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## **T. Rowe Price Target Date Funds Have Outperformed Passive Benchmarks Over Longer Time Periods, Firm's New Study Shows**

### **Results echo 2016 study showing long-term outperformance of T. Rowe Price actively managed U.S. equity funds against their benchmarks**

BALTIMORE, May 2, 2017 /PRNewswire/ -- T. Rowe Price Group (NASDAQ-GS: TROW) today announced the results of a new study that chronicles the outperformance of its target date strategies against passive benchmarks over the long term.

The study used two performance measures: "hit rates" (the number of times a fund beat its benchmark in a given time period) and "excess return" (the margin of outperformance). All 11 of the firm's Retirement Funds with at least 10 years of history outperformed their passive benchmarks net of fees in at least 84% of the rolling five-year periods and in 100% of the rolling 10-year periods from inception through December 31, 2016. In addition, average excess returns relative to the passive benchmarks used in the study were consistently positive, on average, across all time periods for all 11 Retirement Funds. The returns for the passive benchmark components do not incorporate the potential fees that are normally charged to provide such exposure; the relative results for the actively managed target date funds would have been stronger had they been included.

Active management is core to the firm's target date strategies and the outperformance demonstrated in the study was primarily driven by positive contributions from active security selection<sup>i</sup> and tactical asset allocation<sup>ii</sup>. Full results of the study can be found [here](#).

"The results of our study and the success of our target date franchise stem from the firm's core strengths, including the depth of our global research platform, the disciplined approach of our portfolio managers, and the experience and quality of our Asset Allocation team," said Sebastien Page, head of Asset Allocation for T. Rowe Price. "Our excellent investment results show that active managers with outstanding people, process, and culture can deliver substantial value to clients over the long term. We are fortunate to have some of the brightest minds in the investment management business working for our clients."

A similar T. Rowe Price study evaluated the performance of 18 T. Rowe Price diversified, actively managed U.S. equity funds over the 20 years ending December 31, 2016. Fifteen of the 18 T. Rowe Price U.S. equity funds studied outperformed their benchmarks in more than half of all rolling 10-year periods in the study. Moreover, 11 funds beat their benchmarks in at least 99% of all rolling 10-year periods. On average, the funds generated positive excess returns, net of fees, over 1-, 3-, 5-, and 10-year rolling time periods. The likelihood of outperformance and the margin of excess return both tended to increase over longer periods. Full results of the U.S. Equity study can be found [here](#).

T. Rowe Price is the third largest provider of target-date portfolios in the U.S., with \$202.6 billion in assets under management as of March 31, 2017. Target date strategies have become important retirement investment vehicles for many individual investors and for a growing majority of those participating in defined contribution plans or other tax-deferred retirement savings program. These funds are an effective investment solution for investors who prefer to delegate their investment and asset allocation decisions to professional money managers.

T. Rowe Price's Retirement Funds seek to provide investors with an age-appropriate, diversified portfolio that can carry an investor to and through retirement. 100% of the firm's Retirement Funds beat their 10-year Lipper average as of March 31, 2016<sup>iii</sup>.

[Download a prospectus](#) or obtain one by calling 1-800-541-8803. The prospectus includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.

Past performance cannot guarantee future results. All funds are subject to market risk including possible loss of principal.

The principal value of the Retirement Funds is not guaranteed at any time, including at or after the target date, which is the

approximate year an investor plans to retire (assumed to be age 65) and likely stop making new investments in the fund. If an investor plans to retire significantly earlier or later than age 65, the funds may not be an appropriate investment even if the investor is retiring on or near the target date. The funds' allocations among a broad range of underlying T. Rowe Price stock and bond funds will change over time. The funds emphasize potential capital appreciation during the early phases of retirement asset accumulation, balance the need for appreciation with the need for income as retirement approaches, and focus on supporting an income stream over a long-term postretirement withdrawal horizon. The funds are not designed for a lump-sum redemption at the target date and do not guarantee a particular level of income. The funds maintain a substantial allocation to equities both prior to and after the target date, which can result in greater volatility over shorter time horizons.

T. Rowe Price Investment Services, Inc.

#### **ABOUT T. ROWE PRICE**

Founded in 1937, Baltimore-based T. Rowe Price Group, Inc. ([troweprice.com](http://troweprice.com)) is a global investment management organization with \$861.6 billion in assets under management as of March 31, 2017. The organization provides a broad array of mutual funds, subadvisory services, and separate account management for individual and institutional investors, retirement plans, and financial intermediaries. The company also offers sophisticated investment planning and guidance tools. T. Rowe Price's disciplined, risk-aware investment approach focuses on diversification, style consistency, and fundamental research.

<sup>i</sup> Active security selection: The value added by the active management of the underlying funds in the Retirement Fund portfolios relative to the size-and style-specific benchmarks used by the target date investment team to measure the performance of each underlying fund.

<sup>ii</sup> Tactical asset allocation: Shorter-term allocation in the Retirement Fund portfolios made by the T. Rowe Price Asset Allocation Committee in order to seek to take advantage of potential valuation anomalies or other excess return opportunities.

<sup>iii</sup> \*24 of 36 Retirement Funds had a 10-year track record as of March 31, 2017 (includes all share classes). 23 of these 24 funds (96%) beat their Lipper averages for the 10-year period. 21 of 36, 35 of 36, and 35 of 36 of the Retirement Funds outperformed their Lipper average for the 1-, 3-, and 5-year periods ended 12/31/16, respectively. Calculations are based on cumulative total return. Not all funds outperformed for all periods. (Source for data: Lipper Inc.)

To view the original version on PR Newswire, visit:<http://www.prnewswire.com/news-releases/t-rowe-price-target-date-funds-have-outperformed-passive-benchmarks-over-longer-time-periods-firms-new-study-shows-300449578.html>

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