

# IAP Target-Date Funds

The Individual Account Program (IAP) Target-Date Funds are designed for Oregon members in all stages of saving for retirement.

A target-date fund typically has a date in its name—this is called the fund’s “target date.” The target date is the approximate year when you expect to retire (assuming a retirement age of 65) and begin withdrawing from your account. A target-date fund adjusts its investments over time—based on your date of birth. If you’re in your early working years, the emphasis of the fund is on growth in order to build savings. As you move toward retirement, the investments of the fund gradually shift, becoming more conservative to help protect against market fluctuations—and the process happens automatically.

## Target-Date Funds Provide an Investment Strategy That Lasts a Lifetime

The investment mix in a target-date fund changes over time. Your account is monitored constantly, and your investment mix changes as you move toward retirement. Each fund gradually shifts to an approach focused less on growth and more on wealth preservation.

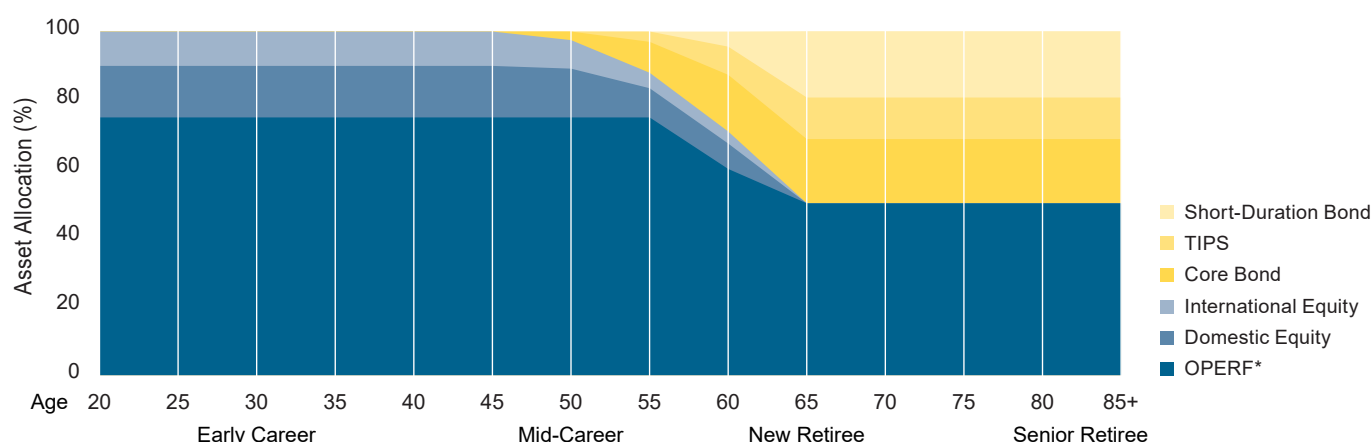
With a target-date fund, your money is spread across many different investment types that make up the fund. This approach gives you access to a variety of asset-class opportunities that includes stocks, bonds and other diversifying asset classes—all in one package. The objective for each retirement fund is to achieve the highest total return over time, while incurring an appropriate level of risk that is consistent with the fund’s asset mix, as illustrated below.

## Manager Summary

The Oregon State Treasury (OST), under direction of the Oregon Investment Council (OIC), has selected AllianceBernstein L.P. (AB) to help manage this custom series of target-date funds. The OIC determines the asset allocation amount of the Oregon Public Employees Retirement Fund (OPERF) to be held within each custom target-date fund, after which AB designs the custom allocation to the remaining asset classes.

State Street Global Advisors (SSGA) passively manages the domestic equity, international equity, core bond, Treasury Inflation-Protected Securities (TIPS) and short-duration bond investments held within the custom target-date funds. The OST under the direction of the OIC manages the OPERF, which is a fund that comprises the following asset classes: public and private equity, fixed income, real estate, real assets and diversifying strategies.

## Investments Become More Conservative over Time



\*OPERF is managed by the OST under the direction of the OIC and contains a mix of the following asset classes: public and private equity, fixed income, real estate, real assets and diversifying strategies. For more information, please refer to the OST website.

