



Lewis and Clark College

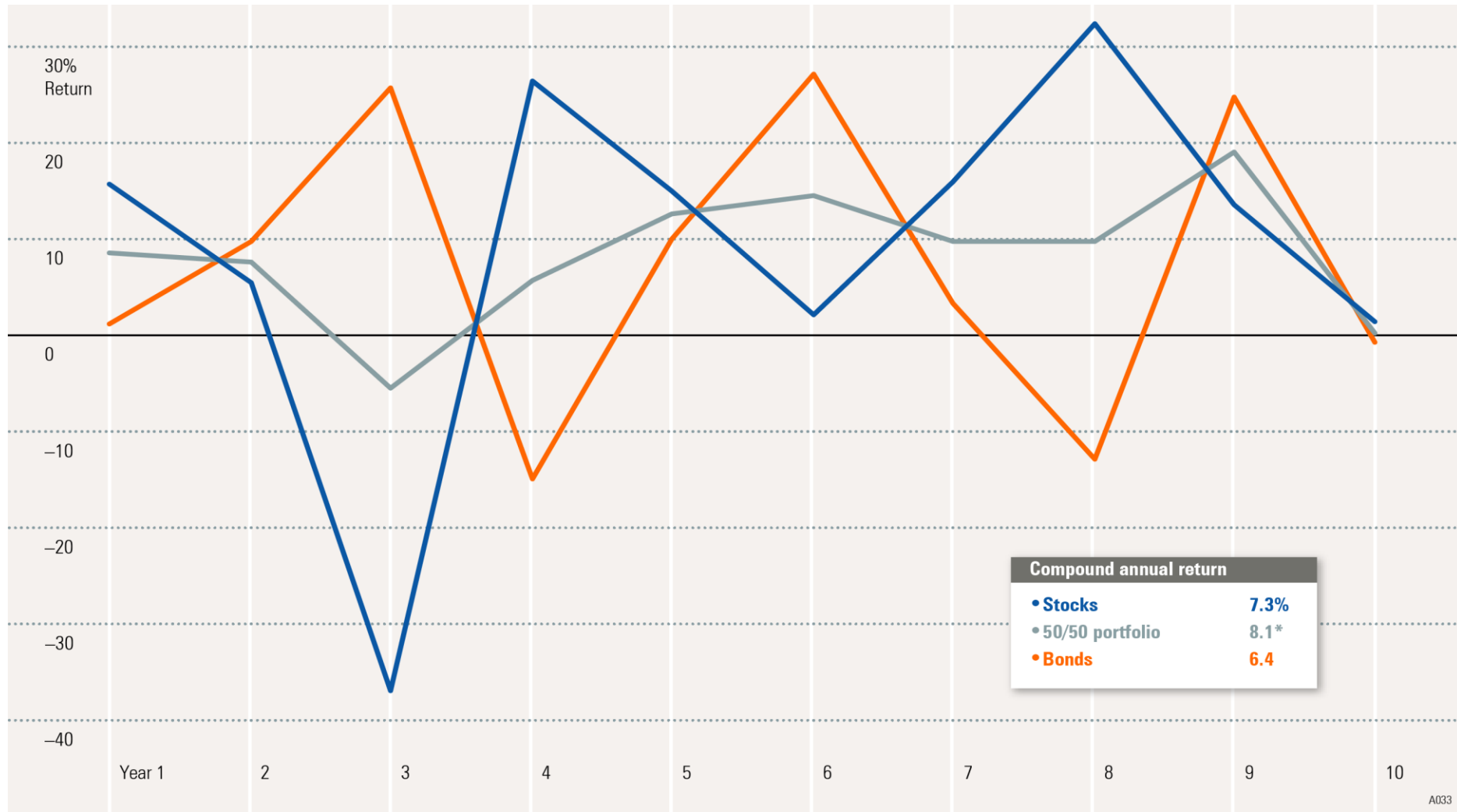
Asset Allocation and Understanding Your Investments

