



**HYAS**  
GROUP

**State of Nevada**

**457(b) DC Plans**

**Intermediate-Term Bond Manager Search Report**

March 2021

# TABLE OF CONTENTS

<b>Section 1</b>	Background and Search Criteria
<b>Section 2</b>	Description of Funds
<b>Section 3</b>	Performance, Risk, and Style Summary
<b>Section 4</b>	Expense Summary
<b>Section 5</b>	Composition
<b>Section 6</b>	Fund Fact Sheets and Performance Analysis
<b>Section 7</b>	Glossary

# Section 1

# State of Nevada 457(b) DC Plans

## Intermediate-Term Bond Manager Search Report March 2021

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### Section 1: Background and Search Criteria

This document has been prepared to provide analysis of several potential fund candidates in the Intermediate-Term Bond asset class. The fund would be added alongside the current index option, Vanguard Total Bond Mkt Index I.

The Hyas Group seeks to evaluate managers over a full market cycle, during which time a manager is expected to have adequate opportunities to add value through their specific investment approach. We believe the trailing five-year period incorporates a broad enough range of market environments to be considered representative of a market cycle over which to evaluate the fund candidates for potential addition to the plan.

The replacement candidates presented include management teams that have generally satisfied the following Investment Policy criteria:

- 1) Investment track record of no less than five years
- 2) Five-year returns above peer group median
- 3) Reasonable portfolio diversification and risk (volatility) characteristics
- 4) Investment style consistency over evaluation period

We have provided four candidates in the Intermediate-Term Bond asset class category for review along with the incumbent passive investment option for comparison. We have also provided a summary of current expense ratios for the current option and each of the candidates.

**All performance-related information is as of 4Q20 unless stated otherwise.**

# Section 2

**State of Nevada 457(b) DC Plans**  
Intermediate-Term Bond Manager Search Report March 2021

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**Section 2: Description of Funds**

**Current Option**

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**Fund Name: Vanguard Total Bond Mkt Index I**

Prospectus Objective: Income

Strategy: Intermediate Investment Grade (4-6)

Commentary: The Vanguard Total Bond Market Index seeks to track the performance of a broad, market-weighted bond index by using index sampling. The tracked index is the Bloomberg Barclays U.S. Aggregate Float Adjusted Index which provides broad exposure to the investment-grade U.S. bond market. The portfolio has an intermediate duration and provides for moderate current income with high credit quality.

## State of Nevada 457(b) DC Plans

### Intermediate-Term Bond Manager Search Report March 2021

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#### Replacement Candidates

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**Fund Name: Carillon Reams Core Plus R6**

Prospectus Objective: Multisector Bond

Strategy: Intermediate Investment Grade (4-6)

Commentary: The Carillon Reams Core Bond Fund is sub-advised by Scout Investments, Inc. The fund's investment process combines active duration management and bottom-up security selection to target undervalued sectors while keeping duration between two to seven years. The duration strategy is based on a model in which the current inflation-adjusted interest rates are evaluated relative to historical norms. Bottom-up security selection is based heavily on identifying bonds that might perform best under various interest rate and credit scenarios.

**Fund Name: Hartford Total Return Bond R6**

Prospectus Objective: Multisector Bond

Strategy: BBB-Rated

Commentary: Hartford Total Return Bond is subadvised by Wellington Management. The fund's investment philosophy resolves around a risk-controlled framework that allows exposures to core sectors of government, corporate and mortgages to be augmented by tactical investment in high yield, non-dollar bonds, and emerging markets debt. Core sectors generally account for at least 80% of fund assets. The fund is supported by Wellington's global research platform including economic, credit, currency, equity, and commodity analysis.

## State of Nevada 457(b) DC Plans

### Intermediate-Term Bond Manager Search Report March 2021

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#### Replacement Candidates (continued)

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**Fund Name: Metropolitan West Total Ret PI**

Prospectus Objective: Corporate Bond - General

Strategy: Intermediate Investment Grade (4-6)

Commentary: The Metropolitan West Total Return Bond Fund takes an approach that focuses on mortgage credits and high yield assets combined with traditional investment grade bonds. Historically, the fund has emphasized individual credit research, though this process has gradually shifted to become more reliant on macro-views and receiving favorable allotments from the inventories of major bond dealers. Still, the fund continues to amass an impressive track record that has been particularly strong in rising markets when credit spreads are retreating. The fund will at times employ credit default swaps to gain or reduce exposures to companies or sectors.

**Fund Name: Sterling Capital Total Return R6**

Prospectus Objective: Growth and Income

Strategy: A-Rated

Commentary: Sterling Capital Total Return Bond's investment strategy draws from its senior investment team, which will articulate a macro-economic strategy for portfolio construction (addressing factors such as how much interest rate or credit risk to take). Sector specialists will then populate the portfolio with attractively priced bonds whose characteristics fit that overall strategy. The portfolio generally does not deviate extensively from the benchmark in terms of composition. As such the fund's historical performance shows that it has provided consistently strong performance with relatively minor tracking error versus the benchmark. In managing the portfolio, the portfolio manager uses a top-down investment management approach focusing on interest rate risk, allocation among sectors, credit risk, and individual securities selection. The portfolio manager focuses on macro trends in the economy to establish a duration target that reflects the outlook for the future direction of interest rates.



# Section 3

## State of Nevada 457(b) DC Plans

### Intermediate-Term Bond Manager Search Report March 2021

### Section 3: Performance, Risk, and Style Summary

#### Peer Group Rankings

	4Q20	YTD	1YR	3YR	5YR	10YR	2020	2019	2018	2017	2016	2015
Vanguard Total Bond Mkt Index I	67	44	44	32	39	46	44	36	31	39	46	48
Carillon Reams Core Plus R6	61	2	2	2	5	9	2	74	10	79	58	39
Hartford Total Return Bond R6	58	26	26	16	21	34	26	20	46	21	44	68
Metropolitan West Total Ret Pl	76	28	28	19	49	24	28	53	18	79	84	31
Sterling Capital Total Return R6	8	11	11	11	6	9	11	20	47	10	12	36

Fund rankings in **red** lag the 50th percentile of the peer group

Note: Carillon Reams, Hartford, and Metropolitan West are ranked in the Core-Plus Bond Peer Group while Vanguard and Sterling Capital are ranked in the Core Bond Peer Group.

#### Returns

	4Q20	YTD	1YR	3YR	5YR	10YR	2020	2019	2018	2017	2016	2015
Vanguard Total Bond Mkt Index I	0.67	7.74	7.74	5.41	4.47	3.81	7.74	8.73	-0.01	3.57	2.61	0.41
Carillon Reams Core Plus R6	1.66	16.56	16.56	8.35	6.40	5.17	16.56	8.29	0.76	3.51	3.57	0.10
Hartford Total Return Bond R6	1.72	9.32	9.32	6.19	5.54	4.51	9.32	10.27	-0.67	5.04	4.10	-0.67
Metropolitan West Total Ret Pl	1.28	9.17	9.17	6.14	4.88	4.73	9.17	9.23	0.29	3.49	2.56	0.25
Sterling Capital Total Return R6	1.67	9.35	9.35	6.05	5.24	4.44	9.35	9.37	-0.27	4.33	3.75	0.54
<b>Barclays US Agg Bond</b>	<b>0.67</b>	<b>7.51</b>	<b>7.51</b>	<b>5.34</b>	<b>4.44</b>	<b>3.84</b>	<b>7.51</b>	<b>8.72</b>	<b>0.01</b>	<b>3.54</b>	<b>2.65</b>	<b>0.55</b>
<b>Avg. Core Plus Bond</b>	<b>1.97</b>	<b>8.10</b>	<b>8.10</b>	<b>5.37</b>	<b>4.84</b>	<b>4.21</b>	<b>8.10</b>	<b>8.87</b>	<b>-0.58</b>	<b>4.25</b>	<b>3.85</b>	<b>-0.40</b>

Returns longer than one year is annualized.

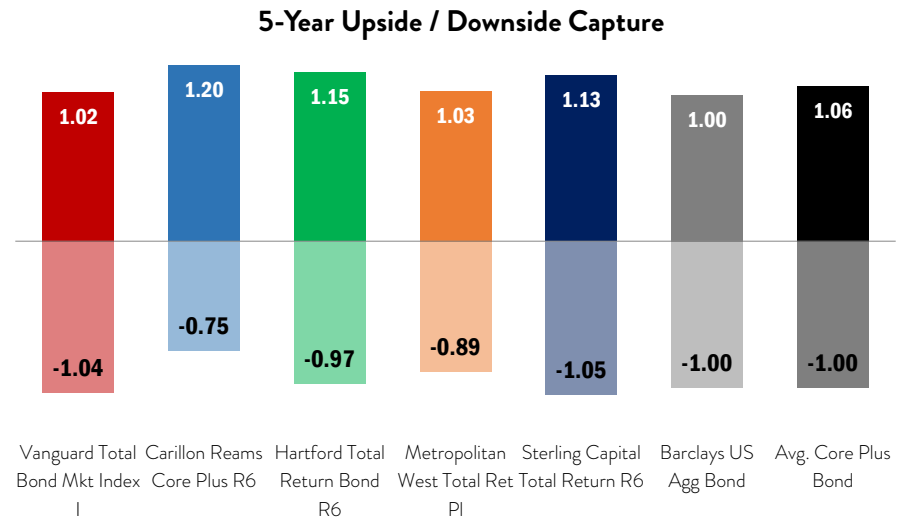
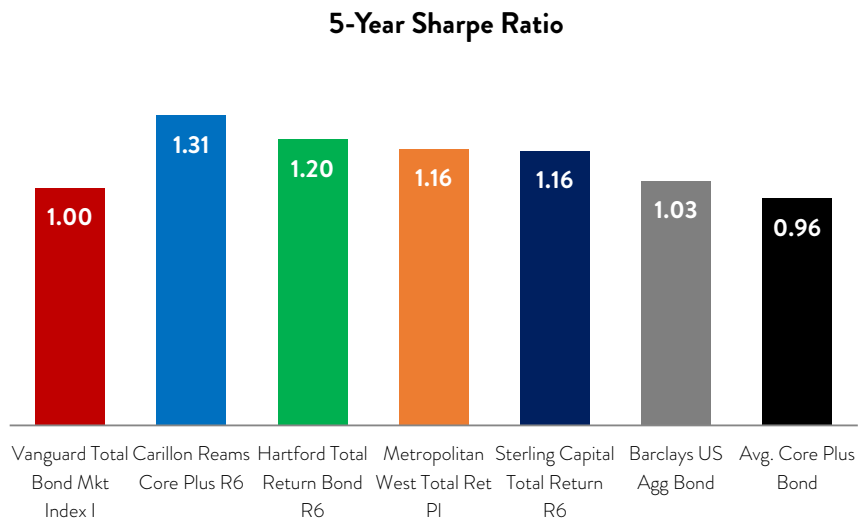
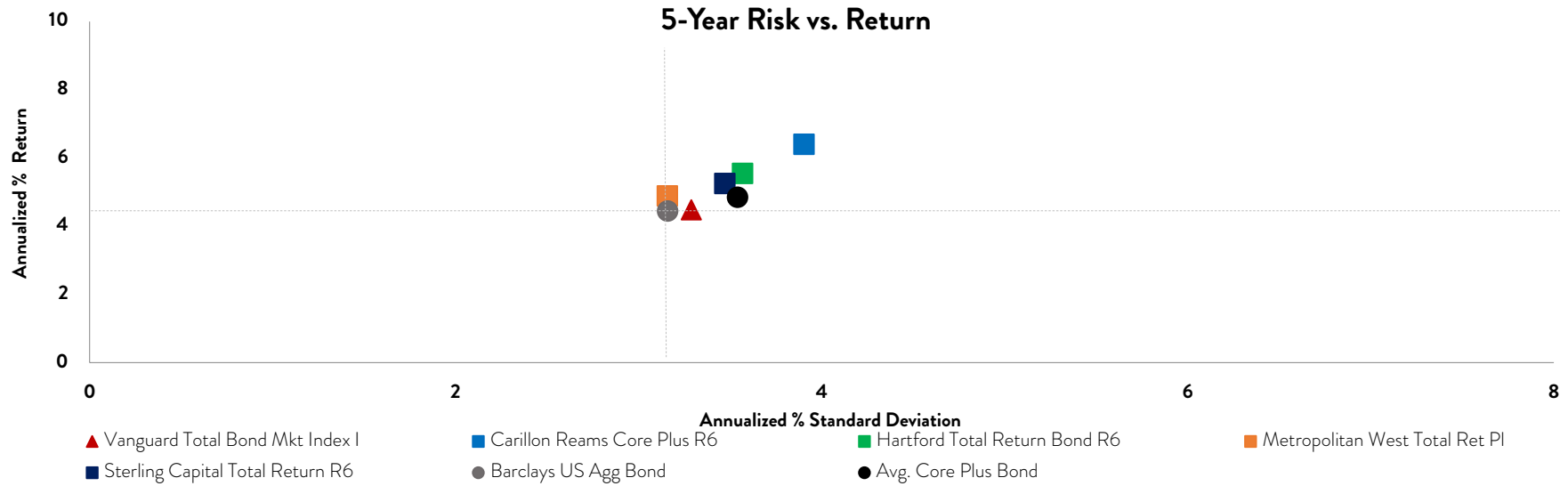
#### Returns +/- Index

	4Q20	YTD	1YR	3YR	5YR	10YR	2020	2019	2018	2017	2016	2015
Vanguard Total Bond Mkt Index I	0.00	0.23	0.23	0.07	0.04	(0.03)	0.23	0.01	(0.02)	0.03	(0.04)	(0.14)
Carillon Reams Core Plus R6	0.99	9.06	9.06	3.01	1.96	1.33	9.06	(0.42)	0.75	(0.04)	0.92	(0.45)
Hartford Total Return Bond R6	1.05	1.81	1.81	0.85	1.10	0.67	1.81	1.55	(0.68)	1.50	1.46	(1.22)
Metropolitan West Total Ret Pl	0.61	1.66	1.66	0.80	0.45	0.89	1.66	0.51	0.27	(0.05)	(0.09)	(0.30)
Sterling Capital Total Return R6	1.00	1.84	1.84	0.71	0.81	0.60	1.84	0.65	(0.28)	0.79	1.10	(0.01)

Fund returns in **red** lag the Index

# State of Nevada 457(b) DC Plans

## Intermediate-Term Bond Manager Search Report March 2021



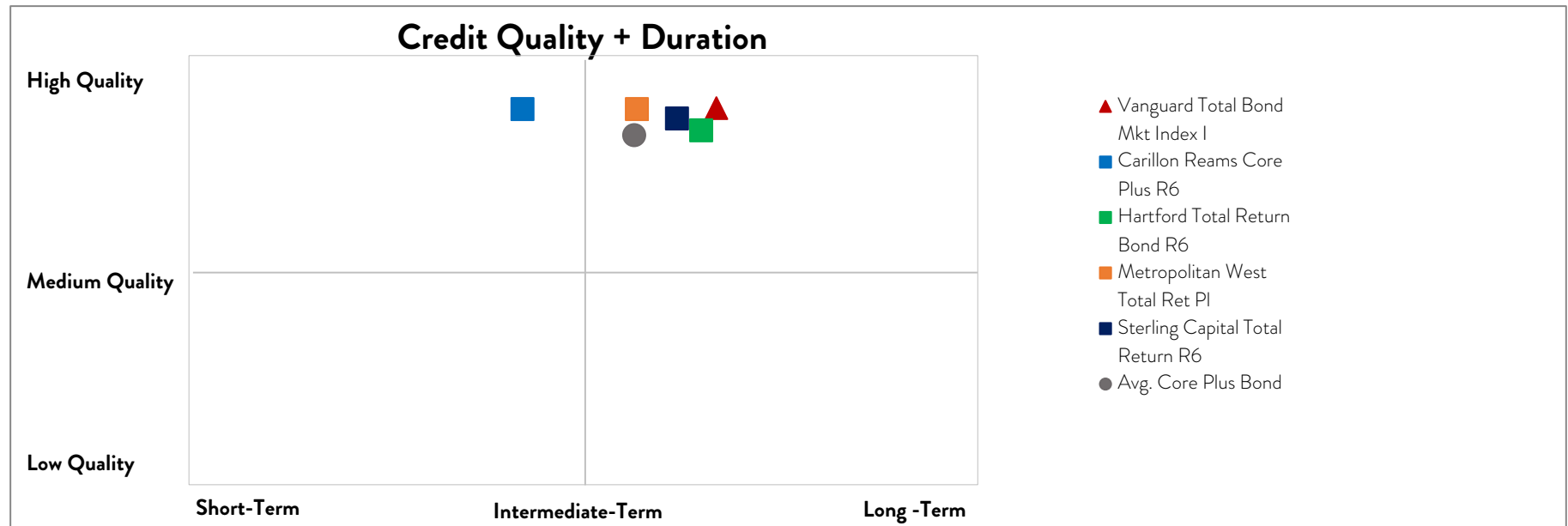
# State of Nevada 457(b) DC Plans

## Intermediate-Term Bond Manager Search Report March 2021

### Volatility and Investment Style

	Beta	R <sup>2</sup>	Tracking Error		Batting Averages				
			vs. Idx	vs. Avg.	% > 0	vs. Idx	vs. Avg.	vs. Idx or Avg.	vs. Idx and Avg.
Vanguard Total Bond Mkt Index I	1.04	0.99	0.32	2.00	68%	47%	35%	62%	20%
Carillon Reams Core Plus R6	1.08	0.76	1.94	2.51	62%	55%	47%	63%	38%
Hartford Total Return Bond R6	0.98	0.75	1.77	0.57	72%	70%	63%	88%	45%
Metropolitan West Total Ret PI	0.98	0.96	0.61	1.53	68%	58%	32%	75%	15%
Sterling Capital Total Return R6	1.00	0.83	1.43	0.77	67%	67%	53%	88%	32%
<b>Barclays US Agg Bond</b>	<b>1.00</b>	<b>1.00</b>	<b>-</b>	<b>1.96</b>	<b>63%</b>	<b>-</b>	<b>33%</b>	<b>33%</b>	<b>-</b>
<b>Avg. Core Plus Bond</b>	<b>0.93</b>	<b>0.70</b>	<b>1.96</b>	<b>-</b>	<b>73%</b>	<b>67%</b>	<b>-</b>	<b>67%</b>	<b>-</b>

Based on the trailing 5-year period ending 4Q2020.



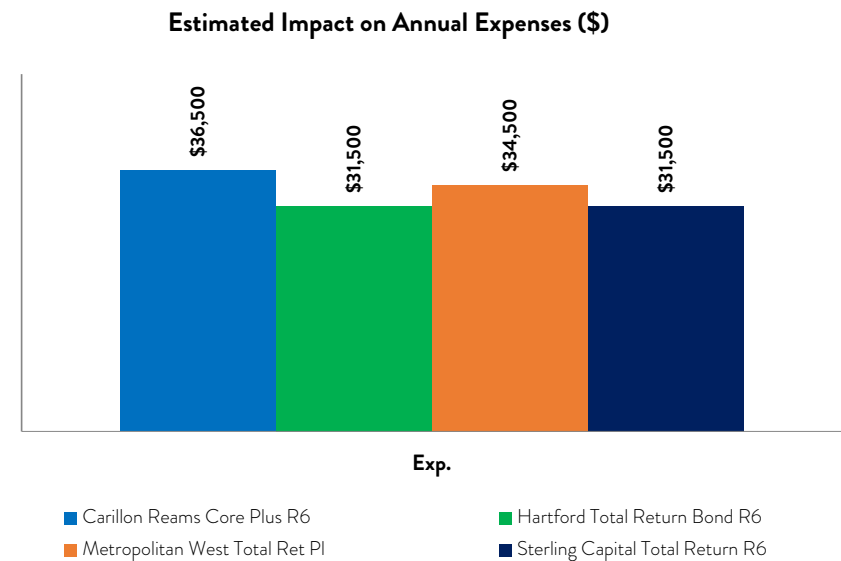
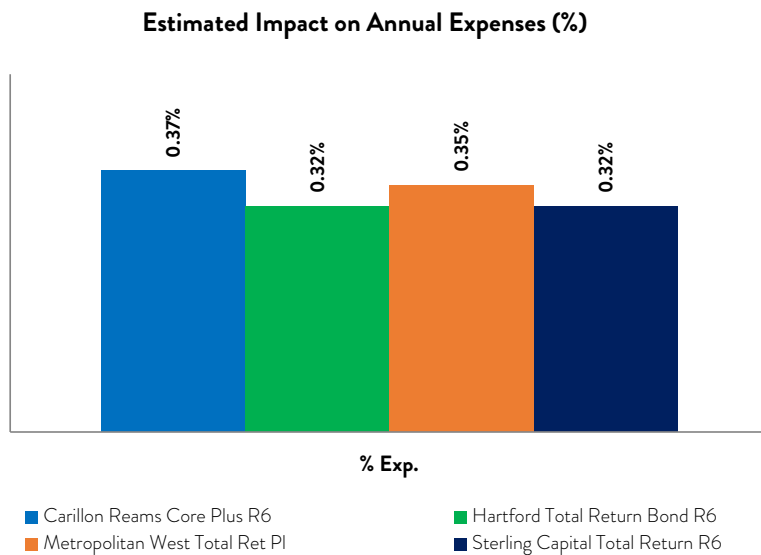
Based on the most recently available holdings data

# Section 4

**State of Nevada 457(b) DC Plans**  
Intermediate-Term Bond Manager Search Report March 2021

**Section 4: Revenue, Expenses, and Operations**

	Ticker	Share Class	Estimated Annual Expenses			Total Plan Assets
			% Exp.	as % of Plan	\$	\$1,015,512,668
Vanguard Total Bond Mkt Index I	VBPIX	Inst	0.04%	0.000%	\$3,500	<b>Fund Assets</b> \$10,000,000 <i>as of 4Q2020</i>
Carillon Reams Core Plus R6	SCPWX	Retirement	0.40%	0.004%	\$40,000	
Hartford Total Return Bond R6	ITBVX	Retirement	0.35%	0.003%	\$35,000	
Metropolitan West Total Ret PI	MWTSX	Other	0.38%	0.004%	\$38,000	
Sterling Capital Total Return R6	STRDX	Retirement	0.35%	0.003%	\$35,000	
<b>Avg. Core Plus Bond</b>	-	-	<b>0.78%</b>	<b>0.008%</b>	<b>\$78,100</b>	<i>Note: Fund Assets are for example only.</i>



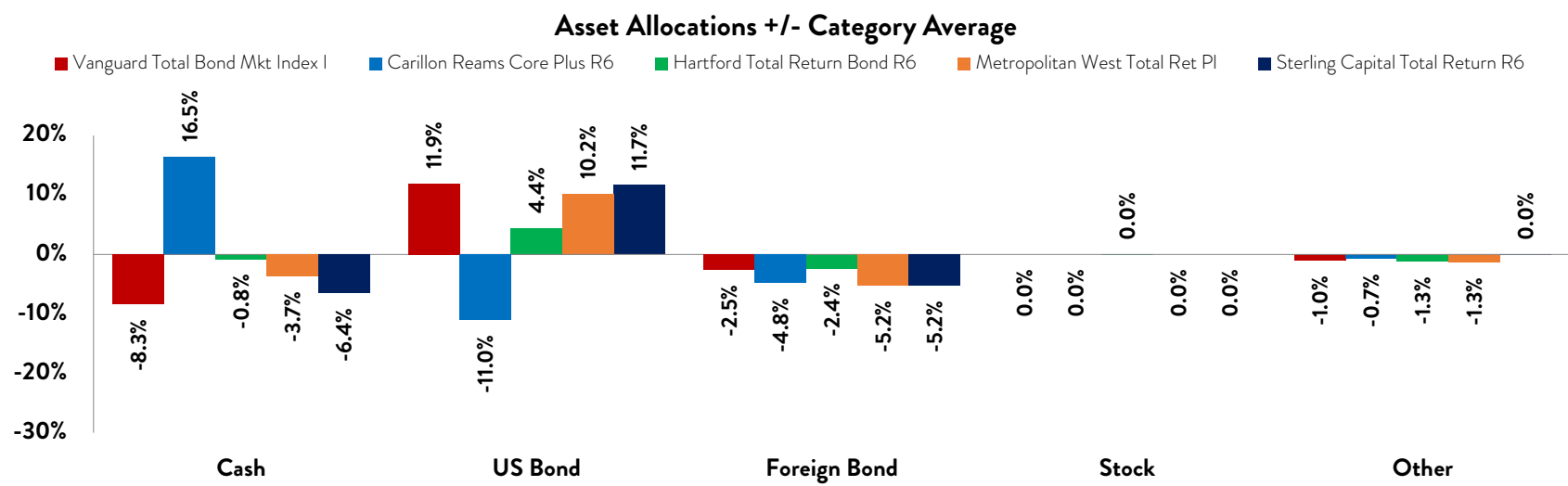
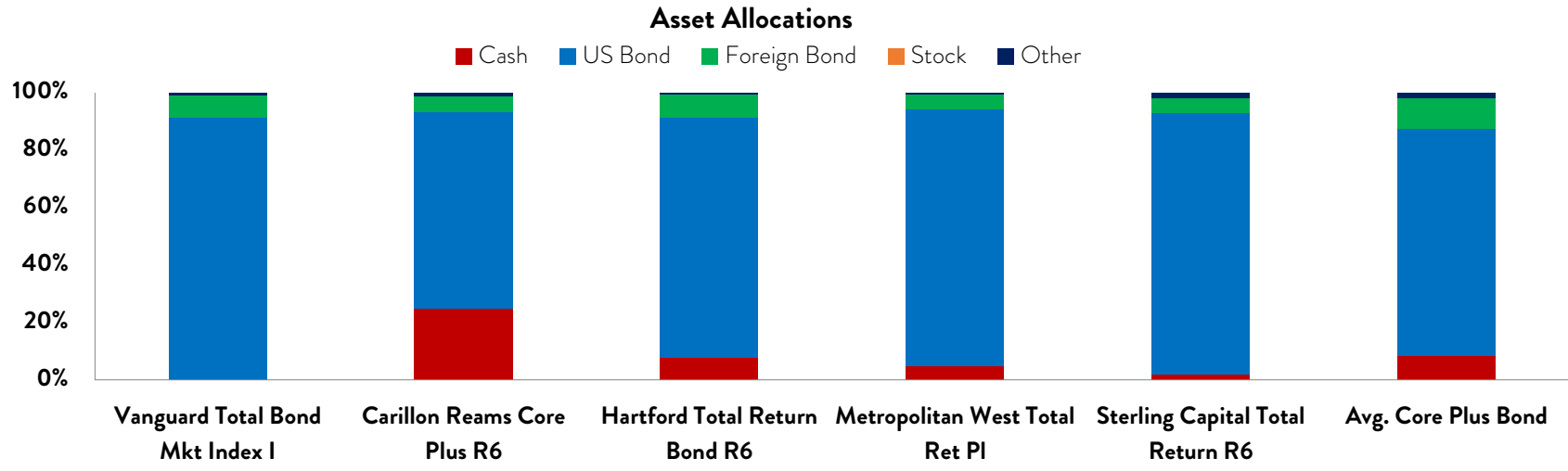
*Impact on Annual Expenses charts assume \$10,000,000 in assets from the current index option are transferred to the new active option.*

