



## ANNUITY FUND PERFORMANCE UPDATE

### The Massachusetts Laborers' Benefit Funds Advantage

Since 1986, MLBF has provided thousands of members and their families with comprehensive benefits to help them manage their physical, emotional and financial well-being. This includes the Annuity Fund ("the Fund"), which your employer contributes to on your behalf.

What you need to know about the Annuity Fund:

- The Fund is designed to provide you with an additional source of retirement income to supplement your pension and Social Security benefits.
- The Fund has access to institutional-quality investments that are lower in cost than investments available to individual investors. Fees for investments in Individual Retirement Accounts (IRAs) are generally higher<sup>1</sup>, meaning that with the MLBF Annuity Fund you should pay less for your investments and keep more of the potential gains.
- The Board of Trustees and its investment professionals oversee the day-to-day technical details of selecting and monitoring investments and making adjustments to that mix of investments over time.

### Fund Overview

- The Board of Trustees, with its investment professionals, takes a long-term view when managing the Annuity Fund.
- The Board adjusts how the Fund invests as markets change, with the goal of growing the Fund and minimizing the potential for losses when markets go down.
- Market conditions can change, sometimes quickly, which is why the Fund includes a diversified mix of investments. If the value of one of the Fund's investments goes down, another may go up.



<sup>1</sup>"Small Differences in Mutual Fund Fees Can Cut Billions From American's Retirement Savings," Pew Charitable Trusts, June 30, 2022.

[pewtrusts.org/en/research-and-analysis/issue-briefs/2022/06/small-differences-in-mutual-fund-fees-can-cut-billions-from-americans-retirement-savings](https://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2022/06/small-differences-in-mutual-fund-fees-can-cut-billions-from-americans-retirement-savings).

# Asset Allocation

## How the Fund was invested as of December 31, 2023:

- The Fund was invested 40% in stocks, 37% in bonds and 23% in real assets<sup>2</sup>.
- Each type of investment (asset class) has different risks and potential for growth.



For illustrative purposes only.

### Stocks

- 15% U.S.
- 10% Global
- 10% International developed market
- 5% Emerging market

### Bonds

- 20% Investment-grade bonds
- 12% U.S. Treasury Inflation Protected Securities (TIPS)
- 2% Emerging market
- 3% High yield

### Real assets

- 12% Real estate
- 9% Infrastructure
- 2% Commodities and natural resources

**Stocks** refer to an ownership interest in companies (often grouped together by company size or region where they're located).

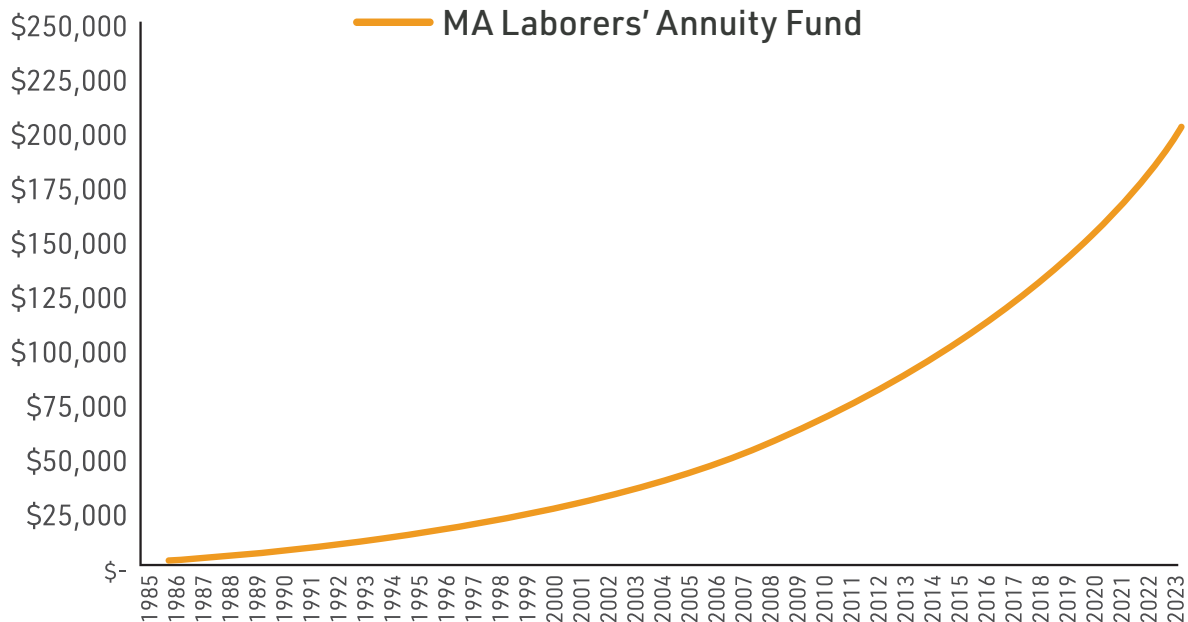
**Bonds** refer to debt issued by governments, corporations or other entities that typically pay interest at regular intervals for specific periods of time.

