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## PLAN UPDATES

Bright Directions continues to offer college savers competitive costs, solid plan design, and quality investment options. In our ongoing efforts to offer a quality program at a great value, we have the following enhancements to share:

1. **Age-Based and Target Portfolio Asset Allocation Changes** – effective November 15, 2022, several modifications will be made to the asset allocations in certain Age-Based and Target Portfolios. These modifications, as reflected on page 8 of the attached Program Disclosure Statement Supplement, include:
  - Liquidation and reallocation of the money market holdings to the FDIC-insured bank account.
2. **NEW Age-Based Option** – effective November 15, 2022, Bright Directions is adding an additional Age-Based Track – **Index Age-Based Moderate Option**. The asset allocation and portfolios are detailed on page 1 of the attached Program Disclosure Statement Supplement.
3. **NEW Individual Fund Portfolio** – effective November 15, 2022, Bright Directions is adding the Virtus Duff & Phelps Global Infrastructure Fund (ticker: VGIRX) as an Individual Fund Portfolio.
4. **Updated Fee & Expense Tables** – effective November 15, 2022, the State Fee will be reduced from 0.03% to 0.025% of average daily net assets. In addition, with the update and asset allocation enhancements, the average expense ratios for the Age-Based, Target, and Individual Fund Portfolios will see a 0.01% - 0.02% reduction, helping keep Bright Directions one of the lowest cost advisor-sold plans available across the country.

**What do you need to do?** As a current investor, no action is required on your part. The changes will be made to the relevant investment portfolios after market close on November 15, 2022.

**Important Information:** To continue our practice of providing ongoing communication, updates, and transparency we have enclosed the following:

- [Program Disclosure Statement Supplement](#) (dated October 4, 2022)
- [Investment Policy Statement](#) (effective November 2022)

We will be sending you an updated Program Disclosure Statement in the mid-November time frame.

If the timing is right - consider a one-time contribution or establishing an automatic investment plan. It's easy to do – just log on to your account and select contribute. Contributions made on or before December 31, 2022, can be eligible for a 2022 Illinois state income tax deduction up to \$10,000 (\$20,000 if married filing jointly).<sup>1</sup>

If you have questions regarding your account, investments, or the upcoming changes feel free to reach out to your valued financial advisor or Bright Directions.

Thank you for investing with Bright Directions!

The Bright Directions Advisor-Guided 529 College Savings Program is sponsored by the State of Illinois and administered by the Illinois State Treasurer, as Trustee. Union Bank and Trust Company serves as Program Manager and Northern Trust Securities, Inc. is Distributor. Investments in the Bright Directions Advisor-Guided 529 College Savings Program are not guaranteed or insured by the State of Illinois, the Illinois State Treasurer, Union Bank and Trust Company, the Federal Deposit Insurance Corporation (except as provided in the Program Disclosure Statement solely with respect to the FDIC-insured Bank Account Underlying Investment), Northern Trust Securities, Inc., or any other entity.

**An investor should consider the investment objectives, risks, and charges and expenses before investing. This and other important information is contained in the Bright Directions Advisor-Guided 529 College Savings Program Disclosure Statement which can be obtained from your financial advisor or at [BrightDirections.com](http://BrightDirections.com) and should be read carefully before investing. You can lose money by investing in a portfolio. Each of the portfolios involves investment risks, which are described in the Program Disclosure Statement.**

**Before you invest, consider whether your or the beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in that state's 529 plan.**

<sup>1</sup>An individual who files an individual Illinois state income tax return will be able to deduct up to \$10,000 per tax year (up to \$20,000 for married taxpayers filing a joint Illinois state income tax return) for their total, combined contributions to the Bright Start Direct-Sold College Savings Program, the Bright Directions Advisor-Guided 529 College Savings Program, and CollegeIllinois during that tax year. The \$10,000 (individual) and \$20,000 (joint) limit on deductions will apply to total contributions made without regard to whether the contributions are made to a single account or more than one account. The amount of any deduction previously taken for Illinois income tax purposes is added back to Illinois taxable income in the event an Account Owner takes a Nonqualified Withdrawal from an Account or if such assets are rolled over to a non-Illinois 529 plan. If Illinois tax rates have increased since the original contribution, the additional tax liability may exceed the tax savings from the deduction.

**Not FDIC Insured\* | No Bank Guarantee | May Lose Value**

*(\*Except for investments in the FDIC-insured Bank Account Underlying Investment)*

**Supplement # 1 Dated October 4, 2022**  
**to the Bright Directions Advisor-Guided 529 College Savings Program**  
**Program Disclosure Statement Dated November 18, 2021**

The Bright Directions Advisor-Guided 529 College Savings Program (the “Program”) Disclosure Statement dated November 18, 2021, is hereby amended as set forth below. Except as amended herein, the Program Disclosure Statement remains in full force and effect. Unless otherwise defined herein, capitalized terms used in this October 4, 2022 Supplement (the “Supplement”) shall have the respective meanings assigned to them in the Program Disclosure Statement. In the event of a conflict between the terms of the Program Disclosure Statement and the terms of this Supplement, the terms of this Supplement shall control.

**1. Changes to the Asset Allocation of the Age-Based and Target Portfolios**

**Effective November 15, 2022**, the following modifications will be made to the asset allocations of the Age-Based and Target Portfolios. Page 8 of this Supplement sets forth the form of “**EXHIBIT B - INVESTMENT PORTFOLIOS AND UNDERLYING INVESTMENTS**” which will go into effect after close of business November 15, 2022. The changes are:

- Removal and reallocation of the Invesco Government & Agency Portfolio in certain Age-Based and Target Portfolios. Investments in the Invesco Government & Agency Portfolio will be liquidated on November 15, 2022, and reinvested in the Union Bank and Trust Company / Nelnet Bank – FDIC-insured Bank Account.

The Table on page 68 of the Program Disclosure Statement is deleted in its entirety and replaced with the Table on page 8 of this Supplement.

**2. New Age-Based Option**

**Effective November 15, 2022**, the Program will offer a new Age-Based Option - **Index Age-Based Moderate Option**. The new Age-Based Option will be available under Fee Structure A, C, and F.

The targeted asset allocation is set forth in the following table.

