



**MINUTES FROM THE MEETING OF THE INVESTMENT
COMMITTEE OF THE PLANS MANAGEMENT BOARD
May 17, 2022**

A meeting of the Investment Committee (the “Committee”) of the Plans Management Board (the “Board”) was held on May 17, 2022, commencing at 10:00 a.m., at the Office of State Treasurer (“OST”), Carvel State Building, 820 N. French Street, Wilmington, Delaware. Committee members and members of the public were able to participate using the provided dial-in information.

Committee Members Represented or in Attendance:

Mr. Alan Colberg, Committee Chair

The Honorable Colleen C. Davis, State Treasurer

Mr. Sean McNeeley, Director of Bond Finance (on behalf of Secretary Rick Geisenberger, Department of Finance)

Mr. Todd Roselle

Mr. Dave Biddle

Members not in attendance:

Secretary Cade, Director of the Office of Management and Budget

Others in Attendance:

Mr. Jason Staib, Deputy Attorney General, Delaware Department of Justice

Mr. John Meyer, Director of Contributions and Plans Management, OST

Mr. Mike Green, Investments and Operations Manager, OST

Mr. Dan Kimmel, Promotion and Outreach Manager, OST

Ms. Deborah Bradl, Executive Assistant, OST

Mr. Daniel Madrid, Chief Operating Officer, OST

Mr. Jordan Seemans, Director of Policy and Communications, OST

Mr. Earle Allen, Principal Financial Advisor, CAPTRUST

Mr. James Duffy, Research Associate, CAPTRUST

Mr. Anthony Durkan, Vice-President, Head of 529 Relationship Management, Fidelity Investments, Inc. (“Fidelity”)

Ms. Jessica Bialas, Director, Investment Product, Fidelity

Mr. Dan Terio, Vice President, Investment Product, Fidelity

CALL TO ORDER

The meeting was called to order at 10:00 a.m.

APPROVAL OF MINUTES

A MOTION was made by Mr. Roselle and seconded by Mr. Colberg to approve the minutes from the Committee meeting on February 15, 2022.

MOTION ADOPTED UNANIMOUSLY

PRESENTATIONS

Investment Performance on Deferred Compensation Plans – CAPTRUST

Mr. Allen reviewed the performance metrics for the three deferred compensation plans. As of March 31, 2021, assets in the plans totaled approximately \$1.15 billion, excluding assets held at legacy 403(b) vendors (valued at approximately \$287.5 million as of March 31, 2021), reflecting a decrease of approximately \$20 million. Quarterly contributions were approximately \$17.6 million. Mr. Allen indicated that the average weighted expense ratio of the funds was 0.31 percent, which is .05 percent less than the average NAGDCA survey result of similar sized plans.

Mr. Allen reviewed the different investment tiers within the plans. As of March 31, 2021, Tier 1 held approximately 71 percent of total assets (\$821.5 million). Tier 1 also received nearly 71 percent (\$12.5 million) of all new contributions in the first quarter of 2022. Ninety-two percent of participants are invested in Tier 1 target date funds.

As of March 31, 2022, Tier 2 held approximately 26 percent of total assets (\$295.2 million). Mr. Allen stated that Tier 2 received approximately 29 percent (\$5.0 million) of new contributions in the first quarter of 2022.

The Tier 3 self-directed brokerage option held approximately three percent of total assets (\$36.7 million) as of March 31, 2022. Mr. Allen stated that 484 unique participants were investing through the brokerage window at the end of the first quarter of 2022, versus 427 as of December 31, 2021.

Mr. Duffy provided market commentary. Mr. Duffy stated that the first quarter saw widespread and negative performance with major asset classes selling off. U.S. large cap stocks and international stocks both posted negative returns. Commodities was the only category that provided positive returns due to growth in earnings. Bonds yields retreated for the first quarter and year-to-date among inflation concerns. Mr. Duffy stated that the outlook for fixed income is optimistic for the 1-year and 10-year yields. Fixed income in 2022 saw the ten-year U.S. Treasury yields rise from 1.52 percent in 2021 to 2.32 percent. Finally, small cap growth decreased in the first quarter by 12.6 percent as did small cap value by 2.4 percent.

Investment Performance on College Investment Plan – CAPTRUST

Mr. Duffy reviewed first-quarter plan performance for the 529 plan. Total plan assets as of March 31, 2022, were approximately \$710.1 million, a \$37.2 million decrease over year-end 2021. Approximately 71 percent of assets (\$501.9 million) are in the age-based option, with approximately 29 percent of assets (\$208.1 million) residing in static portfolios.

Mr. Duffy updated the Committee on the level of growth for the blend age-based option. This option holds \$11.6 million as of March 31, 2022, versus \$11.1 million at the end of 2021. The majority of plan assets are in the active age-based category.

Mr. Duffy stated performance of the funds relative to the benchmark was positive while relative performance versus peers was mixed.

DISCUSSION AND ACTION ITEMS

Discussion and Vote on Recommendation Regarding Tier Two Investment Options for Deferred Compensation Plans

Mr. Allen introduced the presentation on investment offerings in the plans to the Committee.

Mr. Duffy reviewed the tiered approach of the investment offerings and discussed potential new additions to the lineup. Discussion occurred regarding the options and Morningstar's evaluation considerations. Mr. Biddle offered to share a fiduciary standard document with the Committee for review. The Committee agreed to continue this discussion with CAPTRUST at a future meeting.

Discussion and Vote on Recommendation Regarding Managed Account and Self-Directed Brokerage Services for Deferred Compensation Plans

Mr. Meyer discussed the review of the self-directed brokerage window and advisory service providers for the deferred compensation plans. Mr. Meyer stated that CAPTRUST concluded that the providers offer quality services and are leading providers in the markets for their respective services. Mr. Meyer reported to the Committee that the service provider review coincides with the renewal of the recordkeeping arrangement with Voya.

A MOTION was made by Mr. Colberg and seconded by Treasurer Davis to recommend that the Board accept the review of the managed account (Morningstar) and self-directed brokerage (TD Ameritrade) providers.

MOTION ADOPTED UNANIMOUSLY

Discussion and Vote on Recommendation Regarding Changes to the Investment Policy Statement for the 529 Plan

Mr. Meyer reviewed the suggested revisions for the investment policy statement ("IPS") for the 529 plan. Mr. Meyer stated that the revisions are related to the addition of a stable value product and are consistent with similar provisions recently added to the deferred compensation plan.

A MOTION was made by Treasurer Davis and seconded by Mr. Biddle to recommend that the Board accept the changes to the 529 plan IPS.

MOTION ADOPTED UNANIMOUSLY

EXECUTIVE SESSION

A MOTION was made by Mr. Colberg and seconded by Treasurer Davis to move into executive session to discuss the potential addition of the Fidelity Sustainable Multi-Asset Fund to the investment lineup.

MOTION ADOPTED UNANIMOUSLY

The Committee entered executive session at 11:40 a.m. and reconvened in open session 12:08 p.m. The Chair announced that the Committee will review materials on the Fidelity Sustainable Multi-Asset Fund and revisit the issue at a future meeting.

PUBLIC COMMENT

No members of the public made a comment.

NEXT MEETING

The next meeting of the Board is scheduled for June 7, 2022.

The next meeting of the Committee is scheduled for August 16, 2022.

ADJOURNMENT

The meeting was adjourned by the Chair at 12:12 p.m.

Respectfully submitted,

Alan Colberg
Chair for the Investment Committee