



INNOVATING TO ADDRESS THE UNARTICULATED NEEDS OF PARTICIPANTS

Fi360 Conference
April 26, 2018



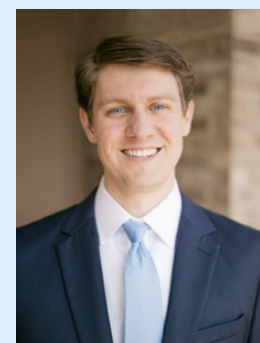
Yaqub Ahmed
Senior Vice President, Head
of Defined Contribution-US
*Franklin Templeton
Investments*



Michael Doshier
Vice President,
Retirement Marketing
*Franklin Templeton
Investments*



Rob Barnett
Administrative Vice
President, Head of
Retirement Distribution
Wilmington Trust



Kerr McGowan
Senior Vice President,
Retirement Solutions
Stadion

Trends Driving Innovation

Globally Consistent Themes



FRANKLIN TEMPLETON
INVESTMENTS

Legislative & Regulatory



**Outcomes-Based
Solutions**



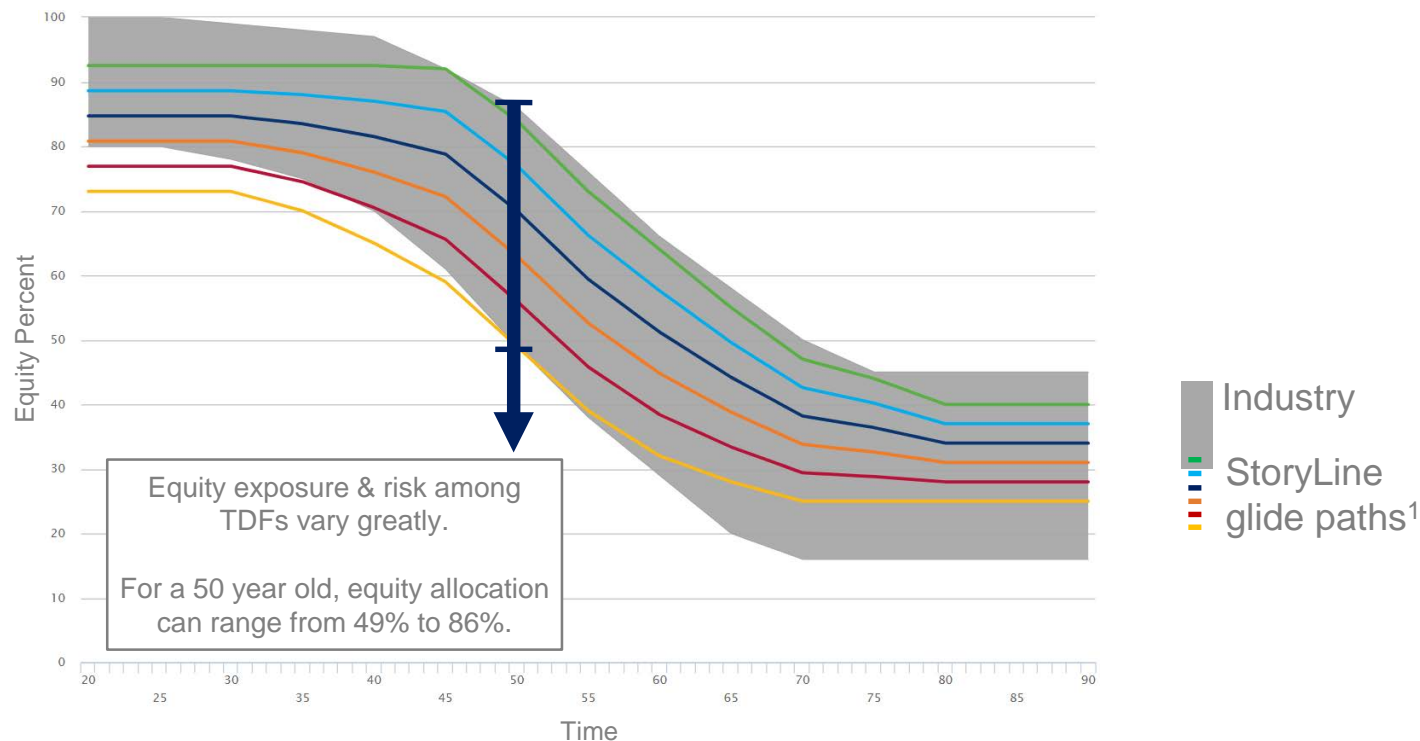
**Fee
Compression**



**Demographic
Shift**

Innovation

Multiple Glide Paths Spanning Target Date Fund Universe



Past performance is no guarantee of future results. Investments are subject to risk and may lose value. Please see the Important Disclosure slides for additional disclosures integral to your investment decision. The grey "Industry" measure represents the total range of possible equity exposures across all target date funds. Source: Morningstar Direct as of 5/31/2017. ¹ The StoryLine glide path lines represent the midpoint between the maximum and minimum equity exposure for each of the paths presented. As market conditions fluctuate actual equity exposure of StoryLine glide paths will be more or less than the midpoint.

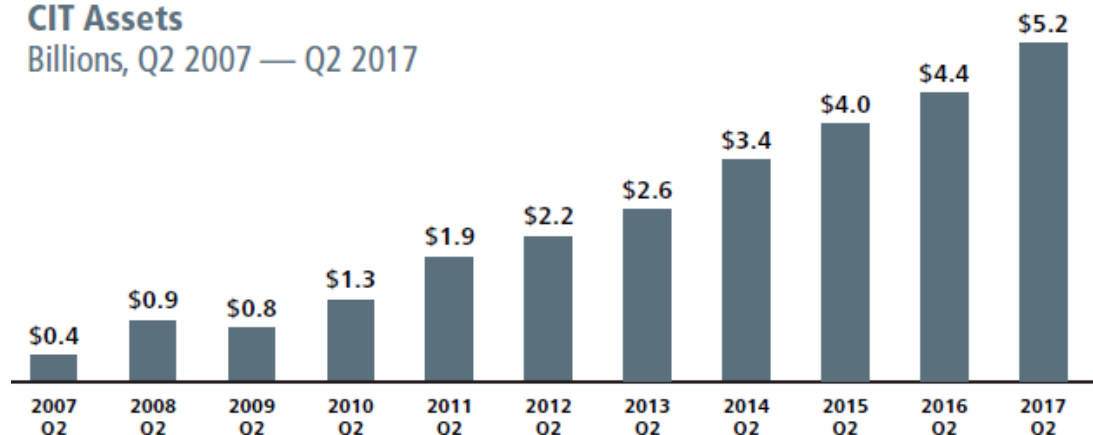
Why Collective Investment Trusts?



FRANKLIN TEMPLETON
INVESTMENTS

CIT Assets

Billions, Q2 2007 — Q2 2017



Source: Morningstar

	COLLECTIVE INVESTMENT TRUST	MUTUAL FUND
REGULATED BY	OCC, IRS & DOL	SEC
FEES	Greater flexibility and no 12b-1 fees	Determined by share class and may pay 12b-1 fees
OFFERING DOCUMENTS	Declaration of Trust	Prospectus
TRUSTEE OR DESIGNATED 3RD PARTY	Acts as an ERISA Fiduciary for investment decisions	Not applicable as investment decisions are made by the board of directors
PARTICIPANT NOTICE REQUIREMENTS	Not required when adding or removing a sub-advisor	Required when the plan sponsor adds or removes a mutual fund from the plan.
AVAILABLE TO	Retirement plans and not the general public	General public

Source: Wilmington Trust

What's Driving the Growth?

