

## TARGET DATE FUND COMMENTARY 3<sup>RD</sup> QUARTER, 2021

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Our mission is to enrich the lives of our clients, colleagues and communities through sound financial advice, integrity, and commitment to service beyond expectation.



## VANGUARD TARGET RETIREMENT

MEETING DATE: OCTOBER 21, 2021

## FOCUS AREA

## Organizational Update

## COMMENTARY

There were no material changes to the target date investment team during the quarter.

## Investments Update

## COMMENTARY

In February 2022, Vanguard will merge the Institutional Target Retirement Funds into the Target Retirement Funds. Following this merger, the expense ratio for the combined series will be 0.08%. The series will be available for all clients with \$0 - \$100 million in target date assets.

The current expense ratio is 0.09% for the Institutional Target Retirement series and 0.12% to 0.15% for the Target Retirement Funds.

## Performance and Positioning Update

## COMMENTARY

**Vanguard Target Retirement Performance Update:**

Vanguard Target Retirement posted mixed results in the third quarter as it mostly outperformed peers but underperformed the benchmark.

- The series' strategic asset allocation was the primary driver of results during the quarter.
- Compared to peers, Target Retirement's fixed income portfolio was the largest contributor to outperformance, led by its exposure to international bonds and short-term TIPS.
- Vanguard has a larger international bond exposure than most peers and this helped performance as the position produced a positive return in what was a rocky period for equity markets.
- Short-term TIPS were also a top performing fixed income asset class, returning 1.29% in the third quarter.
- The primary reason for Target Retirement's underperformance relative to the benchmark was the series' above average exposure to international equities as non-U.S. markets underperformed domestic stocks for the quarter.

There were no changes made to the series' strategic asset allocation during the quarter.

*Note: Benchmark relative performance refers to the series' performance compared to the S&P Target Date Indices.*



## VANGUARD TARGET RETIREMENT CIT

MEETING DATE: OCTOBER 21, 2021

## FOCUS AREA

## Organizational Update

## COMMENTARY

There were no material changes to the target date investment team during the quarter.

## Investments Update

## COMMENTARY

Vanguard has reduced the minimum for the Target Retirement Trust II CIT series from \$250 million to \$100 million, effective September 28, 2021.

## Performance and Positioning Update

## COMMENTARY

**Vanguard Target Retirement CIT Performance Update:**

Vanguard Target Retirement CIT posted mixed results in the third quarter as it mostly outperformed peers but underperformed the benchmark.

- The series' strategic asset allocation was the primary driver of results during the quarter.
- Compared to peers, Target Retirement CIT's fixed income portfolio was the largest contributor to outperformance, led by its exposure to international bonds and short-term TIPS.
- Vanguard has a larger international bond exposure than most peers and this helped performance as the position produced a positive return in what was a rocky period for equity markets.
- Short-term TIPS were also a top performing fixed income asset class, returning 1.29% in the third quarter.
- The primary reason for Target Retirement CIT's underperformance relative to the benchmark was the series' above average exposure to international equities as non-U.S. markets underperformed domestic stocks for the quarter.

There were no changes made to the series' strategic asset allocation during the quarter.

*Note: Benchmark relative performance refers to the series' performance compared to the S&P Target Date Indices.*



## VANGUARD INSTITUTIONAL TARGET RETIREMENT

MEETING DATE: OCTOBER 21, 2021

## FOCUS AREA

## Organizational Update

## COMMENTARY

There were no material changes to the target date investment team during the quarter.

## Investments Update

## COMMENTARY

In February 2022, Vanguard will merge the Institutional Target Retirement Funds into the Target Retirement Funds. Following this merger, the expense ratio for the combined series will be 0.08%. The series will be available for all clients with \$0 - \$100 million in target date assets.

Vanguard has also reduced the minimum for the Target Retirement Trust II CIT series from \$250 million to \$100 million, effective September 28, 2021.

Clients that are currently invested in the Vanguard Institutional Target Retirement Funds and would now be eligible for the Target Retirement Trust II CITs at the new lower minimum, are able to move to the CITs prior to the merger. These clients should have received information about that process and if they have any additional questions should contact their CAPTRUST advisor.

## Performance and Positioning Update

## COMMENTARY

**Vanguard Institutional Target Retirement Performance Update:**

Vanguard institutional Target Retirement posted mixed results in the third quarter as it mostly outperformed peers but underperformed the benchmark.

- The series' strategic asset allocation was the primary driver of results during the quarter.
- Compared to peers, Institutional Target Retirement's fixed Income portfolio was the largest contributor to outperformance, led by its exposure to international bonds and short-term TIPS.
- Vanguard has a larger international bond exposure than most peers and this helped performance as the position produced a positive return in what was a rocky period for equity markets.
- Short-term TIPS were also a top performing fixed income asset class, returning 1.29% in the third quarter.
- The primary reason for Institutional Target Retirement's underperformance relative to the benchmark was the series' above average exposure to international equities as non-U.S. markets underperformed domestic stocks for the quarter.

There were no changes made to the series' strategic asset allocation during the quarter.

*Note: Benchmark relative performance refers to the series' performance compared to the S&P Target Date Indices.*

