



NORTHERN TRUST

ASSET MANAGEMENT

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# GOAL ENGINEER SERIES

On Target. On Time.

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No matter what financial goal you're working toward, Northern Trust's Goal Engineer Series is designed to help you set a course and stay on track to reach it.

## THE ISSUE

Creating and adhering to a sound investment plan can mean the difference between achieving your goals and falling short. However, many investors lack the time, knowledge and discipline to effectively build their wealth.

## THE CHALLENGES

- Starting your investment program early enough
- Saving enough to meet your goals
- Developing a sound investment strategy
- Selecting appropriate investments
- Positioning assets for growth
- Minimizing the effects of market volatility
- Reducing risk
- Generating income from your investments
- Managing the effects of inflation

## ABOUT NORTHERN TRUST

Established in 1889  
Headquartered in Chicago, IL  
Locations in 24 countries  
20,000 global employees

### Service

Relentless drive to provide exceptional service.

### Expertise

Resolving complex challenges with multi-asset class capabilities.

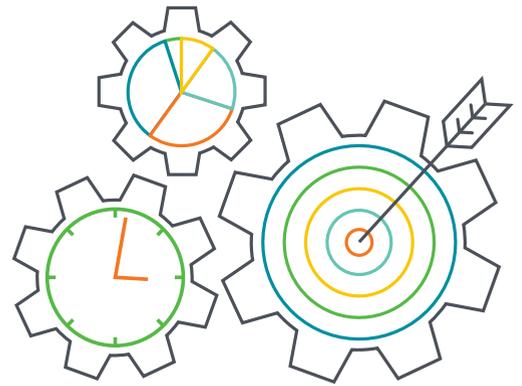
### Integrity

Acting with the highest ethics, utmost honesty and unfailing reliability.

“  
World's  
**most admired**  
companies® ”

FORTUNE MAGAZINE<sup>1</sup>

Data as of 9/30/19. <sup>1</sup> For additional information on this award, please see the back cover.



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## THE SOLUTION

The Goal Engineer Series features professionally managed multi-asset class goals-based portfolios that are designed to deliver improved investment outcomes with less risk over a range of time horizons.

## GOAL ENGINEER SERIES

- 1** Turnkey, professionally managed goals-based investment program designed to help provide a smoother path to your goal and help you stick to the discipline of your plan over time
- 2** Globally diversified asset allocation framework thoughtfully crafted and optimized in an effort to minimize the effects of market volatility
- 3** Glidepath that automatically adjusts the investment mix as the target date approaches, changing from a more aggressive allocation early on to a more conservative allocation as the goal date approaches, and beyond
- 4** Multi-asset class investment approach including Northern Trust's factor-driven strategies and inflation-sensitive and fixed income funds designed to deliver diversification and value at a reasonable cost
- 5** Targeted equity factor exposure (e.g., value, small size, dividend yield, high quality) designed to manage risk and potentially enhance returns

