



Tennessee Treasury Managed Fund (the “Fund”)

**Investment Option for the Tennessee State Employees
Deferred Compensation Plan and Trust
and the
State of Tennessee Deferred Compensation Plan II**

DISCLOSURE BROCHURE

Dated: July 1, 2015

Participants in the 401(k) Plan or the 457 Plan should read this Disclosure Brochure carefully before deciding whether to invest in the Fund.

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The information presented in this Disclosure Brochure is believed to be accurate as of the date printed on the cover page. However, the information and opinions in this Disclosure Brochure are subject to change without notice.

For more information about the Fund, contact the Tennessee Department of Treasury, Andrew Jackson Building, ATTN: Director of Deferred Compensation, 13th Floor, 502 Deaderick Street, Nashville, TN 37243; 615-532-2347; <http://treasury.tn.gov/index.html>.

GLOSSARY

As used in this Disclosure Brochure, the capitalized terms shall have the meaning set forth below:

Board – The Board of Trustees of the Retirement System, who are also the trustees of the Group Trust.

Deferred Compensation Program – The State of Tennessee Deferred Compensation Plan II (also known as the 401(k) Plan) and the Tennessee State Employees Deferred Compensation Plan and Trust (also known as the 457 Plan).

Fund – The Tennessee Treasury Managed Fund, a fund managed by the Treasury Department in which the assets of the Retirement System are invested. Also known as the Group Trust.

Group Trust – The State of Tennessee Retiree Group Trust created March 27, 2015 to hold the assets of the Retirement System and the assets of the Deferred Compensation Program that Participants direct to be invested in the Fund. *For a copy of the Group Trust Declaration for the State of Tennessee Retiree Group Trust dated March 27, 2015, as amended from time to time, contact the Tennessee Department of Treasury.*

Investment Policy – The Retirement System’s Investment Policy, as amended from time to time. *For additional information about the Investment Policy, visit <http://treasury.tn.gov/tcrs/index.html> and select the Investment Policy and related information under the Administration Information tab.*

Participant – An individual with an account in the Deferred Compensation Program who is responsible for selecting one or more of the investment options to which contributions will be allocated.

Retirement System – A retirement system established under the laws of the State of Tennessee for the purpose of providing retirement allowances and other benefits under the provisions of the Statute. Also known as the “Tennessee Consolidated Retirement System” (Tennessee Code Annotated §8-34-202).

Statute – Title 8, Chapters 34 - 37 of the Tennessee Code Annotated, as amended from time to time. *For additional information about the Statute, visit <http://www.tennessee.gov/tsla/legislative.htm>*

Treasury Department – Collectively, the Tennessee State Treasurer and the Tennessee Department of Treasury. *For additional information about the Treasury Department, visit <http://treasury.tn.gov/index.html>.*

Unit of Interest – A proportional interest in the Fund. The net asset value of each Unit of Interest is calculated by dividing the value of the net assets of the Fund (i.e. total assets minus total liabilities) by the total number of outstanding Units of Interest of the Fund. *For additional information, please refer to the section of this Disclosure Brochure captioned Unit Valuation.*

OVERVIEW

You should carefully consider your risk tolerance, investment horizon, retirement savings goals and overall investment objectives prior to making an investment in the Fund. You should also consider the Fund's objectives, risks, fees and expenses, in addition to considering the other investment options available to you in the Deferred Compensation Program.

The Tennessee Consolidated Retirement System ("Retirement System") is a retirement system established under the laws of the State of Tennessee by the General Assembly to provide defined benefit pensions and other benefits for state employees, teachers, higher education employees, local government employees and employees of other entities authorized to participate. Effective March 27, 2015, the Tennessee Consolidated Retirement System trust was converted to the Group Trust and unitized to provide Participants in the Deferred Compensation Program an opportunity to invest in the Retirement System investment portfolio managed by the Treasury Department.