	Expense Ratio	Ticker	Beneficiary age								
			0 – 2	3 - 5	6 - 8	9 - 10	11 - 12	13 - 14	15 - 16	17 - 18	19+
FDIC insured Bank Account (Union Bank and Trust Company / Nelnet Bank)	n/a	n/a								8.0%	23.0%
iShares Core 1 - 5 Year USD Bond ETF	0.06%	I S T B				6.0%	11.0%	14.0%	22.0%	25.0%	22.0%
iShares 0 – 5 Year TIPS Bond ETF	0.03%	S T I P	3.0%	3.0%	4.0%	4.0%	4.0%	9.0%	11.0%	12.0%	14.0%
iShares Core U.S. Aggregate Bond ETF	0.03%	A G G	5.0%	12.0%	18.0%	20.0%	23.0%	24.0%	27.0%	25.0%	25.0%
Vanguard Total International Bond Index Fund	0.07%	V T I F X	0.5%	1.0%	2.0%	2.5%	3.0%	3.5%	3.0%	3.0%	2.0%
Vanguard Emerging Markets Government Bond Index ETF	0.20%	V W O B	0.5%	1.0%	1.0%	1.5%	2.0%	2.5%	2.0%	2.0%	1.0%
Vanguard High-Yield Corporate Fund	0.13%	V W E A X	1.0%	3.0%	5.0%	6.0%	7.0%	7.0%	5.0%	5.0%	3.0%
iShares Developed Real Estate Index Fund	0.14%	B K R D X	6.0%	5.0%	5.0%	4.0%	4.0%	3.0%	2.0%	2.0%	1.0%
iShares Total U.S. Stock Market Index Fund	0.03%	B K T S X	52.0%	48.0%	42.0%	36.0%	30.0%	25.0%	20.0%	13.0%	7.0%
iShares Core MSCI Total International Stock ETF	0.07%	I X U S	32.0%	27.0%	23.0%	20.0%	16.0%	12.0%	8.0%	5.0%	2.0%
<b>Total</b>			<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

For additional information on the Underlying Investments underlying the Portfolios, you can request a copy of the current prospectus, the Statement of Additional Information, or the most recent semiannual or annual report of any Underlying Investment by contacting the underlying mutual fund company. You should consult each mutual fund’s prospectus for more complete information. You can obtain the prospectus for any of the funds from the applicable mutual fund company.

### 3. State Fee

Effective November 15, 2022, the State Fee rate will be reduced from 0.03% to 0.025% of the average daily net assets.

### 4. New Individual Fund Portfolio

Effective November 15, 2022, the Program will offer the following new Individual Fund Portfolio. The new Portfolio and the investment objectives for the Underlying Investment for the new Portfolio is outlined below:

- **Virtus Duff & Phelps Global Infrastructure 529 Portfolio** - invests solely in the Virtus Duff & Phelps Global Infrastructure Fund (ticker: VGIRX)

**Investment Objective:** The fund has investment objectives of both capital appreciation and current income.

**Principal Risks:** Equity Securities Risk, Industry/Sector Concentration Risk, Foreign Investing Risk, Income Risk, Credit Risk, Derivatives Risk, High-Yield Fixed Income Securities (Junk Bonds) Risk, Infrastructure-Related Risk, Interest Rate Risk, Market Volatility Risk, Redemption Risk.

### 5. Fee and Expense Table - Individual Fund Portfolio

The following table sets forth the Plan's estimate of the fees and expenses applicable to the new Individual Fund Portfolio. The "Total Annual Asset-Based Fees" below include the estimated Underlying Investment expenses, Program Management Fee, State Fee, and any applicable annual servicing fees.

In addition, Fee Structure A has a 3.50% maximum initial sales charge. Underlying Investment expenses are based on the applicable fund's most recent prospectus dated prior to September 30, 2022.

	Fee Structure A	Fee Structure C	Fee Structure E	Fee Structure F	Fee Structure G	Fee Structure H
Virtus Duff & Phelps Global Infrastructure 529	1.27%	1.52%	1.27%	1.02%	1.27%	1.02%

### 6. Hypothetical Expense Example - Individual Fund Portfolio

The following table compares the approximate costs of investing in the different fee structures within the Plan over different periods of time. Your actual costs may be higher or lower. The hypothetical chart assumes an initial \$10,000 investment in a Plan 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 chart assumes that all withdrawals are made for Qualified Higher Education Expenses and, therefore, does not reflect the impact of potential federal, state, or local taxes or penalties. This hypothetical does not reflect actual expenses or performance from the past or future. Actual expenses may be higher or lower than those shown.

#### Approximate Cost of a \$10,000 Investment - Virtus Duff & Phelps Global Infrastructure 529 Portfolio

1 Year				Three Year				Five Year				Ten Year			
A	C	E & G	F & H	A	C	E & G	F & H	A	C	E & G	F & H	A	C	E & G	F & H
\$476	\$156	\$130	\$105	\$741	\$484	\$405	\$326	\$1,026	\$835	\$701	\$566	\$1,837	\$1,823	\$1,541	\$1,253

## 7. Fee and Expense Table - Index Age-Based Moderate Option

The following table sets forth the Plan's estimate of the fees and expenses applicable to the new Age-Based Portfolios. The "Total Annual Asset-Based Fees" below include the estimated Underlying Investment expenses, Program Management Fee, State Fee, and any applicable annual servicing fees.

In addition, Fee Structure A has a 3.50% maximum initial sales charge. Underlying Investment expenses are based on the applicable fund's most recent prospectus dated prior to September 30, 2022.

INDEX AGE-BASED MODERATE OPTION	Fee Structure A	Fee Structure C	Fee Structure F
<i>age 0 – 2</i>	0.47%	0.72%	0.22%
<i>age 3 – 5</i>	0.47%	0.72%	0.22%
<i>age 6 – 8</i>	0.47%	0.72%	0.22%
<i>age 9 – 10</i>	0.47%	0.72%	0.22%
<i>age 11 – 12</i>	0.47%	0.72%	0.22%
<i>age 13 – 14</i>	0.47%	0.72%	0.22%
<i>age 15 – 16</i>	0.47%	0.72%	0.22%
<i>age 17 – 18</i>	0.46%	0.71%	0.21%
<i>age 19 +</i>	0.45%	0.70%	0.20%

## 8. Hypothetical Expense Example - Index Age-Based Moderate Option

The following table compares the approximate costs of investing in the different fee structures within the Plan over different periods of time. Your actual costs may be higher or lower. The hypothetical chart assumes an initial \$10,000 investment in a Plan 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 chart assumes that all withdrawals are made for Qualified Higher Education Expenses and, therefore, does not reflect the impact of potential federal, state, or local taxes or penalties. This hypothetical does not reflect actual expenses or performance from the past or future. Actual expenses may be higher or lower than those shown.

