

Commonwealth of Massachusetts Employees Deferred Compensation Plan

Minutes of the Deferred Compensation Committee December 16, 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, on December 16, 2024, via video- and teleconference. Attending were John Curran, Tom Magno, and Robert Sheridan, being all the voting members of the Committee.

Also present by invitation were Henry Clay, Adrien Denis, David Lynch, Sandra DeSantis Lynch, Joel Massa, Natasha Ralph, and Laura Rooney of the Treasurer's Office; Chris Behrns, John Flagel, Beth Halberstadt, and Austin Tallent of Aon Investments USA Inc. ("Aon Investments"); Tamara Langham of Aon Consulting, Inc. ("Aon Consulting"); and Jason Curran, Brian Gilkes, Jani Venter, and Connor White of J.P. Morgan.

The meeting was open to the public.

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

The below materials were distributed in advance of the meeting and displayed during the meeting as noted. Copies of these materials are attachments 1 – 5, respectively, to these minutes:

1. Minutes of the September 24, 2024 Deferred Compensation Committee Meeting ("Minutes")
2. Executive Director's Quarterly Update – 457 Defined Contribution Plan – Q3 2024, ("Executive Director Update")
3. Quarterly Investment Review, Commonwealth of Massachusetts Deferred Compensation Plan, 3Q 2024 ("Quarterly Highlights Report")
4. Commonwealth of Massachusetts, J.P. Morgan Asset Management, 3Q 2024 ("JPM Report")
5. Quarterly Investment Review, Cmlth of Massachusetts Deferred Compensation Plan, Third Quarter 2024 (for reference only)

Mr. Sheridan noted that the meeting is being conducted via video- and teleconference call in accordance with 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 is recording the meeting.

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

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

- Plan assets, quarterly contributions, participants, and Roth accounts increased in the third quarter of 2024;
- Responses to the Requests for Response (RFRs) for Plan providers of custody services and recordkeeping services are currently in review;
- RFRs will be issued to pre-qualify one or more firms to build the bench of qualified managers to provide Large Cap Blend, Small Cap Equity, Large Cap Growth, Large Cap Value, High Yield, and Unconstrained Fixed Income investment manager services;
- SECURE 2.0 provision which allows an increase to the catch-up contribution limit for individuals aged 60 – 63;
- SECURE 2.0 Act mandatory provisions are in review with outside counsel to ensure the Plan document is amended to reflect the required changes; and
- SECURE 2.0 optional provisions will be reviewed in future meetings.

Mr. Behrns directed the Committee to the Quarterly Highlights Report and provided an overview of the topics to be addressed during upcoming meetings. Mr. Behrns reviewed the contents of the report, highlighted the status of current projects, provided a target date fund addition update, and summarized 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 led 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. He led a discussion of the investment lineup's ratings report card, which reflects funds on the "closely monitored list" for the quarter. He reviewed the funds on the list and noted that Aon Investments recommends no changes at this time.

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 made no recommendations for changes to the Plan's investment lineup at this time.

Mr. Curran (Jason), Mr. Gilkes, Ms. Venter, and Mr. White joined the meeting and introductions were made.

Ms. Venter provided an overview of the Core Diversified Commercial Property Fund and the strategic rationale for including real estate in the lineup. She also noted the 30% fee discount in effect through the end of 2025. Mr. Curran (Jason) reviewed the past performance, current positioning, and forward-looking perspective for the Fund.

Mr. Curran (Jason), Mr. Gilkes, Ms. Venter, and Mr. White left the meeting.

Mr. Massa confirmed the next meeting will be March 11, 2025, with virtual attendance.

There being no further business to come before the Committee, on a motion by Mr. Curran and seconded by Mr. Magno, the motion to adjourn was unanimously confirmed at 11:50 a.m. ET via roll call: Mr. Curran, Mr. Magno, and Mr. Sheridan.