UNIVERSITY OF CALIFORNIA RETIREMENT SAVINGS PROGRAM
DEFINED CONTRIBUTION PLAN, TAX DEFERRED 403(b) PLAN, and 457(b) DEFERRED COMPENSATION PLAN

INVESTMENT POLICY STATEMENT

This version dated July 23, 2015

TABLE OF CONTENTS

University of California Retirement Savings Program
Investment Policy Statement

1. Introduction, Scope, and Purpose

This Investment Policy Statement ("Policy" or "IPS") provides the framework for the management of the investments of the University of California Retirement Savings Program ("UCRSP" or the "Program"), which includes the Defined Contribution (DC) Plan, the Tax Deferred 403(b) Plan, and the 457(b) Deferred Compensation Plan (collectively "the Plans"). The purpose of this policy statement is to assist the Committee by:

- Identifying the key roles and responsibilities relating to the ongoing investment management of the Program;
- Setting forth an investment structure and guidelines for the Program;
- Establishing formalized criteria to measure, monitor, and evaluate performance results on a regular basis; and
- Encouraging effective communication among all fiduciaries, including external parties engaged to execute investment strategies.

If any term of the IPS should conflict with the Plan Documents, the terms and conditions in the Plan Documents will prevail. The IPS will be periodically reviewed to determine if amendments are appropriate based on changed circumstances such as the market environment or the needs of the Program.

2. Program Objectives and Participant Risks

a. The primary objective of the Program is to facilitate retirement savings for employees and retirees by providing a set of Fund Options that allow participants to tailor the investment of their retirement savings assets to their unique risk and return preferences at reasonable costs.

b. Participants are responsible for their investment decisions; they bear the financial risk for their investment choices. After making the initial decisions on investments, each participant has the responsibility to reallocate assets in his or her personal account as the participant's circumstances or the market environment changes.

c. The investment objectives of the Fund Options offered by asset class selected by the Office of the CIO are shown in Section 5.A and 5.B.

d. A description of the principal risks that impact the Program and participants can be found in Section 5.C.

3. Fiduciary Responsibilities and Oversight on Investments

The fiduciary oversight structure of the Plans aligns Regental oversight of the Plans through the Committee on Finance, which oversees the administration of the Plans, and the Committee on Investments, which recommends investment policy for the Plans for Regental approval and oversees the investment management function carried out by the Office of the CIO.

Under the terms of the Plans, the fiduciaries must act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. The fiduciaries must comply with existing and future applicable state and federal laws and regulations. In addition, fiduciaries must act for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the Plans. They also must act in accordance with the terms of the Plans.

Key investment responsibilities in the oversight and management of the Program are as follows:

a. The Regents have appointed a standing Committee on Investments ("Committee") charged with responsibility for the management of investments on behalf of the Regents. The Committee's responsibilities include the oversight of the Fund Options and, with the approval of The Regents, the establishment of investment policies for the Program.
b. The Regents have delegated to the CIO responsibility for implementation of investment policies established by The Regents for the Program.
c. Furthermore, the Regents have designated the CIO as the primary fiduciary for investment functions of the Program, including the selection of asset classes and Fund Options and the monitoring of investment performance. References to the "Chief Investment Officer" or "CIO" shall be understood, depending on the context, to mean the "Office of the CIO" in the Plan documents.
d. All transactions undertaken on behalf of the Fund Options are undertaken solely in the interests of the Program's participants and their beneficiaries.

Responsibilities of the CIO:

a. Develop and implement criteria for selecting appropriate asset classes and specific Fund Options within those classes for the Program as shown in Section 5.A and 5.B, after consultation with the Retirement Savings Program Advisory Committee ("RSPAC") and the appropriate constituent groups in the University community.
b. Create and implement a process to monitor and evaluate the Program's investment structure and the Fund Options and, based on such periodic evaluations and consultation with appropriate parties, make changes to either the asset classes or Fund Options.
c. Select investment professionals ("managers") with demonstrated experience and expertise who are responsible for managing specific portfolios consistent with the Investment Guidelines contained in Section 5.
d. Select mutual fund options as needed to provide the required diversity within an asset class, taking into account value and fees.
e. Establish and implement procedures for the selection, monitoring, evaluation, and termination of investment managers, which are found in the next section (Selection, Monitoring, Evaluation, and Reporting of Investment Options).
f. Instruct CIO employees that duties must be performed consistent with CFA Institute Code of Ethics and Standards of Professional Conduct for all employees of the CIO and relevant consultants and managers. These are found at: http://www.cfapubs.org/doi/pdf/10.2469/ccb.v2010.n14.1 and incorporated by reference.
g. Enforce other ethics guidelines as needed, consistent with other University policies and guidelines.
h. Participate in securities lending programs, when advisable, as a means to augment income for the Plans, with the Plan custodian or approved list of qualified third parties. Income generated by the lending program is used to offset Plan expenses.

i. Instruct the Plans' custodian bank to vote all proxies on behalf of the Regents according to guidelines established by the Regents.

