Ibbotson Target-Date Report 2Q 2014

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Stocks shook off a weak start to 2014 and posted solid gains in the year's second quarter. Broad equity markets globally experienced gains in the mid-single digits. The second-quarter rally seemed linked to hopes that the global recovery is gradually gaining momentum, that receding austerity measures would allow expanded government spending, and that monetary policy would remain accommodative. Long-term bonds benefited from falling yields, as the 10-year Treasury yield ended the quarter at 2.52%, down from 2.72% on March 31 and from 3.03% at the end of 2013. Overall, target-date funds had a good quarter in terms of performance and healthy cash flows into the funds. Highlights from the second-quarter report include:

- The average target-date fund enjoyed nearly a 4% return for the quarter, buoyed by U.S. large-cap, emerging market and real estate equities. For the 12-month period, the average total return for target-date funds fell in the high-teens territory, thanks to strong equity gains in the period.
- Target-date funds continue to underperform relative to their Morningstar Moderate Index counterparts. The indexes, besides having the advantage of not incurring expenses, have slightly above-average allocations to emerging markets stocks, which bolstered returns in the second quarter.
- Although there are signs the industry is maturing, flows into target-date funds continued at a healthy clip. Total assets in retail target-date funds were over $690 billion at the end of June, representing a 27% increase from a year ago.

In our second-quarter report, we review the target-date industry during the quarter as well as for last 12 months by examining the performance of retail target-date funds and by investigating the drivers of performance. We also provide an update to industry-wide, retail fund flows over the past quarter and year.

Finally, we also provide a link to the Morningstar, Inc.'s 2014 survey on target-date series. We encourage our readers to review the in-depth research report written by Morningstar, Inc. Manager Research analysts on trends in the target-maturity industry.

Target-Date Performance Summary

During the second quarter of 2014, the average target-date fund gained 3.8%, falling in between the returns of the S&P 500 and the Barclays U.S. Aggregate Bond Indexes. As target-date funds typically comprise both equity and fixed income, it is common to see their performance fall between the two indexes. For the full 12 months ending in June, target-date funds experienced very strong performance with the average target-date fund ending the period with a 17.0% return as domestic equity markets had a great run. U.S. equities, as represented by the S&P 500, posted strong returns of 24.6% while its bond counterpart experienced a muted 4.4% return for the 12-month period.

Table 1: Target-Date Performance Summary

	Q2 Return	12-Month Return
Average Target-Date Fund*	3.8%	17.0%
Morningstar Lifetime Moderate Index	4.0%	17.2%
S&P 500 Index	5.2%	24.6%
Barclays U.S. Aggregate Bond Index	2.0%	4.4%

Source: Ibbotson Associates and Morningstar Direct[SM] (see end for important disclosure)
*Average of all open-end target-date funds that are tracked by Morningstar.
Indexes shown are not available for direct investment. Past Performance is not a guarantee of future performance.

