The Bright Directions 529 College Savings Program (the "Plan") Program Disclosure Statement dated November 15, 2015, as supplemented, is hereby amended as follows:

**Fund Replacement**

BlackRock is closing their Cash Funds Money Market Fund effective August 1, 2016. Because of this, effective July 28, 2016, the BlackRock Cash Funds (ticker: BGIXX) will be replaced in each of the Age-Based, Target, and Individual Fund Portfolios in which it is held by the Invesco Government & Agency Portfolio (ticker: AGPXX). On July 28, 2016, funds invested in the BlackRock Cash Funds will automatically be liquidated and reinvested in the Invesco Government & Agency Portfolio. Additional information on the Invesco Government & Agency Portfolio is included below and in the prospectus for the fund.

**Invesco Government & Agency Portfolio**

**Investment Objective**

The fund’s investment objective is to provide current income consistent with preservation of capital and liquidity.

**Principal Investment Strategies of the Fund**

The fund invests at least 99.5% of its total assets in cash, Government Securities, and repurchase agreements collateralized by cash or Government Securities. Government Security generally means any security issued or guaranteed as to principal or interest by the U.S. Government or certain of its agencies or instrumentalities; or any certificate of deposit for any of the foregoing. The Fund considers repurchase agreements with the Federal Reserve Bank of New York to be U.S. Government securities for purposes of the fund’s investment policies.

The fund will limit investments to those securities that are Eligible Securities as defined by applicable regulations at the time of purchase.

The fund is a Government Money Market Fund, as defined by Rule 2a-7, that seeks to maintain a stable price of $1.00 per share by using the amortized cost method to value portfolio securities and rounding the share value to the nearest cent. The fund invests in conformity with SEC rules and regulations for money market funds for the quality, maturity, diversification and liquidity of investments. The fund invests only in U.S. dollar denominated securities maturing within 397 days of the date of purchase, with certain exceptions permitted by applicable regulations. The fund maintains a dollar-weighted average portfolio maturity of no more than 60 days, and a dollar-weighted average portfolio maturity as determined without exceptions regarding certain interest rate adjustments under Rule 2a-7 of no more than 120 days. Each investment must be determined to present minimal credit risks by the adviser pursuant to guidelines approved by the fund board, and must be an Eligible Security.

In selecting securities for the fund’s portfolio, the portfolio managers focus on securities that offer safety, liquidity, and a competitive yield. The adviser conducts a credit analysis of each potential issuer prior to the purchase of its securities.

The portfolio managers normally hold portfolio securities to maturity, but may sell a security when they deem it advisable, such as when market or credit factors materially change.

**Principal Risks of Investing in the Fund**

As with any mutual fund investment, loss of money is a risk of investing. An investment in the fund is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency. Although the fund seeks to preserve the value of your investment at $1.00 per share, you may lose money by investing in the fund. The risks associated with an investment in the fund can increase during times of significant market volatility. The principal risks of investing in the fund are:

*Debt Securities Risk.* The prices of debt securities held by the fund will be affected by changes in interest rates, the creditworthiness of the issuer and other factors. An increase in prevailing interest rates typically causes the value of existing debt securities to fall and often has a greater impact on longer-duration...
debt securities and higher quality debt securities. Falling interest rates will cause the fund to reinvest the proceeds of debt securities that have been repaid by the issuer at lower interest rates. Falling interest rates may also reduce the fund’s distributable income because interest payments on floating rate debt instruments held by the fund will decline. The fund could lose money on investments in debt securities if the issuer or borrower fails to meet its obligations to make interest payments and/or to repay principal in a timely manner. Changes in an issuer’s financial strength, the market’s perception of such strength or in the credit rating of the issuer or the security may affect the value of debt securities. The adviser’s credit analysis may fail to anticipate such changes, which could result in buying a debt security at an inopportune time or failing to sell a debt security in advance of a price decline or other credit event.

Liquidity Risk. The fund may be unable to sell illiquid investments at the time or price it desires and, as a result, could lose its entire investment in such investments. Liquid securities can become illiquid during periods of market stress. If a significant amount of the fund’s securities become illiquid, the fund may not be able to timely pay redemption proceeds and may need to sell securities at significantly reduced prices.

Management Risk. The fund is actively managed and depends heavily on the adviser’s judgment about markets, interest rates or the attractiveness, relative values, liquidity, or potential appreciation of particular investments made for the fund’s portfolio. The fund could experience losses if these judgments prove to be incorrect. Additionally, legislative, regulatory, or tax developments may adversely affect management of the fund and, therefore, the ability of the fund to achieve its investment objective.

Market Risk. The market values of the fund’s investments, and therefore the value of the fund’s shares, will go up and down, sometimes rapidly or unpredictably. Market risk may affect a single issuer, industry or section of the economy, or it may affect the market as a whole. Individual stock prices tend to go up and down more dramatically than those of certain other types of investments, such as bonds. During a general downturn in the financial markets, multiple asset classes may decline in value. When markets perform well, there can be no assurance that specific investments held by the fund will rise in value.

Money Market Fund Risk. Although the fund seeks to preserve the value of your investment at $1.00 per share, you may lose money by investing in the fund. The share price of money market funds can fall below the $1.00 share price. You should not rely on or expect the fund’s adviser or its affiliates to enter into support agreements or take other actions to maintain the fund’s $1.00 share price. The credit quality of the fund’s holdings can change rapidly in certain markets, and the default of a single holding could have an adverse impact on the fund’s share price. The fund’s share price can also be negatively affected during periods of high redemption pressures and/or illiquid markets. Furthermore, amendments to money market fund regulations could impact the fund’s operations and possibly negatively impact its return.

Repurchase Agreement Risk. If the seller of a repurchase agreement defaults or otherwise does not fulfill its obligations, the fund may incur delays and losses arising from selling the underlying securities, enforcing its rights, or declining collateral value.

U.S. Government Obligations Risk. Obligations of U.S. Government agencies and authorities receive varying levels of support and may not be backed by the full faith and credit of the U.S. Government, which could affect the fund’s ability to recover should they default. No assurance can be given that the U.S. Government will provide financial support to its agencies and authorities if it is not obligated by law to do so.

Yield Risk. The fund’s yield will vary as the short-term securities in its portfolio mature or are sold and the proceeds are reinvested in other securities. When interest rates are very low, the fund’s expenses could absorb all or a portion of the fund’s income and yield. Additionally, inflation may outpace and diminish investment returns over time.

---

**Fees & Expenses**

(Based on the prospectus dated December 18, 2015)

| Total Annual Fund Operating Expenses | 0.16% |
Bright Directions College Savings Program  
Program Disclosure Statement  

Supplement dated January 1, 2016  
to the Program Disclosure Statement dated November 15, 2015  

The Bright Directions College Savings Program (the "Plan") Program Disclosure Statement dated November 15 2015, is hereby amended as follows:  

**Computer Technology and Equipment Allowed as a Qualified Higher Education Expense**  
Effective for taxable years beginning after December 31, 2014, the definition of qualified higher education expenses is expanded to include:  

Expenses for the purchase of any computer and any related peripheral equipment, computer software, or Internet access and related services, if such equipment, software, or services are to be used primarily by the beneficiary during any of the years the beneficiary is enrolled at an eligible educational institution. Computer software means any program designed to cause a computer to perform a desired function. Such term does not include any database or similar item unless the database or item is in the public domain and is incidental to the operation of otherwise qualifying computer software.  

**Special Rule for Re-Contribution of Refunded Amounts**  
In the case of a beneficiary who receives a refund of any qualified higher education expenses from an eligible educational institution, the distribution includible in gross income shall not include the amount re-contributed to a qualified tuition program of which such individual is the beneficiary, but only to the extent such re-contribution is made not later than 60 days after the date of such refund and does not exceed the refunded amount.  

This provision is effective with respect to refunds of qualified higher education expenses after December 31, 2014, but only to the extent that such refunds are re-contributed to a qualified tuition program within 60 days of the date of the refund, or within 60 days of December 18, 2015, whichever is later.  

* * *
The Program is intended to be used only to save for Qualified Higher Education Expenses. The Program is not intended to be used, nor should it be used, by any taxpayer for the purpose of evading federal or state taxes or tax penalties. Taxpayers may wish to seek tax advice from an independent tax advisor based on their own particular circumstances.

This Program Disclosure Statement is intended to comply with the College Savings Plans Network Disclosure Principles, Statement No. 5, adopted May 3, 2011.
IMPORTANT LEGAL INFORMATION

Investments in the Bright Directions College Savings Program are not guaranteed or insured by the State of Illinois, the Illinois State Treasurer, Union Bank & Trust Company, Northern Trust Securities, Inc., the Federal Deposit Insurance Corporation, or any other entity.

The Program and its associated persons make no representations regarding the suitability of the Program’s investment portfolios for any particular investor. Other types of investments and other types of college savings vehicles may be more appropriate depending on your personal circumstances. You should consult your tax or investment advisor for more information.

No broker, dealer, registered representative, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Program Disclosure Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Bright Directions College Savings Program, the Illinois State Treasurer, Union Bank & Trust Company, or Northern Trust Securities, Inc.

The information in this Program Disclosure Statement is subject to change without notice, and neither delivery of this Program Disclosure Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Bright Directions College Savings Program since the date of this document.

This Program Disclosure Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of securities by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

Accounts in the Illinois College Savings Pool are offered and sold through the Bright Directions College Savings Program and the Bright Start College Savings Program. The Illinois Student Assistance Commission also administers a prepaid tuition program called College Illinois!.

This Program Disclosure Statement describes only the Accounts available through the Bright Directions College Savings Program. Other Illinois Section 529 plans may offer different investment options with different investment advisors or different benefits and may be marketed differently from the Bright Directions College Savings Program described in this Program Disclosure Statement and may assess different fees, withdrawal penalties, sales commissions, if any, relative to those assessed by the Bright Directions College Savings Program described in this Program Disclosure Statement. You can obtain information regarding other Accounts in the Illinois College Savings Pool by contacting the Illinois State Treasurer at (312) 814-8958, or by visiting the Illinois State Treasurer’s website at Treasurer.il.gov, or you can obtain information regarding College Illinois! by visiting collegeillinois.org.
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This “Program Overview Section” provides summary information about certain key features of the Program. It is important that you read the entire Program Disclosure Statement and Participation Agreement for more detailed information about the Program.

| Investment Funds | T. Rowe Price, DFA, Dodge & Cox, PIMCO, BlackRock, American Century, Baird Funds, MainStay Investments, Delaware Funds, Harbor Funds, Northern Funds, William Blair, Voya, Calvert, Templeton, Causeway, Ariel Investments, MFS, Oppenheimer Funds, Sit Mutual Funds and Vanguard. |
| Program Contact Information | Bright Directions College Savings Program 6811 South 27th Street, Lincoln, NE 68512 | BrightDirections.com (866) 722 – 7283 |

**Illinois State Income Tax Benefits**  
(See “Federal and State Tax Considerations”, page 38)  
• Contributions may be deductible up to $10,000 per tax return ($20,000 if married filing jointly).  
• Earnings grow free from Illinois State income tax.  
• Earnings portion of a Qualified Withdrawal is not subject to Illinois State income tax.  
• **Illinois tax benefits are available only to Illinois taxpayers.**  
• Earnings on a Non-Qualified Withdrawal are subject to state income tax.  
• Rollovers to an out-of-state qualified tuition program or nonqualified withdrawals are subject to recapture of the Illinois State tax benefits.  
• For taxable years ending on or after December 31, 2009 and on or before December 30, 2020, employers that match employees’ contributions to the Program, College Illinois! or the Bright Start College Savings Program are eligible for a tax credit.

**Federal Tax Benefits**  
(See “Federal and State Tax Considerations”, page 38)  
• Contributions are not deductible for federal income tax purposes.  
• Earnings grow free from federal income tax.  
• Earnings portion of a Qualified Withdrawal is not subject to federal income tax.  
• Earnings on a Non-Qualified Withdrawal are subject to income tax and a 10% federal penalty tax.

**Account Owner Eligibility**  
(See “Opening and Maintaining an Account”, page 8)  
• The Program is open to individuals who are at least 18 years old, have a valid Social Security number or taxpayer identification number, and have a valid U.S. address (not a P.O. Box). There are no restrictions on state of residence. The Account Owner may be an individual, certain entities, a custodian under a state UGMA or UTMA account, a trust, state or local government, or a 501(c)(3) organization.

**Beneficiary**  
(See “Designating a Beneficiary”, page 9)  
• The Beneficiary must be an individual with a valid Social Security number or taxpayer identification number. A Beneficiary may be of any age.

**Contributions**  
(See “Contributing to an Account”, page 10)  
• Minimum: No minimum contribution required.  
• Maximum: $350,000 per Beneficiary (Maximum Account Balance).  
# Bright Directions College Savings Program

## Program Overview

### Investment Options

- 3 Age-Based Options (Aggressive, Growth, Balanced)
- 7 Target Portfolios
- 32 Individual Fund Portfolios
- 15 Individual Fund ETF Portfolios
- Investment Changes allowed twice per calendar year or upon a change of Beneficiary.

