

# 2024 Target Date Industry Trends

Insights on today's landscape that can help you  
better serve your clients

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**INDUSTRY  
OVERVIEW AND  
KEY TRENDS**

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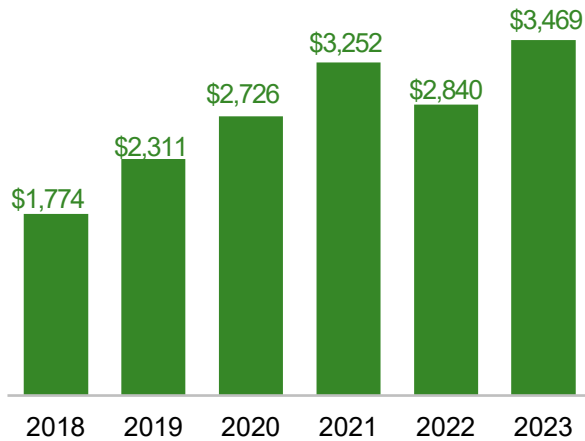
**MARKET  
LEADERS**

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**ADOPTION,  
USAGE, AND  
OUTCOMES**

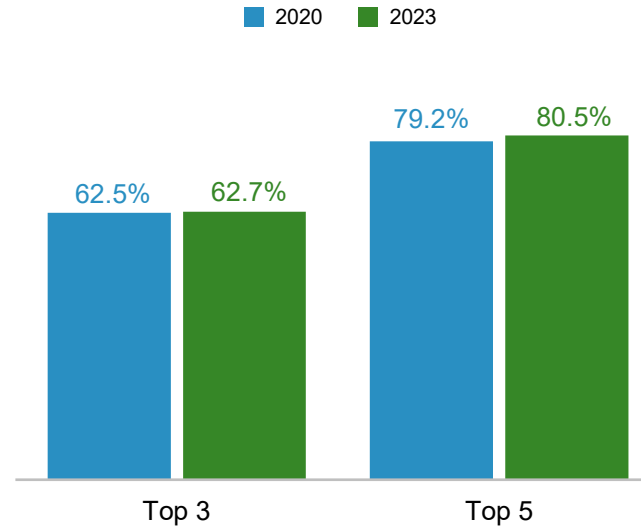
# Target date industry asset growth

**TARGET DATE INDUSTRY AUM**  
\$ in Billions at Year-end



5-Year  
CAGR  
14.0%

**CONCENTRATION OF TARGET DATE AUM**  
% of Assets at Year-end\*



## KEY TAKEAWAYS

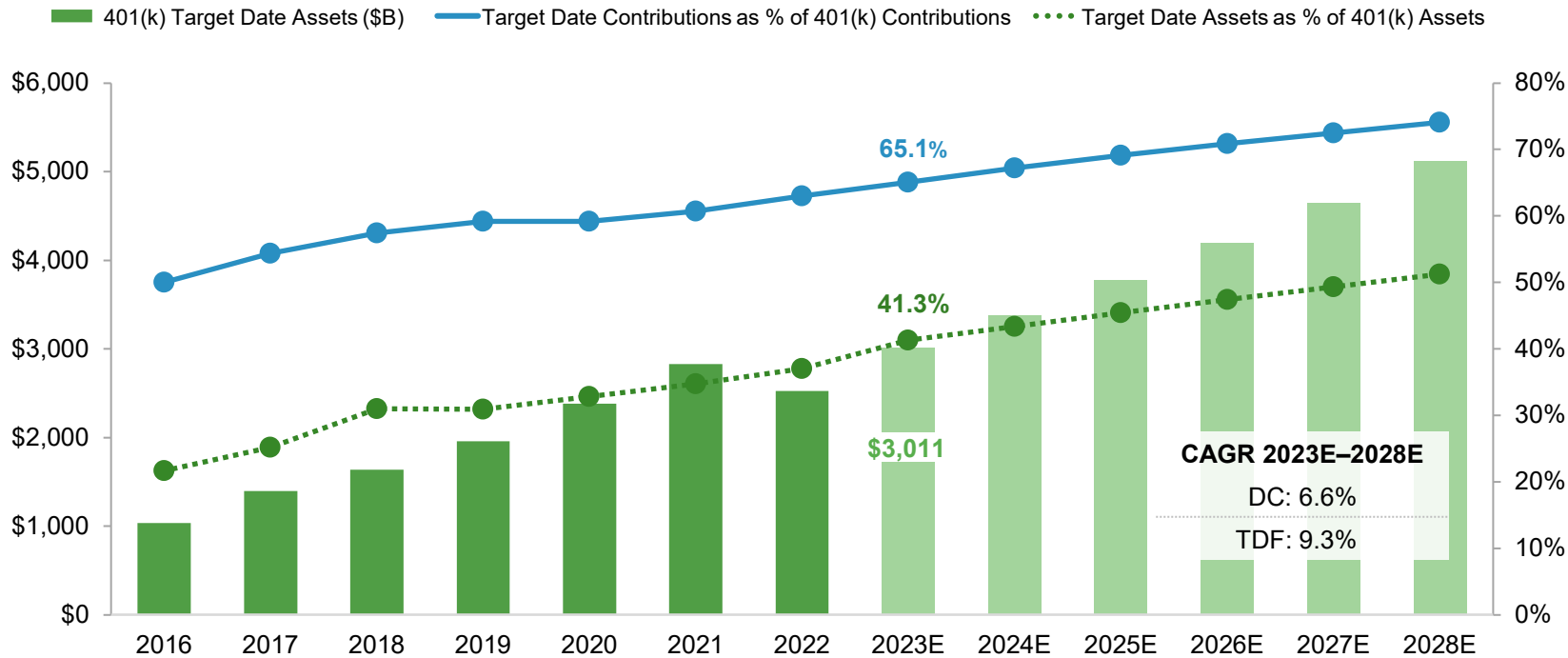
- Following a year of decline, target date assets recovered in 2023, increasing 22% year-over-year, with strong growth for both CITs and MFs.
- Target date AUM remains concentrated in the hands of a few leading providers (81% of assets held by the top five firms), most of which provide both asset management and recordkeeping services.

