The value of professional management
with TIAA managed accounts
Trusting professional managers with your money is a big step

In an age of constant change and volatile markets, knowing what to do with your investments requires even more time and expertise.

Professionals engaged on your behalf can make a difference

Whether you are considering professional investment management for the first time or are familiar with it, TIAA Managed Accounts offer a personalized approach that’s designed to help you feel confident your portfolio is aligned to your goals and investment style. That’s why people are turning to TIAA’s Portfolio Advisor and Private Asset Management to help create a unique road map to pursue financial well-being.

A dedicated advisor

Helping you pursue a lifetime of financial well-being

The power of choice

Creating portfolios designed around what matters most to you

A purposeful strategy

Helping to keep you on track toward your goals through a disciplined investment approach
A dedicated advisor leads your team

Your wealth management advisor will work with you to create an overall financial plan backed by a devoted team of professionals that may include a portfolio manager, trust professional or wealth planning specialist, depending on your needs.

Your TIAA team will help you with key goals that are often missing when it comes to investing:

- Building a plan mindful of taxes and risks
- Generating income to help maintain your lifestyle
- Creating backup plans in case you are unable to make decisions
- Transferring wealth according to your wishes

You can choose the direction

Your goals are unique to you. How you reach them should be too. With TIAA, choice matters. We take your preferences into account to create a portfolio that reflects your goals and values.

What matters to you?

- Following an active or passive management approach
- Managing taxes
- Attempting to meet or beat the market
- Selecting TIAA managed holdings
- Reducing downside risk
- Pursuing a managed income strategy
- Investing in a socially conscious way
A purposeful strategy guides investment selection

A well-thought-out, long-term strategy is essential to help you stay the course through the ups and downs of investing. We follow a disciplined approach based on sophisticated, centralized analysis, research and experience to help keep your portfolio on track toward your goals and keep risk in check.

Strategic asset allocation based on your unique financial profile

Manage risk while pursuing long-term goals

Your asset allocation is designed to help you pursue your long-term goals, while being mindful of the risks you are willing to take. As we discover the challenges you may be facing, our team of professionals will carefully construct or rebalance your portfolio to bring it in line with your investment plan. We look at all the factors that affect your strategy to come up with an allocation that can help you:

- Pursue your goals at a risk level that suits your situation
- Improve the likelihood of achieving what you want
- Maintain an appropriate level of diversification
- Manage market uncertainty
- Reduce the impact of emotional responses
Deep level of diversification\(^1\) goes beyond the traditional approach

To many investors, diversification means dividing money between asset classes such as stocks, bonds and cash equivalents. While that’s a great way to start, true diversification breaks down those categories even further to provide variety within them. This helps better manage risk and helps improve long-term growth potential.

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### Tried and True vs. Diversified Modern Portfolio

#### Traditional
- US Stocks
- US Bonds
- Int’l Stocks
- Int’l Bonds
- Emerging Stocks
- Real estate
- Other

#### TIAA
- US Stocks
- US Bonds
- Int’l Stocks
- Int’l Bonds
- Emerging Stocks
- Real estate
- Other

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Annual allocation adjustments keep portfolios on pace with market trends

Time and events can change the expected risk and return for various asset and subasset classes. Since these changing assumptions can affect asset allocation strategies, TIAA re-examines these strategies every year—twice a year for managed income strategies—to adjust for these changes. Assets in a portfolio are therefore adjusted or at times replaced to help keep your strategy in line with market trends.

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\(^1\) Diversification is a technique to help reduce risk. It is not guaranteed to protect against loss.
Fund selection to match your individual goals

Rigorous screening helps keep investment quality high

Your portfolio holdings are carefully selected from a wide range of investments that pass our rigorous screening and review process.

1. Start with thousands of equity and fixed-income investments
2. Screen investments and managers through proprietary research
3. Create core list of investments ranking high in quality
4. Continuously review selection process and methodologies

Funds are monitored to ensure they remain true to the investing strategy

If necessary, TIAA will add or replace a fund to keep a portfolio's investment strategy on track. For example, the fund manager of a tax-exempt bond fund supporting tax-sensitive investment strategies is retiring. Concerns are raised about the experience of the person replacing the manager. This prompts an open search for a new fund with a portfolio manager that meets TIAA's investment criteria.

For investors with even more complex financial situations, individual bonds and securities may be an appropriate consideration.
FUND SELECTION IN ACTION

Pairing managers with different approaches may reduce risk

Using proprietary research tools, we identify and rank fund managers based on their investment style, philosophy, methodology and performance in both up and down markets. This allows us to pair managers with different approaches within an asset class to help improve risk management and provide exposure to a variety of markets.

This approach is built upon three decades of experience within the manager research team and is intended to reduce the impact of volatility while satisfying your expressed investing preferences.

Falling market managers  
Rising market managers
Consistent oversight to maintain the integrity of our approach

Our investment management approach is subject to rigorous monitoring and evaluation. Our disciplined research process further ensures your securities and the people managing them continue to meet our investment criteria.

