



STATE OF WISCONSIN
Department of Employee Trust Funds
 A. John Voelker
 SECRETARY

Wisconsin Department
 of Employee Trust Funds
 PO Box 7931
 Madison WI 53707-7931
 1-877-533-5020 (toll free)
 Fax 608-267-4549
 etf.wi.gov

Correspondence Memorandum


Date: May 12, 2021
To: Deferred Compensation Board
From: Shelly Schueller, Director
 Wisconsin Deferred Compensation Program
Subject: Large Cap Value Fund Options

The Department of Employee Trust Funds (ETF) recommends the Board select up to three large cap value fund options for finalist presentations to the Board.

To complement the existing large cap index and actively managed large cap growth funds in the Wisconsin Deferred Compensation Program (WDC) lineup, the Board added an actively managed large cap value fund to the core investment options in 2017. Unfortunately, the fund selected has experienced poor investment performance and has been “on watch” since April of 2020. At the March 2021 meeting, the Board approved ETF’s recommendation to remove and replace the current large cap value fund with a new large cap value option. [Ref. [DC I 3.11.21 I 6A](#)]

Bill Thornton of Great-West Investments performed the large cap value fund option search for the Board. This search was completed using the Board’s Investment Policy Statement criteria and additional screening criteria identified by Mr. Thornton.

<p>WDC Investment Policy Statement: Minimum Criteria for Selecting and Evaluating Mutual Fund and Institutional Investment Product Options</p> <ul style="list-style-type: none"> • Minimum 5 year operating history – may be waived for index funds • Manager tenure not less than 3 years • Expense ratio [internal expense charge plus any 12(b)1 fee] not greater than the mean for the appropriate peer group • 5-year rolling average performance must equal or exceed appropriate benchmark or index • Minimum total asset size of \$400 million – may be waived for certain categories of funds • Anticipated WDC assets not greater than 5% of total fund (determined by comparing current WDC asset levels in a comparable fund) • No loads or sales charges unless they are waived for the WDC • Not a sector fund
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Reviewed and approved by Matt Stohr, Administrator, Division of Retirement Services
 Electronically Signed 5/26/21

Board	Mtg Date	Item #
DC	6.10.21	6

Mr. Thornton's additional criteria included using the Russell 1000 Value as the fund's prospectus benchmark, above category average returns for 3-year total return and 10-year total return, a Sortino Ratio¹ greater than 1.0, and above peer annual performance for eight of the last 10 years.

The results of the initial search using the Board's Investment Policy Statement yielded 85 funds/CITs involving 200 share classes. With the addition of the criteria added by Mr. Thornton, the search results were narrowed down to six funds comprising eight share classes, shown in the attached report. Mr. Thornton will discuss the search and his analysis at the meeting. Staff recommends the Board select up to three large cap value fund options for finalist presentations to the Board.

Staff will be at the Board meeting to answer questions.

Attachment: Large Cap Value Search, June 2021 (Great-West Investments)

¹ The Sortino ratio is a variation of the Sharpe ratio that differentiates harmful volatility from total overall volatility by using the asset's standard deviation of negative portfolio returns—downside deviation—instead of the total standard deviation of portfolio returns. The Sortino ratio takes an asset or portfolio's return and subtracts the risk-free rate, and then divides that amount by the asset's downside deviation. [Source: Investopedia](#)

Wisconsin Deferred Compensation Program

Large Cap Value Search

June 10, 2021



Contents

- I. Search Criteria
- II. Search Results – Large Cap Value Funds
 - I. Initial Criteria
 - II. Additional Criteria
 - III. Qualitative Notes
- III. Fund Analytics
- IV. Appendix

Search Criteria



Investment Option Criteria

- From *Wisconsin Deferred Compensation Program Deferred Compensation Board Investment Policy Statement (dated November 19, 2020)*
- Minimum Criteria for Selecting and Evaluating Mutual Fund and Institutional Product Options
 - Minimum 5-year operating history – may be waived for index funds
 - Manager Tenure not less than 3 years
 - Expense ratio (internal expense charge plus any 12(b)1 fee) not greater than the mean for the appropriate peer group
 - 5-year rolling average performance must equal or exceed appropriate benchmark or index
 - Minimum total asset size of \$400 million – may be waived for certain categories of funds
 - Anticipated WDC assets not greater than 5% of total fund (determined by comparing current WDC asset levels in a comparable fund)
 - No loads of sales charges
 - Not a sector fund



Initial Results



Initial Criteria – per IPS

- | | | | |
|----|----------------------|----|------------------|
| 1. | Morningstar Category | = | Large Cap Value |
| 2. | Inception Date | <= | 3/31/2016 |
| 3. | Expense Ratio | <= | Category Average |
| 4. | 5 Year Total Return | >= | Category Average |
| 5. | Total Assets | >= | \$400 million |
| 6. | Manager Tenure | >= | 3 years |

Results:

85 Funds/CITs comprising 200 share classes



Additional Criteria

1.	<i>Morningstar Category</i>	=	<i>Large Cap Value</i>
2.	<i>Inception Date</i>	<=	<i>3/31/2016</i>
3.	<i>Expense Ratio</i>	<=	<i>Category Average</i>
4.	<i>5 Year Total Return</i>	>=	<i>Category Average</i>
5.	<i>Total Assets</i>	>=	<i>\$400 million</i>
6.	<i>Manager Tenure</i>	>=	<i>3 years</i>
7.	Prospectus Benchmark	=	Russell 1000 Value
8.	3 Year Total Return	>=	Above Category Average
9.	10 Year Total Return	>=	Above Category Average
10.	Sortino Ratio	>=	1.0
11.	Above Peer Annual Performance	>=	8 of Last 10 Years

