

TIME HORIZON INVESTMENT PROCESS

Target-Date Asset Allocation for Retirement Plans



Real Life Case Studies: Why Do Retirement Plan Sponsors Choose Seligman Time Horizon Matrix

The universal appeal of simplicity.

A top resort hotel was concerned that some of their employees lacked the financial sophistication necessary to choose appropriate investments in their 401(k) account. Their solution? One-step asset allocation with Seligman Time Horizon Matrix.

And at the other end of the financial sophistication spectrum, a large hedge fund also wanted to help their 401(k) plan participants avoid making poor investment decisions. They brought their plan to Seligman because of Time Horizon Matrix: a long-term, diversified, easy-to-use investment strategy.

Customizable open architecture.

An electrical equipment and repair business believed Time Horizon Matrix would provide a much-needed investment tool for their employees. And, with 401(k) plan assets of over \$1 million, they were able to customize their plan's Matrix with the help of their financial advisor, creating portfolios uniquely suited to their participants' needs.

Proven popularity.

A hospital had a 401(k) plan with 100% of participants using a self-directed brokerage account. After learning about Time Horizon Matrix from their financial advisor, the plan sponsors moved their plan to Seligman, while still keeping self-directed accounts as an option for participants.

It seems “do-it-yourself” investing wasn't what their employees wanted at all. Today, 97% of their plan participants use Time Horizon Matrix.

As of 2/24/09. These statements are not an advertisement for investment advisory services. The satisfaction of these clients with Seligman Time Horizon Matrix may not be representative of the experience of other clients or any underlying participants in retirement plans. The use of Seligman Time Horizon Matrix is no guarantee of future performance or success.

Seligman Time Horizon Overview

Why Strategic Asset Allocation Adds Value to Your Retirement Plan

- Diversification and appropriate asset allocation can keep participants on the right track to retirement.
- Easy-to-use asset allocation solutions make investment decisions less daunting for employees, paving the way for higher participation rates.
- Automatic portfolio adjustment over time provides user-friendly risk management for participants.
- Offering diversified portfolios targeted for specific investment needs can help satisfy a plan sponsor's fiduciary responsibilities to participants.

What is Time Horizon?

Developed by Seligman in 1995, *Time Horizon* is a proprietary target-date asset allocation and investment process based on extensive ongoing research and a sophisticated analysis of historical asset class performance. It is easy to use, well-diversified — with exposure to domestic, international, and specialty asset classes — and boasts a 10-year track record of competitive performance.

How Time Horizon Works in Retirement Plans

Retirement plan sponsors can implement Seligman's Time Horizon investment process in two different ways, depending on their plan type and goals:

- [Seligman TargETFunds](#): target-date mutual funds featuring exchange-traded funds as underlying investments
- [Seligman Time Horizon Matrix®](#): 31 multi-manager model portfolios, customizable for your plan*

Without a Strategy, Most Investors Will Fail

“Investment return is far more dependent on investor behavior than on fund performance.”

Dalbar

Consider these two ways of assessing the performance of your retirement plan:

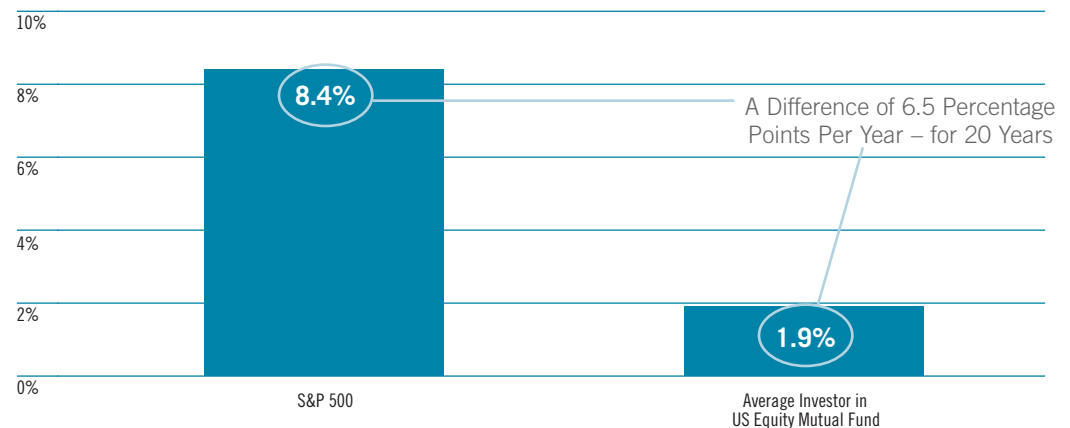
- The investment results produced by the funds in the plan
- vs.
- The investment results participants actually get.

