FOCUSED ON KEEPING YOUR PARTICIPANTS ON TARGET

Target Retirement Funds

State Street Target Retirement Funds seek to offer plan sponsors an ideal default fund option for their plan's investment menu. A thoughtfully calibrated glidepath, strategic forecasts and broadly diversified sub-asset class exposure are key elements in a well-designed target date solution that can help your participants achieve their retirement goals.
While saving for retirement can be simple, investing those savings can be more complex. As a plan sponsor, you recognize the importance of effectively managing the key investment risks associated with retirement — shortfall, longevity, volatility and inflation. Next it is important to establish and maintain a proper asset allocation that is aligned with an individual’s investment time horizon and risk tolerance. You know this. But do your participants know and understand this? And can they do it?

Finding the Right Funds for Your Plan

A full 89% of DC plan sponsors offer target date funds.¹ While there is a wide selection of target date funds available in the marketplace today, funds with similar retirement horizons have taken very different approaches to asset allocation design. Performance results during the financial crisis that began in 2008 revealed significantly different risk profiles among target funds, especially those designed for participants nearing retirement.

¹ AON Hewitt: 2015 Hot Topics in Retirement.
Managing Risk in a Down Market

The market crisis of 2008 reinforced the need for glidepath designs and asset allocation strategies that effectively balance preserving wealth and maximizing wage replacement potential as participants approach retirement. Among the Morningstar universe of 2000 to 2010 target date funds designed for participants on the cusp of retirement, there was a 16 percentage point difference separating the top decile and bottom decile performers. When managing risk was most important, some funds did a much better job.

With all of this in mind, we believe that plan sponsors who offer target date funds, or are considering adding them to their plans, must focus more time and attention on understanding the design and structure of the funds to ensure that they are aligned with the plan’s investment philosophy. You also need to be able to explain to your participants how these funds work and how individuals can select a fund that best meets their needs.

Morningstar Universe of 2000–2010 Target Date Funds
2008 Performance by Decile

Target Date Funds Fit for Retirement

At SSGA, our Target Retirement Funds are designed to:

- Manage the key risks that participants face over time, which include shortfall, longevity, volatility and inflation.
- Ensure a disciplined approach to asset allocation with strategic forecasts and rebalancing.
- Create diversified portfolios for participants with exposure to a broad range of cost-effective equity and fixed income asset classes.


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Diversification does not ensure a profit or guarantee against loss.
Designed with Your Participants’ Needs in Mind

Selecting a default investment option is one of the most important decisions you’ll make as a plan sponsor. At State Street Global Advisors, our starting point for designing target retirement funds was to put ourselves in the shoes of retirement plan participants. By focusing on participants’ evolving investment objectives, we arrived at a strategic balance between capturing market returns and managing risk. Ultimately, the goal is to help participants replace the income from their working wages in retirement.

A Better Investment Solution for Participants

Our glidepath is designed to better manage the primary investment risks that participants may face over time, including shortfall, longevity, volatility and inflation. We also employ strategic forecasts to ensure a disciplined approach to asset allocation and ensure that as markets evolve, so will our product design. Finally, our index-based approach to building institutional-quality portfolios is designed to keep costs low while offering participants the attractive growth potential of domestic and international markets.

As a result, we believe our funds are among the most well-diversified suites of all index-based target date funds in the marketplace today. We launched our first target retirement funds in 1995; as of December 31, 2015, we manage nearly $31 billion in target retirement portfolios. Our extensive experience working with plan sponsors and institutional investors translates into meaningful results for participants. We provide access to top-quartile target date funds that manage risk at crucial points in participants’ savings trajectories, helping to keep them on track to meet their retirement goals.

State Street Target Retirement Funds gradually move focus on wealth accumulation during the working years to a wealth preservation strategy as retirement approaches. Five years after the retirement date, the State Street Target Retirement Funds emphasize income generation and wealth protection with a fixed index allocation of 65% bonds, 26.5% stocks, 3.5% commodities and 5% global real estate (REITs).

A Value-Added Relationship for Plan Sponsors

To help you provide the best possible plan to your participants, we also offer the support you need for plan design and participant communications when considering any changes to your investment lineup. The selection of target date funds must be made within the context of your overall investment menu and your participants’ needs. To maximize participation in your plan, we offer a results-driven communication approach. It engages and motivates your participants and helps them select the right funds based on their retirement goals.

