

## Fiduciary Consulting Group

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City of Santa Clara, 457(b) Deferred Compensation Plan

Target Date Fund Analysis

May 2026

# Target Date Funds | Executive Summary

Due to the Fiduciary Consulting Group's (FCG) affiliation with Morgan Stanley, if the Committee elects to give FCG discretion over the Plan's target date assets, the Plan will qualify for a lower cost collective investment trust (CIT) version of its current suite. Such pricing is typically reserved for plans with at least \$2 billion in target date assets. FCG will not charge an additional fee to serve as the discretionary investment manager.

- The **Vanguard Target Retirement Series** has a glidepath generally in line with peers until after retirement when it becomes modestly more conservative. Vanguard exclusively utilizes passive underlying strategies. The suite has a consistent, strong performance track record.
  - The mutual funds and CITs follow the same investment process, philosophy, and objectives. Performance may vary between vehicles as a result of differences in cash flows, underlying strategy returns, fees and expenses, and other factors.
  - The Plan currently utilizes the mutual fund version of the suite, which charges 0.08% across vintages.
  - The CIT suite presented in the following pages charges 0.045% across vintages.

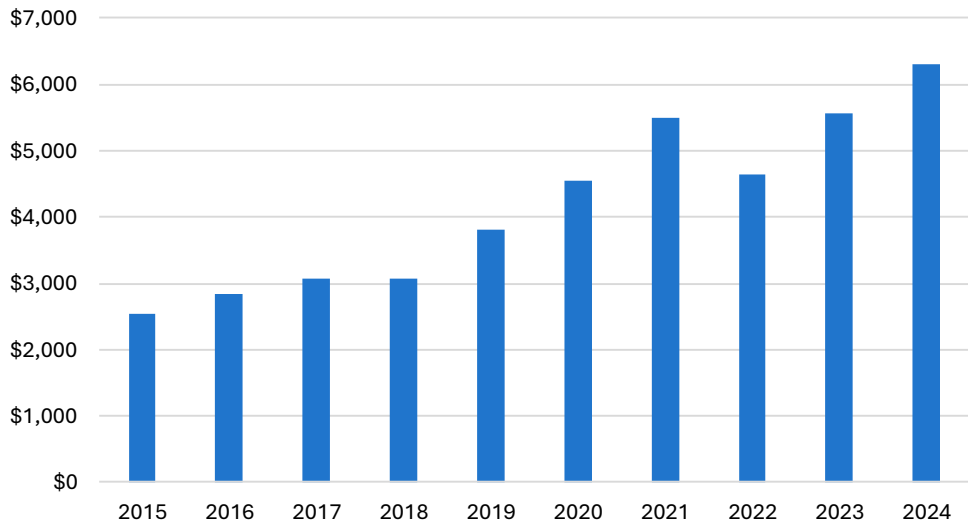
If the Plan elects to proceed with moving to the CIT through the discretionary pricing arrangement, FCG will work with the Committee to review a contract amendment. Following an executed amendment, FCG will request the initial onboarding documents below and coordinate with Vanguard to complete account set up:

| <b>Required Documents</b>   | <b>Responsible Party</b>   |
|---|----------------------------|
| • Documentation confirming to Vanguard that Morgan Stanley is serving as the discretionary manager  | <b>FCG / Plan Sponsor</b>  |
| • Power of attorney documentation on file appointing Vanguard (requires notarization)   | <b>FCG / Plan Sponsor</b>  |
| • Most recent IRS Determination Letter / Opinion Letter / Letter confirming plan's eligibility to invest in CITs (applicable documents vary by plan type) | <b>FCG / Legal Counsel</b> |
| • Fully executed plan documents   | <b>Plan Sponsor</b>        |

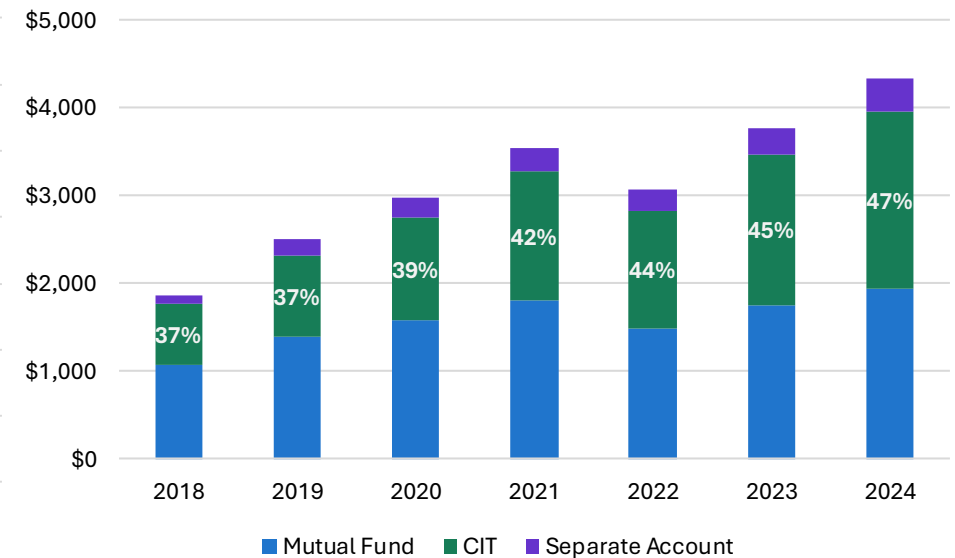
Source: Vanguard, Morgan Stanley.

# Investment Vehicle Overview | Industry Trends

Total CIT Assets (\$ billions)



Total Target-Date Assets by Vehicle (\$ billions)



- Left: CIT assets have continued to expand over the last ten years, reflecting increased adoption of CIT structures in defined contribution plan lineups.
- Right: Target-date assets have grown steadily since 2018, with CITs taking increasing share versus mutual funds through 2024.

Source: ISS Market Intelligence Simfund, Cerulli U.S. Defined Contribution Distribution 2025, in partnership with the Coalition of Collective Investment Trusts.

# Investment Vehicle Overview | Vehicle Comparison

## Mutual Funds

## Collective Investment Trusts (CITs)

### Similarities

*Mutual funds and CITs are pooled investment vehicles which facilitate investment in securities according to the overall strategy of an investment manager.*

### Differences

*Typically, mutual funds are more widely available, have different regulatory oversight, and have greater transparency of investment information. CITs may have cost advantages versus equivalent mutual fund strategies due to institutional investor scale, different regulatory requirements, lower administration expenses, and less marketing and distribution costs.*

### Fee Structure

Many funds have shares classes with different fee and expense structures, but investment management fees must be the same across different share classes of the same fund

Flexible unit class fee structures (investment management fees can be different for different unit classes of the same CIT)

### Sponsor

Offered directly or through financial intermediaries (i.e., broker-dealers, insurance companies, banks, etc.) to public (retail), as well as institutions

Offered by bank or trust company to qualified retirement plans; not available for investment by general public (retail)

### Availability

Widely available to retail and institutional investors, both qualified and non-qualified plans.

Limited to institutional tax-qualified retirement plans (not available to non-qualified deferred compensation plans). Individually contracted between institutions and CIT providers so participants would likely lose access if they leave the plan.

### Transparency

Investment information is widely available from investment managers and third-parties (e.g. Morningstar).

Investment information is more limited. No ticker available for participants to independently research information from third-parties. Managers and/or plan sponsors may produce fact sheets and provide details via recordkeeping websites.

Source: Morgan Stanley.

# Investment Vehicle Overview | Regulatory Comparison

| Considerations                          | Mutual Funds  | Collective Investment Trusts (CITs)  |
|---|---|--|
| <b>Regulatory Oversight</b>             | Subject to securities laws and regulations, including registration with the SEC   | Subject to ERISA and Department of Labor (DOL) regulations and state or federal banking regulations  |
| <b>Investment Management Governance</b> | Managed by investment managers approved by a fund's board of directors, subject to the board of directors' supervision and oversight  | Managed by investment managers retained by CIT trustee, subject to such trustee's supervision and oversight  |
| <b>Regulatory Documents</b>             | Prospectus and Statement of Additional Information (SAI), which are updated and filed with the SEC on a regular basis, govern the operations and investments of a mutual fund | Declaration of Trust and Investment Policy Statement or similar trust documentation that govern the operations and investments of a CIT; no obligation to file with a banking regulator on a regular basis                                   |
| <b>Holdings Information</b>             | Performance and holdings information publicly available and filed with the SEC, typically on a periodic basis depending on the type of fund                                   | Performance and holdings information available to plan sponsors and, in many cases, publicly on a periodic basis through website postings; CITs are not subject to the same reporting and disclosure requirements applicable to mutual funds |
| <b>Marketing Limitations</b>            | Registered under the Securities Act of 1933. Marketing and distribution subject to FINRA requirements   | Not registered under Securities Act of 1933; anti-fraud restrictions apply; marketing to eligible plan sponsors  |

Source: Morgan Stanley.

