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Pacific Lutheran University
Retirement Fund Advisory Committee
Participant Communications

Announcements

The retirement fund advisory committee met in February 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.

Current Stock Market and Bond Market Performance

The economic recovery continued through the 4th quarter with improvements in GDP, the unemployment rate, corporate profits and the housing market; however inflation remained stagnant with core inflation measuring 1.7% in November. US equity saw large gains during the quarter and for 2013 as a whole, with the S&P up over 32% in 2013. For the quarter, the strongest sectors were information technology (up 13.26%) and industrials (up 13.53%). Market reaction was largely favorable to the start of the Federal Reserve's "taper" of their bond buying program in December, seeing it as a sign of positive growth. Higher yielding sectors of the bond market outperformed Treasuries during the quarter. International markets continued to underperform US equity, with the broad MSCI EAFE index gaining 23.3% for the year. European austerity measures and the declining yen continued to prove a drag on returns in developed markets, and emerging markets lost ground during the year on concerns about currency and growth potential. Commodities continued to post losses, down 9.5% in 2013, continuing a 3 year trend of negative returns.

Core Investment Funds

Aside from the one fund that is 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.

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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.

	Qtr	YTD	Annualized Returns 1 Yr	3 Yrs	5 Yrs	10 Yrs	Expense Ratio (%)	Ticker
Target Date Funds								
T. Rowe Price Retirement 2005	3.68	9.74	9.74	7.42	11.48	NA	0.59	TRRFX
T. Rowe Price Retirement 2010	4.33	11.93	11.93	8.16	12.78	6.63	0.60	TRRAX
T. Rowe Price Retirement 2015	5.21	15.18	15.18	9.33	14.32	NA	0.65	TRRGX
T. Rowe Price Retirement 2020	5.96	18.05	18.05	10.29	15.61	7.35	0.69	TRRBX
T. Rowe Price Retirement 2025	6.71	20.78	20.78	11.12	16.63	NA	0.72	TRRHX
T. Rowe Price Retirement 2030	7.28	23.09	23.09	11.85	17.50	7.87	0.75	TRRCX
T. Rowe Price Retirement 2035	7.71	24.86	24.86	12.33	18.05	NA	0.77	TRRJX
T. Rowe Price Retirement 2040	7.99	25.93	25.93	12.63	18.28	8.04	0.78	TRRDX
T. Rowe Price Retirement 2045	8.00	25.93	25.93	12.66	18.29	NA	0.78	TRRKX
T. Rowe Price Retirement 2050	7.97	25.90	25.90	12.67	18.26	NA	0.78	TRRMX
T. Rowe Price Retirement 2055	8.02	25.86	25.86	12.68	18.27	NA	0.78	TRRNX
T. Rowe Price Retirement Income	3.41	9.15	9.15	6.81	10.37	5.82	0.57	TRRIX
Money Market								
CREF Money Market	0.00	0.00	0.00	0.00	0.02	1.59	0.41	NA
Merrill Lynch 3-Month T-Bill	*0.02*	*0.07*	*0.07*	*0.10*	*0.12*	*1.68*		
Intermediate Bond								
PIMCO Total Return Instl	-0.03	-1.92	-1.92	4.08	6.91	6.03	0.46	PTTRX
Barclays Capital Aggregate Bond	*-0.14*	*-2.02*	*-2.02*	*3.26*	*4.44*	*4.55*		
Inflation Protected Bond								
TIAA-CREF Inflation Linked Bd Instl	-2.05	-8.75	-8.75	3.28	5.07	4.56	0.27	TIILX
Barclays Capital US TIPS	*-2.00*	*-8.60*	*-8.60*	*3.55*	*5.63*	*4.85*		
Moderate Allocation								
CREF Social Choice	4.98	16.67	16.67	9.65	12.56	6.21	0.45	NA
60%/40% Index	*6.01*	*18.36*	*18.36*	*11.31*	*13.32*	*6.97*		
Large Value								
T. Rowe Price Equity-Income	8.73	29.75	29.75	14.73	16.92	7.56	0.68	PRFDX
Russell 1000 Value	*10.01*	*32.53*	*32.53*	*16.06*	*16.67*	*7.58*		
Large Blend								
CREF Stock	8.80	27.83	27.83	12.53	16.84	7.28	0.48	NA
TIAA-CREF Equity Index Ret	10.05	33.14	33.14	15.89	18.34	7.65	0.32	TIQRX
TIAA-CREF S&P 500 Index Ret	10.41	31.87	31.87	15.77	17.55	7.04	0.32	TRSPX
S&P 500 Index	*10.51*	*32.39*	*32.39*	*16.18*	*17.94*	*7.41*		
Large Growth								
MainStay Large Cap Growth I	11.05	36.94	36.94	15.66	20.12	9.68	0.79	MLAIX
Russell 1000 Growth	*10.44*	*33.48*	*33.48*	*16.45*	*20.39*	*7.83*		

As of December 31, 2013

			Annualized Returns				Expense	
	Qtr	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Ratio (%)	Ticker
Small Value								
Northern Small Cap Value	10.08	36.44	36.44	15.56	17.76	9.69	1.01	NOSGX
Russell 2000 Value	*9.30*	*34.52*	*34.52*	*14.49*	*17.64*	*8.61*		
Small Blend								
TIAA-CREF Small Blend Idx Ret	8.67	38.69	38.69	15.54	19.79	8.81	0.40	TRBIX
Russell 2000	*8.72*	*38.82*	*38.82*	*15.67*	*20.08*	*9.07*		
Small Growth								
Hartford Small Company HLS IB	9.15	43.97	43.97	16.97	20.65	10.29	0.97	HDMBX
Russell 2000 Growth	*8.17*	*43.30*	*43.30*	*16.82*	*22.58*	*9.41*		
Direct Real Estate								
TIAA Real Estate	1.62	9.65	9.65	10.89	2.25	4.80	0.90	NA
NCREIF Fund Index - ODCE	*3.17*	*13.94*	*13.94*	*13.59*	*3.69*	*7.16*		
Foreign Large Blend								
American Funds EuroPacific Gr R6	7.71	20.58	20.58	7.74	13.85	9.11	0.50	RERGX
MSCI World ex USA Large Cap	*5.89*	*21.51*	*21.51*	*7.97*	*12.67*	*7.24*		