

The retirement investment with clear directions

Target Date Funds



A new route to a proven solution

The Zurich Target Date Funds bring a unique international focus to this highly regarded investment approach, making it ideal for the international corporate savings market, and providing a one-stop investment solution for employers.

Target dated funds are already well established in the United States, being the most popular type of pension plan default strategy, with assets under management of USD1.9 trillion at the end of March 2020. And with their wide range of benefits it's easy to see why they have become so popular:

- Employees can invest in one fund from joining until retirement, as the asset mix will change over time to reduce risk.
- It's easy for employees to select the right fund – they just need to know when they want to retire.
- Each fund contains a wide portfolio of investments, spreading risk through diversification.

With their focus on simplicity, value for money and, most importantly, positive retirement outcomes for employees, the Zurich Target Date Funds could be the ideal default investment solution for employers with a Zurich International Pension Plan.

*Morningstar 2020 Target Date Fund landscape



How do the Target Date Funds work?

Each fund covers a range of five years and is designed for employees retiring within that timeframe. The asset mix changes automatically as the retirement date (the target date) approaches, gradually reducing the percentage allocated to equities and therefore reducing the overall investment risk.

The fund names clearly signpost the right choice for each employee, and this initial investment decision could be the only investment choice they have to make while they remain in the plan.

In addition to offering the fund that corresponds with an employee's plan retirement age as a default option, the full range of Zurich Target Date Funds are available through our self-select option. This enables employees to invest in multiple funds and switch in and out (without charge) depending on their investment goals. This can be particularly useful for employees who wish to make additional contributions for specific one-off earlier investment goals, such as covering children's education costs.



Working together for your employees

The Target Date Funds exclusively combine the global strength and experience of Zurich with the independent investment expertise of Morningstar Investment Management.



Zurich and Morningstar

The Zurich Target Date Funds can only be accessed through Zurich's international corporate savings products.

Recognising the importance of impartiality within the asset allocation process, we have chosen an independent asset manager, Morningstar Investment Management (Morningstar), to create and manage the Target Date Funds.

Morningstar are free to invest in all funds available in the market that meet Zurich's robust asset acceptance criteria, enabling them to blend both active and passive strategies, and add value through manager selection as well as strategic and tactical asset allocation. They will continually monitor and actively manage each Target Date Fund to ensure they are aligned with the appropriate asset allocation at each stage of the investment.

As a result of Zurich's global buying power, the Target Date Funds have an annual management charge of 0.55%, maintaining our commitment to providing innovative investment solutions at an attractive and fair price.

Morningstar are highly respected fund managers with a long association with target-dated funds in the U.S. They are well known for their unique human capital concept for long-term asset allocation and we have worked with them to develop a model that suits the needs of the international market.

Working together for your employees

The value of human capital

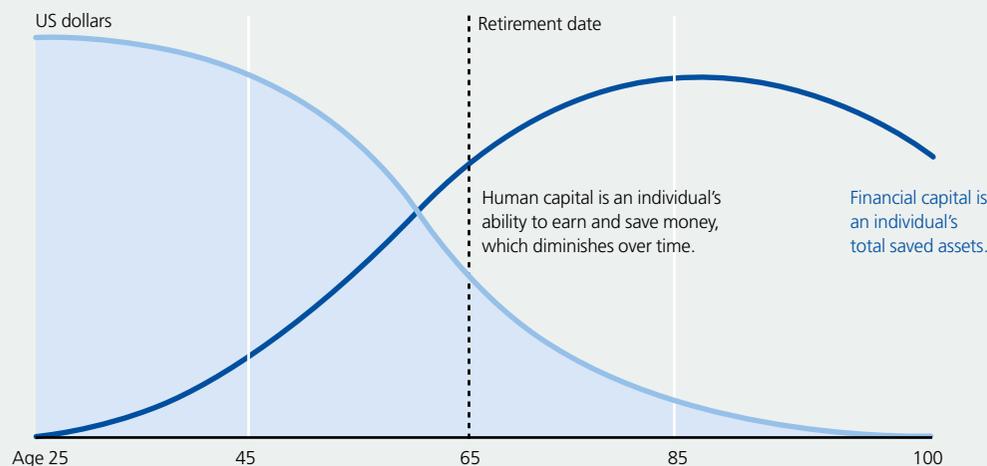
Target date funds are a long-term investment solution that employees can use over their entire working life. This means each fund must be able to adapt to the changing needs of employees as they move through their career. This is typically achieved by varying the underlying asset mix of the fund to gradually reduce its risk level as the investor gets nearer to retirement. Selecting the right asset mix for the portfolio is therefore a key skill of the fund manager as taking too little risk in the early stages of a person's career could result in their missing out on valuable gains, while too much risk could expose them to a devastating loss as they approach retirement.

