

How our active management approach stacks up against passive portfolios

October 2025

Key Insights

- We studied 12 of our Retirement Funds and found that, on average, they beat their passive competitors over various rolling periods from inception through December 31, 2024, net of fees.
- We compared the performance of our Retirement Funds with composite indexes based on the performance of 89 passive funds with comparable target dates.
- The composite indexes were based on the oldest share class offered by each competing passive target date fund. The results were equally weighted by fund.
- Excess returns relative to the passive competitor indexes were positive, on average, across the 1-, 3-, 5-, and 10-year rolling time periods for the funds we examined.*

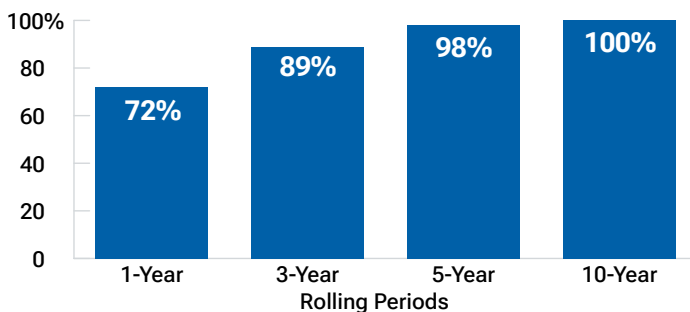
When selecting a target date fund, defined contribution plan sponsors and individual investors can choose from both passively managed strategies—those that invest in an underlying basket of index funds—and actively managed strategies, which seek to enhance returns through security selection and/or tactical asset allocation moves to exploit potential short-term market opportunities.

When considering active target date funds, investors may wonder if an active management approach justifies the higher management fees that such funds typically charge relative to their passive competitors.

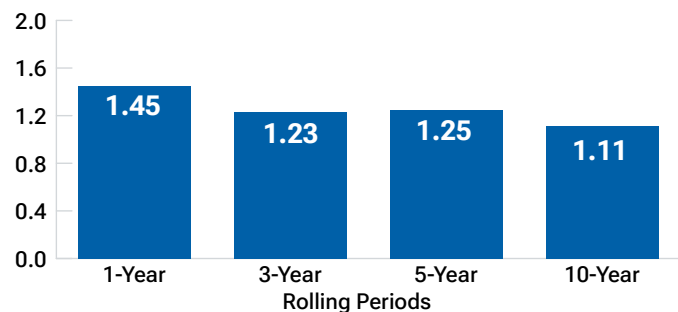
Value added by T. Rowe Price's target date process

(Fig. 1) Relative to passive competitor indexes, fund inceptions through December 31, 2024

Average active success rates



Time-weighted average excess returns, net of fees,[†] in percentage points



Past performance is not a reliable indicator of future performance.

Sources: T. Rowe Price and Morningstar (see Additional Disclosures). All data analysis by T. Rowe Price.

[†] Averages were time weighted based on the percentage of total rolling performance periods in each time frame provided by each Retirement Fund.

* Rolling 5- and 10-year results were not included for the Retirement 2065 Fund as the fund had no performance results for those rolling periods since inception as of December 31, 2024.

To demonstrate that T. Rowe Price's active management approach has created value for our clients, we recently examined the relative performance of 12 of our Retirement Funds (RFs). These 12 RFs held approximately 97% of the RF assets managed by the firm as of December 31, 2024. The focus of our study was on performance relative to the passive target date strategies offered by our competitors.¹

Study results

Relative to the passive competitor indexes, the value added by T. Rowe Price's active RFs was both strongly positive and relatively stable across different time frames (Figure 1). Performance for individual RFs also was strongly positive, especially over the longer term (Figures 2 and 3):

- All 11 of the RFs with 10-year track records included in the study outperformed their passive competitor indexes in 100% of the rolling 10-year periods we examined.
- Ten of the 11 funds in the study with rolling five-year track records outperformed their passive competitor indexes in at least 94% of the rolling five-year periods examined.
- Ten of the 12 RFs outperformed their passive competitor indexes in 80% or more of the three-year rolling periods examined.