**Real assets** are funds that track physical goods such as real estate and infrastructure.

<sup>2</sup> Stocks can include private equity, and bonds can include private credit; however, the Annuity Fund was not invested in either private equity or private credit as of December 31, 2023.

# Historical Performance of the Fund

This graph shows the growth of a \$1,000 investment since 1986, using the Fund's actual average annual rate of return of 7.7%. It assumes an additional contribution of \$1,000 each year<sup>3</sup>. Note that historical performance does not guarantee future results<sup>4</sup>.



## Performance Commentary

The Annuity Fund is designed to benefit from a diverse mix of investments (referred to as asset classes). This structure is intended to create a portfolio that can withstand many different market conditions over time.

- In 2023 a strong stock market was the major contributor to the Fund's 8.7% return.
- Since the Fund was started in December 1986, the Fund has produced a 7.7% average annual return and a cumulative return of approximately 1,465%.
- While asset classes like bonds may provide protection when markets go down, stock funds have the potential to provide more growth opportunity, especially over longer periods of time.



### HOW FEES IMPACT INVESTMENT GAINS

When you invest, you pay a fee to the company managing the fund in which you've invested. These fees are paid annually and are taken directly out of the fund's net asset value. What you pay in fees matters. Higher fees cut into the return you may potentially earn on your investment.

**As a member of the MLBF Annuity Fund, the Board of Trustees and its investment professionals negotiate competitive fees on your behalf.**

For example: According to Pew research, "For mutual funds that primarily hold equities [stocks], costs are significantly greater for retail shares" available to individual investors than what's available to institutional investors like the MLBF. "Annual expenses for median retail shares were 0.34 percentage points higher than those for institutional shares. Although this seems like a small difference, it represents about 37% higher fees."<sup>5</sup>

<sup>3</sup> These assumptions do not include plan fees or fund expenses.

<sup>4</sup> For illustrative purposes only. Hypothetical illustration assumes growth at average annual return over the entire time frame.

<sup>5</sup> "Small Differences in Mutual Fund Fees Can Cut Billions From American's Retirement Savings," Pew Charitable Trusts, June 30, 2022. [pewtrusts.org/en/research-and-analysis/issue-briefs/2022/06/small-differences-in-mutual-fund-fees-can-cut-billions-from-americans-retirement-savings](https://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2022/06/small-differences-in-mutual-fund-fees-can-cut-billions-from-americans-retirement-savings).

# IMPORTANT INVESTING CONSIDERATIONS

All investments carry some level of risk, including risk of loss, and values may fluctuate. Past performance does not guarantee future results.

A diversified portfolio may produce a better outcome in the long term but does not ensure a profit or guarantee against loss.

Asset allocation may be used in an effort to manage risk and enhance returns. It does not, however, guarantee or protect against loss.

For more information about the Annuity Fund, please refer to the **Summary Plan Description** available on [mlbf.org/annuity](https://mlbf.org/annuity).