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Lewis and Clark History

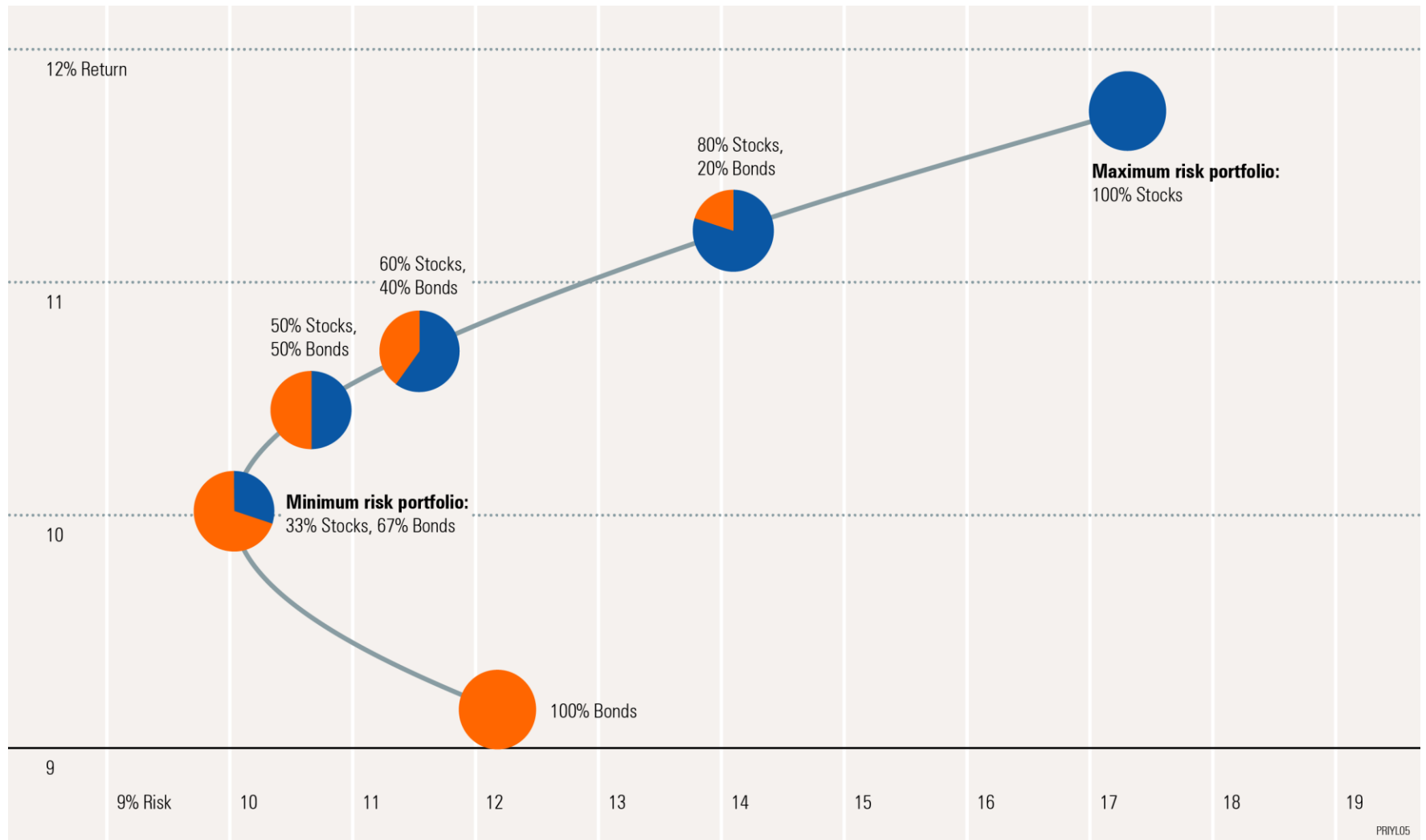
- Lewis and Clark formed a Retirement Plan Fiduciary Committee in 2012 to manage the effectiveness and governance of the Lewis and Clark College DCRP and TDA Plan
- Retirement plan at Lewis and Clark has grown to more than \$200M in plan assets
 - October 2013 – TIAA Target Date products changed from active to passive, reducing expenses
 - June 2014 – TIAA indexes replaced by Vanguard indexes reducing expenses
 - August 2016 – Vanguard Federal Money Market fund added as substitute to the CREF Money Market annuity
 - December 2016 – Vanguard Total Bond Index added to the investment menu
 - February 2017 – TIAA Real Estate Securities replaced by Vanguard REIT index

The Case for Diversifying 2006–2015



Past performance is no guarantee of future results. *The return of the portfolio is higher than the returns of the constituent asset classes due to a phenomenon called “the rebalancing bonus,” which occurred due to the unusual behavior of stocks and bonds over the time period analyzed. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. © Morningstar. All Rights Reserved.

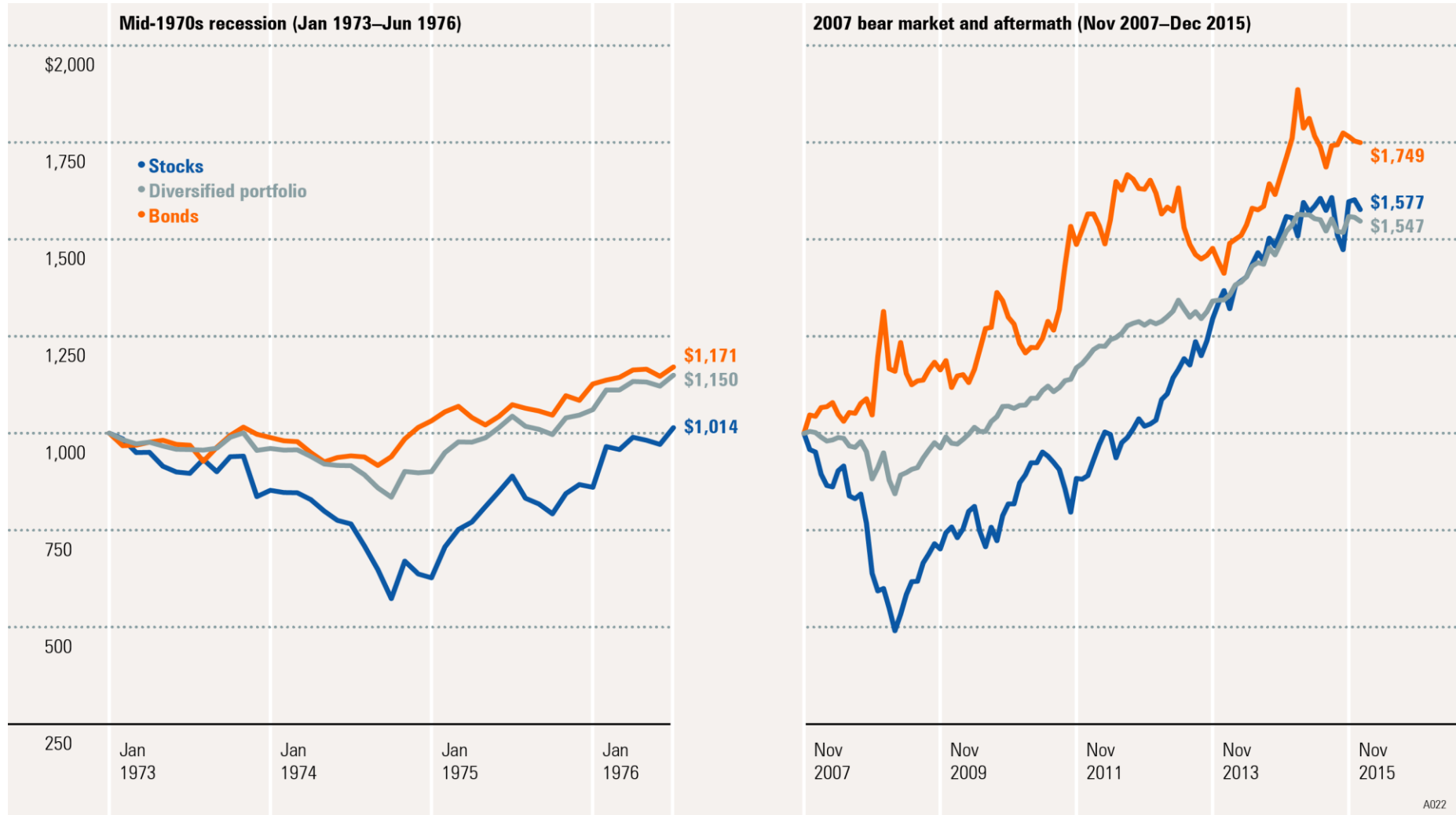
Stocks and Bonds: Risk Versus Return: 1970 - 2015



