October 29, 2014

Bright Directions College Savings Program Investment Changes

In our continued effort to provide "best-in-class" investment options, Union Bank and its consultant, Wilshire Funds Management, and the Treasurer and its consultant, Marquette Associates, review and monitor the Bright Directions College Savings Program's asset allocations, investment structure and underlying funds on an ongoing basis. As part of that process several investment changes will be implemented for the Program on November 18, 2014.

The decision has been made to replace two underlying investment funds. The changes are summarized below and detailed in the enclosed Program Disclosure Statement Supplement. Please read the Supplement carefully and keep it with your other important plan papers.

Fund Replacements

On October 22, 2014 the decision was made to liquidate the holdings in two PIMCO Funds, the PIMCO Low Duration Fund and the PIMCO Total Return Fund, and reinvest the proceeds into two new funds. The changes were made based on a number of factors including recent departures of senior key investment personnel, uncertainty surrounding the impact of those changes, potential negative fund flows, performance and other considerations.

The changes are as follows:

1) **PIMCO Low Duration Fund is being replaced by Baird Short-Term Bond Fund**
   We are replacing the PIMCO Low Duration Fund with the Baird Short-Term Bond Fund (Ticker: BSBIX). This change will be made on November 18th in the Age-Based, Target, and Individual Fund Portfolios.

   As described more fully in the fund's prospectus, the investment objective of the Baird Short-Term Bond Fund is to seek an annual rate of total return, before expenses, greater than the annual rate of total return of the Barclays 1-3 Year U.S. Government/Credit Bond Index. Risk control is the foundation of the Baird Advisors investment discipline. Since interest rates are extremely difficult to consistently forecast over time, Baird Advisors employs a duration-neutral, risk-controlled approach. Please see the enclosed Program Disclosure Statement Supplement and the fund prospectus for additional information.

2) **PIMCO Total Return Fund is being replaced by MainStay Total Return Bond Fund**
   We are replacing the PIMCO Total Return Fund with the MainStay Total Return Bond Fund (Ticker: MTMIX). This change will be made on November 18th in the Age-Based, Target, and Individual Fund Portfolios.

As described more fully in the fund's prospectus, the MainStay Total Return Bond Fund seeks to outperform the Barclays U.S. Aggregate Bond Index in small increments with below average volatility. This strategy takes a top-down approach, believing that monetary policy is the biggest driver of credit growth and business cycles. Please see the enclosed Program Disclosure Statement Supplement and the fund prospectus for additional information.

What do you need to do? As a current investor no action will be required on your part. **The changes will be made to the Portfolios on Tuesday, November 18, 2014**. The changes initiated by the Program are not considered an investment change to your account.

What if I want to invest differently than outlined? If you choose to change the Portfolio in which you invest, you may use your once per calendar year investment change for 2014 to select a new Portfolio(s). If you are uncertain whether or not you have used your one investment change for calendar year 2014 or if you have questions regarding the Program, your account, or the upcoming enhancements, please feel free to contact your investment professional or one of our customer care representatives at (866) 722 - 7283 between 7:30 am and 6:00 pm CT Monday through Friday.

Thank you for investing with Bright Directions!

PO Box 82623 • Lincoln, NE 68501

Dan Rutherford
Illinois State Treasurer
Trustee & Administrator

BRIGHT DIRECTIONS COLLEGE SAVINGS PROGRAM
PROGRAM DISCLOSURE STATEMENT

Supplement dated November 1, 2014
to the Program Disclosure Statement dated December 5, 2013

The Bright Directions College Savings Program's (the "Program") Program Disclosure Statement dated December 5, 2013, is hereby amended as follows:

❖ **Underlying Fund to be Replaced in the Age-Based, Target and Individual Fund Portfolios**

Effective November 18, 2014 the PIMCO Low Duration Fund (Ticker: PTLDX) will be replaced in the Age-Based, Target, and Individual Fund Portfolios by the Baird Short-Term Bond Fund (Ticker: BSBIX). On November 18, 2014, funds invested in the PIMCO Low Duration Fund will automatically be liquidated and reinvested into the Baird Short-Term Bond Fund.

The PIMCO Low Duration 529 Portfolio will no longer be offered as an Individual Fund Portfolio in the Program as of November 18, 2014. If you are invested in the PIMCO Low Duration 529 Portfolio on November 18, 2014 those assets will automatically transfer to the Baird Short-Term Bond 529 Portfolio. In addition, any future contributions that were directed to the PIMCO Low Duration 529 Portfolio will be invested into that new Portfolio.

