



# DEFERRED COMPENSATION COUNCIL

Investment Structure Recommendations | 3.23.2016

# Discussion Topics

- Final investment recommendation to the DCC
- Next steps: Send DCC approved strategy to record keeper to begin the contracting and implementation phase

# Recommended Structure

## Analysis

- **Tier 1:** Target Date Investments as a default offer professional asset allocation to all employees without the additional costs associated with Managed Accounts.
- **Tier 2:** A simple investment array including a stable value fund and a managed account option gives those employees who desire the opportunity to have a professionally managed account or to simply choose the funds themselves.
- **Tier 3:** Brokerage Windows give those employees who desire specific investments or a large fund offering the ability to choose from over 10,000 options.

# Recommended Investment Structure

## TIER 1 | DEFAULT INVESTMENT OPTION

Target Date Funds

## TIER 2 | STREAMLINED ARRAY\*

Stable Value

Fixed Income

U.S. Equity

Int'l Equity

Alternative

Intermediate Bond

Large Value

Foreign Large Blend

Real Estate

World Bond

Large Blend

Large Growth

Mid Blend

Mid Growth

Small Blend

## TIER 3 | SELF-DIRECTED BROKERAGE

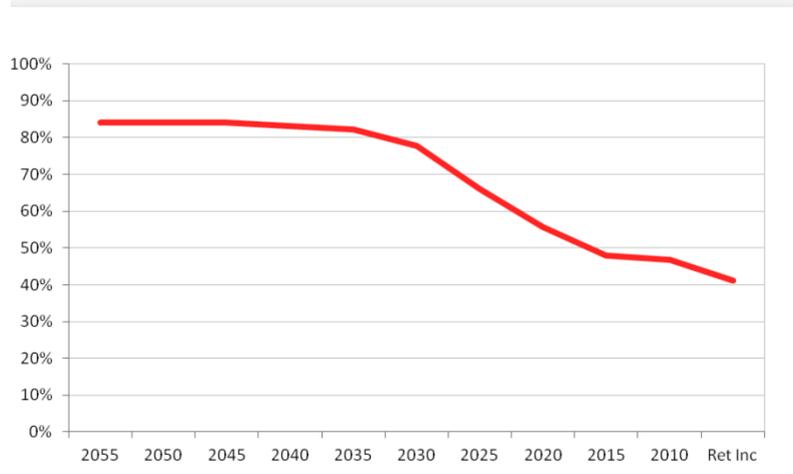
\*Managed Account service will use options offered under Tier 2

# Proposed Tier 1 Investment Array

## OBJECTIVE

There are 10 American Funds Target Date Retirement Funds which allow participants to choose the time horizon that works best for their specific financial goals consistent with the approximate retirement year in the fund's name. These funds automatically rebalance their holdings over time, shifting from more aggressive investments early to more conservative investments as the target date nears.

## GLIDE PATH



## BASIC CHARACTERISTICS

Series Name	American Funds Target Date Ret.
Fund Inception Date	2007
Fund Oversight	Alan N. Berro, James Lovelace
Structure	Proprietary Fund of Funds
Investment Style	Active
Number of Asset Classes	9
Glide Path End Age – Traditional Classification	95 - Through Retirement
Glide Path Max Equity	84.1%
Glide Path Equity At Age 65	47.9%
Glide Path Equity At Landing Point	30.3%

PRESERVATION OF CAPITAL			EXTENSION OF CAPITAL		
Target date series are managed with a more conservative approach to maximize downside			Target date series are managed with a more aggressive approach to alleviate longevity risk		
Conservative	Moderate	Aggressive	Conservative	<b>Moderate</b>	Aggressive

