After a decade-long stretch of U.S. economic growth and outsized stock market returns, we are heading into the second half of 2019 from a much different place than we were a year ago. At that time, both fixed income and equity markets agreed that the U.S. outlook was bright and that the economic expansion was going to last a good deal longer.

Now, we are clearly in the later stages of the economic cycle. And while we do not think the cycle is over just yet, we do expect a period of slower growth and tighter financial conditions, both of which translate into lower investment returns.

So, what can plan sponsors do in this environment to come? In this issue of next, we offer tips for managing participant outcomes in the late cycle. In addition, we give guidance on running an effective plan committee and how to address the growing retirement gender gap. We round out the issue by looking ahead at the emerging trend of student loan repayment features within 401(k) plans.

While financial conditions and markets are changing, your commitment to creating positive retirement outcomes for your employees has not. And neither has ours. With a 100-year legacy of providing retirement solutions and income, Nuveen has supported our clients in this mission, and we hope to continue for the next 100 years.

We hope you enjoy this issue of next.
Continuing the journey: three tips for navigating participant outcomes in the late cycle

After a decade of economic expansion following the global financial crisis, many are wondering if we are near the end of the economic cycle, and whether recession could be on the horizon. Although we are clearly in the later stages of the economic cycle, it isn’t over quite yet. While we do not foresee a recession in the near future, global economic growth for the rest of 2019 is forecast to be slower than it was in the past; the low-volatility, high-return environment that characterized most of the past decade is not likely to persist.

While plan sponsors cannot control or predict the course of the markets or economy, there are steps you can take to prepare your retirement plan and participants for the environment to come.

1. **Staying on course**

Volatile or uncertain markets can be jarring for participants, causing some to panic and make emotional investment decisions in their retirement plans. Even though investment wisdom tells us to buy low and sell high, emotions can often result in the exact opposite — buying high and selling low. Research into human behavior has shown that investors dislike losses twice as much as they like equivalent gains. Plan sponsors recognize this. According to the TIAA 2018 Plan Sponsor Retirement Survey, 69% of plan sponsors indicated that market volatility is a very significant or somewhat significant issue for plan participants’ financial security in retirement. But it’s helpful to look at the long term.
While past performance cannot guarantee future results, U.S. equity markets tend to go up more than down (Figure 1). Consider that since 1937, U.S. stocks have been positive 76% of calendar years with an average total market return of 19.5%. And when markets do decline, they tend to recover quickly. The majority of equity downturns have been modest (decline of 5%-10%), with the market fully rebounding in one month, on average.

When markets fluctuate, participants may feel the need to act, but with a long-term investment horizon, such as saving for retirement, history has shown that best action is no action at all. During periods of short-term volatility, however, plan sponsors are often one of the first lines of defense when participants begin to question how their retirement account balance will fare during a changing market environment. Reminding participants to stay focused on their long-term investment goals and resist the urge to try to time the market may feel easier said than done, but a look at recent history may help keep participants in their seats.

The average 401(k) account balance fell 25.8 percent in 2008, and then rose from 2009 through year-end 2013. Overall, the average account balance increased at a compound annual average growth rate of 10.9 percent from 2007 to 2013, to $148,399 at year-end 2013.

1 Source: Factset, Nuveen, as of 31 Dec 2018.
Participants who stayed the course were able to benefit from the market’s recovery. The charts below show that 401(k) participants weathered the 2008–2009 downturn by maintaining their retirement account activity.

2. Not all ports are safe

Another common reaction to market volatility or a downturn is for participants to get out of the market altogether and move to cash. While this may feel “safe,” it often results in one of the biggest costs of market timing: missing out on some of the best-performing moments. Take the out of stocks and stock mutual funds in their 401(k)s and retirement plans as the market plunged. This can lead to underperformance. In Figure 3, we took a look at how the change in value for $100,000 invested in different asset classes through various market cycles. Investing $100,000 in the S&P 500 at the peak of the market in October 2007 and then selling as the market bottomed in February 2009 resulted in approximately a 50% loss, bringing the value of the original $100,000 down to $49,831. On the other hand, staying in the market throughout the decline and doubling the original investment. Being out on short-term market recoveries:

Out of stocks and stock mutual funds in their 401(k)s and retirement plans as the market plunged. This can lead to underperformance. In Figure 3, we took a look at how the change in value for $100,000 invested in different asset classes through various market cycles. Investing $100,000 in the S&P 500 at the peak of the market in October 2007 and then selling as the market bottomed in February 2009 resulted in approximately a 50% loss, bringing the value of the original $100,000 down to $49,831. On the other hand, staying in the market throughout the decline and doubling the original investment. Being out on short-term market recoveries:

While most plan participants should have a mix of asset classes in their retirement plan, not just equities, the point to drive home is that staying invested over the long term can help participants retire with the assets they need to sustain a comfortable lifestyle.