### Program Costs

<table>
<thead>
<tr>
<th>Underlying Fund Costs</th>
<th>Range</th>
<th>Average</th>
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</thead>
<tbody>
<tr>
<td>Age-Based Portfolios</td>
<td>0.26% - 0.49%</td>
<td>0.40%</td>
</tr>
<tr>
<td>Target Portfolios</td>
<td>0.26% - 0.49%</td>
<td>0.39%</td>
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<tr>
<td>Individual Fund Portfolios</td>
<td>0.11% - 1.34%</td>
<td>0.63%</td>
</tr>
<tr>
<td>Individual Fund ETF Portfolios</td>
<td>0.07% - 0.24%</td>
<td>0.11%</td>
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</table>

<table>
<thead>
<tr>
<th>Sales Charges</th>
<th>A</th>
<th>C</th>
<th>E</th>
<th>F</th>
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<td>Account Sales Charge</td>
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<tr>
<td>Annual Account Servicing Fee</td>
<td>0.25%</td>
<td>0.50%</td>
<td>0.25%</td>
<td>none</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other Costs</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Management Fee</td>
<td>0.18%</td>
</tr>
<tr>
<td>State Administrative Fee</td>
<td>0.05% (0.03% for ETF Portfolios)</td>
</tr>
<tr>
<td>Account Fee</td>
<td>none</td>
</tr>
</tbody>
</table>

### Risk Factors

- Opening an Account involves certain risks, including:
  - the risk that the value of your Account may decrease, you could lose money, including the principal you invest;
  - the risk of state or federal tax law changes;
  - the risk of Program changes, including changes in fees;
  - the Program may add, terminate or merge investment Portfolios;
  - the Program may change underlying investment vehicles or change allocations;
  - the risk that an investment in the Program may adversely affect the Participant’s or Beneficiary’s eligibility for financial aid or other benefits.

### Qualified Withdrawals

- Funds may be used to pay for the Beneficiary’s tuition, fees, room & board (with certain limitations), books, supplies, equipment required for the enrollment or attendance at an eligible postsecondary institution, and expenses for special needs services needed by a special needs beneficiary incurred in connection with enrollment or attendance at an eligible educational institution.
Bright Directions College Savings Program

INTRODUCTION

The Bright Directions College Savings Program (the “Program”) is part of the Illinois College Savings Pool (the “Pool”). The Pool is an education savings program authorized by the State of Illinois and is designed to qualify as a tax-advantaged savings program under Section 529 of the Internal Revenue Code. Section 529 permits states and state agencies to sponsor qualified tuition programs under which you can open and contribute to an Account for the benefit of any individual, including yourself. The Program is a convenient and tax-advantaged way to save for the cost of college and other qualifying post-high school education.

You may open and contribute to a Program Account regardless of your income. Investment earnings on your Program Contributions accumulate on a tax-deferred basis, and withdrawals are exempt from federal and Illinois State income tax if they are used to pay for the Account Beneficiary’s Higher Education Costs. The aggregate balance limit for Accounts for a Beneficiary in the Program and any additional accounts in other State of Illinois Section 529 programs is $350,000.

In addition, individuals who contribute to the Program and file an Illinois State income tax return generally are allowed to deduct from their gross income for Illinois State income tax purposes up to $10,000 of Contributions per year ($20,000 for married taxpayers filing jointly) for total combined contributions to State of Illinois Section 529 programs.

Under federal law, neither you nor the Beneficiary of your Account may exercise investment discretion, directly or indirectly, over Contributions to an Account or any earnings on such Contributions. However, you may choose a balance of equity, real estate, fixed income, and/or money market investments relating to your Program Account based on the available Portfolios described in this Program Disclosure Statement. The Program has over forty (40) investment portfolios from which to choose.

This Program Disclosure Statement describes only Accounts in the Program that are sold through brokers or other financial advisors. The Treasurer also offers other ways to invest in the Pool. The other available ways of investing in the Pool offer different investment options, and the cost of investing in the Pool as described in this Program Disclosure Statement may differ from the costs of investing in the Pool through such other investment options. For more information you may contact the Treasurer at (312) 814-8958, or visit the Treasurer’s website at Treasurer.il.gov.

All capitalized terms shall have the meanings given to them in the “Definitions of Key Terms” Section beginning on page 5.

PROGRAM HIGHLIGHTS

Eligibility. The Program is open to residents of any state, not just residents of Illinois. There are no income restrictions.

Contribution Amounts. The Program has no required minimum Contribution, and you may make additional Contributions at any time. However, the current Maximum Account Balance for Accounts for a Beneficiary under the Program and any additional accounts in other State of Illinois Section 529 programs is $350,000.

Qualified Withdrawals. Money in your Account may be withdrawn to pay the Beneficiary’s Higher Education Costs. Currently, tuition, fees, books, supplies, and equipment required for the enrollment or attendance of a Beneficiary at an Institution of Higher Education are considered Higher Education Costs. Subject to certain limits, Higher Education Costs also include the Beneficiary’s room and board expenses. Also included are expenses for special needs services for a special needs beneficiary that are incurred in connection with enrollment or attendance at an eligible educational institution.

Federal Income Tax Benefits. Under current law, federal income taxes on investment earnings are tax-deferred while in an Account, and such earnings are free from federal and Illinois State income tax if they are distributed as part of a Qualified Withdrawal. The earnings portion (if any) of a Nonqualified Withdrawal will be ordinary income to the recipient and generally will also be subject to a 10% federal penalty tax.

State Income Tax Benefits. Individuals who file an Illinois State income tax return are eligible to deduct up to $10,000 per tax year ($20,000 for married taxpayers filing jointly) for total combined contributions to the Program, the Bright Start College Savings Program, and College Illinois! during that tax year. In the case of an Account Owner who is a custodian under a State Uniform Gifts to Minors Act (“UGMA”) or Uniform Transfers to Minors Act (“UTMA”) account, the minor for whom the account is held may be entitled to the Illinois State income tax deduction rather than the custodian of the account.

For taxable years ending on or after December 31, 2009 and on or before December 30, 2020, employers that match employees’ contributions to the Program, College Illinois! or the Bright Start College Savings Program are eligible for a tax credit.

Gift Tax Treatment. For federal gift tax purposes, Contributions to an Account are considered a gift from the contributor to the Beneficiary that is eligible for the annual gift tax exclusion. Currently, the annual exclusion is $14,000 per donee ($28,000 for a married couple that elect to split their gifts). This means that in each tax year, you may contribute up to $14,000 to an Account, without the Contribution being considered a taxable gift (assuming you make no other gifts to the Beneficiary in the same year). In addition, if your total Contributions to an Account during a year exceed the annual exclusion for that year, you may elect to have the amount you contributed that year treated as though you made one-fifth of the Contribution that year, and one-fifth of the Contribution in each of the next four calendar years. (Such
an election must be made on the Federal Gift Tax Return Form 709). This means that you may contribute up to $70,000, without the Contribution being considered a taxable gift, provided that you make no other gifts to the Beneficiary in the same year or in any of the succeeding four calendar years. Moreover, a married contributor whose spouse elects on a Federal Gift Tax Return to have gifts treated as “split” with the contributor may contribute up to twice that amount ($140,000) without the Contribution being considered a taxable gift, provided that neither spouse makes other gifts to the Beneficiary in the same year or in any of the succeeding four calendar years. The annual exclusion is indexed for inflation and therefore is expected to increase over time.

School Choice. The Beneficiary can attend any United States school (and some foreign schools) qualifying as an Institution of Higher Education, including both public and private schools.

Investment Flexibility. The Treasurer and Program Manager have designed 3 Age-Based Portfolios, 7 Target Portfolios, 32 Individual Fund Portfolios, and 15 Individual Fund ETF Portfolios. The Age-Based and Target Portfolios invest in specified allocations of equity, real estate, fixed income, and/or money market mutual funds, and the Individual Fund and Individual Fund ETF Portfolios invest in a single mutual fund. Account Owners do not own shares of the underlying mutual funds, but rather own shares in a Portfolio of the Program. Working with your broker or other financial advisor you can choose a Portfolio that is tailored to meet your investment objectives and risk profile. Accounts in the Program are offered only through brokers or other financial advisors to allow you to obtain advice as to whether an investment in the Program is right for you.

DEFINITIONS OF KEY TERMS

Account Owner means the individual or entity that has entered into a Participation Agreement and opened an Account, or the individual or entity to which ownership of an Account has been transferred. The Account Owner must be at least 18 years of age with a valid Social Security number or a taxpayer identification number. The Account Owner must also have a valid, permanent address in the U.S. (not a P.O. Box). The Account Owner may be an individual, certain legal entities, a custodian under a State UGMA or UTMA account or a trustee of a trust. The Account Owner may also be a tax-exempt Section 501(c)(3) organization or State or local government that establishes an Account as part of a scholarship program. The Account Owner may make Contributions to the Account, designate or change the Beneficiary, request withdrawals, or request exchanges among Portfolios within the Program. Such investment changes may be made without adverse federal tax consequences only twice per calendar year or when the Account Owner changes the Beneficiary.

Account means a separate Account within the Program established by an Account Owner for a named Beneficiary. Each Account must be established through a broker or other financial advisor. For each Account, the Account Owner must select Fee Structure A, C, E, or F.

Age-Based Portfolio means a diversified investment portfolio that invests in equity, real estate, fixed income, and/or money market funds based on the age of the Beneficiary. Contributions and earnings are typically more heavily weighted in equity investments when the Beneficiary is younger and more towards fixed income and money market investments as the Beneficiary nears college age. See “Exhibit C – Investment Portfolios and Mutual Fund Information.”

Beneficiary means the individual designated in the Enrollment Form as the Beneficiary of an Account at the time the Account is established, or the individual designated as the new Beneficiary if the Account Owner changes the Beneficiary of an Account. The Beneficiary must have a valid Social Security number or taxpayer identification number. A Beneficiary may be of any age. To protect certain federal tax advantages of the Program, there are restrictions on who may be named a replacement Beneficiary. The Beneficiary can only be changed to a “Member of the Family” of the former Beneficiary. In the case of an Account established by a State or local government or a Section 501(c)(3) organization as part of a scholarship program, the Beneficiary is any individual receiving benefits accumulated in the Account as a scholarship.

Code means the Internal Revenue Code of 1986, as amended from time to time.

Contribution means cash deposited into an Account for the benefit of a Beneficiary after deduction of any applicable sales charges under Fee Structure A, C, E, or F. Contributions may be made by check, automatic investment plan, electronic funds transfer, Bright Directions GiftED, payroll deduction, wire transfer, or via “Rewards” through the Bright Directions 529 College Savings Visa® Card. Contributions may also be made by a rollover or direct transfer of funds from another 529 qualified tuition program or a Coverdell Education Savings Account (formerly known as an “Education IRA”). In addition, subject to certain limitations, redemption of certain qualified United States Savings Bonds may be tax-free if the proceeds are contributed to an Account.

Contributions may be made by the Account Owner or any other person. However, the Account Owner will have the right to control the investment and distribution of any Contributions made by a person other than the Account Owner. In addition, under current law, the gift and generation-skipping transfer tax consequences of a Contribution by someone other than the Account Owner are unclear. Accordingly, if a person other than an Account Owner intends to make a Contribution to an Account, he or she should consult with his or her legal or tax advisor before doing so.

Distributor means Northern Trust Securities, Inc. Northern Trust Securities, Inc. is a registered broker-dealer.

Enrollment Form means the Bright Directions College Savings Program Enrollment Form signed by an Account Owner establishing an Account and agreeing to be bound by the terms of the Participation Agreement.
The following expenses must be incurred by the students who are enrolled at least half-time:

1. Tuition and fees.
2. Books, supplies, and equipment.
3. The allowance for room and board, as determined by the eligible educational institution, that was included in the cost of attendance (for federal financial aid purposes) for a particular academic period and living arrangement of the student.
4. Expenses for special needs services needed by a special needs beneficiary incurred in connection with enrollment or attendance at an eligible educational institution.

Individual Fund ETF Portfolio means an investment Portfolio that invests in the shares of a single exchange traded fund. Account Owners do not own shares of the underlying exchange traded funds directly, but rather own shares in a Portfolio of the Program. You can choose to allocate your Contributions to one or more Individual Fund ETF Portfolio according to your investment objective and risk tolerance. The performance of the Individual Fund ETF Portfolios is dependent on the performance of the Individual exchange traded funds in which they invest. As a result, their performance may be more volatile than the other available Portfolios in the Program. See “Exhibit D – Underlying Exchange Traded Fund Information.”

Individual Fund ETF Portfolios are available only under Fee Structure F.

Institution of Higher Education means an eligible educational institution, as defined in Section 529 of the Code. This generally includes any accredited postsecondary educational institution in the United States offering credit toward a bachelor’s degree, an associate’s degree, a graduate level or professional degree, or another recognized postsecondary credential. Certain proprietary institutions, postsecondary vocational institutions, and foreign schools also are Institutions of Higher Education. These institutions must be eligible to participate in U.S. Department of Education student aid programs. For a list of schools, visit fafsa.ed.gov and click on “School Code Search”.