¹ The performance of active target date funds reflects both the glide path mix and the value added or subtracted through security selection and/or tactical allocation. For more information on the T. Rowe Price funds used in this study, please visit [troweprice.com](https://www.troweprice.com).

Active success rates vs. equally weighted passive competitor indexes

(Fig. 2) Fund inceptions through December 31, 2024

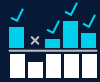
Fund	Rolling Periods			
	1-Year	3-Year	5-Year	10-Year
Retirement 2010 Fund	70%	90%	94%	100%
Retirement 2015 Fund	76	93	99	100
Retirement 2020 Fund	71	88	97	100
Retirement 2025 Fund	74	96	99	100
Retirement 2030 Fund	73	96	100	100
Retirement 2035 Fund	78	95	99	100
Retirement 2040 Fund	76	93	100	100
Retirement 2045 Fund	75	89	99	100
Retirement 2050 Fund	68	90	99	100
Retirement 2055 Fund	73	87	99	100
Retirement 2060 Fund	55	52	76	100
Retirement 2065 Fund	54	7	N/A	N/A
Percent of Funds With Positive Active Success Rates	100%	92%	100%	100%

Sources: T. Rowe Price and Morningstar (see Additional Disclosures). All data analysis by T. Rowe Price.



Rolling periods

Instead of just looking at the most recent 1-, 3-, 5-, and 10-year periods, we measured performance over various rolling periods covering the past 20 years—or, for RFs without a full 20-year history, since the fund's inception. Every calendar month marked the start of a new rolling period.



Active success rates

The active success rate records the percentage of times a fund beat its designated benchmark, net of fees and trading costs, over a specified time period (e.g., 10 years). Think of this as a measure of how often a client might look at his or her monthly statement and find that a fund has outperformed for that time period.



Excess returns

A measure of fund performance relative to a comparison benchmark, such as the passive competitor indexes used in this study. Excess return can be either positive or negative and typically is annualized over different time periods. The annualized return is what the investor could have earned if the rate of return during the period being measured had been maintained for one full year.

Excess returns vs. equally weighted passive competitor indexes, net of fees

(Fig. 3) % points, fund inceptions through December 31, 2024

Fund	Rolling Periods			
	1-Year	3-Year	5-Year	10-Year
Retirement 2010 Fund	1.58	1.20	1.12	0.94
Retirement 2015 Fund	1.70	1.42	1.37	1.00
Retirement 2020 Fund	1.74	1.33	1.43	1.32
Retirement 2025 Fund	1.69	1.48	1.50	1.15
Retirement 2030 Fund	1.87	1.58	1.58	1.54
Retirement 2035 Fund	1.53	1.36	1.36	0.98
Retirement 2040 Fund	1.71	1.45	1.48	1.45
Retirement 2045 Fund	1.27	1.12	1.07	0.77
Retirement 2050 Fund	1.15	1.08	1.04	1.02
Retirement 2055 Fund	1.02	0.82	0.83	0.69
Retirement 2060 Fund	0.24	0.10	0.19	0.30
Retirement 2065 Fund	-0.11	-0.41	N/A	N/A

Sources: T. Rowe Price and Morningstar (see Additional Disclosures). All data analysis by T. Rowe Price.

- Annualized excess returns relative to the passive competitor indexes were consistently positive, on average, across all time frames for 11 out of the 12 RFs.

Study methodology

To represent the passive alternatives to T. Rowe Price's actively managed target date strategies, we used a series of composite performance indexes covering 89 passively managed target date funds identified by Morningstar, a leading mutual fund data provider: those classified as "index-based" within their Morningstar institutional category. These indexes included passive funds offered by major target date providers, such as The Vanguard Group, Fidelity Investments, BlackRock, Inc., and State Street Corporation.²

The comparison index for each T. Rowe Price RF included the passive funds in the Morningstar universe with the same target date as the RF. The returns on these indexes were based on an equally weighted average of the oldest share class offered by each competing passive fund.


Even for target date funds in the same category, there may be material differences among funds, including fees, expenses, and the portfolio mix of stocks, bonds, and other assets. Target date funds typically change their asset class allocations over time according to a predetermined glide path. Security selection within the underlying investments that make up those allocations can vary greatly between fund families and may have a material impact on fund performance.