### Approximate Cost of a \$10,000 Investment

INDEX AGE-BASED MODERATE OPTION	One Year			Three Year			Five Year			Ten Year		
	A	C	F	A	C	F	A	C	F	A	C	F
<i>age 0 – 2</i>	396	74	23	496	231	71	604	402	124	922	897	281
<i>age 3 – 5</i>	396	74	23	496	231	71	604	402	124	922	897	281
<i>age 6 – 8</i>	396	74	23	496	231	71	604	402	124	922	897	281
<i>age 9 – 10</i>	396	74	23	496	231	71	604	402	124	922	897	281
<i>age 11 – 12</i>	396	74	23	496	231	71	604	402	124	922	897	281
<i>age 13 – 14</i>	396	74	23	496	231	71	604	402	124	922	897	281
<i>age 15 – 16</i>	396	74	23	496	231	71	604	402	124	922	897	281
<i>age 17 – 18</i>	395	73	22	493	228	68	599	396	118	910	885	268
<i>age 19 +</i>	395	72	21	490	225	64	594	391	113	898	873	255

## 9. Fee and Expense Table

The following table sets forth the Plan's estimate of the "Total Annual Asset-Based Fee" applicable to the Portfolios. The "Total Annual Asset-Based Fees" below include the estimated Underlying Investment expenses, Program Management Fee, State Fee, and any applicable annual servicing fees under Fee Structure A, C, E, F, G, or H. The column headed "Total Annual Asset-Based Fee" on pages 35-40 of the Program Disclosure Statement are deleted and replaced with the following.

In addition, Fee Structure A has a 3.50% maximum initial sales charge. Underlying Investment expenses are based on the applicable fund's most recent prospectus dated prior to September 30, 2022.

	Total Annual Asset-Based Fee			
529 Portfolio	Fee Structure A	Fee Structure C	Fee Structure E and G	Fee Structure F and H
<b>AGE-BASED PORTFOLIOS</b>				
<b>Age-Based Aggressive Option</b>				
ages 0 – 2	0.80%	1.05%	0.80%	0.55%
ages 3 – 5	0.77%	1.02%	0.77%	0.52%
ages 6 – 8	0.76%	1.01%	0.76%	0.51%
ages 9 – 10	0.76%	1.01%	0.76%	0.51%
ages 11 – 12	0.74%	0.99%	0.74%	0.49%
ages 13 – 14	0.73%	0.98%	0.73%	0.48%
ages 15 – 16	0.71%	0.96%	0.71%	0.46%
ages 17 – 18	0.67%	0.92%	0.67%	0.42%
ages 19 +	0.63%	0.88%	0.63%	0.38%
<b>Age-Based Moderate Option</b>				
ages 0 – 2	0.77%	1.02%	0.77%	0.52%
ages 3 – 5	0.76%	1.01%	0.76%	0.51%
ages 6 – 8	0.76%	1.01%	0.76%	0.51%
ages 9 – 10	0.74%	0.99%	0.74%	0.49%
ages 11 – 12	0.73%	0.98%	0.73%	0.48%
ages 13 – 14	0.71%	0.96%	0.71%	0.46%
ages 15 – 16	0.67%	0.92%	0.67%	0.42%
ages 17 – 18	0.63%	0.88%	0.63%	0.38%
ages 19 +	0.56%	0.81%	0.56%	0.31%
<b>Age-Based Conservative Option</b>				
ages 0 – 2	0.76%	1.01%	0.76%	0.51%
ages 3 – 5	0.76%	1.01%	0.76%	0.51%
ages 6 – 8	0.74%	0.99%	0.74%	0.49%
ages 9 – 10	0.73%	0.98%	0.73%	0.48%
ages 11 – 12	0.71%	0.96%	0.71%	0.46%
ages 13 – 14	0.67%	0.92%	0.67%	0.42%
ages 15 – 16	0.63%	0.88%	0.63%	0.38%
ages 17 – 18	0.56%	0.81%	0.56%	0.31%
ages 19 +	0.48%	0.73%	0.48%	0.23%
<b>TARGET PORTFOLIOS</b>				
Fund 100	0.80%	1.05%	0.80%	0.55%
Fund 80	0.76%	1.01%	0.76%	0.51%
Fund 60	0.74%	0.99%	0.74%	0.49%
Fund 40	0.71%	0.96%	0.71%	0.46%
Fund 20	0.63%	0.88%	0.63%	0.38%
Fund 10	0.56%	0.81%	0.56%	0.31%
Fixed Income Fund	0.48%	0.73%	0.48%	0.23%

continued

**Total Annual Asset-Based Fee**

	<b>Fee Structure A</b>	<b>Fee Structure C</b>	<b>Fee Structure E &amp; G</b>	<b>Fee Structure F &amp; H</b>
<b>INDIVIDUAL FUND PORTFOLIOS</b>				
Bank Savings 529 Portfolio	0.14%	0.14%	0.14%	0.14%
Invesco Government & Agency 529 Portfolio	0.30%	0.30%	0.30%	0.30%
Baird Short-Term Bond 529 Portfolio	0.72%	0.97%	0.72%	0.47%
Fidelity Short-Term Bond Index 529 Portfolio	0.45%	0.70%	0.45%	0.20%
Fidelity U.S. Bond Index 529 Portfolio	0.44%	0.69%	0.44%	0.19%
PGIM Core Bond 529 Portfolio	0.74%	0.99%	0.74%	0.49%
American Beacon Garcia Hamilton Quality Bond 529	0.83%	1.08%	0.83%	0.58%
iShares 0-5 Year TIPs Bond ETF 529 Portfolio	0.45%	0.70%	0.45%	0.20%
BlackRock Inflation Protected Bond 529 Portfolio	0.77%	1.02%	0.77%	0.52%
BlackRock High Yield Bond 529 Portfolio	0.91%	1.16%	0.91%	0.66%
Credit Suisse Floating Rate High Income 529	1.12%	1.37%	1.12%	0.87%
AB Global Bond 529 Portfolio	0.92%	1.17%	0.92%	0.67%
T. Rowe Price Balanced 529 Portfolio	0.87%	1.12%	0.87%	0.62%
DFA Real Estate Securities 529 Portfolio	0.60%	0.85%	0.60%	0.35%
Principal Global Real Estate Securities 529 Portfolio	1.29%	1.54%	1.29%	1.04%
Calvert Equity 529 Portfolio	1.08%	1.33%	1.08%	0.83%
MFS Value 529 Portfolio	0.97%	1.22%	0.97%	0.72%
T. Rowe Price Equity Income 529 Portfolio	0.95%	1.20%	0.95%	0.70%
American Century Value 529 Portfolio	1.23%	1.48%	1.23%	0.98%
American Century Equity Growth 529 Portfolio	0.88%	1.13%	0.88%	0.63%
Northern Stock Index 529 Portfolio	0.44%	0.69%	0.44%	0.19%
Sit Dividend Growth 529 Portfolio	1.12%	1.37%	1.12%	0.87%
American Century Growth 529 Portfolio	1.17%	1.42%	1.17%	0.92%
T. Rowe Price Large-Cap Growth 529 Portfolio	0.75%	1.00%	0.75%	0.50%
T. Rowe Price Extended Equity Market Index 529	0.65%	0.90%	0.65%	0.40%
BlackRock Mid-Cap Growth Equity 529 Portfolio	1.12%	1.37%	1.12%	0.87%
Ariel 529 Portfolio	1.11%	1.36%	1.11%	0.86%
Northern Small Cap Value 529 Portfolio	1.02%	1.27%	1.02%	0.77%
Northern Small Cap Index 529 Portfolio	0.52%	0.77%	0.52%	0.27%
Delaware Small Cap Core 529 Portfolio	1.23%	1.48%	1.23%	0.98%
Harbor Small Cap Growth 529 Portfolio	1.29%	1.54%	1.29%	1.04%
Dodge & Cox International Stock 529 Portfolio	1.04%	1.29%	1.04%	0.79%
Northern International Equity Index 529 Portfolio	0.52%	0.77%	0.52%	0.27%
Invesco Oppenheimer International Growth 529	1.12%	1.37%	1.12%	0.87%
DFA International Small Company 529 Portfolio	0.81%	1.06%	0.81%	0.56%
BlackRock Emerging Markets 529 Portfolio	1.24%	1.49%	1.24%	0.99%

