

Confluence Plan Universe

# Q2 2025 Plan Universe Allocation & Return Analysis

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Fixed Income Allocations Drive Defined Benefit Plan  
Performance as Uncertainty Impacts Markets Q2 2025

August 13, 2025

## Author

**Brendan Cooper**

Head of Client Consulting & Research



## Executive Summary

The Q2 2025 Confluence Plan Universe Report – the industry’s most granular analytics tool for plan sponsors with data sourced directly from over 4,000 institutions – reported the strongest quarter for defined benefit plans since Q4 2023.

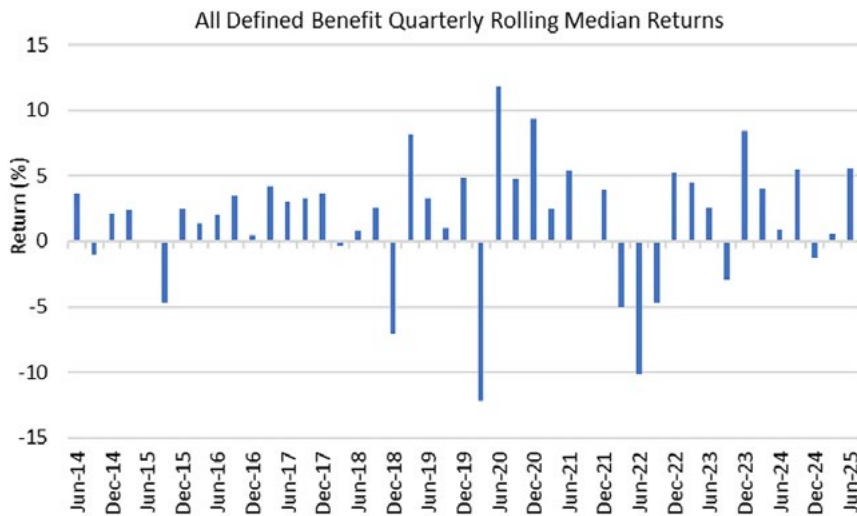
Q2 2025 marked another reversal for investors from the previous quarter. Global equity markets were resilient despite ongoing geopolitical tensions and tariff policy uncertainties. The Russell 1000 Index reversed course, returning 11.11%, while non-U.S. equity markets continue to perform well with the MSCI EAFE Index returning 12.07%. Year to date, ending June, the MSCI EAFE benchmark has outperformed the Russell 1000 by 13.8%. Within fixed income, the U.S. Bloomberg Aggregate Index returned 1.21% for the quarter, while the Bloomberg U.S. Long Treasury Index returned -1.53%.

## Highlights

- ▶ All defined benefit plans posted a median return of 5.57% for the quarter, underperforming a traditional 60/40 benchmark return of 7.44%. (60% MSCI ACWI Index/ 40% Bloomberg Barclays U.S. Aggregate Index).
- ▶ For the year to date, all defined benefit plans posted a median return of 5.85%, up nearly 1% compared to a year ago.
- ▶ U.S. equity, which negatively impacted performance across defined benefit plans last quarter, rebounded despite an initial market sell-off due to the “Liberation Day” tariff announcement, returning 10.29%. Comparatively, the median returns for U.S. fixed income and alternatives were 1.47% and 2.47%.
- ▶ Corporate defined benefit plans, driven by their fixed income allocation and exposure to long bonds, were the weakest performers by plan type during the quarter, returning 3.58% at a median level.
- ▶ Endowments & Foundations, driven by their comparatively high equity and low fixed income allocations, were the best performers by plan type for the quarter, returning 6.67% at a median level.

## Plan Performance Over Time

While the first quarter of 2025 marked a pivot toward defensiveness, the second quarter showed renewed investor confidence despite uncertainty. U.S. equity markets reversed, with mega-cap tech stocks among the leading contributors. With major asset classes all delivering positive performance for the quarter, the Confluence All Defined Benefit Plan Sponsor Universe posted a median return of 5.57%.

