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## PLAN UPDATES

**Morningstar Rating.** For 6 years running, Bright Directions has received the highest rating currently achieved by any advisor-sold 529 plan.<sup>1</sup>

**Upcoming Changes.** In our efforts to continue to enhance the Program, we have the following changes to share.

1. **Expanded Illinois Qualified Expenses** – apprenticeship program expenses and repayment of up to \$10,000 of qualified education loans are now Illinois Qualified Expenses.<sup>2</sup>
2. **New Individual Fund Portfolios** – effective November 18, 2021 we are adding the following new investment options to provide additional diversity and choice:
  - Bank Savings 529 Portfolio
  - Fidelity Short-Term Bond Index 529 Portfolio
  - iShares 0-5 Year TIPS Bond Index 529 Portfolio
  - BlackRock High Yield Bond 529 Portfolio
  - Credit Suisse Floating Rate High Income 529 Portfolio
  - AB Global Bond 529 Portfolio
  - BlackRock Mid-Cap Growth Equity 529 Portfolio
  - BlackRock Emerging Markets 529 Portfolio
3. **Age-Based and Target Portfolio Asset Allocation Changes** – effective November 18, 2021, modifications will be made to the asset allocations in the Age-Based and Target Portfolios. These changes are designed to increase diversification, reduce costs, and enhance the risk/return profiles of the Portfolios. As detailed in the enclosed Program Disclosure Statement Supplement these modifications include (new funds to the plan indicated in bold):
  - Reallocation of a portion of money market allocations to an **FDIC-insured bank account**;
  - Replacement of the American Century Short Duration Inflation Protection Bond Fund with the **iShares 0-5 Year TIPS Bond ETF**;
  - Removal of the PIMCO Short-Term Fund and reallocation of assets into the Baird Short-Term Bond Fund and **Fidelity Short-Term Bond Index Fund**;
  - Adjustments to the fixed income allocations with the removal and reallocation of MainStay MacKay Total Return Bond assets to existing fixed income funds and an increase in the passively managed allocations;
  - Addition of high yield bond (**BlackRock High Yield Bond Fund**) and bank loan fund (**Credit Suisse Floating Rate High Income Fund**) allocations;
  - Replacement of the Templeton International Bond Fund with the **AB Global Bond Fund**;
  - Replacement of the Delaware Small Cap Core allocation with an increased allocation to the **Ariel Fund** and a new allocation to the **BlackRock Mid-Cap Growth Equity Fund**;
  - Removal and replacement of the Causeway Emerging Markets Fund with the **BlackRock Emerging Markets Fund**;
  - Asset allocation modifications to the Portfolios as reflected in the enclosed **Exhibit B – Investment Portfolios and Underlying Investments**.
4. **Individual Fund Portfolio Changes** – effective November 18, 2021, the following changes will be made:
  - Replacement of the American Century Short Duration Inflation Protection Bond 529 Portfolio with the **iShares 0-5 Year TIPS Bond ETF 529 Portfolio**
  - Replacement of the PIMCO Short-Term 529 Portfolio with the Baird Short-Term Bond 529 Portfolio

- Replacement of the MainStay MacKay Total Return Bond 529 Portfolio with the PGIM Core Bond 529 Portfolio
- Replacement of the Templeton International Bond 529 Portfolio with the **AB Global Bond 529 Portfolio**
- Replacement of the William Blair Mid Cap Growth 529 Portfolio with the **BlackRock Mid-Cap Growth Equity 529 Portfolio**
- Replacement of the Causeway Emerging Markets 529 Portfolio with the **BlackRock Emerging Markets 529 Portfolio**
- The Delaware Small Cap Core 529 Portfolio will remain as an Individual Fund Portfolio

The assets invested and contributions directed to the Portfolios being replaced will automatically be directed to the new replacement Portfolios effective following close of business November 18, 2021.

**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 relevant investment portfolios after the close of the markets on November 18, 2021.

**Important Information:** We have also enclosed the following important information:

- [Program Disclosure Statement Supplement](#) (dated October 25, 2021)
- [Investment Policy Statement](#) (effective November 2021)

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. acts as 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, Northern Trust Securities, Inc., the Federal Deposit Insurance Corporation, 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 professional 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.**

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

<sup>1</sup> Morningstar analyzed and rated 61 plans nationwide. Bright Directions was one of only four advisor-sold plans to get Bronze, the highest rating currently achieved by any advisor-sold plan. Analyst ratings for 529 college savings plans consider: Process, People, Parent, and Price. Based on their conclusions, analysts will assign pillar scores. Morningstar analysts retain discretion to override scores if they believe a unique characteristic justifies a different rating than the score suggests. The Morningstar Analyst Rating™ is a subjective evaluation and is not a credit or risk rating. The Analyst Rating scale is Gold, Silver, Bronze, Neutral, and Negative. ©2020 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

For more detailed information about Morningstar's Analyst Rating, including its methodology, please go to <http://global.morningstar.com/equitydisclosures>.

