

October 29, 2025

Mr. Matt Clark
 South Dakota Investment Council
 4009 West 49 Street, Suite 300
 Sioux Falls, SD 57106

Dear Mr. Clark,

In our role as Program Manager for the CollegeAccess 529 Plan, VP Distributors, LLC would like to recommend a series of proposals to enhance the investment profile of the Plan. The recommendations, which are attached for your consideration, were developed by Virtus Multi-Asset, a division of Virtus Advisers, LLC.

Below is an overall summary of the proposed changes:

ALLOCATION CHANGES

Asset Allocation

- The portfolios are aligned with the SAA with modest overweights to global equities and real assets, funded by underweights to nominal bonds (on an exposure basis) and cash and ultrashort bonds.
- In fixed income, we favor an overweight in duration versus the strategic asset allocation at about one-half year in the near college and Diversified Bond portfolios.
- We fund a modest overweight to global equities and real assets ranging from 2% to 5% across the portfolios with an underweight to cash and core bonds (in exposure terms).

Summary of Allocation Rationale

- The U.S. economy has been resilient in the face of heightened macro uncertainty in the last twelve months and economists have recently revised up U.S. GDP growth expectations.
- Equity valuations are elevated but can remain high for an extended period in times of extraordinary technological change, as we see today with generative artificial intelligence (A.I.). Earnings growth for A.I.-related companies has been strong and will likely continue to be so, which could eventually justify the high current valuations. The multiplier effects of A.I.-related investment may further boost activity and growth.
- Therefore, we believe that U.S. equities are likely to outperform U.S. bonds in the medium-term, since robust economic growth will limit the Fed's ability to cut rates much further from current levels. Overall, these views support the proposed modest overweight to equities and real assets relative to bonds and cash further. Please refer to the attached slides for further details.

Fund Level Changes *Age-Based and Static portfolios*

- The net effect of underlying fund changes is to remove one passive fund and add two passive funds currently held in the individual investment options.
- The age-based and static portfolios have 16 underlying funds.

Individual Investment Options

- No fund changes.
- Three blended, multi-manager strategies will be rebalanced to reflect the updated asset allocation views.

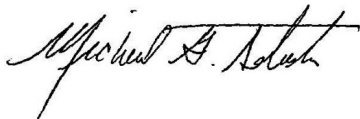
Fees

- The asset-weighted fees for all portfolios are below the 65 basis point (bps) cap.
- Overall, the asset-weighted fee for the aged-based program increases from 43 bps to 45 bps.
- The fee for the Virtus Blended All-Asset individual investment option increases from 54 bps to 56 bps.

Subject to your approval, as well as the Council's, these changes would take effect on or about December 8, 2025.

Thank you for considering our recommendations for the CollegeAccess 529 Plan. VP Distributors, in collaboration with our colleagues at Virtus Multi-Asset, would be pleased to answer any questions you or your staff may have.

Regards,



Michael G. Sebesta, CFA (404-845-7664)
Managing Director
Virtus Investment Partners

cc:

Heather Bergman (646-923-9784)

Paul Pietranico (646-923-9782)

Michael Rothstein (860-560-8747)

COLLEGEACCESS 529 PLAN 2025-26 UPDATE PROPOSAL

Paul Pietranico, CFA, Virtus Multi-Asset

Heather Bergman, Ph.D., Virtus Multi-Asset

Michael Rothstein, CFA, FRM, CAIA, Virtus Multi-Asset

November 2025

Indicated portfolios are preliminary and subject to change

AGE-BASED AND STATIC PORTFOLIOS PROPOSAL

UPDATE AGE-BASED AND STATIC PORTFOLIO

OUTCOMES OF PROPOSED CHANGES



Strategic Asset Allocation (SAA) Tilts

- Our process, which is based on a 12–18 month time horizon for macro fundamentals and market implications, favors global equities over fixed income generally and within global equities, we prioritize US and Europe, with small underweights for Asia Pacific and emerging markets.
- In fixed income, we favor a modest overweight in duration versus the strategic asset allocation at about one-half year in the near college and Diversified Bond portfolios.
- We fund a modest overweight to global equities and real assets ranging from 2% to 5% across the portfolios with an underweight to cash and core bonds (in exposure terms). As a result, we're able to also implement the duration overweight.

