Investment Philosophy

The Trust Company of Tennessee believes that investment success requires a disciplined and systematic approach. Our philosophy is grounded in the academic tenets of Modern Portfolio Theory tempered by pragmatic investment experience.

These principles guide our actions and the counsel we provide to clients:

- As fiduciary, we act in our clients' best interest.
- Asset management should be tax efficient.
- Diversification provides both return and risk benefits.
- Portfolios should include both active and passive funds.
- Risk management plays a key role in asset allocation.
- Long-term perspectives yield the best results.

Investment Process

THE TRUST COMPANY'S INVESTMENT COMMITTEE

The Trust Company of Tennessee's Board of Directors has charged the Investment Committee with designing and overseeing the implementation of our investment philosophy in client portfolios.

Chief Investment Officer Miranda Carr, CFA®, leads the committee, and each member represents various aspects of the firm. The committee meets monthly to review research; discuss client communication and education; and monitor portfolios. It decides on changes to asset allocations and fund managers. The following is an overview of our process:

Partner	***Develop***	***Focus***	***Select***	***Develop***	***Monitor***
Partner with investment research consultant	Develop long-term (10-year) capital market assumptions	Focus on asset allocation to form model-based portfolios	Select great managers within asset classes	Develop portfolios targeting various levels of risk	Monitor portfolios and evaluate performance

Investment Philosophy

1. Partner *with investment research consultant*

The Trust Company of Tennessee specializes in assisting clients to identify the proper asset allocation and partners with Fiducient Advisors to provide comprehensive, industry-leading investment manager research. This partnership allows expertise in both asset allocation and manager research to help clients achieve their goals.

About Fiducient Advisors: Founded in 1995, Fiducient Advisors employs 220 individuals, advises on more than $240 billion in institutional assets and has offices in Chicago, Boston, Los Angeles, Washington, D.C., and Austin, Texas. Research is conducted primarily in the home office in Chicago. Fiducient Advisors' 30+ member research team allows the firm to thoroughly review more than 10,000 investment strategies and provide vetted investment manager recommendations. Over the past 12 months, the firm has conducted more than 1,000 manager meetings, which many firms cannot offer due to the scale required.[1]

2. Develop *long-term capital market assumptions*

Our Investment Committee updates capital market assumptions at least annually to reflect long-term (10-year) estimates for asset class returns, standard deviation, skewness, kurtosis and correlation. Input assumptions include estimates for inflation, interest rates, valuation multiples, economic growth rates and dividend yields, among other factors. These estimates inform our target asset allocation, which typically is updated annually. These long-term assumptions are considered with the backdrop of global macroeconomic factors, such as politics, pandemics and other contemporary issues.

3. Focus *on asset allocation*

Our Investment Committee focuses on identifying the best asset allocation recommendations. Multiple academic studies, such as Determinants of Portfolio Performance[2], attribute asset allocation as the most important driver of performance, explaining 93% of long-term returns, while manager selection and market timing explain 7%.

The committee navigates the macroeconomic conditions and long-term capital market assumptions by leveraging tools like Fiducient Advisors' proprietary Portfolio Engineer™. This tool allows us to "see" the impacts of allocation changes and create model portfolios that provide the best risk-adjusted returns.

This analytical work allows us to determine allocations in our model portfolios for stocks (large-cap, small-cap, domestic, foreign developed, emerging foreign), bonds (investment grade, inflation-indexed, high yield, domestic, foreign, etc.) and other asset classes (REITS, commodities, etc.).

4. Select *managers within asset classes*

Our Investment Committee performs due diligence to verify manager quality and approve manager additions and terminations while leaning on extensive research in manager selection by Fiducient Advisors. A full description of the process is found in our Manager Research and Selection.

Manager additions: At the time the manager is approved for client portfolios, we must have enough conviction in the manager to be able to endure inevitable performance lulls. We do not gravitate to the "hottest" manager during a winning streak because of how perilous that can be. Fiducient Advisors' investment committee learns each manager's strategy and process to anticipate the kinds of market environments when performance

[1] Information as of Dec. 31, 2019.
[2] Gary P. Brinson, L. Randolph Hood & Gilbert L. Beebower (1995) Determinants of Portfolio Performance, Financial Analysts Journal, 51:1, 133-138, DOI: 10.2469/faj.v51.n1.1869

Investment Philosophy

will be in and out of favor. This allows that firm's investment committee to develop reasonable expectations for evaluating the manager on an ongoing basis, including if a manager termination recommendation is to be made.

Manager termination: Our manager termination process is designed to determine whether underperformance is temporary or a signal of inability to deliver strong future performance. We regularly review our original investment thesis, especially during inevitable performance lulls. If performance is suffering because the manager's style is temporarily out of favor, that's more forgivable; all great managers will one day underperform for this reason. We continue to closely monitor these managers. However, other factors may lead to a termination recommendation: philosophy, process or personnel changes; unacceptable change in performance expectations; questionable ongoing strategy; organizational instability; or ethical and legal concerns.

Ultimately, Fiducient Advisors makes a retention or termination recommendation to our Investment Committee. The decision to terminate requires a majority vote of our committee. Our firm will recommend a change when our initial investment thesis for the manager significantly changes and becomes impaired.