The Morningstar Analyst Rating (i) should not be used as the sole basis in evaluating an investment product, (ii) involves unknown risks and uncertainties which may cause the Manager Research Group's expectations not to occur or to differ significantly from what they expected, and (iii) should not be considered an offer or solicitation to buy or sell the investment product.

<sup>2</sup> Withdrawals used to pay for qualified college costs are free from federal and Illinois state income tax. Qualified college costs include tuition, fees, books, supplies, and equipment required for enrollment or attendance; certain room and board expenses incurred by students who are enrolled at least half-time; the purchase of computer or peripheral equipment, computer software, or Internet access and related services, if used primarily by the beneficiary during any of the years the beneficiary is enrolled at an eligible educational institution; certain expenses for special needs services needed by a special needs beneficiary; apprenticeship program expenses; and, repayment of up to \$10,000 of qualified education loans.

**October 25, 2021 Supplement # 2**  
**Bright Directions Advisor-Guided 529 College Savings Program**  
**March 31, 2020 Program Disclosure Statement**

The Bright Directions Advisor-Guided 529 College Savings Program (the “Program”) Disclosure Statement dated March 31, 2020, as supplemented, 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 25, 2021 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.

**Definition of Illinois Qualified Expenses**

As a result of recent changes made to State law, effective July 30, 2021, the definition of Illinois Qualified Expenses is expanded to include:

- Expenses for fees, books, supplies, and equipment required for the participation of a Beneficiary in an apprenticeship program registered and certified with the Secretary of Labor; and
- Amounts paid as a principal or interest on any qualified education loan (as defined in Code Section 221(d)) of the Beneficiary or a sibling (as defined in Code Section 152(d)(2)(B)) of the Beneficiary, but not to exceed \$10,000 per individual (reduced by the amount of distributions for all prior taxable years for such purposes).

You should consult with your financial, tax and other advisor regarding your individual situation.

**Changes to the Asset Allocations of the Age-Based and Target Portfolios**

Effective November 18, 2021, modifications will be made to the asset allocations of the Age-Based and Target Portfolios. Page 7 and 8 of this Supplement set forth the form of Exhibit B which will go into effect after close of business November 18, 2021. The changes include:

- Addition of an FDIC-insured bank account as an underlying investment in certain of the Target Portfolios and late-stage Age-Based Portfolios;
- Adjustments and additional fixed income diversification for certain of the Age-Based and Target Portfolios, including:
  - The replacement of the American Century Short Duration Inflation Protection Bond Fund with the iShares 0-5 Year TIPS Bond ETF;
  - The removal of the PIMCO Short-Term Fund and reallocation of assets to the Baird Short-Term Bond Fund and Fidelity Short-Term Bond Index Fund;
  - The removal of the MainStay MacKay Total Return Bond Fund and reallocation to the other fixed income funds in the Portfolios;
  - The addition of the BlackRock High Yield Bond Portfolio and the Credit Suisse Floating Rate High Income Fund;
  - The replacement of the Templeton International Bond Fund with the AB Global Bond Fund;
  - The replacement of the Delaware Small Cap Core allocation with an increased allocation to the Ariel Fund and a new allocation to the BlackRock Mid-Cap Growth Equity Fund;
  - The replacement of the Causeway Emerging Markets Fund with the BlackRock Emerging Markets Fund.
- Adjustments to the overall asset allocations as detailed on page 8 in ***“Exhibit B – Investment Portfolios and Underlying Investments”***

**Exhibit B – Investment Portfolios and Underlying Investments, Ticker Symbols and Expense Ratios**

Pages 67 and 68 of the Program Disclosure Statement, as supplemented, are hereby deleted in their entirety and replaced with the Tables on page 7 and 8.