Underlying Fund Changes

- No new underlying funds added.
- Further simplify the Fund lineup by removing one passive equity fund and replacing it with two passive funds that are currently held in the individual investment option portion of the program.

Fee Changes

- The asset weighted fees for all portfolios are below the 65-basis point (bps) cap.
- The asset-weighted fee for the age-based program increases from 43 bps to 45 bps.
- In the Diversified Equity portfolio, the fee decreases by 2 bps.
- In the bond-heavy portfolios, fees increase from 1 to 3 bps.
- In the equity-heavy portfolios, fees remain flat or decrease.

UPDATE AGE-BASED AND STATIC PORTFOLIO

PROPOSED STRATEGIC ASSET ALLOCATION



Strategic Asset Allocation (Current)

	0-9	10	11	12	13	14	15	16	17-18	19+	Diversified Equity	Diversified Bond	UltraShort Bond
Cash & Short-Term Bonds	0%	0%	0%	0%	8%	17%	22%	32%	38%	50%	0%	5%	100%
Nominal Bonds	10%	17%	27%	37%	39%	40%	45%	45%	45%	40%	0%	95%	0%
Global Equities	83%	77%	68%	58%	49%	40%	31%	21%	17%	10%	95%	0%	0%
Real Assets	7%	6%	5%	5%	4%	3%	2%	2%	0%	0%	5%	0%	0%

- Maintain a modest overweight to asset classes with higher expected returns
- Funded by a decrease in cash and nominal bonds on an exposure basis, while maintaining a duration overweight

Proposed Active Positioning Summary

	0-9	10	11	12	13	14	15	16	17-18	19+	Diversified Equity	Diversified Bond	UltraShort Bond
Cash & Short-Term Bonds + Nominal Bonds	-2%	-2%	-3%	-3%	-3%	-3%	-4%	-4%	-5%	-5%	0%	0%	0%
Global Equities + Real Assets	2%	2%	3%	3%	3%	3%	4%	4%	5%	5%	0%	0%	0%

Proposed Active Positioning

	0-9	10	11	12	13	14	15	16	17-18	19+	Diversified Equity	Diversified Bond	UltraShort Bond
Cash & Short-Term Bonds					-2%	-2%	-3%	-3%	-3%	-3%			
Nominal Bonds	-2%	-2%	-3%	-3%	-1%	-1%	-1%	-1%	-2%	-2%			
Global Equities	2%	2%	3%	3%	3%	3%	3%	3%	3%	3%			
Real Assets							1%	1%	2%	2%			

Exposure weights are rounded to the nearest whole percent in the above tables

ALL MATERIALS ARE PRESENTED FOR THE STATE OF SOUTH DAKOTA INVESTMENT COUNCIL.