Source: Sway Research, LLC, as of 12/31/23. Figures include assets in MFs and CITs and exclude assets in “custom” products (see important information section for definition). \*Percentage of assets at year-end of top 3 and top 5 providers.

<sup>1</sup> Fidelity’s defined contribution recordkeeping platform, includes corporate and tax-exempt markets, data as of 12/31/23.

# Defined contribution and target date asset growth

## 401(k) TARGET DATE ASSETS AND CONTRIBUTIONS



94% of plan sponsors use TDFs as a default investment option.<sup>1</sup>



## KEY TAKEAWAYS

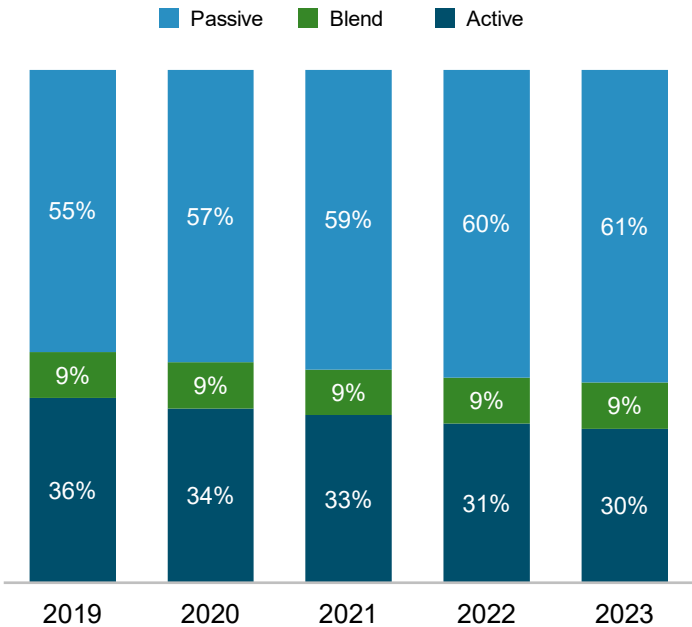
- As the default investment option of choice, assets held in target date strategies represent ~40% of 401(k) assets and are expected to nearly double the DC growth rate over the next five years.
- Over 65% of 401(k) contributions in 2023 went to target date strategies, a number that is projected to climb to 74% by 2028.

Source: The Cerulli Report | U.S. Defined Contribution Distribution 2023. Data represents profit-sharing and 401(k) plans with automatic plan design features.

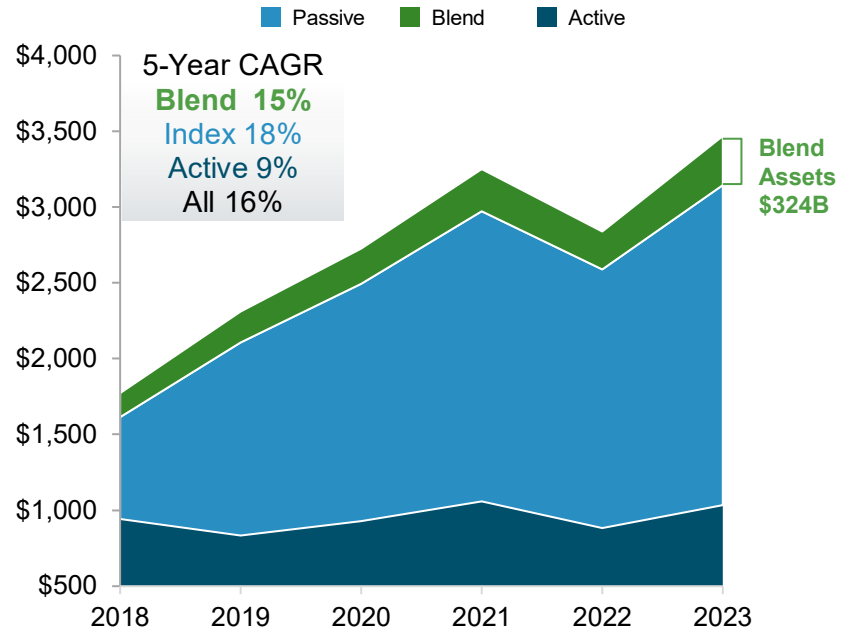
<sup>1</sup> Fidelity's defined contribution recordkeeping platform, includes corporate and tax-exempt markets, data as of 12/31/23.

# Target date asset mix by category

**MARKET SHARE OF TARGET DATE ASSETS BY ACTIVE, BLEND, AND INDEX MANAGEMENT \***



**TARGET DATE AUM BY CATEGORY (\$B)**



## KEY TAKEAWAYS

- Passive target date gained share in 2023, extending the multiyear trend, and is now over 60% of industry target date assets.
- Blend target date continues to experience strong asset growth over the past five years, albeit from a smaller asset base.

Source: Sway Research, LLC, as of 12/31/23.

Figures exclude assets in “custom” products (see important information section for definition). Includes Mutual Funds and CITs. Numbers may not add due to rounding.

\*Active if >80% active, passive if >80% passive, in between = blend.

# Comparing target date approaches

## Index Approach

- Market efficiency
- Market-based returns
- Lower costs
- Finite set of exposures



## Active Approach

- Skilled managers can take advantage of market inefficiencies
- Potential for outperformance
- Potential for additional years of retirement income
- Broader asset class exposure



## KEY TAKEAWAYS

- Blend target date is a potentially attractive middle ground for plan fiduciaries seeking to balance various factors and considerations.