## **Individual Fund Portfolios – New Portfolios and Changes**

**New Portfolios:** Effective November 18, 2021, the following new Individual Fund Portfolios will be available:

- Bank Savings 529 Portfolio
- Fidelity Short-Term Bond Index 529 Portfolio
- iShares 0-5 Year TIPS Bond ETF 529 Portfolio
- BlackRock High Yield Bond 529 Portfolio
- Credit Suisse Floating Rate High Income 529 Portfolio
- AB Global Bond 529 Portfolio
- BlackRock Mid-Cap Growth Equity 529 Portfolio
- BlackRock Emerging Markets 529 Portfolio

**Existing Portfolio Changes:** Effective November 18, 2021, the following changes will be made to the Individual Fund Portfolios:

- The iShares 0-5 Year TIPS Bond ETF 529 Portfolio will be added as an Individual Fund Portfolio and will replace the American Century Short Duration Inflation Protection Bond 529 Portfolio. Current assets and investment directions for future contributions to the American Century Short Duration Inflation Protection Bond 529 Portfolio will be automatically moved to the iShares 0-5 Year TIPS Bond ETF 529 Portfolio. The American Century Short Duration Inflation Protection Bond 529 Portfolio will no longer be offered as an Individual Fund Portfolio.
- Current assets and investment directions for future contributions to the PIMCO Short-Term 529 Portfolio will be automatically moved and directed to the Baird Short-Term Bond 529 Portfolio. The PIMCO Short-Term 529 Portfolio will no longer be offered as an Individual Fund Portfolio.
- Current assets and investment directions for future contributions to the MainStay MacKay Total Return Bond 529 Portfolio will be moved and directed to the PGIM Core Bond 529 Portfolio. The MainStay MacKay Total Return Bond 529 Portfolio will no longer be offered as an Individual Fund Portfolio.
- The AB Global Bond 529 Portfolio will be added as an Individual Fund Portfolio and will replace the Templeton International Bond 529 Portfolio. Current assets and investment directions for future contributions to the Templeton International Bond 529 Portfolio will be automatically moved to the AB Global Bond 529 Portfolio. The Templeton International Bond 529 Portfolio will no longer be offered as an Individual Fund Portfolio.
- The BlackRock Mid-Cap Growth Equity 529 Portfolio will be added as an Individual Fund Portfolio and will replace the William Blair Mid Cap Growth 529 Portfolio. Current assets and investment directions for future contributions to the William Blair Mid Cap Growth 529 Portfolio will be automatically moved to the BlackRock Mid-Cap Growth Equity 529 Portfolio. The William Blair Mid Cap Growth 529 Portfolio will no longer be offered as an Individual Fund Portfolio.
- The BlackRock Emerging Markets 529 Portfolio will be added as an Individual Fund Portfolio and will replace the Causeway Emerging Markets 529 Portfolio. Current assets and investment directions for future contributions to the Causeway Emerging Markets 529 Portfolio will be automatically moved to the BlackRock Emerging Markets 529 Portfolio. The Causeway Emerging Markets 529 Portfolio will no longer be offered as an Individual Fund Portfolio.

The assets invested and contributions directed to the Portfolios being replaced will automatically be directed to the new replacement Portfolios referenced above.

## **New Individual Fund Portfolios**

Effective November 18, 2021, the Program will offer the following new Individual Fund Portfolios. The new Portfolios and the investment objectives for the Underlying Investment for the new Portfolios are outlined below:

- **Bank Savings 529 Portfolio** - invests solely in a Union Bank and Trust Company and/or Nelnet Bank omnibus bank account. This Portfolio seeks income consistent with preservation of principal. It is the most conservative of the Individual Fund Portfolios.

Investments in the Bank Savings 529 Portfolio will earn varying rates of interest. The interest rate generally will be equivalent to short-term deposit rates. Interest on the savings account will be compounded daily based on the actual number of days in a year (typically 365 days, except for 366 days in leap years) and will be credited to the savings account on a monthly basis. The interest on the savings account is expressed as an annual percentage yield ("APY"). The APY on the savings account will be reviewed on a periodic basis and may be recalculated as needed at any time. The minimum interest rate is 0.50% as of the date of this supplement. To see the current Bank Savings 529 Portfolio APY please go to [BrightDirections.com](https://www.brightdirections.com) or call 866.722.7283. The Bank Savings 529 Portfolio is composed exclusively of a deposit in an interest-bearing omnibus savings account held in trust by the Plan at Union Bank and Trust Company and/ or Nelnet Bank. The Bank Savings 529 Portfolio is designed for Beneficiaries of any age. Contributions to and earnings on the investments in the Bank Savings 529 Portfolio are insured by the FDIC on a per participant, pass-through basis to each account owner up to the maximum limit established by federal law (currently \$250,000). The amount of FDIC insurance provided to an account owner is based on the total of: (1) the value of an account owner's investment in the Bank Savings 529 Portfolio and (2) the value of all other accounts held by the account owner at Union Bank and Trust Company and/or Nelnet Bank (including bank deposits), as determined in accordance with bank and FDIC rules and regulations. You are responsible for monitoring the total amount of your assets on deposit (including amounts held directly by you) at Union Bank and Trust Company and/or Nelnet Bank. For more information, please visit [www.fdic.gov](https://www.fdic.gov).