❖ **Underlying Fund to be Replaced in the Age-Based, Target, and Individual Fund Portfolios**

Effective November 18, 2014 the PIMCO Total Return Fund (Ticker: PTTRX) will be replaced in the Age-Based, Target, and Individual Fund Portfolios by the MainStay Total Return Bond Fund (Ticker: MTMIX). On November 18, 2014, funds invested in the PIMCO Total Return Fund will automatically be liquidated and reinvested into the MainStay Total Return Bond Fund.

The PIMCO Total Return 529 Portfolio will no longer be offered as an Individual Fund Portfolio in the Program as of November 18, 2014. If you are invested in the PIMCO Total Return 529 Portfolio on November 18, 2014 those assets will automatically transfer to the MainStay Total Return Bond 529 Portfolio. In addition, any future contributions that were directed to the PIMCO Total Return 529 Portfolio will be invested into that new Portfolio.

❖ **Effective November 18, 2014, the Program Disclosure Statement is further amended as follows**:

- Under the heading "*Program Highlights*", the description of Investment Fund Families is revised to read as follows:

  T. Rowe Price, DFA, Dodge & Cox, American Century, BlackRock, MainStay, Baird, Delaware Funds, Eagle, Northern Funds, William Blair, Voya, PIMCO, Calvert, Templeton, Ariel Investments, MFS, Oppenheimer Funds, Sit Mutual Funds, Vanguard, and Causeway.

- The following *"Individual Fund Portfolios"* are added to page 15 under the Fixed Income 529 Portfolios section:

  Baird Short-Term Bond 529 Portfolio – invests solely in the Baird Short-Term Bond Fund (Instl. Class). The investment objective of the fund is to seek an annual rate of return, before fund expenses, greater than the annual rate of total return of the Barclays 1-3 Year U.S. Government/Credit Bond Index.

  MainStay Total Return Bond 529 Portfolio – invests solely in the MainStay Total Return Bond Fund (Class I). The fund seeks to achieve total return by investing primarily in investment-grade debt securities. The fund has the flexibility to capitalize on other potential fixed-income opportunities beyond investment-grade securities in order to respond to changing market conditions. The fund is subadvised by MacKay Shields' Global Fixed Income Team—credit specialists focused on risk management.

- The following *"Individual Fund Portfolios"* on page 15 are deleted:
  - **PIMCO Low Duration 529 Portfolio**
  - **PIMCO Total Return 529 Portfolio**

- The ING Global Real Estate Fund and 529 Portfolio was renamed the Voya Global Real Estate Fund and 529 Portfolio. All references in the Program Disclosure Statement to ING Global Real Estate are replaced with Voya Global Real Estate.

- Under the heading *"Program Fees and Expenses – What Does the Program Cost?"* beginning on page 24 of the Program Disclosure Statement, the program management fee for all Portfolios is reduced from 0.35% to 0.32%.

  The Fee and Expense tables for each Fee Structure describing the following Portfolios are revised to include the estimated underlying fund expenses, program management fee, and the estimated total annual asset-based fees for each Fee Structure, as set forth in the table below:

Investment Portfolio	Estimated Underlying Fund Expenses*	Program Management Fee	Estimated Total Annual Asset-Based Fees Fee Structure			
			A	C	E	F
Target Portfolios						
Fund 100	0.49%	0.32%	1.11%	1.36%	1.11%	0.86%
Fund 80	0.48%	0.32%	1.10%	1.35%	1.10%	0.85%
Fund 60	0.43%	0.32%	1.05%	1.30%	1.05%	0.80%
Fund 40	0.44%	0.32%	1.06%	1.31%	1.06%	0.81%
Fund 20	0.36%	0.32%	0.98%	1.23%	0.98%	0.73%
Fund 10	0.29%	0.32%	0.91%	1.16%	0.91%	0.66%
Fixed Income Fund	0.26%	0.32%	0.88%	1.13%	0.88%	0.63%
Age-Based Aggressive Portfolio						
Ages 0 – 8	0.49%	0.32%	1.11%	1.36%	1.11%	0.86%
Ages 9 – 12	0.48%	0.32%	1.10%	1.35%	1.10%	0.85%
Ages 13 – 16	0.43%	0.32%	1.05%	1.30%	1.05%	0.80%
Ages 17 – 20	0.44%	0.32%	1.06%	1.31%	1.06%	0.81%
Ages 21 +	0.36%	0.32%	0.98%	1.23%	0.98%	0.73%
Age-Based Growth Portfolio						
Ages 0 – 8	0.48%	0.32%	1.10%	1.35%	1.10%	0.85%
Ages 9 – 12	0.43%	0.32%	1.05%	1.30%	1.05%	0.80%
Ages 13 – 16	0.44%	0.32%	1.06%	1.31%	1.06%	0.81%
Ages 17 – 20	0.36%	0.32%	0.98%	1.23%	0.98%	0.73%
Ages 21 +	0.29%	0.32%	0.91%	1.16%	0.91%	0.66%
Age-Based Balanced Portfolio						
Ages 0 – 8	0.43%	0.32%	1.05%	1.30%	1.05%	0.80%
Ages 9 – 12	0.44%	0.32%	1.06%	1.31%	1.06%	0.81%
Ages 13 – 16	0.36%	0.32%	0.98%	1.23%	0.98%	0.73%
Ages 17 – 20	0.29%	0.32%	0.91%	1.16%	0.91%	0.66%
Ages 21 +	0.26%	0.32%	0.88%	1.13%	0.88%	0.63%
Individual Fund Portfolios						
Baird Short-Term Bond 529 Portfolio[1]	0.30%	0.32%	0.92%	1.17%	0.92%	0.67%
MainStay Total Return Bond 529 Portfolio	0.60%	0.32%	1.22%	1.47%	1.22%	0.97%