# Section 5

# State of Nevada 457(b) DC Plans

## Intermediate-Term Bond Manager Search Report March 2021

### Section 5: Composition and Performance Analysis





## State of Nevada 457(b) DC Plans

### Intermediate-Term Bond Manager Search Report March 2021

#### Sector Weights

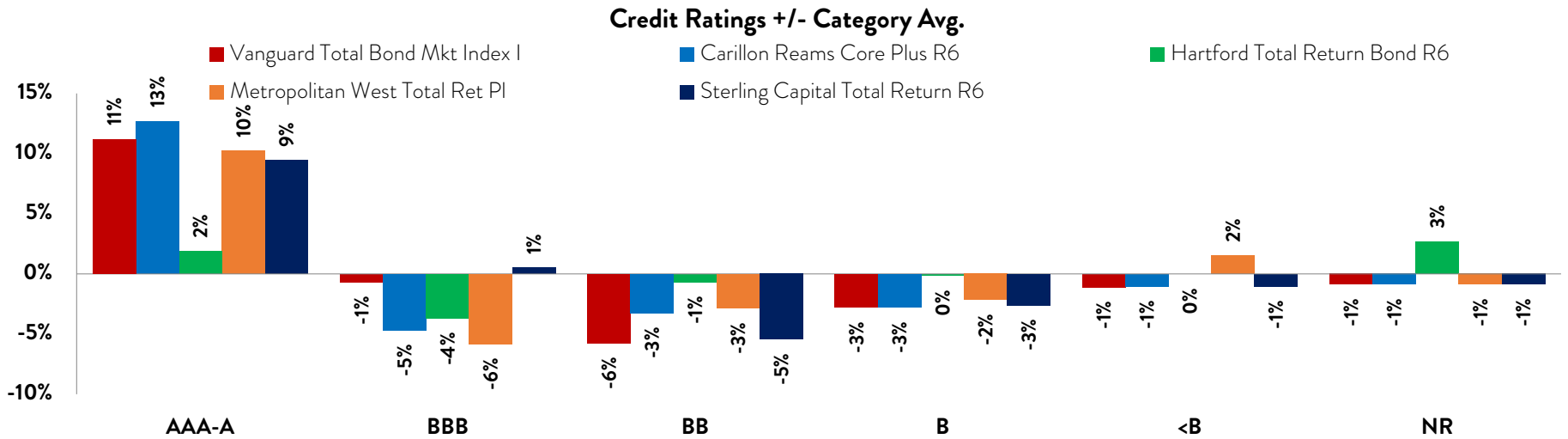
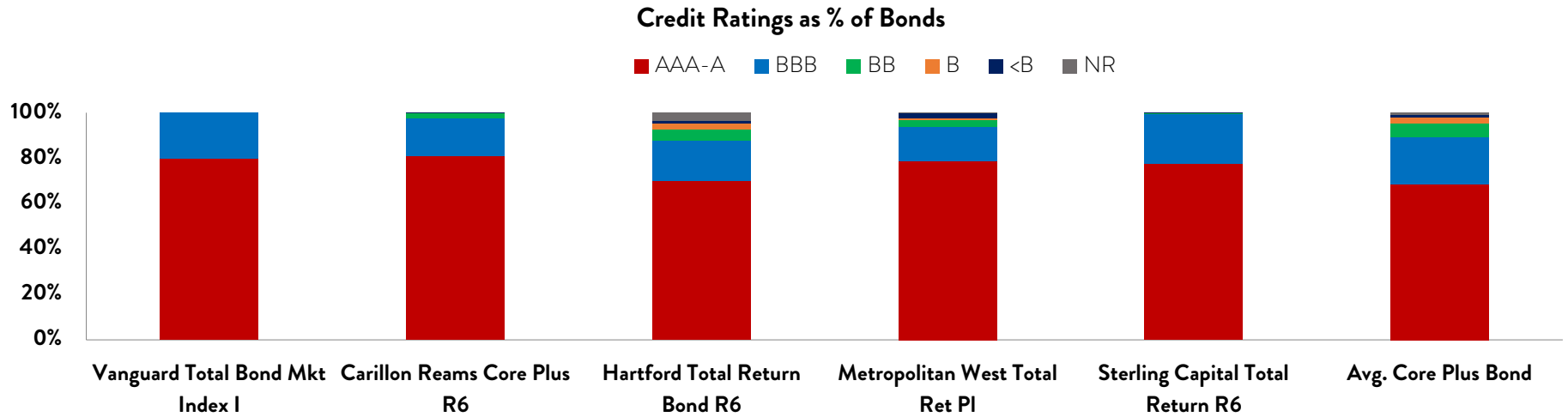
	Inflation-Protected	Gov't	Corporate	Agency MBS	Non Agency MBS	CMBS	Asset Backed	Cash	Other
Vanguard Total Bond Mkt Index I	0.0%	45.8%	28.6%	22.2%	0.0%	1.2%	0.4%	0.2%	1.6%
Carillon Reams Core Plus R6	0.0%	19.6%	27.3%	7.7%	0.0%	11.7%	7.4%	23.1%	3.2%
Hartford Total Return Bond R6	1.3%	23.2%	21.9%	26.9%	2.5%	3.1%	6.0%	6.9%	8.2%
Metropolitan West Total Ret PI	0.0%	38.1%	17.2%	27.1%	3.5%	1.0%	5.3%	3.2%	4.6%
Sterling Capital Total Return R6	0.0%	2.1%	40.6%	25.5%	0.6%	12.9%	10.7%	2.0%	5.6%
Avg. Core Plus Bond	1.1%	22.0%	30.3%	21.1%	0.9%	5.7%	8.5%	8.5%	1.8%

#### +/- Sector Weights

	Inflation-Protected	Gov't	Corporate	Agency MBS	Non Agency MBS	CMBS	Asset Backed	Cash	Other
Vanguard Total Bond Mkt Index I	-1.1%	23.8%	-1.7%	1.1%	-0.9%	-4.5%	-8.1%	-8.3%	-0.3%
Carillon Reams Core Plus R6	-1.1%	-2.4%	-3.1%	-13.4%	-0.9%	6.0%	-1.2%	14.6%	1.4%
Hartford Total Return Bond R6	0.2%	1.3%	-8.5%	5.8%	1.6%	-2.6%	-2.5%	-1.6%	6.4%
Metropolitan West Total Ret PI	-1.1%	16.1%	-13.2%	6.0%	2.6%	-4.6%	-3.3%	-5.3%	2.8%
Sterling Capital Total Return R6	-1.1%	-19.9%	10.3%	4.4%	-0.3%	7.2%	2.2%	-6.5%	3.7%
Avg. Core Plus Bond	-	-	-	-	-	-	-	-	-

# State of Nevada 457(b) DC Plans

## Intermediate-Term Bond Manager Search Report March 2021

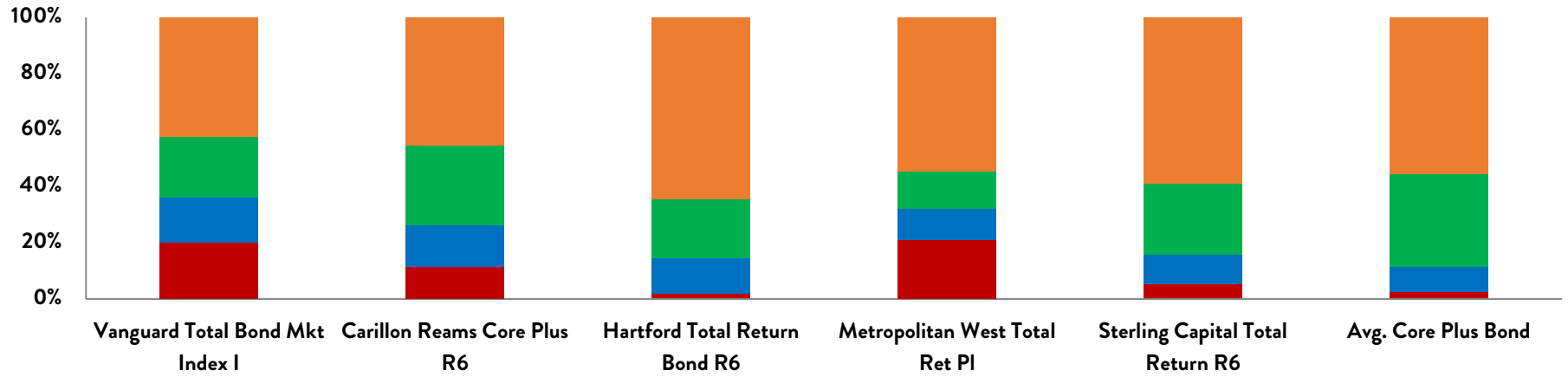


# State of Nevada 457(b) DC Plans

## Intermediate-Term Bond Manager Search Report March 2021

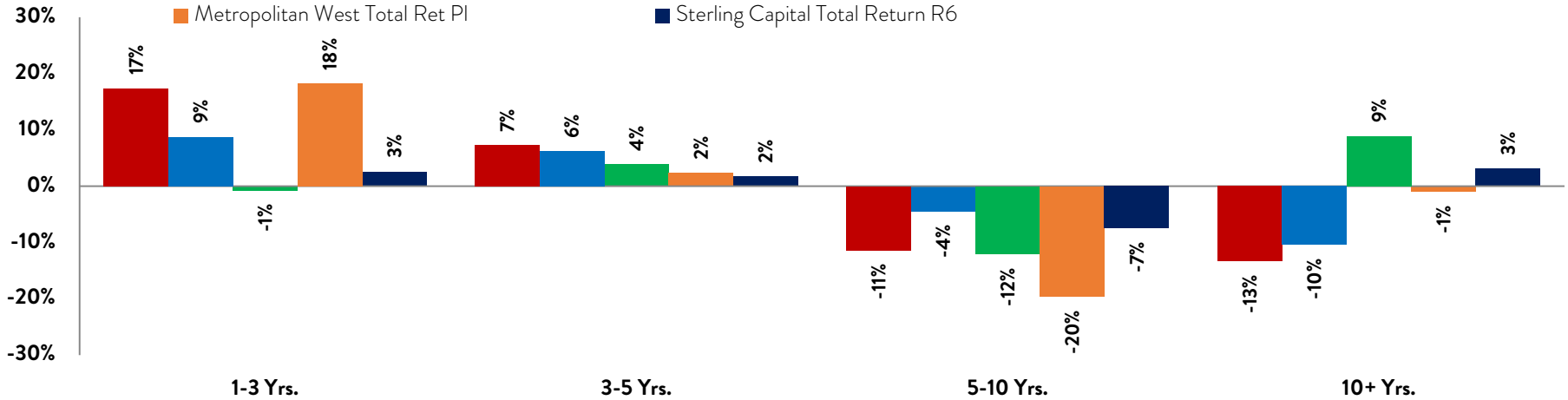
**Maturity Allocations as % of Bonds**

■ 1-3 Yrs. ■ 3-5 Yrs. ■ 5-10 Yrs. ■ 10+ Yrs.



**Maturity Allocations +/- Category Avg.**

■ Vanguard Total Bond Mkt Index I    
 ■ Carillon Reams Core Plus R6    
 ■ Hartford Total Return Bond R6  
■ Metropolitan West Total Ret PI    
 ■ Sterling Capital Total Return R6



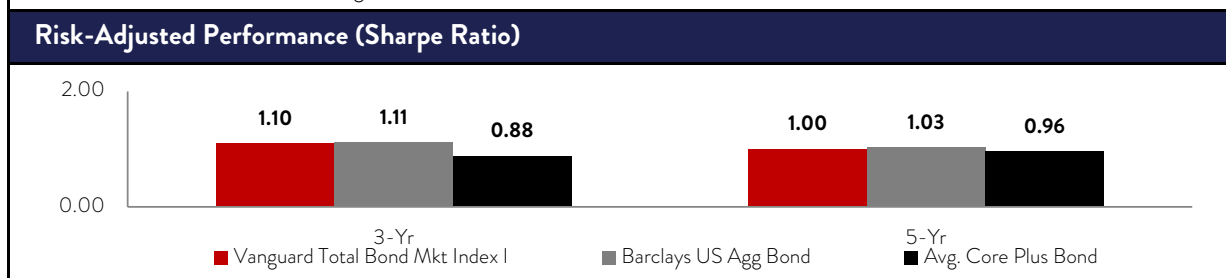
# Section 6

# Vanguard Total Bond Mkt Index I

## Fund Fact Sheet - December 31, 2020

Operations	
Ticker:	VBTIX
CUSIP:	921937504
Share Class:	Inst
Legal Structure:	Open Ended Investment Company
Investment Type:	Open-End Fund
Management	
Advisor:	Vanguard Group Inc
Sub-Advisor:	None
Senior Manager:	Joshua C. Barrickman
Year Started:	2013
Expenses	
Prospectus Net Exp. Ratio:	0.04%
Annual Report Exp. Ratio:	0.04%
Management Fee:	0.04%
12b-1:	0.00%
Redemption Fee %:	0.00%
Size & Flows (\$m)	
Fund Size:	\$70,288
Est. 1-Year Flows:	\$35,927
as % of Current Size:	51%
x Management Fee:	\$13
Est. 3-Year Flows:	\$76,168
as % of Current Size:	108%
x Management Fee:	\$27
# of Holdings:	18462
% in Top 10 Holdings:	5%
# of Bonds:	18335

Performance		Qtr	YTD	1Yr	3Yr	5Yr	10 Yr
Vanguard Total Bond Mkt Index I		0.67	7.74	7.74	5.41	4.47	3.81
Barclays US Agg Bond		0.67	7.51	7.51	5.34	4.44	3.84
+/- Index		0.00	0.23	0.23	0.07	0.04	(0.03)
Ranking		67	44	44	32	39	46
		2020	2019	2018	2017	2016	2015
Vanguard Total Bond Mkt Index I		7.74	8.73	-0.01	3.57	2.61	0.41
Barclays US Agg Bond		7.51	8.72	0.01	3.54	2.65	0.55
+/- Index		0.23	0.01	(0.02)	0.03	(0.04)	(0.14)
Ranking		44	36	31	39	46	48



Composition		Sector	+/-	Cat.	Rating	+/-	Cat.	
<b>Asset Allocation</b> Foreign Bond 8% Other 1% Cash 0% US Bond 91%	Inf.-Protected	0%	-1%		AAA	63%	11%	
	Gov't	46%	24%		AA	4%	0%	
	Corporate	29%	-2%		A	13%	0%	
	Agency MBS	22%	1%		BBB	20%	-1%	
	Non-Ag. MBS	0%	-1%		BB	0%	-6%	
	CMBS	1%	-4%		B	0%	-3%	
	Asset-Backed	0%	-8%		<B	0%	-1%	
	Cash	0%	-8%		Not Rated	0%	-1%	
	Other	2%	0%					
					<b>Wtd Avg.</b>	<b>AA</b>		-

# Carillon Reams Core Plus R6

## Fund Fact Sheet - December 31, 2020

Operations	
Ticker:	SCPWX
CUSIP:	14214M617
Share Class:	Retirement
Legal Structure:	Open Ended Investment Company
Investment Type:	Open-End Fund
Management	
Advisor:	Carillon Tower Advisers, Inc.
Sub-Advisor:	Scout Investments, Inc.
Senior Manager:	Mark M. Egan
Year Started:	1996
Expenses	
Prospectus Net Exp. Ratio:	0.40%
Annual Report Exp. Ratio:	0.40%
Management Fee:	0.40%
12b-1:	0.00%
Redemption Fee %:	0.00%
Size & Flows (\$m)	
Fund Size:	\$1,430
Est. 1-Year Flows:	\$763
as % of Current Size:	53%
x Management Fee:	\$3
Est. 3-Year Flows:	\$611
as % of Current Size:	43%
x Management Fee:	\$2
# of Holdings:	153
% in Top 10 Holdings:	24%
# of Bonds:	144

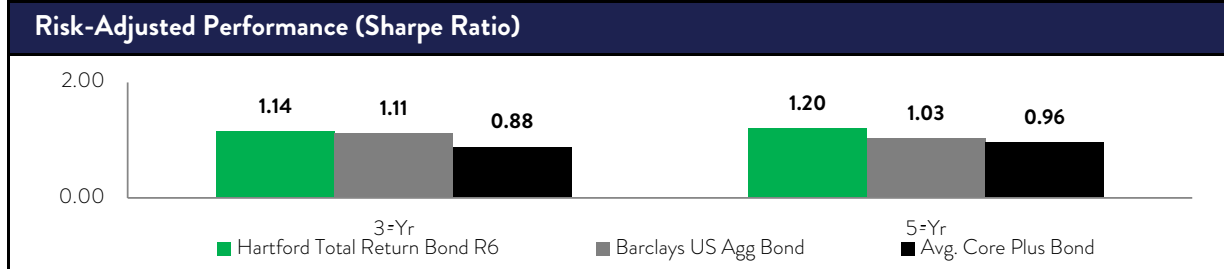
Performance							
	Qtr	YTD	1Yr	3Yr	5Yr	10 Yr	
Carillon Reams Core Plus R6	1.66	16.56	16.56	8.35	6.40	5.17	
Barclays US Agg Bond	0.67	7.51	7.51	5.34	4.44	3.84	
+/- Index	0.99	9.06	9.06	3.01	1.96	1.33	
Ranking	61	2	2	2	5	9	
	2020	2019	2018	2017	2016	2015	
Carillon Reams Core Plus R6	16.56	8.29	0.76	3.51	3.57	0.10	
Barclays US Agg Bond	7.51	8.72	0.01	3.54	2.65	0.55	
+/- Index	9.06	(0.42)	0.75	(0.04)	0.92	(0.45)	
Ranking	2	74	10	79	58	39	
Risk-Adjusted Performance (Sharpe Ratio)							
Composition							
Asset Allocation		Sector	+/-	Cat.	Rating	+/-	Cat.
		Inf.-Protected	0%	-1%	AAA	63%	11%
		Gov't	20%	-2%	AA	2%	-2%
		Corporate	27%	-3%	A	15%	3%
		Agency MBS	8%	-13%	BBB	16%	-5%
		Non-Ag. MBS	0%	-1%	BB	3%	-3%
		CMBS	12%	6%	B	0%	-3%
		Asset-Backed	7%	-1%	<B	0%	-1%
		Cash	23%	15%	Not Rated	0%	-1%
		Other	3%	1%	<b>Wtd Avg.</b>	<b>AA</b>	-

# Hartford Total Return Bond R6

Fund Fact Sheet - December 31, 2020

Operations	
Ticker:	ITBVX
CUSIP:	41664R226
Share Class:	Retirement
Legal Structure:	Open Ended Investment Company
Investment Type:	Open-End Fund
Management	
Advisor:	Hartford Funds Management Company, LLC
Sub-Advisor:	Wellington Management Company LLP
Senior Manager:	Joseph F. Marvan;Campe Goodman;
Year Started:	2012
Expenses	
Prospectus Net Exp. Ratio:	0.35%
Annual Report Exp. Ratio:	0.34%
Management Fee:	0.29%
12b-1:	0.00%
Redemption Fee %:	0.00%
Size & Flows (\$m)	
Fund Size:	\$3,328
Est. 1-Year Flows:	\$819
as % of Current Size:	25%
x Management Fee:	\$2
Est. 3-Year Flows:	\$561
as % of Current Size:	17%
x Management Fee:	\$2
# of Holdings:	1808
% in Top 10 Holdings:	16%
# of Bonds:	1780

Performance		Qtr	YTD	1Yr	3Yr	5Yr	10 Yr
Hartford Total Return Bond R6		1.72	9.32	9.32	6.19	5.54	4.51
Barclays US Agg Bond		0.67	7.51	7.51	5.34	4.44	3.84
+/- Index		1.05	1.81	1.81	0.85	1.10	0.67
Ranking		58	26	26	16	21	34
		2020	2019	2018	2017	2016	2015
Hartford Total Return Bond R6		9.32	10.27	-0.67	5.04	4.10	-0.67
Barclays US Agg Bond		7.51	8.72	0.01	3.54	2.65	0.55
+/- Index		1.81	1.55	(0.68)	1.50	1.46	(1.22)
Ranking		26	20	46	21	44	68



Composition		Sector	+/- Cat.	Rating	+/- Cat.	
<b>Asset Allocation</b> 	Inf.-Protected	1%	0%	AAA	62% 9%	
	Gov't	23%	1%	AA	2% -2%	
	Corporate	22%	-8%	A	7% -5%	
	Agency MBS	27%	6%	BBB	17% -4%	
	Non-Ag. MBS	3%	2%	BB	5% -1%	
	CMBS	3%	-3%	B	3% 0%	
	Asset-Backed	6%	-3%	<B	1% 0%	
	Cash	7%	-2%	Not Rated	4% 3%	
	Other	8%	6%			
				<b>Wtd Avg.</b>	<b>AA</b>	-

# Metropolitan West Total Ret PI

## Fund Fact Sheet - December 31, 2020

Operations	
Ticker:	MWTSX
CUSIP:	592905764
Share Class:	Other
Legal Structure:	Open Ended Investment Company
Investment Type:	Open-End Fund
Management	
Advisor:	Team
Sub-Advisor:	None
Senior Manager:	Team
Year Started:	1997
Expenses	
Prospectus Net Exp. Ratio:	0.38%
Annual Report Exp. Ratio:	0.37%
Management Fee:	0.35%
12b-1:	0.00%
Redemption Fee %:	0.00%
Size & Flows (\$m)	
Fund Size:	\$89,782
Est. 1-Year Flows:	\$2,662
as % of Current Size:	3%
x Management Fee:	\$9
Est. 3-Year Flows:	(\$2,280)
as % of Current Size:	-3%
x Management Fee:	(\$8)
# of Holdings:	1880
% in Top 10 Holdings:	45%
# of Bonds:	1831

Performance							
	Qtr	YTD	1Yr	3Yr	5Yr	10 Yr	
Metropolitan West Total Ret PI	1.28	9.17	9.17	6.14	4.88	4.73	
Barclays US Agg Bond	0.67	7.51	7.51	5.34	4.44	3.84	
+/- Index	0.61	1.66	1.66	0.80	0.45	0.89	
Ranking	76	28	28	19	49	24	
	2020	2019	2018	2017	2016	2015	
Metropolitan West Total Ret PI	9.17	9.23	0.29	3.49	2.56	0.25	
Barclays US Agg Bond	7.51	8.72	0.01	3.54	2.65	0.55	
+/- Index	1.66	0.51	0.27	(0.05)	(0.09)	(0.30)	
Ranking	28	53	18	79	84	31	
Risk-Adjusted Performance (Sharpe Ratio)							
Composition							
Asset Allocation		Sector	+/-	Cat.	Rating	+/-	Cat.
Foreign Bond	5%	Inf.-Protected	0%	-1%	AAA	69%	17%
Other	1%	Gov't	38%	16%	AA	3%	-1%
Cash	5%	Corporate	17%	-13%	A	7%	-6%
US Bond	89%	Agency MBS	27%	6%	BBB	15%	-6%
		Non-Ag. MBS	4%	3%	BB	3%	-3%
		CMBS	1%	-5%	B	1%	-2%
		Asset-Backed	5%	-3%	<B	3%	2%
		Cash	3%	-5%	Not Rated	0%	-1%
		Other	5%	3%	Wtd Avg.	AA	-