UPDATE AGE-BASED AND STATIC PORTFOLIO

PROPOSED EXPOSURES



			Expense Ratio	0-9	10	11	12	13	14	15	16	17-18	19+	Div. Equity	Div. Bond	UltraShort Bond
Cash & Short-Term Bonds	VMSSX	Virtus Newfleet Multi-Sector Short	0.52%					1%	2%	3%	4%	5%	7%		1%	15%
	SIGZX	Virtus Seix U.S. Govt Ultra Short	0.26%					5%	13%	16%	25%	30%	40%		4%	85%
	Total Cash & Short-Term Bonds							6%	15%	19%	29%	35%	47%		5%	100%
Nominal Bonds	STGZX	Virtus Seix Core Bond	0.36%		2%	6%	11%	13%	13%	17%	21%	21%	18%		52%	
	FUAMX	Fidelity Intermediate Treasury	0.03%													
	FNBGX	Fidelity Long-Term Treasury	0.03%			2%	3%	4%	4%	4%	5%	5%	5%		13%	
	VMFRX	Virtus Newfleet Multi-Sector Intermedi	0.60%		1%	4%	7%	8%	9%	10%	11%	12%	11%		30%	
	AGASX	Virtus Global Allocation–Bond (40%)	0.47%	8%	12%	12%	13%	13%	13%	13%	7%	5%	4%			
	Total Nominal Bonds				8%	15%	24%	34%	38%	39%	44%	44%	43%	38%		95%
Global Equities	AGASX	Virtus Global Allocation – Eq (60%)	0.47%	13%	18%	18%	19%	19%	19%	19%	11%	7%	6%			
	AFGFX	Virtus Silvant Focused Growth	0.62%	20%	17%	15%	12%	9%	8%	4%	4%	4%	3%	27%		
	STVZX	Virtus Ceredex Large-Cap Value	0.72%	11%	10%	9%	7%	5%	3%	2%	2%	2%	1%	16%		
	VCGRX	Virtus KAR Capital Growth	0.73%	10%	8%	7%	6%	5%	4%	2%	2%	2%	1%	13%		
	VRMCX	Virtus KAR Mid-Cap Core	0.87%	4%	3%	2%	2%	2%	1%	1%				5%		
	SCIZX	Virtus SGA International Growth	0.95%	5%	4%	3%	3%	2%	2%	1%	1%	1%		6%		
	TISPX	Nuveen S&P 500 Index	0.05%	4%	4%	4%	3%	3%	3%	3%	2%	2%	1%	5%		
	TCIEX	Nuveen International Equity Index	0.05%	14%	12%	10%	7%	5%	2%	1%	1%	1%	1%	18%		
	VPKIX	Vanguard Pacific Stock Index	0.07%													
	AEMOX	Virtus Emerging Markets Opportunities	0.89%	4%	3%	3%	2%	2%	1%	1%	1%	1%		5%		
Total Global Equities				85%	79%	71%	61%	52%	43%	34%	24%	20%	13%	95%		
Real Assets	VAABX	Virtus Duff & Phelps Real Asset	1.02%	7%	6%	5%	5%	4%	3%	3%	3%	2%	2%	5%		
Total Real Assets				7%	6%	5%	5%	4%	3%	3%	3%	2%	2%	5%		
Weighted Average Fees				0.57%	0.55%	0.53%	0.52%	0.49%	0.47%	0.44%	0.42%	0.40%	0.37%	0.59%	0.39%	0.30%

Summary: Total number of Funds is 16; Proposal incorporates two Funds currently used as Individual Investment Options

Additions
Deletions

Note that for asset class totals, Virtus Global Allocation splits 60% equity and 40% nominal bonds.

ALL MATERIALS ARE PRESENTED FOR THE STATE OF SOUTH DAKOTA INVESTMENT COUNCIL.