## **10. New Underlying Investment**

The following is a summary description of the new Underlying Investment. The description is taken from the most recent prospectus of the fund dated prior to September 30, 2022 and is intended to summarize the respective investment objectives and policies. The performance set forth was obtained directly from the mutual fund company and is believed to be accurate. Past performance is not a guarantee or prediction of future results. For more complete information regarding any fund, you may request a prospectus from your financial advisor, the Program Manager, or by visiting the website for the respective fund. All investments carry some degree of risk which will affect the value of the fund's investments, investment performance, and price of its shares. It is possible to lose money by investing in the funds. For complete information please see the fund's Prospectus.

### **Virtus Duff & Phelps Global Infrastructure Fund (Ticker: VGIRX)**

#### **Investment Objective**

The fund has investment objectives of both capital appreciation and current income

#### **Principal Investment Strategies**

The fund invests globally in infrastructure companies involved in the energy, utility, transportation, and communications industries. Infrastructure companies are believed by the subadviser to exhibit attractive risk/return characteristics, offer moderate-to-high income and moderate growth, and be defensive in nature.

Under normal market conditions, the fund invests at least 80% of its assets in dividend paying equity securities of infrastructure companies that are located in three or more countries, one of which will be the United States. Under normal market conditions, the fund will invest at least 25% of its assets in securities of U.S. issuers. Although the fund concentrates its investments in infrastructure companies, it may invest up to 20% of its assets in securities of issuers that are not infrastructure companies, including stocks, debt obligations, money market securities and money market mutual funds, as well as certain derivative instruments. To the extent the fund purchases non-infrastructure stocks, they may be of issuers of any capitalization. When investing in debt obligations, the fund will invest primarily in investment grade debt obligations, although it may invest in high-yield, high-risk fixed income securities (junk bonds).

#### **Principal Risks**

The fund may not achieve its objective(s), and it is not intended to be a complete investment program. The value of the fund's investments that supports your share value may decrease. If between the time you purchase shares and the time you sell shares the value of the fund's investments decreases, you will lose money. Investment values can decrease for a number of reasons. Conditions affecting the overall economy, specific industries or companies in which the fund invests can be worse than expected, and investments may fail to perform as the subadviser expects. As a result, the value of your shares may decrease. Purchase and redemption activities by fund shareholders may impact the management of the fund and its ability to achieve its investment objective(s). The principal risks of investing in the fund are identified below.

- **Equity Securities Risk.** The value of the stocks held by the fund may be negatively affected by the financial market, industries in which the fund invests, or issuer-specific events. Focus on a particular style or in small or medium-sized companies may enhance that risk.
- **Industry/Sector Concentration Risk.** Events negatively affecting infrastructure companies may cause the value of the fund's shares to decrease, perhaps significantly. Since the fund concentrates its assets in infrastructure companies, the fund is more vulnerable to conditions that negatively affect infrastructure companies as compared to a fund that does not concentrate holdings in such companies.
- **Foreign Investing Risk.** Investing in foreign securities subjects the fund to additional risks such as increased volatility; currency fluctuations; less liquidity; less publicly available information about the foreign investment; and political, regulatory, economic, and market risk.
- **Income Risk.** Income received from the fund may vary widely over the short- and long-term and/or be less than anticipated if the proceeds from maturing securities in the fund are reinvested in lower-yielding securities.
- **Credit Risk.** If the issuer of a debt instrument fails to pay interest or principal in a timely manner, or negative perceptions exist in the market of the issuer's ability to make such payments, the price of the security may decline.



- **Derivatives Risk.** Derivatives may include, among other things, futures, options, forwards and swap agreements and may be used in order to hedge portfolio risks, create leverage or attempt to increase returns. Investments in derivatives may result in increased volatility and the fund may incur a loss greater than its principal investment.
- **High-Yield Fixed Income Securities (Junk Bonds) Risk.** There is a greater risk of issuer default, less liquidity, and increased price volatility related to high-yield securities than investment grade securities.
- **Infrastructure-Related Risk.** A fund that focuses its investments in infrastructure-related companies will be more sensitive to conditions affecting their business or operations such as local economic and political conditions, regulatory changes, and environmental issues. Such a focus may cause a decrease in the fund's value, perhaps significantly.
- **Interest Rate Risk.** The values of debt instruments may rise or fall in response to changes in interest rates, and this risk may be enhanced for securities with longer maturities.
- **Market Volatility Risk.** The value of the securities in the fund may go up or down in response to the prospects of individual companies and/or general economic conditions. Price changes may be short- or long-term. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issue, recessions, or other events could have a significant impact on the fund and its investments, including hampering the ability of the fund's portfolio manager(s) to invest the fund's assets as intended.
- **Redemption Risk.** One or more large shareholders or groups of shareholders may redeem their holdings in the fund, resulting in an adverse impact on remaining shareholders in the fund by causing the fund to take actions it would not otherwise have taken.