We maintain an ongoing relationship with your firm, your investment committee and your benefits team for the life of your relationship with State Street Global Advisors.

2 State Street Target Retirement Performance Update, December 31, 2015. Includes time horizons 5 years and longer. Diversification does not ensure a profit or guarantee against loss.
GlidePath Construction: Seeks to be Optimal at All Points

As of December 31, 2015. The information contained here is for illustrative purposes only.

Assumptions and forecasts used by SSGA in developing the Portfolio’s asset allocation glide path may not be in line with future capital market returns and participant savings activities, which could result in losses near, at or after the target date year or could result in the Portfolio not providing adequate income at and through retirement.
RISK-MANAGED PORTFOLIOS KEEP PARTICIPANTS ON TRACK

The design and construction of your target date funds can play a significant role in helping your participants achieve their ultimate objective — enjoying a comfortable retirement. The overall objective of our target retirement funds is to provide a high level of real income replacement in retirement while easing the impact of short-term volatility on those at, and near, retirement. Our funds are designed to help participants stick with their selected target date funds over time and through a broad range of market conditions.

Managing Fiduciary Risk by Focusing on Participant Needs

<table>
<thead>
<tr>
<th>Initial Investment</th>
<th>Working Years</th>
<th>Nearing Retirement and Beyond</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the right portfolio for young investors? How do we maximize return and account for the duration of future liabilities?</td>
<td>How do we evolve risk in a measured way while increasing the probability of achieving retirement security?</td>
<td>What is the right portfolio for those nearing retirement? How do we reduce volatility, protect against inflation and support extended withdrawals?</td>
</tr>
</tbody>
</table>
Graduated Approach Maximizes Risk-Adjusted Wealth Creation

Our glidepath is designed to address the most common risks that participants face in their workforce savings plans, including shortfall, longevity, volatility and inflation. We target higher levels of growth when the time horizon is long and participants are able to weather short-term market downturns. Then, in their later years, when wealth and consumption preservation are increasingly important, we strive to manage volatility and inflation more aggressively while achieving more moderate levels of growth.

SSGA Systematic Risk Reduction Policy

Linear Risk Reduction
Approaches that reduce risk linearly assume that an investor's tolerance for risk is a constant function of age.

Graduated Risk Reduction (SSGA)
SSGA looks to maximize return in early years and preserve capital as a participant nears retirement by following a graduated approach to risk reduction.

Actual returns and risks will vary. Linear risk is for illustrative purposes only. The graduated risk is SSGA-forecasted as of 3/31/2015. Graduated Risk Reduction forecasts are based upon estimates and reflect subjective judgments and assumptions. There can be no assurance that developments will transpire as forecasted and that the estimates are accurate.
Strategic Forecasts Offer Optimized Asset Allocation

Asset allocation is the primary driver of long-term investment performance. Recognizing the importance of identifying the optimal asset mix, SSGA’s Investment Solutions Group generates strategic forecasts for each asset class and incorporates those forecasts into our portfolios. Combining extensive proprietary macroeconomic research with decades of managing institutional portfolios helps us determine the most efficient long-term asset allocation for our target retirement funds.

Broad Sub-Asset Class Exposure to Better Manage Risk

In terms of managing our glidepath, we not only adjust the top-level equity/fixed income mix over time, we also adjust our exposure to key sub-asset classes to create more efficient portfolios. With access to a wider range of asset classes, participants benefit from a truly institutional approach to diversification. Greater diversification typically offers participants significant benefits, including reducing risk, dampening volatility and providing the potential to maximize returns over time.

Better Management Over Equity Risks

Rather than using a single broad-based index, we carefully manage our equity exposures for each strategy, targeting overweights and underweights for small-, mid- and large-cap stocks at various points along the glidepath. In the early years, the equity portion of our funds is structurally weighted toward more growth-oriented equities, such as small- and mid-cap stocks. In the later years, as participants approach retirement, we systematically reduce risk within the equity portion of our funds by underweighting our exposure to small- and mid-cap stocks. This provides an additional lever to use in de-risking the portfolios for older investors beyond just reducing the total percentage allocated to equities.

