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I. Overview and Authority

   A. Introduction

The Chairs of Excellence Endowment Trust Fund (“Trust”) is established to fund the Chairs of Excellence program (“Program”) as further set forth within the Chairs of Excellence Endowment Trust Agreement dated August 26, 1987, as may be amended from time to time (“Trust Agreement”).

   B. Authority

The investments by the Trust shall be governed by the investment policies and guidelines (“Investment Policy”) adopted by the Board of Trustees. The State Treasurer, a constitutional officer, is responsible for the investment and reinvestment of the Trust’s monies and assets. In implementing this Investment Policy, the State Treasurer hereby delegates certain responsibilities, including the power to invest and reinvest the Trust’s assets within the criteria established within this Investment Policy, to the State of Tennessee, Treasury Department’s Chief Investment Officer (“CIO”) and Investment Division Staff. The State Treasurer shall retain oversight of the CIO and the Investment Division Staff in the performance of duties delegated under this Investment Policy.

   C. Fiduciary Standard

All assets of the Trust shall be invested and managed solely in the interest of the beneficiaries of the Trust in a manner that is consistent with the standard of prudence, as set forth within the Trust Agreement.

It is recognized that the requirement of the corpus to not be expended for any purpose shall not be construed to apply to investment decisions to sell securities at a loss when a prudent determination to sell is indicated by market factors, credit considerations or other appropriate factors.

   D. Compliance with the Law

The Board of Trustees, Investment Division Staff and investment-related service providers are required to comply with all applicable federal and state laws, rules and regulations. The Investment Policy may reference or restate applicable laws, rules and regulations, or portions thereof, for convenience; however, in the event of any conflict, the following items shall govern in order of precedence as listed: i) laws, rules and regulations, ii) Trust Agreement ii) Investment Policy, and iv) other policies, guidelines, or procedures. Each fiduciary to the Trust is ultimately responsible for compliance with applicable laws, rules and regulations and the requirements of the Trust Agreement, Investment Policy and, as applicable, other policies, guidelines and procedures.
E. Scope

The Investment Policy is binding on all persons and entities with authority over the Trust’s assets, including the Board of Trustees, Investment Division Staff and investment-related service providers, as well as any other person who or entity that may have a fiduciary relationship with the Trust.

II. Policy Objective

The purpose of this Investment Policy is to support the Trust’s primary objective by:

- Outlining the distinct roles and responsibilities of the Board of Trustees, Investment Division Staff and investment-related service providers;
- Establishing formalized benchmarks to measure and evaluate the performance results of the Trust;
- Setting forth the additional investment criteria, which the Board of Trustees judges to be prudent, in consideration of the purposes, terms, distribution requirements and other circumstances of the Trust Fund, and in the best interest of the beneficiaries;
- Communicating the Investment Policy, as approved by the Board of Trustees, to the Investment Division Staff, investment-related service providers and any other person who or entity that may have a fiduciary relationship with the Trust Fund; and
- Functioning as a supervisory tool, guiding the ongoing oversight of the Trust.

III. Roles and Responsibilities

In addition to the responsibilities described below and throughout the Investment Policy, investment-related service providers, as well as any other person who or entity that may have a fiduciary relationship with the Trust Fund, may have additional duties and responsibilities outlined within federal and state laws, rules and regulations, executed contracts or agreements, or as dictated by standard business or industry practices.

A. Board of Trustees

1) Operate with a duty of undivided loyalty;
2) Adopt an Investment Policy which establishes the additional investment criteria, which the Board of Trustees judge to be prudent, in consideration of the purposes, terms, distribution requirements and other circumstances of the Trust Fund, and in the best interest of the beneficiaries;
3) Delegate investment and management functions that a prudent trustee of comparable skills could properly delegate under the circumstances;
4) Review and, if applicable, authorize the use of investment-related service providers or the processes employed by Investment Division Staff;
5) Evaluate the investment performance of the Trust, through reports supplied by the State Treasurer, Investment Division Staff and service providers; and
6) Monitor the Trust’s compliance with this Investment Policy and applicable federal and state laws, rules and regulations.

B. State Treasurer

1) Implement the Investment Policy, as approved by the Board of Trustees;
2) Subject to retained oversight of the functions performed, delegate investment and management functions that a prudent trustee of comparable skills would properly delegate under the circumstances;
3) Review and, as applicable, authorize the use of investment-related service providers and the employment of Investment Division Staff;
4) Evaluate and, as applicable, approve the processes employed and procedures established by Investment Division Staff; and
5) With the advice of legal counsel, negotiate and execute all contracts, agreements and memorandums of understanding in accordance with applicable procurement policies and law.
6) Notify the Board of Trustees of situations that merit their attention.