Past performance is no guarantee of future results. Risk and return are measured by standard deviation and arithmetic mean, respectively. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. © Morningstar. All Rights Reserved.

Diversified Portfolios in Various Market Conditions

Performance during and after select bear markets



Past performance is no guarantee of future results. Diversified portfolio: 35% stocks, 40% bonds, 25% Treasury bills. Hypothetical value of \$1,000 invested at the beginning of January 1973 and November 2007, respectively. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. © Morningstar. All Rights Reserved.

Asset Class Performance

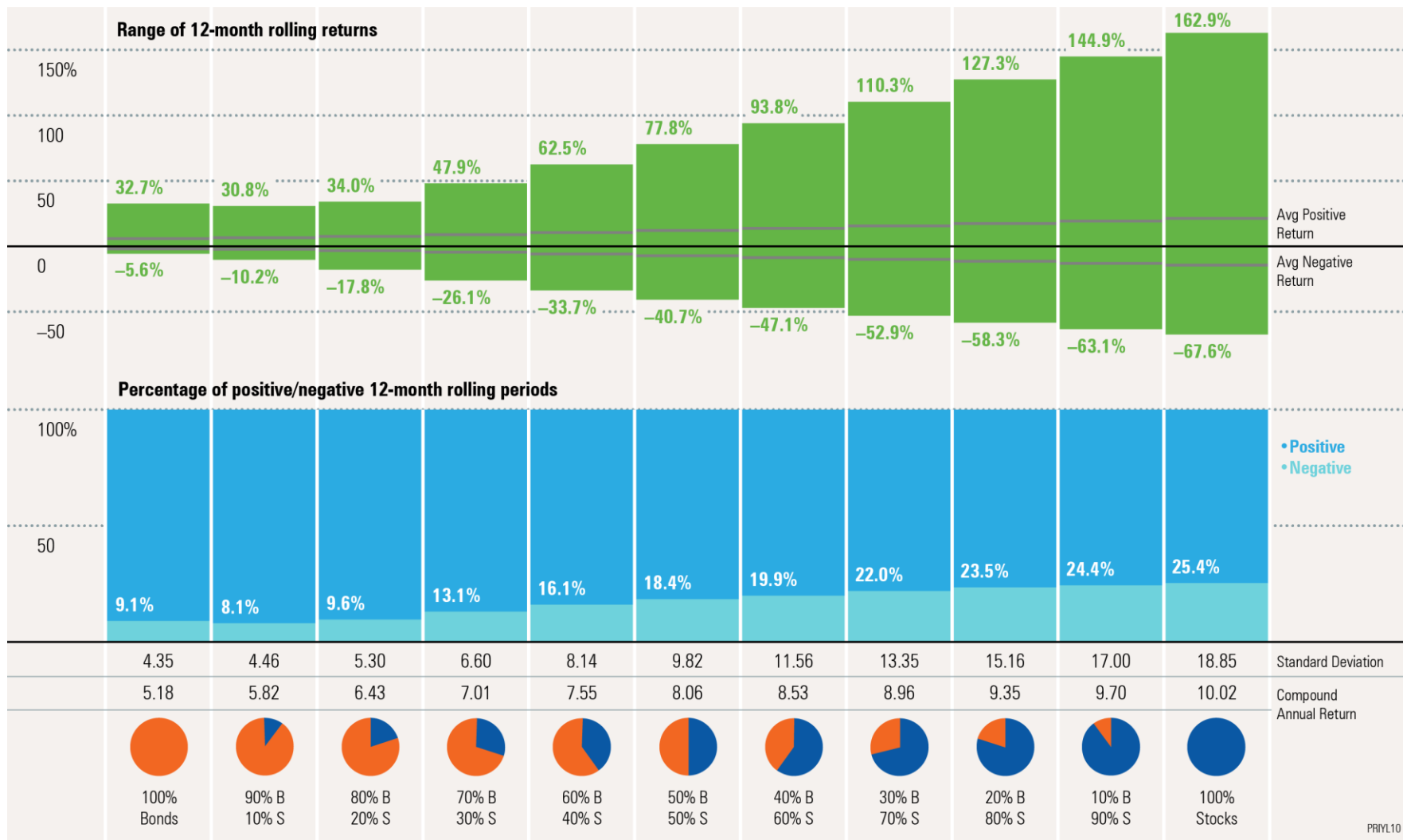
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|--|---------------------------------|----------------------------------|---------------------------------|---------------------------------|----------------------------------|---------------------------------|---------------------------------|---------------------------------|----------------------------------|---------------------------------|---------------------------------|
| <div>Best</div> <div>↑</div> <div>Worst</div> <div>↓</div> | Emerging Market Stocks 39.42 | Intermediate Bonds 5.24 | Emerging Market Stocks 78.51 | REITs 27.58 | Intermediate Bonds 7.84 | REITs 20.14 | U.S. Small Cap Stocks 38.82 | REITs 27.15 | REITs 2.29 | U.S. Small Cap Stocks 21.31 | U.S. Small Cap Stocks 21.31 |
| | Commodities 16.23 | Cash 1.51 | Developed Int'l Stocks 33.67 | U.S. Small Cap Stocks 26.85 | REITs 7.28 | Emerging Market Stocks 18.22 | U.S. Large Cap Stocks 32.39 | U.S. Large Cap Stocks 13.69 | U.S. Large Cap Stocks 1.38 | U.S. Large Cap Stocks 11.96 | U.S. Large Cap Stocks 11.96 |
| | Developed Int'l Stocks 12.44 | U.S. Small Cap Stocks -33.79 | REITs 27.45 | Emerging Market Stocks 18.88 | U.S. Large Cap Stocks 2.11 | Developed Int'l Stocks 16.41 | Developed Int'l Stocks 21.02 | Intermediate Bonds 5.97 | Intermediate Bonds 0.55 | Commodities 11.77 | Commodities 11.77 |
| | Intermediate Bonds 6.97 | Commodities -35.65 | U.S. Small Cap Stocks 27.17 | Commodities 16.83 | Cash 0.06 | U.S. Small Cap Stocks 16.35 | REITs 3.21 | U.S. Small Cap Stocks 4.89 | Cash 0.05 | Emerging Market Stocks 11.19 | Emerging Market Stocks 11.19 |
| | U.S. Large Cap Stocks 5.49 | U.S. Large Cap Stocks -37.00 | U.S. Large Cap Stocks 26.46 | U.S. Large Cap Stocks 15.06 | U.S. Small Cap Stocks -4.18 | U.S. Large Cap Stocks 16.00 | Cash 0.06 | Cash 0.03 | Developed Int'l Stocks -3.04 | REITs 9.28 | REITs 9.28 |
| | Cash 4.77 | REITs -37.34 | Commodities 18.91 | Developed Int'l Stocks 8.95 | Developed Int'l Stocks -12.21 | Intermediate Bonds 4.21 | Intermediate Bonds -2.02 | Emerging Market Stocks -2.19 | U.S. Small Cap Stocks -4.41 | Developed Int'l Stocks 2.75 | Developed Int'l Stocks 2.75 |
| | U.S. Small Cap Stocks -1.57 | Developed Int'l Stocks -43.56 | Intermediate Bonds 5.93 | Intermediate Bonds 6.54 | Commodities -13.32 | Cash 0.09 | Emerging Market Stocks -2.60 | Developed Int'l Stocks -4.32 | Emerging Market Stocks -14.92 | Intermediate Bonds 2.65 | Intermediate Bonds 2.65 |
| | REITs -17.83 | Emerging Market Stocks -53.33 | Cash 0.16 | Cash 0.14 | Emerging Market Stocks -18.42 | Commodities -1.06 | Commodities -9.52 | Commodities -17.01 | Commodities -24.66 | Cash 0.34 | Cash 0.34 |
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | YTD |