Most Conservative



Most Aggressive

Data Source: Morningstar as of 12/31/2015

# Proposed Tier 2 Investment Array

## CAPITAL PRESERVATION

### FIXED/STABLE

Stable Value

### MONEY MARKET

Vanguard Federal Money Market

## CORE AND DIVERSIFYING FIXED INCOME

### INTERMEDIATE

PIMCO Total Return

Vanguard Interm-Term Bond

### WORLD

Templeton Global Bond

### HIGH YIELD

### EMERGING MARKETS

## DOMESTIC EQUITY

### LARGE VALUE

American Funds Washington Mutual

### LARGE BLEND

Vanguard 500 Index

### LARGE GROWTH

T. Rowe Price Blue Chip Growth

### MID VALUE

### MID BLEND

Vanguard Extended Market

### MID GROWTH

ClearBridge Mid Cap Growth

### SMALL VALUE

### SMALL BLEND

JPMorgan US Small Company

### SMALL GROWTH

## INTERNATIONAL/GLOBAL EQUITY

### FOREIGN LARGE CAP

Lazard International Equity

Vanguard Total Stock Index

### FOREIGN SMID

### EMERGING MARKETS STOCK

### WORLD STOCK

## INFLATION HEDGE

### INFLATION PROTECTED BOND

### REAL ESTATE/REIT

TIAA-CREF Real Estate Sec

### COMMODITY

# Proposed Tier 2 Investment Array (Active Investments)

Fund Category	Fund Name	Ticker	Manager Tenure	Performance vs. Index			Category Ranking			Risk	Risk Adj Return	R-Squared	Expense Ratio vs. Peers	Overall Mstar Rating	Status
				3 Yr	5 Yr	10 Yr	3 Yr	5 Yr	10 Yr						
Intermediate-Term Bond	PIMCO Total Return Instl	PTTRX	✘	✓	✓	✓	✓	✓	✓	✘	✘	✓	✓	****	Not on Watch
World Bond	Templeton Global Bond R6	FBNRX	✓	✓	✓	✓	✓	✓	✓	✘	✓	✘	✓	****	Not on Watch
Large Value	American Funds Washington Mutual R6	RWMGX	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	*****	Not on Watch
Large Growth	T. Rowe Price Blue Chip Growth I	TBCIX	✓	✓	✓	✓	✓	✓	✓	✘	✓	✓	✓	*****	Not on Watch
Mid-Cap Growth	ClearBridge Mid Cap Growth IS	LCMIX	✓	✓	✓	NA	✓	✓	NA	✘	✓	✓	✓	****	Not on Watch
Small Blend	JPMorgan US Small Company R6	JUSMX	✓	✓	✓	✓	✓	✓	✓	✘	✓	✓	✓	*****	Not on Watch
Foreign Large Blend	Lazard International Equity R6	RLIEX	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	****	Not on Watch
Real Estate	TIAA-CREF Real Estate Sec Instl	TIREX	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	***	Not on Watch

Data Source: Morningstar as of 12/31/2015

# Proposed Tier 3: Self-Directed Brokerage Account

## Overview

*Self-Directed Brokerage Accounts (SDBA), also called “Brokerage Windows,” may be offered in employer sponsored retirement plans and provide a participant with the opportunity to allocate their contributions to investments not otherwise offered in the plan’s array.*

- There are distinct differences in what investment types/vehicles are allowed for each plan type under IRC code. This requires additional education to participants who participate in multiple plans:
  - 457(b) & 401(a): Individual stocks and bonds, exchange traded funds (ETFs) and mutual funds are available. Variable annuities are not offered.
  - 403(b): Only mutual funds are available. Variable annuities, individual stocks/bonds, or ETFs are not offered.
- Fees (e.g. annual participant and trading costs) apply and vary by recordkeeper/third party provider. Fees are expected to be approximately \$50/year annual fee as well as applicable brokerage account transaction fees
- Communication and education of the service (e.g. enrollment materials, Summary Plan Description) is a necessity to ensure that the participant is aware of the costs and risks associated with the service
- The plans’ Investment Policy Statement should contain language that documents the oversight of investments purchased through the window.

## Current Usage

- A self directed brokerage window is currently offered in the 457(b) and 401(a) plans. As of 3/31/2015, assets were approximately \$10M (2% of plan assets) and \$50k (<1% of plan assets), respectively.

# Managed Account Service

## Overview

*A Managed Account is a service that provides participants with the option to have their retirement account managed professionally by a third party utilizing the Tier 2 investment array.*

Some of the differentiating characteristics of Managed Accounts include:

- Factors unique to the participant are considered: the service will consider factors like risk tolerance, anticipated date of retirement, and life expectancy when creating a custom asset allocation and glide path for the participant.
  - Theoretically, each participant can have a unique asset allocation and glide path based on the Tier 2 array.
- Fee structure: a management fee is charged on top of the expense ratios of the underlying funds either as an explicit fee, generally paid in flat dollar or tiered depending on assets.
  - We anticipate the cost of the managed account to be 50 bps. 50% of this fee (25 bps) will go to the vendor and 50% will go to the managed account provider.
- Governed by a Managed Account Agreement (MAA) which sets forth the terms and conditions that will apply to the managed account service. Items detailed in the MAA include:
  - Fees charged for the service. These fees are generally non-negotiable and apply to a vendor's entire book of business.
  - The types of investment vehicles that are allowed to be used in managing the account
  - Other rules and procedures that govern the Managed Account

