

Optional Retirement Program ("ORP")

Investment Policy

NOTICE: This document does not outline the investment risks, fees, expenses, terms, conditions, restrictions and other important information for Optional Retirement Program Participants. Participants should obtain such information from the Participant Information available on the Optional Retirement Program's website, www.retirereadytn.gov, or by contacting the current Designated Companies:

AIG RETIREMENT SERVICES-VALIC

888-569-7055

TIAA

800-842-2776

VOYA

866-776-6704, ext 2

Each Participant in the Optional Retirement Program is responsible for his/her own investment decisions. A Participant should request and read the prospectus and additional information provided by the Designated Company offering the investment option to which a Participant is considering allocating contributions. The prospectus and additional information outline the investment risks, fees, expenses, terms, conditions, restrictions and other important information necessary for a Participant to make an informed investment decision.

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I. Definitions

The following definitions are used hereafter with respect to this Investment Policy:

Consultant(s) - An entity or individual, duly selected and contractually bound, with substantial experience in providing investment advice on and/or consulting services in the evaluation and selection of investment options. Such Consultant(s) will be appropriately registered, or exempt from registration, under the applicable state and federal securities laws, rules, and regulations.

Department of Treasury Staff - Each Department of Treasury employee involved in the administration or management of the ORP. Department of Treasury Staff includes, but is not limited to, the State Treasurer, Chief Investment Officer and Director of Deferred Compensation.

Designated Companies - The companies designated and authorized by the Trustees to provide investment options to Participants.

ORP - Optional Retirement Program for Employees of Public Institutions of Higher Education.

Participant - An employee of a public institution of higher education in Tennessee who is eligible to participate, and elects to participate, in the Optional Retirement Program under Tennessee Code Annotated, Title 8, Chapter 25.

Self-Directed Brokerage Account ("SDBA") - An alternative method for Participants who wish to take an active role selecting investment instruments not available as a direct investment option in the ORP.

T.C.A. - Tennessee Code Annotated.

Trustees - The Trustees of the Optional Retirement Program for Employees of Public Institutions of Higher Education, who are the commissioner of finance and administration, the chair of the finance, ways and means committee of the senate, the chair of the finance, ways and means committee of the house of representatives, and the chair of the consolidated retirement board.

Underperforming Investment Option - An investment option that is rated "underperforming" based on a performance analysis conducted by the Department of Treasury Staff.

Watch List - A list maintained by the Department of Treasury Staff in order to efficiently track any Underperforming Investment Option.

II. Overview and Authority

A. Introduction

The Optional Retirement Program for Employees of Public Institutions of Higher Education ("ORP") was established for the purpose of providing retirement and other benefits for eligible employees of participating public institutions of higher education.

B. Investment Authority

Day-to-day administration and operation of the ORP is hereby delegated to the State Treasurer. Implementation of the ORP Investment Policy established by the Trustees is hereby delegated to the State Treasurer, who shall put such policy into effect. In implementing this Investment Policy, the State Treasurer hereby delegates certain responsibilities to the Department of Treasury Staff: including, but not limited to, the Director of Deferred Compensation and Chief Investment Officer.

The Trustees have the authority to designate at least two (2), but up to three (3), companies ("Designated Companies") to provide investment options to Participants. The Trustees hereby delegate such authority to the State Treasurer, as outlined within this Investment Policy.

C. Fiduciary Standard

All assets of the ORP shall be invested and managed solely in the interest of the ORP's beneficiaries and in a manner consistent with T.C.A. §35-14-107, the prudent investor rule pursuant to T.C.A. §35-14-103 and the standard of care pursuant to T.C.A. §35-14-104. Furthermore, the delegation of investment and management functions shall be carried out in accordance with T.C.A. §35-14-111.

D. Scope

The Investment Policy is binding on all persons and entities with authority over the ORP's assets, including, but not limited to, the Trustees, Department of Treasury Staff, Designated Companies and any other person who or entity that may have a fiduciary relationship with the ORP.

III. Objective

The purpose of this Investment Policy is to support the ORP's primary purpose by:

- Outlining the distinct roles and responsibilities of the Trustees, Department of Treasury Staff, Consultant(s) and Designated Companies;
- Establishing investment criteria which the Trustees determine to be prudent and in the best interest of the beneficiaries, for the selection, ongoing evaluation, and, if necessary, termination of investment options;
- Communicating the Investment Policy, as approved by the Trustees, to the Department of Treasury Staff, Consultant(s), Designated Companies and any other person who or entity that may have a fiduciary relationship with the ORP; and
- Functioning as a supervisory tool, guiding the ongoing oversight of the investment options available under the ORP.

IV. Roles and Responsibilities

In addition to the responsibilities described below and throughout the Investment Policy, Designated Companies, as well as any other person who or entity that may have a fiduciary relationship with the ORP, 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. Trustees

- 1) Adopt an Investment Policy that establishes the investment criteria, which the Trustees determine to be prudent;
- 2) Delegate investment and management functions that a prudent trustee of comparable skills would properly delegate under the circumstances;
- 3) Evaluate the investment performance of the investment options, through reports supplied by the State Treasurer, Department of Treasury Staff, Consultant(s), Designated Companies, and/or other service providers; and
- 4) Periodically review the actions taken by delegates in order to monitor performance and compliance with the terms of the delegation.

B. State Treasurer

- 1) Implement the Investment Policy, as approved by the Trustees;
- 2) Delegate investment and management functions that a prudent trustee of comparable skills would properly delegate under the circumstances;
- 3) Approve a prudent menu of investment options through the evaluation of the investments and recommendations made by the Chief Investment Officer and Department of Treasury Staff;
- 4) Review and, as applicable, authorize the use of Consultant(s), service providers and the employment of Department of Treasury Staff;
- 5) Evaluate and, as applicable, approve the processes employed and procedures established by Department of Treasury Staff;
- 6) With the advice and counsel, as applicable, of legal counsel, negotiate and execute all contracts, agreements, forms and memoranda of understanding deemed necessary or desirable for the efficient administration of the ORP's assets;
- 7) Monitor the investment performance of the investment options and Designated Companies; and
- 8) Take actions that are deemed essential to protect the assets of the ORP with any emergency actions being promptly reported to the Trustees.

C. Chief Investment Officer

- 1) Assume executive responsibility and authority, as delegated by the State Treasurer, and undertake the necessary authority to effectively manage and supervise, as applicable;
- 2) Delegate investment and management functions to Department of Treasury Staff that a prudent trustee of comparable skills would properly delegate under the circumstances;
- 3) Create a prudent menu of investment options through the evaluation of the investments offered by the Designated Companies and recommendations

made by Department of Treasury Staff, Consultant(s) and/or service provider(s);

- 4) Report to and consult with the State Treasurer and/or his designee on administrative, organizational and investment activities;
- 5) Collaborate, as applicable, with the Department of Treasury Staff, Consultant(s), Designated Companies, and service providers on development and implementation of appropriate strategies, policies, and procedures;
- 6) Prepare and submit reports, as required, to document activities; and
- 7) Notify the State Treasurer of situations that merit the Trustees' attention.

D. Director of Deferred Compensation

- 1) Assume executive responsibility and authority, as delegated by the State Treasurer, and undertake the necessary authority to effectively manage and supervise the day-to-day operations of the ORP, as applicable;
- 2) Delegate functions to Department of Treasury Staff that a prudent trustee of comparable skills would properly delegate under the circumstances;
- 3) Report to and consult with the State Treasurer and/or his designee on administrative, organizational and management activities;
- 4) Collaborate, as applicable, with the Department of Treasury Staff, Consultant(s), Designated Companies, and service providers on development and implementation of appropriate strategies, policies, and procedures;
- 5) Prepare and submit reports, as required, to document activities; and
- 6) Notify the State Treasurer of situations that merit the Trustees' attention.

