



4009 West 49th Street, Suite 300
Sioux Falls, SD 57106-3784 USA
605-362-2820 – <https://sdic.sd.gov>

MEMORANDUM

TO: South Dakota Investment Council
FROM: Sherry Nelson
DATE: July 13, 2022
RE: CollegeAccess 529 Allocation Advisor Proposed Change

VP Distributors LLC, the program manager for the higher education savings program, CollegeAccess 529, has requested Council approval to transfer the role of allocation advisor from Allianz Global Investors Multi-Asset U.S. to Virtus Fund Advisors, effective July 25, 2022.

Virtus Fund Advisors is a wholly-owned subsidiary of Virtus Investment Partners, the parent company of VP Distributors, the current program manager. Heather Bergman, Ph.D., Paul Pietranico, CFA, and their team from Allianz Global Investors Multi-Asset U.S. are transferring to work for Virtus Fund Advisors and will continue to perform the allocation advisor role if approved by the Council.

Choosing a new allocation advisor became necessary due to SEC sanctions disqualifying Allianz from providing advisory services to US registered investment funds for the next 10 years. The criminal misconduct within Allianz was related to a trading strategy called "Structured Alpha" which was not used by the CollegeAccess 529 plan. The misconduct was perpetrated by a few individuals who no longer work for the company. The Justice Department's investigation did not find misconduct elsewhere.

sn