

Deferred Compensation Plan BOARD REPORT 14-22

Date: June 9, 2014
 To: Board of Deferred Compensation Administration
 From: Staff
 Subject: Pending Mutual Fund Searches Update

*Board of Deferred
 Compensation Administration
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 Cliff Cannon, First Provisional Chair
 Tom Moutes, Second Provisional Chair
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Recommendation:

That the Board of Deferred Compensation Administration receive and file this update regarding mutual fund manager search processes underway for 2014.

Discussion:

At its March 18, 2014 meeting, the Board directed the Plan’s Investment Consultant, Mercer Investment Consulting, to initiate eight mutual fund search processes for the following investment categories:

	Investment Menu Option	Fund Sub-Category	Presently Filled?	Incumbent Provider	Incumbent Fund	Assets	Search Vehicle
Search Year - 2014							
ACTIVE MANAGERS	DCP Small-Cap Fund	Active Small-Cap Growth	No	n/a	n/a	\$99 million	MUTUAL FUND
	DCP Small-Cap Fund	Active Small-Cap Value	No	n/a	n/a	\$99 million	MUTUAL FUND
	DCP Mid-Cap Fund	Active Mid-Cap Growth	No	n/a	n/a	\$58 million	MUTUAL FUND
	DCP Mid-Cap Fund	Active Mid-Cap Value	No	n/a	n/a	\$58 million	MUTUAL FUND
	DCP International Fund	Active Intl Developed Mkts	Yes	Fidelity	n/a	\$214 million	MUTUAL FUND
	DCP International Fund	Active Intl Emerging Mkts	No	n/a	n/a	\$58 million	MUTUAL FUND
	DCP International Fund	Active Intl Small-Cap	No	n/a	n/a	\$58 million	MUTUAL FUND
	DCP Bond Fund	Active Bond	Yes	PIMCO	Mutual Fund	\$78 million	MUTUAL FUND

The Board also adopted recommended fund search criteria for each investment option as prepared by staff and the investment consultant. The search criteria were based on existing investment fund parameters included in the Board's Investment Policy Statement. The Investment Consultant is applying these search criteria against the applicable mutual fund universe of funds and, for each category, identifying those funds which have passed the criteria. The results of this screening will then be presented to the Investments Committee for further review and for the purpose of developing recommendations for fund selection to the full Board.

Staff is preparing a recommendation to the Investments Committee as to the structure/pace of the review process. At a high level, the proposed process would involve a series of meetings that would have the Committee reviewing the fund search results in a designated order, with an opportunity to (a) first reduce those funds passing the review to a narrower group of finalist candidates and then (b) reviewing the finalist funds in greater detail as part of developing a recommendation to the full Board. Staff will map out the proposed number of meetings that this review process would occur over, and also include a tentative schedule of when final Board approvals would take place and then a proposal for implementation. Once the Committee approves these details as to process and schedule, staff will return to the full Board with the proposal.

Submitted by: _____
Steven Montagna