Gannon University maintains the Gannon University Retirement Plan (hereafter the “Plan”) to provide retirement benefits for eligible employees. The Plan permits participants to direct the investment of their respective accounts among available investment options.

The University has designated the Investment Committee for Retirement and Welfare Plans (the “Investment Committee”) to be responsible for selecting and reviewing the investment options in the Plan.

Buck Consultants has been retained by the Committee to perform a number of services, including the following:

- Provide periodic performance monitoring (including meetings and a written report) versus objectives.
- Monitor Plan assets and provide recommendations on performance, restructuring, and liquidation, as needed.
- Develop and maintain a watch list of funds as needed and make appropriate recommendations.
- Review investment performance and fee-related regulatory disclosures under ERISA sections 404 and 408 and provide advice with respect to the adequacy of the disclosures and the reasonableness of the fees for the services provided.

At least annually, the Investment Committee and Buck Consultant will review the performance of each fund in the Plan. The review includes:

- The measurement of returns.
- A comparison of the returns to the performance objectives established in the Investment Policy.
- A ranking of the returns within the appropriate universes established in the Investment Policy.
- The measurement of risk.
- A qualitative assessment of the fund’s performance and any significant changes pertaining to the fund, such as a change in ownership, organizational structure, financial condition, professional staff, or investment style.

Based on a review as described above for data reported 12/31/2015, the Investment Committee has concluded that one fund is not performing to expectations when compared to similarly situated funds. The fund, TIAA RSRA-CREF Stock lagged its custom index and ranked below the median manager in the Morningstar US large cap blend peer group. The fund leads its composite index¹ over the last year but still trails the average large cap blend peer. This fund invests approximately 30% of its assets in companies outside of the United States. While this is a higher percentage in international stocks than the other funds being benchmarked it is the same investment style and philosophy that has been employed since the fund’s inception. This higher exposure to international stocks has caused a lag in performance against the benchmark because

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¹ CREF Stock composite is a blended benchmark of 70% Russell 3000 and 30% MSCI All Country World Index x US
international stocks have lagged the performance of US stocks, in general over the past three years. For these reasons, the fund is currently on the Investment Committee’s watch list. As a secondary comparison the Plan compared the TIAA RSRA-CREF Stock versus the world stock universe, where performance ranks in the top 3rd of the peer group in most periods. The average fund in this universe generally holds approximately 50% of its holdings in international stocks, so the higher US allocation in the TIAA fund was a comparative advantage versus world stock universe.

The Committee will continue to monitor the performance of this fund and if it determines that the fund fails to achieve the objectives of the University’s Investment Policy it will direct Buck Consultants to replace it with a large blend fund whose performance does satisfy the goals of the Investment Policy.

The Committee is not charged with nor allowed to provide investment advice. Colleagues seeking guidance on selection of investment options should consult with their personal financial adviser and/or a TIAA-CREF representative. Reach TIAA-CREF at 800-842-2888.