Laddered Approach to Managing Duration

We are equally attentive to our fixed income holdings. Rather than using a single broad-based bond index (i.e. Barclays U.S. Aggregate) for the fixed income exposure, we more granularly manage duration in our fixed portfolios based on participants’ time horizons and need for capital preservation. As the funds move toward their target retirement dates, the duration level of the fixed income allocation is gradually reduced, consistent with the shortening duration of a participants retirement liabilities. For additional risk protection, we also increase the sector diversification within our fixed income allocation as the funds approach their target retirement dates.
Fixed Income Allocations

Modified Option Adjusted Duration (number of years)

- SSGA Fixed Income Duration
- Intermediate/Short Duration
  - Reduced interest rate exposure
  - Increased sector diversification with focus on addressing key market and inflation risks

SSGA Total Portfolio Duration

- Long Duration
  - Meaningful diversification vs. sizable equity allocations
  - Interest rate risk mitigated by a longer time horizon and benefits of reinvestment
  - Allows for longer retention of growth assets hedging short-fall risks

Allocation (%)

- Long-Term Government Bonds
- 1–3 Government/Credit Bonds
- Barclays Aggregate Bond Index
- High Yield Bonds
- Intermediate TIPS
- TIPS


Fixed Income asset class statistics sourced from Barclays POINT as of December 31, 2015. Updated Semi-Annually.

The information contained above is for illustrative purposes only. Please refer to the disclosure slide for additional risk disclosures. Allocations are as of roll down schedule date indicated, are subject to change, and should not be relied upon as current thereafter.
### Asset Allocations: SSGA Target Retirement Funds