■ Cash
■ U.S. Small Cap Stocks
■ Emerging Market Stocks

■ Intermediate Bonds
■ REITs
■ Commodities

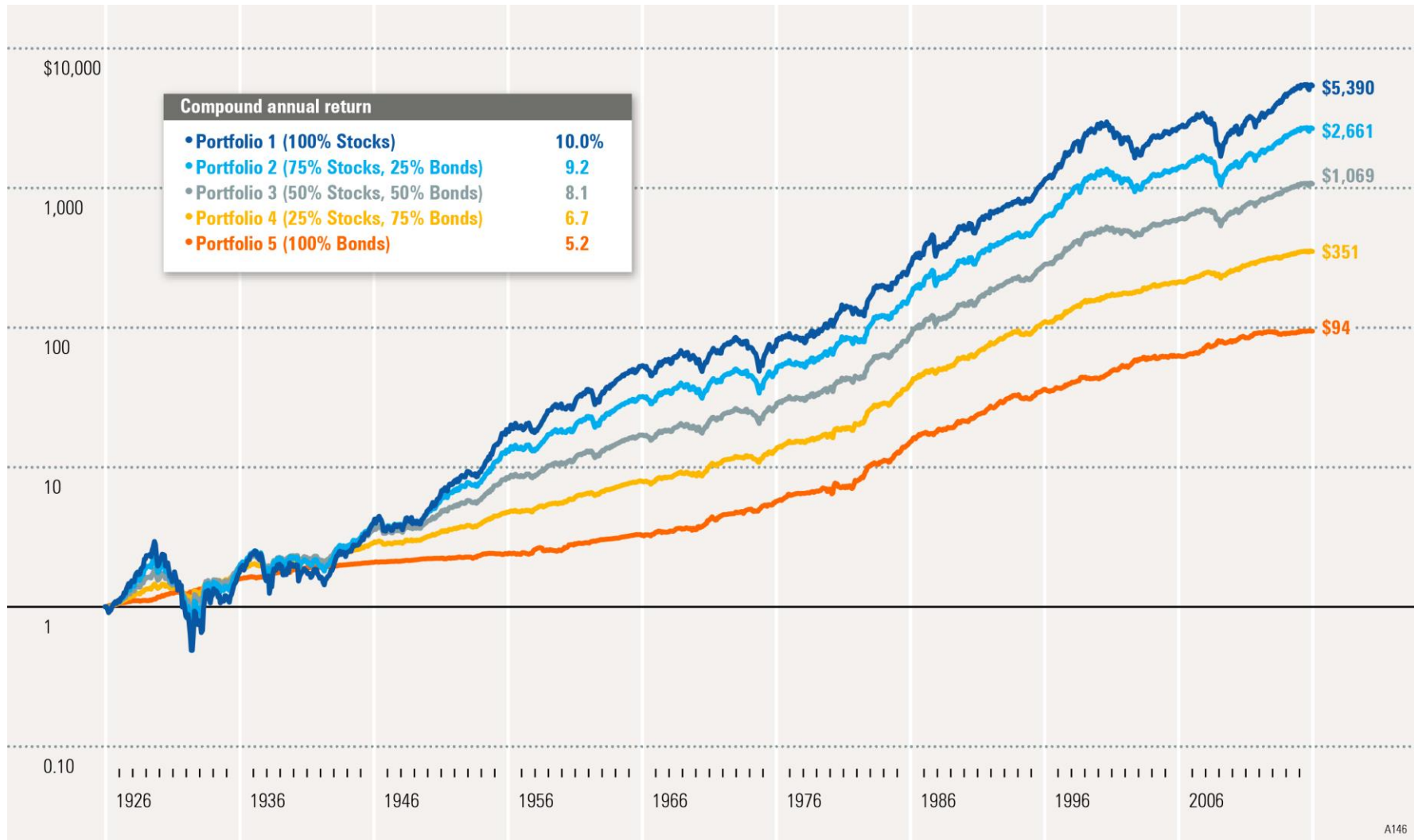
■ U.S. Large Cap Stocks
■ Developed Int'l Stocks

