March 4, 2026

UFCW Unions and Participating Employers Pension Fund
c/o Mr. Jeff Ianniello
Associated Administrators, LLC
8400 Corporate Drive Suite 430
Landover, MD 20785-2361

Re: Impact of Asset Portfolios on Long Term Projections

Dear Board of Trustees:

At your request, we have performed an analysis of hypothetical asset portfolios on the potential long-term solvency of the UFCW Unions and Participating Employers Pension Fund ("Fund").

Background

Due to the material developments to the Fund in 2025 described below, the aim of this study is to provide the Trustees with information about the trade-off between minimizing investment risk and additional required contribution increases with the goal of the Fund being 100% or better funded by 12/31/2051, when the condition that the Fund is deemed to be in Critical Status expires.

The Fund applied for and received Special Financial Assistance ("SFA") under the American Rescue Plan Act of 2021 ("ARPA") during 2025. The Fund's SFA application was approved by PBGC on July 24, 2025, and it received $187.7 million on August 25, 2025. As a result, the SFA assets received in August 2025 were assumed to cover all projected benefits and expenses for 10 years starting October 2025 based on information provided by IPS, the investment consultant.

In addition, by the end of 2025, 9 out of 22 Shoppers Food Warehouse ("Shoppers") stores operating at the start of 2025 closed. Based on the latest available information, we estimated that Shoppers' Contribution Base Units ("CBUs") would decline by 15% in 2025 and decline by an additional 35% in 2026. The Fund Administrator and Cheiron will work together to monitor the reported Shoppers' hours and refine the estimates as more information becomes available.

For purposes of this study, IPS provided Cheiron with six target portfolios on the residual assets with the following return and risk parameters as shown in Table I below.

Table I: Asset Portfolios

Portfolio	Expected Return	Expected Risk
Current Policy	7.04%	8.78%
Portfolio A	6.06%	6.06%
Portfolio B	6.48%	7.03%
Portfolio C	7.25%	9.45%
Portfolio D	7.52%	10.85%
Portfolio E	7.72%	11.73%

Deterministic Projection Analysis

As the first step in our analysis, we put together some deterministic projection scenarios which produce a single future outcome based on a given set of assumptions. Specifically, we wanted to look at the expected 2052 funded ratio.

For these projections, we used the following set of assumptions.

- We assumed the residual assets earned a 10% return for 2025 and would earn exactly the expected return each year starting with 2026.
- For portfolios with an expected return below the current valuation assumption of 7.00%, we changed the actuarial assumption to an appropriate figure based on the expected return.
- We assumed that there would be no change in CBUs for years after 2026 after the Shoppers' store closures that took place in 2025.

In addition to these baseline scenarios, we determined the expected 2052 funded ratio if three 10 cent per hour contribution increases occur starting with July 2026 and ending July 2028. Finally, where the deterministic projection produced a funding level below 100% after the contributions increases through July 2028, we then calculated the number of additional 10 cent per hour contribution increases, starting with July 2029, that would be required to bring the 2052 funded ratio to 100%.

The results of the deterministic analysis are summarized in Table II below.

Table II: Deterministic Projections

Portfolio	Valuation Assumption	2052 Funded Ratio (no 10 cent increases)	2052 Funded Ratio (three 10 cent increases)	Additional 10 cent increases to reach 100% in 2052
Current Policy	7.00%	130%	163%	N/A
Portfolio A	6.00%	33%	59%	7
Portfolio B	6.25%	69%	97%	1
Portfolio C	7.00%	154%	188%	N/A
Portfolio D	7.00%	186%	221%	N/A
Portfolio E	7.00%	212%	248%	N/A

Stochastic Projection Analysis

As the next step in our analysis, we put together some stochastic projection scenarios which produce a range of outcomes based on a given set of assumptions. Instead of a single projection, we use the expected long-term average return allowing for the returns for each year to vary according to the expected volatility of asset returns based on the chosen portfolio. The returns are determined randomly within anticipated ranges, and we then perform 5,000 such projections and accumulate the results. Accumulating this information allows us to present ranges of likely results.

We looked at the probability of the 2052 funded ratio being at least 100% as well as the probability of insolvency before 12/31/2051. Finally, to give a sense of where the 25th percentile of outcomes were worse than the funded percentage shown, we looked at the third quartile for the 2052 funded ratio.