Results:

6 Funds comprising 8 share classes



Qualitative Review

- JPMorgan Large Cap Value R6
 - Very good long-term performance and low expense ratio (0.44%)
 - Has smallest Average Market Cap of the finalists – holds more mid cap stocks
 - Highest standard deviation and beta of finalists
- JPMorgan US Value R6
 - Very consistent performance – has not trailed peers any calendar year in last decade
 - Low expense ratio (0.44%)
 - Long-term manager has produced highest alpha of finalists over past three & five years
- MassMutual Diversified Value*
 - Consistent performance – trailed peers only twice in last decade
 - Long-tenured management team

** MassMutual offers Empower Retirement a 0.05% recordkeeping pricing credit. This amount could be considered when ETF and Empower negotiate future recordkeeping pricing considerations.*



Qualitative Review

- PIMCO RAE PLUS Instl
 - Achieves equity exposure through derivative securities and invests remainder of cash in a flexible bond portfolio.
 - Consistent performance – trailed peers only once in last decade
 - One of two long-term managers retiring at year end
- T. Rowe Price Large Cap Value I
 - Longest-tenured manager of finalists (21 years)
 - Slightly smaller Average Market Cap than peers
- MFS Large Cap Value CIT Cl 5
 - Lowest risk/volatility measures of finalists
 - Largest Average Market Cap of finalists



Fund Analytics



Fund Analytics - Active Mutual Funds

Fund Facts									
	Ticker	Morningstar Category	Morningstar Institutional Category	Primary Prospectus Benchmark	Manager Name	Manager Tenure (Longest)	Fund Size	Fund Size Date	Inception Date
JPMorgan Large Cap Value R6	JLVMX	US Fund Large Value	Large Deep Value Russell 1000 Value TR USD		Scott Blasdel	8.08	3,055,263,617.00	5/11/2021	11/30/2010
JPMorgan US Value R6	VGINX	US Fund Large Value	Large Core Value Russell 1000 Value TR USD		Multiple	17.17	1,443,679,415.00	5/11/2021	11/2/2015
MassMutual Diversified Value I	MDDIX	US Fund Large Value	Large Deep Value Russell 1000 Value TR USD		Multiple	11.33	439,351,925.00	5/11/2021	4/1/2014
PIMCO RAE PLUS Instl	PXTIX	US Fund Large Value	Large Core Value Russell 1000 Value TR USD		Multiple	6.67	1,590,838,228.00	4/30/2021	6/30/2005
T. Rowe Price Lrg Cp Va I	TILCX	US Fund Large Value	Large Deep Value Russell 1000 Value TR USD		Multiple	21.17	3,977,165,853.00	5/11/2021	3/31/2000
MFS Large Cap Value CIT CL 5		US SA Large Value	Large Core Value Russell 1000 Value TR USD		Multiple	11.58	2,187,683,675.00	5/11/2021	10/9/2009

	Expense Ratio	# of Holdings	% Asset in Top 10 Holdings	Market Cap Giant %	Market Cap Large %	Market Cap Mid %	Market Cap Small %	Market Cap Micro %
JPMorgan Large Cap Value R6	0.44	71	30.49	16.19	44.05	32.68	4.15	0.00
JPMorgan US Value R6	0.44	100	20.43	30.31	51.66	15.09	0.00	0.00
MassMutual Diversified Value I	0.59	244	25.08	30.96	42.79	25.00	0.10	0.00
PIMCO RAE PLUS Instl	0.87	803	45.61					
T. Rowe Price Lrg Cp Va I	0.57	87	24.67	28.05	45.56	23.77	0.93	0.00
MFS Large Cap Value CIT CL 5	0.36	78	29.07	32.76	59.35	6.77	0.00	0.00
US Fund Large Value	0.94	522	30.77	48.97	22.71	22.55	3.10	0.01

	Asset Alloc Cash %	Asset Alloc US Equity %	Asset Alloc Non-US Equity %	Asset Alloc US Bond %	Asset Alloc Non-US Bond %	Asset Alloc Other %	Portfolio Date
JPMorgan Large Cap Value R6	2.93	96.54	0.53	0.00	0.00	0.00	3/31/2021
JPMorgan US Value R6	2.94	95.00	2.06	0.00	0.00	0.00	3/31/2021
MassMutual Diversified Value I	0.79	95.14	3.91	0.00	0.00	0.16	3/31/2021
PIMCO RAE PLUS Instl	-0.48	100.77	0.00	124.12	-127.77	3.36	12/31/2020
T. Rowe Price Lrg Cp Va I	1.00	91.65	7.02	0.00	0.00	0.33	3/31/2021
MFS Large Cap Value CIT CL 5	1.12	91.44	7.44	0.00	0.00	0.00	3/31/2021
US Fund Large Value	1.47	92.21	5.63	0.19	-0.26	0.76	3/31/2021

