



**4009 West 49<sup>th</sup> 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: August 31, 2021  
RE: CollegeAccess 529 Fund Change Proposal

Each year the program manager for the CollegeAccess 529 plan is required to request approval for any proposed changes to the asset allocation and/or roster of funds included in the plan. The memo from VP Distributors, our new program manager as of February 1, 2021, is included and summarizes the proposed changes.

The detailed memo from Allianz Global Investors Multi-Asset U.S., the firm that continues to be responsible for asset allocation and fund selection for the plan, is also included. The document discusses their rationale for the proposed asset allocation and fund changes along with the associated impact on investors' fees.

The State Investment Officer believes the changes proposed by Allianz Global Investors to be reasonable and recommends Council approval.

szn  
Enclosures

August 4, 2021

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 Allianz Global Investors Multi-Asset US.

If approved, the following five changes will alter the current asset allocations of the Age-Based Portfolios: (1) reduce TIPS exposure to lower portfolio duration; (2) increase the Opportunistic Credit sub-segment of Nominal Bonds to emphasize lower duration, more flexible fixed income strategies; (3) increase the other inflation-hedging asset classes, including Commodities and Real Estate, for diversification and inflation hedging; (4) reduce Global Equities to make room for REITs and Commodities; and (5) reduce the drag from cash in favor of short-term bonds in certain portfolios.

Additionally, the proposed recommendations will allow VP Distributors to replace three existing funds with four new funds in the Plan.

As a result of implementing the changes, as outlined, underlying fund fees will either remain constant or decrease (with respect to two of the nine Age-Based Portfolios and in the Diversified Bond Portfolio).

Subject to your approval, as well as the Board's, these changes would take effect on or around September 15, 2021.

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

Regards,

Matthew Hamel (860.263.4889)  
Managing Director, DCIO  
Virtus Investment Partners

cc:

Heather Bergman (619.687.2785)  
Paul Pietranico (619.687.2798)

Allianz Global Investors U.S. LLC

Date: July 01, 2021  
 To: South Dakota Investment Council  
 From: Allianz Global Investors Multi-Asset US  
 Claudio Marsala, Paul Pietranico, Heather Bergman  
 Subject: Recommendation to the South Dakota Investment Council

I. Executive Summary

Asset Allocation Changes

Allianz Global Investors (“AllianzGI”) proposes to adjust the asset allocation within the Age Based Portfolios in the CollegeAccess 529 Plan relative to the benchmarks that were approved in November 2015. The proposal seeks to underweight Core US Bonds and TIPs, while maintaining an overweight to Opportunistic Credit and Global Equities. *Figure 1* shows the current and proposed asset allocation relative to the benchmarks.

In order to adjust the asset allocation from the current positioning, we propose to (1) reduce TIPs exposure to lower portfolio duration; (2) increase the Opportunistic Credit sub-segment of Nominal Bonds to emphasize lower duration, more flexible fixed income strategies; (3) increase the other inflation-hedging asset classes, including Commodities and Real Estate for diversification and inflation hedging; (4) reduce Global Equities to make room for REITs and Commodities and (5) reduce the drag from cash in favor of short term bonds in certain portfolios. *Table 1* shows the proposed asset allocation changes relative to current positioning.

Fund Changes

We also propose to remove three underlying funds and add four underlying funds within the Age-Based and Static Portfolios. There are no proposed changes to the Standalone Portfolios. *Tables 2 and 3* show the proposed underlying fund changes.

Fund Fees

As a result of the proposed changes, underlying fund fees will either remain constant or decrease (with respect to two of the nine Age-Based portfolios and in the Diversified Bond Portfolio).

Implementation

The proposed changes are expected to be implemented in September 2021.

II. Tables and Figures

The asset allocation themes are primarily based on the fundamental analysis provided by working groups within the AllianzGI Global Multi Asset Team. The proposal includes five allocation changes relative to *current positioning* across the portfolios, as shown in *Table 1*.

