Objective
The Tier 2 Nonvested Fund seeks to provide a moderate investment portfolio by utilizing the concept of diversification through asset allocation.

Strategy
This fund emphasizes moderate risk and moderate earnings potential. The Tier 2 Nonvested Fund is rebalanced at least quarterly when target ranges are exceeded.

Annual Expense Ratio† 0.34%
†See explanation on back.

Returns  Period ended December 31, 2019
Quarter 1 Year 3 Years 5 Year 10 Years
4.95% 17.40 8.03 6.10 n/a

Fund Performance by Calendar Year
2015 2016 2017 2018 2019
-1.6% 8.3% 13.4% -5.3% 17.4%

Tier 2 Nonvested Fund Asset Classes
As shown in the pie chart, the Tier 2 Nonvested Fund is comprised of a diversified portfolio of asset classes. Each of these asset classes and their target allocations (in parenthesis) are described below:

1. URS Bond Fund (30%) generally contains investment grade and government bonds issued in the United States and denominated in U.S. dollars.
   - Investment Manager: Dodge & Cox
   - Benchmark: Bloomberg Barclays U.S. Aggregate Bond Index
   - Sample of Portfolio: Asset-Backed Securities, Corporate U.S. Bonds, U.S. Treasury and Government Related Bonds

2. URS Large Cap Stock Value (6%) invests in a diversified portfolio of common stocks that appear undervalued by the stock market, but have a favorable outlook for long-term growth.
   - Investment Manager: Dodge & Cox
   - Value Benchmark: Russell 1000 Value Index
   - Sample of Portfolio: Comcast Corp., Wells Fargo & Co., Charter Communications, Inc.

3. URS Large Cap Stock Index (11%) invests in stocks included in the Russell 1000 Index*. The Russell 1000 Index* is constructed as a broad and impartial measure of the large cap stock sector.
   - Investment Manager: Utah Retirement Systems
   - Benchmark: Russell 1000 Index
   - Sample of Portfolio: Microsoft Corp., Apple, Inc., Alphabet, Inc.

4. URS Large Cap Stock Growth (6%) emphasizes capital appreciation and seeks to identify companies with future relative earnings strength at a reasonable valuation. The portfolio is actively managed to react quickly to changing company fundamentals and prevailing market forces.
   - Investment Manager: Invesco Asset Management LLC
   - Benchmark: Russell 1000 Growth Index

5. URS International Fund (18%) tracks the performance of the MSCI ACWI ex. U.S. as closely as possible. The index is designed as a measure of the global stock market performance of developed and emerging markets that excludes the United States.
   - Investment Manager: Northern Trust Global Investments
   - Benchmark: MSCI ACWI ex. U.S. IMI
   - Sample of Portfolio: Nestle SA (Switzerland), Tencent Holdings (China),Novartis AG (Switzerland)

6. URS Small Cap Stock (5%) invests in a broad cross-section of U.S. small companies whose size (market capitalization) falls within the smallest 10% of companies listed on the New York Stock Exchange and NASDAQ National Market System.
   - Investment Manager: Dimensional Fund Advisors
   - Benchmark: Russell 2000 Index
   - Sample of Portfolio: Horizon Therapeutics Plc, TCF Financial Corp., Yelta Tech, Inc.

7. International Bonds (10%) are used to diversify the bond investments within the Tier 2 Nonvested Fund. An international bond is a bond issued outside of the United States by a government or non-U.S. corporation, and is typically issued in a foreign currency.
   - Investment Manager: Standish Mellon Asset Management Company, LLC
   - Benchmark: Bloomberg Barclays Global Aggregate ex. U.S. Bond Index (Hedged)

8. U.S. REITs (4%) real estate investment trusts; is a passively managed portfolio of real estate properties and mortgage-related investments within the U.S. market. The U.S. REITs portfolio tracks the Russell Fundamental U.S. Select Real Estate Index. REITs increase diversification within the Target Date Funds and also add long-term inflation protection.
   - Investment Manager: Utah Retirement Systems
   - Benchmark: Russell Fundamental U.S. Select Real Estate Index

9. Commodities (5%) are bulk goods and raw materials, such as grains, metals, livestock, oil, cotton, coffee, sugar, and cocoa; goods used to produce consumer products. Commodities are bought and sold on the cash market, and they are also traded on the futures exchanges in the form of futures contracts. In addition to their diversification benefits, commodities are used as a long-term hedge against inflation.
   - Investment Managers: AQR
   - Benchmark: Bloomberg Commodity Index
   - Sample of Portfolio: Crude Oil, Gold, Soybeans