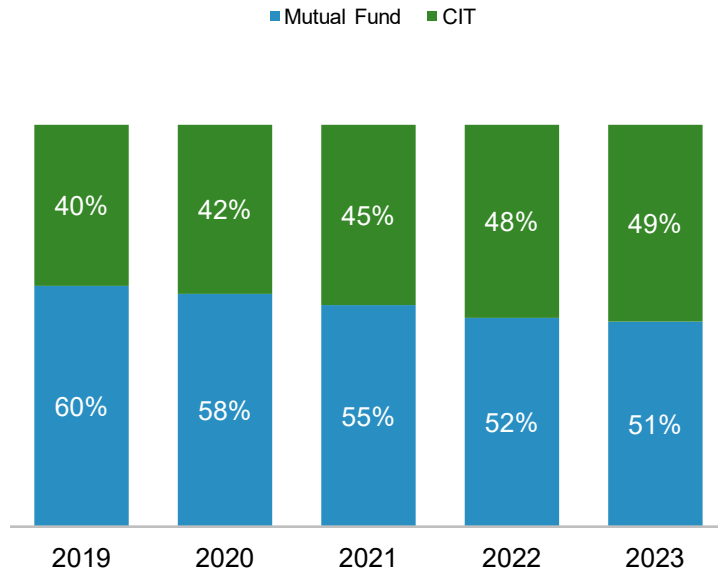
Long-term investment performance and cost are two of the most important factors advisors take into consideration when evaluating target date funds.<sup>1</sup>

Hypothetical illustration.

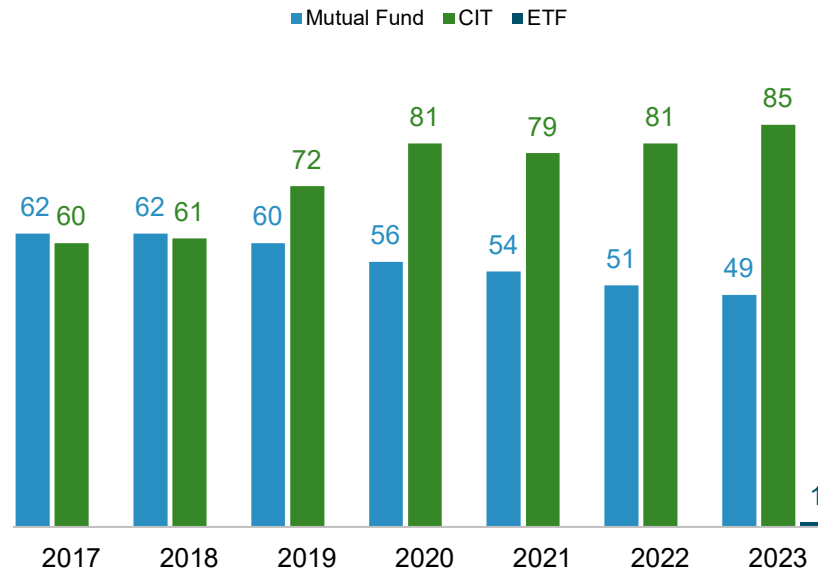
<sup>1</sup> Source: Cerulli | U.S. Retirement Markets Report 2023.

# Target date asset mix by vehicle

PERCENTAGE OF ASSETS BY INVESTMENT VEHICLE



NUMBER OF TARGET DATE SERIES BY INVESTMENT VEHICLE



## KEY TAKEAWAYS

- The shift from funds to CITs continued in 2023. Over the last five years, target date assets in CITs grew 20% annually—twice the rate of MFs (10%).
- Interest in CITs continues to rise among DC plan fiduciaries in mid-to-large\* plan segments due to their lower cost structure and pricing flexibility relative to funds.
- Fidelity launched a new sustainable TDF series in 2023 and expanded access to Freedom Plus—an existing TDF strategy with dedicated exposure to alternative investments.

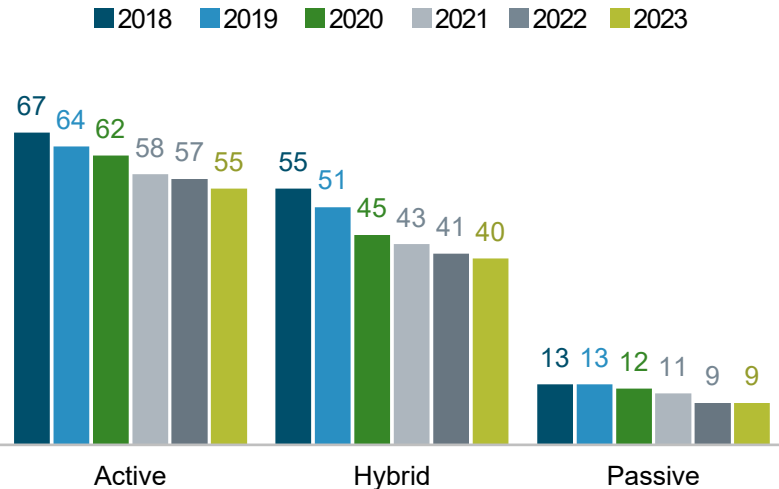
Source: Sway Research, LLC, as of 12/31/23.

\*See important information pages for plan size definitions.

