

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.

One fund remains on a watch list. The Hartford Small Company fund experienced a fund manager change a couple years ago. The committee has been closely watching this fund as the new manager develops a track record to determine whether this fund option should remain in the plan’s investment line-up. Performance has improved for this fund since the fund manager change, however the committee wants to continue to watch it closely for a longer period.

A new fund was also added to the watch list during this meeting. Due to the leadership upheaval and fund outflows, the committee placed the PIMCO Total Return bond fund on the watch list.

Current Stock Market and Bond Market Performance

The economy continued its slow and steady growth through the 1st quarter, with winter weather suppressing demand in the East and Midwest. Corporate profits, driven by margin expansion, outpaced the economy as a whole, supporting strong equity gains from 2013. The broad equity markets saw slower growth during the period as the S&P 500 posted a gain of 1.81%. The Fed, under new Chair Janet Yellen, continued to pull back on its bond purchases and interest rates declined slightly during the period with 10-year Treasury yield at 2.73%. The spread sectors of the bond market continued to outperform Treasuries. Economic struggles abroad continued to impact international equity returns with the broad market MSCI EAFE Index up just 0.8% for the period. Emerging markets saw negative returns during the period, largely driven by China's slowing growth and Russia's push into Crimea. The bright spots during the quarter were US real estate, up 10.27%, and a resurgent commodities market up 6.99%. Precious metals prices continued to decline, down 4.55% for the period.

Core Investment Funds

Aside from the two funds that are watch listed, the core funds are performing within expectations. The T. Rowe Price target date funds are performing well both relative to their investment strategy and in comparison to their peer group.

Investment Return History

Attached to this summary are investment return history pages for the currently active investment options 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.

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 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		
Target Date Funds								
T. Rowe Price Retirement 2005	1.70	1.70	7.88	6.85	12.78	6.29	0.59	TRRFX
T. Rowe Price Retirement 2010	1.68	1.68	9.37	7.47	14.24	6.56	0.60	TRRAX
T. Rowe Price Retirement 2015	1.61	1.61	11.65	8.44	15.89	6.97	0.65	TRRGX
T. Rowe Price Retirement 2020	1.62	1.62	13.73	9.26	17.32	7.26	0.69	TRRBX
T. Rowe Price Retirement 2025	1.56	1.56	15.70	9.96	18.49	7.51	0.72	TRRHX
T. Rowe Price Retirement 2030	1.50	1.50	17.26	10.54	19.41	7.77	0.75	TRRCX
T. Rowe Price Retirement 2035	1.41	1.41	18.48	10.90	20.00	7.81	0.77	TRRJX
T. Rowe Price Retirement 2040	1.41	1.41	19.21	11.21	20.24	7.93	0.78	TRRDX
T. Rowe Price Retirement 2045	1.35	1.35	19.19	11.21	20.21	NA	0.78	TRRKX
T. Rowe Price Retirement 2050	1.38	1.38	19.24	11.24	20.22	NA	0.78	TRRMX
T. Rowe Price Retirement 2055	1.39	1.39	19.24	11.23	20.25	NA	0.78	TRRNX
T. Rowe Price Retirement Income	1.43	1.43	7.13	6.26	11.37	5.76	0.57	TRRIX
Money Market								
CREF Money Market	0.00	0.00	0.00	0.00	0.00	1.57	0.41	NA
<i>Merrill Lynch 3-Month T-Bill</i>	<i>0.01</i>	<i>0.01</i>	<i>0.07</i>	<i>0.08</i>	<i>0.12</i>	<i>1.65</i>		
Intermediate Bond								
PIMCO Total Return Instl	1.30	1.30	-1.24	4.15	6.87	5.89	0.46	PTTRX
<i>Barclays Capital Aggregate Bond</i>	<i>1.84</i>	<i>1.84</i>	<i>-0.10</i>	<i>3.75</i>	<i>4.80</i>	<i>4.46</i>		
Inflation Protected Bond								
TIAA-CREF Inflation Linked Bd Instl	1.91	1.91	-6.55	3.26	4.63	4.24	0.27	TIILX
<i>Barclays Capital US TIPS</i>	<i>1.95</i>	<i>1.95</i>	<i>-6.49</i>	<i>3.50</i>	<i>4.91</i>	<i>4.53</i>		
Moderate Allocation								
CREF Social Choice	1.72	1.72	11.34	9.20	14.44	6.11	0.45	NA
<i>60%/40% Index</i>	<i>1.92</i>	<i>1.92</i>	<i>13.17</i>	<i>10.57</i>	<i>15.27</i>	<i>6.92</i>		
Large Value								
T. Rowe Price Equity-Income	1.59	1.59	18.55	13.24	21.26	7.52	0.68	PRFDX
<i>Russell 1000 Value</i>	<i>3.02</i>	<i>3.02</i>	<i>21.57</i>	<i>14.80</i>	<i>21.75</i>	<i>7.58</i>		
Large Blend								
CREF Stock	1.22	1.22	19.47	11.03	19.77	7.15	0.48	NA
Vanguard 500 Index Adm	1.79	1.79	21.80	14.62	21.15	7.41	0.05	VFIAX
Vanguard Total Stock Mkt Idx Adm	2.03	2.03	22.71	14.64	22.07	8.05	0.05	VTSAX
<i>S&P 500 Index</i>	<i>1.81</i>	<i>1.81</i>	<i>21.86</i>	<i>14.66</i>	<i>21.16</i>	<i>7.42</i>		
Large Growth								
MainStay Large Cap Growth I	-1.34	-1.34	23.49	12.41	19.85	9.17	0.77	MLAIX
<i>Russell 1000 Growth</i>	<i>1.12</i>	<i>1.12</i>	<i>23.22</i>	<i>14.62</i>	<i>21.68</i>	<i>7.86</i>		

Pacific Lutheran University 403(b) Retirement Plan

	Qtr	YTD	Annualized Returns				Expense Ratio (%)	Ticker
			1 Yr	3 Yrs	5 Yrs	10 Yrs		
Small Value								
Northern Small Cap Value	1.64	1.64	23.48	13.77	23.32	9.21	1.01	NOSGX
<i>Russell 2000 Value</i>	1.78	1.78	22.65	12.74	23.33	8.07		
Small Blend								
Vanguard Small Cap Index Adm	2.59	2.59	25.29	14.33	26.80	9.92	0.10	VSMAX
<i>Russell 2000</i>	1.12	1.12	24.90	13.18	24.31	8.53		
Small Growth								
Hartford Small Company HLS IA	0.79	0.79	28.21	13.23	23.92	9.97	0.72	HIASX
<i>Russell 2000 Growth</i>	0.48	0.48	27.19	13.61	25.24	8.87		
Direct Real Estate								
TIAA Real Estate	2.33	2.33	10.14	10.50	4.53	4.84	0.90	NA
<i>NCREIF Fund Index - ODCE</i>	2.52	2.52	13.76	13.04	7.32	7.18		
Foreign Large Blend								
American Funds EuroPacific Gr R6	0.71	0.71	17.97	6.74	15.92	8.47	0.50	RERGX
<i>MSCI World ex USA Large Cap</i>	0.52	0.52	16.69	6.81	16.06	6.93		