UPDATE AGE-BASED AND STATIC PORTFOLIO

DIFFERENCES FROM CURRENT 2025 PORTFOLIOS



			Expense Ratio	0-9	10	11	12	13	14	15	16	17-18	19+	Div. Equity	Div. Bond	UltraShort Bond
Cash & Short-Term Bonds	VMSSX	Virtus Newfleet Multi-Sector Short	0.52%					-1%	-1%	-1%	-2%	-3%	-3%			
	SIGZX	Virtus Seix U.S. Govt Ultra Short	0.26%					-1%	-1%	-2%	-1%					
Total Cash & Short-Term Bonds				0%	0%	0%	0%	-2%	-2%	-3%	-3%	-3%	-3%			
Nominal Bonds	STGZX	Virtus Seix Core Bond	0.36%			-2%	-1%	-1%	-1%		1%		-1%		3%	
	FUAMX	Fidelity Intermediate Treasury	0.03%		-2%	-2%	-4%	-4%	-5%	-5%	-6%	-7%	-6%		-16%	
	FNBGX	Fidelity Long-Term Treasury	0.03%			2%	3%	4%	4%	4%	5%	5%	5%		13%	
	VMFRX	Virtus Newfleet Multi-Sector Intermedi	0.60%			-1%	-1%				-1%					
	AGASX	Virtus Global Allocation–Bond (40%)	0.47%	-2%					1%							
Total Nominal Bonds				-2%	-2%	-3%	-3%	-1%	-1%	-1%	-1%	-2%	-2%			
Global Equities	AGASX	Virtus Global Allocation – Eq (60%)	0.47%	-2%					1%	-1%						
	AFGFX	Virtus Silvant Focused Growth	0.62%	7%	5%	4%	4%	4%	4%	2%	2%	2%	2%	9%		
	STVZX	Virtus Ceredex Large-Cap Value	0.72%	5%	5%	5%	4%	2%	1%	1%	1%	1%	1%	8%		
	VCGRX	Virtus KAR Capital Growth	0.73%	2%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%		
	VRMCX	Virtus KAR Mid-Cap Core	0.87%	-1%	-2%	-1%	-1%				-1%	-1%		-3%		
	SCIZX	Virtus SGA International Growth	0.95%	-6%	-6%	-5%	-3%	-3%	-2%	-1%	-1%	-1%	-1%	-10%		
	TISPX	Nuveen S&P 500 Index	0.05%	-7%	-4%	-4%	-4%	-3%	-1%			1%		-8%		
	TCIEX	Nuveen International Equity Index	0.05%	14%	12%	10%	7%	5%	2%	1%	1%	1%	1%	18%		
	VPKIX	Vanguard Pacific Stock Index	0.07%	-9%	-8%	-7%	-5%	-4%	-4%	-1%	-1%	-1%	-1%	-13%		
	AEMOX	Virtus Emerging Markets Opportunities	0.89%	-2%	-2%	-1%	-1%							-4%		
Total Global Equities				1%	1%	2%	2%	2%	2%	2%	2%	3%	3%	-2%		
Real Assets	VAABX	Virtus Duff & Phelps Real Asset	1.02%	1%	1%	1%	1%	1%	1%	2%	2%	2%	2%	2%		
	Total Real Assets				1%	1%	1%	1%	1%	2%	2%	2%	2%	2%		
Change Weighted Average Fees				0.00%	-0.01%	0.00%	0.01%	0.01%	0.03%	0.02%	0.02%	0.01%	0.01%	-0.02%	0.01%	0.00%

Summary: Total number of Funds is 16; Proposal incorporates two Funds currently used as Individual Investment Options

Additions
Deletions

Note that for asset class totals, Virtus Global Allocation splits 60% equity and 40% nominal bonds.

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UPDATE AGE-BASED AND STATIC PORTFOLIO

SUMMARY OF PROPOSED FUND CHANGES



Proposed Fund Additions			Fee	Rationale
Ticker	Fund name			
Nominal Bonds	FNBGX Fidelity Long-Term Treasury		0.03%	Incorporating the Fund into the age-based and static portfolios enables additional duration while minimizing the increase in nominal bond exposure
Global Equities	TCIEX Nuveen International Equity Index		0.05%	Incorporating the Fund into the age-based and static portfolios enables efficient access to non-US developed equity markets

- Both proposed Fund additions are currently held in the Individual Investment Options of the Program

Proposed Fund Deletions			Fee	Rationale
Ticker	Fund name			
Global Equities	VPKIX Vanguard Pacific Stock Index		0.07%	No longer needed as the relative overweight to developed Asia equities was reduced