**Annual Fund Operating Expenses** (*prospectus dated January 28, 2022*): 0.85%

**Performance Data** (*as of August 31, 2022*):

		<u>Average Annual Total Returns (%)</u>					
<i>as of August 31, 2022</i>	<u>YTD</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>	<u>Since Inception</u>	<u>Inception Date</u>
<i>Virtus Duff &amp; Phelps Global Real Estate Securities</i>	-2.35	2.10	5.08	n/a	n/a	6.69	1/30/2018

Performance data quoted represents past results. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. Investment return and principal value will fluctuate, so your shares, when redeemed, may be worth more or less than their original cost.

## EXHIBIT B – INVESTMENT PORTFOLIOS AND UNDERLYING INVESTMENTS

Effective November 15, 2022

The following table shows the target investment allocations for the Age-Based and Target Portfolios. These target allocations were designed by the Treasurer in consultation with Marquette Associates, the Program Manager and Wilshire. The Program Manager rebalances the Portfolios on an ongoing basis. The Treasurer may amend or supplement the Investment Policy Statement at any time which may change the Portfolios, the asset allocation within the Portfolios, and the Underlying Investments in which the Portfolios invest, including the Underlying Investments in which the Individual Fund Portfolios invest.

### Age-Based & Target Portfolios - Asset Allocations

Age-Based Portfolios		Age of beneficiary											
Aggressive Age-Based Option	0-2	3-5	6-8	9-10	11-12	13-14	15-16	17-18	19 plus				
Moderate Age-Based Option		0-2	3-5	6-8	9-10	11-12	13-14	15-16	17-18	19 plus			
Conservative Age-Based Option			0-2	3-5	6-8	9-10	11-12	13-14	15-16	17-18	19 plus		
Target Portfolios	Fund 100		Fund 80		Fund 60		Fund 40		Fund 20	Fund 10	Fixed Income Fund		
Underlying Mutual Funds													
FDIC-insured Bank Account <i>(Union Bank and Trust Company / Nelnet Bank)</i>									8.0%	23.0%	50.0%		
MONEY MARKET / BANK ACCOUNT TOTAL	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	8.0%	23.0%	50.0%		
iShares 0-5 Year TIPS Bond ETF		3.0%	3.0%	4.0%	4.0%	4.0%	9.0%	11.0%	12.0%	14.0%	15.0%		
Baird Short-Term Bond Fund					3.0%	5.5%	7.0%	11.0%	12.5%	11.0%	10.0%		
Fidelity Short-Term Bond Index Fund					3.0%	5.5%	7.0%	11.0%	12.5%	11.0%	10.0%		
Fidelity U.S. Bond Index Fund		2.5%	6.0%	9.0%	10.0%	11.5%	12.0%	13.5%	12.5%	12.5%	7.5%		
PGIM Core Bond Fund		1.5%	3.5%	5.5%	6.0%	7.0%	7.0%	8.0%	7.5%	7.5%	4.5%		
American Beacon Garcia Hamilton Quality Bond Fund		1.0%	2.5%	3.5%	4.0%	4.5%	5.0%	5.5%	5.0%	5.0%	3.0%		
BlackRock High Yield Bond Fund		1.0%	2.0%	3.0%	3.5%	4.0%	4.0%	3.0%	3.0%	2.0%			
Credit Suisse Floating Rate High Income Fund			1.0%	2.0%	2.5%	3.0%	3.0%	2.0%	2.0%	1.0%			
AB Global Bond Fund		1.0%	2.0%	3.0%	4.0%	5.0%	6.0%	5.0%	5.0%	3.0%			
FIXED INCOME TOTAL	0.0%	10.0%	20.0%	30.0%	40.0%	50.0%	60.0%	70.0%	72.0%	67.0%	50.0%		
Principal Global Real Estate Securities Fund	7.0%	6.0%	5.0%	5.0%	4.0%	4.0%	3.0%	2.0%	2.0%	1.0%			
REAL ESTATE TOTAL	7.0%	6.0%	5.0%	5.0%	4.0%	4.0%	3.0%	2.0%	2.0%	1.0%	0.0%		
DFA U.S. Large Cap Value Portfolio	11.5%	10.5%	10.0%	8.5%	7.5%	6.0%	5.0%	4.0%	3.0%	2.5%			
Northern Stock Index Strategy	23.0%	21.0%	19.0%	17.0%	14.0%	12.0%	10.0%	8.0%	5.0%	2.0%			
T. Rowe Price Large-Cap Growth Strategy	11.5%	10.5%	10.0%	8.5%	7.5%	6.0%	5.0%	4.0%	3.0%	1.5%			
Ariel Fund	3.0%	2.5%	2.5%	2.0%	2.0%	1.5%	1.5%	1.0%	1.0%				
BlackRock Mid-Cap Growth Equity Fund	3.0%	2.5%	2.5%	2.0%	2.0%	1.5%	1.5%	1.0%	1.0%	1.0%			
Northern Small Cap Value Strategy	2.5%	2.5%	2.0%	2.0%	1.5%	1.5%	1.0%	1.0%					
Harbor Small Cap Growth Fund	2.5%	2.5%	2.0%	2.0%	1.5%	1.5%	1.0%	1.0%					
DOMESTIC EQUITY TOTAL	57.0%	52.0%	48.0%	42.0%	36.0%	30.0%	25.0%	20.0%	13.0%	7.0%	0.0%		
Dodge & Cox International Stock Fund	6.0%	5.0%	4.5%	4.0%	3.0%	2.5%	2.0%	1.5%	1.0%				
Northern International Equity Index Fund	12.0%	11.5%	9.0%	7.5%	7.5%	5.5%	4.0%	2.0%	2.0%	2.0%			
Invesco Oppenheimer International Growth Fund	6.0%	5.0%	4.5%	4.0%	3.0%	2.5%	2.0%	1.5%	1.0%				
DFA International Small Company Portfolio	4.0%	3.5%	3.0%	2.5%	2.0%	2.0%	1.5%	1.0%					
BlackRock Emerging Markets Fund	8.0%	7.0%	6.0%	5.0%	4.5%	3.5%	2.5%	2.0%	1.0%				
INTERNATIONAL EQUITY TOTAL	36.0%	32.0%	27.0%	23.0%	20.0%	16.0%	12.0%	8.0%	5.0%	2.0%	0.0%		
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		