Hypothetical Portfolio Performance 1926–2015



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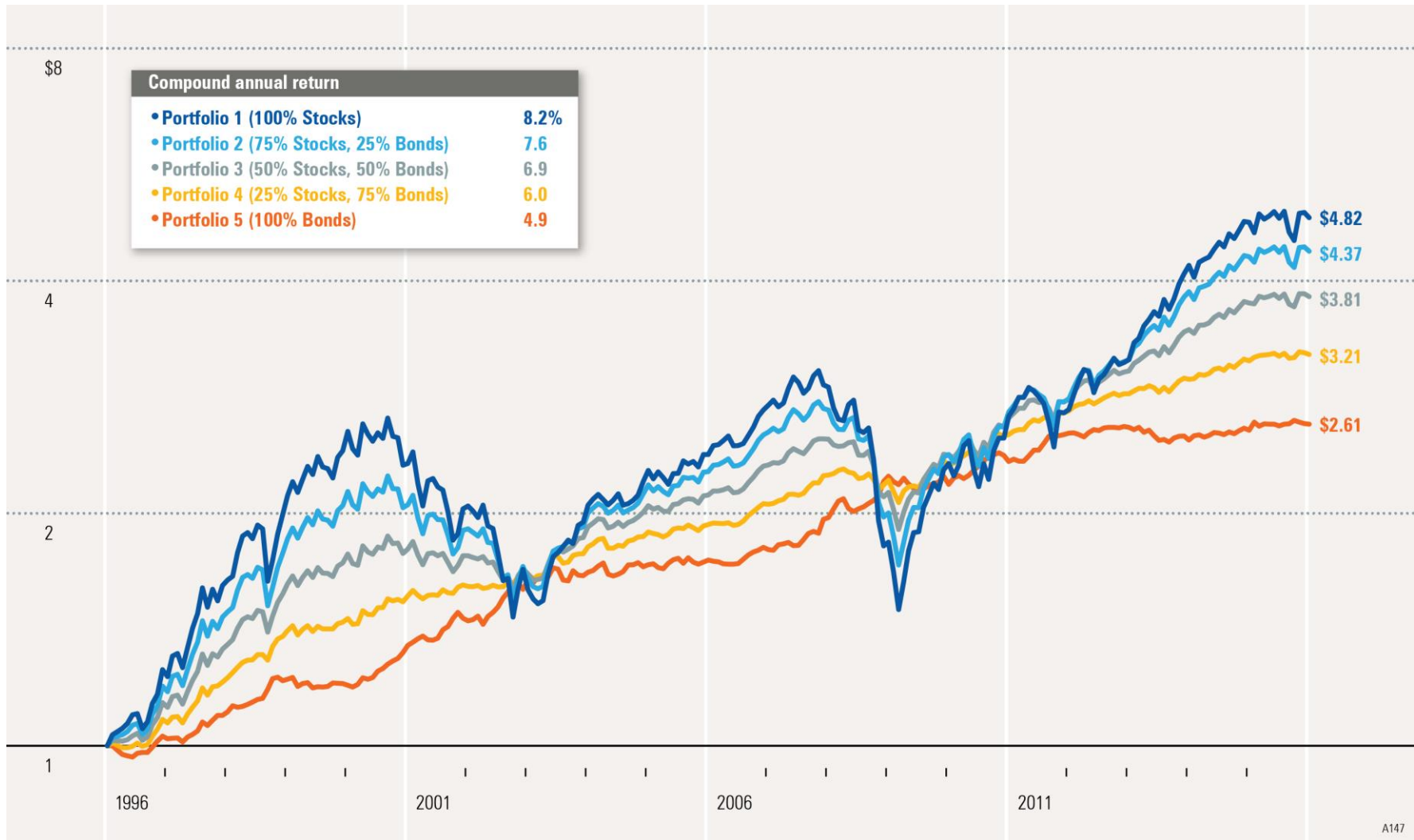
Long-Term Portfolio Performance 1926-2015



A146

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20-Year Portfolio Performance 1996–2015