The difference could be significant. From 1989 through 2008, the S&P 500 had an average annual return of 8.4%. And yet, over the same period, the average investor in a US equity mutual fund had an average annual return of just 1.9%, underperforming by 6.5 percentage points per year.*

Why the performance gap? Most investors lack a clear investment strategy. Absent an investment strategy powerful enough to alter behavior, a typical investor will be subject to emotion-driven investment actions, including common mistakes like trying to guess market cycles, seeking a safe haven in cash, or buying high and selling low. The results can be costly.

The Average Investor Performs Poorly*

Average Annual Return of a Hypothetical Investment, January 1989 – December 2008



* Source: Dalbar, *2009 Quantitative Analysis of Investor Behavior*. The study examined real investor return, monthly cash flows, retention rates, and trade volume. The net of aggregate mutual fund sales, redemptions and exchanges each month is used as a measure of investor behavior to simulate an “average investor,” and the returns calculated for this “average investor” are compared to an appropriate set of benchmarks. Dalbar calculations and analysis include monthly returns of the S&P 500 as provided by the *Stocks, Bonds, Bills and Inflation*® 2009 Yearbook, © Ibbotson Associates, Inc. Mutual fund sales, redemptions, exchanges, reinvested dividends, and assets under management were provided by the Investment Company Institute. Past performance does not guarantee future results. The return and principal value of an investment in stocks will fluctuate with changes in market conditions. An investor cannot invest directly in an unmanaged index, such as the S&P 500, which is a representative unmanaged US large-capitalization stock index. Returns assume reinvestment of any distributions and do not include sales charges or the effect of any taxes; if such charges had been included, performance would have been lower. Indices and averages are shown for illustrative purposes only and do not represent the performance of *Seligman*® mutual funds or any other investment portfolio.

Diversification

No one can accurately predict which asset class will outperform over the short term. One year's winner might perform poorly in the next. So, diversifying your investments is important. By investing in multiple asset classes, you reduce the impact of underperforming classes on your portfolio, while potentially benefiting from positive performance by other assets.

