

Alight Solutions 401(k) Index™: December 2018 Observations

Nose diving stock indices on Wall Street brought a flurry of trading activity among 401(k) investors according to the Alight Solutions 401(k) Index™. Nine of the 19 trading days had above-normal¹ trading activity with the majority of trades moving money from equities to fixed income funds.

December observations:

- 15 of 19 days favored fixed income funds
- On average, 0.028% of 401(k) balances were traded daily

The Alight Solutions 401(k) Index™ statistics for the month of December 2018:

Index statistics	December	2018 YTD
Total transfers as percentage of starting balance	0.32%	1.42%
# Fixed days	15 (79%)	155 (62%)
# Equity days	4 (21%)	96 (38%)
# Above-normal days	9	46

Inflows and outflows during the month:

- Trading inflows mainly went to stable value, money market, and bond funds
- Outflows were primarily from target date², large U.S. equity, and mid U.S. equity funds

Asset classes with most trading inflows in December	Percentage of inflows	Index dollar value (\$ mil)
Stable value funds	63%	\$398
Money market funds	20%	\$126
Bond funds	15%	\$94

Asset classes with most trading outflows in December	Percentage of outflows	Index dollar value (\$ mil)
Target date funds	40%	\$251
Large U.S. equity funds	30%	\$191
Mid U.S. equity funds	9%	\$57



December investment portfolios:

- After reflecting market movements and trading activity, average asset allocation in equities decreased to 66.6% at the end of December from 68.1% at the end of November
- New contributions in equities decreased to 66.7% in December from 67.7% in November

Asset classes with largest percentage of total balance at the end of December	Percentage of balance	Index dollar value (\$ mil)
Target date funds	28%	\$53,014
Large U.S. equity funds	24%	\$45,601
Stable value funds	11%	\$21,156

Asset classes with most contributions in December	Percentage of contribution	Index dollar value (\$ mil)
Target date funds	47%	\$450
Large U.S. equity funds	20%	\$187
International funds	7%	\$69

December market observations:

December proved to be another difficult month for many equity investors. Small U.S. equities (represented by the Russell 2000 Index) lost -11.9%, large U.S. equities (represented by the S&P 500 Index) lost -9.0%, and international equities (represented by the MSCI ACWI ex-US Index) lost -4.5%. Fixed income investors typically fared better, with the U.S. bond market (represented by the Bloomberg Barclays U.S. Aggregate Index) gaining 1.8%.

Returns for common indices	December	2018 YTD
Bloomberg Barclays U.S. Aggregate Index	1.8%	0.0%
S&P 500 Index	-9.0%	-4.4%
Russell 2000 Index	-11.9%	-11.0%
MSCI All Country World ex-U.S. Index (net)	-4.5%	-14.2%

¹ A “normal” level of relative transfer activity is when the net daily movement of participants’ balances as a percent of total 401(k) balances within the Alight Solutions 401(k) Index™ equals between 0.3 times and 1.5 times the average daily net activity of the preceding 12 months. A “high” relative transfer activity is when the net daily movement exceeds two times the average daily net activity. A “moderate” relative transfer activity is when the net daily movement is between 1.5 and two times the average daily net activity of the preceding 12 months.

² Target date funds also include the amounts in target risk funds. The amount in the target risk funds is less than 10% of the total.

Members of the media: please contact mackenzie.lucas@alight.com for questions about the Alight Solutions 401(k) Index™.

About Alight Solutions

As a leading provider of human capital solutions, we help our clients and their people navigate the complexity of health, wealth and HR. We combine data-driven, consumer-centered technology with personalized care and service to deliver a superior customer experience. Our dedicated colleagues across 19 global centers help more than 22 million people and their 18 million family members simplify work and life, both now and in the future. At Alight, we are reimagining how people and organizations thrive.

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