

**VCU ORP Investment Policy Advisory Committee Meeting
November 10, 2025
2:00 PM**

Committee members in attendance: Jay Bonfili, Chad Cook, Alison Miller, Andrew Ottens, and Pete Vatev

Absent: Meredith Weiss

Other attendees: Melissa Burton and Daynon Smith (VCU), Barry Schmitt and Fran Slacum (from CAPTRUST), Sonya Bessong, Ray Vinson, and Shirley Yang (from TIAA)

- I. **Governance** – Chad Cook, VCU Treasurer, is a new Committee member. CAPTRUST will provide Fiduciary Training for the new member.
- II. **Review of Minutes** – The Committee noted there were no changes needed to the minutes from the March 25, 2025, meeting.
- III. **TIAA Plan Review and Investment Review (only reflects TIAA data)**
Sonya, Ray, and Shirley presented plan information as of September 30, 2025. Below are some key items and statistics discussed:

Investment information

- The TIAA Traditional Account provides consistent growth through all market cycles. The current rate for the GRA is 4.75% and the GSRA is 4.00%.
- There is the potential for a loyalty bonus for long-term contributors based on factors including personal history of contributions and TIAA's sharing-the-profits approach.
- TIAA Traditional has provided retirement payout increases since 1995.
- TIAA is one of only three insurance companies in the U.S. that currently holds the highest possible rating from all four leading insurance company rating agencies.
- TIAA offers a custom target date suite option – TIAA Retire Plus - that incorporates TIAA Traditional.
- CREF Annuity Accounts provides an opportunity for growth to hedge against inflation.
- Nuveen Lifecycle Funds increased the exposure to international bonds and added a strategic allocation to floating rate loans within the fixed income portfolio. The 2070 fund is available to be added to the fund menu.

Cybersecurity update

- TIAA provides protection for the data they manage which includes 24/7 threat monitoring leveraging artificial intelligence.
- Multi-factor authentication is required for all plan participants. Passkey authentication has three levels of authentication.
- TIAA has a total protection promise where they will reinstate a plan participant's account due to no-fault fraud on their account.
- AI tools are used for daily business operations including cybersecurity.
- TIAA SOC2 report will be available before the end of the month.
- TIAA can coordinate a follow-up meeting with their Cyber Security Team and VCU's Technology Team upon request.

Demographic information

- There are 10,535 total participants (active and terminated) on the TIAA platform. The average account size is \$135,183 for actives and \$100,576 for terminated plan participants.
- Contributions are up 51.4% year over year. Distributions are up approximately 38% year over year.

The TIAA Team left the meeting.

IV. **CAPTRUST Investment Review** **INDUSTRY UPDATE/OVERVIEW**

Fiduciary Update

Private Markets

The President signed an executive order on August 7, 2025, directing the DOL and SEC to issue guidance on including private assets (e.g., private equity, venture capital, real estate, and hedge funds) in defined contribution plans.

Roth Catch-Up

The IRS issued final regulations related to catch-up contributions under SECURE Act 2.0. The mandatory Roth catch-up requirement for certain higher-income participants remains effective January 1, 2026, with no further delay. Plan amendments are due for most plans by December 31, 2026, in addition to amendments for the CARES Act and the first SECURE Act.

Fiduciary Training

Effective committee succession planning ensures smooth leadership transitions, preserves institutional knowledge, minimizes disruptions, and maintains strong fiduciary standards.

CAPTRUST was not able to review the market commentary. An executive summary is detailed below.

ECONOMIC/MARKET UPDATE

Markets rallied in the third quarter as trade tensions abated, AI-infrastructure investment abounded, and the Federal Reserve delivered its first cut of 2025. While signs of U.S. labor market softening raised concerns, other indicators point toward economic stability. U.S. market breadth improved, and dollar weakness helped international stocks.