**Table 1: Asset Allocation Changes Compared to Current Positioning**

| Allocation Change  | Rationale  | Fund Exposure Addition and Increase  | Fund Exposure Decrease  | Range of reallocation per Fund (Age-Based) |
|--|--|--|---|--|
| Reduce TIPs and increase exposure to Opportunistic Credit (Low-Duration, Multi-Sector, Flexible Bond Strategies) | We expect that, in the context of above-average global growth and uncertainty regarding long-term inflation, real yields are likely to rise, limiting the returns on TIPs. The TIPS index also has comparatively higher duration than the Core US index. Therefore, we seek to reduce TIPs relative to their current | <ul style="list-style-type: none"> <li>• PIMCO Low Duration Income</li> <li>• Virtus Newfleet Low Duration Core Plus Bond</li> </ul> | <ul style="list-style-type: none"> <li>• DFA Inflation Protected Bond</li> <li>• PIMCO Real Return</li> </ul> | Maximum reallocation is +/- 5%             |

|  |   |   |   |                                |
|--|---|---|---|--------------------------------|
|  | allocation in favor of lower duration, flexible fixed income strategies.  |   |   |                                |
| Reduce Core US Bonds in favor of Opportunistic Credit (Low-Duration, Multi-Sector, Flexible Bond Strategies)   | Nominal yields on US Treasuries are at record lows, making core bonds less attractive. We anticipate that nominal yields will increase in the medium-to-long-term in the context of less expansive monetary policy and steadily rising inflation expectations. Therefore, we seek to reduce the nominal duration profile of the portfolios and add Funds with alternative sources of income generation, including from Developed and Emerging Markets and across the credit spectrum. | <ul style="list-style-type: none"> <li>• PIMCO Low Duration Income</li> <li>• Virtus Newfleet Low Duration Core Plus</li> </ul>                       | <ul style="list-style-type: none"> <li>• Metropolitan West Total Return</li> </ul>                            | Maximum reallocation is +/- 5% |
| Increase Commodities and Real Estate funded by reduction in TIPs and modest reduction in Global Equities   | In a persistent global recovery, we expect that Global REITs will add both value and diversification, especially as they offer attractive and growing dividend income amidst persistently low (albeit probably rising) interest rates. Commodities are also attractive because they benefit from a rebound in demand and better global growth, combined with tight levels of current inventories, and may, like REITs and equities, act as an inflation hedge.                        | <ul style="list-style-type: none"> <li>• Virtus Duff &amp; Phelps Global Real Estate Securities</li> <li>• DFA Commodity Strategy</li> </ul>          | <ul style="list-style-type: none"> <li>• DFA Inflation Protected Bond</li> <li>• PIMCO Real Return</li> </ul> | Maximum reallocation is +/- 5% |
| Reduce Global Equities (while maintaining an overweight relative to the benchmark.) Within Global Equities, increase exposure to Active, Value-Oriented strategies | In the medium term, while global equities are expected to provide inflation protection and the potential for better returns, we reduce exposure modestly in favor of Commodities and REITs. Within equities, we increase exposure to certain sub-segments, including Non-US, considering the relatively lower valuations in non-US equities and, to some extent, active strategies.   | <ul style="list-style-type: none"> <li>• Dodge and Cox International Stock</li> <li>• Virtus AllianzGI Emerging Markets Opportunities Fund</li> </ul> | <ul style="list-style-type: none"> <li>• TIAA CREF S&amp;P 500 Index Fund</li> </ul>                          | Maximum reallocation is +/- 6% |
| Maintain Cash and Short-Term Bonds at current allocation. Within Cash and Short-Term Bonds, decrease cash in favor of low yielding bonds.                          | In a potentially rising rate environment, we reduce exposure to cash in favor of fixed income with some yield in the short-term segment of the curve. This applies particularly in the lower Age-Based portfolios.  | <ul style="list-style-type: none"> <li>• PIMCO Short Asset Investment</li> <li>• PIMCO Short Term</li> </ul>  | <ul style="list-style-type: none"> <li>• PIMCO Government Money Market</li> </ul>                             | Maximum reallocation is +/- 8% |

Allianz Global Investors U.S. LLC

**Table 2: Summary of Proposed Fund Changes**  
Age-Based and Static Portfolios

| Asset Class     | Ticker | Proposed Fund Additions                            | Fee (%) | Ticker             | Proposed Fund Deletions               | Fee (%) |
|-----------------|--------|--|---------|--------------------|---------------------------------------|---------|
| Nominal Bonds   | PFIIX  | PIMCO Low Duration Income                          | 0.55%   | PIMIX <sup>1</sup> | PIMCO Income                          | 1.09%   |
|                 | VLDRX  | Virtus Newfleet Low Duration Core Plus             | 0.44%   |                    |                                       |         |
| Global Equities | AEMOX  | Virtus AllianzGI Emerging Market Opportunities     | 0.90    | MGEMX              | Morgan Stanley Emerging Markets       | 1.05%   |
| Real Estate     | VRGEX  | Virtus Duff & Phelps Global Real Estate Securities | 0.89%   | ARIIX              | AB Global Real Estate Investment Fund | 0.72%   |

