



INVESTMENT OPTION CHANGES



Temple University Retirement Plans



CAPTRUST

CAPTRUST FINANCIAL ADVISORS



- 30-year operating history
- Serve as an independent fiduciary to the Temple University Retirement Plans
- More than 1,450 institutional clients
- 3,500 retirement plans
- \$212 billion in client assets under advisement

Advisor Locations

AKRON, OH

ATLANTA, GA

BETHLEHEM, PA

BIRMINGHAM, AL

BOSTON, MA

CHARLOTTE, NC

CHICAGO, IL

CINCINNATI, OH

COLUMBUS, MO

DALLAS, TX

DAYTON, OH

DES MOINES, IA

DETROIT, MI

GREENWICH, CT

HOUSTON, TX

JACKSON, MS

LOS ANGELES, CA

MINNEAPOLIS, MN (2)

NEW YORK, NY

ORLANDO, FL

PHILADELPHIA, PA

PORT WASHINGTON, NY

PORTLAND, ME

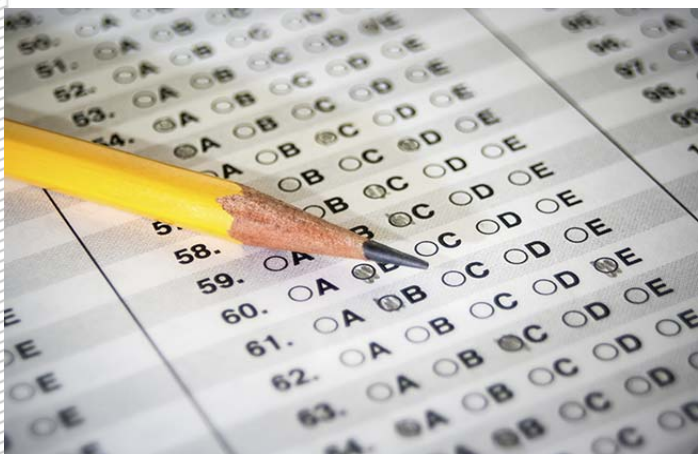
RALEIGH, NC

RICHMOND, VA

RIVERSIDE, CA

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OUR COMMITMENT TO THE HIGHER EDUCATION MARKET



Areas of Focus

Fiduciary Training
Menu Construction
Vendor Consolidation
Fee/Revenue Benchmarking
ERISA Budget Utilization
Complex Vendor Contracts
Frozen and Legacy Annuities

- Clients include private, and non-ERISA public colleges and universities
- We currently work with over 90 colleges and Universities with assets under advisement of approximately \$61 Billion
- TIAA: 297 clients and \$43 Billion in assets
- Fidelity: 382 clients and \$58 Billion in assets

Data as of 03.31.17

WHY ARE CHANGES BEING MADE?

- In 2016, Temple University engaged CAPTRUST to conduct a thorough review of the retirement programs. This review included:
 - An assessment of TIAA and Fidelity
 - Conducted an analysis of the investment menu designs
 - Benchmarked investment and administrative fees
 - Discussed current and legislative trends in the higher education sector
- A Retirement Plan Committee was formed consisting of University employees and CAPTRUST
- After reviewing the analysis conducted by CAPTRUST, the Committee concluded the following regarding the investment menu:
 - Some modifications needed to be made regarding the investments available at TIAA and Fidelity
 - Offering over 220 investment options to choose from can be confusing and difficult to provide effective education
 - Streamlining the investment menus at TIAA and Fidelity would be consistent with best practices and in-line with what other institutions like Temple have done

Options for all types of investors

Temple University Retirement Plans			
Tier 1	Tier 2	Tier 3	Tier 4
<i>Do it for me investor</i>	<i>Cost conscious investor</i>	<i>Engaged investor</i>	<i>Sophisticated investor</i>
Target-date mutual funds	Core Menu (index funds)	Core Menu (active management)	Self-directed brokerage window
Simplicity (also QDIA option)	Low cost options (covering major asset classes)	Best in Class (mutual funds and annuities)	Ultimate flexibility