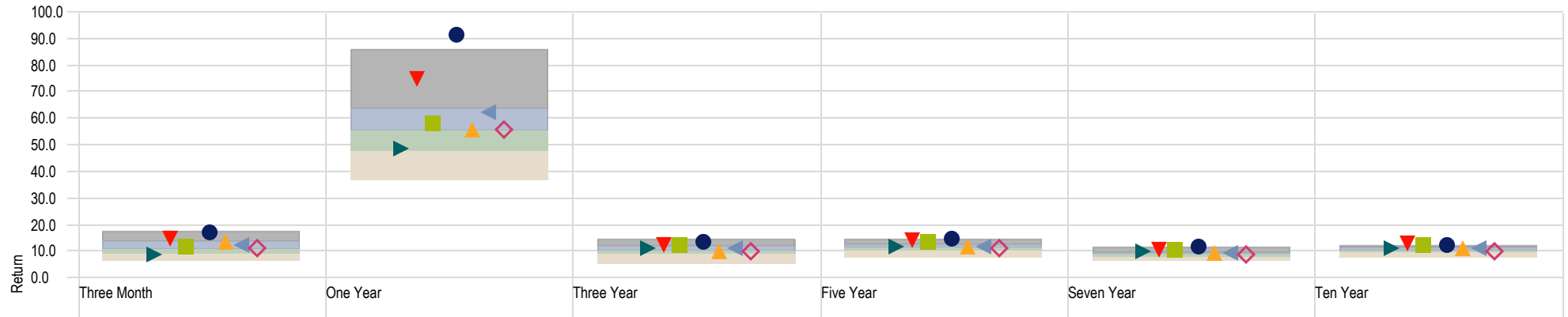


Fund Analytics - Active Mutual Funds

Trailing Returns

Peer Group (5-95%): Funds - U.S. - Large Value

Top Quartile 2nd Quartile 3rd Quartile Bottom Quartile



- JPMorgan Large Cap Value R6
- ▼ PIMCO RAE PLUS Instl
- ◆ US Fund Large Value
- JPMorgan US Value R6
- ◀ T. Rowe Price Lrg Cp Va I
- ▲ MassMutual Diversified Value I
- ▶ MFS Large Cap Value CIT CL 5

Trailing Returns

As of Date: 3/31/2021 Source Data: Monthly Return Peer Group: Funds - U.S. - Large Value

	Three Month	% rank	One Year	% rank	Three Year	% rank	Five Year	% rank	Seven Year	% rank	Ten Year	% rank
JPMorgan Large Cap Value R6	17.23	5	91.94	2	13.51	10	14.81	4	12.23	2	12.74	3
JPMorgan US Value R6	11.79	38	58.47	39	12.34	19	13.56	12	10.87	10	12.33	5
MassMutual Diversified Value I	13.78	22	55.93	47	10.31	50	12.26	30	9.41	36	11.15	25
PIMCO RAE PLUS Instl	15.11	12	75.31	9	12.42	18	14.31	7	10.66	13	13.33	2
T. Rowe Price Lrg Cp Va I	12.79	29	62.66	27	11.15	36	12.28	30	9.87	25	11.25	23
MFS Large Cap Value CIT CL 5	8.80	75	48.93	71	11.15	36	11.97	37	10.11	21	11.57	16
Russell 1000 Value TR USD	11.26	45	56.09	47	10.96	39	11.74	42	9.40	36	10.99	30
US Fund Large Value	11.38	43	56.22	46	10.26	51	11.40	51	8.72	56	9.94	62
25th Percentile	13.48		63.54		11.83		12.57		9.86		11.15	
50th Percentile	10.99		55.39		10.33		11.44		8.89		10.29	
75th Percentile	8.86		47.62		8.79		10.31		8.03		9.53	

