

The State of the Target-Date Market: 2024

Examining Asset Trends Across Providers, Products, Vehicles, Management Styles, and Glide Path Structures

Overview

Leading Target-Date providers harness Sway's Target-Date research to measure performance, identify opportunities, and devise strategy. Our analysis is generated from a proprietary database of mutual fund and collective trust data, which includes 197 different Target-Date series (135 with assets as of Year-end 2023) spread across more than 6,200 mutual fund share classes and collective trusts. Sway harnesses this data to provide insights into shifts within the \$3.5 trillion Target-Date market, including across Target-Date series and providers, investment vehicles, underlying investments, management approach, glide path types, and expenses and returns.



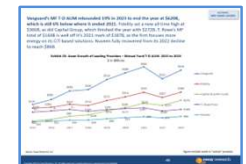
Key Findings

- Over the last 5 years, assets in Target-Date CITs grew at twice the rate of Target-Date mutual funds.
- A single mutual fund series was among the 10 fastest-growing Target-Date series in 2023. The rest were CIT-based.
- Target-Dates that invest in passive underlying portfolios now control twice as many assets as those that invest in active portfolios, and more than six-times the assets held in hybrid solutions.
- Across all management styles, the average investor in a MF-based Target-Date series paid 31 BPs in expenses in 2023 and earned a 17.1% return for the year.
- American Funds TD Retirement surpassed BlackRock LifePath® Index in 2023, to become the 3rd largest T-D series.
- Equity landing points are lengthening in Target-Dates using a Through-Retirement glide path as providers take a more aggressive stance to equity allocations.

Key Benchmarks/Analysis

Tables and exhibits reveal the market share and assets of mutual fund and CIT-based Target-Date solutions by:

- Provider, T-D Series and Provider Type
- Fund of Funds/ETF Format
- Proprietary, Non-Proprietary and Multi-Manager
- Active, Hybrid and Passive Management
- Asset-weighted Expense Ratio and Returns
- Fee and Returns of Lowest-cost Shares
- Multi-Glide Path (i.e., Cons, Mod, Agg) Products
- Third-Party Trust Companies
- Tactical Glide Path Deviation
- "To" vs. "Through" Status
- Equity Landing Point
- Target-Date Increment



Sample slides

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Sections

- I: Market Overview
 - II: Market Share Leaders
 - III: Underlying Investments and Proprietary vs. Multi-Manager
 - IV: Active, Hybrid and Passive Management
 - V: Fees and Returns
 - VI: Glide Path and Increments
- Data Tables
Leading Provider Profiles

Report Contents

168 pages, 93 Exhibits, 34 Data Tables and 16 Provider Profiles

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Foreword

Welcome to Sway's ninth annual in-depth study of the Target-Date marketplace. Though we regularly cover developments in the Target-Date space from a DCIO perspective in our annual *The State of DCIO Distribution* study, this report is focused squarely on where assets are moving within the Target-Date space.

This analysis is generated from Sway's proprietary database of mutual fund and collective trust Target-Date portfolio and asset data, which includes 197 different Target-Date series (135 with assets as of Year-end 2023) currently spread across more than 6,200 mutual fund share classes and collective trusts. We collect year-end asset totals for both mutual fund- and CIT-based series, along with a bevy of product attributes. This data allows us to provide a picture of the shifts within the \$3.5 trillion Target-Date market, including among specific products and providers, investment vehicles, underlying investments, management styles, glide paths, and so on.

Sway gathers the data in this report from many sources, including contacts at Target-Date providers, public filings, and marketing collateral, such as fact sheets, brochures, and websites. We also utilize publicly available materials from sources such as *PlanSponsor*, *Pensions & Investments*, and *Morningstar* as a means of verifying the data. Please let us know if you have questions on this material or suggestions for enhancements in future reports—your feedback is important to us! Thank you to everyone who helped us compile this information. - *Chris J. Brown, February 2024*