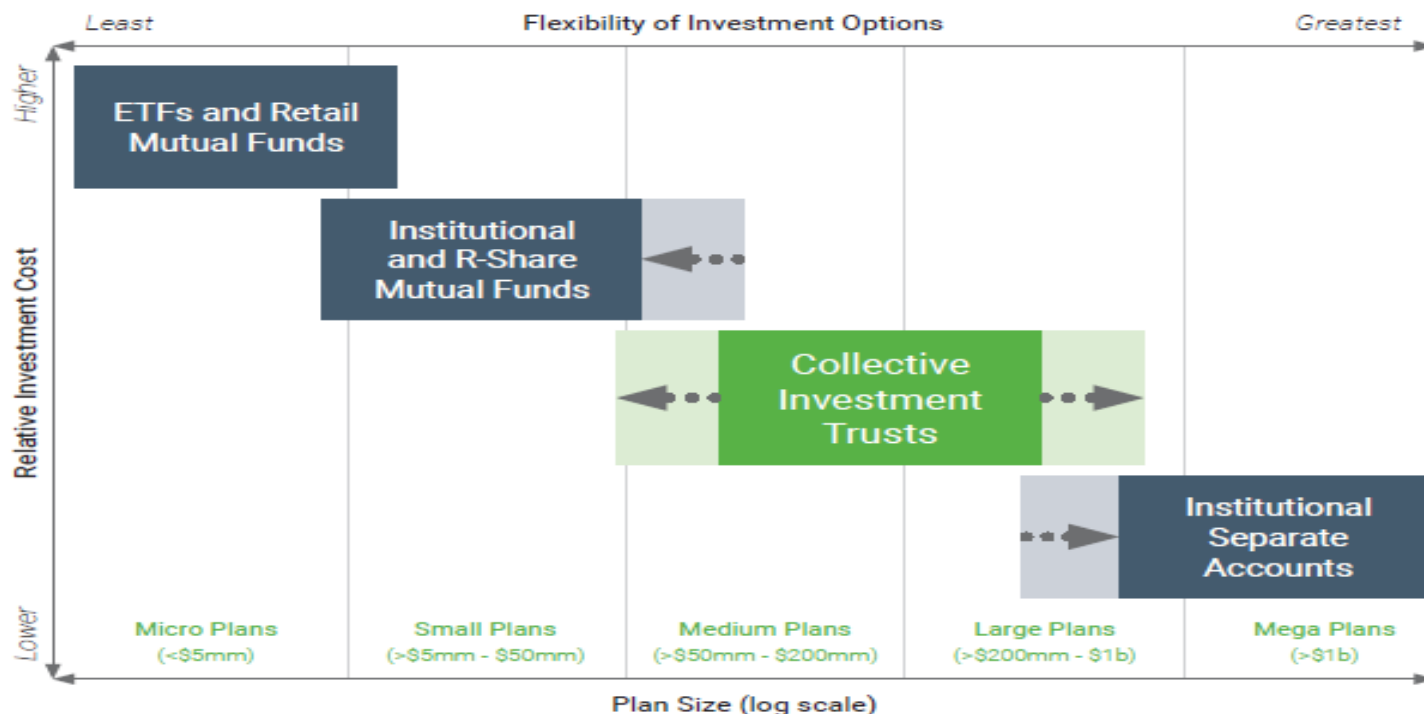
1. Typically lower fees than mutual funds.
2. Growth of white-label, custom TDF, and multi-manager solutions.
3. Transparency and convenience for Defined Contribution/Defined Benefit plan sponsors and participants.
4. Different fee alternatives from traditional mutual funds.
5. Subject to robust regulatory oversight.
6. Advisors are pushing institutional benefits down-market.

