



NORTHERN TRUST

ASSET MANAGEMENT

THE GOAL ENGINEER SERIES: HELPING INVESTORS MEET THEIR RETIREMENT NEEDS

While individual investors have made great progress in readying themselves for retirement in recent decades, many investors remain at risk for their financial future. Making the maximum IRA contribution each year and saving in employer retirement plans has helped, but many aren't saving enough for retirement. Furthermore, investors may be exposed to unintended investment risks as they save for retirement and then generate income from their investments.

Many investors rely on their financial advisors to help them invest for their lifetime income requirements.

So how can advisors help investors achieve their goals, On Target, On Time?

START WITH QUANTITATIVE EQUITY

Northern Trust employs factor-based quantitative equity strategies that systematically combine what we believe to be the best of active and passive investment management. The strategies utilize quality, dividend, value, and small-cap factors, which have historically provided positive risk-adjusted returns. By aiming to capture exposure to specific factors, either individually or in combination, investors can potentially further enhance results. Factor-based equity strategies are designed to capture compensated risks that active management has traditionally provided, while delivering it efficiently and cost effectively by directly targeting the intended risk factor via a non-traditional index approach.

We've used quantitative equity as a growth engine for our Goal Engineer Series of portfolios, to help prepare investors to live well in retirement.

Quantitative equity captures compensated risks that active management has traditionally provided, while delivering it efficiently and cost effectively by targeting the intended risk factor.

THE GOAL ENGINEER SOLUTION

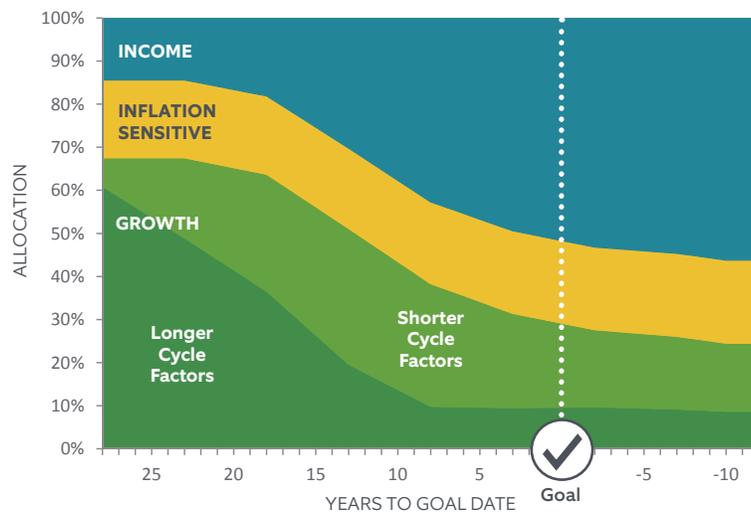
The aim of the Goal Engineer strategy is to meet relevant individual investor needs through goals-based investing. Ultimately, the focus is on the investor and improving their chances for retirement readiness.

As part of our Goal Engineer strategy, we came up with a simple, effective, low-cost solution that is designed to help financial advisors help their clients invest smarter and smoother, and take the right risks at the right time.

By applying a more robust new-generation target-date option for individual investors, advisors can help increase their clients' potential to meet their income needs as predictably as possible in an unpredictable world.

Growth and income are essential building blocks of asset allocation in general, and specifically within target date solutions.

THE NORTHERN TRUST GLIDEPATH



DIFFERENTIATING FEATURES

A few key elements differentiate our target date approach from others:

- Goal Engineer combines growth, income and inflation-sensitive securities in an effort to provide better risk management.
- The glidepath is implemented with quantitative equity ETFs and active fixed income funds to help enhance investment outcomes. Equity factors with relatively longer cycles appear first in the glidepath to eventually be replaced by factors with shorter cycles.
- Unlike traditional target date funds in which all the asset classes are contained within one fund, Goal Engineer is a **Separately Managed Account** investing in FlexShares® ETFs and Northern Funds to gain multi-asset class exposure. This structure provides enhanced transparency into the asset allocation. Additionally, it provides flexibility in the event investment objectives change in the future, allowing for small changes in holdings instead of 100% turnover.
- The Goal Engineer Series is available outside of a traditional employer sponsored retirement plan.

THE ANATOMY OF THE STRATEGY

Growth and income are essential building blocks of asset allocation in general, and specifically within target date strategies. Goal Engineer goes a key step beyond typical target date solutions by including assets that focus on managing inflation risk, one of the critical concerns faced by retirees. As investors get closer to retirement, Goal Engineer gradually increases exposure to both inflation-sensitive assets and to bonds (income) while reducing the allocation to stocks (growth).

Inflation-sensitive assets include ETFs invested in real assets — commodities, infrastructure and global real estate —and Treasury Inflation-Protected Securities (TIPS). These assets have historically exhibited a low correlation with traditional stocks and bonds, and can help protect against purchasing power erosion.

The **growth** component of Goal Engineer includes quantitative equity which combines what we believe to be the best of passive and fundamental-driven active management, in an effort to further enhance diversification.

The **income** portion looks to capitalize on market inefficiencies by unearthing opportunities through extensive fundamental research across sectors and issuers, as well as relative value analysis. Our active management approach touches on opportunities related to yield curve positioning, credit analysis, sector rotation and issue selection.

MANAGE FIDUCIARY RISK WHILE HELPING INVESTORS ACHIEVE THEIR GOALS

Goal Engineer helps address advisor concerns about fiduciary risk. First, it provides a single, cost-effective, globally diversified, turnkey solution to and through retirement. Second, the risk posture of the underlying investments automatically moves from growth to volatility management and income generation over time. Finally, the Goal Engineer portfolios are fulfilled with cost-efficient ETFs and mutual funds managed by Northern Trust. As such, there is no additional investment management fee.

Guiding clients through the process of building a retirement nest egg and then drawing an income from the accumulated assets can be a significant challenge. We've designed Goal Engineer to help advisors help their clients take advantage of market gains while minimizing the effects of market volatility and providing them with a sustainable portfolio that has the potential to take them through their career as well as their retirement.

Goal Engineer seeks to help investors invest smarter and smoother so that they can achieve their goals, "On Target, On Time."



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Northern Trust generally utilizes its own funds within this strategy. Northern Trust receives various fees from the funds via the fund expense ratios. Clients will incur these fees. Clients who access these portfolios through a financial intermediary firm will typically pay additional fees to that firm. Clients should speak to their Financial Advisor for more information. Financial intermediaries that employ Northern Trust for model management or overlay services may compensate Northern Trust for those services a fee of up to 0.25%.

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