Annual Index Returns 1999 – 2008

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	
Emerging Markets	66.4%	Equity REITs 26.4%	Equity REITs 13.9%	US Gov't Bonds 11.5%	Emerging Markets 56.3%	Equity REITs 31.6%	Emerging Markets 34.5%	Equity REITs 35.1%	Emerging Markets 39.8%	US Gov't Bonds 12.4%	BEST ▲ ▼ PERFORMANCE WORST
International	27.3%	US Gov't Bonds 13.2%	Bonds 8.4%	Bonds 10.3%	US Small-Cap 47.3%	Emerging Markets 26.0%	International 14.0%	Emerging Markets 32.6%	International 11.6%	Bonds 5.2%	
US Small-Cap	21.3%	Bonds 11.6%	US Gov't Bonds 7.2%	Equity REITs 3.8%	US Mid-Cap 40.1%	International 20.7%	US Mid-Cap 12.7%	International 26.9%	US Gov't Bonds 8.7%	US Small-Cap -33.8%	
US Large-Cap	21.0%	US Mid-Cap 8.3%	US Small-Cap 2.5%	Emerging Markets -6.0%	International 39.2%	US Mid-Cap 20.2%	Equity REITs 12.2%	US Small-Cap 18.4%	Bonds 7.0%	US Large-Cap -37.0%	
US Mid-Cap	18.2%	US Small-Cap -3.0%	Emerging Markets -2.4%	International -15.7%	Equity REITs 37.1%	US Small-Cap 18.3%	US Large-Cap 4.9%	US Large-Cap 15.8%	US Mid-Cap 5.6%	Equity REITs -37.7%	
Bonds	-0.8%	US Large-Cap -9.1%	US Mid-Cap -5.6%	US Mid-Cap -16.2%	US Large-Cap 28.7%	US Large-Cap 10.9%	US Small-Cap 4.6%	US Mid-Cap 15.3%	US Large-Cap 5.5%	US Mid-Cap -41.5%	
US Gov't Bonds	-2.2%	International -14.0%	US Large-Cap -11.9%	US Small-Cap -20.5%	Bonds 4.1%	Bonds 4.3%	US Gov't Bonds 2.7%	Bonds 4.3%	US Small-Cap -1.6%	International -43.1%	
Equity REITs	-4.6%	Emerging Markets -30.6%	International -21.2%	US Large-Cap -22.1%	US Gov't Bonds 2.4%	US Gov't Bonds 3.5%	Bonds 2.4%	US Gov't Bonds 3.5%	Equity REITs -15.7%	Emerging Markets -53.2%	

Diversification does not assure a profit or protect against loss. Past performance does not guarantee future results. The return and principal value of an investment will fluctuate with changes in market conditions. Indices are unmanaged and one cannot invest directly in an index. Returns assume reinvestment of any distributions and do not include sales charges or the effect of any taxes; if such charges had been included, performance would have been lower. Results are shown for illustrative purposes only and do not represent the performance of *Seligman*[®] mutual funds or any other investment portfolio.

For a description of the relative risks of the asset classes shown, please see "Important Information" on the back page of this brochure.

The indices are comprised of the following: US Small-Cap Stocks: Russell 2000 Index; US Mid-Cap Stocks: Russell Midcap Index; US Large-Cap Stocks: Standard & Poor's 500 Composite Stock Index (S&P 500); International: MSCI EAFE Index; Equity REITs: FTSE-NAREIT Equity REITs Index; Bonds: Barclays Capital U.S. Aggregate Government and Credit Index; Emerging Markets: MSCI Emerging Markets Free Index; US Government Bonds: Barclays Capital Government U.S. Aggregate Index.