# Sterling Capital Total Return R6

Fund Fact Sheet - December 31, 2020

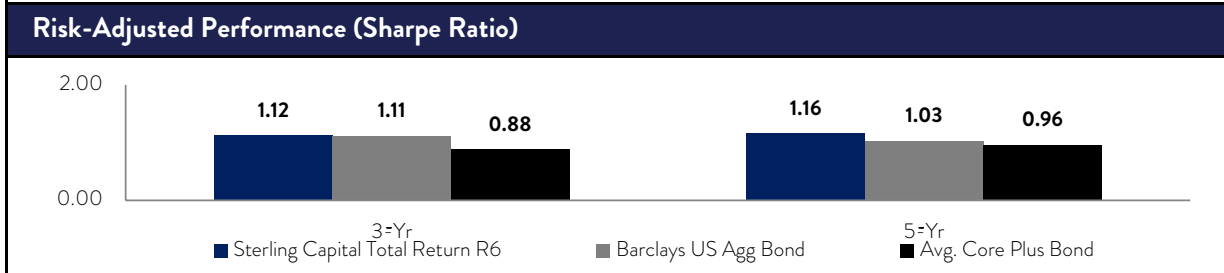
Operations	
Ticker:	STRDX
CUSIP:	85918D624
Share Class:	Retirement
Legal Structure:	Open Ended Investment Company
Investment Type:	Open-End Fund

Management	
Advisor:	Sterling Capital Management LLC
Sub-Advisor:	None
Senior Manager:	Mark M. Montgomery
Year Started:	2008

Expenses	
Prospectus Net Exp. Ratio:	0.35%
Annual Report Exp. Ratio:	0.35%
Management Fee:	0.37%
12b-1:	0.00%
Redemption Fee %:	0.00%

Size & Flows (\$m)	
Fund Size:	\$1,752
Est. 1-Year Flows:	\$29
as % of Current Size:	2%
x Management Fee:	\$0
Est. 3-Year Flows:	\$359
as % of Current Size:	20%
x Management Fee:	\$1
# of Holdings:	450
% in Top 10 Holdings:	10%
# of Bonds:	438

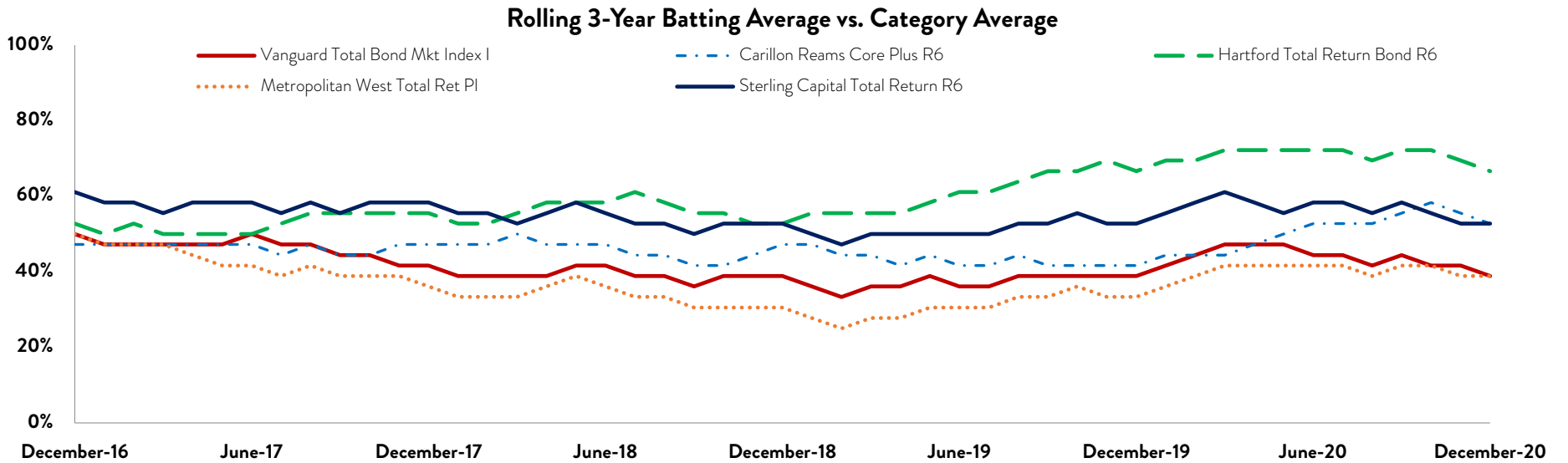
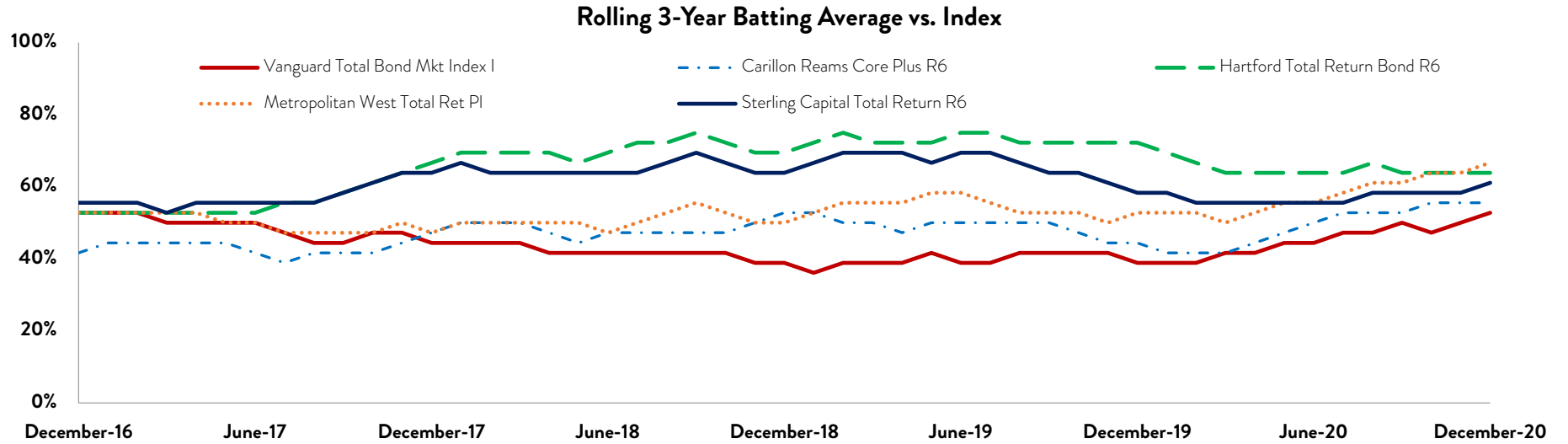
Performance		Qtr	YTD	1Yr	3Yr	5Yr	10 Yr
Sterling Capital Total Return R6		1.67	9.35	9.35	6.05	5.24	4.44
Barclays US Agg Bond		0.67	7.51	7.51	5.34	4.44	3.84
+/- Index		1.00	1.84	1.84	0.71	0.81	0.60
Ranking		8	11	11	11	6	9
		2020	2019	2018	2017	2016	2015
Sterling Capital Total Return R6		9.35	9.37	-0.27	4.33	3.75	0.54
Barclays US Agg Bond		7.51	8.72	0.01	3.54	2.65	0.55
+/- Index		1.84	0.65	(0.28)	0.79	1.10	(0.01)
Ranking		11	20	47	10	12	36



Composition		Sector	+/-	Cat.	Rating	+/-	Cat.		
<p><b>Asset Allocation</b></p> <p>US Bond 91%</p> <p>Foreign Bond 5%</p> <p>Other 2%</p> <p>Cash 2%</p>		Inf.-Protected	0%	-1%	AAA	53%	1%		
		Gov't	2%	-20%	AA	7%	3%		
		Corporate	41%	10%	A	18%	6%		
		Agency MBS	26%	4%	BBB	22%	1%		
		Non-Ag. MBS	1%	0%	BB	0%	-5%		
		CMBS	13%	7%	B	0%	-3%		
		Asset-Backed	11%	2%	<B	0%	-1%		
		Cash	2%	-6%	Not Rated	0%	-1%		
		Other	6%	4%					
				<b>Wtd Avg.</b>			<b>AA</b>		-

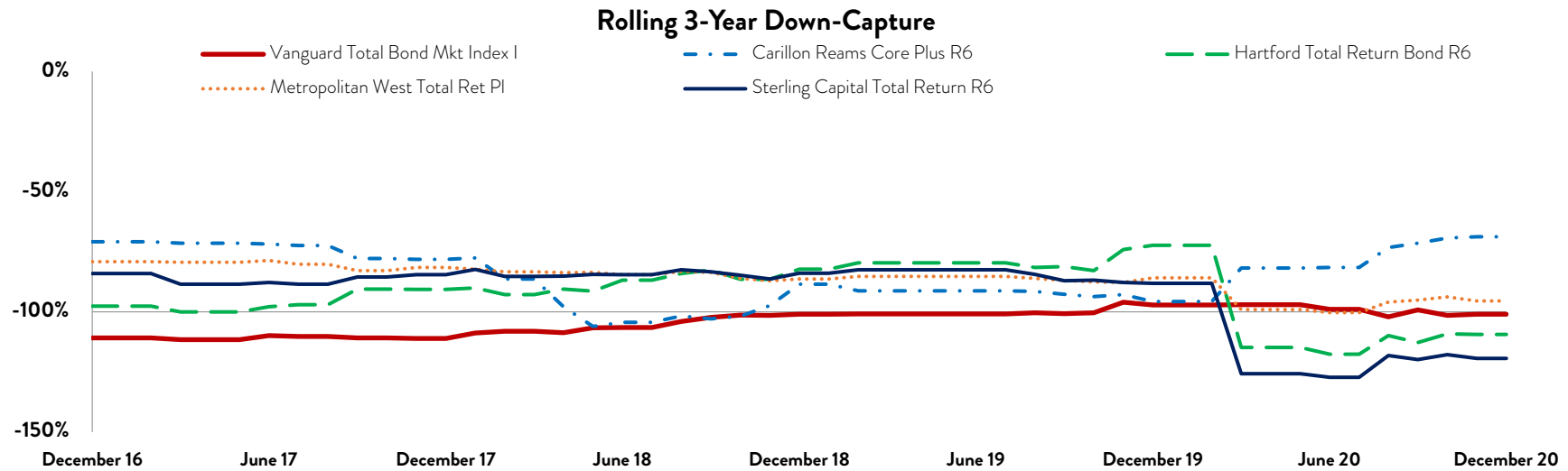
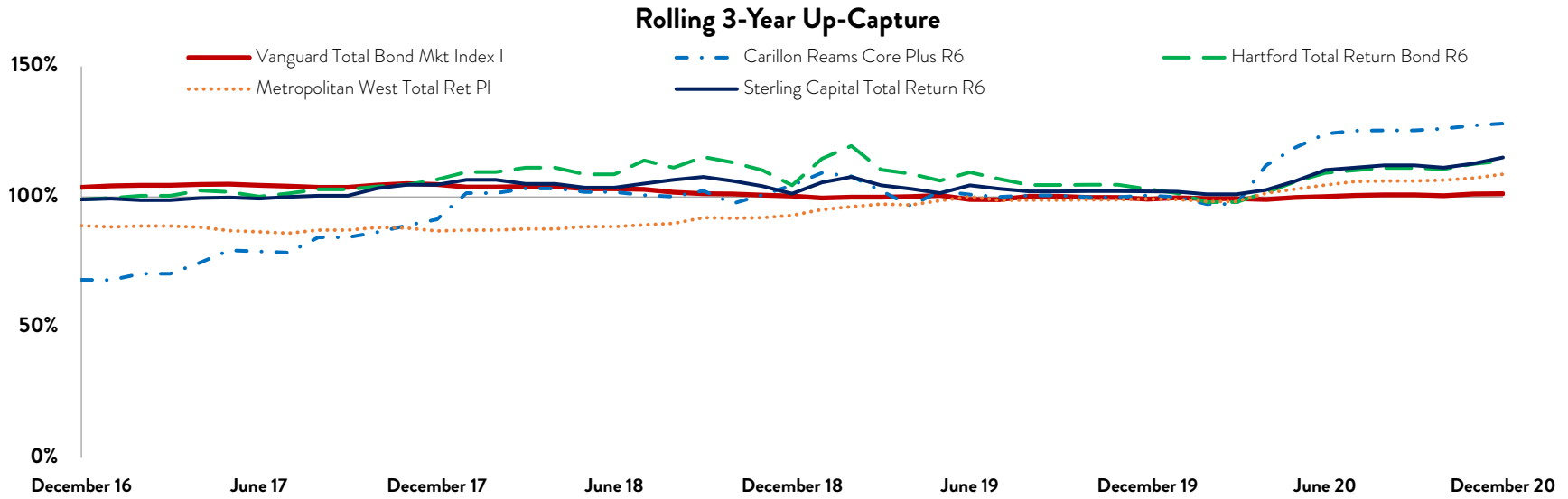
# State of Nevada 457(b) DC Plans

## Intermediate-Term Bond Manager Search Report March 2021



# State of Nevada 457(b) DC Plans

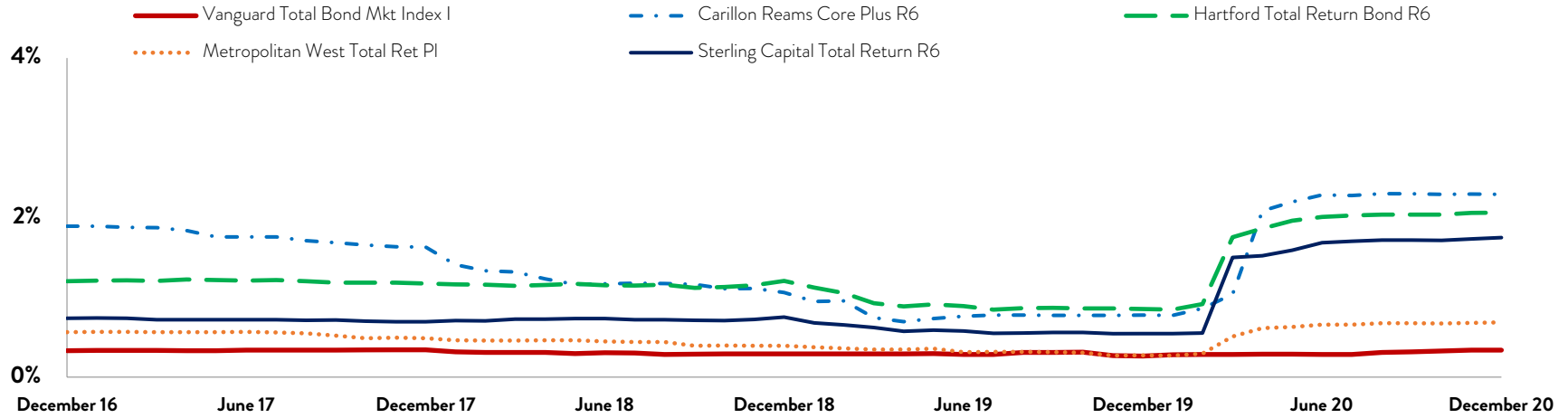
## Intermediate-Term Bond Manager Search Report March 2021



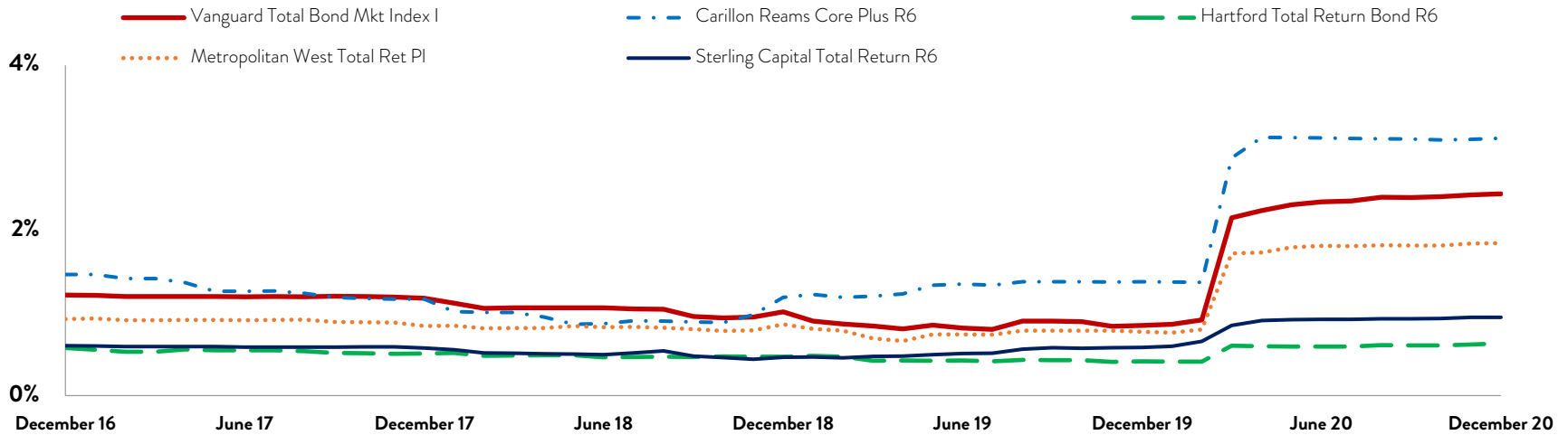
# State of Nevada 457(b) DC Plans

## Intermediate-Term Bond Manager Search Report March 2021

### Rolling 3-Year Tracking Error vs. Index

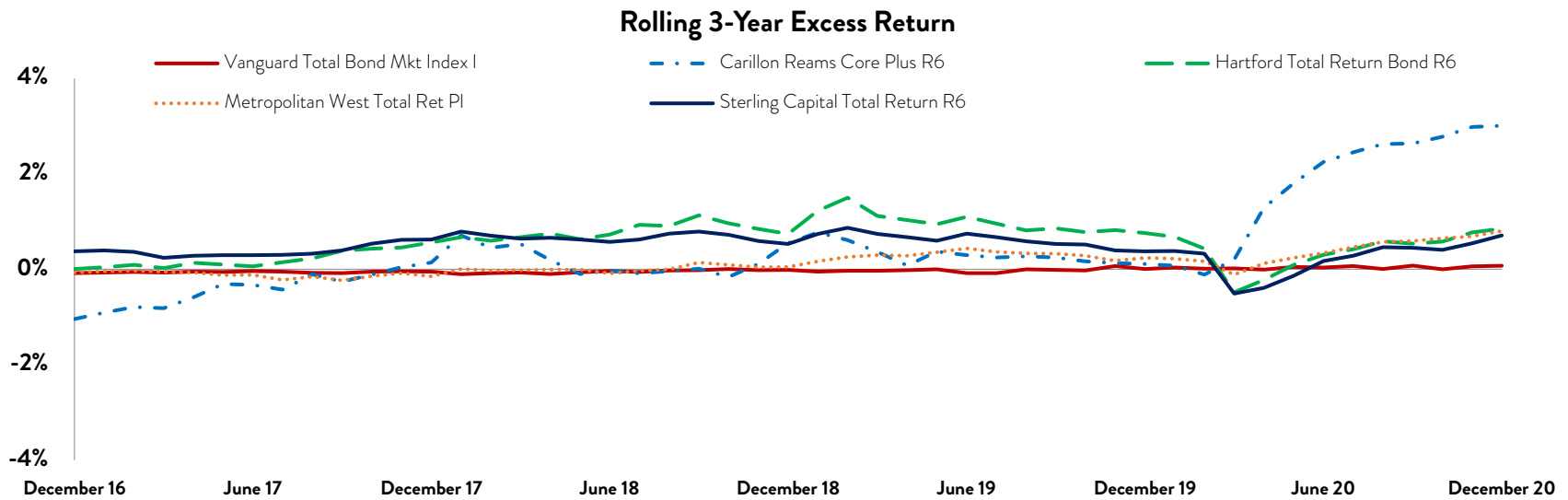
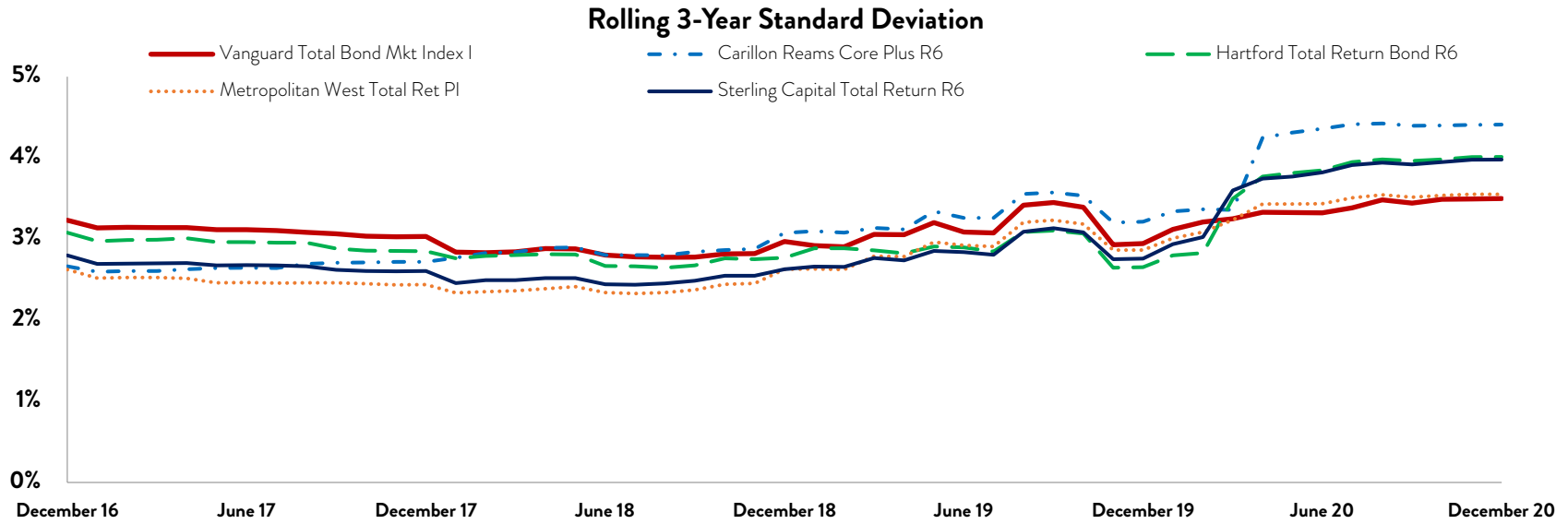


### Rolling 3-Year Tracking Error vs. Category Average



# State of Nevada 457(b) DC Plans

## Intermediate-Term Bond Manager Search Report March 2021



# Section 7

## State of Nevada 457(b) DC Plans

### Intermediate-Term Bond Manager Search Report March 2021

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## Section 7: Glossary

### Investment Terms

#### **Fixed Income:**

A fund that invests primarily in bonds and other fixed-income securities, often to provide shareholders with current income. Peer groups within this asset class may include, but are not limited to, Intermediate-Term, Money Market, Stable Value, Inflation-Protected, High Yield, Global, and others.

#### **Large Cap:**

A fund that invests in stocks of companies with large market capitalizations, typically starting at \$10 billion. Large Caps tend to be well-established companies, so their stocks typically entail less volatility and more current income than Small Caps, but also offer less potential for dramatic growth. A Large Cap fund may pursue an investment style such as growth, value, or a combination of the two (often referred to as Core or Blend) and be placed within a corresponding peer group.

#### **Mid Cap:**

A fund that invests in stocks of companies with medium market capitalizations, typically ranging between \$2 billion and \$10 billion. Mid Caps are often considered to offer more growth potential than Large Caps (but less than Small Caps) and less risk than Small Caps (but more than Large Caps). A Mid Cap fund may pursue an investment style such as Growth, Value, or a combination of the two (often referred to as Core or Blend) and be placed within a corresponding peer group.

#### **Small Cap:**

A fund that invests in stocks of companies with small market capitalizations, typically no higher than \$2 billion. Small Caps are often considered to offer more growth potential, but less current income than Large Caps and Mid Caps, and with more risk. A Small Cap fund may pursue an investment style such as Growth, Value, or a combination of the two (often referred to as Core or

#### **International Stock:**

A fund that invests primarily in the stocks of companies located, or with revenues derived from, outside of the United States. An International fund may pursue an investment style such as Growth, Value, or a combination of the two (often referred to as Core or Blend) and be placed within a corresponding peer group. Additional peer groups may include, but are not limited to, Global, Emerging Markets, and others.

#### **Asset Allocation:**

A fund that pursues a method of investing by which the manager include a range of different investment classes such as bonds, stocks, cash, alternative investments, and others in their portfolios. Peer groups within this asset class may include, but are not limited to Conservative Allocation, Moderate Allocation, Aggressive Allocation, Target Date, Life Cycle and others.

#### **Growth (investment style):**

A fund that invests primarily in the stocks of companies appearing to have relatively high growth prospects relative to their asset class. These companies often pay relatively low current income as most earnings are reinvested in the pursuit of higher future growth. These companies may also trade at relatively high valuations (such as price-to-earnings or price-to-sales) as investors may be willing to pay a “premium” to benefit from the company’s expected future growth.