E. Department of Treasury Staff

- 1) Utilize special skills and expertise in an effort to accomplish the delegated or assigned task;
- 2) Evaluate the investment performance of the investment options, through reports supplied by the Consultant(s), Designated Companies and/or other service providers;
- 3) Assist the State Treasurer, or his designee, Chief Investment Officer and Director of Deferred Compensation with respect to any matters related to the ORP;
- 4) Prepare and submit reports, as required, to document activities; and
- 5) Notify the State Treasurer of situations that merit his attention.

F. Consultant(s)

- 1) Act as an advisor to the Department of Treasury Staff in the analysis and selection of investment options;
- 2) Source and evaluate prospective investment options on an as-needed or as-requested basis;
- 3) Prepare and submit relevant, reliable and timely investment and performance reports and objective advice as required or as needed by the Trustees, State Treasurer, Chief Investment Officer or Department of Treasury Staff; and
- 4) Support the Trustees, State Treasurer, Chief Investment Officer, Director of Deferred Compensation, or Department of Treasury Staff with respect to any matters related to the ORP.

G. Designated Companies

- 1) Act in a fiduciary capacity in selecting investment options that are suitable for the ORP;
- 2) Source and evaluate prospective investment options on an as-needed or as-requested basis;
- 3) Prepare and submit relevant, reliable and timely investment and performance reports and objective advice as required or as needed by the Trustees, State Treasurer, Chief Investment Officer, Director of Deferred Compensation or Department of Treasury Staff; and
- 4) Support the Trustees, State Treasurer, Chief Investment Officer, Director of Deferred Compensation or Department of Treasury Staff with respect to any matters related to the ORP.

V. Governing Principles

A. Primary Investment Philosophy

Each Participant may have a different risk tolerance, investment horizon, retirement savings goals and overall investment objectives. As such, Participants are responsible for their own investment decisions. To accommodate varying investment objectives, risk tolerances and time horizons, the Trustees seek to provide Participants with a prudent menu of investment options that is diversified across a range of asset classes, risk levels and investment strategies and reasonable in cost when compared with other investment options with similar objectives.

B. Authorized Asset Classes and Investment Strategies

Subject to the approval of the State Treasurer and, as applicable, the terms, conditions, limitations and restrictions imposed by this Investment Policy, the Trustees authorize investment options in each of the following major asset classes and investment strategies:

- Equity (Large-, Mid-, or Small-Cap)
 - o Growth
 - o Blend
 - o Value
 - o Specialty (e.g. sector, international, etc.)
- Fixed Income
 - o Investment Grade (Short-, Intermediate-, or Long-Term)
 - o Inflation-Protected
 - o Specialty (e.g. high-yield, international, etc.)
- Balanced/Asset Allocation (asset allocation remains relatively static)
- Age-Based/Lifecycle (assets reallocated, over time, based on a specific date, commonly referred to as glide path)
- Stable Value/Fixed Account (or similar option that provides a guaranteed minimum rate of return or interest)

The Trustees acknowledge that the use of all of the above-referenced major asset classes and investment strategies may not be required in order to develop a prudent menu of investment options.

C. Authorized Investment Vehicles

Subject to the approval of the State Treasurer and, as applicable, the terms, conditions, limitations and restrictions imposed by this Investment Policy, the Trustees authorize the following investment vehicles: mutual funds, annuities, fixed accounts and self-directed brokerage accounts.

D. Benchmarks

Each investment option will be evaluated against its designated benchmark, index or respective peer group, as outlined in Appendix A. The appropriateness of each investment option designated benchmark, index or respective peer group should be periodically evaluated by the Department of Treasury Staff and may be amended, subject to the approval of the State Treasurer.

E. Revenue Sharing, Distribution and Service Fees

To offset the costs of administration, the ORP may receive payments known as offsets or administrative fee reimbursements from certain mutual fund or insurance companies. Any offsets received shall be (a) used to reduce the overall expenses of the ORP or (b) directly reimbursed or applied to the applicable Participant's account.

VI. Consultant(s) and Service Providers

The State Treasurer is authorized to contract for services and/or providers as determined to be in the best interest of the ORP and Participants. The State Treasurer is also authorized to consult with professionals as necessary about the administration of the ORP. The Trustees delegate to the State Treasurer the responsibility to determine the procurement method for such services, providers and professionals, including the general and technical qualifications. The State Treasurer shall also determine the duties and responsibilities of the providers and professionals with such duties and responsibilities enumerated in a contractual agreement.

VII. Selection Criteria for Investment Options

The Trustees recognize that various factors are taken into consideration when evaluating investment performance and the menu of investment options. The Trustees rely on the State Treasurer, Department of Treasury Staff and, if applicable, the Consultant(s) to use reasonable judgment in proactively and objectively evaluating each investment option.

A. Mutual Funds

Mutual funds must be publicly listed and may be either actively or passively managed. At the time of selection, a mutual fund must have:

- At least three (3) years of investment and operational history;
- Outperformed its respective benchmark, net of fees, over at least two of the most recent 1-, 3-, or 5-year periods; and
- An expense ratio competitive with other investment options with similar objectives.

Mutual fund sales loads (front- or back-end), redemption, exchange, account, or purchase fees that are paid by Participants will not be permitted. In the event a mutual fund nominally charges

such fees but has arranged with the Designated Company for such fees to be waived, the Designated Company is responsible for notifying the Department of Treasury Staff and ensuring that any such fees shall not be borne in any manner by the ORP or Participants.

B. Annuities

Annuities may be either fixed or variable. At the time of selection, an annuity must have:

- At least five (5) years of investment and operational history;
- An issuer, long-term rating of (or equivalent to) A+ or better as determined by a credit rating agency that is registered with the Securities and Exchange Commission ("SEC") as a Nationally Recognized Statistical Rating Organization ("NRSRO"); and
- An expense ratio competitive with other investment options with similar objectives.

C. Fixed Account

A fixed account will generally guarantee a minimum rate of return or interest. Fixed accounts available through an annuity contract must satisfy the selection criteria for annuities. Fixed accounts available through a bank depository account must provide participant-level FDIC protection.

D. Self-Directed Brokerage Account ("SDBA")

The purpose of a Self-Directed Brokerage Account ("SDBA") is to offer flexibility to Participants who wish to take an active role selecting investment instruments not available as a direct investment option in the ORP. The Trustees, State Treasurer, and Department of Treasury Staff have no responsibility to review or assess the self-directed brokerage account provider, brokerage window or the investment instruments available under a SDBA and have no responsibility to determine the appropriateness of a SDBA, or any investment instruments available within, for any Participant.

Department of Treasury Staff will establish procedures to ensure that a Participant electing the SDBA option:

- maintains a minimum balance that is not less than fifty percent (50%) of a Participant's total ORP account balance in the direct investment options offered in the ORP;
- makes a minimum initial transfer of at least fifteen thousand dollars (\$15,000) into the SDBA;
- makes subsequent transfer of at least one thousand dollars (\$1,000) into the SDBA;
- does not purchase any direct investment option offered in the ORP through the SDBA except for mutual funds available in the TIAA ORP core lineup; and
- receives disclosures related to investment risks and a Participant's responsibility to bear all applicable costs, fees, expenses, and commissions.