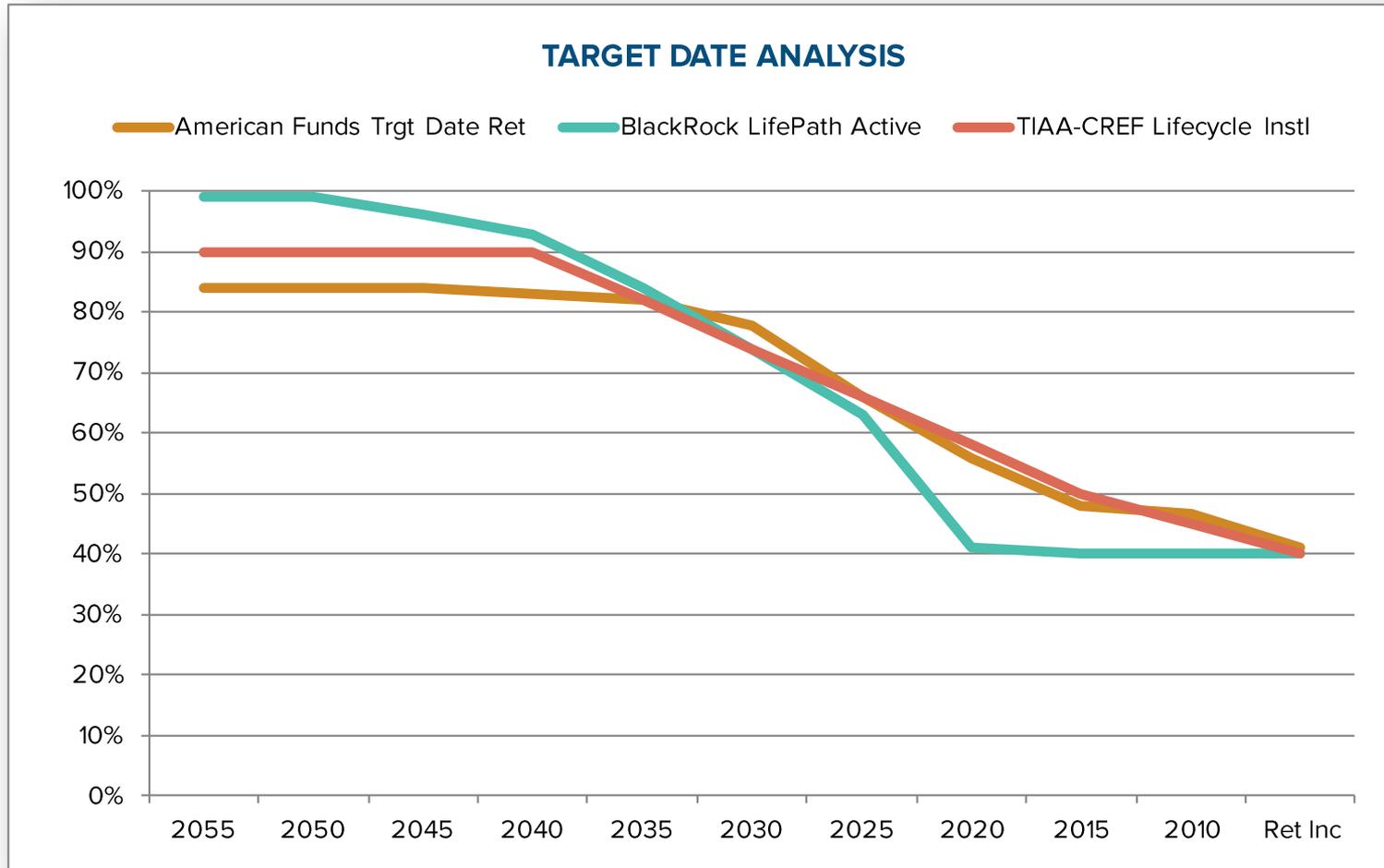
# Next Steps

- Next Steps
  - Send DCC approved strategy to record keeper to begin the contracting and implementation phase.

# APPENDIX

# Target Date Comparison

## Glidepath Analysis



Data Source: Morningstar as of 12/31/2015

# Target Date Comparison

## Annual Performance

Target Date Series	Ticker	Category	2015	2014	2013	2012	2011	2010	2009	2008	2007
BlackRock LifePath® Retirement K	LPSAX	Retirement Income	-1.28	5.24	6.54	9.03	4.26	9.83	18.53	-14.95	4.5
TIAA-CREF Lifecycle Retire Inc Instl	TLRIX	Retirement Income	0.25	4.53	9.85	11.51	2.78	10.69	16.33	-17.26	-

