



STATE OF WISCONSIN
Department of Employee Trust Funds
 Robert J. Conlin
 SECRETARY

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 of Employee Trust Funds
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Correspondence Memorandum

Date: October 1, 2019

To: Deferred Compensation Board

From: Shelly Schueller, Director
 Wisconsin Deferred Compensation Program

Subject: Stable Value Fund: Proposed Contract Revision

ETF recommends the Deferred Compensation Board (Board) approve the attached proposed revisions to Exhibit 5 of the Stable Value Fund contract with Galliard Capital Management.

Galliard Capital Management, the firm under contract to provide the plan's Stable Value Fund, has proposed lowering the fees charged to participants using this option. The Stable Value Fund is regularly one of the plan's most popular options. As of June 31, 2019, more than 25,800 WDC participants held approximately \$672,518,500 in this option.

To enact the lowered fees, Galliard is proposing a revision to Exhibit 5 of the Stable Value Fund contract, which will result in a flat 7.5 basis point fee on all WDC assets in the Stable Value Fund. This would be retroactive to October 1, 2019. It will result in a nearly 13% reduction in cost and could save participants in the fund a total of approximately \$83,000 per year.

ETF has reviewed the proposed changes and concurs with Galliard's request to revise and replace Exhibit 5 of the contract via an amendment to the existing contract.

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

- Attachment A: Exhibit 5 Fee Schedules (Current and Revised)
- Attachment B: Fourth Amendment to the Amended and Restated Investment Advisory Agreement with Revised Exhibit 5

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

Matt Stohr Electronically Signed 10/7/19

Board	Mtg Date	Item #
DC	10.31.19	10A

**Current Exhibit 5
Fee Schedule Language**

Advisor shall charge an investment advisory fee in the following amount on all assets of the Account under Advisor’s management or invested in Collective Funds:

Total Fund Value	Management Fees
First \$100 million of Assets Under Management	0.16% per annum
Next \$100 million of Assets Under Management	0.10% per annum
Balance of Assets Under Management	0.07% per annum

The minimum fee Advisor will charge the Account for its services will be 0.075% (7.5 basis points) per annum. The fee will be calculated and accrued daily based on the Account’s prior day net assets and reflected in the Account’s daily net asset value (“NAV”) and will be paid by the custodian quarterly from the assets in arrears.

The investment management fees of the External Managers and any fees and expenses embedded in the Collective Funds shall be in addition to the fees charged by Advisor in accordance with this Exhibit 5 and will be disclosed to State as specified in Exhibit 1.

**Proposed Exhibit 5
Fee Schedule Language**

The advisor will calculate, and the custodian will debit the custody account an annualized fee of 0.075%. The fee will be calculated and accrued daily based on the Account’s prior day net assets and reflected in the Account’s daily net asset value (“NAV”) and will be paid quarterly from the assets in arrears.

The investment management fees of the External Managers and any fees and expenses embedded in the Collective Funds shall be in addition to the fees charged by Advisor in accordance with this Exhibit 5 and will be disclosed to State as specified in Exhibit 1.

**FOURTH AMENDMENT TO THE AMENDED AND RESTATED
INVESTMENT ADVISORY AGREEMENT**

This amendment (the "Amendment") is effective as of October 1, 2019, by and between Galliard Capital Management, Inc. ("Advisor") and the State of Wisconsin through its Deferred Compensation Board (the "Board").

WHEREAS, Advisor and the Board entered into an Amended and Restated Investment Advisory Agreement effective June 16, 2015 as amended November 3, 2015, April 5, 2016 and November 15, 2018 (the "Agreement"); and

WHEREAS, Advisor and the Board now wish to further amend the Agreement.

NOW THEREFORE, the parties agree as follows:

AMENDMENT

1. Exhibit 5 of the Agreement is hereby deleted and replaced with the Exhibit 5 attached to this Amendment.
2. Except to the extent modified by this Amendment, the remaining provisions of the Agreement shall remain in full force and effect. In the event of a conflict between the provisions of the Agreement and those of this Amendment, the Amendment shall control.
3. This Amendment may be executed in two or more counterparts, each of which shall be an original, but all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of this Amendment by facsimile, including, without limitation, by facsimile transmission or by electronic delivery in portable document format (".pdf") or tagged image file format (".tiff"), shall be equally effective as delivery of a manually executed counterpart thereof.

State of Wisconsin Deferred Compensation Board

By: _____

Name: _____

Its: _____

Galliard Capital Management, Inc.

By: _____

Name: _____

Its: _____

EXHIBIT 5
FEE SCHEDULE

The Advisor will calculate and the custodian will debit the custody account an annualized fee of 0.075%. The fee will be calculated and accrued daily based on the Account's prior day net assets and reflected in the Account's daily net asset value ("NAV") and will be paid quarterly from the assets in arrears.

The investment management fees of the External Managers and any fees and expenses embedded in the Collective Funds shall be in addition to the fees charged by Advisor in accordance with this Exhibit 5 and will be disclosed to State as specified in Exhibit 1.