Pacific Lutheran University
Retirement Fund Advisory Committee
Participant Communications

Announcements

The retirement fund advisory committee met in November 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.

All investment options are performing at satisfactory levels. No funds are currently on a watch list and no fund changes are currently planned.

Current Stock Market and Bond Market Performance

The U.S. economy continued to modestly improve with strong 2nd quarter GDP growth and lessening unemployment. The S&P 500 Index reached multiple all-time highs during the quarter, but an early August sell-off gave back much of the gains. Overall, the Index only gained 1.13% during the quarter. Positive results in large cap stocks masked overall weakness in the U.S. equity market as mid- and small-cap stocks posted losses during the quarter.

International stocks underperformed the U.S. market during the quarter as weakness in Europe had the double effect of hurting European equities and strengthening the U.S. dollar. Japan posted better results, but a strengthening dollar erased all of the local gains.

Fixed income markets were basically flat as the Fed continued to signal an end to their bond buying program in October. Even with the conclusion of that program, it is unlikely that rates will rise as inflation is modest and global growth has been weak. Within fixed income, the spread sectors underperformed during the quarter while the broad Barclays U.S. Aggregate Bond Index was up only 0.17%

Core Investment Funds

All core funds are currently 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.

	Qtr	YTD	Annualized Returns 1 Yr	3 Yrs	5 Yrs	10 Yrs	Expense Ratio (%)	Ticker
Target Date 2051+								
T. Rowe Price Retirement 2055	-1.82	4.10	12.45	18.91	12.82	N/A	0.76	TRRNX
S&P Target Date 2055+	*-2.41*	*3.49*	*11.41*	*17.90*	*11.98*	*NA*		
Target Date 2046-2050								
T. Rowe Price Retirement 2050	-1.80	4.13	12.43	18.95	12.82	N/A	0.76	TRRMX
S&P Target Date 2050+	*-2.35*	*3.52*	*11.17*	*17.54*	*11.77*	*NA*		
Target Date 2041-2045								
T. Rowe Price Retirement 2045	-1.81	4.10	12.43	18.94	12.83	N/A	0.76	TRRKX
S&P Target Date 2045	*-2.25*	*3.54*	*10.86*	*17.09*	*11.61*	*NA*		
Target Date 2036-2040								
T. Rowe Price Retirement 2040	-1.81	4.14	12.47	18.97	12.83	8.18	0.76	TRRDX
S&P Target Date 2040	*-2.14*	*3.58*	*10.59*	*16.55*	*11.37*	*7.03*		
Target Date 2031-2035								
T. Rowe Price Retirement 2035	-1.80	4.12	12.15	18.49	12.61	8.06	0.75	TRRJX
S&P Target Date 2035	*-2.01*	*3.60*	*10.25*	*15.86*	*11.04*	*6.90*		
Target Date 2026-2030								
T. Rowe Price Retirement 2030	-1.67	4.20	11.78	17.68	12.23	8.01	0.73	TRRCX
S&P Target Date 2030	*-1.85*	*3.61*	*9.72*	*14.94*	*10.57*	*6.79*		
Target Date 2021-2025								
T. Rowe Price Retirement 2025	-1.60	4.16	11.15	16.44	11.60	7.73	0.70	TRRHX
S&P Target Date 2025	*-1.67*	*3.60*	*9.13*	*13.73*	*10.00*	*6.62*		
Target Date 2016-2020								
T. Rowe Price Retirement 2020	-1.53	4.12	10.33	15.07	10.90	7.47	0.67	TRRBX
S&P Target Date 2020	*-1.41*	*3.63*	*8.56*	*12.41*	*9.31*	*6.33*		
Target Date 2011-2015								
T. Rowe Price Retirement 2015	-1.39	4.05	9.47	13.45	10.03	7.16	0.63	TRRGX
S&P Target Date 2015	*-1.19*	*3.58*	*7.74*	*10.86*	*8.47*	*5.98*		
Target Date 2000-2010								
T. Rowe Price Retirement 2010	-1.28	3.98	8.49	11.66	9.01	6.74	0.59	TRRAX
T. Rowe Price Retirement 2005	-1.25	3.87	7.69	10.30	8.20	6.47	0.59	TRRFX
S&P Target Date 2010	*-0.95*	*3.37*	*6.74*	*9.05*	*7.49*	*5.52*		
Money Market-Taxable								
CREF Money Market	0.00	0.00	0.00	0.00	0.00	1.53	0.40	N/A
BofA ML 3-Month T-Bill	*0.01*	*0.03*	*0.05*	*0.07*	*0.10*	*1.59*		
Intermediate-term Bond								
Prudential Total Return Bond Q	0.07	5.24	6.01	5.23	6.90	6.02	0.46	PTRQX
Barclays Capital Aggregate Bond	*0.17*	*4.10*	*3.96*	*2.43*	*4.12*	*4.62*		