**OFFICE OF THE ILLINOIS STATE TREASURER**  
**MICHAEL W. FRERICHS**

**Investment Policy Statement for the  
Bright Directions College Savings Program**

*Effective November 15, 2022*

**State of Illinois**  
**Office of the Treasurer**  
**BRIGHT DIRECTIONS COLLEGE SAVINGS PROGRAM**  
**INVESTMENT POLICY STATEMENT**  
**Effective: November 15, 2022**



## **1.0 Statement of Purpose of Investment Policy**

The purpose of this Investment Policy Statement (the “Policy”) is to assist contractors retained by the Office of the Illinois State Treasurer (“Treasurer”) to provide services related to the management of the assets of the Illinois College Savings Pool that are contributed to the Bright Directions College Savings Program (the “Program”) and to assist the Treasurer in evaluating the performance of such contractors by:

- Describing the Treasurer’s investment philosophy for the Program;
- Describing the Treasurer’s investment objectives for the Program;
- Specifying the responsibilities of the Treasurer and any contractors that provide investment management services to the Program to thereby provide a basis to evaluate the performance of contractors that provide services to the Program;
- Providing investment parameters for the investment of assets of the Program;
- Describing the Treasurer’s objective to include sustainability factors within the investment decision process; and
- Detailing the investment plan options available through the Program and the applicable performance benchmarks.

This is the official Policy of the Program. Deviation from this Policy is not permitted without prior, explicit, written permission from the Treasurer.

## **2.0 Establishment and Authority of Entity**

The Bright Directions College Savings Program has been established as part of the Illinois College Savings Pool and is intended to qualify as a qualified tuition program in accordance with Section 529 of the Internal Revenue Code of 1986, as amended. The Program is sold through financial advisors and was established to complement the existing Bright Start College Savings Program by allowing families to utilize a financial advisor to assist them with investing toward future college education expenses.

### **3.0 Participating Financial Institution**

Accounts in the Program will be distributed through registered broker-dealers and financial institutions that have entered into a Selling Agent Agreement with the designated distributor for the Program. All new accounts in the Program will be processed through the designated participating financial institution.

### **4.0 Investment Philosophy**

The Treasurer has adopted a long-term total return strategy for the Program and its investments. To achieve the Program's objectives, investments shall be diversified so as to minimize the risk of loss. While some asset classes may experience short-term and intermediate-term volatility, their long-term return assumptions justify their inclusion. A long-term focus on investment results as well as prudent diversification across public security markets will be the primary risk control mechanisms.

As part of its investment strategy, the Treasurer has relied on prevailing financial theory, which currently utilizes a long-term diversified asset allocation strategy. A prudently allocated investment program possesses a significant level of diversification, which produces risk reduction. In terms of impact, diversification shall be considered along the following lines: (1) asset classes (stocks, bonds, cash, etc.); (2) geography/country; (3) industry; and (4) maturity.

Contributions to the Program will be directed to one or more of the available Age-Based, Target, Individual, each composed of a designated mix of investments or an individual investment fund. The determination of the investment parameters of each Portfolio shall be made by the Treasurer and shall take into account the financial characteristics of the investments in the Program. The investment parameters will also give due consideration to the fact that the investment horizon for participants will vary from a few months to over 18 years.

The Treasurer will review the investment performance of each Portfolio at least quarterly and shall review this Policy at least annually.

The holdings of the Program and the Portfolios are divided into the following broad asset categories:

- A. Short-Term Investments;
- B. Fixed Income Investments;
- C. Real Estate Investments;
- D. Domestic Equity Investments; and
- E. International Equity Investments.

The Treasurer will establish reasonable guidelines for each Portfolio, specifying (as applicable) limits on asset and asset class exposures, risk constraints and investment return objectives. While the investment parameters offered under the Program are developed by the Treasurer, participants bear the risk of investment results. Individual participants who seek investments materially different from those offered may wish to select an investment alternative outside of the Program.

Section 30 of the State Treasurer Act (15 ILCS 505/30) declares that it is the policy of the Treasurer to promote and encourage the use of businesses owned by or under the control of qualified veterans of the

armed forces of the United States, qualified service-disabled veterans, minority persons, women, or persons with a disability (“MWVD Persons”) and sets forth the aspirational goal of directing 25% of the total dollar amount of funds under management, purchases of investment securities, and other contracts to businesses owned by or under the control of MWVD Persons. As such, consistent with achieving the foremost investment objectives of the Treasurer set forth herein, the Treasurer will endeavor to identify and evaluate investment managers that are more than 50% owned and/or managed by MWVD Persons.

Pursuant to the Illinois Sustainable Investing Act (30 ILCS 238/1 et seq.), the Treasurer shall prudently integrate sustainability factors into its investment decision-making, investment analysis, portfolio construction, risk management, due diligence and investment ownership in order to maximize anticipated financial returns, minimize projected risk, and more effectively execute its fiduciary duty. Sustainability analysis adds an additional layer of rigor to the fundamental analytical approach and can be used to evaluate past performance and to plan future decision-making. As a complement to traditional financial analysis, an accounting of sustainability factors provides a more complete view of risks and value prospects that may materially impact an investment fund or portfolio company’s long-term value. As such, consistent with achieving the foremost investment objectives of the Treasurer set forth herein, the Treasurer will prudently exercise investment stewardship and integrate sustainability factors within such a framework predicated on the following:

- A. **Materiality** – The Treasurer considers whether and to what extent a sustainability risk or opportunity exists that is reasonably likely to have a material impact on the financial condition or operating performance of a company, investment fund, or other investment vehicle.
- B. **Industry-Specific Information** – The Treasurer considers whether and to what extent the financially material sustainability risk or opportunity in question is relevant and applicable to individual industries.
- C. **Integration of Material Sustainability Factors** – The Treasurer prudently integrates material and relevant sustainability factors, including, but not limited to (1) corporate governance and leadership factors, (2) environmental factors, (3) social capital factors, (4) human capital factors, and (5) business model and innovation factors, as components of portfolio construction, investment decision-making, investment analysis and due diligence, prospective value proposition, risk management, and investment ownership, given that these tangible and intangible factors may have material financial impacts;
- D. **Active Ownership** – The Treasurer attentively oversees investment holdings to address sustainability risks and opportunities through the exercise of proxy voting rights and direct engagement with entities, such as investment funds, portfolio companies, government bodies, and other organizations.
- E. **Regular Evaluation of Sustainability Factors** – The Treasurer performs a recurring annual evaluation, at a minimum, of sustainability factors to ensure the factors are relevant to the evolving marketplace.
- F. **Additional Relevant and Financially Material Factors** – The Treasurer considers

other relevant factors such as legal, regulatory, and reputational risks that contribute to an optimal risk management framework and are necessary to protect and create long-term investment value.

