

## **Pacific Lutheran University Retirement Fund Advisory Committee Participant Communications**

### **Announcements**

The retirement fund advisory committee met in May with its fiduciary consultant to review Retirement Plan fund performance. As communicated previously, the committee has selected “core funds” that are open to new investments. The committee focuses its attention primarily on these core funds. The plan also contains “legacy funds” which were open to investment prior to 2009.

Two funds have been placed on a “watch list”. The watch list is for funds whose performance has not fully met expectations or where there has been a material change in the fund’s strategy or management. The committee will be reviewing the funds on the watch list with greater scrutiny in future quarters to determine whether the funds are improving or will need to be replaced.

The first fund on the watch list is the Eaton Vance Large Cap Value fund. It has been placed on the watch list due to poor security selection in the last couple years. The other fund on the watch list is the Hartford Small Company fund. This fund was placed on the watch list because Hartford hired a new manager for the fund (the Wellington Management Company) late in 2010. The committee has decided to allow the new manager an opportunity to show what they can do because Wellington is a long-term successful investment manager.

### **Current Stock Market and Bond Market Performance**

Investors continued to bet on the continuing economic recovery in spite of the negative global headlines during the period. In the U.S., the recovery was becoming more sure-footed, as companies continued to post strong earnings and unemployment numbers improved. As a result, U.S. equities led the way during the quarter, outperforming international equity markets that faced their own issues. Japan was struck by a tragic earthquake and tsunami, which resulted in a nuclear disaster that is still not over. The Japanese market has been difficult for equity investors over the past 20 years, and the new worries pushed the market lower. In emerging market countries, higher commodity prices created worries about higher inflation and its ability to harm growth.

While equity markets did well, fixed income markets were much more muted. Interest rates rose slightly and Treasuries underperformed the broad market. TIPS bounced back as investors worried about rising food and energy costs and the long-term impact of the current deficit. Municipal bonds continued to struggle as concerns about current budgets and the long-term costs of public pensions were front and center during the quarter.

### **Core Investment Funds**

Aside from the two funds that were placed on the watch list as noted above, all other core funds are performing well and within expectations. The T. Rowe Price target date funds are performing very well both relative to their investment strategy and in comparison to target date funds from other investment organizations.

### **Investment Return History**

Attached to this summary are two investment return history pages. The first page shows the returns on the core funds for the most recent quarter along with year-to-date, 1 year, 3 year, 5 year and 10 year periods. Note that not all funds will have a 10 year history. In addition, the expense ratio is shown. The expense ratio is how much is deducted from the fund by the fund manager to operate the fund and reduces the net return that you receive. All performance numbers shown are net of the fund expenses.

The second page shows the same type of return information for the legacy funds which are not evaluated by the committee.

**Note: This information is provided to plan participants to help them as they make their plan investment decisions and is not intended to constitute investment advice to any plan participant. Plan participants are solely responsible for the results of their plan investment decisions and are advised to consult with professional investment advisors if they are not comfortable with making these decisions on their own.**

**Please contact Teri Phillips at 253-535-7187 or [phillitp@plu.edu](mailto:phillitp@plu.edu) if you have any questions about the information contained in this communication.**