<sup>1</sup> PIMCO Income remains as a Standalone Fund

**Table 3: Fund Additions and Deletions with Rationales**  
Age-Based and Static Portfolios

| Asset Class   | Add/Delete | Ticker | Fund                                   | Description, Rationale and Fee  |
|---------------|------------|--------|--|---|
| Nominal Bonds | Deletion   | PIMIX  | PIMCO Income                           | <ul style="list-style-type: none"> <li>• Flexible, opportunistic credit Fund with access to a broad range of bond sectors globally</li> <li>• In a rising rate environment, the Fund may not reduce duration as quickly or as meaningfully in comparison to the PIMCO Low Duration Income Fund</li> <li>• Fee: 1.09%</li> </ul>           |
|               | Addition   | PFIIX  | PIMCO Low Duration Income              | <ul style="list-style-type: none"> <li>• Flexible, opportunistic credit Fund that will be tactical on duration, but with about two-thirds the targeted risk of PIMCO Income Fund</li> <li>• Achieves lower duration across portfolios in a rising rate environment with a more conservative risk profile</li> <li>• Fee: 0.55%</li> </ul> |
|               | Addition   | VLDRX  | Virtus Newfleet Low Duration Core Plus | <ul style="list-style-type: none"> <li>• Multi sector, low duration strategy with a focus on US</li> <li>• Emphasis on credit and US fixed income and adds diversification in terms of investment process</li> <li>• Fee: 0.44%</li> </ul>  |

|                 |          |       |  |   |
|-----------------|----------|-------|--|---|
| Global Equities | Deletion | MGEMX | Morgan Stanley Emerging Markets                    | <ul style="list-style-type: none"> <li>• Fundamental-driven approach to investing in emerging market equities</li> <li>• Approach includes structural biases based on investment process, including a longstanding underweight to China</li> <li>• Fee: 1.05%</li> </ul>  |
|                 | Addition | AEMOX | Virtus AllianzGI Emerging Market Opportunities     | <ul style="list-style-type: none"> <li>• Systematic approach to investing in emerging market equities based on behavioral and valuation-based factors; avoids fundamental-driven overweight and underweights</li> <li>• Approach reduces structural biases against individual countries and sectors and ensures that returns are driven mainly by stock selection rather than country or sector allocation</li> <li>• Fee: 0.90%</li> </ul> |
| Real Estate     | Deletion | ARIIX | AB Global Real Estate Investment Fund              | <ul style="list-style-type: none"> <li>• Quantitative, model-driven process seeking positive price momentum and high quality</li> <li>• In a REIT recovery scenario, less flexibility to take advantage of opportunities across regions and sectors</li> <li>• Fee: 0.72%</li> </ul>  |
|                 | Addition | VRGEX | Virtus Duff & Phelps Global Real Estate Securities | <ul style="list-style-type: none"> <li>• Quality and relative value focused-approach based on two-thirds security selection and one-third country allocation</li> <li>• Portfolio construction approach means the Fund is likely better positioned to take advantage of opportunities in the REIT sector as the recovery continues</li> <li>• Fee: 0.89%</li> </ul>   |

**Figure 1: Asset Allocation versus Benchmark Weights for Age-Based and Static Portfolios**

Summary of Proposal

|                            | 0-8 | 9-10 | 11  | 12  | 13  | 14  | 15  | 16  | 17+ | Diversified Equity | Diversified Bond | UltraShort Bond |
|----------------------------|-----|------|-----|-----|-----|-----|-----|-----|-----|--------------------|------------------|-----------------|
| Cash & Short Term Bonds    | 0%  | 0%   | 0%  | 0%  | 0%  | 0%  | 1%  | 2%  | 2%  | 0%                 | 5%               | 0%              |
| Nominal Bonds <sup>1</sup> | 1%  | 1%   | 1%  | 1%  | 2%  | 2%  | 1%  | 0%  | 0%  | 0%                 | 0%               | 0%              |
| TIPS                       | -1% | -2%  | -3% | -4% | -4% | -4% | -4% | -4% | -4% | 0%                 | -5%              | 0%              |
| Multi-Asset Class          | 0%  | 0%   | 0%  | 0%  | 0%  | 0%  | 0%  | 0%  | 0%  | 0%                 | 0%               | 0%              |
| Global Equities            | 0%  | 1%   | 2%  | 3%  | 2%  | 2%  | 2%  | 2%  | 2%  | 0%                 | 0%               | 0%              |
| Commodities                | 0%  | 0%   | 0%  | 0%  | 0%  | 0%  | 0%  | 0%  | 0%  | 0%                 | 0%               | 0%              |
| Real Estate                | 0%  | 0%   | 0%  | 0%  | 0%  | 0%  | 0%  | 0%  | 0%  | 0%                 | 0%               | 0%              |