- U.S. stocks posted a strong quarter, buoyed by tech spending, expectations for additional rate cuts, and solid earnings as tariff costs were largely mitigated.
- AI investment, an easing regulatory backdrop, and reduced trade frictions lifted emerging market stocks, with China leading the way.
- Bonds generated modest returns, underpinned by falling short-term yields and a pivot toward Fed rate cuts, despite fiscal/debt concerns and an uptick in inflation.
- Commodities rebounded, led by gold's rally as investors sought safe-haven assets amid economic and geopolitical uncertainty.
- Real estate moved higher on falling rate expectations.

Tailwinds Facing the Market

- Corporations have managed to drive higher earnings despite higher input prices and tariff uncertainty. Strong fundamentals support elevated equity prices and ongoing investment.
- Investment in AI infrastructure continues to rise, supported by corporate earnings growth and tax incentives. Massive capital spending supports the economy today, while the prospect of productivity gains brightens the outlook.
- The One Big Beautiful Bill Act (OBBBA) will provide near-term fiscal stimulus to consumers, small businesses, and corporations through far-reaching tax breaks and incentives.

- The Federal Reserve has begun easing monetary policy, prompted by labor market conditions. Although rate cuts during periods of strength are unusual, investors are optimistic that September's cut is the first of many.

Headwinds Facing the Market

- The labor market is in a relatively fragile state of balance, as both the supply and demand for workers has decreased. Weaknesses are not widespread, but public sector layoffs are a risk.
- Sentiment has weakened as consumers grapple with a softening labor market, unknown tariff impacts, and political tensions. Still, retail spending remains positive, driven by higher-income households.
- As innovation and investment continue at a rapid pace, valuations for AI-related stocks have climbed. Expectations are lofty, and any setbacks could bring outsized impacts.
- OBBBA, the largest fiscal package in a decade, will exacerbate an already-concerning public debt burden.

Major indices performed as follows for the 3rd quarter of 2025:

- U.S. Stocks 8.1%
- U.S. Bonds 2.0%
- International Stocks 4.8%
- Emerging Markets 10.9%
- Real Estate 3.2%
- Commodities 3.6%

Plan Level Review

Plan assets for the Optional Retirement Plan and Cash Match Plan totaled \$1.03 billion as of September 30, 2025:

- ORP assets with Fidelity totaled \$349.9 million.
- CMP assets with Fidelity totaled \$18.9million.
- ORP assets with TIAA totaled \$633.3 million (including \$16.1 million in non-approved investments)
- CMP assets with TIAA totaled \$28.5 million (including \$693,483 in non-approved investments)

Performance Review

CAPTRUST provided an investment review aligned with the standards and methodology outlined in the Investment Policy Statement.

CAPTRUST provided an overview of how they evaluate the funds in the plan including their scoring methodology and how that scoring differs depending on the type of funds (active funds vs. passive funds, target date funds, and unique types of investments). CAPTRUST Monitoring Methodology scores funds based on colors - green (In Good Standing), yellow (Marked for Review) and red (Consider for Termination) scoring for the funds shown.

Fidelity Lineup:

There are 15 approved funds (with Freedom Funds counted as one). All funds meet policy guidelines except one fund that is marked for review, and two funds are considered for termination.

TIAA-CREF Lineup:

Of the 14 approved funds (with LifeCycle Funds counted as one), all funds meet policy guidelines except one fund that is marked for review, and two funds are considered for termination.

Marked for Review:

Nuveen Lifecycle Funds (Approximately \$144.2 million in assets with a score of 79 on TIAA platform)

The Nuveen Lifecycle series struggled in the third quarter, underperforming peers and the benchmark. Manager selection was the leading detractor. Most of Lifecycle's equity managers struggled to keep

pace with their benchmarks during a quarter of strong performance across both U.S. and non-U.S. markets. While this underperformance affected all portfolios, the negative impact was more pronounced in the equity-heavy vintages further from retirement. The inclusion of direct real estate continued to weigh on relative performance. Although the Nuveen Real Property Fund delivered positive results, it lagged the broader equity and fixed income markets in the third quarter. **It was also noted that Nuveen made several adjustments to their allocation including adding several sub-asset classes to the series. CAPTRUST recommends clients that are currently using the strategy continue to do so.**