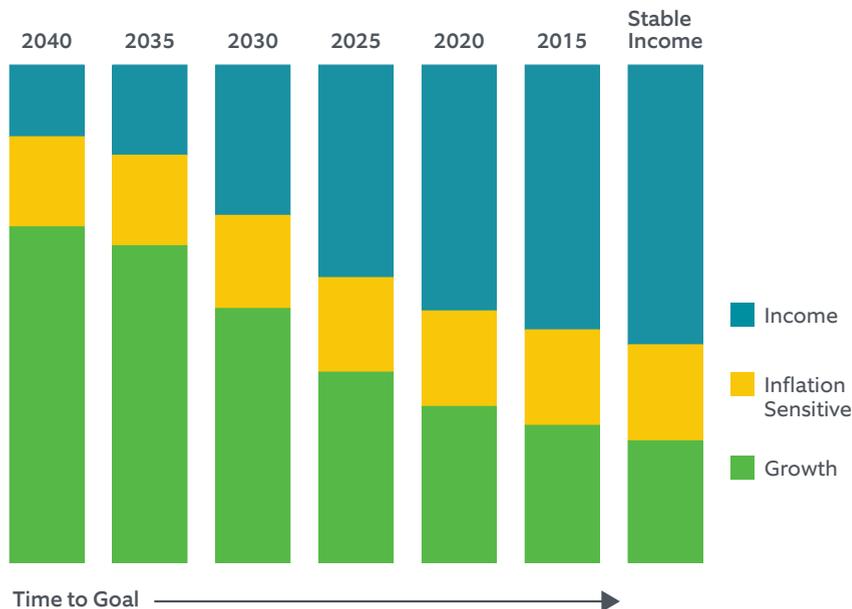
# THE RIGHT RISK AT THE RIGHT TIME

## The Northern Trust Glidepath

Designed to provide the right risk at the right time, our glidepath seeks to manage market, inflation and longevity risk to increase certainty and confidence in successful outcomes. Supported by our investment policy committee outlook, we regularly monitor, evaluate, validate and reallocate our glidepath to help investors achieve their goals.

### STRATEGIC ASSET ALLOCATION TO AND THROUGH THE TARGET GOAL DATE

The Goal Engineer portfolios utilize a “through” glidepath that continues to evolve beyond the target goal date. By replacing traditional equities with our factor-based strategies, the approach seeks to provide for the enhanced return potential of equities for a longer period of time, while enabling the portfolio to continue to de-risk during the beginning of the withdrawal phase.



### THOUGHTFUL PORTFOLIO CONSTRUCTION FOR EACH TIME HORIZON

- The stock allocation is characterized by a greater focus on capital growth early on, transitioning to volatility management as the portfolio moves closer to the goal date
- Portfolios with longer time horizons have greater exposure to those factors that have been shown to increase performance over time, such as value and small size
- Portfolios with shorter time horizons have greater exposure to those factors that tend to reduce risk or increase income, such as quality and dividend yield
- Bond allocations increase over time in an effort to add stability and help generate income in retirement years

# FACTOR-BASED STRATEGIES DESIGNED TO DELIVER ENHANCED RETURNS

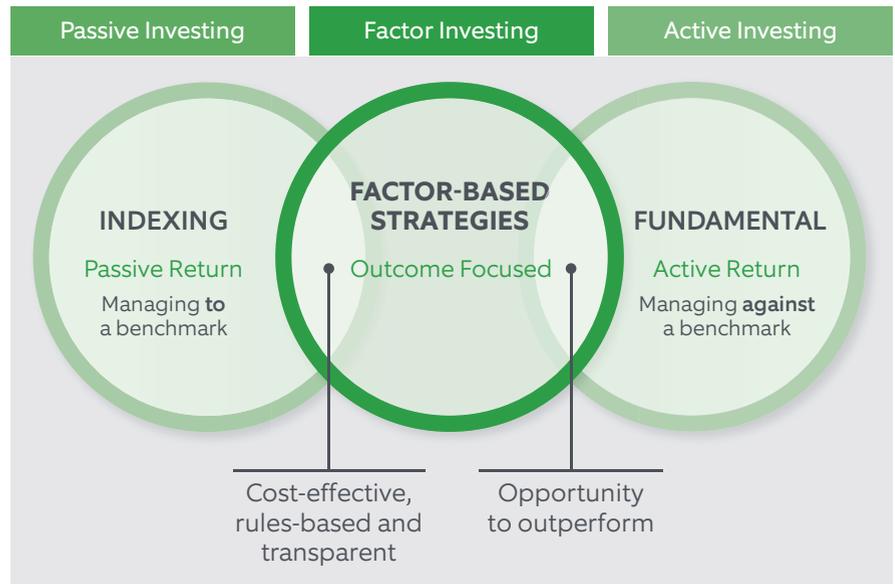
## GROWTH

A strategic, factor-based methodology designed to reduce risk and increase returns

The Goal Engineer portfolios employ targeted equity factor exposures within a goals-based framework that seeks to improve investment outcomes, provide greater consistency, manage risk and enhance returns.