Time Changes Risk

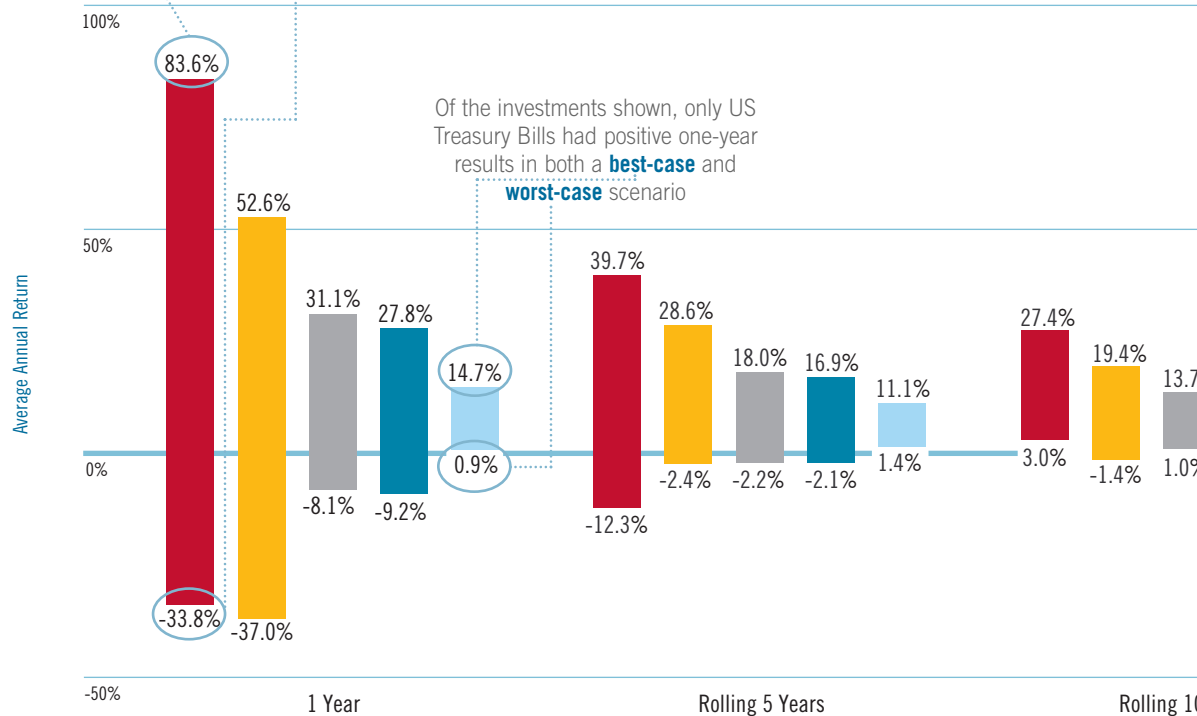
Diversification alone is not enough, because the relative risk of different asset classes changes over different holding periods. Therefore, the asset classes you choose must be appropriate for your investment time horizon.

In the traditional view of risk, certain asset classes involve more risk than others. That perception is well-founded and is supported by abundant historical evidence. Treasury bills, for example, are considered “risk free.” They are, in fact, if risk is solely defined as not losing money.

High/Low Average Annual Returns...

Calendar Years 1950 – 2008

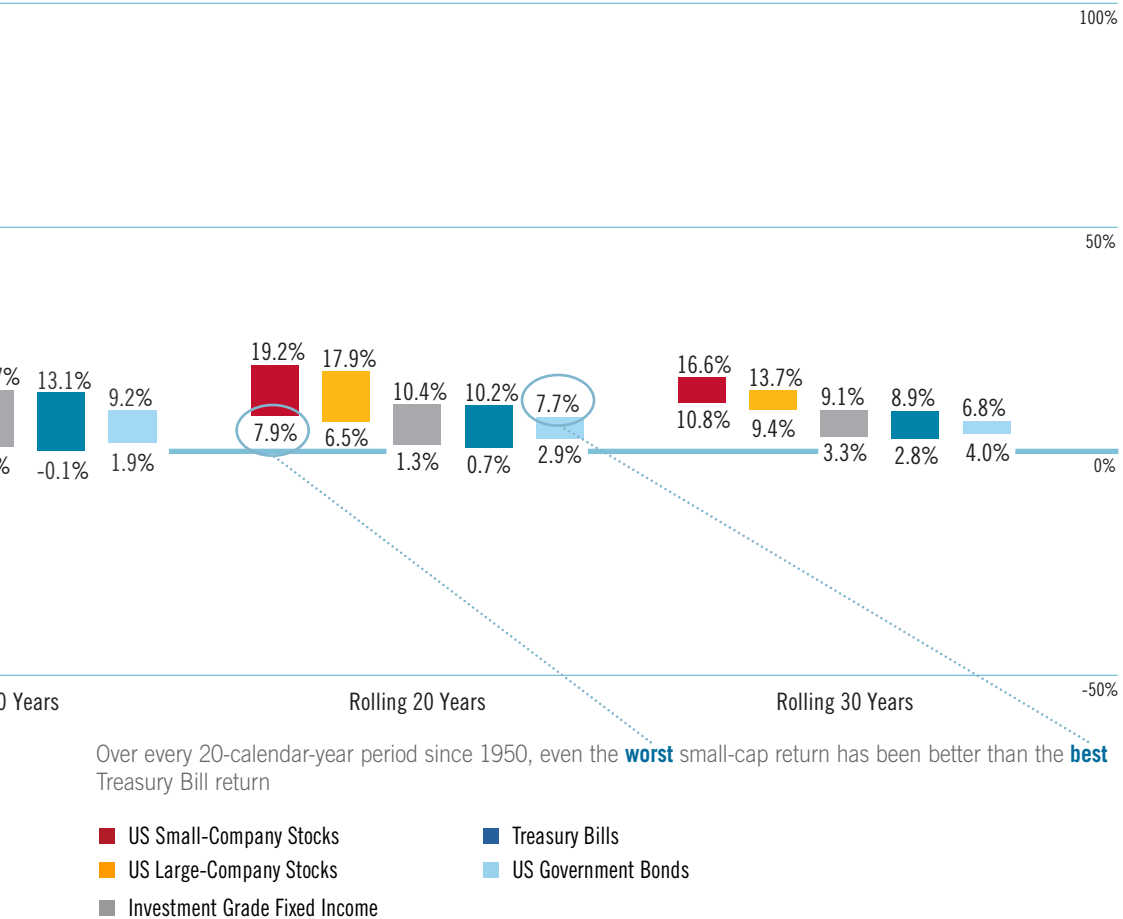
Small-cap stocks are very volatile over one-year periods: investors might have **earned** a lot... or **lost** a lot