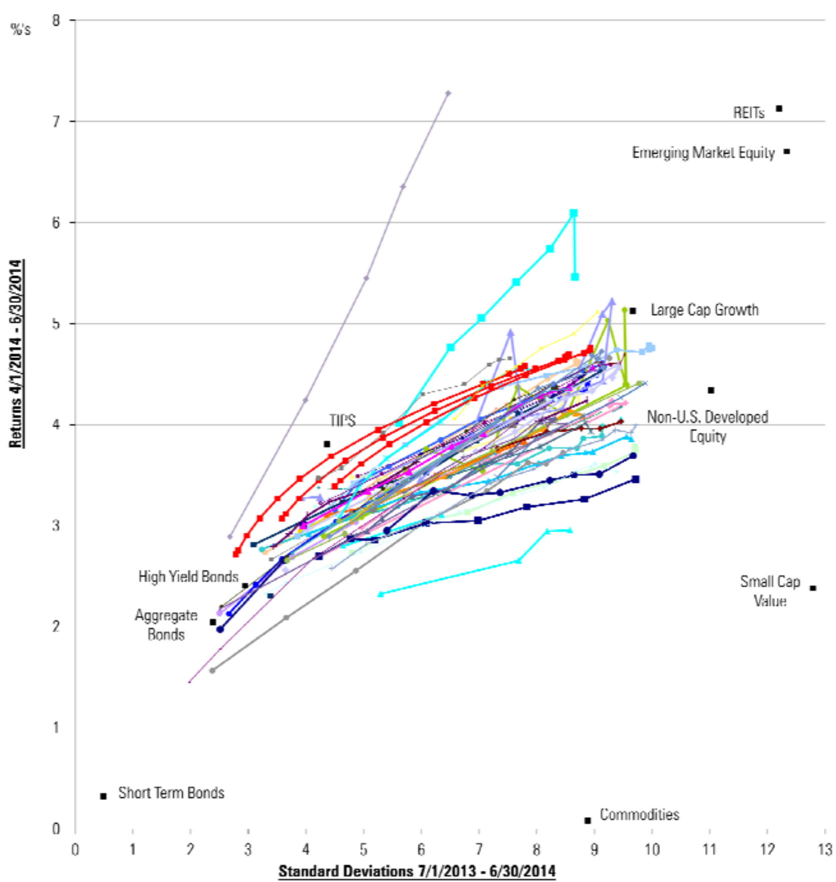
Fund Family Performance

In the second quarter the target-date landscape had a few changes. First, Hartford liquidated the Hartford Target Retirement series to decrease our coverage from 51 fund families. Second, Legg Mason acquired QS Investors and the target-date series changed names to the QS Legg Mason Target Retirement funds.

The performance of target-date fund families during the quarter is summarized in Figure 1. We are now tracking 451 unique target-date funds with at least a one-year track record representing 50 fund families. The lines in the graph connect funds from the same fund family. Second-quarter net returns are plotted on the vertical axis and 12-month standard deviations are plotted along the horizontal axis. Equity markets outpaced fixed income markets, which created the upward sloping lines in Figure 1. The higher the equity-to-fixed income ratio a target-date family held the better it performed over the quarter. Fund family performance in the equity portion of portfolios was influenced by capitalization and style biases, those families that favored large-cap and value names performed better than their peers. On the fixed income side, fund families with higher allocations to high-yield bonds and TIPS performed better than those with a more basic allocation of government and securitized debt.

The three Morningstar Lifetime Allocation Indexes, representing conservative, moderate, and aggressive glide paths are displayed along the bolded red lines which are near the top of the graphic. For the quarter, most of the retail target-date funds underperformed their respective Morningstar Lifetime Moderate Index counterpart across all Morningstar categories.

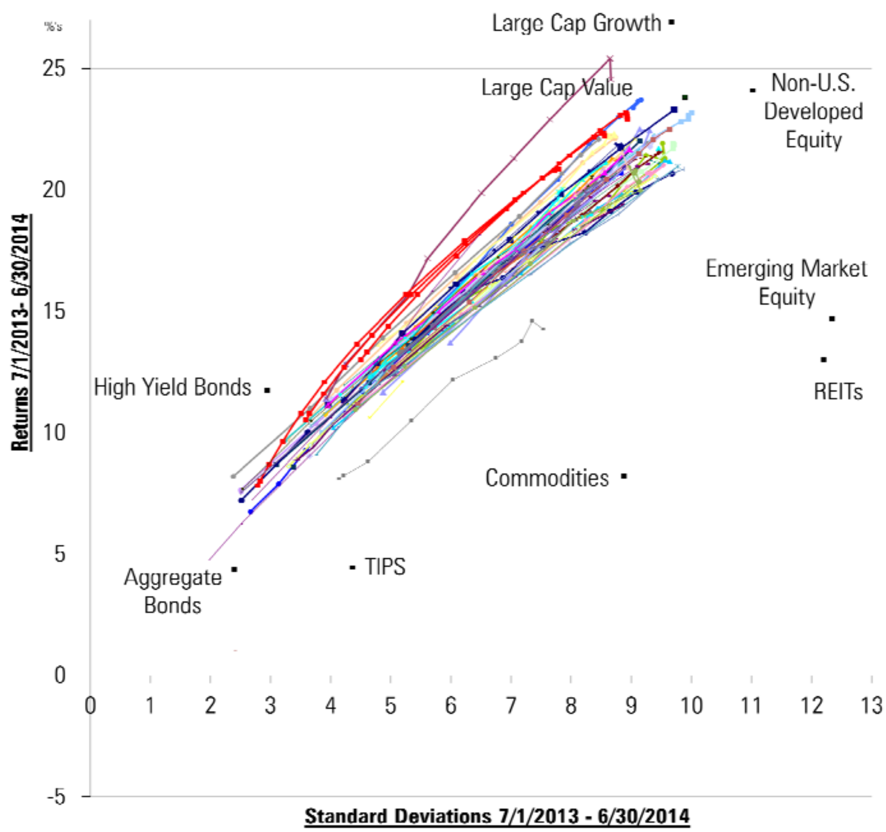
Figure 1: Fund Family Performance – Q2 Return and One-Year Risk Ending 6/30/2014



Source: Ibbotson Associates and Morningstar Direct[SM] (see end for important disclosures)

The same risk/return information for the year ending June 30, 2014 is displayed in Figure 2. Again, we see an upward sloping-graph representing the equity market out performance compared to fixed income. The range of returns continues to be relatively tight across all fund families as firms cannot easily differentiate themselves with their market capitalization or style decisions. The three Morningstar Lifetime Allocation Indexes are again displayed along the bolded red lines and are clustered toward the top of the graphic. As was the case during the second quarter, most of the retail universe of funds underperformed against the Morningstar Lifetime Allocation Indexes.