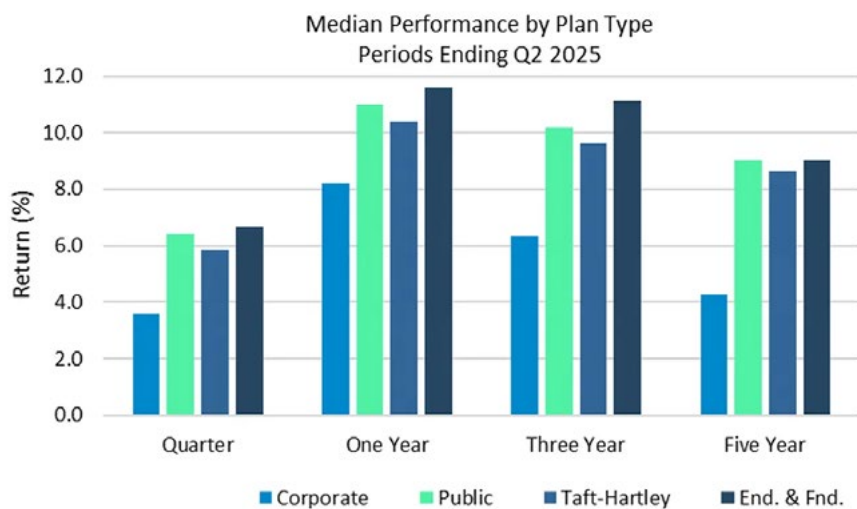


**Chart 1:** Quarterly Rolling Median Returns for All Defined Benefit Plans.

Source: Confluence

## Historical Plan Comparison

Corporate plans, which have significantly higher exposures to fixed income than other plan types, posted the lowest median returns among plan types during the quarter. As Figure 2 highlights, Endowments and Foundations had the best quarter performance, driven by their higher equity exposure, the best-performing asset class.