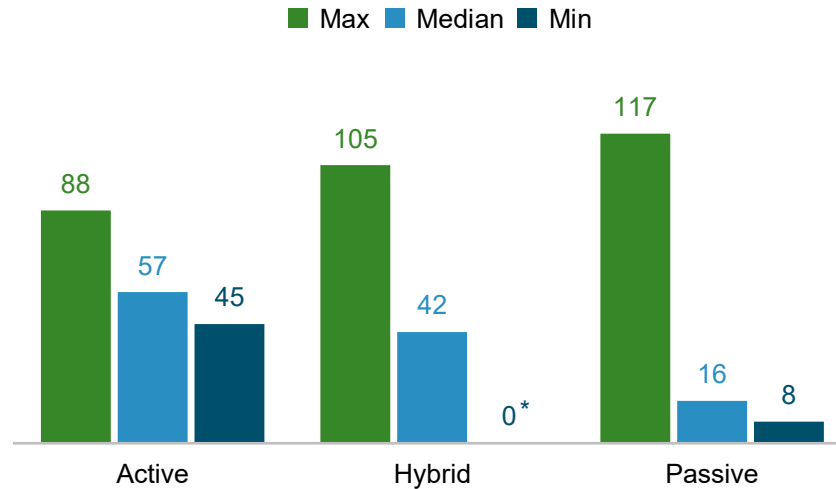
Figures exclude assets in “custom” products (see important information section for definition).

# Target date mutual fund expense ratios

**ASSET-WEIGHTED EXPENSE RATIOS:  
ACTIVE, HYBRID, AND PASSIVE**  
In Basis Points, as of Year-end



**MAX, MIN, AND MEDIAN ASSET-WEIGHTED  
EXPENSE RATIOS: ACTIVE, HYBRID, AND PASSIVE**  
In Basis Points, as of Year-end



## KEY TAKEAWAYS

- Target date expense ratios for active and blend series declined in 2023, while passive series held steady.
- Over the long term, target date fund fees continue to decline. Since 2018, and across all management styles, fees have declined by 24% on an asset-weighted basis.
- The median asset-weighted expense ratio for an active fund is 1.4x a blend fund and 3.6x a passive fund (an increase from the prior year).

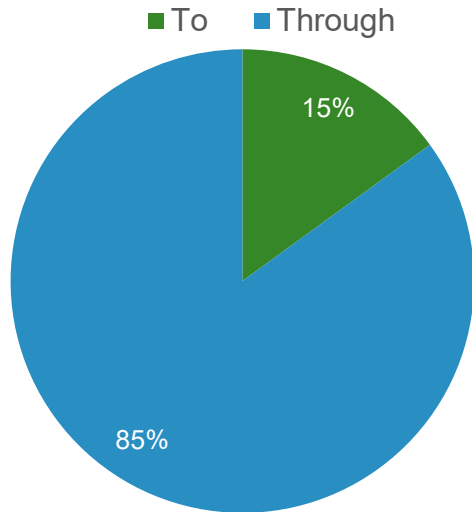
Source: Sway Research, LLC, as of 12/31/23. Mutual funds only, does not include CITs. Expense ratios shown are gross of fees.

\*Fidelity Flex Freedom Blend (Hybrid) has a 0 BPs expense ratio and \$0.5B of AUM as of year-end 2023.

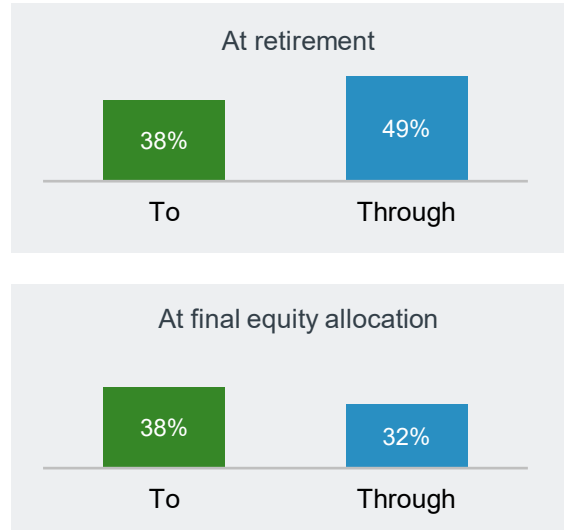


# Glide path design

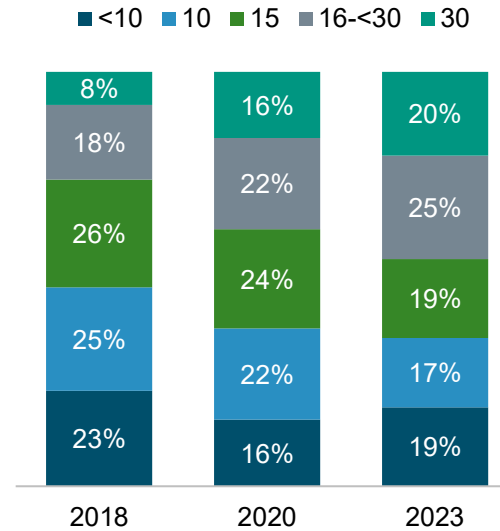
PERCENT OF TARGET DATE ASSETS BY TYPE OF GLIDE PATH



COMPARISON OF AVERAGE EQUITY ALLOCATIONS



PERCENTAGE OF “THROUGH” RETIREMENT TDF SERIES BY EQUITY LANDING POINT\*



## KEY TAKEAWAYS

- 85% of assets in target date funds invest in series with a “through” retirement glide path.
- At retirement, the average equity exposure in “through” strategies is 49% (compared with 38% for “to” strategies). At the equity landing point, equity exposure for “through” strategies is 32% and 17% for “to” strategies.
- Among “through” target date providers, 64% of series land 15+ years past retirement with an average of 16.9 years.

Source: Sway Research, LLC, as of 12/31/23. Includes both mutual funds and CITs. Figures include only series with assets at the end of 2023.

\* The number of years from the Target-Date to when the fund reaches its lowest equity allocation.

