



MINUTES FROM THE MEETING OF THE INVESTMENT COMMITTEE OF THE PLANS MANAGEMENT BOARD

August 12, 2025

A virtual meeting of the Investment Committee (the “Committee”) of the Plans Management Board (the “Board”) was held on August 12, 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
The Honorable Colleen C. Davis, State Treasurer
Mr. Brian Maxwell, Director of Office of Management and Budget
Mr. Todd Roselle

Members Absent:

Mr. Michael Smith, Secretary Department of Finance
Mr. Dave Biddle

Others in Attendance:

Mr. Brennan Fountain, 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
Ms. Layne Taylor, Director of Policy and Communications, OST
Mr. Dan Kimmel, Promotion and Outreach Manager, OST
Ms. Deborah Bradl, Executive Assistant, OST
Mr. Farren Morrell, Intern, OST
Ms. Katelin Shipp, Intern, OST
Ms. Adrionna Fountain, Intern, OST
Mr. Earle Allen, Principal Financial Advisor, CAPTRUST
Mr. James Duffy, Principal Financial Advisor, CAPTRUST
Mr. John Doyle, Senior Retirement Strategist, Capital Group
Ms. Layne Finnerty, Client Relationship Manager, Senior Vice-President, Capital Group
Mr. Anthony Durkan, Vice-President, Head of 529 Relationship Management, Fidelity Investments, Inc. (“Fidelity”)
Mr. David Copp, Lead Portfolio Manager, Nuveen Real Estate Security Select Fund, (“Nuveen”)
Mr. Steve Kohut, Client Portfolio Manager, Nuveen
Mr. Brendan Lee, Client Portfolio Manager, Nuveen
Mr. Farhad Mirzada, Teachers Insurance and Annuity Association of America, (“TIAA”)

CALL TO ORDER

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

APPROVAL OF MINUTES

A MOTION was made by Mr. Maxwell seconded by Mr. Roselle to approve the minutes from the Committee meeting on May 13, 2025.

MOTION ADOPTED UNANIMOUSLY

PRESENTATIONS

American Funds Target Date Fund Overview – Capital Group

Ms. Finnerty provided an overview of Capital Group for the Committee. She stated that Capital Group is a stable, long-term focused organization and that they are a fundamental manager. Ms. Finnerty stated that as of June 30, 2025, Capital Group had \$3.0 trillion assets under management, of which \$2.4 trillion are in equities and \$593.4 billion in fixed income. Ms. Finnerty stated that there is \$385 billion in the target date strategy.

Mr. Doyle presented the target date fund overview. He stated that multiple managers continue to manage the funds in the target date fund series. The goal is to build and preserve wealth. He also stated that fixed income is an integral part of the portfolio and plays a variety of different roles in the portfolio with four main roles: diversification from equity, generating income, capital preservation, and inflation protection.

Capital Group has an objective-based glide path that is aligned to participant behaviors and needs. Mr. Doyle stated that American Funds Target Date Retirement Series historically has a greater 10-year upside capture and downside protection versus peers and is the source of excess returns. Mr. Doyle stated long term results are within the top decile across the board for 1-year, 3-year, 5-year, 10-year, and lifetime.

Nuveen Real Estate Securities Select R6 Fund

Mr. Kohut provided an overview of Nuveen's organizational model and investment process for the Committee. He stated that Nuveen is a US centric diversified real estate investment trust strategy. Mr. Kohut stated that Nuveen's focus is to build retirement and savings for the public sector and that growth for this strategy is focused on commercial real estate. Mr. Kohut presented the Nuveen portfolio construction and process for the Committee. Mr. Kohut stated that Nuveen uses an asset allocation framework. He stated that second quarter negative performance was due to a combination of rising interest rates, a weakening retail consumer and Nuveen being more overweight in the industrial sector versus the benchmark and their peers. Mr. Kohut reported that Nuveen had a strong three-year return in the second quarter, and they expect strong five-year returns in the first quarter of 2026. The Committee followed with discussion and questions regarding strategies for improvement.

Investment Performance on Deferred Compensation Plans – CAPTRUST

Mr. Allen reviewed the performance metrics for the three deferred compensation plans. As of June 30, 2025, assets in the plans totaled approximately \$1.51 billion, excluding assets held at legacy 403(b) vendors (valued at approximately \$245.2 million as of June 30, 2025), representing an increase of approximately \$109.7 million or 7.8 percent for the quarter. Quarterly contributions

were approximately \$23.2 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 June 30, 2025, Tier 1 held approximately 68 percent of total assets (\$1.02 billion). Tier 1 also received nearly sixty-eight percent (\$15.7 million) of all new contributions in the second quarter of 2025. Eighty-four percent of participants are invested in Tier 1 target date funds.

As of June 30, 2025, Tier 2 held approximately 29 percent of total assets (\$431.3 million). Mr. Allen stated that Tier 2 received approximately thirty-two percent (\$7.5 million) of new contributions in the second quarter of 2025. Three percent of plan assets are in the managed accounts (approximately \$38.1 million).

The Tier 3 self-directed brokerage option held approximately four percent of total assets (\$54.7 million) as of June 30, 2025. Mr. Allen stated that 540 unique participants were investing through the brokerage window at the end of the second 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 remain on watch and Champlain Mid Cap Institutional remain on watch.

