

S&P Target Date Scorecard

MID-YEAR 2014

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Summary

- The S&P Target Date[®] Scorecard provides performance comparisons, equal- and asset-weighted category averages, and analytics covering the target date fund (TDF) universe.
- Past performance of the “Through” glide path category, as represented by the S&P Target Date Through benchmarks, is significantly different than the “To” category, as represented by the S&P Target Date To benchmarks. This is reflective of generally higher equity allocations within the Through indices. Across all vintages, the average difference in one-year total return between “Through” and “To” benchmarks is 2.76%.
- Asset-weighted average returns of TDFs continue to be generally higher than equal-weighted returns over one-, three- and five-year time horizons. This indicates that some larger TDFs earned relatively higher returns than some smaller counterparts. Among other factors (such as differences in net expenses), this may reflect greater equity allocations in larger TDFs during the U.S. equity market rally since early 2009.
- The S&P Target Date Index series is a representative benchmark for TDFs. The series is used extensively throughout the report and distinguishes itself from peer group benchmarks because it is investable, comprises consensus-derived asset allocation weights and its composition is known in advance of evaluation periods. In addition, it is independently calculated and fulfills CFA Institute criteria for valid benchmarks.¹
- The S&P Target Date To and Through Indices offer stakeholders style-specific measures of the two prominent approaches to glide path management within the TDF universe. These indices may be appropriate for plans who seek a tighter fitting TDF benchmark than one covering the entire industry.
- Underlying data is obtained from the Morningstar[®] U.S. Open-end Fund Database. The S&P Target Date Scorecard is published semi-annually.

¹See the Level 3 2011 CFA Program Curriculum. Benchmarks should be “unambiguous, investable, measurable, appropriate, reflective of current opinions, specified in advance, and owned”.

A Unique Scorecard for the Target Date Universe

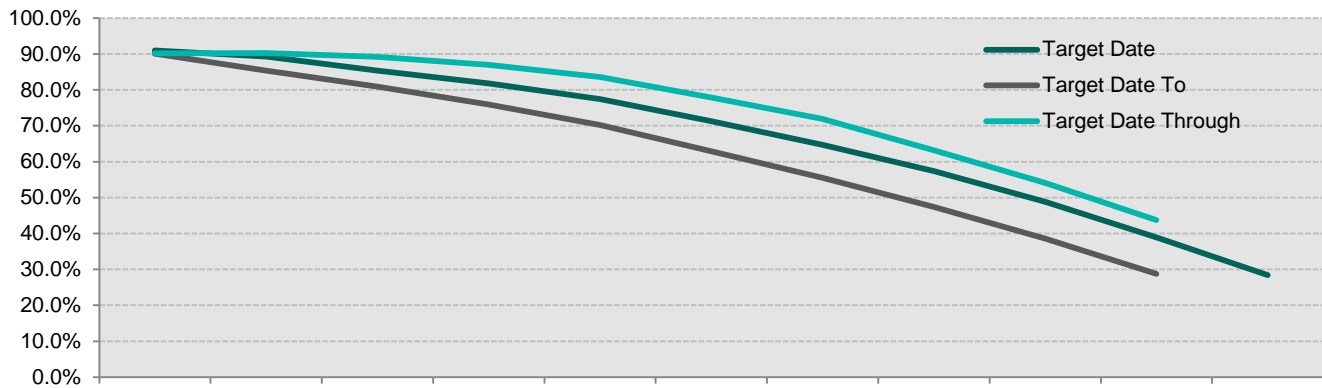
The S&P Target Date Scorecard presents the performance of TDFs as compared to appropriate benchmark indices. We consider all target date asset allocation policies to be active decisions, so we include funds that use passive underlying investments as well as active underlying investments. The Scorecard covers target dates from retirement income to 2055, and beyond, and has six unique features:

- **A Representative Target Date Benchmark:** The S&P Target Date Index² is the only consensus-driven target date benchmark offered by an independent index provider. Its asset class exposure and glide path are functions of market observations acquired from an annual survey of the holdings of target date managers. The index currently includes target dates from retirement income through 2055+.
- **Apples-to-Apples Comparison:** Target date fund returns are sometimes compared to popular asset class benchmarks such as the S&P 500[®] or Barclays Capital U.S. Aggregate[®]. The S&P Target Date Scorecard avoids this pitfall by measuring a fund's returns against the returns of the benchmark that is most appropriate for each target date category.
- **Asset Allocation Risk Revealed:** Sometimes custom, multiasset class benchmarks are used for comparison purposes. However, these benchmarks do not measure asset allocation risk, as they are typically set with asset class exposure selected by fund managers. They also may lack transparency with respect to the method behind their calculation and may not be adjusted for changes in asset allocation policy through time. The report avoids these problems by referencing our consensus-driven target date benchmark that provides a representative proxy of asset allocation risk for each target date vintage.
- **Asset-Weighted Returns:** Average returns for a fund group are often calculated using only equal weighting, which results in the returns of a USD 10 billion fund affecting the average in the same manner as the returns of a USD 10 million fund. An accurate representation of how investors fared in a particular period can be better ascertained by calculating weighted-average returns, in which each fund's return is weighted by net assets. The S&P Target Date Scorecard shows both equal- and asset-weighted averages.
- **Methodology Changes From Previous Editions:** This edition of the Scorecard references total returns, rather than gross returns, for the S&P Target Date Indices. Both return series continue to be calculated and disseminated, but we made the change to be consistent with the returns we publish on our website. Additionally, we now use all share classes to calculate average TDF returns and performance quartiles.
- **Data Cleaning:** Appropriate peer groups are built from underlying databases so meaningful benchmark comparisons may be performed. TDFs with vintages of 2055 or beyond are compared with the S&P Target Date 2055+ Index. TDFs with vintages that have already passed, such as 2005, are compared with the S&P Target Date Retirement Income Index. Average TDF returns, both equal-weighted and asset-weighted, are calculated using all share classes within each fund family in order to represent the aggregate experience of TDF shareholders.