Figures derived from Ibbotson, Citigroup, and FactSet. Average annual returns for periods ended 12/31. Past performance does not guarantee future results. The return and principal value of an investment will fluctuate with changes in market conditions. Returns assume reinvestment of any distributions and do not include sales charges or the effect of any taxes; if such charges had been included, performance would have been lower. Indices and averages are shown for illustrative purposes only and do not represent the performance of *Seligman*® Mutual Funds, or any other investment portfolio. Indices are unmanaged and one cannot invest directly in an index. For a description of the asset classes and their relative risks, please see Important Information on the back cover of this brochure.

What is Time Horizon?

By contrast, a long-term investor who mistakes the relative certainty of conservative investments with safety may incur a very different kind of risk: the opportunity cost of leaving significant returns and wealth unrealized. The traditional view of risk encourages individuals to focus on short-term return and volatility, and to increase their investment in cash and fixed income at the expense of equities, even for goals that may be years in the future.



Implementing Time Horizon in Your Retirement Plan

Seligman TargETFunds: Target-Date Mutual Funds

One option for implementing the Time Horizon investment process is Seligman's series of target-date mutual funds, Seligman TargETFunds. These mutual funds combine cost-effective diversification¹ of exchange-traded funds (ETFs) with the ease and convenience of target-date mutual funds. The funds include:

- **Seligman TargETFund Core**, which is intended for people who are retired or expect to retire in a short period of time or otherwise intend to seek withdrawals from invested assets. As a multi asset-class balanced fund, TargETFund Core can also be an ideal solution for a single default option in defined contribution plans.
- **Seligman TargETFund 2015**, which is intended for a person who expects to retire or otherwise reach his/her investment goal around the year 2015.
- **Seligman TargETFund 2025**, which is intended for a person who expects to retire or otherwise reach his/her investment goal around the year 2025.
- **Seligman TargETFund 2035**, which is intended for a person who expects to retire or otherwise reach his/her investment goal around the year 2035.
- **Seligman TargETFund 2045**, which is intended for a person who expects to retire or otherwise reach his/her investment goal around the year 2045.

Each Fund is structured as a fund-of-funds that invests primarily in ETFs. The asset allocation underlying each Fund is based on the Time Horizon investment process, including automatic migration: the annual reallocation of assets among different asset classes, reducing the expected volatility of the portfolio as the target date approaches.²

¹ A typical investor would incur lower costs through an investment in the Seligman TargETFunds (which includes professional portfolio management based on Seligman's proprietary Time Horizon Matrix research) as compared to a direct investment (without professional portfolio management) in the same ETFs held by the Seligman TargETFunds. Such cost comparison takes into consideration transaction costs, sales charges, and expenses, as applicable. Diversification does not assure a profit or protect against loss.