2025-26 AGE-BASED, STATIC PORTFOLIO PROPOSAL

UPDATE ASSET ALLOCATION POSITIONING



Allocation Change	Rationale
A modest overweight to Global Equities and Real Assets is funded by a reduction in Cash and Nominal Bonds.	The U.S. economy has been resilient in the face of heightened macro uncertainty in the last twelve months and economists have recently revised up U.S. GDP growth expectations. ¹ Equity valuations are elevated but can remain high for an extended period in times of extraordinary technological change, as we see today with generative artificial intelligence (A.I.). Earnings growth for A.I.-related companies has been strong and will likely continue to be so, which could eventually justify the high current valuations. The multiplier effects of A.I.-related investment may further boost activity and growth. Therefore, we believe that U.S. equities are likely to outperform U.S. bonds in the medium-term, since robust economic growth will limit the Fed's ability to cut rates much further from current levels. Overall, we propose to modestly overweight equities and real assets relative to bonds and cash.
Modest underweight Cash and Short-Term Bonds , relative to benchmarks	We see less value in ultra-short bond strategies if, over the medium to long term, rates stabilize, and inflation continues to trend above target. Therefore, we are modestly underweight ultra short-term bonds in the near-college portfolios to fund diversification into real assets and equities.
Reduce Nominal Bonds (core U.S. Bonds) in exposure but maintain a slight overweight to U.S. duration	While we remain close to the strategic benchmark, we acknowledge that there is some advantage to being modestly long duration as the Fed is generally expected to embark on a near-term easing cycle. At the same time, we maintain exposure to spread sectors, including investment grade and high yield bonds to take advantage of a resilient growth environment in the longer term. We expect that the combination of spread exposures and an overweight to duration may offer an attractive balance of risks for a range of market outcomes.
Maintain an overweight in Global Equities , relative to the benchmark. Within Global Equities, maintain an overweight to US and Europe and a modest underweight to Japan and Emerging Markets, with a tilt toward growth away from value in terms of style.	We expect equities to benefit from the stable, albeit slower, growth backdrop globally, as well as the A.I. buildout and productivity gains, further deregulation, broad fiscal support, lower inflation risks and supportive monetary policy. We maintain a tilt towards U.S. equities, and to a lesser extent, equities in Europe, which should benefit from the fiscal spending associated with expansionary defense and infrastructure plans. At the same time, we modestly reduce exposure to Japan and emerging market equities. We maintain a tilt to growth over value.
Increase exposure to Real Assets , including Global REITs and Commodities through the Virtus Duff & Phelps Real Asset Fund.	We move to a small overweight on Real Assets in the bond heavy portfolios and a neutral weight in the equity heavy portfolios, given that the inflation outlook is pressured by uncertainty around the final impact of tariffs and that we believe that Real Assets will underperform US growth equities but outperform core bonds over the next 12-18 months. We use the actively managed Duff & Phelps Real Asset Fund to gain exposure to global real estate, global infrastructure, natural resources, and TIPS. We expect REITs and infrastructure equities to perform well in a stable but modestly declining rate environment with decent economic growth.

As of October 2025.

¹U.S. GDP growth for Q3 is expected to be 2.5% - 3.5%, which is significantly higher than expected only a few months ago when many economists called for a slowdown.

Note: Positioning descriptions are in relation to the program benchmark, which is static.

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INDIVIDUAL INVESTMENT OPTIONS

We added multi-manager (blended) standalone options, similar to the static portfolios, to replace some of the existing single-manager options

- This offers advisors core investment options to build portfolios for their clients that do not rely on a single active manager, while still offering the opportunity to benefit from active management.
- Each portfolio is offered as a multi-manager strategy and will include a blend of mutual funds with exposures that remain constant between program updates.

Benefits of Multi Manager

- | | |
|--------------------------------------|--|
| Management of Active Risk | ▪ We believe combining strategies of different styles should decrease active risk and give more reliable outcomes vs. benchmarks |
| Flexibility | ▪ Able to adjust weights of actively managed strategies to align with macro and market views via the same process applied to the age-based and static portfolios |
| Stability | ▪ Lower turnover over time in the list of investment options in the advisor-sold program |
| Robust Portfolio Construction | ▪ Leverage the Virtus Multi Asset team's approach to portfolio construction |
| Best of Virtus | ▪ Harvest selection benefits of specialist managers within equities and fixed income |

