

A Quick Guide to the Investment Funds YOU Can Choose

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| | | | | AS OF SEPTEMBER 30, 2021 | | | | |
|--|----------------------|----------|------------------|--------------------------|-----------|-------------|---------|----------|
| | | | | FEES PER \$1,000 | | PERFORMANCE | | |
| | OBJECTIVE | STRATEGY | RISK | Annual | Long-Term | 1 Year | 5 Years | 10 Years |
| RETIREMENT DATE FUNDS | | | | | | | | |
| FRS 2060 Retirement Date Fund (2060) | Retirement Date | Active | 1 2 3 4 5 | \$1.00 | \$10 | 26.41% | 12.10% | -- |
| FRS 2055 Retirement Date Fund (2055) | Retirement Date | Active | 1 2 3 4 5 | \$1.00 | \$10 | 26.40% | 12.10% | -- |
| FRS 2050 Retirement Date Fund (2050) | Retirement Date | Active | 1 2 3 4 5 | \$1.00 | \$10 | 26.05% | 12.01% | -- |
| FRS 2045 Retirement Date Fund (2045) | Retirement Date | Active | 1 2 3 4 5 | \$1.00 | \$10 | 24.85% | 11.81% | -- |
| FRS 2040 Retirement Date Fund (2040) | Retirement Date | Active | 1 2 3 4 5 | \$1.20 | \$12 | 23.41% | 11.45% | -- |
| FRS 2035 Retirement Date Fund (2035) | Retirement Date | Active | 1 2 3 4 5 | \$1.40 | \$14 | 21.68% | 10.93% | -- |
| FRS 2030 Retirement Date Fund (2030) | Retirement Date | Active | 1 2 3 4 5 | \$1.60 | \$16 | 19.83% | 10.16% | -- |
| FRS 2025 Retirement Date Fund (2025) | Retirement Date | Active | 1 2 3 4 5 | \$1.80 | \$18 | 17.70% | 9.39% | -- |
| FRS 2020 Retirement Date Fund (2020) | Retirement Date | Active | 1 2 3 4 5 | \$1.90 | \$19 | 15.34% | 8.39% | -- |
| FRS Retirement Fund (2000) | Retirement Date | Active | 1 2 3 4 5 | \$1.90 | \$19 | 13.83% | 7.30% | -- |
| STABLE VALUE FUND | | | | | | | | |
| FRS Stable Value Fund (350) Opened on 7/01/2021 | Stable Value | Active | 1 2 3 4 5 | \$1.90 | \$19 | 1.88% | 2.07% | -- |
| INFLATION PROTECTION FUND | | | | | | | | |
| FRS Inflation Sensitive Fund (300) | Inflation Protection | Active | 1 2 3 4 5 | \$3.60 | \$37 | 14.91% | 5.16% | -- |
| BOND FUNDS | | | | | | | | |
| FRS U.S. Bond Enhanced Index Fund (80) | Bonds | Passive | 1 2 3 4 5 | \$0.50 | \$5 | -0.79% | 3.01% | 3.11% |
| FRS Core Plus Bond Fund (310) | Bonds | Active | 1 2 3 4 5 | \$1.90 | \$19 | 2.16% | 4.28% | -- |
| U.S. STOCK FUNDS | | | | | | | | |
| FRS U.S. Stock Market Index Fund (120) | All Cap U.S. Equity | Passive | 1 2 3 4 5 | \$0.20 | \$2 | 31.90% | 16.92% | 16.68% |
| FRS U.S. Stock Fund (340) | All Cap U.S. Equity | Active | 1 2 3 4 5 | \$2.40 | \$24 | 36.87% | 15.93% | -- |
| FOREIGN AND GLOBAL STOCK FUNDS | | | | | | | | |
| FRS Foreign Stock Index Fund (200) | Foreign Stock | Passive | 1 2 3 4 5 | \$0.30 | \$3 | 25.32% | 9.42% | 8.46% |
| FRS Foreign Stock Fund (220) | Foreign Stock | Active | 1 2 3 4 5 | \$4.60 | \$47 | 24.76% | 12.17% | 10.63% |
| FRS Global Stock Fund (210) | Global Stock | Active | 1 2 3 4 5 | \$4.70 | \$48 | 29.67% | 18.27% | 15.74% |

For help reading this table, including the Risk scale, see other side for definitions.

This Quick Guide is intended for use in connection with the Investment Plan, pursuant to Florida law, and is not intended for use by other investors. Sections 121.4501(8)(b)4 and 121.4501(15)(b), Florida Statutes, incorporate the federal law concept of participant control, established by regulations of the U.S. Department of Labor under Section 404(c) of the Employee Retirement Income Security Act of 1974. If you exercise control over the assets in your Investment Plan account, including the self-directed brokerage account, pursuant to Section 404(c) regulations and all applicable laws governing the operation of the Investment Plan, no program fiduciary shall be liable for any loss to your account that results from your exercise of control.

Understanding the INVESTMENT FUND SUMMARIES

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Florida Retirement System

As an Investment Plan member, you get to choose how your account balance is invested. This Quick Guide can help by making it easy for you to understand and compare the Investment Plan funds available to you. The asset class descriptions below are general in nature and should not be relied on as your sole source of information regarding a specific fund(s).