# Discretionary vs. Non-Discretionary Services

Retirement plan sponsors can retain Fiduciary Consulting Group (FCG) in what is known as a [discretionary investment management](#) or [non-discretionary advisory](#) capacity. In both instances, we apply prudent and consistent processes informed by appropriate federal regulation and industry best practices to the selection and ongoing monitoring of investment managers. The main difference is who takes responsibility for making investment decisions and the associated liability.

## Discretionary Manager

As a discretionary fiduciary we assume fiduciary liability for investment management decisions which we make on behalf of our clients. Fiduciary Consulting Group is responsible for adding, removing, replacing, or taking other action with regards to the investment options.

## Non-Discretionary Advisor

As a non-discretionary fiduciary, we assume fiduciary liability for the investment recommendations (and process involved therein) which we provide to the clients. The client is responsible for adding, removing, replacing, or taking other action with regards to the investment options.

In both instances, we stand in a position of trust and legal responsibility alongside our clients for participant assets. We provide an abundance of fiduciary documentation, and regardless of whether we are retained in a discretionary or non-discretionary capacity, we operate with full transparency (i.e., our actions as a discretionary fiduciary and our recommendations as a non-discretionary) fiduciary are clearly documented and communicated to each client). Prior to taking any action as a discretionary manager, we notify the client of our intentions.

The table on the following page illustrates how Fiduciary Consulting Group responsibilities change depending upon our fiduciary status.

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# Discretionary vs. Non-Discretionary Services (cont.)

|   | Discretionary Manager's Role –<br>Target Date Funds                                | Non-Discretionary Advisor's Role –<br>Core Menu                 |
|---|--|---|
| Adding, Removing, or Replacing Investment Options | <u>Makes Decision</u>  | Provides Recommendations and Shares Fiduciary Responsibility    |
| Performance Reporting                             | Conducts Due Diligence and Reports to Committee                                    | Conducts Due Diligence and Reports to Committee                 |
| “Watchlisting” Investment Options                 | Maintains Watchlist  | Maintains Watchlist   |
| Lower Share Class / Expense Analysis              | Conducts Analysis and Reports to Committee with <u>Decisions</u>                   | Conducts Analysis and Reports to Committee with Recommendations |
| Fiduciary Education                               | Provides Education   | Provides Education  |
| Letters of Direction                              | <u>Drafts and Sends to Recordkeeper/Custodian</u> – Client is Notified of Decision | Drafts – Client is Responsible for Signing                      |

# Evaluating Discretionary Oversight of the Target Date Series

## Key Considerations

- Leverage Institutional Pricing to Reduce Costs for Plan Participants
- No Additional Cost for FCG to Serve as Discretionary Investment Manager
- Offload Investment Selection Liability for Target Date Funds
- Discretion is Limited to Target Date Series
- Retain Advisor Oversight Responsibility
- Requires Amendment to Consulting Contract

## FAQs

### **How does this impact Plan Participants?**

Participants will benefit from lower investment costs if the Plan accesses institutional pricing through discretionary management.

Participants will receive any required investment change communications from the recordkeeper.

Less publicly available third-party research may be available compared to mutual funds. Participants typically still have access to materials such as fact sheets, investment guidelines, and performance/holdings summaries via the recordkeeper.

### **How does this impact Plan Sponsors?**

Delegating to a discretionary manager reduces fiduciary responsibility for target date fund selection but still requires ongoing oversight of FCG as the discretionary manager.

Quarterly investment performance and due diligence reporting remains consistent, but implementation requires a contract amendment.

# Target Date Funds | Overview

Target Date Funds are different from other investment strategies in that they pursue long-term objectives and are designed to invest around a participant's date of retirement. These investments become more conservative over time as the strategies are managed with a participant's anticipated retirement date in mind.

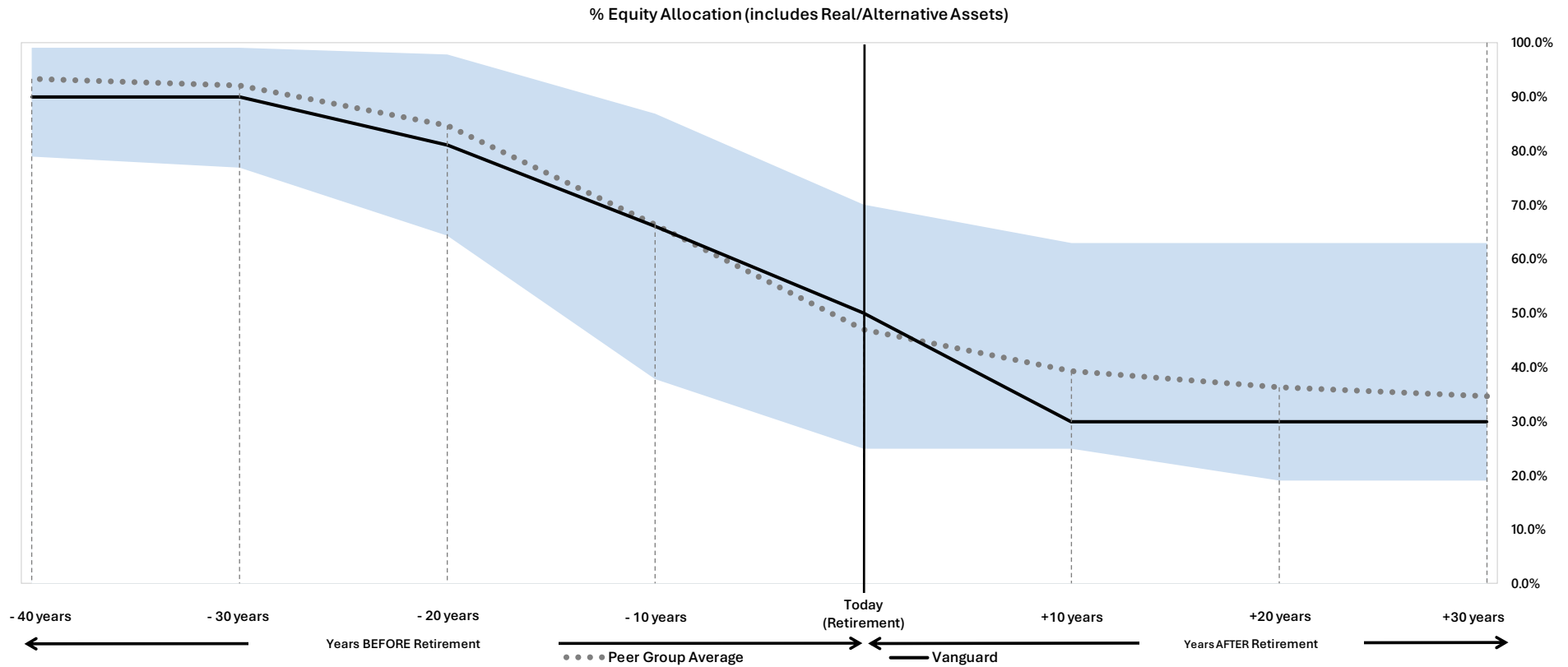
## Vanguard (Mutual Funds)

## Vanguard (CITs)

|   |                           |                              |
|---|---------------------------|------------------------------|
| <b>Glidepath Approach</b>               | Through                   |                              |
| <b>Glidepath End Date</b>               | 10 years after retirement |                              |
| <b>Max. Equity Allocation</b>           | 90%                       |                              |
| <b>Min. Equity Allocation</b>           | 30%                       |                              |
| <b>Active/Passive Philosophy</b>        | Passive                   |                              |
| <b>Inception Date</b>                   | 2003                      | 2007                         |
| <b>Net Assets</b>                       | \$806.2B                  | \$984.9B                     |
| <b>Vehicle Expenses / Revenue Share</b> | Investor: 0.080% / 0.00%  | Trust Select: 0.045% / 0.00% |

Source: Vanguard, Morgan Stanley, Morningstar. Assets as of 3/31/2026.