The assets of the Deferred Compensation Program that Participants direct be invested in the Fund will be held in the Group Trust and commingled with the assets of the Retirement System for investment purposes. Deferred Compensation Program Participants who invest in the Fund will hold Units of Interest issued by the Group Trust in their Deferred Compensation Program accounts. Such Units of Interest are offered subject to the right of the Board or the Treasury Department to reject any purchase or redemption in whole or in part.

If you are already a member or beneficiary of the Retirement System, investing in the Fund will not increase or decrease your monthly benefit from the Retirement System.

INVESTMENT OBJECTIVE AND STRATEGY

The primary investment objective of the Fund is that of the Retirement System: to establish a stable, diversified investment portfolio that, in the long-term, will meet or exceed the assumed actuarial rate of return, as adopted by the Board, in order to provide sufficient liquidity to pay pension benefits to the Retirement System's beneficiaries in a timely manner. Because of the long-term nature of the Retirement System's investment objective, the time-horizon for the Fund's investment decisions is also long-term and may exceed ten (10) years.

The assets of the Fund are actively managed with allocations across domestic and international debt and equity (public and private), real estate, currency and derivatives. The Investment Policy, as approved by the Board, provides the strategic asset allocation ranges and authorizes the Treasury Department to make tactical shifts in asset allocations, within the approved asset allocation ranges, as deemed appropriate to increase risk-adjusted returns. *For additional information about the Investment Policy, visit <http://treasury.tn.gov/tcrs/index.html> and select the Investment Policy and related information under the Administration Information tab.*

As of March 31, 2015, the Retirement System's portfolio target and actual asset allocations were as follows:

Asset Class	Target	Actual
U.S. Equity	33.0%	34.3%
Canadian Equity	4.0%	3.6%
International Developed Markets Equity	13.0%	13.1%
International Emerging Markets Equity	5.0%	4.5%
U.S. Fixed Income	25.0%	27.7%
International Hedged Bonds	4.0%	5.9%
Real Estate	7.0%	6.2%
Private Equity - Traditional	3.0%	2.2%
Private Equity - Strategic Lending	5.0%	2.2%
Short-Term (Cash Equivalents)	1.0%	0.3%

(Source: Strategic Investment Solutions, Inc.)

For the most current quarterly asset allocation information for the Retirement System, visit <http://treasury.tn.gov/tcrs/index.html> and select the Investment Consultant Report available under the Board Meetings tab.

PRINCIPAL INVESTMENT RISKS

As with any investment, you may lose money by investing in the Fund, including the entire amount you invested. Investments in the Fund are neither insured nor guaranteed by the state of Tennessee, the Tennessee State Treasurer, the Fund, other state agencies, federal government agencies or any employees or directors of any such entities. The Fund is not registered under the Investment Company Act of 1940, nor is the offering of Units of Interest to Deferred Compensation Program Participants registered under the Securities Act of 1933 or any state law. Additionally, investments in the Fund are not insured by the Federal Deposit Insurance Corporation (“FDIC”).

There are numerous risks associated with investing in the Fund. This Disclosure Brochure does not list every conceivable factor that may affect the value of your investment in the Fund. Certain principal risks of investing in the Fund are described below. Additional risks may arise.

Furthermore, neither the Board nor the Treasury Department makes any representation concerning the appropriateness of investing in any investment option, including the Fund, for any Participant. Other types of investments may be more appropriate depending upon a Participant’s financial status, tax situation, risk tolerance, age, investment horizon, retirement savings goals and overall investment objectives. The investments, fees, expenses, and other consequences and features of alternative investments may differ from those of the Fund. Anyone considering investing in the Fund should consider alternative investment options and consult an independent investment adviser or other financial professional prior to investing in the Fund.

Suitability

The long-term nature of the Fund’s investment objective will not meet the needs of every investor. The Fund’s asset allocation and investment strategies may be changed at any time, based on the needs of the Retirement System and changing market conditions. Neither the Board nor the Treasury Department will consider the age, investment objectives, risk tolerance or estimated time until retirement of any single Participant. Due to the long-term nature of the Retirement System’s liabilities, the time-horizon for the Fund’s investment decisions may at times exceed ten (10) years.

