

# The State of the Target-Date Market: Mid-Year 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 205 different Target-Date series (143 with assets as of June 30, 2024) spread across more than 6,000 mutual fund share classes and collective trusts. Sway harnesses this data to provide insights into shifts within the \$4 trillion Target-Date market, including across Target-Date series and providers, investment vehicles, underlying investments, management approach, glide path types, and expenses and returns.

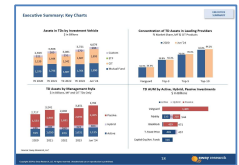
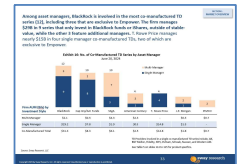
## Key Findings

- Assets in MF and CIT TD series were up 9.6% in the first half of 2024 reaching \$3.78 trillion (\$4.1T including custom TDs) as CITs overtook MFs to become the largest holder of TD Assets. Seven TD series were introduced in the first half of 2024, all are CIT-based.
- Vanguard's TD assets grew by more \$100B in the first six months of 2024, bringing the firm's total TD AUM to an astounding \$1.4T. No. 2 Fidelity added blew past a half trillion of TD AUM.
- During the first half of 2024, Capital Group topped \$300B of TD AUM, moved into the top 10 for CIT TD AUM, took part in the launch of two new co-manufactured TD series, and seeded new Hybrid TDs.
- The development of TD series by co-manufactured arrangement is soaring. There are now 37 TD series created via the combination of asset managers, trust companies, and the platforms to which the products are exclusive.

## 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
- Proprietary, Non-Proprietary and Multi-Manager
- Active, Hybrid and Passive Management
- Asset-weighted Expense Ratio and Returns
- Fee and Returns of Lowest-cost Shares
- Co-manufactured TD leaders and trends
- 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

A table titled "Distribution of TD Series by Provider Type". The table has columns for Provider Type, Number of TD Series, and Assets. The rows list various provider types and their corresponding data. The table is presented in a grid format with alternating light blue and white rows.

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## Foreword

Welcome to Sway's tenth in-depth study of the Target-Date marketplace, and (thanks to popular demand) the first report we've produced with AUM data as of mid-year. 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.

In addition to being the first mid-year *The State of the Target-Date Market* report, this edition is also the first time custom Target-Date data is included in some of the exhibits in the front section of the report and in a few tables in the back. Though the complete universe of custom TD assets still eludes us (we tracked \$295B of custom AUM/AUA as of June 30, 2024), we hope that by elevating this data beyond the firm profiles, where it has been contained until now, it will both enhance the reader's understanding of the competitive marketplace and encourage more Target-Date providers with custom AUM/AUA to provide this data to us going forward.

Please note that Sway also made a change to its classification of Active vs. Passive, Investment Style, and Portfolio Type to bring us in line with Morningstar (see the next slide for details, the split had been 80/20). Given the slight difference in the formula, this did not result in any series reclassifications.

This analysis is generated from Sway's proprietary database of mutual fund and collective trust Target-Date portfolio and asset data, which includes 205 different Target-Date series (142 with assets as of June 30, 2024) currently spread across more than 6,200 mutual fund share classes and collective trusts, as well as custom TD AUM and AUA from seven leading TD providers. We collect mid-year and 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 \$4 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, August 2024*