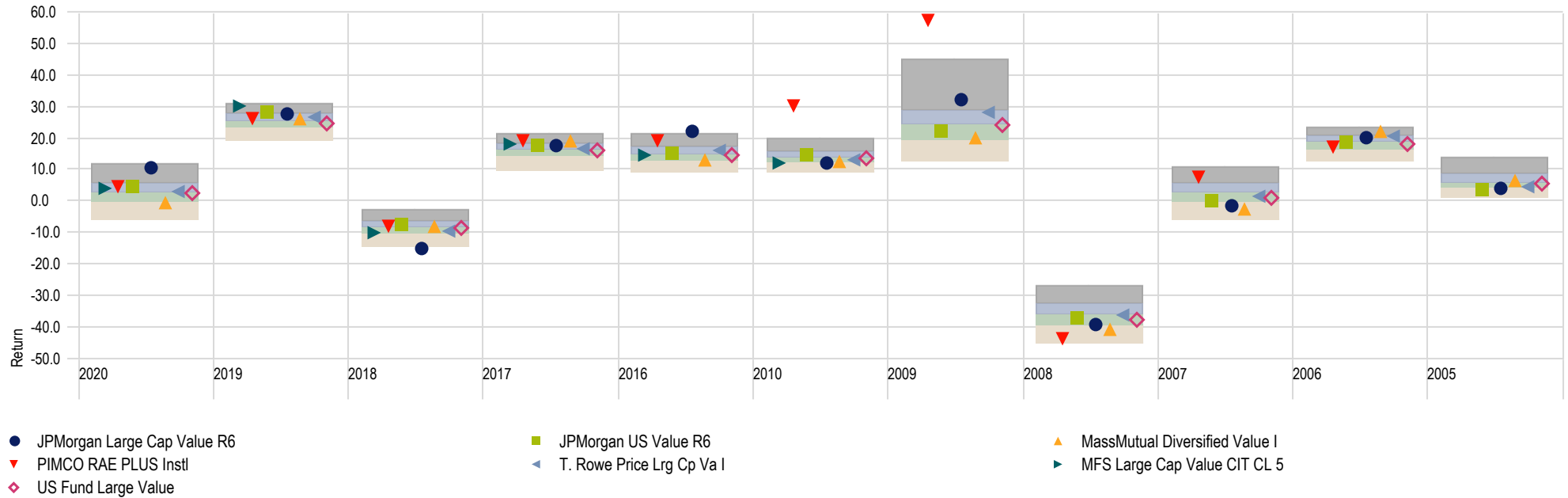


Fund Analytics - Active Mutual Funds

Calendar Year Returns

Peer Group (5-95%): Funds - U.S. - Large Value

■ Top Quartile ■ 2nd Quartile ■ 3rd Quartile ■ Bottom Quartile



Calendar Year Returns

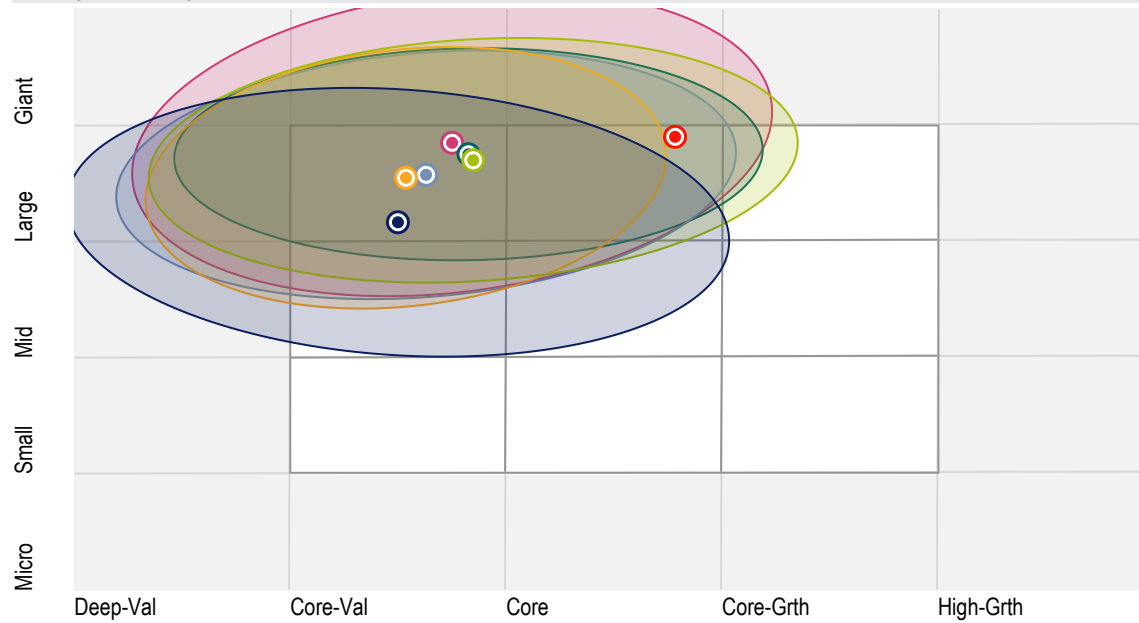
Peer Group: Funds - U.S. - Large Value

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
JPMorgan Large Cap Value R6	10.81	27.74	-14.96	17.92	22.39	-1.65	14.75	36.23	16.64	-4.46
JPMorgan US Value R6	4.80	28.48	-7.25	17.71	15.35	-2.48	14.10	33.96	19.53	0.32
MassMutual Diversified Value I	-0.53	26.33	-8.10	19.07	13.39	-3.16	11.93	34.40	17.79	1.36
PIMCO RAE PLUS Instl	4.57	26.52	-8.10	19.33	19.48	-6.59	12.19	34.86	26.86	5.33
T. Rowe Price Lrg Cp Va I	3.03	26.69	-9.35	16.83	16.20	-3.32	13.13	33.98	17.85	-1.19
MFS Large Cap Value CIT CL 5	4.14	30.25	-9.76	18.02	14.50	-0.24	10.81	36.19	16.67	0.43
Russell 1000 Value TR USD	2.80	26.54	-8.27	13.66	17.34	-3.83	13.45	32.53	17.51	0.39
US Fund Large Value	2.68	24.99	-8.60	16.07	14.59	-4.08	10.15	31.15	14.55	-0.84
25th Percentile	5.80	27.69	-6.12	18.33	17.09	-1.49	12.69	34.44	17.25	3.57
50th Percentile	2.64	25.38	-8.61	16.29	14.57	-3.40	11.20	31.61	15.28	0.13
75th Percentile	-0.10	23.20	-10.49	14.02	12.49	-4.91	9.44	29.32	12.69	-2.85