**DAILY**
Monitor any financial statements or other formal documents submitted to regulatory agencies as well as company press releases on fund managers.

**WEEKLY**
Conduct performance reviews to help identify managers that could be under- or overperforming.

**MONTHLY**
Review each manager’s performance against our expectations in the current market (such as the ability to perform in a rising or a falling market) and in his or her asset class.

**QUARTERLY**
Conduct senior management meetings to review managers who are “on watch” or could be a concern. Conduct performance attribution analysis and quarterly investment commentaries.

**SEMI-ANNUALLY**
Conduct quantitative scoring to identify new investment options.

**ANNUALLY**
Conduct formal due diligence on each portfolio manager through in-person visits or conference calls.
OVERSIGHT IN ACTION

Managers are carefully monitored and removed if necessary

If at any point in our monitoring practices we deem that a fund manager may not be performing as expected, TIAA will either place the manager “on watch” or remove the manager from our investment platforms. Fund managers placed “on watch” are reviewed weekly to determine if they should remain “on watch,” be removed from our investment platforms or be reinstated to “good standing.”

A twelve-month look (October 1, 2017 to September 30, 2018)

Managers added (+15)

Managers removed (-19)
Smart rebalancing focused on efficiency and reduced risk

Rebalancing a portfolio is crucial to maintaining your asset allocation strategy. If returns are higher or lower in one asset category than another, your portfolio could be exposed to more or less risk than you want.

TIAA’s customized rebalancing model evaluates your portfolio every day, managing portfolio risks while keeping your portfolio on track and taking tax liabilities into account, when applicable. Here’s how our approach differs from more common models.

**TIAA’s Customized Model** (triggered rebalancing) VS. **Common Model** (fixed-schedule rebalancing)

- Customized approach to each portfolio
- Rebalancing is triggered by established guidelines (portfolio evaluated every day yet rebalances less frequently)
- Rebalancing is done on a schedule (annually, semiannually, quarterly or monthly)
- Usually only affects a few investments and not the entire portfolio
- Every asset is returned to its target allocation
- Dividends earned from existing holdings are directed to cash and used to buy other holdings as needed
- Dividends earned from existing holdings are directly reinvested in those holdings
- Seeks to avoid excessive and insignificant trades to help keep costs low
- Traditional approaches often overlook the cost of rebalancing

2 Rebalancing does not protect against loss or guarantee that an investor’s goals will be met.
Market volatility is the least likely rebalancing trigger

Hundreds of accounts rebalance daily, but mainly as a result of fluctuating cash in the portfolio. Smart rebalancing is designed to capture upside potential, rather than limit the run by selling “winners” to refill an undervalued asset. That’s why rebalancing only occurs if enough cash is available from the sale of overweight assets or new cash inflows such as dividends or contributions.
Why a professional manager when I can do it myself?

Dedication
An advisor and team of investment professionals focused on helping you pursue financial well-being

Confidence
Resources and commitment from a financial services organization that has been helping people like you for over 100 years

Knowledge
Expertise that comes from years of experience, a disciplined approach, consistent oversight and a collaborative team environment

Freedom
A powerful program with enhanced investment capabilities and committed people who will professionally manage your portfolio, giving you more time for other life priorities

Questions? Contact your TIAA advisor or call 800-927-3059

TIAA managed account services provide discretionary investment management services for a fee.

Investing involves risk and the value of your investments may gain or lose value and fluctuate over time. Investments in managed accounts should be considered in view of a larger, more diversified investment portfolio.

TIAA managed account services are offered through two separate managed account programs offered by TIAA affiliates: the TIAA Advice and Planning Services Portfolio Advisor program (“Portfolio Advisor”) offered through TIAA-CREF Individual & Institutional Services, LLC, a registered investment adviser and broker/dealer, and the Private Asset Management program (“Private Asset Management”) offered by TIAA, FSB, a federal savings bank.

Please refer to the disclosure documents for the Portfolio Advisor and Private Asset Management programs for more information.

This material is for informational or educational purposes only and does not constitute fiduciary investment advice under ERISA, a securities recommendation under all securities laws, or an insurance product recommendation under state insurance laws or regulations. This material does not take into account any specific objectives or circumstances of any particular investor, or suggest any specific course of action. Investment decisions should be made based on the investor’s own objectives and circumstances.

Investment, insurance and annuity products are not FDIC insured, are not bank guaranteed, are not bank deposits, are not insured by any federal government agency, are not a condition to any banking service or activity, and may lose value.

The TIAA group of companies does not provide legal or tax advice. Please consult your legal or tax advisor.

Investment products may be subject to market and other risk factors. See the applicable product literature, or visit TIAA.org for details.

Advisory services are provided by Advice & Planning Services, a division of TIAA-CREF Individual & Institutional Services, LLC, a registered investment adviser.

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