Figure 2: Fund Family Performance – One-Year Return and One-Year Risk Ending 6/30/2014

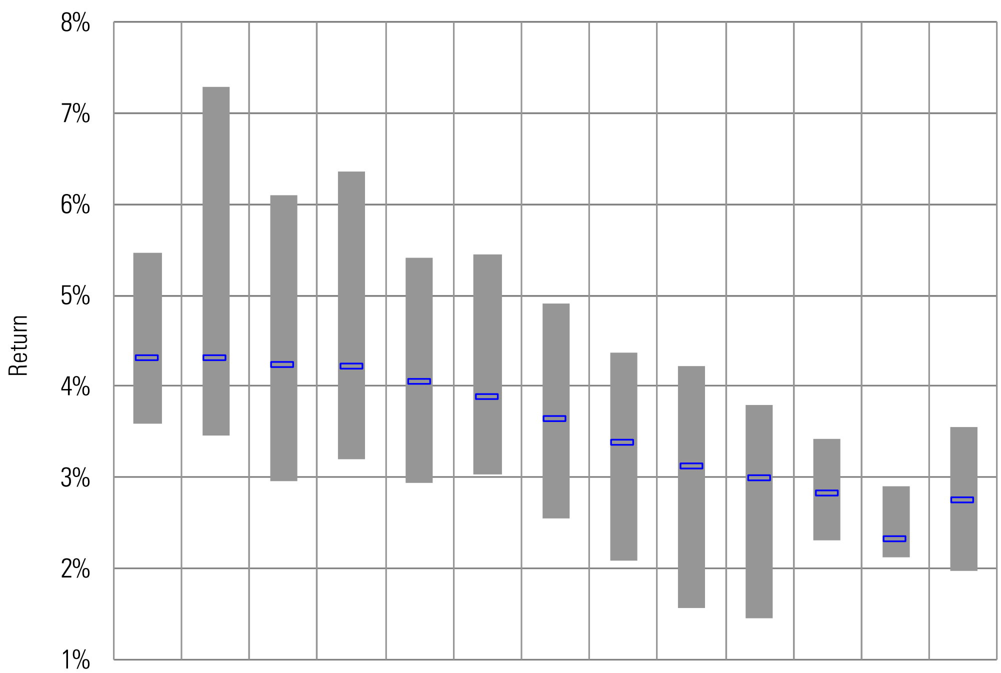


Source: Ibbotson Associates and Morningstar Direct[SM] (see end for important disclosures)

Target-Date Fund Performance

Figure 3 shows the second-quarter performance for every target-date fund we analyze relative to its assigned Morningstar category as well as to the Morningstar Lifetime Allocation Moderate Index. The floating gray bars within the chart show the range of quarterly returns for the 13 target-date categories. The blue line within each bar identifies the category average performance. For most of the categories, there are meaningful differences between the best-performing funds ("Max" row within the table below) and the worst-performing funds ("Min" row within the table below). The wide range of returns is primarily due to differences in equity and fixed income exposures across the funds. The average range between the best- and worst-performing funds in each category was roughly 2%. As has been the case for several consecutive quarters, the Morningstar Moderate Index outperformed each category average this past quarter. The indexes, besides having the advantage of not incurring expenses, have slightly above-average allocations to emerging markets stocks, which bolstered returns in the second quarter.

Figure 3: Target-Date Fund Category Performance Q2 2014



Category	2055	2050	2045	2040	2035	2030	2025	2020	2015	2010	2005	2000	Income
Max	5.5%	7.3%	6.1%	6.4%	5.4%	5.4%	4.9%	4.4%	4.2%	3.8%	3.4%	2.9%	3.5%
Average	4.3%	4.3%	4.3%	4.2%	4.1%	3.9%	3.7%	3.4%	3.1%	3.0%	2.8%	2.3%	2.8%
Min	3.6%	3.5%	3.0%	3.2%	2.9%	3.0%	2.6%	2.1%	1.6%	1.5%	2.3%	2.1%	2.0%
# of Funds (vs. Index)													
Outperformers	3	5	4	5	4	5	5	5	4	3	2	0	7
Underperforms	31	39	38	40	38	40	37	40	36	21	6	4	27
Total	34	44	42	45	42	45	42	45	40	24	8	4	34
Index													
Aggressive	4.8%	4.7%	4.7%	4.7%	4.7%	4.6%	4.5%	4.3%	4.0%	3.8%	3.6%	3.4%	3.4%
Moderate	4.7%	4.7%	4.7%	4.6%	4.6%	4.4%	4.1%	3.9%	3.6%	3.4%	3.3%	3.1%	3.1%
Conservative	4.6%	4.6%	4.5%	4.4%	4.2%	4.0%	3.7%	3.5%	3.3%	3.1%	2.9%	2.8%	2.7%

Source: Ibbotson Associates and Morningstar, Inc. (See end for important disclosures.)