Target Date Series	Ticker	Category	2015	2014	2013	2012	2011	2010	2009	2008	2007
American Funds 2010 Trgt Date Retire R6	RFTTX	Target Date 2000-2010	-0.84	6.79	12.55	10.51	3.71	9.98	23.5	-27.45	-
TIAA-CREF Lifecycle 2010 Instl	TCTIX	Target Date 2000-2010	0.38	4.59	12	12.67	1.69	11.84	19.52	-23.33	9.53

Target Date Series	Ticker	Category	2015	2014	2013	2012	2011	2010	2009	2008	2007
American Funds 2015 Trgt Date Retire R6	RFJTX	Target Date 2011-2015	-0.62	6.64	15.72	11.58	2.31	10.21	24.75	-29.08	-
BlackRock LifePath® Active Retire K	BIPBX	Target Date 2011-2015	-1.6	4.67	10.87	12.94	0.48	13.4	25.47	-25.51	-
TIAA-CREF Lifecycle 2015 Instl	TCNIX	Target Date 2011-2015	0.42	4.78	13.96	13.47	0.74	12.69	21.55	-26.78	9.71

Target Date Series	Ticker	Category	2015	2014	2013	2012	2011	2010	2009	2008	2007
American Funds 2020 Trgt Date Retire R6	RRCTX	Target Date 2016-2020	0.19	6.74	18.71	12.98	1.1	11.3	26.95	-32.46	-
BlackRock LifePath® Active 2020 K	BIPCX	Target Date 2016-2020	-1.51	4.56	13.33	13.38	0.03	13.68	26.37	-28.09	-
TIAA-CREF Lifecycle 2020 Instl	TCWIX	Target Date 2016-2020	0.42	4.86	16.5	14.62	-0.29	13.45	23.37	-30.1	9.39

Target Date Series	Ticker	Category	2015	2014	2013	2012	2011	2010	2009	2008	2007
American Funds 2025 Trgt Date Retire R6	RFDTX	Target Date 2021-2025	0.13	6.66	23.76	15.58	-0.97	12.68	29.6	-34.75	-
BlackRock LifePath® Active 2025 K	BIPDX	Target Date 2021-2025	-1.8	5.04	15.7	13.65	-0.4	13.67	26.91	-30.69	-
TIAA-CREF Lifecycle 2025 Instl	TCYIX	Target Date 2021-2025	0.36	4.87	19.33	15.6	-1.29	13.99	25.4	-33.29	9.46

Target Date Series	Ticker	Category	2015	2014	2013	2012	2011	2010	2009	2008	2007
American Funds 2030 Trgt Date Retire R6	RFETX	Target Date 2026-2030	0.47	7.06	25.64	16.49	-1.82	13.15	31.08	-35.19	-
BlackRock LifePath® Active 2030 K	BIPEX	Target Date 2026-2030	-1.76	4.32	17.73	13.81	-1.32	13.9	28.99	-33.9	-
TIAA-CREF Lifecycle 2030 Instl	TCRIX	Target Date 2026-2030	0.38	4.71	22.07	16.53	-2.32	14.74	27.01	-36.39	9.63

Data Source: Morningstar as of 12/31/2015



# Target Date Comparison

## Annual Performance

Target Date Series	Ticker	Category	2015	2014	2013	2012	2011	2010	2009	2008	2007
American Funds 2035 Trgt Date Retire R6	RFFTX	Target Date 2031-2035	0.59	7.02	25.97	16.64	-2.13	13.06	31.66	-35.53	-
BlackRock LifePath® Active 2035 K	BIPGX	Target Date 2031-2035	-2.57	4.31	19.44	14.07	-2.59	14.36	28.62	-35.58	-
TIAA-CREF Lifecycle 2035 Instl	TCIIX	Target Date 2031-2035	0.24	4.67	24.76	17.32	-3.37	15.26	28.65	-38.04	10.06

Target Date Series	Ticker	Category	2015	2014	2013	2012	2011	2010	2009	2008	2007
American Funds 2040 Trgt Date Retire R6	RF GTX	Target Date 2036-2040	0.58	6.96	26.66	16.71	-2.28	13.01	31.78	-35.62	-
BlackRock LifePath® Active 2040 K	BIPHX	Target Date 2036-2040	-2.36	4.31	20.89	14.18	-2.65	14.48	29.02	-35.61	-
TIAA-CREF Lifecycle 2040 Instl	TCOIX	Target Date 2036-2040	0.09	4.63	26.33	17.52	-3.58	15.45	28.64	-37.93	10.48