Responsibilities of the Retirement Savings Program Advisory Committee (RSPAC):

a. RSPAC was established by the Regents to obtain feedback from the University community on the Plans and to discuss coordination of issues that arise between the administrative and investment functions. RSPAC is comprised of the CIO, the Plan Administrator, and other members who serve at the request of the Executive Vice President – Chief Operating Officer (COO). RSPAC includes representatives from the Office of the CIO, Office of the COO, and the Office of the General Counsel. External consultants are invited to provide advice and counsel on an as-needed basis. Members serve on RSPAC without compensation. An appointed committee member can resign at any time.

b. RSPAC responsibilities include:
   - Assessing the quality of services provided by vendors against established criteria and/or benchmarks;
   - Reviewing Program fees and expenses;
   - Providing input on the annual report to the Regents;
   - Retaining consultants necessary to assist in reviewing administrative and investment performance;
   - Formulating goals, proposing long-range improvements, developing policy, and setting priorities for the Retirement Savings Program.

4. Selection, Monitoring, Evaluation, and Reporting on Investment Managers and Fund Options

a. When selecting investment managers, the CIO follows a due-diligence process to make prudent selections. The process involves analyzing investment manager candidates in terms of certain:
   i. **Qualitative Characteristics,** such as the manager's key personnel, investment philosophy, investment strategy, research orientation, decision-making process, and risk controls.
   ii. **Quantitative Characteristics** demonstrated by the manager, such as CFA Institute-compliant composite return data, risk-adjusted rates of return (e.g., information ratios), and other risk factors.
   iii. **Organizational Factors**, such as type and size of firm, ownership structure, client-servicing capabilities, record of gaining and keeping clients, and fees.

b. The CIO considers other factors as part of the due-diligence process as facts and circumstances warrant.

c. The CIO uses third-party database(s) to access appropriate screening information and ensure an unbiased and objective search process.

d. Investments included within a Fund Option will be chosen to:
   i. Cover a risk/return spectrum of appropriate investment classes;
   ii. Provide distinct risk/return characteristics;
   iii. Offer well-diversified and professionally managed options;

   iv. Provide, in aggregate, a participant with the opportunity to structure a portfolio with risk and return characteristics consistent with the participant's risk tolerance and return objectives; and
   v. Offer reasonable fees for the asset class and investment style.

e. Investment consultants may be appointed to review investment performance of the Program as a whole or with respect to specific Fund Options, to assist in the development of the Program's investment policies, to monitor and report on investment risks, and to provide independent assessment of investments proposed by the CIO.

f. The Fund Options of the Program are reviewed no less than quarterly to assess whether Investment Guidelines continue to be appropriate and are met.

g. The CIO prepares performance reports on the Fund Options for the RSPAC, the Committee, and the Regents.

h. Investment performance results for the Fund Options are calculated and verified at least monthly by an external, independent performance consultant.

i. The CIO monitors the conduct of the Plans' custodian, trustee, and record keeper.

j. The CIO establishes performance benchmarks and overall investment guidelines ("Investment Guidelines") for each Fund Option. See Section 5.A.

k. The following factors govern review and/or termination of investment managers because of qualitative, quantitative, or organizational concerns. This list is representative and other factors may exist.
   i. Significant underperformance of the previously agreed-upon benchmark over the cumulative performance period, with proper adjustment for the manager's active risk;
   ii. Significant organizational changes, including departure of key investment professionals;
   iii. Implementation of significant change in strategy;
   iv. Involvement in material litigation;
   v. Involvement in an Security and Exchange Commission or other securities investigation;
   vi. Acquisition by or of another firm.

l. The CIO may deem it appropriate to terminate or place an investment manager on notice, or to take no action at that time.
   i. In cases in which the manager is placed on notice, the manager will be informed of this decision in writing. The manager may be removed from this status upon exhibiting significant organizational and/or performance changes.
   ii. Should the investment manager fail to exhibit the desired changes, the CIO will conduct further discussions and analysis to determine if termination is warranted.
   iii. The decision to retain or terminate a manager will be made at the discretion of the CIO. However, a systematic process will be carried out. A decision to retain will depend on the CIO's confidence in the investment firm to perform in the future.