Investment Policy Statement means the Investment Policy Statement adopted by the Treasurer pursuant to the Services Agreement and which sets forth the policies, objectives, and guidelines that govern the investment of Contributions in the Program. The Treasurer may amend the Investment Policy Statement from time to time in accordance with the Services Agreement.
Member of the Family means an individual who is related to the Beneficiary in any of the following ways:

- A son, daughter, stepchild, foster child, adopted child, or a descendant of any of them;
- A brother, sister, stepbrother, or stepsister;
- The father or mother, or an ancestor of either;
- A stepfather or stepmother;
- A son or daughter of a brother or sister;
- A brother or sister of the father or mother;
- A son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law;
- The spouse of the Beneficiary or the spouse of any of the foregoing individuals; or
- A first cousin of the Beneficiary.

For purposes of determining who is a Member of the Family, a legally adopted child of an individual is treated as the child of such individual by blood. The terms brother and sister include a brother or sister by the half-blood.

Nonqualified Withdrawal means any distribution from an Account to the extent it is not a Qualified Withdrawal or a Qualified Rollover Distribution. The earnings portion of a Non-Qualified Withdrawal will generally be treated as income subject to income tax and a 10% federal penalty tax.

Participant means an Account Owner. A Participant need not be a resident of the State of Illinois.

Participation Agreement means the legally binding contract between a Participant and the Trust. The current Participation Agreement is attached as Exhibit A to this Program Disclosure Statement. However, the Treasurer may amend the Participation Agreement at any time and for any reason by giving you written notice of such amendments.

Pool means the Illinois College Savings Pool.

Portfolio means any of the investment portfolios available, and to which Contributions may be made, under the Program. An Account Owner must designate a Portfolio or Portfolios in the Enrollment Form for each Account. A Portfolio may be invested in equity, real estate, fixed income, and/or money market investments. The Program currently has Age-Based, Target, Individual Fund, and Individual Fund ETF Portfolios.

Program means the Bright Directions College Savings Program.

Program Manager means Union Bank & Trust Company of Lincoln, Nebraska.

Qualified Rollover Distribution means a distribution or transfer from an Account that is deposited within sixty (60) days of the distribution or transfer to:

- Another qualified tuition program for the benefit of the Beneficiary, provided that any such transfer does not occur within twelve months from the date of a previous transfer to a qualified tuition program for the benefit of the Beneficiary; or

Qualified Withdrawal means a withdrawal from an Account that is used to pay the Higher Education Costs of the Beneficiary. A Qualified Withdrawal generally is not subject to federal or Illinois State income tax.

Services Agreement means the Bright Directions College Savings Program Services Agreement by and between the Program Manager and the Treasurer.

Target Portfolio means a diversified investment portfolio that can invest in equity, real estate, fixed income, and/or money market funds. Contributions and earnings are invested in a set asset allocation of equity, real estate, fixed income, and/or money market funds. Unlike the Age-Based Portfolios, the Target Portfolios’ asset allocations do not adjust as the Beneficiary gets older. See “Exhibit C – Investment Portfolios and Mutual Fund Information.”

Treasurer means the Illinois State Treasurer.

Trust means the Bright Directions College Savings Program Trust.

DESCRIPTION OF THE PROGRAM

What Is the Program?
The Program is an education savings program created by the State of Illinois and is designed to qualify as a qualified tuition program under Section 529 of the Code. The primary purpose of the Program is to promote and enhance the affordability and accessibility of higher education by offering a convenient and tax-advantaged way to save for the cost of college and other qualifying post-high school education. Federal income taxes on investment earnings in an Account are deferred until there is a distribution from the Account. In addition, a distribution is free from federal and Illinois State income tax if it is used to pay the Higher Education Costs of the Beneficiary.

Accounts in the Pool are offered in different ways. Accounts in the Program are offered through brokers or other financial advisors and are intended to allow Participants to seek advice from their financial professional about an investment in the Program. Before investing in the Program, you should consult with your financial professional about whether an investment in the Program is appropriate in light of your overall financial goals and whether an investment in the Program is an appropriate vehicle for you to use to save for Higher Education Costs. If you decide to invest in the Program you should also consult with your financial professional about the appropriate Portfolio or Portfolios in which to invest Contributions.

What Is the Legal Structure of the Program?
The Illinois State Treasurer acts as trustee and is responsible for the overall administration of the Program. Amounts contributed to the Program will be invested in the Trust. The Treasurer established the Trust to hold the assets of the Program, including contributions to Accounts established by Account Owners.
The Treasurer has selected Union Bank & Trust Company as Program Manager to advise the Treasurer on the investment of Contributions to the Program and to provide day-to-day administrative and marketing services to the Program. The Program Manager has entered into a distribution agreement with Northern Trust Securities, Inc., under which they have agreed to act as Distributor for the Program. Under this contract, the Distributor will engage registered broker-dealers and financial institutions to assist in marketing the Accounts to those interested in saving for college education expenses. You will be able to open Accounts and make Contributions to Accounts through your broker or other financial advisor.

How Does the Program Work?
To begin saving for college or other post-high school education you must open an Account and make an initial Contribution to your Account for a named Beneficiary. Money contributed to your Account will be invested in the Portfolio(s) you choose after deducting any sales charges imposed under the Fee Structure you select. When the Beneficiary of your Account incurs Higher Education Costs, you may withdraw money from your Account to pay those Higher Education Costs.

What Types of Costs May Be Paid With Account Funds?
Account funds may be used to pay the Higher Education Costs of the Account Beneficiary. These generally include tuition, fees, books, supplies, and equipment required for the Beneficiary’s enrollment or attendance at an Institution of Higher Education. Subject to certain limitations, these also generally include the room and board expenses of a student enrolled on at least a half-time basis. In addition, Higher Education Costs include expenses for special needs services incurred in connection with enrollment or attendance at an eligible educational institution in the case of a special needs beneficiary. Institutions of Higher Education generally include accredited, postsecondary educational institutions offering credit toward a bachelor’s degree, an associate’s degree, a graduate level or professional degree, or another recognized postsecondary credential, including certain proprietary, post-secondary vocational, and foreign institutions. The institution must be eligible to participate in U.S. Department of Education student aid programs.

OPENING AND MAINTAINING AN ACCOUNT

Who Can Open an Account?
An Account may be established by an individual, certain legal entities, a custodian under a State’s UGMA or UTMA statute, or the trustee of a trust. The Account Owner must be at least 18 years of age with a valid Social Security number or a taxpayer identification number. The Account Owner must also have a valid, permanent address in the U.S. (not a P.O. Box). There are no income limitations for the Account Owner to participate in, or benefit from, the Program. An Account Owner or multiple Account Owners can open more than one Account for the same Beneficiary as long as the total of the balances in all such Accounts and accounts for the Beneficiary in other Illinois Section 529 programs, including the Bright Start College Savings Program and College Illinois!, do not exceed $350,000. In addition, an Account may be established by a State or local government or a tax-exempt organization described in Section 501(c)(3) of the Code as part of a scholarship program operated by such government or organization.

There are no restrictions on state of residence to open an account. There may be only one Account Owner per Account (joint ownership is not allowed).

If the prospective Account Owner is a trust, the trustee should consult with his or her legal and tax advisors before establishing an Account. This Program Disclosure Statement does not address the income or transfer tax consequences of investments in the Program made by a trust or the propriety of such an investment under state trust law.

Accounts are only offered by the Distributor and through brokers or other financial advisors. You should contact your broker or other financial advisor to determine if they offer Accounts.

How Do I Open an Account?
To open an Account, you must complete an Enrollment Form and return it to your broker or other financial advisor. By completing an Enrollment Form, you agree to be bound by the terms and conditions of the Participation Agreement, which governs your rights, benefits, and obligations as an Account Owner. The current form of the Participation Agreement is included as Exhibit A to this Program Disclosure Statement. If you wish to make Contributions for more than one Beneficiary, you must complete an Enrollment Form and open a separate Account for each Beneficiary. You should note, however, that any amendments to the Code or Illinois laws or regulations relating to the Program may automatically amend the terms of the Participation Agreement, and the Treasurer may amend the Participation Agreement at any time and for any reason by giving you written notice of such amendments.

As Account Owner, you control the Account, including any Contributions made to the Account by third parties. The Account Owner may change the Beneficiary of the Account, transfer money in the Account to another account in the Pool or another qualified tuition program, or withdraw money from the Account, in each case subject to any applicable taxes or other rules as described in this Program Disclosure Statement and under applicable law.

You must open an Account through a broker or other financial advisor. When you open your Account, you must choose from among Fee Structure A, C, E, or F. Fee Structure E is available only to Account Owners investing in the Program through an employer-sponsored option, and Fee Structure F is available only to Account Owners investing in the Program through registered investment advisors or other financial advisors who are not compensated through commissions, but rather through payment of an hourly fee or a percentage of assets under management. Contributions to an Account will be invested after any applicable sales charges are deducted. To open an Account, contact your broker or other financial advisor directly for specific instructions and assistance on how to complete and submit the Enrollment Form.

How Many Accounts Can I Open?
There is no limit on the number of Accounts you can establish, and an Account Owner may establish more than one Account. However, the
aggregate balance of all Accounts for a Beneficiary, and accounts in other Illinois Section 529 Programs, including the Bright Start College Savings Program and College Illinois!, may not exceed $350,000.

When Can I Open an Account for an Infant?
There are no age limitations for an Account Beneficiary. However, at the time you open an Account, you must designate a Beneficiary. If you open an Account for a newborn for whom a Social Security number or tax identification number has not yet been obtained, you may still designate that individual as Beneficiary, so long as you provide the Program Manager with the Beneficiary’s Social Security number or tax identification number within 60 days.

May I Change Ownership of a Program Account?
You may change ownership of your Account to another individual or entity that is eligible to be an Account Owner. When you transfer ownership of your Account, you may, but are not required to, change the Beneficiary. A change of ownership of an Account will only be effective to transfer ownership if the assignment is irrevocable and transfers all ownership rights.

To be effective, a transfer of ownership of your Account requires the current Account Owner to complete and submit a Change of Account Owner Form to the Program Manager (and thereby enter into a Participation Agreement). Your signature on the Change of Account Owner Form must be medallion signature guaranteed, or it will not be processed. You should be aware that federal tax law does not specifically address the tax treatment of a change of ownership of an Account. You should consult your tax advisor regarding the potential gift and/or generation-skipping transfer tax consequences of changing ownership of your Account.

Can I Name a Successor to Take Over Ownership of My Account Upon My Death?
On your Enrollment Form, you may designate a successor Account Owner to take ownership of your Account in the event of your death. If you have already established an Account, you may designate a successor Account Owner or change your designation by completing and submitting the appropriate form to the Program Manager. You may obtain the form by contacting the broker or other financial advisor through which you opened your Account or download it from BrightDirections.com.

Upon your death, the successor Account Owner must submit to the Program Manager a certified copy of the death certificate and a Change of Account Owner Form signed by the successor Account Owner.

If you do not designate a successor Account Owner, or if the designated person is not alive at the time ownership of your Account transfers, or is unable or unwilling to serve as successor Account Owner, then your estate, acting through your personal representative, will become the successor Account Owner. Before the successor Account Owner will be permitted to transact business with respect to your Account, he or she will be required to provide a certified copy of the death certificate and documentation reflecting his or her appointment to act on behalf of the estate, and to execute a Change of Account Owner Form, thereby entering into a new Participation Agreement.

From Where Can I Obtain Additional Forms and Enrollment Kits?
You can obtain forms and additional enrollment kits from your broker or other financial advisor. You may also obtain account maintenance forms and the Program Disclosure Statement from the Program Manager by visiting the Program’s website at BrightDirections.com, or by contacting the Program Manager at (866) 722-7283.

DESIGNATING A BENEFICIARY

Who May Be a Program Beneficiary?
Any individual with a valid federal taxpayer identification number, such as a Social Security number, including the Account Owner, can be a Program Beneficiary. A Beneficiary can be of any age and need not be a resident of the State of Illinois. Each Account may have only one designated Beneficiary, but different Account Owners may establish different Accounts for the same Beneficiary, provided that the total balances in such Accounts, and all other accounts in other Illinois Section 529 Programs, do not exceed $350,000. An Account Owner may also name himself or herself as the Beneficiary.

If an Account is established by a State or local government (or agency or instrumentality thereof) or an organization described in Section 501(c)(3) of the Internal Revenue Code as part of a scholarship program operated by such government or organization, the Beneficiary is not required to be identified on the Enrollment Form at the time the Account is established. Such government or organization must designate the Beneficiary prior to any distributions for Higher Education Costs from the Account.

Do I Have to Be Related to the Beneficiary?
When you establish an Account, you do not have to be related to the named Beneficiary. However, if you change the named Beneficiary in the future, the new Beneficiary must be a Member of the Family of the current Beneficiary in order to avoid potentially adverse tax consequences.

