



Meeting Minutes of the
Retirement Investment Committee
February 29, 2024 – 2:00 p.m. CT
Meeting Via Zoom

Plan Administrator/Facilitator: Janice Parks, Vice President, Chief Human Resources Officer	Committee Members Present: Michael Budzynski, Vice Dean Administration SSOM
Transamerica Partners Present: Keith Beall Cara Cantrell	Thomas M. Kelly, Senior Vice President for Administration Teresa Krafcsin, Sr. Associate VP and Controller Wayne Magdziarz, Sr. VP, Chief Financial Officer and Chief Business Officer Katharine Wyatt, Chief Investment Officer Committee Members Not Present: Hae Mi Choi, PhD, Associate Professor Quinlan School of Business

1. Review and approval of meeting minutes

Janice Parks called the meeting to order at 2:03 PM. Janice requested a review of the meeting minutes from the November 14, 2023, meeting. Katie Wyatt made a motion to approve the meeting minutes dated November 14, 2023. Tom Kelly seconded the motion. All approved. The motion was carried.

2. Keith Beall, Portfolio Strategist at Transamerica presented the Investment Performance Review of the plan for Q4 2023 and presented the annual Fund Share Class Review.

Keith Beall reviewed the economic and capital markets with the committee. Keith then reviewed the DCRP plan fund lineup, which consists of 15 core funds (4 index funds), target date funds (index) and 4 TIAA-CREFF annuities.

Keith also reviewed the fund monitoring criteria used and noted that funds that consistently fail to meet expectations may be placed “on watch”. See below criteria chart.

There was a discussion about when the committee would like to place a fund on the watch list. The current measurement evaluates funds at the 3- and 5-year periods, if available. See below criteria.

DEFINED CONTRIBUTION PLAN

FUND EVALUATION REPORT



Monitoring Criteria

	Measure*	Evaluation		
		Exceeds	Mixed	Below
Long-term Performance	3 and 5 Year Annualized Return	Above Median	Results Mixed	Below Median
Risk	Standard Deviation	Below Median	Results Mixed	Above Median
Risk-adjusted Return	Information Ratio	Above Median	Results Mixed	Below Median
	Morningstar Rating	4 or 5 Stars	3 Stars	1 or 2 Stars
Expenses	Fund Net Expense Ratio	Below Median	NA	Above Median
Consistency	Correlation & Batting Average	Above Median	Results Mixed	Below Median
Market Capture	Up and Down Market Capture Ratios	Above Median	Results Mixed	Below Median

Funds that consistently fail to meet expectations may be placed “on watch”

IPS 5

*The Measures shown above evaluate 3 and 5 year periods, if available. The Morningstar Rating is an evaluation over 3, 5, and 10 years, if available.

The Fund Net Expense Ratio is an evaluation of the latest Expense Ratio available from Morningstar and/or the Fund’s prospectus.

Keith then reviewed the Defined Contribution plan assets and investment line-up and explained we had a solid portfolio, well diversified across, and within the major asset classes.

The entire ERISA and Non-ERISA account balances as of December 31, 2023, was \$1,290,247,159 which is higher than the balance reported as of September 30, 2023, which was \$1,209,108,173. This balance reported includes currently active, closed ERISA legacy, and non-ERISA legacy assets. As of December 31, 2023, under the current active plan there is \$621,065,327 in assets, which is 48.1% of the total plan assets.

Transamerica holds 41.9% of total assets under investment management, and TIAA (four funds) holds 6.3% of total assets under investment management in the current active

plan. There currently is 38.9% of the ERISA plan assets in closed ERISA legacy accounts with TIAA, Fidelity and AIG/Corebridge Financial. The remaining 13% of total account balance are closed non-ERISA accounts.

Keith then reviewed each investment against benchmarks that we have set up, and the overall fund lineup is performing in-line with expectations with the following noted trends:

