

PrudentPath™ ETFs

Target Date Defensive Momentum

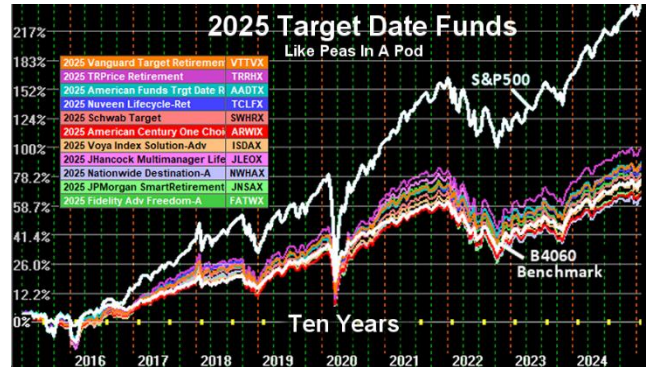
Rev. Feb 2025

Market Category

Target Date funds are diversified portfolios that periodically rebalance to become more focused on income over time. Eighty-five percent of 401(k) plans offer them, accounting for 38% of the \$11 trillion in 401(k) assets.

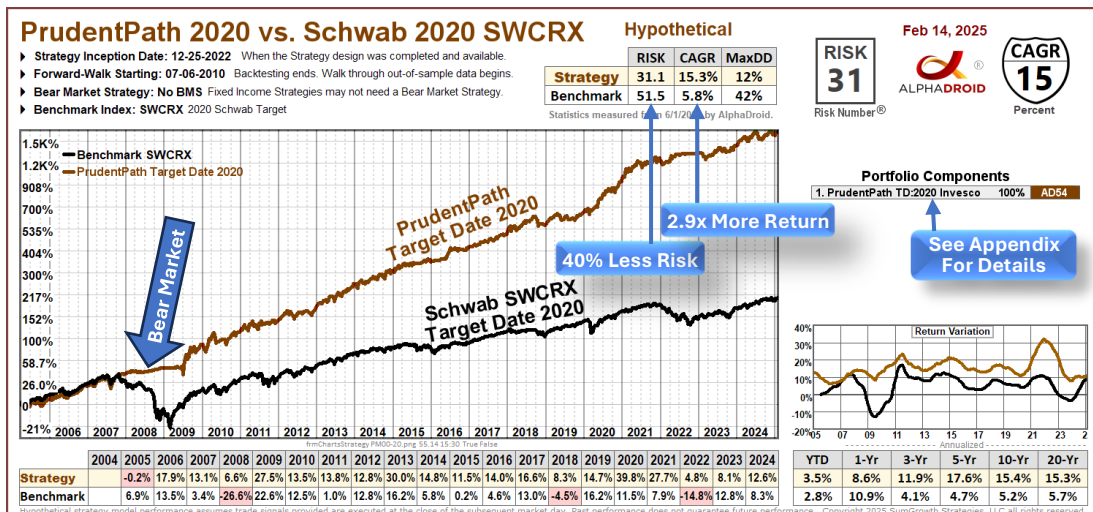
Market Status Quo

The 10-year comparative performance chart of the 11 largest **2025 Target Date** funds illustrates their incredible similarity. They are likewise quite similar to a classic 40/60 Target Allocation fund (**B4060 Benchmark**). The absence of meaningful variety suggests decades of innovation stagnation, long overdue for an upgrade. Still, these funds are official [qualified default investment alternatives \(QDIA\)](#) that are automatically assigned to the 75% of employees who don't make an investment election.



Why PrudentPath Indexes Perform So Well

- Momentum Noise Reduction:** Sports bars prove that message reception depends on the noise level. We employ the same state-of-the-art noise filtering methods that enable Wi-Fi, smartphones, and remote control of rovers on Mars. Cleaner momentum signals produce better bull market picks. [Momentum Video](#)
- Risk Avoidance not Dilution:** MPT's diversification **dilutes** risk with bonds in exchange for lower returns. Our [Bull-Bear Indicator](#) evaluates market Trend, Volume, Sentiment, and Volatility to proficiently **avoid** owning equities in bear markets and [select a defensive momentum leader](#) instead.
- AI-Driven Performance:** We use [AI Fuzzy Logic](#) to merge 16 market measures into the final Bull-Bear indicator and use [AI Feedback Loops](#) to optimize the momentum filter settings as the market's personality changes. An estimated **50%** of the Index overperformance is attributed to these specialized forms of AI.