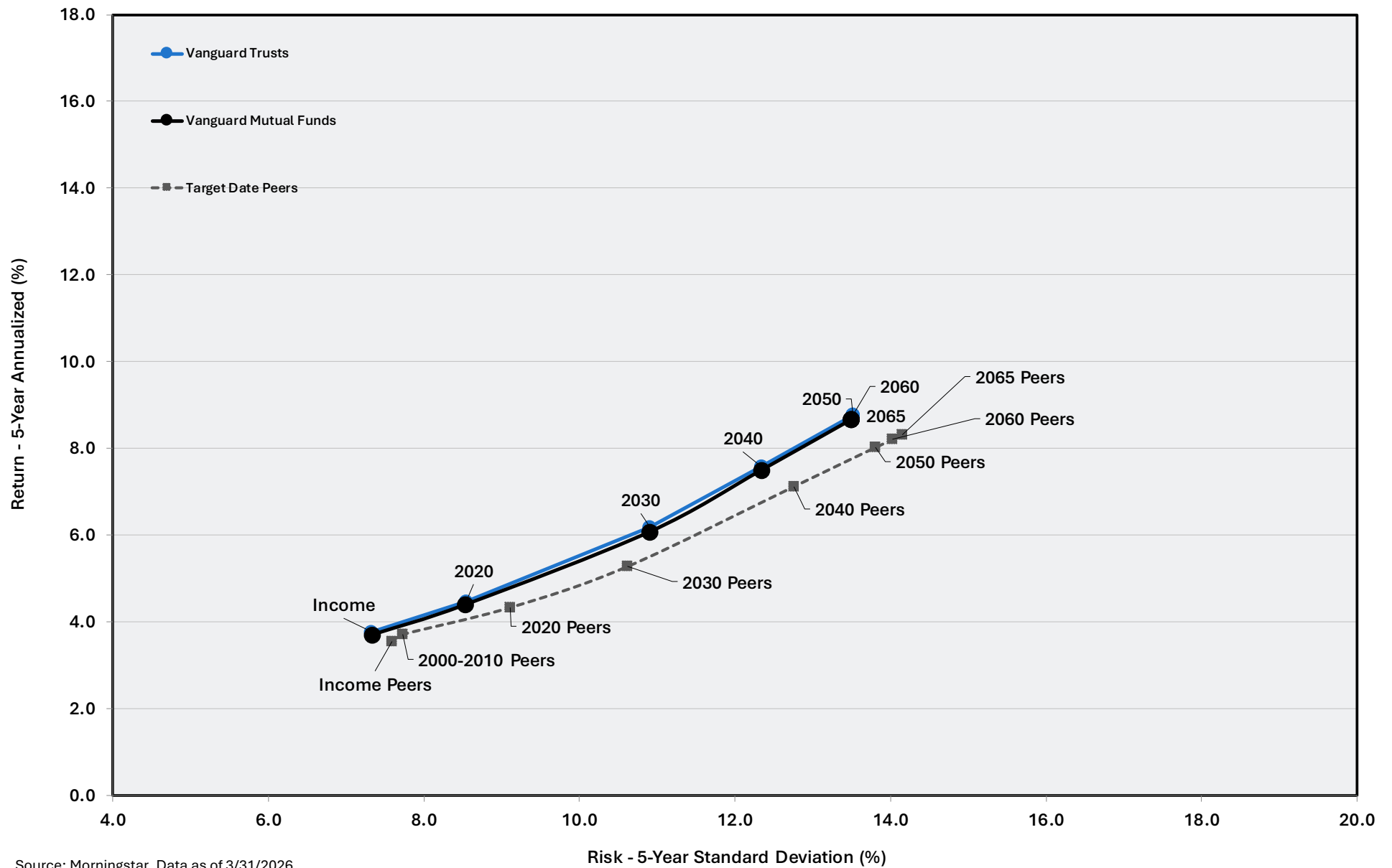
# Target Date Funds | Glidepath Overview



| Years              | -40 years | -30 years | -20 years | -10 years | Today | +10 years | +20 years | +30 years |
|--------------------|-----------|-----------|-----------|-----------|-------|-----------|-----------|-----------|
| Industry Max       | 99.1%     | 99.1%     | 97.8%     | 86.8%     | 70.0% | 63.0%     | 63.0%     | 63.0%     |
| Industry Min       | 79.0%     | 76.9%     | 64.4%     | 37.8%     | 24.9% | 24.9%     | 19.0%     | 19.0%     |
| Peer Group Average | 93.6%     | 92.3%     | 85.0%     | 66.4%     | 46.3% | 39.1%     | 36.2%     | 34.2%     |
| Vanguard           | 90.0%     | 90.0%     | 81.0%     | 66.0%     | 50.0% | 30.0%     | 30.0%     | 30.0%     |

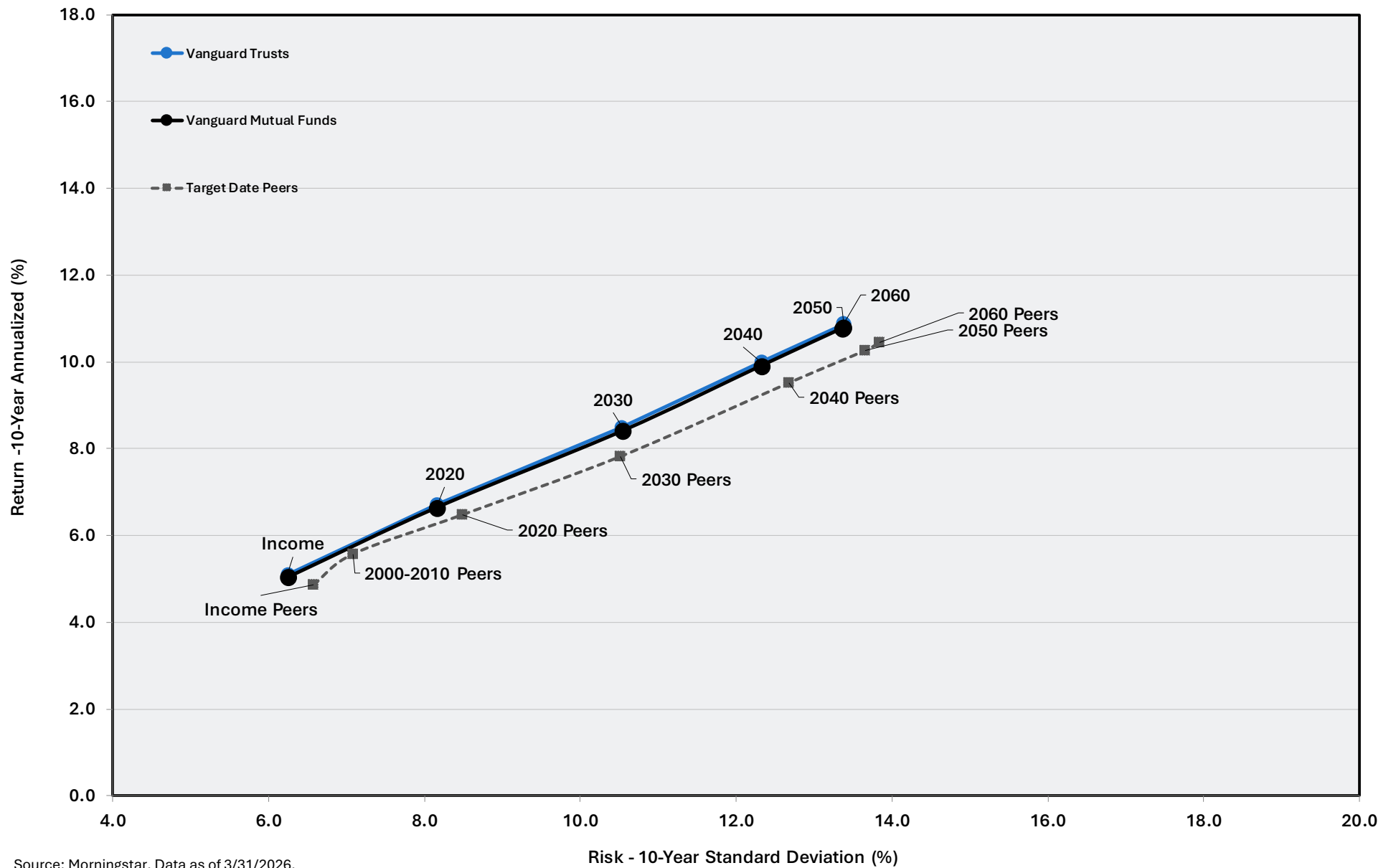
Source: Morningstar Direct. Data is subject to change. Figures listed represent projected target allocations and are estimates. Actual allocations may differ significantly.