Fidelity Real Estate Investment Port (Approximately \$3.5 million in assets with a score of 78 on Fidelity platform)

The Fidelity Real Estate Investment Portfolio seeks long-term capital appreciation by investing primarily in equity securities of companies principally engaged in the real estate industry. The strategy emphasizes high-quality REITs and real estate operating companies with strong fundamentals and sustainable cash flows. The fund is actively managed with a focus on property sectors expected to benefit from demographic trends and structural growth drivers. The portfolio underperformed its benchmark, the FTSE NAREIT All Equity REITs Index, over the recent period. Key detractors included an overweight in retail REITs and underweight exposure to data centers and specialty REITs, which were among the strongest-performing sectors in the benchmark. The fund's focus on quality real estate assets and active sector positioning remains compelling, particularly as interest rate pressures stabilize and property fundamentals improve. **CAPTRUST recommends clients that are currently using the strategy continue to do so.**

Consider for Termination

American Funds Euro Pacific Growth R6 (Approximately \$11.8 million in assets with a score of 64 on TIAA Platform)

The strategy is managed by an experienced team of 11 portfolio managers with an average tenure at the firm of 27 years. While this broad-based portfolio is designed to be a core international equity offering, it does have a growth stylistic tilt. This stylistic bias has mostly been a headwind since the end of 2020, resulting in a weak relative ranking over intermediate-term periods. The strategy has generally outperformed during the few occasions the growth style has rebounded over this period, but these spurts have been overwhelmed by the more frequent occasions of the core and value style outperforming. The portfolio has been broadened over the past three years with a lesser emphasis on traditional growth sectors and more exposure to financials, providing for better balance in the portfolio while still retaining a growth-tilted core style. Given the experienced team, a disciplined process that has resulted in an attractive long-term return profile, and incremental improvement in relative performance more recently, we would recommend clients that are currently using the strategy continue to do so. **The fund's recent performance has shown positive momentum. CAPTRUST recommends that clients currently invested in the strategy continue to do so.**

MFS Value R6 (Approximately \$27.9 million with a score of 65 on Fidelity and TIAA platforms)

MFS Value is a defensive value strategy. Portfolio Managers Nevin Chitkara and Katherine Cannan seek companies with attractive value propositions, robust free cash flow, and solid balance sheets. The team's investment process works best over complete market cycles but occasionally struggles in the short term. In Q3 2025, the strategy underperformed the Russell 1000 Value Index and ranked in the bottom quartile of its peer group. YTD, the strategy trails both the benchmark and peers. Relative results were primarily hindered by poor stock selection in financials and information technology, as well as the absence of exposure to communication services. **CAPTRUST recommends clients that are currently using the strategy continue to do so.**

Fidelity Diversified International (Approximately \$8 million in assets with a score of 67 on Fidelity platform)

The fund has been managed by Bill Bower since 2001, providing a consistently applied process and philosophy. Bill manages the fund with a long-term perspective, focusing on high-quality businesses with durable or improving growth prospects that are benefiting from competitive advantages and are structured to achieve consistent profitability. The fund's style falls in the middle ground between core and growth, making peer group comparisons more challenging. The strategy is slightly growthier than the core peer group but is much less growthy than the growth peer group. **In fact, if CAPTRUST scored this fund as a foreign large cap growth fund, it would pass the guidelines. CAPTRUST recommends clients that are currently using the strategy continue to do so.**

The TIAA Real Estate Account which was previously marked for review meets policy guidelines.

Follow Up Items

- VCU has successfully completed the small balance project. Approximately \$3.3 million in small balances from terminated participants were rolled over into Inspira IRAs, while an additional \$500,000 was distributed via checks to terminated participants. VCU will coordinate with Inspira, TIAA and Fidelity to process and pay out small balances for terminated participants on an annual basis.

Having no other items, the meeting was adjourned.