



## MEMORANDUM

DATE: May 2020  
TO: State of Delaware Office of the State Treasurer (OST)  
FROM: Cammack Retirement Group  
RE: Fund Recommendation – American Funds Washington Mutual and American Funds Target Date Series

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Cammack Retirement Group is recommending that the investments managed by Capital Group, which includes American Funds Washington Mutual and American Funds Target Date Series (together, “funds”), be removed from Watch.

In December 2019, the Plans Management Board (“PMB”) approved the Investment Committee’s recommendation to place the funds on “Watch” due to compliance concerns. Following the termination of international equity Portfolio Manager, Mark Denning, (with cause), there were concerns surrounding Capital Group’s compliance oversight of its investment staff.

During this Watch period, Cammack Retirement Group fully scrutinized the impact to investors and evaluated the remedial actions taken by Capital Group to avoid similar situations in the future. These steps included updating their Code of Ethics and retraining their investment personnel on personal disclosure requirements. In addition, Capital Group’s in-depth investigation revealed no detriment to any of the funds’ investors, along with no other instances of investment personnel failing to disclose information on outside holdings that could cause a conflict of interest.

After continuous dialogue and meetings with Capital Group’s compliance and management team, at their office both in New York and California, Cammack Retirement Group feels more confident that this was an isolated incident and that Capital Group’s revised oversight and disclosure procedures should help prevent future occurrences. As a result, Cammack Retirement recommends removing these funds from watch.