* For registered mutual funds, in the absence of a change that would materially affect the information, based on the most recent fiscal year reported upon in the applicable fund's most recent prospectus prior to October 22, 2014. Additional information about the new investment funds can be found in the fund descriptions below and each funds respective prospectus.

[1] Contributions made to the Baird Short-Term Bond 529 Portfolio under Fee Structure A are not subject to an initial sales charge. However, if you transfer funds contributed under Fee Structure A from the Baird Short-Term Bond 529 Portfolio to another Portfolio in the Program, you will be assessed the sales charge applicable to such new Portfolio under Fee Structure A. Your financial advisor will not receive any commission on Contributions under Fee Structure A to the Baird Short-Term Bond 529 Portfolio.

Effective November 18, 2014, the Hypothetical Expense Example Table on page 30 is updated as follows:

The following table compares the approximate cost of investing in the different fee structures within the Program over different periods of time. Your actual costs may be higher or lower. The hypothetical chart assumes an initial $10,000 investment in a Program Portfolio and a 5% annual rate of return, compounded annually on the net amount invested throughout the period. All expense ratios and asset allocations are assumed to remain the same for the duration of the periods.

The $10 setup fee and the $3 quarterly account fee have been included in the calculation. The chart assumes that all withdrawals are made for Higher Education Costs and, therefore, does not reflect the impact of potential federal, state, or local taxes. This hypothetical does not reflect actual expenses or performance from the past or future. Actual expenses may be higher or lower than those shown.