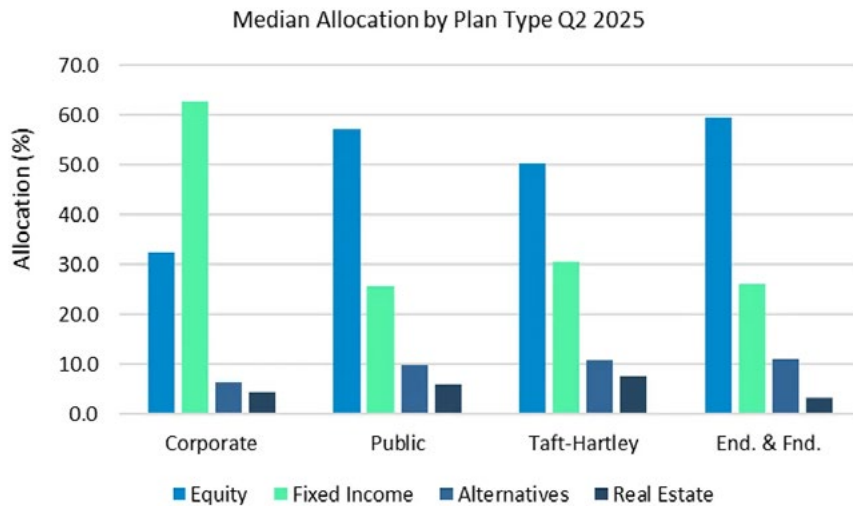


**Chart 2:** Median Performance by Plan Type.

Source: Confluence

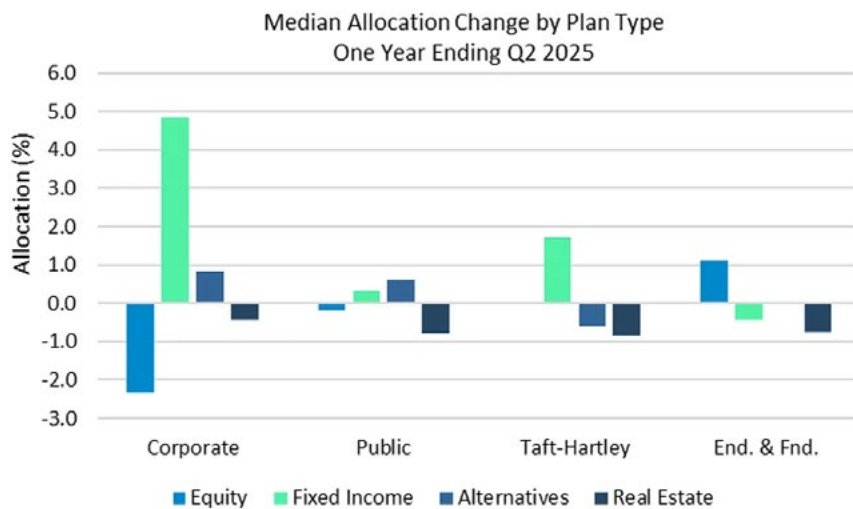
## Plan Allocation Analysis

Corporate plans, which underperformed all other plan types for the quarter, continue to hold the largest fixed-income allocation. Despite being the best-performing asset class, all plan types, other than Endowments & Foundations, have decreased their allocations to equity over the last year. Allocations to Real Estate, the worst-performing asset class across all defined benefit plans over the previous year with a median return of -2.94%, were down by an average of .7%.