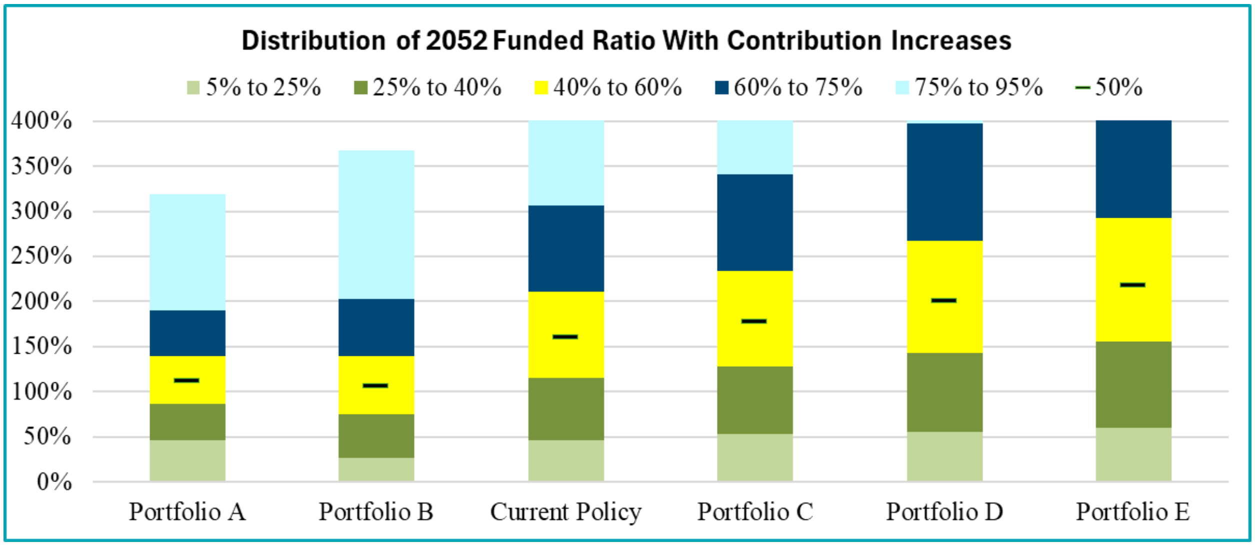
The first set of results of the stochastic analysis includes no 10 cent contribution increases and are summarized in Table III below.

Table III: Stochastic Projections (No 10 Cent Contribution Increases)			
Portfolio	**Probability of 2052 Funded Ratio of at least 100%**	**Probability of Insolvency before 12/31/2051**	**Third Quartile for 2052 Funded Ratio**
Current Policy	56.2%	21.4%	14.9%
Portfolio A	29.3%	33.8%	0.0%
Portfolio B	40.5%	28.1%	0.0%
Portfolio C	59.2%	20.4%	21.7%
Portfolio D	61.9%	20.6%	24.2%
Portfolio E	63.7%	20.3%	28.1%

The second set of results of the stochastic analysis includes three 10 cent contribution increases starting with July 2026 and ending July 2028 and are summarized in Table IV below. However, where the deterministic projections indicated a need for additional 10 cent contribution increases to reach 100% in 2052, those increases were assumed to be implemented. This applies to Portfolio A and Portfolio B where a total of ten and four 10 cent contribution increases were needed, respectively.

Table IV: Stochastic Projections with 10 Cent Contribution Increases				
Portfolio	**Number of 10 Cent Increases**	**Probability of 2052 Funded Ratio of at least 100%**	**Probability of Insolvency before 12/31/2051**	**Third Quartile for 2052 Funded Ratio**
Current Policy	3	63.6%	16.3%	46.3%
Portfolio A	10	54.7%	11.9%	46.7%
Portfolio B	4	51.7%	17.4%	26.9%
Portfolio C	3	65.9%	15.7%	53.4%
Portfolio D	3	67.3%	16.4%	55.9%
Portfolio E	3	68.3%	16.4%	59.8%

The chart of the next page shows the distribution of the 2052 funded ratio including the 10 cent contribution increases. The colored ranges represent potential results reflecting future asset return volatility. The yellow bar around the blue line (50th) shows there is a 20% probability the actual ratio will fall within the range (40th-60th). The dark green and dark blue bars show that there is a 50% probability the actual results will fall within the ranges (25th-40th and 60th-75th). The light green and the light blue bars show that there is a 90% chance the actual results will fall within those ranges (5th-25th and 75th-95th). There is increasing uncertainty in the actuarial funded ratio depending on investment returns over time reflected in how broad the range gets.



