

# IBM 401(k) Plus Plan

## *Individual Fund Flyer*

### *Total Stock Market Index Fund*

This investment option is a unitized fund and not a mutual fund and as such is not registered with the Securities Exchange Commission (SEC). The performance presented for this option may not be calculated in the same manner as the performance of mutual funds. Other data shown also may not be comparable to mutual fund data.

The most current fund performance for this option can be found on [netbenefits.com/ibm](http://netbenefits.com/ibm) either under *Investment Performance & Research* or in the *Performance & Risk* section for this individual fund.

# IBM 401(k) Plus Plan

## Total Stock Market Index Fund (as of 12/31/17)

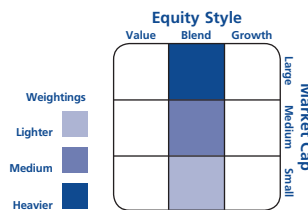
This document constitutes part of a prospectus covering securities that have been registered under the Securities Act of 1933.

### Objective & Strategy

The Total Stock Market Index Fund, a unitized fund, seeks long-term growth of capital and income. It attempts to match the investment results of the Dow Jones U.S. Total Stock Market Index, which covers all regularly traded U.S. stocks. The fund invests in a large sampling of stocks that match certain characteristics of the index. Though the fund seeks to match the index, its performance typically can be expected to fall short by a small percentage, representing operating costs. Unit price and return will vary.

### Risk/Return Profile

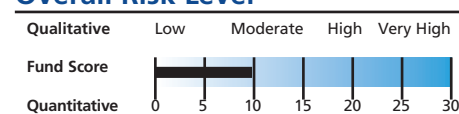
The Total Stock Market Index Fund may be appropriate for investors with a long-term (more than five years) investment horizon who are seeking long-term growth of capital. It may also be for investors seeking the broadest exposure to the U.S. stock market and willing to accept significant fluctuations in price. It is not for investors who seek significant dividend income.



When investing in stock funds, short-term losses (or gains) are common, largely as a result of sudden movements in stock prices as views change about the economy and individual companies. However, over extended periods the market's ups have tended to outweigh its downs. There is no guarantee this will continue. Historically, the longer investments are held, the lower the chances of losing money.

Annualized Expense Ratio:	0.02% or \$0.22 per \$1,000 invested in the fund
Average Large Blend Fund Expense Ratio <sup>(1)</sup> :	0.27% or \$2.72 per \$1,000 invested in the fund
Turnover Ratio:	5% of the fund
Average Large Blend Fund Turnover Ratio <sup>(2)</sup> :	17% of the fund

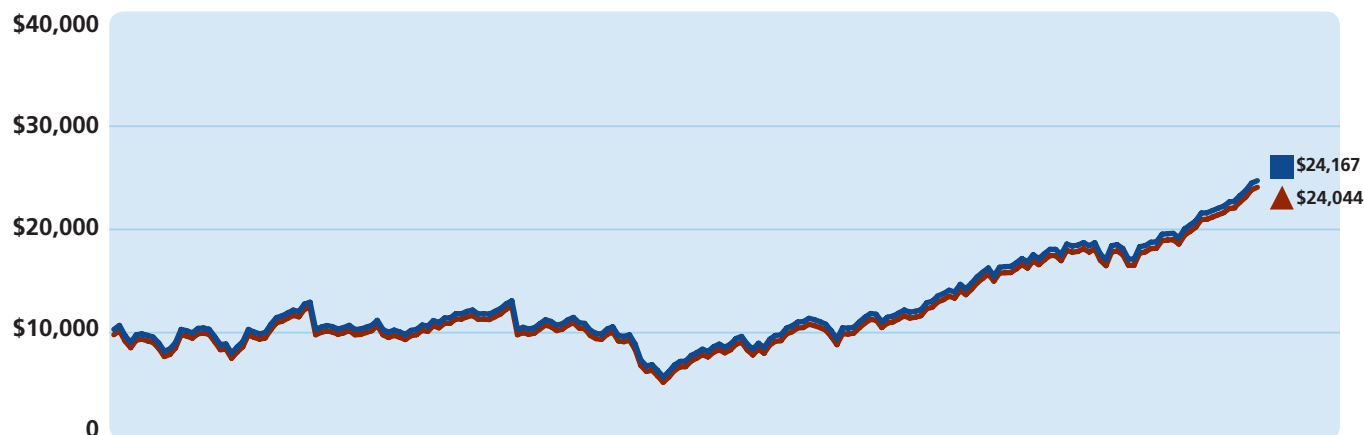
### Overall Risk Level<sup>(3)</sup>



### Trailing Time Period Performance<sup>(4)</sup>

% Total Return as of 12/31/17	3 Mos	6 Mos	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception of Fund	Inception Date:
Total Stock Market Index Fund	6.34	11.20	21.17	11.10	15.55	8.75	6.11	7/1/00
Benchmark: Dow Jones U.S. Total Stock Market Index <sup>(5)(6)(7)</sup>	6.33	11.18	21.16	11.08	15.52	8.69	6.03	

### Growth of \$10,000: Total Stock Market Index Fund vs. Benchmark



Calendar Year Performance  
% Return

■ Total Stock Market Index Fund

▲ Dow Jones U.S. Total Stock Market Index<sup>(5)(6)(7)</sup>

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Stock Market Index Fund	5.73	-37.19	29.49	17.79	-14.16	16.40	33.51	12.47	0.46	12.66	21.17
Dow Jones U.S. Total Stock Market Index <sup>(5)(6)(7)</sup>	5.74	-37.34	29.35	17.70	-14.31	16.38	33.47	12.47	0.44	12.62	21.16

(1) Asset-weighted average expense ratio for similar mutual funds as reported by Morningstar Inc.

