



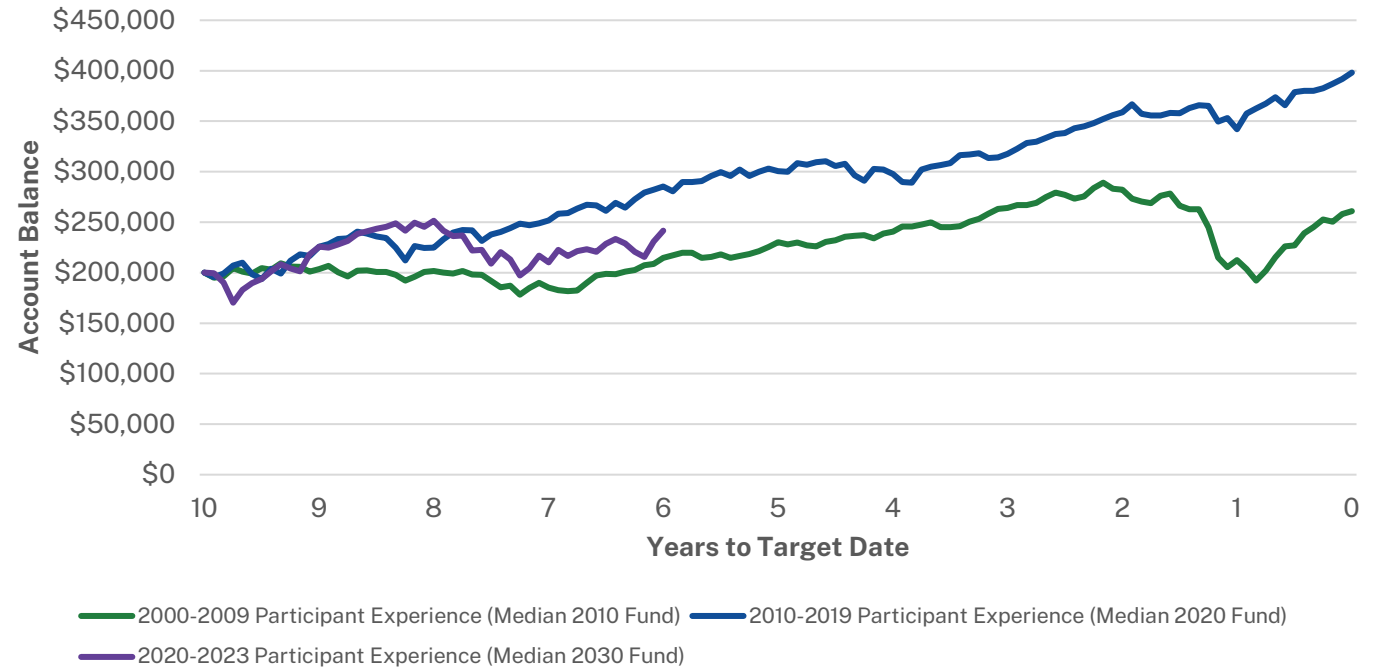
Target Date Considerations

Manning & Napier

TARGET DATE CONSIDERATIONS

Investors over the past 20+ years have experienced a wide range of markets starting with the ‘lost decade’ from 2000-2009 followed by one of the longest bull markets in history from 2010-2019. These diverging decades likely led to vastly different retirement outcomes for participants. While most would agree the next decade will be different than the last, the unprecedented and accelerated market movements in 2020 were a reminder that target date solutions have important differences and trade-offs that must be evaluated considering unknowable future market conditions.

WHAT A DIFFERENCE A DECADE CAN MAKE FOR NEAR RETIREES



	2000-2009 Participant Experience	2010-2019 Participant Experience	2020-2023 Participant Experience
Cumulative Return	30%	99%	21% (Still 6 Years To Target Date)
Ending Balance	\$260,809	\$398,075	\$241,563 (Still 6 Years To Target Date)