The Department of Treasury Staff may develop additional policies, procedures, restrictions and criteria for participation in a SDBA or investment instruments offered through a SDBA. Such policies, procedures, restrictions and criteria will be made readily available to Participants and the self-directed brokerage account provider.

VIII. Selection Criteria for Designated Companies

Selection of the Designated Companies shall be done in accordance with applicable state laws, rules and regulations governing procurement and state contracting. The Trustees delegate to the State Treasurer the responsibility to determine the procurement method for such Designated Companies, including, but not limited to, the general and technical qualifications.

The State Treasurer shall also determine the duties and responsibilities of the Designated Companies with such duties and responsibilities enumerated in a contractual agreement.

IX. Monitoring and Reporting

A. Quarterly

After the end of each calendar quarter, or as deemed necessary by the Trustees, State Treasurer or Department of Treasury Staff, each Designated Company will provide a comprehensive performance report of each investment option offered by such Designated Company.

Additionally, Department of Treasury Staff and/or selected service provider or Consultant(s) will complete a performance analysis for all of the investment options offered under the ORP. Such performance analysis will include, but is not limited to statistical measures of performance, risk, style consistency, and other criteria used to evaluate the relative success and stability of each investment option.

The performance reports and performance analysis will be reviewed and evaluated by the Department of Treasury Staff. During such evaluation, any investment option that has any one or more of the following will be selected for further review Department of Treasury Staff and/or Consultant(s):

- performed below benchmark and below universe median performance for both the 3-, and 5-year periods,
- for passive index mutual funds, failed to track the stated index within a variance of fifteen (15) basis points (0.15%), gross of fees,
- for annuities and fixed accounts, received an issuer, long-term credit rating downgraded below A+ (or below its equivalent),
- significant changes in ownership, management, investment objective or investment style,
- substantial portfolio turnover,
- material violations of federal or state law, policies or procedures, or
- excessive reoccurring administrative or operational issues

See Underperforming Investment Options for further information.

B. Periodically

The Trustees, State Treasurer, or Department of Treasury Staff may conduct, or request to be conducted, at any time a review or evaluation of an investment option or a Designated Company.

C. Annually

At least annually, the Department of Treasury Staff and/or selected service provider shall review the Investment Policy and overall investment performance (measured in 1-, 3-, and 5- cycles) of the investment options offered in the ORP and provide any recommendations to the State Treasurer.

X. Underperforming Investment Options

If an investment option has been selected for further review, Department of Treasury Staff and/or Consultant(s) will gather additional information related to the underperformance or events. Additionally, the applicable Designated Company, investment company or insurance company may be involved and/or invited to meet with Department of Treasury Staff and explain the underperformance or events and any remedial efforts.

If, based on such review, the State Treasurer and Department of Treasury Staff determine that the underperformance or event is material then the investment option will be placed on the Watch List. The investment option will remain on the Watch List and re-evaluated during the next quarter's performance analysis.

An investment option will be added to, removed from, or remain on the Watch List, based on each quarter's performance analysis. Notwithstanding the authority provided for in Section XI of this Investment Policy, an investment option that is on the Watch list for four or more (2: 4) consecutive quarters or seven or more (2: 7) total (non-sequential) quarters in a trailing twelve (12) quarter period may be, at the State Treasurer's discretion:

- closed to new contributions;
- phased out of the menu of available investment options; and/or
- terminated and the assets transferred to a new or existing investment option.

The Trustees reserve the right to change, eliminate, or restrict any investment option and such actions do not require Participant consent. When feasible and appropriate, reasonable notice will be provided to Participants regarding any material changes to the menu of available investment options.

XI. Other Considerations

The Trustees, State Treasurer, Department of Treasury Staff, Consultant(s), Designated Companies and 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 between the law and this Investment Policy, the law prevails. Each fiduciary to the ORP is ultimately responsible for compliance with applicable laws, rules and regulations.


The Trustees hereby authorize the State Treasurer to take, for and on behalf of the ORP, all actions necessary to comply with applicable federal and state securities laws, rules and regulations. In implementing such, the State Treasurer may delegate certain responsibilities to the Department of Treasury staff or service providers.

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, including immediate termination of an investment option or options, in furtherance of compliance or as deemed in the best interest of Participants, consistent with both fiduciary standards and the scope of the Investment Policy. Such interpretive guidance or variance shall be reported to the Trustees at their next meeting.

XII. Approval and Adoption

The Trustees of the Optional Retirement Program hereby approved and adopted this revised and restated Investment Policy of the Optional Retirement Program on the 11th day of March, 2022.

CHAIR
TENNESSEE CONSOLIDATED
RETIREMENT SYSTEM BOARD

 Digitally signed by
David H. Lillard, Jr.
Date: 2022.03.07
10:18:54 -06'00' March 7, 2022

David H. Lillard, Jr. Date
Trustee

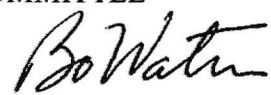
COMMISSIONER
DEPARTMENT OF FINANCE AND
ADMINISTRATION

Butch Eley Date
Trustee

CHAIR
HOUSE FINANCE WAYS AND
MEANS COMMITTEE

Patsy Hazlewood Date
Trustee

CHAIR
SENATE FINANCE WAYS AND MEANS
COMMITTEE

 March 9, 2022


Bo Watson Date
Trustee

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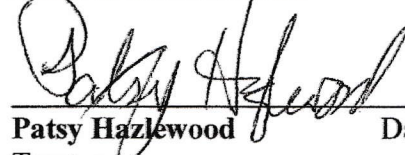
March 7, 2022

David H. Lillard, Jr. Date
Trustee

COMMISSIONER
DEPARTMENT OF FINANCE AND
ADMINISTRATION

Butch Eley Date
Trustee

CHAIR
HOUSE FINANCE WAYS AND
MEANS COMMITTEE

 3/10/22

Patsy Hazlewood Date
Trustee

CHAIR
SENATE FINANCE WAYS AND MEANS
COMMITTEE

Bo Watson Date
Trustee

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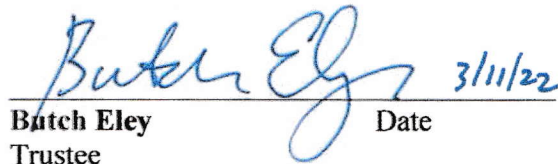


Digitally signed by
David H. Lillard, Jr.
Date: 2022.03.07
10:18:54 -06'00'

March 7, 2022

David H. Lillard, Jr. Date
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COMMISSIONER
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Butch Eley Date
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CHAIR
HOUSE FINANCE WAYS AND
MEANS COMMITTEE

Patsy Hazlewood Date
Trustee

CHAIR
SENATE FINANCE WAYS AND MEANS
COMMITTEE

Bo Watson Date
Trustee

Appendix A – Active ORP Investment Options and Designated Benchmarks as of February 2022