The S&P Target Date Scorecard offers the only comprehensive, periodic and publicly available source of such data. Reports are available at www.spiva.spdji.com.

²It is not possible to invest directly in an index. Indices are statistical composites and their returns do not include payment of any sales charges or fees an investor would pay to purchase the securities they represent. Such costs would lower performance.

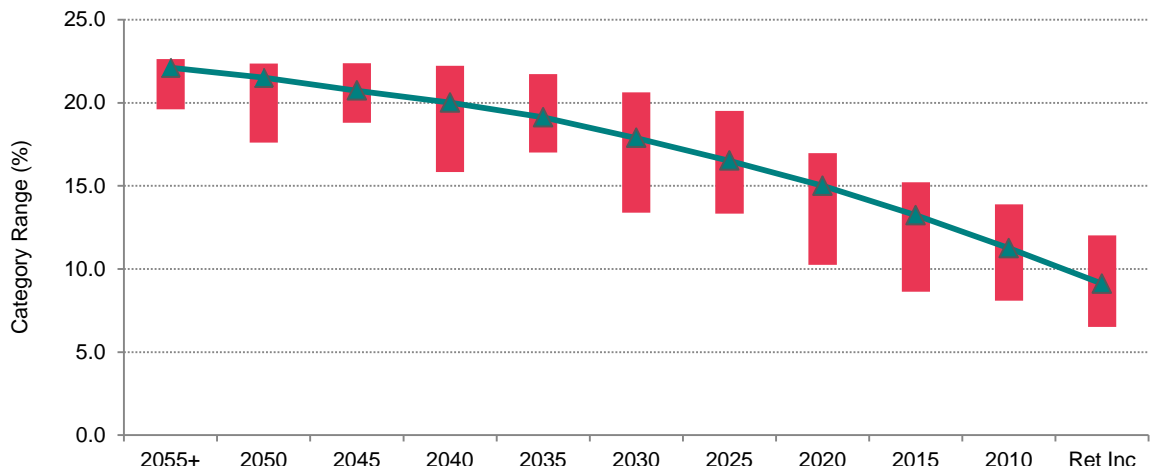
Report 1: S&P Target Date Benchmark Glide Path – Total Equity



Total Equity	2055	2050	2045	2040	2035	2030	2025	2020	2015	2010	Ret Income
Target Date	91.0%	89.3%	85.4%	81.8%	77.4%	71.3%	64.7%	57.4%	48.8%	38.9%	28.4%
Target Date To	90.1%	85.3%	80.9%	75.9%	70.2%	62.9%	55.5%	47.4%	38.6%	28.7%	
Target Date Through	90.2%	90.2%	89.2%	87.0%	83.6%	77.8%	71.9%	63.1%	54.1%	43.7%	

Source: S&P Dow Jones Indices LLC. Data as of May 31, 2014. Charts and tables are provided for illustrative purposes. Past performance is no guarantee of future results.

Report 2: Target Date Fund Category Performance – One Year



	2055+	2050	2045	2040	2035	2030	2025	2020	2015	2010	Ret Inc
90th Percentile	22.6	22.4	22.4	22.2	21.7	20.6	19.5	17.0	15.2	13.9	12.0
10th Percentile	19.6	17.6	18.8	15.8	17.0	13.4	13.3	10.3	8.6	8.1	6.5
S&P Target Date Index Series	22.1	21.5	20.7	20.0	19.1	17.9	16.5	15.0	13.2	11.3	9.1

Source: S&P Dow Jones Indices LLC. Data as of June 30, 2014. Charts and tables are provided for illustrative purposes. Past performance is no guarantee of future results.