Asset Class Performance

Quarterly performance for some of the most common asset classes that comprise target-date funds are displayed in Table 2. This data allows us to determine which asset classes were the primary drivers and detractors from performance during the second quarter of 2014.

Table 2: Asset Class Performance – Q2 2014

Asset Class	Q2 2014 Return	12-Month Standard Deviation
U.S. Large Growth Equity	5.1%	9.7%
U.S. Large Value Equity	5.1%	9.9%
U.S. Small Growth Equity	1.7%	14.3%
U.S. Small Value Equity	2.4%	12.8%
Non-U.S. Developed Equity	4.3%	11.0%
Emerging Market Equity	6.7%	12.3%
Real Estate	7.1%	12.2%
Commodities (Futures)	0.1%	8.9%
High-Yield Bonds	2.4%	2.9%
U.S. Aggregate Bonds	2.0%	2.4%
U.S. Short-Term Bonds	0.3%	0.5%
TIPS	3.8%	4.4%
Cash	0.0%	0.0%

Source: Ibbotson Associates and Morningstar Direct[SM]
Indexes shown are not available for direct investment. Past Performance is not a guarantee of future performance.

Equity markets posted gains during the quarter, buoyed by increasingly positive trends in domestic economic data. GDP forecasts point to over 3% growth during the quarter, while the unemployment rate fell to 6.1% over the period. The S&P 500 Index delivered a 5.2% gain in the second quarter; outsized on an annual basis compared to historical returns. While large-cap stocks posted strong relative performance, the Russell 2000 index of smaller companies returned 3.0% less than its larger counterpart. International developed stocks underperformed their domestic counterparts; however, emerging markets had a bit of a resurgence, beating the S&P 500 by 1.6% during the period. Considering the difficult political circumstances involving Ukraine and Russia, it is encouraging that there was no negative contagion to the broader emerging market economies. Real estate securities followed a strong first quarter by posting the highest second quarter return among commonly used asset classes in target-date programs.

Bond investors were rewarded during the quarter as falling yields led to positive total returns. Even with the sustained reduction in bond purchases by the Federal Reserve, over the past three months, the 10-year Treasury yield fell from 2.73% to 2.53%. TIPs, high-yield and aggregate bonds all returned over 2.0% for the quarter, while long-term bonds delivered even higher gains. While many market prognosticators have remained concerned about yields given the expected future rise in the Federal Funds rate, the fixed income market has not been negatively impacted at this juncture.

Similar to Table 2, asset class returns and standard deviations for the past 12 months are displayed in Table 3.

Table 3: Asset Class Performance – 6/30/2014 Trailing 12 Months

Asset Class	12-Month Return	12-Month Standard Deviation
U.S. Large Growth Equity	26.9%	9.7%
U.S. Large Value Equity	23.8%	9.9%
U.S. Small Growth Equity	24.7%	14.3%
U.S. Small Value Equity	22.5%	12.8%
Non-U.S. Developed Equity	24.1%	11.0%
Emerging Market Equity	14.7%	12.3%
Real Estate	13.0%	12.2%
Commodities (Futures)	8.2%	8.9%
High-Yield Bonds	11.7%	2.9%
U.S. Aggregate Bonds	4.4%	2.4%
U.S. Short-Term Bonds	1.1%	0.5%
TIPS	4.4%	4.4%
Cash	0.1%	0.0%

Source: Ibbotson Associates and Morningstar Direct[SM]
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Trailing 12-month returns through the second quarter of 2014 continue to look impressive for most equity markets. U.S. large-cap growth stocks returned a leading 26.9% over the period and U.S. growth stocks continued to edge out U.S. value stocks. International equities, including emerging markets, underperformed U.S. equities thereby detracting from the overall returns for target-date funds that incorporate a stronger global tilt relative to their peers. As mentioned earlier, emerging markets have closed the performance gap slightly with a strong start to 2014, but growth concerns have weighed on the asset class over the past 12 months. REITs and commodities, while positive on an absolute basis, hurt performance relative to a basic equity benchmark. Target-date funds have had a difficult time adding value through diversification over the near-term due to the outsized relative performance of the S&P 500.