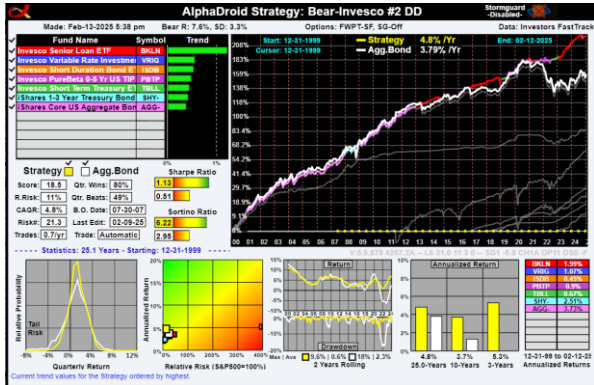


Appendix A

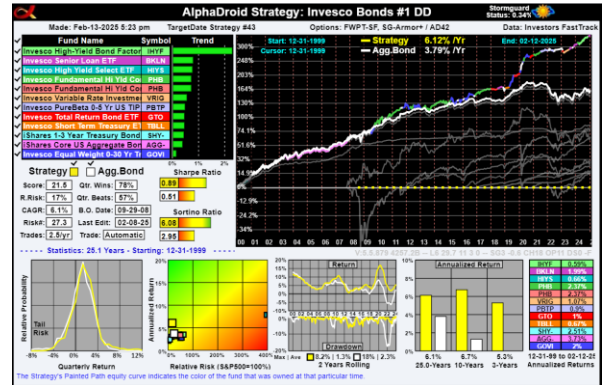
Underlying Invesco Momentum Strategies

The underlying Strategies (below) each select a momentum leader from among their fund candidates at month end. They are Dual Defense Strategies that include (1) our bull-bear StormGuard indicator to know when to stop making equities selections in favor of making defensive bond selections, and (2) a special Backstop fund that helps set a performance floor for equity fund selections.