Report 3: Average Target Date Fund Performance			
Category	One Year (%)	Three Year Annualized (%)	Five Year Annualized (%)
Ret Income TDFs (equal weighted)	9.21	5.45	7.86
Ret Income TDFs (asset weighted)	9.74	5.76	8.13
S&P Target Date Ret Income	9.11	6.06	8.17
2010 TDFs (ew)	11.82	6.92	10.18
2010 TDFs (aw)	12.54	7.38	10.80
S&P Target Date 2010	11.25	7.05	9.71
S&P Target Date To 2010	9.72	5.90	8.43
S&P Target Date Through 2010	13.00	8.11	11.11
2015 TDFs (ew)	12.43	7.00	10.55
2015 TDFs (aw)	13.99	8.13	11.52
S&P Target Date 2015	13.23	8.04	11.10
S&P Target Date To 2015	11.46	6.70	9.72
S&P Target Date Through 2015	15.00	9.10	12.34
2020 TDFs (ew)	13.97	7.98	11.60
2020 TDFs (aw)	15.55	8.74	12.54
S&P Target Date 2020	15.00	8.88	12.29
S&P Target Date To 2020	13.07	7.46	10.91
S&P Target Date Through 2020	16.76	9.96	13.33
2025 TDFs (ew)	16.39	8.93	12.84
2025 TDFs (aw)	17.67	9.84	13.57
S&P Target Date 2025	16.52	9.60	13.27
S&P Target Date To 2025	14.59	8.18	11.99
S&P Target Date Through 2025	18.47	10.73	14.26
2030 TDFs (ew)	17.48	9.49	13.43
2030 TDFs (aw)	18.91	10.24	14.24
S&P Target Date 2030	17.89	10.23	14.07
S&P Target Date To 2030	16.00	8.90	12.98
S&P Target Date Through 2030	19.55	11.25	14.95
2035 TDFs (ew)	19.25	10.24	14.29
2035 TDFs (aw)	20.41	11.04	14.93
S&P Target Date 2035	19.12	10.77	14.71
S&P Target Date To 2035	17.41	9.52	13.85
S&P Target Date Through 2035	20.52	11.65	15.38

Source: S&P Dow Jones Indices LLC, Morningstar Direct. Data as of June 30, 2014. "ew" indicates equal weighted. "aw" represents asset weighted. Charts and tables are provided for illustrative purposes. Past performance is no guarantee of future results. See Glossary for more information.

