

**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.

As communicated under separate cover this spring, the plan recordkeeping is being reconfigured to move all plan assets invested in the core funds in the newer contracts issued in 2009. All assets invested in TIAA-CREF mutual funds are also being transferred to these new contracts.

**Current Stock Market and Bond Market Performance**

The strong global equity performance of the 4th quarter 2011 carried through into the 1st quarter as improving economic indicators increased investors' appetite for risky assets. For the past few years the market performance has been heavily dominated by investors' perception about global macroeconomic fears, with the market flip-flopping between risk aversion and risk acceptance. Last summer worries about the European sovereign debt crisis and the U.S. debt ceiling debate/S&P downgrade caused a massive sell-off in equities and a flight-to-quality that pushed down Treasury yields. Since early October, positive economic data has eliminated many of the fears about a double dip recession and has pointed towards a broadening recovery. This was coupled with progress in Europe on resolving the sovereign debt crisis that continues to hang over the euro zone.

While the market was buoyed by positive economic trends, there continue to be potential headwinds. The employment market has not fully recovered from the recession with only 3.9 million jobs having been created in the recovery versus 8.8 million jobs lost during the recession. Additionally, the housing market remains soft and high gas prices are eating into consumers' discretionary spending. Those headwinds create challenges but are not likely to derail modest economic growth in 2012.

**Core Investment Funds**

The core funds are performing within expectations. The Hartford Small Company fund is on a watch-list due a change in the underlying investment manager last fall. 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 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-Core Funds

	Annualized Returns						Expense Ratio (%)	Ticker
	Qtr	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs		
<b>Money Market/Stable Value</b>								
CREF Money Market	0.00	0.00	0.00	0.00	1.23	1.79	0.42	NA
<i>Merrill Lynch 3-Month T-Bill</i>	<i>0.01</i>	<i>0.01</i>	<i>0.06</i>	<i>0.13</i>	<i>1.23</i>	<i>1.91</i>		
<b>Intermediate Bond</b>								
PIMCO Total Return Admin	2.81	2.81	5.73	9.09	8.07	6.77	0.71	PTRAX
<i>Barclays Capital Aggregate Bond</i>	<i>0.30</i>	<i>0.30</i>	<i>7.71</i>	<i>6.83</i>	<i>6.25</i>	<i>5.80</i>		
<b>Inflation Protected Bond</b>								
TIAA-CREF Infl Link Bd Ret	0.69	0.69	11.73	8.15	6.95	NA	0.54	TIKRX
<i>Barclays Capital US TIPS</i>	<i>0.86</i>	<i>0.86</i>	<i>12.20</i>	<i>8.74</i>	<i>7.60</i>	<i>7.51</i>		
<b>Moderate Allocation</b>								
CREF Social Choice	6.95	6.95	5.75	16.81	3.42	5.03	0.43	NA
<i>60%/40% Index</i>	<i>7.84</i>	<i>7.84</i>	<i>8.26</i>	<i>17.69</i>	<i>4.51</i>	<i>5.67</i>		
<b>Large Value</b>								
T. Rowe Price Equity-Income Adv	11.17	11.17	4.30	23.31	0.71	4.50	0.93	PAFDX
<i>Russell 1000 Value</i>	<i>11.12</i>	<i>11.12</i>	<i>4.79</i>	<i>22.82</i>	<i>-0.81</i>	<i>4.58</i>		
<b>Large Blend</b>								
CREF Stock	13.35	13.35	2.26	22.57	0.95	4.74	0.47	NA
TIAA-CREF Equity Index Ret	12.77	12.77	6.81	23.81	1.91	4.49	0.32	TIQRX
TIAA-CREF S&P 500 Index Ret	12.43	12.43	8.16	22.97	1.71	NA	0.32	TRSPX
<i>S&amp;P 500 Index</i>	<i>12.59</i>	<i>12.59</i>	<i>8.54</i>	<i>23.42</i>	<i>2.01</i>	<i>4.12</i>		
<b>Large Growth</b>								
MainStay Large Cap Growth I	17.26	17.26	8.91	23.76	6.90	6.26	0.82	MLAIX
<i>Russell 1000 Growth</i>	<i>14.69</i>	<i>14.69</i>	<i>11.02</i>	<i>25.28</i>	<i>5.10</i>	<i>4.28</i>		
<b>Small Value</b>								
Northern Small Cap Value	10.54	10.54	3.16	25.95	2.40	7.88	1.00	NOSGX
<i>Russell 2000 Value</i>	<i>11.59</i>	<i>11.59</i>	<i>-1.07</i>	<i>25.36</i>	<i>0.01</i>	<i>6.59</i>		
<b>Small Blend</b>								
TIAA-CREF Small Blend Idx Ret	12.39	12.39	-0.40	26.46	1.92	NA	0.40	TRBIX
<i>Russell 2000</i>	<i>12.44</i>	<i>12.44</i>	<i>-0.18</i>	<i>26.90</i>	<i>2.13</i>	<i>6.45</i>		
<b>Small Growth</b>								
Hartford Small Company HLS IB	16.38	16.38	0.21	26.14	2.96	7.19	0.98	HDMBX
<i>Russell 2000 Growth</i>	<i>13.28</i>	<i>13.28</i>	<i>0.68</i>	<i>28.36</i>	<i>4.15</i>	<i>6.00</i>		
<b>Direct Real Estate</b>								
TIAA Real Estate	3.26	3.26	12.82	1.44	-2.12	4.21	1.01	NA
<i>NCREIF Fund Index - ODCE</i>	<i>2.82</i>	<i>2.82</i>	<i>14.66</i>	<i>4.17</i>	<i>-0.41</i>	<i>6.43</i>		
<b>International Large Cap</b>								
American Funds EuroPacific Gr R4	12.27	12.27	-6.25	17.04	0.27	7.59	0.85	REREX
<i>S&amp;P Developed x U.S. LargeMid Cap</i>	<i>10.56</i>	<i>10.56</i>	<i>-6.15</i>	<i>18.71</i>	<i>-1.85</i>	<i>6.84</i>		

