



**MINUTES FROM THE MEETING OF THE INVESTMENT  
COMMITTEE OF THE PLANS MANAGEMENT BOARD  
November 15, 2022**

A virtual meeting of the Investment Committee (the “Committee”) of the Plans Management Board (the “Board”) was held on November 15, 2022, commencing at 10:00 a.m. 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. Daniel Madrid, Deputy Director of Government Efficiency and Accountability Review (“GEAR”) (on behalf of Secretary Rick Geisenberger, Department of Finance)

Ms. Courtney Stewart, Deputy Director (on behalf of Secretary Cade, Office of Management and Budget)

Mr. Todd Roselle

Mr. Dave Biddle

Others in Attendance:

Ms. Liza Davis, Deputy State Treasurer, Office of the State Treasurer (“OST”)

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

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

Mr. Dan Kimmel, Promotion and Outreach Manager, OST

Ms. Deborah Bradl, Executive Assistant, 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”)

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

Ms. Elise Randazzo, Institutional Portfolio Manager, Fidelity

Mr. Andrew Dierdorf, Portfolio Manager, Fidelity

Mr. Patrick Goessling, Product Director, Met Life Inc.

Mr. Robert Scoglietti, Deputy Controller General, Legislative Hall

**CALL TO ORDER**

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

**APPROVAL OF MINUTES**

**A MOTION was made by Mr. Biddle and seconded by Mr. Roselle to approve the minutes from the Committee meeting on May 17, 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 September 30, 2022, assets in the plans totaled approximately \$972.5 million, excluding assets held at legacy 403(b) vendors (valued at approximately \$234.9 million as of September 30, 2022), reflecting a decrease of approximately \$251.4 million. Quarterly contributions were approximately \$20.8 million. Mr. Allen indicated that the average weighted expense ratio of the funds was 0.30 percent, which is .06 percent less than the average NAGDCA survey result of similar sized plans.

Mr. Allen reviewed the different investment tiers within the plans. As of September 30, 2022, Tier 1 held approximately 70 percent of total assets (\$684.9 million). Tier 1 also received nearly 71 percent (\$14.8 million) of all new contributions in the third quarter of 2022. Ninety-two percent of participants are invested in Tier 1 target date funds.

As of September 30, 2022, Tier 2 held approximately 26 percent of total assets (\$256.0 million). Mr. Allen stated that Tier 2 received approximately 29 percent (\$6.0 million) of new contributions in the third quarter of 2022.

The Tier 3 self-directed brokerage option held approximately three percent of total assets (\$31.5 million) as of September 30, 2022. Mr. Allen stated that 489 unique participants were investing through the brokerage window at the end of the third quarter of 2022, versus 427 as of December 31, 2021.

Mr. Duffy provided market commentary to the Committee. Mr. Duffy stated that the third quarter saw modest losses across all asset classes, including commodities. Stocks and bonds climbed in the first half of the quarter as inflation concerns subsided. Small cap stocks outperformed U.S. large cap stocks, and growth slightly outperformed value. International stocks posted negative returns and bonds yields declined for the third consecutive quarter among double digit-inflation concerns. Mr. Duffy stated that the outlook for fixed income continues to be 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 3.83 percent. Finally, small cap growth saw a slight increase in the third quarter (up by 2.0 percent); small cap value, however, decreased by 4.6 percent.

#### *Investment Performance on College Investment Plan – CAPTRUST*

Mr. Duffy reviewed third-quarter plan performance for the 529 plan. Total plan assets as of September 30, 2022, were approximately \$595.1 million, a \$115 million decrease over year-end 2021. Approximately 71 percent of assets (\$420.7 million) are in the age-based option, with approximately 29 percent of assets (\$77.3 million) residing in static portfolios.

Mr. Duffy updated the Committee on the level of growth for the blend age-based option. This option holds \$11.3 million as of September 30, 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 that 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 Watch List Fund Addition of T. Rowe Price Blue Chip Growth I*

Mr. Duffy led a discussion regarding whether to place T. Rowe Price Blue Chip Growth I on watch. He stated that the fund has overall underperformed relative to peers since 2021. Discussion followed. CAPTRUST will propose alternative options for other large cap growth managers at a future meeting.

**A MOTION was made by Mr. Biddle and seconded by Mr. Rosselle to recommend that the Board approve placing T. Rowe Price Blue Chip Growth I on watch.  
MOTION ADOPTED UNANIMOUSLY**

### *Discussion on Recommendation Regarding Deferred Compensation Investment Policy Statement*

Mr. Meyer discussed the annual review for the investment policy statement (“IPS”) for the plans. Mr. Meyer asked whether Committee members had any suggested changes or additions. The Committee discussed the IPS and no additions or changes were requested. No motion required.

### *Discussion Regarding Small Balance IRA Provider*

Mr. Allen led the discussion regarding the small balance IRA provider with the Committee. He stated that terminated participants with a balance between \$1,000-\$5,000 will receive notice of a roll over to an IRA account in 2023. Mr. Allen discussed two potential rollover IRA providers and recommended Millennium Trust. Mr. Rosselle questioned whether the Delaware EARNs program would be a candidate to receive the small balance IRA rollover. Mr. Allen stated CAPTRUST would research this and report back at the first quarter meeting in 2023. No motion required.

## **EXECUTIVE SESSION**

**A MOTION was made by Mr. Colberg and seconded by Mr. Madrid to move into executive session to discuss the Fidelity Series Fund Expansion.  
MOTION ADOPTED UNANIMOUSLY**

### *Discussion and Vote on Recommendation Regarding Fidelity Series Fund Expansion (following Executive Session)*

The Committee entered executive session at 11:30 a.m. and reconvened in open session 12:01 p.m. The Committee discussed the proposed Fidelity Series Fund expansion.

**A MOTION was made by Mr. Rosselle and seconded by Mr. Biddle to recommend that the Board approve the Fidelity Series Fund expansion.  
MOTION ADOPTED UNANIMOUSLY**

### *Discussion on 2023 Plans Management Board and Committee Meeting Schedule*

Mr. Meyer presented the Committee with the 2023 meeting schedule. No motion required.

## **PUBLIC COMMENT**

No members of the public made a comment.

**NEXT MEETING**

The next meeting of the Board is scheduled for December 6, 2022.

The next meeting of the Committee is scheduled for February 14, 2023.

**ADJOURNMENT**

The meeting was adjourned by the Chair at 12:04 p.m.

Respectfully submitted,

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Alan Colberg  
Chair for the Investment Committee