

August 8, 2022

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 Fund Advisers.

If approved, the following four changes will alter the current asset allocations of the Age-Based and Static Portfolios: (1) reduce exposure to Global Equities; (2) decrease size of underweight of duration in fixed income (3) increase size of underweight to TIPS exposure; (4) reduce Commodity exposure from neutral to underweight.; (5) modestly increase exposure to cash and short-term bonds.

Additionally, there are three funds that have been affected by the advisor change. The proposed recommendations will allow VP Distributors to rename two funds that will continue to be managed by the existing teams that have moved over to Virtus from AllianzGI. A third fund will have a new portfolio management team as the prior manager moved to a different firm.

As a result of implementing the changes, as outlined, underlying fund fees will decrease across all portfolios, with one exception, the Diversified Equity Portfolio, in which underlying fund fees will increase.

Subject to your approval, as well as the Board's, these changes would take effect on or around September 15, 2022.

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

Regards,

Matthew Hamel (860.263.4889)
Managing Director
Virtus Investment Partners

cc:
Heather Bergman (619.687.2785)
Paul Pietranico (619.687.2798)