**Annual Fund Operating Expenses** (prospectus dated March 1, 2021): 0%

- **iShares 0-5 Year TIPS Bond ETF 529 Portfolio** - invests solely in the iShares 0-5 Year TIPS Bond ETF.

**Investment Objective:** The iShares 0-5 Year TIPS Bond ETF seeks to track the investment results of an index composed of inflation-protected U.S. Treasury bonds with remaining maturities of less than five years.

**Principal Risks:** Asset Class Risk, Authorized Participant Concentration Risk, Concentration Risk, Cybersecurity Risk, Income Risk, Index-Related Risk, Infectious Illness Risk, Inflation-Indexed Bonds Risk, Interest Rate Risk, Management Risk, Market Risk, Market Trading Risk, Operational Risk, Passive Investment Risk, Risk of Investing in the U.S., Securities Lending Risk, Tracking Error Risk, U.S. Treasury Obligations Risk.

**Annual Fund Operating Expenses** (prospectus dated March 1, 2021): 0.05%

- **Fidelity Short-Term Bond Index 529 Portfolio** - invests solely in the Fidelity Short-Term Bond Index Fund.

**Investment Objective:** The fund seeks to obtain a high level of current income consistent with preservation of capital.

**Principal Risks:** Interest Rate Changes, Foreign Exposure, Prepayment, Issuer-Specific Changes, Correlation to Index, Passive Management Risk, Leverage Risk.

**Annual Fund Operating Expenses** (prospectus dated October 30, 2020): 0.03%

- **BlackRock High Yield Bond 529 Portfolio** - invests solely in the BlackRock High Yield Bond Portfolio.

**Investment Objective:** The investment objective of the BlackRock High Yield Bond Portfolio is to seek to maximize total return, consistent with income generation and prudent investment management.

**Principal Risks:** Bank Loan Risk, Collateralized Bond Obligation Risk, Convertible Securities Risk, Debt Securities Risk, Derivatives Risk, Distressed Securities Risk, Dollar Rolls Risk, Emerging Markets Risk,

Foreign Securities Risk, High Portfolio Turnover Risk, Illiquid Investments Risk, Junk Bonds Risk, Leverage Risk, Market Risk and Selection Risk, Mezzanine Securities Risk, Mortgage- and Asset-Backed Securities Risks, Preferred Securities Risk, Repurchase Agreements and Purchase and Sale Contracts Risk, Reverse Repurchase Agreements Risk.

**Annual Fund Operating Expenses** (prospectus dated January 28, 2021): 0.51%

- **Credit Suisse Floating Rate High Income 529 Portfolio** - invests solely in the Credit Suisse Floating Rate High Income Fund.

**Investment Objective:** The fund seeks high current income and, secondarily, capital appreciation.

**Principal Risks:** Below Investment Grade Securities Risk, Conflict of Interest Risk, Credit Risk, Foreign Securities Risk, Currency Risk, Information Risk, Political Risk, Illiquidity Risk, Interest Rate Risk, LIBOR Risk, Market Risk, Prepayment Risk, Senior Loans Risk, Valuation Risk.

**Annual Fund Operating Expenses** (prospectus dated February 28, 2021): 0.70%

- **AB Global Bond 529 Portfolio** - invests solely in the AB Global Bond Fund.

**Investment Objective:** The fund's investment objective is to generate current income consistent with preservation of principal.

**Principal Risks:** Market Risk, Interest Rate Risk, Credit Risk, Below Investment Grade Securities Risk, Duration Risk, Inflation Risk, Foreign (Non-U.S.) Risk, Emerging Market Risk, Currency Risk, Mortgage-Related and/or Other Asset-Backed Securities Risk, Leverage Risk, Derivatives Risk, Illiquid Investments Risk, Active Trading Risk, Management Risk.

**Annual Fund Operating Expenses** (prospectus dated January 29, 2021): 0.50%

- **BlackRock Mid-Cap Growth Equity 529 Portfolio** - invests solely in the BlackRock Mid-Cap Growth Equity Portfolio.

**Investment Objective:** The investment objective of BlackRock Mid-Cap Growth Equity Portfolio is long-term capital appreciation.

**Principal Risks:** Convertible Securities Risk, Derivatives Risk, Equity Securities Risk, Investment Style Risk, Leverage Risk, Market Risk and Selection Risk, Mid Cap Securities Risk, "New Issues" Risk, Preferred Securities Risk.

**Annual Fund Operating Expenses** (prospectus dated September 28, 2021): 0.70%

- **BlackRock Emerging Markets 529 Portfolio** - invests solely in the BlackRock Emerging Markets Fund.