- **In general, the fund lineup performed in line with expectations with the following noted trends and exceptions:**
 - **Funds on the Watch List: None**
 - **Passively managed (index) funds performed in line with underlying indexes (as designed)**
 - **Actively managed funds performing in 25th percentile of peers over trailing 3 and 5 years**
 - DFA US Targeted Value Fund
- **Actively managed funds performing below peer median over trailing 3- and 5-years**
 - Metropolitan West Total Return Bond Fund
 - “Admin” share class performed in 20th and 71st percentile over quarter and trailing year
 - “Plan” share class performed in 12th and 56th percentile over quarter and trailing year
 - Most recent performance has slipped and has been mixed to average over the intermediate term
 - Fund has maintained a longer duration than peer average and index which has detracted from performance in 2022 and 2023 as interest rates rose sharply, although trend reversed in 4th quarter
 - Considerable organizational changes with 2 portfolio managers and Co-CIO retiring in 2023 and 2024; new CEO from Goldman joined TCW in early 2023, replacing retiring CEO
 - T. Rowe Price Growth Stock Fund
 - Performed in 86th and 19th percentiles over quarter and trailing year
 - Strong performance in quarter and YTD has started to improve performance as growth stocks rebounded strongly and led markets higher
 - Underperformance in 2022, 2021 and 2019 brought down trailing averages
 - 2022 underperformance had largest impact as greater exposure to technology, consumer discretionary sectors and generally more aggressive growth holdings detracted from results as markets sharply rotated from aggressive growth stocks during correction
 - ClearBridge Small Cap Growth Fund

- Performed in 65th and 92nd percentiles over quarter and trailing year
- Material underperformance in second and third quarters 2023 brought down trailing averages
 - Lack of exposure to biotech stocks during strong sector rally along with security selection detracted from second quarter results and challenges to healthcare, technology, and consumer discretionary holdings detracted from third quarter results
 - For the quarter, holdings in consumer staples and health care were the primary detractors. The committee had continued discussion on the two funds that the committee has been monitoring closely at each meeting for the last year or so, the Metropolitan West Total Return Bond Fund and the T. Rowe Price Growth Fund. The discussion included the watch list process about timing on when fund should be moved to the list, and what is threshold. At the next meeting Keith will provide a detailed fund analysis for all the alternative funds for the committee to consider for replacement of these two.

Katie Wyatt said she would advocate for more patience with the Metropolitan West Total Return Bond Fund, especially when you look at the 5-year performance. Refer to page 84 for performance analysis.

Both Mike Budzynski and Tom Kelly shared their concerns about the performance of the T. Rowe Price Growth Stock Fund. Tom Kelly asked Keith to provide alternatives for this fund at the next meeting. Katie Wyatt said she would advocate that the fund be placed on the watch list. The fund will be placed on the formal watch list.

Katie Wyatt asked Keith to provide a wider / extended analysis of the rolling performance charts of the funds in his presentation.

Keith then presented on alternative fund lineup design. We could add an index fund into the large cap funds, expand the lineup by three funds. Refer to page 45 for alternative fund design presented. Katie Wyatt prefers a more compact fund lineup. Katie noted we do have brokerage account. Katie also noted that best practice is not to expand the number of fund options. Tom Kelly echoed similar comments as Katie Wyatt. Hae Mi Choi was not able to attend today's meeting and we will circle back on the alternative fund lineup design at the next meeting again.

- **Committee then reviewed and evaluated the Fund Share Class Review**
 - Last time this exercise was completed was 02/2023.
 - As a reminder, the committee will do a Fund Share Class Review annually, during the February meeting.

- The fund highlighted in blue on the fund share class sheet is the current fund share class in the plan.
- A greater than 2-basis point change is a threshold test for us to change the share class of the fund.
- No funds that we currently have, has a share class that was greater than the 2-basis points threshold from another available share class.
- No changes to the share class of any funds is needed.

3. Cara Cantrell, Client Executive at Transamerica provided an update on plan operations and plan participant statistics as of December 31, 2023.

Cara Cantrell reviewed the Plan-level Dashboard Report noting that total participant account assets were \$540,176,582 and this was a +\$90M change from 2022.

Participants had an average account balance of \$91,758 at Transamerica and an 8.4% average deferral rate. 3,531 participants are actively contributing to the plan and 5,887 participants have accounts with balances. The outstanding loan balance total as of the quarter was \$4.2M, which is about 5.2% of participants with a loan and an average loan balance of \$8,969.

Cara Cantrell then reviewed the Plan-level Dashboard Report for the 457(b) plan. The plan has 21 participants with a balance and the plan has \$1.45M in assets.

4. Committee Executive Session & Other Business

- a. Round table, no items brought for discussion.
- b. Tom Kelly did mention his to-do for the next meeting, which is the draft IPS and draft charter.

5. Closing

The next Retirement Investment Committee meeting is scheduled for May 22, 2024. Janice Parks adjourned the meeting at 3:20 p.m.