As of March 30, 2012

# Pacific Lutheran University 403(b) Retirement Plan-Core Funds

	Qtr	YTD	Annualized Returns				10 Yrs	Expense Ratio (%)	Ticker
			1 Yr	3 Yrs	5 Yrs				
<b>Target Date Funds</b>									
T. Rowe Price Retirement 2005	6.80	6.80	4.82	16.18	4.19	NA	0.58	TRRFX	
T. Rowe Price Retirement 2010	7.92	7.92	4.69	17.95	3.77	NA	0.61	TRRAX	
T. Rowe Price Retirement 2015	9.24	9.24	4.58	19.68	3.59	NA	0.65	TRRGX	
T. Rowe Price Retirement 2020	10.37	10.37	4.35	21.15	3.24	NA	0.69	TRRBX	
T. Rowe Price Retirement 2025	11.40	11.40	4.09	22.28	2.94	NA	0.72	TRRHX	
T. Rowe Price Retirement 2030	12.27	12.27	3.89	23.15	2.71	NA	0.74	TRRCX	
T. Rowe Price Retirement 2035	12.86	12.86	3.60	23.64	2.55	NA	0.76	TRRJX	
T. Rowe Price Retirement 2040	13.10	13.10	3.62	23.71	2.58	NA	0.76	TRRDY	
T. Rowe Price Retirement 2045	13.15	13.15	3.68	23.68	2.61	NA	0.76	TRRKX	
T. Rowe Price Retirement 2050	13.08	13.08	3.74	23.69	2.58	NA	0.76	TRRMX	
T. Rowe Price Retirement 2055	13.13	13.13	3.74	23.76	2.57	NA	0.76	TRRNX	
T. Rowe Price Retirement Income	6.18	6.18	4.57	14.30	4.30	NA	0.56	TRRIX	