Fund Analytics - Active Mutual Funds

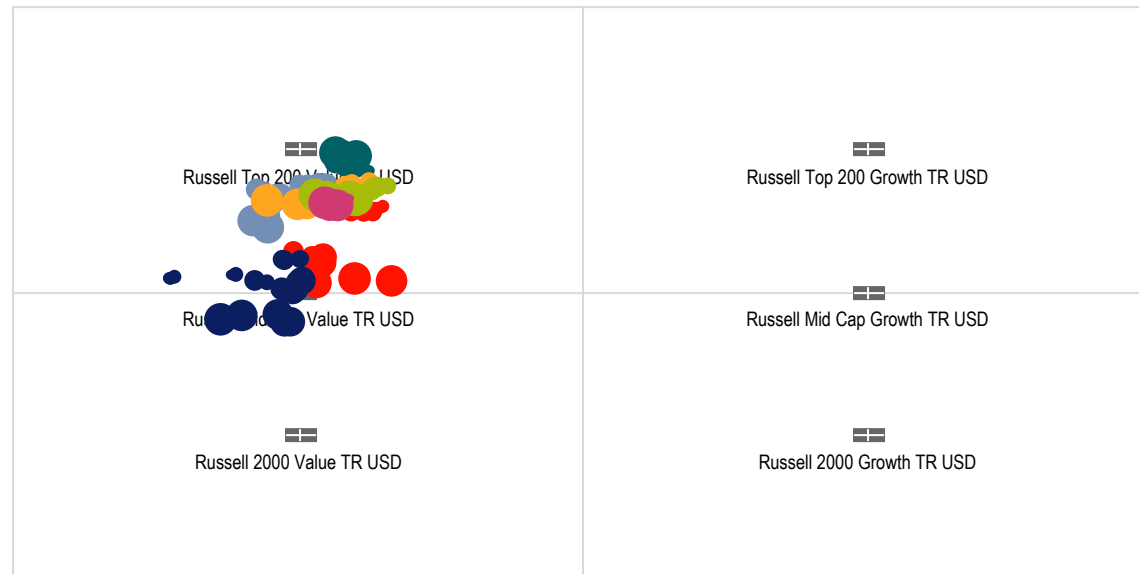
Holdings-Based Style Map



● JPMorgan Large Cap Value R6	3/31/2021
● JPMorgan US Value R6	3/31/2021
● MassMutual Diversified Value I	3/31/2021
● PIMCO RAE PLUS Instl	12/31/2020
● T. Rowe Price Lrg Cp Va I	3/31/2021
● MFS Large Cap Value CIT CL 5	3/31/2021
● US Fund Large Value	3/31/2021

Returns-Based Style Map

Time Period: 4/1/2016 to 3/31/2021



● JPMorgan Large Cap Value R6
● JPMorgan US Value R6
● MassMutual Diversified Value I
● PIMCO RAE PLUS Instl
● T. Rowe Price Lrg Cp Va I
● MFS Large Cap Value CIT CL 5
● US Fund Large Value



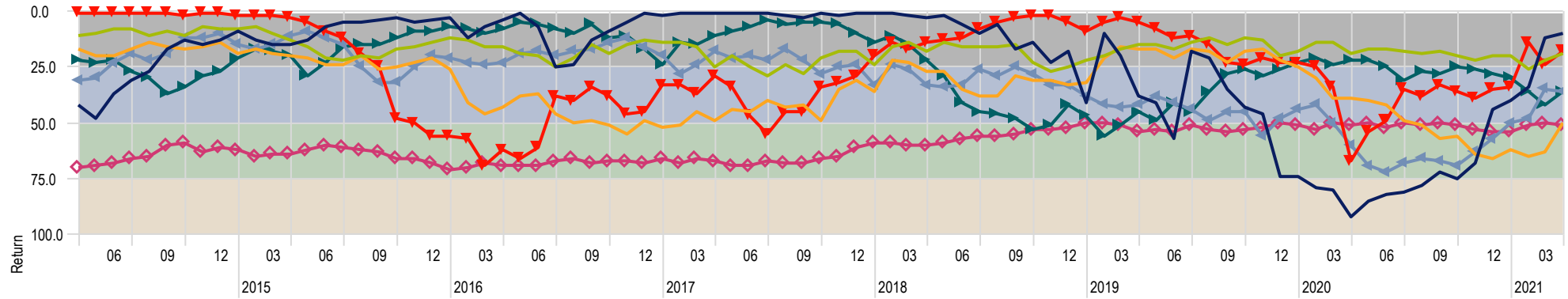
Fund Analytics - Active Mutual Funds

3 Year Rolling Returns

Time Period: 4/1/2011 to 3/31/2021

Peer Group (5-95%): Funds - U.S. - Large Value Rolling Window: 3 Years 1 Month shift

1st to 25th Percentile 26th to Median 51st to 75th Percentile 76th to 100th Percentile



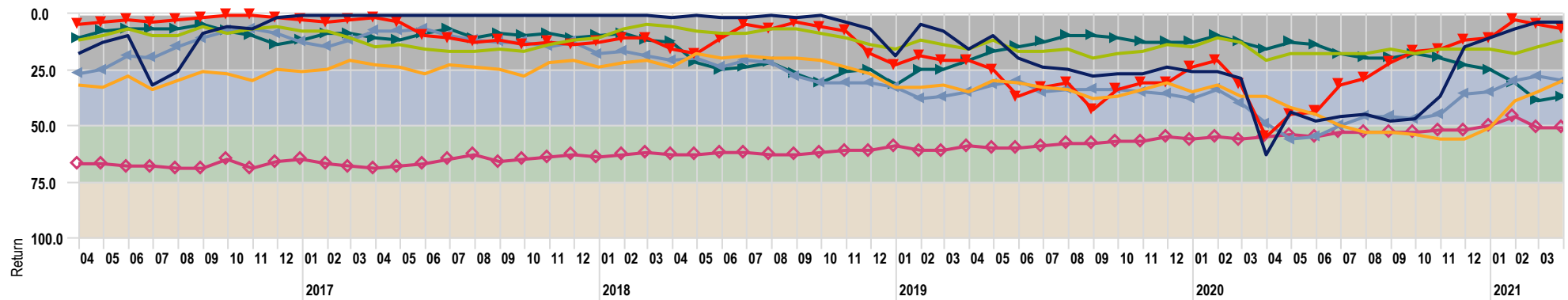
JPMorgan Large Cap Value R6 JPMorgan US Value R6 MassMutual Diversified Value I
 PIMCO RAE PLUS Instl T. Rowe Price Lrg Cp Va I MFS Large Cap Value CIT CL 5
 US Fund Large Value

5 Year Rolling Returns

Time Period: 4/1/2011 to 3/31/2021

Peer Group (5-95%): Funds - U.S. - Large Value Rolling Window: 5 Years 1 Month shift