In addition, we include as attachments to this letter the following charts showing the distribution of funded ratios over time:

1. A distribution of the 2037, 2042, and 2047 funded ratios assuming the 10 cent contribution increases for each of the six portfolios as indicated in Table IV (Attachments 1a-1c)
2. A distribution of the funded ratio over the next 30 years for each portfolio assuming the 10 cent contribution increases as indicated in Table IV (Attachments 2a-2f)

Other Considerations

Both the deterministic and the stochastic analysis point to a likelihood of the Fund becoming well over fully funded before the end of the SFA period if the more risky portfolios are implemented. This is more likely if contribution increases are negotiated between the collective bargaining parties. The regulatory rules surrounding receipt of SFA prohibit plans from making *retrospective* benefit increases and prohibit *prospective* benefit increases unless they are linked to a contribution increases not assumed in the SFA application and that the increased contributions are certified as sufficient to pay for the benefit increase. The rules do permit plans to apply to PBGC for an exception to this prohibition so that they can make retroactive and prospective benefit increases without increased contributions, but application cannot be made until 10 plans years have elapsed after receipt of SFA, i.e. 1/1/2036 at the earliest in the case of the Fund. Accordingly, we have not considered benefit increases in our analysis.

Actuarial Disclosures

In order to complete these projections, we determined the pension liabilities for the Fund as of January 1, 2025 based upon the census data, assumptions, and plan provisions as of this date. Refer to the January 1, 2025 Actuarial Valuation Report for the methods and assumptions, plan provisions, and other disclosures used in this analysis, except as otherwise noted.

The results in this letter are dependent upon future experience conforming to these assumptions. To the extent that actual future experience deviates from the underlying assumptions, the results would vary accordingly.

This letter and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this letter. This letter does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

This letter was prepared exclusively for the Trustees of the Fund. Other users of this letter are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

Please feel free to contact us should you have any questions.

Sincerely,
Cheiron

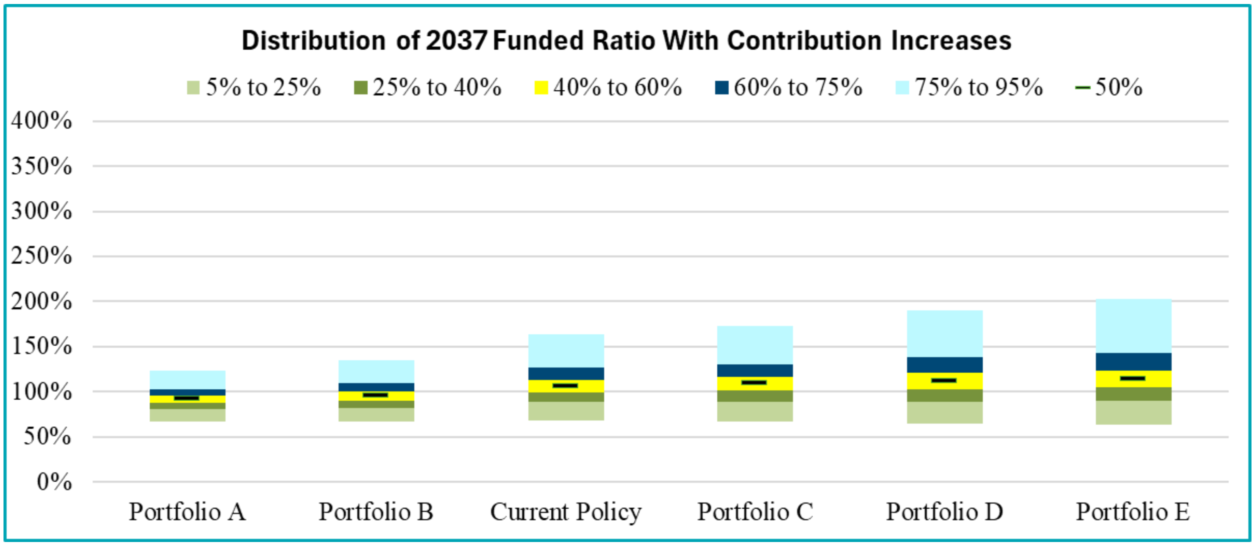
Peter Hardcastle, CFA, FSA, EA, MAAA
Principal Consulting Actuary

