



STATE OF WISCONSIN
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CORRESPONDENCE / MEMORANDUM

DATE: September 30, 2015
TO: Deferred Compensation Board Members
FROM: Shelly Schueller, Deferred Compensation Director
SUBJECT: Socially Responsible Fund Review

This item is informational only. No Board action is required.

As of August 31, 2015, more than 3,000 WDC participants have approximately \$34,976,000 invested in the Wisconsin Deferred Compensation's (WDC) socially responsible investment option, the actively managed Calvert Social Investment Equity Fund (CEYIX). This is less than 2% of all WDC assets.

The Board's advisory-only Investment Committee met on September 1, 2015 and discussed two socially responsible fund offerings with representatives from Calvert: CEYIX and the Calvert U.S. Large Cap Core Responsible Index I (CISIX). CEYIX is an actively managed, growth-oriented fund while CISIX is considered more of a blended index fund. The other major difference in these two funds is the cost: The index fund (CISIX) is approximately 21 basis points (bps); the active fund (CEYIX) is 66 bps.

Per the Investment Committee's request, Calvert provided a list of the 722 holdings in the CEYIX and the holdings in the CISIX for review. Board member John Nelson reviewed this list. Mr. Nelson's review revealed that Calvert has broad holdings and that he believes the Calvert interpretation of "socially responsible" may be generous.

Calvert's representatives also shared information after the Investment Committee meeting regarding the possibility of a WDC separate account for the Calvert US Large Cap Core Responsible Index. If the WDC were to change to a separate account, the cost would be 0.15% on the first \$50,000,000. This fee does not include custody, trading or any other additional services that may be incurred by the WDC for a separate account. Because Calvert does not provide these additional services, the total fees to the WDC could potentially increase. And as with other separate accounts, there would not be a publically accessible NAV for this account.

Reviewed and approved by Matt Stohr, Administrator
Division of Retirement Services

Electronically Signed 10/2/15

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The Investment Committee is not recommending any changes to the socially responsible fund option at this time. The Investment Committee has requested that staff continue monitoring the investment performance of CEYIX on behalf of the Board.

Staff will be at the Board meeting to answer any questions.