May I Change Beneficiaries?
As the Account Owner, you may change the Beneficiary at any time without adverse federal income tax consequences if the new Beneficiary is a Member of the Family of the current Beneficiary. You may also change the Portfolios in which your Account is invested when you change the Beneficiary. If the new Beneficiary is not a Member of the Family of the current Beneficiary, then the change is treated as a Nonqualified Withdrawal that is subject to taxes and a penalty. A Member of the Family is anyone who is related to the current Beneficiary in one of the following ways:

• A son, daughter, stepchild, foster child, adopted child, or a descendant of any of them;
• A brother, sister, stepbrother, or stepsister;
• The father or mother, or an ancestor of either;
• A stepfather or stepmother;
• A son or daughter of a brother or sister;
• A brother or sister of the father or mother;
• A son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law;
CONTRIBUTING TO AN ACCOUNT

How Do I Make Contributions to the Program?
All Contributions to your Account must be made in cash or cash equivalent and cannot be in the form of securities or other property. Contributions by check must be in U.S. dollars. You may contribute to Bright Directions by any of the following methods:

- check payable to “Bright Directions”;
- automatic investment plan (“AIP”);
- electronic funds transfer (“EFT”) from your financial institution;
- Bright Directions GiftED;
- payroll deduction;
- wire transfer;
- Bright Directions 529 College Savings Visa Card “Rewards”; or
- a rollover from another 529 qualified tuition program or Coverdell Education Savings Account.

Checks should be sent to the following address:

Mailing Address:
Bright Directions College Savings Program
P.O. Box 82623
Lincoln, NE 68501-9823

Overnight or Courier Address:
Bright Directions College Savings Program
6811 South 27th Street
Lincoln, NE 68512

We are unable to accept wire and Automated Clearing House (ACH) purchases on days when the Federal Reserve Wire System is closed.

With an AIP or EFT, you can initiate Contributions, stop making Contributions, change your Contribution amount, or change your bank or the frequency of Contributions by contacting your financial advisor or the Program Manager, by logging on to your account online, or by completing the appropriate form.

If your AIP or EFT contribution cannot be processed because of insufficient funds or because of incomplete or inaccurate information, the Program reserves the right to suspend future AIP or EFT contributions.

Contributions may also be made by a direct transfer of funds from a Coverdell Education Savings Account (formerly known as an Education IRA) (“CESA”). Amounts distributed from a CESA and contributed to an Account may be treated as a tax-free distribution from the CESA. In addition, subject to certain limitations, redemption of certain qualified United States Savings Bonds may be tax-free if the proceeds are contributed to an Account. Certain rules and requirements must be met. For more information consult IRS Publication 970 and your financial, tax, or legal advisor.

The Program Manager will assume that the entire amount of any Contribution that is a rollover contribution from a CESA, a qualified United States Savings Bond, or another 529 qualified tuition program is earnings in the Account receiving the Contribution until the Program Manager receives appropriate documentation showing the actual earnings portion of the Contribution. This assumption is required by the Internal Revenue Service. For more information regarding transfers and rollovers, see “Can I Rollover or Transfer Funds From Another 529 Qualified Tuition Program?” below. For more information regarding the assumption that a Contribution consists solely of earnings, see “Exhibit B – Tax Information.”

Can I Rollover or Transfer Funds From Another 529 Qualified Tuition Program?
You may open an Account or contribute to an existing Account in the Program by rolling over or transferring funds from another 529 qualified tuition program. Such a rollover transaction will be treated as an income tax-free Qualified Rollover Distribution provided it has been more than 12 months since any previous rollover for that Beneficiary or if you change the Beneficiary of the Account to a Member of the Family of the current Beneficiary. The program from which you are transferring funds may impose fees or other restrictions on such a transfer, so you should investigate this option thoroughly before requesting a transfer. When you transfer funds from another 529 qualified tuition program, the Internal Revenue Service requires the Program Manager to assume that the transfer consists solely of earnings until it receives a statement from the program from which the funds were distributed identifying the contributions and earnings portions of the distribution. See “Exhibit B – Tax Information.”

A transfer from another Illinois 529 Plan to the Bright Directions College Savings Program or vice versa, for the same Beneficiary, is treated as an investment change.
The Illinois Department of Revenue has stated (in informal guidance that is not binding on the Department) that in the case of a rollover, the amount of the rollover that is treated as a return of the original contribution to the prior qualified tuition program (but not the earnings portion of the rollover) is eligible for the deduction for Illinois individual income tax purposes. You should consult your tax advisor under such circumstances.

**Can I Make Contributions From a UGMA or UTMA Custodial Account?**

A custodian for a minor under a State UGMA or UTMA statute may use the assets held in the UGMA or UTMA account to open an Account in the Program, subject to the laws of the state under which the UGMA or UTMA account was established. If the custodian of a UGMA or UTMA account establishes an Account, the minor for whose benefit the assets are held must be designated as the Beneficiary of the Account, and the custodian will not be permitted to change the Beneficiary of the Account. When the Beneficiary reaches the age of majority under the applicable UGMA or UTMA statute and the custodianship terminates, the Beneficiary will become the sole Account Owner with complete control over the Account. The custodian is required to notify the Program Manager when the minor attains the age of majority under the applicable UGMA or UTMA statute.

The conversion of non-cash UGMA or UTMA assets to cash for contribution to an Account may be a taxable transaction. Before liquidating assets in a UGMA or UTMA account in order to contribute them to an Account, you should review the potential tax and legal consequences with your tax and legal advisors. Moreover, neither the Treasurer, the Program Manager, the Distributor, nor the Program assumes responsibility to insure, or will incur any liability for failing to insure, that a custodian applies assets held under a UGMA or UTMA statute.

**Can I Contribute Bright Directions 529 College Savings Visa Rewards to a Bright Directions Account?**

The Bright Directions 529 College Savings Visa Card allows cardholders to earn rewards that are contributed to a designated Account. Bright Directions 529 College Savings Visa Card cardholders earn a 1.529% reward on qualifying purchases that accumulates and is automatically contributed to the Account the cardholder designates. A cardholder may designate up to three (3) Accounts into which rewards can be contributed. If you designate more than one Account, rewards Contributions will be split equally among the Accounts you designate.

If you are a cardholder and your Bright Directions 529 College Savings Visa Card account is in good standing, after you have accumulated at least $50 in rewards, those amounts will be automatically transferred at the end of each calendar quarter to the Account(s) you designate. Rewards can only be redeemed as a contribution to the designated Account(s) and have no cash value except as a Contribution, or as described in the “Rewards Program” Terms and Conditions. The Bright Directions 529 College Savings Visa Card is offered by Union Bank & Trust Company. This Program Disclosure Statement is not intended to provide detailed information about the card and the rewards program.

The card and the rewards program are administered in accordance with the terms of the credit card agreement and “Rewards Program” Terms and Conditions, as they may be amended from time to time. For additional information, please visit BrightDirections.com.

**Can Non-Owners Make Contributions to an Account?**

Currently, anyone can make Contributions to an Account, including the Beneficiary. The Illinois Department of Revenue has stated (in a non-binding general information letter) that the Illinois State income tax deduction is available to any individual who contributes to an Account and files an Illinois State income tax return. However, the Account Owner maintains control over all Contributions to an Account, including the right to change Portfolios, change Beneficiaries, and make withdrawals. In addition, under current law, the federal gift and generation-skipping transfer tax consequences of a Contribution by anyone other than the Account Owner are unclear. Accordingly, if a person other than the Account Owner wishes to make a Contribution to an Account, such person should consult his or her own tax or legal advisors as to the consequences of such a Contribution.

**What is Bright Directions GiftED?**

You may invite family and friends to contribute to your Bright Directions Account through Bright Directions GiftED. After your Bright Directions Account is established, log in to your Account online at BrightDirections.com and Select “Gifting”. Follow the online instructions to send e-mail invitations to family and friends. Any gift contributions will be invested according to the investment allocation currently on file for your Account. The individual making the gift Contribution does not maintain any control over the Contribution after the funds have been invested.

**What Are the Limits on the Amount I Can Contribute?**

A minimum Contribution is not required, nor do you have to contribute to your Account every year. The Program has no minimum initial and subsequent required Contributions to an Account.

The Maximum Account Balance limit for Accounts in Bright Directions and accounts under all Illinois Section 529 programs for the same Beneficiary (regardless of Account Owner) is $350,000.

Accounts that have reached the Maximum Account Balance may continue to accrue earnings, but additional Contributions will not be accepted and will be returned. Additional Contributions may be made in the future if the Account value falls below the Maximum Account Balance or the Maximum Account Balance is increased.

The Maximum Account Balance of $350,000 is based on the aggregate market value of the Account(s) for a Beneficiary and not on the aggregate Contributions made to the Account(s). Contributions can not be made to any Account for a Beneficiary if the aggregate Account balance, including the proposed Contributions, for that Beneficiary (including all Program Accounts for the same Beneficiary and any accounts under other Illinois Section 529 programs, including the Bright Start College Savings Program and College Illinois!, regardless of Account Owner) would exceed the “Maximum Account Balance” limit. The Treasurer will periodically review and adjust the Maximum Account Balance as needed.
What Happens to Contributions Over the Maximum?
The Program Manager will notify you if you have made a Contribution to an Account that exceeds the Maximum Account Balance. The Program Manager will not knowingly accept and may reject Contributions in excess of the Maximum Account Balance. If the Program Manager determines that you have made Contributions in excess of the Maximum Account Balance, the excess Contributions and any earnings thereon will be promptly refunded and may be treated as a Nonqualified Withdrawal that is subject to income tax and a federal penalty tax.

INVESTMENT PORTFOLIOS

How Are My Program Contributions Invested?
Contributions to an Account, less any applicable sales charges under Fee Structure A, C, E, or F, will be invested in the Portfolio or Portfolios you select on the Enrollment Form. The Portfolios may invest in one or more mutual funds or other investment vehicles as directed by the Treasurer in accordance with the Treasurer’s Investment Policy Statement. These may include investment funds investing in domestic equity, international equity, real estate, fixed income, money market, or other asset classes.

Account Owners should periodically assess, and if appropriate, adjust their investment choices with their time horizon, risk tolerance and investment objectives in mind. The Portfolios described in this Program Disclosure Statement allow Account Owners to direct funds to specific investment categories and strategies established by the Treasurer and as set forth in the Investment Policy Statement.

Requesting Additional Information: Information on the various Portfolios and a summary description of the underlying mutual funds is included in “Exhibit C – Investment Portfolios and Mutual Fund Information” and “Exhibit D – Underlying Exchange Traded Fund Information”. Additional information regarding the underlying mutual funds’ investment strategies, risks, and historical returns can be found in the prospectus, statement of additional information (“SAI”), and the semi-annual or annual report of each underlying mutual fund. For more information about the underlying mutual funds, including copies of their prospectuses, SAIs, and annual reports, contact your broker or financial advisor, visit the website of the respective mutual fund, or visit the Program’s website at BrightDirections.com.

The Program has the following Portfolios available:
• 3 Age-Based Portfolios;
• 7 Target Portfolios;
• 32 Individual Fund Portfolios; and
• 15 Individual Fund ETF Portfolios.

The three Age-Based Portfolios are designed to reduce the Account’s exposure to principal loss the closer the Beneficiary gets to college; the seven Target Portfolios keep the same asset allocation between equity, real estate, fixed income, and money market investments over the life of your Account; the Individual Fund Portfolios each invest in a single mutual fund; and the Individual Fund ETF Portfolios each invest in a single Exchange Traded Fund. The Age-Based, Target, Individual Fund, and Individual Fund ETF Portfolios have been designed by the Treasurer, the Program Manager, and Wilshire Associates.

Under federal law, neither you nor the Beneficiary of your Account may exercise investment discretion, directly or indirectly, over Contributions to your Account or any earnings on such Contributions. As a result, you will not be able to select the securities in which your Account is invested. Instead, Contributions will be invested in the Portfolio or Portfolios you select in your Enrollment Form in accordance with the Investment Policy Statement. Generally, an Account Owner may only change the Portfolio or Portfolios in which their Account is invested twice per calendar year or upon a change of Beneficiary. If an Account Owner has multiple accounts in the Program for the same Beneficiary or multiple accounts in the Program and other Illinois 529 Plans for the same Beneficiary, the Account Owner may change the Portfolios in all of these accounts without tax consequences, so long as the changes to all of the accounts are made at the same time and no more frequently than twice per calendar year or upon a change of Beneficiary.

In allocating Contributions to the Portfolios, the Program Manager will follow the Investment Policy Statement, a copy of which may be obtained from the Treasurer’s Office or viewed or downloaded on the Treasurer’s website at Treasurer.il.gov or at BrightDirections.com, provided that a portion of each Portfolio may be held in cash or cash equivalents to provide flexibility in meeting redemptions, expenses, and the timing of new investments.

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 investment funds in which the Portfolios invest, including the underlying mutual funds in which the Individual Fund Portfolios and Individual Fund ETF Portfolios invest.
Age-Based Portfolios

You may choose from 3 Age-Based Options:

- Age-Based Aggressive Option
- Age-Based Growth Option
- Age-Based Balanced Option

The Age-Based Portfolios generally invest in a mix of equity, real estate, fixed income, and money market funds allocated based on the current age of the Beneficiary. The Age-Based Portfolios adjust over time so that as the Beneficiary nears college age each Age-Based Portfolio’s allocation between equity, real estate, fixed income, and money market funds becomes more conservative relative to the allocation in earlier years. For each Age-Based Option, the Bright Directions College Savings Program will automatically exchange assets to the next age band during the month the Beneficiary reaches such age band.