Target Date Series	Ticker	Category	2015	2014	2013	2012	2011	2010	2009	2008	2007
American Funds 2045 Trgt Date Retire R6	RFHTX	Target Date 2041-2045	0.64	7.09	26.51	16.8	-2.29	12.98	31.72	-35.56	-
BlackRock LifePath® Active 2045 K	BIPJX	Target Date 2041-2045	-2.45	3.76	22.44	15.11	-2.39	13.94	28.73	-34.97	-
TIAA-CREF Lifecycle 2045 Instl	TTFIX	Target Date 2041-2045	0.13	4.61	26.25	17.56	-3.63	15.4	28.57	-38.75	-

Target Date Series	Ticker	Category	2015	2014	2013	2012	2011	2010	2009	2008	2007
American Funds 2050 Trgt Date Retire R6	RFITX	Target Date 2046-2050	0.65	7.02	26.65	16.72	-2.28	13.07	31.71	-35.62	-
BlackRock LifePath® Active 2050 K	BIPKX	Target Date 2046-2050	-2.36	3.78	23.9	14.61	-2.71	14.44	28.62	-37.28	-
TIAA-CREF Lifecycle 2050 Instl	TFTIX	Target Date 2046-2050	0.18	4.59	26.25	17.53	-3.56	15.32	28.35	-38.76	-

Target Date Series	Ticker	Category	2015	2014	2013	2012	2011	2010	2009	2008	2007
American Funds 2055 Trgt Date Retire R6	RFKTX	Target Date 2051+	0.63	7.01	26.59	16.76	-2.29	-	-	-	-
American Funds 2060 Trgt Date Retire R6	RFUTX	Target Date 2051+	-	-	-	-	-	-	-	-	-
BlackRock LifePath® Active 2055 K	BIPLX	Target Date 2051+	-1.99	3.73	-	-	-	-	-	-	-
TIAA-CREF Lifecycle 2055 Instl	TTRIX	Target Date 2051+	0.13	4.58	26.24	17.65	-	-	-	-	-
TIAA-CREF Lifecycle 2060 Institutional	TLXNX	Target Date 2051+	0.19	-	-	-	-	-	-	-	-

Data Source: Morningstar as of 12/31/2015



# Proposed Tier 1 Investment Array Performance

Peergroup/ Investment Name	Ticker	Manager Tenure	Total Return(% rank in peergroup)						Risk	Risk Adj Return	R-Squared	Expense Ratio vs-Peers	Overall Mstar Rating
			Qtr	YTD	1 Year	3 Year	5 Year	10 Year					
<b>Target Date 2000-2010</b>													
American Funds 2010 Trgt Date Retire R6	RFTTX	8.92	2.23	-0.84	-0.84	6.02	6.43	-	5.54	1.07	69.75	0.36	5
Category Average			1.89	-0.34	-0.34	5.23	5.71	5.07	5.24	0.99	71.99	0.30	4
DJ Target 2010 TR USD			0.42	-0.72	-0.72	2.14	3.45	4.40	3.30	0.64	100	-	-
<b>Target Date 2011-2015</b>													
American Funds 2015 Trgt Date Retire R6	RFJTX	8.92	2.35	-0.62	-0.62	7.04	6.96	-	5.98	1.16	78.66	0.36	5
Category Average			2.29	-0.35	-0.35	6.04	6.16	5.25	5.91	1.01	80.21	0.31	4
DJ Target 2015 TR USD			0.61	-0.97	-0.97	2.96	3.97	4.52	3.79	0.77	100	-	-
<b>Target Date 2016-2020</b>													
American Funds 2020 Trgt Date Retire R6	RRCTX	8.92	3.04	0.19	0.19	8.28	7.72	-	6.73	1.21	87.89	0.37	5
Category Average			2.51	-0.54	-0.54	6.24	6.34	4.51	6.33	0.97	90.07	0.46	3
DJ Target 2020 TR USD			1.11	-1.04	-1.04	4.19	4.74	4.88	4.65	0.89	100	-	-
<b>Target Date 2021-2025</b>													
American Funds 2025 Trgt Date Retire R6	RFDTX	8.92	3.51	0.13	0.13	9.75	8.63	-	7.81	1.23	92.28	0.40	5
Category Average			3.19	-0.39	-0.39	7.88	7.26	5.36	7.53	1.04	93.52	0.32	4
DJ Target 2025 TR USD			1.75	-1.11	-1.11	5.47	5.52	5.26	5.75	0.95	100	-	-
<b>Target Date 2026-2030</b>													
American Funds 2030 Trgt Date Retire R6	RFETX	8.92	4.41	0.47	0.47	10.56	9.10	-	8.70	1.19	94.48	0.41	5
Category Average			3.58	-0.67	-0.67	7.90	7.26	4.52	8.09	0.97	95.90	0.48	3
DJ Target 2030 TR USD			2.50	-1.21	-1.21	6.71	6.21	5.57	6.97	0.96	100	-	-