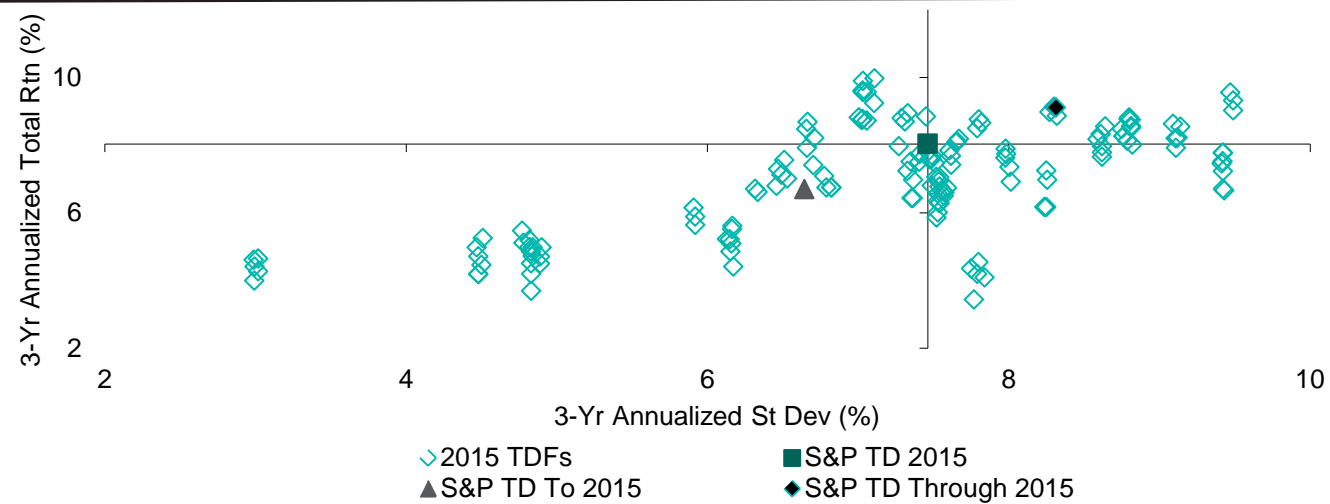
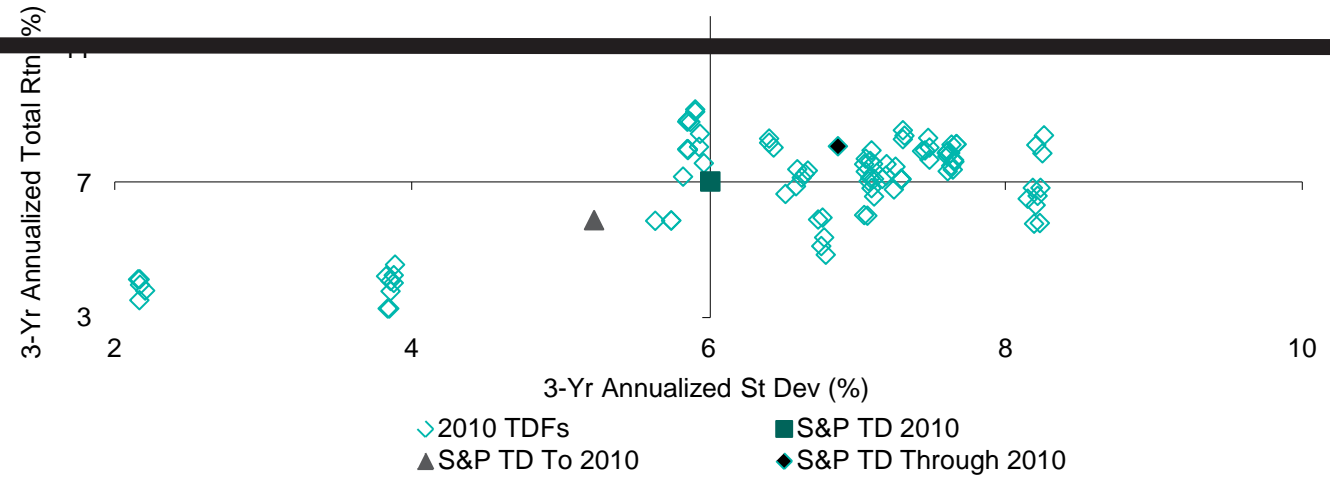
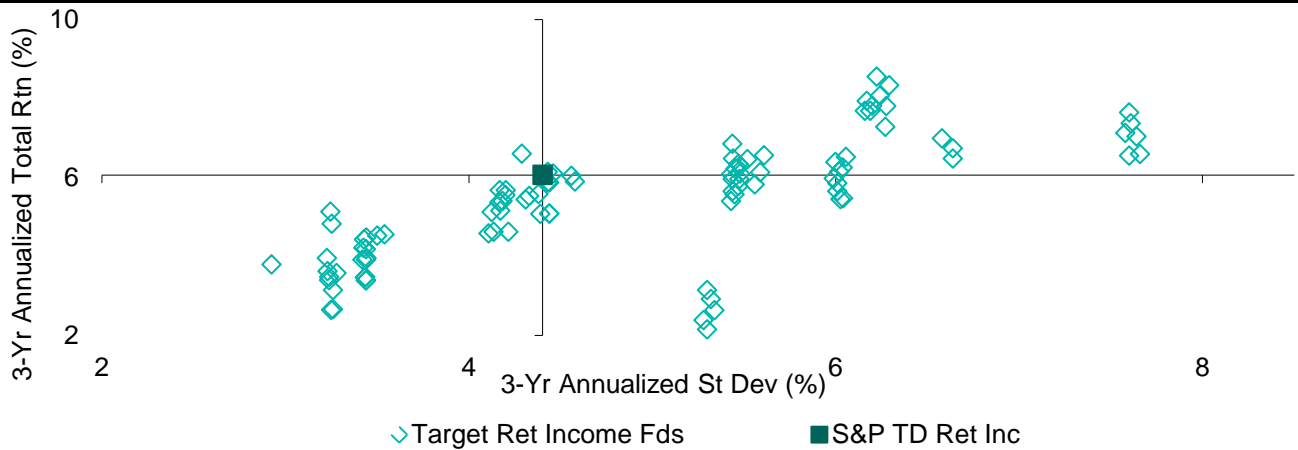
Report 3: Average Target Date Fund Performance (cont.)			
Category	One Year (%)	Three Year Annualized (%)	Five Year Annualized (%)
2040 TDFs (ew)	19.66	10.42	14.46
2040 TDFs (aw)	20.62	10.97	14.95
S&P Target Date 2040	20.01	11.18	15.15
S&P Target Date To 2040	18.57	10.11	14.60
S&P Target Date Through 2040	21.17	11.94	15.72
2045 TDFs (ew)	20.58	10.83	14.90
2045 TDFs (aw)	21.34	11.46	15.35
S&P Target Date 2045	20.73	11.50	15.44
S&P Target Date To 2045	19.62	10.66	15.25
S&P Target Date Through 2045	21.62	12.13	15.74
2050 TDFs (ew)	20.43	10.77	14.83
2050 TDFs (aw)	21.24	11.28	15.30
S&P Target Date 2050	21.52	11.83	15.64
S&P Target Date To 2050	20.57	11.19	15.56
S&P Target Date Through 2050	21.93	12.35	15.89
2055+ TDFs (ew)	21.15	11.11	15.04
2055+ TDFs (aw)	21.86	11.94	15.96
S&P Target Date 2055+	22.12	12.19	15.87
S&P Target Date To 2055+	21.52	11.73	15.90
S&P Target Date Through 2055+	22.12	12.47	15.96

Source: S&P Dow Jones Indices LLC, Morningstar Direct. Data as of June 30, 2014. "ew" indicates equal weighted. "aw" represents asset weighted. Charts and tables are provided for illustrative purposes. Past performance is n guarantee of future results. See Glossary for more information.