# Target Date Funds | 5-Year Risk/Return



Source: Morningstar. Data as of 3/31/2026.

# Target Date Funds | 10-Year Risk/Return



Source: Morningstar. Data as of 3/31/2026.

# Target Date Funds | Trailing Performance

| Asset Class, Fund, Peer Group, and Index   | Ticker | Qtr Ret | 1 Yr Ret | 3 Yr Ret | 5 Yr Ret | 10 Yr Ret | 15 Yr Ret | 5 Yr Std Dev | Expense Ratio |
|--|--------|---------|----------|----------|----------|-----------|-----------|--------------|---------------|
| <b>Target-Date Retirement</b>              |        |         |          |          |          |           |           |              |               |
| Vanguard Target Retire Inc Trust Select    | n/a    | (0.40)  | 9.43     | 7.90     | 3.77     | 5.11      | 5.09      | 7.33         | 0.05          |
| Vanguard Target Retirement Income Fund     | VTINX  | (0.46)  | 9.30     | 7.85     | 3.71     | 5.04      | 5.01      | 7.34         | 0.08          |
| Target-Date Retirement Peer Group          |        | (0.28)  | 9.00     | 7.63     | 3.56     | 4.86      | 4.42      | 7.59         | 0.63          |
| Morningstar Lifetime Mod Incm TR USD Index |        | (0.81)  | 9.57     | 8.20     | 4.21     | 5.48      | 5.06      | 7.80         | n/a           |
| <b>Target-Date 2020</b>                    |        |         |          |          |          |           |           |              |               |
| Vanguard Target Retire 2020 Trust Select   | n/a    | (0.47)  | 10.43    | 8.95     | 4.47     | 6.71      | 6.66      | 8.54         | 0.05          |
| Vanguard Target Retirement 2020 Fund       | VTWNX  | (0.47)  | 10.37    | 8.90     | 4.41     | 6.64      | 6.58      | 8.53         | 0.08          |
| Target-Date 2020 Peer Group                |        | (0.43)  | 10.62    | 8.90     | 4.33     | 6.48      | 6.37      | 9.11         | 0.56          |
| Morningstar Lifetime Mod 2020 TR USD Index |        | (1.04)  | 10.54    | 8.62     | 3.91     | 6.28      | 6.08      | 9.91         | n/a           |
| <b>Target-Date 2025</b>                    |        |         |          |          |          |           |           |              |               |
| Vanguard Target Retire 2025 Trust Select   | n/a    | (0.75)  | 13.06    | 10.68    | 5.45     | 7.73      | 7.42      | 9.91         | 0.05          |
| Vanguard Target Retirement 2025 Fund       | VTTVX  | (0.75)  | 13.02    | 10.64    | 5.36     | 7.63      | 7.32      | 9.92         | 0.08          |
| Target-Date 2025 Peer Group                |        | (0.58)  | 11.38    | 9.50     | 4.68     | 7.08      | 6.82      | 9.79         | 0.59          |
| Morningstar Lifetime Mod 2025 TR USD Index |        | (1.20)  | 11.35    | 9.17     | 4.17     | 6.82      | 6.56      | 10.68        | n/a           |
| <b>Target-Date 2030</b>                    |        |         |          |          |          |           |           |              |               |
| Vanguard Target Retire 2030 Trust Select   | n/a    | (1.02)  | 14.86    | 11.87    | 6.18     | 8.50      | 8.01      | 10.90        | 0.05          |
| Vanguard Target Retirement 2030 Fund       | VTHRX  | (1.04)  | 14.79    | 11.80    | 6.09     | 8.40      | 7.91      | 10.91        | 0.08          |
| Target-Date 2030 Peer Group                |        | (0.81)  | 12.54    | 10.47    | 5.28     | 7.82      | 7.27      | 10.62        | 0.65          |
| Morningstar Lifetime Mod 2030 TR USD Index |        | (1.38)  | 12.47    | 10.02    | 4.72     | 7.58      | 7.15      | 11.48        | n/a           |
| <b>Target-Date 2035</b>                    |        |         |          |          |          |           |           |              |               |
| Vanguard Target Retire 2035 Trust Select   | n/a    | (1.10)  | 16.24    | 12.88    | 6.89     | 9.26      | 8.59      | 11.61        | 0.05          |
| Vanguard Target Retirement 2035 Fund       | VTTX   | (1.13)  | 16.16    | 12.83    | 6.79     | 9.16      | 8.48      | 11.62        | 0.08          |
| Target-Date 2035 Peer Group                |        | (1.08)  | 14.38    | 11.88    | 6.21     | 8.71      | 7.91      | 11.83        | 0.65          |
| Morningstar Lifetime Mod 2035 TR USD Index |        | (1.61)  | 14.07    | 11.26    | 5.60     | 8.48      | 7.79      | 12.31        | n/a           |
| <b>Target-Date 2040</b>                    |        |         |          |          |          |           |           |              |               |
| Vanguard Target Retire 2040 Trust Select   | n/a    | (1.19)  | 17.63    | 13.90    | 7.58     | 9.99      | 9.12      | 12.34        | 0.05          |
| Vanguard Target Retirement 2040 Fund       | VFORX  | (1.20)  | 17.57    | 13.85    | 7.50     | 9.91      | 9.02      | 12.34        | 0.08          |
| Target-Date 2040 Peer Group                |        | (1.24)  | 16.62    | 13.35    | 7.13     | 9.51      | 8.51      | 12.76        | 0.67          |
| Morningstar Lifetime Mod 2040 TR USD Index |        | (1.85)  | 15.95    | 12.64    | 6.60     | 9.31      | 8.32      | 13.08        | n/a           |

Source: Morningstar. Data as of 3/31/2026.