Liquidity

The Units of Interest will be offered and sold only to Participants in the Deferred Compensation Program. There will be no public market for the Units of Interest and the net asset value of each Unit of Interest will be computed by the master custodian, under the ultimate supervision of the Treasury Department. **The Units of Interest may not be transferred or sold except as permitted by the Treasury Department.** The Treasury Department may in its sole discretion restrict, reject or cancel a purchase or redemption (all or part) for any reason and the proceeds may be withheld. This means your ability to transfer amounts out of the Fund to another investment option available in the Deferred Compensation Program may be restricted and your ability to receive cash for your Units of Interest when you take a distribution from your Deferred Compensation Program account may be restricted. Other investment options available in the Deferred Compensation Program may have different restrictions, limitations and minimums and may impose fees for redemptions or exchanges. Check each investment option’s disclosure documents (prospectus) for details.

Market Risk and Volatility

Market risk involves the possibility that the value of investments held by the Fund will fall because of a general decline in the relevant market or adverse events affecting an individual investment. Market volatility involves dramatic market movements, like those experienced during 2008 and 2009, including substantially lower valuations, reduced liquidity, price volatility, credit downgrades, increased likelihood of default and valuation difficulties.

Equity Securities Risks

Common stocks and other equity securities generally increase or decrease in value based on the earnings of a company and on general industry and market conditions, and tend to experience greater price fluctuations than fixed income securities. Security prices of companies with small and medium market capitalizations are often more volatile and less liquid than investments in larger companies. Small and medium market capitalization companies may face a greater risk of business failure, which could increase their volatility.

Sector Risk

Companies in the same sector may be similarly impacted by adverse market, regulatory, political or economic events or conditions affecting that sector. To the extent the Fund concentrates its investments in one or more related industries or sectors, adverse events or conditions influencing those sectors may cause significant losses to the Fund.

Fixed Income Securities Risks

Fixed income securities are subject to credit risk, interest rate risk and call and prepayment risk.

Credit Risk

Credit risk is the risk that the value of a fixed-income security may decline because the issuer is unable or unwilling (or is perceived to be unable or unwilling) to make timely payments of principal and interest. Lower quality or unrated fixed-income securities, including below investment-grade securities (commonly known as “high-yield” or “junk”), are subject to greater price fluctuations and are more likely to experience a default than investment-grade securities.

Interest Rate Risk

Interest rate risk is the risk of losses due to changes in interest rates. The market values of fixed-income securities typically fall when interest rates rise. Fluctuations in the market values of fixed-income securities held by the Fund usually will not affect cash income from such securities but will be reflected in value of the Fund’s Units of Interest. Generally, fixed-income securities with longer durations will be more sensitive to changes in interest rates.

Call and Prepayment Risk

Call and prepayment risk is the risk that, during periods of falling interest rates, bonds or other securities may be called or otherwise converted, prepaid or redeemed before maturity. If this occurs, the Fund may be forced to reinvest the unanticipated proceeds in securities with less favorable terms. Prepayment risk is especially high for mortgage- and asset-backed securities during periods of declining interest rates because borrowers will typically seek to refinance these loans.

Foreign Securities Risks

Foreign securities may experience more rapid and extreme changes in value than securities of United States companies. In addition, foreign issuers are generally not subject to the same degree of regulation as United States issuers. Nationalization, expropriation or confiscatory taxation or political changes could adversely affect the Fund's investments in a foreign country. To the extent that foreign securities in the Fund's portfolio are not dollar-denominated, there is a risk that fluctuations in the rate of exchange between the United States dollar and the foreign currencies in which such securities are denominated may negatively affect the value of the Fund's investments in the foreign securities. The Fund's investments in emerging markets are subject to additional and greater risks than investments in developed foreign markets. These risks include greater illiquidity; significant price volatility; restrictions on foreign investment; possible repatriation of investment income and capital; and currency declines and inflation.