#### **Value (investment style):**

A fund that invests primarily in the stocks of companies appearing be attractively priced by assorted metrics (such as price-to-earnings, price-to-sales, dividend yield, and others). These companies typically distribute a greater portion of their cash flows to shareholders than growth companies and as such will typically pay higher current income.

#### **Blend/Core (investment style):**

A fund that incorporates a comparable amount of Growth and Value investment styles into its investment management.

## State of Nevada 457(b) DC Plans

### Intermediate-Term Bond Manager Search Report March 2021

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#### **Operational Terms**

##### **CUSIP:**

A nine character code that represents most securities, including the type of security. A CUSIP can be used to expedite settlement of securities transactions.

##### **Expense Ratio:**

A measure of what it costs to operate an investment, expressed as a percentage of its assets or in basis points. These are costs the investor pays through a reduction in the investment's value.

##### **Mutual Fund:**

An investment company that gathers money from individual investors for the purchase of securities, such as stocks, bonds, or cash equivalents. Investors own shares of the mutual funds but do not own the underlying securities. Shares of mutual funds can typically be redeemed on an end-of-day basis for the net asset value of the underlying securities, minus any applicable fees.

##### **Redemption Fee:**

A fee collected by an investment company for selling out of a fund within a specified time period, typically 30 days. The fee is established to discourage short-term trading and is redistributed to any remaining fund investors.

##### **Revenue Share:**

A portion of a fund's expense ratio that may be used to pay plan expenses for certain retirement plans.

##### **Share Class:**

Some investment funds and companies offer more than one type or group of shares, each of which is considered a class (e.g., "Class A," "Advisor" or "Institutional" shares). For most investment funds each class has different fees and expenses but all of the classes invest in the same pool of securities and share the same investment objectives.

##### **Ticker:**

A five-letter code, often used for trading purposes, that represents a particular mutual fund.



## State of Nevada 457(b) DC Plans

### Intermediate-Term Bond Manager Search Report March 2021

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#### Statistical Terms

##### **Batting Average:**

How frequently a fund outperformed its benchmark given a certain time period and periodicity of returns.

##### **Beta:**

A statistical measure of an investment's volatility and degree of co-movement relative to its benchmark. A beta of 1.0 implies that an investment has, or has exhibited the same degree of volatility as its benchmark and has tended to closely track the performance of its benchmark. A beta that is above (below) 1 implies that an investment has exhibited higher (lower) overall volatility than its benchmark. Beta is often viewed as indicative of an investment's sensitivity to "systematic" or market risk.

##### **R-Squared (R<sup>2</sup>):**

A statistical measurement of how much of an investment's returns are explained by another set of returns, typically that of a benchmark. An R<sup>2</sup> of 1.0 (0.0) implies that 100% (0%) of an investment's returns are explained by its benchmark and provides an indication as to what degree the investment might be expected to move in step with its benchmark.

##### **Sharpe Ratio:**

A measure of risk-adjusted returns. The Sharpe Ratio is the ratio of an investment's excess return (typically versus its index or a "risk-free" investment such as Treasury Bills) relative to its standard deviation for the corresponding period. A high (low) Sharpe Ratio indicates that an investment has provided a high (low) amount of excess return relative to the amount of risk it has incurred in doing so.

##### **Standard Deviation:**

A statistical measurement of how an investment's returns have tended to fluctuate around their average. A higher standard deviation implies a broader range of returns relative to an average and thereby a higher degree of investment risk. Assuming a normal distribution, approximately 95% of an investment's returns should fall within two standard deviations of its average for the corresponding time period and periodicity.

##### **Tracking Error:**

Tracking error is a measurement of the volatility of the difference between an investment's returns versus those of its benchmark. Given a certain periodicity of returns (such as monthly or quarterly), tracking error measures the volatility of the difference of the investment's and the benchmark's periodic returns within a specified time period. Annualized tracking error above 6% is generally viewed as high.

##### **Up (Down) Capture Ratio:**

Up (down) capture compares an investment's upside (downside) performance relative to that of its benchmark when the benchmark was returning positive (negative). Up (down) capture is expressed in percentage terms. For example, an investment with 120% Up Capture has, in relative terms, provided 20% more returns than the benchmark in periods of rising markets.



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**SMID Cap Blend Manager Search Report**

March 2021

# TABLE OF CONTENTS

<b>Section 1</b>	Background and Search Criteria
<b>Section 2</b>	Description of Funds
<b>Section 3</b>	Performance, Risk, and Style Summary
<b>Section 4</b>	Expense Summary
<b>Section 5</b>	Composition
<b>Section 6</b>	Fund Fact Sheets and Performance Analysis
<b>Section 7</b>	Glossary

# Section 1

# State of Nevada 457(b) DC Plans

## SMID Cap Blend Manager Search Report March 2021

### Section 1: Background and Search Criteria

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This document has been prepared to provide analysis of several potential replacement fund candidates in the SMID Cap Blend asset class. The current option, Hartford MidCap HLS IA, is focused on mid cap stocks and is being considered for replacement with a broader manager focused on mid and small cap stocks. As such, a manager search has been assembled to review alternative options. The dedicated mid cap option may remain; and a CIT replacement candidate has been included in this manager search as an option to reduce costs.

The Hyas Group seeks to evaluate managers over a full market cycle, during which time a manager is expected to have adequate opportunities to add value through their specific investment approach. In the case of the current option, we believe the trailing five-year period incorporates a broad enough range of market environments to be considered representative of a market cycle over which to evaluate the current fund and replacement candidates.

The replacement candidates presented generally include management teams that have satisfied the following Investment Policy criteria:

- 1) Investment track record of no less than five years
- 2) Five-year returns above peer group median
- 3) Reasonable portfolio diversification and risk (volatility) characteristics
- 4) Investment style consistency over evaluation period

We have provided four alternative candidates in the SMID Cap Blend asset class category along with the incumbent investment option for review. We have also provided a summary of current expense ratios for the current option and each of the replacement candidates.

**All performance-related information is as of 4Q20 unless stated otherwise.**

# Section 2

**State of Nevada 457(b) DC Plans**  
SMID Cap Blend Manager Search Report March 2021

**Section 2: Description of Funds**

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**Current Option**

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**Fund Name: Hartford MidCap HLS IA**

Prospectus Objective: Growth of Capital

Strategy: Mid Valuation-Sensitive Growth

Commentary: Hartford Mid Cap Stock is managed by Wellington as a more conservative mid-growth option, tending to tilt toward the larger end of the market capitalization spectrum and in favor of established, market leaders with attractive valuations. Management applies a three-part decision-making process in order to help identify attractive companies: business fundamentals and economic viability of the company in question, valuations relative to the company's industry and historical valuation range, and growth expectations relative to what Wall Street analysts are estimating. Over longer time periods, this fund's approach has resulted in a bias toward more steady growth companies. This approach has helped the fund to fare well to the downside though it has caused it to lag in more growth-centric markets where higher-beta names have tended to lead. Over the long-term it has successfully delivered attractive risk-adjusted returns within a mid cap growth framework.

## State of Nevada 457(b) DC Plans

### SMID Cap Blend Manager Search Report March 2021

#### Replacement Candidates

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**Fund Name: Schroders U.S. Small and Mid Cap**

Prospectus Objective: Growth of Capital

Strategy: SMID Core

Commentary: The dedicated team on this strategy views potential investments as one of three classifications: mispriced growth, steady eddies, or turnarounds. The mispriced growth portion of the portfolio typically makes up 50-70% of the portfolio and is the main driver of alpha in strong equity markets. The steady eddies, which typically make up about 20-50% of the portfolio, are the key driver of what has helped the strategy outperform through volatile markets. These companies tend to be moderate growers with steady cash-flows and strong balance sheets. Lastly, the turnarounds make up 0-20% of the portfolio and consist of companies with a 'broken growth engine' but which have a clear catalyst in place for change; this could be new management and/or strategy, for example.

**Fund Name: Wellington CIF II SMID Cap Research**

Prospectus Objective: Growth of Capital

Strategy: SMID Core

Commentary: Wellington follows a fundamental, bottom-up approach to security selection, focusing on adding value through strong security selection. The portfolio is divided into multiple subportfolios each managed by Wellington's Global Industry Analysts and the weights of these subportfolios are intended to match the weights of the corresponding sectors of the Russell 2500 Index. As a result, the portfolio maintains broad industry diversification and is able to combine a blend of investment disciplines to further diversify investment style risk.



## State of Nevada 457(b) DC Plans

### SMID Cap Blend Manager Search Report March 2021

#### Replacement Candidates (continued)

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**Fund Name: Wellington CIF II MdCap Opps S3**

Prospectus Objective: Growth of Capital

Strategy: Mid Valuation-Sensitive Growth

Commentary: The Wellington Mid Cap Opportunities fund is managed as a more conservative mid-growth option, tending to tilt toward the larger end of the market capitalization spectrum and in favor of established market leaders with attractive valuations. Management applies a three-part decision-making process in order to help identify attractive companies: business fundamentals and economic viability of the company in question, valuations relative to the company's industry and historical valuation range, and growth expectations relative to what Wall Street analysts are estimating. Over longer time periods, this fund's approach has resulted in a bias toward more steady growth companies. This approach has helped the fund to fare well to the downside though it has caused it to lag in more growth-centric markets where higher-beta names have tended to lead. Over the long-term it has successfully delivered attractive risk-adjusted returns within a mid cap growth framework.

**Fund Name: Vanguard Extended Market Index I**

Prospectus Objective: Growth of Capital

Strategy: SMID Core

Commentary: The Vanguard Extended Market Index seeks to track the performance of a benchmark index that measures the investment return of mid- and small-capitalization U.S. companies. The fund seeks to track the S&P Completion Index by using index sampling. The S&P Completion Index is a float-adjusted market cap weighted index that includes the constituents of the S&P Total Market Index (a broad measure of the U.S. equity market, covering large-, mid-, small-, and micro-cap companies), excluding components of the S&P 500.

# Section 3

## State of Nevada 457(b) DC Plans

### SMID Cap Blend Manager Search Report March 2021

### Section 3: Performance, Risk, and Style Summary

#### Peer Group Rankings

	4Q20	YTD	1YR	3YR	5YR	10YR	2020	2019	2018	2017	2016	2015
Hartford MidCap HLS IA	13	11	11	5	1	1	11	12	16	3	68	6
Schroders U.S. Small and Mid Cap	51	79	79	51	38	19	79	24	37	46	19	3
Wellington CIF II SMID Cap Research	3	16	16	4	4	-	16	3	14	19	-	-
Wellington CIF II MdCap Opps S3	12	11	11	4	1	-	11	12	14	2	65	6
Vanguard Extended Market Index I	8	2	2	3	1	3	2	38	40	35	43	54

Fund rankings in **red** lag the 50th percentile of the peer group

Performance and ranking for Wellington CIF II SMID Cap Research throughout this report are fee-adjusted from the Composite performance prior to the CIT's inception.

#### Returns

	4Q20	YTD	1YR	3YR	5YR	10YR	2020	2019	2018	2017	2016	2015
Hartford MidCap HLS IA	26.17	25.10	25.10	15.44	16.48	14.07	25.10	32.86	-7.44	24.47	11.98	1.60
Schroders U.S. Small and Mid Cap	20.94	7.93	7.93	8.07	11.95	11.72	7.93	30.51	-10.41	16.42	19.65	2.21
Wellington CIF II SMID Cap Research	29.31	20.69	20.69	15.69	15.82	-	20.69	37.99	-7.02	19.28	-	-
Wellington CIF II MdCap Opps S3	26.36	25.16	25.16	15.69	16.57	-	25.16	33.06	-7.03	24.54	12.14	1.69
Vanguard Extended Market Index I	27.44	32.23	32.23	15.35	16.06	13.24	32.23	28.05	-9.35	18.12	16.15	-3.24
<b>Russell 2500</b>	<b>27.41</b>	<b>19.99</b>	<b>19.99</b>	<b>11.33</b>	<b>13.64</b>	<b>11.97</b>	<b>19.99</b>	<b>27.77</b>	<b>-10.00</b>	<b>16.81</b>	<b>17.59</b>	<b>-2.90</b>
<b>Avg. Mid Blend</b>	<b>20.71</b>	<b>12.20</b>	<b>12.20</b>	<b>7.78</b>	<b>10.52</b>	<b>9.74</b>	<b>12.20</b>	<b>25.87</b>	<b>-11.33</b>	<b>15.86</b>	<b>13.65</b>	<b>-4.51</b>

Returns longer than one year is annualized.

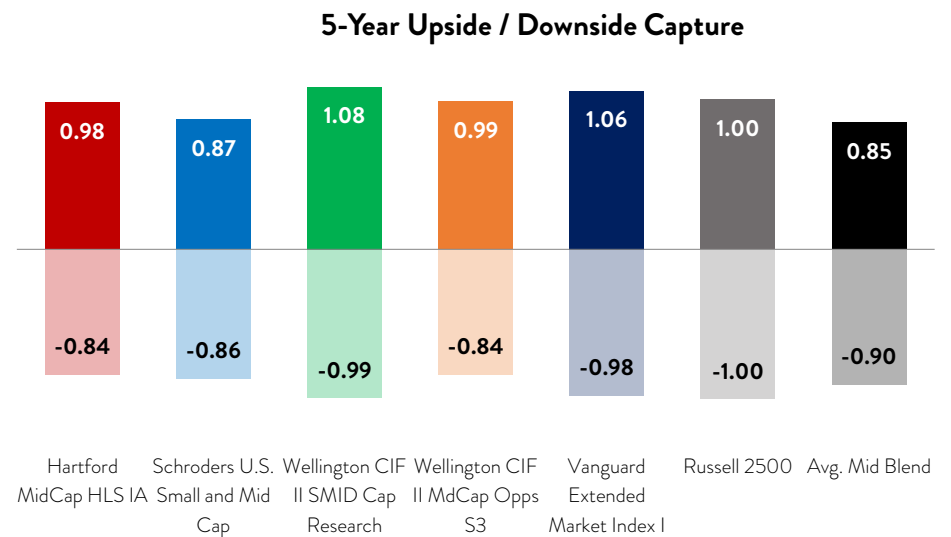
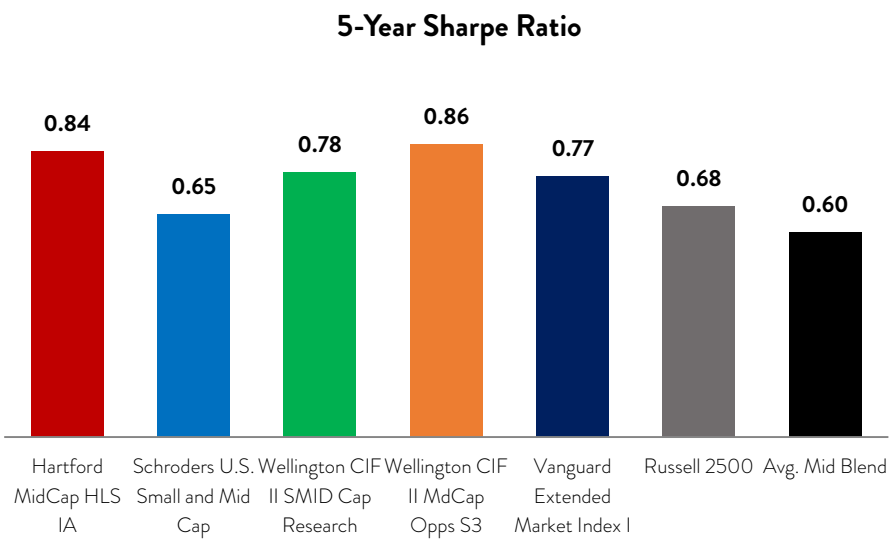
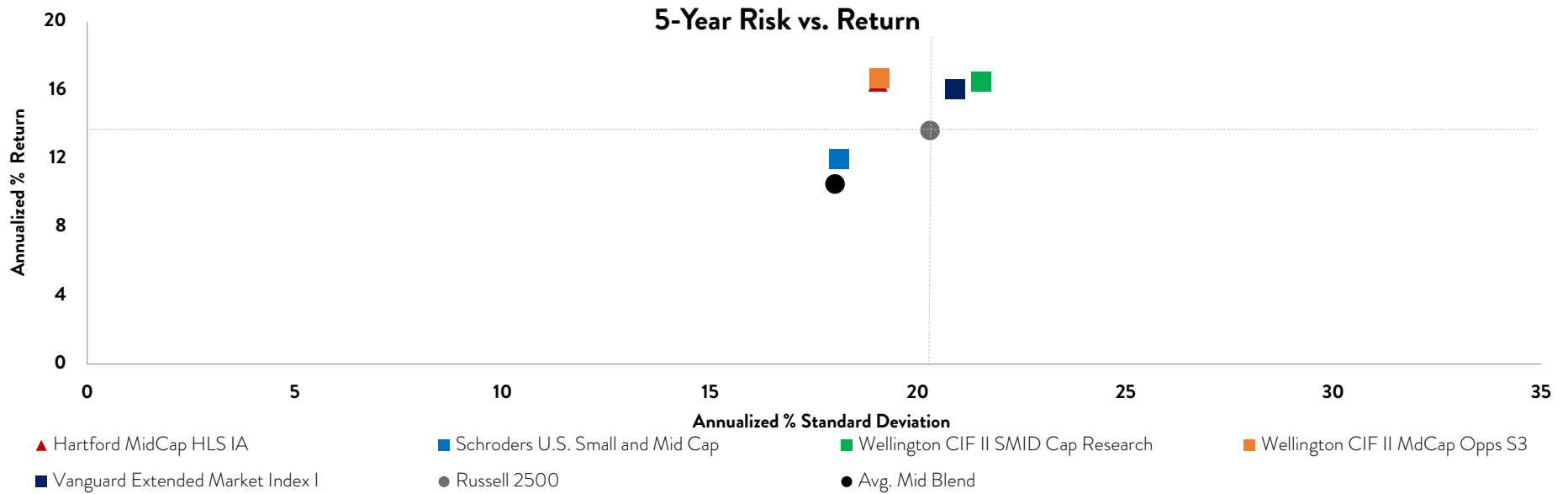
#### Returns +/- Index

	4Q20	YTD	1YR	3YR	5YR	10YR	2020	2019	2018	2017	2016	2015
Hartford MidCap HLS IA	(1.24)	5.11	5.11	4.11	2.84	2.10	5.11	5.10	2.56	7.66	(5.61)	4.50
Schroders U.S. Small and Mid Cap	(6.47)	(12.06)	(12.06)	(3.26)	(1.69)	(0.25)	(12.06)	2.75	(0.41)	(0.39)	2.06	5.11
Wellington CIF II SMID Cap Research	1.90	0.70	0.70	4.37	2.18	-	0.70	10.23	2.99	2.47	-	-
Wellington CIF II MdCap Opps S3	(1.05)	5.17	5.17	4.36	2.93	-	5.17	5.29	2.98	7.73	(5.45)	4.59
Vanguard Extended Market Index I	0.03	12.24	12.24	4.02	2.42	1.27	12.24	0.29	0.65	1.31	(1.44)	(0.34)

Fund returns in **red** lag the Index

# State of Nevada 457(b) DC Plans

## SMID Cap Blend Manager Search Report March 2021



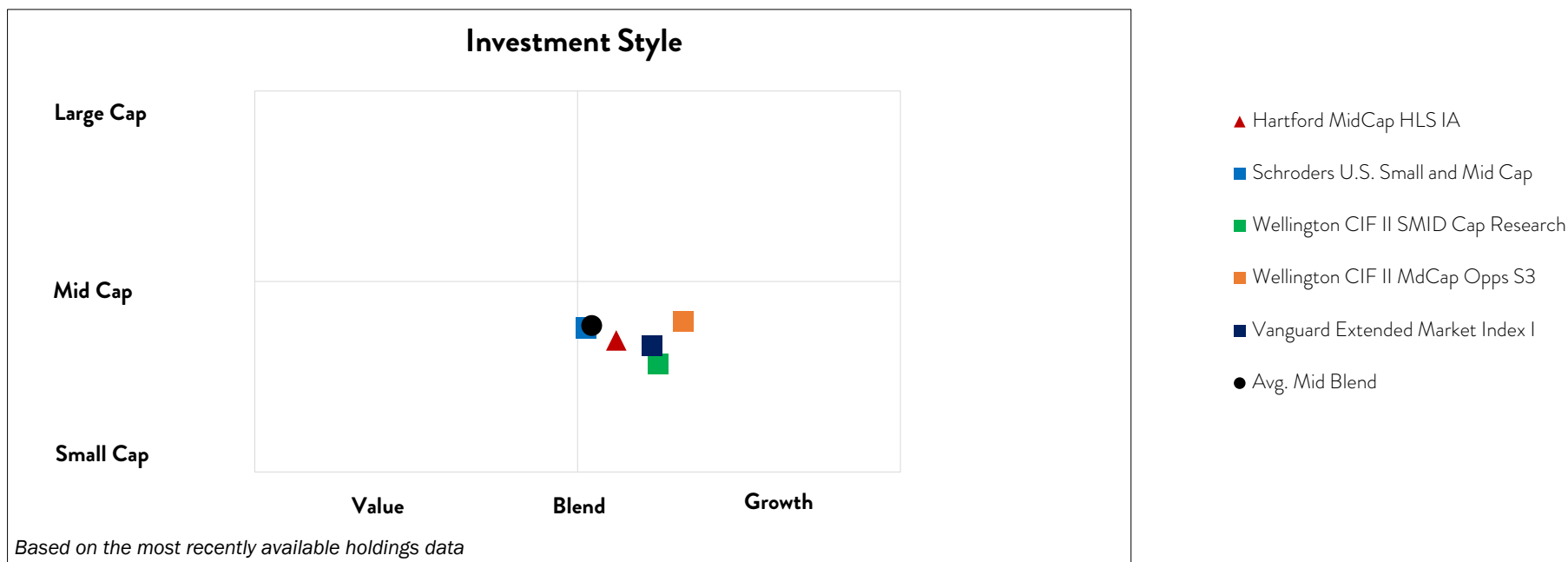
## State of Nevada 457(b) DC Plans

### SMID Cap Blend Manager Search Report March 2021

### Volatility and Investment Style

	Beta	R <sup>2</sup>	Tracking Error		Batting Averages				
			vs. Idx	vs. Avg.	% > 0	vs. Idx	vs. Avg.	vs. Idx or Avg.	vs. Idx and Avg.
Hartford MidCap HLS IA	0.91	0.95	4.64	4.23	68%	53%	65%	73%	45%
Schroders U.S. Small and Mid Cap	0.87	0.96	4.63	2.49	72%	42%	55%	60%	37%
Wellington CIF II SMID Cap Research	1.05	0.98	3.24	5.12	77%	62%	70%	75%	57%
Wellington CIF II MdCap Opps S3	0.92	0.95	4.60	4.21	70%	53%	68%	75%	47%
Vanguard Extended Market Index I	1.02	0.99	2.32	4.27	72%	63%	63%	78%	48%
<b>Russell 2500</b>	<b>1.00</b>	<b>1.00</b>	<b>-</b>	<b>3.31</b>	<b>72%</b>	<b>-</b>	<b>60%</b>	<b>60%</b>	<b>-</b>
<b>Avg. Mid Blend</b>	<b>0.88</b>	<b>0.98</b>	<b>3.31</b>	<b>-</b>	<b>68%</b>	<b>40%</b>	<b>-</b>	<b>40%</b>	<b>-</b>

Based on the trailing 5-year period ending 4Q2020.