# Target date industry market share rankings

## ALL TARGET DATE STRATEGIES

Provider	AUM (\$B)					MARKET SHARE					RANK				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
1 Vanguard	\$862	\$1,007	\$1,189	\$1,056	<b>\$1,288</b>	37.3%	36.9%	36.6%	37.2%	37.1%	1	1	1	1	1
2 Fidelity	\$323	\$383	\$465	\$402	<b>\$498</b>	14.0%	14.0%	14.3%	14.2%	14.4%	2	2	2	2	2
3 T. Rowe Price	\$282	\$315	\$382	\$324	<b>\$388</b>	12.2%	11.6%	11.7%	11.4%	11.2%	3	3	3	3	3
4 BlackRock	\$195	\$262	\$328	\$282	<b>\$333</b>	8.5%	9.6%	10.1%	9.9%	9.6%	4	4	4	4	4
5 Capital Grp/Am Funds	\$155	\$195	\$248	\$225	<b>\$286</b>	6.7%	7.1%	7.6%	7.9%	8.2%	5	5	5	5	5
6 SSgA	\$75	\$96	\$122	\$121	<b>\$165</b>	3.2%	3.5%	3.8%	4.3%	4.8%	7	7	6	6	6
7 JP Morgan	\$98	\$106	\$103	\$88	<b>\$99</b>	4.2%	3.9%	3.2%	3.1%	2.9%	6	6	7	7	7
8 Nuveen	\$60	\$73	\$87	\$74	<b>\$91</b>	2.6%	2.7%	2.7%	2.6%	2.6%	9	9	8	9	8
9 Principal	\$68	\$75	\$84	\$74	<b>\$87</b>	3.0%	2.7%	2.6%	2.6%	2.5%	8	8	9	8	9
10 flexPATH Strategies	\$13	\$21	\$28	\$26	<b>\$39</b>	0.6%	0.8%	1.0%	0.9%	1.1%	13	12	12	10	10
11 American Century	\$24	\$26	\$30	\$25	<b>\$28</b>	1.0%	1.0%	0.9%	0.9%	0.8%	10	11	11	12	11
12 Schwab	\$24	\$27	\$31	\$26	<b>\$28</b>	1.0%	1.0%	1.0%	0.9%	0.8%	11	10	10	11	12
13 John Hancock	\$17	\$18	\$20	\$17	<b>\$18</b>	0.7%	0.6%	0.6%	0.6%	0.5%	12	13	13	13	13
14 Voya	\$12	\$13	\$15	\$13	<b>\$16</b>	0.5%	0.5%	0.5%	0.5%	0.5%	15	14	14	14	14
15 Transamerica	\$1	\$6	\$8	\$7	<b>\$9</b>	0.0%	0.2%	0.2%	0.2%	0.3%	40	19	19	18	15

■ Moved up in rank



## KEY TAKEAWAYS

- There has been no change in the rank order of the top five providers since 2019.
- Vanguard maintained its dominant target date market share (37%) in 2023 on solid asset growth of \$232B.
- Leading providers gaining share in 2023 include Fidelity, Capital Group, SSgA, flexPATH, and Transamerica.

Source: Sway Research, LLC, as of 12/31/23. Includes Mutual Funds and CITs.

# Target date industry market share rankings

## ACTIVE TARGET DATE STRATEGIES

Provider	AUM (\$B)					MARKET SHARE					RANK				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
1 T. Rowe Price	\$267	\$297	\$359	\$303	<b>\$356</b>	32.1%	32.2%	33.9%	34.4%	34.4%	1	1	1	1	1
2 Capital Grp/Am Funds	\$155	\$195	\$248	\$225	<b>\$286</b>	18.6%	21.1%	23.4%	25.5%	27.6%	3	3	2	2	2
3 Fidelity	\$217	\$233	\$248	\$197	<b>\$224</b>	26.0%	25.2%	23.4%	22.3%	21.6%	2	2	3	3	3
4 JP Morgan	\$67	\$65	\$55	\$40	<b>\$39</b>	8.1%	6.8%	5.2%	4.5%	3.8%	4	4	4	4	4
5 Nuveen	\$35	\$39	\$42	\$32	<b>\$34</b>	4.2%	4.2%	4.0%	3.6%	3.3%	5	5	5	5	5
6 American Century	\$24	\$26	\$29	\$23	<b>\$26</b>	2.9%	2.8%	2.8%	2.6%	2.5%	6	6	6	7	6
7 Principal	\$23	\$25	\$27	\$24	<b>\$25</b>	2.8%	2.7%	2.6%	2.7%	2.5%	7	7	7	6	7
8 flexPATH Strategies	0	\$1	\$1	\$4	<b>\$9</b>	0.0%	0.1%	0.1%	0.4%	0.9%	–	15	13	13	8
9 MassMutual	\$8	\$9	\$10	\$8	<b>\$8</b>	1.0%	1.0%	0.9%	0.9%	0.8%	8	8	8	8	9
10 John Hancock	\$7	\$8	\$9	\$7	<b>\$7</b>	0.9%	0.9%	0.8%	0.8%	0.7%	9	9	10	9	10

■ Moved up in rank



## KEY TAKEAWAYS

- The largest active providers have remained unchanged over the past five years, with the top three managers—T. Rowe Price, Capital Group, and Fidelity—controlling over 80% of assets.
- While T. Rowe Price held firm in the top spot with \$356B in AUM, Capital Group continued to grow market share in 2023, and has gained 9 percentage points over the last five years.

Source: Sway Research, LLC, as of 12/31/23. Includes Mutual Funds and CITs.