Private Equity Risks

Private investment funds may engage in speculative and alternative trading strategies. Investments in private funds are typically illiquid and their performance results can be extremely volatile. The managers of these alternative funds typically provide estimated, unaudited fund values at least quarterly; however, such estimated valuation may be on a quarterly trailing basis. As a result, the value of a Unit of Interest will be based on these estimates, which may not be accurate at the time the Fund calculates its net asset value per Unit of Interest due to material changes in the markets and/or the value of the private funds' assets since the dates of the estimate. Additionally, fair valuation by private investment funds is inherently subjective.

Real Estate Risks

Risks generally associated with investing in real estate include:

- (i) possible declines in the value of real estate;
- (ii) adverse general and local economic conditions;
- (iii) possible lack of availability of mortgage funds;
- (iv) changes in interest rates;
- (v) inconsistent payments from underlying property users; and
- (vi) environmental concerns.

Additionally, real estate is often only valued annually and valuation is inherently subjective. As a result, the net asset value of the Units of Interest in the Fund will be calculated based on these valuations, which may not be accurate. Investments in real estate are typically illiquid.

Currency and Currency Hedging Risk

Currency risk is the risk that the value of the Fund's investments denominated in foreign currencies will be adversely affected by unfavorable changes in currency exchange rates. The Fund may at times attempt to hedge currency risk with derivatives and other transactions. While hedging strategies are designed to minimize the risk of loss due to a decline in the value of the hedged currency, they involve costs to the Fund that may limit any potential gain that might result from an increase in value of the hedged currency. Hedging strategies may fail for a number of reasons, including because of imperfect correlation between the hedge and the currency position.

Securities Lending Risk

The risks in lending portfolio securities include the possible delay in recovery of the securities or possible loss or rights in the collateral should the borrower fail financial. If a borrower defaults, the value of collateral held by the Fund may decline before the Fund can dispose of it.

Derivatives Risk

The Fund may engage in a variety of transactions involving derivatives, such as swaps, options, futures and certain foreign currency transactions. Derivatives are financial contracts whose value depends on, or is derived from, the value of something else, such as an underlying asset, pool of assets, currencies, interest rate or indices. The Fund may use derivatives for several purposes, including hedging, as a substitute for a direct investment in securities or other assets, or to increase its exposure to a particular market. Some derivatives are “leveraged,” which means that an adverse change in the value of the underlying asset, index or reference rate can result in a loss substantially greater than the amount the Fund initially invested in the derivative itself. The risk of loss from certain derivatives positions is theoretically unlimited. Over-the-counter derivative transactions also involve the risk that the counterparty to the transaction may be unwilling or unable to meet its obligations to the Fund.

Market Regulation Risk

The financial crisis of 2007 – 2009 and other market disruptions have led to increased governmental and regulatory scrutiny of the markets in general. It is impossible to predict the changes in regulations that may result from these developments, but any regulations which restrict the Treasury Department’s trading access or ability, or broker-dealers’ and other counterparties’ trading access or ability, could have a negative impact on the Fund.

EXPENSES AND FEES

The expenses and fees are based on actual expenses incurred by the Retirement System related directly to its investment program during the fiscal year ended June 30, 2015 and projected expenses for the fiscal year ended June 30, 2016. There are no revenue-generating fees paid to the Retirement System or the Treasury Department by Fund investors.

The table below illustrates the expenses that you may pay if you invest in Units of Interest of the Fund. Investment Operation and Management Fees include external manager and investment consultant fees as well as fees paid to the master custodian. Fund Administration Expenses include personnel and recordkeeping costs. Commission costs for publicly traded securities and management fees for private equity investments are capitalized, meaning commission costs and management fees are not included in the expenses, but are recorded in the value of the assets. Deferred Compensation Program Participants who invest in the Fund should be aware that the expenses incurred by them may be higher than the expenses of the Retirement System because Participants pay the incremental cost of offering the Fund as an investment option in the Deferred Compensation Program.

The total expenses that you pay may be higher or lower depending on several factors, including the actual expenses incurred by the Fund.