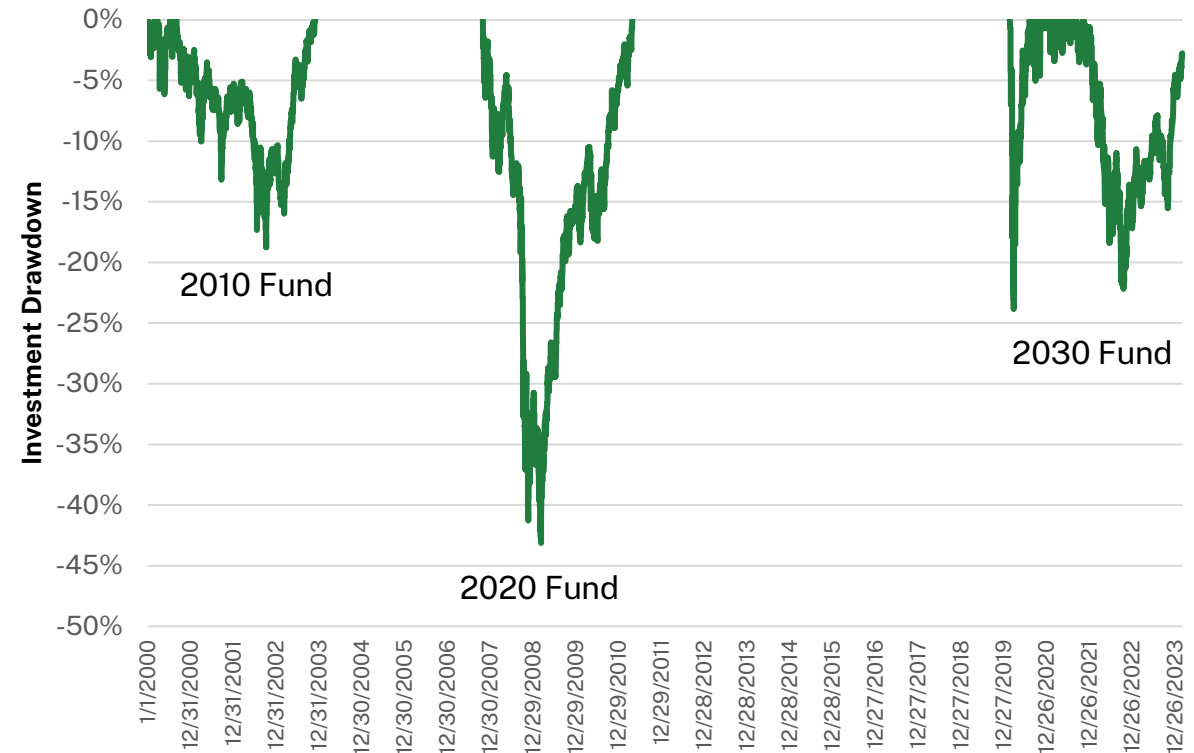
Analysis: Manning & Napier. Source: Morningstar, Inc. The target date universe includes all mutual funds categorized as target date by Morningstar.

The analysis is based on the monthly return of the median mutual fund within the Morningstar Target Date 2010 Category during 01/01/2000-12/31/2009, the median return within the Morningstar Target Date 2020 Category during 01/01/2010-12/31/2019, and the median return within the Morningstar Target Date 2030 Category during 01/01/2020-12/31/2023 to reflect the experience of a near retiree during these decades. Analysis doesn't include contributions or distributions.

TARGET DATE CONSIDERATIONS

While providing adequate growth is a critical aspect of helping participants reach their long-term objectives, it is important not to lose sight of the impact capital losses can have during market downturns. This became abundantly clear during COVID-19 and the 2022 calendar year as the market experienced losses of a magnitude not seen since the financial crisis over a decade ago and the technology bubble before that. Even target date funds built for those retiring soon experienced significant losses.