RF relative performance was measured across rolling 1-, 3-, 5-, and 10-year periods (rolled monthly) over a 20-year window through December 31, 2024—or since inception for RFs with shorter track records. Thus, the older the RF, the more rolling performance periods it had in each time frame studied.

Two performance measures were calculated for each RF:

- **Active success rate:** The percentage of total rolling periods in which the RF outperformed its passive competitor index. A positive success rate for a fund was defined as achieving a higher return than the relevant passive competitor index in more than 50% of all periods included in the study.
- **Excess return:** The return for each RF relative to its passive competitor index, averaged across all rolling performance periods in a given time frame.

To provide a high-level summary of the relative effectiveness of T. Rowe Price's target date process, we also calculated performance

 We believe the value added by our target date implementation can meaningfully enhance retirement outcomes for investors.

averages covering the 12 RFs in the study (Figure 1). These averages were time weighted based on the percentage of the total rolling performance periods in each time frame provided by each RF.

Retirement Funds excluded from the study

One T. Rowe Price Retirement Fund—the Retirement 2005 Fund—was excluded from this study, as the fund had a limited number of passive peer constituents in the Morningstar universe. Another fund, the Retirement 2065 Fund, was included, but did not have any rolling five-year or rolling 10-year performance periods as of December 31, 2024.

Our approach to active management

T. Rowe Price's target date process seeks to improve outcomes for our target date clients at multiple levels—via glide path design, long-term diversification, tactical asset allocation, and our active management approach. We believe the value added by our target date implementation can meaningfully enhance retirement outcomes for investors.

Bottom-up fundamental research is at the core of how we manage the underlying strategies in our target date funds. That means that more than 520 of our investment professionals go out in the field to uncover opportunities. They study them firsthand. And use those insights to help give our clients an investment edge.³

Our target date managers, backed by our committee of asset allocation experts from across multi-asset, equity, and fixed income, seek to get ahead of change by identifying attractive near-term asset valuations and using prudent tactical allocation adjustments to take advantage of those potential opportunities.

Experience has been a critical component of our success as well. We've managed investments through all kinds of markets, and our portfolio managers average 23 years of experience in the industry and 17 years with T. Rowe Price.⁴ Significantly, many of our analysts go on to become portfolio managers, which we believe creates a strong foundation on behalf of our clients.

² More details on the study methodology can be found in the appendix. For a list of the funds included in the study and their inception dates, please see Figure A1 in the appendix. The number of rolling performance periods in each time frame for each fund are shown in Figure A2 in the appendix.

³ Investment staff as of December 31, 2024. Includes 144 portfolio managers, 25 associate portfolio managers, 196 investment analysts, 54 associate analysts, 42 specialty analysts, 32 traders, 12 strategists, and 20 senior managers.

⁴ As of December 31, 2024.