<table>
<thead>
<tr>
<th>Target Retirement Fund</th>
<th>2060</th>
<th>2055</th>
<th>2050</th>
<th>2045</th>
<th>2040</th>
<th>2035</th>
<th>2030</th>
<th>2025</th>
<th>2020</th>
<th>2015</th>
<th>Income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Years to retirement</td>
<td>44.25</td>
<td>39.25</td>
<td>34.25</td>
<td>29.25</td>
<td>24.25</td>
<td>19.25</td>
<td>14.25</td>
<td>9.25</td>
<td>4.25</td>
<td>-0.75</td>
</tr>
<tr>
<td><strong>US Large Cap Stocks</strong></td>
<td>S&amp;P 500® Index</td>
<td>35.90</td>
<td>35.90</td>
<td>35.90</td>
<td>35.90</td>
<td>35.53</td>
<td>34.75</td>
<td>33.13</td>
<td>30.48</td>
<td>25.50</td>
<td>19.18</td>
</tr>
<tr>
<td><strong>US Small/Mid Cap Stocks</strong></td>
<td>Russell Small Completeness® Index</td>
<td>16.00</td>
<td>16.00</td>
<td>16.00</td>
<td>16.00</td>
<td>14.73</td>
<td>12.50</td>
<td>10.30</td>
<td>8.26</td>
<td>5.84</td>
<td>3.60</td>
</tr>
<tr>
<td><strong>International Stocks</strong></td>
<td>MSCI ACWI ex USA IMI Index</td>
<td>34.60</td>
<td>34.60</td>
<td>34.60</td>
<td>34.60</td>
<td>33.50</td>
<td>31.50</td>
<td>28.95</td>
<td>26.76</td>
<td>24.25</td>
<td>20.41</td>
</tr>
<tr>
<td><strong>Equities</strong></td>
<td></td>
<td><strong>86.50</strong></td>
<td><strong>86.50</strong></td>
<td><strong>86.50</strong></td>
<td><strong>86.50</strong></td>
<td><strong>83.76</strong></td>
<td><strong>78.75</strong></td>
<td><strong>72.38</strong></td>
<td><strong>64.50</strong></td>
<td><strong>51.75</strong></td>
<td><strong>37.13</strong></td>
</tr>
<tr>
<td><strong>US Aggregate Bonds</strong></td>
<td>Barclays U.S. Aggregate Bond Index</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>2.75</td>
<td>7.75</td>
<td>11.38</td>
<td>13.88</td>
<td>20.50</td>
</tr>
<tr>
<td><strong>Long Term Government Bonds</strong></td>
<td>Barclays U.S. Long Gov’t Bond Index</td>
<td>10.00</td>
<td>10.00</td>
<td>10.00</td>
<td>10.00</td>
<td>10.00</td>
<td>10.00</td>
<td>10.00</td>
<td>9.25</td>
<td>4.25</td>
<td>–</td>
</tr>
<tr>
<td><strong>Short Term Government Credit Bonds</strong></td>
<td>Barclays U.S. 1-3 Yr Gov’t/Credit Bond Index</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>4.38</td>
<td>20.0</td>
</tr>
<tr>
<td><strong>High Yield Bonds</strong></td>
<td>Barclays U.S. High Yield Very Liquid Bond Index</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1.60</td>
<td>4.55</td>
<td>6.00</td>
<td>7.00</td>
</tr>
<tr>
<td><strong>TIPS</strong></td>
<td>Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>1.15</td>
<td>3.95</td>
<td>8.88</td>
<td>–</td>
</tr>
<tr>
<td><strong>Intermediate TIPS</strong></td>
<td>Barclays 1-10 Year Government Inflation-Linked Bond Index</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>2.25</td>
<td>18.75</td>
<td>18.00</td>
</tr>
<tr>
<td><strong>Fixed Income</strong></td>
<td></td>
<td><strong>10.00</strong></td>
<td><strong>10.00</strong></td>
<td><strong>10.00</strong></td>
<td><strong>10.00</strong></td>
<td><strong>12.75</strong></td>
<td><strong>17.75</strong></td>
<td><strong>24.13</strong></td>
<td><strong>31.63</strong></td>
<td><strong>41.88</strong></td>
<td><strong>54.38</strong></td>
</tr>
<tr>
<td><strong>Real Estate (REITs)</strong></td>
<td>FTSE EPRA/NAREIT Developed Liquid Index</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>0.38</td>
<td>2.88</td>
<td>5.00</td>
<td>5.00</td>
</tr>
<tr>
<td><strong>Commodities</strong></td>
<td>Bloomberg Roll Select Commodity Index</td>
<td>3.50</td>
<td>3.50</td>
<td>3.50</td>
<td>3.50</td>
<td>3.50</td>
<td>3.50</td>
<td>3.50</td>
<td>3.50</td>
<td>3.50</td>
<td>3.50</td>
</tr>
<tr>
<td><strong>Alternatives</strong></td>
<td></td>
<td><strong>3.50</strong></td>
<td><strong>3.50</strong></td>
<td><strong>3.50</strong></td>
<td><strong>3.50</strong></td>
<td><strong>3.50</strong></td>
<td><strong>3.50</strong></td>
<td><strong>3.50</strong></td>
<td><strong>3.88</strong></td>
<td><strong>6.38</strong></td>
<td><strong>8.50</strong></td>
</tr>
</tbody>
</table>

Allocations are as of December 31, 2015, are subject to change, and should not be relied upon as current thereafter.
Common Risks Facing Participants

**SHORTFALL RISK**
Will participants have enough money to fund their retirement?

**LONGEVITY RISK**
Will participants outlive their assets in retirement?

**VOLATILITY RISK**
Will market downturns affect the value of participants’ retirement portfolios?

**INFLATION RISK**
Will participants lose purchasing power from their retirement portfolios over time?
Our funds have been road tested in extreme market conditions. Building on this experience, we are sensitive to the risks facing participants in the critical post-retirement years. As highlighted below by the disparity in 2008 performance between the top and bottom quartile target date funds in the Morningstar universe, managers have taken varying approaches to glidepath and asset allocation design.