TARGET DATE FUNDS IN TURMOIL: NEAR RETIREE EXPERIENCE



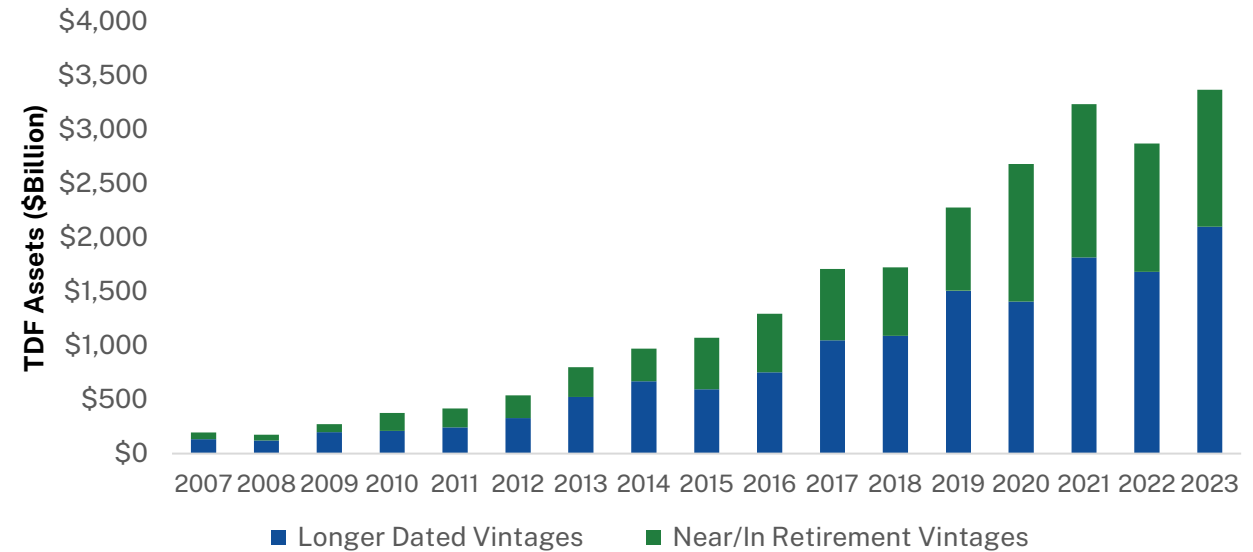
Analysis: Manning & Napier. Source: Morningstar, Inc. The target date universe includes all mutual funds categorized as target date by Morningstar.

The analysis is based on the daily return of the median mutual fund within the respective Morningstar target date categories to reflect the experience of a near retiree. Analysis doesn't include contributions or distributions.

TARGET DATE CONSIDERATIONS

Participants' views on the risk/reward balancing act are important for plan fiduciaries to keep in mind as they select and monitor their plans' target date options. Assets intended for participants nearing or in retirement have swelled. Specifically, target date assets in vintages near or in retirement have grown significantly since the Global Financial Crisis. The next sustained market downturn may have a much larger impact on this group of participants that can least afford to suffer significant losses.

STRONG & STEADY TARGET DATE GROWTH



	12/31/2007	12/31/2023
Overall Assets Under Management	\$195B	\$3,370B
Assets Near/In Retirement	\$61B	\$1,269B
Percentage of Assets Near/In Retirement	31%	38%

TARGET DATE CONSIDERATIONS

Equity exposure of the average glide path in the industry has increased significantly since the Global Financial Crisis. Of the growing target date asset base, our analysis further indicates that over three-quarters is invested in just 5 target date solutions. While there are likely many reasons that these target date providers have been successful in growing and/or retaining their market share, a notable commonality among them is that, on average, they are governed by higher-than-average equity glide paths.

During an equity market downturn, target date funds governed by higher equity glide paths may have difficulty meeting the needs of risk averse participants, as well as those that are relying on retirement assets to support daily living expenses.

Given the significant increase of assets in near retirement vintages previously noted, the stakes are much higher for target date providers to help participants successfully navigate the next inevitable market downturn.

TARGET DATE UNIVERSE AVERAGE GLIDE PATH: 2007 VERSUS 2023



	Target Date Market Share 12/31/2023	1Q2020 Intra-Quarter Drawdown	2022 Maximum Drawdown
Top 5 Largest Target Date Providers (AUM)	76%	-22%	-21%
All Other Target Date Providers (Average)	24%	-18%	-17%