HYPOTHETICAL EXPENSE EXAMPLE

	1 Year				3 Years				5 Years				10 Years			
	A	C	E	F	A	C	E	F	A	C	E	F	A	C	E	F
Target Portfolios																
Fund 100	$482	$161	$136	$110	$737	$478	$400	$321	$1,011	$816	$682	$547	$1,781	$1,762	$1,478	$1,187
Fund 80	$481	$160	$135	$109	$734	$475	$397	$318	$1,005	$811	$677	$541	$1,770	$1,751	$1,467	$1,175
Fund 60	$476	$155	$129	$104	$719	$459	$381	$302	$979	$784	$650	$514	$1,714	$1,695	$1,409	$1,116
Fund 40	$477	$156	$130	$105	$722	$463	$384	$305	$985	$789	$655	$519	$1,725	$1,706	$1,421	$1,128
Fund 20	$469	$148	$122	$97	$698	$437	$359	$280	$943	$747	$612	$476	$1,636	$1,616	$1,328	$1,033
Fund 10	$462	$141	$115	$90	$676	$415	$337	$257	$906	$709	$574	$437	$1,557	$1,536	$1,246	$949
Fixed Income Fund	$459	$138	$112	$86	$667	$406	$327	$248	$890	$693	$558	$421	$1,523	$1,501	$1,211	$913
Age Based Portfolios																
Aggressive Portfolio																
Ages 0-8	$482	$161	$136	$110	$737	$478	$400	$321	$1,011	$816	$682	$547	$1,781	$1,762	$1,478	$1,187
Ages 9-12	$481	$160	$135	$109	$734	$475	$397	$318	$1,005	$811	$677	$541	$1,770	$1,751	$1,467	$1,175
Ages 13-16	$476	$155	$129	$104	$719	$459	$381	$302	$979	$784	$650	$514	$1,714	$1,695	$1,409	$1,116
Ages 17-20	$477	$156	$130	$105	$722	$463	$384	$305	$985	$789	$655	$519	$1,725	$1,706	$1,421	$1,128
Ages 21+	$469	$148	$122	$97	$698	$437	$359	$280	$943	$747	$612	$476	$1,636	$1,616	$1,328	$1,033
Growth Portfolio																
Ages 0-8	$481	$160	$135	$109	$734	$475	$397	$318	$1,005	$811	$677	$541	$1,770	$1,751	$1,467	$1,175
Ages 9-12	$476	$155	$129	$104	$719	$459	$381	$302	$979	$784	$650	$514	$1,714	$1,695	$1,409	$1,116
Ages 13-16	$477	$156	$130	$105	$722	$463	$384	$305	$985	$789	$655	$519	$1,725	$1,706	$1,421	$1,128
Ages 17-20	$469	$148	$122	$97	$698	$437	$359	$280	$943	$747	$612	$476	$1,636	$1,616	$1,328	$1,033
Ages 21+	$462	$141	$115	$90	$676	$415	$337	$257	$906	$709	$574	$437	$1,557	$1,536	$1,246	$949
Balanced Portfolio																
Ages 0-8	$476	$155	$129	$104	$719	$459	$381	$302	$979	$784	$650	$514	$1,714	$1,695	$1,409	$1,116
Ages 9-12	$477	$156	$130	$105	$722	$463	$384	$305	$985	$789	$655	$519	$1,725	$1,706	$1,421	$1,128
Ages 13-16	$469	$148	$122	$97	$698	$437	$359	$280	$943	$747	$612	$476	$1,636	$1,616	$1,328	$1,033
Ages 17-20	$462	$141	$115	$90	$676	$415	$337	$257	$906	$709	$574	$437	$1,557	$1,536	$1,246	$949
Ages 21+	$459	$138	$112	$86	$667	$406	$327	$248	$890	$693	$558	$421	$1,523	$1,501	$1,211	$913
Individual Fund Portfolios (new November 18, 2014)																
Baird Short-Term Bond 529 Portfolio	$116	$142	$116	$91	$340	$419	$340	$260	$579	$714	$579	$443	$1,258	$1,547	$1,258	$961
MainStay Total Return Bond 529 Portfolio	$468	$172	$147	$121	$695	$513	$434	$356	$938	$875	$741	$606	$1,624	$1,885	$1,604	$1,316

EXHIBIT C – NEW INVESTMENT PORTFOLIOS AND MUTUAL FUND INFORMATION

Effective November 18, 2014, pages 56 and 57 of Exhibit C are replaced in their entirety with the following table. The following table shows the new target investment allocations for the Age-Based and Target Portfolios that will be effective November 18, 2014. These target allocations were designed by the Illinois State Treasurer in consultation with the Program Manager and Wilshire Associates. The Program Manager rebalances the Portfolios on an ongoing basis pursuant to the stated investment strategy. The Illinois State Treasurer may change/substitute investment funds at any time without notice.

Age-Based & Target Portfolios - Asset Allocations

Age-Based Portfolios	Age of beneficiary						
Age-Based Aggressive Option	**0 - 8**	**9 - 12**	**13 - 16**	**17 - 20**	**21 plus**		
Age-Based Growth Option		**0 - 8**	**9 - 12**	**13 - 16**	**17 - 20**	**21 plus**	
Age-Based Balanced Option			**0 - 8**	**9 - 12**	**13 - 16**	**17 - 20**	**21 plus**
Target Portfolios	**Fund 100**	**Fund 80**	**Fund 60**	**Fund 40**	**Fund 20**	**Fund 10**	**Fixed Income Fund**
Underlying Mutual Funds							
BlackRock Cash Funds					20.0%	40.0%	50.0%
MONEY MARKET TOTAL	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**20.0%**	**40.0%**	**50.0%**
PIMCO Short-Term Fund				20.0%	23.0%	25.0%	28.0%
Baird Short-Term Bond Fund			20.0%	19.0%	17.0%	15.0%	12.0%
American Century Short Duration Inflation Protection Bond Fund			3.0%	7.0%	8.0%	10.0%	10.0%
Northern Funds Bond Index Fund		8.0%	7.0%	6.0%	6.0%		
MainStay Total Return Bond Fund		8.0%	7.0%	6.0%	6.0%		
Templeton International Bond Fund		4.0%	3.0%	2.0%			
FIXED INCOME TOTAL	**0.0%**	**20.0%**	**40.0%**	**60.0%**	**60.0%**	**50.0%**	**50.0%**
Voya Global Real Estate Fund	3.0%	2.0%	2.0%	2.0%	1.5%		
REAL ESTATE TOTAL	**3.0%**	**2.0%**	**2.0%**	**2.0%**	**1.5%**	**0.0%**	**0.0%**
DFA U.S. Large Cap Value Fund	19.0%	15.0%	11.0%	7.0%	3.5%	2.0%	
Northern Funds Stock Index Fund	16.0%	13.0%	10.5%	7.0%	3.5%	2.0%	
T. Rowe Price Instl. Large-Cap Growth Fund	19.0%	15.0%	11.0%	7.0%	3.5%	2.0%	
Northern Funds Small Cap Value Fund	3.0%	2.5%	1.5%	2.0%	1.0%	0.5%	
Delaware Small Cap Core Fund	4.0%	3.0%	2.0%	2.0%	1.0%	0.5%	
Eagle Small Cap Growth Fund	3.0%	2.5%	1.5%	2.0%	1.0%	0.5%	
DOMESTIC EQUITY TOTAL	**64.0%**	**51.0%**	**37.5%**	**27.0%**	**13.5%**	**7.5%**	**0.0%**
Dodge & Cox International Stock Fund	6.3%	5.3%	4.0%	2.5%	1.3%	0.5%	
Northern Funds International Equity Index Fund	12.5%	10.5%	8.5%	5.0%	2.5%	1.5%	
Oppenheimer International Growth Fund	6.3%	5.3%	4.0%	2.5%	1.3%	0.5%	
DFA International Small Company Portfolio	4.0%	3.0%	2.0%				
Causeway Emerging Markets Fund	4.0%	3.0%	2.0%	1.0%			
INTERNATIONAL EQUITY TOTAL	**33.0%**	**27.0%**	**20.5%**	**11.0%**	**5.0%**	**2.5%**	**0.0%**
T O T A L	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