TIAA INVESTMENT OPTION CHANGES

The investment menu will be reduced from 36 options to 21

<u>Tier 1 Asset Allocation</u>		TIAA
Asset Class	Investment Name	Ticker
World Allocation	CREF Social Choice R3	-
Retirement Income	TIAA-CREF Lifecycle Retire Inc Instl	TLRIX
Target Date 2000-2010	TIAA-CREF Lifecycle 2010 Instl	TCTIX
Target Date 2011-2015	TIAA-CREF Lifecycle 2015 Instl	TCNIX
Target Date 2016-2020	TIAA-CREF Lifecycle 2020 Instl	TCWIX
Target Date 2021-2025	TIAA-CREF Lifecycle 2025 Instl	TCYIX
Target Date 2026-2030	TIAA-CREF Lifecycle 2030 Instl	TCRIX
Target Date 2031-2035	TIAA-CREF Lifecycle 2035 Instl	TCIIX
Target Date 2036-2040	TIAA-CREF Lifecycle 2040 Instl	TCOIX
Target Date 2041-2045	TIAA-CREF Lifecycle 2045 Instl	TTFIX
Target Date 2046-2050	TIAA-CREF Lifecycle 2050 Instl	TFTIX
Target Date 2051+	TIAA-CREF Lifecycle 2055 Instl	TTRIX
Target Date 2051+	TIAA-CREF Lifecycle 2060 Instl	TLXNX

No changes to the current investment options in this tier

<u>Tier 2 Passive Options</u>		TIAA
Asset Class	Investment Name	Ticker
Intermediate-Term Bond	Vanguard Total Bond Market Index I	VBTIX
Large Blend	Vanguard Institutional Index I	VINIX
Mid-Cap Blend	Vanguard Extended Market Idx I	VIEIX
Foreign Large Blend	Vanguard Total Intl Stock Index I	VTSNX

- ❖ Reduced the number of index options from 8 to 4
- ❖ Eliminated investment overlap
- ❖ The CREF Equity Index option will be frozen to new contributions

<u>Tier 3 Active Options</u>	TIAA	
Asset Class	Investment Name	Ticker
Stable Value	TIAA Traditional	-
Money Market	Vanguard Federal Money Market Investor	VMFXX
Money Market	CREF Money Market R3	-
Intermediate-Term Bond	BlackRock Total Return Instl	MAHQX
Inflation-Protected Bond	TIAA-CREF Inflation Link Bd Instl	TIILX
Large Value	MFS Value R4	MEIJX
Large Blend	CREF Stock R3	-
Large Growth	Harbor Capital Appreciation Instl	HACAX
Mid-Cap Value	JPMorgan Mid Cap Value Instl	FLMVX
Mid-Cap Growth	MassMutual Select Mid Cap Gr Eq II R5	MGRFX
Foreign Large Growth	American Funds Europacific Growth R5	RERFX
Small Value	Goldman Sachs Small Cap Value Instl	GSSIX
Small Growth	Eagle Small Cap Growth R5	HSRSX
Diversified Emerging Mkts	Oppenheimer Developing Markets I	ODVIX
Real Estate	TIAA Real Estate	-

- ❖ Reduced the number of actively managed options from 25 to 15
- ❖ Eliminated investment overlap
- ❖ The CREF Bond Market, CREF Inflation-Linked Bond, CREF Growth and CREF Global Equities will be frozen to new contributions



FIDELITY INVESTMENT OPTION CHANGES

The investment menu will be reduced from over 180 options to 19

<u>Tier 1 Asset Allocation</u>	Fidelity	
Asset Class	Investment Name	Ticker
World Allocation	Fidelity Freedom K [®] Income	FFKAX
Retirement Income	Fidelity Freedom K [®] 2005	FFKVX
Target Date 2000-2010	Fidelity Freedom K [®] 2010	FFKCX
Target Date 2011-2015	Fidelity Freedom K [®] 2015	FKVFX
Target Date 2016-2020	Fidelity Freedom K [®] 2020	FFKDX
Target Date 2021-2025	Fidelity Freedom K [®] 2025	FKTWX
Target Date 2026-2030	Fidelity Freedom K [®] 2030	FFKEX
Target Date 2031-2035	Fidelity Freedom K [®] 2035	FKTHX
Target Date 2036-2040	Fidelity Freedom K [®] 2040	FFKFX
Target Date 2041-2045	Fidelity Freedom K [®] 2045	FFKGX
Target Date 2046-2050	Fidelity Freedom K [®] 2050	FFKHX
Target Date 2051+	Fidelity Freedom K [®] 2055	FDENX
Target Date 2051+	Fidelity Freedom K [®] 2060	FDKNX