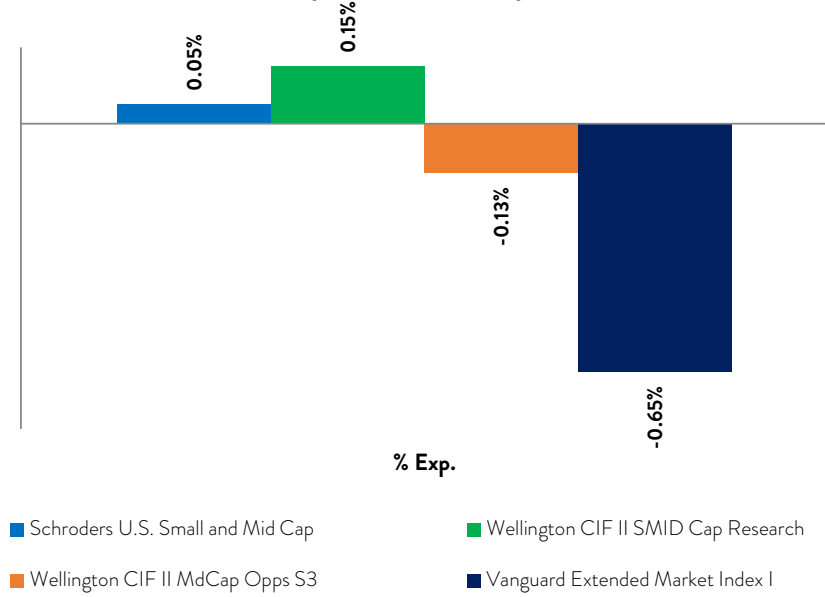
# Section 4

**State of Nevada 457(b) DC Plans**  
SMID Cap Blend Manager Search Report March 2021

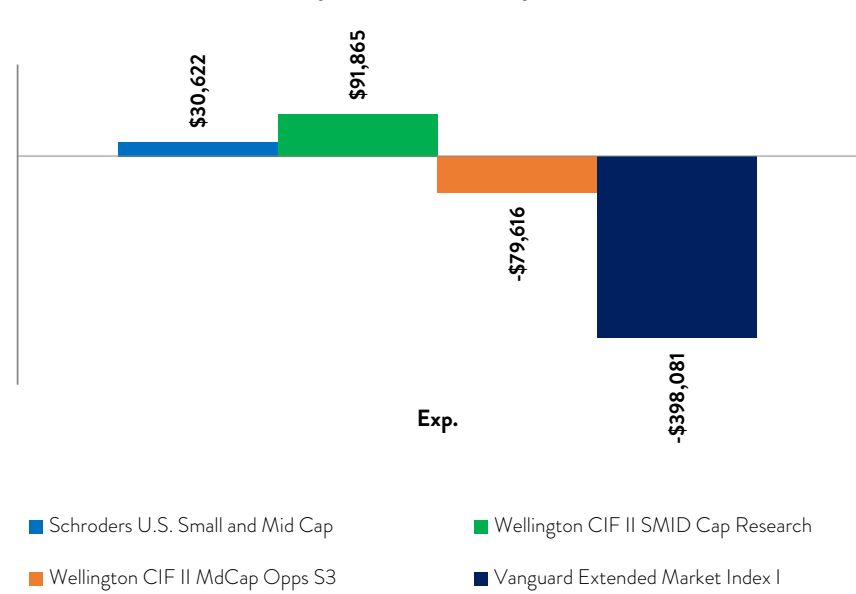
**Section 4: Revenue, Expenses, and Operations**

	Ticker	Share Class	Estimated Annual Expenses			Total Plan Assets	Revenue Share
			% Exp.	as % of Plan	\$	\$1,015,512,668	
Hartford MidCap HLS IA	HIMCX	Inst	0.70%	0.042%	\$428,702	<b>Fund Assets</b>	0.05%
Schroders U.S. Small and Mid Cap	-	CIT	0.75%	0.045%	\$459,324	\$61,243,206	0.00%
Wellington CIF II SMID Cap Research	-	CIT	0.85%	0.051%	\$520,567	<i>as of 4Q2020</i>	0.00%
Wellington CIF II MdCap Opps S3	-	CIT	0.57%	0.034%	\$349,086		0.00%
Vanguard Extended Market Index I	VIEIX	Inst	0.05%	0.003%	\$30,622		0.00%
<b>Avg. Mid Blend</b>	-	-	<b>1.03%</b>	<b>0.062%</b>	<b>\$632,030</b>		

**Estimated Impact on Annual Expenses (%)**



**Estimated Impact on Annual Expenses (\$)**



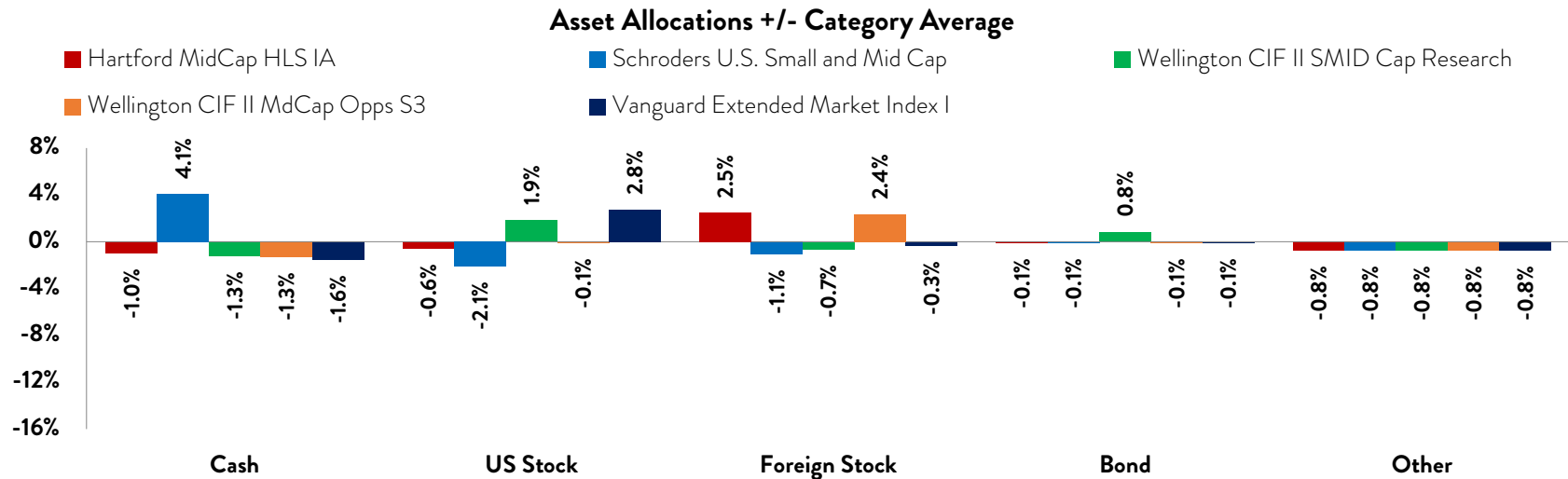
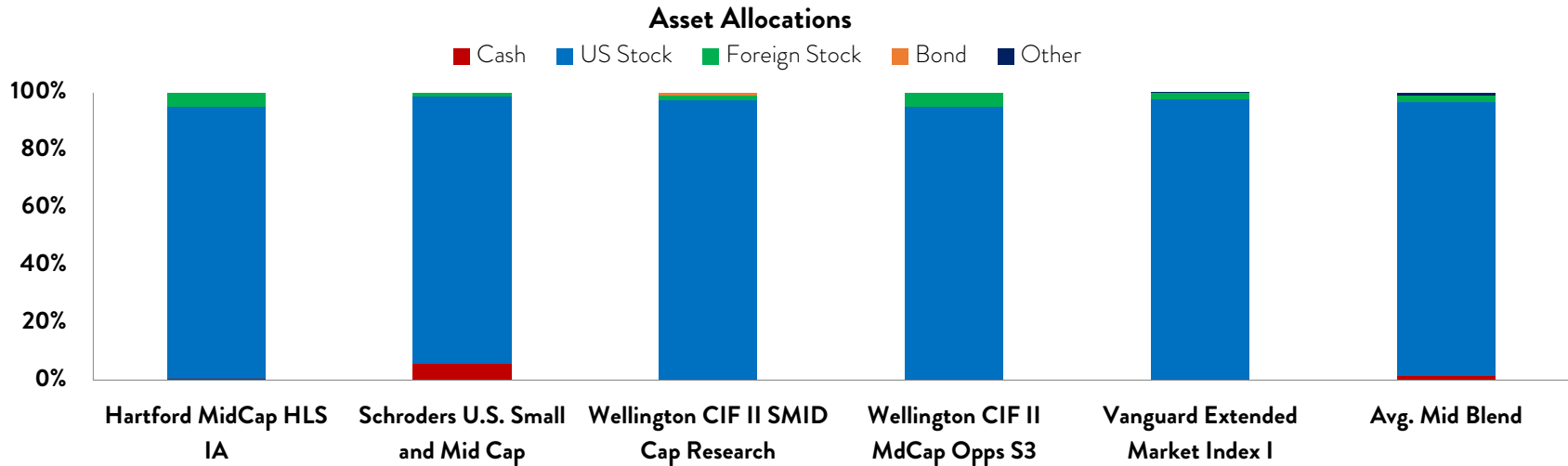
# Section 5



# State of Nevada 457(b) DC Plans

## SMID Cap Blend Manager Search Report March 2021

### Section 5: Composition and Performance Analysis



## State of Nevada 457(b) DC Plans

### SMID Cap Blend Manager Search Report March 2021

#### Sector Weights

	Utilities	Telecom	Info. Tech.	Financials	Healthcare	Cons. Stpls.	Cons. Disc.	Industrials	Materials	Energy
Hartford MidCap HLS IA	2.2%	3.2%	28.7%	16.4%	19.7%	2.1%	10.1%	15.5%	1.9%	0.1%
Schroders U.S. Small and Mid Cap	2.2%	1.3%	21.9%	20.6%	14.3%	3.3%	10.7%	16.4%	8.2%	1.1%
Wellington CIF II SMID Cap Research	3.1%	3.9%	19.5%	23.3%	15.8%	2.6%	12.3%	13.2%	5.3%	1.3%
Wellington CIF II MdCap Opps S3	2.4%	4.6%	28.1%	14.3%	17.9%	2.3%	10.4%	16.5%	2.9%	0.4%
Vanguard Extended Market Index I	2.0%	5.7%	25.0%	19.5%	16.1%	2.7%	11.0%	13.1%	3.5%	1.5%
Avg. Mid Blend	3.9%	3.9%	18.5%	20.3%	12.2%	4.2%	14.2%	17.4%	4.0%	1.4%

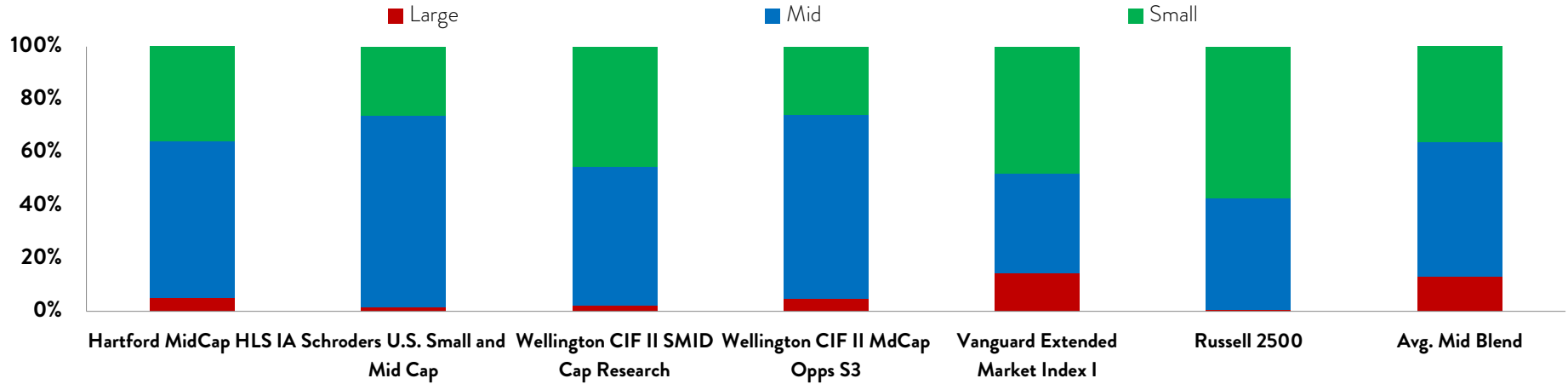
#### +/- Sector Weights

	Utilities	Telecom	Info. Tech.	Financials	Healthcare	Cons. Stpls.	Cons. Disc.	Industrials	Materials	Energy
Hartford MidCap HLS IA	-1.6%	-0.7%	10.2%	-3.9%	7.4%	-2.1%	-4.0%	-1.9%	-2.1%	-1.2%
Schroders U.S. Small and Mid Cap	-1.7%	-2.6%	3.4%	0.3%	2.1%	-1.0%	-3.5%	-1.0%	4.2%	-0.2%
Wellington CIF II SMID Cap Research	-0.7%	0.0%	0.9%	3.0%	3.5%	-1.7%	-1.9%	-4.2%	1.2%	-0.1%
Wellington CIF II MdCap Opps S3	-1.4%	0.7%	9.5%	-5.9%	5.6%	-1.9%	-3.7%	-0.8%	-1.1%	-0.9%
Vanguard Extended Market Index I	-1.8%	1.8%	6.4%	-0.8%	3.8%	-1.5%	-3.1%	-4.3%	-0.6%	0.1%
Avg. Mid Blend	-	-	-	-	-	-	-	-	-	-

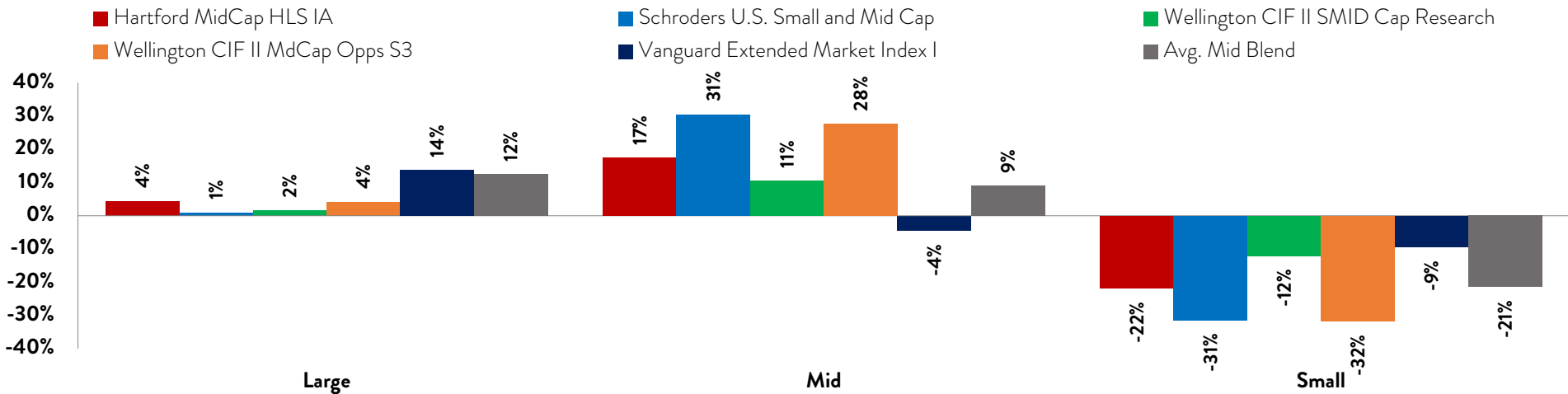
# State of Nevada 457(b) DC Plans

## SMID Cap Blend Manager Search Report March 2021

**Size Allocations as % of Stock**



**Size Allocations +/- Index**

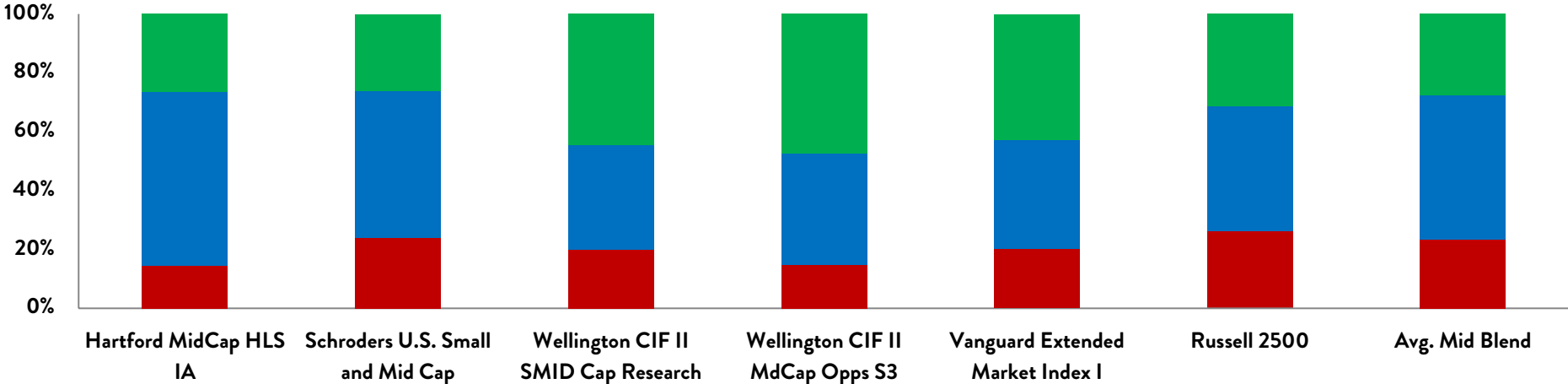


# State of Nevada 457(b) DC Plans

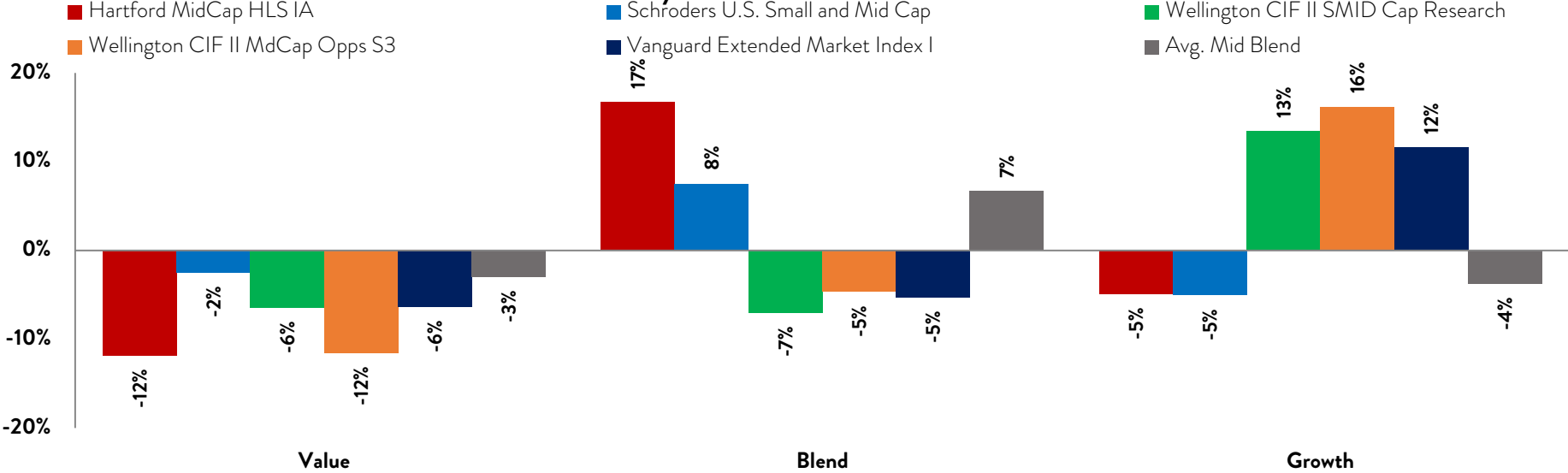
## SMID Cap Blend Manager Search Report March 2021

**Style Allocations as % of Stock**

■ Value ■ Blend ■ Growth



**Style Allocations +/- Index**



# Section 6

# Hartford MidCap HLS IA

## Fund Fact Sheet - December 31, 2020

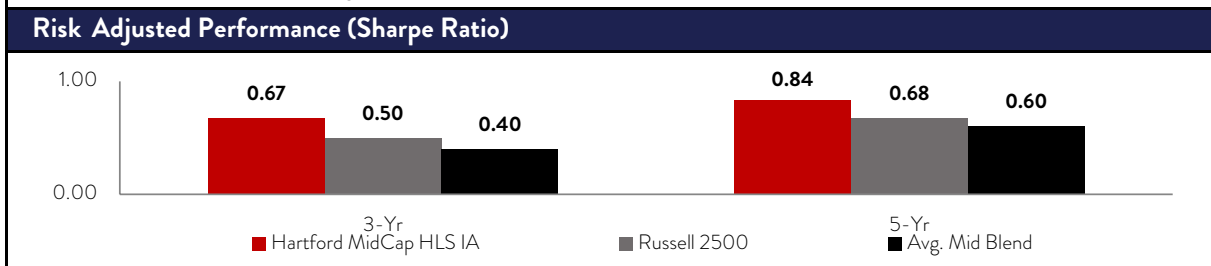
Operations	
Ticker:	HIMCX
CUSIP:	416528701
Share Class:	Inst
Legal Structure:	Open Ended Investment Company
Investment Type:	Open-End Fund

Management	
Advisor:	Hartford Funds Management Company, LLC
Sub-Advisor:	Wellington Management Company LLP
Senior Manager:	Mark A. Whitaker
Year Started:	2010

Expenses	
Prospectus Net Exp. Ratio:	0.70%
Annual Report Exp. Ratio:	0.69%
Management Fee:	0.67%
12b-1:	0.00%
Redemption Fee %:	0.00%

Size & Flows (\$m)	
Fund Size:	\$2,444
Est. 1-Year Flows:	(\$358)
as % of Current Size:	-15%
x Management Fee:	(\$2)
Est. 3-Year Flows:	(\$708)
as % of Current Size:	-29%
x Management Fee:	(\$5)
# of Holdings:	101
% in Top 10 Holdings:	19%
# of Stocks:	99
Est. \$m per Stock:	\$25
< 5% of Company	\$494

Performance						
	Qtr	YTD	1Yr	3Yr	5Yr	10Yr
Hartford MidCap HLS IA	26.17	25.10	25.10	15.44	16.48	14.07
Russell 2500	27.41	19.99	19.99	11.33	13.64	11.97
+/- Index	(1.24)	5.11	5.11	4.11	2.84	2.10
Ranking	13	11	11	5	1	1
	2020	2019	2018	2017	2016	2015
Hartford MidCap HLS IA	25.10	32.86	-7.44	24.47	11.98	1.60
Russell 2500	19.99	27.77	-10.00	16.81	17.59	-2.90
+/- Index	5.11	5.10	2.56	7.66	(5.61)	4.50
Ranking	11	12	16	3	68	6



Composition		Sector		Size/Style		
		+/ Avg.		+/ Idx.		
<b>Asset Allocation</b> 	Energy	0%	-1%	Large Value	2%	2%
	Materials	2%	-2%	Large Blend	2%	2%
	Industrials	15%	-2%	Large Growth	1%	1%
	Cons. Disc.	10%	-4%	Mid Value	7%	-3%
	Cons. Stpls.	2%	-2%	Mid Blend	38%	22%
	Healthcare	20%	7%	Mid Growth	15%	-1%
	Financials	16%	-4%	Small Value	6%	-11%
	Info. Tech.	29%	10%	Small Blend	19%	-7%
	Telecom	3%	-1%	Small Growth	10%	-4%
	Utilities	2%	-2%	<b>Total Mid</b>	<b>59%</b>	<b>17%</b>
	<b>Total:</b>	<b>100%</b>	<b>0%</b>	<b>Total Blend</b>	<b>59%</b>	<b>17%</b>

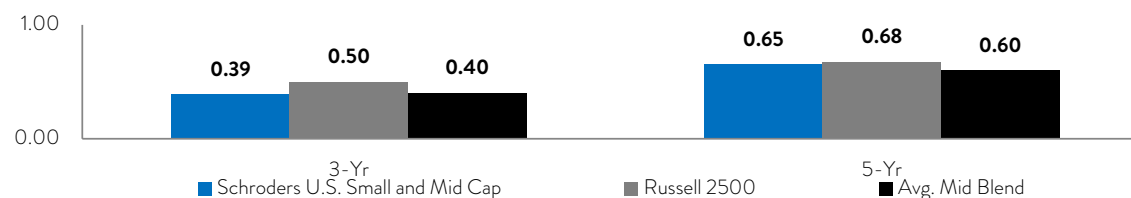
# Schroders U.S. Small and Mid Cap

## Fund Fact Sheet - December 31, 2020

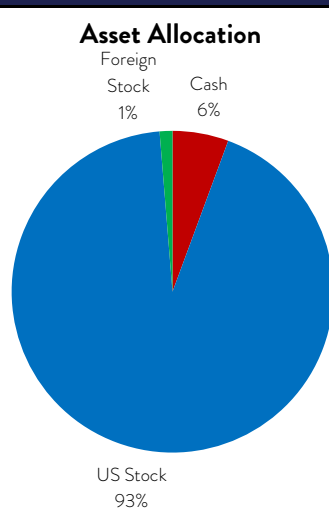
Operations	
Ticker:	
CUSIP:	
Share Class:	<b>CIT</b>
Legal Structure:	<b>Separate Account</b>
Investment Type:	<b>Separate Account</b>
Management	
Advisor:	<b>Schroders Investment Mgt North America</b>
Sub-Advisor:	<b>None</b>
Senior Manager:	<b>Robert Kaynor</b>
Year Started:	<b>2018</b>
Expenses	
Prospectus Net Exp. Ratio:	<b>0.75%</b>
Annual Report Exp. Ratio:	<b>0.00%</b>
Management Fee:	<b>0.00%</b>
12b-1:	<b>0.00%</b>
Redemption Fee %:	<b>0.00%</b>
Size & Flows (\$m)	
Fund Size:	-
Est. 1-Year Flows:	-
as % of Current Size:	-
x Management Fee:	-
Est. 3-Year Flows:	-
as % of Current Size:	-
x Management Fee:	-
# of Holdings:	<b>91</b>
% in Top 10 Holdings:	<b>18%</b>
# of Stocks:	<b>90</b>
Est. \$m per Stock:	-
< 5% of Company	-