3. Pack well and be prepared

Speaking of mixed asset classes, participants often don’t understand the benefits that diversification can bring to a portfolio. Uncorrelated asset classes can help participants take advantage of market upswings, while potentially minimizing losses during downturns. Figure 4 shows how various asset classes performed quite differently over the past ten years.

3 Ibid.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P 500 Index</td>
<td></td>
<td></td>
<td>$237,431.93</td>
<td>137.4%</td>
</tr>
<tr>
<td>30-day Treasury Bill (cash proxy)</td>
<td>$102,566.38</td>
<td>2.6%</td>
<td>$106,464.92</td>
<td>6.5%</td>
</tr>
<tr>
<td>Average Target Date 2035 Fund (Age 35–40 in 2007)</td>
<td>$51,660.01</td>
<td>-48.3%</td>
<td>$163,915.24</td>
<td>63.9%</td>
</tr>
</tbody>
</table>

Source: Morningstar, Nuveen, as of 31 Dec 2018.
Encourage greater savings

7K63QGH[KDVUHWXUQHGPRUHKDQRYDUH]HRYHU the past ten years, but we do not believe U.S. stocks are poised to GHOHYUHHUXUQVURIWDFDOEHURYHUXKHQ[WGRWHRQH]DUV such a stretch of stellar performance, participants may need to brace for an era of more modest investment returns. So what’s the answer? Encourage participants to address something they can control, which is how much they contribute. The combination of ORZUH[SHFWGUGHUXUQVQGQ]HUO[LHH[SHFWDFQ]PDNHVLSWHYHU more important for participants to contribute as much as they can.

If participants are reluctant to contribute more during down markets, remind them that their payroll contributions are able to buy more shares with the same dollar amount. As long as the market follows its historical trend of upward movement, this strategy of “dollar-cost averaging” may help build wealth over time.

As markets downshift, there will be more market declines. What’s important is how participants react. While no two participants will have the same retirement time horizon, goals or risk tolerance, there are fundamentals that can apply across the board: staying the FRXVUVSURSHUGLYHUVL@FDWLRQDQGRQVLVWHQWVDYLQJDQDOOH improved retirement outcomes.
Narrowing the gender retirement gap

So far, 2019 has yielded some significant milestones for women:

• A record number of women are serving in the 116th Congress (the most ever since they began publishing the list in 2004)

• Women are on track to make up the majority of the college-educated labor force in the U.S.¹

While these strides are certainly encouraging, the financial disparity between men and women still exists and plays a significant role in women’s ability to save for and live well in retirement.
Building savings
Throughout their careers, when both men and women are building their retirement savings, women tend to be disadvantaged by three key issues:

1. **Women work fewer years over the course of their lives.**

   The retirement industry often thinks about life stages in three simple categories — child, working adult and retiree — and often assumes workers stay in the workforce for about 40 years. However, the reality often looks very different for women. Many women temporarily leave the workforce to care for children, and frequently do so again later in life to care for elderly parents. These career breaks add up, resulting in women spending significantly fewer years in the workforce. While men work an average of 38 years, women only average 29 years. This nine-year shortfall means that women work 75% of the years that men work. This fact alone makes it immediately obvious that women need to save a higher percentage of their salary during their working years.