² Seligman TargETFund 2045 maintains approximately its initial asset allocation until 2025 and then migrates annually in accordance with Seligman's Time Horizon methodology. Seligman TargETFund 2035 maintains approximately its initial asset allocation until 2015 and then migrates annually in accordance with Seligman's Time Horizon methodology. Seligman TargETFund Core maintains its asset allocation over time and does not migrate toward a future target date.

Seligman Time Horizon Matrix for Seligman Growth 401(k) Plans

Another option for implementing the Time Horizon investment process is available to Seligman Growth 401(k) plan sponsors: *Seligman Time Horizon Matrix*.

Time Horizon Matrix includes 31 Model Portfolios. Each Model Portfolio represents a mix of asset classes risk-adjusted for that specific investment time horizon, from 30 years to one year, along with a Harvester Model Portfolio for investors who seek to withdraw money from accumulated assets. (See pages 12 – 13 for the asset class matrix.) In one easy step on the initial enrollment form, participants can select the Model Portfolio that matches their years to retirement goal. For example, a participant with 24 years until retirement might choose Model Portfolio 24.

Within Seligman Growth 401(k) plans, Time Horizon Matrix is implemented with investments in *Seligman*[®] mutual funds, which include funds sub-advised by Wellington Management and LaSalle Investment Management.³ Larger plans have the option for even more multi-manager flexibility, by customizing the Matrix with funds from a selected group of other fund managers.⁴

The Matrix includes *migration*, so that participants' portfolios reflect their changing investment needs as their retirement goal approaches. With each annual migration, portfolio weightings are shifted to historically less volatile asset classes. The migration process continues over time, seeking to reduce portfolio volatility each year as retirement approaches.

The Proof is in the Participation:

96% of Seligman Growth 401(k) Plan Sponsors choose to offer Time Horizon Matrix, and 66% of participants use it⁵

³ Wellington Management Company, LLP serves solely in the capacity of sub-advisor to Seligman International Growth Fund, Seligman Global Smaller Companies Fund, and Seligman Emerging Markets Fund and was not involved in the development of Seligman's Time Horizon strategy or its ongoing use. LaSalle Investment Management (Securities), L.P. serves solely in the capacity of sub-advisor to Seligman LaSalle Monthly Dividend Real Estate Fund and was not involved in the development of Seligman's Time Horizon strategy or its ongoing use.

⁴ Restrictions apply; contact Seligman Retirement for details.

⁵ Source: Ascensus, as of 12/31/08.

How Time Horizon Works in Retirement Plans

Time Horizon Asset Class Matrix and Migration

The observation that time changes risk is the foundation for the Time Horizon investment process. The process begins with an appropriate balance of equity and fixed-income asset classes **given the specific time frames over which the money will be invested.**

An essential component of Time Horizon is its risk management system, called **migration**. Migration methodically reduces exposure to asset class volatility over time. It can increase the ability of investors to stay invested during turbulent markets and avoid chasing winners during positive market environments. Having this system in place minimizes the normal human tendency to make emotion-driven investment mistakes.

Seligman Asset Class Matrix:

