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Correspondence Memorandum

Date: November 11, 2024

To: Deferred Compensation Board

From: Shelly Schueller
 Deferred Compensation Director

Subject: Stable Value Fund Subadvisor Change: IR+M Replacing Jennison

This memo is for informational purposes only. No Board action is required.

This memo is to confirm that a new sub-advisor (external manager) has been approved to manage a portion of the Stable Value Fund (SVF). As of October 31, 2024, more than 24,500 participants held over \$636 million in the SVF, which is managed by Galliard. Galliard utilizes three sub-advisors for the SVF: Dodge & Cox, TCW, and Jennison.

The Department of Employee Trust Funds (ETF) was formally notified via an email in late August 2024 that Galliard intends to replace sub-advisor Jennison with a new firm before the end of 2024. Galliard placed Jennison on watch in September 2022 after Jennison’s co-CIO of fixed income resigned and the firm began experiencing organization challenges. In addition, Jennison’s more recent investment performance has not met Galliard’s expectations.

Jennison will be replaced by IR+M on approximately December 1, 2024. Galliard anticipates this change will result in improved performance as well as a small reduction in expenses. Moving from Jennison to IR+M is expected to reduce the SVF fees by slightly less than 0.005%. According to Galliard, the target allocation for IR+M will remain the same as was targeted for management under Jennison, which is approximately ten percent. Galliard also states that there will be no impact on trading and the transition will be transparent to WDC participants.

The removal of Jennison and addition of IR+M follows the Board’s [Stable Value Fund Sub-Advisor Change Policy](#). This policy is in place to allow Galliard limited discretion to change or add sub-advisor relationships for the actively managed bond portion of the SVF. This flexibility is desired because market conditions, as well as changes in the performance of the companies providing sub-advisor services, may necessitate quick action to maintain the performance and quality of the SVF’s portfolio.

Patti Epstein

Reviewed and approved by Patti Epstein, Chief Benefits Officer, Division of Benefits Administration
 Electronically Signed 11/15/2024

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ETF agrees with and approves the replacement of Jennison with IR+M; no Board action is required.

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

Attachment A: [IR+M Profile](#)