

Contact:

Chris J. Brown
Tel. 603-382-5300
chris@swayresearch.com
www.swayresearch.com

FOR IMMEDIATE RELEASE

Vanguard Adds \$96 Billion in Target-Date Assets in 2016

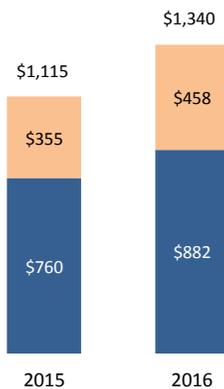
Target-Date Assets Grow 20% in 2016 as Demand Grows for Collective Trusts and Passive Management

March 8, 2017, Newton, NH—Vanguard Group grew assets under management in Target-Date portfolios by \$96 billion in 2016, as assets in the firm’s Target-Date mutual funds and collective investment trusts (CITs) swelled to \$450 billion. This left Vanguard in control of 34% of the \$1.3 trillion invested in non-custom Target-Date mutual funds and CITs at the end of 2016. These findings and many more are from Sway Research's latest in-depth study—*The State of the Target-Date Market: 2017, Examining Asset Trends Across Providers, Products, Vehicles, Management Styles, and Key Features*.

As shown in Exhibit 1, assets in Target-Date portfolios expanded 20% in 2016, growing from \$1.11 trillion at the end of 2015 to \$1.34 trillion last year. Assets in non-custom CIT-based Target-Date portfolios rose from \$355 billion at the end of 2015 to \$458 billion in 2016. This growth rate of 29% was nearly twice the pace of growth in mutual fund Target-Date assets, which swelled from \$760 billion to \$882 billion year-over-year—a growth rate of 16%.

Exhibit 1: Assets in Target-Date Portfolios by Investment Vehicle

\$ in Billions

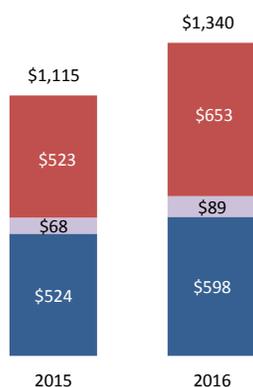


Vanguard Adds \$96 Billion in Target-Date Assets / Page 2

Vanguard—the leader in Passively-managed Target-Date assets—benefited from strong demand for low-fee Passively-managed Target-Date solutions. This demand drove the share of Target-Date assets in Passive products to a sizable lead over assets in Active products, which had a slight edge at the end of 2015. As shown in Exhibit 2, Passively-managed mutual fund and CIT-based Target-Date portfolios held \$653 billion of assets at the end of 2016, well ahead of Actively-managed portfolios, which held \$598 billion and had a billion-dollar edge at the end of 2015 (\$524 billion to \$523 billion).

Exhibit 2: T-D Assets by Active, Hybrid and Passive Management

\$ in Billions, includes Mutual Funds & CITs



Vanguard was not the only fund company to expand its Target-Date asset base by \$10 billion or more in 2016. As shown in Exhibit 3 (on the next page), T. Rowe Price increased Target-Date assets by \$24 billion in 2016—the most of any firm with a focus on Actively-managed Target-Dates. T. Rowe was followed by BlackRock, which added \$16 billion of Target-Date assets.

Among the industry’s largest 15 Target-Date providers, American Funds experienced the greatest year-over-year expansion of non-custom Target-Date assets on a percentage basis (51%), adding \$18 billion to its Target-Date Retirement mutual fund series. Fidelity Investments, which has seen its share of Target-Date assets erode in recent years, also saw assets grow by \$14 billion to break \$200 billion, which is second only to Vanguard in total Target-Date mutual fund and CIT assets. Two other firms (not shown in Exhibit 3) also saw Target-Date assets swell by \$10 billion or more in 2016. J.P. Morgan Asset Management grew assets in its Target-Date mutual funds and CITs by \$13 billion, breaking the \$70 billion mark in total Target-Date AUM by the end of

Vanguard Adds \$96 Billion in Target-Date Assets / Page 3

2016. Meanwhile, Principal Global Investors grew its Target-Date assets from \$44 billion to \$54 billion.

Exhibit 3: Largest Asset Gainers in 2016: Target-Date Mutual Funds & CITs (excludes "Custom solutions," which are designed for a specific plan or client)

		T-D MF & CIT AUM (Bils)			
	Provider	YE '15	YE '16	\$Change	% Change
1	Vanguard Group	\$353.7	\$449.8	\$96.1	27%
2	T. Rowe Price	\$162.0	\$186.3	\$24.3	15%
3	American Funds	\$35.40	\$53.6	\$18.2	51%
4	BlackRock	\$89.90	\$106.1	\$16.2	18%
5	Fidelity Investments	\$188.3	\$202.5	\$14.2	8%

About this Research Study

Sway's annual in-depth study of the Target-Date market is based on a proprietary database of mutual fund and collective trust Target-Date portfolio and asset data, which includes 128 different Target-Date series spread across 5,029 individual mutual fund share classes and CITs. The database includes assets as of year-end 2013 through 2016 for mutual fund Target-Dates, and year-end 2015 and 2016 for CIT Target-Dates. This data is harnessed to provide insights into shifts within the \$1.33 billion Target-Date market, including across products and providers, investment vehicles, underlying investments, management styles, glide paths, and so on. The data was gathered from an array of sources, including contacts at T-D providers, plan intermediaries, public filings, and marketing collateral, such as fact sheets, brochures, and web sites.

###

About Sway Research LLC

Sway Research provides market data and analysis that empowers financial services executives to make decisions, effect change, and grow revenue. Leading manufacturers and distributors of investment products purchase Sway's research in syndicated reports, custom research projects, and strategy engagements. Sway is the leading provider of research and intelligence on the defined contribution investment-only market. Please visit www.swayresearch.com for more information.