ASSET CLASS/HORIZON	30	29	28	27	26	25	24	23	22	21	20	19	18
Domestic Equity													
Small-Company Stocks	30.0%	29.5%	29.0%	28.5%	28.0%	27.5%	27.0%	26.5%	26.0%	25.5%	25.0%	24.0%	23.0%
Medium-Company Stocks	30.0%	29.5%	29.0%	28.5%	28.0%	27.5%	27.0%	26.5%	26.0%	25.5%	25.0%	25.0%	25.0%
Large-Company Stocks	10.0%	11.0%	12.0%	13.0%	14.0%	15.0%	16.0%	17.0%	18.0%	19.0%	20.0%	20.0%	20.0%
International Equity													
Small-Company Stocks	15.0%	14.5%	14.0%	13.5%	13.0%	12.5%	12.0%	11.5%	11.0%	10.5%	10.0%	9.5%	9.0%
Emerging Markets*	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	9.5%	9.0%
Large-Company Stocks	5.0%	5.5%	6.0%	6.5%	7.0%	7.5%	8.0%	8.5%	9.0%	9.5%	10.0%	10.0%	10.0%
Real Estate Securities													
Real Estate Investment Trusts												1.0%	2.0%
Fixed-Income Securities													
High-Yield Corporate Bonds												1.0%	2.0%
Investment Grade Fixed Income													
US Government Bonds													
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

* For purposes of calculating historical returns used in the research conducted to construct and maintain Time Horizon Matrix, emerging markets was considered to be a component of the international small-company asset class prior to 1985.

How Time Horizon Works in Retirement Plans

Seligman Time Horizon strategy is applicable for investors seeking to accumulate wealth while managing risk. Portfolio numbers correspond to the time frame in terms of years.

Seligman Harvester strategy is applicable for investors seeking to manage risk while maintaining the objective of income withdrawal. The Harvester Portfolio described in the Matrix is part of this strategy. For more information or a complete description of the Harvester strategy, please contact your financial advisor.

17	16	15	14	13	12	11	10	9	8	7	6	5	4	3	2	1	Harvester
22.0%	21.0%	20.0%	19.0%	18.0%	17.0%	16.0%	15.0%	13.5%	12.0%	10.5%	9.0%	7.5%	6.0%	4.5%	3.0%	1.5%	
25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	23.5%	22.0%	20.5%	19.0%	17.5%	16.0%	14.5%	13.0%	11.5%	10.0%
20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	21.5%	23.0%	24.5%	26.0%	27.5%	29.0%	30.5%	32.0%	33.5%	35.0%
8.5%	8.0%	7.5%	7.0%	6.5%	6.0%	5.5%	5.0%	4.5%	4.0%	3.5%	3.0%	2.5%	2.0%	1.5%	1.0%	0.5%	
8.5%	8.0%	7.5%	7.0%	6.5%	6.0%	5.5%	5.0%	4.5%	4.0%	3.5%	3.0%	2.5%	2.0%	1.5%	1.0%	0.5%	
10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
3.0%	4.0%	5.0%	6.0%	7.0%	8.0%	9.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
3.0%	4.0%	5.0%	6.0%	7.0%	8.0%	9.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
								1.5%	3.0%	4.5%	6.0%	7.5%	9.0%	10.5%	12.0%	13.5%	15.0%
								1.0%	2.0%	3.0%	4.0%	5.0%	6.0%	7.0%	8.0%	9.0%	10.0%
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Important Information