Morningstar recognises that a target date fund is simply one part of an investor's overall financial planning, so it cannot be treated in isolation. In particular, it's important to appreciate the value of an investor's potential earnings

and savings over their career, as this is likely to represent an investor's greatest asset when they are young. Morningstar call this 'human capital' and believe it is essential to incorporate it when setting the risk level of a target date fund.

The human capital asset

Typically, human capital is a bond-like asset – similar to regular interest payments from a bond, workers earn a salary from which they accumulate savings. Younger investors have far more of this bond-like human capital than older investors because they have longer to earn and save. To balance out their larger human capital, younger investors should hold their financial capital in more growth investments. Older investors, on the other hand, have less human capital and should therefore have a larger concentration of conservative investments.

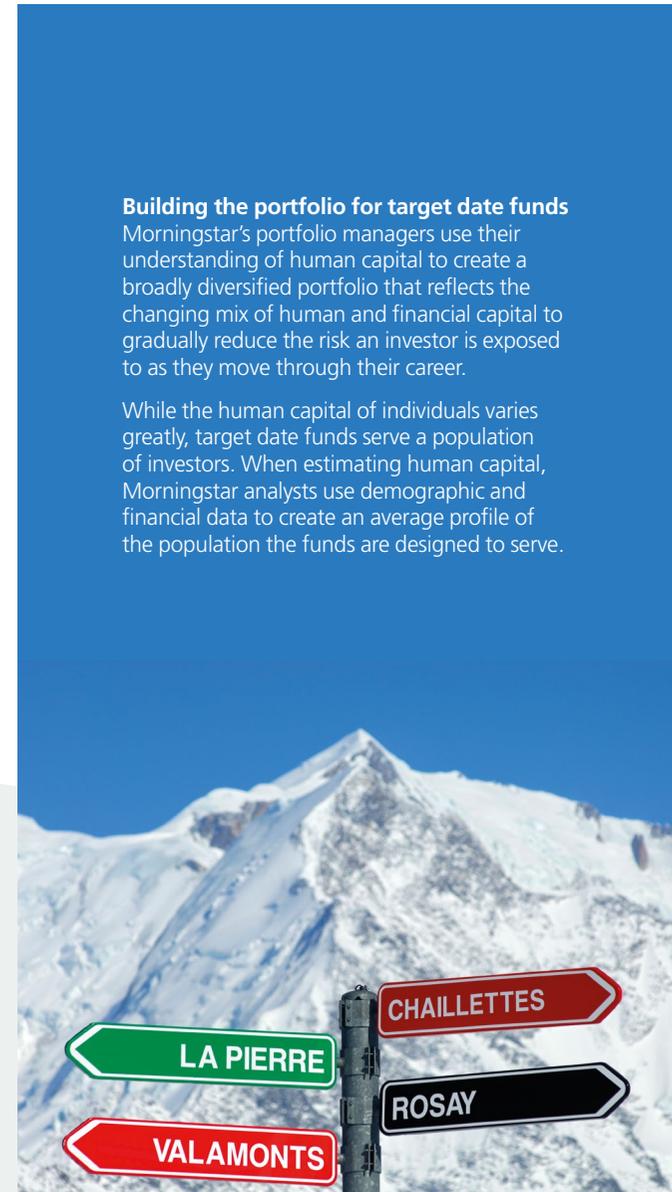


Source: Morningstar

Building the portfolio for target date funds

Morningstar's portfolio managers use their understanding of human capital to create a broadly diversified portfolio that reflects the changing mix of human and financial capital to gradually reduce the risk an investor is exposed to as they move through their career.