# Target date industry market share rankings

## BLEND TARGET DATE STRATEGIES

Provider	AUM (\$B)					MARKET SHARE					RANK				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
1 Fidelity	\$42	\$53	\$66	\$61	<b>\$80</b>	20.2%	22.1%	23.6%	24.9%	24.6%	2	1	1	1	1
2 Principal	\$45	\$50	\$57	\$50	<b>\$61</b>	21.6%	20.9%	20.6%	20.0%	18.8%	1	2	2	2	2
3 JP Morgan	\$32	\$43	\$48	\$48	<b>\$60</b>	15.1%	18.1%	18.7%	19.4%	18.6%	3	3	3	3	3
4 T. Rowe Price	\$15	\$18	\$23	\$20	<b>\$31</b>	7.4%	7.6%	8.3%	8.2%	9.7%	5	5	4	4	4
5 Schwab	\$18	\$19	\$17	\$13	<b>\$11</b>	8.5%	7.8%	6.2%	5.5%	3.5%	4	4	5	5	5
6 John Hancock	\$9	\$10	\$11	\$10	<b>\$11</b>	4.4%	4.0%	3.9%	4.0%	3.4%	7	6	6	6	6
7 Mutual of America	\$5	\$6	\$8	\$7	<b>\$8</b>	2.4%	2.5%	2.7%	2.8%	2.5%	11	9	9	9	7
8 PIMCO	\$1	\$3	\$5	\$5	<b>\$8</b>	0.4%	1.1%	1.6%	2.0%	2.4%	19	14	13	13	8
9 Voya	\$6	\$6	\$7	\$6	<b>\$8</b>	2.7%	2.6%	2.4%	2.4%	2.4%	10	9	11	11	9
10 MissionSquare Ret.*	NA	NA	NA	\$6	<b>\$8</b>	NA	NA	NA	2.4%	2.3%	NA	NA	NA	10	10

■ Moved up in rank



## KEY TAKEAWAYS

- T. Rowe (+55%) and PIMCO (+60%) experienced strong asset growth in 2023, also resulting in market share gains. No other providers in the top 10 gained market share.
- Fidelity added nearly \$20B in AUM in 2023 and remains the largest blend target date asset manager.

Source: Sway Research, LLC, as of 12/31/23.

Includes Mutual Funds and CITs. Figures exclude assets in “custom” products (see important information section for definition).

\*Recently shifted from Active to Hybrid management approach.

# Target date industry market share rankings

## INDEX TARGET DATE STRATEGIES

Provider	AUM (\$B)					MARKET SHARE					RANK				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
1 Vanguard	\$862	\$1,007	\$1,189	\$1,056	<b>\$1,288</b>	68.0%	64.7%	62.1%	62.1%	61.0%	1	1	1	1	1
2 BlackRock	\$194	\$260	\$326	\$280	<b>\$330</b>	15.3%	16.7%	17.0%	16.5%	15.7%	2	2	2	2	2
3 Fidelity	\$60	\$94	\$152	\$144	<b>\$195</b>	4.8%	6.0%	7.9%	8.5%	9.2%	4	3	3	3	3
4 SSgA	\$68	\$88	\$122	\$121	<b>\$165</b>	5.3%	5.7%	6.4%	7.1%	7.8%	3	4	4	4	4
5 Nuveen	\$25	\$34	\$44	\$42	<b>\$56</b>	2.0%	2.2%	2.3%	2.5%	2.6%	5	5	5	5	5
6 flexPATH Strategies	\$13	\$12	\$18	\$15	<b>\$23</b>	1.0%	0.8%	0.9%	0.9%	1.1%	6	7	6	6	6
7 Schwab	\$6	\$8	\$14	\$12	<b>\$17</b>	0.4%	0.5%	0.7%	0.7%	0.8%	10	8	8	7	7
8 Voya	\$6	\$7	\$8	\$7	<b>\$8</b>	0.4%	0.4%	0.4%	0.4%	0.4%	9	9	9	8	8
9 Transamerica	\$1	\$5	\$6	\$5	<b>\$8</b>	0.0%	0.3%	0.3%	0.3%	0.4%	18	11	11	9	9
10 Great Gray Trust	\$1	\$3	\$4	\$4	<b>\$5</b>	0.1%	0.2%	0.2%	0.2%	0.2%	14	14	13	11	10

■ Moved up in rank



## KEY TAKEAWAYS

- Despite a slight decline in asset share in 2023, Vanguard maintained its dominant position, managing over 61% of index assets with \$1.3T in AUM.
- Vanguard and BlackRock experienced a decline in share, as Fidelity, SSgA, and Nuveen all boosted share.
- Fidelity is now the third-largest index provider and has almost doubled market share since 2019.

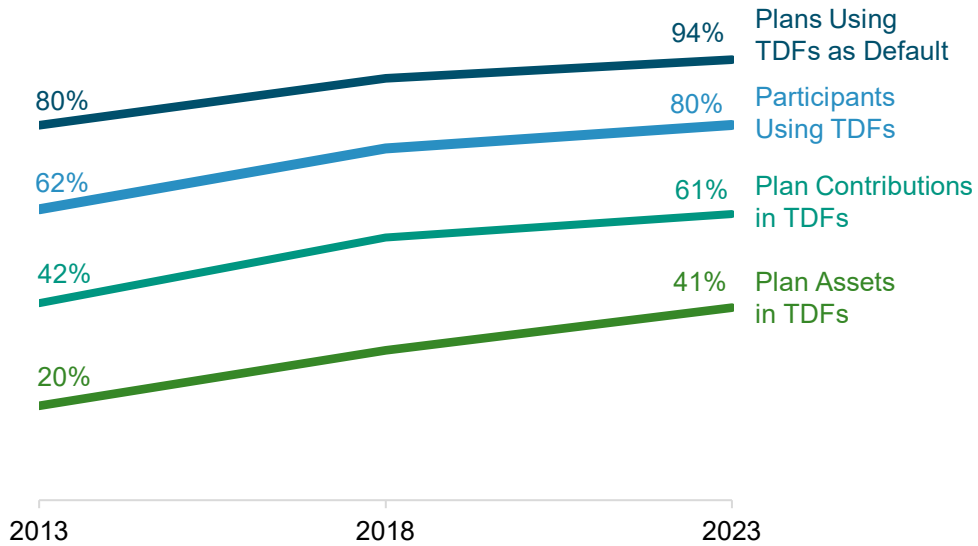
Source: Sway Research, LLC, as of 12/31/23.