Description of Asset Classes

US Small-Company Stocks: 1979 – 2008: Russell 2000; 1950 – 1978: Ibbotson Small Stock Index; **US Medium-Company Stocks:** 1979 – 2008: Russell Midcap Index; 1950 – 1978: Estimated as the midpoint between the total return for the Ibbotson Small Stock Index and the Standard & Poor's 500 Composite Stock Index (S&P 500); **US Large-Company Stocks:** S&P 500; **International Small-Company Stocks:** 1990 – 2008: Citigroup EMI World ex. US; 1986 – 1989: NatWest Securities Ltd. (NWSL) global ex. U.S. Smaller Companies Index; 1970 – 1985: Estimated as the difference between the Morgan Stanley Capital International (MSCI) Europe Australasia and Far East (EAFE) Index and the S&P 500, added to the Ibbotson Small Stock Index; 1950 – 1969: Estimated as the Ibbotson Small Stock Index; **Emerging Markets:** 1988 – 2008: MSCI Emerging Markets Free Index; 1985 – 1987: IFC Global Emerging Composite; 1970 – 1984: Estimated as the difference between the MSCI EAFE Index and the S&P 500, added to the Ibbotson Small Stock Index; 1950 – 1969: Estimated as the Ibbotson Small Stock Index; **International Large-Company Stocks:** 1970 – 2008: MSCI EAFE Index; 1950 – 1969: Estimated as the S&P 500; **Real Estate Securities:** 1972 – 2008: FTSE-NAREIT Equity REITs Index; 1950 – 1971: Estimated through regression analysis; **Investment Grade Fixed Income:** 1973 – 2008: Barclays Capital US Aggregate Government and Credit Index; 1969 – 1972: Estimated as the Citigroup High Grade Corporate Index; 1950 – 1968: Ibbotson Long-Term Corporate Bonds estimate; **US Corporate Bonds:** 2004 – 2008: Citigroup BIG Credit-High Grade (10+Y) AAA-AA Rated (LOC) Index; 1969 – 2003: Citigroup High Grade Corporate Index; 1950 – 1968: Ibbotson Long-Term Corporate Bonds estimate; **High-Yield Corporate Bonds:** 1989 – 2008: Citigroup High Yield Market Index; 1981 – 1988: Credit Suisse First Boston High Yield Index II; 1969 – 1980: Estimated as the Citigroup High Grade Corporate Bond Index; 1950 – 1968: Ibbotson Long-Term Corporate Bonds estimate; **US Government Bonds:** 1973 – 2008: Barclays Capital US Aggregate Government Index; 1950 – 1972: Ibbotson Long-Term Government Bond Index; To the greatest extent possible, each year, a one-bond portfolio with a term of approximately 20 years and a reasonably current coupon, and whose returns did not reflect potential tax benefits, impaired negotiability, or special redemption or call privileges, was used; **Treasury Bills:** US 30-Day Treasury Bills.

Notes

Investments in small- and mid-capitalization companies involve greater risks and potential volatility than investments in larger, more established companies. International investing involves increased risk and volatility. Risks are particularly significant in emerging markets. Investments in real estate securities may be subject to specific risks, such as risks to general and local economic conditions, and risks related to individual properties. There are risks associated with fixed income investments, including credit risk, interest rate risk, and prepayment and extension risk. In general, bond prices rise when interest rates fall and vice versa. This effect is usually more pronounced for longer-term securities. Non-investment grade securities generally have more volatile prices and carry more risk to principal and income than investment grade securities.

Seligman Time Horizon Matrix is an asset allocation framework developed to help investors seek their specific financial goals. The Matrix is designed to give investors an appropriate asset class mix for investment portfolios, based on their time frame for achieving specific goals. Seligman Harvester is a process designed to help investors maximize their income stream while seeking to conserve capital. Seligman Harvester involves determining “needs” and “wants” as a percentage of total investable assets.

This material is provided for general information purposes only, and does not constitute specific tax, legal, or investment advice for any person.

On November 7, 2008, RiverSource Investments, LLC (“RiverSource Investments”) completed its acquisition of J. & W. Seligman & Co. Incorporated. In addition, at a special meeting held during the fourth quarter of 2008, the shareholders of each Fund approved a new investment management services agreement between each Fund and RiverSource Investments and a new subadvisory agreement with the Funds’ sub-advisers. With the completion of the acquisition and the approval of these new agreements by the Funds’ shareholders, RiverSource Investments is the new investment manager of the Funds with effect from November 7, 2008.

Seligman[®] mutual funds are part of the RiverSource family of funds, and are distributed by RiverSource Fund Distributors, Inc., and managed by RiverSource Investments, LLC. RiverSource is part of Ameriprise Financial, Inc. Seligman is an offering brand of RiverSource Investments.

You should consider the investment objectives, risks, charges and expenses of a mutual fund carefully before investing. For a free prospectus, which contains this and other important information about the funds, call 1 (800) 221-2783. Read the prospectus carefully before investing.