<sup>1</sup>Nominal Bonds includes the sub-segments (1) Core US Bonds and (2) Opportunistic Credit. The relative overweight in the table is entirely attributable to the allocation to the latter, as the Core US Bond underweight is maintained.

Summary of Current

|                         | 0-8 | 9-10 | 11  | 12  | 13  | 14  | 15  | 16  | 17+ | Diversified Equity | Diversified Bond | UltraShort Bond |
|-------------------------|-----|------|-----|-----|-----|-----|-----|-----|-----|--------------------|------------------|-----------------|
| Cash & Short Term Bonds | 0%  | 0%   | 0%  | 0%  | 0%  | 0%  | 1%  | 1%  | 2%  | 0%                 | 5%               | 0%              |
| Nominal Bonds           | 0%  | -1%  | -2% | -2% | -2% | -2% | -4% | -5% | -5% | 0%                 | -9%              | 0%              |
| TIPS                    | 0%  | 1%   | 2%  | 2%  | 2%  | 2%  | 3%  | 4%  | 4%  | 0%                 | 4%               | 0%              |
| Multi-Asset Class       | 0%  | 0%   | 0%  | 0%  | 0%  | 0%  | 0%  | 0%  | 0%  | 0%                 | 0%               | 0%              |
| Global Equities         | 3%  | 3%   | 3%  | 3%  | 2%  | 2%  | 2%  | 2%  | 1%  | 2%                 | 0%               | 0%              |
| Commodities             | -2% | -2%  | -2% | -2% | -1% | -1% | -1% | -1% | -1% | -2%                | 0%               | 0%              |
| Real Estate             | -1% | -1%  | -1% | -1% | -1% | -1% | -1% | -1% | -1% | 0%                 | 0%               | 0%              |

