



**MINUTES FROM THE MEETING OF THE INVESTMENT
COMMITTEE OF THE PLANS MANAGEMENT BOARD
May 13, 2025**

A virtual meeting of the Investment Committee (the “Committee”) of the Plans Management Board (the “Board”) was held on May 13, 2025, 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
Ms. Khairat Makanjuola (on behalf of The Honorable Colleen C. Davis, State Treasurer)
Mr. Michael Smith, Secretary Department of Finance
Mr. Brian Maxwell, Director of Office of Management and Budget
Mr. Todd Roselle
Mr. Dave Biddle

Others in Attendance:

Mr. Jason Staib, Deputy Attorney General, Delaware Department of Justice
Mr. John Meyer, Director of Contributions and Plans Management, Office of the State Treasurer (“OST”)
Mr. Andrew Fiorentino, Director of Communications, OST
Mr. Dan Kimmel, Promotion and Outreach Manager, OST
Mr. Ted Griffith, Program Director, DE EARNs
Ms. Deborah Bradl, Executive Assistant, OST
Mr. Earle Allen, Principal Financial Advisor, CAPTRUST
Mr. James Duffy, Principal Financial Advisor, CAPTRUST
Mr. Anthony Durkan, Vice-President, Head of 529 Relationship Management, Fidelity Investments, Inc. (“Fidelity”)
Ms. Lauren Albanese, Financial Investment News (“FIN”)

CALL TO ORDER

The meeting was called to order at 10:01 a.m.

APPROVAL OF MINUTES

A MOTION was made by Secretary Smith seconded by Mr. Biddle to approve the minutes from the Committee meeting on February 11, 2025.

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, 2025, assets in the plans totaled approximately \$1.39 billion, excluding assets held at legacy 403(b) vendors (valued at approximately \$235.7 million as of March 31, 2025), representing a decrease of approximately \$9.5 million or .7 percent for the quarter. Quarterly contributions were approximately \$21.7 million for the quarter. Mr. Allen indicated that the average weighted expense ratio of the funds remained at 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 March 31, 2025, Tier 1 held approximately 68 percent of total assets (\$946.9 million). Tier 1 also received nearly sixty-eight percent (\$13.7 million) of all new contributions in the first quarter of 2025. Eighty-four percent of participants are invested in Tier 1 target date funds.

As of March 31, 2025, Tier 2 held approximately 28 percent of total assets (\$395.1 million). Mr. Allen stated that Tier 2 received approximately thirty-two percent (\$6.3 million) of new contributions in the first quarter of 2025. Three percent of plan assets are in the managed accounts (approximately \$35.5 million).

The Tier 3 self-directed brokerage option held approximately four percent of total assets (\$48.8 million) as of March 31, 2025. Mr. Allen stated that 520 unique participants were investing through the brokerage window at the end of the first quarter of 2025, versus 508 as of December 31, 2024.

Mr. Allen stated that, due to underperformance, CAPTRUST is recommending Nuveen Real Estate Securities Select R6 be placed on watch and Champlain Mid Cap Institutional remain on watch.

Mr. Allen updated the Committee regarding the Roth Catch-up provision. He stated that any individual who has FICA wages of \$145,000 or more, and who are making catch-up contributions to their account, must do so as a Roth contribution starting January 1, 2026. Mr. Allen also reviewed additional Secure Act 2.0 provisions such as emergency withdrawals, federal disaster withdrawals, and student loan matching.

Mr. Duffy provided market commentary to the Committee. Mr. Duffy stated that the first quarter saw marked volatility across most asset classes. Policy uncertainty and geopolitical instability drove the volatility in the first quarter of 2025. U.S. stocks underperformed versus international stocks however commodities and real estate saw modest gains due to weakened dollar value and decreased interest rates. U.S. large cap stocks and small cap stocks both saw modest losses due to a change in policy narrative and geopolitical uncertainty. Mr. Duffy stated that the outlook for fixed income remains optimistic for the 1-year and 10-year yields. Fixed income in the first quarter saw the ten-year U.S. Treasury yields decrease from 4.58 percent in 2024 to 4.23 percent. Mr. Duffy stated that large cap growth decreased by 10- percent and small cap growth decreased by 11.1- percent which was due to market movement away from growth sectors. Mr. Duffy also stated that overall, value outperformed growth in first quarter with large cap value at up by 2.1 percent due to the impact of income driven strategies and portfolios.

Mr. Duffy reviewed the economic outlook with the Committee. He stated that the Fed will continue to monitor data and impacts of fiscal outcomes regarding inflation relative to lowering interest rates. He also stated that tariffs will continue to be monitored as they could likely cause inflation to rise going into the second quarter of 2025. Mr. Duffy stated that overall, the economic outlook remains positive,

consumer sentiment and spending remains uncertain due to high prices, and the impact of the development of AI on the economy remains strong.

Mr. Duffy reviewed the scorecard with the Committee. He stated that the recommendation to keep Champlain Mid-Cap Institutional remains in place. Mr. Duffy stated that the fund's mixed performance relative to the peer group was the driving factor in terms of underperformance. Mr. Duffy also stated CAPTRUST recommends that the Committee place Nuveen Real Estate Securities Select R6 on watch. He stated that underperformance of the fund in retail and specialty sectors versus its benchmark is the driving factor for the underperformance.

