

Pensions&Investments West Coast

# Defined Contribution Conference

October 8-10 | San Diego | Manchester Grand Hyatt



The background features a light blue sky with several stylized, white, fluffy clouds of varying sizes. At the bottom of the image, there is a colorful silhouette of a city skyline with buildings in shades of blue, green, orange, and red. To the right of the skyline, a blue roller coaster track curves upwards.

# **An Active Look at Mutual Fund Fees**

**Pensions&Investments DC West 2017**

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# **Jennifer M. Flodin**

Managing Director  
**Pavilion Advisory Group**

# Share Classes Can Mean Alphabet Soup

L R  
R5 Advantage Y Admiral B  
/ F A Z C



# How does selecting a share class impact the strategies “net” cost?

Fund Name	Expense Ratio	Revenue Sharing Amount	Net Expense Ratio (Net of Revenue Sharing)
Manager Growth A	0.85%	0.25%	0.60%
Manager Growth R1	1.61%	1.10%	0.51%
Manager Growth R2	1.60%	1.10%	0.50%
Manager Growth R3	1.14%	0.65%	0.49%
Manager Growth R4	0.85%	0.35%	0.50%
Manager Growth R5	0.54%	0.05%	0.49%
Manager Growth R6	0.50%	0.00%	0.50%





# **Diane Kaiser**

Manager, Choice 401(k) Plan

**Public Employees Retirement System of Idaho**

# Public Employee Retirement System of Idaho (PERSI)

- Mandatory defined benefit plan (Base Plan)
- Voluntary 401(k) plan (Choice Plan)
  - Began in 2001, when the Base Plan was overfunded
  - Grandfathered an existing 401(k) plan
- 800+ public employers in PERSI
- “Simple, transparent, focused” philosophy



# PERSI Choice 401(k) Plan

- \$834 million in plan assets
- 39,200 participants with balances
- 15 investment fund options
  - Default fund is a mirror image of the Base Plan fund (“Total Return Fund”)
  - Revenue sharing returned to participants





# Fund Share Class changes 3/1/2017

- T. Rowe Price Institutional Small-Cap Stock Fund (TRSSX)
  - Replaced T. Rowe Price Small Cap Stock Fund (OTCFX)
- Brandes International Equity Fund – Class R6 (BIERX)
  - Replaced Brandes International Equity Fund Class I (BIEX)