AIG RETIREMENT SERVICES	
Available Investment Option	Designated Benchmark
American Funds 2020 Target Date Retire R6	S&P Target Date 2020 Index
American Funds 2025 Target Date Retire R6	S&P Target Date 2025 Index
American Funds 2030 Target Date Retire R6	S&P Target Date 2030 Index
American Funds 2035 Target Date Retire R6	S&P Target Date 2035 Index
American Funds 2040 Target Date Retire R6	S&P Target Date 2040 Index
American Funds 2045 Target Date Retire R6	S&P Target Date 2045 Index
American Funds 2050 Target Date Retire R6	S&P Target Date 2050 Index
American Funds 2055 Target Date Retire R6	S&P Target Date 2055 Index
American Funds 2060 Target Date Retire R6	S&P Target Date 2060+ Index
Vanguard Instl Index Plus	S&P 500
American Funds Fundamental Invs R6	Russell 1000
American Funds American Mutual R6	Russell 1000 Value
American Funds Growth Fund of America R6	Russell 1000 Growth
Vanguard Mid Cap Index I	Spliced Vanguard Mid Cap Index
Victory Sycamore Established Value R6	Russell MidCap Value
JP Morgan Mid Cap Growth R6	Russell MidCap Growth
Vanguard Small Cap Index I	Spliced Vanguard Small Cap Index
Vanguard Small Cap Value Index I	Spliced Vanguard Small Cap Value Index
Vanguard Small Cap Growth Index Adm	Spliced Vanguard Small Growth Index
American Funds Capital World Growth & Income R6	MSCI ACWI
American Funds Europacific Growth R6	MSCI ACWI ex US Growth
Vanguard Total Stock Index I	Spliced Vanguard International Index
PIMCO Total Return I	Bloomberg US Aggregate TR
Vanguard Total Bond Market Index Inst Plus	Bloomberg US Aggregate TR
Vanguard Inflation Protected Sec I	Bloomberg US TIPS TR
Vanguard Real Estate Index I	Spliced Vanguard Real Estate Index
VALIC Fixed Option	N/A
Vanguard Federal Money Market	ICE BofA 91 Days T-Bills TR

TIAA	
Available Investment Option	Designated Benchmark
TIAA-CREF Lifecycle 2010 I	Morningstar Lifetime Mod 2010 TR USD
TIAA-CREF Lifecycle 2015 I	Morningstar Lifetime Mod 2015 TR USD
TIAA-CREF Lifecycle 2020 I	Morningstar Lifetime Mod 2020 TR USD
TIAA-CREF Lifecycle 2025 I	Morningstar Lifetime Mod 2025 TR USD
TIAA-CREF Lifecycle 2030 I	Morningstar Lifetime Mod 2030 TR USD
TIAA-CREF Lifecycle 2035 I	Morningstar Lifetime Mod 2035 TR USD
TIAA-CREF Lifecycle 2040 I	Morningstar Lifetime Mod 2040 TR USD
TIAA-CREF Lifecycle 2045 I	Morningstar Lifetime Mod 2045 TR USD
TIAA-CREF Lifecycle 2050 I	Morningstar Lifetime Mod 2050 TR USD
TIAA-CREF Lifecycle 2055 I	Morningstar Lifetime Mod 2055 TR USD
TIAA-CREF Lifecycle 2060 I	Morningstar Lifetime Mod 2060 TR USD
TIAA-CREF Lifecycle Retirement Income I	Morningstar Lifetime Mod Income TR USD
CREF Social Choice R3	Morningstar Mod Tgt Risk TR USD
CREF Equity Index R3	Russell 3000
TIAA-CREF S&P 500 Index I	S&P 500
Diamond Hill Large Cap Class Y	Russell 1000 Value
CREF Growth R3	Russell 1000 Growth
Victory Sycamore Established Value R6	Russell Mid Cap Value
Carillon Eagle Mid Cap Growth R6	Russell Mid Cap Growth
Vanguard Small Cap Value Index I	Spliced Vanguard Small Cap Value Index
Carillon Eagle Small Cap Growth R6	Russell 2000 Growth
American Funds Europacific Growth R6	MSCI ACWI ex US Growth
CREF Global Equities R3	MSCI ACWI
CREF Stock R3	70% Russell 3000/30% MSCI ACWI ex US
CREF Bond Market R3	Bloomberg US Aggregate TR
PIMCO Total Return I	Bloomberg US Aggregate TR
TIAA-CREF Inflation-Linked Bond I	Custom Blended Bloomberg US TIPS 1-10 Yr
TIAA Real Estate	NCREIF Property Index
TIAA Stable Value	N/A
TIAA CREF Money Market I	ICE BofA 91 Days T-Bills TR

VOYA	
Available Investment Option	Designated Benchmark
Vanguard Trgt Retire Income Inv	Morningstar Lifetime Mod Income TR USD
Vanguard Trgt Retire 2015 I	Morningstar Lifetime Mod 2015 TR USD
Vanguard Trgt Retire 2020 I	Morningstar Lifetime Mod 2020 TR USD
Vanguard Trgt Retire 2025 I	Morningstar Lifetime Mod 2025 TR USD
Vanguard Trgt Retire 2030 I	Morningstar Lifetime Mod 2030 TR USD
Vanguard Trgt Retire 2035 I	Morningstar Lifetime Mod 2035 TR USD
Vanguard Trgt Retire 2040 I	Morningstar Lifetime Mod 2040 TR USD
Vanguard Trgt Retire 2045 I	Morningstar Lifetime Mod 2045 TR USD
Vanguard Trgt Retire 2050 I	Morningstar Lifetime Mod 2050 TR USD
Vanguard Trgt Retire 2055 I	Morningstar Lifetime Mod 2055 TR USD
Vanguard Trgt Retire 2060 I	Morningstar Lifetime Mod 2060 TR USD
Vanguard Trgt Retire 2065 I	Morningstar Lifetime Mod 2060 TR USD
Vanguard Wellington Adm	Morningstar Mod Tgt Risk TR USD
Vanguard Instl Index Plus	S&P 500
Vanguard FTSE Social Index Adm	Spliced Vanguard Social Index
JP Morgan Large Cap Value R6	Russell 1000 Value
Vanguard Equity Income Adm	Russell 1000 Value
American Funds Growth Fund of America R6	Russell 1000 Growth
Vanguard Mid Cap Index I	Spliced Vanguard Mid Cap Index
Vanguard Mid Cap Growth Index Adm	Spliced Vanguard Mid Cap Growth Index
Vanguard Small Cap Index I	Spliced Vanguard Small Cap Index
Vanguard Small Cap Value Index I	Spliced Vanguard Small Cap Value Index
Vanguard Explorer Adm	Russell 2000 Growth
American Funds Europacific Growth R6	MSCI ACWI ex US Growth
MFS Institutional Intl Equity	MSCI ACWI ex US Growth
PIMCO Total Return I	Bloomberg US Aggregate TR
Vanguard Total Bond Market Index Inst Plus	Bloomberg US Aggregate TR
Vanguard Inflation Protected Sec Adm	Bloomberg US TIPS TR
Vanguard Short-Term Bond Index Adm	Spliced BBgBarc US 1-5 Gov/Cr FlAdj Index
Vanguard Real Estate Index I	Spliced Vanguard Real Estate Index
Voya Fixed Plus Account III	N/A

**Tennessee Department of Treasury
Deferred Compensation Division
Optional Retirement Program Self-
Directed Brokerage Account Policy**

The purpose of this policy is to document the self-directed brokerage account (SDBA) policy for the State of Tennessee Optional Retirement Program (ORP) as shall be updated from time to time.

