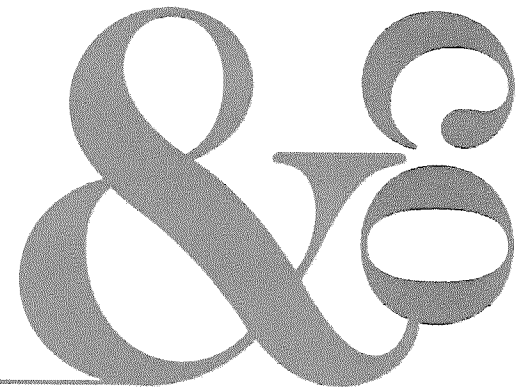


Fund Menu Review  
October 2019

# **Alachua County 457(b) Plan**

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# Disclosures

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*For illustrative purposes only.*

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# Nationwide 457 Fund Menu Observations

- Currently 43 fund options offered in the Nationwide menu (Target Date Funds counted as one option)
  - 12 large cap US Equity funds
  - Overlapping index funds
  - 6 fixed income funds
  - Esoteric asset classes such as High Yield Fixed Income (junk bonds), International Fixed Income
  - One sector fund - REITs
- Large portion of the assets, about 30%, invested in the Nationwide Fixed Account
- Seven funds have account balances over \$250,000: Fidelity Contrafund, MFS International Value, Nationwide Destination Aggressive, Nationwide Destination Moderate Aggressive, Nationwide Destination Moderate, Nationwide Money Market and SEI S&P 500 Index Fund
- The majority of the fund options are not rated by AndCo's Research Group
- Model Portfolios (Nationwide Destination Funds) and Balanced Fund could be considered redundant to Target Date Funds

## ICMA-RC Fund Menu Observations

- Currently 38 fund options offered in the ICMA-RC menu (Target Date Funds counted as one option)
  - 20 US equity funds
  - Overlapping index funds
  - Esoteric asset classes such as High Yield Fixed Income (junk bonds), International Fixed Income , Inflation Protected Bonds
  - One sector fund - REITs
- 31% of the assets are invested in the Stable Value/Cash Management Vantagepoint PLUS Fund
- 18 of the funds have account balances below \$100,000
- The majority of the fund options are not rated by AndCo's Research Group
- Model Portfolios could be considered redundant to Target Date Funds



## Potential Fund Menu Observations

- Consider streamlining fund menu
  - Reduce the total number of funds
  - Limit exposure to esoteric asset classes
- Streamlining the fund menu can simplify participant decision making process
- Streamlining the fund menu would help lead to more efficient and effective oversight for the County
- Funds recommended by AndCo are subjected to our ongoing due diligence and monitoring process and procedures

# Asset Class Building Blocks

## Core

Stable Value or Mny Mkt

Core or Core Plus

Large Cap Core

Mid Cap Core

Small Cap Core

Broad Intl

Target Date Funds

## Expanded

Stable Value or Mny Mkt

Core or Core Plus

Large Cap Core

Large Growth & Value

Mid

Small

Intl Developed

Intl Emerging Markets

Target Date Funds

## Comprehensive

Stable Value or Mny Mkt

Core or Core Plus

Large Cap Core

Large Growth & Value

Mid Cap Core

Mid Growth & Value

Small Cap Core

Small Growth & Value

Intl Developed

Intl Emerging Markets

Target Date Funds



# Building a Fund Lineup

## QDIA (1)

Target Date Funds
Risk Based Funds
Balanced Fund
Managed Accounts

## Optional Plan Feature

Self Directed Brokerage
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## Fixed Income & Capital Preservation Funds (2)

Stable Value or Money Market	Core or Core Plus	Global/International
High Yield	Emerging Market Debt	Floating Rate

## Domestic Equity Funds (3)




Large Cap Value	Large Cap Core	Large Cap Growth
Mid Cap Value	Mid Cap Core	Mid Cap Growth
Small Cap Value	Small Cap Core	Small Cap Growth

## International Equity Funds (1)

Broad	Developed	Emerging Markets
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## Alternative Assets

Domestic REITs	Global Tactical Asset Allocation	
Global REITs	Commodities	Convertibles
TIPS	Infrastructure	Liquid Hedge Funds
Currency	Managed Futures	MLPs

	Basic
	Optional
	Rarely suitable



## Additional Thoughts

- Portability considerations – Fixed/Stable Value Accounts, In-Plan Annuity
- Large allocation to Fidelity Contrafund and currently available on both platforms
- Both platforms currently offer an ESG-focused option
  - Nationwide - Neuberger Bergman Sustainable Equity
  - ICMA-RC - Parnassus
- In some cases, eliminating certain non-proprietary funds like Stable Value or Target Date Funds, can impact pricing