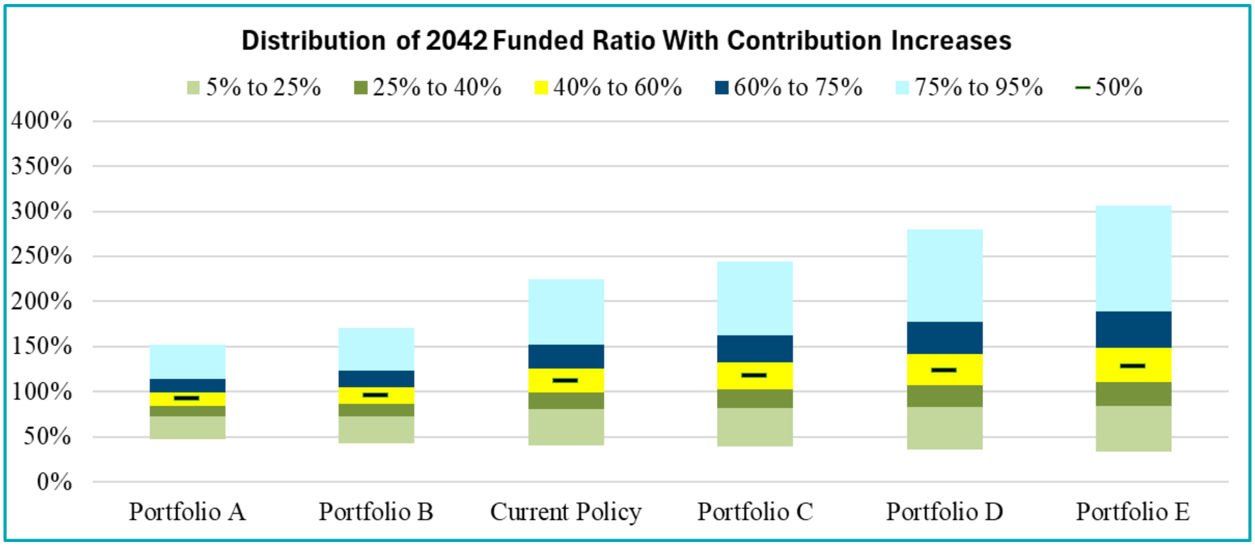
Brett Warren, FSA, EA, MAAA, CERA
Principal Consulting Actuary

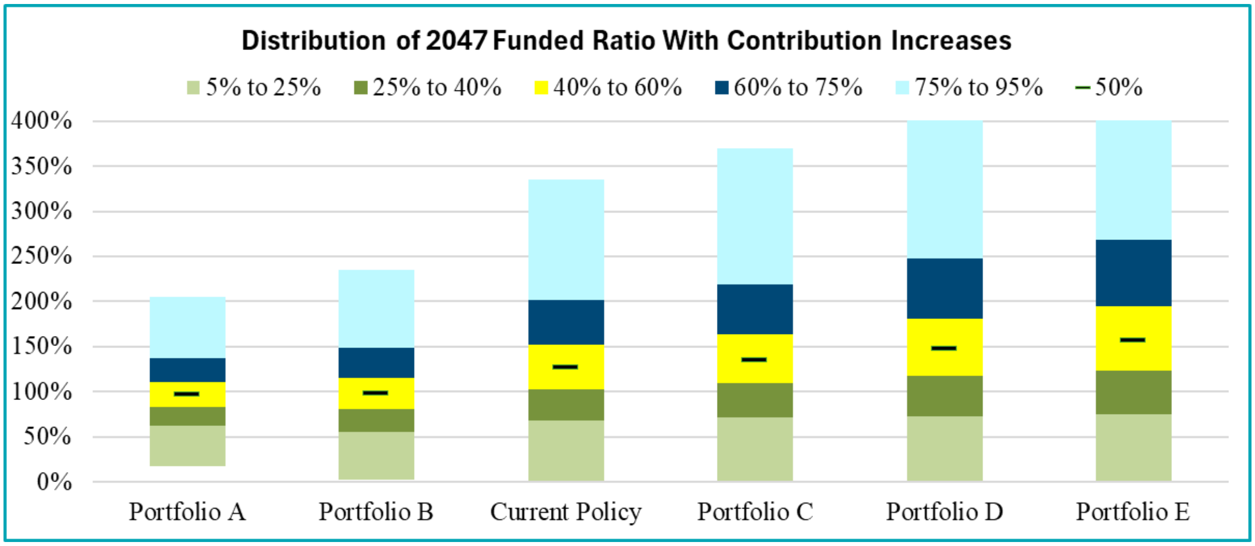
cc: Sarah Sanchez
Andrew Dietrich
James Kimble