Recent shifts in classifications between Hybrid and Index resulted in the change in rank of these firms.

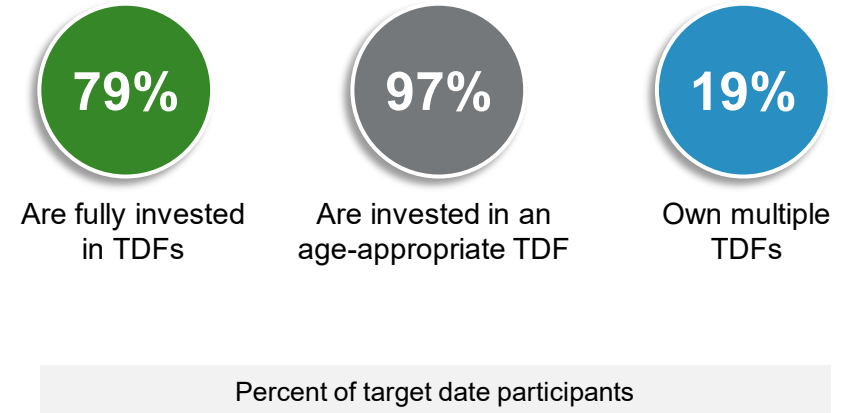
Includes Mutual Funds and CITs. Figures exclude assets in “custom” products (see important information section for definition).

# Target date products' growing importance in retirement plans

Target date **adoption continues to rise**



Participants appear to be **using TDFs** as intended



**Target Date Insights from Fidelity's Recordkeeping Platform**

\$1.3T Target Date Assets

25M Target Date Participants

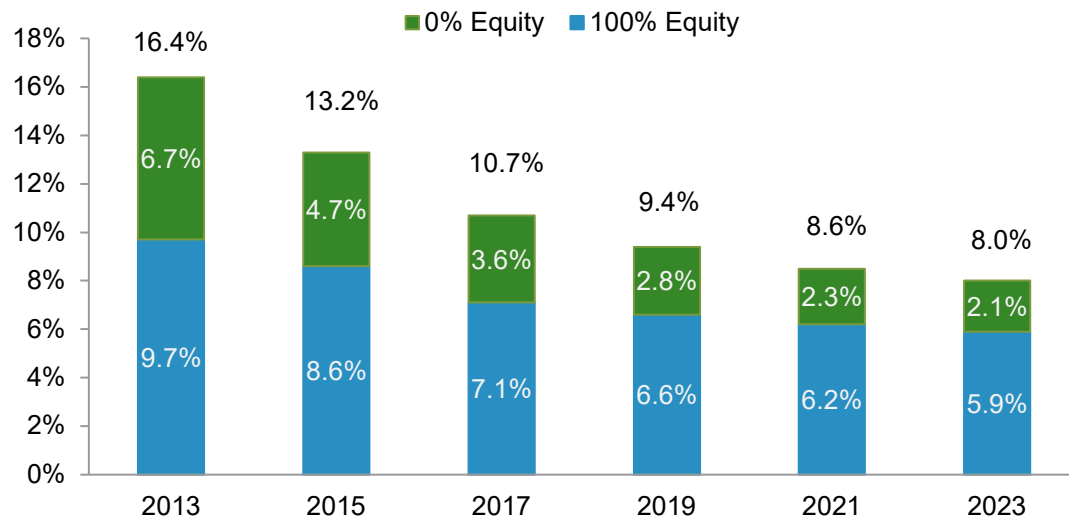
30+ Target Date Providers

Source: Fidelity's defined contribution recordkeeping platform, includes corporate and tax-exempt markets, data as of 12/31/23.

# Target date strategies have had a positive impact on participants

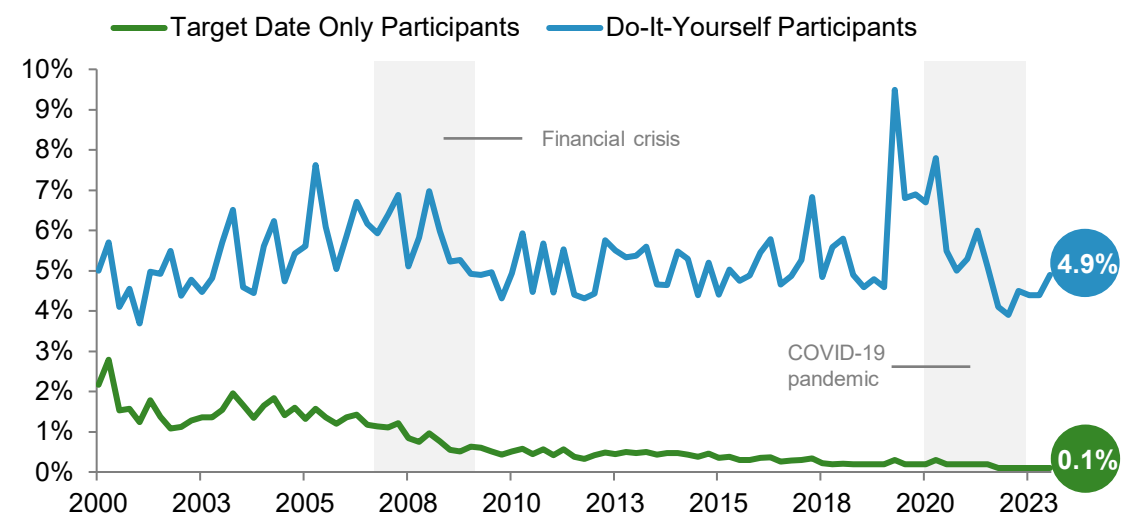
**Portfolio diversification** has improved greatly over the last 10 years

**PERCENT OF PARTICIPANTS HOLDING 100% OR 0% EQUITY<sup>1</sup>**



Target date investors have **stayed the course** even during periods of volatility

**PARTICIPANTS MAKING AN EXCHANGE<sup>2</sup>**








<sup>1</sup> As of Q4 in the year noted.