In consultation with your broker or other financial advisor, within the Age-Based Portfolios you may choose from among an aggressive, growth, or balanced asset allocation based on, among other factors, your investing time horizon, your investment goals and objectives, and your tolerance for market volatility and investment risk. For example, the Age-Based Aggressive Option is invested almost exclusively in equity investment funds when the Beneficiary is young. By contrast, the Age-Based Balanced Option is comprised of just less than 60% equity funds when the Beneficiary is young.

Each Age-Based Option has 5 age-based portfolios for Beneficiaries of varying ages (ages 0-8; ages 9-12; ages 13-16; ages 17-20; and, ages 21 and over). For the detailed asset allocation, mix of underlying funds, and the age ranges for each of the Portfolios, see “Exhibit C – Investment Portfolios and Mutual Fund Information.” The current targeted asset allocation of each Age-Based Portfolio is set forth in the following table.

| Bright Directions Age-Based Options |
|---|---|---|
| **Beneficiary Age** | **Aggressive Option** | **Growth Option** | **Balanced Option** |
| 0-8 years | Bright Directions Fund 100 64% Domestic Equity 3% Real Estate 33% International Equity | Bright Directions Fund 80 51% Domestic Equity 2% Real Estate 27% International Equity 20% Fixed Income | Bright Directions Fund 60 37.5% Domestic Equity 2% Real Estate 20.5% International Equity 40% Fixed Income |
| 9-12 years | Bright Directions Fund 80 51% Domestic Equity 2% Real Estate 27% International Equity 20% Fixed Income | Bright Directions Fund 60 37.5% Domestic Equity 2% Real Estate 20.5% International Equity 40% Fixed Income | Bright Directions Fund 40 27% Domestic Equity 2% Real Estate 11% International Equity 60% Fixed Income |
| 13-16 years | Bright Directions Fund 60 37.5% Domestic Equity 2% Real Estate 20.5% International Equity 40% Fixed Income | Bright Directions Fund 40 27% Domestic Equity 2% Real Estate 11% International Equity 60% Fixed Income | Bright Directions Fund 20 13.5% Domestic Equity 1.5% Real Estate 5% International Equity 60% Fixed Income 20% Money Market |
| 17-20 years | Bright Directions Fund 40 27% Domestic Equity 2% Real Estate 11% International Equity 60% Fixed Income | Bright Directions Fund 20 13.5% Domestic Equity 1.5% Real Estate 5% International Equity 60% Fixed Income 20% Money Market | Bright Directions Fund 10 7.5% Domestic Equity 2.5% International Equity 50% Fixed Income 40% Money Market |
| 21 and over | Bright Directions Fund 20 13.5% Domestic Equity 1.5% Real Estate 5% International Equity 60% Fixed Income 20% Money Market | Bright Directions Fund 10 7.5% Domestic Equity 2.5% International Equity 50% Fixed Income 40% Money Market | Bright Directions Fixed Income Fund 50% Fixed Income 50% Money Market |
Target Portfolios

The Target Portfolios are asset allocation portfolios that invest in a set or “static” mix of equity, real estate, fixed income, and money market funds. The allocation between equity, real estate, fixed income, and money market investments within the Target Portfolios does not change as the Beneficiary gets older.

The seven Target Portfolios, ranging from the most aggressive to conservative, are briefly described below. For a detailed asset allocation and the composition of the underlying mutual funds, see “Exhibit C – Investment Portfolios and Mutual Fund Information.” The current targeted asset allocations or investment mixes for the Target Portfolios are presented in the following table.

Bright Directions Target Portfolios

<table>
<thead>
<tr>
<th>Fund 100</th>
<th>64%</th>
<th>3%</th>
<th>33%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund 80</td>
<td>51%</td>
<td>2%</td>
<td>27%</td>
</tr>
<tr>
<td>Fund 60</td>
<td>37.5%</td>
<td>2%</td>
<td>20.5%</td>
</tr>
<tr>
<td>Fund 40</td>
<td>27%</td>
<td>2%</td>
<td>11%</td>
</tr>
<tr>
<td>Fund 20</td>
<td>13.5%</td>
<td>1.5%</td>
<td>5%</td>
</tr>
<tr>
<td>Fund 10</td>
<td>7.5%</td>
<td>2.5%</td>
<td>50%</td>
</tr>
<tr>
<td>Fixed Income Fund</td>
<td>50%</td>
<td>50%</td>
<td></td>
</tr>
</tbody>
</table>
Individual Fund Portfolios

The Program also offers 32 Individual Fund Portfolios. You can find more detailed information on each underlying mutual fund in “Exhibit C – Investment Portfolios and Mutual Fund Information” and in the prospectus for each mutual fund available at BrightDirections.com.

Each Individual Fund Portfolio is invested in shares of a single underlying mutual fund. In consultation with your broker or other financial advisor, you may allocate your Account balance among one or more Individual Fund Portfolios according to your investment objectives, investment time horizon, and risk tolerance. Since the Individual Fund Portfolios invest in a single mutual fund, their performance is based on the performance of the individual mutual funds in which they are invested. Consequently, the performance of each of the Individual Fund Portfolios may be more volatile than the Target or Age-Based Portfolios.

Account Owners do not own shares of the underlying mutual funds directly, but rather own shares in a Portfolio of the Program. The investment objectives, strategies, and risks of the underlying mutual funds in which each Individual Fund Portfolio is invested are more fully described in “Exhibit C – Investment Portfolios and Mutual Fund Information” and the prospectus for each mutual fund.

The Individual Fund Portfolios are briefly described as follows:

Money Market 529 Portfolio

BlackRock Cash Funds 529 Portfolio – invests solely in the BlackRock Cash Funds.

Investment Objective: The fund seeks a high level of income consistent with liquidity and the preservation of capital.

Principal Risks: Concentration Risk, Credit Risk, Extension Risk, Foreign Exposure Risk, Income Risk, Interest Rate Risk, Market Risk and Selection Risk, Mortgage- and Asset-Backed Securities Risks, Prepayment Risk, Regulatory Risk, Repurchase Agreements Risk, U.S. Government Obligations Risk, Variable and Floating Rate Instrument Risk, When-Issued and Delayed Settlement Transactions Risk. For a description of these risks, see Exhibit C.

Fixed Income 529 Portfolios

PIMCO Short-Term 529 Portfolio – invests solely in the PIMCO Short-Term Fund.

Investment Objective: The fund seeks maximum current income, consistent with preservation of capital and daily liquidity.

Principal Risks: Interest Rate Risk, Call Risk, Credit Risk, High Yield Risk, Market Risk, Issuer Risk, Liquidity Risk, Derivatives Risk, Equity Risk, Mortgage-Related and Other Asset-Backed Securities Risk, Foreign (Non-U.S.) Investment Risk, Currency Risk, Leveraging Risk, Management Risk, Short Sale Risk. For a description of these risks, see Exhibit C.

Baird Short-Term Bond 529 Portfolio – invests solely in the Baird Short-Term Bond Fund.

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

Principal Risks: Management Risks, Bond Market Risks, Credit Quality Risks, Mortgage- and Asset-Backed Securities Risks, Extension Risk, Government Obligations Risks, Liquidity Risks, Foreign Securities Risks, Valuation Risks, Recent Market Events. For a description of these risks, see Exhibit C.

Northern Funds Bond Index 529 Portfolio – invests solely in the Northern Funds Bond Index Fund.

Investment Objective: The fund seeks to provide investment results approximating the overall performance of the securities included in the Barclays U.S. Aggregate Bond Index.

Principal Risks: Market Risk, Management Risk, Liquidity Risk, Interest Rate/Maturity Risk, Prepayment (or Call) Risk, Debt Extension Risk, Credit (or Default) Risk, Tracking Risk, Portfolio Turnover Risk, U.S. Government Securities Risk. For a description of these risks, see Exhibit C.

MainStay Total Return Bond 529 Portfolio – invests solely in the MainStay Total Return Bond Fund.

Investment Objective: The fund seeks total return.

Principal Risks: Loss of Money Risk, Market Changes Risk, Management Risk, Debt Securities Risk, Loan Participation Interest Risk, High-Yield Securities Risk, TBA Securities Risk, Foreign Securities Risk, Mortgage-Backed/Asset-Backed Securities Risk, Floaters and Variable Rate Notes Risk, Derivatives Risk, Mortgage Dollar Roll Transaction Risk, Liquidity and Valuation Risk. For a description of these risks, see Exhibit C.

American Century Short Duration Inflation Protection Bond 529 Portfolio – invests solely in the American Century Short Duration Inflation Protection Bond Fund.

Investment Objective: The fund seeks to provide investment results approximating the overall performance of U.S. Treasury inflation-protected securities.

Principal Risks: Interest Rate Risk, Credit Risk, High-Yield Risk, Liquidity Risk, Nondiversification Risk, Prepayment Risk, Derivatives Risk, Foreign Securities Risk, Market Risk, Redemption Risk, Principal Loss. For a description of these risks, see Exhibit C.

BlackRock Inflation Protected Bond 529 Portfolio – invests solely in the BlackRock Inflation Protected Bond Portfolio.

Investment Objective: The fund seeks to provide investment results approximating the overall performance of U.S. Treasury inflation-protected securities.

Principal Risks: Debt Securities Risk, Interest Rate Risk, Credit Risk, Extension Risk, Prepayment Risk, Deflation Risk, Derivatives Risk, Dollar Rolls Risk, Emerging Markets Risk, Foreign Securities Risk, High Portfolio Turnover Risk, Inflation Indexed Bonds Risk, Leverage...
Risk, Liquidity Risk, Market Risk and Selection Risk, Mortgage- and Asset-Backed Securities Risks, Non-Diversification Risk, Non-Investment Grade Securities Risk, Repurchase Agreements and Purchase and Sale Contracts Risks, Reverse Repurchase Agreements Risk, U.S. Government Issuer Risk. For a description of these risks, see Exhibit C.

Templeton International Bond 529 Portfolio – invests solely in the Templeton International Bond Fund.

**Investment Objective:** Current income with capital appreciation and growth of income.

**Principal Risks:** Foreign Securities Risk, Currency Management Strategies Risk, Sovereign Debt Securities Risk, Regional Risk, Developing Market Countries Risk, Market Risk, Liquidity Risk, Interest Rate Risk, Credit Risk, Derivative Instruments Risk, High-Yield Debt Securities Risk, Income Risk, Non-Diversification Risk, Management Risk. For a description of these risks, see Exhibit C.

Balanced 529 Portfolio

T. Rowe Price Balanced 529 Portfolio – invests solely in the T. Rowe Price Balanced Fund.

**Investment Objective:** The fund seeks to provide capital growth, current income, and preservation of capital through a portfolio of stocks and fixed income securities.

**Principal Risks:** Active Management Risk, Risks of Stock Investing, Risks of Bond Investing, Interest Rate Risk, Credit Risk, Liquidity Risk, International Investing Risk, Emerging Markets Risk. For a description of these risks, see Exhibit C.

Real Estate 529 Portfolios

T. Rowe Price Real Estate 529 Portfolio – invests solely in the T. Rowe Price Real Estate Fund.

**Investment Objective:** The fund seeks to provide long-term growth through a combination of capital appreciation and current income.

**Principal Risks:** Active Management Risk, Risks of Stock Investing, Industry Risk, REIT Investing Risk, Foreign Investing Risk. For a description of these risks, see Exhibit C.

Voya Global Real Estate 529 Portfolio – invests solely in the Voya Global Real Estate Fund.

**Investment Objective:** The fund seeks to provide investors with high total return consisting of capital appreciation and current income.

**Principal Risks:** Company Risk, Concentration Risk, Convertible Securities Risk, Credit Risk, Currency Risk, Foreign Investments/Developing and Emerging Markets Risk, Initial Public Offerings Risk, Interest Rate Risk, Liquidity Risk, Market Risk, Market Capitalization Risk, Other Investment Companies Risk, Real Estate Companies and Real Estate Investment Trusts (“REITs”) Risk, Securities Lending Risk. For a description of these risks, see Exhibit C.

Socially Responsible 529 Portfolio

Calvert Equity 529 Portfolio – invests solely in the Calvert Equity Fund.

**Investment Objective:** The fund seeks growth of capital through investment in stocks believed to offer opportunities for potential capital appreciation.

**Principal Risks:** Management Risk, Stock Market Risk, Common Stock Risk, Large-Cap Company Risk, Mid-Cap Company Risk, Growth Company Risk, Foreign Securities Risk, Foreign Currency Risk, Sustainable and Socially Responsible Investing Risk. For a description of these risks, see Exhibit C.

Domestic (U.S.) Equity 529 Portfolios

MFS Value 529 Portfolio – invests solely in the MFS Value Fund.

**Investment Objective:** The fund’s investment objective is to seek capital appreciation.

**Principal Risks:** Stock Market/Company Risk, Value Company Risk, Foreign Risk, Liquidity Risk, Investment Selection Risk. For a description of these risks, see Exhibit C.

T. Rowe Price Equity Income 529 Portfolio – invests solely in the T. Rowe Price Equity Income Fund.

**Investment Objective:** The fund seeks a high level of dividend income and long-term capital growth primarily through investments in stocks.

**Principal Risks:** Active Management Risk, Risks of Stock Investing, Investment Process Risk, Benchmark Correlation Risk, Market Risk, Price Volatility, Principal Loss. For a description of these risks, see Exhibit C.

American Century Value 529 Portfolio – invests solely in the American Century Value Fund.