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

Source: Confluence Plan Universe

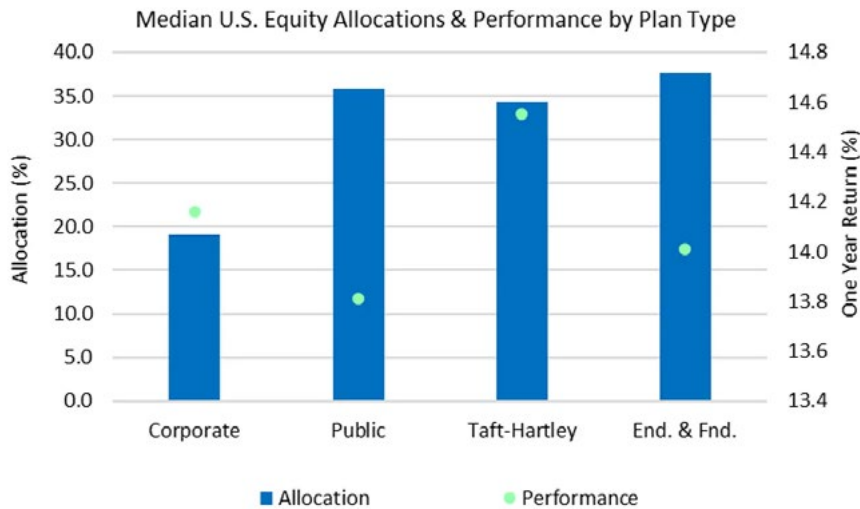


**Chart 4:** Median Allocation shift by Plan Type.

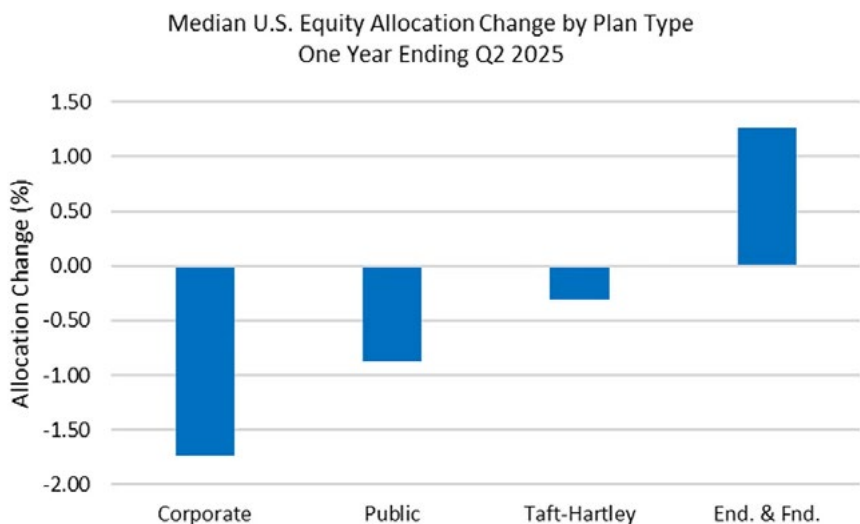
Source: Confluence

## U.S. Equity Performance

U.S. public equity markets delivered their best quarter since Q4 2023 with the Russell 1000 Index returning 11.11%. Comparatively, the median U.S. equity return for all defined benefit plans was 10.21%. Corporate plans continue to be underweight in U.S. equity with a median allocation of 19%, nearly half of the allocation compared to other plan types. All plan types have decreased their allocation to U.S. equity for the year ending June, other than Endowments & Foundations.



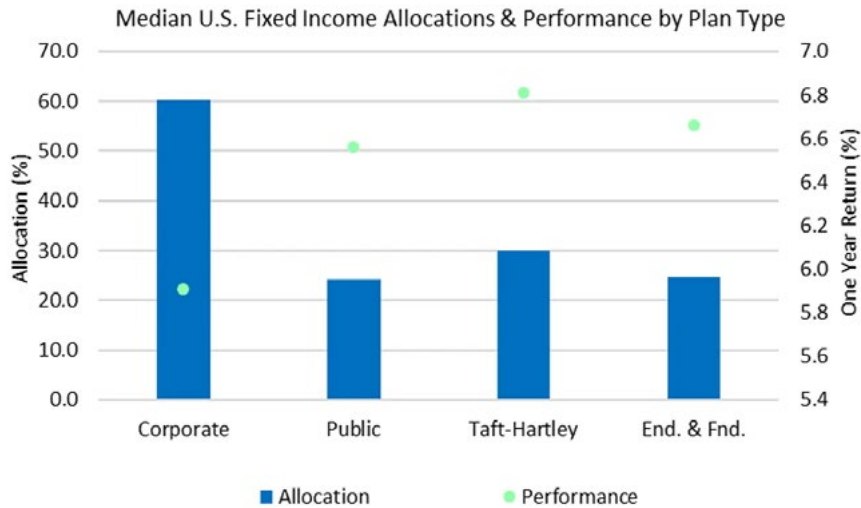
**Chart 5:** Median U.S. Equity Allocation & Performance by Plan Type.  
Source: Confluence



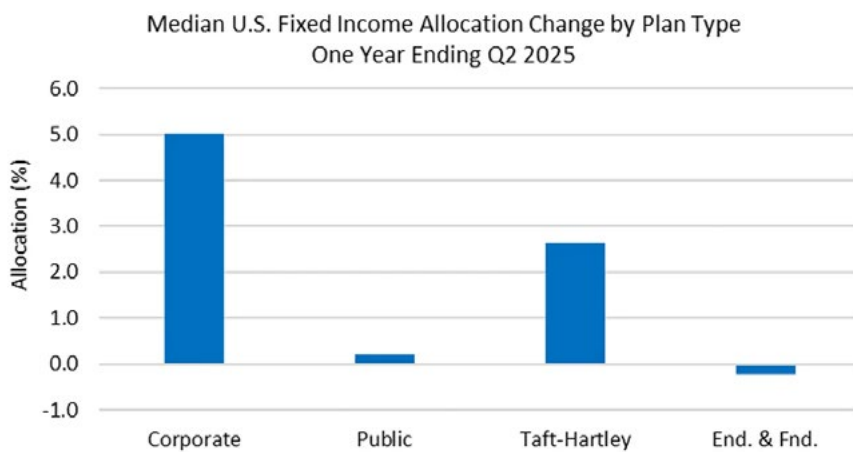
**Chart 6:** Median U.S. Equity Allocation Shift by Plan Type.  
Source: Confluence

## U.S. Fixed Income Performance

All plan types, other than Endowments & Foundations, increased their allocation to U.S. Fixed income over the last year. Corporate plans, which have the highest allocation to the asset class at 60%, also increased their allocation by 5% over the last year.