How Target-Date Funds Work

Target-date funds that are furthest away from their target dates invest primarily in growth-oriented assets, emphasizing the growth potential you need to build wealth over the long term.

As you move closer to retirement—and eventually into retirement—your fund automatically adjusts to a more age-appropriate investment mix.

When your fund reaches its target date (assuming a retirement age of 65), the fund’s investment mix is 66% defensively oriented strategies (such as core bonds, TIPS and short-duration bonds) and 34% growth strategies (including public equity, private equity, real estate and real assets).

Investments in the target-date funds are not guaranteed against loss of principal; at any time, your account value can be more or less than the original amount you contributed—including at the time of the fund’s target date. Also, investing in target-date funds does not guarantee sufficient income in retirement.

Asset Allocation Shifts over Time

		Early Career					Mid-Career				New Retiree			Senior Retiree	
Age		25	30	35	40	45	50	55	60	65	70	75	80	85	
OPERF		75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	60.00%	50.00%	50.00%	50.00%	50.00%	50.00%	
Domestic Equity		15.00	15.00	15.00	15.00	15.00	14.20	8.55	7.35	—	—	—	—	—	
International Equity		10.00	10.00	10.00	10.00	10.00	8.30	4.45	3.45	—	—	—	—	—	
Core Bond		—	—	—	—	—	2.50	9.00	16.55	18.65	18.65	18.65	18.65	18.65	
TIPS		—	—	—	—	—	—	3.00	8.30	12.05	12.05	12.05	12.05	12.05	
Short-Duration Bond		—	—	—	—	—	—	—	4.35	19.30	19.30	19.30	19.30	19.30	

Investment Management Fee for IAP Target-Date Funds\* as of March 31, 2024

Investment Option	Expense Ratio	Investment Option	Expense Ratio	Investment Option	Expense Ratio
IAP Retirement Allocation Fund	0.40%	IAP 2040 Target-Date Fund	0.56%	IAP 2055 Target-Date Fund	0.56%
IAP 2025 Target-Date Fund	0.41	IAP 2045 Target-Date Fund	0.56	IAP 2060 Target-Date Fund	0.56
IAP 2030 Target-Date Fund	0.48	IAP 2050 Target-Date Fund	0.56	IAP 2065 Target-Date Fund	0.56
IAP 2035 Target-Date Fund	0.56				

\*The above fees include investment-management and operating fees available as of the most recent quarter-end and may be subject to change. The fees associated with OPERF, which is an investment component of the IAP Target-Date Funds, are estimated by CEM Benchmarking and presented to the Oregon Investment Council.

Important Information

The IAP Target-Date Funds are not offered for sale to the general public. Each IAP Target-Date Fund is a separate account that invests in a set of underlying collective investment trusts and the Oregon Public Employees Fund (OPERF). Separate accounts are not mutual funds and interests in the IAP Target-Date Funds are not deposits of AB Trust Company, LLC or any AB affiliate and are not insured by the Federal Deposit Insurance Corporation (FDIC) or any other agency. The IAP Target-Date Funds are exempt from investment company registration under the Investment Company Act of 1940, and purchases and sales of interests in the IAP Target-Date Funds are not subject to registration under the Securities Act of 1933. Management of the Funds, however, is generally subject to the rules and regulations applicable to registered investment advisers, and to applicable state laws. AB provides asset allocation advice for the IAP Target-Date Funds.

**A Word About Risk**—Each IAP Target-Date Fund allocates its investments among multiple asset classes, which will include US and foreign securities, as well as equities and fixed-income securities. Within each of these, the underlying investment options will invest in different types of securities, such as growth and value stocks, and corporate and US government bonds. The prices of small-cap stocks and mid-cap stocks are generally more volatile than are those of large-cap stocks. International investing involves risks not associated with US investments, including currency fluctuations and political and economic changes. The investment option systematically rebalances its allocations in these asset classes to maintain their target weightings. There can be no assurance that rebalancing will achieve its intended result, and the costs of rebalancing may be significant over time.

While diversification and shifting to a more conservative investment mix over time help to manage risk, they do not guarantee earnings growth. There is the potential to lose money in any investment program. You do not have the ability to actively manage the investments within a target-date fund. The fund managers control security selection and asset allocation.