Allianz Global Investors U.S. LLC

**Figure 2: Asset Allocation & Underlying Funds: Proposal**

|                         |       |   | Expense Ratio | 0-8 | 9-10 | 11  | 12  | 13  | 14  | 15  | 16  | 17+ | Div. Equity | Div. Bond | Ultrashort Bond |
|-------------------------|-------|---|---------------|-----|------|-----|-----|-----|-----|-----|-----|-----|-------------|-----------|-----------------|
| Cash & Short-Term Bonds | PGYXX | PIMCO Government Money Market           | 0.18%         | -   | -    | -   | -   | -   | -   | 4%  | 6%  | 8%  | -           | -         | 30%             |
|                         | PAIDX | PIMCO Short Asset Investment            | 0.36%         | -   | -    | -   | 8%  | 12% | 22% | 20% | 23% | 27% | -           | 5%        | 20%             |
|                         | PTSHX | PIMCO Short-Term                        | 0.55%         | -   | -    | -   | 2%  | 6%  | 6%  | 10% | 16% | 17% | -           | 5%        | 50%             |
| Nominal Bonds           | MWTSX | Metropolitan West Total Return          | 0.38%         | -   | -    | 4%  | 4%  | 5%  | 5%  | 6%  | 9%  | 10% | -           | 36%       | -               |
|                         | PTRRX | PIMCO Total Return                      | 0.70%         | -   | -    | -   | -   | -   | -   | -   | -   | -   | -           | 25%       | -               |
|                         | PIMIX | PIMCO Income                            | 1.09%         | -   | -    | -   | -   | -   | -   | -   | -   | -   | -           | -         | -               |
|                         | PFIIX | PIMCO Low Duration Income               | 0.55%         | 1%  | 2%   | 4%  | 4%  | 5%  | 5%  | 5%  | 5%  | 5%  | -           | 12%       | -               |
|                         | VLDRX | Virtus Newfleet Low Dur Core Plus Bond  | 0.44%         | 0%  | 2%   | 4%  | 4%  | 5%  | 5%  | 5%  | 5%  | 5%  | -           | 12%       | -               |
| Inflation-Linked Bonds  | PRRIX | PIMCO Real Return                       | 0.53%         | 3%  | 5%   | 6%  | 5%  | 5%  | 5%  | 7%  | 6%  | 6%  | -           | 3%        | -               |
|                         | DIPSX | DFA Inflation-Protected Securities      | 0.11%         | 1%  | 3%   | 3%  | 3%  | 3%  | 3%  | 4%  | 5%  | 5%  | -           | 2%        | -               |
| Multi-Asset             | AGASX | AllianzGI Global Allocation             | 0.61%         | 26% | 30%  | 30% | 30% | 30% | 30% | 30% | 20% | 12% | -           | -         | -               |
| Global Equities         | RNPGX | American Funds New Perspective          | 0.42%         | 12% | 11%  | 9%  | 8%  | 8%  | 5%  | -   | -   | -   | 17%         | -         | -               |
|                         | AFGFY | AllianzGI Focused Growth                | 0.62%         | 3%  | 2%   | 2%  | 2%  | 2%  | 2%  | -   | -   | -   | 7%          | -         | -               |
|                         | ANDVX | AllianzGI Dividend Value                | 0.65%         | 3%  | 2%   | 2%  | 2%  | 2%  | -   | -   | -   | -   | 5%          | -         | -               |
|                         | TCIEY | TIAA-CREF International Equity Index    | 0.05%         | 14% | 13%  | 12% | 10% | 8%  | 6%  | 4%  | 1%  | 2%  | 23%         | -         | -               |
|                         | TISPX | TIAA-CREF S&P 500 Index                 | 0.05%         | 16% | 11%  | 7%  | 5%  | -   | -   | -   | -   | -   | 27%         | -         | -               |
|                         | DODFX | Dodge & Cox International Stock         | 0.63%         | 5%  | 4%   | 3%  | 2%  | -   | -   | -   | -   | -   | 7%          | -         | -               |
|                         | MGEMX | Morgan Stanley Emerging Markets         | 1.05%         | -   | -    | -   | -   | -   | -   | -   | -   | -   | -           | -         | -               |
|                         | AEMOX | Virtus AllianzGI EM Ops                 | 0.90%         | 4%  | 4%   | 4%  | 3%  | 2%  | -   | -   | -   | -   | 4%          | -         | -               |
| Commodities             | DCMSX | DFA Commodity Strategy                  | 0.32%         | 7%  | 6%   | 6%  | 5%  | 4%  | 3%  | 3%  | 2%  | 2%  | 5%          | -         | -               |
| Real Estate             | ARIIX | AB Global Real Estate Investment        | 0.72%         | -   | -    | -   | -   | -   | -   | -   | -   | -   | -           | -         | -               |
|                         | VRGEX | Virtus Duff & Phelps Global Real Estate | 0.89%         | 5%  | 5%   | 4%  | 3%  | 3%  | 3%  | 2%  | 2%  | 1%  | 5%          | -         | -               |

Proposed fund additions are highlighted blue.

|                               |       |       |       |       |       |       |       |       |       |       |       |       |
|-------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Proposed Underlying Fund Fees | 0.42% | 0.44% | 0.46% | 0.46% | 0.48% | 0.47% | 0.46% | 0.45% | 0.42% | 0.31% | 0.49% | 0.40% |
|-------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|