Investment Performance on College Investment Plan

Mr. Duffy reviewed first quarter performance metrics for the 529 plan. Mr. Duffy stated that total plan assets as of March 31, 2025, were approximately \$678.9 million. Approximately sixty-three percent of assets (\$430.7 million) are in the age-based options, with approximately thirty-seven percent of assets (\$248.2 million) residing in static portfolios or individual funds.

Mr. Duffy stated that a majority of assets, forty percent, are in the active age-based portfolio (\$272.7 million) and nineteen percent of plan assets are in the index age-based portfolio (\$129.1 million). Mr. Duffy updated the Committee on the level of growth for the blend age-based option. This option holds four percent of assets at approximately \$28.9 million as of March 31, 2025. Mr. Duffy stated that the three age-based options outperformed the benchmark for the quarter.

Overall, Mr. Duffy stated that performance of the funds relative to the benchmark remained strong in the first quarter while relative performance versus peers outperformed the benchmark.

Investment Overview on DE EARNs

Mr. Griffith presented an overview of Delaware Expanding Access to Retirement Savings ("EARNs") IRA program to the Committee.

Mr. Allen reviewed the first quarter performance metrics for the EARNs program. He stated that the majority of program assets fall in the State Street Target Retirement fund. Mr. Allen also stated that the Russell 3000 Index fund was recently added as the large cap blend fund and additional funds will be considered as needed.

Mr. Duffy addressed the investment performance with the Committee. He stated that the State Street Target Retirement outperformed their peers in the first quarter of 2025 due to larger exposure to non-U.S. equity. Also helping performance was the fact that the fund was underweight equity and small-cap allocations (as both underperformed in the first quarter of 2025).

Discussion and Possible Vote on Recommendation Regarding Watch List

Mr. Meyer initiated discussion regarding the watch list with the Committee. Mr. Colberg stated that Champlain Mid Cap Institutional remained on watch in the first quarter of 2025. Further, he stated that CAPTRUST recommends the Committee place Nuveen Real Estate Securities Select R6 on watch due to underperformance. Following discussion, the Committee agreed to leave Champlain Mid Cap Institutional on watch and recommend placing Nuveen Real Estate Securities on watch.

**A MOTION was made by Mr. Roselle and seconded by Mr. Biddle to recommend to the Board to place Nuveen Real Estate Securities Select R6 on watch.
MOTION ADOPTED UNANIMOUSLY**

Discussion and Update Regarding State Code of Conduct Training

Mr. Meyer informed the Committee that the State Code of Conduct training will be held during the June 3, 2025, Board meeting.

Discussion and Possible Vote on Recommendation Regarding Due Diligence Report on Managed Account and Self-Directed Brokerage Service Providers

Mr. Allen led the discussion with the Committee regarding the annual review on the managed account and self-directed brokerage service provider. He stated that CAPTRUST reviews the services of the brokerage service providers to ensure competitiveness, value and appropriateness for program participants. Mr. Allen stated that, from a fiduciary perspective, there is no cause for concern or pause in utilizing Voya as the managed account provider and Schwab as the self-directed brokerage service provider.

**A MOTION was made by Mr. Colberg and seconded by Mr. Biddle to recommend that the Board approve the due diligence report on managed account and self-directed brokerage service providers.
MOTION ADOPTED UNANIMOUSLY**

Discussion and Possible Vote on Recommendation Regarding the DE529 Savings Plan Management and Administrative Services Agreement

Mr. Meyer reviewed the DE529 savings plan management and administrative services agreement with the Committee. He stated that there are two changes being considered for the agreement. The first change is regarding a change on the bank deposit portfolio from a negotiable order of withdrawal account to a federal deposit insurance corporation insured demand deposit account. Mr. Meyer stated that the second change related to the stable value portfolio insurance wrap providers. He stated that with respect to insurance wrap services, the reference to State Street Bank and Trust Company was removed and replaced with Mass Mutual Life Insurance Company.

**A MOTION was made by Mr. Colberg and seconded by Mr. Biddle to recommend that the Board accept the DE529 Savings Plan Management and Administrative Services Agreement as amended.
MOTION ADOPTED UNANIMOUSLY**

UPDATES

SECURE Act 2.0

Mr. Meyer reviewed the applicable updates on SECURE Act 2.0 regarding the catch-up contributions for high earners. Mr. Meyer stated that there are some optional provisions that OST is watching for further guidance and will update the Committee at a future meeting.

Delaware EARNs

Mr. Griffith updated the Committee regarding outreach and engagement by the EARNs program. He stated that the program honored the first employer to join Delaware EARNs at an event with the Police Athletic League (“PAL”) in Wilmington, DE. Mr. Griffith further stated that the program will be conducting a webinar on May 15, 2025, to educate individual savers regarding the EARNs program.

Legislative

Mr. Meyer stated that SB 20 which remains with the Senate Finance Committee and is awaiting movement out of Committee. This bill, if passed, will bring back the state match. Mr. Meyer stated that OST will update the Committee on further progress of the bill.

PUBLIC COMMENT

No members of the public made a comment.

NEXT MEETING

The next meeting of the Committee is scheduled for August 12, 2025.

The next meeting of the Board is scheduled for June 3, 2025.

ADJOURNMENT

The meeting was adjourned at 11:43 a.m.

Respectfully submitted,

E-signature

Alan Colberg

Chair for the Investment Committee