NEW INVESTMENT FUND DESCRIPTIONS - In "*Exhibit C – Investment Portfolios and Mutual Fund Information"* beginning on page 56, the summary and descriptions of the investment objectives and strategies, primary risks, performance, and fees and expenses of the new investment funds are set forth as follows:

Baird Short-Term Bond Fund

(Ticker: BSBIX Instl. Class)

Investment Objective. The investment objective of the Baird Short-Term Bond Fund is to seek an annual rate of total return, before fund expenses, greater than the annual rate of total return of the Barclays 1-3 Year U.S. Government/Credit Bond Index.

Principal Investment Strategies.
The fund normally invests at least 80% of its net assets in the following types of U.S. dollar-denominated debt securities:

- U.S. government and other public-sector entities
- Asset-backed and mortgage-backed obligations of U.S. and foreign issuers
- Corporate debt of U.S. and foreign issuers

The fund only invests in debt securities rated investment grade at the time of purchase by at least one major rating agency or, if unrated, determined by Robert W. Baird & Co. Incorporated (the "advisor") to be investment grade. After purchase, a security may cease to be rated or may have its rating reduced below the minimum rating required by the fund for purchase. In such cases, the advisor will consider whether to continue to hold the security. The fund may hold securities with a "D" or similar credit rating indicating at least a partial payment default.

The advisor attempts to keep the duration of the fund's portfolio substantially equal to that of its benchmark, the Barclays 1-3 Year U.S. Government/Credit Bond Index. The duration of the fund's benchmark as of March 31, 2014 was 1.95 years. The dollar-weighted average portfolio effective maturity of the fund will normally be more than one year but less than three years during normal market conditions. The fund may invest in debt securities of all maturities. The advisor attempts to diversify the fund's portfolio by holding securities of many different issuers and choosing issuers in a variety of sectors.

In determining which securities to buy for the fund, the advisor attempts to achieve returns that exceed the fund's benchmark primarily in three ways:

- ***Yield curve positioning:*** The advisor selects securities with maturities and yields that it believes have the greatest potential for achieving the fund's objective, while attempting to match the average duration of the securities in the fund with the average duration of the securities in the fund's benchmark.
- ***Sector allocation:*** The advisor invests in securities in those sectors which it believes represent the greatest potential for achieving the fund's objective.
- ***Security selection:*** The advisor determines which issuers it believes offer the best relative value within each sector and then decides which available securities of that issuer to purchase.

The fund may invest in foreign debt obligations as well as cash or cash equivalents. The advisor generally will sell a security when, on a relative basis and in the advisor's opinion, it will no longer help the fund attain its objective.

Principal Risks

Please be aware that you may lose money by investing in the fund. The following is a summary description of certain risks of investing in the fund.

Management Risks
The advisor may err in its choices of securities or portfolio mixes. Such errors could result in a negative return and a loss to you.