As of September 30, 2014

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	Qtr	YTD	Annualized Returns 1 Yr	3 Yrs	5 Yrs	10 Yrs	Expense Ratio (%)	Ticker
Inflation-Protected Bond								
TIAA-CREF Inflation Linked Bd Instl	-2.05	3.51	1.39	1.05	4.27	4.35	0.27	TIILX
Barclays Capital US TIPS	*-2.04*	*3.67*	*1.59*	*1.34*	*4.48*	*4.64*		
Conservative Allocation								
T. Rowe Price Retirement Income	-1.23	3.34	6.86	9.28	7.36	5.93	0.57	TRRIX
40%/60% Index	*0.10*	*5.24*	*9.41*	*10.49*	*9.03*	*6.56*		
Moderate Allocation								
CREF Social Choice	-0.90	4.70	9.92	13.05	9.89	6.45	0.41	N/A
60%/40% Index	*0.07*	*5.81*	*12.17*	*14.62*	*11.37*	*7.33*		
Large Value								
T. Rowe Price Equity-Income	-1.68	4.34	13.44	21.16	13.84	7.46	0.67	PRFDX
Russell 1000 Value	*-0.19*	*8.07*	*18.89*	*23.93*	*15.26*	*7.84*		
Large Blend								
Vanguard Total Stock Mkt Idx Adm	-0.03	6.95	17.76	23.06	15.83	8.61	0.05	VTSAX
Vanguard 500 Index Adm	1.12	8.31	19.68	22.95	15.67	8.10	0.05	VFIAX
CREF Stock	-1.82	3.96	13.11	19.53	12.47	7.52	0.46	N/A
S&P 500 Index	*1.13*	*8.34*	*19.73*	*22.99*	*15.70*	*8.11*		
Large Growth								
MainStay Large Cap Growth I	1.68	4.90	16.49	21.20	15.17	9.98	0.77	MLAIX
Russell 1000 Growth	*1.49*	*7.89*	*19.15*	*22.45*	*16.50*	*8.94*		
Small Value								
Northern Small Cap Value	-7.55	-3.37	6.37	20.60	14.03	8.43	1.01	NOSGX
Russell 2000 Value	*-8.58*	*-4.74*	*4.13*	*20.61*	*13.02*	*7.25*		
Small Blend								
Vanguard Small Cap Index Adm	-5.49	0.61	9.51	23.55	16.26	9.84	0.09	VSMAX
Russell 2000	*-7.36*	*-4.41*	*3.93*	*21.26*	*14.29*	*8.19*		
Small Growth								
Hartford Small Company HLS IA	-4.42	-0.04	9.20	22.28	16.13	10.60	0.71	HIASX
Russell 2000 Growth	*-6.13*	*-4.05*	*3.79*	*21.91*	*15.51*	*9.03*		
Foreign Large Blend								
American Funds EuroPacific Gr R6	-4.21	-0.67	6.98	14.44	7.13	8.47	0.49	RERGX
MSCI World ex USA Large Cap	*-5.36*	*-0.18*	*5.70*	*13.83*	*6.86*	*6.85*		
Direct Real Estate								
TIAA Real Estate	2.32	8.19	9.94	10.23	9.68	4.73	0.92	
NCREIF Fund Index - ODCE	*1.23*	*6.82*	*10.21*	*11.59*	*11.97*	*6.94*		

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