Efficient Vehicle



FRANKLIN TEMPLETON
INVESTMENTS

The Sweet Spot for CITs is Expanding



Average Investment Expenses by Asset Class

	Large Cap Equity	US Fixed Income	International Equity	Global Fixed Income
CIT	58 bps	35 bps	75 bps	50 bps
Mutual Fund	77 bps	51 bps	92 bps	65 bps
SMA	60 bps	30 bps	75 bps	40 bps

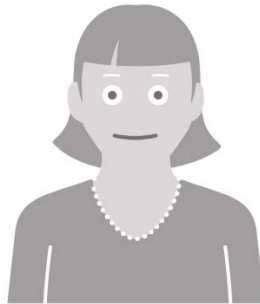
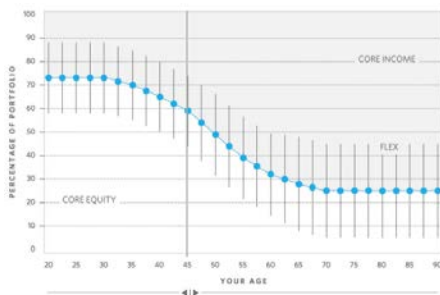
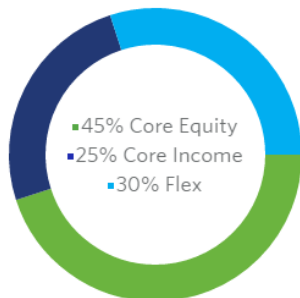
Source: DST kasina

Source: Callan 2017 Defined Contribution Trend Survey

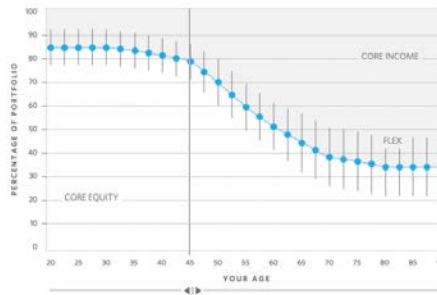
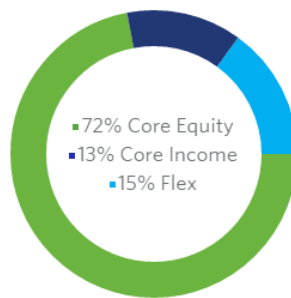
StoryLine: Not All 45-Year Olds Are The Same



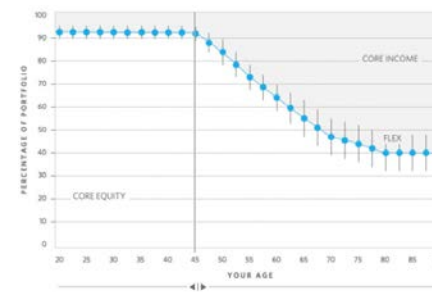
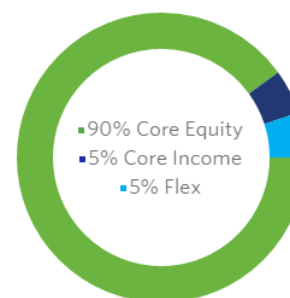
CONSERVATIVE (age 45)



MODERATE (age 45)



AGGRESSIVE (age 45)



Hypothetical Example. Past performance is no guarantee of future results. Investments are subject to risk, and any of Stadion's investment strategies may lose value. Source: Stadion. Investment Professional Use Only.