**Figure 3: Asset Allocation & Underlying Funds: Current (as of 2021)**

|                         |       |                                      | Expense Ratio | 0-8 | 9-10 | 11  | 12  | 13  | 14  | 15  | 16  | 17+ | Div. Equity | Div. Bond | Ultrashort Bond |
|-------------------------|-------|--------------------------------------|---------------|-----|------|-----|-----|-----|-----|-----|-----|-----|-------------|-----------|-----------------|
| Cash & Short-Term Bonds | PGYXX | PIMCO Government Money Market        | 0.18%         | -   | -    | -   | 3%  | 5%  | 8%  | 9%  | 10% | 12% | -           | 10%       | 30%             |
|                         | PAIDX | PIMCO Short Asset Investment         | 0.36%         | -   | -    | -   | 5%  | 11% | 17% | 18% | 20% | 24% | -           | -         | 20%             |
|                         | PTSHX | PIMCO Short-Term                     | 0.55%         | -   | -    | -   | 2%  | 2%  | 3%  | 7%  | 14% | 16% | -           | -         | 50%             |
| Nominal Bonds           | MWTSX | Metropolitan West Total Return       | 0.38%         | -   | 2%   | 7%  | 7%  | 9%  | 9%  | 8%  | 11% | 12% | -           | 39%       | -               |
|                         | PTTRX | PIMCO Total Return                   | 0.70%         | -   | -    | -   | -   | -   | -   | -   | -   | -   | -           | 25%       | -               |
|                         | PIMIX | PIMCO Income                         | 1.09%         | -   | -    | 2%  | 2%  | 2%  | 2%  | 3%  | 3%  | 3%  | -           | 12%       | -               |
| Inflation-Linked Bond   | PRRIX | PIMCO Real Return                    | 0.53%         | 3%  | 7%   | 8%  | 8%  | 8%  | 8%  | 9%  | 9%  | 9%  | -           | 6%        | -               |
|                         | DIPSX | DFA Inflation-Protected Securities   | 0.11%         | 2%  | 4%   | 6%  | 6%  | 6%  | 6%  | 9%  | 10% | 10% | -           | 8%        | -               |
| Multi-Asset             | AGASX | AllianzGI Global Allocation          | 0.71%         | 26% | 30%  | 30% | 30% | 30% | 30% | 30% | 20% | 12% | -           | -         | -               |
| Global Equities         | FNPFX | American Funds New Perspective       | 0.42%         | 12% | 11%  | 9%  | 8%  | 8%  | 4%  | -   | -   | -   | 17%         | -         | -               |
|                         | AFGFY | AllianzGI Focused Growth             | 0.62%         | 3%  | 2%   | 2%  | 2%  | 2%  | 2%  | 1%  | -   | -   | 7%          | -         | -               |
|                         | ANDVX | AllianzGI Dividend Value             | 0.65%         | 3%  | 2%   | 2%  | 2%  | 2%  | 1%  | -   | -   | -   | 5%          | -         | -               |
|                         | TCIEY | TIAA-CREF International Equity Index | 0.06%         | 13% | 11%  | 9%  | 7%  | 6%  | 3%  | 2%  | 1%  | 1%  | 22%         | -         | -               |
|                         | TISPX | TIAA-CREF S&P 500 Index              | 0.05%         | 21% | 17%  | 13% | 10% | 3%  | 2%  | 1%  | -   | -   | 30%         | -         | -               |
|                         | DODFX | Dodge & Cox International Stock      | 0.63%         | 4%  | 3%   | 2%  | 1%  | -   | -   | -   | -   | -   | 6%          | -         | -               |
|                         | MGEMX | Morgan Stanley Emerging Markets      | 1.05%         | 4%  | 3%   | 3%  | 2%  | 1%  | -   | -   | -   | -   | 5%          | -         | -               |
| Commodities             | DCMSX | DFA Commodity Strategy               | 0.31%         | 5%  | 4%   | 4%  | 3%  | 3%  | 2%  | 2%  | 1%  | 1%  | 3%          | -         | -               |
| Real Estate             | ARIIX | AB Global Real Estate Investment     | 0.70%         | 4%  | 4%   | 3%  | 2%  | 2%  | 3%  | 1%  | 1%  | -   | 5%          | -         | -               |

Current Underlying Fund Fees

|       |       |       |       |       |       |       |       |       |       |       |       |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 0.42% | 0.44% | 0.46% | 0.46% | 0.48% | 0.48% | 0.47% | 0.45% | 0.42% | 0.31% | 0.51% | 0.40% |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|

Difference between Proposed and Current

|   |   |   |   |   |        |        |   |   |   |        |   |
|---|---|---|---|---|--------|--------|---|---|---|--------|---|
| - | - | - | - | - | -0.01% | -0.01% | - | - | - | -0.02% | - |
|---|---|---|---|---|--------|--------|---|---|---|--------|---|