Performance						
	Qtr	YTD	1Yr	3Yr	5Yr	10Yr
Schroders U.S. Small and Mid Cap	<b>20.94</b>	<b>7.93</b>	<b>7.93</b>	<b>8.07</b>	<b>11.95</b>	<b>11.72</b>
Russell 2500	<b>27.41</b>	<b>19.99</b>	<b>19.99</b>	<b>11.33</b>	<b>13.64</b>	<b>11.97</b>
+/- Index	<b>(6.47)</b>	<b>(12.06)</b>	<b>(12.06)</b>	<b>(3.26)</b>	<b>(1.69)</b>	<b>(0.25)</b>
Ranking	<b>51</b>	<b>79</b>	<b>79</b>	<b>51</b>	<b>38</b>	<b>19</b>
	2020	2019	2018	2017	2016	2015
Schroders U.S. Small and Mid Cap	<b>7.93</b>	<b>30.51</b>	<b>-10.41</b>	<b>16.42</b>	<b>19.65</b>	<b>2.21</b>
Russell 2500	<b>19.99</b>	<b>27.77</b>	<b>-10.00</b>	<b>16.81</b>	<b>17.59</b>	<b>-2.90</b>
+/- Index	<b>(12.06)</b>	<b>2.75</b>	<b>(0.41)</b>	<b>(0.39)</b>	<b>2.06</b>	<b>5.11</b>
Ranking	<b>79</b>	<b>24</b>	<b>37</b>	<b>46</b>	<b>19</b>	<b>3</b>

### Risk-Adjusted Performance (Sharpe Ratio)



### Composition



Sector	+/-	Avg.	Size/Style	+/- Idx.
Energy	1%	0%	Large Value	0%
Materials	8%	4%	Large Blend	1%
Industrials	16%	-1%	Large Growth	0%
Cons. Disc.	11%	-3%	Mid Value	9%
Cons. Stpls.	3%	-1%	Mid Blend	17%
Healthcare	14%	2%	Mid Growth	4%
Financials	21%	0%	Small Value	-12%
Info. Tech.	22%	3%	Small Blend	-11%
Telecom	1%	-3%	Small Growth	-8%
Utilities	2%	-2%		
<b>Total:</b>	<b>100%</b>	<b>0%</b>	<b>Total Mid</b>	<b>31%</b>
			<b>Total Blend</b>	<b>8%</b>

# Wellington CIF II SMID Cap Research

## Fund Fact Sheet - December 31, 2020

Operations	
Ticker:	
CUSIP:	<b>94966P489</b>
Share Class:	<b>CIT</b>
Legal Structure:	<b>CIT</b>
Investment Type:	<b>Collective Investment Trusts</b>
Management	
Advisor:	<b>Wellington Management Company LLP</b>
Sub-Advisor:	<b>None</b>
Senior Manager:	<b>Management Team</b>
Year Started:	<b>2016</b>
Expenses	
Prospectus Net Exp. Ratio:	<b>0.85%</b>
Annual Report Exp. Ratio:	<b>0.00%</b>
Management Fee:	<b>0.80%</b>
12b-1:	<b>0.00%</b>
Redemption Fee %:	<b>0.00%</b>
Size & Flows (\$m)	
Fund Size:	-
Est. 1-Year Flows:	-
as % of Current Size:	-
x Management Fee:	-
Est. 3-Year Flows:	-
as % of Current Size:	-
x Management Fee:	-
# of Holdings:	<b>313</b>
% in Top 10 Holdings:	<b>11%</b>
# of Stocks:	<b>310</b>
Est. \$m per Stock:	-
< 5% of Company	-

Performance						
	Qtr	YTD	1Yr	3Yr	5Yr	10Yr
Wellington CIF II SMID Cap Research	<b>29.31</b>	<b>20.69</b>	<b>20.69</b>	<b>15.69</b>	<b>15.82</b>	-
Russell 2500	<b>27.41</b>	<b>19.99</b>	<b>19.99</b>	<b>11.33</b>	<b>13.64</b>	<b>11.97</b>
+/- Index	<b>1.90</b>	<b>0.70</b>	<b>0.70</b>	<b>4.37</b>	<b>2.18</b>	-
Ranking	<b>3</b>	<b>16</b>	<b>16</b>	<b>4</b>	<b>4</b>	-
	2020	2019	2018	2017	2016	2015
Wellington CIF II SMID Cap Research	<b>20.69</b>	<b>37.99</b>	<b>-7.02</b>	<b>19.28</b>	-	-
Russell 2500	<b>19.99</b>	<b>27.77</b>	<b>-10.00</b>	<b>16.81</b>	<b>17.59</b>	<b>-2.90</b>
+/- Index	<b>0.70</b>	<b>10.23</b>	<b>2.99</b>	<b>2.47</b>	-	-
Ranking	<b>16</b>	<b>3</b>	<b>14</b>	<b>19</b>	-	-
Risk-Adjusted Performance (Sharpe Ratio)						
<p>3-Yr: Wellington CIF II SMID Cap Research (0.64), Russell 2500 (0.50), Avg. Mid Blend (0.40)            5-Yr: Wellington CIF II SMID Cap Research (0.78), Russell 2500 (0.68), Avg. Mid Blend (0.60)</p>						
Composition						
Asset Allocation		Sector	+/- Avg.	Size/Style	+/- Idx.	
Foreign Stock	2%	Energy	1%	Large Value	0%	0%
Bond	1%	Materials	5%	Large Blend	1%	0%
US Stock	97%	Industrials	13%	Large Growth	1%	1%
		Cons. Disc.	12%	Mid Value	12%	3%
		Cons. Stpls.	3%	Mid Blend	19%	3%
		Healthcare	16%	Mid Growth	22%	5%
		Financials	23%	Small Value	8%	-9%
		Info. Tech.	19%	Small Blend	16%	-10%
		Telecom	4%	Small Growth	22%	7%
		Utilities	3%	<b>Total Mid</b>	<b>53%</b>	<b>11%</b>
		<b>Total:</b>	<b>100%</b>	<b>Total Blend</b>	<b>35%</b>	<b>-7%</b>



# Wellington CIF II MdCap Opps S3

## Fund Fact Sheet - December 31, 2020

Operations	
Ticker:	
CUSIP:	<b>94966R428</b>
Share Class:	<b>CIT</b>
Legal Structure:	<b>CIT</b>
Investment Type:	<b>Collective Investment Trusts</b>
Management	
Advisor:	<b>Wellington Management Company LLP</b>
Sub-Advisor:	<b>None</b>
Senior Manager:	<b>Philip W. Ruedi</b>
Year Started:	<b>2004</b>
Expenses	
Prospectus Net Exp. Ratio:	<b>0.57%</b>
Annual Report Exp. Ratio:	<b>0.00%</b>
Management Fee:	<b>0.55%</b>
12b-1:	<b>0.00%</b>
Redemption Fee %:	<b>0.00%</b>
Size & Flows (\$m)	
Fund Size:	-
Est. 1-Year Flows:	-
as % of Current Size:	-
x Management Fee:	-
Est. 3-Year Flows:	-
as % of Current Size:	-
x Management Fee:	-
# of Holdings:	<b>102</b>
% in Top 10 Holdings:	<b>19%</b>
# of Stocks:	<b>101</b>
Est. \$m per Stock:	-
< 5% of Company	-

Performance						
	Qtr	YTD	1Yr	3Yr	5Yr	10Yr
Wellington CIF II MdCap Opps S3	<b>26.36</b>	<b>25.16</b>	<b>25.16</b>	<b>15.69</b>	<b>16.57</b>	-
Russell 2500	<b>27.41</b>	<b>19.99</b>	<b>19.99</b>	<b>11.33</b>	<b>13.64</b>	<b>11.97</b>
+/- Index	<b>(1.05)</b>	<b>5.17</b>	<b>5.17</b>	<b>4.36</b>	<b>2.93</b>	-
Ranking	<b>12</b>	<b>11</b>	<b>11</b>	<b>4</b>	<b>1</b>	-
	2020	2019	2018	2017	2016	2015
Wellington CIF II MdCap Opps S3	<b>25.16</b>	<b>33.06</b>	<b>-7.03</b>	<b>24.54</b>	<b>12.14</b>	<b>1.69</b>
Russell 2500	<b>19.99</b>	<b>27.77</b>	<b>-10.00</b>	<b>16.81</b>	<b>17.59</b>	<b>-2.90</b>
+/- Index	<b>5.17</b>	<b>5.29</b>	<b>2.98</b>	<b>7.73</b>	<b>(5.45)</b>	<b>4.59</b>
Ranking	<b>11</b>	<b>12</b>	<b>14</b>	<b>2</b>	<b>65</b>	<b>6</b>
Risk-Adjusted Performance (Sharpe Ratio)						
Composition						
Asset Allocation		Sector	+/- Avg.	Size/Style	+/- Idx.	
Foreign Stock	5%	Energy	<b>0%</b>	Large Value	<b>1%</b>	<b>1%</b>
Cash	0%	Materials	<b>3%</b>	Large Blend	<b>3%</b>	<b>3%</b>
US Stock	95%	Industrials	<b>17%</b>	Large Growth	<b>0%</b>	<b>0%</b>
	16	Cons. Disc.	<b>10%</b>	Mid Value	<b>6%</b>	<b>-3%</b>
		Cons. Stpls.	<b>2%</b>	Mid Blend	<b>26%</b>	<b>10%</b>
		Healthcare	<b>18%</b>	Mid Growth	<b>37%</b>	<b>20%</b>
		Financials	<b>14%</b>	Small Value	<b>7%</b>	<b>-10%</b>
		Info. Tech.	<b>28%</b>	Small Blend	<b>8%</b>	<b>-18%</b>
		Telecom	<b>5%</b>	Small Growth	<b>11%</b>	<b>-4%</b>
		Utilities	<b>2%</b>	<b>Total Mid</b>	<b>70%</b>	<b>28%</b>
		<b>Total:</b>	<b>100%</b>	<b>Total Blend</b>	<b>38%</b>	<b>-5%</b>

# Vanguard Extended Market Index I

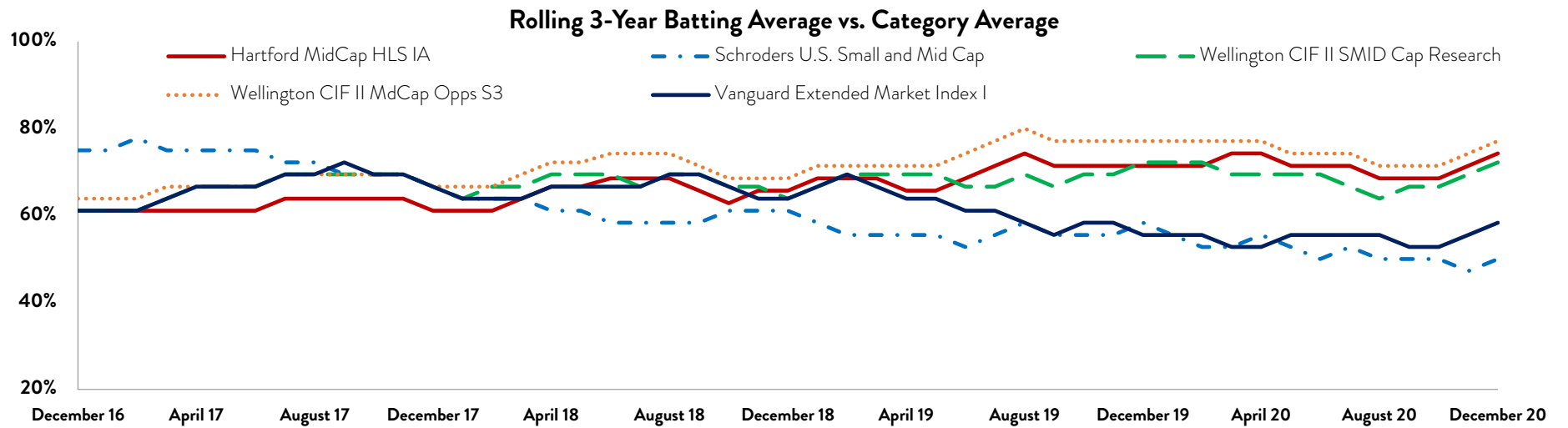
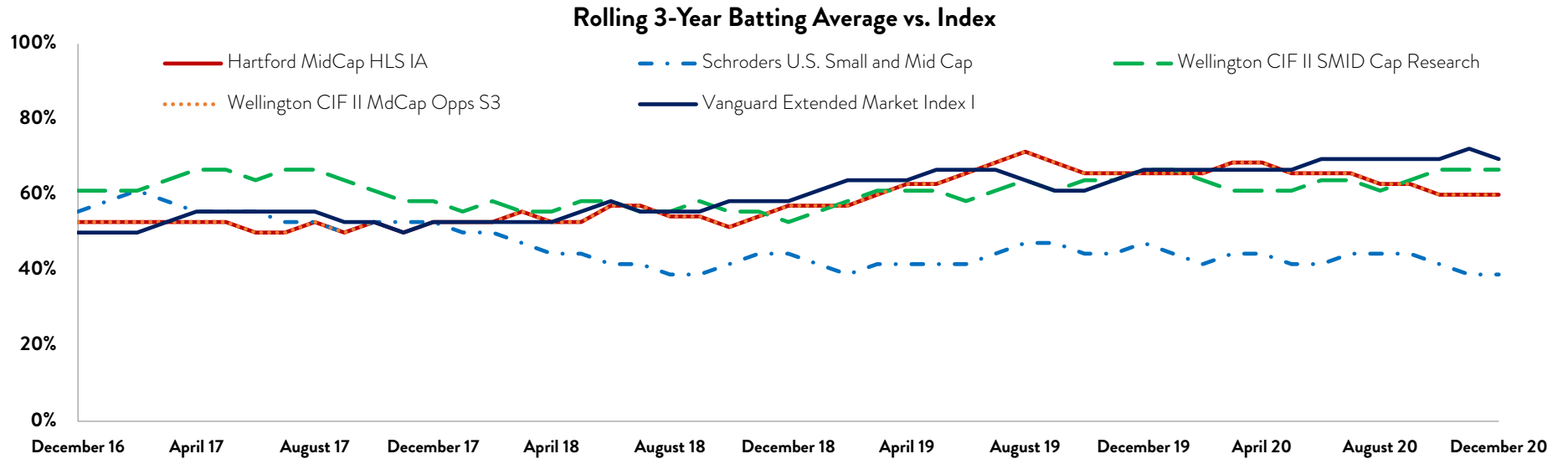
## Fund Fact Sheet - December 31, 2020

Operations	
Ticker:	VIEIX
CUSIP:	922908884
Share Class:	Inst
Legal Structure:	Open Ended Investment Company
Investment Type:	Open-End Fund
Management	
Advisor:	Vanguard Group Inc
Sub-Advisor:	None
Senior Manager:	Donald M. Butler
Year Started:	1997
Expenses	
Prospectus Net Exp. Ratio:	0.05%
Annual Report Exp. Ratio:	0.05%
Management Fee:	0.04%
12b-1:	0.00%
Redemption Fee %:	0.00%
Size & Flows (\$m)	
Fund Size:	\$14,678
Est. 1-Year Flows:	(\$1,898)
as % of Current Size:	-13%
x Management Fee:	(\$1)
Est. 3-Year Flows:	(\$662)
as % of Current Size:	-5%
x Management Fee:	(\$0)
# of Holdings:	3340
% in Top 10 Holdings:	8%
# of Stocks:	3318
Est. \$m per Stock:	\$4
< 5% of Company	\$88

Performance						
	Qtr	YTD	1Yr	3Yr	5Yr	10Yr
Vanguard Extended Market Index I	27.44	32.23	32.23	15.35	16.06	13.24
Russell 2500	27.41	19.99	19.99	11.33	13.64	11.97
+/- Index	0.03	12.24	12.24	4.02	2.42	1.27
Ranking	8	2	2	3	1	3
	2020	2019	2018	2017	2016	2015
Vanguard Extended Market Index I	32.23	28.05	-9.35	18.12	16.15	-3.24
Russell 2500	19.99	27.77	-10.00	16.81	17.59	-2.90
+/- Index	12.24	0.29	0.65	1.31	(1.44)	(0.34)
Ranking	2	38	40	35	43	54
Risk-Adjusted Performance (Sharpe Ratio)						
Composition						
Asset Allocation		Sector	+/- Avg.	Size/Style	+/- Idx.	
Foreign Stock	2%	Energy	2%	Large Value	1%	1%
Cash	0%	Materials	3%	Large Blend	2%	1%
US Stock	98%	Industrials	13%	Large Growth	11%	11%
		Cons. Disc.	11%	Mid Value	5%	-4%
		Cons. Stpls.	3%	Mid Blend	13%	-2%
		Healthcare	16%	Mid Growth	19%	3%
		Financials	19%	Small Value	14%	-3%
		Info. Tech.	25%	Small Blend	22%	-4%
		Telecom	6%	Small Growth	13%	-2%
		Utilities	2%			
		<b>Total:</b>	<b>100%</b>	<b>Total Mid</b>	<b>38%</b>	<b>-4%</b>
				<b>Total Blend</b>	<b>37%</b>	<b>-5%</b>

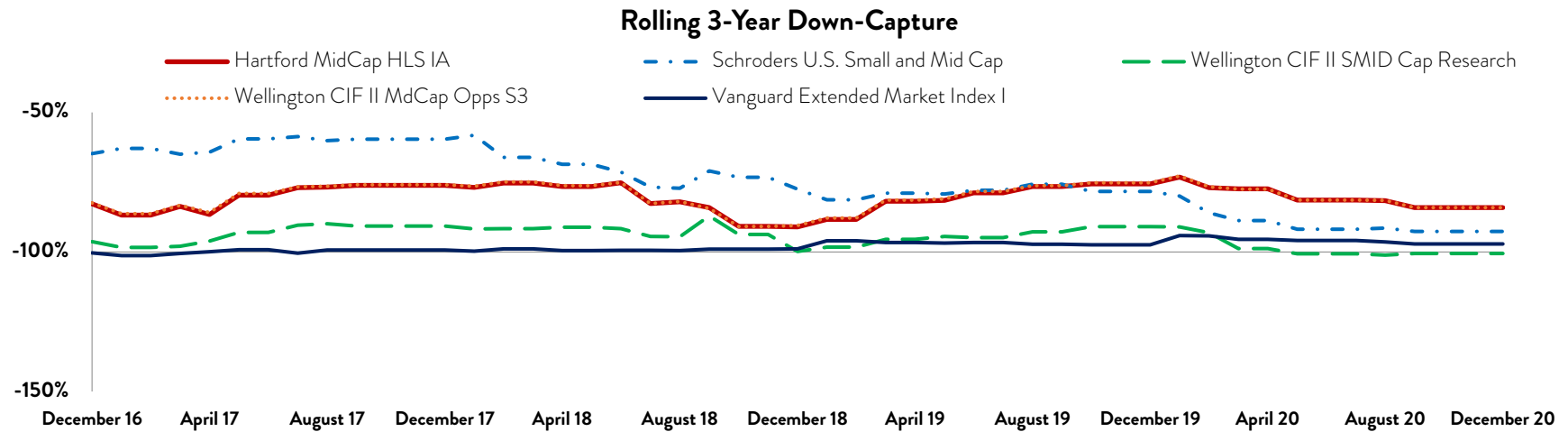
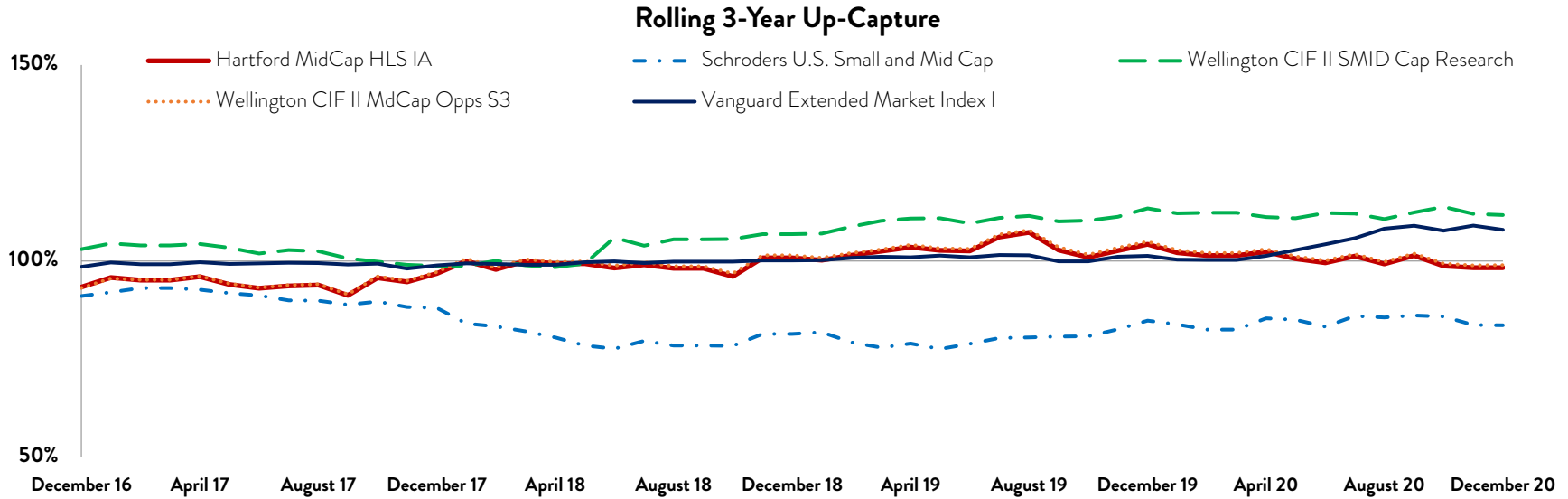
# State of Nevada 457(b) DC Plans

