



Meeting Minutes of the
Retirement Investment Committee

August 21, 2024 – 2:00 p.m. CT
Meeting Via Zoom

Plan Administrator/Facilitator: Janice Parks, Vice President, and Chief Human Resources Officer	Committee Members Present: Michael Budzynski, Vice Dean Administration SSOM
Transamerica Partners Present: Keith Beall Cara Cantrell	Hae Mi Choi, PhD, Associate Professor Quinlan School of Business
Legacy Professionals LLP Partners Present: Peter Jurich	Thomas M. Kelly, Senior Vice President for Administration
	Teresa Krafcsin, Sr. Associate VP and Controller
	Katharine Wyatt, Chief Investment Officer
	Wayne Magdziarz, Sr. VP, Chief Financial Officer and Chief Business Officer

1. Call to Order

Janice Parks called the meeting to order, which began at 2:01 p.m.

2. Review and approval of meeting minutes

Janice Parks requested a review of the meeting minutes from the May 22, 2024, meeting. Tom Kelly made a motion to approve the meeting minutes dated May 22, 2024. Wayne Magdziarz seconded the motion. All approved. The motion was carried.

3. Peter Jurich from Legacy Professionals LLP presented a final review of the 2023 DCRP Plan Audit and 2023 Financial Statements for the DCRP plan.

Peter Jurich confirmed that Legacy completed an audit of the financial statements of the Loyola University of Chicago Defined Contribution Retirement Plan (the Plan) for the year ending December 31, 2023, in accordance with ERISA Section 103(a)(3)(C). Peter

explained that no transactions reviewed during the year were significant or unusual, which has been recorded in the financial statements. The disclosures in the financial statements are clear, neutral, and concise. Peter informed the Committee that there were no unusual findings to advise to the Committee. Peter noted that the Plan has a revenue sharing arrangement that provides for certain amounts from investment servicing fees to be returned to the Plan by Transamerica. During the years ended December 31, 2023, and 2022, allocations of \$378,852 and \$503,170 respectively, were made to participants. Total Net assets for benefits as of 12/31/2023 were \$1,125,507,717, which is up from \$998,663,620 as of 12/31/2022. The net increase total in 2023 was \$126,844,097. The 2023 5500 will be prepared and filed by October 15, 2024.

Danielle Hanson noted for the group that the audited financial statements speak to the ERISA assets only in the plan.

Janice asked the committee for a motion to approve the 2023 audited financial statements, so that they can be finalized. Teresa Krafcisin made a motion to approve. Tom Kelly seconded the motion. All approved. The motion was carried.

4. Keith Beall, Portfolio Strategist at Transamerica presented the Investment Performance Review of the plan for Q2 2024.

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 June 30, 2024, was \$1,367,784,200 which is higher than the balance reported as of March 31, 2024, was \$1,349,691,951. This balance reported includes currently active, closed ERISA legacy, and non-ERISA legacy assets. As of June 30, 2024, under the current active plan there is \$672,982,374 in assets, which is 49.2% of the total plan assets. Transamerica holds 49% of total assets under investment management, and TIAA (four funds) holds 6.4% of total assets under investment management in the current active plan. There currently is 38.1% of the ERISA plan assets in closed ERISA legacy accounts with TIAA, Fidelity and AIG/Corebridge Financial. The remaining 12.6% 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:

Current Investment Lineup has representation across the major asset classes:

- 15 Core Funds (4 Index Funds), Target Date Funds (Index), 2 Allocation Services.

- 4 TIAA-CREF Annuities (including stable/declared rate fund)

In general, the fund lineup performed in line with expectations with the following noted trends and exceptions:

- **Funds on Watch List:**

- **T. Rowe Price Growth Stock Fund**
- Passively managed (index) funds performed in line with underlying indexes (as designed)
- Actively managed funds performing in top 34th percentile of peers over trailing 3 and 5 years
 - BlackRock High Yield Bond Fund
 - DFA US Targeted Value Fund
 - DFA Emerging Markets 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 92nd, 90th, and 85th percentiles over quarter YTD, and trailing year
 - “Plan” share class performed in 82nd, 86th, and 72nd percentiles over quarter, YTD, and trailing year
 - Fund’s name was changed to TCW MetWest Total Return Bond Fund in July 2024
 - Most recent performance has slipped and has been mixed to average over the intermediate term
 - Continued longer duration and more conservative credit positioning has weighed on results
 - Considerable organizational changes in 2023 and 2024
- **MFS Value Fund**
 - Performed in 67th, 65th, and 71st percentiles over quarter YTD, and trailing year
 - Underperformed peer median 2021-2023
 - Underweight technology/communications and overweight financials detracted from recent results
 - Performed generally in line with the index over the intermediate/long term
 - Strategy focuses on undervalued companies, durable businesses, strong cash flows and balance sheets
- **Nuveen Large Cap Responsible Equity Fund**
 - Performed in 74th, 70th, and 62nd percentiles over quarter YTD, and trailing year