As we mentioned in prior reports, it is worth noting that risk across most asset classes has been significantly below historical averages during the past year. Since 1926, the S&P 500 has an annual standard deviation of 21%. All of the asset classes shown in Table 3 have a standard deviation below this figure, with some domestic equities at less than half of this historical risk measure.

Investment-grade fixed income returns moved into positive territory for the trailing 12 month period. High-yield bonds continued to lead fixed income securities during this period with a return of 11.7%. Flat yields and tight credit spreads have contributed to the strong returns. Rates on 10-year government bonds fluctuated over the past 12 months, but ended nearly exactly where they began last July. This allowed investors to collect yield while generally experiencing little difference in their principal investment.

Overall, target-date funds that had higher exposure to domestic equities and bonds with lower credit quality were rewarded over the last year. Diversification into non-U.S. equities and alternative asset classes generated significant headwinds for many target-date funds.

Morningstar Lifetime Allocation Indexes

Table 4 presents the performance figures for the complete Morningstar Lifetime Allocation Index family, which is based on Ibbotson's Lifetime Asset Allocation methodology. This quarter's analysis shows that for every Morningstar category and during all time periods shown, the more equity-oriented and further-from-retirement indexes outperformed. This can be attributed to the continued strong run of equity markets. As the more aggressive indexes hold more equity (both "Moderate" relative to "Conservative" and "Aggressive" relative to "Moderate") this outperformance was consistent across the board. Also, all index returns were positive over all measured time periods.

Table 4: Morningstar Lifetime Allocation Indexes

(As of 6/30/2014; multiyear periods annualized)	1 Month	3 Month	1 Year	3 Year	5 Year
Income					
Conservative Income	0.7%	2.7%	7.8%	5.1%	7.1%
Moderate Income	1.0%	3.1%	10.5%	6.6%	9.0%
Aggressive Income	1.2%	3.4%	13.0%	8.0%	10.7%
2000					
Conservative 2000	0.7%	2.8%	8.0%	5.3%	7.4%
Moderate 2000	1.0%	3.1%	10.8%	6.8%	9.3%
Aggressive 2000	1.2%	3.4%	13.3%	8.2%	11.1%
2005					
Conservative 2005	0.7%	2.9%	8.7%	5.8%	8.0%
Moderate 2005	1.0%	3.3%	11.6%	7.4%	10.0%
Aggressive 2005	1.4%	3.6%	14.4%	8.7%	11.9%
2010					
Conservative 2010	0.8%	3.1%	9.7%	6.5%	8.8%
Moderate 2010	1.2%	3.4%	12.7%	8.0%	10.8%
Aggressive 2010	1.5%	3.8%	15.7%	9.4%	12.9%
2015					
Conservative 2015	0.9%	3.3%	10.8%	7.1%	9.6%
Moderate 2015	1.3%	3.6%	14.0%	8.6%	11.8%
Aggressive 2015	1.7%	4.0%	17.3%	10.1%	13.9%
2020					
Conservative 2020	1.1%	3.5%	12.1%	7.8%	10.6%
Moderate 2020	1.5%	3.9%	15.7%	9.4%	13.0%
Aggressive 2020	1.9%	4.3%	19.2%	10.9%	15.0%
2025					
Conservative 2025	1.2%	3.7%	13.7%	8.5%	11.7%
Moderate 2025	1.7%	4.1%	17.8%	10.3%	14.2%
Aggressive 2025	2.1%	4.5%	21.1%	11.6%	16.0%
2030					
Conservative 2030	1.5%	4.0%	15.7%	9.4%	13.0%
Moderate 2030	2.0%	4.4%	19.9%	11.1%	15.2%
Aggressive 2030	2.3%	4.6%	22.5%	12.1%	16.5%
2035					
Conservative 2035	1.7%	4.2%	17.9%	10.2%	14.1%
Moderate 2035	2.2%	4.6%	21.4%	11.6%	15.9%
Aggressive 2035	2.4%	4.7%	23.1%	12.2%	16.7%
2040					
Conservative 2040	1.9%	4.4%	19.6%	10.9%	14.9%
Moderate 2040	2.3%	4.6%	22.1%	11.8%	16.1%
Aggressive 2040	2.4%	4.7%	23.2%	12.1%	16.6%
2045					
Conservative 2045	2.1%	4.5%	20.5%	11.1%	15.2%
Moderate 2045	2.3%	4.7%	22.3%	11.7%	16.1%
Aggressive 2045	2.4%	4.7%	23.1%	12.0%	16.5%
2050					
Conservative 2050	2.1%	4.6%	20.8%	11.2%	15.3%
Moderate 2050	2.3%	4.7%	22.3%	11.6%	16.0%
Aggressive 2050	2.4%	4.7%	23.0%	11.8%	16.4%
2055					
Conservative 2055	2.1%	4.6%	20.9%	11.0%	15.2%
Moderate 2055	2.3%	4.7%	22.2%	11.4%	15.9%
Aggressive 2055	2.4%	4.8%	22.9%	11.6%	16.3%

Source: Ibbotson Associates and Morningstar Direct[SM]

Indexes shown are not available for direct investment. Past Performance is not a guarantee of future performance.