# Pacific Lutheran University 403(b) Retirement Plan - Legacy Assets

	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	0.00	1.23	1.79	0.42	NA
<i>Merrill Lynch 3-Month T-Bill</i>	<i>0.01</i>	<i>0.01</i>	<i>0.06</i>	<i>0.13</i>	<i>1.23</i>	<i>1.91</i>		
<b>Intermediate Bond</b>								
CREF Bond Market	0.82	0.82	7.21	7.02	5.44	5.34	0.44	NA
PIMCO Total Return Admin	2.81	2.81	5.73	9.09	8.07	6.77	0.71	PTRAX
<i>Barclays Capital Aggregate Bond</i>	<i>0.30</i>	<i>0.30</i>	<i>7.71</i>	<i>6.83</i>	<i>6.25</i>	<i>5.80</i>		
<b>Inflation Protected Bond</b>								
CREF Inflation-Linked Bond	0.68	0.68	11.73	8.27	7.09	7.03	0.44	NA
TIAA-CREF Infl Link Bd Ret	0.69	0.69	11.73	8.15	6.95	NA	0.54	TIKRX
<i>Barclays Capital US TIPS</i>	<i>0.86</i>	<i>0.86</i>	<i>12.20</i>	<i>8.74</i>	<i>7.60</i>	<i>7.51</i>		
<b>Moderate Allocation</b>								
CREF Social Choice	6.95	6.95	5.75	16.81	3.42	5.03	0.43	NA
<i>60%/40% Index</i>	<i>7.84</i>	<i>7.84</i>	<i>8.26</i>	<i>17.69</i>	<i>4.51</i>	<i>5.67</i>		
<b>Large Value</b>								
T. Rowe Price Equity-Income Adv	11.17	11.17	4.30	23.31	0.71	4.50	0.93	PAFDX
TIAA-CREF Large Cap Value Ret	13.04	13.04	0.75	23.42	-0.83	NA	0.72	TRLGX
TIAA-CREF Lg Cp Val Idx Ret	11.04	11.04	4.53	22.44	-1.07	NA	0.33	TRCVX
<i>Russell 1000 Value</i>	<i>11.12</i>	<i>11.12</i>	<i>4.79</i>	<i>22.82</i>	<i>-0.81</i>	<i>4.58</i>		
<b>Large Blend</b>								
CREF Equity Index	12.74	12.74	6.78	23.76	1.79	4.27	0.42	NA
CREF Stock	13.35	13.35	2.26	22.57	0.95	4.74	0.47	NA
TIAA-CREF Equity Index Ret	12.77	12.77	6.81	23.81	1.91	4.49	0.32	TIQRX
TIAA-CREF Growth & Income Ret	14.25	14.25	9.60	22.10	4.77	5.40	0.72	TRGIX
TIAA-CREF S&P 500 Index Ret	12.43	12.43	8.16	22.97	1.71	NA	0.32	TRSPX
TIAA-CREF Soc Choice Eq Ret	11.41	11.41	6.05	23.61	2.07	4.52	0.44	TRSCX
<i>S&amp;P 500 Index</i>	<i>12.59</i>	<i>12.59</i>	<i>8.54</i>	<i>23.42</i>	<i>2.01</i>	<i>4.12</i>		
<b>Large Growth</b>								
CREF Growth	15.48	15.48	10.06	24.09	4.97	3.49	0.45	NA
MainStay Large Cap Growth I	17.26	17.26	8.91	23.76	6.90	6.26	0.82	MLAIX
TIAA-CREF Large Gr Idx Ret	14.55	14.55	10.62	24.86	4.75	NA	0.33	TRIRX
<i>Russell 1000 Growth</i>	<i>14.69</i>	<i>14.69</i>	<i>11.02</i>	<i>25.28</i>	<i>5.10</i>	<i>4.28</i>		
<b>Mid Cap Value</b>								
TIAA-CREF MidCap Value Ret	12.08	12.08	2.22	25.89	1.54	NA	0.71	TRVRX
<i>Russell Midcap Value</i>	<i>11.41</i>	<i>11.41</i>	<i>2.28</i>	<i>29.18</i>	<i>1.26</i>	<i>8.02</i>		
<b>Mid Cap Growth</b>								
TIAA-CREF MidCap Growth Ret	17.36	17.36	1.95	29.03	4.87	NA	0.74	TRGMX
<i>Russell Midcap Growth</i>	<i>14.52</i>	<i>14.52</i>	<i>4.43</i>	<i>29.16</i>	<i>4.44</i>	<i>6.92</i>		