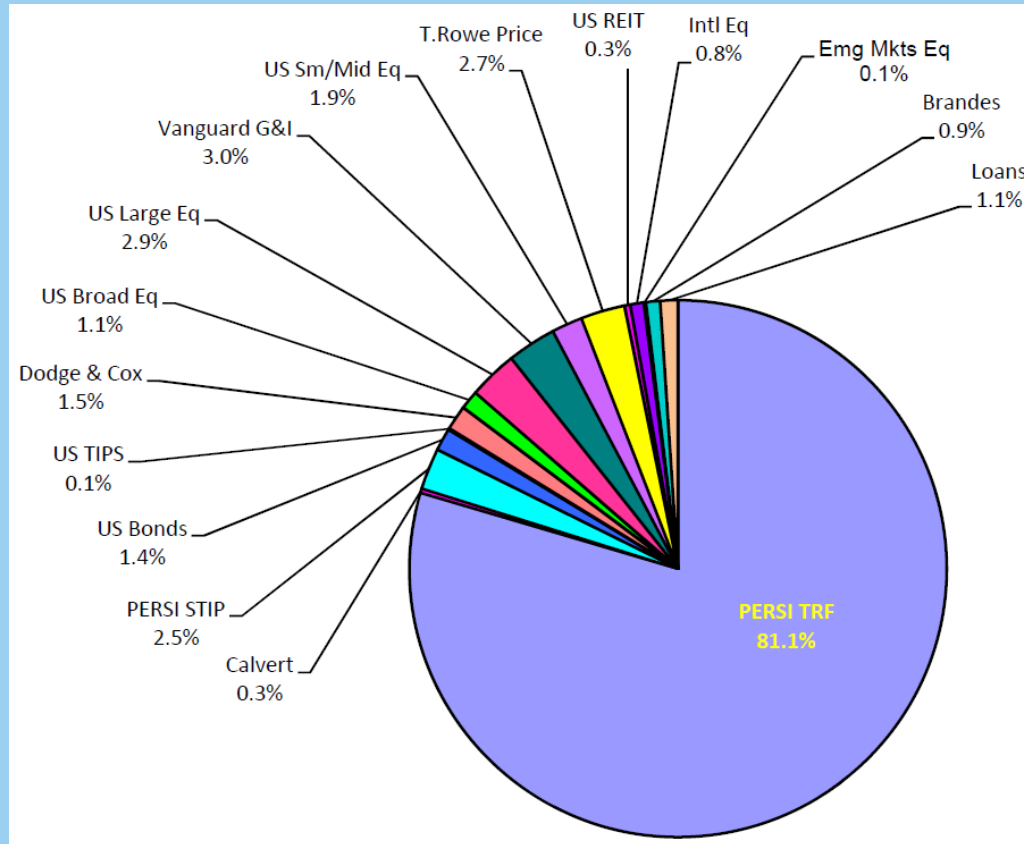


# One Remaining Fund Option

- Dodge & Cox Income Fund
  - Share class without revenue sharing not available
  - Will continue to monitor



# PERSI's 401(k) Plan Fund Lineup



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# **Jennifer Schneider**

Manager, Retirement Investments  
**United Airlines**

# United-sponsored retirement plans

- Approximately \$21B of invested assets
  - 82% in defined contribution plans
  - 18% in defined benefit plans
- United sponsors two primary DC plan environments
  - Approximately 80,000 active participants
  - Combination of predominately actively managed white labeled funds and index funds
  - Custom and off-the-shelf target-date funds as QDIA
  - Invests primarily in collective investment trusts and separately managed accounts with some mutual funds



# Manager fees and additional considerations for investment vehicle or share class selection

- Size of assets under management for a strategy
  - Re-enrollment / QDIA
- Separate account considerations and complexities
  - Additional fees, registrations, disclosures
- Revenue-sharing
  - Record keeper capabilities



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# David Heiny

Managing Director  
**Artisan Partners**

# Common Vehicle Options

CHARACTERISTICS & PRICING

MUTUAL FUNDS

COLLECTIVE TRUSTS

SEPARATE ACCOUNTS

Traditional Shareholder Services

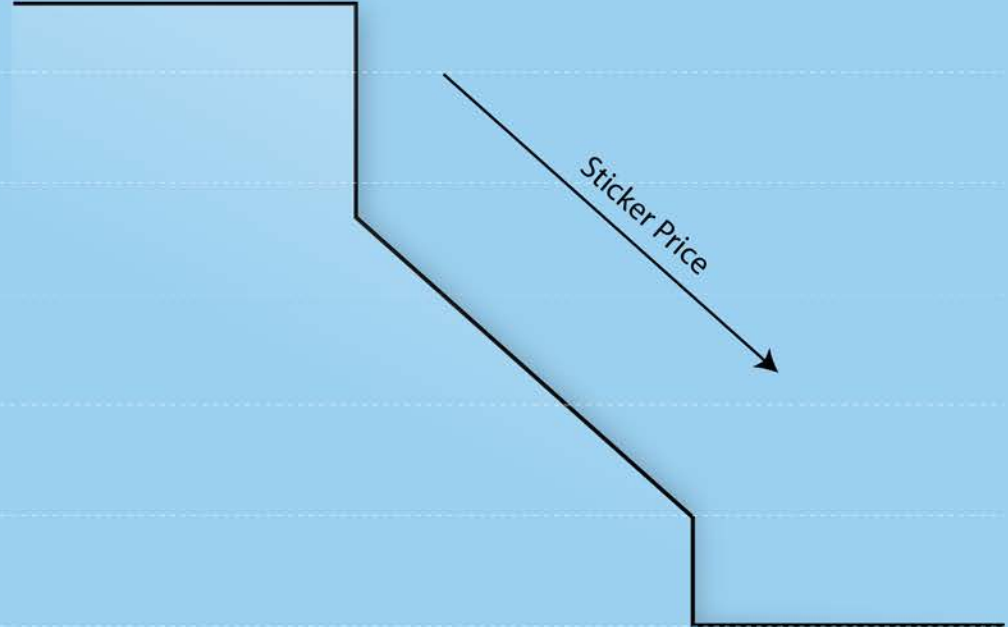
Breadth of Availability

Regulatory Oversight

Independent Governance

Comingled Custody

Investment Advisory





# Fee Example

## Artisan Partners Fund

Investor Shares: 1.19%, Payments to Financial Intermediaries Available

Advisor Shares: 1.10%, Payments to Financial Intermediaries Available

Institutional Shares: 0.95%

## Artisan Partners Trust

Tier 1: 0.85%

Tier 3: 0.75% (\$150 mn minimum)

## Artisan Partners Strategy

80Bps on First \$50mn

60Bps on Next \$50mn

50Bps on Balance

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