Asset Class

An asset class is a group of similar investments whose values react in the same basic way to changes in the economy. The Investment Plan's funds are spread across five asset classes: stable value funds, inflation protection funds, bond funds, U.S. stock funds, and foreign and global stock funds. There can be a risk in holding a large portion of your account balance in a single fund or asset class. According to investment experts, a good mix of investments (a strategy known as "diversifying") can help you control your risk and improve your returns.

Stable Value Funds

These funds are conservative investment options available only to defined contribution plans. Stable value funds focus on the preservation of capital, retaining the value of your investment regardless of what stock or bond markets are doing. Although similar to money market funds, stable value funds offer slightly higher yields with little additional risk. Stable value funds invest in fixed income securities and wrap contracts offered by banks and insurance companies. Wrap contracts generally provide a protected return even if the underlying investments decline in value. Stable value funds are not FDIC-insured or guaranteed.

Inflation Protection Funds

These funds invest in a diversified array of assets that may help offset inflationary pressures. These assets include but are not limited to U.S. Treasury inflation-linked securities, commodities, real estate investment trusts, gold, and other securities. The funds seek long-term real (net of inflation) returns to preserve the future purchasing power of accumulated assets. You could lose money over short or long periods by investing in this fund, and returns may not keep pace with inflation.

Bond Funds

These funds invest primarily in bonds, which are like IOUs: a company or government agency borrows money and pays it back with interest to the bondholder (the entity making the loan). The quality of a bond is reflected in the credit rating of the company or agency that issues the bond. The short-term risk of bond funds is relatively low; however, over time, the value of a bond is affected by interest rates, inflation, and other factors. When inflation or interest rates go up, the value of bonds goes down because they pay a fixed rate of interest and the market may see other investments as being more attractive. Therefore, bonds and bond funds don't always protect the value of your retirement savings against inflation.

U.S. Stock Funds

These funds invest primarily in equity shares or stocks issued by U.S. companies. The short-term risk of stocks has been much higher than bonds. However, over longer periods of time, stocks have generally experienced higher returns than bonds, which is one of the main reasons that stocks are typically recommended for retirement investing. Some risk is necessary to achieve long-term investment growth.

Foreign and Global (Foreign and U.S.) Stock Funds

Foreign stock funds invest primarily in equity shares or stocks issued by foreign companies in stock markets outside the U.S. Compared to U.S. stocks, foreign stocks are affected by additional risk factors, such as foreign laws and regulations, differences in accounting practices, political risk (foreign governments are sometimes unstable), and currency risk (differences in the relative value of domestic and foreign money). Global stock funds invest in both U.S. and foreign stocks. Over the long term, foreign and global stocks have not experienced as high a return as U.S. stocks, but they have provided diversification benefits.

Retirement Date Funds

Each Retirement Date Fund is a diversified portfolio of Investment Plan investment managers and uses an asset allocation concept called "target date funds." The mix of funds in each Retirement Date Fund is based on the amount of time you have before retirement,

and the mix gradually changes as you approach retirement. This gradual change follows a careful investment strategy called a "glide path." Each Retirement Date Fund's glide path was developed for the FRS by a global investment consulting firm and a fiduciary to the FRS. Retirement Date Funds don't fall into just one asset class. They invest in multiple asset classes, which makes them good for "one-stop shopping."

Self-Directed Brokerage Account

The self-directed brokerage account (SDBA) does not fall into any single asset class. That's because the SDBA allows you to invest in thousands of different investments in addition to the Investment Plan's primary investment funds. The SDBA is not suitable for all members, and you assume the full risk and responsibility for the investments you select. Additional information on the SDBA is available in the "Investment Funds" section on MyFRS.com.

Objective

The objective tells you what the fund invests in. Retirement Date Funds cover multiple asset classes.

Strategy

Passively managed funds try to match the returns of a market index (such as the Russell 3000 index) by buying and holding the same securities as the index they're trying to match.

Actively managed funds try to beat a market index.

Risk

Risk indicates the potential for the fund's value to fluctuate. Greater risk of fluctuation typically indicates more potential for growth. Each fund's risk is rated from 1 (conservative) to 5 (aggressive).

Annual Fees

These are the current fees the fund charges to cover its management, operating, and marketing expenses. These fees are based on a percentage of your account balance and they are deducted from your account balance. The fees shown are based on a \$1,000 investment in that fund.

Long-Term Fees

The total fees that would be charged for a \$1,000 investment held for 10 years, based on current annual fees.

Get Free Help Choosing Investments

Call the MyFRS Financial Guidance Line to speak with an experienced EY financial planner. Choose Option 2 for detailed information about all the investment funds.

MyFRS Financial Guidance Line

1-866-446-9377 (TRS 711) 8:00 a.m. to 6:00 p.m. ET Monday through Friday, except holidays

Visit MyFRS.com

Fund Profiles and Annual Fee Disclosure Statement Are Available Online

Before you select any investment funds or make an election, you should review the fund profiles and the Annual Fee Disclosure Statement, which are available in the "Investment Funds" section on MyFRS.com. To request a printed copy at no cost, call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 4 (TRS 711).

Excessive Fund Trading

The Investment Plan is not designed to facilitate short-term, excessive fund trading. Be sure to review the Excessive Fund Trading Guidelines available in the "Investment Funds" section on MyFRS.com.