## SMID Cap Blend Manager Search Report March 2021



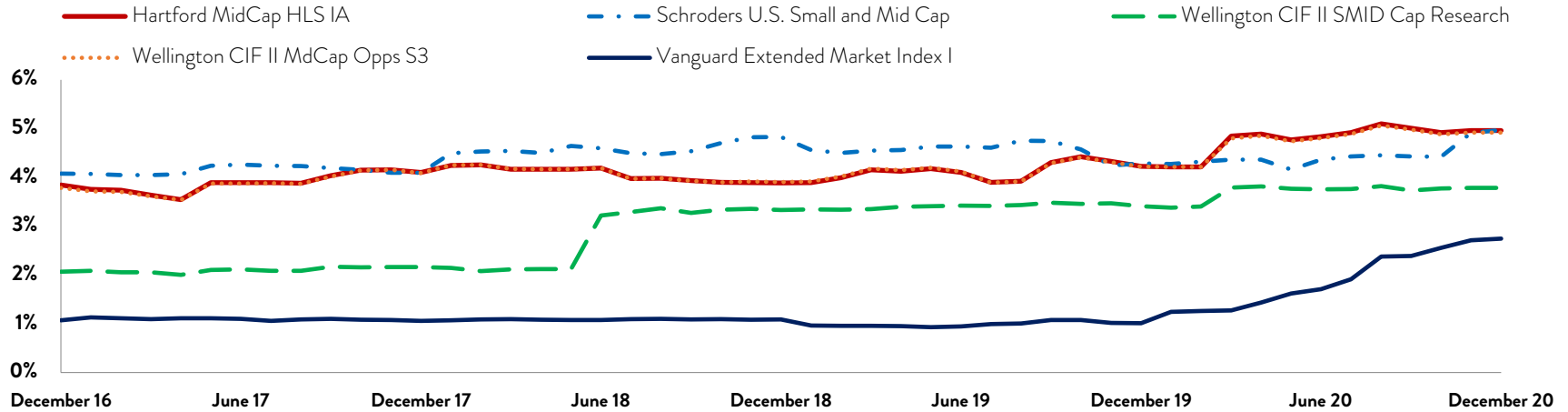
## State of Nevada 457(b) DC Plans

### SMID Cap Blend Manager Search Report March 2021

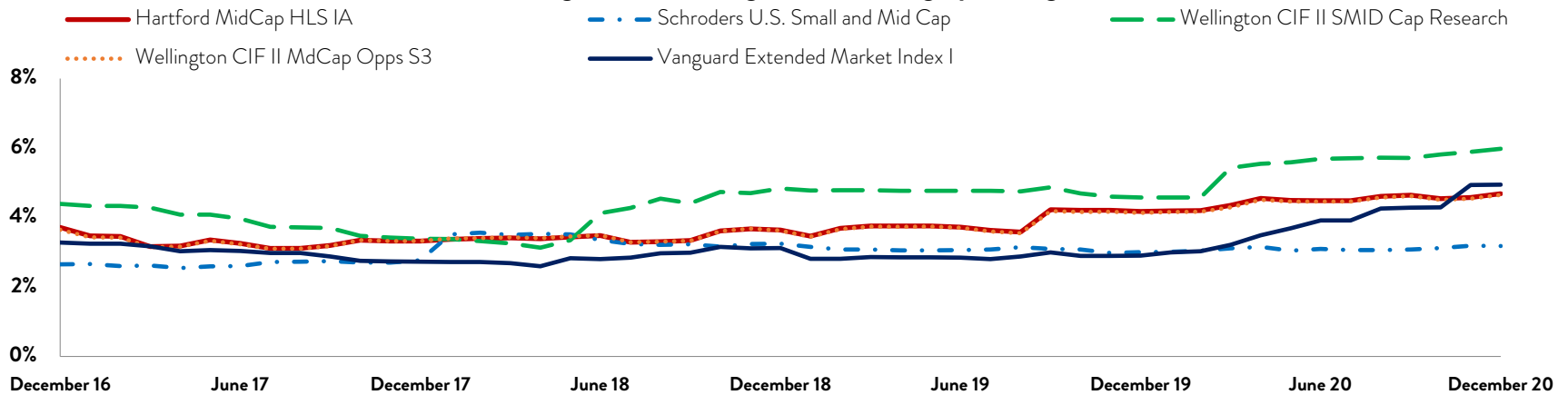


## State of Nevada 457(b) DC Plans SMID Cap Blend Manager Search Report March 2021

### Rolling 3-Year Tracking Error vs. Index

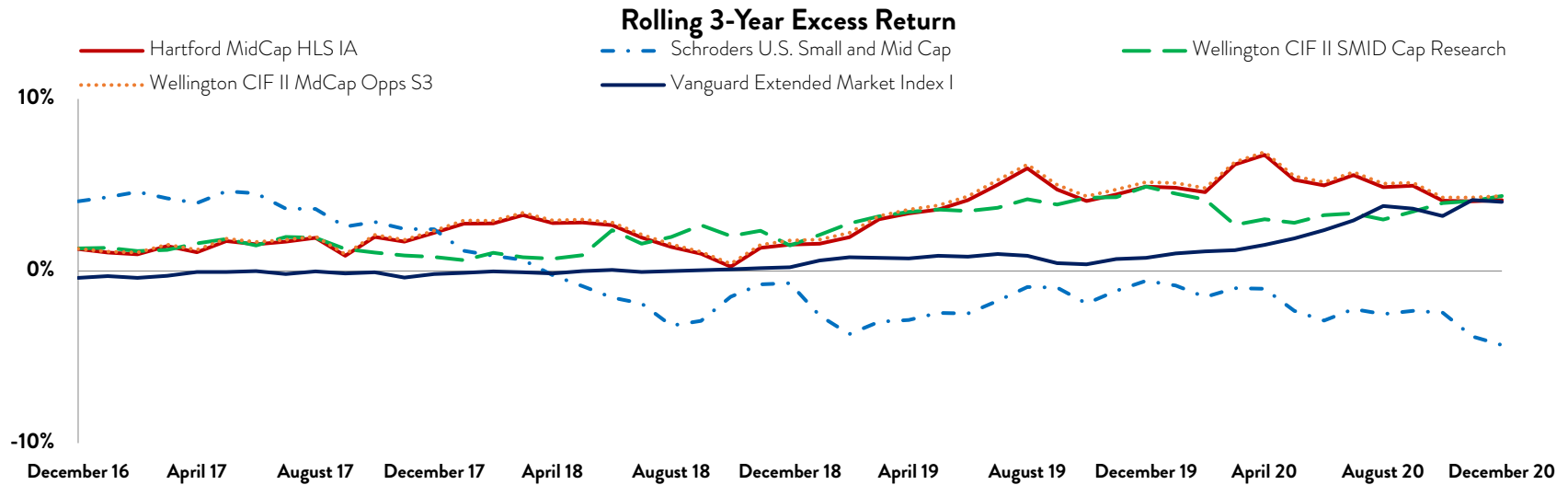
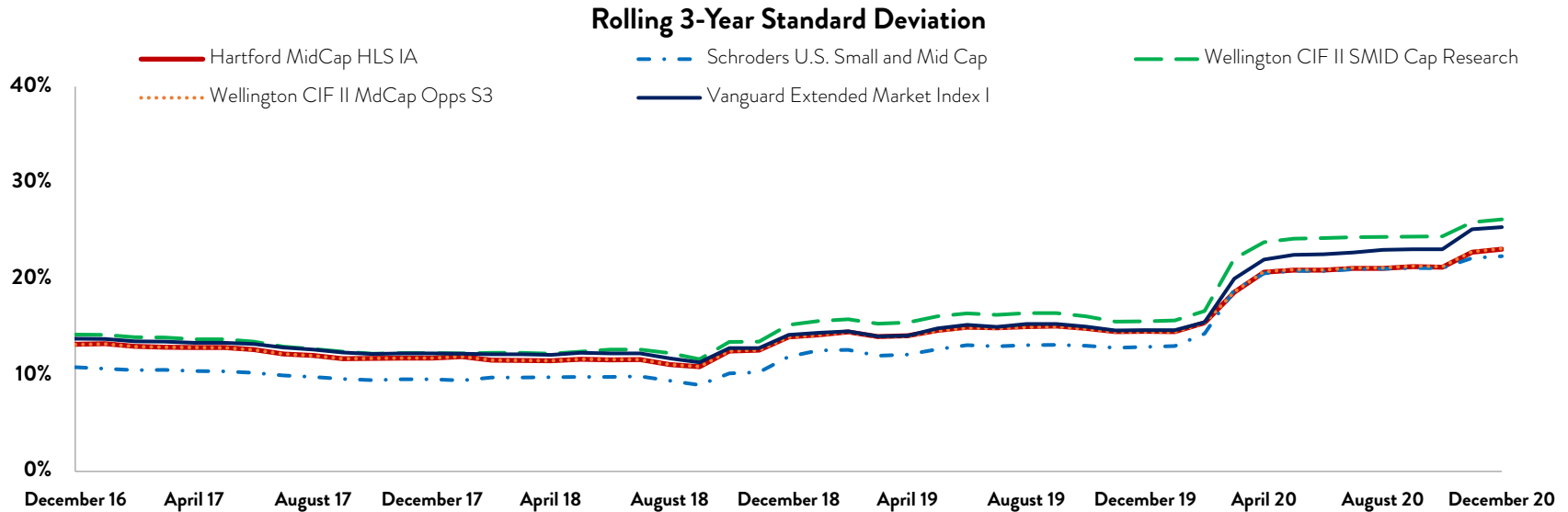


### Rolling 3-Year Tracking Error vs. Category Average



# State of Nevada 457(b) DC Plans

## SMID Cap Blend Manager Search Report March 2021



# Section 7

## State of Nevada 457(b) DC Plans

### SMID Cap Blend Manager Search Report March 2021

#### Section 7: Glossary

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##### **Investment Terms**

###### **Fixed Income:**

A fund that invests primarily in bonds and other fixed-income securities, often to provide shareholders with current income. Peer groups within this asset class may include, but are not limited to, Intermediate-Term, Money Market, Stable Value, Inflation-Protected, High Yield, Global, and others.

###### **Large Cap:**

A fund that invests in stocks of companies with large market capitalizations, typically starting at \$10 billion. Large Caps tend to be well-established companies, so their stocks typically entail less volatility and more current income than Small Caps, but also offer less potential for dramatic growth. A Large Cap fund may pursue an investment style such as growth, value, or a combination of the two (often referred to as Core or Blend) and be placed within a corresponding peer group.

###### **Mid Cap:**

A fund that invests in stocks of companies with medium market capitalizations, typically ranging between \$2 billion and \$10 billion. Mid Caps are often considered to offer more growth potential than Large Caps (but less than Small Caps) and less risk than Small Caps (but more than Large Caps). A Mid Cap fund may pursue an investment style such as Growth, Value, or a combination of the two (often referred to as Core or Blend) and be placed within a corresponding peer group.

###### **Small Cap:**

A fund that invests in stocks of companies with small market capitalizations, typically no higher than \$2 billion. Small Caps are often considered to offer more growth potential, but less current income than Large Caps and Mid Caps, and with more risk. A Small Cap fund may pursue an investment style such as Growth, Value, or a combination of the two (often referred to as Core or Blend) and be placed within a corresponding peer group.

###### **International Stock:**

A fund that invests primarily in the stocks of companies located, or with revenues derived from, outside of the United States. An International fund may pursue an investment style such as Growth, Value, or a combination of the two (often referred to as Core or Blend) and be placed within a corresponding peer group. Additional peer groups may include, but are not limited to, Global, Emerging Markets, and others.

###### **Asset Allocation:**

A fund that pursues a method of investing by which the manager include a range of different investment classes such as bonds, stocks, cash, alternative investments, and others in their portfolios. Peer groups within this asset class may include, but are not limited to Conservative Allocation, Moderate Allocation, Aggressive Allocation, Target Date, Life Cycle and others.

###### **Growth (investment style):**

A fund that invests primarily in the stocks of companies appearing to have relatively high growth prospects relative to their asset class. These companies often pay relatively low current income as most earnings are reinvested in the pursuit of higher future growth. These companies may also trade at relatively high valuations (such as price-to-earnings or price-to-sales) as investors may be willing to pay a “premium” to benefit from the company’s expected future growth.

###### **Value (investment style):**

A fund that invests primarily in the stocks of companies appearing be attractively priced by assorted metrics (such as price-to-earnings, price-to-sales, dividend yield, and others). These companies typically distribute a greater portion of their cash flows to shareholders than growth companies and as such will typically pay higher current income.

###### **Blend/Core (investment style):**

A fund that incorporates a comparable amount of Growth and Value investment styles into its investment management.



## State of Nevada 457(b) DC Plans

### SMID Cap Blend Manager Search Report March 2021

#### Operational Terms

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**CUSIP:**

A nine character code that represents most securities, including the type of security. A CUSIP can be used to expedite settlement of securities transactions.

**Expense Ratio:**

A measure of what it costs to operate an investment, expressed as a percentage of its assets or in basis points. These are costs the investor pays through a reduction in the investment's value.

**Mutual Fund:**

An investment company that gathers money from individual investors for the purchase of securities, such as stocks, bonds, or cash equivalents. Investors own shares of the mutual funds but do not own the underlying securities. Shares of mutual funds can typically be redeemed on an end-of-day basis for the net asset value of the underlying securities, minus any applicable fees.

**Redemption Fee:**

A fee collected by an investment company for selling out of a fund within a specified time period, typically 30 days. The fee is established to discourage short-term trading and is redistributed to any remaining fund investors.

**Revenue Share:**

A portion of a fund's expense ratio that may be used to pay plan expenses for certain retirement plans.

**Share Class:**

Some investment funds and companies offer more than one type or group of shares, each of which is considered a class (e.g., "Class A," "Advisor" or "Institutional" shares). For most investment funds each class has different fees and expenses but all of the classes invest in the same pool of securities and share the same investment objectives.

**Ticker:**

A five-letter code, often used for trading purposes, that represents a particular mutual fund.

# State of Nevada 457(b) DC Plans

## SMID Cap Blend Manager Search Report March 2021

### Statistical Terms

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#### **Batting Average:**

How frequently a fund outperformed its benchmark given a certain time period and periodicity of returns.

#### **Beta:**

A statistical measure of an investment's volatility and degree of co-movement relative to its benchmark. A beta of 1.0 implies that an investment has, or has exhibited the same degree of volatility as its benchmark and has tended to closely track the performance of its benchmark. A beta that is above (below) 1 implies that an investment has exhibited higher (lower) overall volatility than its benchmark. Beta is often viewed as indicative of an investment's sensitivity to "systematic" or market risk.

#### **R-Squared (R<sup>2</sup>):**

A statistical measurement of how much of an investment's returns are explained by another set of returns, typically that of a benchmark. An R<sup>2</sup> of 1.0 (0.0) implies that 100% (0%) of an investment's returns are explained by its benchmark and provides an indication as to what degree the investment might be expected to move in step with its benchmark.

#### **Sharpe Ratio:**

A measure of risk-adjusted returns. The Sharpe Ratio is the ratio of an investment's excess return (typically versus its index or a "risk-free" investment such as Treasury Bills) relative to its standard deviation for the corresponding period. A high (low) Sharpe Ratio indicates that an investment has provided a high (low) amount of excess return relative to the amount of risk it has incurred in doing so.

#### **Standard Deviation:**

A statistical measurement of how an investment's returns have tended to fluctuate around their average. A higher standard deviation implies a broader range of returns relative to an average and thereby a higher degree of investment risk. Assuming a normal distribution, approximately 95% of an investment's returns should fall within two standard deviations of its average for the corresponding time period and periodicity.

#### **Tracking Error:**

Tracking error is a measurement of the volatility of the difference between an investment's returns versus those of its benchmark. Given a certain periodicity of returns (such as monthly or quarterly), tracking error measures the volatility of the difference of the investment's and the benchmark's periodic returns within a specified time period. Annualized tracking error above 6% is generally viewed as high.

#### **Up (Down) Capture Ratio:**

Up (down) capture compares an investment's upside (downside) performance relative to that of its benchmark when the benchmark was returning positive (negative). Up (down) capture is expressed in percentage terms. For example, an investment with 120% Up Capture has, in relative terms, provided 20% more returns than the benchmark in periods of rising markets.

## State of Nevada 457(b) Deferred Compensation Plans

Proposed Investment Mapping - March 2021

Current Investment Menu	Ticker	Assets	Net Exp. Ratio	Map To	Recommended Investment Menu	Ticker	Net Exp. Ratio
Voya Fixed Account	-	\$344,090,936	0.400%	-	Voya Fixed Account	-	0.400%
Vanguard Total Bond Market Index I	VBTIX	\$28,761,263	0.035%	-	Vanguard Total Bond Market Index I	VBTIX	0.035%
-	-	-	-	<b>+</b>	Hartford Total Return R6 or Sterling Capital Total Return R6	ITBVX STRDX	0.350%
MFS Value R4	MEIJX	\$18,643,810	0.430%	-	MFS Value R4	MEIJX	0.430%
Vanguard Institutional Index Instl	VINIX	\$117,862,821	0.035%	<b>→</b>	Vanguard Institutional Index Instl Plus	VIIIX	0.020%
T. Rowe Price Growth Stock I	PRUFX	\$91,442,888	0.520%	-	T. Rowe Price Growth Stock I	PRUFX	0.520%
Vanguard Mid-Cap Value Index Adm	VMVAX	\$3,394,031	0.070%	-	Vanguard Mid-Cap Value Index Adm	VMVAX	0.070%
Hartford MidCap HLS IA	HIMCX	\$61,243,206	0.650%	<b>→</b>	Wellington Mid Cap Opportunities S3	-	0.570%
Vanguard Extended Market Index Instl	VIEIX	\$64,771,947	0.050%	-	Vanguard Extended Market Index Instl	VIEIX	0.050%
Vanguard Mid-Cap Growth Index Adm	VMGMX	\$22,257,613	0.070%	-	Vanguard Mid-Cap Growth Index Adm	VMGMX	0.070%
Vanguard Developed Markets Index Instl	VTMNX	\$35,019,097	0.050%	<b>→</b>	Vanguard Total Intl Stock Index I	VTSNX	0.080%
American Funds EuroPacific Growth R6	RERGX	\$8,773,122	0.460%	-	American Funds EuroPacific Growth R6	RERGX	0.460%
Vanguard Instl Target Retirement Series	Varies	\$209,723,007	0.090%	-	Vanguard Instl Target Retirement Series	Varies	0.090%
<b>Assets (excl. SDBA/Loans):</b>			<b>\$1,005,983,742</b>	<b>0.266%</b>			<b>0.261%</b>



## **STATE OF NEVADA**

### **457(b) Deferred Compensation Plans**

Comparison of Index Funds

March 2021

~For Institutional Use Only – Not for Public Distribution~



HYAS GROUP

STATE OF NEVADA  
**RECOMMENDATION TO CHANGE INDEX FUND PROVIDERS**

The Hyas Group's recommendation to move to Fidelity's index suite was predicated on multiple factors. Since Fidelity's decision to reduce expenses below Vanguard's, we have had several conversations with them, Vanguard, and other index providers (e.g. State Street, BlackRock, and Charles Schwab) to get a sense of the industry's direction, possible competitor reactions, and other relevant factors. The points below provide a summary:

› **EXPENSES:**

In addition to having a lower cost, the cost advantage must be material enough to warrant a change. In the case of the State's Plans, we estimated annual savings to amount to \$29,659. Though not a remarkably high figure compared to the Plans' \$1.0 billion in assets, the cumulative savings from this action could amount to over \$500,000 in several years. As such, when taking a long-time horizon, the costs of this analysis and action appear warranted.

› **CHOICE OF INDEX:**

The index selected should broadly represent its applicable asset class. While Vanguard and Fidelity's funds do not all track the same index, they do track indexes that we view to be representative of their asset classes. For example, Fidelity Extended Market Index tracks the Dow Jones US Completion Index while Vanguard's equivalent tracks the S&P Completion Index. In aggregate however, both represent the asset class.

› **TRACKING ERROR:**

Tracking error is a statistic reflecting the volatility of a fund's excess returns versus its index. While a lower tracking error is generally desirable for index funds, it does not automatically mean that fund is closely tracking the index (for example, an index fund that lagged its index by exactly 1% per month would have a tracking error of zero, but would underperform substantially). As such, tracking error must be viewed in the context of excess returns (discussed below). Tracking error also varies per asset class. US Stock asset classes generally have the lowest tracking error. US Bonds and International Stock asset classes typically have higher tracking error due to timing differences between the pricing of the fund's securities and the index it tracks.

The above notwithstanding, both Fidelity and Vanguard have exhibited comparable and acceptably low tracking error.

› **EXCESS RETURNS:**

In addition to having low tracking error, an index fund should not lag its index over a market cycle by much more than its expense ratio. Funds in asset classes where securities lending (discussed below) tends to be more remunerative may outperform their respective indexes.

Both Fidelity and Vanguard have generally kept pace with their respective indexes over the trailing five-year period, where one is available.

› **SECURITIES LENDING:**

Securities lending is the process by which a fund will lend the securities it owns to other investors, typically via an intermediary. In exchange for the security loan, the borrower will pay the fund interest and will also post liquid collateral, typically in excess of the security's value and which is valued daily. In the United States, the general practice is to collateralize 102% and 105% of domestic and international securities respectively. US mutual funds in particular are prohibited from lending more than one-third of the fund's value and must have collateral equal to at least 100% of the security's value. A mutual fund also must earn a reasonable rate of return for the loan, at rates typically consistent with money market funds. Revenues from securities lending activities tend to be higher in less-liquid asset classes (such as small cap stocks) where the underlying securities are more difficult to obtain and trade. While securities lending is a long-standing practice in the financial industry, it is subject to certain inherent risks. These include the risk that the borrower will fail to return the securities, the risk that reinvested collateral will experience a loss, or the risk of error on the part of the agent-lender (typically an external party which receives a portion of the fund's lending revenue).

We have spoken to Vanguard and Fidelity about their securities lending practices and find that both appear to follow conservative approaches that include high collateralization, conservative re-investment policies, and passing all net proceeds from the activity to the underlying fund. Fidelity tends to lend a greater portion of its Funds, though still within SEC limits and subject to equally stringent collateralization policies as Vanguard. Neither the Fidelity nor Vanguard companies receive fees from their funds for securities lending activities. As such, Fidelity does not appear to be subsidizing this cost reduction by lending securities for its own benefit.

› **LONG-TERM STRATEGY:**

Given Vanguard's long-term presence in passive investing, we believed it would be important to allow them time to competitively respond to Fidelity's actions, and to observe Fidelity in the interim. Since neither party has altered their costs to levels that change the general comparison, it appears to be reasonable to move to Fidelity.

We believe that Vanguard's pricing creates a competitive ceiling on Fidelity's, which may discourage them from raising prices in the future. Nonetheless, if Fidelity was to subsequently raise prices to uncompetitive levels, its customers (whose confidence in Fidelity would obviously be impaired) could readily switch to another index provider.

# STATE OF NEVADA

## 457(b) Deferred Compensation Plans

# Comparison of Index Funds

March 2021

### Summary

Fidelity announced in August 2018 that it was lowering the expenses of its index funds and reducing their minimum initial investment to \$0, causing Fidelity to be among the lowest-cost providers for many investor groups. This document has been prepared to compare the current investment expenses and performance of your Plan's current passive offerings to those of a Fidelity alternative (where applicable). Additionally, Fidelity is not altering its securities lending policies, which are to return their proceeds (net of operating costs paid to a third party) to the applicable fund. All performance data in this document is as of the most recent quarter-end.

Asset Class	\$ in Funds	+/- % Expense	+/- \$ Expense
<b>Total</b>	<b>\$272,066,772</b>	<b>-0.011%</b>	<b>-\$29,659</b>
US Bonds	\$28,761,263	-0.015%	-\$4,314
US Large Cap	\$117,862,821	-0.005%	-\$5,893
US Mid Value	\$3,394,031	-0.020%	-\$679
US SMID	\$64,771,947	-0.014%	-\$9,068
US Mid Growth	\$22,257,613	-0.020%	-\$4,452
Dev. Int'l	\$35,019,097	-0.015%	-\$5,253

Asset Class	Fund	Ticker	Expense Ratio	5 Yr Ret.	+/- Idx	5 Yr Tracking Error	Tracking Index	Plan \$
US Bonds	Fidelity US Bond Index	fxnax	0.025%	4.413%	-0.023%	0.290%	BBgBarc US Agg Bond TR USD	\$28,761,263
	Vanguard Total Bond Market Index I	vbtix	0.040%	4.474%	-0.057%	0.262%	BBgBarc US Agg Float Adj TR USD	
US Large Cap	Fidelity 500 Index	fxaix	0.015%	15.207%	-0.010%	0.016%	S&P 500 TR USD	\$117,862,821
	Vanguard Institutional Index Instl Pl	viiiix	0.020%	15.207%	-0.010%	0.011%	S&P 500 TR USD	
US Mid Value	Fidelity Mid Cap Value Index	fimvx	0.050%	-	-	-	Russell Mid Cap Value TR USD	\$3,394,031
	Vanguard Mid-Cap Value Index Admiral	vmvax	0.070%	9.169%	-0.020%	0.044%	CRSP US Mid Cap Value TR USD	
US SMID	Fidelity Extended Market Index	fsmax	0.036%	16.048%	0.156%	0.070%	DJ US Completion Total Stock Mkt TR USD	\$64,771,947
	Vanguard Extended Market Index Instl	vieix	0.050%	16.060%	0.127%	0.069%	S&P Completion TR USD	
US Mid Growth	Fidelity Mid Cap Growth Index	fmdgx	0.050%	-	-	-	Russell Mid Cap Growth TR USD	\$22,257,613
	Vanguard Mid-Cap Growth Index Admiral	vmgmxx	0.070%	17.185%	-0.062%	0.033%	CRSP US Mid Cap Growth TR USD	
Dev. Int'l	Fidelity International Index	fspsx	0.035%	7.716%	0.268%	1.772%	MSCI EAFE NR USD	\$35,019,097
	Vanguard Developed Markets Index Instl	vtmxx	0.050%	8.336%	-0.013%	1.818%	FTSE Dvlp ex US All Cap(US RIC)NR USD	

# US BONDS

## Summary

Name	Index Tracked	# Holdings	Fund Size
Fidelity US Bond Index	BBgBarc US Agg Bond TR USD	2,313	\$58,101,680,320
Vanguard Total Bond Market Index I	BBgBarc US Agg Float Adj TR USD	18,462	\$70,221,978,852

## Performance

Annualized Returns

Name	Ticker	Exp.	Qtr	Ytd	1 Yr	2 Yrs	3 Yrs	5 Yrs	10 Yrs
Fidelity US Bond Index	fxnax	0.025%	0.75%	7.80%	7.80%	8.14%	5.36%	4.41%	3.82%
BBgBarc US Agg Bond TR USD	-	-	0.67%	7.51%	7.51%	8.11%	5.34%	4.44%	3.84%
<b>+/- Index</b>	-	-	<b>0.085%</b>	<b>0.292%</b>	<b>0.292%</b>	<b>0.031%</b>	<b>0.020%</b>	<b>-0.023%</b>	<b>-0.022%</b>
Vanguard Total Bond Market Index I	vbtix	0.040%	0.67%	7.74%	7.74%	8.23%	5.41%	4.47%	3.81%
BBgBarc US Agg Float Adj TR USD	-	-	0.71%	7.75%	7.75%	8.31%	5.44%	4.53%	3.89%
<b>+/- Index</b>	-	-	<b>-0.034%</b>	<b>-0.010%</b>	<b>-0.010%</b>	<b>-0.075%</b>	<b>-0.026%</b>	<b>-0.057%</b>	<b>-0.077%</b>

## Index Tracking

Calendar Year Returns

Tracking Error

Standard Deviation

Name	2019	2018	2017	2016	2015	3 Yrs	5 Yrs	3 Yrs	5 Yrs
Fidelity US Bond Index	8.48%	0.01%	3.50%	2.52%	0.63%	0.332%	0.290%	3.38%	3.21%
BBgBarc US Agg Bond TR USD	8.72%	0.01%	3.54%	2.65%	0.55%	-	-	3.37%	3.15%
<b>+/- Index</b>	<b>-0.233%</b>	<b>0.000%</b>	<b>-0.041%</b>	<b>-0.129%</b>	<b>0.081%</b>	-	-	<b>0.012%</b>	<b>0.053%</b>
Vanguard Total Bond Market Index I	8.73%	-0.01%	3.57%	2.61%	0.41%	0.281%	0.262%	3.44%	3.27%
BBgBarc US Agg Float Adj TR USD	8.87%	-0.08%	3.63%	2.75%	0.44%	-	-	3.47%	3.25%
<b>+/- Index</b>	<b>-0.141%</b>	<b>0.066%</b>	<b>-0.060%</b>	<b>-0.147%</b>	<b>-0.032%</b>	-	-	<b>-0.029%</b>	<b>0.022%</b>



# US LARGE CAP

## Summary

Name	Index Tracked	# Holdings	Fund Size
Fidelity 500 Index	S&P 500 TR USD	508	\$284,622,982,548
Vanguard Institutional Index Instl PI	S&P 500 TR USD	507	\$261,185,759,032