**Morningstar Universe of Target Date Funds: 2008 Performance**

Investment Performance (%)

<table>
<thead>
<tr>
<th>2050 Universe</th>
<th>2010 Universe</th>
<th>Income Universe</th>
</tr>
</thead>
<tbody>
<tr>
<td>-37.60%</td>
<td>-21.67%</td>
<td>-13.78%</td>
</tr>
<tr>
<td>-40.71%</td>
<td>-28.27%</td>
<td>-22.99%</td>
</tr>
<tr>
<td>Top Quartile</td>
<td>Bottom Quartile</td>
<td>Excess Returns (Difference in Top and Bottom Quartile Returns)</td>
</tr>
</tbody>
</table>


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This chart represents the extreme end points of the Morningstar universe of target date funds, with 2050 funds typically the most aggressive, and 2010 and income funds typically the most conservative.
Protection for Participants Approaching Retirement

To help protect participants’ income potential as they begin making withdrawals, we continue to make adjustments to our asset allocation within the target date strategies as participants approach their expected retirement dates. Beginning seven years before the retirement date and continuing for five years after, stock allocations are more rapidly reduced while bond durations continue to be shortened. The goal is to protect accumulated wealth and position the portfolio for long-term fixed withdrawals without the benefit of further contributions.

Indexing Keeps Costs Low

Keeping investment management fees low helps your participants keep more of what their portfolios earn over time. With a broad range of fees associated with target date funds in the marketplace today, we are committed to offering plan sponsors low-cost, high-quality investment strategies.

The Higher the Savings Rate, the Greater the Opportunity Cost of Higher Fees

Context
A participant begins her career at a starting salary of $45,000, which grows at an annual rate of 2% until retirement 40 years later. The chart illustrates the difference in accumulated savings from saving 4%, 8% or 12% each year and annual returns of 7% in a 17-basis point (bps) fee product versus one with 103 bps.

- **12% Savings Rate**
  - Balance with Industry High Fee (103 bps): $271,866
  - Balance with Industry Low Fee (17 bps): $181,244
  - Opportunity Cost: $90,622

Actual results may differ by individual. The information contained here is for illustrative purposes only.

Opportunity Cost Projections are based upon estimates and reflect subjective judgments and assumptions. There can be no assurance that developments will transpire as forecasted and that the estimates are accurate.
ENSURING THE RIGHT FIT FOR YOUR PLAN

Our standard target retirement funds aim to provide plan sponsors of all sizes with cost-efficient, proven investment solutions. If you’d like a more tailored approach to fund design to serve the specific needs of your employees, we can help you assess if customized target date solutions may be appropriate for your plan.

The Support You Need to Meet Your Goals

After listening carefully to what you want to accomplish, we’ll work with you to determine how to best construct target date funds that align with your plan’s investment philosophy and the needs of your participants. Our dedicated client engagement team will help ensure a smooth conversion to, or introduction of, target date funds in your plan. Once new funds have been introduced to your menu, we maintain an ongoing dialogue with you about your needs and help you assess when updates to your investment menu may be worth considering.

Empowering Participants to Make Informed Choices

When it comes to measuring the success of your plan, participant communications are just as important as your investment menu. At SSGA, we recognize that engaging, motivating and empowering employees is a universal challenge facing nearly all plan sponsors. That’s why we’re available to collaborate with your benefits team to take a close look at the needs of your employees and design communication campaigns that produce results. Incorporating an understanding of behavioral finance with our creative approach produces communication campaigns that really speak to the different needs of your employees and motivate immediate action.

Evaluating Your Target Date Fund Needs

As a plan sponsor, you expect best-in-class investment solutions for your defined contribution retirement plan. If you’re considering adding or replacing target date funds in your investment menu, find out how State Street Target Retirement Funds can help your participants better meet their retirement objectives. Offering a distinct glidepath design and asset allocation strategies, broad diversification and low-cost, index-based solutions, State Street Target Retirement Funds may be an ideal choice to meet your plan’s objectives and the needs of your participants. Contact SSGA today to learn more about our target date fund solutions.
### Considerations For Plan Sponsors

<table>
<thead>
<tr>
<th></th>
<th>Standard Approach</th>
<th>SSGA’s Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Glidepath</strong></td>
<td>Linear</td>
<td>Nonlinear, with more emphasis on risk management and maximizing wage replacement potential</td>
</tr>
<tr>
<td><strong>Asset class diversification</strong></td>
<td>Stock/bond mix</td>
<td>Stock/bond mix, plus thoughtful diversification by sub-asset classes</td>
</tr>
<tr>
<td><strong>Inflation protection</strong></td>
<td>Marginal real asset exposure</td>
<td>Meaningful exposure to TIPS, REITS and commodities—increasing into retirement</td>
</tr>
<tr>
<td><strong>Investment menu lineup</strong></td>
<td>Consider target date funds as a stand-alone option</td>
<td>Consider how target date funds fit within your entire investment menu; consider making them the default option</td>
</tr>
<tr>
<td><strong>Matching participants with appropriate target date fund</strong></td>
<td>Time horizon</td>
<td>Time horizon and risk tolerance</td>
</tr>
</tbody>
</table>

The information shown in this chart is intended for illustrative purposes only.