**Investment Objective:** The fund seeks long-term capital growth. Income is a secondary objective.

**Principal Risks:** Multi-Cap Investing Risk, Style Risk, Foreign Securities Risk, Redemption Risk, Market Risk, Price Volatility, Principal Loss. For a description of these risks, see Exhibit C.

American Century Equity Growth 529 Portfolio – invests solely in the American Century Equity Growth Fund.

**Investment Objective:** The fund seeks long-term capital growth by investing in common stocks.

**Principal Risks:** Style Risk, Investment Process Risk, Benchmark Correlation Risk, Market Risk, Price Volatility, Redemption Risk, Principal Loss. For a description of these risks, see Exhibit C.

Northern Funds Stock Index 529 Portfolio – invests solely in the Northern Funds Stock Index Fund.

**Investment Objective:** The fund seeks to provide investment results approximating the aggregate price and dividend performance of the securities included in the S&P 500® Index.
**Principal Risks:** Market Risk, Management Risk, Tracking Risk. For a description of these risks, see Exhibit C.

**Ariel Fund 529 Portfolio** – invests solely in the Ariel Fund.

**Investment Objective:** The fund pursues long-term capital appreciation.

**Principal Risks:** Market Risk, Small and Medium Capitalization Stock Risk, Concentration Risk. For a description of these risks, see Exhibit C.

**Northern Funds Small Cap Value 529 Portfolio** – invests solely in the Northern Funds Small Cap Value Fund.

**Investment Objective:** The fund seeks to provide long-term capital appreciation. Any income received is incidental to this objective.

**Principal Risks:** Market Risk, Management Risk, Small Cap Stock Risk. For a description of these risks, see Exhibit C.

**Northern Funds Small Cap Index 529 Portfolio** – invests solely in the Northern Funds Small Cap Index Fund.

**Investment Objective:** The fund seeks to provide investment results approximating the aggregate price and dividend performance of the securities included in the Russell 2000® Index.

**Principal Risks:** Market Risk, Management Risk, Tracking Risk, Small Cap Stock Risk. For a description of these risks, see Exhibit C.

**International Equity 529 Portfolios**


**Investment Objective:** The fund seeks long-term growth of principal and income.

**Principal Risks:** Issuer risk, Management risk, Equity risk, Market risk, Liquidity risk, Non-U.S. investment risk, Non-U.S. currency risk, Non-U.S. issuer risk, Emerging markets risk, Derivatives risk. For a description of these risks, see Exhibit C.

**Oppenheimer International Growth 529 Portfolio** – invests solely in the Oppenheimer International Growth Fund.

**Investment Objective:** The fund seeks capital appreciation.

**DFA International Small Company 529 Portfolio** – invests solely in the DFA International Small Company Portfolio.

**Investment Objective:** The investment objective of the portfolio is to achieve long-term capital appreciation.

**Principal Risks:** Fund of Funds Risk, Foreign Securities and Currencies Risk, Small Company Risk, Market Risk, Derivatives Risk, Securities Lending Risk. For a description of these risks, see Exhibit C.

**Causeway Emerging Markets 529 Portfolio** – invests solely in the Causeway Emerging Markets Fund.

**Investment Objective:** The fund’s investment objective is to seek long-term growth of capital.

**Principal Risks:** Market Risk, Selection Risk, Issuer-Specific Risk, Foreign and Emerging Markets Risk and Small Cap Risk. For a description of these risks, see Exhibit C.

For additional information on the individual mutual funds underlying the Individual Fund Portfolios, see each fund’s prospectus and “Exhibit C – Investment Portfolios and Mutual Fund Information.” The descriptions above are taken from the most recent prospectuses (dated prior to October 15, 2015) 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 by contacting your broker or financial advisor, or by visiting the website of the respective mutual fund, and from the program’s web site at BrightDirections.com.

It is important to remember that none of the Program, the State of Illinois or its officials/employees, the Treasurer, the Distributor, or the Program Manager or any of their affiliates can guarantee a minimum rate of return. Furthermore, funds deposited in an Account are not guaranteed or insured by the State of Illinois, the Treasurer, the Distributor, the Program Manager or its affiliates, the FDIC, or any other party. See “Certain Risks to Consider.”

**Can I Change My Investment Election?**
The Account Owner may change the Portfolio or Portfolios in which his or her Account is invested twice per calendar year, or upon a change in Beneficiary. If an Account Owner has multiple accounts in the Program for the same Beneficiary, or multiple accounts in the Program and other Illinois Section 529 programs, the Account Owner may change the Portfolios in all such accounts without tax consequences, so long as the changes to all of the accounts are made at the same time and no more frequently than twice per calendar year or upon a change of Beneficiary.

A transfer from the Bright Start College Savings Program or CollegeIllinois! to the Bright Directions College Savings Program or vice versa, for the same Beneficiary, is treated as an investment change. Investment changes are allowable only twice per calendar year or upon a change of Beneficiary.

Account Owners should periodically assess, and if appropriate, adjust their investment choices with their time horizon, risk tolerance and investment objectives in mind. To change the Portfolio or Portfolios in which your Account is invested, you should contact your broker or other financial advisor or you may log on to your account at BrightDirections.com to complete an investment change online. You may also download the Investment Change Form and complete and submit the form as directed, or call the Bright Directions College Savings Program at (866) 722-7283 for instructions.

The Program Manager employs procedures it considers to be reasonable to confirm that instructions communicated by telephone or Internet are genuine, including requiring certain personal identifying information prior to acting upon telephone or Internet instructions. None of the Program Manager, the Trust, nor the Trustee will be liable for following telephone or Internet instructions that are reasonably believed to be genuine.

**Can I Change the Investment of my Current Balance and Future Contributions?**
Yes, you can make an investment change twice per calendar year or upon a change of Beneficiary. You may change the investment of current and/or future contributions by logging into your Account at BrightDirections.com. If you complete a paper Investment Change Form your current balance and all future contributions will be invested as directed on the form.

**How Is the Value of My Account Calculated?**
The assets in your Account represent a portion of each Portfolio you have selected, expressed as a number of shares. The net asset value (“NAV”) of each share of a Portfolio is based on the underlying funds in which a Portfolio invests, and is determined by dividing:

- The Portfolio’s assets attributable to that Fee Structure less any liabilities attributable to that Fee Structure (including program management, state and account servicing fees), by
- The number of outstanding shares in such Fee Structure.

The NAV for each Portfolio offered by the Program is calculated each business day the New York Stock Exchange is open after the value of each underlying fund is determined. The value of your Account will increase or decrease depending on the aggregate value of the underlying funds. The value of each underlying mutual fund is determined in accordance with procedures described in its current prospectus.
How Have the Portfolios Performed?
The following tables show the past performance of the Fee Structures for each of the Portfolios. Performance figures are shown reflecting the Plan’s expenses and the expenses of the underlying investment funds, as well as the imposition of applicable sales charges and servicing fees. The information in the tables reflects the performance of the Portfolios, some of which have changed over time. If the Portfolios had been invested in the investment funds in which they are currently invested throughout the periods for which performance is shown, the Portfolio’s total returns would have been different.

All of the performance data shown represents past performance, which is not a guarantee or prediction of future results. Investment returns and principal value will fluctuate so that your Account may be worth less than the sum of your Contributions. For actual performance data of the Portfolios current to the most recent month-end, visit the Program’s website at BrightDirections.com, or call (866) 722-7283.

Account Owners do not own shares of the underlying mutual funds directly, but rather own shares in a Portfolio of the Program. As a result, the performance of the Portfolios will differ from the performance of the underlying mutual funds, even in circumstances where a Portfolio invests in an individual mutual fund. This is due in part to the differences in the expense ratios of the underlying funds and the Portfolios.

Performance differences between a Portfolio and its underlying mutual funds may also result from differences in the timing of purchases. On days when Contributions are made to an Account, the Age-Based, Target and Individual Fund Portfolios will not use that money to purchase shares of an underlying mutual fund until the next business day. This timing difference, depending on how the markets are moving, will cause the Portfolio’s performance to either trail or exceed the underlying mutual fund’s performance.

The performance information does not include performance for the Harbor Small Cap Growth Opportunities 529 Portfolio which was added to the Program October 1, 2015. Performance information for the portfolio is available to the most recent month-end at BrightDirections.com.
<table>
<thead>
<tr>
<th>Fund</th>
<th>Age-Based Portfolios</th>
<th>Target Portfolios</th>
<th>Individual Fund Portfolios</th>
<th>Focused Fund Portfolios</th>
<th>Index Fund Portfolios</th>
<th>Fixed Income Fund Portfolios</th>
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</thead>
<tbody>
<tr>
<td></td>
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<td>1 Year</td>
<td>3 Year</td>
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## Fee Structure C
### Period ended 09/30/2015