<sup>2</sup> Percentage of participants making an exchange includes participant-driven exchanges only as of 12/31/23.

Source: Fidelity's corporate defined contribution and tax-exempt recordkeeping data. Quarterly exchange data shown. "100% Target Date" investors represent participants who hold their entire balance in a target date strategy. "Do-It-Yourself" (DIY) investors represent participants who hold less than 100% of their balance in a target date strategy or managed account (3/1/01–12/31/23).

# Fidelity's Target Date suite

	ACTIVE	BLEND	INDEX	PLUS	SUSTAINABLE
Goal	<b>Help investors maintain their standard of living in retirement by balancing risk and reward throughout their lifetime.</b>				
Implementation <sup>1</sup>	 ■ Active ■ Index	 ■ Active ■ Index	 ■ Active ■ Index	 ■ Active ■ Index	 ■ Active ■ Index
Vehicles	Mutual Funds & Commingled Pools <sup>2</sup>			Commingled Pools <sup>2</sup>	Mutual Funds
Underlying Building Blocks	Predominantly Active Strategies	Active and Index Strategies	Index Strategies	Active and Index Strategies	Active and Index Strategies
Active Asset Allocation	✓	✓		✓	✓
Gross Expense Ratios and Management Fees	<u>Mutual Funds</u> Funds (K6): 0.24%–0.45% Funds (K): 0.42%–0.65% Funds (Retail <sup>3</sup> ): 0.47%–0.75% Advisor Funds (Z6): 0.24%–0.45% Advisor Funds (Z): 0.42%–0.65% Advisor Funds (I <sup>3</sup> ): 0.47%–0.75% <u>Commingled Pools</u> Freedom: 0.24%–0.50% <sup>4</sup>	<u>Mutual Funds</u> Funds (Premier): 0.19%–0.25% Funds (K6): 0.21%–0.29% Funds (K): 0.31%–0.39% Funds (Retail <sup>3</sup> ): 0.41%–0.49% Advisor Funds (Z6): 0.21%–0.29% Advisor Funds (Z): 0.31%–0.39% Advisor Funds (I <sup>3</sup> ): 0.41%–0.49% <u>Commingled Pools</u> Freedom Blend: 0.14%–0.37% <sup>4</sup>	<u>Mutual Funds</u> Funds (Premier): 0.06% Funds (Inst'l): 0.08% Funds (Inv): 0.12% <u>Commingled Pools</u> Freedom Index: 0.05%–0.08%	<u>Commingled Pools</u> Freedom Plus: 0.21%–0.36% <sup>4</sup>	<u>Mutual Funds</u> Funds (K6): 0.21%–0.29% Funds (K): 0.31%–0.39% Funds (Retail <sup>3</sup> ): 0.41%–0.49% Advisor Funds (Z6): 0.21%–0.29% Advisor Funds (Z): 0.31%–0.39% Advisor Funds (I <sup>3</sup> ): 0.41%–0.49%
Recordkeeping Offset	Funds (K6): 0.00% Funds (K): 0.20% Funds (Retail): 0.35% Advisor Funds (Z6): 0.00% Advisor Funds (Z): 0.20% / 0.00% <sup>5</sup> Advisor Funds (I): 0.35% / 0.25% <sup>6</sup> Commingled Pools: 0.00% <sup>7</sup>	Funds (Premier): 0.00% Funds (K6): 0.00% Funds (K): 0.10% / 0.00% <sup>8</sup> Funds (Retail): 0.20% Advisor Funds (Z6): 0.00% Advisor Funds (Z): 0.10% / 0.00% <sup>8</sup> Advisor Funds (I): 0.20% Commingled Pools: 0.00% <sup>7</sup>	N/A	Commingled Pools: 0.00% <sup>7</sup>	Funds (K6): 0.00% Funds (K): 0.10% / 0.00% <sup>8</sup> Funds (Retail): 0.20% Advisor Funds (Z6): 0.00% Advisor Funds (Z): 0.10% / 0.00% <sup>8</sup> Advisor Funds (I): 0.20%
Portfolio Managers	Andrew Dierdorf, Brett Sumsion		Andrew Dierdorf, Finola McGuire Foley, Brett Sumsion	Andrew Dierdorf, Brett Sumsion	Finola McGuire Foley, Bruno Weinberg Crocco, Andrew Dierdorf, Brett Sumsion

<sup>1</sup> Index allocations within our blend strategies may range between 20%–60%. <sup>2</sup> CITs are only available to eligible retirement plans. <sup>3</sup> Fidelity Freedom Funds Retail share class and Fidelity Advisor Freedom Funds I share class are not available to Fidelity record-kept plans offering Fidelity or Fidelity Advisor Freedom Funds. <sup>4</sup> The management fee for each Freedom and Blend CIT is set annually and is determined by the pool's share class and target years to retirement for the specific vintage. <sup>5</sup> 20 bps RK offset if WI RK. 0 bps if DCIO. <sup>6</sup> 35 bps RK offset if WI RK. 25 bps if DCIO. <sup>7</sup> 10 bps Rev Share remains an option. <sup>8</sup> 10 bps if WI RK. 0 bps if DCIO. Mutual fund expense ratios shown are as of 4/1/23 and represent the expense ratio range across the target date lineup for the specific share class shown. There are additional share classes.

Expense ratio will vary by target date and share class. Please see the fund prospectus for more details. CIT management fees shown are as of 10/1/23 for Freedom CIT and Freedom Blend CIT; 6/1/21 for Freedom Index CIT; 10/31/23 for Freedom Plus CIT. Fees vary by share class. Please see the current fee schedule for more details.





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