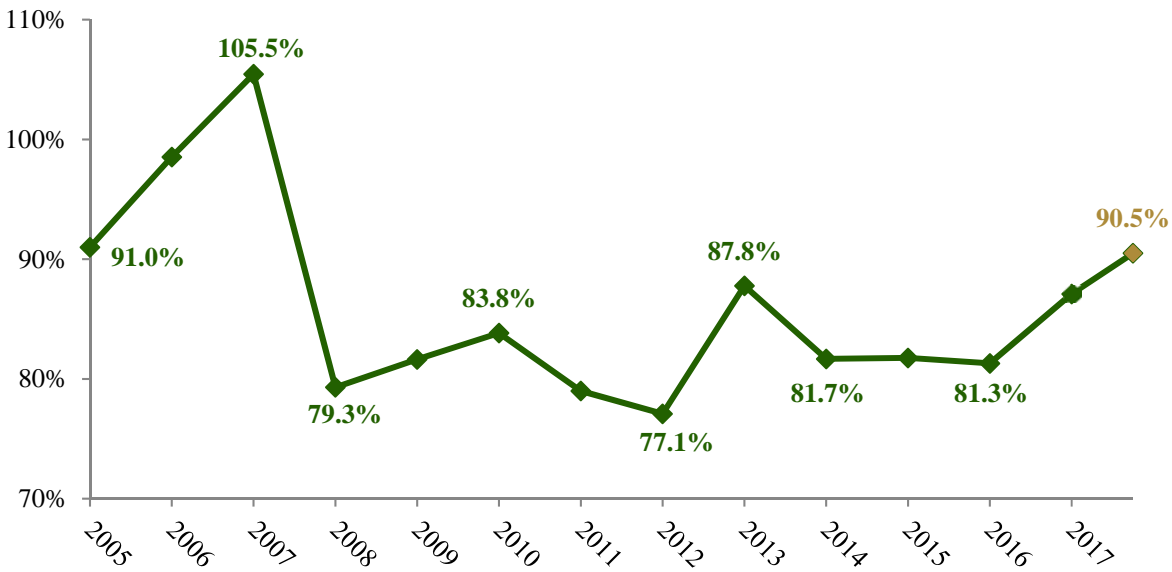
Average funded ratio by business sector is shown below. Banks and Airlines are industry classifications within the Financials and Industrials sectors, respectively. Detail for each industry is available at www.barrowhanley.com.

BHMS Pension Funded Status Analysis	
Business Sector/ <i>Industry</i>	September 30, 2018
Overall	90.5%
Financials	101.9%
<i>Banks</i>	109.0%
Consumer Discretionary	91.2%
Consumer Staples	90.2%
Industrials	89.0%
<i>Airlines</i>	75.0%
Materials	88.4%
Utilities	88.1%
Real Estate	87.4%
Health Care	87.1%
Information Technology	87.0%
Energy	87.0%
Communication Services	83.1%

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(continued)

Barrow Hanley has estimated the funded ratios of corporate pension plans sponsored by companies in the Russell 3000 using information disclosed in SEC Form 10-K and returns for asset class indices for each year-end since 2005. At September 30, 2018, the average funded status rose to its highest level since 2007.

Average Corporate Pension Funded Status



Asset allocation averages and the index returns used are shown in the tables below.

Asset Class	Index	Allocation
Long Bonds	Barclays Long Government/Credit	29%
US Equity	Russell 3000	28%
International Equity	MSCI EAFE USD	15%
Core Bonds	Barclays Aggregate	10%
Hedge Funds	HFRI Fund Weighted Composite	6%
Private Equity	S&P Listed Private Equity Index	5%
Commodities	Dow Jones UBS Commodity Index	3%
Cash		3%
REITS	FTSE NAREIT Equity	2%

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(continued)

Average Asset Allocation and 3Q18 Returns			
Asset Class	Index	Allocation	Q3 Return
Equities		43%	5.1%
	<i>65% Russell 3000</i>		<i>7.1%</i>
	<i>35% MSCI EAFE</i>		<i>1.4%</i>
Bonds		38%	-0.3%
	<i>75% Barclays Long Gov/Credit</i>		<i>-0.5%</i>
	<i>25% Barclays Aggregate</i>		<i>0.0%</i>
Real Estate	<i>FTSE NAREIT Equity</i>	2%	0.5%
Other (Alternatives)		14%	2.1%
	<i>45% HFRI Fund Weighted Composite</i>		<i>0.9%</i>
	<i>35% S&P Listed Private Equity Index</i>		<i>5.9%</i>
	<i>20% Dow Jones UBS Commodity Index</i>		<i>-2.0%</i>
Cash		3%	0.5%
Total			2.4%

About Barrow, Hanley, Mewhinney & Strauss

Founded in 1979 in Dallas, Texas, Barrow Hanley is a Delaware limited liability company and SEC-registered investment adviser. Barrow Hanley is considered one of the most respected value-oriented asset managers in the country, providing investment strategies to institutional investors, mutual funds, and family offices. Barrow Hanley has been managing long duration bond portfolios for corporate pensions for more than 28 years. As of June 30, 2018, the firm had \$84.9 billion in assets under management. To learn more, visit www.barrowhanley.com.

J. Scott McDonald, CFA, Managing Director, Portfolio Manager, smcdonald@barrowhanley.com

Scott is the Co-head of Fixed Income at Barrow Hanley (BHMS) and the lead Portfolio Manager responsible for Long Duration strategies. He joined BHMS in 1995. He is also a generalist in investment grade fixed income credit research. He is a member of the CFA Institute and the CFA Society of Dallas-Fort Worth.

Jeff Passmore, CFA, FSA, Director, LDI Strategist, jpassmore@barrowhanley.com

Jeff is an investment actuary facilitating Liability Driven Investing (LDI) solutions for the firm's fixed income clients. Jeff joined Barrow Hanley in 2014. He is a member of the CFA Institute and the CFA Society of Dallas-Fort Worth, a Fellow of the Society of Actuaries, a member of the American Academy of Actuaries, and an Enrolled Actuary under ERISA and the Chair of the Continuing Education Committee of the Investment Section of the Society of Actuaries.

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This has been prepared using commonly available asset class indices. Each of these is the property of their respective owners as disclosed below. None of these organizations is affiliated with Barrow Hanley.

Bloomberg Barclays Long Gov/Credit Bond Index is an index of bonds with maturities greater than 10 years and is comprised of U.S. Treasury, U.S. Corporate and Non-Corporate Credit bonds that are dollar-denominated. It is maintained by Bloomberg Finance LP.

Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based index and is often used to represent the universe of investment grade bonds being traded in United States. It is maintained by Bloomberg Finance LP.

Bloomberg Commodity Index aims to provide broadly diversified representation of commodity markets as an asset class. It is made up of exchange-traded futures on physical commodities, each of which are weighted to account for economic significance and market liquidity. It is maintained by Bloomberg Finance LP.

FTSE Russell NAREIT Equity Index is an index that contains all equity REITs not designated as timber REITs or infrastructure REITs and is a copyright of the London Stock Exchange Group, PLC.

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