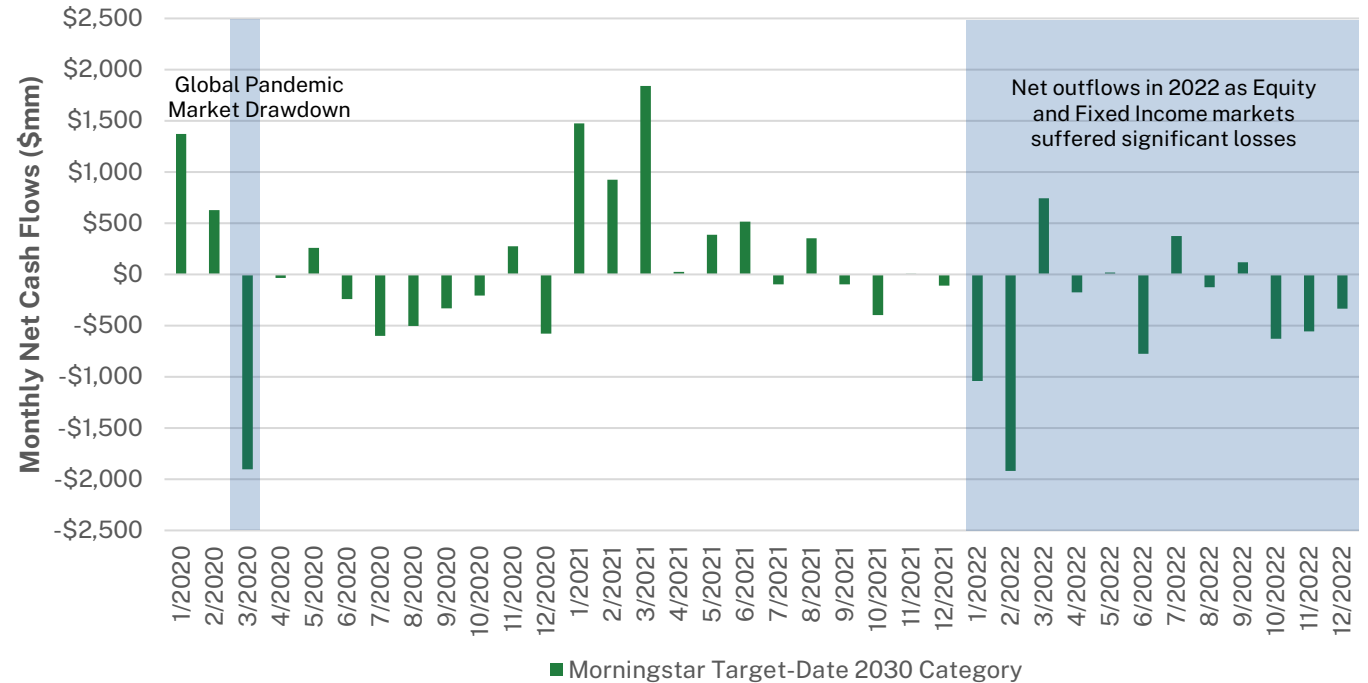
Analysis: Manning & Napier. Source: Morningstar, Inc. The target date universe includes all mutual funds categorized as target date by Morningstar.

The analysis consists of mutual funds within the Target Date 2025 category. Q12020 Intra-Quarter Drawdown period is defined as 02/20/2022-03/23/2020. The 2022 Maximum Drawdown period is defined as 01/04/2022-10/12/2022.