As of March 30, 2012

# Pacific Lutheran University 403(b) Retirement Plan - Legacy Assets

	Qtr	YTD	Annualized Returns				Expense Ratio (%)	Ticker
			1 Yr	3 Yrs	5 Yrs	10 Yrs		
<b>Small Value</b>								
Northern Small Cap Value	10.54	10.54	3.16	25.95	2.40	7.88	1.00	NOSGX
<i>Russell 2000 Value</i>	<i>11.59</i>	<i>11.59</i>	<i>-1.07</i>	<i>25.36</i>	<i>0.01</i>	<i>6.59</i>		
<b>Small Blend</b>								
TIAA-CREF Small Blend Idx Ret	12.39	12.39	-0.40	26.46	1.92	NA	0.40	TRBIX
TIAA-CREF Small Cap Equity Ret	13.03	13.03	-0.07	27.07	1.42	NA	0.78	TRSEX
<i>Russell 2000</i>	<i>12.44</i>	<i>12.44</i>	<i>-0.18</i>	<i>26.90</i>	<i>2.13</i>	<i>6.45</i>		
<b>Small Growth</b>								
Hartford Small Company HLS IB	16.38	16.38	0.21	26.14	2.96	7.19	0.98	HDMBX
<i>Russell 2000 Growth</i>	<i>13.28</i>	<i>13.28</i>	<i>0.68</i>	<i>28.36</i>	<i>4.15</i>	<i>6.00</i>		
<b>Real Estate</b>								
TIAA-CREF Real Estate Ret	11.91	11.91	11.96	42.33	-0.85	NA	0.82	TRRSX
<i>DJ US Select Real Estate Secs Index</i>	<i>10.88</i>	<i>10.88</i>	<i>13.17</i>	<i>44.62</i>	<i>-0.90</i>	<i>10.29</i>		
<b>Direct Real Estate</b>								
TIAA Real Estate	3.26	3.26	12.82	1.44	-2.12	4.21	1.01	NA
<i>NCREIF Fund Index - ODCE</i>	<i>2.82</i>	<i>2.82</i>	<i>14.66</i>	<i>4.17</i>	<i>-0.41</i>	<i>6.43</i>		
<b>International Large Cap</b>								
American Funds EuroPacific Gr R4	12.27	12.27	-6.25	17.04	0.27	7.59	0.85	REREX
TIAA-CREF Intl Eq Ret	18.75	18.75	-9.40	19.11	-4.45	5.57	0.78	TRERX
TIAA-CREF Intl Equity Idx Ret	11.44	11.44	-5.49	16.89	-3.59	NA	0.34	TRIEX
<i>S&amp;P Developed x U.S. LargeMid Cap</i>	<i>10.56</i>	<i>10.56</i>	<i>-6.15</i>	<i>18.71</i>	<i>-1.85</i>	<i>6.84</i>		
<b>World Stock</b>								
CREF Global Equities	13.64	13.64	0.43	20.76	-0.50	4.46	0.49	NA
<i>S&amp;P Developed BMI</i>	<i>12.02</i>	<i>12.02</i>	<i>0.29</i>	<i>22.10</i>	<i>0.16</i>	<i>6.06</i>		