# Pacific Lutheran University 403(b) Retirement Plan

	Qtr	YTD	Annualized Returns				Expense Ratio (%)	Ticker
			1 Yr	3 Yrs	5 Yrs	10 Yrs		
<b>Money Market/Stable Value</b>								
CREF Money Market	0.00	0.00	0.00	0.55	2.21	2.08	0.38	NA
<i>Merrill Lynch 3-Month T-Bill</i>	0.05	0.05	0.16	0.51	2.23	2.24		
<b>Intermediate Bond</b>								
PIMCO Total Return Admin	1.04	1.04	6.59	8.04	8.14	6.88	0.71	PTRAX
<i>Barclays Capital Aggregate Bond</i>	0.42	0.42	5.12	5.30	6.03	5.56		
<b>Inflation Protected Bond</b>								
TIAA-CREF Infl Link Bd Ret	1.88	1.88	7.40	3.16	5.64	NA	0.54	TIKRX
<i>Barclays Capital US TIPS</i>	2.08	2.08	7.91	3.93	6.25	6.74		
<b>Moderate Allocation</b>								
CREF Social Choice	2.99	2.99	11.26	4.24	3.96	4.67	0.40	NA
<i>60%/40% Index</i>	4.00	4.00	13.00	5.00	4.74	5.24		
<b>Large Value</b>								
Eaton Vance Large Cap Value A	3.15	3.15	7.28	-2.13	1.68	4.72	1.03	EHSTX
<i>Russell 1000 Value</i>	6.46	6.46	15.15	0.60	1.38	4.53		
<b>Large Blend</b>								
CREF Stock	5.37	5.37	16.31	2.44	2.97	4.43	0.44	NA
TIAA-CREF Equity Index Ret	6.31	6.31	17.11	3.21	2.70	4.00	0.33	TIQRX
TIAA-CREF S&P 500 Index Ret	5.77	5.77	15.25	2.06	2.32	NA	0.33	TRSPX
<i>S&amp;P 500 Index</i>	5.92	5.92	15.65	2.35	2.62	3.29		
<b>Large Growth</b>								
American Funds Grth Fund of Amer R4	5.30	5.30	13.51	1.71	2.69	4.89	0.68	RGAEX
<i>Russell 1000 Growth</i>	6.03	6.03	18.26	5.19	4.34	2.99		
<b>Small Value</b>								
Northern Small Cap Value	6.51	6.51	22.36	7.69	2.91	9.94	1.00	NOSGX
<i>Russell 2000 Value</i>	6.60	6.60	20.63	6.76	2.23	9.01		
<b>Small Blend</b>								
TIAA-CREF Small Blend Idx Ret	7.88	7.88	25.45	8.26	3.11	NA	0.42	TRBIX
<i>Russell 2000</i>	7.94	7.94	25.79	8.57	3.35	7.87		
<b>Small Growth</b>								
Hartford Small Company HLS IB	11.93	11.93	29.29	7.24	4.05	8.17	1.00	HDMBX
<i>Russell 2000 Growth</i>	9.24	9.24	31.04	10.16	4.34	6.44		
<b>Direct Real Estate</b>								
TIAA Real Estate	3.42	3.42	19.49	-10.25	-1.76	3.49	1.06	NA
<i>NCREIF Fund Index - ODCE</i>	4.01	4.01	20.13	-8.93	-0.10	5.38		
<b>International Large Cap</b>								
American Funds EuroPacific Gr R4	3.47	3.47	12.35	0.56	4.74	7.99	0.86	REREX
<i>S&amp;P Developed x U.S. LargeMid Cap</i>	3.95	3.95	12.89	-1.04	2.91	6.69		

As of March 31, 2011

# Pacific Lutheran University 403(b) Retirement Plan

	Qtr	YTD	Annualized Returns				Expense Ratio (%)	Ticker
			1 Yr	3 Yrs	5 Yrs	10 Yrs		
<b>Target Date Funds</b>								
T. Rowe Price Retirement 2005	3.35	3.35	11.20	5.30	5.12	NA	0.61	TRRFX
T. Rowe Price Retirement 2010	3.65	3.65	12.38	5.09	4.86	NA	0.64	TRRAX
T. Rowe Price Retirement 2015	4.12	4.12	13.68	5.11	4.79	NA	0.68	TRRGX
T. Rowe Price Retirement 2020	4.50	4.50	14.79	5.00	4.57	NA	0.71	TRRBX
T. Rowe Price Retirement 2025	4.82	4.82	15.59	4.82	4.38	NA	0.74	TRRHX
T. Rowe Price Retirement 2030	5.15	5.15	16.37	4.72	4.23	NA	0.76	TRRCX
T. Rowe Price Retirement 2035	5.40	5.40	16.91	4.66	4.12	NA	0.77	TRRJX
T. Rowe Price Retirement 2040	5.34	5.34	16.94	4.72	4.16	NA	0.77	TRRDY
T. Rowe Price Retirement 2045	5.34	5.34	16.87	4.72	4.16	NA	0.77	TRRKX
T. Rowe Price Retirement 2050	5.34	5.34	16.84	4.66	NA	NA	0.77	TRRMX
T. Rowe Price Retirement 2055	5.40	5.40	16.98	4.65	NA	NA	0.77	TRRNX
T. Rowe Price Retirement Income	2.99	2.99	9.87	5.26	5.12	NA	0.59	TRRIX