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<th>1 Year</th>
<th>3 Year</th>
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<td>9.96%</td>
<td>9.77%</td>
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<tr>
<td>Ages 9-12</td>
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<td><strong>Growth Option</strong></td>
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<td>6.53%</td>
<td>4.48%</td>
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<td>Ages 13-16</td>
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<td>4.74%</td>
<td>3.95%</td>
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<tr>
<td>Ages 17-20</td>
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<td>2.99%</td>
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<tr>
<td>Ages 21+</td>
<td>11/18/05</td>
<td>-0.82%</td>
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<td>1.18%</td>
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<td><strong>Balanced Option</strong></td>
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<tr>
<td>Ages 17-20</td>
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<td>0.47%</td>
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<td>1.95%</td>
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<td>Ages 21+</td>
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<td>9.96%</td>
<td>9.77%</td>
<td>4.35%</td>
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<td>Fund 80</td>
<td>11/18/05</td>
<td>-3.31%</td>
<td>7.92%</td>
<td>8.25%</td>
<td>4.73%</td>
</tr>
<tr>
<td>Fund 60</td>
<td>11/18/05</td>
<td>-2.41%</td>
<td>5.81%</td>
<td>6.53%</td>
<td>4.48%</td>
</tr>
<tr>
<td>Fund 40</td>
<td>11/18/05</td>
<td>-1.48%</td>
<td>3.85%</td>
<td>4.74%</td>
<td>3.95%</td>
</tr>
<tr>
<td>Fund 20</td>
<td>11/18/05</td>
<td>-0.74%</td>
<td>1.73%</td>
<td>2.58%</td>
<td>2.99%</td>
</tr>
<tr>
<td>Fund 10</td>
<td>11/18/05</td>
<td>-0.82%</td>
<td>0.47%</td>
<td>1.18%</td>
<td>1.95%</td>
</tr>
<tr>
<td>Fixed Income Fund</td>
<td>11/18/05</td>
<td>-0.70%</td>
<td>-0.72%</td>
<td>-0.07%</td>
<td>1.31%</td>
</tr>
<tr>
<td><strong>Individual Fund Portfolios</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BlackRock Cash Funds S29 Portfolio</td>
<td>11/18/05</td>
<td>0.07%</td>
<td>0.06%</td>
<td>0.07%</td>
<td>1.04%</td>
</tr>
<tr>
<td>PIMCO Short-Term S29 Portfolio</td>
<td>11/18/05</td>
<td>-0.77%</td>
<td>0.03%</td>
<td>0.31%</td>
<td>1.55%</td>
</tr>
<tr>
<td>Baird Short-Term Bond S29 Portfolio</td>
<td>11/18/14</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>0.20%</td>
</tr>
<tr>
<td>Northern Funds Bond Index S29 Portfolio</td>
<td>05/28/10</td>
<td>1.97%</td>
<td>0.65%</td>
<td>2.01%</td>
<td>2.47%</td>
</tr>
<tr>
<td>MainStay Total Return Bond S29 Portfolio</td>
<td>11/18/14</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>-1.20%</td>
</tr>
<tr>
<td>American Century Short Duration Inflation Protection Bond S29</td>
<td>12/05/13</td>
<td>-2.42%</td>
<td>n/a</td>
<td>n/a</td>
<td>-1.72%</td>
</tr>
<tr>
<td>BlackRock Inflation Protected Bond S29 Portfolio</td>
<td>03/30/09</td>
<td>-3.01%</td>
<td>-3.00%</td>
<td>1.04%</td>
<td>2.74%</td>
</tr>
<tr>
<td>Templeton International Bond S29 Portfolio</td>
<td>10/29/10</td>
<td>-12.43%</td>
<td>-3.40%</td>
<td>n/a</td>
<td>-0.43%</td>
</tr>
<tr>
<td>T. Rowe Price Balanced S29 Portfolio</td>
<td>11/18/05</td>
<td>-2.10%</td>
<td>6.65%</td>
<td>7.53%</td>
<td>5.07%</td>
</tr>
<tr>
<td>T. Rowe Price Real Estate S29 Portfolio</td>
<td>11/18/05</td>
<td>10.56%</td>
<td>8.92%</td>
<td>11.18%</td>
<td>5.82%</td>
</tr>
<tr>
<td>Voya Global Real Estate S29 Portfolio</td>
<td>03/30/09</td>
<td>1.01%</td>
<td>5.20%</td>
<td>6.17%</td>
<td>13.66%</td>
</tr>
<tr>
<td>Calvert Equity S29 Portfolio</td>
<td>11/18/05</td>
<td>4.20%</td>
<td>12.30%</td>
<td>11.79%</td>
<td>6.36%</td>
</tr>
<tr>
<td>MFS Value S29 Portfolio</td>
<td>05/31/12</td>
<td>-1.22%</td>
<td>11.59%</td>
<td>n/a</td>
<td>13.79%</td>
</tr>
<tr>
<td>T. Rowe Price Equity Income S29 Portfolio</td>
<td>11/18/05</td>
<td>-9.79%</td>
<td>6.93%</td>
<td>8.75%</td>
<td>4.08%</td>
</tr>
<tr>
<td>American Century Value S29 Portfolio</td>
<td>11/18/05</td>
<td>-6.32%</td>
<td>9.93%</td>
<td>10.37%</td>
<td>4.89%</td>
</tr>
<tr>
<td>American Century Equity Growth S29 Portfolio</td>
<td>11/18/05</td>
<td>-4.54%</td>
<td>10.67%</td>
<td>12.37%</td>
<td>5.15%</td>
</tr>
<tr>
<td>Northern Funds Stock Index S29 Portfolio</td>
<td>11/18/05</td>
<td>-1.64%</td>
<td>11.21%</td>
<td>12.11%</td>
<td>5.37%</td>
</tr>
<tr>
<td>Sit Dividend Growth S29 Portfolio</td>
<td>03/30/09</td>
<td>-1.84%</td>
<td>9.64%</td>
<td>10.91%</td>
<td>13.58%</td>
</tr>
<tr>
<td>American Century Growth S29 Portfolio</td>
<td>03/30/09</td>
<td>2.16%</td>
<td>10.47%</td>
<td>11.53%</td>
<td>14.51%</td>
</tr>
<tr>
<td>T. Rowe Price Instl Large-Cap Growth S29 Portfolio</td>
<td>04/30/08</td>
<td>4.94%</td>
<td>15.46%</td>
<td>14.57%</td>
<td>9.12%</td>
</tr>
<tr>
<td>T. Rowe Price Ext Eq Market Index S29 Portfolio</td>
<td>11/18/05</td>
<td>-0.78%</td>
<td>12.11%</td>
<td>12.10%</td>
<td>6.70%</td>
</tr>
<tr>
<td>William Blair Mid Cap Growth S29 Portfolio</td>
<td>05/28/10</td>
<td>3.06%</td>
<td>9.35%</td>
<td>10.59%</td>
<td>11.08%</td>
</tr>
<tr>
<td>Ariel Fund S29 Portfolio</td>
<td>11/18/05</td>
<td>-4.00%</td>
<td>13.49%</td>
<td>10.81%</td>
<td>4.77%</td>
</tr>
<tr>
<td>Northern Funds Small Cap Value S29 Portfolio</td>
<td>04/30/08</td>
<td>2.24%</td>
<td>10.79%</td>
<td>11.14%</td>
<td>6.91%</td>
</tr>
<tr>
<td>Northern Funds Small Cap Index S29 Portfolio</td>
<td>11/18/05</td>
<td>0.30%</td>
<td>9.97%</td>
<td>10.67%</td>
<td>5.28%</td>
</tr>
<tr>
<td>Delaware Small Cap Core S29 Portfolio</td>
<td>04/30/08</td>
<td>1.25%</td>
<td>12.62%</td>
<td>13.64%</td>
<td>8.77%</td>
</tr>
<tr>
<td>Dodge &amp; Cox International Stock S29 Portfolio</td>
<td>10/29/10</td>
<td>-16.89%</td>
<td>5.70%</td>
<td>n/a</td>
<td>2.27%</td>
</tr>
<tr>
<td>Northern Funds International Equity Index S29 Portfolio</td>
<td>11/18/05</td>
<td>-9.06%</td>
<td>4.75%</td>
<td>2.90%</td>
<td>1.74%</td>
</tr>
<tr>
<td>Oppenheimer International Growth S29 Portfolio</td>
<td>04/30/08</td>
<td>-3.48%</td>
<td>6.15%</td>
<td>6.05%</td>
<td>2.38%</td>
</tr>
<tr>
<td>DFA International Small Company S29 Portfolio</td>
<td>11/30/12</td>
<td>-4.52%</td>
<td>n/a</td>
<td>n/a</td>
<td>6.78%</td>
</tr>
<tr>
<td>Causeway Emerging Markets S29 Portfolio</td>
<td>12/05/13</td>
<td>-17.61%</td>
<td>n/a</td>
<td>n/a</td>
<td>-7.37%</td>
</tr>
<tr>
<td>Portfolio</td>
<td>Inception Date</td>
<td>1 Year</td>
<td>3 Year</td>
<td>5 Year</td>
<td>Since Inception</td>
</tr>
<tr>
<td>----------</td>
<td>----------------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
<td>----------------</td>
</tr>
<tr>
<td><strong>Age-Based Portfolios</strong></td>
<td></td>
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</tr>
<tr>
<td>Aggressive Portfolio</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ages 0-8</td>
<td>01/03/06</td>
<td>-3.52%</td>
<td>10.24%</td>
<td>10.05%</td>
<td>4.50%</td>
</tr>
<tr>
<td>Ages 9-12</td>
<td>12/20/05</td>
<td>-3.09%</td>
<td>8.17%</td>
<td>8.52%</td>
<td>4.93%</td>
</tr>
<tr>
<td>Ages 13-16</td>
<td>12/14/05</td>
<td>-2.19%</td>
<td>6.07%</td>
<td>6.80%</td>
<td>4.67%</td>
</tr>
<tr>
<td>Ages 17-20</td>
<td>03/01/06</td>
<td>-1.28%</td>
<td>4.07%</td>
<td>4.99%</td>
<td>4.11%</td>
</tr>
<tr>
<td>Ages 21+</td>
<td>05/16/06</td>
<td>-0.45%</td>
<td>1.99%</td>
<td>2.85%</td>
<td>3.19%</td>
</tr>
<tr>
<td>Growth Portfolio</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ages 0-8</td>
<td>12/20/05</td>
<td>-3.09%</td>
<td>8.17%</td>
<td>8.52%</td>
<td>4.93%</td>
</tr>
<tr>
<td>Ages 9-12</td>
<td>12/14/05</td>
<td>-2.19%</td>
<td>6.07%</td>
<td>6.80%</td>
<td>4.67%</td>
</tr>
<tr>
<td>Ages 13-16</td>
<td>03/01/06</td>
<td>-1.28%</td>
<td>4.07%</td>
<td>4.99%</td>
<td>4.11%</td>
</tr>
<tr>
<td>Ages 17-20</td>
<td>05/16/06</td>
<td>-0.45%</td>
<td>1.99%</td>
<td>2.85%</td>
<td>3.19%</td>
</tr>
<tr>
<td>Ages 21+</td>
<td>09/18/06</td>
<td>-0.58%</td>
<td>0.73%</td>
<td>1.44%</td>
<td>2.09%</td>
</tr>
<tr>
<td>Balanced Portfolio</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ages 0-8</td>
<td>12/14/05</td>
<td>-2.19%</td>
<td>6.07%</td>
<td>6.80%</td>
<td>4.67%</td>
</tr>
<tr>
<td>Ages 9-12</td>
<td>03/01/06</td>
<td>-1.28%</td>
<td>4.07%</td>
<td>4.99%</td>
<td>4.11%</td>
</tr>
<tr>
<td>Ages 13-16</td>
<td>05/16/06</td>
<td>-0.45%</td>
<td>1.99%</td>
<td>2.85%</td>
<td>3.19%</td>
</tr>
<tr>
<td>Ages 17-20</td>
<td>09/18/06</td>
<td>-0.58%</td>
<td>0.73%</td>
<td>1.44%</td>
<td>2.09%</td>
</tr>
<tr>
<td>Ages 21+</td>
<td>04/17/07</td>
<td>-0.45%</td>
<td>-0.48%</td>
<td>0.16%</td>
<td>1.19%</td>
</tr>
<tr>
<td><strong>Target Portfolios</strong></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund 100</td>
<td>01/03/06</td>
<td>-3.52%</td>
<td>10.24%</td>
<td>10.05%</td>
<td>4.50%</td>
</tr>
<tr>
<td>Fund 80</td>
<td>12/20/05</td>
<td>-3.09%</td>
<td>8.17%</td>
<td>8.52%</td>
<td>4.93%</td>
</tr>
<tr>
<td>Fund 60</td>
<td>12/14/05</td>
<td>-2.19%</td>
<td>6.07%</td>
<td>6.80%</td>
<td>4.67%</td>
</tr>
<tr>
<td>Fund 40</td>
<td>03/01/06</td>
<td>-1.28%</td>
<td>4.07%</td>
<td>4.99%</td>
<td>4.11%</td>
</tr>
<tr>
<td>Fund 20</td>
<td>05/16/06</td>
<td>-0.45%</td>
<td>1.99%</td>
<td>2.85%</td>
<td>3.19%</td>
</tr>
<tr>
<td>Fund 10</td>
<td>09/18/06</td>
<td>-0.58%</td>
<td>0.73%</td>
<td>1.44%</td>
<td>2.09%</td>
</tr>
<tr>
<td>Fixed Income Fund</td>
<td>04/17/07</td>
<td>-0.45%</td>
<td>-0.48%</td>
<td>0.16%</td>
<td>1.19%</td>
</tr>
<tr>
<td><strong>Individual Fund Portfolios</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BlackRock Cash Funds 529 Portfolio</td>
<td>12/30/05</td>
<td>0.07%</td>
<td>0.06%</td>
<td>0.07%</td>
<td>1.17%</td>
</tr>
<tr>
<td>PIMCO Short-Term 529 Portfolio</td>
<td>10/16/06</td>
<td>-0.43%</td>
<td>0.29%</td>
<td>0.58%</td>
<td>1.72%</td>
</tr>
<tr>
<td>Baird Short-Term Bond 529 Portfolio</td>
<td>11/18/14</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>0.50%</td>
</tr>
<tr>
<td>Northern Funds Bond Index 529 Portfolio</td>
<td>05/28/10</td>
<td>2.21%</td>
<td>0.91%</td>
<td>2.28%</td>
<td>2.73%</td>
</tr>
<tr>
<td>MainStay Total Return 529 Portfolio</td>
<td>11/18/14</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>-1.00%</td>