- ❖ Reduced the number of asset allocation choices from 16 to 1
- ❖ Eliminated the excessive amount of options and overlap

<u>Tier 2 Passive Options</u>		Fidelity
Asset Class	Investment Name	Ticker
Intermediate-Term Bond	Fidelity US Bond Index Premium	FSITX
Large Blend	Fidelity 500 Index Instl	FXSIX
Mid-Cap Blend	Fidelity Extended Market Index Premium	FSEVX
Foreign Large Blend	Fidelity Global Ex US Index Premium	FSGDX

- ❖ Reduced the number of index options from 16 to 4
- ❖ Eliminated investment overlap
- ❖ Reduced the expense ratio of the Fidelity 500 Index Fund

<u>Tier 3 Active Options</u>	Fidelity	
Asset Class	Investment Name	Ticker
Stable Value	Lincoln Stable Value	-
Money Market	Vanguard Federal Money Market Investor	VMFXX
Intermediate-Term Bond	BlackRock Total Return Instl	MAHQX
Inflation-Protected Bond	Fidelity® Inflation-Protected Bond	FINPX
Large Value	MFS Value R4	MEIJX
Large Blend	Parnassus Core Equity Institutional	PRILX
Large Growth	Fidelity® Contrafund® K	FCNKX
Mid-Cap Value	JPMorgan Mid Cap Value Instl	FLMVX
Mid-Cap Growth	MassMutual Select Mid Cap Gr Eq II R5	MGRFX
Foreign Large Growth	American Funds Europacific Growth R5	RERFX
Small Value	Goldman Sachs Small Cap Value Instl	GSSIX
Small Growth	Eagle Small Cap Growth R5	HSRSX
Diversified Emerging Mkts	Oppenheimer Developing Markets I	ODVIX
Real Estate	Principal Real Estate Securities Inst	PIREX

- ❖ Reduced the number of actively managed options from over 150 to 14
- ❖ Eliminated excessive investment overlap
- ❖ Add more investment management diversification

WHEN WILL THE NEW INVESTMENT LINE-UPS BE EFFECTIVE?

- The new investment line-up will be effective on August 1, 2017

WHAT IF AN INVESTMENT OPTION I HAVE IS BEING ELIMINATED?

- In June, every participant will receive an information package that will be mailed to your home address that will include a mapping strategy for how contributions and account balance will transfer from the investments being eliminated to the new investment line-ups
- Self-directed brokerage options will be added at both TIAA and Fidelity to help address the decrease in the number of investment options at each provider

WHAT DO I NEED TO DO?

- There is nothing you need to do at the present time and you may not have to do anything at all
- Please read the information package that will be sent in June. Temple will send a notification as we get closer to the expected delivery date.
- Attend and sign up for meetings that will be offered by TIAA and Fidelity. Dates will be outlined in the information kit.

RECAP

- The new investment menus were the result of months of work between the Committee and CAPTRUST
- The new investment menus have a lower weighted average investment expense compared to the current investment menus
- Significant fee savings was achieved at both TIAA and Fidelity which help to provide a more open architecture line up at both providers
- The new investment menus are now more manageable
- The new tier approach should help provide something for every type of investor
- The self-directed brokerage options at TIAA and Fidelity will allow participants to continue to access investment options that are being eliminated and access investment options that are not currently available
- A process has been established by the Committee and CAPTRUST to ensure continuous oversight of the new investment menus (not including the self-directed brokerage options) at both TIAA and Fidelity