Fund Flows

Estimated target-date net fund flows during the second quarter were almost $15 billion, above the five-year historical quarterly average of $12 billion. Vanguard, T. Rowe Price, and JPMorgan experienced the largest net inflows during the quarter, capturing 70% of the nearly $17 billion in inflows. Other fund firms that had impressive growth in assets during the quarter: MassMutual, PIMCO, and American Funds target-date funds' net inflows in the quarter represented 10% – 15% of their ending net assets.

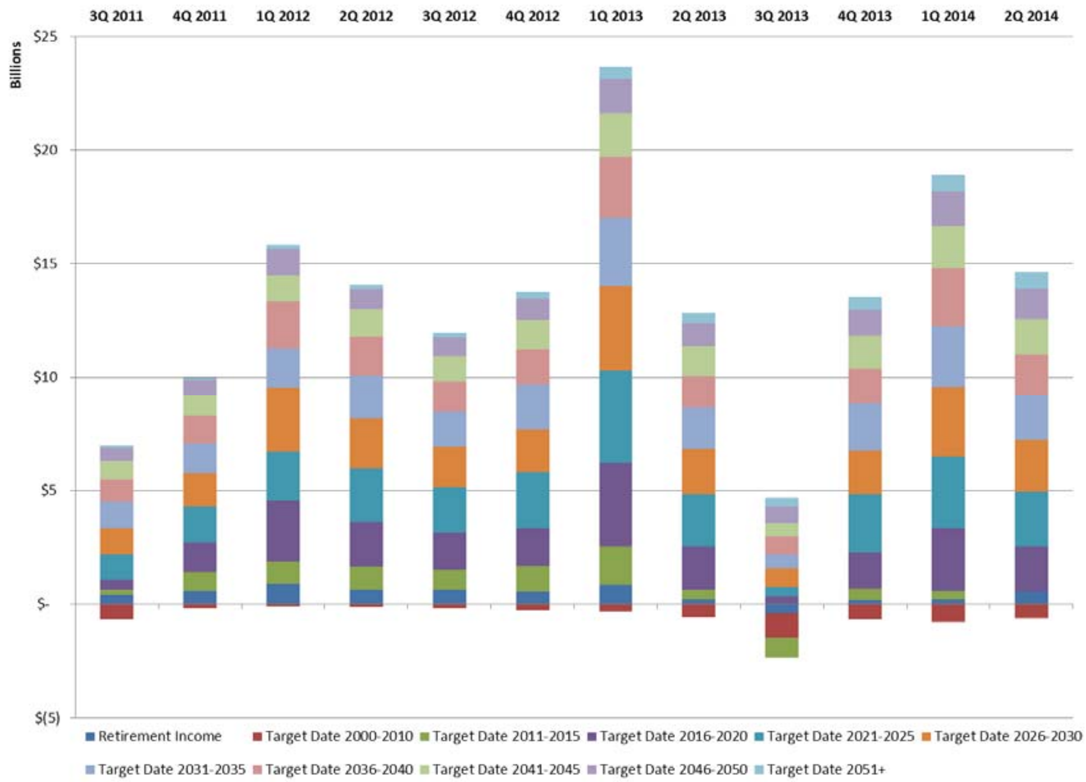
As of the end of June 2014, total AUM in retail target-date funds were over $690 billion. This represents a 6% increase from a year ago. Although the "big 3" of Fidelity, Vanguard, and T. Rowe Price continue to hold the lion's share of total assets with about 72% of the retail market, this number continues to decrease and has not represented this low a percentage of the overall market since the end of 1999.

Table 5: Target-Date Fund Flows 2Q 2014

	Asset Under Management ($Mil)		**Estimated Net Flow ($Mil)**	
Target Date	End Q1 2014	End Q2 2014	Q1 2014	Q2 2014
Income	27,580	29,636	197	534
2000-2010	35,700	35,653	(803)	(476)
2011-2015	61,889	64,097	387	72
2016-2020	114,594	121,163	2,748	2,135
2021-2025	93,394	99,747	3,170	2,491
2026-2030	102,744	109,962	3,041	2,486
2031-2035	69,490	74,727	2,671	2,041
2036-2040	71,473	77,113	2,548	1,880
2041-2045	39,022	42,347	1,867	1,589
2046-2050	27,033	29,602	1,503	1,390
2051+	5,238	6,207	752	714
Total	**648,157**	**690,254**	**18,081**	**14,856**