Data Source: Morningstar as of 12/31/2015

# Proposed Tier 1 Investment Array Performance

Peergroup/ Investment Name	Ticker	Manager Tenure	Total Return(% rank in peergroup)						Risk	Risk Adj Return	R-Squared	Expense Ratio vs-Peers	Overall Mstar Rating
			Qtr	YTD	1 Year	3 Year	5 Year	10 Year					
<b>Target Date 2031-2035</b>													
American Funds 2035 Trgt Date Retire R6	RFFTX	8.92	4.86	0.59	0.59	10.69	9.13	-	9.06	1.16	95.64	0.42	5
Category Average			4.24	-0.57	-0.57	9.17	7.95	5.56	9.11	1.00	96.70	0.33	4
DJ Target 2035 TR USD			3.14	-1.61	-1.61	7.67	6.72	5.79	8.13	0.94	100	-	-
<b>Target Date 2036-2040</b>													
American Funds 2040 Trgt Date Retire R6	RFGTX	8.92	4.97	0.58	0.58	10.87	9.22	-	9.25	1.16	96.24	0.42	5
Category Average			4.36	-0.77	-0.77	8.90	7.75	4.70	9.28	0.96	97.07	0.49	3
DJ Target 2040 TR USD			3.64	-1.94	-1.94	8.36	7.10	5.97	9.03	0.93	100	-	-
<b>Target Date 2041-2045</b>													
American Funds 2045 Trgt Date Retire R6	RFHTX	8.92	5.09	0.64	0.64	10.89	9.24	-	9.31	1.15	96.13	0.44	5
Category Average			4.54	-0.67	-0.67	9.49	8.14	5.93	9.57	0.99	97.42	0.33	3
DJ Target 2045 TR USD			3.95	-2.15	-2.15	8.72	7.31	6.09	9.57	0.92	100	-	-
<b>Target Date 2046-2050</b>													
American Funds 2050 Trgt Date Retire R6	RFITX	8.92	5.12	0.65	0.65	10.91	9.25	-	9.37	1.15	96.36	0.44	5
Category Average			4.42	-0.50	-0.50	9.45	8.14	-	9.45	1.00	97.46	0.42	4
DJ Target 2050 TR USD			4.06	-2.23	-2.23	8.76	7.33	6.10	9.71	0.91	100	-	-
<b>Target Date 2051+</b>													
American Funds 2055 Trgt Date Retire R6	RFKTX	5.92	5.13	0.63	0.63	10.88	9.23	-	9.37	1.15	96.23	0.47	5
American Funds 2060 Trgt Date Retire R6	RFUTX	0.76	5.00	-	-	-	-	-	-	-	-	0.47	-
Category Average			4.55	-0.92	-0.92	9.42	-	-	9.56	0.99	98.30	0.36	4
DJ Target 2055 TR USD			4.06	-2.23	-2.23	8.76	7.33	6.10	9.71	0.91	100	-	-

Data Source: Morningstar as of 12/31/2015

# Proposed Tier 2 Investment Array Performance

Peergroup/ Investment Name	Ticker	Manager Tenure	Total Return(% rank in peergroup)						Risk	Risk Adj Return	R-Squared	Expense Ratio vs-Peers	Overall Mstar Rating
			Qtr	YTD	1 Year	3 Year	5 Year	10 Year					
<b>Intermediate-Term Bond</b>													
PIMCO Total Return Instl	PTTRX	1.26	0.48	0.73	0.73(16)	1.13(51)	3.52(35)	5.76(3)	3.71	0.31	84.31	0.46	4
Vanguard Interm-Term Bond Index Adm	VBILX	7.69	-0.95	1.27	1.27(8)	1.51(30)	4.39(8)	5.49(7)	4.41	0.35	98.48	0.10	5
Category Average			-0.60	-0.26	-0.26	1.16	3.22	4.18	2.98	0.39	86.39	0.85	2
Barclays US 5-10Y GovCredit FIAdj TR USD			-0.94	1.26	1.26	1.52	4.45	-	4.27	0.36	100	-	-
<b>World Bond</b>													
Templeton Global Bond R6	FBNRX	14.01	2.29	-3.91	-3.91(43)	0.10(26)	2.55(26)	7.34(1)	5.79	0.04	2.34	0.51	4
Category Average			-0.49	-4.00	-4.00	-1.51	1.30	3.93	4.57	-0.23	45.74	1.04	2
Citi WGBI USD			-1.23	-3.57	-3.57	-2.70	-0.08	3.44	4.45	-0.60	100	-	-
<b>Large Value</b>													
American Funds Washington Mutual R6	RWMGX	17.51	7.38	0.12	0.12(8)	13.90(13)	12.35(6)	7.14(15)	10.21	1.33	93.76	0.30	5
Category Average			4.74	-4.04	-4.04	11.63	9.75	5.61	11.00	1.06	92.50	1.12	3
Russell 1000 Value TR USD			5.64	-3.83	-3.83	13.08	11.27	6.16	10.83	1.19	100	-	-
<b>Large Blend</b>													
Vanguard 500 Index Admiral	VFIAX	24.02	7.04	1.36	1.36(20)	15.09(18)	12.53(13)	7.30(20)	10.62	1.38	100.00	0.05	4
Category Average			5.56	-1.07	-1.07	13.22	10.75	6.44	10.97	1.19	93.86	1.08	2
S&P 500 TR USD			7.04	1.38	1.38	15.13	12.57	7.31	10.62	1.38	100	-	-
<b>Large Growth</b>													
T. Rowe Price Blue Chip Growth I	TBCIX	22.52	9.86	11.15	11.15(3)	19.80(3)	15.63(1)	9.33(8)	12.29	1.54	89.50	0.58	5
Category Average			6.73	3.60	3.60	15.27	11.70	7.34	11.58	1.29	89.78	1.19	2
Russell 1000 Growth TR USD			7.32	5.67	5.67	16.83	13.53	8.53	10.85	1.49	100	-	-