2. **Women are 80% more likely than men to be impoverished at age 65, while women between 75 and 79 are 3x more likely than men to be living in poverty.**

3. **Women are 80% more likely than men to be impoverished at age 65, while women between 75 and 79 are 3x more likely than men to be living in poverty.**


---

**Figure 1:**
Lifetime years in the workforce by gender

<table>
<thead>
<tr>
<th></th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full employment</td>
<td>40</td>
<td>33</td>
</tr>
<tr>
<td>Childcare</td>
<td>-0.5</td>
<td>-5.5</td>
</tr>
<tr>
<td>Elder care</td>
<td>-0.6</td>
<td>-1.2</td>
</tr>
<tr>
<td>Expected employment</td>
<td>39</td>
<td></td>
</tr>
<tr>
<td>Social security data</td>
<td>38</td>
<td></td>
</tr>
</tbody>
</table>


---

1. NPR, June 20, 2019: “New Report Says Women will soon be majority of college-educated U.S. Workers.”
Women earn less than men.

Deemphasizing careers during both the beginning and middle stages impacts more than just total years worked: It also limits the rate of pay for women. In the general population, women still only earn $0.80 on the dollar relative to men, amounting to an annual gender wage gap of $10,169.4 And the wage gap for working mothers full-time, year-round jobs are only paid $0.71 for every dollar paid to fathers.5 Women tend to take on less investment risk.

Studies show that women are generally more risk averse, striving to protect the assets they have. They are also less likely to endure risk in hopes of generating higher returns.6 One of the keys to long-term investment success is the ability to take well-chosen risks, notably time, resulting in smaller retirement balances.

<table>
<thead>
<tr>
<th>Women</th>
<th>(DUQRI) of the years²</th>
<th>(DUQRI) the compensation⁴</th>
<th>Are more risk averse⁵</th>
<th>Live 4 years longer⁷</th>
<th>Often become sole providers</th>
<th>Spend more on health care⁶</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less time</td>
<td>Lower compensation</td>
<td>Risk averse</td>
<td>Live longer</td>
<td>Sole provider</td>
<td>Healthcare expenses</td>
<td></td>
</tr>
</tbody>
</table>

Living in retirement

On top of the saving constraints, women often have higher expenses during retirement due to increased longevity. Living longer naturally equates to having greater healthcare expenses. However, the data suggests there is more to the story. According to the Department of Health and Human Services, from the age of 65 forward men will spend $18,251 per year on healthcare, while women will spend $19,558. The reason for this additional spending is twofold: Women are more likely to become sole providers and, because they tend to outlive their spouses, they spend more on health care. Health care expenses are also set to rise at a rate of 5.5% per year between 2018 and 2027, a growth rate that will impact the financial security of many women.

It is clear that women are challenged with a significant gap between their expected needs and expected resources in retirement. With women making up half of the U.S. labor force, employers have the opportunity to narrow the gender retirement gap.

While the gender pay gap is a mainstream topic, the gender retirement gap is not. Increasing the awareness of the challenges women face in retirement can lead to creating more positive outcomes. The needle is moving in terms of women being more empowered and attuned to improving their financial futures, and employers can play a key role in helping them achieve retirement security.

6 Centers for Medicare and Medicaid Services, 2019.
7 World Health Organization, 2016.
Empower with knowledge

Keep it simple
Whether the goal is to get women into a retirement plan, increase their contributions or even diversify their investments, the key is to make the process simple. Actions have the option to make changes in real time during education meetings. Automatic plan features — including auto-enrollment and escalation — should be set.

Promote extra ways to save
Women in particular need to every opportunity available to them to enhance their retirement savings to make up for the shortfall. Employees that reach age 50 are eligible to go beyond the normal limits with catch-up contributions to IRAs and 401(k)s within the calendar year.

Make it personal
Consider targeted communications needs. Education campaigns may cover topics around general from the workforce, long-term care, supplemental and healthcare savings strategies.
FIDUCIARY PERSPECTIVE

Forming a highly effective retirement plan committee: the impact of inclusion and diversity

A team is 157% more likely to understand the consumer when one team member matches the target demographic.

The retirement plan industry is constantly evolving. To keep pace, plan fiduciaries should be continuously evaluating their approach to plan design and governance. In today’s environment of increased litigation, having a highly effective retirement plan committee has never been so important.

An effective committee can help fulfill fiduciary responsibilities, navigate increasingly complex plan requirements and minimize the risk of litigation. At the same time, the committee is charged with staying on top of innovations and emerging trends that may have the potential to impact their plan participants’ outcomes—an increasingly difficult task, given shifting employee demographics within the workplace.

Today’s workforce is getting older and spanning more generations, is much more diverse than ever before and is more highly educated.1 This is good news on many levels. Numerous studies show that more diversity across the workforce leads to better results.

