

Defined Contribution Investment Committee
Montgomery County Public Schools Employees
Tax Sheltered Savings Plan and
Deferred Compensation Plan (“Plans”)

MINUTES OF THE QUARTERLY MEETING

February 3, 2022
(via videoconference)

OPEN SESSION

Committee Members Present: Susan Chen, Vice Chair
Craig Pernick, Chair
Robert Reilly
Oriole Saah

Others Present: Cathy Jewell
Phoebe Kuan
Mangala Murthy
Janice Roberts
Cristina Vidal
Sarah Boctor, RVK Inc.
Samia Khan, RVK Inc.
John Lu, RVK Inc.

Call to Order/Approval of Minutes

Craig Pernick called the open session of the Defined Contribution Investment Committee (“Committee”) meeting to order at 1:02 p.m. The Committee reviewed a draft of the open minutes for the November 5, 2021, meeting. A motion was made for the approval of the minutes, and it was seconded. The Committee unanimously approved the open meeting minutes.

Investment Performance Analysis Q4 2021

Samia Khan reviewed the performance of the major global capital markets during the fourth quarter of 2021. The quarter delivered strong performance that was strained by the emergence of the omicron variant and inflationary pressures. U.S. markets delivered strong performance, while large-cap outperformed small-cap. Broadly, international markets were slightly positive; however, emerging markets delivered negative results for the year. Tier 1 and Tier 2 investments performed largely in line with expectations, tracking their benchmark closely. The active fixed income managers underperformed, although there are no high-level concerns. The Vanguard Target Date Funds’ expense ratio will be lowered from 9 bps to 8 bps. Most participants continue to use the Vanguard Target Date Funds (TDFs) as their primary investment fund.

Investment Menu Design Review

Ms. Khan presented an investment menu design review. On an annual basis, RVK reviews the investment menu structure to ensure the program has the best fit and participant utilization. Ms. Khan highlighted the investment policy, investment objectives, gap analysis, and investment menu utilization. TDFs continue to represent the largest investment of the MCPS 403(b) and 457(b) Plans, with 72% of total assets in TDFs as of December 31, 2021. RVK's annual investment menu review resulted in no action necessary in each area of compliance, participants, and investments.

Closed Session

A motion was made to move to a closed session, and it was seconded. The Committee unanimously approved the motion. The meeting went into closed session at 1:28 p.m.

Next Meeting

The next quarterly meeting will be held on June 3, 2022, in a format to be determined.

Upon a motion duly made and seconded, the meeting was adjourned at 2:29 p.m.

Respectfully submitted,
Mangala Murthy