Bond Market Risks
A bond's market value may be affected significantly by changes in interest rates – generally, when interest rates rise, the bond's market value declines and when interest rates decline, its market value rises ("interest-rate risk"). Interest rate risk should be low for the fund because it invests primarily in short-term bonds, whose prices are less sensitive to interest rate changes than are the prices of long-term bonds. Generally, a bond with a longer maturity will entail greater interest rate risk but have a higher yield. Conversely, a bond with a shorter maturity will entail less interest rate risk but have a lower yield ("maturity risk"). A bond's value may also be affected by changes in its credit quality rating or the issuer's financial condition ("credit-quality risk").

Credit Quality Risks
Bonds receiving the lowest investment grade rating may have speculative characteristics and, compared to higher grade securities, may have a weakened capacity to make principal and interest payments due to changes in economic conditions or other adverse circumstances. Ratings are essentially opinions of the credit quality of an issuer and may prove to be inaccurate.

Mortgage- and Asset-Backed Securities Risks
Mortgage- and asset-backed securities are subject to interest rate risk. Modest movements in interest rates (both increases and decreases) may quickly and significantly reduce the value of certain types of these securities. When interest rates fall, mortgage and asset-backed securities may be subject to prepayment risk. When interest rates rise, certain types of mortgage- and asset-backed securities are subject to extension risk. Mortgage- and asset-backed securities can also be subject to the risk of default on the underlying residential or commercial mortgage(s) or other assets.

Extension Risk
Extension risk is the risk that debt securities, including mortgage- and asset-backed securities, will be paid off by the borrower more slowly than anticipated, increasing the average life of such securities and the sensitivity of the prices of such securities to future interest rate changes.

Government Obligations Risks
No assurance can be given that the U.S. government will provide financial support to U.S. government-sponsored agencies or instrumentalities where it is not obligated to do so by law, such as the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac"). Securities issued by Fannie Mae and Freddie Mac have historically been supported only by the discretionary authority of the U.S. government. While the U.S. government provides financial support to various U.S.

government-sponsored agencies and instrumentalities, such as Fannie Mae and Freddie Mac, no assurance can be given that it will always do so. In September 2008, at the direction of the U.S. Department of the Treasury, Fannie Mae and Freddie Mac were placed into conservatorship under the Federal Housing Finance Agency ("FHFA"), an independent regulator, and they remain in such status as of the date of the fund's prospectus (dated May 1, 2014). The U.S. government also took steps to provide additional financial support to Fannie Mae and Freddie Mac.

Liquidity Risks

Certain securities may be difficult or impossible to sell at the time and price that the advisor would like to sell. The advisor may have to lower the price, sell other securities or forego an investment opportunity, any of which may have a negative effect on the management or performance of the fund.

Foreign Securities Risks

Foreign investments, even those that are U.S. dollar-denominated, may involve additional risks, including political and economic instability, differences in financial reporting standards, less regulated securities markets, and withholding of foreign taxes.

Valuation Risks

The prices provided by the fund's pricing service or independent dealers or the fair value determinations made by the valuation committee of the advisor may be different from the prices used by other mutual funds or from the prices at which securities are actually bought and sold. The prices of certain securities provided by pricing services may be subject to frequent and significant change, and will vary depending on the information that is available.

Recent Market Events

U.S. and international markets have experienced significant price volatility, reduced liquidity, credit downgrades, increased likelihood of default and valuation difficulties in recent years. Rising interest rates and the tapering of quantitative easing bond purchases by the Federal Reserve Board may increase the potential for market volatility. As a result, many of the above risks may be increased. Continuing market problems may have adverse effects on the fund. The advisor will monitor developments and seek to manage the fund in a manner consistent with achieving the fund's investment objective, but there can be no assurance that it will be successful in doing so.

Fees & Expenses.
(Based on the prospectus dated May 1, 2014)

Total Annual Fund Operating Expenses 0.30%
expenses deducted from Fund's assets

MainStay Total Return Bond Fund

(Ticker: MTMIX Class I)

Investment Objective. The fund seeks total return.

Principal Investment Strategies. The fund, under normal circumstances, invests at least 80% of its assets (net assets plus any borrowings for investment purposes) in bonds, which include all types of debt securities, such as: debt or debt-related securities issued or guaranteed by the U.S. or foreign governments, their agencies or instrumentalities; obligations of international or supranational entities; debt securities issued by U.S. or foreign corporate entities; zero coupon bonds; municipal bonds; mortgage-related and other asset-backed securities; and loan participation interests. The fund will generally seek to maintain a weighted average duration within 2.5 years (plus or minus) of the duration of the Barclays U.S. Aggregate Bond Index. Duration is a measure used to determine the sensitivity of a security/portfolio to changes in interest rates. The longer the duration of a security/portfolio, the more sensitive it will be to changes in interest rates.