Data Source: Morningstar as of 12/31/2015

# Proposed Tier 2 Investment Array Performance

Peergroup/ Investment Name	Ticker	Manager Tenure	Total Return(% rank in peergroup)						Risk	Risk Adj Return	R-Squared	Expense Ratio vs-Peers	Overall Mstar Rating
			Qtr	YTD	1 Year	3 Year	5 Year	10 Year					
<b>Mid-Cap Blend</b>													
Vanguard Extended Market Idx Adm	VEXAX	18.01	3.16	-3.27	-3.27(46)	12.91(31)	10.46(33)	7.80(23)	12.54	1.03	100.00	0.10	3
Category Average			2.37	-4.75	-4.75	11.44	9.09	6.49	11.71	0.98	85.83	1.20	2
S&P Completion TR USD			3.10	-3.35	-3.35	12.83	10.37	7.68	12.52	1.02	100	-	-
<b>Mid-Cap Growth</b>													
ClearBridge Mid Cap Growth IS	LCMIX	5.34	5.28	0.51	0.51(37)	14.00(35)	12.78(8)	-	13.18	1.06	92.59	0.80	4
Category Average			3.31	-0.95	-0.95	12.83	9.59	7.16	12.21	1.06	88.48	1.29	3
Russell Mid Cap Growth TR USD			4.12	-0.20	-0.20	14.88	11.54	8.16	11.47	1.27	100	-	-
<b>Small Blend</b>													
JPMorgan US Small Company R6	JUSMX	11.42	4.89	-3.05	-3.05(28)	14.02(8)	11.67(3)	7.85(13)	14.69	0.97	97.52	0.74	5
Category Average			2.68	-5.39	-5.39	10.35	8.22	6.28	13.69	0.79	91.10	1.25	2
Russell 2000 TR USD			3.59	-4.41	-4.41	11.65	9.19	6.80	14.16	0.85	100	-	-
<b>Foreign Large Blend</b>													
Lazard International Equity R6	RLIEX	23.93	2.77	1.67	1.67(16)	5.55(17)	6.02(5)	4.40(16)	11.58	0.52	89.66	0.80	4
Vanguard Total Intl Stock Index Admiral	VTIAX	7.41	2.74	-4.26	-4.26(80)	1.84(83)	1.31(83)	2.86(43)	11.99	0.21	98.40	0.14	2
Category Average			3.58	-1.59	-1.59	3.67	2.58	2.78	11.96	0.36	90.18	1.19	2
FTSE Global All Cap ex US TR USD			3.65	-4.03	-4.03	2.52	1.78	3.90	12.09	0.26	100	-	-
<b>Real Estate</b>													
TIAA-CREF Real Estate Sec Instl	TIREX	10.01	7.04	4.62	4.62(10)	10.88(37)	11.76(29)	6.85(53)	13.49	0.83	98.09	0.52	3
Category Average			6.59	2.41	2.41	10.14	11.10	6.61	13.63	0.79	95.86	1.29	2
DJ US Select REIT TR USD			7.54	4.48	4.48	11.76	12.32	7.20	14.76	0.82	100	-	-