5. Fund Options Investment Guidelines

A. Asset Class, Fund Options, and Benchmarks

Asset Class	Fund Options	Benchmark*
Equity	UC Equity Fund	85% (less the actual private equity weight from the prior month end) times the Russell 3000 TF[1] Index return, plus 15% times the MSCI World ex-US TF[1] Index return, plus the actual private equity weight of the previous month end times the actual return of the private equity portfolio
	UC Domestic Equity Index Fund	Russell 3000 TF Index[1]
	UC International Index Fund	MSCI World ex-US TF Index [1]
	Vanguard FTSE Social Index Fund	FTSE 4Good US Select Index
	Vanguard Small Cap Index Fund	MSCI US Small Cap 1750 Index
	Vanguard REIT Index Fund	MSCI US REIT Index
	DFA Emerging Markets Portfolio	MSCI Emerging Markets Net Index
	Fidelity Growth Company Fund	S&P 500 TF Index
	Fidelity Diversified International Fund	MSCI World ex-US TF Index
	Calvert Capital Accumulation Fund	Russell 2500 TF Index
Fixed Income	UC Bond Fund	Barclays US Aggregate Index
	UC TIPS Fund	Barclays US TIPS Index
	UC Short Term TIPS Fund	Barclays 1-3 Year US TIPS Index
Asset Allocation	UC Pathway Funds (Target Date Income Fund to Target Date 2060 Fund)	Each Fund has a custom benchmark, which is the weighted sum of the Benchmarks of the component Funds, where the weights used are the policy weights of each Pathway Fund.
	UC Balanced Growth Fund	48% times the Benchmark of the UC Equity Fund, 17% times the MSCI World ex-US TF Index, 5% times MSCI Emerging Markets Net Index, 4% times the MSCI US REIT Index, 18% times the Barclays US Aggregate Index, and 8% times the Barclays 1-3 Year US TIPS Index
Capital Preservation	UC Savings Fund	Income Return of the 2-Year Constant Maturity Treasury Index
	UC ICC Fund (closed to new investments)	Income Return of the 5-Year Constant Maturity Treasury Index

Asset Class	**Fund Options**	**Benchmark***
	Dreyfus Treasury Prime Cash Management Fund	Citigroup 3-Month T-Bill Index

* See Glossary for Description of Benchmarks.
[1] The abbreviation "TF" is used for "Tobacco Free."

B. Investment Objectives, Strategy, and Management Style

Fund	Investment Objective	Investment Strategy / Management Style
UC Equity Fund	The Fund seeks to maximize long-term capital appreciation through investing in various equity-related asset classes.	The Equity Fund asset allocation policy consists of 80% U.S. equity, 15% non-U.S. developed equity, and 5% private equity. The Fund's U.S. equity and non-U.S. developed equity allocations are passively* managed by State Street Global Advisors. The Fund's private equity allocation is managed by a diversified group of Buyout* and Venture Capital* firms, and is chosen and overseen by the Office of the Chief Investment Officer's Private Equity Group.
UC Domestic Equity Index Fund	The Fund seeks to provide broad and diversified exposure to the U.S. equity market.	The Fund is passively managed by State Street Global Advisors and is invested in a Russell 3000 Tobacco Free (TF) Index Fund.
UC International Index Fund	The Fund seeks to provide broad and diversified exposure to Developed Country (ex-US) equity markets.	The Fund is passively managed by State Street Global Advisors and is invested in a MSCI World ex-US Tobacco Free (TF) Index Fund.
Vanguard FTSE Social Index Fund	The Fund seeks to provide broad and diversified exposure to U.S. equity securities, which have been screened for certain social and environmental criteria.	The Fund is passively managed by Vanguard and is invested in FTSE4Good US Select Index Fund. This index is composed primarily of large- and mid-cap stocks that have been screened for certain social and environmental criteria by the Index sponsor (which is independent of Vanguard).
Vanguard Small Cap Index Fund	The Fund seeks to provide broad and diversified exposure to the smaller capitalization companies in the U.S. equity market.	The Fund is passively managed by Vanguard and is invested in a MSCI US Small Cap 1750 Index Fund. This index is a broadly diversified index of stocks of smaller U.S. companies.
Vanguard REIT Index Fund	The Fund seeks to provide a high level of income and moderate long-term capital appreciation by investing in publicly traded equity US REITs.	The Fund is passively managed by Vanguard and is invested in a MSCI US REIT Index Fund. This index is a broadly diversified index of U.S. Real Estate Investment Trusts* stocks.