**Figure 4: Asset Allocation & Underlying Funds: Proposed Changes**

|                         |       |   | Expense Ratio | 0-8 | 9-10 | 11  | 12  | 13  | 14  | 15  | 16  | 17+ | Div. Equity | Div. Bond | Ultrashort Bond |
|-------------------------|-------|---|---------------|-----|------|-----|-----|-----|-----|-----|-----|-----|-------------|-----------|-----------------|
| Cash & Short-Term Bonds | PGYXX | PIMCO Government Money Market           | 0.18%         | -   | -    | -   | -3% | -5% | -8% | -5% | -4% | -4% | -           | -10%      | -               |
|                         | PAIDX | PIMCO Short Asset Investment            | 0.36%         | -   | -    | -   | 3%  | 1%  | 5%  | 2%  | 3%  | 3%  | -           | 5%        | -               |
|                         | PTSHX | PIMCO Short-Term                        | 0.55%         | -   | -    | -   | -   | 4%  | 3%  | 3%  | 2%  | 1%  | -           | 5%        | -               |
| Nominal Bonds           | MWTSX | Metropolitan West Total Return          | 0.38%         | -   | -2%  | -3% | -3% | -4% | -4% | -2% | -2% | -2% | -           | -3%       | -               |
|                         | PTTRX | PIMCO Total Return                      | 0.70%         | -   | -    | -   | -   | -   | -   | -   | -   | -   | -           | -         | -               |
|                         | PIMIX | PIMCO Income                            | 1.09%         | -   | -    | -2% | -2% | -2% | -2% | -3% | -3% | -3% | -           | -12%      | -               |
|                         | PFIIX | PIMCO Low Duration Income               | 0.55%         | 1%  | 2%   | 4%  | 4%  | 5%  | 5%  | 5%  | 5%  | 5%  | -           | 12%       | -               |
|                         | VLDRX | Virtus Newfleet Low Dur Core Plus Bond  | 0.44%         | -   | 2%   | 4%  | 4%  | 5%  | 5%  | 5%  | 5%  | 5%  | -           | 12%       | -               |
| Inflation-Linked Bonds  | PRRIX | PIMCO Real Return                       | 0.53%         | -   | -2%  | -2% | -3% | -3% | -3% | -2% | -3% | -3% | -           | -3%       | -               |
|                         | DIPSX | DFA Inflation-Protected Securities      | 0.11%         | -1% | -1%  | -3% | -3% | -3% | -3% | -5% | -5% | -5% | -           | -6%       | -               |
| Multi-Asset             | AGASX | AllianzGI Global Allocation             | 0.61%         | -   | -    | -   | -   | -   | -   | -   | -   | -   | -           | -         | -               |
| Global Equities         | RNPGX | American Funds New Perspective          | 0.42%         | -   | -    | -   | -   | -   | 1%  | -   | -   | -   | -           | -         | -               |
|                         | AFGFY | AllianzGI Focused Growth                | 0.62%         | -   | -    | -   | -   | -   | -   | -1% | -   | -   | -           | -         | -               |
|                         | ANDVX | AllianzGI Dividend Value                | 0.65%         | -   | -    | -   | -   | -   | -1% | -   | -   | -   | -           | -         | -               |
|                         | TCIEY | TIAA-CREF International Equity Index    | 0.05%         | 1%  | 2%   | 3%  | 3%  | 2%  | 3%  | 2%  | -   | 1%  | 1%          | -         | -               |
|                         | TISPX | TIAA-CREF S&P 500 Index                 | 0.05%         | -5% | -6%  | -6% | -5% | -3% | -2% | -1% | -   | -   | -3%         | -         | -               |
|                         | DODFX | Dodge & Cox International Stock         | 0.63%         | 1%  | 1%   | 1%  | 1%  | -   | -   | -   | -   | -   | 1%          | -         | -               |
|                         | MGEMX | Morgan Stanley Emerging Markets         | 1.05%         | -4% | -3%  | -3% | -2% | -1% | -   | -   | -   | -   | -           | -5%       | -               |
|                         | AEMOX | Virtus AllianzGI EM Ops                 | 0.90%         | 4%  | 4%   | 4%  | 3%  | 2%  | -   | -   | -   | -   | 4%          | -         | -               |
| Commodities             | DCMSX | DFA Commodity Strategy                  | 0.32%         | 2%  | 2%   | 2%  | 2%  | 1%  | 1%  | 1%  | 1%  | 1%  | 2%          | -         | -               |
| Real Estate             | ARIIX | AB Global Real Estate Investment        | 0.72%         | -4% | -4%  | -3% | -2% | -2% | -3% | -1% | -1% | -   | -5%         | -         | -               |
|                         | VRGEX | Virtus Duff & Phelps Global Real Estate | 0.89%         | 5%  | 5%   | 4%  | 3%  | 3%  | 3%  | 2%  | 2%  | 1%  | 5%          | -         | -               |