Report 4: Quartile Breakpoints of Target Date Funds			
Fund Category	Third Quartile	Second Quartile	First Quartile
One Year			
Ret Income	7.20	8.88	11.03
Target 2010	11.83	12.48	13.01
Target 2015	10.52	12.92	14.35
Target 2020	12.08	14.39	16.09
Target 2025	14.76	16.66	18.26
Target 2030	16.21	17.85	19.00
Target 2035	18.34	19.57	20.66
Target 2040	18.74	19.99	21.18
Target 2045	19.85	20.89	21.68
Target 2050	19.66	20.94	21.55
Target 2055+	20.46	21.22	21.92
Three Year			
Ret Income	4.48	5.65	6.39
Target 2010	6.04	7.35	7.99
Target 2015	5.87	7.29	8.24
Target 2020	6.90	8.09	9.12
Target 2025	8.12	9.00	9.92
Target 2030	8.53	9.57	10.51
Target 2035	9.61	10.41	11.04
Target 2040	9.63	10.58	11.49
Target 2045	10.47	11.05	11.70
Target 2050	10.17	10.99	11.65
Target 2055+	10.57	11.19	12.05
Five Year			
Ret Income	6.45	8.21	9.01
Target 2010	9.66	10.76	11.39
Target 2015	9.71	10.69	11.91
Target 2020	10.54	11.85	12.92
Target 2025	12.30	13.03	13.94
Target 2030	12.33	13.59	14.59
Target 2035	13.84	14.37	15.20
Target 2040	13.64	14.63	15.37
Target 2045	14.59	15.11	15.57
Target 2050	14.16	14.99	15.60
Target 2055+	14.37	15.01	15.41

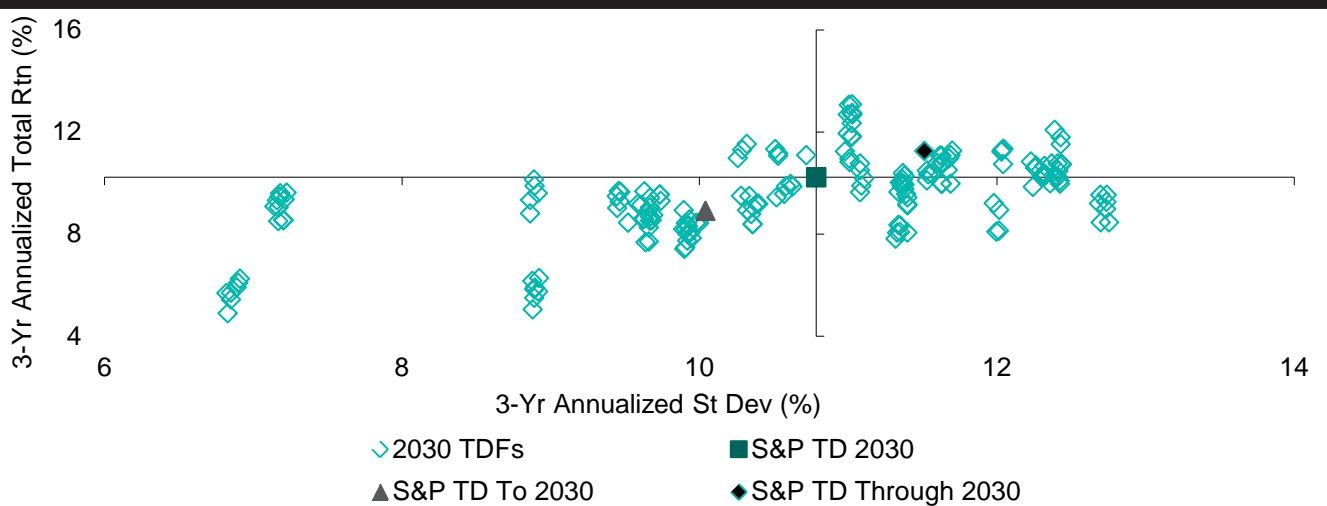
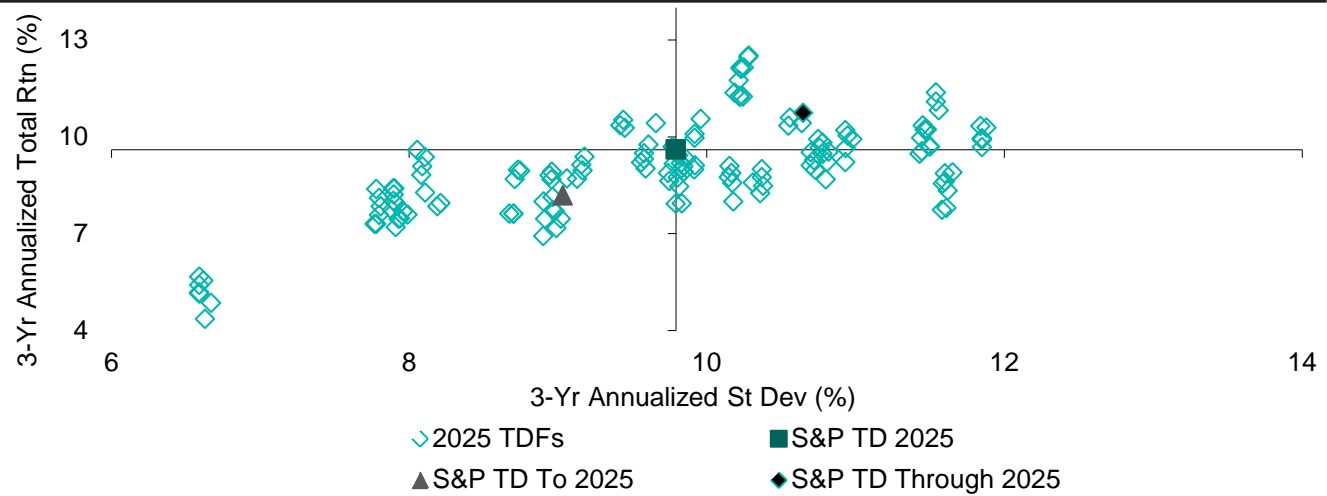
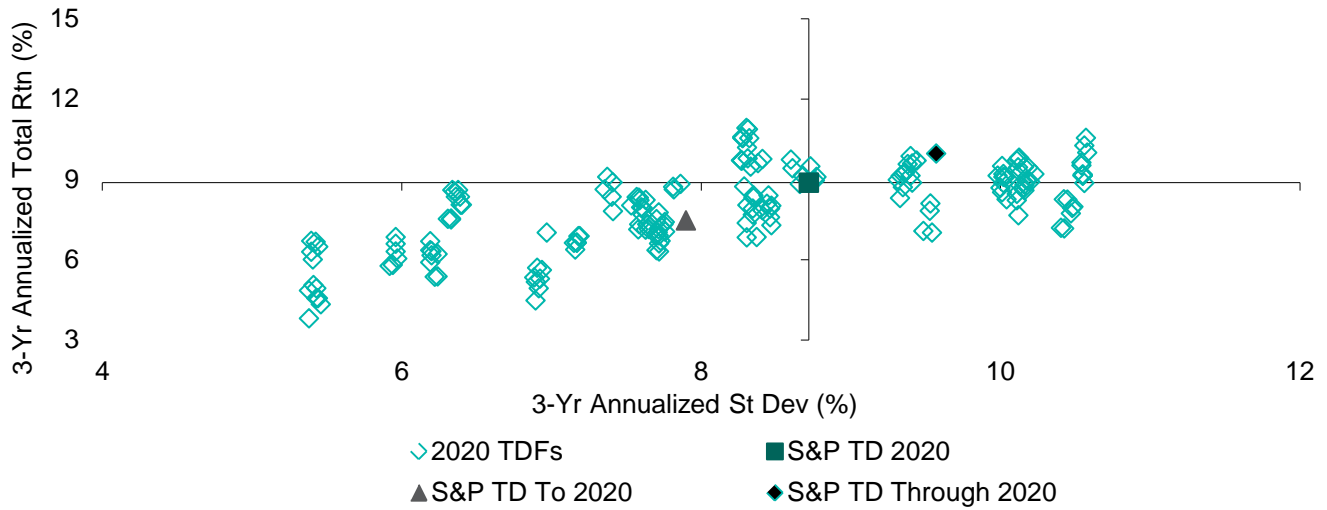
Source: S&P Dow Jones Indices LLC, Morningstar Direct. Data as of June 30, 2014. Charts and tables are provided for illustrative purposes. Past performance is no guarantee of future results. See Glossary for more information.

