

Manning & Napier Target Series Target-Date Fund Series Report

Morningstar Analyst Rating



Key Features

Asset-Weighted Expense Ratio	1.03%
Active/Passive Exposure	100% Active
Open/Closed Architecture	100% Closed
Total Net Assets (\$M)	582

Executive Summary

Rating:

Process

Positive

While these funds' equity allocations decline as investors age, each fund has a fairly wide allowable range of stock exposure. Allocations are driven by market conditions, opportunities, and valuations. The series populates the portfolio with four risk-based asset-allocation funds that each have more than 20 years of history.

Price

Neutral

The series doesn't offer a cost advantage over peers. Its asset-weighted expense ratio puts it about in line with competitors.

Performance

Neutral

Recent performance struggles, particularly in 2015 and 2016, dent the series' long-term record, though peer-beating results in other years (including 2018) still keep it near the middle of the pack. This series launched in March 2008, but its underlying Pro-Blend funds have longer records and have performed well over the long term.

People

Positive

Manning & Napier has seen a number of senior investment personnel depart in the past several years, but a long-tenured group that relies upon the firm's deep team of fundamental, sector-focused analysts remains at the helm. The firm's team-based approach also reduces dependency upon any single person.

Parent

Neutral

Manning & Napier has established a risk-conscious culture and a noteworthy compensation system and has generally done a good job of retaining investment professionals over the years. But senior personnel departures, significant outflows from the funds, and a couple of acquisitions introduce some uncertainty on the firm's path forward. After this report's Parent text was published, the firm hired a new CEO, Marc Mayer, but this shouldn't have a significant near-term impact.

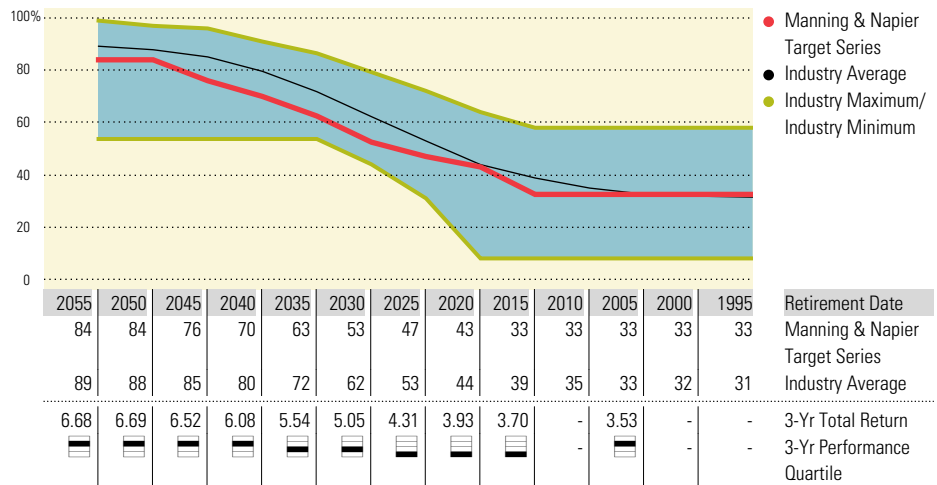
Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum



Strategic Glide Path Total Equity Exposure



Available Funds

Retirement Income Fund	2025 Fund	2040 Fund	2055 Fund
2015 Fund	2030 Fund	2045 Fund	2060 Fund
2020 Fund	2035 Fund	2050 Fund	

Morningstar Opinion

Greg Carlson

02-05-2019

Manning & Napier's target-date series has seen significant personnel turnover and poor performance of late, and its flexible approach makes asset allocation and performance less predictable. What's more, the series lacks a cost edge. That said, a still-large and skilled investment team has retained a concentrated strategy that plays to the team's historical strengths. The series continues to earn a Morningstar Analyst Rating of Bronze.

This series stands out from target-date peers. It shifts through four broadly diversified target-risk funds--clones of each earn a Bronze rating--and holds no more than two of them at a time. Many target-date peers invest in more than 20 underlying funds, each focused on a specific asset class. The managers also have more flexibility than most to position the portfolios based on market opportunities.