ATTACHMENTS

Attachments 1a-1c: 2037, 2042, and 2047 Funded Ratios

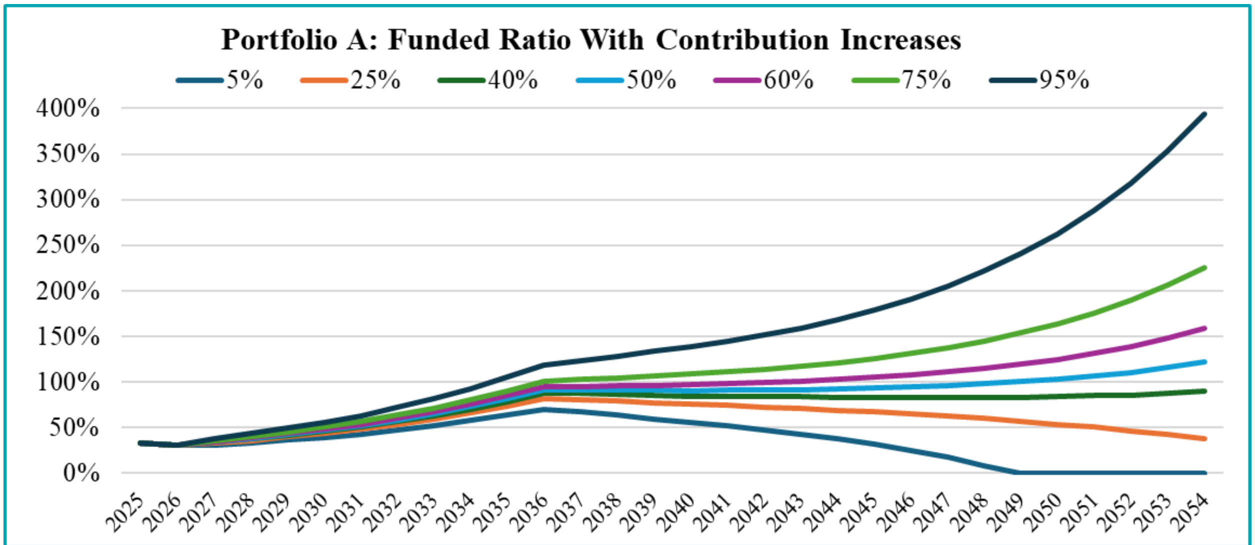


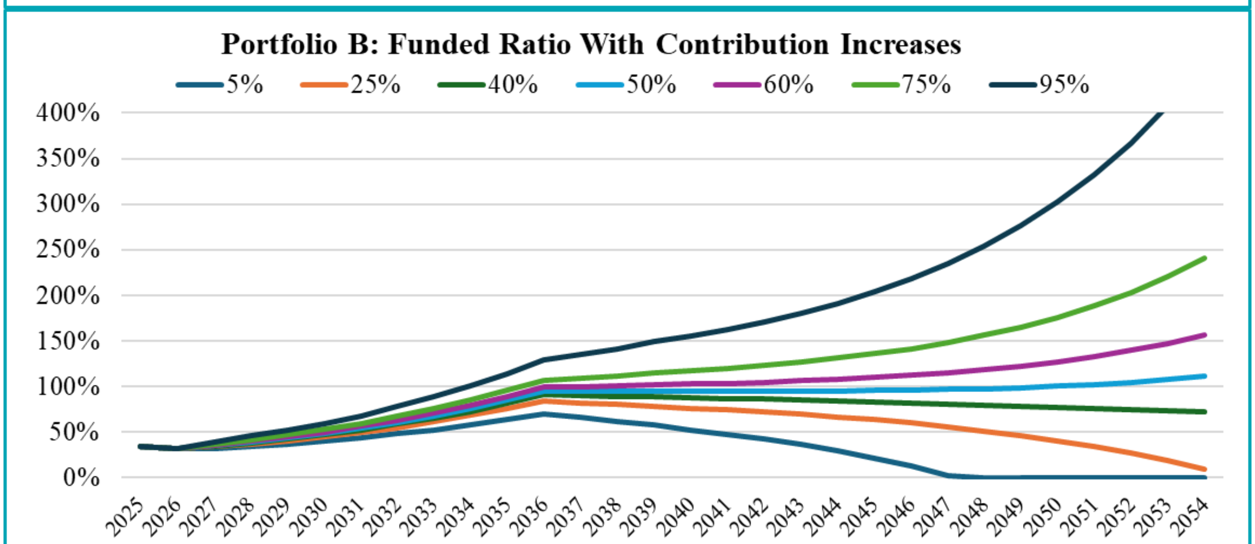


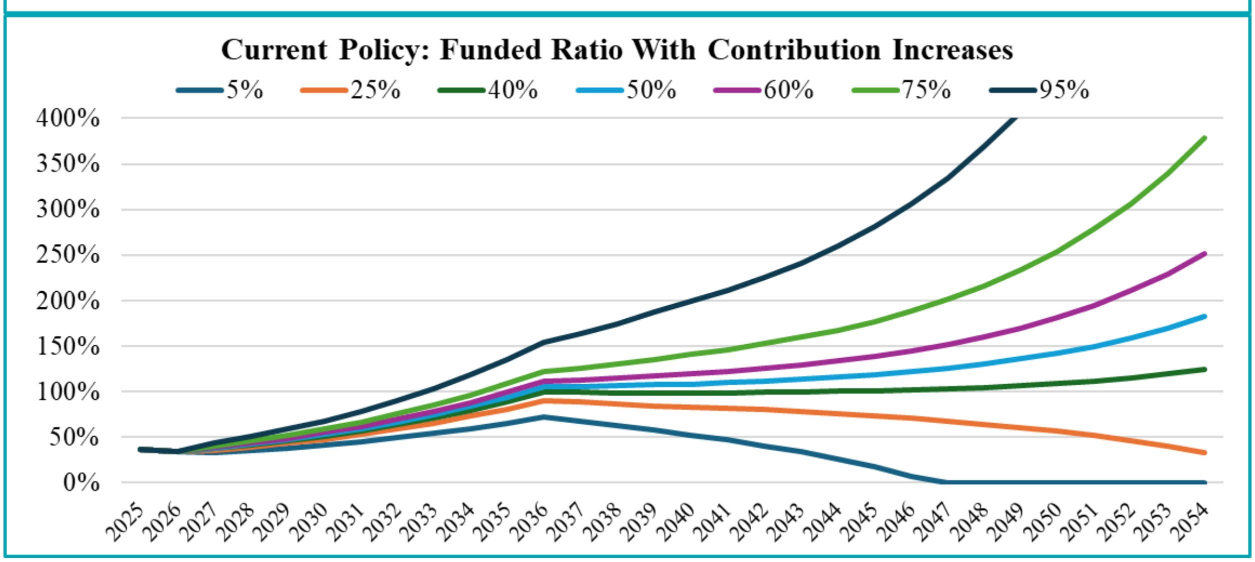


ATTACHMENTS

Attachments 2a-2c: Funded Ratios over next 30 Years (Portfolio A, B, and Current Policy)







ATTACHMENTS

Attachments 2d-2f: Funded Ratios over next 30 Years (Portfolio C, D, and E)