**Investment Objective:** The investment objective of BlackRock Emerging Markets Fund is to seek long-term capital appreciation by investing in securities, principally equity securities, of issuers in countries having smaller capital markets.

**Principal Risks:** China Investments Risk, China Risk – Risk of Investing through Stock Connect, China Tax Risk, Convertible Securities Risk, Depositary Receipts Risk, Derivatives Risk, Emerging Markets Risk, Equity Securities Risk, Foreign Securities Risk, Geographic Concentration Risk, High Portfolio Turnover Risk, Leverage Risk, Market Risk and Selection Risk, Mid Cap Securities Risk, "New Issues" Risk, Preferred Securities Risk, Small Cap and Emerging Growth Securities Risk.

**Annual Fund Operating Expenses** (prospectus dated August 27, 2021): 0.82%

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. The descriptions above are taken from the most recent prospectuses (dated prior to September 30, 2021) of the relevant funds and are intended to provide general information regarding the mutual funds' respective investment objectives. 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 underlying mutual fund company.

## Fee and Expense Table

The following table sets forth the Plan's estimate of the fees and expenses applicable to the new Individual Fund Portfolios. The "Total Annual Asset-Based Fees" below include the estimated underlying fund expenses, Program Management Fee, State Fee, and any applicable annual servicing fees under Fee Structure A, C, E, or F. In addition, Fee Structure A has a 3.50% maximum initial sales charge. Underlying fund expenses and the fund description information are based on the applicable fund's most recent prospectus dated prior to September 30, 2021.

529 Portfolio	Fee Structure A	Fee Structure C	Fee Structure E	Fee Structure F
Bank Savings 529	0.17%	0.17%	0.17%	0.17%
iShares 0-5 Year TIPS Bond ETF 529	0.47%	0.72%	0.47%	0.22%
Fidelity Short-Term Bond Index 529	0.45%	0.70%	0.45%	0.20%
BlackRock High Yield Bond 529	0.93%	1.18%	0.93%	0.68%
Credit Suisse Floating Rate High Income 529	1.12%	1.37%	1.12%	0.87%
AB Global Bond 529	0.92%	1.17%	0.92%	0.67%
BlackRock Mid-Cap Growth Equity 529	1.12%	1.37%	1.12%	0.87%
BlackRock Emerging Markets 529	1.24%	1.49%	1.24%	0.99%

## Hypothetical Expense Example

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.

529 Portfolio	One Year				Three Year				Five Year				Ten Year			
	A	C	E	F	A	C	E	F	A	C	E	F	A	C	E	F
Bank Savings 529	17	17	17	17	55	55	55	55	96	96	96	96	217	217	217	217
iShares 0-5 Year TIPS Bond ETF 529	396	74	48	23	496	231	151	71	604	402	264	124	922	897	592	281
Fidelity Short-Term Bond Index 529	46	72	46	21	145	225	145	64	253	391	253	113	568	873	568	255
BlackRock High Yield Bond 529	442	121	95	70	637	377	298	218	849	652	517	380	1,457	1,438	1,147	849
Credit Suisse Floating Rate High Income 529	461	140	115	89	695	437	358	279	948	754	620	484	1,671	1,655	1,369	1,076
AB Global Bond 529	441	120	94	69	634	374	295	215	843	647	511	374	1,445	1,427	1,135	837
BlackRock Mid-Cap Growth Equity 529	461	140	115	89	695	437	358	279	948	754	620	484	1,671	1,655	1,369	1,076
BlackRock Emerging Markets 529	473	153	127	101	732	474	396	317	1,011	819	685	549	1,804	1,789	1,507	1,217

## PROGRAM FEES AND EXPENSES

Under topic "Initial Sales Charge Waivers" on page 30, a new bullet point is added between the first bullet point and the second bullet point:

- Purchases for customers of selling institutions that have entered into a selling agent agreement to sell interests in the Program and have requested and received a waiver of the initial sales charge. Certain selling institutions have decided not to participate in all waivers. Check with your representative to see if your financial advisory firm makes a particular waiver available to its customers before initiating the purchase or rollover. To receive an initial sales charge waiver under Fee Structure A, you or your financial advisor must notify the Program Manager that you qualify for such a waiver at the time you make a Contribution.

## Age-Based and Target Portfolios – Targeted Asset Allocation Tables

The Tables on pages 17 and 18 of the Program Disclosure Statement, as supplemented, are hereby deleted in their entirety and replaced with the following Tables.