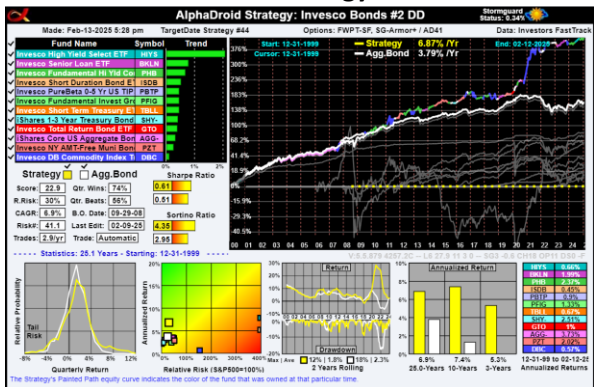
Bear Market Strategy



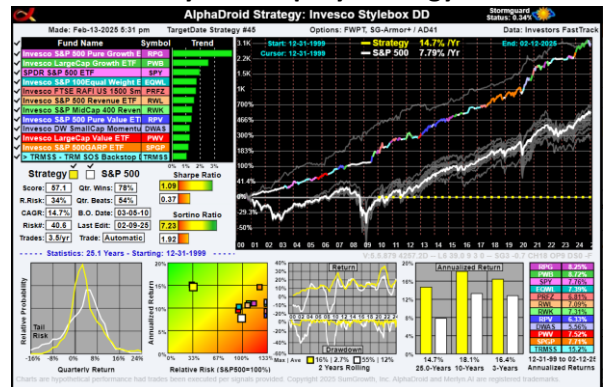
Bond Strategy #1



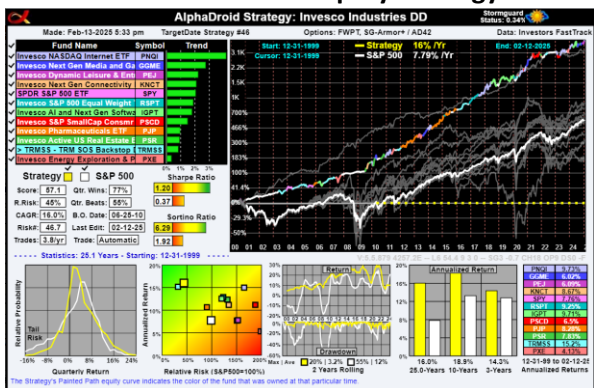
Bond Strategy #2



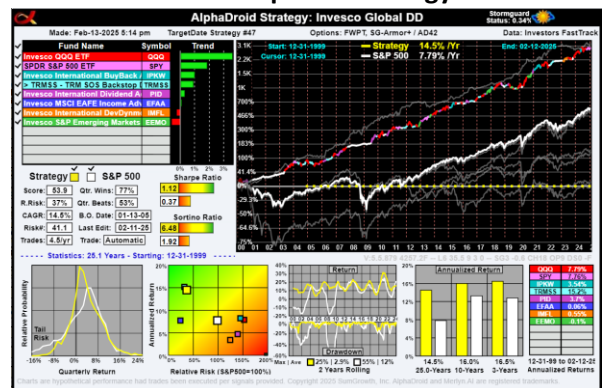
Stylebox Equity Strategy



Sector Industries Equity Strategy



Global Equities Strategy

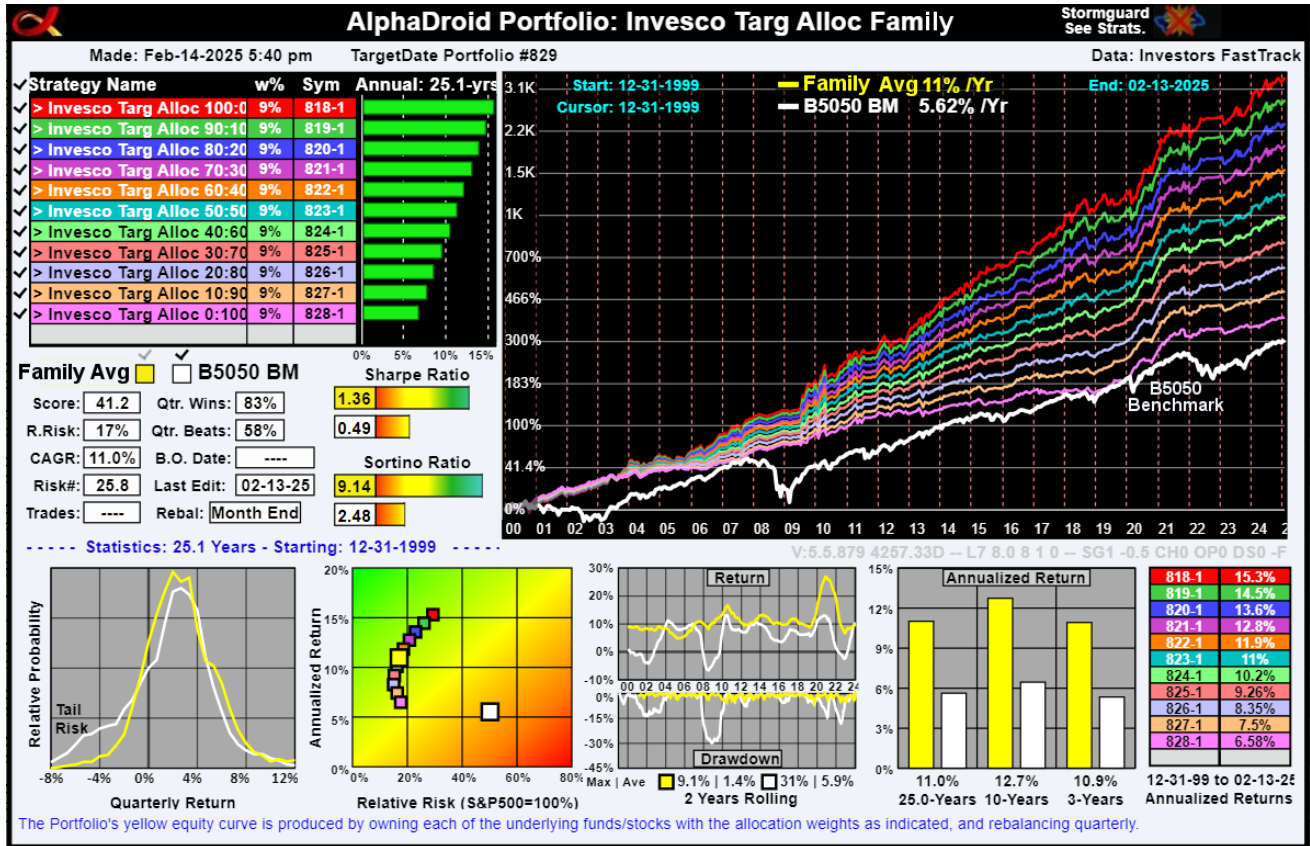


Appendix B

Target Allocation Family of Portfolios

Target Allocation Portfolio Family

The chart illustrates the character of the full range of Target Allocation Portfolios that are employed by the Target Date Funds in a serial manner, such that they become more focused on income over time.