3 Source: Racial Diversity Improves Group Decision Making In Unexpected Ways, According To Tufts University Research, April 10, 2006
5 Source: Credit Suisse Research Institute, “Gender Diversity and Corporate Performance,” August 2012.

If academics, corporate boards, juries and employees all benefit from diversity, we can assume retirement plan committees can benefit too. But, we don’t have to assume.

Studies have also shown that diverse committees achieve better decisions than those that are less diverse.8 Adopting an inclusive and diverse approach can bring a wide range of perspectives, allowing the committee to better serve participants from all demographics.

Having different backgrounds can help create a strong governance structure.
Best practices of highly effective plan committees

While there are many factors that contribute to the effectiveness of a committee, diversity should be considered as a key component. Consider these best practices when forming or evaluating your retirement plan committee.

**SELECT THE RIGHT NUMBER OF MEMBERS**

First is determining the right size for the committee. Depending on plan size, committees typically range from three to seven members, though five seems to be the ideal recommendation for effective decision-making. An odd (not even) number of members helps eliminate the risk of a tie and indecision. It is also a good idea to appoint a chairperson and a secretary to ensure that a proper cadence is followed and detailed records are kept.

**FIGURE 1:**

**Average size by committee type**

- **Investment Committee**
- **Administrative Committee**
- **Single Committee**


<table>
<thead>
<tr>
<th>Committee Type</th>
<th>3 members of fewer</th>
<th>4 - 5 members</th>
<th>6 - 7 members</th>
<th>8 - 9 members</th>
<th>10 members or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>8%</td>
<td>12%</td>
<td>32%</td>
<td>33%</td>
<td>13%</td>
</tr>
<tr>
<td>Source</td>
<td>Nuveen Next / Issue no. 3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
CONSIDER COMMITTEE DEMOGRAPHICS

Consider how diverse characteristics could enhance the committee decision-making through different perspectives. Generally, there is representation from human resources, finance and legal. While committee members don’t need to be experts in investing, they should have a basic understanding of retirement plans and/or financial markets.

UTILIZE A COMMITTEE CHARTER

A prudent committee may also develop a charter to outline fiduciary responsibilities and ongoing governance required to oversee a retirement plan. The charter should clearly reflect the committee’s structure (consistent with the committee formation best practices described above), as well as the committee’s member roles, objectives and responsibilities consistent with ERISA’s guiding principles.

Basics of committee charter

• Establish the committee’s authority
• Define the committee’s purpose
• Determine the committee’s structure
• Formalize the committee’s procedures
• Delegate authority and assign responsibilities and duties
• Create processing for selecting and managing vendors
• Outline the committee’s reporting needs
• Set procedures for performing updates and protecting committee members financially

THOROUGHLY DOCUMENT DECISIONS AND PROCESSES

Following a thorough and prudent process will help enable the committee to effectively fulfill its fiduciary obligations. It is critical to have thorough documentation not only around plan decisions, but also the logic that was applied in order to come to those conclusions. Consider the following as best practices:

• Written fiduciary acknowledgment for committee members
• Investment policy statement (including a QDIA policy, if applicable)
• Meeting minutes

Participants have a variety of unique needs, so it’s imperative to have a broadened perspective and deeper understanding of whom the committee is there to serve. An effective plan committee is the foundation of retirement plan decision-making and the key to building a plan that helps participants reach successful retirement outcomes.
We often talk about how the differences among millennials, Gen Xers and baby boomers, such as how to manage them differently, their different motivations and how to communicate differently. It’s easy to overlook common threads as they emerge. A surprising — and rather unfortunate — example is the continuous increase of college loan debt and the stress it can put on employees.

Over the past ten years, college tuition for both private and public schools has increased at a faster rate than average household income, as shown in Figure 1. Now add in other expenses like increasing healthcare costs, and it’s no wonder college loan debt is skyrocketing!
It’s a diverse student body

People often incorrectly associate this debt problem with millennials, but it’s becoming much more pervasive. For example, in 1992, 85% of families with student loan debt were those with a head younger than 45 years old. By 2016, this percentage had fallen to 66.7%. In its place, families with heads aged 45–54 showed significant growth in the share of those with student loan debt, increasing from 8.9% in 1992 to 19.5% in 2016.