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	Qtr	YTD	Annualized Returns				Expense Ratio (%)	Ticker
			1 Yr	3 Yrs	5 Yrs	10 Yrs		
<b>Money Market/Stable Value</b>								
CREF Money Market	0.00	0.00	0.00	0.55	2.21	2.08	0.38	NA
<i>Merrill Lynch 3-Month T-Bill</i>	0.05	0.05	0.16	0.51	2.23	2.24		
<b>Intermediate Bond</b>								
CREF Bond Market	0.58	0.58	5.31	4.64	5.25	5.14	0.40	NA
PIMCO Total Return Admin	1.04	1.04	6.59	8.04	8.14	6.88	0.71	PTRAX
<i>Barclays Capital Aggregate Bond</i>	0.42	0.42	5.12	5.30	6.03	5.56		
<b>Inflation Protected Bond</b>								
CREF Inflation-Linked Bond	1.98	1.98	7.64	3.37	5.74	6.29	0.40	NA
TIAA-CREF Infl Link Bd Ret	1.88	1.88	7.40	3.16	5.64	NA	0.54	TIKRX
<i>Barclays Capital US TIPS</i>	2.08	2.08	7.91	3.93	6.25	6.74		
<b>Moderate Allocation</b>								
CREF Social Choice	2.99	2.99	11.26	4.24	3.96	4.67	0.40	NA
<i>60%/40% Index</i>	4.00	4.00	13.00	5.00	4.74	5.24		
<b>Large Value</b>								
Eaton Vance Large Cap Value A	3.15	3.15	7.28	-2.13	1.68	4.72	1.03	EHSTX
TIAA-CREF Large Cap Value Ret	5.60	5.60	15.45	2.88	1.91	NA	0.74	TRLCX
TIAA-CREF Lg Cp Val Idx Ret	6.27	6.27	14.70	0.33	1.10	NA	0.34	TRCVX
<i>Russell 1000 Value</i>	6.46	6.46	15.15	0.60	1.38	4.53		
<b>Large Blend</b>								
CREF Equity Index	6.28	6.28	16.95	3.05	2.55	3.73	0.38	NA
CREF Stock	5.37	5.37	16.31	2.44	2.97	4.43	0.44	NA
TIAA-CREF Equity Index Ret	6.31	6.31	17.11	3.21	2.70	4.00	0.33	TIQRX
TIAA-CREF Growth & Income Ret	7.15	7.15	15.25	3.13	5.52	4.30	0.69	TRGIX
TIAA-CREF S&P 500 Index Ret	5.77	5.77	15.25	2.06	2.32	NA	0.33	TRSPX
TIAA-CREF Soc Choice Eq Ret	4.78	4.78	14.69	3.72	2.84	3.92	0.45	TRSCX
<i>S&amp;P 500 Index</i>	5.92	5.92	15.65	2.35	2.62	3.29		
<b>Large Growth</b>								
American Funds Grth Fund of Amer R4	5.30	5.30	13.51	1.71	2.69	4.89	0.68	RGAEX
CREF Growth	6.17	6.17	16.99	4.17	3.75	2.12	0.43	NA
TIAA-CREF Large Gr Idx Ret	5.95	5.95	17.89	4.91	4.00	NA	0.34	TRIRX
<i>Russell 1000 Growth</i>	6.03	6.03	18.26	5.19	4.34	2.99		
<b>Mid Cap Value</b>								
TIAA-CREF Mid Cap Value Ret	7.01	7.01	20.68	4.80	4.52	NA	0.74	TRVRX
<i>Russell Midcap Value</i>	7.42	7.42	22.26	6.61	4.04	9.24		
<b>Mid Cap Growth</b>								
TIAA-CREF MidCap Growth Ret	8.83	8.83	29.43	7.38	4.89	NA	0.77	TRGMX
<i>Russell Midcap Growth</i>	7.85	7.85	26.60	7.63	4.93	6.94		