Mr. Allen updated the Committee regarding some regulatory guidance from the Department of Labor (“DOL”). First, Mr. Allen stated that the DOL is re-evaluating its position regarding the use of environmental, social and governmental factors in making investment decisions. Second, he stated that the DOL is re-evaluating its position regarding the use of cryptocurrency as an investment option in a retirement plan. The Committee inquired whether the funds currently offered to participants have investment in cryptocurrency. CAPTRUST stated that some of the underlying holdings may have a temporary holding in cryptocurrency on their books but nothing explicit.

Mr. Duffy provided market commentary to the Committee. Mr. Duffy stated that the second quarter saw marked improvement across most asset classes. Policy uncertainty and geopolitical instability drove the volatility in the first quarter of 2025. U.S stocks performed relatively equal to international stocks and commodities and real estate underperformed due to weakened demand and weakening investor sentiment. U.S. large cap stocks saw modest gains of 10.9 percent due to a move away from the policy narrative and geopolitical uncertainty of the first quarter. Mr. Duffy stated that US equities, communication and technology services saw strong earnings performance in the second quarter due to an increase in trade agreements and a decrease in expectations of a recession. Mr. Duffy stated that while the 1-year yield for fixed income decreased slightly the outlook for fixed income remains optimistic for the 1-year and 10-year yields. Fixed income in the second quarter saw the ten-year U.S. Treasury yields decrease from 4.36 percent in 2024 to 4.24 percent. Mr. Duffy stated that large cap growth outperformed small cap growth which was due to increased optimism surrounding AI. Mr. Duffy also stated that overall, growth outperformed value in second quarter with large cap growth up by 18.2 percent due to the impact of AI trade.

Mr. Duffy reviewed the economic outlook with the Committee. He stated that the Fed will continue to monitor industry policy relative to lowering interest rates. He also stated that soaring long-term government debt and stimulating economic growth is a concern for the current administration. Mr. Duffy stated that overall, the economic outlook is cautious due to high government debt, uncertainty around the Fed and an unfavorable housing market outlook.

Mr. Duffy reviewed the scorecard with the Committee. He stated that the recommendation to keep Champlain Mid-Cap Institutional and Nuveen Real Estate Securities Select R6 on watch remain in place. Mr. Duffy stated that Champlain's fund performance continues to lag year to date relative to peers and the benchmark due to limited exposure to communication services. Mr. Duffy also stated that Nuveen Real Estate Securities Select R6's underperformance in the real estate space is due primarily to their narrow focus inside that sector. He stated that they do not venture outside the benchmark in the real estate sector enough relative to peers which is something that could be a driving factor for the underperformance.

Investment Performance on College Investment Plan

Mr. Duffy reviewed second quarter performance metrics for the 529 plan. Mr. Duffy stated that total plan assets as of June 30, 2025, were approximately \$725.9 million. Approximately sixty-two percent of assets (\$451.3 million) are in the age-based options, with approximately thirty-eight percent of assets (\$274.6 million) residing in static portfolios or individual funds.

Mr. Duffy stated that a majority of assets, thirty-nine percent, are in the active age-based portfolio (\$282.8 million) and nineteen percent of plan assets are in the index age-based portfolio (\$136.4 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 \$32.1 million as of June 30, 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 second quarter while relative performance versus peers outperformed the benchmark.

Investment Overview on DE EARNS

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

Mr. Allen reviewed the second quarter performance metrics for the EARNS program. He stated that assets have increased from approximately \$900,000 as of March 31, 2025, to approximately \$4.5 million as of June 30, 2025. He stated that the majority of program assets fall in the State Street Target Retirement fund. Mr. Allen also stated that DE EARNS overall asset allocation is comparable to other states using the same options.

Mr. Duffy addressed the investment performance with the Committee. He stated that the State Street Target Retirement outperformed their peers in the second quarter of 2025 due to larger exposure to small cap stocks than its peers. Also helping performance was exposure to non-US equities and dedicated exposure to small and mid-cap equities.

Discussion and Possible Vote on Recommendation Regarding Watch List

Mr. Meyer initiated discussion regarding the watch list with the Committee. Mr. Colberg stated that he agrees with keeping Champlain Mid Cap Institutional on watch due to underperformance. Further, he stated that CAPTRUST recommends keeping Nuveen Real Estate Securities Select R6 on watch due to underperformance. Following discussion, the Committee agreed to leave Champlain Mid Cap Institutional and Nuveen Real Estate Securities on watch.

No action taken.

UPDATES

SECURE Act 2.0

Mr. Meyer reviewed the applicable updates on SECURE Act 2.0 regarding the catch-up contributions for individuals over age 50 who fall into the high earners category making over \$145,000 in FICA wages. Mr. Meyer stated that these individuals are required to make their contributions as a Roth option and that OST is working with Voya and PHRST on compliance for this option.

Delaware EARNS

Mr. Meyer reminded the Committee that the DE EARNS Board will be sunset at the end of 2025 at which time DE EARNS will fall under the oversight of the Board as of January 1, 2026.

Legislative

Mr. Meyer stated that SB 20 did not get a vote out of the latest legislative session. Mr. Meyer also mentioned that there are two provisions from the One Big Beautiful Bill (“OBBB”) that impact the Board. The first is that the expense to obtain a credential for any post-secondary training is allowable as an eligible educational expense. The second is that K-12 tuition education expenses will be raised from \$10,000 to \$20,000 upon passage of the Bill.

PUBLIC COMMENT

No members of the public made a comment.

NEXT MEETING

The next meeting of the Committee is scheduled for November 18, 2025.

The next meeting of the Board is scheduled for September 9, 2025.

ADJOURNMENT

The meeting was adjourned at 11:46 a.m.

Respectfully submitted,

E-signature _____
Alan Colberg
Chair for the Investment Committee