1. The self-directed brokerage window is intended for use by experienced, knowledgeable investors. Use of the brokerage window is neither encouraged nor discouraged.
2. Legal documents are required before a participant can exercise this option.
3. A participant electing to use the self-directed brokerage account option should exercise great care over all brokerage account transaction activity. Funds moved from the third party plan administrator, TIAA or Voya, through the brokerage window, are outside of the Plan offerings, oversight and influence.
4. Participants are responsible for monitoring self-directed brokerage account balances and transactions. Follow up all issues with the self-directed brokerage account provider immediately to assure your instructions are implemented.
5. A self-directed brokerage account offered through a deferred compensation plan account is sometimes called a broker window. The Plan and the record keeper create a window that permits the transfer of funds from an existing Plan Investment option to another investment.
6. A broker is a salesperson or company that sells investment products.
7. Self-directed brokerage means that the participant chooses to go outside of the investment products offered by the Plan to open a separate broker account to obtain a specific product not offered by the Plan. The self-directed brokerage account provider will answer questions regarding events after a transfer is made to the self-directed brokerage account.
8. While restricting investment in mutual funds offered in the ORP investment option lineups may not be possible, the purpose of the self-directed brokerage account is to offer flexibility to plan participants who wish to invest in a mutual fund not adopted for use of the Plan as a whole.
9. To the extent it is possible to invest in mutual funds offered in the core investment lineups through the SDBA, the participant is discouraged from doing so to avoid potentially higher fees.
10. Use of the SDBA option is a voluntary choice of an investment option selected by the participant.
11. Participants are responsible for all choices exercised.
12. Participants are responsible for monitoring the execution of their instructions to the broker.
13. Participants of the ORP and 403(b) Plan may utilize the SDBA from either or both the ORP or the 403(b) Plan provided the respective account individually meets the criteria for participation set forth below and in the Tennessee Board of Regents 403(b) Retirement Plan and University of Tennessee 403(b) Plan Self-Directed Brokerage Account Policy Document, which can be located at www.retirereadytn.gov.
14. The participant bears all costs of transactions, funds transfer, commissions, access fees, recordkeeping fees, and all other costs accumulated for assets in the account.

15. Account balance refers to the total amount in the ORP account in all investment fund options, including the balance in the brokerage account. The core balance is the dollar value amount in the basic core investment options provided by the Plan. The core investment options are named funds that a participant may invest in directly through regular salary reduction deferral. The core balance does not include any self-directed brokerage account balance.
16. In order to participate and set up an active account in the self-directed brokerage option, the participant must leave and otherwise maintain a minimum of 50% of the participant's ORP account balance as the ORP core balance after the SDBA transaction is completed.
17. The initial amount of the transfer to the SDBA to acquire mutual fund(s) through the SDBA provider must be at least \$15,000.
18. Subsequent transfers to the SDBA investment option must be at least \$1,000.
19. The participant may not invest in mutual funds offered by the Plan, except for mutual funds available in the TIAA ORP core investment options.
20. No investment vehicles other than mutual funds may be acquired through the SDBA.
21. The State, in coordination with TIAA and Voya, will monitor participant compliance with the requirement to maintain a minimum of 50% of the participant's ORP account balance as the ORP core balance. A core minimum balance shortfall will be expected to be corrected by the participant within a reasonable time. It is expected that the participant will make up the core balance shortfall thus avoiding the need for further action. Should the participant fail to correct a minimum balance shortfall within a reasonable time, further action will be taken, which may include written instruction from the Plan Sponsor authorizing the SDBA provider to fully or partially liquidate the participant's SDBA account.
22. Commissions for purchases in the SDBA account are added to the amount paid for the trade; commissions for sales are deducted from the sale proceeds. Recordkeeping fees are assessed against the core investments on a monthly basis, and only apply to those participants who had an SDBA balance at any time during the past 90 calendar days.
23. These policies may be updated from time to time. This policy will be available to participants upon request and posted to www.retirereadytn.gov.

Tennessee Board of Regents 403(b) Retirement Plan

and

University of Tennessee 403(b) Plan

Investment Policy

NOTICE: This document does not outline the investment risks, fees, expenses, terms, conditions, restrictions and other important information for 403(b) plans. Participants should obtain such information from their benefits or human resource office or by contacting the current Vendor(s):

Ameriprise Financial: 800-328-8300

AIG Retirement Services: 800-448-2542

Fidelity: 800-343-0860

TIAA: 800-842-2252

Voya: 866-776-6704 x 2

Each Participant in one of the 403(b) Plans is responsible for his/her own investment decisions. A Participant should request and read the prospectus and additional information provided by the Vendor(s) offering the Investment Option to which a Participant is considering allocating contributions. The prospectus and additional information outline the investment risks, fees, expenses, terms, conditions, restrictions and other important information necessary for a Participant to make an informed investment decision.

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I. Definitions

The following definitions are used hereafter with respect to this Investment Policy:

403(b) Plans – The Tennessee Board of Regents 403(b) Retirement Plan effective January 1, 2009, as amended from time to time, and the University of Tennessee 403(b) Plan, effective January 1, 2009, as amended from time to time, collectively referred to as the “403(b) Plans.”

Consultant(s) – An entity or individual, duly selected and contractually bound, with substantial experience in providing investment advice on and/or consulting services in the evaluation and selection of Investment Options. Such Consultant(s) will be appropriately registered, or exempt from registration, under the applicable state and federal securities laws, rules and regulations.

Department of Treasury Staff – Each Department of Treasury employee involved in the administration or management of the 403(b) Plans.

Investment Option – an investment under the 403(b) Plans that is directly available to Participants, which does not include any investment that may be offered through a self-directed brokerage account.

Participant – An employee of a public institution of higher education in Tennessee who is eligible to participate, and elects to participate, in the 403(b) Plans.

State Treasurer – The Chair of the Board of Trustees for the Tennessee Consolidated Retirement System.

T.C.A. – Tennessee Code Annotated.

Trustees – The Trustees of the 403(b) Plans, who are the commissioner of finance and administration, the chair of the finance, ways and means committee of the senate, the chair of the finance, ways and means committee of the house of representatives, and the chair of the Tennessee Consolidated Retirement System Board of Trustees.

Underperforming Investment Option – An Investment Option that is rated “underperforming” based on a performance analysis conducted by the Department of Treasury Staff and/or Consultant(s).

Vendor – As defined in the 403(b) Plans’ respective plan documents, the provider of an annuity contract or custodial account.

Watch List – A list maintained by the Department of Treasury Staff in order to efficiently track any Underperforming Investment Option.

II. Overview and Authority

A. Introduction

The Tennessee Board of Regents ("TBR") established the Tennessee Board of Regents 403(b) Retirement Plan, effective January 1, 2009, and the University of Tennessee ("University") established the University of Tennessee 403(b) Plan, effective January 1, 2009, hereinafter referred to collectively as the 403(b) Plans. Under the 403(b) Plans, employees of certain institutions of higher education within the meaning of Section 170(b)(1)(A)(ii) of the Internal Revenue Code ("Code") may voluntarily choose to supplement their retirement benefits.

Effective October 9, 2019, pursuant to Tennessee Code Annotated, Section 8-25-104, the Chair of the Board of Trustees for the Tennessee Consolidated Retirement System became the Administrator of the 403(b) Plans.

B. Investment Authority

Day-to-day administration and operation of the 403(b) Plans is hereby delegated to the State Treasurer. Implementation of the 403(b) Plans' Investment Policy established by the Trustees is hereby delegated to the State Treasurer, who shall put such policy into effect. In implementing this Investment Policy and the day-to-day administration and operation of the 403(b) Plans, the State Treasurer hereby delegates certain responsibilities to the Department of Treasury Staff, including, but not limited to, the Director of Deferred Compensation and Chief Investment Officer.

C. Fiduciary Standard

The Investment Options offered to participants in the 403(b) Plans shall be selected and monitored in good faith and in the best interest of the Participants with the care an ordinary prudent person in a like position would exercise under similar circumstances.

D. Scope

The Investment Policy is binding on all persons and entities with authority over the 403(b) Plans' assets, including, but not limited to, the Trustees, Department of Treasury Staff, Vendor(s) and any other person who or entity that may have a fiduciary relationship with the 403(b) Plans.