The reality is, this trend shows no signs of slowing. As the number of individuals receiving undergraduate degrees increases, so too does the demand for advanced degrees. The number of parents and grandparents co-signing loans has increased as well. This has become so mainstream, there’s even a gameshow about paying off student loans!

At the same time, recent studies show that implementing programs to mitigate employees’ financial stress is a win-win for employers and employees. Even beyond financial wellness and productivity, such programs can help recruit employees and increase employee loyalty and retention efforts. This is nothing new. Many companies have been offering tuition reimbursement programs and 401(k) match programs for years. Student loan repayment programs are an innovative evolution of benefits under the “financial wellness” umbrella that address a very real need for employees.

Not only has the percentage of families with college debt increased, but also the amount owed. The median amount owed rose from $5,363 in 1992 to $19,000 in 2016 (both in 2016 dollars). The average amount owed had a similar increase — going from $11,751 to $34,293.

$5,363 in 1992 to $19,000 in 2016

Source: EBRI Issue Brief No. 467, December 6, 2018
Ready to choose a major

There's more than one approach to student loan repayment programs for employers to consider, each with benefits and drawbacks. Some examples are listed below.

Refinancing support

Some employers have partnered with a single provider or a platform of providers to give employees easy access to refinancing options to help employees understand the options available to them and potentially lower their monthly loan payments. Employers may also include incentives for employees to refinance their loans.

Direct loan payments

Increasingly, employers are making direct payment on employees’ student loans. Employers often pay a specific dollar amount over a specified period of time, up to a cap. Employers may also choose to match the employee’s loan payment(s), up to a cap.

Student loan 401(k) match

Recognizing employees’ common dilemma between paying off student loans and saving for retirement, some employers are beginning to match an employee’s student loan payment with a contribution into the employee’s 401(k) account.

Financial wellness tools

Until recently, many tools and calculators for retirement, some employers are beginning to match an employee’s student loan payment with a contribution into the employee’s 401(k) account.

Support from Congress

Over the past six months, a number of proposals were raised in both the House and the Senate. They attempt to address this growing issue in various ways including:

- Increasing awareness of tuition costs
- Enhancing the vehicles used for paying back student loans

Still undeclared

The appeal of student loan repayment programs is growing across multiple employee demographics, and it’s possible for employers to meet employee demand by structuring a program that creates a win-win. However, the appeal of student loan repayment programs is growing across multiple employee demographics, and it’s possible for employers to meet employee demand by structuring a program that creates a win-win. The appeal of student loan repayment programs is growing across multiple employee demographics, and it’s possible for employers to meet employee demand by structuring a program that creates a win-win. The appeal of student loan repayment programs is growing across multiple employee demographics, and it’s possible for employers to meet employee demand by structuring a program that creates a win-win. The appeal of student loan repayment programs is growing across multiple employee demographics, and it’s possible for employers to meet employee demand by structuring a program that creates a win-win. The appeal of student loan repayment programs is growing across multiple employee demographics, and it’s possible for employers to meet employee demand by structuring a program that creates a win-win. The appeal of student loan repayment programs is growing across multiple employee demographics, and it’s possible for employers to meet employee demand by structuring a program that creates a win-win. The appeal of student loan repayment programs is growing across multiple employee demographics, and it’s possible for employers to meet employee demand by structuring a program that creates a win-win. The appeal of student loan repayment programs is growing across multiple employee demographics, and it’s possible for employers to meet employee demand by structuring a program that creates a win-win. The appeal of student loan repayment programs is growing across multiple employee demographics, and it’s possible for employers to meet employee demand by structuring a program that creates a win-win. The appeal of student loan repayment programs is growing across multiple employee demographics, and it’s possible for employers to meet employee demand by structuring a program that creates a win-win.
Regulatory and legislative proposals to watch

Reauthorization of Higher Education Act (HEA) of 1965

• Introduced by the Trump administration 03.18.19
• Last reauthorization was in 2008 (typically done every 4 to 6 years)
• Current state: undergraduate students capped at $57K (lifetime), but no limit for parents taking out the loans
• President Trump and Secretary of Education proposals:
  — Cap the amounts that students and families can borrow for post-secondary schooling (no mention of cap amount)
  — Simplifying student loan repayment and expanding the Pell Grant program to low-income students who are enrolled in short-term career training programs
  — Reorient the Higher Education Act and focus more on workforce needs

S. 889 – The Net Price Calculator Improvement Act

• Require schools to put their calculators on webpages where students and families are likely to look for cost and admissions information. Would also authorize the Department of Education to develop a “universal calculator” that lets students answer a standard set of financial and academic questions to get cost estimates from many schools, so they could better compare costs across institutions.