Report 5: Three-Year Risk/Return by Target Date



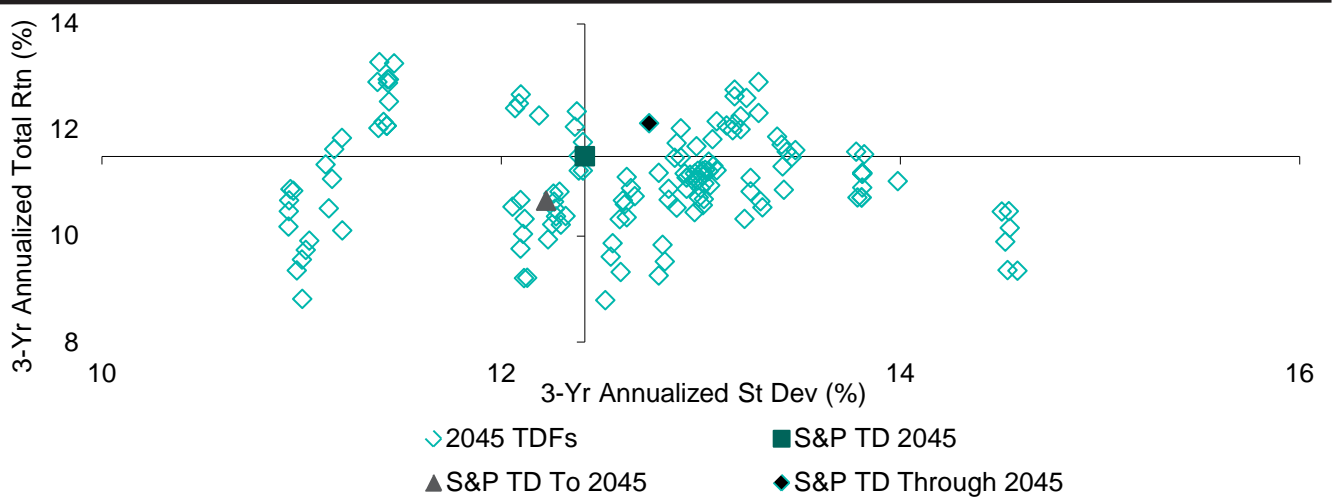
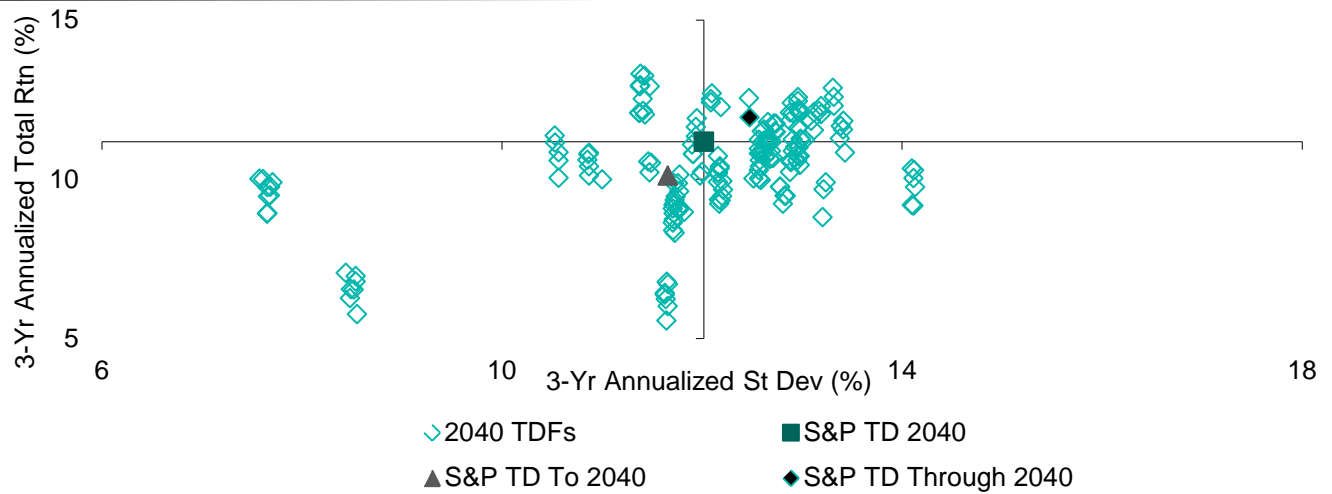
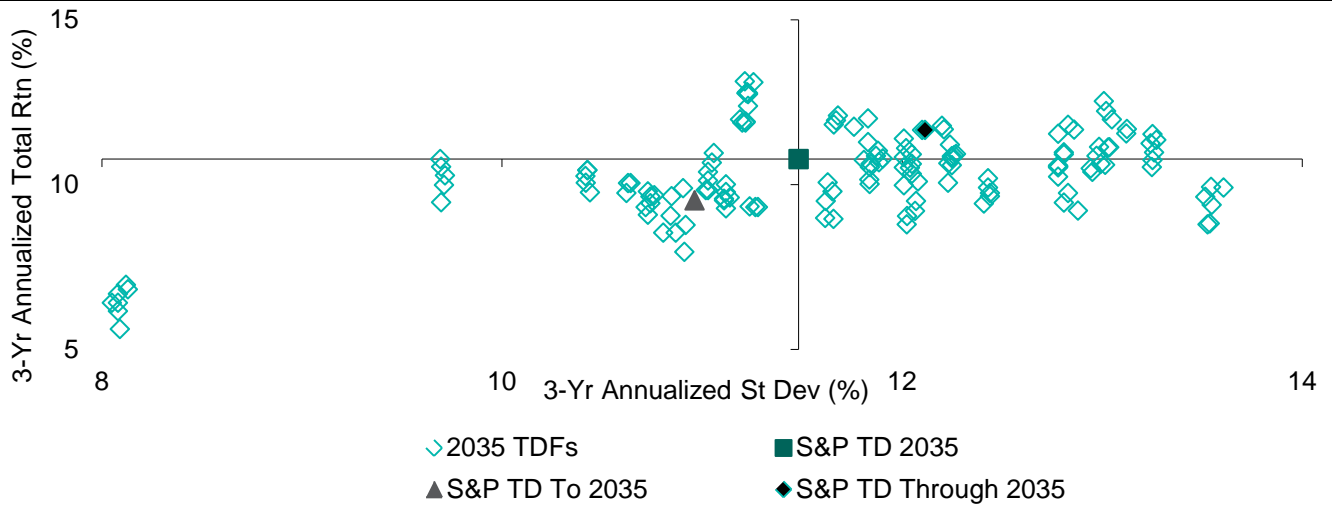
Source: S&P Dow Jones Indices LLC, Morningstar Direct. Data as of June 30, 2014. Charts and tables are provided for illustrative purposes. Past performance is no guarantee of future results.

