

# **Investment Policy Statement**

## **MetroMax 457 Deferred Compensation Plan**

### **I. PURPOSE**

This statement of Investment Policy (this "Policy") is intended to assist the Employee Benefit Board of the Metropolitan Government of Nashville and Davidson County ("the Board") appointed by the Metropolitan Government of Nashville and Davidson County ("the Organization") in carrying out the fiduciary responsibilities for the prudent investment of the assets of the MetroMax Deferred Compensation 457 Plan (the "Plan").

### **II. STATEMENT OF OBJECTIVES**

The primary financial objective of the Plan is to enable participants to accumulate retirement savings with employee pre-tax contributions and tax-deferred investment return on all contributions. The Plan is administered by permitting participants to exercise control over the investment of their account balances so that the fiduciaries of the Plan (including the Board) are not liable for any loss, or by reason of any breach, which results from such exercise of such control.

### **III. ROLES AND RESPONSIBILITIES**

The Board is responsible for determining the investment options available for selection by participants under the Plan. The Board is responsible for selecting and monitoring the performance of the investment options, the investment managers, and the other service providers retained to assist with the prudent management and oversight of the investment options available under the Plan. The Board may, but need not, select service providers to assist the Board in performing its responsibilities under this Policy. By way of example, and not by way of limitation, the Board may retain an investment consultant to assist the Board by offering resources for additional due diligence and education, independent third party analysis, guidance and recommendations regarding selecting, monitoring and removing investment options, and other assistance deemed advisable.

### **IV. APPROVED ASSET CLASSES**

To meet the varying investment objectives and time horizons of participants, the Plan offers asset classes, such as equity, bonds and capital preservation, with a range of risk and return characteristics expected to perform differently in any given market environment. The asset classes and asset categories approved by the Board are:

- Target Date Funds
- Capital Preservation
- Bond/Fixed Income
- Real Assets/Inflation-Hedging
- Large Capitalization U.S. Equity
- Small to Medium Capitalization U.S. Equity
- International Equity

- Real Estate Sector Fund

While the Board may determine that additional and/or different asset classes and asset categories are appropriate in the future, it anticipates that the offerings will not change frequently. Certain investment options may be mandated by the terms of the Plan. A self-directed brokerage window may, but need not, be offered to provide investment flexibility.

In addition, the Board believes that some participants in the Plan may prefer to construct their own investment strategies and modify and rebalance such strategies from time to time, while other participants may prefer multi-asset class strategies as available through balanced, risk-based or age-based funds. As such, the Board selected certain investment options to be available under the Plan that accommodate participants' different preferences for managing their accounts.

## **V. SELECTING INVESTMENT OPTIONS**

One or more investment options may be offered within each asset class and asset category, and may include low- to high-risk options and specialized styles of investment management. The Plan's investment options will be selected and monitored in a manner consistent with generally accepted standards of fiduciary responsibility with the skill, care and diligence of a prudent person acting in such capacity and in accordance with applicable laws. In general, eligible investment options and managers will possess attributes including, but not limited to, the following:

- Stable and financially strong investment management organization
- Tenured portfolio manager or portfolio management team
- Historically competitive investment returns and risk
- Consistent application of investment strategy
- Sufficient asset base
- Reasonable expense ratio, competitive with similar funds in similar investment categories

All determinations undertaken on behalf of the Plan will be for the sole benefit of and consistent with the best interests of the participants and beneficiaries in the Plan.

## **VI. MAPPING**

If an investment option ceases to be available under the Plan, or with government actions or Plan events such as Plan mergers or Plan conversions to a new record keeper/administrative service provider, the Board will designate the investment option into which the amounts received from or directed into the former investment will be invested. The method of mapping will be reviewed on a case-by-case basis.

Available mapping methods may include, but are not be limited to, a similar fund mapping and mapping to the Plan's default fund.

## **VII. PERFORMANCE OBJECTIVES**

The overall performance objective for each actively managed investment option is to exceed the return of a target index benchmark, net of fees, and to offer a competitive return when compared to similar funds in similar investment categories. The overall performance objective for a passively managed investment option (i.e. an index fund) is to perform in line with the target index benchmark, net of fees. Each option will be evaluated with a perspective towards a longer-term horizon, such as three-years, five-years or a full market cycle.

## **VIII. TERMINATING ASSET CLASSES AND INVESTMENT OPTIONS**

The Board has full discretion to offer or terminate an investment option or manager at any time, as it deems necessary or advisable to maintain the best interests of the Plan and its participants. Terminated investment options may be closed to future contributions and/or be disinvested of the accumulated value of past contributions through mapping as referenced above.

## **IX. PROXY VOTING**

The Plan's investment managers are responsible for voting the proxies, and other decisions regarding rights, which may be connected to the Plan's ownership of securities, and will exercise this responsibility solely for the benefit of the Plan, its participants and their beneficiaries.

To the extent that the Board is notified of proxy solicitations relating to the mutual fund shares held by the Plan, the Board will exercise its voting rights in accordance with general standards of fiduciary duty, viewed in light of the prevailing circumstances and the applicable investment objectives of the Plan at the time of the vote.

Participants and beneficiaries will be responsible for responding to proxy solicitations for investments held in their self-directed brokerage accounts.

## **X. SELF-DIRECTED ACCOUNTS**

The Board does not oversee the investments made by participants and beneficiaries through a self-directed account option. Investments made through a self-directed investment service may incur additional fees such as, but not limited to, front-end or deferred loads, early redemption charges, low balance charges and transactional fees for purchases, redemptions and other transactions. Participants and beneficiaries (and not the Board) are responsible for evaluating such fees and charges.

The Board may limit accessibility of the self-directed account to certain investments, certain money types, and/or a certain percentage of a participant's or beneficiary's account in accordance with Plan rules.

The Board may periodically evaluate the self-directed account provider for reasonable cost, investment availability and competitive services capability. The Board has full discretion to offer or terminate the service at any time, as it deems necessary or advisable to maintain the best interests of the Plan and its participants.

## **XI. MANAGED ACCOUNTS**

The Board may decide to provide participants and beneficiaries access to a discretionary managed account service. Managed accounts are an investment service under which a service

provider makes investment decisions for enrolled participants or beneficiaries to allocate their retirement savings among a mix of assets the provider has determined to be appropriate for the participant or beneficiary based on his or her personal information.

## **XII. POLICY AMENDMENT**

The Board may amend this Policy as deemed advisable.

## **XIII. COORDINATION WITH THE PLAN**

Notwithstanding the foregoing, if any term or condition of this Policy conflicts with any term or condition of the Plan, the terms and conditions of the Plan will control.

**Approved By:**

**Employee Benefit Board of the Metropolitan  
Government of Nashville and Davidson  
County**

Date: 12/03/2019

By: Signature on file with Treasurer's Office

Tom Eddlemon, Treasurer & Plan Administrator