

Commonwealth of Massachusetts Employees Deferred Compensation Plan

Minutes of the Deferred Compensation Committee March 7, 2024

The Deferred Compensation Committee (the “Committee”), the oversight committee for the Commonwealth of Massachusetts Employees Deferred Compensation Plan (the “Plan” or the “SMART Plan”), met, pursuant to notice, via video- and teleconference call, on March 7, 2024. John Curran, Tom Magno, and Robert Sheridan, being all the voting members of the Committee, were in attendance.

Also present by invitation were Henry Clay, Adrien Denis, David Lynch, Sandra DeSantis Lynch, Joel Massa, Natasha Ralph, and Laura Rooney of the Commonwealth of Massachusetts Office of the Treasurer and Receiver General (“Treasurer’s Office”); Chris Behrns, John Flagel, and Beth Halberstadt of Aon Investments USA Inc. (“Aon Investments”); Teresa Kruse of Aon Consulting, Inc. (“Aon Consulting”); and Lawrence Gu, Katrina Tomeldan, and Steven Voorhis of Dodge and Cox (“Dodge &Cox”). All attendees participated via video- and teleconference call.

The meeting was open to the public.

With a quorum present, Mr. Sheridan called the meeting to order at 10:00 a.m. Eastern Time.

The following materials, used throughout the meeting, were distributed in advance of the meeting, and displayed during the meeting as noted:

1. Meeting Agenda for the March 7, 2024 Deferred Compensation Committee;
2. Minutes of the December 6, 2023 Deferred Compensation Committee Meeting (hereinafter “Minutes”);
3. Executive Director’s Quarterly Update – 457 Defined Contribution Plan – Q4 2023, (hereinafter, “Executive Director Update”);
4. Quarterly Highlights Report, Commonwealth of Massachusetts Deferred Compensation Plan, 4Q 2023, (hereinafter, “Quarterly Highlights Report”);
5. Annual Multi-Manager Allocation Review, Commonwealth of Massachusetts SMART Plan, March 7, 2024 (hereinafter “Multi-Manager Report”); and
6. Dodge & Cox Investment Focus, Commonwealth of Massachusetts, March 7, 2024, (hereinafter “Dodge & Cox Report”).

In addition, the following documents were distributed in advance of the meeting but not reviewed during the discussion:

7. Quarterly Investment Review, Cmlth of Massachusetts Deferred Compensation Plan, Fourth Quarter 2023.

Mr. Lynch introduced Mr. Denis as a new member of the operations team supporting the Committee.

Mr. Sheridan noted that the meeting was being conducted via video- and teleconference call in accordance with the Chapter 2 of the Acts of 2023 signed into law by Governor Healy on March 29, 2023. He advised attendees of the recording parameters under the Open Meeting Law M.G.L. c.

30A, §§ 18-25 and applicable regulations. Mr. Sheridan instructed the Committee and guests to notify the meeting members if any part of the meeting was not audible via video- and teleconference call. Attendees confirmed that no one was recording the meeting.

The Committee reviewed and, on a motion by Mr. Curran and seconded by Mr. Magno, approved the December 6, 2023 Minutes. The approval was unanimously confirmed via roll call: Mr. Curran, Mr. Magno, Mr. Sheridan.

Referencing the Executive Director Update, Mr. Lynch provided the following updates:

- Plan and participant statistics for the period December 31, 2022 to December 31, 2023;
- Participant cash-outs for full and partial cash distributions and rollovers;
- The Prudential Emerging Markets Debt Blend Strategy will replace the Ashmore Emerging Market Blended Debt Total Return Collective Investment Fund in late-March 2024;
- The transition from the SSGA US Bond Index Securities Lending Fund to the Loomis Sayles Core Plus Fixed Income strategy in the SMARTPath Target Date Funds was completed in February 2024;
- Requests for Response (RFR) for the Plan providers of recordkeeping services and custody services is expected to be issued in March 2024;
- Proposed legislation to allow automatic enrollment in governmental plans filed under the following bill assignments: Senate Bill S.1698 and House of Representatives Bill H.2517 have both been referred for study; and
- SECURE 2.0 Act mandatory and optional provisions are in review with outside counsel to ensure required changes are updated in the Plan document.

Ms. Halberstadt joined the meeting.

Mr. Behrns directed the Committee to the Quarterly Highlights Report and provided an overview of the topics to be addressed during upcoming meetings. He reviewed the contents of the report, highlighted the status of current projects, provided a fund manager update, and reviewed the fund manager due diligence meetings Aon and Treasurer's Office staff have completed to date in 2024.

Mr. Flagel reviewed the current state of the overall economy, the domestic and international equity markets, and the bond markets.

Mr. Behrns continued the review of the Quarterly Highlights Report, leading a discussion of the investments offered in the Plan, noting situations in which there are exceptions to, or comments on, the targeted performance, company structure or other relevant aspects of the funds offered against the Plan's Investment Policy Statement.

Referring to the Multi-Manager Report, Mr. Behrns informed the Committee that Aon has performed a review of the multi-manager fund investment options to ensure the current construct is appropriate for participants. He noted the review includes, among other items, an analysis of the fund managers' relationship with the investment options, consideration of fees, performance, risk, diversification benefits, and Aon's manager ratings. Mr. Behrns stated that Aon is recommending no changes at this time. He also reminded the Committee that four of these mandates will be undergoing RFR later in 2024.

Following discussion, based on the contents of the Quarterly Highlights Report and in the best interest of the participants and beneficiaries in the Plan, the Committee concluded it would support no changes to the investments in the Plan at this time.

Mr. Gu, Ms. Tomeldan, and Mr. Voorhis joined the meeting and introductions were made.

Mr. Gu directed the Committee to the Dodge & Cox Report and provided the Committee with an overview of the organizational structure, firm process and philosophy, assets under management, and experience of the investment team.

Mr. Voorhis provided a market overview specific to growth versus value stocks and reviewed the total assets and rates of return in the Commonwealth's Dodge & Cox portfolio, the portfolio structure by sector, and underlying holdings.

The team from Dodge & Cox left the meeting.

Ms. Rooney confirmed the next meeting will be virtual and is scheduled for May 23, 2024.

There being no further business to come before the Committee, on a motion by Mr. Mango and seconded by Mr. Curran, the motion to adjourn was unanimously confirmed via roll call: Mr. Curran, Mr. Mango, and Mr. Sheridan, at 11:55 a.m. Eastern Time.