Data Source: Morningstar as of 12/31/2015

# APPENDIX

## Glossary and Standard Disclosures

### DEFINITIONS

Terms	Definition and Application
Alpha	Alpha is a measure of a manager's effectiveness. It is the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. Positive alpha indicates that the fund has performed better than its beta would predict. Negative alpha indicates the fund underperformed given the expectations established by the fund's beta.
Beta	Beta is a measure of the volatility of a security compared to the market as a whole. The market holds a beta of 1. When beta is greater than 1, the fund will move ahead of its indexed market when the market is moving up, ultimately performing better than the market; however, when the market moves down, the fund will underperform the market. When beta is less than 1 the opposite is true. The higher the beta, the greater the volatility. The lower the beta, the lower the volatility.
Down Capture	Calculated by taking the fund's monthly return during the periods of negative benchmark performance and dividing it by the benchmark return. A ratio of less than 100 indicates that a fund has lost less than its benchmark in periods when the benchmark has been in the red.
Up Capture	Calculated by taking the fund's monthly return during the periods of positive benchmark performance and dividing it by the benchmark return. A ratio higher than 100 indicates the fund has outperformed the benchmark during periods of positive returns for the benchmark.
Effective Duration	Duration adjusted for embedded options. A measure of a bond's price sensitivity to interest rate movement.
Effective Maturity	Maturity adjusted for embedded options.
Information ratio	Information Ratio is a benchmark related statistic and measures a fund's outperformance and consistency. The information ratio should be positive. A range between 0.40 and 0.60 equates to a good value while a value of 1.00 is exceptional and rare. This metric is a measure of relative risk and not absolute risk.
Net Expense Ratio	Represents the percentage of a fund's assets that are used to pay for operating expenses and management fees, including 12b-1 fees, administrative fees, and all other asset-based costs incurred by the fund. Brokerage costs and sales charges are not included. Value should be lower than the fund's respective Morningstar peer group.
Overall Morningstar Rating	Proprietary Morningstar data point. Values are from 1 (lowest) to 5 (highest) and are based on how well the fund has performed, after adjusting for risk and accounting sales charges, in comparison to similar funds.

# APPENDIX

## Glossary and Standard Disclosures

### DEFINITIONS(cont.)

Terms	Definition and Application
Risk/Return	Graph that charts risk (as defined by standard deviation) on the X-axis and return on the Y-axis. It shows the fund's return per unit of risk taken. The higher and to left on the graph depicts higher returns for less risk.
R-Squared	Reflects the percentage of a fund's movements that can be explained by movements in its benchmark index. A value near 100 indicates all movements can be explained by movements in the benchmark index. An index fund will be close to 100. A low value indicates that very few of the fund's movements can be explained by movements in the benchmark index.
Sharpe Ratio	Also known as risk-adjusted return. This is a risk-adjusted measure that is calculated by using standard deviation and excess return to determine reward per unit of risk. Calculated for a past 36-month period by dividing a fund's annualized excess returns (excess returns are defined by the fund's actual returns minus a risk-free rate) by the standard deviation of a fund's annualized excess returns. The higher the value, the better the fund's historical risk-adjusted performance. The lower the value, the worse the fund's historical risk-adjusted performance.
Standard Deviation	Statistical measurement of dispersion about an average, which, for a mutual fund, depicts how widely the returns varied over a certain period of time. This metric is used to try and predict the range of returns for a given fund. A high value signifies greater volatility, as the predicted range of performance is wide. A low value signifies lower volatility, as the predicted range of performance is more focused.
Style Drift	The movement of a mutual fund from one asset category into another. This graph charts inconsistency with style, as defined by a fund's stated category. The smaller dots on the graph represent the starting point for the time period shown and the larger dots represent the most recent time periods.
Turnover Ratio	A measure of a fund's trading activity, calculated by taking the lesser of purchases or sales (excluding all securities with maturities of less than one year) and dividing by the average monthly net assets. A ratio of 100% or higher represents considerable buying and selling of securities. A low ratio indicates a buy-and-hold strategy.

# APPENDIX

## Glossary and Standard Disclosures

Morningstar information was obtained from "Morningstar, Inc".

### Morningstar, Inc.

22 West Washington Street  
Chicago, IL 60602  
(312) 696-6000

### FinaConnect Inc.

1700 7th Ave. Suite#2100  
Seattle, WA 98101  
206-325-6319

The asset information included in this report is provided by the plan vendor(s) based on raw data. It has not been subjected to a validation process or any manual controls. There may be variances between the raw data reports and the comparative financials that are subjected to the processes detailed in an SSAE 16 (formerly SAS 70 report). The information should be used for the purposes of this report alone, and cannot be relied upon for other usages.