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**About Us**

For nearly four decades, State Street Global Advisors has been committed to helping our clients, and those who rely on them, achieve financial security. We partner with many of the world’s largest, most sophisticated investors and financial intermediaries to help them reach their goals through a rigorous, research-driven investment process spanning both indexing and active disciplines. With trillions* in assets, our scale and global reach offer clients access to markets, geographies and asset classes, and allow us to deliver thoughtful insights and innovative solutions.

* State Street Global Advisors is the investment management arm of State Street Corporation.

* Assets under management were $2.4 trillion as of September 30, 2016. AUM reflects approximately $40 billion (as of September 30, 2016) with respect to which State Street Global Markets, LLC (SSGM) serves as marketing agent; SSGM and State Street Global Advisors are affiliated.

**Learn More**

For more information about Defined Contribution email definedcontribution@ssga.com
Focused on Keeping Your Participants on Target

Glossary

**Broad-based Index** An index designed to reflect the movement of the entire market.

**Defined Benefit Plan** Defined benefit plans also are known as pension plans. Employers sponsor defined benefit plans and promise the plan’s investments will provide you with a specified monthly benefit at retirement. The employer bears the investment risks.

**Defined Contribution Plan** A retirement savings plan, such as a 401(k) plan, that does not promise a specific payment upon retirement. In these plans, the employee or the employer (or both) contribute to the employee’s individual account. The employee bears the investment risks.

**Equity** Another term for “stock.” It’s the ownership interest of a particular company or industry.

**Equity Exposure** illustrates the proportion of a fund which is invested in stocks and shares (equities).

**Fiduciary Risk** A type of risk that accounts for the possibility of a trustee/agent who is not optimally performing in the beneficiary’s best interests. This does not necessarily mean that the trustee is using the beneficiary’s resources for his/her own benefit; this could be the risk that the trustee is not achieving the best value for the beneficiary.

**Glide Path** The change of asset allocation (the mix of stocks and bonds) within a Target Retirement Fund as you approach retirement.

**Market Cap** short for market capitalization, which is the total dollar market value of all of a company’s outstanding shares. Market capitalization is calculated by multiplying a company’s shares outstanding by the current market price of one share.

**Market Exposure** The dollar amount of funds or percentage of a portfolio invested in a particular type of security, market sector or industry, which is usually expressed as a percentage of total portfolio holdings. Market exposure, also known as “exposure,” represents the amount an investor can lose from the risks unique to a particular investment.

**Mid-Cap Stock** This refers to stock issued by medium-sized corporations that are typically valued at between $2 billion and $10 billion.

**Option Adjusted Duration** Duration is a measure that helps approximate the degree of price sensitivity of a bond to changes in interest rates. The option-adjusted measure of duration is referred to as Option Adjusted Duration.

**Small-Cap Stock** This refers to stock issued by small corporations typically valued at less than $2 billion.

**Target Retirement Fund** A pre-mixed, diversified selection of investments (typically stocks and bonds) that adjusts its risk levels automatically as you near retirement.

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ssga.com | ssga.com/definedcontribution

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State Street Global Advisors One Lincoln Street, Boston, MA 02111-2900.
T. +1 617 864 7727.

Asset Allocation is a method of diversification which positions assets among major investment categories. Asset Allocation may be used in an effort to manage risk and enhance returns. It does not, however, guarantee a profit or protect against loss. Risk associated with equity investing include stock values which may fluctuate in response to the activities of individual companies and general market and economic conditions. Bonds generally present less short-term risk and volatility than stocks, but contain interest rate risk (as interest rates raise, bond prices usually fall); issuer default risk; issuer credit risk; liquidity risk; and inflation risk. These effects are usually pronounced for longer-term securities. Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss. Investments in mid-sized companies may involve greater risks than in those of larger, better known companies, but may be less volatile than investments in smaller companies. Investments in small-sized companies may involve greater risks than in those of larger, better known companies.