# Target Date Funds | Trailing Performance

| Asset Class, Fund, Peer Group, and Index   | Ticker | Qtr Ret | 1 Yr Ret | 3 Yr Ret | 5 Yr Ret | 10 Yr Ret | 15 Yr Ret | 5 Yr Std Dev | Expense Ratio |
|--|--------|---------|----------|----------|----------|-----------|-----------|--------------|---------------|
| <b>Target-Date 2045</b>                    |        |         |          |          |          |           |           |              |               |
| Vanguard Target Retire 2045 Trust Select   | n/a    | (1.29)  | 18.97    | 14.86    | 8.25     | 10.58     | 9.51      | 13.09        | 0.05          |
| Vanguard Target Retirement 2045 Fund       | VTIVX  | (1.30)  | 18.92    | 14.82    | 8.18     | 10.51     | 9.42      | 13.08        | 0.08          |
| Target-Date 2045 Peer Group                |        | (1.43)  | 17.78    | 14.28    | 7.72     | 10.02     | 8.77      | 13.42        | 0.66          |
| Morningstar Lifetime Mod 2045 TR USD Index |        | (2.03)  | 17.60    | 13.73    | 7.36     | 9.85      | 8.62      | 13.66        | n/a           |
| <b>Target-Date 2050</b>                    |        |         |          |          |          |           |           |              |               |
| Vanguard Target Retire 2050 Trust Select   | n/a    | (1.42)  | 20.44    | 15.72    | 8.76     | 10.87     | 9.70      | 13.52        | 0.05          |
| Vanguard Target Retirement 2050 Fund       | VFIFX  | (1.43)  | 20.35    | 15.63    | 8.67     | 10.78     | 9.59      | 13.49        | 0.08          |
| Target-Date 2050 Peer Group                |        | (1.50)  | 18.78    | 14.81    | 8.03     | 10.26     | 8.90      | 13.81        | 0.67          |
| Morningstar Lifetime Mod 2050 TR USD Index |        | (2.11)  | 18.64    | 14.30    | 7.72     | 10.07     | 8.71      | 13.95        | n/a           |
| <b>Target-Date 2055</b>                    |        |         |          |          |          |           |           |              |               |
| Vanguard Target Retire 2055 Trust Select   | n/a    | (1.43)  | 20.45    | 15.72    | 8.76     | 10.87     | 9.69      | 13.51        | 0.05          |
| Vanguard Target Retirement 2055 Fund       | VFFVX  | (1.45)  | 20.34    | 15.63    | 8.67     | 10.77     | 9.60      | 13.51        | 0.08          |
| Target-Date 2055 Peer Group                |        | (1.59)  | 18.92    | 14.99    | 8.14     | 10.32     | 8.86      | 13.96        | 0.67          |
| Morningstar Lifetime Mod 2055 TR USD Index |        | (2.10)  | 19.07    | 14.45    | 7.78     | 10.09     | 8.66      | 14.04        | n/a           |
| <b>Target-Date 2060</b>                    |        |         |          |          |          |           |           |              |               |
| Vanguard Target Retire 2060 Trust Select   | n/a    | (1.43)  | 20.45    | 15.71    | 8.77     | 10.89     | n/a       | 13.52        | 0.05          |
| Vanguard Target Retirement 2060 Fund       | VTTSX  | (1.44)  | 20.35    | 15.63    | 8.67     | 10.77     | n/a       | 13.50        | 0.08          |
| Target-Date 2060 Peer Group                |        | (1.57)  | 19.09    | 15.09    | 8.20     | 10.44     | n/a       | 14.03        | 0.67          |
| Morningstar Lifetime Mod 2060 TR USD Index |        | (2.06)  | 19.25    | 14.45    | 7.74     | 10.05     | 8.58      | 14.08        | n/a           |
| <b>Target-Date 2065+</b>                   |        |         |          |          |          |           |           |              |               |
| Vanguard Target Retire 2065 Trust Select   | n/a    | (1.41)  | 20.43    | 15.69    | 8.76     | n/a       | n/a       | 13.52        | 0.05          |
| Vanguard Target Retirement 2065 Fund       | VLXVX  | (1.45)  | 20.32    | 15.61    | 8.68     | n/a       | n/a       | 13.49        | 0.08          |
| Target-Date 2065+ Peer Group               |        | (1.65)  | 19.43    | 15.17    | 8.31     | n/a       | n/a       | 14.15        | 0.65          |
| Morningstar Lifetime Mod 2065 TR USD Index |        | (2.00)  | 19.38    | 14.41    | 7.67     | 9.90      | 8.52      | 14.09        | n/a           |
| <b>Target-Date 2065+</b>                   |        |         |          |          |          |           |           |              |               |
| Vanguard Target Retirement 2070 Trust Se   | n/a    | (1.45)  | 20.36    | 15.70    | n/a      | n/a       | n/a       | n/a          | 0.05          |
| Vanguard Target Retirement 2070 Fund       | VSVNX  | (1.45)  | 20.34    | 15.63    | n/a      | n/a       | n/a       | n/a          | 0.08          |
| Target-Date 2065+ Peer Group               |        | (1.65)  | 19.43    | 15.17    | 8.31     | n/a       | n/a       | 14.15        | 0.65          |
| Morningstar Lifetime Mod 2070 TR USD Index |        | (1.94)  | 19.58    | 15.22    | 8.25     | 10.89     | 9.53      | 14.11        | n/a           |

Source: Morningstar. Data as of 3/31/2026.

# Target Date Funds | Calendar Year Performance

| Asset Class, Fund, Peer Group, and Index   | Ticker | 2025  | 2024  | 2023  | 2022    | 2021  | 2020  | 2019  | 2018   | 2017  | 2016  |
|--|--------|-------|-------|-------|---------|-------|-------|-------|--------|-------|-------|
| <b>Target-Date Retirement</b>              |        |       |       |       |         |       |       |       |        |       |       |
| Vanguard Target Retire Inc Trust Select    | n/a    | 11.36 | 6.64  | 10.74 | (12.70) | 5.28  | 10.12 | 13.28 | (1.95) | 8.59  | 5.30  |
| Vanguard Target Retirement Income Fund     | VTINX  | 11.31 | 6.58  | 10.74 | (12.74) | 5.25  | 10.02 | 13.16 | (1.99) | 8.47  | 5.25  |
| Target-Date Retirement Peer Group          |        | 10.88 | 6.38  | 10.04 | (12.74) | 5.51  | 9.03  | 12.85 | (3.16) | 8.81  | 5.10  |
| Morningstar Lifetime Mod Incm TR USD Index |        | 11.90 | 7.38  | 10.07 | (12.24) | 7.62  | 10.56 | 13.27 | (2.20) | 8.55  | 5.98  |
| <b>Target-Date 2020</b>                    |        |       |       |       |         |       |       |       |        |       |       |
| Vanguard Target Retire 2020 Trust Select   | n/a    | 12.23 | 7.80  | 12.57 | (14.12) | 8.26  | 12.15 | 17.71 | (4.14) | 14.18 | 7.06  |
| Vanguard Target Retirement 2020 Fund       | VTWVX  | 12.15 | 7.75  | 12.51 | (14.15) | 8.17  | 12.04 | 17.63 | (4.24) | 14.08 | 6.95  |
| Target-Date 2020 Peer Group                |        | 12.56 | 7.75  | 11.87 | (14.41) | 8.45  | 10.79 | 16.14 | (4.49) | 12.46 | 6.23  |
| Morningstar Lifetime Mod 2020 TR USD Index |        | 12.93 | 7.50  | 11.31 | (16.77) | 9.04  | 13.32 | 17.73 | (4.16) | 12.79 | 7.66  |
| <b>Target-Date 2025</b>                    |        |       |       |       |         |       |       |       |        |       |       |
| Vanguard Target Retire 2025 Trust Select   | n/a    | 14.70 | 9.50  | 14.59 | (15.43) | 9.93  | 13.43 | 19.80 | (5.05) | 16.06 | 7.55  |
| Vanguard Target Retirement 2025 Fund       | VTTVX  | 14.60 | 9.44  | 14.55 | (15.55) | 9.80  | 13.30 | 19.63 | (5.15) | 15.94 | 7.48  |
| Target-Date 2025 Peer Group                |        | 13.28 | 8.24  | 12.76 | (15.19) | 9.75  | 11.84 | 18.25 | (5.34) | 14.67 | 6.73  |
| Morningstar Lifetime Mod 2025 TR USD Index |        | 13.72 | 7.97  | 12.15 | (17.58) | 10.10 | 13.67 | 19.36 | (4.90) | 14.54 | 8.39  |
| <b>Target-Date 2030</b>                    |        |       |       |       |         |       |       |       |        |       |       |
| Vanguard Target Retire 2030 Trust Select   | n/a    | 16.33 | 10.67 | 16.08 | (16.14) | 11.50 | 14.22 | 21.22 | (5.76) | 17.62 | 7.98  |
| Vanguard Target Retirement 2030 Fund       | VTHRX  | 16.24 | 10.64 | 16.03 | (16.27) | 11.38 | 14.10 | 21.07 | (5.86) | 17.52 | 7.85  |
| Target-Date 2030 Peer Group                |        | 14.16 | 9.46  | 14.40 | (16.01) | 11.68 | 12.99 | 20.07 | (6.25) | 16.57 | 7.33  |
| Morningstar Lifetime Mod 2030 TR USD Index |        | 14.79 | 8.83  | 13.33 | (17.94) | 11.69 | 13.69 | 21.24 | (5.82) | 16.59 | 9.26  |
| <b>Target-Date 2035</b>                    |        |       |       |       |         |       |       |       |        |       |       |
| Vanguard Target Retire 2035 Trust Select   | n/a    | 17.60 | 11.77 | 17.24 | (16.51) | 13.11 | 14.93 | 22.63 | (6.51) | 19.24 | 8.38  |
| Vanguard Target Retirement 2035 Fund       | VTHX   | 17.54 | 11.78 | 17.14 | (16.62) | 12.96 | 14.79 | 22.44 | (6.58) | 19.12 | 8.26  |
| Target-Date 2035 Peer Group                |        | 15.85 | 11.06 | 16.24 | (16.92) | 13.76 | 14.04 | 22.04 | (7.04) | 18.43 | 7.57  |
| Morningstar Lifetime Mod 2035 TR USD Index |        | 16.27 | 10.18 | 14.84 | (17.75) | 13.63 | 13.38 | 23.04 | (6.82) | 18.52 | 10.07 |
| <b>Target-Date 2040</b>                    |        |       |       |       |         |       |       |       |        |       |       |
| Vanguard Target Retire 2040 Trust Select   | n/a    | 18.86 | 12.85 | 18.42 | (16.92) | 14.70 | 15.62 | 24.01 | (7.28) | 20.87 | 8.79  |
| Vanguard Target Retirement 2040 Fund       | VFORX  | 18.76 | 12.88 | 18.34 | (16.98) | 14.56 | 15.47 | 23.86 | (7.32) | 20.71 | 8.73  |
| Target-Date 2040 Peer Group                |        | 17.58 | 12.53 | 17.69 | (17.32) | 15.47 | 14.56 | 23.19 | (7.74) | 19.52 | 7.95  |
| Morningstar Lifetime Mod 2040 TR USD Index |        | 18.00 | 11.70 | 16.34 | (17.37) | 15.35 | 13.09 | 24.35 | (7.65) | 19.87 | 10.61 |