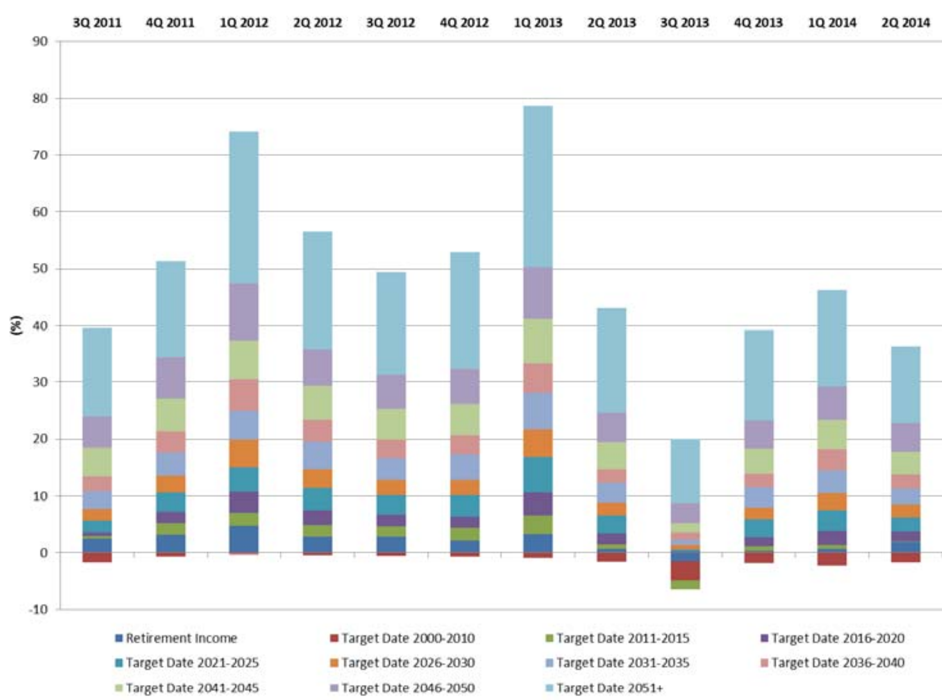
Source: Morningstar Direct℠. Universe includes funds with a less than one-year track record. Please refer to Morningstar® Cash Flow Methodology report for important methodology notes. (See end for important disclosures)

Figure 4: Quarterly Estimated Net Flows by Morningstar Category as of 6/30/14



Source: Morningstar Direct[SM]

Figure 5: Quarterly Organic Growth Rate as of 6/30/14



Source: Morningstar Direct[SM]

Morningstar Manager Research's 2014 Target-Date Series Research Paper

For this quarter's spotlight section, we encourage readers to view Morningstar, Inc.'s 2014 Target-Date Series Survey Report published by the Morningstar, Inc. Manager Research team. This comprehensive report provides in-depth analysis and key insights of trends in the target-date industry through the end of 2013. Key findings of the industry survey are:

- Whether for large or small series, net new assets flowing into target-date funds often represent a meaningful share of the offering firms' new flows. At the end of 2013, flows into target-date funds amounted to almost a third of those firms' net new assets.
- The market turmoil of 2008 rolled off target-date funds' trailing five-year returns by the end of 2013, leading to some significant reversals in series' relative performance records. More equity-heavy series now have a clear lead during the past five years, while the downside protection offered by more equity-light series has increasingly faded into the rearview.
- Target-date assets continue to shift to passively managed investments, as both an underlying holding within a portfolio and as an overall investment approach. In 2005, actively managed strategies comprised almost 90% of target-date mutual fund assets; they now only hold a 67% share.
- From 2012 to 2013, target-date funds' average asset-weighted expense dropped 7 basis points, to 0.84% from 0.91%. At the end of 2010, the average was 1.02%.
- Growth among the big three—Fidelity, Vanguard, and T. Rowe Price—drove most of the target-date industry's rapid rise in its early years. But in 2013, less prominent target-date providers contributed disproportionately.

You can access the 2014 Target-Date Series Research report **here** or at www.corporate.morningstar.com. (See end for important disclosures.)

Morningstar, Inc.'s Manager Research's annual survey is an excellent source of information for target-date funds for plan sponsors and investors alike. Within the Morningstar Investment Management group, we have published papers to help plan sponsors evaluate target-date funds, including what methodology factors to consider when constructing custom target-date funds. We encourage our readers to refer to the following published research for financial professionals found on our website**,** www.ibbotson.com.