## BRIGHT DIRECTIONS AGE-BASED OPTIONS

Beneficiary Age	Aggressive Age-Based Option	Moderate Age-Based Option	Conservative Age-Based Option
<b>0-2 Years</b>	57% Domestic Equity 7% Real Estate 36% International Equity	52% Domestic Equity 6% Real Estate 32% International Equity 10% Fixed Income	48% Domestic Equity 5% Real Estate 27% International Equity 20% Fixed Income
<b>3-5 Years</b>	52% Domestic Equity 6% Real Estate 32% International Equity 10% Fixed Income	48% Domestic Equity 5% Real Estate 27% International Equity 20% Fixed Income	42% Domestic Equity 5% Real Estate 23% International Equity 30% Fixed Income
<b>6-8 Years</b>	48% Domestic Equity 5% Real Estate 27% International Equity 20% Fixed Income	42% Domestic Equity 5% Real Estate 23% International Equity 30% Fixed Income	36% Domestic Equity 4% Real Estate 20% International Equity 40% Fixed Income
<b>9-10 Years</b>	42% Domestic Equity 5% Real Estate 23% International Equity 30% Fixed Income	36% Domestic Equity 4% Real Estate 20% International Equity 40% Fixed Income	30% Domestic Equity 4% Real Estate 16% International Equity 50% Fixed Income
<b>11-12 Years</b>	36% Domestic Equity 4% Real Estate 20% International Equity 40% Fixed Income	30% Domestic Equity 4% Real Estate 16% International Equity 50% Fixed Income	25% Domestic Equity 3% Real Estate 12% International Equity 60% Fixed Income
<b>13-14 Years</b>	30% Domestic Equity 4% Real Estate 16% International Equity 50% Fixed Income	25% Domestic Equity 3% Real Estate 12% International Equity 60% Fixed Income	20% Domestic Equity 2% Real Estate 8% International Equity 70% Fixed Income
<b>15-16 Years</b>	25% Domestic Equity 3% Real Estate 12% International Equity 60% Fixed Income	20% Domestic Equity 2% Real Estate 8% International Equity 70% Fixed Income	13% Domestic Equity 2% Real Estate 5% International Equity 72% Fixed Income 8% Money Market/Bank Account
<b>17-18 Years</b>	20% Domestic Equity 2% Real Estate 8% International Equity 70% Fixed Income	13% Domestic Equity 2% Real Estate 5% International Equity 72% Fixed Income 8% Money Market/Bank Account	7% Domestic Equity 1% Real Estate 2% International Equity 67% Fixed Income 23% Money Market/Bank Account
<b>19 and over</b>	13% Domestic Equity 2% Real Estate 5% International Equity 72% Fixed Income 8% Money Market/Bank Account	7% Domestic Equity 1% Real Estate 2% International Equity 67% Fixed Income 23% Money Market/Bank Account	50% Fixed Income 50% Money Market/Bank Account

Target Portfolio	Domestic Equity	Real Estate	International Equity	Fixed Income	Money Market/ Bank Account
<b>Fund 100</b>	57%	7%	36%		
<b>Fund 80</b>	48%	5%	27%	20%	
<b>Fund 60</b>	36%	4%	20%	40%	
<b>Fund 40</b>	25%	3%	12%	60%	
<b>Fund 20</b>	13%	2%	5%	72%	8%
<b>Fund 10</b>	7%	1%	2%	67%	23%
<b>Fixed Income Fund</b>				50%	50%

## Underlying Mutual Fund Ticker Symbols and Expense Ratios

The following table sets forth the ticker symbols and the total operating expenses, as disclosed in each fund's most recent prospectus dated prior to September 30, 2021, of the underlying investment funds in which the Portfolios invest.