The table below specifies how the Target Date Portfolios are configured and weighted by the five momentum strategies.

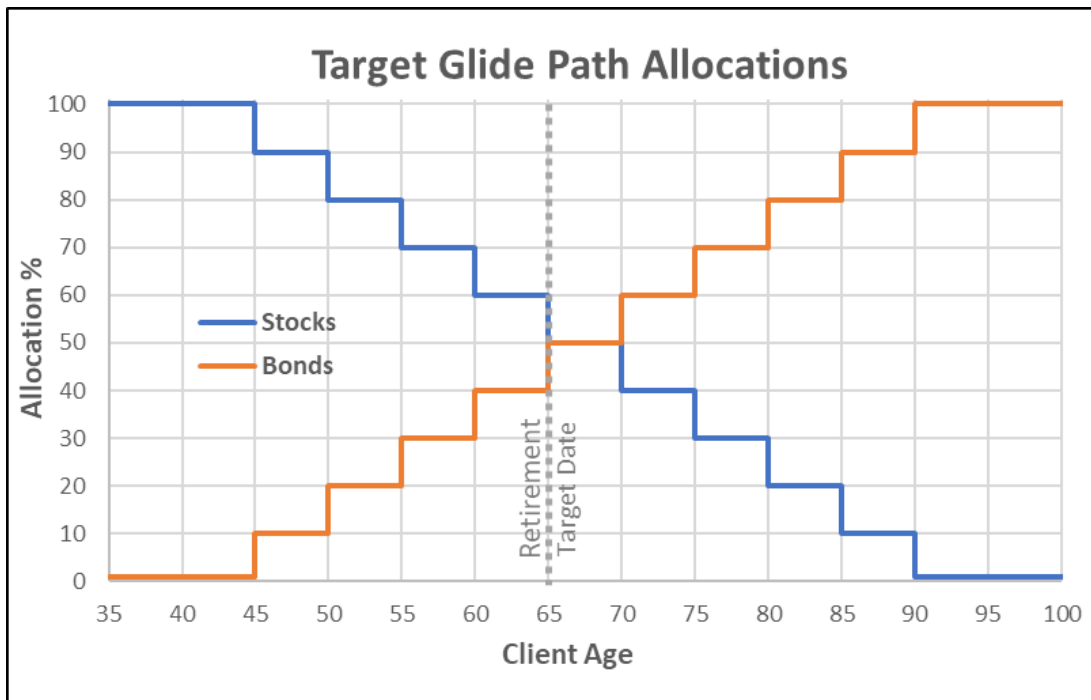
No.	Portfolio Name	Score - R.Risk - MDD	Select - Edit - View	Bonds #1	Bonds #2	Stylebox	Industries	Global
				Pos1	Pos2	Pos3	Pos4	Pos5
818	Invesco Targ Alloc 100:0	58 30 14%		___	___	AD45-2	AD46-2	AD47-2
819	Invesco Targ Alloc 90:10	55 26 13%		AD43-1	AD44-1	AD45-6	AD46-6	AD47-6
820	Invesco Targ Alloc 80:20	52 23 11%		AD43-2	AD44-2	AD45-6	AD46-5	AD47-5
821	Invesco Targ Alloc 70:30	48 21 11%		AD43-3	AD44-3	AD45-5	AD46-5	AD47-4
822	Invesco Targ Alloc 60:40	45 19 10%		AD43-4	AD44-4	AD45-4	AD46-4	AD47-4
823	Invesco Targ Alloc 50:50	41 17 9%		AD43-5	AD44-5	AD45-4	AD46-3	AD47-3
824	Invesco Targ Alloc 40:60	38 16 8%		AD43-6	AD44-6	AD45-3	AD46-3	AD47-2
825	Invesco Targ Alloc 30:70	34 15 8%		AD43-7	AD44-7	AD45-2	AD46-2	AD47-2
826	Invesco Targ Alloc 20:80	31 15 7%		AD43-8	AD44-8	AD45-2	AD46-1	AD47-1
827	Invesco Targ Alloc 10:90	27 17 7%		AD43-9	AD44-9	AD45-1	AD46-1	___
828	Invesco Targ Alloc 0:100	23 18 7%		AD43-9	AD44-9	___	___	___

Appendix C

PrudentPath Glide Path

A Step-Wise Glide Path

The chart below illustrates the step-wise linear Glide Path employed by the PrudentPath Target Date portfolios. Essentially, starting at age 45, the allocations shift 10 percentage points toward bonds and away from stocks. At age 65, the allocation becomes 50/50, and at age 100 becomes 0/100.