INDIVIDUAL INVESTMENT OPTIONS

CURRENT LINEUP



Ticker	Asset Class	Name	Structure ¹
AGASX	Multi-Asset	Virtus Global Allocation	Mutual Fund
ANDVX	US Equity	Virtus NFJ Dividend Value	Mutual Fund
VVERX	US Equity	Virtus Ceredex Small-Cap Value	Mutual Fund
AFGFX	US Equity	Virtus Silvant Focused Growth	Mutual Fund
VRMCX	US Equity	Virtus KAR Mid-Cap Core	Mutual Fund
VMFRX	Core Bond – Multisector	Virtus Newfleet Multi-Sect Intermediate	Mutual Fund
STGZX	Core Bond	Virtus Seix Core Bond	Mutual Fund
Blend	International Equity	Virtus Blended Intl. Equity Strategy	Multi Manager
Blend	US Equity	Virtus Blended US Equity Strategy	Multi Manager
Blend	All Asset	Virtus Blended All Asset Strategy	Multi Manager
Blend	Ultrashort Bond	Virtus Blended UltraShort Bond	Multi Manager

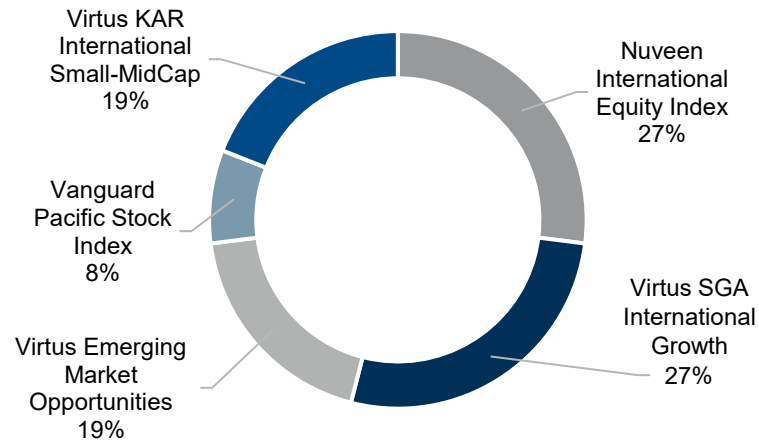
¹Multi manager strategies structured as municipal fund securities holding more than one mutual fund with static weights between rebalances.

UPDATE INDIVIDUAL INVESTMENT OPTIONS

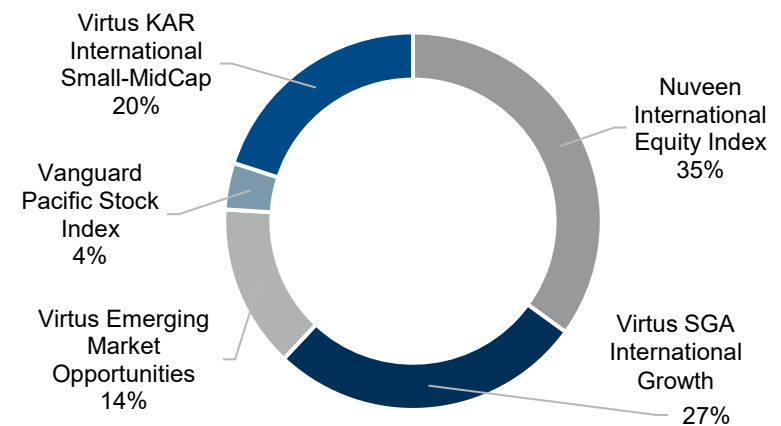
PROPOSED BLENDED STRATEGY

The construction of the multi-manager strategies adheres to the same process as is used in the age-based and static portfolio construction

