

Overview

S&P STRIDE Indices measure the performance of a liability driven investment (LDI) strategy that incorporates a traditional glidepath approach within a multi-asset framework with a focus on theoretical inflation-adjusted ("real") retirement income. Each vintage reflects a target year for retirement.

The "Cost of Retirement Income" reflects the cost of an inflation-adjusted stream of cash flows equal to USD 1 per year, starting at the assumed retirement date and ending 25 years later. The interest rates used to discount the hypothetical future cash flows to the present are derived from the current U.S. TIPS curve.

Decumulation Rates represent theoretical distributions from net decumulation rate ("NDR") indices. They are computed by dividing an index's decumulation points (hypothetical distributions from NDR indices) by the index levels prior to the distribution. The ratios are annualized to calculate the decumulation rate.

Monthly decumulation points are calculated by: 1) multiplying the index level by the corresponding TIPS-LDI weight, and then 2) dividing by 12 times the Cost of Retirement Income. For each calendar year after the target date maturity, decumulation points are determined based on the index levels as of the end of January. The same number of decumulation points will then be distributed on a monthly basis for the rest of the calendar year.

For more information, please see the [S&P STRIDE Index Series Methodology](#) and the [S&P STRIDE Supplemental Data Guide](#).

Commentary

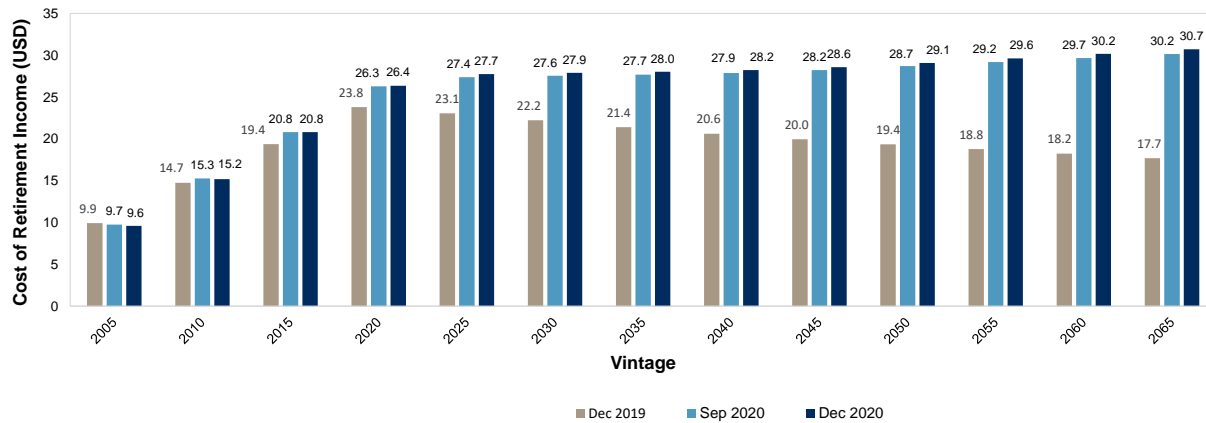
The cost of retirement income rose for almost all vintages in 2020, with many annual increases exceeding 20%.

Declining real U.S. interest rates were key to increases in the cost of retirement income and the last three months continued the trend: higher inflation expectations sent real U.S. interest rates further into negative territory.

For the second consecutive report, cost of retirement income measures for all but three vintages posted their highest quarter-end reading, ever. The 2005, 2010, and 2015 vintages offered the exceptions.

Nearer-dated S&P STRIDE indices had significantly higher allocations to Treasury Inflation-Protected Securities (TIPS) than their S&P Target Date counterparts, once again reflecting the asset allocation impact of focusing on income volatility instead of returns volatility within a traditional glidepath approach.

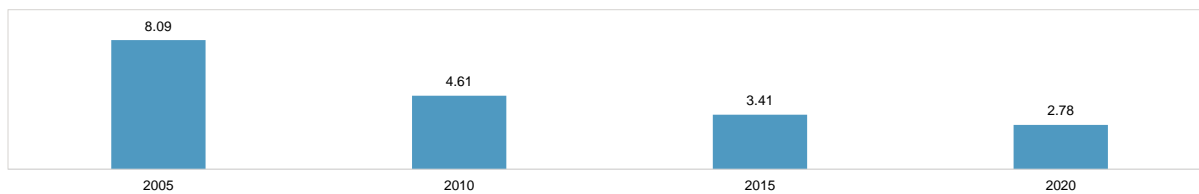
S&P STRIDE Cost of Retirement Income



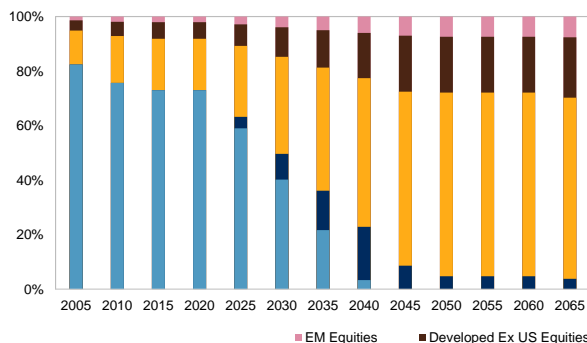
Change in Cost of Retirement Income

S&P STRIDE Vintage	2005	2010	2015	2020	2025	2030	2035	2040	2045	2050	2055	2060	2065
3 Months	-1.53%	-0.56%	-0.02%	0.30%	1.33%	1.25%	1.26%	1.24%	1.24%	1.35%	1.52%	1.69%	1.87%
6 Months	-2.72%	-0.26%	1.26%	2.33%	5.29%	6.02%	6.82%	7.60%	8.43%	9.48%	10.68%	11.90%	13.13%
1-Year	-3.32%	2.95%	7.36%	10.78%	20.37%	25.56%	31.04%	36.82%	43.22%	50.24%	57.68%	65.49%	73.69%
3-Year	-18.11%	-6.94%	0.45%	15.07%	26.16%	32.31%	38.54%	45.23%	52.82%	61.37%	70.50%	80.15%	N/A

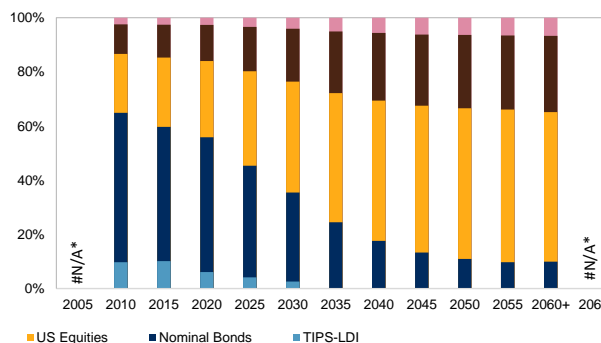
Decumulation Rate (%)



S&P STRIDE Asset Allocations



S&P Target Date Asset Allocations



Source: S&P Dow Jones Indices LLC. Data as of December 31, 2020. *2005 and 2065 vintages do not exist for the S&P Target Date Indices. Charts are provided for illustrative purposes. Past performance is no guarantee of future results. For more information, please visit our website at www.spdji.com

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Another limitation of using back-tested information is that the back-tested calculation is generally prepared with the benefit of hindsight. Back-tested data and/or information reflects the application of the index methodology and selection of index constituents in hindsight. No hypothetical record can completely account for the impact of financial risk in actual trading. For example, there are numerous factors related to the equities, fixed income, or commodities markets in general which cannot be, and have not been accounted for in the preparation of the index information set forth, all of which can affect actual performance.

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