



NEWS RELEASE

CALLAN DEVELOPS ADVANCED TOOLS TO ASSESS TARGET DATE FUND PERFORMANCE, FEES AND ASSET ALLOCATION

SAN FRANCISCO, Nov. 17, 2009 — Callan Associates today unveiled *TDVantage*[™], a set of sophisticated target date fund (TDF) analytics that gives defined contribution plan sponsors the ability to comprehensively understand how their TDFs are performing individually and as a complete TDF family.

Over the past few years, the use of TDFs has flourished — presenting considerable performance evaluation challenges to plan sponsors as funds vary widely in asset allocation, quantity and style of asset classes, equity exposure and glidepath aggressiveness. Factor in recent market volatility that has impacted many retirement plans, and it is clear that objective performance measurement tools for TDFs are vitally important to plan sponsors.

Unfortunately, many plan sponsors rely on the custom benchmark provided by their glidepath provider which offers limited insight into fund performance.

***TDVantage* Key Features:**

- Evaluates TDF performance using Callan’s Target Date Index Series, which combines index returns with TDF industry-average asset class weights from the Callan TDF Consensus Glidepath;
- Performance attribution that separates glidepath return (asset allocation) from implementation return (fund selection, fees, etc.) and compares results to industry TDF peers;
- Breaks TDF asset allocations into 17 asset classes and provides a comparison to the asset allocation of the full target date universe and indices;
- Provides a return, risk, and fee analysis of the entire TDF family in one snapshot that is customized to the way a plan’s participants actually use the TDFs;
- Gives sponsors a vantage point to determine if their funds are competitively priced relative to peers.

“*TDVantage* is designed to assist DC plan sponsors in achieving their fiduciary obligations with respect to monitoring, evaluating and tracking their target date funds,” says Lori Lucas, defined contribution practice leader at Callan. “With Callan’s benchmarking

approach, plan sponsors can objectively evaluate the value added of all of their target date managers' decisions, including active management and asset allocation decisions.”

According to Lucas, *TDVantage* is customized to each DC plan to give plan sponsors an understanding of how well participants fared given their individual TDF choices and how they would have fared if they had invested in different suites of available TDFs.

“Since plan sponsors cannot mix and match target date funds from various series and must use the entire suite of target date funds from a given provider, it makes sense to provide analytics that not only allow plan sponsors to evaluate individual target date funds separately, but to understand how well the full target date fund family is serving their participants.”

***TDVantage* Benefits Providers**

Callan's *TDVantage* is also a compelling education, communications and marketing tool for glidepath providers to use with plan sponsors and consultants. Its state-of-the-art analytics lets providers easily highlight key differentiators and metrics that define their product and value added propositions — essential in an increasingly competitive marketplace.

Providers that subscribe to *TDVantage* will receive access to timely, accurate and objective analytical reports from Callan that include:

- Easy to understand graphics and report package;
- Cost effective and time saving quarterly analysis;
- Fair and relevant peer group and target date index comparisons and rankings;
- Total TDF fund family analysis and individual TDF fund reports;
- Asset allocation comparisons with macro and micro level analysis;
- Detailed glidepath and implementation return attribution and peer comparisons.

Future Enhancements

In 2010, *TDVantage* will also include forecasting analytics that show potential future outcomes of TDFs by simulating thousands of potential capital market scenarios across 17 asset classes. With these metrics, plan sponsors can see how actual target date performance fits in with expected long-term income replacement potential, projected risk and post-retirement asset longevity.

“Target date funds are ultimately geared to help employees replace income in retirement,” said Lucas. “These new features will capture and compare the income replacement potential of target date funds and put target date funds' performance into a long-term context.”

For more information about *TDVantage*, contact Judith McKinney at (312) 346-3536 or via email at mckinney@callan.com.

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About Callan Associates

Founded in 1973, Callan Associates is one of the largest independently-owned investment consulting firms in the country. Headquartered in San Francisco, Calif., the firm provides research, education, decision support and advice to a broad array of institutional investors through five distinct lines of business: Fund Sponsor Consulting, Independent Adviser Group, Institutional Consulting Group, Callan Investments Institute and the Trust Advisory Group. Callan employs more than 160 people and maintains four regional offices located in Denver, Chicago, Atlanta and Florham Park, NJ. For more information, visit www.callan.com.

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