

SACRAMENTO MUNICIPAL UTILITY DISTRICT
Interoffice Memorandum

TO: Deferred Compensation Participants

DATE: June 17, 2025

FROM: Deferred Compensation Committee

**SUBJECT: MINUTES FROM 2nd QUARTER DEFERRED COMPENSATION COMMITTEE OF MEETING
June 17, 2025**

Committee Members Present: Laurie Rodriguez, Lisa Limcaco, Steve Lins, Scott Martin, Jennifer Restivo

Support Staff Present: Randall Hakes, Greg Pochy, Neeraja Rajan, Henry Briody, John Anderson

Meeting Minutes of March 5, 2025 - Approved electronically by the Committee prior to the meeting. The approval of the minutes was confirmed.

Quarterly Plan Review – Suzanne Rogers, Fidelity Investments presented the quarterly plan statistic summary for the 401(k) and 457(b) Plans.

Plan Statistics

- **Total Plan Assets** as of March 31, 2025 were \$ 648.3 million, compared to \$ 651.4million at the end of the prior quarter.
- **Total Plan Participants** – As of March 31, 2025, there were 3,070 Participants in the Plans.
- **Retirement Readiness** – As of March 31, 2025, 80% of active participants are contributing to one or both plans.
- **Equity Allocation** – As of March 31, 2025, 78% of participants have an Age-Appropriate Equity Allocation of funds.
- **Average Savings Rate** – As of March 31, 2025, the average savings rates is \$17,108 per employee
- **Outstanding Loans** – As of March 31, 2025, 27.7% of participants have at least one outstanding loan.

Quarterly Fund Review – Greg Coffey from Russell Investments presented the quarterly update with the following information:

Plan Highlights:

- Participant asset allocations remained stable during the first quarter with 57% of plan assets in a Tier I fund solution (target retirement date fund).
- 33% of assets were in Tier II (actively managed funds) & Tier III (passive index funds) fund options at quarter end.
- The Tier IV (brokerage window) represented 10% of assets.
- Total plan assets decreased modestly over the quarter. Bond markets produced strong returns; however, equity markets were mixed.
- All actively managed investment fund options have investment fund expenses that are significantly below a universe of similar style funds.

Market Summary:

- U.S. equities declined during the quarter driven by investor worries over trade policy, economic growth, and inflation levels. In addition, technology stocks suffered a sharp pullback. The Russell 1000 Index declined by -4.5% (large cap stocks) while the Russell 2000 Index declined by -9.5% (small cap stocks).
- International developed equity markets produced strong returns during the quarter driven by the strength of European equities which benefited from a lack of technology stocks. The MSCI World x US Index rose by 6.3%. Emerging Markets rose by 3.0%.
- The Bloomberg Aggregate Bond Index rose by 2.8%. The 10-year treasury yield began the quarter over 4.5% but declined to end the quarter at 4.2%.

Investment Option Performance Summary:

- Tier I Target Date Funds experienced strong returns during the quarter. From a benchmark relative perspective, the fund series outperformed the benchmark due to stock selection from the active managers and bond positioning.
- Within the Tier II active funds, four out of the six funds outperform their respective benchmarks in the quarter.
 - The Large Cap US Equity Fund underperformed in the quarter due to stock selection within the industrial and materials sectors.
 - The Small Cap Fund outperformed during the quarter due to stock selection in the information technology, energy, and healthcare sectors.
 - The All-International Markets Fund outperformed the benchmark during the quarter with exposure to European stocks, industrials and financial companies rewarded.
 - The Multi-Manager Bond Fund outperformed during the quarter as credit exposures were rewarded along with a longer duration position.
 - The Investment Contract Fund underperformed the benchmark as the fund maintained a stable crediting rate.
 - The Real Asset Fund modestly outperformed in the quarter. Driven by the infrastructure and the real estate segments of the portfolio.
- Tier III passive index funds all performed as expected by tracking their respective benchmarks.

Investment Policy

- Randall reviewed changes made to Statement of Investment policy
 - Committee approved changes

With no further items on the agenda, the meeting was adjourned.

Participants may submit comments or questions for the Deferred Compensation Committee through Neeraja Rajan of People Services & Strategies at MS B251. Please include your name and daytime phone number so the Committee may respond to your request.