At least 65% percent of the fund's total assets will be invested in investment grade debt securities, as rated by an independent rating agency, such as rated BBB- or better by Standard & Poor's Ratings Services ("S&P") or Baa3 or better by Moody's Investors Service, Inc. ("Moody's") when purchased, or if unrated, determined by the subadvisor to be of comparable quality. The fund may also invest up to 20% of its total assets in securities rated below investment grade by an independent rating agency or, if not rated, determined to be of equivalent quality by the subadvisor. Some securities that are rated below investment grade by independent rating agencies are commonly referred to as "junk bonds." If independent rating agencies assign different ratings for the same security, the fund will use the higher rating for purposes of determining the credit quality. The fund may invest in mortgage dollar rolls, to-be-announced ("TBA") securities transactions, variable rate notes and floaters.

The fund may invest up to 20% of its total assets in securities denominated in foreign currencies. To the extent possible, the fund will attempt to protect these investments against risks stemming from differences in foreign exchange rates.

The fund may also invest in derivatives such as futures, options and swap agreements to try to enhance returns or reduce the risk of loss by hedging certain of its holdings. Commercial paper must be, when purchased, rated in the highest rating category by an independent rating agency, such as A-1 by S&P or Prime-1 by Moody's, or if unrated, determined by the subadvisor to be of comparable quality. The Fund's principal investments may have fixed or floating rates of interest.

Investment Process: In pursuing the fund's investment strategy, the subadvisor conducts a continuing review of yields and other information derived from a database which it maintains in managing fixed-income portfolios.

Fundamental economic cycle analysis, credit quality and interest rate trends are the principal factors considered by the subadvisor in managing the fund and determining whether to increase or decrease the emphasis placed upon a particular type of security or industry sector within the fund's investment portfolio. Maturity Duration shifts adjustments are based on a set of investment decisions that take into account a broad range of economic, fundamental and technical indicators.

The subadvisor may sell a security if it no longer believes that the security will contribute to meeting the investment objective of the fund. In considering whether to sell a security, the subadvisor may evaluate, among other things, the condition of the economy, meaningful changes in the issuer's financial condition, and changes in the condition and outlook in the issuer's industry.

Principal Risks.

Loss of Money Risk: Before considering an investment in the fund, you should understand that you could lose money.

Market Changes Risk: The value of the fund's investments may change because of broad changes in the markets in which the Fund invests, which could cause the fund to underperform other funds with similar objectives. From time to time, markets may experience periods of acute stress that may result in (i) increased volatility; and (ii) increased redemptions. Such conditions may add significantly to the risk of volatility in the net asset value of the fund's shares.

Management Risk: The investment strategies, practices and risk analysis used by the subadvisor may not produce the desired results.

Debt Securities Risk: The risks of investing in debt securities include (without limitation): (i) credit risk, i.e., the issuer may not repay the loan created by the issuance of that debt security; (ii) maturity risk, i.e., a debt security with a longer maturity may fluctuate in value more than one with a shorter maturity; (iii) market risk, i.e., low demand for debt securities may negatively impact their price; (iv) interest rate risk, i.e., when interest rates go up, the value of a debt security goes down, and when interest rates go down, the value of a debt security goes up; (v) selection risk, i.e., the securities selected by the subadvisor may underperform the market or other securities selected by other funds; and (vi) call risk, i.e., during a period of falling interest rates, the issuer may redeem a security by repaying it early, which may reduce the fund’s income if the proceeds are reinvested at lower interest rates.

Interest rates in the United States are at, or near, historic lows, which may increase the fund’s exposure to risks associated with rising interest rates. Moreover, rising interest rates or lack of market participants may lead to decreased liquidity in the bond markets, making it more difficult for the fund to sell its bond holdings at a time when the subadvisor might wish to sell. Decreased liquidity in the bond markets also may make it more difficult to value some or all of the fund’s bond holdings.

Loan Participation Interest Risk: There may not be a readily available market for loan participation interests, which in some cases could result in the fund disposing of such a security at a substantial discount from face value or holding such a security until maturity. In addition, there is also the credit risk of the underlying corporate borrower as well as the lending institution or other participant from whom the fund purchased the loan participation interests.

High-Yield Securities Risk: Investments in high-yield securities or non-investment grade securities (commonly referred to as "junk bonds") are sometimes considered speculative because they present a greater risk of loss than higher quality securities. Such securities may, under certain circumstances, be less liquid than higher rated securities. These securities pay investors a premium (a high interest rate or yield) because of the increased risk of loss. These securities can also be subject to greater price volatility. In times of unusual or adverse market, economic or political conditions, these securities may experience higher than normal default rates.