Important Information

Standardized Performance

Annualized total returns for periods ended September 30, 2025

Fund (Inception Date)	Ticker Symbol	Gross Expense Ratio*	1-Year	3-Year	5-Year	10-Year
Retirement 2010 Fund (NAV) (9/30/2002)	TRRAX	0.49%	8.32%	12.08%	6.27%	6.72%
S&P Target Date 2010 Index			7.73	10.97	5.40	5.87
Retirement 2015 Fund (NAV) (2/27/2004)	TRRGX	0.49	8.53	12.54	6.74	7.25
S&P Target Date 2015 Index			8.03	11.46	5.93	6.39
Retirement 2020 Fund (NAV) (9/30/2002)	TRRBX	0.51	8.82	13.04	7.20	7.84
S&P Target Date 2020 Index			8.54	12.42	6.46	6.89
Retirement 2025 Fund (NAV) (2/27/2004)	TRRHX	0.53	9.11	13.90	7.87	8.50
S&P Target Date 2025 Index			9.41	13.31	7.47	7.66
Retirement 2030 Fund (NAV) (9/30/2002)	TRRCX	0.55	9.99	15.49	8.85	9.26
S&P Target Date 2030 Index			10.37	15.06	8.74	8.53
Retirement 2035 Fund (NAV) (2/27/2004)	TRRJX	0.58	11.14	17.31	9.94	10.01
S&P Target Date 2035 Index			11.72	17.03	10.16	9.45
Retirement 2040 Fund (NAV) (9/30/2002)	TRRDX	0.59	12.15	18.81	10.86	10.64
S&P Target Date 2040 Index			12.96	18.74	11.34	10.18
Retirement 2045 Fund (NAV) (5/31/2005)	TRRKX	0.60	13.00	19.81	11.57	11.05
S&P Target Date 2045 Index			13.84	19.90	12.10	10.66
Retirement 2050 Fund (NAV) (12/29/2006)	TRRMX	0.62	13.31	20.14	11.75	11.14
S&P Target Date 2050 Index			14.15	20.41	12.47	10.93
Retirement 2055 Fund (NAV) (12/29/2006)	TRRNX	0.63	13.33	20.22	11.77	11.12
S&P Target Date 2055 Index			14.47	20.61	12.63	11.06
Retirement 2060 Fund (NAV) (6/23/2014)	TRRLX	0.64	13.32	20.20	11.77	11.12
S&P Target Date 2060 Index			14.44	20.66	12.62	11.14
Retirement 2065 Fund (NAV) (10/13/2020) [†]	TRSJX	0.64	13.38	20.19	N/A	N/A
S&P Target Date 2065+ Index			14.80	20.88	N/A	N/A

[†] Annualized return since inception: 11.17%.

* Expense ratios are as of the most recent prospectus.

Sources: T. Rowe Price and Standard & Poor's (see Additional Disclosures).

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Appendix

The relative performances of 12 T. Rowe Price Retirement Funds (RFs) (Figure A1) were examined across 1-, 3-, 5-, and 10-year rolling periods (rolled monthly) from RF inception through December 31, 2024. Because inception dates—and, thus, fund longevity—differed, the number of rolling performance periods also varied for each RF. The total rolling periods in each time frame for each RF are shown in Figure A2.

Returns for each T. Rowe Price RF were compared with the returns on an equally weighted index of competing passive target date funds. This average was calculated based on the net asset value (NAV) performance of the oldest share class offered by each competing passive fund.

How the passive competitor indexes were constructed

The target date funds included in the competitor indexes were those designated by Morningstar as index-based within their given

Retirement Funds included in this performance study (Fig. A1)

Fund	Inception Date
Retirement 2010 Fund	9/30/2002
Retirement 2015 Fund	2/27/2004
Retirement 2020 Fund	9/30/2002
Retirement 2025 Fund	2/27/2004
Retirement 2030 Fund	9/30/2002
Retirement 2035 Fund	2/27/2004
Retirement 2040 Fund	9/30/2002
Retirement 2045 Fund	5/31/2005
Retirement 2050 Fund	12/29/2006
Retirement 2055 Fund	12/29/2006
Retirement 2060 Fund	6/23/2014
Retirement 2065 Fund	10/13/2020

Source: T. Rowe Price.

Morningstar institutional category. Only funds that were open and available to investors as of December 31, 2024, were included in the passive competitor indexes.

For each RF, an index was constructed of competing passive funds that shared the same target date. This index incorporated the oldest share classes offered by the competing funds, and the returns were equally weighted at the beginning of each performance period. For the corresponding passive return averages within each Morningstar vintage category, see Figure A3.

Returns for the RFs and the passive competitors were based on daily NAVs and thus reflected the subtraction of management fees and other investment costs from both sets of funds.

Our competitor indexes included only those funds with the same target dates as the RFs in the study. Relatively few competing funds existed over some performance periods, particularly for older RFs.

