

Classet Target Date Fund Indexes/Benchmarks

Classet Analytics develops more sophisticated benchmarks for each Target Date fund (TDF) vintage. In the Transition & Retirement phases (2040 - Income), there are **4 flavors of benchmarks** for each of the risk-based asset classes: Aggressive, Moderately Aggressive, Moderately Conservative, Conservative

Features of Classet's TDF Benchmarks:

- Constructed using fund data from over **150 unique target date suites**.
- 4 flavors of benchmarks for Transition & Retirement phases** (2040 - Income) funds, 1 for each of the 4 TDF risk-based asset classes. See chart below.
- Include actual fund expenses** to establish a more reasonable benchmark for funds in each asset class. Many TDF indexes don't account for expenses.
- Constructed with return data from actual funds**, not just a composite of asset class indexes that is weighted by a hypothetical TDF glidepath allocation.
- Exclude outliers by using median returns** of funds unlike category averages.
- Only use one share class (i.e. longest history and lowest expense) per unique target date suite to avoid over-weighting suites with multiple share classes.
- Quantitatively proven to be of a higher quality than other TDF indexes** in the market (i.e. better on both tracking error and r-squared). This shows that they are better at representing the TDF universe.
- We produce **29 unique TDF benchmarks in total** (5 in the Accumulation phase, 6x4 = 24 in the Transition & Retirement phases). See chart below.