Investment Operation and Management Fees	0.11%
Fund Administration Expenses	<u>0.02%</u>
Total Annual Operating Expenses	<u>0.13%</u>

This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other investment options available within the Deferred Compensation Program (*refer to the section of this Disclosure Brochure captioned Additional Matters for more information on how to obtain information, including costs, on the other investment options available*).

The example assumes that you invest ten thousand dollars (\$10,000) in the Fund for the periods indicated. The example also assumes that your investment has a five percent (5%) return each year and that the Fund's expenses remain the same.

Although your actual costs and the return may be higher or lower, based on the above-stated assumptions, your costs would be:

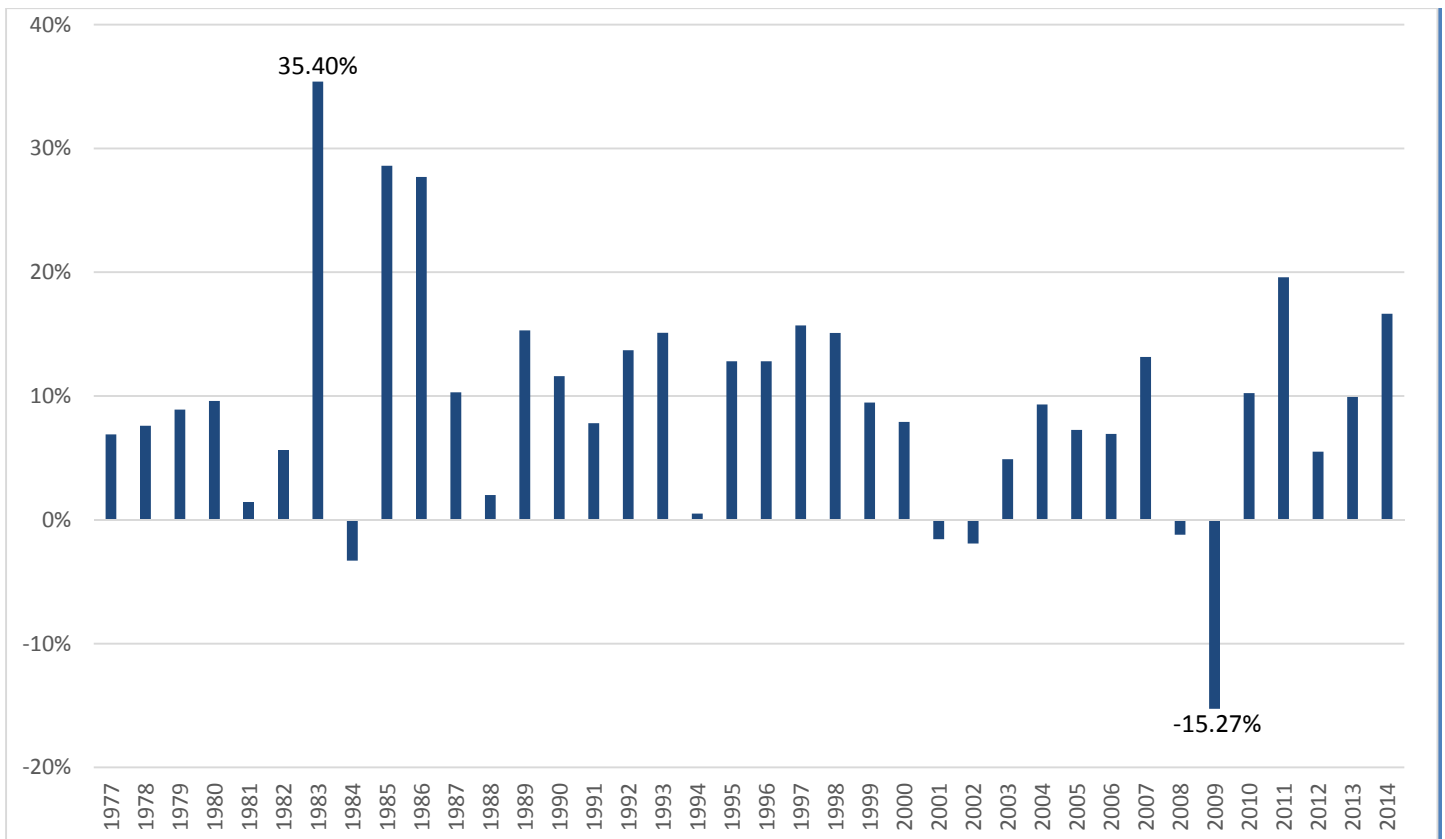
<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$13.34	\$42.00	\$73.52	\$166.74

INVESTMENT PERFORMANCE

The principal value of your account and the investment return may fluctuate, and the Units of Interest, when redeemed, may be worth more or less than the amount contributed.