## Performance

Name	Ticker	Exp.	Qtr	Ytd	Annualized Returns					
					1 Yr	2 Yrs	3 Yrs	5 Yrs	10 Yrs	
Fidelity 500 Index	fxaix	0.015%	12.14%	18.40%	18.40%	24.76%	14.17%	15.21%	13.87%	
S&P 500 TR USD	-	-	12.15%	18.40%	18.40%	24.77%	14.18%	15.22%	13.88%	
<i>+/- Index</i>	-	-	<b>-0.006%</b>	<b>-0.004%</b>	<b>-0.004%</b>	<b>-0.009%</b>	<b>-0.013%</b>	<b>-0.010%</b>	<b>-0.012%</b>	
Vanguard Institutional Index Instl PI	viiix	0.020%	12.15%	18.41%	18.41%	24.77%	14.17%	15.21%	13.88%	
S&P 500 TR USD	-	-	12.15%	18.40%	18.40%	24.77%	14.18%	15.22%	13.88%	
<i>+/- Index</i>	-	-	<b>0.002%</b>	<b>0.009%</b>	<b>0.009%</b>	<b>0.003%</b>	<b>-0.008%</b>	<b>-0.010%</b>	<b>-0.006%</b>	

## Index Tracking

Name	Calendar Year Returns					Tracking Error		Standard Deviation	
	2019	2018	2017	2016	2015	3 Yrs	5 Yrs	3 Yrs	5 Yrs
Fidelity 500 Index	31.47%	-4.40%	21.81%	11.97%	1.38%	0.013%	0.016%	17.74%	14.88%
S&P 500 TR USD	31.49%	-4.38%	21.83%	11.96%	1.38%	-	-	17.74%	14.88%
<i>+/- Index</i>	<b>-0.015%</b>	<b>-0.018%</b>	<b>-0.021%</b>	<b>0.009%</b>	<b>0.001%</b>	-	-	<b>0.000%</b>	<b>0.000%</b>
Vanguard Institutional Index Instl PI	31.48%	-4.41%	21.82%	11.95%	1.39%	0.010%	0.011%	17.74%	14.88%
S&P 500 TR USD	31.49%	-4.38%	21.83%	11.96%	1.38%	-	-	17.74%	14.88%
<i>+/- Index</i>	<b>-0.005%</b>	<b>-0.025%</b>	<b>-0.015%</b>	<b>-0.009%</b>	<b>0.009%</b>	-	-	<b>0.000%</b>	<b>0.000%</b>

# US MID CAP VALUE

## Summary

Name	Index Tracked	# Holdings	Fund Size
Fidelity Mid Cap Value Index	Russell Mid Cap Value TR USD	697	\$614,411,852
Vanguard Mid-Cap Value Index Admiral	CRSP US Mid Cap Value TR USD	199	\$11,160,434,792

## Performance

Annualized Returns

Name	Ticker	Exp.	Qtr	Ytd	1 Yr	2 Yrs	3 Yrs	5 Yrs	10 Yrs
Fidelity Mid Cap Value Index	fimvx	0.050%	20.43%	4.74%	4.74%	-	-	-	-
Russell Mid Cap Value TR USD	-	-	20.43%	4.96%	4.96%	15.49%	5.37%	9.73%	10.49%
<b>+/- Index</b>	-	-	<b>0.003%</b>	<b>-0.226%</b>	<b>-0.226%</b>	-	-	-	-
Vanguard Mid-Cap Value Index Admiral	vmvax	0.070%	18.14%	2.54%	2.54%	14.56%	4.75%	9.17%	10.70%
CRSP US Mid Cap Value TR USD	-	-	18.14%	2.50%	2.50%	14.57%	4.75%	9.19%	10.87%
<b>+/- Index</b>	-	-	<b>0.002%</b>	<b>0.046%</b>	<b>0.046%</b>	<b>-0.002%</b>	<b>-0.001%</b>	<b>-0.020%</b>	<b>-0.166%</b>

## Index Tracking

Calendar Year Returns

Tracking Error

Standard Deviation

Name	2019	2018	2017	2016	2015	3 Yrs	5 Yrs	3 Yrs	5 Yrs
Fidelity Mid Cap Value Index	-	-	-	-	-	-	-	-	-
Russell Mid Cap Value TR USD	27.06%	-12.29%	13.34%	20.00%	-4.78%	-	-	21.45%	17.94%
<b>+/- Index</b>	-	-	-	-	-	-	-	-	-
Vanguard Mid-Cap Value Index Admiral	27.99%	-12.42%	17.04%	15.26%	-1.80%	0.046%	0.044%	21.38%	17.83%
CRSP US Mid Cap Value TR USD	28.05%	-12.42%	17.12%	15.28%	-1.75%	-	-	21.38%	17.84%
<b>+/- Index</b>	<b>-0.062%</b>	<b>-0.001%</b>	<b>-0.076%</b>	<b>-0.026%</b>	<b>-0.046%</b>	-	-	<b>0.000%</b>	<b>-0.003%</b>

# US SMID CAP

## Summary

Name	Index Tracked	# Holdings	Fund Size
Fidelity Extended Market Index	DJ US Completion Total Stock Mkt TR USD	3,136	\$33,290,494,065
Vanguard Extended Market Index Instl	S&P Completion TR USD	3,340	\$14,223,085,863

## Performance

Annualized Returns

Name	Ticker	Exp.	Qtr	Ytd	1 Yr	2 Yrs	3 Yrs	5 Yrs	10 Yrs
Fidelity Extended Market Index	fsmax	0.036%	27.42%	32.16%	32.16%	30.07%	15.31%	16.05%	13.16%
DJ US Completion Total Stock Mkt TR USD	-	-	27.40%	32.16%	32.16%	30.04%	15.21%	15.89%	13.03%
<i>+/- Index</i>	-	-	<b>0.014%</b>	<b>-0.006%</b>	<b>-0.006%</b>	<b>0.030%</b>	<b>0.107%</b>	<b>0.156%</b>	<b>0.127%</b>
Vanguard Extended Market Index Instl	vieix	0.050%	27.44%	32.23%	32.23%	30.12%	15.35%	16.06%	13.24%
S&P Completion TR USD	-	-	27.40%	32.17%	32.17%	30.04%	15.21%	15.93%	13.12%
<i>+/- Index</i>	-	-	<b>0.034%</b>	<b>0.060%</b>	<b>0.060%</b>	<b>0.083%</b>	<b>0.141%</b>	<b>0.127%</b>	<b>0.118%</b>

## Index Tracking

Calendar Year Returns

Tracking Error

Standard Deviation

Name	2019	2018	2017	2016	2015	3 Yrs	5 Yrs	3 Yrs	5 Yrs
Fidelity Extended Market Index	28.00%	-9.36%	18.22%	16.11%	-3.29%	0.069%	0.070%	23.09%	19.47%
DJ US Completion Total Stock Mkt TR USD	27.94%	-9.57%	18.12%	15.75%	-3.42%	-	-	23.10%	19.47%
<i>+/- Index</i>	<b>0.065%</b>	<b>0.210%</b>	<b>0.099%</b>	<b>0.362%</b>	<b>0.127%</b>	-	-	<b>-0.007%</b>	<b>-0.001%</b>
Vanguard Extended Market Index Instl	28.05%	-9.35%	18.12%	16.15%	-3.24%	0.075%	0.069%	23.08%	19.47%
S&P Completion TR USD	27.95%	-9.57%	18.11%	15.95%	-3.35%	-	-	23.10%	19.48%
<i>+/- Index</i>	<b>0.106%</b>	<b>0.217%</b>	<b>0.008%</b>	<b>0.199%</b>	<b>0.111%</b>	-	-	<b>-0.016%</b>	<b>-0.006%</b>

# US MID GROWTH

## Summary

Name	Index Tracked	# Holdings	Fund Size
Fidelity Mid Cap Growth Index	Russell Mid Cap Growth TR USD	342	\$528,339,474
Vanguard Mid-Cap Growth Index Admiral	CRSP US Mid Cap Growth TR USD	164	\$10,065,226,812

## Performance

Name	Ticker	Exp.	Qtr	Ytd	1 Yr	Annualized Returns			
						2 Yrs	3 Yrs	5 Yrs	10 Yrs
Fidelity Mid Cap Growth Index	fmdgx	0.050%	18.96%	34.84%	34.84%	-	-	-	-
Russell Mid Cap Growth TR USD	-	-	19.02%	35.59%	35.59%	35.53%	20.50%	18.66%	15.04%
<i>+/- Index</i>	-	-	<b>-0.060%</b>	<b>-0.742%</b>	<b>-0.742%</b>	-	-	-	-
Vanguard Mid-Cap Growth Index Admiral	vmgmx	0.070%	17.90%	34.48%	34.48%	34.17%	19.33%	17.18%	13.88%
CRSP US Mid Cap Growth TR USD	-	-	17.92%	34.56%	34.56%	34.25%	19.39%	17.25%	14.14%
<i>+/- Index</i>	-	-	<b>-0.023%</b>	<b>-0.085%</b>	<b>-0.085%</b>	<b>-0.079%</b>	<b>-0.063%</b>	<b>-0.062%</b>	<b>-0.262%</b>

## Index Tracking

Name	Calendar Year Returns					Tracking Error		Standard Deviation	
	2019	2018	2017	2016	2015	3 Yrs	5 Yrs	3 Yrs	5 Yrs
Fidelity Mid Cap Growth Index	-	-	-	-	-	-	-	-	-
Russell Mid Cap Growth TR USD	35.47%	-4.75%	25.27%	7.33%	-0.20%	-	-	20.56%	17.22%
<i>+/- Index</i>	-	-	-	-	-	-	-	-	-
Vanguard Mid-Cap Growth Index Admiral	33.86%	-5.60%	21.83%	6.75%	-0.98%	0.030%	0.033%	20.01%	16.90%
CRSP US Mid Cap Growth TR USD	33.93%	-5.57%	21.92%	6.78%	-0.93%	-	-	20.02%	16.91%
<i>+/- Index</i>	<b>-0.074%</b>	<b>-0.038%</b>	<b>-0.096%</b>	<b>-0.028%</b>	<b>-0.046%</b>	-	-	<b>-0.008%</b>	<b>-0.008%</b>

# INTERNATIONAL - DEVELOPED

## Summary

Name	Index Tracked	# Holdings	Fund Size
Fidelity International Index	MSCI EAFE NR USD	916	\$31,350,826,005
Vanguard Developed Markets Index Instl	FTSE Dvlp ex US All Cap(US RIC)NR USD	3,937	\$87,506,458,411

## Performance

Annualized Returns

Name	Ticker	Exp.	Qtr	Ytd	1 Yr	2 Yrs	3 Yrs	5 Yrs	10 Yrs
Fidelity International Index	fspcx	0.035%	15.83%	8.17%	8.17%	14.88%	4.50%	7.72%	5.66%
MSCI EAFE NR USD	-	-	16.05%	7.82%	7.82%	14.70%	4.28%	7.45%	5.51%
<i>+/- Index</i>	-	-	<b>-0.217%</b>	<b>0.355%</b>	<b>0.355%</b>	<b>0.183%</b>	<b>0.219%</b>	<b>0.268%</b>	<b>0.153%</b>
Vanguard Developed Markets Index Instl	vtmxx	0.050%	17.00%	10.27%	10.27%	16.06%	4.82%	8.34%	5.93%
FTSE Dvlp ex US All Cap(US RIC)NR USD	-	-	17.08%	10.00%	10.00%	16.01%	4.67%	8.35%	5.65%
<i>+/- Index</i>	-	-	<b>-0.080%</b>	<b>0.273%</b>	<b>0.273%</b>	<b>0.051%</b>	<b>0.155%</b>	<b>-0.013%</b>	<b>0.283%</b>

## Index Tracking

Calendar Year Returns

Tracking Error

Standard Deviation

Name	2019	2018	2017	2016	2015	3 Yrs	5 Yrs	3 Yrs	5 Yrs
Fidelity International Index	22.00%	-13.52%	25.38%	1.34%	-0.73%	1.584%	1.772%	15.61%	13.80%
MSCI EAFE NR USD	22.01%	-13.79%	25.03%	1.00%	-0.81%	-	-	15.45%	14.01%
<i>+/- Index</i>	<b>-0.013%</b>	<b>0.268%</b>	<b>0.344%</b>	<b>0.344%</b>	<b>0.083%</b>	-	-	<b>0.163%</b>	<b>-0.206%</b>
Vanguard Developed Markets Index Instl	22.14%	-14.49%	26.46%	2.46%	-0.17%	1.690%	1.818%	16.44%	14.38%
FTSE Dvlp ex US All Cap(US RIC)NR USD	22.34%	-14.79%	26.31%	3.10%	-1.78%	-	-	16.21%	14.46%
<i>+/- Index</i>	<b>-0.196%</b>	<b>0.305%</b>	<b>0.155%</b>	<b>-0.645%</b>	<b>1.609%</b>	-	-	<b>0.237%</b>	<b>-0.082%</b>

## INTERNATIONAL (alternative mapping scenario: developed market to total international)

### Summary

Name	Index Tracked	# Holdings	Fund Size
Fidelity Total International Index	MSCI ACWI Ex USA IMI NR USD	4,708	\$6,017,445,939
Vanguard Total Intl Stock Index I	FTSE Global All Cap ex US (USA) NR USD	7,351	\$39,215,767,521

### Performance

Annualized Returns

Name	Ticker	Exp.	Qtr	Ytd	1 Yr	2 Yrs	3 Yrs	5 Yrs	10 Yrs
Fidelity Total International Index	ftihx	0.060%	16.81%	11.07%	11.07%	16.16%	4.93%	-	-
MSCI ACWI Ex USA IMI NR USD	-	-	17.22%	11.12%	11.12%	16.26%	4.83%	8.98%	5.06%
<b>+/- Index</b>	-	-	<b>-0.410%</b>	<b>-0.043%</b>	<b>-0.043%</b>	<b>-0.097%</b>	<b>0.095%</b>	-	-
Vanguard Total Intl Stock Index I	vtsnx	0.080%	16.89%	11.28%	11.28%	16.31%	5.01%	9.11%	5.15%
FTSE Global All Cap ex US (USA) NR USD	-	-	17.21%	11.24%	11.24%	16.40%	4.98%	9.07%	5.22%
<b>+/- Index</b>	-	-	<b>-0.321%</b>	<b>0.041%</b>	<b>0.041%</b>	<b>-0.098%</b>	<b>0.033%</b>	<b>0.041%</b>	<b>-0.070%</b>

### Index Tracking

Calendar Year Returns

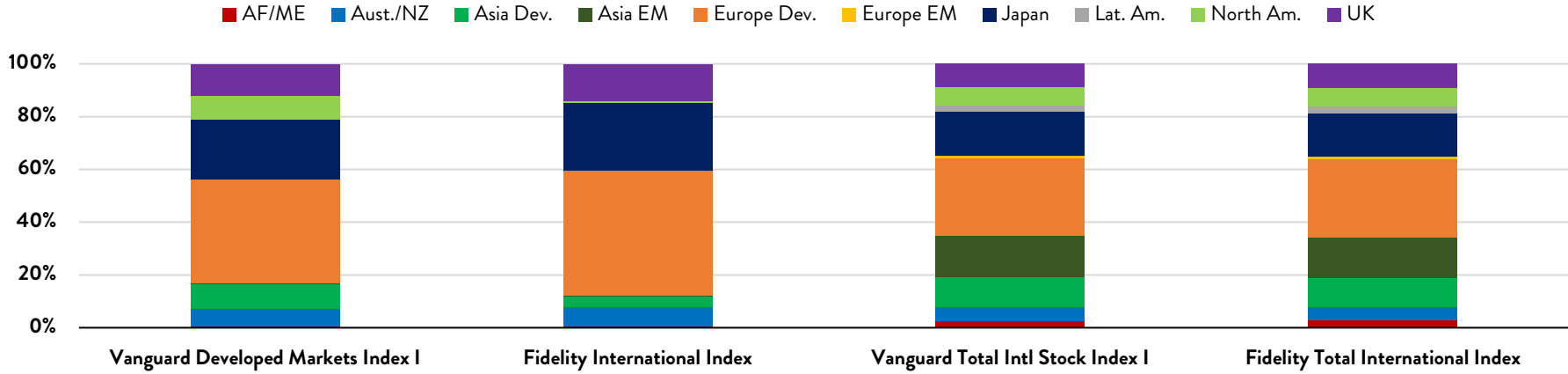
Tracking Error

Standard Deviation

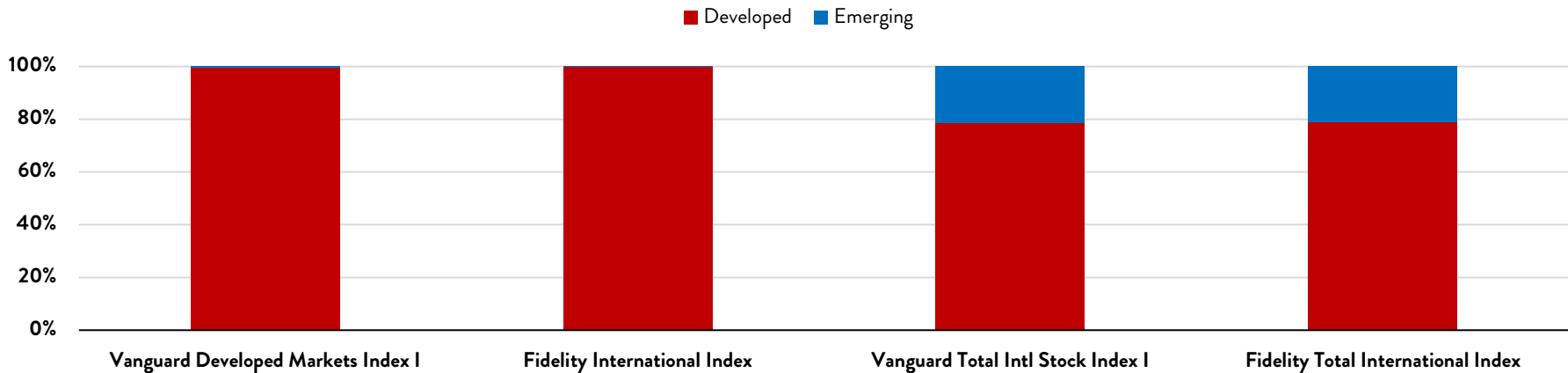
Name	2019	2018	2017	2016	2015	3 Yrs	5 Yrs	3 Yrs	5 Yrs
Fidelity Total International Index	21.48%	-14.38%	27.63%	-	-	1.543%	-	16.76%	-
MSCI ACWI Ex USA IMI NR USD	21.63%	-14.76%	27.81%	4.41%	-4.60%	-	-	16.57%	14.72%
<b>+/- Index</b>	<b>-0.155%</b>	<b>0.375%</b>	<b>-0.184%</b>	-	-	-	-	-	-
Vanguard Total Intl Stock Index I	21.56%	-14.39%	27.55%	4.70%	-4.24%	1.731%	1.779%	16.76%	14.58%
FTSE Global All Cap ex US (USA) NR USD	21.81%	-14.62%	27.41%	4.72%	-4.29%	-	-	16.49%	14.65%
<b>+/- Index</b>	<b>-0.251%</b>	<b>0.225%</b>	<b>0.144%</b>	<b>-0.021%</b>	<b>0.045%</b>	-	-	<b>0.265%</b>	<b>-0.067%</b>

# INTERNATIONAL *(style comparison)*

### Regional Allocations as % of Stock



### Developed and Emerging Markets as % of Stock



February 24, 2021

## MEMORANDUM

**From:** Hyas Group, LLC

**RE:** Implementation Changes to the Vanguard Target Date Funds

Dear Client:

Vanguard recently announced several operational changes to the management of its target date strategy. These changes, which have recently gone into effect, are the result of a multi-quarter risk analysis designed to determine what approach will help Vanguard minimize the tracking error and transaction costs associated with its target date funds. A discussion of these adjustments, their rationale, and the Hyas Group's perspective is provided below. Importantly, the suite's target asset allocation and investment management fees will not change in conjunction with these adjustments.

### **Adjustment #1: Daily rebalancing**

A continuation of its current policy, Vanguard concluded that a daily rebalancing of its target date suite remains appropriate for minimizing tracking error and asset allocation drift from targets. In contrast, a less frequent rebalancing approach (such as weekly, monthly, or quarterly) would allow the underlying asset allocation greater latitude to move off target and experience performance swings outside of management's expectations. While the Hyas Group takes no issue with this approach, it is important to consider it in conjunction with the increased rebalancing latitude that Vanguard has adopted (see Adjustment #2).

### **Adjustment #2: Widening rebalancing thresholds and weights relative to target**

Vanguard's new policy stemming from this change is to increase the degree the asset allocations may differ from their current target of 75 basis points to a new target of 200 basis points (a basis point is one-hundredth of a percentage point). Additionally, the post-rebalance target was increased from 50 to 100 basis points. In arriving at this new policy, Vanguard determined that the benefits of reduced transaction costs attributable to this increased latitude exceeded the potential for increased tracking error. The Hyas Group's expectations generally match Vanguard's: increased tracking error and decreased transaction costs. The net benefit of these two variables is yet to be determined. With increased latitude, this policy places incrementally greater reliance on the judgement of Vanguard's team, for better or worse. However, the new thresholds are still viewed as conservative and their contribution to tracking error as marginal.

### **Adjustment #3: Adopting a monthly glide-path roll-down**

Vanguard's previous roll-down policy was to adjust the target date funds' asset allocations on a quarterly basis to match the glide path as it changes over time, within the confines of Vanguard's rebalancing thresholds. Since a glide path generally shifts from stocks to bonds and cash over



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## 4Q | 2020 THE 457 PLAN FIDUCIARY ADVISOR

### **Congress Considers “SECURE Act 2.0”**

The new House and Senate are continuing work on bills put forth in both chambers last year that contain substantial changes to retirement plan laws. There is reported to be support for this legislation from both parties, and the only obstacle that seems to be looming is the fact that many provisions would reduce federal revenue, and few would increase it. A higher age for requiring minimum distributions and a new contribution “catch-up” provision are among the many items contained in the draft legislation. [Read the article from JPMorgan here.](#)

### **Department of Labor Issues a Final Rule on Plan Investment Selection Which Will Impact ESG Investing**

"In a general sense, the final rule is arguably a codification of principles articulated in prior DOL guidance over the past several decades that emphasize 'the primacy of plan participants' economic interests' in investment decision-making. Compared to the DOL's proposed rulemaking...the final rule contains a more streamlined set of requirements...Notably, the final rule removes any reference to environmental, social, and governance (ESG) factors, and instead shifts its focus to the use of pecuniary and non-pecuniary factors." [Read the analysis from the Groom Law Group here.](#)

### **Employee Benefit Security Administration (EBSA) Releases Fact Sheet on Fiduciary Duties Regarding Proxy Voting**

"The final rule allows fiduciaries to adopt optional means (safe harbors) for satisfying their fiduciary responsibilities with respect to decisions on whether to vote proxies....The final rule provides that plan fiduciaries must periodically review proxy voting policies that are adopted under this rule. The Department added a new provision clarifying that the final rule does not apply to voting, and similar rights on shares held in defined contribution plans (including ESOPs) that are passed through to participants and beneficiaries that hold the shares in their individual accounts..." [Read the full release from EBSA here.](#)

### **University Researchers Determine an Optimal Way to Take DC Retirement Plan Distributions: Creating a “Bridge” to Social Security**

"The analysis shows that the 'Social Security bridge' provides the highest level of utility for households with median wealth...Introducing such an option as the default in 401(k) plans would require no legislative or institutional changes and would greatly enhance the welfare of participants." [Read more from the Center for Retirement Research at Boston College here.](#)



## **How Will the DOL's New Fiduciary Rules Affect Rollover IRA Sales and Counseling Practices?**

"To understand the impact of these changes, the starting point is in the prohibited transaction restrictions in ERISA and the Internal Revenue Code. To simplify, those rules prohibit fiduciary recommendations to plans, participants, or IRA owners that result in increased compensation for the 'fiduciary advisor.' This raises two issues: the first is the meaning of increased compensation and the second is what constitutes a fiduciary recommendation? [The authors] discuss both questions, and the answers, in the context of rollover recommendations. [Read the full discussion from Faegre Drinker here.](#)

## **DOL Publishes Best Practices Guide for Dealing with the Challenge of Missing Plan Participants**

"This document outlines best practices that the fiduciaries of defined benefit and defined contribution plans, such as 401(k) plans, can follow to ensure that plan participants and beneficiaries receive promised benefits when they reach retirement age.... Based on EBSA's experience working with plans, the following practices have proven effective at minimizing and mitigating the problem of missing or non-responsive participants. [1] Maintaining accurate census information for the plan's participant population.... [2] Implementing effective communication strategies.... [3] Missing participant searches.... [4] Documenting procedures and actions. [Read the full release from EBSA here.](#)

## **Identifying the Benefits of Having a Plan Charter for Your Retirement Plan Committee**

This article from *Plansponsor.com* illustrates the value of documenting the role and authority of a plan oversight committee and shows how it may provide clarity for processes and protection from liability in the future. [Read the article from Plan Sponsor here.](#)

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