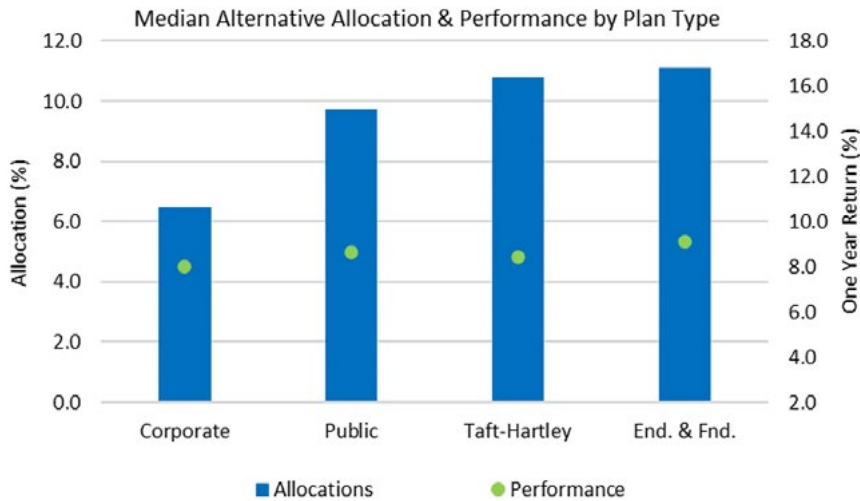
**Chart 7:** Median U.S. Fixed Income Allocation & Performance by Plan Type.  
Source: Confluence



**Chart 8:** Median U.S. Equity Allocation Shift by Plan Type.  
Source: Confluence

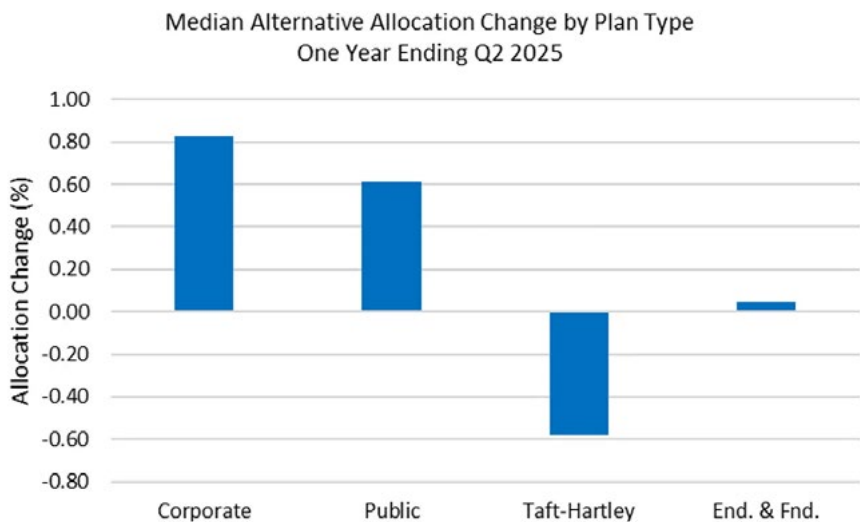
## Alternatives Performance

Though corporate plans have increased their allocation to alternatives more than other plan type over the last year, they remain significantly underweight comparatively. Allocations at a median level were up across all plan types, other than Taft-Hartley plans, which saw a slight decrease to their alternative allocations over the last year.



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

Source: Confluence



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

Source: Confluence

## Confluence Plan Universe

Confluence Plan Universe is the industry's most granular analytics tool for plan sponsors including 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 available on the 14th business day after quarter end, a second cut on the 21st business day, and 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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