Report 5: Three-Year Risk/Return by Target Date (continued)



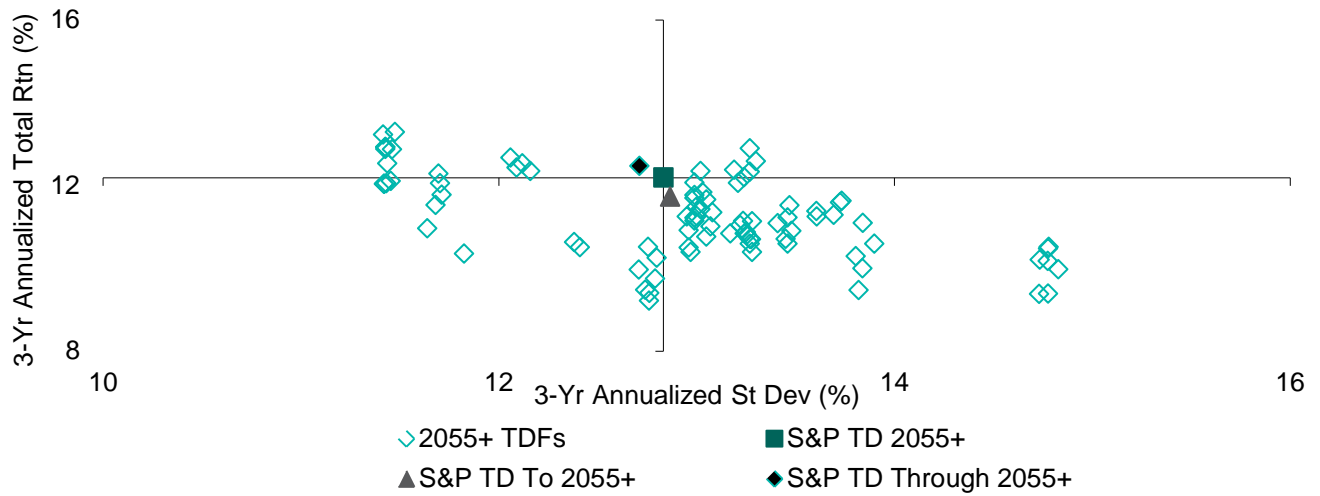
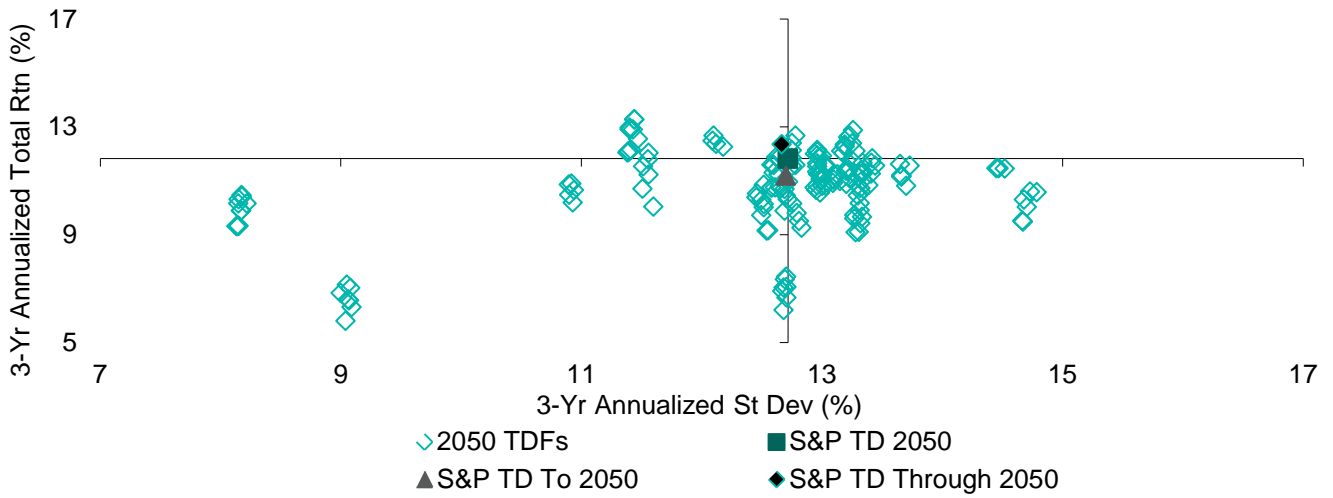
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Report 5: Three-Year Risk/Return by Target Date (continued)



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Report 5: Three-Year Risk/Return by Target Date (continued)



Source: S&P Dow Jones Indices LLC, Morningstar Direct. Data as of June 30, 2014. Charts and tables are provided for illustrative purposes. Past performance is no guarantee of future results.

Glossary

Equal-Weighted (EW) Average TDF Performance

Equal-weighted returns for a particular style category are determined by calculating a simple average return of all active share classes in that category in a specific month. The effects of sales charges, or loads, are not included.

Asset-Weighted (AW) Average TDF Performance

Asset-weighted returns for a particular style category are determined by calculating a weighted average return of all share classes in that category in a specific month, with each share class' return weighted by its total net assets. The effects of sales charges, or loads, are not included.

Quartiles Breakpoints

The p^{th} percentile for a set of data is the value that is greater than or equal to $p\%$ of the data, but is less than or equal to $(100 - p)\%$ of the data. In other words, it is a value that divides the data into two parts: the lower $p\%$ of the values and the upper $(100-p)\%$ of the values. The first quartile is the 75th percentile, the value separating the elements of a population into the lower 75% and the upper 25%. The second quartile is the 50th percentile and the third quartile is the 25th percentile. Returns of all share classes, excluding loads, are used to calculate TDF category quartiles for specific time periods.

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