- Fund name changed in May 2024 to reflect on-going rebranding of TIAA funds and refocus of fund's objective from all-cap to large cap
- Fund's index changed from Russell 3000 to S&P 500 in spring 2024
- YTD 2024 and 2023 underperformance weighed on intermediate-term averages
 - Mid and small cap companies materially underperformed large cap, in general
 - Fund's ESG screens excludes some companies and overweight others as managers attempt to recreate the performance and risk attributes of the underlying index
 - Not owning Apple, Alphabet, or Broadcom detracted from results in recent quarter

Actively managed funds performing below peer median over trailing 3 and 5 years

- **T. Rowe Price Growth Stock Fund**
 - Performed in 28th, 39th, and 40th percentiles over quarter YTD, and trailing year
 - Outperformed in YTD 2024 and 2023 as growth stocks rebounded and led markets higher
 - Underperformance in 2022, 2021 and 2019 brought down trailing averages
 - 2022 had largest impact as greater tech, consumer discretionary, and more aggressive growth holdings detracted
- **ClearBridge Small Cap Growth Fund**
 - Performed in 83rd, 94th, and 96th percentiles over quarter YTD, and trailing year
 - Material underperformance in YTD 2024 and 2023 brought down trailing averages
 - Lack of exposure to biotech stocks and security selection detracted from 2023 results
 - Not holding 3 stocks (Super Micro Computer, MicroStrategy, and Viking Therapeutics) resulted in the majority of relative underperformance vs. index during first quarter 2024
 - Individual stock selection detracted from results during second quarter 2024
- **MFS International Diversification Fund**
 - Performed in 25th, 57th, and 71st percentiles over quarter YTD, and trailing year
 - Underperformed in 2021-2023 after extended period of outperformance

- Four of six underlying funds outperformed respective peers over this period
- MFS Research International and MFS Emerging Mkts Equity underperformed
- Performed generally in line with the index over the intermediate/long term
- Fund utilizes six underlying MFS funds with dedicated portfolio oversight team
 - Broad diversified portfolio with distinct style and manager diversification

The index funds in the plans performed in line with their underlying indexes as designed. Three actively managed funds performed especially well over the trailing 3 and 5 year periods: BlackRock High Yield Bond Fund, DFA US Targeted Value Fund, and DFA Emerging Markets Fund. Six funds were performing below their peer medians over the trailing 3 and 5 year periods:

Metropolitan West Total Return Bond Fund, MFS Value Fund, Nuveen Large Cap Responsible Fund, T. Rowe Price Growth Stock, ClearBridge Small Cap Growth, and MFS International Diversified. Each was reviewed in detail.

The T. Rowe Price Growth Stock Fund performance has continued to improve since its larger degree of underperformance in 2022. The two MFS funds were generally in line with their benchmarks over the 5 year periods and the high quality focus of the MFS process was a headwind in recent market conditions.

While the T. Rowe Price Growth Stock Fund has improved, it has not completely reversed its prior underperformance and the committee elected to maintain it on Watch Status.

In reviewing the Metropolitan West Return Bond Fund, Keith noted that the managers have continued to hold a longer duration and more conservative credit positioning, essentially positioning for a recession, which has led to the underperformance.

Keith asked the committee if the Metropolitan West Return Bond Fund should be placed on a watch. The committee said to keep monitoring it closely, but not to place on watch list.

In reviewing the ClearBridge Small Cap Growth Fund, Keith pointed out the magnitude of the recent underperformance over the last 5 quarters and that the main driver was stock selection, although a changing set of stocks, either held in the portfolio or not held, were driving the underperformance.

Keith then asked the committee if the ClearBridge Small Cap Growth A fund should be placed on a watch list. Tom mentioned that it would be consistent with past actions, given the magnitude of the recent underperformance. Katie asked that the ClearBridge Small Cap Growth fund be placed on the watch list and it was voted to be on Watch.