C. Chief Investment Officer

1) Assume executive responsibility and authority, as delegated by the State Treasurer, for the ongoing evaluation and management of the Trust, ensuring compliance with the Investment Policy, as approved by the Board of Trustees, and such other guidelines, policies, procedures, internal controls, laws, rules and regulations that may apply;
2) Undertake the necessary authority to effectively manage and supervise the Investment Division Staff;
3) Delegate investment and management functions that a prudent trustee of comparable skills would properly delegate under the circumstances;
4) Report to and, as necessary or upon request, consult with the State Treasurer and Assistant Treasurer of Investments and Deferred Compensation on administrative, organizational and investment activities;
5) Collaborate with Investment Division Staff and, as applicable, investment-related service providers on development and implementation of appropriate investment strategies;
6) Prepare and submit reports, as required, to document investment activities;
7) Take prudent actions that are deemed essential to protect the principal of the Trust Fund with any emergency actions, including, but not limited to aggressive rebalancing, being promptly reported to the Treasurer and the Board of Trustees; and
8) Notify the State Treasurer of situations that merit his attention.
D. Investment Division Staff

1) Assume fiduciary responsibility and authority, as delegated by the State Treasurer and CIO, for the Investment Division Staff member’s role in the ongoing evaluation and management of the Trust Fund’s assets;

2) Use his/her/their individual special skills and expertise in an effort to accomplish the primary objective of the Trust, as stated in the Investment Policy, as approved by the Board of Trustees;

3) Ensure compliance with the Investment Policy, as approved by the Board of Trustees, and such other guidelines, policies, procedures, internal controls, laws, rules and regulations that may apply;

4) Assist the State Treasurer, Assistant Treasurer of Investments and Deferred Compensation and/or CIO with respect to any matters related to the Trust Fund’s assets;

5) Prepare and submit reports, as required, to document investment activities; and

6) Notify the State Treasurer of situations that merit his attention.

IV. Investment Principles

A. Investment Objective

The primary investment objective of the Trust is to obtain the highest available return on investments consistent with the preservation of principal, while maintaining sufficient income generation to fund the Program.

B. Investment Criteria and Benchmarks

Board authorizes the State Treasurer, Chief Investment Officer and Investment Staff to invest and reinvest the Trust’s monies and assets in any fixed income securities, equity securities and fixed income or equity based publicly traded investment company securities that the Tennessee Consolidated Retirement System is permitted to invest, except that the portion of the Trust which comes from public funds cannot be invested in equities. Investment company securities shall be classified by the underlying asset class type (e.g. fixed income exchange traded funds classified as fixed income securities).

To ensure that no public funds are invested in equity, public funds, capital gains on public funds, and all current income on public funds exceeding withdrawals (i.e. Bond Account) shall be invested in fixed income securities. Private contributions (i.e. Stock Account) may be invested in equity securities.
Based on input from the CIO and Investment Division Staff, the Board of Trustees has established the following benchmark indices:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Benchmarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Equities</td>
<td>S&amp;P 500 Index</td>
</tr>
<tr>
<td>International Equities</td>
<td>MSCI EAFE Index</td>
</tr>
</tbody>
</table>

V. Custodian and Service Providers

The Trust’s assets, that are not co-invested with other funds held by the State Treasurer, shall be held in a separate account at the same master custodian financial institution that is utilized by the Tennessee Consolidated Retirement System.

If determined to be in the best interest of the Trust, the State Treasurer is authorized to contract for investment-related service providers for the Trust.

VI. Investment Risk Monitoring and Reporting

The State Treasurer, Assistant Treasurer of Investments and Deferred Compensation, CIO and Investment Division Staff, along with the assistance of other Treasury Department employees, will establish written policies and procedures, including, but not limited to, procedures and internal controls, which are an integral component of implementing this Investment Policy.

The State Treasurer shall provide a quarterly investment summary report and an annual report to the Board of Trustees.

VII. Administrative Fee

The State Treasurer may charge an investment-related administrative fee to the Trust. The fee rate (basis points) may be deducted from the Trust, as an investment expense. The State Treasurer shall annually report such fee to the Board of Trustees.

VIII. Other Considerations

The Board of Trustees hereby authorizes the State Treasurer to take, for and on behalf of the Trust, all actions necessary to comply with applicable federal and state securities laws, rules and regulations. In cases of uncertainty, the State Treasurer is authorized to provide interpretive
guidance and approve, from time to time, variances from the requirements contained within the Investment Policy in furtherance of compliance or as he deems in the best interest of the Trust, consistent with both fiduciary standards and the scope of the Investment Policy. Such interpretive guidance or variance shall be reported in writing to the Board at its next meeting.

IX. Policy Adoption

The Board of Trustees for the Chairs of Excellence Endowment Trust Fund adopted this revised and restated Investment Policy at its meeting held on October 11, 2017.

[Signature]
David H. Lillard, Jr., State Treasurer and Chairman of the Board of Trustees for the Chairs of Excellence Endowment Trust Fund