Source: Morningstar. Data as of 3/31/2026.

# Target Date Funds | Calendar Year Performance

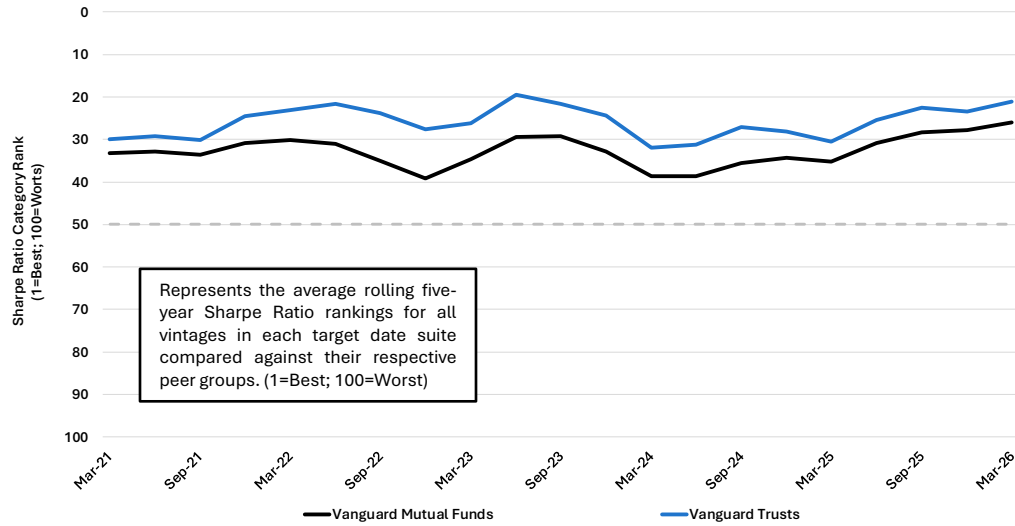
| Asset Class, Fund, Peer Group, and Index   | Ticker | 2025  | 2024  | 2023  | 2022    | 2021  | 2020  | 2019  | 2018   | 2017  | 2016  |
|--|--------|-------|-------|-------|---------|-------|-------|-------|--------|-------|-------|
| <b>Target-Date 2045</b>                    |        |       |       |       |         |       |       |       |        |       |       |
| Vanguard Target Retire 2045 Trust Select   | n/a    | 20.09 | 13.87 | 19.58 | (17.32) | 16.35 | 16.31 | 25.12 | (7.84) | 21.52 | 8.97  |
| Vanguard Target Retirement 2045 Fund       | VTIVX  | 19.99 | 13.91 | 19.48 | (17.36) | 16.16 | 16.30 | 24.94 | (7.90) | 21.42 | 8.87  |
| Target-Date 2045 Peer Group                |        | 18.79 | 13.73 | 18.95 | (17.75) | 16.63 | 15.10 | 24.35 | (8.14) | 20.51 | 7.93  |
| Morningstar Lifetime Mod 2045 TR USD Index |        | 19.53 | 12.86 | 17.39 | (17.06) | 16.36 | 12.95 | 24.97 | (8.17) | 20.53 | 10.84 |
| <b>Target-Date 2050</b>                    |        |       |       |       |         |       |       |       |        |       |       |
| Vanguard Target Retire 2050 Trust Select   | n/a    | 21.51 | 14.69 | 20.28 | (17.44) | 16.63 | 16.48 | 25.10 | (7.82) | 21.54 | 8.98  |
| Vanguard Target Retirement 2050 Fund       | VFIFX  | 21.41 | 14.64 | 20.17 | (17.46) | 16.41 | 16.39 | 24.98 | (7.90) | 21.39 | 8.85  |
| Target-Date 2050 Peer Group                |        | 19.46 | 14.28 | 19.51 | (17.98) | 17.12 | 15.25 | 24.54 | (8.41) | 20.67 | 8.22  |
| Morningstar Lifetime Mod 2050 TR USD Index |        | 20.52 | 13.36 | 17.85 | (16.91) | 16.60 | 12.91 | 25.09 | (8.41) | 20.78 | 10.89 |
| <b>Target-Date 2055</b>                    |        |       |       |       |         |       |       |       |        |       |       |
| Vanguard Target Retire 2055 Trust Select   | n/a    | 21.54 | 14.68 | 20.25 | (17.41) | 16.62 | 16.44 | 25.12 | (7.82) | 21.55 | 8.98  |
| Vanguard Target Retirement 2055 Fund       | VFFVX  | 21.43 | 14.64 | 20.16 | (17.46) | 16.44 | 16.32 | 24.98 | (7.89) | 21.38 | 8.88  |
| Target-Date 2055 Peer Group                |        | 19.80 | 14.52 | 19.72 | (18.08) | 17.30 | 15.47 | 24.91 | (8.44) | 21.08 | 8.00  |
| Morningstar Lifetime Mod 2055 TR USD Index |        | 20.96 | 13.33 | 17.90 | (16.93) | 16.50 | 12.91 | 25.05 | (8.57) | 20.95 | 10.90 |
| <b>Target-Date 2060</b>                    |        |       |       |       |         |       |       |       |        |       |       |
| Vanguard Target Retire 2060 Trust Select   | n/a    | 21.55 | 14.67 | 20.26 | (17.39) | 16.62 | 16.52 | 25.10 | (7.79) | 21.51 | 9.02  |
| Vanguard Target Retirement 2060 Fund       | VTTSX  | 21.42 | 14.63 | 20.18 | (17.46) | 16.44 | 16.32 | 24.96 | (7.87) | 21.36 | 8.84  |
| Target-Date 2060 Peer Group                |        | 19.91 | 14.58 | 19.96 | (18.08) | 17.47 | 15.52 | 25.15 | (8.52) | 21.27 | 7.81  |
| Morningstar Lifetime Mod 2060 TR USD Index |        | 21.15 | 13.15 | 17.86 | (16.98) | 16.33 | 12.89 | 24.96 | (8.69) | 21.06 | 10.88 |
| <b>Target-Date 2065+</b>                   |        |       |       |       |         |       |       |       |        |       |       |
| Vanguard Target Retire 2065 Trust Select   | n/a    | 21.52 | 14.66 | 20.23 | (17.35) | 16.59 | 16.47 | 25.14 | (7.69) | n/a   | n/a   |
| Vanguard Target Retirement 2065 Fund       | VLXVX  | 21.43 | 14.62 | 20.15 | (17.39) | 16.46 | 16.17 | 24.96 | (7.95) | n/a   | n/a   |
| Target-Date 2065+ Peer Group               |        | 20.36 | 14.48 | 20.16 | (18.31) | 17.61 | 15.91 | 25.95 | (9.21) | n/a   | n/a   |
| Morningstar Lifetime Mod 2065 TR USD Index |        | 21.29 | 12.92 | 17.78 | (17.00) | 16.10 | 12.88 | 24.74 | (9.25) | 21.06 | 10.82 |
| <b>Target-Date 2065+</b>                   |        |       |       |       |         |       |       |       |        |       |       |
| Vanguard Target Retirement 2070 Trust Se   | n/a    | 21.48 | 14.65 | 20.34 | n/a     | n/a   | n/a   | n/a   | n/a    | n/a   | n/a   |
| Vanguard Target Retirement 2070 Fund       | VSVNX  | 21.42 | 14.59 | 20.24 | n/a     | n/a   | n/a   | n/a   | n/a    | n/a   | n/a   |
| Target-Date 2065+ Peer Group               |        | 20.36 | 14.48 | 20.16 | (18.31) | 17.61 | 15.91 | 25.95 | (9.21) | n/a   | n/a   |
| Morningstar Lifetime Mod 2070 TR USD Index |        | 21.25 | 14.07 | 19.95 | (18.21) | 17.17 | 16.99 | 26.11 | (8.15) | 22.45 | 10.18 |

Source: Morningstar. Data as of 3/31/2026.