Keith reviewed the four TIAA/CREF annuities offered in the plan and provided a lot of information on the liquidity structure of the TIAA Real Estate Account. Typically, the Account holds about 15% in short term bonds and cash to be able to easily pay out participant redemptions. It also provides a liquidity guarantee where the TIAA General Account will

purchase units of the TIAA Real Estate Account if needed. In recent years, as the RE market struggled and participants pulled money from the Account, the short-term bond buffer was largely used up and the liquidity guarantee was triggered in August 2023. Since then, the TIAA General Account has purchased \$911M of the fund, about 3.9% of the total (as of 6/30/24). There is an outside fiduciary who oversees the liquidity structure and they have created a 45% “trigger”, meaning the TIAA General Account can purchase, as needed, up to 45% of the fund before more drastic action may be required, such as the forced selling of underlying properties.

There was a question about the ability to change or remove the 4 TIAA fund offerings and simplify the vendor and master recordkeeper structure in the plan to just Transamerica. Katie Wyatt is concerned by the liquidity structure of the TIAA real estate fund and that a fund like it, which holds direct real estate and RE partnerships, is offered in a DC plan.

Tom Kelly shared that the TIAA funds is a legacy offering prior to 2014. When the master administration structure, with two vendors, was put in place, there was a perception that there were a number of LUC participants who wanted to continue investing with TIAA, especially in the fixed stable fund and that TIAA required the RE Account be offered, along with the CREF Stock Account and CREF Social Choice Account, in order to offer the TIAA Traditional Account. Tom mentioned that perception may have changed and, at some point in the future, they may want to revisit the structure and move to a single vendor solution. Cara mentioned that Transamerica is very experienced in consolidating vendors into a single vendor solution, including from a “master administration structure” and she would be happy to work with them, when they are ready to do so.

TIAA will be asked if we can we freeze or remove the TIAA real estate fund investment and leave the remaining three funds or map the real estate fund to a different fund, like a bond or stock index fund. In general, the committee wanted to know what their options are in managing the TIAA/CREF offerings.

In the last meeting the committee approved adding two additional index funds, in the large cap value and large cap growth asset categories. This means the plan is moving from 15 core funds (4 index funds) to 17 core funds (6 index funds). Keith shared information with the committee on index funds for the group to consider adding. Katie Wyatt said the Russell 1000 Indexes are widely known from a participant experience, so the Fidelity Large Cap Growth and Fidelity Large Cap Value Funds might be the best choice. She also pointed out that their cost was lower than the Vanguard offerings. Haemi Choi asked Keith about the why he suggested to choose either the Vanguard funds or the Fidelity funds. He mentioned that each uses a different set of indexes, which would pair better together than mixing the Vanguard Value Index and Fidelity Large Growth Index, although it could be done if the committee preferred doing so. Given the discussion, generally favoring the Fidelity funds due to lower cost and more recognizable underly index, Keith asked for a committee motion to add Fidelity Large Cap Value Index and Fidelity Large Growth Index funds to the plan fund lineup. Tom Kelly made a motion to approve. Katie Wyatt seconded the motion. All approved. The motion was carried.

5. Cara Cantrell, Client Executive at Transamerica provided an update on plan operations and plan participant statistics as of June 30, 2024.

Cara Cantrell reviewed the Plan-level Dashboard Report noting that total participant account assets were \$585,161,597 and this was a +\$81M change from 2023.

Participants had an average account balance of \$99,163 at Transamerica and an 8.4% average deferral rate. 3,455 participants are actively contributing to the plan and 5,901 participants have accounts with balances. The outstanding loan balance total as of the quarter was \$4.6M, which is about 5.4% of participants with a loan and an average loan balance of \$9,543.

Cara Cantrell then reviewed the Plan-level Dashboard Report for the 457(b) plan. The plan has 19 participants with a balance and the plan has \$1.5M in assets.

6. Committee Executive Session & Other Business

- Katie asked who can make the decision to remove the TIAA fund offerings. Tom Kelly said that this would be a committee decision and HR.
- Tom Kelly said the draft IPS and draft committee charter is still an action item on his plate.
- Danielle Hanson provided a status update on adding the Roth option to the plan. Roth will be required by the Secure 2.0 Act no later than January 1, 2026.
- Danielle Hanson notified the committee that for the 2025 tax year, active participants aged 60 through 63 can contribute the greater of \$10,000 or 150% of the 2024 catch-up contribution limit. The plan will allow for this “Super Catch-up” provision 01/01/2025 for DCRP.

7. Closing

The next Retirement Investment Committee meeting is scheduled for November 20, 2024. Janice Parks adjourned the meeting at 4:00 p.m.