# Proposed Mapping Themes

- ICMA Stable Value
  - Nationwide Market Value Adjustment for Fixed Account
- Target Date Funds vs. Risk Based Models
  - QDIA
  - Simplify overlapping allocations
  - Focus on Low Cost Target Date Funds
- Domestic Equity Allocation
  - Simplify overlapping allocations
  - Offer low cost index options in large-cap, mid-cap and small-cap
- International Equity Allocation
  - Simplify overlapping allocations
  - Offer low cost index option
- Fixed Income
  - Simplify specialty options
  - Offer low cost index option
  - Offer core/core plus manager

# Proposed Mapping Recommendations

- Cash Management / Stable Value
  - 2 options
- Fixed Income Allocation
  - 1 passive option
  - 1 active option
- Domestic Equity Allocation
  - 3 passive options (LCC, MCC, SCC)
  - 4 active options (LCV, LCG, SCV, SCG)
- International Equity Allocation
  - 1 passive option
  - 1 active option
- Balanced Allocation
  - Passive Target Date Funds
  - 1 active option
- Guaranteed lifetime income option

# Proposed Mapping Recommendations

Alachua County				
Core Investment Menu				
October 14, 2019				
Core Investment Menu				
Asset Class	Investment Name	Market Value \$	Expense Ratio %	Weighted Fee \$
Cash Management	Vantagepoint PLUS	\$10,352,258	0.81%	\$83,853
Cash Management	VT Cash Management	\$1,016,922	0.44%	\$4,474
Fixed Income - Index	Vanguard Total Bond	\$337,035	0.05%	\$169
Fixed Income - Core / Core Plus	Dodge & Cox Income	\$906,983	0.43%	\$3,900
Domestic Equity - Index Large Cap	Vanguard 500 Index	\$3,101,394	0.04%	\$1,241
Domestic Equity - Index Mid Cap	Vanguard Mid Cap Index	\$1,355,881	0.05%	\$678
Domestic Equity - Index Small Cap	Vanguard Small Cap Index	\$182,250	0.05%	\$91
Domestic Equity - Active Large Cap Value	MFS Value	\$678,965	0.48%	\$3,259
Domestic Equity - Active Large Cap Growth	T. Rowe Price Large Cap Core Growth Fund	\$3,343,067	0.56%	\$18,721
Domestic Equity - Active Small Cap Value	Victory Sycamore Est Value	\$219,127	0.57%	\$1,249
Domestic Equity - Active Small Cap Growth	ClearBridge Small Cap Growth	\$362,850	1.19%	\$4,318
International Equity - Index	Vanguard Total International Stock	\$439,722	0.11%	\$484
International Equity - Active	American Funds EuroPacific Growth	\$1,245,716	0.49%	\$6,104
Target Date Funds - Index	Vanguard 2015	\$92,145	0.13%	\$120
Target Date Funds - Index	Vanguard 2020	\$240,315	0.13%	\$312
Target Date Funds - Index	Vanguard 2025	\$158,650	0.13%	\$206
Target Date Funds - Index	Vanguard 2030	\$134,387	0.14%	\$188
Target Date Funds - Index	Vanguard 2035	\$121,354	0.14%	\$170
Target Date Funds - Index	Vanguard 2040	\$250,638	0.14%	\$351
Target Date Funds - Index	Vanguard 2045	\$61,467	0.15%	\$92
Target Date Funds - Index	Vanguard 2050	\$16,593	0.15%	\$25
Target Date Funds - Index	Vanguard 2055	\$71	0.15%	\$0
Target Date Funds - Index	Age Appropriate Target Date Fund	\$8,645,618	0.15%	\$12,968
Target Date Funds - Index	Vanguard Retirement Income	\$64,435	0.12%	\$77
Balanced - Active	VT Puritan Fund	\$218,667	0.54%	\$1,181
Guaranteed Lifetime Income	VT Retirement Income Advantage	\$30,923	1.70%	\$526
Total Assets		\$33,577,433	0.43%	\$144,758
		Old Invest Fee	0.62%	\$209,092



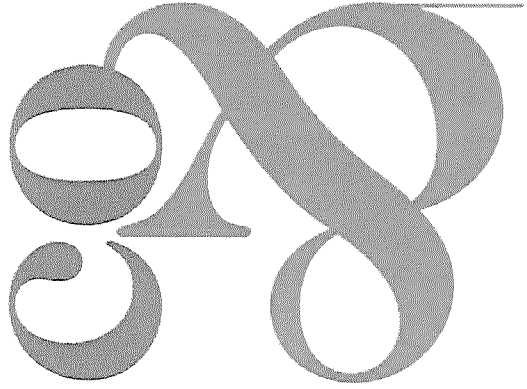








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