1st to 25th Percentile 26th to Median 51st to 75th Percentile 76th to 100th Percentile



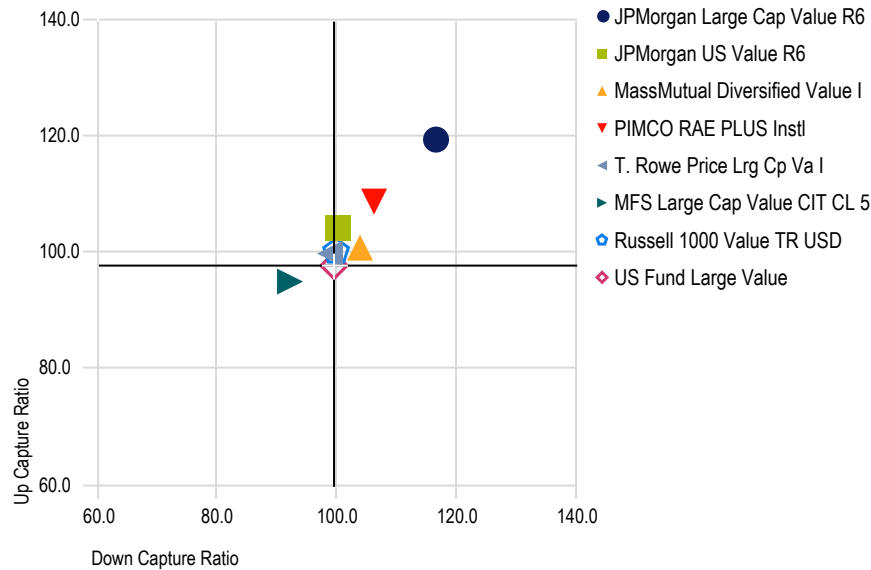
JPMorgan Large Cap Value R6 JPMorgan US Value R6 MassMutual Diversified Value I
 PIMCO RAE PLUS Instl T. Rowe Price Lrg Cp Va I MFS Large Cap Value CIT CL 5
 US Fund Large Value



Fund Analytics - Active Mutual Funds

3 Year Upside-Downside Capture

Time Period: 4/1/2018 to 3/31/2021



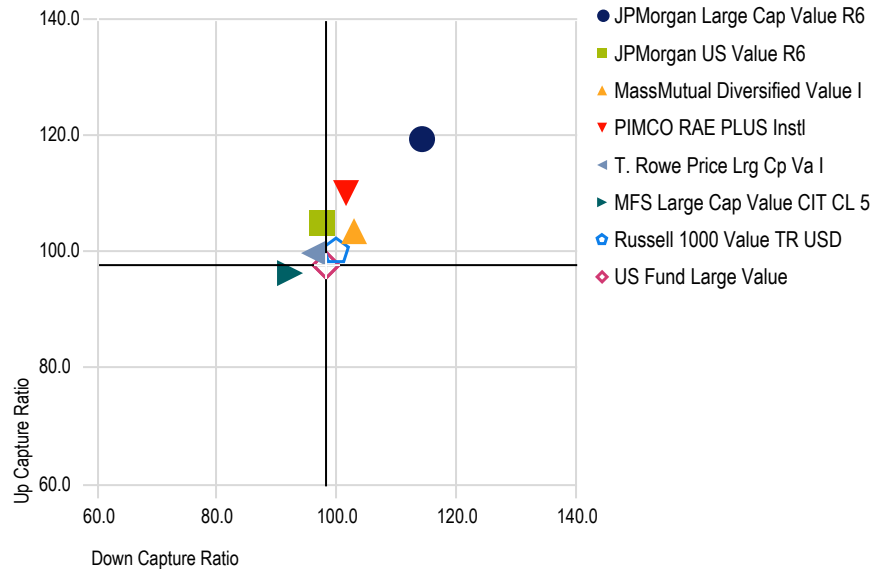
3 Year Upside-Downside Statistics

Time Period: 3/1/2018 to 3/31/2021 Calculation Benchmark: Russell 1000 Value TR USD

	Up Period Percent	Down Period Percent	Up Capture Ratio	Down Capture Ratio
JPMorgan Large Cap Value R6	62.16	37.84	119.32	117.09
JPMorgan US Value R6	67.57	32.43	104.21	100.75
MassMutual Diversified Value I	64.86	35.14	100.75	105.41
PIMCO RAE PLUS Instl	72.97	27.03	108.66	107.25
T. Rowe Price Lrg Cp Va I	70.27	29.73	99.78	100.18
MFS Large Cap Value CIT CL 5	64.86	35.14	95.10	93.90
Russell 1000 Value TR USD	67.57	32.43	100.00	100.00
US Fund Large Value	70.27	29.73	97.76	100.06
25th Percentile	67.57	37.84	104.27	108.38
50th Percentile	64.86	35.14	98.14	100.85
75th Percentile	62.16	32.43	92.25	91.62

5 Year Upside-Downside Capture

Time Period: 4/1/2016 to 3/31/2021



5 Year Upside-Downside Statistics

Time Period: 3/1/2016 to 3/31/2021 Calculation Benchmark: Russell 1000 Value TR USD