III. Objective

The purpose of this Investment Policy is to support the 403(b) Plans' primary purpose by:

- Outlining the distinct roles and responsibilities of the Trustees, Department of Treasury Staff, Consultant(s) and Vendor(s);
- Establishing investment criteria which the Trustees determine to be prudent and in the best interest of the Participants, for the selection, ongoing evaluation, and, if necessary, termination of Investment Options;
- Communicating the Investment Policy, as approved by the Trustees, to the Department of Treasury Staff, Consultant(s), Vendor(s) and any other person who or entity that may have a fiduciary relationship with the 403(b) Plans; and
- Functioning as a supervisory tool, guiding the ongoing oversight of the Investment Options available under the 403(b) Plans.

IV. Roles and Responsibilities

In addition to the responsibilities described below and throughout the Investment Policy, Vendor(s), as well as any other person who or entity that may have a fiduciary relationship with the 403(b) Plans, 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. Trustees

- 1) Adopt an Investment Policy that establishes the investment criteria, which the Trustees determine to be prudent;
- 2) Approve Investment Option(s) through the evaluation of recommendations made by the State Treasurer, Chief Investment Officer and Director of Deferred Compensation;
- 3) Delegate investment and management functions that a prudent trustee of comparable skills would properly delegate under the circumstances;
- 4) Evaluate the investment performance of the Investment Options, through reports supplied by the State Treasurer, Department of Treasury Staff, Consultant(s), Vendor(s), and/or other service providers; and
- 5) Periodically review the actions taken by delegates in order to monitor performance and compliance with the terms of the delegation.

B. State Treasurer

- 1) Implement the Investment Policy, as approved by the Trustees;
- 2) Delegate investment and management functions that a prudent trustee of comparable skills would properly delegate under the circumstances;
- 3) Select prudent Investment Options through the evaluation of the investments and recommendations made by the Chief Investment Officer, Director of Deferred Compensation and Department of Treasury Staff;
- 4) Review and, as applicable, authorize the use of Consultant(s), service providers and the employment of Department of Treasury Staff;
- 5) Evaluate and, as applicable, approve the processes employed and procedures established by Department of Treasury Staff;
- 6) With the advice and counsel, as applicable, of legal counsel, negotiate and execute all contracts, agreements, forms and memoranda of understanding deemed necessary or desirable for the efficient administration of the 403(b) Plans' assets;
- 7) Monitor the investment performance of the Investment Options and Vendor(s); and
- 8) Take actions that are deemed essential to protect the assets of the 403(b) Plans with any emergency actions being promptly reported to the Trustees.

C. Chief Investment Officer

- 1) Assume executive responsibility and authority, as delegated by the State Treasurer, and undertake the necessary authority to effectively manage and supervise, as applicable;

- 2) Delegate investment and management functions to Department of Treasury Staff that a prudent person in a like position would properly delegate under the circumstances;
- 3) Create a prudent menu of Investment Options through the evaluation of the investments offered by the Vendor(s) and recommendations made by Department of Treasury Staff, Consultant(s) and/or service provider(s);
- 4) Report to and consult with the State Treasurer and/or his designee on administrative, organizational and investment activities;
- 5) Collaborate, as applicable, with the Department of Treasury Staff, Consultant(s), Vendor(s), and service providers on development and implementation of appropriate strategies, policies, and procedures;
- 6) Prepare and submit reports, as required, to document activities; and
- 7) Notify the State Treasurer of situations that merit the Trustees' attention.

D. Director of Deferred Compensation

- 1) Assume executive responsibility and authority, as delegated by the State Treasurer, and undertake the necessary authority to effectively manage and supervise the day-to-day operations of the 403(b) Plans, as applicable;
- 2) Delegate functions to Department of Treasury Staff that a prudent person of comparable skills would properly delegate under the circumstances;
- 3) Report to and consult with the State Treasurer and/or his designee on administrative, organizational and management activities;
- 4) Collaborate, as applicable, with the Department of Treasury Staff, Consultant(s), Vendor(s), and service providers on development and implementation of appropriate strategies, policies, and procedures;
- 5) Prepare and submit reports, as required, to document activities; and
- 6) Notify the State Treasurer of situations that merit the Trustees' attention.

E. Department of Treasury Staff

- 1) Utilize special skills and expertise in an effort to accomplish the delegated or assigned task;
- 2) Evaluate the investment performance of the Investment Options, through reports supplied by the Consultant(s), Vendor(s) and/or other service providers;
- 3) Assist the State Treasurer, or his designee, Chief Investment Officer and Director of Deferred Compensation with respect to any matters related to the 403(b) Plans;
- 4) Prepare and submit reports, as required, to document activities; and
- 5) Notify the State Treasurer of situations that merit his attention.

F. Consultant(s)

- 1) Act as an advisor to the Department of Treasury Staff in the analysis and selection of Investment Options;
- 2) Source and evaluate prospective Investment Options on an as-needed or as-requested basis;
- 3) Prepare and submit relevant, reliable and timely investment and performance reports and objective advice as required or as needed by the Trustees, State Treasurer, Chief Investment Officer or Department of Treasury Staff; and

- 4) Support the Trustees, State Treasurer, Chief Investment Officer, Director of Deferred Compensation, or Department of Treasury Staff with respect to any matters related to the 403(b) Plans.

G. Vendor(s)

- 1) Act in a fiduciary capacity in selecting Investment Options that are suitable for the 403(b) Plans, if applicable;
- 2) Source and evaluate prospective Investment Options on an as-needed or as-requested basis;
- 3) Prepare and submit relevant, reliable and timely investment and performance reports and objective advice, if applicable, and as required or as needed by the Trustees, State Treasurer, Chief Investment Officer, Director of Deferred Compensation or Department of Treasury Staff; and
- 4) Support the Trustees, State Treasurer, Chief Investment Officer, Director of Deferred Compensation or Department of Treasury Staff with respect to any matters related to the 403(b) Plans.

V. Investment Principles

A. Primary Investment Philosophy

Participants may have different risk tolerances, investment horizons, retirement savings goals and overall investment objectives. As such, Participants are responsible for their own investment decisions. To accommodate varying investment objectives, risk tolerances and time horizons, the Trustees seek to provide Participants with a prudent menu of Investment Options that is diversified across a range of asset classes, risk levels and investment strategies and reasonable in cost when compared with other Investment Options with similar objectives.

B. Authorized Asset Classes and Investment Strategies

Subject to the approval of the State Treasurer and, as applicable, the terms, conditions, limitations and restrictions imposed by this Investment Policy, the Trustees authorize Investment Options in each of the following major asset classes and investment strategies:

- Target Date Retirement Fund Series – Investment Options that have an asset allocation and primary investment strategy of automatically reallocating, over time based on a specific date (commonly referred to as “glide path”), from more aggressive-to-conservative risk profile;
- Actively Managed Funds – Investment Options with a focus on major asset classes, across different investment styles and risk profiles taking into account varying factors and characteristics (e.g. market capitalization, growth and value attributes, credit quality, interest rate sensitivity, geographic area(s), and industry/sector concentrations, etc.), including but not limited to money market funds;
- Passively Managed Funds – Investment Options with a focus that correlates to widely accepted market indexes;
- Stable Value Products – Investment Options that have a primary investment objective of providing a stable rate of return and also ensuring liquidity of principal; and
- Self-Directed Brokerage Account – Investment Option that allows Participants, who wish to take an active investment role, to select mutual funds and/or annuities not otherwise directly available under the 403(b) Plans .