# Target Date Funds | Risk-Adjusted Returns

As expected, the CITs and mutual funds have similar risk-adjusted return profiles, as measured by Sharpe Ratio and Alpha.

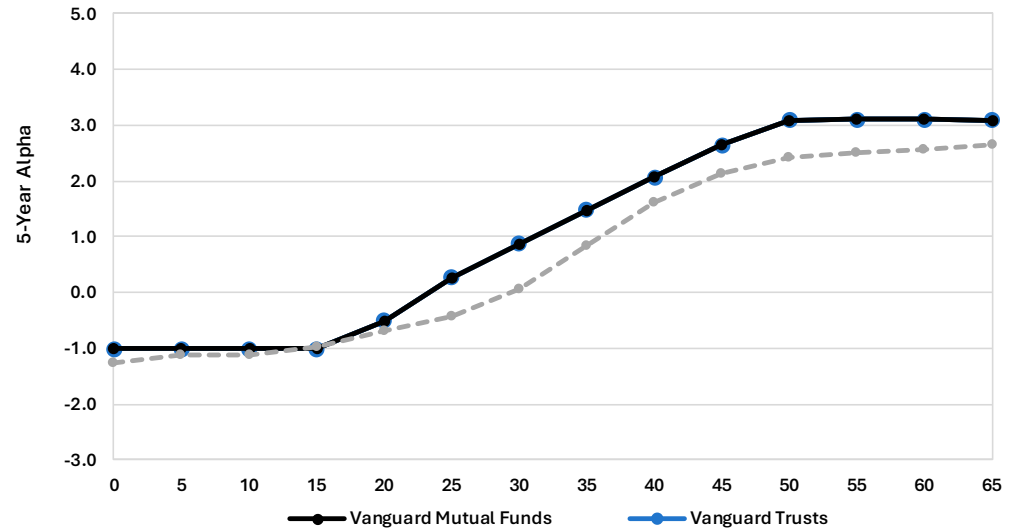
### Sharpe Ratio Rank – Rolling 5-Year



**Left:** On average, all vintages currently exceed the Sharpe Ratio of their respective peer group.

**Right:** All vintages are either in line with, or exceed, the five-year Alpha of their respective peer groups.

### 5-Year Alpha by Vintage



Source: Morningstar. Data as of 3/31/2026.

# Target Date Funds | Expense Analysis

|  |                     | Vanguard Target Date Mutual Funds<br>(0.08%) | Vanguard Target Date Trust Select<br>(0.045%) |
|--|---------------------|--|---|
|  | Plan Assets (\$)    | Fees (\$)                                    |   |
| Income Vintage                           | \$2,334,387         | \$1,868                                      | \$1,050                                       |
| 2020 Vintage                             | -                   | -  | -   |
| 2025 Vintage                             | \$16,704,086        | \$13,363                                     | \$7,517                                       |
| 2030 Vintage                             | \$4,393,376         | \$3,515                                      | \$1,977                                       |
| 2035 Vintage                             | \$11,489,886        | \$9,192                                      | \$5,170                                       |
| 2040 Vintage                             | \$4,731,195         | \$3,785                                      | \$2,129                                       |
| 2045 Vintage                             | \$16,438,939        | \$13,151                                     | \$7,398                                       |
| 2050 Vintage                             | \$5,155,920         | \$4,125                                      | \$2,320                                       |
| 2055 Vintage                             | \$4,092,929         | \$3,274                                      | \$1,842                                       |
| 2060 Vintage                             | \$1,804,928         | \$1,444                                      | \$812   |
| 2065 Vintage                             | \$147,326           | \$118  | \$66  |
| 2070 Vintage                             | \$162,871           | \$130  | \$73  |
| <b>Total</b>                             | <b>\$67,455,843</b> | <b>\$53,965</b>                              | <b>\$30,355</b>                               |
| <b>Estimated Annual Net Fee Savings*</b> |                     |  | <b>\$23,610</b>                               |

\*Any applicable fee savings are estimated and based upon plan characteristics at the time of completion of the exercise. Subsequent fee savings may vary.

Source: Nationwide, Vanguard, Morningstar. Data as of 3/31/2026.

## Glossary

### Investment Terms

**Fixed Income:**

A fund that invests primarily in bonds and other fixed-income securities, often to provide shareholders with current income. Peer groups within this asset class may include, but are not limited to, Intermediate-Term, Money Market, Stable Value, Inflation-Protected, High Yield, Global, and others.

**Large Cap:**

A fund that invests in stocks of companies with large market capitalizations, typically starting at \$10 billion. Large Caps tend to be well-established companies, so their stocks typically entail less volatility and more current income than Small Caps, but also offer less potential for dramatic growth. A Large Cap fund may pursue an investment style such as growth, value, or a combination of the two (often referred to as Core or Blend) and be placed within a corresponding peer group.

**Mid Cap:**

A fund that invests in stocks of companies with medium market capitalizations, typically ranging between \$2 billion and \$10 billion. Mid Caps are often considered to offer more growth potential than Large Caps (but less than Small Caps) and less risk than Small Caps (but more than Large Caps). A Mid Cap fund may pursue an investment style such as Growth, Value, or a combination of the two (often referred to as Core or Blend) and be placed within a corresponding peer group.

**Small Cap:**

A fund that invests in stocks of companies with small market capitalizations, typically no higher than \$2 billion. Small Caps are often considered to offer more growth potential, but less current income than Large Caps and Mid Caps, and with more risk. A Small Cap fund may pursue an investment style such as Growth, Value, or a combination of the two (often referred to as Core or Blend) and be placed within a corresponding peer group.

**International Stock:**

A fund that invests primarily in the stocks of companies located, or with revenues derived from, outside of the United States. An International fund may pursue an investment style such as Growth, Value, or a combination of the two (often referred to as Core or Blend) and be placed within a corresponding peer group. Additional peer groups may include, but are not limited to, Global, Emerging Markets, and others.

## Glossary

### Investment Terms

#### **Asset Allocation:**

A fund that pursues a method of investing by which the manager include a range of different investment classes such as bonds, stocks, cash, alternative investments, and others in their portfolios. Peer groups within this asset class may include, but are not limited to Conservative Allocation, Moderate Allocation, Aggressive Allocation, Target Date, Life Cycle and others.

#### **Growth (investment style):**

A fund that invests primarily in the stocks of companies appearing to have relatively high growth prospects relative to their asset class. These companies often pay relatively low current income as most earnings are reinvested in the pursuit of higher future growth. These companies may also trade at relatively high valuations (such as price-to-earnings or price-to-sales) as investors may be willing to pay a “premium” to benefit from the company’s expected future growth.

#### **Value (investment style):**

A fund that invests primarily in the stocks of companies appearing be attractively priced by assorted metrics (such as price-to-earnings, price-to-sales, dividend yield, and others). These companies typically distribute a greater portion of their cash flows to shareholders than growth companies and as such will typically pay higher current income.

#### **Blend/Core (investment style):**

A fund that incorporates a comparable amount of Growth and Value investment styles into its investment management.

## Glossary

### Operational Terms

**CUSIP:**

A nine character code that represents most securities, including the type of security. A CUSIP can be used to expedite settlement of securities transactions.