This distinctive approach results in more-pronounced sector and security bets than most peers, causing substantial performance swings at times. Indeed, the ser-

ies posted poor showings in 2011, 2015, and in 2016 when a big fourth-quarter rally by financials (which the team had largely avoided) derailed performance. Because of the series' concentrated approach, a single sector bet or even an individual security can have a meaningful effect on results.

Despite the rough patch of performance, there's good reason to believe this series will stay true to the firm's established and proven approach and that the strategy will win out over the long haul. The three co-managers average more than 20 years at the firm and still employ the same decision-making process even after several senior departures since early 2015, when the firm consolidated its then-lengthy manager roster. The firm's process has long called for each co-manager to vote on each stock idea presented by analysts, spreading the strategies' success--or failure--beyond any single individual. And while the series' fees are, on average, merely in line with peers', its approach gives it a solid chance of standing out.

Morningstar Target-Date Fund Series Report Disclosure

The Morningstar Target-Date Fund Series Report ("Report") is for informational purposes, intended for financial professionals and/or qualified investors ("Users") and should not be the sole piece of information used by such Users or their clients in making an investment decision.

The analysis within this Report is prepared by the person(s) noted in their capacity as an analyst for Morningstar Research Services LLC, a subsidiary of Morningstar, Inc. The opinions expressed within the Report are given in good faith, are as of the date of the Report and are subject to change without notice. Neither the analyst nor Morningstar Research Services commits themselves in advance to whether and in which intervals updates to the Report are expected to be made. The written analysis and Morningstar Analyst Rating within this Report are statements of opinions; they are not statements of fact.

Morningstar Research Services believes its analysts make a reasonable effort to carefully research information contained in their analyses. The information on which the analysis is based has been obtained from sources that are believed to be reliable such as, for example, the fund's prospectus and shareholder reports (or their equivalents), target-date series company website, interviews with target-date series company personnel, and relevant and appropriate press sources as well as data, statistics and information within Morningstar's own database. Morningstar does not perform an audit or seek independent verification of any of the data, statistics, and information it receives.

Unless otherwise provided in a separate agreement, Users accessing this Report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the Report is Morningstar Inc., a U.S.A. domiciled financial institution.

This Report is for informational purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors; Users and User clients must exercise their own independent judgment as to the suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position.

The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, Morningstar makes no representation that the Report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar and its officers, directors and employees will not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the Report. Morningstar encourages Users and User clients to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an investment decision and when deemed necessary, to seek the advice of a legal, tax, and/or accounting professional.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or that would subject Morningstar or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this Report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the Report, the English version will control and supersede any ambiguities associated with any part or section of a Report that has been issued in a foreign language. Neither the analyst, Morningstar, or Morningstar affiliates guarantee the accuracy of the translations.

This Report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst or Morningstar. In Territories where a Distributor distributes our Report, the Distributor, and not the analyst or Morningstar, is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

For a list of funds that Morningstar Research Services currently covers and provides written analysis on please contact your local Morningstar office. For information on the historical Morningstar Analyst Rating for this series or any series Morningstar Research Services covers, please contact your local Morningstar office.

Please note that investments in securities (including target-date series funds) are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in the future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the Report. Morningstar's Risk, Return and Star Ratings serve as useful data points with respect to evaluating a target-date fund series' risk profile.

A current yield percentage is not a reflection of the actual return an investor will receive in all cases as market prices for securities are constantly changing due to such things as market factors. Where a security is denominated in a different currency than the currency of the User or User's clients, changes in rates of exchange may have an adverse effect on the value, price or income of or from that investment.

Indexes noted within the Report are unmanaged, their returns do not include payment of any sales charges or fees an investor would pay to purchase securities, and cannot be invested in directly.

In certain jurisdictions, the Report contents, except for the Morningstar Analyst Rating and key analysis/opinions, may be shared with the target-date series company prior to publication. In the unlikely event that Morningstar Research Services would change its analysis/opinions and/or the Morningstar Analyst Rating based on feedback as result of such review, the Report would disclose such a fact.

Conflicts of Interest:

• Analysts may own (actual or beneficial) interests in the financial products that are the subject of the Report. No material interests are held by Morningstar, the analyst or the analyst's immediate family in the financial products that are the subject of the Report.*

• Analysts' compensation is derived from Morningstar's overall earnings and consists of salary, bonus and in some cases restricted stock. Analysts' receive no compensation or material benefits from product issuers or third parties in connection with the Report.#

• Morningstar Research Services does not receive commissions for providing research and does not charge financial product issuers to be rated.