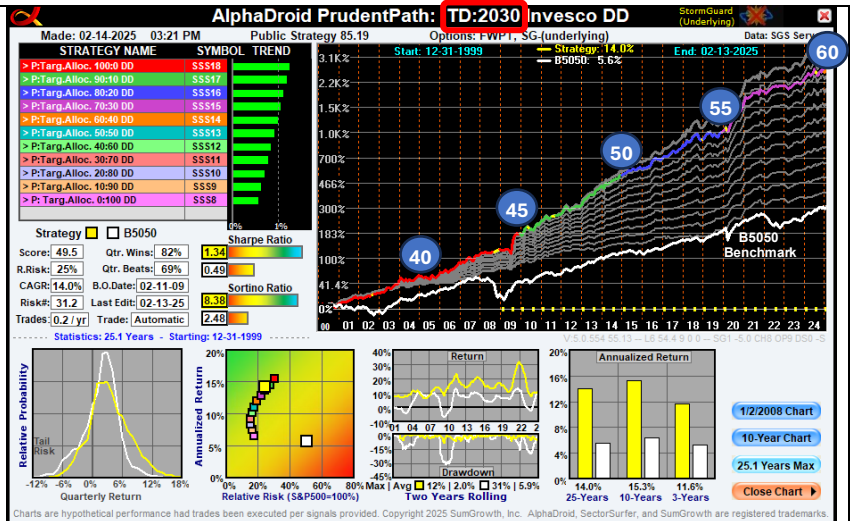
Appendix D

PrudentPath Examples: 2030, 2010, and 1990

PrudentPath TD:2030

The family of Target Allocation funds is plotted in grey. A classic 50/50 Benchmark is plotted in white for reference. A multi-colored equity curve for the PrudentPath fund is painted on top of the grey Target Allocation fund plots.

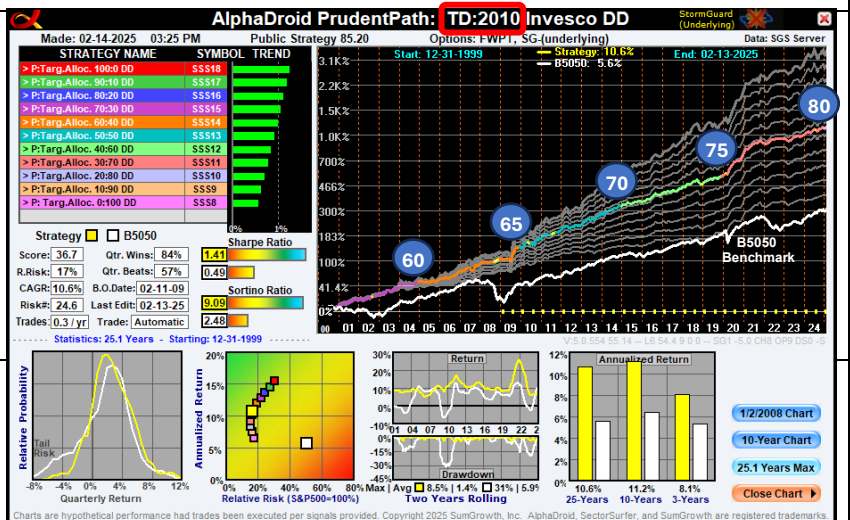
The blue circles hold the age of the investor, assuming a retirement age of 65 at the start of the 50/50 Target Allocation.



PrudentPath TD:2010

In this 2010 series, you can see the relative weakening of the selected Target Allocations over time.

Note the Tail Risk in the lower left of the overall chart set. Clearly, risk avoidance is superior to MPT's risk dilution.



PrudentPath TD:1990

Someone retiring in 1990 at 65 years old would currently be 100 years old, beating 50/50 portfolios and taking about 1/3 the risk.