Fund	**Investment Objective**	**Investment Strategy / Management Style**
DFA Emerging Markets Portfolio	The Fund seeks to achieve long-term capital appreciation by investing in stocks issued in or domiciled in Emerging Market countries.	The Emerging Markets Portfolio is actively managed by Dimensional Fund Advisors (DFA). It invests broadly in large capitalization companies across the seventeen emerging market* and frontier market* countries approved by DFA. The portfolio maintains limits on single-country exposure to reduce market and political risk.
Fidelity Growth Company Fund	The Fund seeks capital appreciation by investing in common stocks of domestic and foreign issuers.	Normally invests primarily in common stocks of domestic and foreign issuers that Fidelity Management & Research Company (FMR) believes offer the potential for above-average growth. Growth may be measured by factors such as earnings or revenue. Uses fundamental analysis of each issuer's financial condition and industry position, and market and economic conditions to select investments.
Fidelity Diversified International Fund	The Fund seeks capital growth by investing in foreign markets.	Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets.
Calvert Capital Accumulation Fund	The Fund seeks long-term capital appreciation by investing in common stocks of mid-size U.S. companies.	The fund invests primarily in the common stocks of mid-size U.S. companies. The adviser currently defines mid-cap companies as those whose market capitalization falls within the range of the Russell Midcap Growth Index. The fund seeks to invest in companies and other enterprises that demonstrate positive environmental, social and governance performance as they address corporate responsibility and sustainability challenges. It may also invest up to 25% of its net assets in foreign securities. The fund is non-diversified.
UC Bond Fund	The Fund seeks to maximize long-term investment returns by investing in intermediate-term debt securities.	The Fund is actively managed by the Office of the Chief Investment Officer Fixed Income group. It utilizes extensive analysis of economic and political factors using a “top-down” approach and fundamental, “bottom-up” analysis for individual security selection. It maintains a diversified portfolio primarily of high-quality debt securities, denominated in U.S. Dollars.

Fund	Investment Objective	Investment Strategy / Management Style
UC TIPS Fund	The Fund seeks to provide long-term return and inflation protection consistent with an investment in U.S. Government inflation-indexed securities or TIPS.*	The Fund invests in inflation-indexed securities* issued by the U.S. Treasury. The Fund is actively managed by the Office of the Chief Investment Officer's Fixed Income group but its performance tends to track closely with the return on the Benchmark.
UC Short Term TIPS Fund	The Fund seeks to provide returns more closely correlated with realized inflation over the near term and to offer investors the potential for less volatility of returns relative to a longer duration TIPS fund.	The Fund invests in inflation-indexed securities* issued by the U.S. Treasury with a shorter duration focus typically 1-3 years. The Fund is actively managed by the Office of the Chief Investment Officer Fixed Income group but its performance tends to track closely with the return on the Benchmark.
UC Pathway Funds (Pathway Income Fund to Pathway Fund 2060)	The Funds in this series are designed for investors who want a single, diversified approach to saving for retirement. The UC Pathway Funds are managed to adjust the investment risk level lower as each approaches its specified target date.	Each Pathway Fund is diversified across several asset classes (stocks, bonds, and short-term investments) by investing in a variety of Core Funds. Over time, the amount invested in equity-related funds is gradually reduced, while the amount invested in fixed income-related funds is increased.
UC Balanced Growth Fund	The Fund seeks to provide long-term growth and income through a single balanced portfolio of equity and fixed income securities; the portfolio maintains a similar asset allocation as the University of California Retirement Plan (UCRP).	The Fund is comprised of a variety of Core Funds. It is rebalanced periodically to maintain a fixed ratio of the underlying Core Funds. The proportion of each constituent Fund is chosen to mirror the asset allocation of the UCRP (making allowance for asset classes included in UCRP but not available as Core Funds).
UC Savings Fund	The Fund seeks to maximize interest income returns, while protecting principal, in order to provide a stable, low-risk investment, with attractive returns that attempts to exceed the rate of inflation.	The Fund is actively managed by the Office of the Chief Investment Officer's Fixed Income group, and invests solely in fixed-income securities issued by the U.S. Treasury, U.S. government agencies and U.S. government-sponsored enterprises (GSEs) such as Fannie Mae, Freddie Mac, and the Federal Home Loan Banks. The maturity of all investments must be five years or less.
UC ICC Fund (closed to new investments)	The Fund seeks to maximize interest income, while protecting principal. The Fund strives to provide income returns that exceed the rate of inflation.	The Fund is actively managed by the Associate CIO of the Office of the Chief Investment Officer, and invests solely in insurance company contracts* and other short-term fixed income securities.