Diversification does not ensure a profit or guarantee against loss.

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Assumptions and forecasts used by SSGA in developing the Portfolio’s asset allocation glide path may not be in line with future capital market returns and participant savings activities, which could result in losses near, at or after the target date year or could result in the Portfolio not providing adequate income at and through retirement.

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The Bloomberg Roll Select Commodity Index (BCOMRS or “Roll Select”) is a dynamic version of the Bloomberg Commodity Index (“BCOM”) that aims to mitigate the effects of contango market structure on index performance.

Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index is limited to U.S. Treasury Inflation Protected Securities (TIPS). The coupon payments and underlying principal are automatically increased to compensate for inflation as measured by the consumer price index (CPI). The maturities of the bonds in the index are more than one year.

The Barclays U.S. Aggregate Index is designed to measure the performance of the inflation-protected public obligations of the U.S. Treasury commonly known as “TIPS” that have a remaining maturity greater than or equal to 1 year and less than 10 years. TIPS are securities issued by the U.S. Treasury that are designed to provide inflation protection to investors. The Barclays 1-10 Year Government Inflation-linked Bond Index includes publicly issued TIPS that have at least 1 year remaining to maturity and less than 10 years on index rebalancing date, with an issue size equal to or in excess of $500 million. Bonds must be capital-indexed and linked to a domestic inflation index. The securities must be issued by the US Government and must be denominated in US dollars and pay coupon and principal in US dollars.

The Barclays U.S. High Yield Very Liquid Bond Index includes all publicly issued, fixed rate, non-convertible, non-investment grade, U.S. dollar denominated, SEC registered corporate debt. Each issue must have $600 million or more of outstanding face value and only the largest issue of each issuer with a maximum age of three years can be included in the Index.

The Barclays U.S. Long Government Bond Index consists of U.S. Treasury and native currency U.S. Agency securities with maturities greater than ten years.

The Barclays U.S. Aggregate Index represents the securities of the US dollar denominated investment grade bond market.

The Barclays U.S. 1-3 Year Government/Credit Bond Index includes all public obligations of the U.S. Treasury and all publicly issued debt of the U.S. Government agencies and quasi-federal corporations with maturities ranging from 1 to 3 years. It also includes all publicly issued, fixed rate, non-convertible, investment grade, U.S. dollar denominated, SEC registered corporate debt with maturities ranging from 1 to 3 years.

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Investing in REITs involves certain distinct risks in addition to those risks associated with investing in the real estate industry in general. Equity REITs may be affected by the value of the underlying property owned by the REITs, while mortgage REITs may be affected by the quality of credit extended. REITs are subject to heavy cash flow dependency, default by borrowers, and self liquidation, especially mortgage REITs, and are also subject to interest rate risk (i.e., as interest rates rise, the value of the REIT may decline).

Investing in high yield fixed income securities, otherwise known as junk bonds is considered speculative and involves greater risk of loss of principal and interest than investing in investment grade fixed income securities. These lower-quality debt securities involve greater risk of default or price changes due to potential changes in the credit quality of the issuer.

Investing in commodities entail significant risk and is not appropriate for all investors. Commodities investing entail significant risk as commodity prices can be extremely volatile due to wide range of factors. A few such factors include overall market movements, real or perceived inflationary trends, commodity index volatility, international, economic and political changes, changes in interest and currency exchange rates.

These investments may have difficulty in liquidating an investment position without taking a significant discount from current market value, which can be a significant problem with certain lightly traded securities.

International Government bonds and corporate bonds generally have more moderate short-term price fluctuations than stocks, but provide lower potential long-term returns.

Companies with large market capitalizations go in and out of favor based on market and economic conditions. Larger companies tend to be less volatile than companies with smaller market capitalizations. In exchange for this potentially lower risk, the value of the security may not rise as much as companies with smaller market capitalizations.

Increase in real interest rates can cause the price of inflation-protected debt securities to decrease. Interest payments on inflation-protected debt securities can be unpredictable.

There are risks associated with investing in Real Assets and the Real Assets sector, including real estate, precious metals and natural resources. Investments can be significantly affected by events relating to these industries.

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