

Creighton University
Retirement Plan Committee
Meeting Minutes

November 12, 2018

Present: Janel Allen, John Jesse, Angie Mills, Christina Murcek and Randy Jorgensen

Consultants: Jeff Sharp and Tom Scalici

Janel Allen called the meeting to order at 12:30 pm.

Market and Economic Overview

Mr. Scalici provided an overview of the third quarter market and economic commentary. He then reviewed the asset class index performance report reflecting performance through September 30, 2018, along with selected charts and graphs related to economic performance and markets.

Principal Platform Review

Mr. Scalici reviewed the assets in the Principal core fund lineup. The assets began the quarter at \$303,491,721 and ended the quarter at \$310,906,052. During the quarter, contributions were \$4,937,666, withdrawals were \$8,449,833 and changes in investment values were \$10,889,646.

As of September 30, 2018, approximately 77% of assets in the Principal Platform were in equities and 23% were in fixed income, guaranteed income and cash. Asset allocation portfolios hold approximately 38% of assets on the Principal Platform.

Principal Platform Fund Performance Review

The weighted performance of assets for the quarter was 3.59%. This compares to the blended benchmark of 4.26%. Year-to-date, at the platform level, the performance was 6.09% compared to the blended benchmark of 6.27%. The committee reviewed each of the individual fund choices and compared them to the appropriate benchmark. Historical plan performance has annually averaged 11.28% versus the blended benchmark return of 11.01% since the beginning of 2010. The committee also reviewed the Investment Policy Statement (IPS) Performance Criteria Dashboard and the performance of the RetireView portfolios. Also reviewed was the participant activity in the plan, including internet and voice response usage.

The committee reviewed individual fund performance. For the first time in a while, there were several funds that performed in the bottom quartile of the peer group over the last 12 months, for varying reasons. The MFS Value A Fund has a high-quality bias and has been underweight in technology stocks. This has hurt it in the recent run-up, but helped in October when large tech stocks experienced more significant declines. The TIAA International Equity Fund is a concentrated portfolio that has struggled with stock picking. This fund is under heightened due diligence and our consultants are looking for a replacement. The American Funds Europacific Growth Fund has an excellent long-term track record, but its roughly 30% exposure to emerging market stocks is negatively impacting short-term performance. Overall, the core fund lineup has performed above average, with only two funds in the bottom half of the peer group over the last five years ending September 30, 2018.

TIAA-CREF Platform Fund Performance Review

The committee reviewed the TIAA-CREF Core Fund activity. The TIAA-CREF assets were \$239,567,720 as of July 1, 2018 and finished the third quarter at \$241,735,137. Contributions were \$1,123,533, withdrawals were \$6,056,273 and changes in investment values were \$7,140,584.

The updated rolling asset allocation page of the review book shows the overall allocation to equities ended the quarter at approximately 52%. The weighted return for the quarter ending September 30, 2018 was 2.98% and the weighted benchmark return was 2.90%. Year-to-date, at the platform level, the performance was 4.56% compared to the blended benchmark of 4.06%. Since 2010, annualized performance has been 7.76% versus the index of 7.00%. The committee reviewed the individual fund performance relative to the appropriate asset class benchmark.

Total Investment Platform Overview

The Aggregate Total Plan assets as of the end of the third quarter were \$552,771,614. Contributions during the quarter were \$6,061,199, withdrawals were \$14,506,106 and changes in investment values were \$18,036,152.

The overall total plan allocation reflects:

- Domestic equities: 30.8%
- International equities: 4.6%
- Global equities: 14.2%
- Asset allocation: 24.8%
- Fixed income: 4.4%
- Alternatives: 3.0%
- Cash and equivalents: 17.3%
- Other: 0.8%

457(b) Recap

The committee reviewed the activity in the 457(b) Plan. The Plan had total assets of \$3,789,968 on June 30, 2018 and \$3,994,194 as of September 30, 2018. The 457(b) Plan is available to any participant making over \$150,000 annually. The Plan offers the same investment options as the 403(b) Plan. Participation is beginning to increase as Human Resources and Principal have enhanced communications around the benefits of this plan. Deferral limits are identical to the 403(b) Plan. Payout options are a lump sum or payable over five years. Distributions are taxable and cannot be rolled over into another qualified plan.

457(f) Recap

There is currently only one participant in the 457(f) Plan. Investment options are also identical to the 403(b) Plan. Benefits are taxable as soon as they vest.

Advisory Contract Amendment 457(b) and 457(f) Plans

The committee briefly discussed a draft of the advisory agreements and Fee Policy Statements for both plans. Our advisors will work with Janel and Angie to finalize both and present for adoption at the next meeting.

Strategic Action Summary

The committee reviewed the Strategic Action Summary for 2018 reflecting key activity of the plan throughout the year. The strategic planning meeting for the committee will likely be scheduled in the first quarter after receiving the benchmarking information from Lockton.

With no further business, the meeting adjourned at 2:00 pm.