Fund	**Investment Objective**	**Investment Strategy / Management Style**
Dreyfus Treasury Prime Cash Management Fund	The Fund seeks as high a level of current income as is consistent with the preservation of capital and the maintenance of liquidity.	The Fund is actively managed by Dreyfus, and only invests in securities issued or guaranteed as to principal and interest by the U.S. government.

* See Glossary for additional description.

C. Risk Factors

The UC Retirement Savings Program offers Fund Options, which include a full range of asset classes. Participants in the Program should consider their unique needs and goals, along with any savings held outside of the Program, when building an appropriately diversified asset allocation of funds.

There are many factors that can affect the value of the individual investments within each of the Fund Options. These vary depending on the type of investment – e.g., equity securities respond to such factors as economic conditions, individual company earnings performance, and market liquidity, while fixed income securities are particularly sensitive to changes in interest rates and credit risks. Fund managers attempt to identify and analyze these and other potential risks in managing the funds, although they cannot guarantee that their decisions will produce the desired results.

"Risk" refers to the possibility of loss of principal, or alternatively to a rate of investment return below expectations or requirements. While volatility (price fluctuation) is not synonymous with risk, it is true that high volatility on the downside results in loss, and therefore higher volatility is associated with higher risk. Volatility, however results in realized losses *only if securities are sold after a fall in price*.

It is expected (but not assured) that for diversified portfolios, in the long run, higher risk is necessary to achieve higher expected returns. Thus, the length of an individual's investment horizon will to some degree determine the appropriate amount of investment risk. All risk factors can be partially mitigated by diversification, both within a fund and across a person's entire assets.

Market Risk – the broad risk that securities prices may fluctuate, due to a variety of factors, potentially reducing the value of an investment.

Individual Company or Issuer Risk – the value of an individual stock or corporate bond may vary according to a number of factors directly related to the company's own performance, such as: management expertise, the company's financial condition, changes in demand for the company's products, changes in the regulatory environment, etc.

Concentration Risk (non-diversification) – the risk of having too much money invested in a few individual issuers, similar industries, or countries, thereby exposing a Fund to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments.

Credit Risk – the risk that a company will be unable to repay its debt obligations, relating to a variety of factors such as financial weakness or bankruptcy, litigation, and/or adverse political or regulatory developments. This risk is often quantified by credit ratings issued by several leading ratings agencies, such as Moody's and Standard & Poor's.

Prepayment Risk – Prepayment features on debt securities can increase volatility and affect returns, as cash flows may have to be reinvested at lower yields.

Interest Rate Risk – as interest rates rise, the market value of fixed income investments normally falls. The prices of fixed income securities with longer time to maturity (duration) tend to be more sensitive to changes in interest rates, and therefore more volatile, than those with shorter durations.

Liquidity Risk – the risk that certain securities may be difficult to buy or sell at various times in the markets, resulting in potentially unfavorable prices. Liquidity can be affected by a variety of factors, such as security type, general market conditions, and credit risk.

Foreign Security Risk – foreign securities may carry greater risk than domestic securities for a variety of reasons such as increased political risks; smaller or less liquid markets; higher transaction costs; less rigorous accounting and reporting standards for corporations; and changes in currency rates vs. the U.S. dollar. This last factor may be most significant, as the value of foreign currencies may fluctuate considerably over short periods of time, potentially reducing the market value of the security.