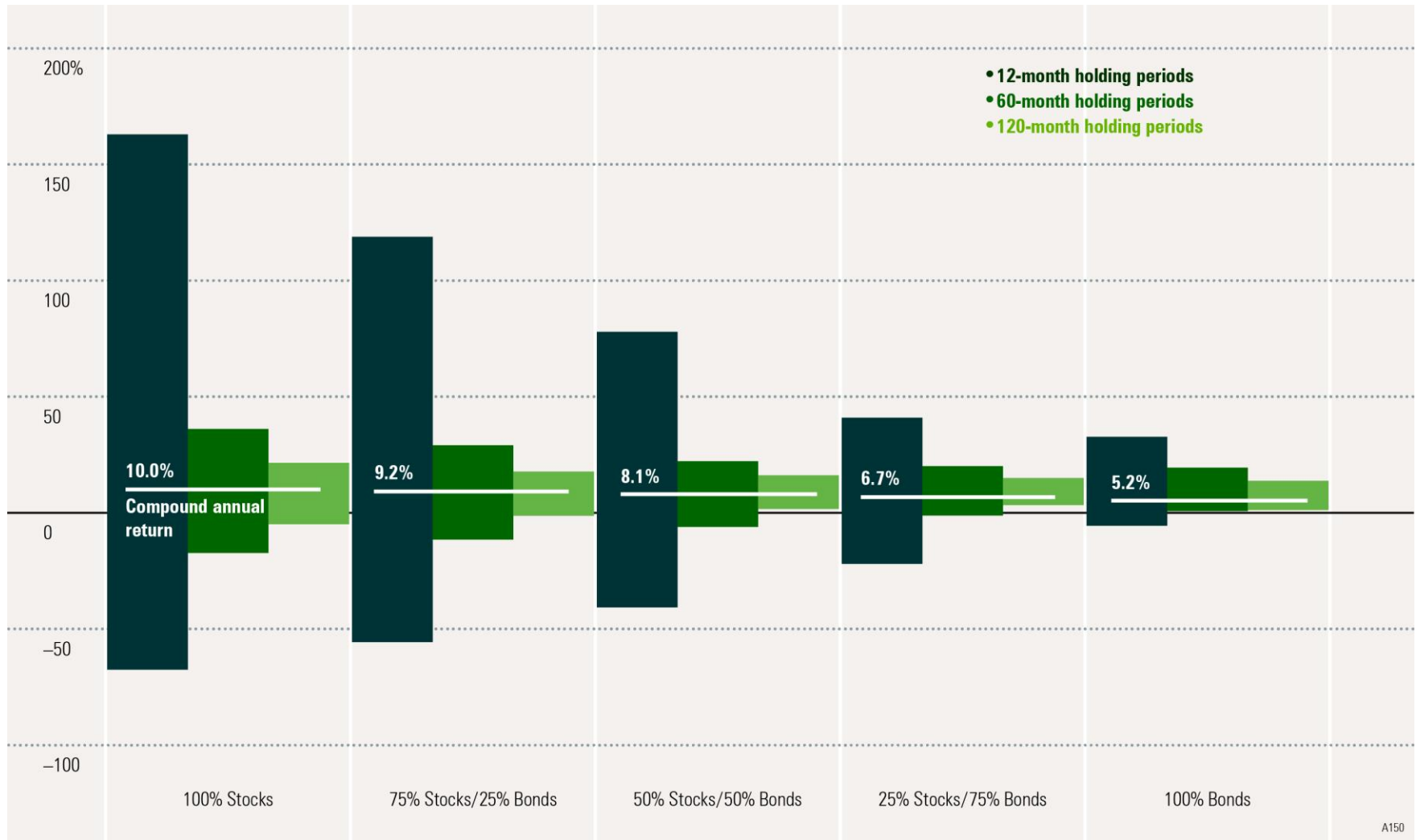


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Past performance is no guarantee of future results. Hypothetical value of \$1 invested at the beginning of 1996. Assumes reinvestment of income and no transaction costs or taxes. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. © Morningstar. All Rights Reserved.