## **5.0 Investment Objectives**

The overall investment program for the Program and, as applicable, the Portfolios provided to the participants shall seek to achieve the following long-term investment objectives:

- A long-term competitive rate of return on investments that is equal to or exceeds a return of the applicable benchmarks shown in Section 7.0 hereof; and
- An investment program flexible enough to meet the needs of participants based upon their age or investment objective and which provides each individual with the ability to invest in a diversified portfolio to meet his or her long-term investment goals.

## **6.0 Investment Responsibilities**

The Treasurer is responsible for the investment policy statement, the direction of investments and administration of the assets of the Program. In order to properly carry out his responsibilities, the Treasurer may rely on one or more contractors to assist in the administration of the Program. The Treasurer will engage and plan to rely on said contractor (the “Manager”) for administrative services as well as the contractor’s pertinent investment advisor, should they retain one, for certain investment management services. The Treasurer also plans to rely heavily on an external investment consultant for investment advisory services. Among the current responsibilities of the Manager is the implementation of the investment strategy outlined in this Policy and the rebalancing of the Age-Based and Target Portfolios when market movement and/or cash flows cause an asset class to be outside its policy allocation bands. With the Treasurer’s approval, the Manager may retain an investment advisor to provide it with portfolio design, due diligence and ongoing monitoring services with respect to the Portfolios and the implementation of the investment strategy outlined in this policy. The Treasurer and the Manager shall meet quarterly to review portfolio performance as compared to the applicable benchmarks and peer group performance.

In managing the investments of the Program and the Portfolios, the Manager agrees that it will act with the skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like objectives.

In addition, the Treasurer may engage an independent investment consultant that will:

- Measure investment performance results, evaluate the investment program, and advise the Treasurer as to the performance and continuing appropriateness of each investment manager;
- Recommend modifications to the investment policies, objectives, guidelines, or management structure as appropriate; and
- Promptly inform the Treasurer regarding significant matters pertaining to the investment program.

## 7.0 Investment Parameters

Contributions will be invested in one or more of the available Portfolios, each composed of a designated mix of investments or an individual investment fund, which is appropriate for the age of the participant or the investment objective of the Portfolio. Each Portfolio may allocate assets among domestic equity, international equity, real estate, fixed-income, and/or short-term investments. The asset allocation of each Portfolio will be established by the Treasurer and managed by the Manager. The Treasurer may adjust the weighting in stocks, bonds, real estate, and cash in each Portfolio and may change the underlying investment funds within the Portfolios consistent with this Policy.

The policy target asset allocations and benchmarks for the underlying investments within the Age-Based and Target Portfolios are shown in the following table. There is a permissible range of plus or minus 10% of the target allocation for each underlying investment fund.

## 8.0 Plan Options

### Multi-Firm Age-Based and Target Portfolios

Age-Based Portfolios		Age of Beneficiary										
Aggressive Option		0 - 2	3 - 5	6 - 8	9 - 10	11 - 12	13 - 14	15 - 16	17 - 18	19 +		
Moderate Option			0 - 2	3 - 5	6 - 8	9 - 10	11 - 12	13 - 14	15 - 16	17 - 18	19 +	
Conservative Option				0 - 2	3 - 5	6 - 8	9 - 10	11 - 12	13 - 14	15 - 16	17 - 18	19 +
Target Portfolios		Fund 100		Fund 80		Fund 60		Fund 40		Fund 20	Fund 10	Fixed Income
Asset Class												
Benchmark												
Domestic Equity	Russell 1000 Value	11.5%	10.5%	10.0%	8.5%	7.5%	6.0%	5.0%	4.0%	3.0%	2.5%	0.0%
	S & P 500 Index	23.0%	21.0%	19.0%	17.0%	14.0%	12.0%	10.0%	8.0%	5.0%	2.0%	0.0%
	Russell 1000 Growth	11.5%	10.5%	10.0%	8.5%	7.5%	6.0%	5.0%	4.0%	3.0%	1.5%	0.0%
	Russell 2000 Value	2.5%	2.5%	2.0%	2.0%	1.5%	1.5%	1.0%	1.0%	0.0%	0.0%	0.0%
	Russell 2500 Value	3.0%	2.5%	2.5%	2.0%	2.0%	1.5%	1.5%	1.0%	1.0%	0.0%	0.0%
	Russell Mid Cap Growth	3.0%	2.5%	2.5%	2.0%	2.0%	1.5%	1.5%	1.0%	1.0%	1.0%	0.0%
	Russell 2000 Growth	2.5%	2.5%	2.0%	2.0%	1.5%	1.5%	1.0%	1.0%	0.0%	0.0%	0.0%
Global Real Estate	FTSE EPRA/NAREIT Global	7.0%	6.0%	5.0%	5.0%	4.0%	4.0%	3.0%	2.0%	2.0%	1.0%	0.0%
International Equity	MSCI EAFE	24.0%	21.5%	18.0%	15.5%	13.5%	10.5%	8.0%	5.0%	4.0%	2.0%	0.0%
	MSCI World ex- U.S. Small Cap	4.0%	3.5%	3.0%	2.5%	2.0%	2.0%	1.5%	1.0%	0.0%	0.0%	0.0%
	MSCI Emerging Markets	8.0%	7.0%	6.0%	5.0%	4.5%	3.5%	2.5%	2.0%	1.0%	0.0%	0.0%
Domestic Fixed Income	Bloomberg Barclays U.S. Gov't/Credit 1-5yr	0.0%	0.0%	0.0%	0.0%	3.0%	5.5%	7.0%	11.0%	12.5%	11.0%	10.0%