D. Glossary

1. **Active Management:** an investment approach in which securities are purchased in different proportions than in the Benchmark in the expectation of earning a greater return than would be earned by replicating the Benchmark portfolio (“passive” investing).
2. **Passive Management (Indexing):** an investment approach designed to track the performance of a particular market index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.
3. **Buyout:** The purchase of a company's shares in which the acquiring party gains controlling interest of the targeted firm. Incorporating a buyout strategy is a common technique used to gain access to new markets and is one of the most common methods for inorganically growing a business.
4. **Venture Capital:** Money provided by investors to startup firms and small businesses with perceived long-term growth potential. This is an important source of funding for startups that do not have access to capital markets. It typically entails high risk for the investor, but it has the potential for above-average returns.
5. **Developed Market Country:** A country which achieved an advanced stage of economic development, whose securities markets have met certain standards for stability and are included in one or more index provider’s Developed Markets indexes; to be distinguished from “Emerging Markets.”
6. **Emerging Market Country:** A country at varying stages of economic development, whose securities markets have only recently met certain standards for stability and been included in one or more index provider’s Emerging Markets indexes; to be distinguished from “Developed Markets.”
7. **Frontier Market Country:** Less advanced capital markets from the developing world. Frontier markets are countries with investable stock markets that are less established than those in the emerging markets. They are also known as "pre-emerging markets."
8. **REIT (Real Estate Investment Trust):** A security that sells like a stock on the major exchanges and invests in real estate directly, either through properties or mortgages. REITs receive special tax considerations and typically offer investors high yields, as well as a highly liquid method of investing in real estate.
9. **TIPS (Treasury Inflation Protected Securities):** U.S. Treasury notes and bonds that are designed to protect future purchasing power. The principal value is adjusted for changes in inflation, and a fixed interest rate is accrued on the inflation-adjusted principal.
10. **Insurance Company Contracts:** A contract with a highly rated, financially sound insurance company, which guarantee a fixed annual rate of interest for a specified time period and the repayment of principal at the end of that time period. Insurance contract guarantees are backed by the general account assets of the issuing insurance company and are not insured or guaranteed by any third party.

E. Description of Benchmarks

1. **Russell 3000 Tobacco Free Index:** Measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market excluding companies manufacturing tobacco products.
2. **MSCI World ex-US Tobacco Free Index:** A free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The index consists of the following 23 developed market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.
3. **FTSE4Good US Select Index:** Composed primarily of large- and mid-cap stocks that have been screened for certain social and environmental criteria by the Index sponsor, which is independent of the Fund manager.
4. **MSCI Emerging Markets Net Index:** A free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The MSCI Emerging Markets Index consists of the following 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.
5. **S&P 500 Index:** An American stock market index based on the market capitalizations of 500 large companies having common stock listed on the NYSE or NASDAQ.
6. **Russell 2500 Tobacco Free Index:** The Russell 2500 Index measures the performance of the 2,500 smallest companies in the Russell 3000 Index, or about 19% of its total capitalization, based on their market capitalization and index membership.
7. **MSCI US Small Cap 1750 Index:** Comprised of the remaining smallest 1,750 companies in the US Investable Market 2500 Index of the US equity market and designed to measure the performance of the small cap segment. The index represents, as of April 14, 2015, approximately 11.5% of the free float-adjusted market capitalization of the US equity market.
8. **MSCI US REIT Index:** A free float market capitalization weighted index that is comprised of Equity REITs securities that belong to the MSCI US Investable Market 2500 Index.
9. **Income Return of the 2-Year Constant Maturity Treasury Index:** The average yield of a range of Treasury securities, all adjusted to the equivalent of a 2-year maturity.
10. **Income Return of the 5-Year Constant Maturity Treasury Index:** The average yield of a range of Treasury securities, all adjusted to the equivalent of a 5-year maturity.
11. **Citigroup 3-Month T-Bill Index:** Measures monthly return equivalents of yield averages that are not marked to market. The Three-Month Treasury Bill Indexes consist of the last three three-month Treasury bill issues.
12. **Barclays U.S. Aggregate Index:** Covers the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), Asset Backed Securities, and Collateralized Mortgage Backed Securities. Issues are market capitalization weighted. Securities must have a minimum maturity of one year to remain in the index. Securities must have a minimum quality investment grade by middle rating of Moody’s, S&P, and Fitch.

13. **Barclays U.S. TIPS Index:** Covers all publicly issued U.S. Treasury-issued inflation linked bonds (linked to the U.S. Consumer Price Index). Issues are market capitalization weighted. Securities must have a minimum maturity of one year to remain in the index.
14. **Barclays 1-3 Year U.S. TIPS Index:** Covers publicly issued U.S. Treasury issued inflation linked bonds (linked to the U.S. Consumer Price Index) with a maturity between 1-3 years. Issues are market capitalization weighted. Securities must have a minimum maturity of one year to remain in the index.