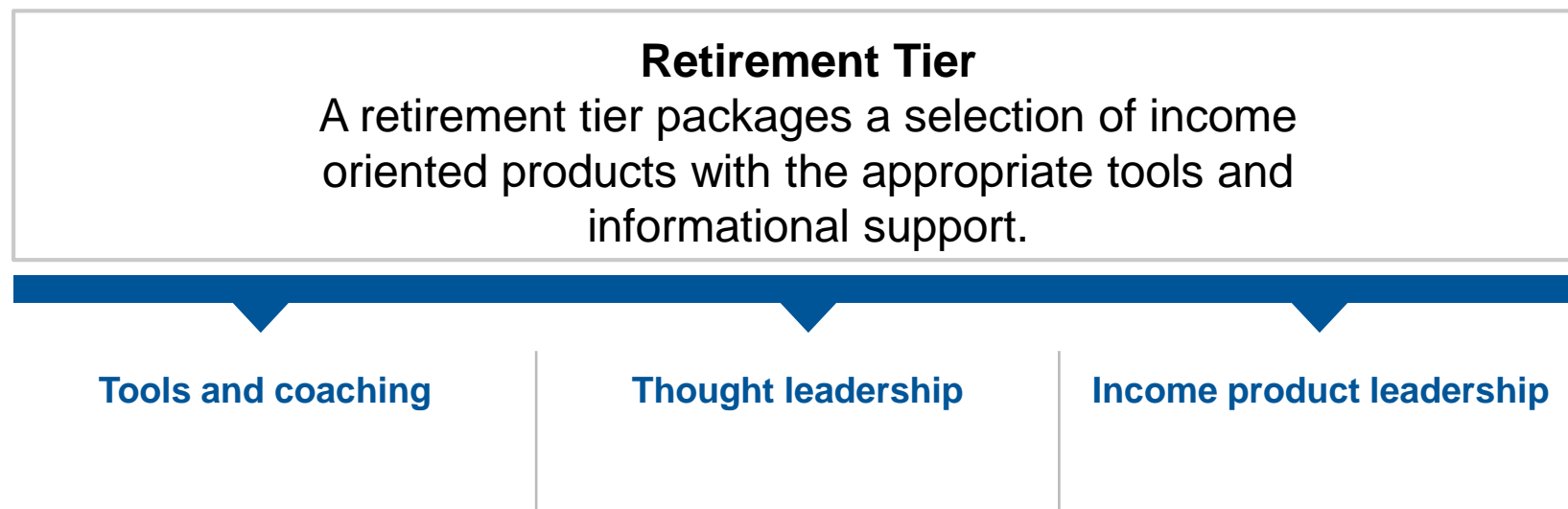
The typical retirement plan focuses on three tiers:

Tier 1 – “Do it for me” (TDF, Allocation, DGF, etc.)

Tier 2 – “Do it with me” (Asset Class Menu Options)

Tier 3 – “I’ll do it myself” (Brokerage Window)

Proposing the 4th Tier:





Q & A

Important Legal Information



FRANKLIN TEMPLETON
INVESTMENTS

All financial decisions, strategies and investments involve risk, including possible loss of principal.

Any views or opinions expressed by an individual in this material are his or her own and may not reflect those of Franklin Templeton Investments (“FTI”) as a whole. FTI does not endorse or recommend any views or opinions expressed in this material.

This communication is general in nature and provided for educational and informational purposes only. It should not be considered or relied upon as legal, tax or investment advice or an investment recommendation, or as a substitute for legal or tax counsel. Any investment products or services named herein are for illustrative purposes only and should not be considered an offer to buy or sell, or an investment recommendation for, any specific security, strategy or investment product or service. As a financial professional, only you can provide your customers with personalized advice and investment recommendations tailored to their specific goals, individual situation, and risk tolerance.

Franklin Templeton does not provide legal or tax advice. Federal and state laws and regulations are complex and subject to change. FTI cannot guarantee that such information is accurate, complete or timely; and disclaims any liability arising out of your use of, or any tax position taken in reliance on, such information.

If you are a benefit plan or IRA fiduciary, please note: Franklin Templeton Investments (FTI) has provided this communication to you on the understanding that you are a registered broker/dealer, investment adviser, manage or control over \$50mm, or otherwise qualify for the independent fiduciary with financial expertise exception under the DOL Fiduciary Rule. If this is not correct, please let FTI know promptly. FTI is not undertaking to provide you or your clients with impartial investment advice or advice in a fiduciary capacity solely by providing the information contained herein. FTI may have a financial interest in the funds it advises and investment services it provides because of the investment management and other fees it receives.

Statements of fact are from sources considered reliable, but no representation or warranty is made as to their accuracy, completeness or timeliness. FTI makes no warranties with regard to information in this article or results obtained by its use and disclaims any liability arising out of the use of, or any tax position taken in reliance on, such information. Past performance does not guarantee future results.