



# Statement of investment beliefs

## I. BACKGROUND

---

The Savings Plus Program (“Program” or “Plan”) consists of a deferred compensation plan (“457(b) Plan”) established in 1974 under Section 457(b) of the Internal Revenue Code (IRC); a tax-deferred thrift plan (“401(k) Plan”) established in 1985 and implemented in 1989 under Section 401(k) of the IRC; and a Part-time, Seasonal, and Temporary Employees Retirement Program (“PST Program”) established in 1991 under Section 457 of the IRC.

The Program is administered by the State of California, Department of Human Resources (“CalHR”), rather than by a governing board or board of directors. CalHR’s Director serves as the Named Fiduciary of the Program and has delegated fiduciary authority with respect to Plan investments to the Program’s Investment Committee (the “Committee” or “Investment Committee”). The Investment Committee operates under the guidance of the Program’s Investment Consultants (“Consultants”) and reviews recommendations from Consultants regarding investment-related matters, such as portfolio design, investment structure, and investment changes; establishes and maintains the Investment Policy Statement; and periodically evaluates the Program’s investment performance, investment costs, and administrative costs to participants.

## II. PURPOSE

---

The Investment Committee adopts this Statement of Investment Beliefs (“Statement”) to serve as a general guide for its work. This Statement memorializes the beliefs held by the Committee that inform Committee action related to the Plan’s investment menu, specific manager engagements and terminations, and overall Plan design. The Statement also provides information to staff, consultants, and participants about the Committee’s views on Program investments, in conjunction with other governing documents, such as the Investment Committee Charter and Investment Policy Statement.

This Statement is not an amendment to the terms of the Plan, nor is it made part of any other document creating or governing the Plan. The sole purpose of this Statement is to document the Committee’s principles and beliefs that guide the Committee’s work. This Statement is not intended to create any responsibilities beyond what is otherwise required under applicable laws and regulations. The Committee may revise this Statement from time to time in response to changes in market conditions, investment options, or applicable law.

### III. BELIEFS

---

As fiduciaries of the Program, the Committee is obligated to exercise its authority in the best interest of Program participants and beneficiaries. The Committee strives to support participants' desired retirement outcomes in accordance with the documents including but not limited to the following: Program's Strategic Plan, Plan Documents, Investment Policy Statement, and Fee Policy Statement.

#### 1. Fees

The Committee believes in:

- Keeping participant administrative fees and investment management fees competitive relative to comparable plans
- Offering quality investment products and services at a reasonable cost
- Searching for opportunities to leverage assets under management to attain competitive fees

#### 2. Menu of investment options

The Committee believes in:

- Offering asset classes and investment strategies that are appropriate for participants in a defined contribution retirement plan with participant-directed accounts
- Providing a straightforward and diverse menu of core investment options
- Maintaining investment options both for participants who desire to create a customized investment portfolio and for participants who desire guided, pre-allocated funds such as Target Date Funds
- Offering a brokerage window for participants who prefer to invest in a broader variety of investment choices

#### 3. Environmental, Social, and Governance (ESG)

The Committee believes:

- ESG factors impact investment performance
- There is value in exploring ways to integrate ESG analysis into the Program's investment manager selection and evaluation processes

#### 4. Transparency

The Committee believes:

- Responsible governance includes being transparent
- Transparency fosters trust between the Program and its participants
- Providing clear communication assists participants in making their investment decisions

#### 5. Innovative Solutions

The Committee believes in:

- Leveraging the Program's size and resources where practicable to offer innovative plan design options
- Being strategic about implementation of new solutions and standards considering industry best practices

#### 6. Governance

The Committee believes in:

- Strong governance that supports sound decision-making as an essential requirement for achieving sustainable investment returns
- Setting clear objectives, delegating tasks to those best skilled to carry them out, and providing effective oversight
- Clear and distinct delineation of responsibilities between the Investment Committee, Program management, and other Program staff and in accordance with the Governance Manual
- Maintaining delineated responsibilities to ensure accountability

#### 7. Committee Education

The Committee believes:

- Ongoing education is an important investment in each Committee member, the Committee as a whole, and the Plan
- Committee members should be knowledgeable about fundamentals and best practices in portfolio design and institutional investing principles for defined contribution retirement plans with participant-directed accounts
- Continuing education is critical in supporting Committee members' role as fiduciaries

## IV. APPROVAL SIGN-OFF

---

CalHR approves this Statement of Investment Beliefs as adopted by the Investment Committee on March 8, 2023. The Committee may amend this Statement in writing from time to time, with approval of CalHR.

The undersigned hereby acknowledges and approves the foregoing Statement of Investment Beliefs in its current form effective as of March 8, 2023.

/s/E. Ortega

3/8/2023

---

**Eraina Ortega Date**  
CalHR Director

---

**Date**