



Retirement Plan Committee Minutes

May 2, 2016,

3:00 p.m. to 5:00 p.m.

FREH 1-2

Present: Jim Almond, Brian Edelman, Scott Seidle, Fred Ford, Trent Klingerman, Susan Davis, Kathy Dale, John Frigo, David Cooper (via teleconference), Steven Turner (teleconference), and Pat Romano. Attending also were representatives from Fidelity Investments: Anthony Frongillo, Tom Hughes, John Manzi and Brian Gault. Rob Stanfield, Director of IT Access Management joined the committee for the cybersecurity discussion.

This was the regularly scheduled meeting of the Retirement Plan Committee for the Defined Contribution Plans of Purdue University.

Mr. Almond welcomed all to the meeting and reviewed the stated goals of the Committee.

Mr. Almond reviewed the meeting agenda and introduced the representatives from Fidelity.

Fidelity reviewed the company's approach and commitment to managing cybersecurity in terms of standards, process, investment and backup capabilities and then answered questions from the committee.

Mr. Almond began the general portion of the meeting. Minutes from the November 6, 2015 meeting were approved as presented.

Ms. Davis of Benefits updated the Committee on Retirement Plan Administrative and Engagement Activities. There are over 9,000 active University participants. The most recent Road to Retirement program saw 524 attendees. Several other administrative items were reviewed and discussed.

Mr. Romano presented Performance for the first quarter, 2016. The S&P 500 returned +1.35 % year-to-date. Interest rates fell throughout the quarter causing bond prices as measured by the Barclays Aggregate Index to rise + 3.03 %. Performance of each fund was reviewed with special attention given to recent underperformance of the Vanguard Target Date Funds to their peers. Mr. Romano referenced a memo provided to the Committee prepared by the Office of Investments discussing the changes made to these funds, specifically increasing exposure to international equities and international fixed income. The stated reasoning of Vanguard behind this is increased diversification. International investments have not fared well of late and caused the Vanguard offerings to lag their peers. Discussion ensued.

Mr. Romano continued with agenda items, reviewing due diligence performed by the Office of Investments since the November, 2015 meeting. Concurrent with an action taken by the Purdue Investment Committee, Dodge & Cox International Stock Fund was placed on Watchlist. This is retroactive to December 31, 2015. A memo from the Office of Investments was presented summarizing

the rationale for adding the investment to Watchlist. The fund is trailing its benchmarks and is in the bottom decile of its peer rankings.

Also reviewed were the expense ratios of the fund offerings as of March 31, 2016. All but one were at or below their respective category averages. Mr. Almond reminded the Committee of its charge to provide low cost funds, and requiring the platform funds to have expenses below those of their peers is a measure approved by the Committee.

The Committee reviewed plan balances by fund. At March 31, 2016, there were \$1.092 billion of participant assets invested in the platform funds. Vanguard Target Date Funds represent 63% of the platform assets. Additionally, Vanguard Index Funds represent 14% of assets.

Mr. Romano reviewed the glidepaths of the Vanguard Target Date Funds offered to Retirement Plan participants. Specific data was provided regarding the aforementioned increased allocation to international equities and international fixed income.

Future Meetings:

Friday, November 4th from 10-Noon EST
Freehafer Hall Room 1-2