• Analysts may not pursue business and employment opportunities outside Morningstar Research Services within the investment industry (including but not limited to, working as a financial planner, an investment advisor or investment advisor representative, a broker-dealer or broker-dealer agent, a financial writer, reporter, or analyst).

• Morningstar may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.

• Morningstar affiliates (i.e., its investment management group) may have arrangements with a fund company's affiliate to provide investment consulting advice, some of which an analyst may issue an investment research reports on one or more of the fund company's target-date funds. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.

• Morningstar, Inc. is a publically traded company (Ticker Symbol: MORN) and thus a fund which is the subject of this Report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section <http://investorrelations.morningstar.com/sec.cfm?doctype=Proxy&year=&x=12> A target-date series' holding of Morningstar stock has no bearing on and is not a requirement for target-date funds Morningstar determines to cover.

Analysts do not have any other material conflicts of interest at the time of publication. Users wishing to obtain further information should contact their local Morningstar office or refer to <https://corporate.morningstar.com/us/asp/subject.aspx?xmlfile=540.xml>

The Morningstar Analyst Rating™ for Target-Date Fund Series

The Morningstar Analyst Rating™ for Target-Date Fund Series is a forward-looking analysis of a target-date fund series. The Analyst Rating does not express a view on a given asset class or peer group; rather, it seeks to evaluate each target-date fund series within the context of its objective, an appropriate benchmark, and peer group.

The date shown next to the Morningstar Analyst Rating is the date on which the Morningstar Manager Research Analyst assigned or reaffirmed the current rating for the target-date fund series based on the analyst's latest review and research report for the target-date fund series.

The Five (5) Pillars

Morningstar has identified five key areas that we believe are crucial to predicting the future success of funds: People, Parent, Process, Performance, and Price. Each pillar is evaluated when assessing a fund as well as the interaction between the pillars, which we believe is crucial to understanding a fund's overall merit.

People

The overall quality of a target-date fund series' investment team is a significant key to its ability to deliver superior performance relative to its benchmark and/or peers. Evaluating a target-date fund series' investment team requires that analysts assess several relevant items including how key decisions are made.

Parent

We believe the parent organization is of utmost importance in evaluating a target-date fund series. The target-date fund series' management set the tone for key elements of our evaluation, including capacity management, risk management, recruitment and retention of talent, and incentive pay. Beyond these operational areas, we prefer firms that have a culture of stewardship and put investors first to those that are too heavily weighted to salesmanship.

Process

We look for target-date fund series with a performance objective and investment process (for both security selection and portfolio construction) that is sensible, clearly defined, and repeatable. In addition, the portfolio should be constructed in a manner that is consistent with the investment process and performance objective.

Performance

We do not believe past performance is necessarily predictive of future results, and this factor accordingly receives a relatively small weighting in our evaluation process. In particular, we strive not to anchor on short-term performance. However, we do believe that the evaluation of long-term return and risk patterns is vital to determining if a target-date fund series is delivering to our expectations.

Price

To reflect actual investor experience, price is evaluated within the context of the relevant market or cross-border region—for example, the United States, Australia, Canada, or Europe. In recognition of differences in scale and distribution costs in various markets, the level at which a target-date fund series is penalized for high fees or rewarded for low fees can vary with region. In Europe, for example, target-date fund series are penalized if they land in the most expensive quintile of their Morningstar category and are rewarded if they land in the cheapest quintile. The assessment is made using prospectus expense ratios, but in the case of target-date fund series with performance fees, expenses are evaluated excluding any performance fees and then the structure of the performance fee is evaluated separately.

Morningstar Analyst Ratings

Morningstar Analyst Ratings are assigned on a five-tier scale running from Gold to Negative. The top three ratings, Gold, Silver, and Bronze, all indicate that our analysts think highly of a target-date fund series; the difference between them corresponds to differences in the level of analyst conviction in a target-date fund series' ability to outperform its benchmark and peers through time, within the context of the level of risk taken.