Portfolio Risk Appears to Diminish Over Time

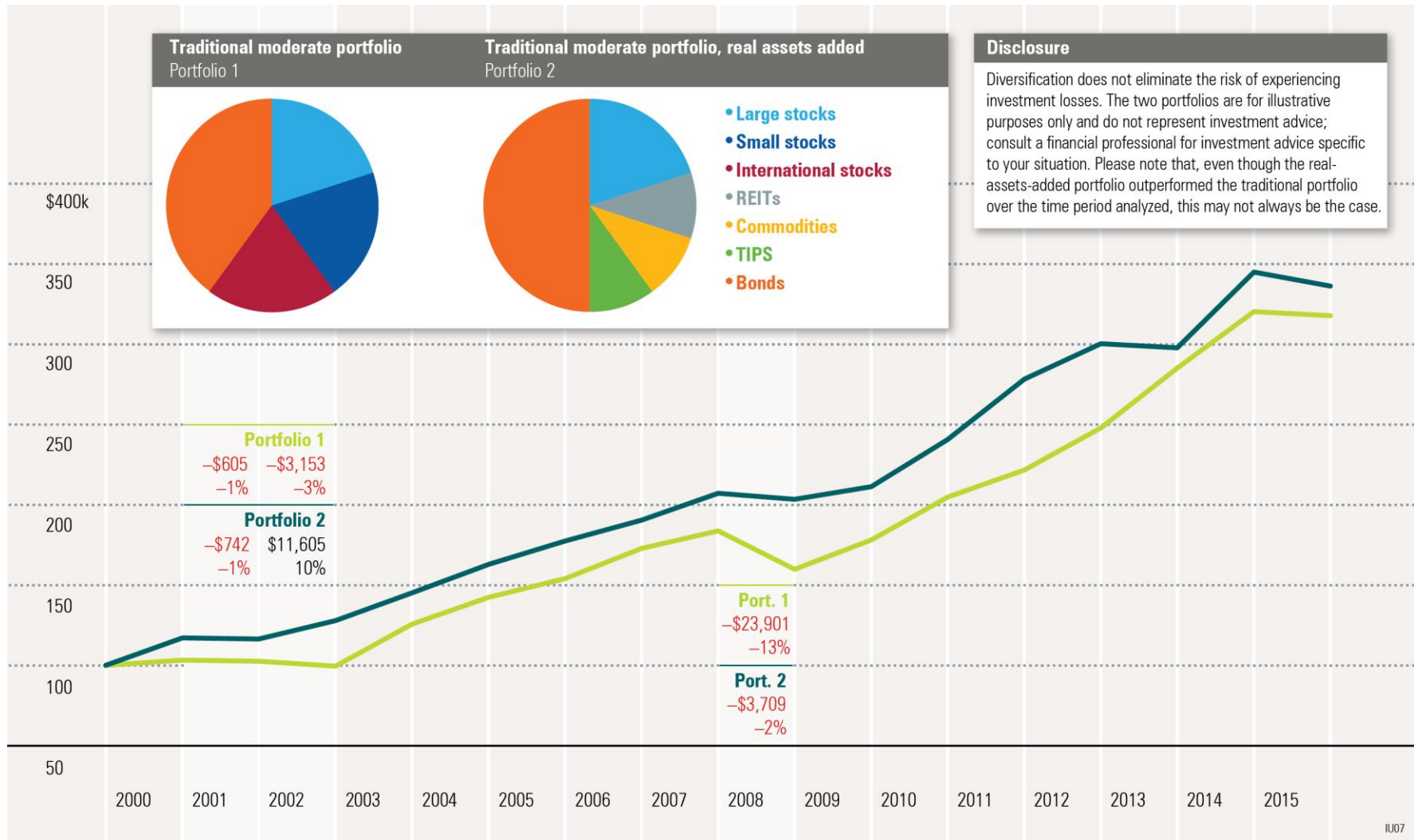
1926–2015



Past performance is no guarantee of future results. Each bar shows the range of rolling returns for each asset class over the period 1926–2015. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index.
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Enhancing Diversification Using Real Assets

Annual returns



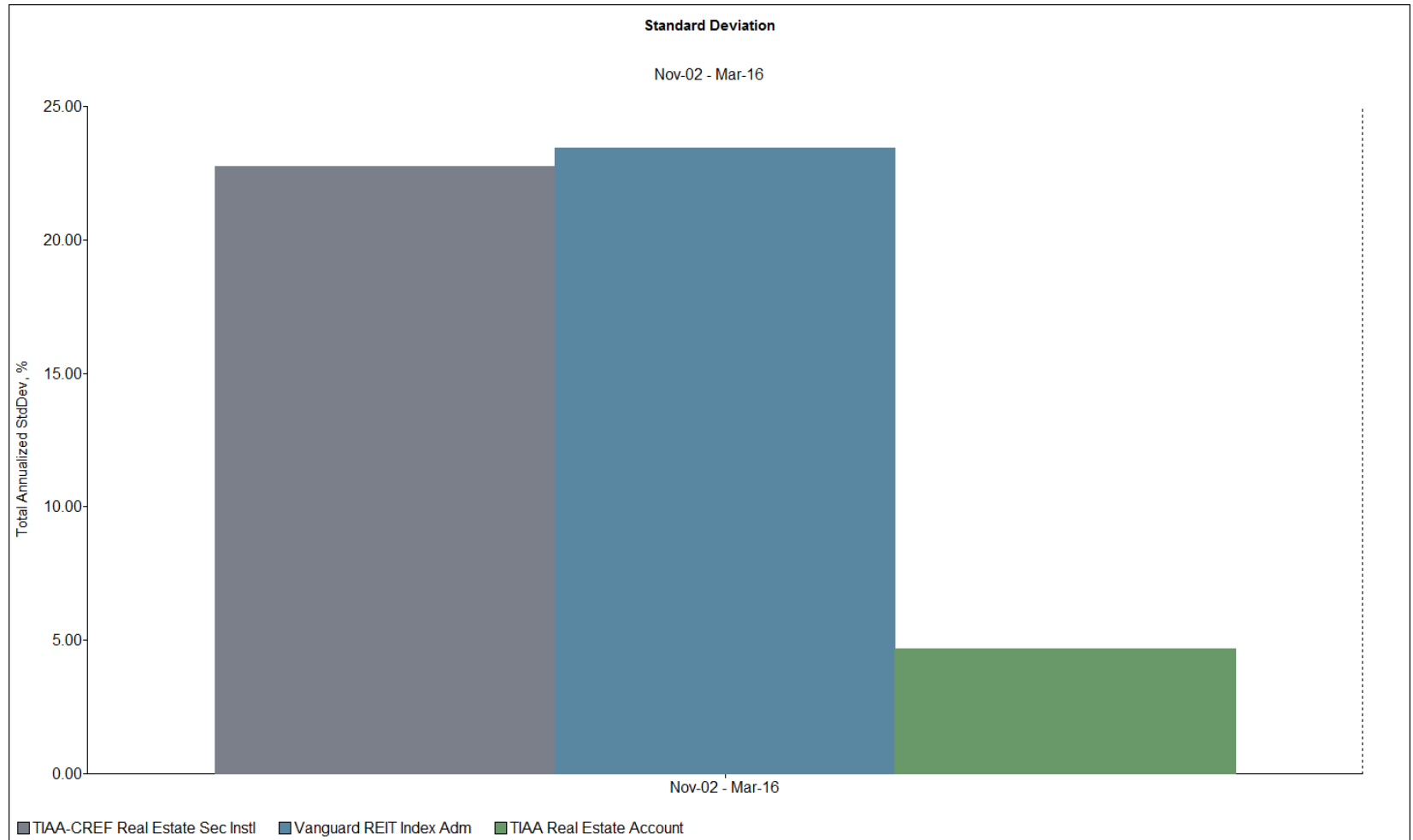
IU07

Past performance is no guarantee of future results. Hypothetical value of \$100,000 invested at the beginning of 2000. Assumes reinvestment of income and no transaction costs or taxes. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. Highlighted areas represent years when Portfolio 1 experienced losses. © Morningstar. All Rights Reserved.

