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Correspondence Memorandum

Date: April 6, 2016
To: Deferred Compensation Board
From: Shelly Schueller, Director
Wisconsin Deferred Compensation Program
Subject: April 5, 2016 Investment Committee Meeting Notes

Here is a synopsis of the Deferred Compensation Board's Investment Committee meeting held on April 5, 2016.

1. Mike Norman and Jennie Hopper of Galliard joined the Investment Committee (Committee) by teleconference to discuss proposed changes to the Stable Value Fund (SVF) subadvisors. Galliard has downgraded PIMCO and placed PIMCO on the Galliard watch list, which means that PIMCO no longer meets criteria to be a subadvisor for the SVF. Consequently, Galliard recommended to the full Board in March 2016 that PIMCO be replaced with TCW and Jennison. The Board asked for additional information on TCW and Jennison, which Galliard provided to the IC at this meeting. After a few questions, the Committee agreed that TCW and Jennison were suitable subadvisors for the SVF.
2. Robert Hurbanek, along with fund manager Andrew Kirschler and Rich Recker of Federated presented information on the Federated U.S. Government Securities Fund: 2-5 Years (Federated fund) to the Committee. The Federated fund has struggled to perform recently. According to data in the 4Q15 Investment Performance report provided by Bill Thornton of AAG, the Federated fund's 3 year percentile ranking against its peers has been in the 3rd or 4th (bottom) quartile of performance since 3Q2014. The Committee heard Mr. Kirschler's explanation of why the fund has struggled against the benchmarks, which includes the fund's defensive positioning with TIPS, and outside influences from the global economy.

The Committee discussed benchmarks with the Federated representatives, and asked that Mr. Thornton prepare a memo outlining possible other benchmarks for the Federated fund, and possible alternatives to the fund itself. This should be an agenda item at the next meeting. Federated will also plan to present information on the fund at the June 2016 Board meeting.

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

Electronically Signed 5/31/16

Board	Mtg Date	Item #
DC	6.14.16	3A