The Trustees acknowledge that the use of all of the above-referenced major asset classes and investment strategies may not be required in order to develop a prudent menu of Investment Options.

C. Authorized Investment Vehicles

Subject to applicable law, the Trustees authorize the following investment vehicles: mutual funds and annuities.

D. Default Investment Option

The Trustees hereby select the target date retirement fund series as the 403(b) Plans' default Investment Option, meaning the target date retirement fund series will serve as the Investment Option into which contributions will be directed on behalf of a participant who fails to make an affirmative investment election, after being given an opportunity to do so.

E. Revenue Sharing, Distribution and Service Fees

To offset the costs of administration, the 403(b) Plans may receive payments known as offsets or administrative fee reimbursements from certain mutual fund or insurance companies. Any offsets received shall be (a) used to reduce the overall expenses of the 403(b) Plans or b) directly reimbursed or applied to the applicable Participants' accounts.

VI. Selection and Approval of Investment Options

The Trustees recognize that various factors are taken into consideration when evaluating available Investment Options and monitoring Investment Option performance. The Trustees rely on the State Treasurer, Department of Treasury Staff and, if applicable, the Consultant(s) to use reasonable judgment in proactively and objectively evaluating and monitoring each Investment Option.

A. Selection Criteria

In general, the following due diligence criteria will apply when selecting target date retirement fund series, actively managed funds and passively managed funds:

- the inception date should be at least three (3) years; a shorter track record may be used when the investment management company and/or investment advisor have a well-established and recognized performance track record (e.g. new target date retirement fund is added to an existing target date retirement fund series or a lower-cost share class for an existing Investment Option is created or becomes available);
- performance should meet or exceed its respective benchmark, net of fees, over at least two of the most recent 1-, 3-, or 5-year periods;
- the strategy and asset allocation should be consistent with stated investment objectives; and
- the expense ratio should be competitive with other Investment Options with similar objectives.

Mutual fund sales loads (front- or back-end), redemption, exchange, account, or purchase fees that are paid by Participants will not be permitted. In the event a mutual fund normally charges such

fees but has arranged with the Vendor for such fees to be waived, the Vendor is responsible for notifying the Department of Treasury Staff and ensuring that any such fees shall not be borne in any manner by the 403(b) Plans or Participants.

In general, as applicable, the following due diligence criteria will apply when selecting stable value products:

- the inception date should be at least five (5) years; a shorter track record may be used when the investment management company and/or investment advisor have a well-established and recognized performance track record (e.g. utilizing an existing investment strategy employed through a new separate account);
- an issuer/guarantor, long-term rating should be A+ (equivalent to or better) as determined by a credit rating agency that is registered with the Securities and Exchange Commission ("SEC") as a Nationally Recognized Statistical Rating Organization ("NRSRO");
- New money interest rate and minimum guaranteed contract rate and historical interest rate minimum guaranteed contracts rate compared to historic market returns for the last five (5) years should be competitive with other Investment Options with similar objectives; and
- the expense ratio should be competitive with other Investment Options with similar objectives.

In an effort to provide Participants with maximum investment flexibility, a self-directed brokerage account may be offered in the Plan through one or more of the 403(b) Plans' Vendor(s). The self-directed brokerage account may allow participants to invest in mutual funds and/or annuities not otherwise directly available under the 403(b) Plans' Investment Options menu. The Department of Treasury Staff shall establish with the 403(b) Plans' Vendor(s) applicable restrictions and criteria for participation in a self-directed brokerage account, including but not limited to account balance and transfer minimums. The Department of Treasury Staff shall ensure that each Vendor provides participants, who elect a self-directed brokerage account, with proper disclosures related to investment risks, eligibility requirements and restrictions and applicable costs, fees, expenses associated with a self-directed brokerage account. The Trustees, State Treasurer, and Department of Treasury Staff have no authority or responsibility to assess the self-directed brokerage account provider, brokerage window or any investment available under a self-directed brokerage account.

B. Recommendation and Approval

A recommendation to add, eliminate or change an Investment Option shall be made in writing by the Chief Investment Officer and Director of Deferred Compensation. Investment Option additions (excluding vintage additions to approved target date retirement fund series), eliminations and changes (excluding share class changes), shall be approved in writing by the State Treasurer and Trustees. Share class changes and vintage additions to approved target date retirement fund series shall be approved in writing by the State Treasurer, in his sole discretion, and reported to the Trustees on a quarterly basis.

A list of approved Investment Options will be made readily available to the 403(b) Plans' Participants.

VII. Monitoring of Investment Options

At any time, the Trustees, State Treasurer, or Department of Treasury Staff may conduct, or request to be conducted, a performance review or general evaluation of any Investment Option and/or Vendor.

A. Performance Benchmarks

Each available Investment Option within the 403(b) Plans will be evaluated against a performance benchmark, index or respective peer group (collectively referred to as “designated benchmarks”) approved in writing by the State Treasurer. Designated benchmarks may be amended from time to time, subject to an evaluation by the Department of Treasury Staff and, if applicable, the Consultant(s) and the written approval of the State Treasurer. Such designated benchmarks, and any changes thereto, shall be report to the Trustees on a quarterly basis.

B. Quarterly Evaluation

After the end of each calendar quarter, or as deemed necessary by the Trustees, State Treasurer or Department of Treasury Staff, each Vendor will provide a comprehensive performance report of each Investment Option offered by such Vendor.

Additionally, Department of Treasury Staff and/or selected service provider or Consultant(s) will complete a performance analysis for all of the Investment Options offered under the 403(b) Plans. Such performance analysis will include, but is not limited to statistical measures of performance, risk, style consistency, and other criteria used to evaluate the relative success and stability of each Investment Option.

The performance reports and performance analysis will be reviewed and evaluated by the Department of Treasury Staff. During such evaluation, any Investment Option that has any one or more of the following will be “flagged” for further review:

- performed below benchmark and below universe median performance for both the 3-, and 5-year periods,
- for passively managed funds, failed to track the stated index within a variance of fifteen (15) basis points (0.15%), gross of fees,
- for annuities and fixed accounts, received an issuer, long-term credit rating downgraded below A+ (or below its equivalent),
- significant changes in ownership, management, investment objective or investment style,
- material violations of federal or state law, policies or procedures, or
- excessive reoccurring administrative or operational issues

See Underperforming Investment Options for further information.

C. Underperforming Investment Options

If an Investment Option has been “flagged” for further review, Department of Treasury Staff and/or Consultant(s) will further assess the underperformance or events and make a recommendation on a course of action, to the State Treasurer. Generally, an Investment Option that has been “flagged” for further review for four or more (≥ 4) consecutive quarters or seven or more (≥ 7) total (non-sequential) quarters in a trailing twelve (12) quarter period will be placed on

the Watch List and deemed an Underperforming Investment Option. Notwithstanding the foregoing, shorter periods of underperformance or material events may warrant an Investment Option being placed on the Watch List as an Underperforming Investment Option.

Any Underperforming Investment Option will remain on the Watch List and be re-evaluated during the next quarter's performance analysis, at which time Department of Treasury Staff and/or Consultant(s) will make a recommendation, as to the Investment Option's status on the Watch List, to the State Treasurer. The Watch List will be made readily available to the 403(b) Plans' Participants.

D. Annual Review

At least annually, the Department of Treasury Staff and/or Consultant(s) shall review the Investment Policy and overall investment performance of the Investment Options offered in the 403(b) Plans and provide any recommendations to the State Treasurer.