	Bloomberg Barclays 1-3 Year U.S. Gov't/Credit Bond Index	0.0%	0.0%	0.0%	0.0%	3.0%	5.5%	7.0%	11.0%	12.5%	11.0%	10.0%
	Bloomberg Barclays U.S. Aggregate Bond	0.0%	5.0%	12.0%	18.0%	20.0%	23.0%	24.0%	27.0%	25.0%	25.0%	15.0%
	Bloomberg Barclays U.S. 0-5 Year TIPS Index	0.0%	3.0%	3.0%	4.0%	4.0%	4.0%	9.0%	11.0%	12.0%	14.0%	15.0%
	Bloomberg U.S. Corporate High Yield 2% Issuer Capped Index	0.0%	1.0%	2.0%	3.0%	3.5%	4.0%	4.0%	3.0%	3.0%	2.0%	0.0%
	Credit Suisse Leveraged Loan Index	0.0%	0.0%	1.0%	2.0%	2.5%	3.0%	3.0%	2.0%	2.0%	1.0%	0.0%
<b>Global Bonds</b>	Bloomberg Barclays Global Aggregate (USD Hedged)	0.0%	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%	5.0%	5.0%	3.0%	0.0%
<b>High Yield Savings</b>	3-month T-Bills	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	8.0%	23.0%	50.0%

## Index Age-Based Portfolios

Age-Based Portfolios		Age of Beneficiary									
Moderate Option		0 - 2	3 - 5	6 - 8	9 - 10	11 - 12	13 - 14	15 - 16	17 - 18	19 +	
Asset Class	Benchmark										
<b>Domestic Equity</b>	Russell 3000 Index	52.0%	48.0%	42.0%	36.0%	30.0%	25.0%	20.0%	13.0%	7.0%	
<b>Real Estate</b>	FTSE EPRA/NAREIT Developed Index	6.0%	5.0%	5.0%	4.0%	4.0%	3.0%	2.0%	2.0%	1.0%	
<b>International Equity</b>	MSCI ACWI ex- U.S. IMI Index	32.0%	27.0%	23.0%	20.0%	16.0%	12.0%	8.0%	5.0%	2.0%	
<b>Domestic Fixed Income</b>	BofA/Merrill Lynch – High Yield Master II Index	1.0%	3.0%	5.0%	6.0%	7.0%	7.0%	5.0%	5.0%	3.0%	
	Bloomberg U.S. Universal 1-5 Year Index	0.0%	0.0%	0.0%	6.0%	11.0%	14.0%	22.0%	25.0%	22.0%	
	Bloomberg U.S. Aggregate Bond Index	5.0%	12.0%	18.0%	20.0%	23.0%	24.0%	27.0%	25.0%	25.0%	
	Bloomberg U.S. 0-5 Year TIPS Index	3.0%	3.0%	4.0%	4.0%	4.0%	9.0%	11.0%	12.0%	14.0%	
<b>Foreign Bonds</b>	Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged)	0.5%	1.0%	2.0%	2.5%	3.0%	3.5%	3.0%	3.0%	2.0%	
	Bloomberg USD Emerging Markets Government RIC Capped Index	0.5%	1.0%	1.0%	1.5%	2.0%	2.5%	2.0%	2.0%	1.0%	
<b>High Yield Savings</b>	3-month T-Bills	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	8.0%	23.0%	

Each underlying investment fund's return objective is to equal or exceed, over a five-year rolling period, the return of the applicable benchmark. Volatility, measured by the standard deviation of quarterly

returns over that period, is expected to be similar to the benchmark. Each underlying investment fund is also expected to perform favorably relative to its peer group.

To the extent that the assets of a Portfolio are invested in one or more underlying investment funds approved by the Treasurer having investment objectives consistent with the above-noted asset allocation categories, the above-noted percentage guidelines shall be deemed satisfied. This shall be the case even if such underlying investment fund's underlying assets may not be entirely invested in the asset class in which such underlying investment fund has been placed.

### **Individual Fund Portfolios**

Participants in the Program open their Accounts through registered broker-dealers and other financial advisors. As a result, the Treasurer deems it appropriate to offer individual funds as separate Portfolios in the Program. The Individual Fund Portfolios and underlying investment funds the Treasurer selects will be described in the Program's current Program Disclosure Statement and may include the following asset classes:

<b>Asset Class</b>	<b>Benchmark</b>
High Yield Savings	3 Month T-Bill
Short Term Bond	Bloomberg Barclays U.S. Gov't/Credit 1-5yr Index, Bloomberg Barclays U.S. Gov't/Credit 1-3yr Index
Bank Loans	Credit Suisse Leveraged Loan Index
Intermediate Bond	Bloomberg Barclays U.S. Aggregate Bond Index
High Yield	Bloomberg U.S. Corporate High Yield 2% Issuer Capped Index
Global Bonds	Bloomberg Barclays Global Aggregate (USD Hedged)
U.S. Short Term TIPS	Bloomberg Barclays U.S. 0-5 Year TIPS Index
Balanced	Bloomberg Barclays U.S. Aggregate Bond Index; S&P 500; MSCI EAFE
Large Cap Value	Russell 1000 Value Index
Large Cap Growth	Russell 1000 Growth Index
Large Cap Blend	Russell 1000 Index, S&P 500
Mid-Cap Value	Russell 2500 Value Index
Mid-Cap Growth	Russell Mid-Cap Growth Index
Small/Mid-Cap Blend	S&P Completion Index
Small-Cap Value	Russell 2000 Value Index
Small-Cap Growth	Russell 2000 Growth Index
Small-Cap Blend	Russell 2000 Index
Foreign Stock	MSCI ACWI ex U.S., MSCI EAFE, MSCI World ex U.S. Small Cap, and MSCI Emerging Markets
Socially Responsible	Russell 1000 Growth, S&P 500
Real Estate	DJ Wilshire Real Estate Securities, FTSE EPRA/NAREIT Global
Global Listed Infrastructure	FTSE Develop Core Infrastructure 50/50 Index

## **9.0 Minority- and Woman-Owned Portfolios**

The Program has included the Woman- and Minority-Owned Portfolios for participants who would like to have a more diverse set of investment options. The woman- and minority-owned underlying investment funds utilized in the program were screened on the following initial criteria: (1) firms with at least 50% female and/or racial minority ownership or (2) funds that have a woman and/or racial minority investment manager that makes the portfolio management decisions (*i.e.*, a minority-owned subadvisor), and (3) funds that delivered above median returns over a 3-year and/or 5-year time period. The woman- and minority-owned options provided in the program include relatively high scoring woman- and minority-owned investment managers representing a diverse set of asset classes.

Contributions will be invested in one or more of the available Portfolios, each composed of an individual investment fund, which is appropriate for the investment objective of the Portfolio. The Treasurer may change the underlying investment funds within specially designated portfolios, such as the woman- and minority-owned portfolios, consistent with this Policy.

The Treasurer may also add additional portfolios – for example, a veteran- or disabled-owned and/or managed portfolio – as new viable options become available.