Underlying Mutual Fund	Ticker Symbol	Expense Ratio
Invesco Government & Agency Portfolio	AGPXX	0.15%
iShares 0-5 Year TIPS Bond ETF	STIP	0.05%
Baird Short-Term Bond Fund	BSBIX	0.30%
Fidelity Short-Term Bond Index Fund	FNSOX	0.03%
Fidelity U.S. Bond Index Fund	FXNAX	0.025%
PGIM Core Bond Fund	TPCQX	0.32%
American Beacon Garcia Hamilton Quality Bond Fund	GHQRX	0.41%
BlackRock Inflation Protected Bond Portfolio	BPRIX	0.44%
BlackRock High Yield Bond Portfolio	BRHYX	0.51%
Credit Suisse Floating Rate High Income Fund	CSHIX	0.70%
AB Global Bond Fund	ANAZX	0.50%
T. Rowe Price Balanced Fund	RBAIX	0.46%
DFA Real Estate Securities Portfolio	DFREX	0.18%
Principal Global Real Estate Securities Fund	PGRSX	0.88%
Calvert Equity Fund	CEYIX	0.69%
MFS Value Fund	MEIIX	0.58%
DFA U.S. Large Cap Value Portfolio	DFLVX	0.22%
T. Rowe Price Equity Income Fund	REIPX	0.55%
American Century Value Fund	AVLIX	0.80%
American Century Equity Growth Fund	AMEIX	0.47%
Northern Stock Index Strategy	SMA	0.025%
Sit Dividend Growth Fund	SDVGX	0.70%
American Century Growth Fund	TWGIX	0.77%
T. Rowe Price Large-Cap Growth Strategy	SMA	0.33%
T. Rowe Price Extended Equity Market Index Fund	PEMX	0.25%
BlackRock Mid-Cap Growth Equity Portfolio	BMGKX	0.70%
Ariel Fund	ARAIX	0.72%
Northern Small Cap Value Strategy	SMA	0.60%
Northern Small Cap Index Fund	NSIDX	0.15%
Delaware Small Cap Core Fund	DCCIX	0.85%
Harbor Small Cap Growth Fund	HASGX	0.89%
Dodge & Cox International Stock Fund	DODFX	0.63%
Northern International Equity Index Fund	NOINX	0.24%
Invesco Oppenheimer International Growth Fund	OIGIX	0.69%
DFA International Small Company Portfolio	DFISX	0.44%
BlackRock Emerging Markets Fund	MKDCX	0.82%

Set forth on the following pages are summary descriptions of the funds, selected by the Treasurer in consultation with the Program Manager and Wilshire, which make up the Target, Age-Based and Individual Fund Portfolios. The descriptions are taken from the most recent prospectuses of the fund dated prior to September 30, 2021 and are intended to summarize their respective investment objectives and policies. The performance set forth was obtained directly from the various mutual fund companies 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.**

**All Information regarding the Investments and underlying Investments Is obtained from the prospectus, fund company, and other public Information of the fund, and neither Union Bank & Trust Company nor the Treasurer guarantee the accuracy of such Information.**

## EXHIBIT B - INVESTMENT PORTFOLIOS AND UNDERLYING INVESTMENTS - effective November 18, 2021

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													
	0-2	3-5	6-8	9-10	11-12	13-14	15-16	17-18	19 plus	19 plus	17-18	15-16	13-14	11-12
Aggressive Age-Based Option														
Moderate Age-Based Option		0-2	3-5	6-8	9-10	11-12	13-14	15-16	17-18	19 plus	17-18	15-16	13-14	11-12
Conservative Age-Based Option			0-2	3-5	6-8	9-10	11-12	13-14	15-16	17-18	19 plus	15-16	13-14	11-12
Target Portfolios	Fund 100		Fund 80		Fund 60		Fund 40		Fund 20	Fund 10		Fund 20	Fund 40	Fund 10
Underlying Mutual Funds														
Invesco Government & Agency Portfolio												4.0%		11.5%
Union Bank and Trust Company / Nelnet Bank - FDIC Insured Bank Account												4.0%		11.5%
<b>MONEY MARKET / BANK ACCOUNT TOTAL</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>8.0%</b>	<b>23.0%</b>	<b>50.0%</b>	<b>8.0%</b>	<b>0.0%</b>	<b>23.0%</b>
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%	12.0%	9.0%	14.0%
Baird Short-Term Bond Fund					3.0%	5.5%	7.0%	11.0%	12.5%	11.0%	10.0%	12.5%	11.0%	11.0%
Fidelity Short-Term Bond Index Fund					3.0%	5.5%	7.0%	11.0%	12.5%	11.0%	10.0%	12.5%	11.0%	11.0%
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%	12.5%	12.0%	12.5%
PGIM Core Bond Fund		1.5%	3.5%	5.5%	6.0%	7.0%	7.0%	8.0%	7.5%	7.5%	4.5%	7.5%	7.0%	7.5%
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%	5.0%	5.0%	5.0%
BlackRock High Yield Bond Fund		1.0%	2.0%	3.0%	3.5%	4.0%	4.0%	3.0%	3.0%	2.0%		3.0%	4.0%	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%		2.0%	3.0%	1.0%
AB Global Bond Fund		1.0%	2.0%	3.0%	4.0%	5.0%	6.0%	5.0%	5.0%	3.0%		5.0%	6.0%	3.0%
<b>FIXED INCOME TOTAL</b>	<b>0.0%</b>	<b>10.0%</b>	<b>20.0%</b>	<b>30.0%</b>	<b>40.0%</b>	<b>50.0%</b>	<b>60.0%</b>	<b>70.0%</b>	<b>72.0%</b>	<b>67.0%</b>	<b>50.0%</b>	<b>72.0%</b>	<b>60.0%</b>	<b>67.0%</b>
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%		2.0%	3.0%	1.0%
<b>REAL ESTATE TOTAL</b>	<b>7.0%</b>	<b>6.0%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>3.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>1.0%</b>	<b>0.0%</b>	<b>2.0%</b>	<b>3.0%</b>	<b>1.0%</b>
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%		3.0%	5.0%	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%		5.0%	10.0%	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%		3.0%	5.0%	1.5%
Ariel Fund	3.0%	2.5%	2.5%	2.0%	2.0%	1.5%	1.5%	1.0%	1.0%			1.0%	1.5%	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%		1.0%	1.5%	1.0%
Northern Small Cap Value Strategy	2.5%	2.5%	2.0%	2.0%	1.5%	1.5%	1.0%	1.0%				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%				1.0%	1.0%	
<b>DOMESTIC EQUITY TOTAL</b>	<b>57.0%</b>	<b>52.0%</b>	<b>48.0%</b>	<b>42.0%</b>	<b>36.0%</b>	<b>30.0%</b>	<b>25.0%</b>	<b>20.0%</b>	<b>13.0%</b>	<b>7.0%</b>	<b>0.0%</b>	<b>13.0%</b>	<b>20.0%</b>	<b>7.0%</b>
Dodge & Cox International Stock Fund	6.0%	5.0%	4.5%	4.0%	3.0%	2.5%	2.0%	1.5%	1.0%			1.0%	2.0%	
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%		2.0%	4.0%	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%			1.0%	2.0%	
DFA International Small Company Portfolio	4.0%	3.5%	3.0%	2.5%	2.0%	2.0%	1.5%	1.0%				1.0%	1.5%	
BlackRock Emerging Markets Fund	8.0%	7.0%	6.0%	5.0%	4.5%	3.5%	2.5%	2.0%	1.0%			1.0%	2.5%	
<b>INTERNATIONAL EQUITY TOTAL</b>	<b>36.0%</b>	<b>32.0%</b>	<b>27.0%</b>	<b>23.0%</b>	<b>20.0%</b>	<b>16.0%</b>	<b>12.0%</b>	<b>8.0%</b>	<b>5.0%</b>	<b>2.0%</b>	<b>0.0%</b>	<b>5.0%</b>	<b>8.0%</b>	<b>2.0%</b>
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>