Rolling performance periods in each time frame (Fig. A2) Fund inceptions through December 31, 2024

Fund	Rolling Periods			
	1-Year	3-Year	5-Year	10-Year
Retirement 2010 Fund	229	205	181	66
Retirement 2015 Fund	190	166	142	72
Retirement 2020 Fund	229	205	181	121
Retirement 2025 Fund	229	205	181	121
Retirement 2030 Fund	229	205	181	121
Retirement 2035 Fund	229	205	181	121
Retirement 2040 Fund	229	205	181	121
Retirement 2045 Fund	224	200	176	116
Retirement 2050 Fund	205	181	157	97
Retirement 2055 Fund	179	152	128	68
Retirement 2060 Fund	115	91	67	7
Retirement 2065 Fund	39	15	N/A	N/A

Source: T. Rowe Price.

Morningstar target date passive return averages

(Fig. A3) Based on equal weights for the U.S. passive funds in each Morningstar vintage category

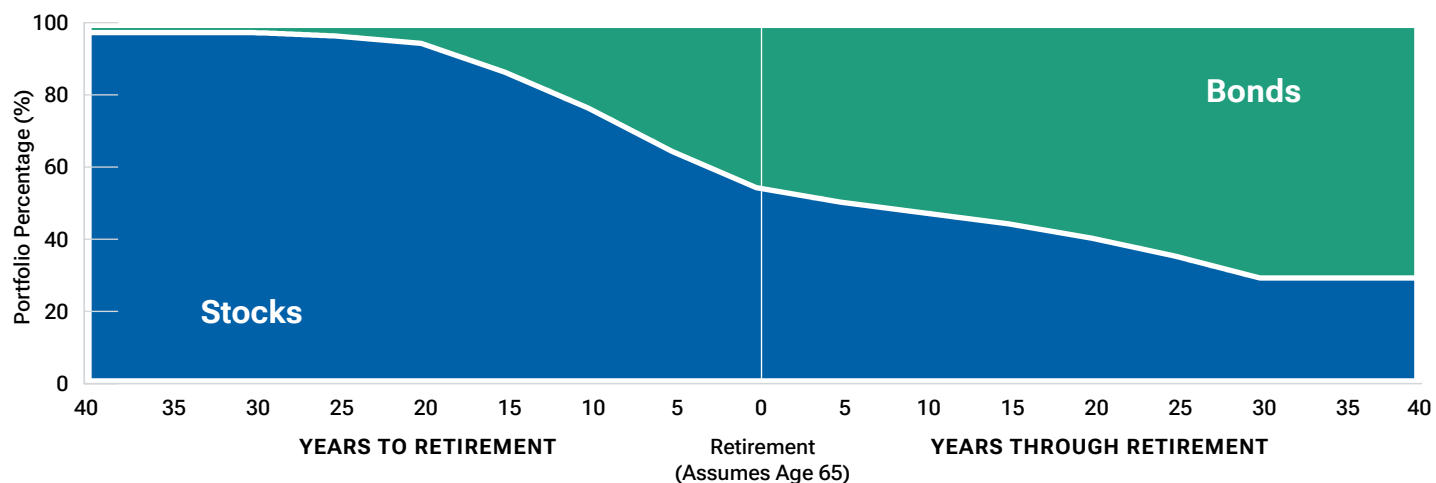
Morningstar Category	Annualized			
	1 Year	3 Years	5 Years	10 Years
Target-Date 2000–2010	6.82%	0.98%	3.97%	4.67%
Target-Date 2015	7.55	1.20	4.45	5.22
Target-Date 2020	7.84	1.24	4.63	5.65
Target-Date 2025	8.94	1.59	5.42	6.29
Target-Date 2030	9.92	1.98	6.13	6.91
Target-Date 2035	11.31	2.57	6.95	7.58
Target-Date 2040	12.71	3.26	7.81	8.22
Target-Date 2045	13.81	3.72	8.39	8.63
Target-Date 2050	14.54	4.01	8.65	8.78
Target-Date 2055	14.86	4.14	8.75	8.82
Target-Date 2060	15.13	4.27	9.10	8.80
Target-Date 2065+	15.16	4.34	9.10	—

For periods ended December 31, 2024.

Sources: Morningstar (see Additional Disclosures) and T. Rowe Price. All data analysis by T. Rowe Price.

Glide path for T. Rowe Price Retirement Funds

(Fig. A4) Change in equity and fixed income exposure over time



Source: T. Rowe Price.

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