TARGET DATE CONSIDERATIONS

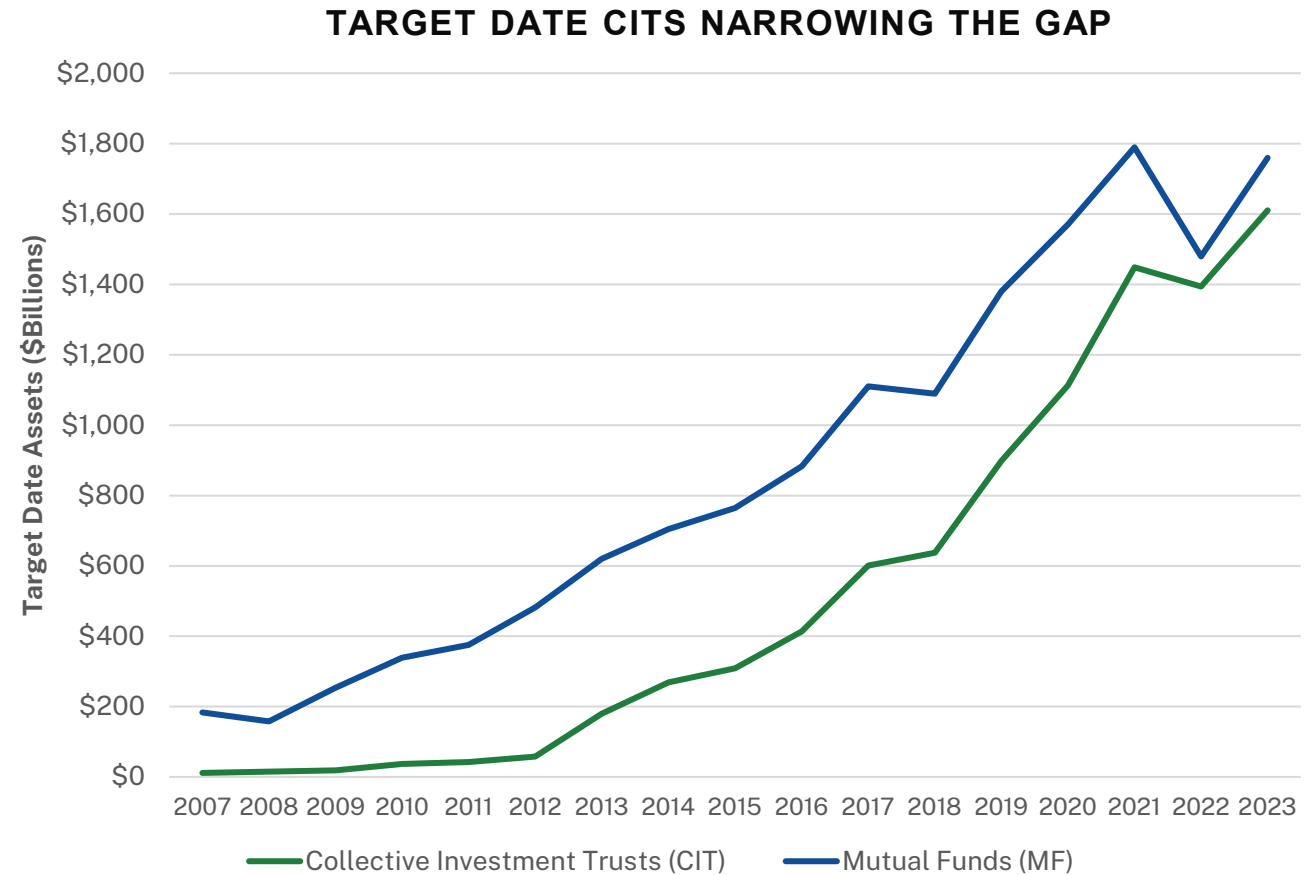
While the extreme market sell-off in early 2020 was short lived (broad equity markets ended the year higher than where they started) and to a lesser extent 2022, the potential warning signs of risk aversion can be seen in the target date mutual fund flows. While the longer-dated vintages resumed net inflows, near retirement vintages broadly experienced net outflows during the height of COVID-19 market volatility and in the tumultuous 2022 calendar year.

TARGET DATE FLOWS FOR NEAR RETIREES



TARGET DATE CONSIDERATIONS

Collective Investment Trusts or CITs are institutionally priced vehicles that can only be offered in qualified retirement plans. In many cases they offer lower costs than comparable mutual funds so have become an important fiduciary consideration for Qualified Default Investment Alternative (QDIA) assets. Target Date CIT growth has been fueled by a range of factors including lower costs, more offerings, and increased transparency for sponsors, advisors and participants. In many cases, participants can access in depth information about their CITs on their recordkeepers website. Although traditionally offered in the larger market, CITs are now being considered for all plan sizes including smaller and even start up plans. Going forward it will be critical to consider CITs in addition to mutual funds when evaluating target date alternatives.



TARGET DATE CONSIDERATIONS

Manning & Napier has been a leader in the retirement marketplace for decades. As one of the early pioneers of life cycle investing, we believe well managed investment solutions can help participants meet their retirement objectives.

Our quarterly target date comparison report provides insights into some of the leading target date solutions available in the marketplace today. You can sign up to receive this quarterly report or contact a Manning & Napier representative to discuss.

TARGET DATE FUNDS COMPARISON REPORT

Includes Qualitative and Quantitative Considerations

- *Structural*
- *Glide Path/Asset Allocation*
- *Performance*



Sources & Disclosures

Before investing, carefully consider the objectives, risks, charges and expenses of the investment. For publicly traded mutual funds, read the prospectus carefully as it contains this and other information about the investment company. Please consult your plan administrator, investment professional, or legal counsel for more information and/or to obtain a mutual fund prospectus.

All investments involve risks, including possible loss of principal. Because the fund invests in both stocks and bonds, the value of your investment will fluctuate in response to stock market movements and changes in interest rates. Investing in the fund will also involve a number of other risks, including issuer-specific risk, foreign investment risk, and small-cap/mid-cap risk. Investments in options and futures, like all derivatives, can be highly volatile and involve risks in addition to the risks of the underlying instrument on which the derivative is based, such as counterparty, correlation and liquidity risk. Also, the use of leverage increases exposure to the market and may magnify potential losses.

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