	Up Period Percent	Down Period Percent	Up Capture Ratio	Down Capture Ratio
JPMorgan Large Cap Value R6	65.57	34.43	118.74	114.52
JPMorgan US Value R6	70.49	29.51	104.57	97.70
MassMutual Diversified Value I	68.85	31.15	103.21	102.90
PIMCO RAE PLUS Instl	73.77	26.23	110.84	101.82
T. Rowe Price Lrg Cp Va I	75.41	24.59	99.63	96.34
MFS Large Cap Value CIT CL 5	70.49	29.51	95.90	92.19
Russell 1000 Value TR USD	68.85	31.15	100.00	100.00
US Fund Large Value	73.77	26.23	97.60	98.16
25th Percentile	72.13	32.79	103.63	106.10
50th Percentile	68.85	31.15	97.60	98.94
75th Percentile	67.21	27.87	92.05	89.87

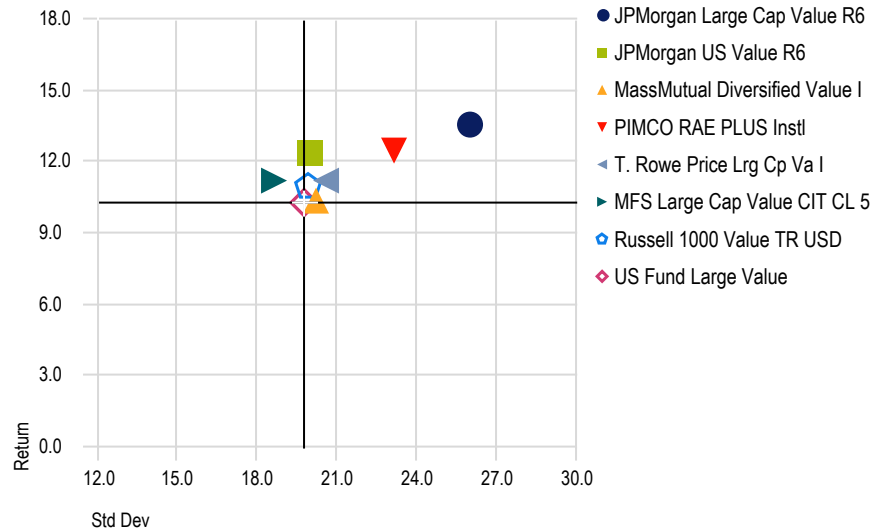


Fund Analytics - Active Mutual Funds

3 Year Risk-Reward

Time Period: 4/1/2018 to 3/31/2021

Peer Group (5-95%): Funds - U.S. - Large Value



3 Year Risk Statistics

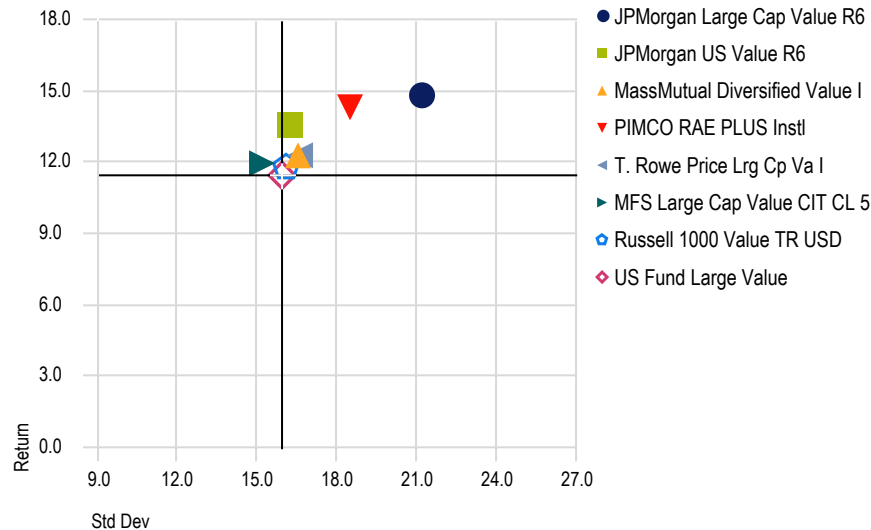
Time Period: 3/1/2018 to 3/31/2021 Peer Group: Funds - U.S. - Large Value

	Return	Std Dev	Alpha	Beta	Sharpe Ratio	Tracking Error
JPMorgan Large Cap Value R6	12.31	25.74	0.57	1.28	0.53	7.30
JPMorgan US Value R6	11.22	19.82	1.10	1.00	0.57	1.68
MassMutual Diversified Value I	9.01	20.10	-0.99	1.01	0.46	2.02
PIMCO RAE PLUS Instl	11.14	22.99	0.40	1.13	0.52	5.81
T. Rowe Price Lrg Cp Va I	9.90	20.43	-0.22	1.03	0.50	2.74
MFS Large Cap Value CIT CL 5	9.84	18.52	0.33	0.93	0.52	3.05
Russell 1000 Value TR USD	10.02	19.75	0.00	1.00	0.51	0.00
US Fund Large Value	9.28	19.56	-0.61	0.99	0.48	1.22
25th Percentile	10.78	21.39	0.97	1.06	0.55	5.43
50th Percentile	9.33	19.74	-0.25	0.99	0.49	3.91
75th Percentile	7.91	18.39	-1.97	0.91	0.41	3.05