ASSET CLASS RETURNS

Period Ending 3.31.17 | Q1 17

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Q1 2017
Mid-Cap Value 23.70%	International Equities 14.02%	International Equities 26.86%	Large-Cap Growth 11.81%	Fixed Income 5.08%	Mid-Cap Growth 46.29%	Small-Cap Growth 29.09%	Fixed Income 7.84%	Mid-Cap Value 18.51%	Small-Cap Growth 43.30%	Mid-Cap Value 14.75%	Large-Cap Growth 5.67%	Small-Cap Value 31.74%	Large-Cap Growth 8.91%
Small-Cap Value 22.25%	Mid-Cap Value 12.65%	Small-Cap Value 23.48%	International Equities 11.63%	Cash 1.51%	Large-Cap Growth 37.21%	Mid-Cap Growth 26.38%	Large-Cap Growth 2.64%	Small-Cap Value 18.05%	Mid-Cap Growth 35.74%	Large-Cap Value 13.45%	Fixed Income 0.55%	Mid-Cap Value 20.00%	International Equities 7.39%
International Equities 20.70%	Mid-Cap Growth 12.10%	Large-Cap Value 22.25%	Mid-Cap Growth 11.43%	Small-Cap Value -28.91%	Small-Cap Growth 34.47%	Mid-Cap Value 24.75%	Large-Cap Value 0.39%	International Equities 17.90%	Small-Cap Value 34.52%	Large-Cap Growth 13.05%	Cash 0.05%	Large-Cap Value 17.34%	Mid-Cap Growth 6.89%
Large-Cap Value 16.49%	Large-Cap Value 7.05%	Mid-Cap Value 20.22%	Fixed Income 7.39%	Large-Cap Value -36.85%	Mid-Cap Value 34.21%	Small-Cap Value 24.50%	Cash 0.10%	Large-Cap Value 17.51%	Large-Cap Growth 33.48%	Mid-Cap Growth 11.90%	Mid-Cap Growth -0.20%	Small-Cap Growth 11.32%	Small-Cap Growth 5.35%
Mid-Cap Growth 15.48%	Large-Cap Growth 5.26%	Small-Cap Growth 13.35%	Small-Cap Growth 7.05%	Mid-Cap Value -38.44%	International Equities 32.46%	Large-Cap Growth 16.71%	Mid-Cap Value -1.38%	Mid-Cap Growth 15.81%	Mid-Cap Value 33.46%	Fixed Income 5.97%	International Equities -0.39%	Mid-Cap Growth 7.33%	Mid-Cap Value 3.76%
Small-Cap Growth 14.31%	Small-Cap Value 4.71%	Mid-Cap Growth 10.66%	Cash 4.71%	Large-Cap Growth -38.44%	Small-Cap Value 20.58%	Large-Cap Value 15.51%	Mid-Cap Growth -1.65%	Large-Cap Growth 15.26%	Large-Cap Value 32.53%	Small-Cap Growth 5.60%	Small-Cap Growth -1.38%	Large-Cap Growth 7.08%	Large-Cap Value 3.27%
Large-Cap Growth 6.30%	Small-Cap Growth 4.15%	Large-Cap Growth 9.07%	Large-Cap Value -0.17%	Small-Cap Growth -38.54%	Large-Cap Value 19.69%	International Equities 8.21%	Small-Cap Growth -2.91%	Small-Cap Growth 14.59%	International Equities 23.29%	Small-Cap Value 4.22%	Large-Cap Value -3.83%	Fixed Income 2.65%	Fixed Income 0.82%
Fixed Income 3.04%	Cash 3.35%	Cash 5.08%	Mid-Cap Value -1.42%	International Equities -43.06%	Fixed Income 5.24%	Fixed Income 5.98%	Small-Cap Value -5.50%	Fixed Income 4.22%	Cash 0.07%	Cash 0.03%	Mid-Cap Value -4.78%	International Equities 1.51%	Cash 0.10%
Cash 1.44%	Fixed Income 1.58%	Fixed Income 4.08%	Small-Cap Value -9.78%	Mid-Cap Growth -44.32%	Cash 0.21%	Cash 0.13%	International Equities -11.73%	Cash 0.11%	Fixed Income -2.02%	International Equities -4.48%	Small-Cap Value -7.47%	Cash 0.33%	Small-Cap Value -0.13%

- Small-Cap Value Stocks (Russell 2000 Value)
- Small-Cap Growth Stocks (Russell 2000 Growth)
- Large-Cap Growth Stocks (Russell 1000 Growth)
- Large-Cap Value Stocks (Russell 1000 Value)
- Mid-Cap Growth Stocks (Russell Mid-Cap Growth Index)
- Mid-Cap Value Stocks (Russell Mid-Cap Value Index)
- International Equities (MSCI EAFE)
- Fixed Income (Bloomberg Barclays U.S. Aggregate Bond Index)
- Cash (Merrill Lynch 3-Month Treasury Bill)

Source: Markov Processes, Inc., Bloomberg, Mobius

The information contained in the report is from sources believed to be reliable, but not warranted by CAPTRUST Financial Advisors to be accurate or complete.



THANK YOU FOR ATTENDING!



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