



## Memorandum

**To:** Pennsylvania State Employees' Retirement System (SERS) Investment Committee  
**From:** Callan LLC  
**CC:** SERS Investment Office  
**Date:** February 25, 2025  
**Subject:** 401(a) Defined Contribution Plan Investment Manager Evaluation List

The following is the 401(a) Defined Contribution Plan Investment Manager Evaluation List ("401(a) DC Evaluation List") as of December 31, 2024. The Evaluation List is compiled in conformance with the criteria established in the Investment Manager Monitoring Policy adopted by the Board on October 28, 2015, and amended on March 8, 2017 and May 5, 2022.

The placement of an investment manager on the 401(a) DC Evaluation List does not automatically serve as evidence of a problem with the investment manager. The 401(a) DC Evaluation List was developed to clearly communicate which investment managers have been identified as experiencing quantitative or qualitative pattern changes worthy of greater review by SERS' investment office and external investment consultants.

**No managers were added to the 401(a) DC Evaluation List this quarter. No managers were removed from the 401(a) DC Evaluation List this quarter. Callan and Staff will continue to monitor the investment managers.**

### Summary

Manager	Asset Class	Strategy	Assets	Event Date
<b>Additions Since Last Report</b>				
None				
<b>On Evaluation List</b>				
Mellon Investments Corporation – U.S. All Company Index Fund	U.S. Equity	U.S. All Company Stock Index	\$3.8m	9/19/23
<b>Deletions Since Last Report</b>				
None				

Manager	Reason	Status
<b>Additions Since Last Report</b>		
<b>On Evaluation List</b>		
Mellon Investments Corporation – U.S. All Company Index Fund	<p>Significant tracking error and loss of fund level assets during the second quarter of 2023. Tracking error was caused by large investor (92% of fund) fully redeeming its assets on May 15, 2023 and market movements adversely impacting the Fund in selling assets on May 16, 2023 to meet the redemption request. Mellon informed SERS IO on August 17, 2023 of the redemption and tracking error. On August 31, 2023, after discussion with PA SERS IO, Callan, and Empower, Mellon made an accrual of \$105,000 to the Fund to correct for the negative tracking error. Mellon made a further accrual of \$10,549.20 on 9/8/23 for a total of \$115,549.20 and participants were made whole who made any transactions that were adversely impacted. The Fund returned 2.59% for the quarter versus 2.63% for the Russell 3000 Index. Following BNY’s correction to make participants whole, the Fund is tracking the index with an adequate level of tracking error. Callan and SERS IO will continue to monitor the BNY indices closely.</p>	Watch List
<b>Deletions Since Last Report</b>		