Real Estate

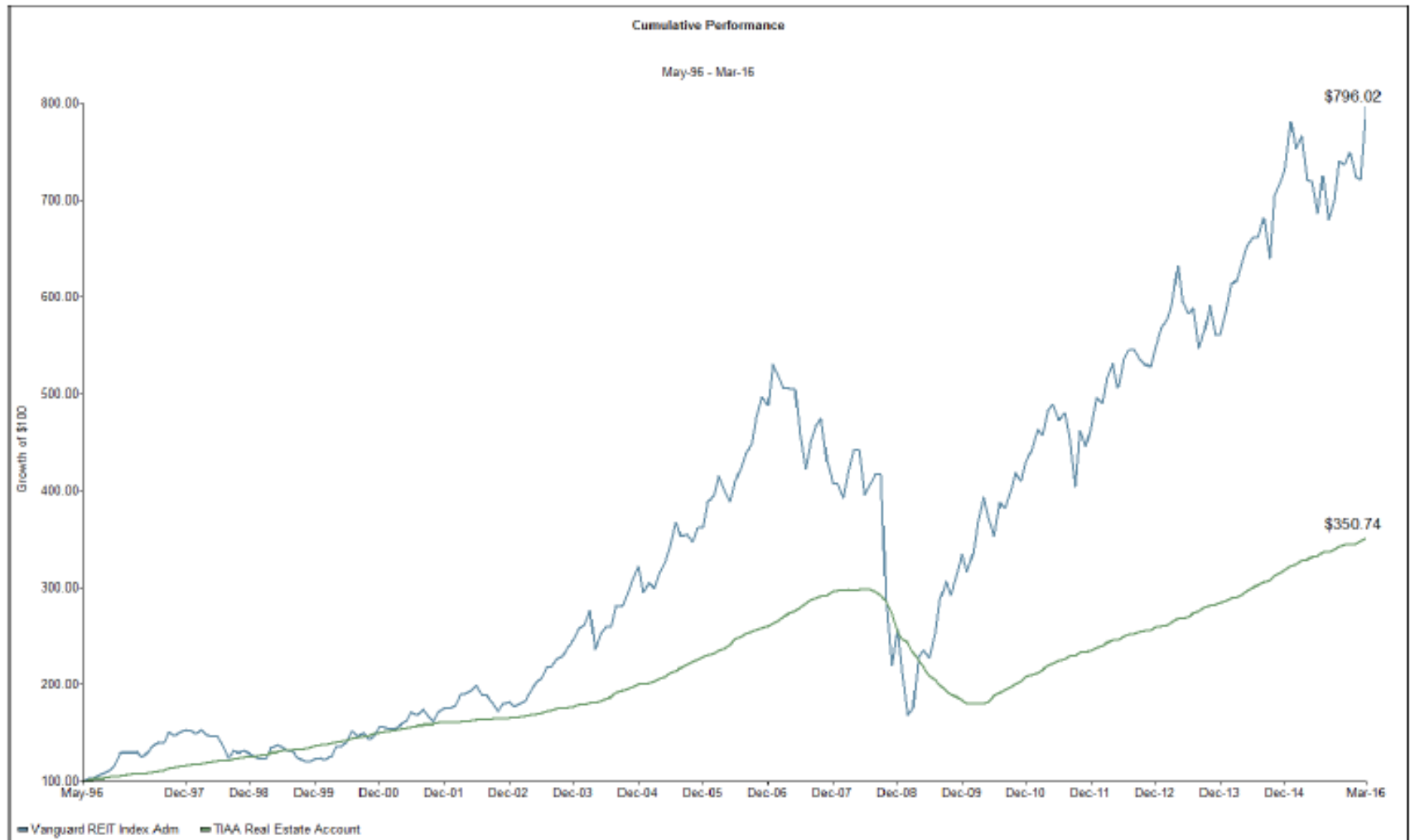
- TIAA Real Estate
 - Allows participants to invest in real estate through a variable annuity account structure
 - Invests in direct properties
 - 75-85% of portfolio invested in real estate and real estate related assets
 - Calculates synthetic value
- Vanguard REIT Index
 - Allows participants to invest in real estate through the purchase of real estate investment trusts
 - Invests in stocks dedicated to the ownership of real estate
 - Seeks to mirror the performance of the MSCI US REIT Index

Differences in Volatility



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Differences in Performance



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Differences in Performance

Maximum Drawdown

| Fund | Annualized Return (%) | Annualized Standard Deviation (%) | Max Drawdown Period | Max Drawdown Return (%) | Max Drawdown Duration | Recovery Period | Recovery Percent (%) | Recovery Duration |
|----------------------------------|-----------------------|-----------------------------------|---------------------|-------------------------|-----------------------|---------------------|----------------------|-------------------|
| TIAA Real Estate | 5.85% | 4.70% | Jul 2008 – Feb 2010 | -39.77% | 20 Months | Mar 2010 – Jun 2014 | 100% | 52 Months |
| TIAA-CREF Real Estate Secs Instl | 11.59% | 22.74% | Feb 2007 – Feb 2009 | -69.53% | 25 Months | Mar 2009 – Jan 2013 | 100% | 47 Months |
| Vanguard REIT Index Secs Adm | 12.08% | 23.46% | Feb 2007 – Feb 2009 | -68.21% | 25 Months | Mar 2009 – Apr 2012 | 100% | 38 Months |

**All calculations are for the common period of 11/1/2002 through 3/31/2016*

Disclosures

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