VIII. Consultant(s) and Service Provider(s)

The State Treasurer is authorized to contract for services and/or providers as determined to be in the best interest of the 403(b) Plans and Participants. The State Treasurer is also authorized to consult with professionals as necessary about the administration of the 403(b) Plans. The Trustees delegate to the State Treasurer the responsibility to determine the procurement method for such services, providers and professionals, including the general and technical qualifications. The State Treasurer shall also determine the duties and responsibilities of the providers and professionals with such duties and responsibilities enumerated in a contractual agreement.

IX. Vendor(s)

Selection of the Vendor(s) shall be done in accordance with applicable state laws, rules and regulations governing procurement and state contracting. The Trustees delegate to the State Treasurer the responsibility to determine the procurement method for such Vendor(s), including, but not limited to, the general and technical qualifications.

The State Treasurer shall also determine the duties and responsibilities of the Vendor(s) with such duties and responsibilities enumerated in a contractual agreement.

X. Transition Mandate

The Trustees recognize that the 403(b) Plans are in a period of transition, given that the Chair of the Board of Trustees for the Tennessee Consolidated Retirement System became the Administrator of the 403(b) Plans on October 9, 2019. The Trustees expect the State Treasurer and Department of Treasury Staff to prudently manage the 403(b) Plans' existing Investment Options menu in such a way as to, over time, develop and monitor an Investment Options menu as contemplated within this Investment Policy.

XI. Other Considerations

The Trustees, State Treasurer, Department of Treasury Staff, Consultant(s), Vendor(s) and 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 between the law and this Investment Policy, the law prevails. Each fiduciary to the 403(b) Plans is ultimately responsible for compliance with applicable laws, rules and regulations.

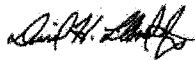
The Trustees hereby authorize the State Treasurer to take, for and on behalf of the 403(b) Plans, all actions necessary to comply with applicable federal and state securities laws, rules and regulations. In implementing such, the State Treasurer may delegate certain responsibilities to the Department of Treasury staff or service providers.

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, as deemed in the best interest of Participants. Such interpretive guidance or variance shall be reported to the Trustees at their next meeting.

XII. Approval and Adoption

The Trustees of the 403(b) Plans, hereby approved and adopted this Investment Policy of the Tennessee Board of Regents 403(b) Retirement Plan and the University of Tennessee 403(b) Plan on the _____ day of _____, 2021.

CHAIR
TENNESSEE CONSOLIDATED
RETIREMENT SYSTEM BOARD



Digitally signed by David H.
Lillard, Jr.
Date: 2021.02.04 12:23:25 -06'00'

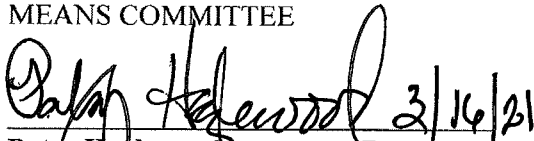
David H. Lillard, Jr. Date
Trustee

COMMISSIONER
DEPARTMENT OF FINANCE AND
ADMINISTRATION




Butch Eley Date 2/23/21
Trustee

CHAIR
HOUSE FINANCE WAYS AND
MEANS COMMITTEE



Patsy Hazlewood Date 2/16/21
Trustee

CHAIR
SENATE FINANCE WAYS AND MEANS
COMMITTEE



Bo Watson Date 3/11/2021
Trustee

**State of Tennessee Treasury Department
Deferred Compensation Division
Tennessee Board of Regents 403(b)
Retirement Plan & University of
Tennessee 403(b) Plan Self-Directed
Brokerage Account Policy**

The purpose of this policy is to document the self-directed brokerage account (SDBA) policy for the Tennessee Board of Regents 403(b) Retirement Plan and the University of Tennessee 403(b) Plan as shall be updated from time to time.

1. The self-directed brokerage window is intended for use by experienced, knowledgeable investors. Use of the brokerage window is neither encouraged nor discouraged.
2. Legal documents are required before a participant can exercise this option.
3. A participant electing to use the self-directed brokerage account option should exercise great care over all brokerage account transaction activity. Funds moved from the third party plan administrator, TIAA or Voya, through the brokerage window, are outside of the Plan offerings, oversight and influence.
4. Participants are responsible for monitoring self-directed brokerage account balances and transactions. Follow up all issues with the self-directed brokerage account provider immediately to assure your instructions are implemented.
5. A self-directed brokerage account offered through a deferred compensation plan account is sometimes called a broker window. The Plan and the record keeper create a window that permits the transfer of funds from an existing Plan Investment option to another investment.
6. A broker is a salesperson or company that sells investment products.
7. Self-directed brokerage means that the participant chooses to go outside of the investment products offered by the Plan to open a separate broker account to obtain a specific product not offered by the Plan. The self-directed brokerage account provider will answer questions regarding events after a transfer is made to the self-directed brokerage account.
8. While restricting investment in mutual funds offered in the 403(b) Plan investment option lineups may not be possible, the purpose of the self-directed brokerage account is to offer flexibility to plan participants who wish to invest in a mutual fund not adopted for use of the Plan as a whole.
9. To the extent it is possible to invest in mutual funds offered in the core investment lineups through the SDBA, the participant is discouraged from doing so to avoid potentially higher fees.
10. Use of the SDBA option is a voluntary choice of an investment option selected by the participant.
11. Participants are responsible for all choices exercised.
12. Participants are responsible for monitoring the execution of their instructions to the broker.
13. Participants of the 403(b) and ORP plans may utilize the SDBA from either or both plans provided the respective account individually meets the criteria for participation set forth below and in the ORP Self-Directed Brokerage Account Policy Document, which can be

located at www.retirereadytn.gov.

14. The participant bears all costs of transactions, funds transfer, commissions, access fees, recordkeeping fees, and all other costs accumulated for assets in the accounts.
15. Account balance refers to the total amount in the 403(b) account in all investment fund options, including the balance in the brokerage account. The core balance is the dollar value amount in the basic core investment options provided by the Plan. The core investment options are named funds that a participant may invest in directly through regular salary reduction deferral. The core balance does not include any self-directed brokerage account balance.
16. In order to participate and set up an active account in the self-directed brokerage option the participant must leave and otherwise maintain a minimum of 50% of the participant's 403(b) account balance as the 403(b) core account balance after the SDBA transaction is completed.
17. The initial amount of the transfer to the SDBA to acquire mutual fund(s) through the SDBA provider must be at least \$5,000.
18. Subsequent transfers to the SDBA investment option must be at least \$1,000.
19. The participant may not invest in mutual funds offered by the Plan, except for mutual funds available in the TIAA 403(b) core investment options.
20. No investment vehicles other than mutual funds may be acquired through the SDBA.
21. The State, in coordination with TIAA and Voya, will monitor participant compliance with the requirement to maintain a minimum of 50% of the participant's ORP account balance as the ORP core balance. A core minimum balance shortfall will be expected to be corrected by the participant within a reasonable time. It is expected that the participant will make up the core balance shortfall thus avoiding the need for further action. Should the participant fail to correct a minimum balance shortfall within a reasonable time, further action will be taken, which may include written instruction from the Plan Sponsor authorizing the SDBA provider to fully or partially liquidate the participant's SDBA account.
22. Commissions for purchases in the SDBA account are added to the amount paid for the trade; commissions for sales are deducted from the sale proceeds. Recordkeeping fees are assessed against the core investments on a monthly basis, and only apply to those participants who had an SDBA balance at any time during the past 90 calendar days.
23. These policies may be updated from time to time. This policy will be available to participants upon request and posted to www.retirereadytn.gov.