CURRENT BLENDED INTERNATIONAL EQUITY



PROPOSED BLENDED INTERNATIONAL EQUITY



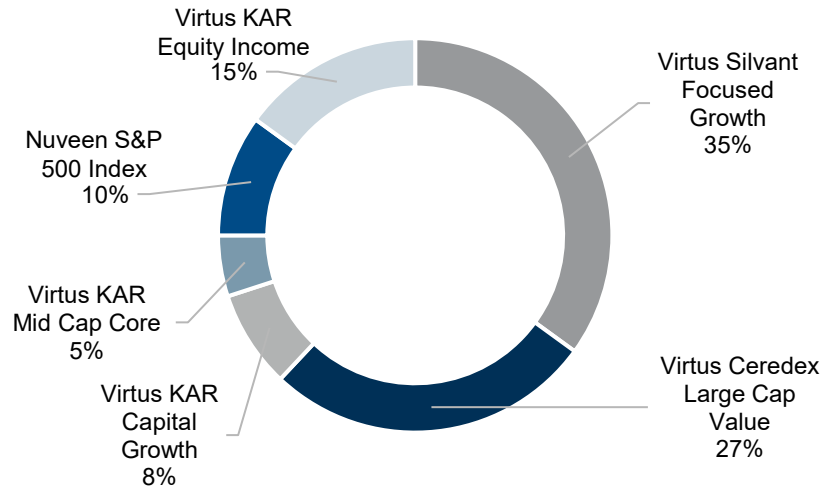
Ticker	Fund Name	Current Exposure (%)	Proposed Exposure (%)
TCIEX	Nuveen International Equity Index	27	35
SCIZX	Virtus SGA International Growth	27	27
AEMOX	Virtus Emerging Markets Opps	19	14
VPKIX	Vanguard Pacific Stock Index	8	4
VRISX	Virtus KAR Intl Small-MidCap	19	20
Weighted average fee		0.65%	0.62%

UPDATE INDIVIDUAL INVESTMENT OPTIONS

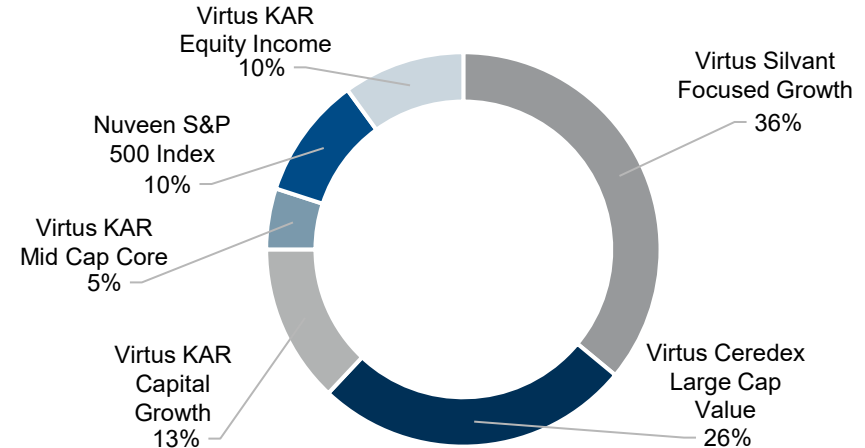
PROPOSED BLENDED STRATEGY

The construction of the multi-manager strategies adheres to the same process as is used in the age-based and static portfolio construction