5. Develop portfolios targeting various levels of risk

We evaluate each client's investment goals and risk tolerance to determine the best blend of growth and fixed-income model portfolios. Clients have a range of experiences and preferences that influence their investment decision-making, and we find a mix that fits those needs. This includes thoughtful consideration regarding tax consequences when investing new funds or rebalancing into new model allocations. Determining asset allocation and tax considerations for our wealth management clients is best done in the context of a financial plan.

We encourage clients to meet with our financial planning experts to set long-term goals and keep track of how investment performance aligns with their goals.

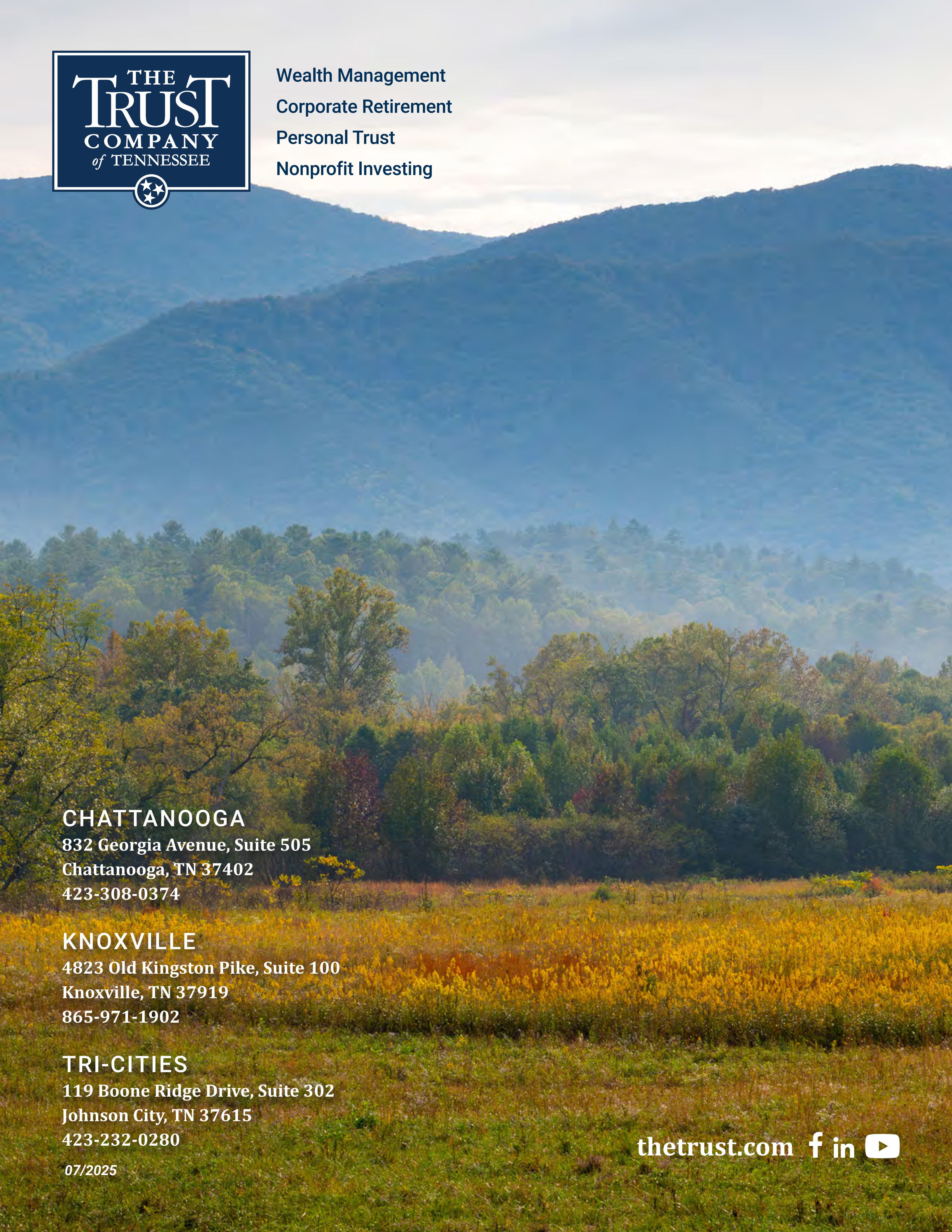
6. Monitor portfolios and evaluate performance

We are committed to helping our clients achieve their investment goals. Our Investment Committee meets with investment research consultant Fiducient Advisors quarterly to monitor manager and model performance compared to industry index benchmarks. Our chief investment officer has more frequent calls with our consultant and is in direct contact with managers to ensure we remain informed and confident in their strategies.

We rebalance portfolios annually. Rebalancing a portfolio back to target allocations is a risk management tool that keeps portfolios aligned with targeted levels of risk. As an asset class rises (falls), the share of the portfolio invested in that asset class also rises (falls), changing the overall risk/return profile. Additionally, target allocations may change due to updated capital market assumptions each year. We are mindful of managing risk while being sensitive to tax impacts that occur due to rebalancing. That approach informs our policy of rebalancing on an annual basis unless otherwise directed by the client.

We regularly meet with clients to keep up with life changes that may impact their investment portfolio. Ultimately, we judge investment performance in the context of client goals and evaluate the success of portfolios relative to how they meet client goals.

We periodically review the overall relationship with our investment consultant to confirm its research continues to best serve our clients.



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