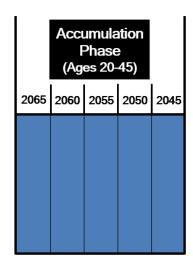
## Classet Target Date Fund Indexes/Benchmarks



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

## **Features of Classet's TDF Benchmarks:**

- a. Constructed using fund data from over **150 unique target date suites**.
- b. <u>4 flavors of benchmarks for Transition & Retirement phases</u> (2040 Income) funds, 1 for each of the 4 TDF risk-based asset classes. See chart below.
- C. <u>Include actual fund expenses</u> to establish a more reasonable benchmark for funds in each asset class. Many TDF indexes don't account for expenses.
- d. <u>Constructed with return data from actual funds</u>, not just a composite of asset class indexes that is weighted by a hypothetical TDF glidepath allocation.
- e. Exclude outliers by using median returns of funds unlike category averages.
- f. 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.
- g. 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.
- h. We produce **29 unique TDF benchmarks in total** (5 in the Accumulation phase, 6x4 = 24 in the Transition & Retirement phases). See chart below.



	Transition Phase (Ages 50-65)			Retirement Phase (Age 65+)		ASSET CLASSES Risk Strategies for TRANSITION &
2040	2035	2030	2025	AT Retirement 2020	Income & 2010 & 2015	RETIREMENT PHASES
						Aggressive
						Moderately Aggressive
						Moderately Conservative
						Conservative