

Purpose: 3rd Quarter 2013 Investment Review

Attendees: Tom Scalici MW Juniata College – Robert E. Yelnosky, Brad Andrew, Tracie Patrick, Don Braxton, Val Rennell, Gail Leiby-Ulrich and Christina Miller from Juniata. (Absent was Jeffrey Savino, Committee Chair)

Date: Thursday, December 5, 2013 @ 9:00 AM – 10:30 AM

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- Cornerstone began the review with a brief overview of the capital markets through the third quarter of 2013.

The same trends have been in effect in the economy for most of the last two years. U.S. stocks continue to rise as quantitative easing is providing a tailwind for stocks. Through September the S&P was up almost 20%. Through November it is up almost 30% for the year. Developed international stocks have lagged the U.S., increasing about 16% through September and 20% through November. Emerging markets have lagged considerably, as have bonds, both of which are still negative for the year. The moral of the story over the last few years is that global diversification, while reducing risk, has hurt the performance of most portfolios. This trend will eventually reverse itself as we believe U.S. stocks are slightly overvalued while international and emerging remain undervalued.

- We then reviewed the tabular. For the quarter ending September 30, 2013, the plan had a beginning balance of \$84,050,226 with total contributions of \$816,588, \$938,891 of withdrawals, \$0.00 in forfeitures, and gains of \$3,636,173 for a final ending balance of \$87,546,096.
 - As of September 30, 2013, the current asset allocation of the plan is 11.6% domestic equity stock funds, 1.8% in international equities, 30.6% in global equities, 10.1% in the TIAA-CREF Lifecycle portfolios, 3.7% in fixed income, 36.94% cash, and 5.4% in alternatives. Of the money that is in stocks, 77.5% is invested in large-cap, 15.0% in mid-cap, and 7.5% in small-cap.
 - Total return of the plan for the third quarter of 2013 was approximately 4.33%, which outperformed the blended benchmark return of 4.17%. On an annualized basis over the last 12 quarters returns have been 9.94% vs. the blended benchmark of 8.43%.
 - The new format of the performance report was reviewed along with the investment policy statement criteria, benchmark report and the one-page fact sheets. There are no recommended fund changes at this time.
 - We began the evaluation on information for some additional funds that Brad Andrew asked Cornerstone to review. Tom Scalici shared with the Committee that Juniata already had an above average number of funds and that these were funds in
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some less popular share classes. Gail Leiby Ulrich mentioned that in a recent meeting with TIAA they had explored the possibility of adding a brokerage account option to their plan. This would make some sense for Brad and others who are a little more sophisticated from an investment perspective. TIAA-CREF was going to be sending additional information on the costs and the timeline for adding this feature to the plan which will likely happen next year. This may be a better way to address the additional fund issue in the future.

- Brad mentioned the importance of investing his biased towards low volatility stock funds and how he'd like to have them in the plan, his desire to teach a class to participants to help them understand how to invest, etc. This lead to a discussion on educational versus advice and the fact that Juniata cannot provide and do not want to provide investment advice to participants because they would legally become responsible for that advice. Cornerstone advised that are were pretty clear regulations on what consists of advice and what is considered education. He asked if we could provide him with description of that. Cornerstone will provide this information to Juniata and forward.
- We then reviewed the TIAA-CREF demographic reports provided in the quarterly review. Cornerstone provided a TIAA-CREF Clients of Similar Size and Demographic pricing comparison for three of their clients. This information can be used by Juniata in future conversations with TIAA regarding services or the addition of low/no revenue sharing funds.
- Rob Yelnosky provided a service analysis document that TIAA-CREF had prepared for them.
- Meeting concluded at 10:30 A.M.

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