

# FIDUCIARY NEWS

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## Patent Awarded for Pioneering Safe Glide Path

### Target Date Fund Breakthrough

San Clemente, Calif. – Target Date Solutions, a leader in target date fund research and design, was awarded a patent today for the methodology in its Safe Landing Glide Path® (SLGP). The SLGP process integrates the tenets of Modern Portfolio Theory with the disciplines of risk management and liability-driven investing. For details, see U.S. Patent No. 8352349, available at the U.S. Patent Office ([patents.uspto.gov](http://patents.uspto.gov)).

The principal objective of SLGP is the preservation of capital, especially near the target date, thereby protecting investors on the cusp of retirement. A two-asset separation principle distinguishes the glide path from all others.



When the target date is distant, a world portfolio is used to optimize return per unit of risk, encompassing a globally defined mix of the major asset classes, including stocks, bonds, real estate and commodities. As the target date nears, account balances are increasingly placed in a safe “reserve asset” that’s comprised of inflation-indexed Treasury securities (TIPS) and Treasury bills. As a result, the fund is almost entirely in reserves at the target date, an essential feature that’s often ignored in most target date funds.

The patent was issued to Ronald Surz, President of Target Date Solutions and its parent company, PPCA Inc. “The elegant yet effective financial engineering embodied in the SLGP is both appropriate and optimal for the investors and fiduciaries who choose target date funds,” says Surz. “The benefits of target date funds are diversification and risk control (professional management), preferably at a reasonable cost. The SLGP enhances those features through a process of systematically optimizing risk management.”

The SLGP has been available since 2008 as the glide path employed by SMART Funds®, which are offered by Hand Benefit & Trust in Houston. Hand has also developed a new “Ultimate Target Date Fund Family” that follows the SLGP with its broad diversification and rigorous risk control at a very low cost.

**THE SAFE LANDING GLIDE PATH™** provides growth potential in early years and preserves assets as retirement nears

### Glide Path and Timing – The Keys to Success



See [Patent 8352349](#) for details

**THE SAFE LANDING GLIDE PATH™ (SLGP™)** which places emphasis on preservation of assets as retirement nears, is only part of the story. The TDS Funds' unique investment structure is designed to maximize asset growth in the early years – combining a World Market Portfolio and a Reserve Portfolio.

#### The World Market Portfolio

The World Market Portfolio is designed to grow assets. This aims to provide **SLGP™** investors with broader diversification than most traditional target date funds by including investments to commodities and REITs. Moreover, because the **SLGP™** gains exposure to higher risk asset classes included in the World Market Portfolio through ETFs, the cost structure is often lower than that of a traditional target date fund, allowing investors to retain more of their retirement savings.

#### The Reserve Portfolio

The Reserve Portfolio is designed to preserve assets. U.S. Treasuries eliminate credit risk exposure, while TIPS serve to protect against inflation.

#### The Funds' Allocations...

Allocations between the World Market Portfolio and the Reserve Portfolio automatically adjust over time. Funds with far-off maturity dates have significantly more exposure to the World Market Portfolio, seeking to maximize growth potential. As retirement nears, exposure to the World Market Portfolio declines in favor of the Reserve Portfolio, where U.S. Treasuries serve as a stable investment and TIPS serve to insulate investors from the ravages of inflation as they approach retirement.