Gold

Represents target-date fund series that our analyst has the highest-conviction in for that given investment mandate. By giving a target-date fund series a Gold rating, we are expressing an expectation that it will outperform its relevant performance benchmark and/or peer group within the context of the level of risk taken over the long term (defined as a full market cycle or at least five years). To earn a Gold rating, a target-date fund series must distinguish itself across the five pillars that are the basis for our analysis.

Silver

Represents target-date fund series our analyst has high-conviction in, but not in all of the five pillars. With those fundamental strengths, we expect these target-date fund series will outperform their relevant performance benchmark and/or peer group within the context of the level of risk taken over the long term (defined as a full market cycle or at least five years).

Bronze

Represents target-date fund series that have advantages that clearly outweigh any disadvantages across the pillars, giving analyst the conviction to award them a positive rating. We expect these target-date fund series to beat their relevant performance benchmark and/or peer group within the context of the level of risk taken over the long term (defined as a full market cycle or at least five years).

Neutral

Represents target-date fund series in which our analysts don't have a strong positive or negative conviction. In our judgment, these target-date fund series are not likely to deliver standout returns, but they aren't likely to seriously underperform their relevant performance benchmark and/or peer group either.

Negative

Represents target-date fund series that possess at least one flaw that our analysts believe is likely to significantly hamper future performance, such as high fees or an unstable management team. Because of these faults, we believe these target-date fund series are inferior to most competitors and will likely underperform their relevant performance benchmark and/or peer group, within the context of the level of risk taken, over a full market cycle.

Morningstar Research Services may also use two other designations in place of a rating:

Under Review

This designation means that a change that occurred with the target-date fund series or at the target-date fund series company requires further review to determine the impact on the rating.

Not Ratable

This designation is used only where we are providing a Report on a new strategy or on a strategy where there are no relevant comparators, but where investors require information as to suitability.

For more information about our Analyst Rating methodology please go to <http://corporate1.morningstar.com/ResearchLibrary/>

Morningstar Star Rating

The Morningstar Star Rating is a proprietary data point that is quantitatively driven. Target-date fund series are rated from one to five stars based on how well the target-date fund series performed (after adjusting for risk and accounting for sales charges) in comparison to similar target-date fund series. Within each Morningstar Category, the top 10% of target-date fund series receive 5 stars and the bottom 10% receives 1 star. target-date fund series are rated for up to three time periods—three-, five-, and ten-years— and these ratings are combined to produce an overall star rating, which is noted within the Report. target-date fund series with less than three years of history are not rated. Star Ratings are based entirely on a mathe-

matical evaluation of past performance. Star Ratings are in no way to be considered a buy or sell signal nor should be viewed as a statement of fact.

Equity-Related Data Points

The Report lists the top ten holdings in the target-date fund series as of the date noted. For each underlying holding, a series of data points is provided including, where applicable, that security's Economic Moat rating as of the date noted.

Economic Moat

The concept of an economic moat plays a vital role in our equity analyst's qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of its fair value estimate. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a *narrow moat* are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. *Wide-moat* companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, *no-moat* companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

For more information about methodology in analysing stocks, please go to <http://global.morningstar.com/equitydisclosures>.

For Recipients in Australia: This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ('the Service') and takes responsibility for the production of this Report. The Service is provided through the research of investment products. To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at www.morningstar.com.au/fsg.pdf.

For Recipients in Hong Kong: The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited. For enquiries regarding this research, please contact a Morningstar Investment Management Asia Limited Licensed Representative at <http://global.morningstar.com/equitydisclosures>.

For Recipients in India: This Investment Research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with the Securities and Exchange Board of India (Registration number INA000001357) and provides investment advice and research. Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data related services, financial data analysis and software development.

The Analyst has not served as an officer, director or employee of the target-date fund series company within the last 12 months, nor has it or its associates engaged in market making activity for the target-date fund series company.

*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in India

#The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

For recipients in Japan: The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information.

For recipients in Singapore: For Institutional Investor audiences only. Recipients of this Report should contact their financial advisor in Singapore in relation to this Report. Morningstar, Inc., and its affiliates, relies on certain exemptions (Financial Advisers Regulations, Section 32B and 32C) to provide its investment research to recipients in Singapore.