

INVESTMENT SUBCOMMITTEE MEETING MINUTES

Date: 5/17/2021

Time: 1:00 p.m..

X Regularly Scheduled

__ Special

Attendees:

Was a quorum present? Yes

Retirement Commission

Carl Chisem
Michael Carey
Sandra Brown-Brewton
Michael Bailey
Janet Andrews

Other Attendees

Frank Picarelli, SegalMarco
Vanessa Vargas, SegalMarco
Michael McMann, Prudential
Joseph Fein, Prudential
Jada Swinski
Scott Mann
Daniel Evans

Comptroller's Office

Thomas Woodruff, Director, HPBSD.
Margaret Haering, Assistant Director, HPBSD
Rae-Ellen Roy, Assistant Director, HPBSD
John Herrington, Director, Retirement Division

Matters Discussed:

Michael McMann addressed the Bloomberg article on potential sale of Prudential's Retirement business. He said that management had no planned response to article. Prudential is continuing to respond to RFPs and still hiring new employees. The transition to GoalMaker 2.0 was completed on April 14th.

Mike reviewed quarterly performance of plan investment options and the characteristics of each of the State's four defined contributions plans. The contribution accelerator option, which allows members to schedule automatic increases in their contributions, was launched last July in the 403(b) and 457 plans. Prudential examined the asset retention rate of retirees in our plans and found that in 2020, 84.9% of retirees elected to keep assets eligible for rollover in the plan. This rate is in line with the experience of similar plans.

Scott Mann spoke about the webinars that Prudential has rolled out through all the agencies. Thus far, they have held about 25 meetings with over 1000 attendees. The program on deferral of sick leave and vacation payouts has attracted a large number of people and resulted in additional deferrals of \$7.5 million.

Vanessa Vargas of SegalMarco began with a review of the markets and economic conditions during the past quarter. Frank Picarelli examined performance of each of the

portfolios in the Stable Value Fund. He expressed some concern about the GLTF's impact on the Stable Value Fund's overall crediting rate. The crediting rate on GLTF is reset every six months. The Stable Value Fund's blended crediting rate has been reduced to 2.4% from 2.7%.

SegalMarco did an in depth review of the Wells Fargo Advantage fund since Wells Fargo sold its asset management business to a private equity group. The fund's investment team will remain in place. Frank said that he had no real concerns about the transfer.

Fixed income was the only asset class that performed poorly in the past year. Both the Calvert Fund and MetWest performed better than their indices. All of our remaining funds were in line with or slightly above their median for the past quarter, and their 3 and 5 year returns were also above median.

The Committee next considered adoption of an Investment Policy Statement ("IPS") that was presented at the last meeting. Peggy was in favor of its adoption because it would provide guidance for monitoring fund performance and criteria for placing funds on a watchlist. Michael Bailey moved to approve the proposed IPS. The motion was seconded by Sandra Brown-Brewton. The committee voted in favor of adopting the IPS. It will be presented to the Retirement Commission for approval.

Materials Reviewed:

SegalMarco Analysis of Investment Performance, First Quarter 2021
State of Connecticut Combined Plans, First Quarter 2021 Report
Investment Policy Statement

Decisions voted upon: Committee voted to recommend adoption of the Investment Policy Statement, subject to approval by the Retirement Commission.