As of March 31, 2011

# Pacific Lutheran University 403(b) Retirement Plan - Performance Summary

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<b>Small Value</b>								
Northern Small Cap Value	6.51	6.51	22.36	7.69	2.91	9.94	1.00	NOSGX
<i>Russell 2000 Value</i>	<i>6.60</i>	<i>6.60</i>	<i>20.63</i>	<i>6.76</i>	<i>2.23</i>	<i>9.01</i>		
<b>Small Blend</b>								
TIAA-CREF Small Blend Idx Ret	7.88	7.88	25.45	8.26	3.11	NA	0.42	TRBIX
TIAA-CREF Small Cap Equity Ret	8.40	8.40	26.45	8.67	2.56	NA	0.82	TRSEX
<i>Russell 2000</i>	<i>7.94</i>	<i>7.94</i>	<i>25.79</i>	<i>8.57</i>	<i>3.35</i>	<i>7.87</i>		
<b>Small Growth</b>								
Hartford Small Company HLS IB	11.93	11.93	29.29	7.24	4.05	8.17	1.00	HDMBX
<i>Russell 2000 Growth</i>	<i>9.24</i>	<i>9.24</i>	<i>31.04</i>	<i>10.16</i>	<i>4.34</i>	<i>6.44</i>		
<b>Real Estate</b>								
TIAA-CREF Real Estate Ret	6.63	6.63	25.45	1.77	0.87	NA	0.81	TRRSX
<i>DJ US Select Real Estate Secs Index</i>	<i>6.66</i>	<i>6.66</i>	<i>24.40</i>	<i>1.37</i>	<i>0.59</i>	<i>11.09</i>		
<b>Direct Real Estate</b>								
TIAA Real Estate	3.42	3.42	19.49	-10.25	-1.76	3.49	1.06	NA
<i>NCREIF Fund Index - ODCE</i>	<i>4.01</i>	<i>4.01</i>	<i>20.13</i>	<i>-8.93</i>	<i>-0.10</i>	<i>5.38</i>		
<b>International Large Cap</b>								
American Funds EuroPacific Gr R4	3.47	3.47	12.35	0.56	4.74	7.99	0.86	REREX
TIAA-CREF Intl Eq Ret	-0.10	-0.10	16.83	-3.26	1.64	5.66	0.78	TRERX
TIAA-CREF Intl Equity Idx Ret	3.40	3.40	10.16	-3.07	1.13	NA	0.35	TRIEX
<i>S&amp;P Developed x U.S. LargeMid Cap</i>	<i>3.95</i>	<i>3.95</i>	<i>12.89</i>	<i>-1.04</i>	<i>2.91</i>	<i>6.69</i>		
<b>World Stock</b>								
CREF Global Equities	4.40	4.40	13.48	-0.09	1.97	3.77	0.46	NA
<i>S&amp;P Developed BMI</i>	<i>5.19</i>	<i>5.19</i>	<i>15.92</i>	<i>1.27</i>	<i>3.05</i>	<i>5.91</i>		

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T. Rowe Price Retirement 2020	4.50	4.50	14.79	5.00	4.57	NA	0.71	TRRBX
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T. Rowe Price Retirement 2055	5.40	5.40	16.98	4.65	NA	NA	0.77	TRRNX
T. Rowe Price Retirement Income	2.99	2.99	9.87	5.26	5.12	NA	0.59	TRRIX
TIAA-CREF Lifecycle 2010 Ret	3.18	3.18	11.44	3.46	3.95	NA	0.65	TCLEX
TIAA-CREF Lifecycle 2015 Ret	3.53	3.53	12.20	3.27	3.72	NA	0.66	TCLIX
TIAA-CREF Lifecycle 2020 Ret	3.93	3.93	13.14	2.96	3.30	NA	0.67	TCLTX
TIAA-CREF Lifecycle 2025 Ret	4.34	4.34	14.01	2.63	2.91	NA	0.68	TCLFX
TIAA-CREF Lifecycle 2030 Ret	4.78	4.78	14.79	2.18	2.49	NA	0.69	TCLNX
TIAA-CREF Lifecycle 2035 Ret	5.22	5.22	15.66	2.21	2.50	NA	0.70	TCLRX
TIAA-CREF Lifecycle 2040 Ret	5.21	5.21	15.83	2.31	2.72	NA	0.70	TCLOX