S. 3771 – Retirement Parity for Student Loans Act

• Introduced by Sen. Wyden – OR on 12.18.18
• Allows certain employer-sponsored retirement plans to make matching contributions for an employee’s student loan payments as if the loan payments were salary reduction contributions to the retirement plan.

S. 460 – Employer Participation in Repayment Act of 2019

• Allow employers to contribute as much as $5,250 tax-free to their workers’ student loans

H.R. 1084 – Family Savings Act of 2019:

• Introduced by Rep. Kelly – PA on 2.7.19
• Expands 529s to allow for repayment of student loan debt

A study guide: How employers are helping ease the burden of student loans

ABBOT LABORATORIES
This healthcare company is helping its employees repay student loans and save for retirement. If an employee contributes 2% of their paycheck to student loan repayment, Abbott will provide a 5% match to the employee’s 401(k) retirement plan.

TRAVELERS COS.
Travelers will match whatever payments employees are making toward their student debt, up to 5% of their salary or a maximum of $6,500 a year, to the 401(k) accounts of those employees. Employees do not need to contribute directly to their 401(k) plans to be eligible for the new perk.

ESTEE LAUDER
The international beauty conglomerate provides employees up to $10,000 in contributions to their student loan repayments. Eligible employees receive $100 a month to pay down their loans directly.

PRICEWATERHOUSECOOPERS (PWC)
The global accounting and consulting firm offers employees at certain levels of the firm $100 per month (up to $7,200) toward an employee’s student loan debt.

The views and opinions expressed are for informational and educational purposes only as of the date of production/writing and may change without notice at any time based on numerous factors, such as market or other conditions, legal and regulatory developments, additional risks and uncertainties and may not come to pass. This material may contain “forward-looking” information that is not purely historical in nature. Such information may include, among other things, projections, forecasts, estimates of market returns, and proposed or expected portfolio composition. Any changes to assumptions that may have been made in preparing this material could have a material impact on the information presented herein by way of example. Past performance is no guarantee of future results. Investing involves risk; principal loss is possible.

This material is not intended to be a recommendation or investment advice, does not constitute a solicitation to buy, sell or hold a security or an investment strategy, and is not provided in a fiduciary capacity. The information provided does not take into account the specific objectives or circumstances of any particular investor, or suggest any specific course of action. Investment decisions should be made based on an investor’s objectives and circumstances and in consultation with his or her advisors.

Please note that this information should not replace a client’s consultation with a professional advisor regarding their tax situation. Nuveen is not a tax advisor. Clients should consult their professional advisors before making any tax or investment decisions.

Glossary

The **30-day Treasury Bill** is a short-term debt obligation backed by the Treasury Department of the U.S. government with a maturity of less than one year.

The **Bloomberg Barclays Global Aggregate ex U.S. Bond Index** is an unmanaged index that comprises several other Bloomberg Barclays indexes that measure the fixed income performance of regions around the world, excluding the U.S.

The **Bloomberg Barclays U.S. Corporate High Yield Bond Index** measures the USD-denominated, high-yield, fixed-rate corporate bond market.

The **FTSE EPRA/NAREIT Developed Index** is designed to track the performance of listed real estate companies and REITs worldwide. By making the index constituents free-float-adjusted, liquidity, size and revenue screened, the series is suitable for use as the basis for investment products, such as derivatives and Exchange Traded Funds (ETFs).

The **MSCI Emerging Markets Index** is a free-float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The MSCI Emerging Markets Index consists of the following 23 emerging market country indexes: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates. The MSCI World Index is a free-float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of developed markets.

The **MSCI World index** consists of the following 23 developed market country indexes: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

The **Russell 2000® Index** measures the performance of the small cap segment of the U.S. equity universe, which includes approximately 2000 of the largest securities based on a contribution of their market cap and current index measurement.

The **S&P 500® Index** is a capitalization-weighted index of 500 stocks designed to measure the performance of the broad domestic economy.