The performance information below shows the Retirement System investment portfolio's performance year-to-year since its inception in 1977. **Past performance is not a guarantee or prediction of future performance.** Returns in the bar chart are for periods ended June 30th and calculated using a market, time-weighted rate of return method. The time-weighted rate of return method values a portfolio's performance, taking into account any cash inflows and outflows that may have occurred during the valuation period.

Retirement System Annual Returns*
1977 - 2014



(Source: Strategic Investment Solutions, Inc.)

* The Retirement System did not begin investing in real estate investments until 1999 and private equity investments until 2009.

The table below compares the Fund's returns with those of comparative indexes as of March 31, 2015.

	1 Year	5 Years	10 Years
Tennessee Treasury Managed Fund	--	--	--
Comparative Indexes			
Retirement System	8.68%	10.07%	6.68%
Policy Index¹	8.12%	9.87%	7.04%
Total Fund Allocation Index Index²	8.09%	9.39%	N/A

(Source: Strategic Investment Solutions, Inc.)

¹ Effective 1/1/13, the Policy Index for the Retirement System is comprised of the following components: 33% S&P 1500; 4% S&P / TSX 60 Index; 13% MSCI EAFE Investable Market Index (net); 5% MSCI Emerging Markets Index (net); 25% Citigroup Large Pension Fund Index; 4% Citigroup TIPS Index; 3% Custom Traditional Private Equity Index (consisting of S&P 500 + 3% Index lagged one quarter (due to reporting availability of performance and valuation)); 5% Custom Strategic Lending Index (consisting of 50% Barclay's High Yield 2% Issuer Capped Index and 50% Credit Suisse Leveraged Loan Index); 7% NCREIF Property Index lagged one quarter (due to reporting availability of performance and valuation); and 1% 91-Day United States Treasury Bills.

² Effective 1/1/15, Total Fund Allocation Index for the Retirement System is comprised of the following components: 3.73% S&P 1500; 4.1% S&P / TSX 60 Index; 13.3% MSCI EAFE Investable Market Index (net); 5.1% MSCI Emerging Markets Index (net); 26.4% Citigroup Large Pension Fund Index; 6.4% Citigroup TIPS Index; 6.1% NCREIF Property Index lagged one quarter (due to reporting availability of performance and valuation); 1.9% Custom Traditional Private Equity Index (consisting of S&P 500 + 3% Index lagged one quarter (due to reporting availability of performance and valuation)); 2% Custom Strategic Lending Index (consisting of 50% Barclay's High Yield 2% Issuer Capped Index and 50% Credit Suisse Leveraged Loan Index); and 1% 91-Day United States Treasury Bills.

For the most current quarterly performance data for the Fund, visit www.empower-retirement.com.

UNIT VALUATION

The net asset value of each Unit of Interest in the Fund is calculated by dividing the value of the net assets of the Fund (i.e., total assets minus total liabilities) by the total number of outstanding Units of Interest of the Fund.

The net asset value of the Fund is determined as of the close of regular trading on the New York Stock Exchange ("NYSE") each day the exchange is open (typically 4:00 p.m. Eastern Time). The Fund generally values its investments for which market quotations are readily available at market value. All other investments and assets are valued at their fair value, which may differ from market prices. Market quotations are generally not available for certain investments, including private equity and real estate investments. Private equity fund investments are generally valued based on unaudited, estimated valuations provided by the fund's manager, which are typically provided quarterly. Real estate investments are valued based on the last provided estimated valuation, which may be several months old. The Fund translates prices for its investments quoted in foreign currencies into United States dollars at current exchange rates on each day it values its securities. Because foreign markets may be open at different times than the NYSE, the value of the Fund's Units of Interests may change when Participants are unable to make purchases or redemptions.