The Goal Engineer Series employs factor-based strategies that combine what we believe to be the best of active and passive management. Goal Engineer provides:

- The potential for long-term higher returns with less risk than traditional equity indexing
- Historically consistent performance, lower fees and greater transparency than fundamental active management
- A disciplined process focused on helping to meet investment goals



## A COMBINATION OF EQUITY FACTORS DESIGNED TO DELIVER OPTIMAL OUTCOMES



Factors are identifiable sources of risk that represent key drivers of both risk and return, such as quality, value, size and dividend yield. In widely recognized academic studies, including our own<sup>1</sup>, there is considerable evidence to demonstrate that independent risk factors have historically driven excess returns over time. Furthermore, strategically transitioning factor exposure throughout the glidepath can help improve results as the most beneficial factor strategy will vary according to the portfolio's position on the glidepath. This research informs the Goal Engineer Series, facilitating the delivery of the **right risk at the right time**.

<sup>1</sup>Understanding Factor Investing, Northern Trust, May, 2016.

# INFLATION SENSITIVE

Complementing traditional asset classes for increased stability

Inflation can erode the purchasing power of your portfolio over time. The Goal Engineer portfolios seek to manage inflation risk, so you may have increased confidence that your assets will be sufficient to fund your goal.

The Goal Engineer Series includes real assets and Treasury Inflation-Protected Securities (TIPS) with low correlations to stocks and bonds to help minimize the effects of inflation on your portfolio.



## INFLATION SENSITIVITY

# INCOME

Diversified bond holdings seek to provide both income generation and capital preservation

The Goal Engineer Series relies on our extensive credit research capabilities in an effort to identify securities with the potential to provide a favorable return while managing risk.

Northern Trust's fixed income management process provides:

- A time-tested approach to security selection and risk management
- Access to the collective expertise of a global team
- Carefully crafted strategies backed by extensive fundamental research across sectors and issuers, as well as relative value analysis
- Integrated risk management and compliance
- Historically consistent competitive long-term performance

ROBUST  
APPROACH  
TO SECURITY  
SELECTION:

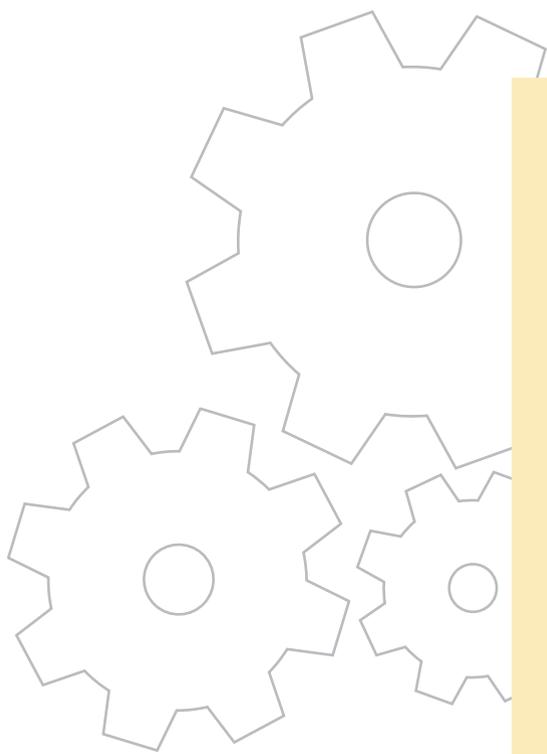


# GOAL ENGINEER SERIES

The Goal Engineer Series combines a strong understanding of investor needs with expertise in global asset allocation, portfolio construction and risk management to pursue real-world goals.

## Illustrative Asset Allocation

TARGET GOAL DATE	2040	2035	2030	2025	2020	2015	Stable Income
Growth	75.6%	70.6%	50.0%	40.0%	34.3%	31.4%	29.5%
Inflation Sensitive	12.3%	12.6%	14.0%	14.6%	14.9%	15.0%	15.1%
Income	12.1%	16.8%	36.0%	45.4%	50.8%	53.6%	55.4%
TOTAL	100%	100%	100%	100%	100%	100%	100%



“We’ve designed a new generation of managed accounts to take the guesswork out of investing and build better outcomes. They’re focused on taking the right risk at the right time.”

— BOB P. BROWNE, CFA®  
 CHIEF INVESTMENT OFFICER  
 NORTHERN TRUST ASSET MANAGEMENT

## To learn more about how the Goal Engineer Series can help you get to where you're going—on target, on time—contact your financial advisor.

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### 2019 One of the World's Most Admired Companies

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