5 Year Risk-Reward

Time Period: 4/1/2016 to 3/31/2021

Peer Group (5-95%): Funds - U.S. - Large Value



5 Year Risk Statistics

Time Period: 4/1/2016 to 3/31/2021 Peer Group: Funds - U.S. - Large Value

	Return	Std Dev	Alpha	Beta	Sharpe Ratio	Tracking Error
JPMorgan Large Cap Value R6	14.81	21.25	0.51	1.28	0.70	6.78
JPMorgan US Value R6	13.56	16.28	1.62	1.00	0.79	1.95
MassMutual Diversified Value I	12.26	16.55	0.34	1.02	0.71	2.26
PIMCO RAE PLUS Instl	14.31	18.56	1.38	1.12	0.76	4.71
T. Rowe Price Lrg Cp Va I	12.28	16.62	0.33	1.02	0.71	2.44
MFS Large Cap Value CIT CL 5	11.97	15.20	0.85	0.93	0.75	2.77
Russell 1000 Value TR USD	11.74	16.11	0.00	1.00	0.70	0.00
US Fund Large Value	11.40	15.96	-0.19	0.99	0.69	1.19
25th Percentile	12.57	17.56	1.01	1.06	0.75	4.83
50th Percentile	11.44	16.16	-0.13	0.99	0.68	3.57
75th Percentile	10.31	15.10	-1.24	0.92	0.61	2.76



Appendix



Disclosures and Benchmark Definitions

The opinions expressed herein are subject to change. The opinions are not investment advice, and should not be relied on as such. The information presented in this report was developed internally and/or obtained from sources believed to be reliable; however, GWFS Equities, Inc., and its parent company, Great-West Life & Annuity Insurance Company (GWL&A), do not guarantee the accuracy, adequacy, or completeness of such information. Predictions, opinions, and other information contained in this report are subject to change continually and without notice of any kind and may no longer be true after the date indicated.

Any forward-looking statements speak only as of the date they are made. GWFS Equities, Inc. assumes no duty to and does not undertake to update forward-looking statements. Forward looking statements are subject to numerous assumptions, risks, and uncertainties, which change over time. Actual results could differ materially from those anticipated in forward-looking statements. No forecast is guaranteed.

Past performance, where discussed in this material, is not a guarantee of future results. As with any investment, there is a potential for profit as well as the possibility of loss.

For definitions of benchmarks found in this material please refer to the benchmark provider website.



Disclosures

Carefully consider the investment option's objectives, risks, fees and expenses. Contact Empower Retirement for a prospectus, summary prospectus for SEC registered products or disclosure document for unregistered products, if available, containing this information. Read each carefully before investing.

You could lose money by investing in a money market fund. Although the fund seeks to preserve the value of your investment at \$1 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

The performance data contained herein represents past performance and does not guarantee future results. Investment return and principal value of an investment will fluctuate so that shares or units when redeemed may be worth less than their original cost. Current performance may be lower or higher than the return data quoted herein. For more current fund performance, including the most recent completed calendar month, please visit empower-retirement.com.

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Although data is gathered from reliable sources, the completeness or accuracy of the data shown cannot be guaranteed.

Cash alternatives are not federally guaranteed and may lose value. Cash alternative portfolios have interest rate, inflation, and credit risks that are associated with the underlying assets owned by the portfolio.

Bond prices generally fall when interest rates rise (and vice versa) and are subject to risks, including changes in credit quality, market valuations, inflation, liquidity and default. High-yield bonds have a greater risk of default.

The interest from Treasury inflation-protected securities (TIPS) is adjusted periodically according to the Consumer Price Index. The return from TIPS may understate the actual rate of inflation due to changes in the bond's underlying price.

U.S. Treasury securities are neither issued nor guaranteed by the U.S. government.

Separately managed accounts are not registered investment products but separate accounts created specifically for the plan. Separately managed funds are not required to file a prospectus or registration statement with the SEC and, accordingly, neither is available.

A collective trust stable value fund is offered by a bank or trust company and has interest rate, inflation and credit risks. The wrap contract, which provides book-value guarantees, is subject to the claims-paying ability of the insurer.

Foreign securities involve risks, such as currency fluctuations, economic changes and political developments. These risks may be heightened in emerging markets, which may also experience liquidity risk.

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Disclosures

Morningstar rankings are based on total return and do not reflect of sales charges, which, if reflected, would reduce returns.

The date in a target date fund's name represents an approximate date when an investor is expected to retire (which is assumed to be at age 65) and/or begins withdrawing money. The principal value of the funds is not guaranteed at any time, including the target date. For more information, please refer to the fund prospectus and/or disclosure document. A target date fund will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date (which is the assumed retirement date for an investor).

Asset allocation and balanced investment options and models are subject to the risks of the underlying investments, which can be a mix of stocks/stock funds and bonds/bond funds. For more information, see the prospectus and/or disclosure documents.

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Securities of small and mid-size companies may be more volatile than those of larger, more established companies.

Investment return and principal value of a variable investment will fluctuate so that an investor's shares when redeemed, may be worth more or less than the original cost.

There is no guarantee that companies that can issue dividends will declare, continue to pay, or increase dividends.

The JPMCB SmartRetirement Funds indirectly bear their proportionate share of the operating expenses of any underlying funds in which they may invest (excluding management fees and service fees).

The Trustee of the JPMCB SmartRetirement Funds agrees to reimburse the Fund for such fund operating expenses, and/or to waive a portion of the Trustee's management fee, to the extent that the fund's total annual operating expenses (excluding management fees, service fees, underlying fund fees attributable to dividend and interest expenses on short sales, interest, expenses related to litigation and potential litigation, and extraordinary expenses not incurred in the ordinary course of the Fund's business) exceeds 0.04% of the Fund's average daily new assets through the expense cap expiration date.

The price of equity securities may rise or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. These price movements may result from factors affecting individual companies, sectors or industries selected for the Fund's portfolio or the securities market as a whole, such as changes in economic or political conditions. Equity securities are subject to "stock market risk" meaning that stock prices in general (or in particular, the prices of the types of securities in which a fund invests) may decline over short or extended periods of time. When the value of a fund's securities goes down, an investment in a fund decreases in value.

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