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

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

*Effective November 2021*

**State of Illinois**  
**Office of the Treasurer**  
**BRIGHT DIRECTIONS COLLEGE SAVINGS PROGRAM**  
**INVESTMENT POLICY STATEMENT**  
**Effective November 2021**



## **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. 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. **Integration of Material Sustainability Factors** – Prudent integration of material 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 and relevant financial impacts;
- B. **Regular Evaluation of Sustainability Factors** – Recurring evaluation of sustainability factors to ensure the factors are relevant and decision-useful to the Program and the evolving marketplace;
- C. **Active Ownership** – Attentive oversight of investment holdings to encourage the advancement of sustainability accounting and disclosure through the exercise of proxy voting rights and engagement with entities – such as investment funds, investment holdings, portfolio companies, government bodies, and other organizations – and move the marketplace toward more prudent, sustainable business practices; and
- D. **Additional Relevant and Financially Material Factors** – Consideration of other relevant factors such as legal, regulatory, and reputational risks that enable an optimal risk management framework and supports 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

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 1-3yr	0.0%	0.0%	0.0%	0.0%	3.0%	5.5%	7.0%	11.0%	12.5%	11.0%	10.0%
	ML 1-3 yr Treasury	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%
	BofA/Merrill Lynch – High Yield Master II 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%
Global Bonds	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%
Money Market	3-month T-Bills	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.0%	11.5%	25.0%
High Yield Savings	3-month T-Bills	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.0%	11.5%	25.0%

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
Money Market	3 Month T-Bill
Ultra Short Bond	Bloomberg Barclays U.S. Gov't/Credit 1-3yr Index
Low Duration	ML 1-3 Treasury Index
Bank Loans	Credit Suisse Leveraged Loan Index
Corporate Bond	Bloomberg Barclays U.S. Credit Index
Intermediate Bond	Bloomberg Barclays U.S. Aggregate Bond Index
High Yield	BofA/Merrill Lynch – High Yield Master II 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 3000 Value Index, 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
Mid-Cap Blend	Wilshire 4500 Index
Small-Cap Value	Russell 2000 Value Index
Small-Cap Growth	Russell 2000 Growth Index
Small-Cap Blend	Russell 2000 Index
Foreign Stock	MSCI EAFE, MSCI World ex U.S. Small Cap, and MSCI Emerging Markets
Socially Responsible	S&P 500
Real Estate	DJ Wilshire Real Estate Securities

## **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.