While the human capital of individuals varies greatly, target date funds serve a population of investors. When estimating human capital, Morningstar analysts use demographic and financial data to create an average profile of the population the funds are designed to serve.



The Zurich Target Date Funds at a glance

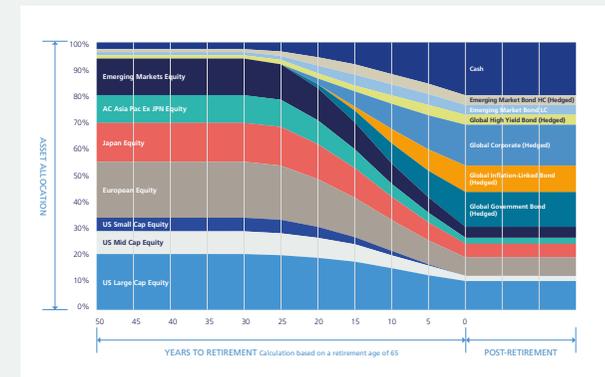
The range of Zurich Target Date Funds will change over time. It currently covers retirement dates from 2020 through to 2065 in five-year stages. As the next five-year stage approaches, we will add the 2070 fund and consolidate the 2020 fund into the Zurich Retirement Income Fund.

The Zurich Target Date Fund range

Employee's year of birth (assuming a retirement age of 65)	Or employee's planned retirement date	Zurich Target Date Fund
1952 or before	2017	Zurich Retirement Income Fund
1953-1957	2018-2022	Zurich Target Date 2020
1958-1962	2023-2027	Zurich Target Date 2025
1963-1967	2028-2032	Zurich Target Date 2030
1968-1972	2033-2037	Zurich Target Date 2035
1973-1977	2038-2042	Zurich Target Date 2040
1978-1982	2043-2047	Zurich Target Date 2045
1983-1987	2048-2052	Zurich Target Date 2050
1988-1992	2053-2057	Zurich Target Date 2055
1993-1997	2058-2062	Zurich Target Date 2060
1998-2002	2063-2067	Zurich Target Date 2065

The glidepath below shows how the balance between equities and bonds changes over time and the starting point for each fund.

[Click to enlarge](#)



We will provide fund factsheets and quarterly investment reports to give valuable information on the investment portfolios and ongoing performance of the funds.

To view fund factsheets and quarterly investment reports, [click here](#):



About Zurich International Life

Zurich International Life has been helping businesses to provide retirement benefits for their employees for 30 years. We currently have over 800 corporate savings plans, with more than 98,000 plan members around the world, ranging in size from single member plans to those with several thousand participants. This experience gives us a deep understanding of how to deliver the ideal solution.



Winner of the Best International Pension Product at the International Fund and Product awards eight times, in 2010, 2012, 2013, 2014, 2016, 2017, 2018 and 2019.



About Morningstar Investment Management

- Morningstar Inc have been a leading provider of independent investment research since 1984. The Morningstar Investment Management Group was launched in 2011 and comprises registered entities worldwide.
- They have over 112 investment professionals globally who have access to quality information from Morningstar databases, patented methodologies and intuitive technologies.
- Morningstar Investment Management's assets under management and advisement globally are in excess of USD 199.7 billion as at March 2020.

Source: Morningstar



Find out more today

The Zurich Target Date Funds offer a clearly signposted, simple and cost-effective investment route, making them an ideal choice for employers and their employees.

If you have any questions or would like more information on the Zurich Target Date Funds, please speak to your Zurich Corporate Distribution Manager or Client Relationship Manager.



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