



# TARGET-DATE MUTUAL FUNDS, MEET ETFs

FINALLY, A COMPLETE INVESTMENT SOLUTION FOR RETIREMENT PLAN PARTICIPANTS

## WHY IS BUILT-IN ASSET ALLOCATION IMPORTANT FOR RETIREMENT PLANS?

- Lack of diversification and inappropriate asset allocation put participants' retirement in jeopardy.
- Automatic portfolio adjustment over time provides hassle-free risk management for participants.
- Offering diversified portfolios targeted for specific investment needs may help satisfy a plan sponsor's fiduciary responsibilities to participants.

Offer your retirement plan participants a complete investment solution with Seligman TargETFunds – talk to your financial advisor today!

## SELIGMAN TARGETFUNDS

- Seligman TargETFund 2045<sup>SM</sup>
- Seligman TargETFund 2035<sup>SM</sup>
- Seligman TargETFund 2025<sup>SM</sup>
- Seligman TargETFund 2015<sup>SM</sup>
- Seligman TargETFund Core<sup>SM</sup>



Allocations shift automatically as target date approaches.<sup>2</sup>

## Seligman TargETFunds<sup>SM</sup>

- **Target-date asset allocation** makes it easy for employees
- **Exchange-traded funds** make diversification cost-effective and reduce active-manager risk<sup>1</sup>
- The **mutual fund structure** makes it fit a 401(k) plan

Each of the five Seligman TargETFunds is a target-date mutual fund investing in an array of exchange-traded funds (ETFs) based on the Seligman Time Horizon Matrix<sup>®</sup> asset allocation and risk management strategy.<sup>2</sup>

The **allocations** are strategic and based on extensive proprietary Seligman research that takes advantage of the fact that longer holding periods dramatically change the relative risk of asset classes. Although past performance is not a guarantee of future investment results, this allows us to make prudent allocations over certain time frames to asset classes that historically have above-average returns. And, our investment process includes a risk management system that steadily and automatically shifts from historically more-volatile to less-volatile asset classes over a specified time frame.

Structured as traditional open-end **mutual funds**, Seligman TargETFunds invest primarily in ETFs, which reduce active manager risk and seek to track a securities index or basket of securities. The Funds invest in ETFs according to our underlying asset allocation strategy, which includes a variety of asset classes not traditionally found in target-date funds, such as emerging markets securities, international small-cap stocks, real estate securities, and Treasury Inflation Protected Securities (TIPS).

<sup>1</sup> A typical investor would incur lower costs through an investment in the Seligman TargETFunds (which includes professional portfolio management based on Seligman's proprietary Time Horizon Matrix research) as compared to a direct investment (without professional portfolio management) in the same ETFs held by the Seligman TargETFunds. Such cost comparison takes into consideration transaction costs, sales charges, and expenses, as applicable. Diversification does not assure a profit nor protect against loss in a declining market.

<sup>2</sup> The asset allocation of Seligman TargETFund Core is maintained over time and does not migrate toward a future target date.

# SELIGMAN TARGETFUNDS

## The Asset Allocation Strategy Underlying Seligman TargETFunds

Developed by Seligman in 1995, Time Horizon is a proprietary asset allocation and investment process designed to help investors achieve superior long-term results through a simple one-step process. Seligman uses extensive ongoing research and a sophisticated analysis of historical asset class performance to guide the design of Time Horizon's model portfolios. The initial asset allocation of each model portfolio is intended to be appropriate for a specific investment time frame. In addition, Time Horizon includes a risk management system called migration. Migration shifts assets annually among various asset classes, reducing the expected volatility of the portfolio as investors move closer to their goal. Of course, past performance does not guarantee future results.

## Risk Information

The stocks of smaller companies may be subject to above average market-price fluctuations. A portfolio with fewer holdings may be subject to greater volatility than a portfolio with a greater number of holdings. The products of technology companies may be subject to severe competition and rapid obsolescence, and technology stocks may be subject to greater price fluctuation, government regulation, and limited liquidity as compared to other investments. There are specific risks associated with global investing, such as currency fluctuations, foreign taxation, differences in financial reporting practices, and rapid changes in political and economic conditions. Investments in real estate securities may be subject to specific risks, such as risks to general and local economic conditions, and risks related to individual properties. Bonds are subject to interest-rate risk, credit risk, prepayment risk, and market risk.

Underlying ETFs generally will not be able to duplicate exactly the performance of the underlying indexes they seek to track, which can be due to, among other factors, the expenses that the Underlying ETF pays, regulatory constraints, investment strategies or techniques undertaken by an Underlying ETF (e.g., options and futures) and changes to an underlying index. In addition, there may exist a lack of correlation between the securities in an index and those actually held by an Underlying ETF, as well as a lack of correlation between the asset classes used to develop Seligman's asset allocation methodology and the Underlying ETFs.

Investments by the Funds in ETFs involve risk, including the risk of loss of principal. An investor in a Fund will indirectly bear the operating expenses of the ETFs in which it invests. Thus, the expenses borne by the investor will be higher than if he or she invested directly in the ETFs, and the returns may therefore be lower. To the extent that a Fund has a substantial percentage of its assets exposed to an industry or sector through its investment in ETFs, that Fund's performance may be negatively affected if that industry or sector falls out of favor.

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## An Innovative Default Fund Solution

The Pension Protection Act of 2006 extends Section 404(c) relief of fiduciary liability to retirement plan sponsors using **Qualified Default Investment Alternatives (QDIAs)** for participants who fail to choose their own investments. Long-term QDIAs include lifecycle funds, target-date retirement funds, balanced funds, and professionally managed accounts — but *not* money market or stable value funds.<sup>3</sup>

Seligman offers both single- and multi-fund default solutions.<sup>4</sup>

Prudent alternatives to money market or stable value funds for long-term investors, these default solutions help plan sponsors satisfy their fiduciary responsibilities while providing an element of growth for retirement investors.

As a **single-fund default solution**, Seligman TargETFund Core is a balanced, multi-asset class mutual fund that may satisfy a range of needs for plan participants, offering exposure to domestic and international equities, real estate securities, and fixed income securities, including Treasury Inflation Protected Securities (TIPS).

As a **multi-fund default solution**, consider Seligman TargETFunds a suite of target-date mutual funds time-tailored to simultaneously serve a variety of age groups — allowing a plan sponsor to automatically allocate defaulted assets to an appropriate fund based on an employee's date of birth.

<sup>3</sup> Effective 12/23/07. The Department of Labor considers capital preservation default options acceptable only for default periods of less than 120 days or for money invested in such a default option prior to this effective date. While they offer greater potential for capital appreciation, the equity investments within a multi-asset class fund like Seligman TargETFunds carry greater investment risk and may be less liquid as compared to stable value funds and money market funds. Stable value funds typically invest in high-quality bonds and interest-bearing contracts and guarantee to maintain the value of principal and accumulated interest, and money market funds typically seek to maintain a consistent net asset value of \$1.00 per share by investing in short-term high quality debt securities. Mutual fund investments are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. In addition, money market funds and stable value funds generally carry lower fees and expenses than a multi-asset class fund like Seligman TargETFunds.

<sup>4</sup> Multi-fund default option may not be available to all plans; contact Seligman Advisors, Inc. at 888-597-1553 for details.

*This material is authorized for use only in the case of a concurrent or prior delivery of the offering prospectus of a Seligman TargetHorizon ETF Portfolios, Inc.<sup>SM</sup> You should consider the investment objectives, risks, charges, and expenses of a Fund carefully before investing. The prospectus, which contains information about these factors and other important information about a Fund, should be read carefully before investing.*