

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
STATE OF TENNESSEE**



DAVID H. LILLARD, JR.
STATE TREASURER

TREASURY DEPARTMENT
STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0225

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July 18, 2017

The Honorable David H. Lillard Jr., State Treasurer
Chairman for the Board of Trustees of the
College Savings Trust Fund Program
State Capitol, 1st Floor
Nashville, TN 37243

Dear Treasurer Lillard:

The Investment Policy for the Educational Services Plan (“BEST Prepaid Plan”), approved and adopted March 31, 2016, authorizes the State Treasurer to approve the asset allocation targets and appropriate benchmarks for the BEST Prepaid Plan’s assets. Specifically, Section V. of the Investment Policy states, in part: “[a]sset allocation targets and appropriate benchmarks will be established by the Chief Investment Officer and Investment Staff and approved in writing by the State Treasurer.”

The purpose of this memorandum is to notify the Board of Trustees of the College Savings Trust Fund Program of the asset allocation targets and appropriate benchmarks so approved in writing by the State Treasurer on June 5, 2017.

Notification

The asset ranges and benchmarks for the BEST Prepaid Plan will remain unchanged:

<u>Asset Class</u>	<u>Range</u>	<u>Benchmarks</u>
US Equities	0 – 37%	S&P 500 Index
International Equities	0 – 20%	MSCI EAFE Index
US Bonds	42 – 100%	Bloomberg Barclays US Aggregate Bond Index*
US Cash Equivalents	0 – 100%	91-Day United States Treasury Bills

*f/k/a Lehman Brothers Aggregate Bond Index

The asset allocation mix shall be rebalanced to target 100% US Bonds, which is deemed appropriate given the short investment time-horizon for the BEST Prepaid Plan portfolio.

Michael Brakebill, Chief Investment Officer