

**Investment Committee Meeting
For ABC Company, Inc. 401(k) Profit Sharing Plan
Q 2, 2014**

Opening:

The ABC Company, Inc. 401(k) Profit Sharing Plan Investment Committee (“Committee”) meeting began at 1:30 pm on August 20, 2014.

Present:

Members Present: Jim Smith, Bob Jones, Allen Clark

Advisors Present: Betsy Custer with White Horse Advisors

Items Reviewed and Discussed:

Review Minutes from February 20, 2014 Meeting- The minutes had already been approved so it was not necessary to review them again.

Investment Review - The 2nd quarter, 2014 quarterly monitoring report for the plan was reviewed. It was noted that this report includes all of the fund changes which were implemented during the 2nd quarter. The funds on the Watch List were reviewed in detail:

Prudential Jennison Natural Resources -The 3 Year Total Return is below the median, which in part is due to poor performance in 2011 and 2012 and now the 5 Year Total Return is just below the peer median at 51%. However the 1 Year Total performance has improved with a peer ranking of 10% and it was further noted that the 10 Year Total Return continues to be strong with a peer ranking of 10%. The Committee deemed no action was necessary.

Columbia Acorn International-The longer term performance remains strong with the 10 Year Total Return peer ranking of 16%. However the 1, 3 and 5 Year Total Returns are all below the median. It was noted that the fund does continue to outperform the benchmark for the 3 and 5 year time periods. It was further noted that the very recent performance trend was positive with a YTD peer ranking of 32%. The Committee deemed no action was necessary.

Putnam High Yield- This fund is on the Watch List as the 5 Year Total Return has a peer ranking of 59%. It was further noted that the 3 and 10 Year Total Returns are above the peer median with rankings of 37% and 21%, respectively. In addition the current performance continues to be above the peer median.

Putnam Equity Income-Performance remains very strong however the fund is on the Watch List due to the manager tenure being under 2 years.

Oppenheimer International Bond -While the 3 Year Total Return has been below the peer median for the last 4 quarters and the 5 Year Total Return has been straddling the peer median and is back below the peer median, the fund has outperformed the benchmark for both the 3 and 5 year time periods. The Committee deemed no further action was necessary.

Wells Fargo Advantage Growth-This fund is on the Watch List due to the 3 Year Total Return having a peer ranking of 67%. It was noted that the longer term performance continues to be strong with the 5 and 10 Year Total Return peer rankings of 3% and 1%, respectively. White Horse stated that they recently had a call with the fund company and the recent investment performance was discussed. Both a shift in the market as well as stock selection contributed to the fund’s underperformance. The Committee deemed no action was necessary.

Wells Fargo Stable Return-This fund is on the Watch List due the 3 and 5 Year Total Returns ranking below the peer median, however it was noted that the dispersion of returns is small. It was further noted that the market to book ratio is strong at 101.10%. The Committee deemed no action was necessary.

The one fund on the Replace List, **PIMCO Total Return**, was reviewed in detail:

PIMCO Total Return- Due to a number of factors including the lack of confidence in the fund's management it was decided to review other potential replacements. Based on a number of factors, including the plan's other fixed income options including a high yield option, Betsy stated that she would recommend the Metropolitan West Total Return Bond as it has some more conservative characteristics including a lower duration, which measures sensitivity to interest rate changes, and also has a stricter limit on the amount of below investment grade bonds the fund can hold. The Committee approved moving forward with the fund change. The lowest share class available on Well's platform will be used. Betsy stated that she would work with Wells Fargo on implementing the fund change.

Other Fund Changes-White Horse indicated that the 5 year increments of the T Rowe target date funds (TDFs) should be added. Subsequent to the meeting, Betsy confirmed with Wells that the fund limit is 99 funds, so adding the 5 year increments is well within that limit.

Review Plan Costs- The presentation, prepared by White Horse, was reviewed with the Committee. Currently the plan sponsor pays the advisor's fee and the other plan expenses are paid by the participants. It was further noted that Wells reallocates any revenue sharing back to the participants in that fund and charges 40 basis points to the plan. The Committee continues to be comfortable with the sharing of the plan costs however Betsy stated that she would model the potential impact if the lowest share class available on Well's platform was used. This would result in lower fund expenses however it would involve swapping out the funds with a lower share class which would mean a fund change. Betsy will work with Wells to quantify how many funds would be impacted and will get back with the Committee once the analysis is done.

Note: It was decided that the fund change for the PIMCO Total Return and the addition of the T Rowe TDFs in 5 year increments would not be implemented until a decision was made on whether or not to use the lowest share class available for all funds.

Discuss Different Match /Profit Sharing Formulas-White Horse had worked with Wells on modeling the impact of implementing different match formulas including New Comparability with and without a Safe Harbor Match. The Committee decided to keep the current design, Integrated, but would continue to revisit this topic. As the plan has a Safe Harbor Match, it was noted that any change to the match would need to be decided by the end of September for a January 1 implementation date. This is due to the regulatory notice requirement as well as amendment period.

Adjournment: The meeting ended at 2:50 pm

Minutes submitted by: Betsy Custer

Approved on behalf of the Committee:

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