



## MONTGOMERY COUNTY EMPLOYEES' RETIREMENT PLANS

### MEMORANDUM

June 17, 2022

**TO:** Participants – Deferred Compensation Plan, Retirement Savings Plan, Deferred Retirement Service Program (DRSP), MCGEO DROP, Elected Officials' Plan

**FROM:** Kevin P. Killeavy, Chief Investment Officer and Acting Executive Director

**SUBJECT:** Investment Offerings

The Board of Investment Trustees (Board), which oversees the investment options offered in the Retirement Savings Plan (RSP), Deferred Compensation Plan (DCP), Police DRSP, MCGEO DROP, and the Elected Officials' Plan (EOP), continually seeks to improve the investment options and services available to participants.

As part of an ongoing review, the Board has determined that a change is necessary to ensure that the most suitable investment options are available to you as you save for your retirement. Effective at the close of business on **August 1, 2022**, the **PIMCO High Yield Fund** will no longer be offered in the standard fund lineup of any of the Plans due to underperformance. All existing balances in the **PIMCO High Yield Fund** and future contributions that would have been directed to the **PIMCO High Yield Fund** will be transferred to the **American Century High Income Fund**. Shown below is a description of the **American Century High Income Fund**.

#### *American Century High Income Fund – AHIDX*

**Style:** High Yield Bond

**Goal:** Seeks long-term capital appreciation

**Fee:** 0.54%

**Morningstar Rating:** \*\*\*\*

**Overview:** The Fund is sub-advised by Nomura Asset Management and overseen by Portfolio Manager Stephen Kotsen. The Fund is managed using an active investment approach, by which Nomura attempts to deliver attractive risk-adjusted returns relative to the Index over the long term. Through careful bottom-up credit research, the manager strives to identify companies that can carry their debt loads through the economic cycle, generating strong, sustainable cash flows that enable them to de-lever their balance sheets and improve their ratings. As their credit quality improves, bond income is supplemented by capital appreciation.

Old Investment Option		New Investment Option	Old Net Expense Ratio		New Net Expense Ratio
PIMCO High Income Fund, Institutional Class	➔	American Century High Income Fund, Class R6	0.57%	➔	0.54%

At the close of the regular trading day, 4 PM EST, on August 1, 2022, any amount you have invested in this fund will automatically be transferred to the corresponding fund. The transfer of your balance will appear as an exchange on your account history and quarterly statement. At no time will the balance of your account be uninvested.

**You do not need to take any action at this time as your dollars invested in the fund will be automatically converted. However, if you do not want your future contributions or balance to transfer to the fund listed above, you must contact Fidelity at (800) 343-0860 or through the website at [www.netbenefits.com](http://www.netbenefits.com) before 4:00 PM EST on August 1, 2022.**

The **PIMCO High Yield Fund** will continue to be available to participants, as are hundreds of other mutual funds, through BrokerageLink®, a self-directed brokerage account. BrokerageLink® allows you to invest in mutual funds not offered in the Plans' standard investment options. The mutual funds offered through BrokerageLink® have not been selected or evaluated by the Board of Investment Trustees. If you use BrokerageLink®, you will be required to acknowledge that the funds available through BrokerageLink® have not been reviewed for suitability by the Board of Investment Trustees. You are solely responsible for determining if these mutual funds are investment options suitable for your retirement planning. A self-directed brokerage account, like BrokerageLink® is not for everyone. If you are a sophisticated investor who is willing to take on additional risk, and you are prepared to assume the responsibility of more closely monitoring your investments, it could be appropriate for you. For information on establishing a BrokerageLink® account, please contact the Board office at 240-777-8220.

### Fidelity Investments

A full-time dedicated consultant, Ron Seegers, is located in the Executive Office Building (EOB), 101 Monroe Street, 15th Floor to assist you with your financial planning needs and investment related questions. He can be reached by phone at 240-777-8228, or at [fidelityonsite@montgomerycountymd.gov](mailto:fidelityonsite@montgomerycountymd.gov). To register for a one-on-one meeting with Ron, visit our website at <http://www.montgomerycountymd.gov/mcerp/investment/counseling.html> and click on the Fidelity one-on-one session link.

**Please note, effective August 1, 2022, participants that have selected to go paperless with eDelivery will no longer receive paper versions of their selected communications. If you wish to continue to receive paper communications, you will have to change your communication preferences in NetBenefits. To update your preferences, please visit [www.netbenefits.com/mcg](http://www.netbenefits.com/mcg).**

**Questions?** Contact the Board of Investment Trustees by email at [bit@montgomerycountymd.gov](mailto:bit@montgomerycountymd.gov) or by calling 240-777-8220.