Fair value represents a good faith approximation of the value of an asset. Because of the inherent uncertainty and subjective nature of fair valuation, a fair valuation price may differ significantly from the value that the Fund would actually receive in a sale of the asset.

GOVERNANCE AND MANAGEMENT

General administration and responsibility for the proper operation of the Retirement System are vested with the Board, including the authority for investing and reinvesting the assets. The Board consists of twenty members who are outlined and named in the Retirement System's annual report, which is available online at www.treasury.tn.gov.

The day-to-day administration and operation of the Retirement System and the Fund are delegated to the State Treasurer, a constitutional officer. The State Treasurer serves as the custodian for and invests the assets of the Group Trust in accordance with the Statute, Group Trust Declaration and the Retirement System's Investment Policy. The State Treasurer appoints a Chief Investment Officer who is responsible (with the investment staff of the Treasury Department) for the ongoing evaluation and management of the assets. The Treasury Department engages outside investment managers to manage a limited number of asset classes or subclasses, primarily international equity, and retains the services of several investment consultants.

State Street Bank and Trust Company serves as the master custodian, providing portfolio accounting and daily valuation services for the Treasury Department, including the Fund.

Great-West Life & Annuity Insurance Company serves as the recordkeeper and administrator of the Deferred Compensation Program, providing comprehensive deferred compensation plan administration and recordkeeping services for the Treasury Department, including assets of the Deferred Compensation Program invested in the Fund.

ADDITIONAL MATTERS

Portfolio Holdings, Financial Statements and Periodic Audits

The Fund's largest stock and bond holdings as of the end of the most recent calendar quarter are available by visiting www.empower-retirement.com. Typically, this list is updated fifteen (15) business days after the end of a calendar quarter.

The Treasury Department prepares the financial statements of the Retirement System and the Fund. A copy of the annual report is available on the Treasury Department's website, www.treasury.tn.gov.

The Treasury Department is subject to auditing by the State of Tennessee, Comptroller of the Treasury. A copy of the Treasury Department's annual audit report is available on the Tennessee Comptroller of the Treasury's website, <http://www.comptroller.tn.gov/sa/AuditReportCategories.asp>.

How to Invest or Change Investment Allocations

Only Participants in the Deferred Compensation Program may invest in the Fund. A Participant in the Deferred Compensation Program may move any portion of his/her account balance into or out of the Fund on a daily basis (generally, any day on which the New York Stock Exchange ("NYSE") and the Treasury Department are open for regular business activity); however, excessive trading in the Fund is highly discouraged. The Treasury Department may in its sole discretion restrict, reject or cancel a purchase or redemption (all or part) for any reason and the proceeds may be withheld.

To invest in the Fund, change investment allocations or for additional information about the investment options available in the Deferred Compensation Program, a Participant can:

- Go online: www.empower-retirement.com
- Email: tn401k457@gwrs.com
- Call: 800-922-7772

For more information about the Fund, contact the Tennessee Department of Treasury, Andrew Jackson Building, ATTN: Director of Deferred Compensation, 13th Floor, 502 Deaderick Street, Nashville, TN 37243; 615-532-2347; <http://treasury.tn.gov/index.html>.

The Board and Tennessee Department of Treasury and its employees are not authorized to provide legal, financial or tax advice. **Prospective and existing Fund investors should consult their personal legal, tax or other advisers for inquiries specific to their circumstances.**

The Treasury Department operates all programs and activities free from discrimination based on race, sex or any other classification protected by federal or Tennessee state law. Individuals who may require an alternative communication format should contact the Tennessee Treasury Human Resources Title VI Coordinator at Treasury Department, Human Resources, 14th Floor, Andrew Jackson Building, 502 Deaderick Street, Nashville, TN 37243; 615-741-4915.