TBA Securities Risk: In a TBA securities transaction, the fund commits to purchase certain securities for a fixed price at a future date. The principal risks are that the counterparty may not deliver the security as promised and/or that the value of the TBA security may decline prior to when the fund receives the security.

Foreign Securities Risk: Investments in foreign securities may be riskier than investments in U.S. securities. Differences between U.S. and foreign regulatory regimes and securities markets, including less stringent investor protections and disclosure standards of some foreign markets, less liquid trading markets and political and economic developments in foreign countries, may affect the value of the fund's investments in foreign securities. Foreign securities may also subject the fund's investments to changes in currency rates. These risks may be greater with respect to securities of companies that conduct their business activities in emerging markets or whose securities are traded principally in emerging markets.

Mortgage-Backed / Asset-Backed Securities Risk: Prepayment risk is associated with mortgage-backed and asset-backed securities. If interest rates fall, the underlying debt may be repaid ahead of schedule, reducing the value of the fund's investments. If interest rates rise, there may be fewer prepayments, which would cause the average bond maturity to rise, increasing the potential for the fund to lose money. The value of these securities may be significantly affected by changes in interest rates, the market's perception of issuers, and the creditworthiness of the parties involved. The ability of the fund to successfully utilize these instruments may depend on the ability of the subadvisor to forecast interest rates and other economic factors correctly. These securities may have a structure that makes their reaction to interest rate changes and other factors difficult to predict, making their value highly volatile.

Floaters and Variable Rate Notes Risk: Floaters and variable rate notes provide for a periodic adjustment in the interest rate paid on the securities. The rate adjustment intervals may be regular and range from daily up to annually, or may be based on an event, such as a change in the prime rate. Floating and variable rate notes may be subject to greater liquidity risk than other debt securities, meaning that there may be limitations on the fund's ability to sell the securities at any given time. Securities with floating interest rates generally are less sensitive to interest rate changes, but may decline in value if their interest rates do not rise as much or as fast as interest rates in general. Such securities also may lose value.

Derivatives Risk: Derivatives are investments whose value depends on (or is derived from) the value of an underlying instrument, such as a security, asset, reference rate or index. Derivative strategies often involve leverage, which may exaggerate a loss, potentially causing the fund to lose more money than it would have lost had it invested in the underlying instrument. Derivatives may be difficult to sell, unwind or value. Derivatives may also be subject to counterparty risk, which is the risk that the counterparty (the party on the other side of the transaction) on a derivative transaction will be unable to honor its contractual obligations to the fund. Swap transactions tend to shift the fund's investment exposure from one type of investment to another, and therefore entail the risk that a party will default on its payment obligations to the fund. Futures may be more volatile than direct investments in the instrument underlying the futures, and may not correlate perfectly to the underlying instrument. Futures also may involve a small initial investment relative to the risk assumed, which could result in losses greater than if they had not been used. Due to fluctuations in the price of the underlying security, the fund may not be able to profitably exercise an option and may lose its entire investment in an option.

Mortgage Dollar Roll Transaction Risk: A mortgage dollar roll is a transaction in which the fund sells mortgage-related securities from its portfolio to a counterparty from whom it simultaneously agrees to buy a similar security on a delayed delivery basis. Mortgage dollar roll transactions are subject to certain risks, including the risk that securities returned to the fund at the end of the roll, while substantially similar, may be inferior to what was initially sold to the counterparty.

Liquidity and Valuation Risk: Securities purchased by the fund that are liquid at the time of purchase may subsequently become illiquid due to, among other things, events relating to the issuer of the securities, market events, economic conditions, investor perceptions or lack of market participants. The lack of an active trading market may make it difficult to obtain an accurate price for a security. If market conditions make it difficult to value securities, the fund may value these securities using more subjective methods, such as fair value pricing. In such cases, the value determined for a security could be different than the value realized upon such security's sale. As a result, an investor could pay more than the market value when buying fund shares or receive less than the market value when selling fund shares. Liquidity risk may also refer to the risk that the fund may not be able to pay redemption proceeds within the allowable time period because of unusual market conditions, unusually high volume of redemptions, or other reasons. To meet redemption requests, the fund may be forced to sell securities at an unfavorable time and/or under unfavorable conditions.

See "More About Investment Strategies and Risks" beginning on page 94 of the fund's prospectus for more information about the risks associated with the fund.

An investment in the fund is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Fees & Expenses.
(Based on the prospectus dated February 28, 2014)

Annual Fund Operating Expenses expenses deducted from fund assets	0.60%