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AB and Morningstar Investment Management LLC Celebrate Three-Year Milestone of Multi-Manager Target-Date Series

January 31, 2018

Multi-manager target-date series' three-year track record demonstrates the importance of manager diversification

NEW YORK, Jan. 31, 2018 /PRNewswire/ -- AllianceBernstein L.P (AB), a global investment management firm and the largest custom target-date solutions provider in the U.S., recently celebrated the three-year anniversary of its multi-manager target-date mutual fund series, AB Multi-Manager Select Retirement Funds (Multi-Manager Select). The series uses Morningstar Investment Management LLC, an independent third party, to select underlying investment strategies. Since inception, Multi-Manager Select has delivered top-quartile returns and outperformance versus the S&P target-date indices. Target-date strategies are projected to reach \$2.7 trillion in assets by 2021 and capture 85% of contributions¹ – making target-date selection one of the most important fiduciary responsibilities for plan sponsors.

"While the target-date market has grown tremendously, we've seen less innovation on the product offerings. In fact, most traditional target-date funds today are not taking advantage of institutional and fiduciary best practices, such as open architecture, independent manager selection, non-traditional investments, and a blend of active and passive strategies," said Christopher Nikolich, Head of Glide Path Strategies at AB. "Multi-Manager Select addresses the gap in the market for an enhanced target-date model, and we're thrilled by the results it's delivered over the past three years."

Multi-Manager Select invests in funds managed by nine high-quality asset managers, including: AQR, Franklin Templeton, T. Rowe Price, MFS, Baird, Dimensional Fund Advisors, PIMCO and MetWest, in addition to AB. Since inception, the series has delivered consistent top-quartile returns, while managing risks consistently at a moderate level, which is especially important for those participants in or near retirement. Ten of the 11 vintages in the series have a 4 or 5-star overall Morningstar RatingTM.^{*} And 76% percent of the actively-managed underlying funds, which are selected by Morningstar Investment Management, have outperformed their benchmarks with an average excess return of 1.12% over the past three years.

The series incorporates a broad range of asset classes, including those that seek to provide diversification to stocks and bonds, with the aim of delivering more consistent results and reducing short-term risk. AB designs and manages the glide path, adjusting asset-class exposures as market conditions change, and provides overall program oversight. Morningstar Investment Management selects funds from an unconstrained universe of investment managers and their fund offerings.

The design is also well-positioned to align with today's fiduciary best practices. As noted by the U.S. Department of Labor (DOL)'s "Tips for ERISA Plan Fiduciaries," non-proprietary target-date funds could offer advantages to plan participants by diversifying their exposure to investment providers.

"Many retirement plans still use traditional designs that were adopted years ago, but fiduciary standards are drawing more attention and the investment environment has changed," said Brian Huckstep, Co-Head of Target Risk Strategies for Morningstar Investment Management. "A broader range of strategies beyond traditional equity and fixed income are available today, and one way to take advantage is through an open-architecture format using multiple managers. Seeking unbiased, best-in-breed strategies from a broader universe of mutual funds can reduce concentration risk and help plan participants achieve better outcomes."

"With more than a decade of visionary research and expertise in building target-date funds for some of the largest and most sophisticated plans in the U.S., we've leveraged our knowledge to create a truly 'next-generation' retirement solution in Multi-Manager Select," said Jennifer DeLong, Head of Defined Contribution at AB. "The combination of AB and Morningstar Investment Management and a design that leverages fiduciary best practices offers a new blueprint for improving retirement outcomes – and we think could be the future of target-date funds for plans of all sizes."

About AB

AB is a leading global investment management firm that offers high quality research and diversified investment services to institutional investors, individuals and private wealth clients in major world markets. It is also the largest custom target-date solutions provider in the US, with more than \$42 billion in custom target-date assets under management globally.

At December 31, 2017, AB Holding owned approximately 35.9% of the issued and outstanding AB Units and AXA, a worldwide leader in financial protection, owned an approximate 64.7% economic interest in AB.

Additional information about AB may be found on our website, www.alliancebernstein.com.

About Morningstar, Inc.

Morningstar, Inc. is a leading provider of independent investment research in North America, Europe, Australia, and Asia. The company offers an extensive line of products and services for individual investors, financial advisors, asset managers, retirement plan providers and sponsors, and institutional investors in the private capital markets. Morningstar provides data and research insights on a wide range of investment offerings, including managed investment products, publicly listed companies, private capital markets, and real-time global market data. Morningstar also offers investment management services through its investment advisory subsidiaries, with more than \$220 billion in assets under advisement and management as of Sept. 30, 2017. The company has operations in 27 countries.

About Morningstar Investment Management LLC

Morningstar Investment Management LLC creates custom investment solutions that combine award-winning research and global resources with proprietary Morningstar data. With more than \$220 billion in assets under advisement and management as of Sept. 30, 2017, Morningstar's Investment Management group provides comprehensive retirement, investment advisory, and portfolio management services for financial institutions, and financial advisers. Morningstar's Investment Management group includes Morningstar's various registered investment advisory and licensed advisory entities around the world.

^{*}The Morningstar RatingTM for the funds shown reflect performance as of December 31, 2017, for the Z share class only; other share classes may have different performance characteristics. The Morningstar RatingTM for funds, or "star rating", is calculated for funds and separate accounts with at least with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. For more information about the Morningstar Rating for funds, including its methodology, please go to global.morningstar.com/managerdisclosures/. Multi-Manager Select Retirement Allocation was rated 3 stars out of 147 funds in the Target-Date Retirement category, for the 3-year period. Multi-Manager Select 2010 was rated 4 stars out of 91 funds in the Target-Date 2000-2010 category, for the 3-year period. Multi-Manager Select 2015 was rated 4 stars out of 93 funds in the Target-Date 2015 category, for the 3-year period. Multi-Manager Select 2020 was rated 4 stars out of 189 funds in the Target-Date 2020 category, for the 3-year period. Multi-Manager Select 2025 was rated 5 stars out of 166 funds in the Target-Date 2025 category, for the 3-year period. Multi-Manager Select 2030 was rated 5 stars out of 189 funds in the Target-Date 2030 category, for the 4-year period. Multi-Manager Select 2035 was rated 5 stars out of 166 funds in the Target-Date 2035 category, for the 3-year period. Multi-Manager Select 2040 was rated 5 stars out of 189 funds in the Target-Date 2040 category, for the 3-year period. Multi-Manager Select 2045 was rated 5 stars out of 166 funds in the Target-Date 2045 category, for the 3-year period. Multi-Manager Select 2050 was rated 5 stars out of 184 funds in the Target-Date 2050 category, for the 3-year period. Multi-Manager Select 2055 was rated 4 stars out of 159 funds in the Target-Date 2055 category, for the 3-year period. **Past performance is no guarantee of future results.**

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¹ The Cerulli Report US Defined Contribution Distribution 2016

Source: Cerulli Associates, Investment Company Institute, Plan Sponsor Council of America, Society for Human Resources Management, US Department of Labor, Vanguard "How America Saves"

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SOURCE AllianceBernstein

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