CURRENT BLENDED US EQUITY



PROPOSED BLENDED US EQUITY



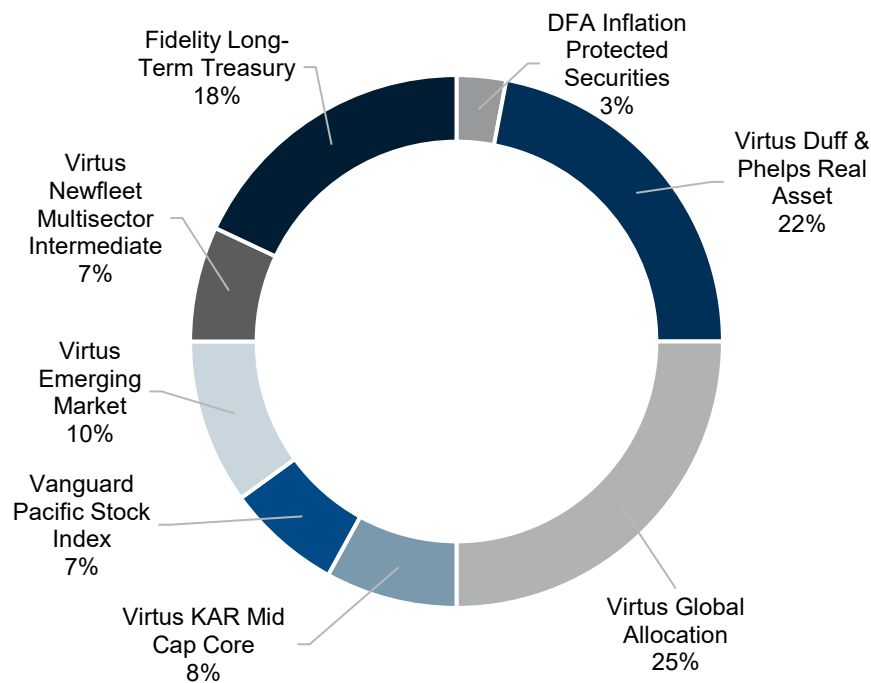
Ticker	Fund Name	Current Exposure (%)	Proposed Exposure (%)
AFGFX	Virtus Silvant Focused Growth	35	36
STVZX	Virtus Ceredex Large-Cap Value	27	26
VCGRX	Virtus KAR Capital Growth	8	13
VRMCX	Virtus KAR Mid-Cap Core	5	5
TISPX	Nuveen S&P 500 Index	10	10
VECRX	Virtus KAR Equity Income	15	10
Weighted average fee		0.65%	0.64%

UPDATE INDIVIDUAL INVESTMENT OPTIONS

UPDATE BLENDED STRATEGY

- Objective** ■ Deliver attractive real returns, provide inflation protection and diversify away from core equity risk
- Implementation** ■ Exposure to real assets, diversifiers, core equities, and core bonds
- Universe** ■ Comprised of mutual funds already in the CollegeAccess 529 Program
- Process** ■ Risk budgeted process that prioritizes allocations to real assets and value-oriented asset classes

PROPOSED VIRTUS BLENDED ALL ASSET STRATEGY



PORTFOLIO STRUCTURE

Asset Class	Current	Proposed	Target Range	Asset Classes
Real Assets	25%	25%	0-35%	Infrastructure, REITs, commodity equities, TIPS
Diversifiers	0%	0%	0-25%	EM Debt, HY bonds, loans, convertible bonds, liquid alts
Core Bonds	40%	35%	10-50%	Core bonds, incl. positioning on duration and spread
Core Equity	35%	40%	15-50%	Tilt towards equity asset classes and regions with attractive valuations

Ticker	Fund Name	Current Exposure (%)	Proposed Exposure (%)
DIPSX	DFA Inflation Protected Securities	5	3
VAABX	Virtus Duff & Phelps Real Asset	20	22
AGASX	Virtus Global Allocation	25	25
VRMCX	Virtus KAR Mid Cap Core	5	8
VPKIX	Vanguard Pacific Stock Index	6	7
AEMOX	Virtus Emerging Market	9	10
VMFRX	Virtus Newfleet Multi-Sector Intermediate	15	7
FNBGX	Fidelity Long-Term Treasury	15	18
Weighted average fee		0.54%	0.56%

Program Changes

Glidepath Update ■ No Change

Strategic Asset Allocation ■ No Change

Allocation Changes

- Asset Allocation**
- The portfolios are aligned with the SAA with modest overweights to Global Equities and Real Assets, funded by underweights to Nominal Bonds (on an exposure basis) and Cash and Ultrashort Bonds.
 - In fixed income, we favor an overweight in duration versus the strategic asset allocation at about one-half year in the near college and Diversified Bond portfolios.
 - We fund a modest overweight to global equities and real assets ranging from 2% to 5% across the portfolios with an underweight to cash and core bonds (in exposure terms).
-

Fund Level Changes

Age-Based and Static portfolios

- The net effect of underlying fund changes is to remove one passive fund and add two passive funds currently held in the individual investment options.
- The age-based and static portfolios have 16 underlying funds.

Individual Investment Options

- Three blended strategies will be rebalanced to reflect the updated asset allocation views.
 - No fund changes.
-

Fees ■ Overall, the asset-weighted fee for the age-based program increases from 43 bps to 45 bps.

