

Commonwealth of Massachusetts Employees Deferred Compensation Plan

Minutes of the Deferred Compensation Committee September 21, 2022

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, on Wednesday, September 21, 2022. 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, Nicola Favorito, David Lynch, Sandra Lynch, Caitlin Marksteiner, Joel Massa, and Laura Rooney of the Commonwealth of Massachusetts Office of the Treasurer and Receiver General ("Treasurer's Office"); Chris Behrns, John Flagel, Beth Halberstadt, and Sue Sinclair of Aon Investments USA Inc. ("Aon"); Art Greenwood and Tom Rollins of Fidelity Investments ("Fidelity"), and Ryan Estalilla. All attendees participated via video- and teleconference.

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

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 September 21, 2022 Deferred Compensation Committee;
2. Minutes of the June 23, 2022 Deferred Compensation Committee Meeting;
3. Executive Director's Quarterly Update – 457 Defined Contribution Plan – Q2 2022, (hereinafter, "Executive Director Update");
4. Commonwealth of Massachusetts Deferred Compensation Plan, 2Q 2022, Quarterly Highlights Report, (hereinafter, "Quarterly Highlights Report"); and
5. Fidelity Growth Company Commingled Pool, September 21, 2022, (hereinafter, "Fidelity Report").

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

6. Commonwealth of Massachusetts Deferred Compensation Plan, Second Quarter 2022, Quarterly Investment Review.

Mr. Sheridan noted that the meeting was being conducted via video- and teleconference call in accordance with An Act Extending Certain COVID-19 Measures Adopted During the State of Emergency signed into law by Governor Baker on June 16, 2021. Mr. Sheridan 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 teleconference. 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 meeting minutes from the June 23, 2022 meeting. The approval was unanimously confirmed via roll call: Mr. Curran, Mr. Magno, Mr. Sheridan.

Directing the Committee to the Executive Director Update, Mr. Lynch provided updates on the following topics:

- Plan assets as of June 30, 2022 decreased 14.79% from the prior quarter and were \$10.79 billion;
- Plan metrics related to participant counts, contributions and Roth savings;
- Contracting continues for the SMART Income fund;
- Number of participants requesting in-plan Roth conversions since the feature launched July 1, 2022; and
- Expansion of the Mandatory OBRA investment options will be available to eligible participants on October 1, 2022.

During Mr. Lynch's update, the Committee and Mr. Lynch discussed the quarterly call volumes at the participant call center of the Plan's recordkeeper, Empower Retirement Services ("Empower"), and how the recent market volatility has increased the number of participants engaging with Empower. Mr. Lynch informed the Committee that he anticipates Empower will not meet certain call center service level agreements for the Plan this year. The Committee emphasized the importance of participant support and education at this time. They stressed the importance of Mr. Lynch's vigilant oversight of Empower and the performance of its call center staff. Mr. Lynch agreed to keep the Committee updated on the topic at upcoming meetings. Lynch and Ms. Rooney informed the Committee of the different outreach campaigns and education materials made available to the Mandatory OBRA eligible participants to prepare them for the October 1, 2022 investment option expansion date.

In a settlor discussion, Mr. Lynch reviewed several federal legislative proposals impacting defined contribution plans known as "SECURE 2.0," including the proposal to expand automatic enrollment in retirement plans. The Committee, Mr. Lynch, and Mr. Behrns discussed the impact automatic enrollment may have on the Plan and its participants. The Committee agreed automatic enrollment would be an important enhancement to the Plan and a beneficial option for current and future participants. On a motion from Mr. Sheridan, seconded by Mr. Curran and Mr. Magno, the Committee agreed to support a recommendation to adopt automatic enrollment for the Plan pending review of counsel. Roll Call: Mr. Curran, Mr. Magno, Mr. Sheridan.

Mr. Flagel directed the Committee to the Quarterly Highlights Report and reported on the current state of the capital markets and economy, considering the Plan's Investment Policy Statement (IPS). Mr. Flagel and the Committee discussed several topics related to Federal Reserve activities over the past quarter, and economic and world events that are influencing the markets and impacting investment manager decisions.

Mr. Behrns continued the discussion of the Quarterly Highlights Report and reviewed the asset allocation in the Plan and, considering the Plan's IPS, the performance of the funds over various periods as compared to benchmarks. He also commented on the impact of economic and market activity, among other developments, on the fund managers' strategies of the current investments in the Plan. The Committee asked Mr. Behrns to survey the Plan's fund manager research teams to collect any research or insights that might be available related to potential market impacts of the Ukraine conflict. During his review, Mr. Behrns referred the Committee to the section in the Quarterly Highlights Report titled, "Flash Report: Ashmore Emerging Market Debt Products moved to 'In Review' from 'Buy.'" He discussed the findings of the report and the impact they may have on

the Plan and its participants. At the Committee's prompting, Mr. Behrns summarized the claims brought against a small number of employers and fiduciaries related to the inclusion of BlackRock target date funds in their investment options.

Following discussion, based on the contents of the Quarterly Highlights Report, the best interest of the participants and beneficiaries in the Plan, Aon, in its role as the discretionary investment manager, addressed no changes to be made to the investments in the Plan at this time.

Mr. Greenwood and Mr. Rollins joined the meeting.

Turning to the Fidelity Report, Mr. Greenwood and Mr. Rollins discussed the strategy overview of the Fidelity Growth Company Commingled Pool, the investment philosophy and process of the fund's management team, and the fund's portfolio construction and performance.

Mr. Greenwood and Mr. Rollins left the meeting.

Mr. Sheridan requested Ms. Rooney coordinate the next Committee meeting date.

There being no further business to come before the Committee, on a motion by Mr. Sheridan and seconded by Mr. Curran, the meeting was adjourned at 12:00 p.m. Eastern Time. Roll call: Mr. Curran, Mr. Magno, Mr. Sheridan.