No Portfolio is an Island

In this paper, we explore how incorporating industry-specific human capital, region-specific housing wealth, and pensions into a portfolio optimization routine can help build more efficient portfolios for investors, as these assets often are ignored by practitioners when building portfolios yet they represent a significant portion of an individual's total wealth.

Selecting a Target-Date Benchmark and **Using a Target-Date Benchmark**

In these papers, we introduce key qualitative aspects to consider when selecting a target maturity benchmark series. Additionally, we introduce three quantitative measures for determining the "goodness of fit" between a fund family and a target maturity benchmark family. We propose a comprehensive framework for decomposing the active return of a fund relative to a benchmark into four components: asset allocation, sub-fund alphas, glide path fee, and other.

About Ibbotson
Ibbotson Associates is part of the Morningstar Investment Management group of Morningstar and is a leading independent provider of asset allocation, manager selection, and portfolio construction services. The company leverages its innovative and ground-breaking academic research to create customized investment advisory solutions that help investors meet their goals. Founded by Professor Roger Ibbotson in 1977, Ibbotson Associates is a registered investment advisor and a wholly owned subsidiary of Morningstar, Inc.

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This commentary may contain forward-looking statements, which reflect our current expectations or forecasts of future events. Forward-looking statements are inherently subject to, among other things, risks, uncertainties and assumptions which could cause actual events, results, performance or prospects to differ materiality from those expressed in, or implied by, these forward-looking statements. The forward-looking information contained in this commentary is as of the date of this report and subject to change. There should not be an expectation that such information will in all circumstances be updated, supplemented or revised whether as a result of new information, changing circumstances, future events or otherwise.

Morningstar, Inc. is not a registered investment advisor. Except as otherwise required by law, Ibbotson Associates shall not be responsible for any trading decisions, damages, or other losses resulting from, or related to, the information, data, analyses, or opinions presented in Morningstar, Inc. materials referenced herein, or their use. They are provided for informational purposes only.

Appendix: Index Definition
Morningstar Lifetime Allocation Indexes are a family of multi-asset class target maturity indexes available in three risk tracks: Aggressive, Moderate, and Conservative. Each risk track consists of 13 indexes ranging from a 2055 index to an income index. The glide paths and strategic asset allocations of the indexes is based on Ibbotson's Lifetime Asset Allocation methodology. Security selection for each sub-asset class in the index family is provided by a matching Morningstar market index.

Standard & Poor's 500 Index: Market-capitalization-weighted index of 500 widely held stocks. Member companies are chosen based on market size, liquidity, and industry group representation. Included are the stocks of industrial, financial, utility, and transportation companies.

Barclays Capital US Aggregate Bond Index – Broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS.

BofA Merrill Lynch US 3-Month Treasury Bill - Comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month that issue is sold and rolled into a newly selected issue. The issue selected at each month-end rebalancing is the outstanding Treasury Bill that matures closest to, but not beyond, three months from the rebalancing date. To qualify for selection, an issue must have settled on or before the month-end rebalancing date. While the index will often hold the Treasury Bill issued at the most recent 3-month auction, it is also possible for a seasoned 6-month Bill to be selected.

Barclays Capital Global Inflation Linked US TIPS Index – Includes securities which offer the potential for protection against inflation as their cash flows are linked to an underlying inflation index. The index represents a standalone multi-currency index exposed to the real yield curve for each relevant currency.

Barclays Capital US 1-3 Year Government/Credit Bond Index – An unmanaged market value weighted performance benchmark for government and corporate fixed-rate debt issues with maturities between one and three years.

Barclays Capital US Corporate High Yield Index – Covers the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high-yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below.

DJ-UBS Commodity Index – A broadly diversified index composed of futures contracts on physical commodities traded on U.S. exchanges, with the exception of aluminum, nickel and zinc, which trade on the London Metal Exchange (LME).

FTSE NAREIT Equity REITs Index – Spans the commercial real estate space across the US economy. The index series provides investors with exposure to all investment and property sectors.

MSCI EAFE Index – Measures international performance and comprises 21 MSCI country indexes, representing the developed markets outside of North America: Europe, Australia and the Far East.

MSCI Emerging Markets Index – A market capitalization weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin.

Russell 1000 Growth Index – Measures the performance of the 1,000 largest companies in the Russell 3000 Index, with higher price-to-book ratios and higher forecasted growth values.

Russell 1000 Value Index – Measures the performance of the 1,000 largest companies in the Russell 3000 Index with lower price-to-book ratios and lower forecasted growth values.

Russell 2000 Growth Index – Measures the performance of the 2,000 smallest companies in the Russell 3000 Index with higher price-to-book ratios and higher forecasted growth values.

Russell 2000 Value Index – Measures the performance of the 2,000 smallest companies in the Russell 3000 Index with lower price-to-book ratios and lower forecasted growth values.