10. Global Inflation-Linked Bonds (5%) are debt instruments created to protect investors from the effects of inflation. These bonds are issued primarily by developed countries. An example of inflation-linked bonds are TIPS (Treasury Inflation-Protected Securities), which are issued by the U.S. Government and are designed to reduce the risk of inflation by indexing the principal of the bond to an inflation rate.
    - Investment Manager: BlackRock Financial Management, Inc.
    - Benchmark: Bloomberg Barclays Global Inflation-Linked Bond Index 1-10 Year (U.S. Dollar Hedged)
    - Sample of Portfolio: TIPS (Treasury Inflation-Protected Securities), Index-Linked Government Bonds – U.K., Index-Linked Government Bonds – Germany

*Russell Investment Group is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group.
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Benchmark
The performance of each URS core investment option will be evaluated relative to a market index known as a benchmark. Because the Tier 2 Nonvested Fund is a portfolio of funds, its relative benchmark index is a portfolio of benchmarks. Each fund within the Tier 2 Nonvested Fund has its own benchmark index to compare performance with. The benchmark for the Tier 2 Nonvested Fund is called the Tier 2 Nonvested Index. The composition of the Tier 2 Nonvested Index is detailed below. The benchmark index is not available for investment and does not reflect investment costs; it is shown here for comparison purposes only.

Tier 2 Nonvested Index
30% Bloomberg Barclays U.S. Aggregate Bond Index
23% Russell 1000 Index
18% MSCI ACWI ex. U.S. IMI
5% Russell 2000 Index
10% Bloomberg Barclays Global Aggregate ex. U.S. Bond Index (Hedged)
4% Russell Fundamental U.S. Select Real Estate Index
5% Bloomberg Commodity Index
5% Bloomberg Barclays Global Inflation-Linked Bond Index 1-10 Year (U.S. Dollar Hedged)

The rates of return for the Tier 2 Nonvested Fund and the Tier 2 Nonvested Index are listed below. When comparing returns of the Tier 2 Nonvested Fund to its benchmark, it is important to note the returns shown for the benchmark index have not had fees deducted. The rates shown for the Tier 2 Nonvested Fund are net of fees (fees have been deducted from the rates of return).

<table>
<thead>
<tr>
<th>Quarter</th>
<th>1-Year</th>
<th>3-Year</th>
<th>5-Year</th>
<th>10-Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 2 Nonvested Fund</td>
<td>4.95%</td>
<td>17.40</td>
<td>8.03</td>
<td>6.10</td>
</tr>
<tr>
<td>Tier 2 Nonvested Index</td>
<td>4.18%</td>
<td>17.46</td>
<td>7.94</td>
<td>5.90</td>
</tr>
</tbody>
</table>

Investment and Administrative Fees
Investment fees are charged by the fund managers to cover the costs of investing money.

Administrative fees cover the costs of maintaining a retirement plan, such as customer service, statements, and recordkeeping. Both fees are charged as a fraction of a percent of the assets under management and are calculated in each fund’s daily unit value. Therefore, balances in participant accounts and all rates of return are shown after these fees have been deducted. The chart below shows the annual investment fee added to the administrative fee to give the total fee charged for the Tier 2 Nonvested Fund. The chart also indicates the annual dollar amount charged per $1,000 invested.

<table>
<thead>
<tr>
<th>Fund</th>
<th>Annual Investment Fee</th>
<th>Annual Administrative Fee</th>
<th>Total Annual Fee</th>
<th>Dollars per $1000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 2 Nonvested Fund</td>
<td>0.18%</td>
<td>0.16%</td>
<td>0.34%</td>
<td>$3.40</td>
</tr>
</tbody>
</table>

Transfers
Participants are allowed to submit one transfer request (whether electronically, by fax, mail or hand delivered) for their current account balances every 7 days. This applies separately to each plan in which they participate — the 401(k), 457, Roth IRA and traditional IRA each constituting separate plans. In addition, individuals who transfer any or all of their current account between core investment options more often than once every 30 days will be charged a 2% administrative fee on amounts transferred. Each transfer, after being processed, will start a new 30-day period. The fees generated by this policy will be used to reduce the administrative expenses for all plan participants.

Transfer requests received at URS before the close of the New York Stock Exchange (NYSE), generally 2:00 pm Mountain Time, will be transferred using that evening’s closing market values. Requests received after the close of the NYSE will be transferred using the next business day’s closing market values. On days of unusually heavy transfer activity, computer system failure, or other unforeseen circumstances, URS reserves the right to process transfers using the next available business day’s closing market values.

The Fund described in this Fact Sheet is not insured; is not a deposit or obligation of, nor guaranteed by, any financial institution; and is not guaranteed by Utah Retirement Systems or any government agency.

Because you make the investment decisions about your account, the plan’s Sponsor, Trustees, and others associated with the investments may be relieved of liability for investment performance. Utah Retirement Systems regularly evaluates the performance of its investment managers and may change managers at any time.

The Fund may utilize transactions involving securities lending in order to generate additional income for the portfolio. Although risk of loss from securities lending is low, securities lending is not without risk.

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