(2) Turnover Ratio, for similar mutual funds as reported by Morningstar Inc., is an indication of the fund's activity and refers to the percent of a fund's assets that are replaced during a fiscal year.

(3) Overall Risk Level based on fund's 5 year standard deviation.

(4) The data presented represents past performance, which cannot be used to predict future returns that may be achieved. The investment return and principal value of an investment will fluctuate so that an investor's units, when redeemed, may be worth more or less than their original cost.

(5) The benchmark for the Total Stock Market Index Fund was changed, over time between June 15, 2011 and June 30, 2011, from the Dow Jones U.S. Total Stock Market Index which calculates the weighting of the underlying securities by the market capitalization of all shares outstanding in the market to a float adjusted version of the former benchmark.

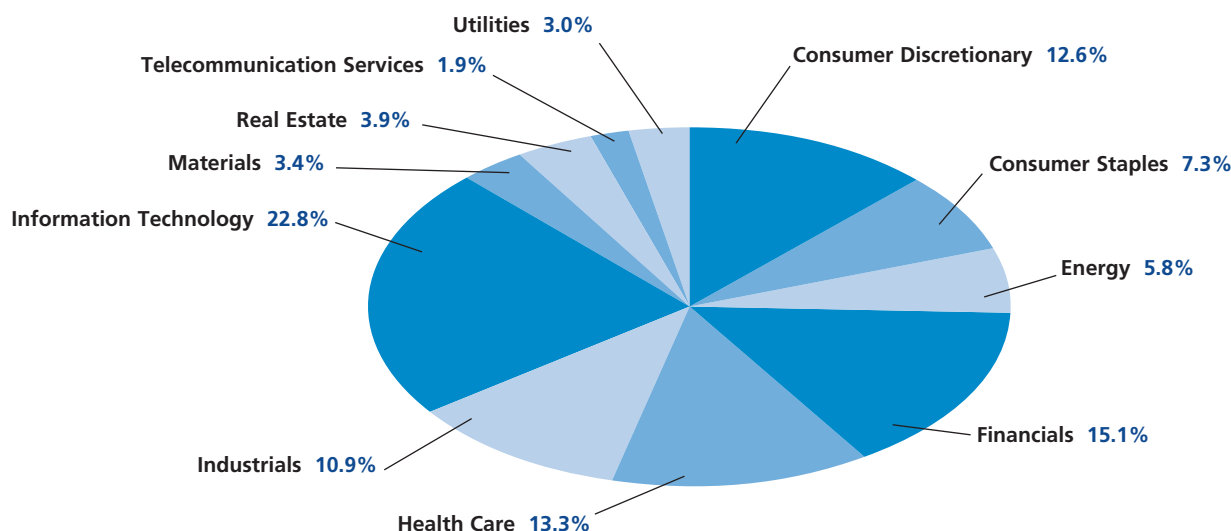
(6) The Dow Jones U.S. Total Stock Market Index is an unmanaged float adjusted market capitalization-weighted index of approximately 4,000 U.S. equity securities which includes all actively traded common stocks with readily available price data.

(7) Benchmark returns do not include operating costs.

# Total Stock Market Index Fund (as of 12/31/17)



## Portfolio Composition (by sector)



## Top 20 Holdings (% of Portfolio)

1 Apple	3.1	11 Wells Fargo	1.0
2 Microsoft	2.4	12 AT&T	0.9
3 Alphabet	2.3	13 Chevron	0.9
4 Amazon	1.7	14 Procter & Gamble	0.8
5 Facebook	1.5	15 Home Depot	0.8
6 Berkshire Hathaway	1.4	16 Intel	0.8
7 Johnson & Johnson	1.4	17 Verizon	0.8
8 JPMorgan Chase	1.3	18 Pfizer	0.8
9 Exxon Mobil	1.3	19 United Health Group	0.8
10 Bank of America	1.0	20 Visa	0.7

Top 10 holdings: 17.4% of total portfolio

Top 20 holdings: 25.7% of total portfolio

Fund Net Assets\*: \$5,972 million

Total # Holdings: 3,563

Dividend Yield: 1.72%

Fund Manager: The Vanguard Group®

\*Includes All-in-One Life Cycle Funds' assets.

## Market Cap Breakdown (%)

Large (Over \$23.6 billion)	69.36
Medium (\$3.2 - \$23.6 billion)	22.99
Small (Under \$3.2 billion)	7.65

## Advanced Analytics

	Standard: Standard & Poor's® 500 Index	Benchmark: Dow Jones U.S. Total Stock Market Index	Sharpe Ratio	3 YR 1.05	5 YR 1.57
R-Squared**	0.99	1.00			
Beta**	1.01	1.00			
Alpha**	-0.42%	0.03%			
			Standard Deviation	10.23%	9.76%

\*\*Based on trailing 36 months' returns; alphas are annualized.

	Price/Earnings	Price/Book Value	Price/Cash Flow	3-Yr Earnings Growth %	Return on Equity %	Debt to Cap %	Median Market Cap
As of 12/31/17	22.9	3.0	26.9	10.4	15.1	40.6	\$1,105 million
3-Year Average	22.4	2.8	33.8	11.4	16.6	50.6	\$965 million

The fund may lend its holdings to qualified institutional investors to seek to enhance returns through fees earned related to the securities lent. Although all loans of securities are fully collateralized, there is some risk of loss if a borrower defaults on its obligation or losses occur related to the collateral received. Securities lending is performed in accordance with applicable law and regulations.

The IBM 401(k) Plus Plan Trust (Trust) has claimed an exclusion from the definition of the term "commodity pool operator" under the Commodity Exchange Act (Act) and, therefore, the Trust is not subject to registration or regulation as a pool operator under the Act.

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