**Expense Ratio:**

A measure of what it costs to operate an investment, expressed as a percentage of its assets or in basis points. These are costs the investor pays through a reduction in the investment's value.

**Mutual Fund:**

An investment company that gathers money from individual investors for the purchase of securities, such as stocks, bonds, or cash equivalents. Investors own shares of the mutual funds but do not own the underlying securities. Shares of mutual funds can typically be redeemed on an end-of-day basis for the net asset value of the underlying securities, minus any applicable fees.

**Redemption Fee:**

A fee collected by an investment company for selling out of a fund within a specified time period, typically 30 days. The fee is established to discourage short-term trading and is redistributed to any remaining fund investors.

**Revenue Share:**

A portion of a fund's expense ratio that may be used to pay plan expenses for certain retirement plans.

**Share Class:**

Some investment funds and companies offer more than one type or group of shares, each of which is considered a class (e.g., "Class A," "Advisor" or "Institutional" shares). For most investment funds each class has different fees and expenses but all of the classes invest in the same pool of securities and share the same investment objectives.

**Ticker:**

A five-letter code, often used for trading purposes, that represents a particular mutual fund.

## Glossary

### Statistical Terms

**Batting Average:**

How frequently a fund outperformed its benchmark given a certain time period and periodicity of returns.

**Beta:**

A statistical measure of an investment's volatility and degree of co-movement relative to its benchmark. A beta of 1.0 implies that an investment has, or has exhibited the same degree of volatility as its benchmark and has tended to closely track the performance of its benchmark. A beta that is above (below) 1 implies that an investment has exhibited higher (lower) overall volatility than its benchmark. Beta is often viewed as indicative of an investment's sensitivity to "systematic" or market risk.

**R-Squared ( $R^2$ ):**

A statistical measurement of how much of an investment's returns are explained by another set of returns, typically that of a benchmark. An  $R^2$  of 1.0 (0.0) implies that 100% (0%) of an investment's returns are explained by its benchmark and provides an indication as to what degree the investment might be expected to move in step with its benchmark.

**Sharpe Ratio:**

A measure of risk-adjusted returns. The Sharpe Ratio is the ratio of an investment's excess return (typically versus its index or a "risk-free" investment such as Treasury Bills) relative to its standard deviation for the corresponding period. A high (low) Sharpe Ratio indicates that an investment has provided a high (low) amount of excess return relative to the amount of risk it has incurred in doing so.

**Standard Deviation:**

A statistical measurement of how an investment's returns have tended to fluctuate around their average. A higher standard deviation implies a broader range of returns relative to an average and thereby a higher degree of investment risk. Assuming a normal distribution, approximately 95% of an investment's returns should fall within two standard deviations of its average for the corresponding time period and periodicity.

## Glossary

### Statistical Terms

#### **Tracking Error:**

Tracking error is a measurement of the volatility of the difference between an investment's returns versus those of its benchmark. Given a certain periodicity of returns (such as monthly or quarterly), tracking error measures the volatility of the difference of the investment's and the benchmark's periodic returns within a specified time period. Annualized tracking error above 6% is generally viewed as high.

#### **Up (Down) Capture Ratio:**

Up (down) capture compares an investment's upside (downside) performance relative to that of its benchmark when the benchmark was returning positive (negative). Up (down) capture is expressed in percentage terms. For example, an investment with 120% Up Capture has, in relative terms, provided 20% more returns than the benchmark in periods of rising markets.

#### **Sortino Ratio**

The Sortino Ratio is a risk-adjusted performance measure that evaluates how much return an investment generates above a specified minimum acceptable return (MAR) per unit of downside risk. Unlike the Sharpe Ratio, which uses total volatility, the Sortino Ratio considers only negative (downside) volatility, typically measured as the downside deviation of returns falling below the MAR. A higher Sortino Ratio indicates better performance relative to downside risk.

#### **Information Ratio**

The Information Ratio is a statistic obtained by subtracting the benchmark return from the portfolio's return. It represents the Excess Return divided by the Tracking Error. This ratio provides a measure of the historical consistency of the portfolio's outperformance or underperformance relative to its benchmark. A higher, positive Information Ratio suggests that the portfolio's excess returns may have been the result of making measured or moderate bets against the relevant benchmark's risk exposures.

## Disclosures

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Current performance may vary from the figures shown. Past performance is not a guarantee of future results.

Performance data quoted is historical. The investment return and principal value of an investment will fluctuate such that an investor's shares, when redeemed, may be worth more or less than their original cost. Total returns include reinvestment of dividends and capital gains and are net of all Fund fees and expenses.

Performance figures are based on the investment's Net Asset Value (NAV) within a qualified retirement plan. If an individual were to make an investment outside of a qualified plan, they would likely be subject to all, or a portion of, any applicable sales charges. These charges would lower the performance indicated above.

Each investment's performance may, from time to time, have been affected significantly by material market and economic conditions, including interest rates, market trends, and general business and economic cycles, which may or may not be repeated in the future.

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Key Comparisons between CITs and Mutual Funds. CITs are tax-qualified investments primarily restricted to the retirement market so investors tend to have a longer-term horizon and the trustee can make investment decisions without tax considerations. Mutual funds are not subject to these investor limits or investment horizons and must distribute substantially all of their taxable net gains and income to investors. CIT expense structures can be customized to investor channels. Mutual funds generally have less fee flexibility. CITs tend to have lower administrative, marketing and distribution costs than mutual funds due to the differences in how they can be sold and to whom. CITs are maintained by a bank as trustee and are subject to federal or state banking regulation and ERISA fiduciary standards. Mutual funds are managed by registered investment advisers and are subject to extensive SEC regulation and public disclosure and reporting requirements. Both CITs and mutual funds are generally priced and traded daily, subject to annual financial audits, and benefit from their pooled structure that aggregates investor funds and can provide greater diversification than individual accounts.

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Fund data provided by Morningstar.

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## Disclosures

**Peer Groups:** Peer Groups are a collection of similar investment strategies that essentially group investment products that share the same investment approach. Peer Groups are used for comparison purposes to compare and illustrate a client's investment portfolio versus its peer across various quantitative metrics like performance and risk. Peer Group comparison is conceptually another form of benchmark comparison whereby the actual investment can be ranked versus its peer across various quantitative metrics.

**Peer Group Ranking Methodology:** A percentile rank denotes the value of a product in which a certain percent of observations falls within a peer group. The range of percentile rankings is between 1 and 100, where 1 represents a high statistical value and 100 represents a low statistical value. The 30th percentile, for example, is the value in which 30% of the highest observations may be found, the 65th percentile is the value in which 65% of the highest observations may be found, and so on.

Percentile rankings are calculated based on a normalized distribution ranging from 1 to 100 for all products in each peer group, where a ranking of 1 denotes a high statistical value and a ranking of 100 denotes a low statistical value. It is important to note that the same ranking methodology applies to all statistics, implying that a ranking of 1 will always mean highest value across all statistics.

For example, consider a risk/return assessment using standard deviation as a measure of risk. A percentile ranking equal to 1 for return denotes highest return, whereas a percentile ranking of 1 for standard deviation denotes highest risk among peers.

In addition, values may be used to demonstrate quartile rankings. For example, the third quartile is also known as the 75th percentile, and the median is the 50th percentile.

**Environmental, Social and Governance (“ESG”)** investments in a portfolio may experience performance that is lower or higher than a portfolio not employing such practices. Portfolios with ESG restrictions and strategies as well as ESG investments may not be able to take advantage of the same opportunities or market trends as portfolios where ESG criteria is not applied. There are inconsistent ESG definitions and criteria within the industry, as well as multiple ESG ratings providers that provide ESG ratings of the same subject companies and/or securities that vary among the providers. Certain issuers of investments may have differing and inconsistent views concerning ESG criteria where the ESG claims made in offering documents or other literature may overstate ESG impact. ESG designations are as of the date of this material, and no assurance is provided that the underlying assets have maintained or will maintain and such designation or any stated ESG compliance. As a result, it is difficult to compare ESG investment products or to evaluate an ESG investment product in comparison to one that does not focus on ESG. Investors should also independently consider whether the ESG investment product meets their own ESG objectives or criteria.

There is no assurance that an ESG investing strategy or techniques employed will be successful. Past performance is not a guarantee or a dependable measure of future results.

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