</tr>
<tr>
<td>American Century Short Duration Inflation Protection Bond 529</td>
<td>12/05/13</td>
<td>-2.11%</td>
<td>n/a</td>
<td>n/a</td>
<td>-1.44%</td>
</tr>
<tr>
<td>BlackRock Inflation Protected Bond 529 Portfolio</td>
<td>03/30/09</td>
<td>-2.81%</td>
<td>-2.76%</td>
<td>1.29%</td>
<td>2.99%</td>
</tr>
<tr>
<td>Templeton International Bond 529 Portfolio</td>
<td>10/29/10</td>
<td>-12.22%</td>
<td>-3.16%</td>
<td>n/a</td>
<td>-0.18%</td>
</tr>
<tr>
<td>T. Rowe Price Balanced 529 Portfolio</td>
<td>10/06/06</td>
<td>-1.84%</td>
<td>6.90%</td>
<td>7.80%</td>
<td>5.00%</td>
</tr>
<tr>
<td>T. Rowe Price Real Estate 529 Portfolio</td>
<td>12/14/05</td>
<td>10.86%</td>
<td>9.19%</td>
<td>11.46%</td>
<td>5.92%</td>
</tr>
<tr>
<td>Voya Global Real Estate 529 Portfolio</td>
<td>03/30/09</td>
<td>1.26%</td>
<td>5.44%</td>
<td>6.43%</td>
<td>13.93%</td>
</tr>
<tr>
<td>Calvert Equity 529 Portfolio</td>
<td>10/20/06</td>
<td>4.45%</td>
<td>12.60%</td>
<td>12.07%</td>
<td>6.84%</td>
</tr>
<tr>
<td>MFS Value 529 Portfolio</td>
<td>05/31/12</td>
<td>-0.96%</td>
<td>11.87%</td>
<td>n/a</td>
<td>14.08%</td>
</tr>
<tr>
<td>T. Rowe Price Equity Income 529 Portfolio</td>
<td>02/09/06</td>
<td>-9.59%</td>
<td>7.20%</td>
<td>9.03%</td>
<td>4.29%</td>
</tr>
<tr>
<td>American Century Value 529 Portfolio</td>
<td>10/13/06</td>
<td>-6.09%</td>
<td>10.20%</td>
<td>10.65%</td>
<td>4.48%</td>
</tr>
<tr>
<td>American Century Equity Growth 529 Portfolio</td>
<td>12/23/05</td>
<td>-4.33%</td>
<td>10.95%</td>
<td>12.64%</td>
<td>5.32%</td>
</tr>
<tr>
<td>Northern Funds Stock Index 529 Portfolio</td>
<td>07/19/06</td>
<td>-1.44%</td>
<td>11.49%</td>
<td>12.40%</td>
<td>6.01%</td>
</tr>
<tr>
<td>Sit Dividend Growth 529 Portfolio</td>
<td>03/30/09</td>
<td>-1.61%</td>
<td>9.92%</td>
<td>11.20%</td>
<td>13.85%</td>
</tr>
<tr>
<td>American Century Growth 529 Portfolio</td>
<td>03/30/09</td>
<td>2.42%</td>
<td>10.75%</td>
<td>11.80%</td>
<td>14.80%</td>
</tr>
<tr>
<td>T. Rowe Price Instl Large-Cap Growth 529 Portfolio</td>
<td>04/30/08</td>
<td>5.19%</td>
<td>15.74%</td>
<td>14.86%</td>
<td>9.38%</td>
</tr>
<tr>
<td>T. Rowe Price Ext Eq Market Index 529 Portfolio</td>
<td>02/09/06</td>
<td>-0.53%</td>
<td>12.40%</td>
<td>12.38%</td>
<td>6.79%</td>
</tr>
<tr>
<td>William Blair Mid Cap Growth 529 Portfolio</td>
<td>05/28/10</td>
<td>3.32%</td>
<td>9.63%</td>
<td>10.85%</td>
<td>11.35%</td>
</tr>
<tr>
<td>Ariel Fund 529 Portfolio</td>
<td>01/03/06</td>
<td>-3.73%</td>
<td>13.77%</td>
<td>11.10%</td>
<td>5.29%</td>
</tr>
<tr>
<td>Northern Funds Small Cap Value 529 Portfolio</td>
<td>04/30/08</td>
<td>2.52%</td>
<td>11.03%</td>
<td>11.42%</td>
<td>7.17%</td>
</tr>
<tr>
<td>Northern Funds Small Cap Index 529 Portfolio</td>
<td>10/16/06</td>
<td>0.53%</td>
<td>10.22%</td>
<td>10.95%</td>
<td>4.77%</td>
</tr>
<tr>
<td>Delaware Small Cap Core 529 Portfolio</td>
<td>04/30/08</td>
<td>1.50%</td>
<td>12.90%</td>
<td>13.92%</td>
<td>9.03%</td>
</tr>
<tr>
<td>Dodge &amp; Cox International Stock 529 Portfolio</td>
<td>10/29/10</td>
<td>-16.73%</td>
<td>5.92%</td>
<td>n/a</td>
<td>2.52%</td>
</tr>
<tr>
<td>Northern Funds International Equity Index 529 Portfolio</td>
<td>03/07/06</td>
<td>-8.81%</td>
<td>5.04%</td>
<td>3.18%</td>
<td>1.37%</td>
</tr>
<tr>
<td>Oppenheimer International Growth 529 Portfolio</td>
<td>04/30/08</td>
<td>-3.27%</td>
<td>6.41%</td>
<td>6.32%</td>
<td>2.64%</td>
</tr>
<tr>
<td>DFA International Small Company 529 Portfolio</td>
<td>11/30/12</td>
<td>-4.34%</td>
<td>n/a</td>
<td>n/a</td>
<td>7.00%</td>
</tr>
<tr>
<td>Causeway Emerging Markets 529 Portfolio</td>
<td>12/05/13</td>
<td>-17.47%</td>
<td>n/a</td>
<td>n/a</td>
<td>-7.14%</td>
</tr>
<tr>
<td>Portfolio Type</td>
<td>Inception Date</td>
<td>1 Year</td>
<td>3 Year</td>
<td>5 Year</td>
<td>Since Inception</td>
</tr>
<tr>
<td>----------------</td>
<td>----------------</td>
<td>--------</td>
<td>--------</td>
<td>--------</td>
<td>----------------</td>
</tr>
<tr>
<td><strong>Age-Based Portfolios</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Aggressive Portfolio</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ages 0-8</td>
<td>11/18/05</td>
<td>-3.27%</td>
<td>10.51%</td>
<td>10.33%</td>
<td>4.87%</td>
</tr>
<tr>
<td>Ages 9-12</td>
<td>11/18/05</td>
<td>-2.87%</td>
<td>8.44%</td>
<td>8.79%</td>
<td>5.25%</td>
</tr>
<tr>
<td>Ages 13-16</td>
<td>11/18/05</td>
<td>-1.94%</td>
<td>6.33%</td>
<td>7.07%</td>
<td>5.00%</td>
</tr>
<tr>
<td>Ages 17-20</td>
<td>11/18/05</td>
<td>-0.97%</td>
<td>4.37%</td>
<td>5.27%</td>
<td>4.46%</td>
</tr>
<tr>
<td>Ages 21+</td>
<td>11/18/05</td>
<td>-0.21%</td>
<td>2.26%</td>
<td>3.10%</td>
<td>3.50%</td>
</tr>
<tr>
<td><strong>Growth Portfolio</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ages 0-8</td>
<td>11/18/05</td>
<td>-2.87%</td>
<td>8.44%</td>
<td>8.79%</td>
<td>5.25%</td>
</tr>
<tr>
<td>Ages 9-12</td>
<td>11/18/05</td>
<td>-1.94%</td>
<td>6.33%</td>
<td>7.07%</td>
<td>5.00%</td>
</tr>
<tr>
<td>Ages 13-16</td>
<td>11/18/05</td>
<td>-0.97%</td>
<td>4.37%</td>
<td>5.27%</td>
<td>4.46%</td>
</tr>
<tr>
<td>Ages 17-20</td>
<td>11/18/05</td>
<td>-0.21%</td>
<td>2.26%</td>
<td>3.10%</td>
<td>3.50%</td>
</tr>
<tr>
<td>Ages 21+</td>
<td>11/18/05</td>
<td>-0.25%</td>
<td>-0.22%</td>
<td>0.42%</td>
<td>1.81%</td>
</tr>
<tr>
<td><strong>Balanced Portfolio</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ages 0-8</td>
<td>11/18/05</td>
<td>-1.94%</td>
<td>6.33%</td>
<td>7.07%</td>
<td>5.00%</td>
</tr>
<tr>
<td>Ages 9-12</td>
<td>11/18/05</td>
<td>-0.97%</td>
<td>4.37%</td>
<td>5.27%</td>
<td>4.46%</td>
</tr>
<tr>
<td>Ages 13-16</td>
<td>11/18/05</td>
<td>-0.21%</td>
<td>2.26%</td>
<td>3.10%</td>
<td>3.50%</td>
</tr>
<tr>
<td>Ages 17-20</td>
<td>11/18/05</td>
<td>-0.31%</td>
<td>0.96%</td>
<td>1.69%</td>
<td>2.46%</td>
</tr>
<tr>
<td>Ages 21+</td>
<td>11/18/05</td>
<td>-0.25%</td>
<td>-0.22%</td>
<td>0.42%</td>
<td>1.81%</td>
</tr>
<tr>
<td><strong>Target Portfolios</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fund 100</strong></td>
<td>11/18/05</td>
<td>-3.27%</td>
<td>10.51%</td>
<td>10.33%</td>
<td>4.87%</td>
</tr>
<tr>
<td><strong>Fund 80</strong></td>
<td>11/18/05</td>
<td>-2.87%</td>
<td>8.44%</td>
<td>8.79%</td>
<td>5.25%</td>
</tr>
<tr>
<td><strong>Fund 60</strong></td>
<td>11/18/05</td>
<td>-1.94%</td>
<td>6.33%</td>
<td>7.07%</td>
<td>5.00%</td>
</tr>
<tr>
<td><strong>Fund 40</strong></td>
<td>11/18/05</td>
<td>-0.97%</td>
<td>4.37%</td>
<td>5.27%</td>
<td>4.46%</td>
</tr>
<tr>
<td><strong>Fund 20</strong></td>
<td>11/18/05</td>
<td>-0.21%</td>
<td>2.26%</td>
<td>3.10%</td>
<td>3.50%</td>
</tr>
<tr>
<td><strong>Fund 10</strong></td>
<td>11/18/05</td>
<td>-0.31%</td>
<td>0.96%</td>
<td>1.69%</td>
<td>2.46%</td>
</tr>
<tr>
<td><strong>Fixed Income Fund</strong></td>
<td>11/18/05</td>
<td>-0.25%</td>
<td>-0.22%</td>
<td>0.42%</td>
<td>1.81%</td>
</tr>
<tr>
<td><strong>Individual Fund Portfolios</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BlackRock Cash Funds S29 Portfolio</td>
<td>11/18/05</td>
<td>0.07%</td>
<td>0.06%</td>
<td>0.07%</td>
<td>1.21%</td>
</tr>
<tr>
<td>PIMCO Short-Term S29 Portfolio</td>
<td>11/18/05</td>
<td>-0.24%</td>
<td>0.52%</td>
<td>0.82%</td>
<td>2.06%</td>
</tr>
<tr>
<td>Baird Short-Term Bond S29 Portfolio</td>
<td>11/18/14</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>0.70%</td>
</tr>
<tr>
<td>Northern Funds Bond Index S29 Portfolio</td>
<td>05/28/10</td>
<td>2.45%</td>
<td>1.17%</td>
<td>2.52%</td>
<td>2.98%</td>
</tr>
<tr>
<td>Mainstay Total Return Bond S29 Portfolio</td>
<td>11/18/14</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>0.70%</td>
</tr>
<tr>
<td>American Century Short Duration Inflation Protection Bond S29</td>
<td>12/05/13</td>
<td>-1.91%</td>
<td>n/a</td>
<td>n/a</td>
<td>-1.22%</td>
</tr>
<tr>
<td>BlackRock Inflation Protected Bond S29 Portfolio</td>
<td>03/30/09</td>
<td>-2.53%</td>
<td>-2.52%</td>
<td>1.53%</td>
<td>3.25%</td>
</tr>
<tr>
<td>Templeton International Bond S29 Portfolio</td>
<td>10/29/10</td>
<td>-12.02%</td>
<td>-2.91%</td>
<td>n/a</td>
<td>0.06%</td>
</tr>
<tr>
<td>T. Rowe Price Balanced S29 Portfolio</td>
<td>11/18/05</td>
<td>-1.61%</td>
<td>7.19%</td>
<td>8.08%</td>
<td>5.58%</td>
</tr>
<tr>
<td>T. Rowe Price Real Estate S29 Portfolio</td>
<td>11/18/05</td>
<td>11.13%</td>
<td>9.48%</td>
<td>11.73%</td>
<td>6.36%</td>
</tr>
<tr>
<td>Voya Global Real Estate S29 Portfolio</td>
<td>03/30/09</td>
<td>1.54%</td>
<td>5.72%</td>
<td>6.70%</td>
<td>14.23%</td>
</tr>
<tr>
<td>Calvert Equity S29 Portfolio</td>
<td>11/18/05</td>
<td>4.73%</td>
<td>12.87%</td>
<td>12.35%</td>
<td>6.88%</td>
</tr>
<tr>
<td>MFS Value S29 Portfolio</td>
<td>05/31/12</td>
<td>-0.70%</td>
<td>12.15%</td>
<td>n/a</td>
<td>14.37%</td>
</tr>
<tr>
<td>T. Rowe Price Equity Income S29 Portfolio</td>
<td>11/18/05</td>
<td>-9.31%</td>
<td>7.45%</td>
<td>9.30%</td>
<td>4.60%</td>
</tr>
<tr>
<td>American Century Value S29 Portfolio</td>
<td>11/18/05</td>
<td>-5.88%</td>
<td>10.47%</td>
<td>10.90%</td>
<td>5.41%</td>
</tr>
<tr>
<td>American Century Equity Growth S29 Portfolio</td>
<td>11/18/05</td>
<td>-4.06%</td>
<td>11.21%</td>
<td>12.93%</td>
<td>5.67%</td>
</tr>
<tr>
<td>Northern Funds Stock Index S29 Portfolio</td>
<td>11/18/05</td>
<td>-1.18%</td>
<td>11.75%</td>
<td>12.68%</td>
<td>5.89%</td>
</tr>
<tr>
<td>Sit Dividend Growth S29 Portfolio</td>
<td>03/30/09</td>
<td>-1.38%</td>
<td>10.18%</td>
<td>11.47%</td>
<td>14.14%</td>
</tr>
<tr>
<td>American Century Growth S29 Portfolio</td>
<td>03/30/09</td>
<td>2.67%</td>
<td>11.03%</td>
<td>12.09%</td>
<td>15.10%</td>
</tr>
<tr>
<td>T. Rowe Price Instl Large-Cap Growth S29 Portfolio</td>
<td>04/30/08</td>
<td>5.43%</td>
<td>16.03%</td>
<td>15.15%</td>
<td>9.65%</td>
</tr>
<tr>
<td>T. Rowe Price Ext Eq Market Index S29 Portfolio</td>
<td>11/18/05</td>
<td>-0.25%</td>
<td>12.70%</td>
<td>12.67%</td>
<td>7.24%</td>
</tr>
<tr>
<td>William Blair Mid Cap Growth S29 Portfolio</td>
<td>05/28/10</td>
<td>3.57%</td>
<td>9.91%</td>
<td>11.15%</td>
<td>11.63%</td>
</tr>
<tr>
<td>Ariel Fund S29 Portfolio</td>
<td>11/18/05</td>
<td>-3.48%</td>
<td>14.05%</td>
<td>11.38%</td>
<td>5.30%</td>
</tr>
<tr>
<td>Northern Funds Small Cap Value S29 Portfolio</td>
<td>04/30/08</td>
<td>2.72%</td>
<td>11.32%</td>
<td>11.70%</td>
<td>7.43%</td>
</tr>
<tr>
<td>Northern Funds Small Cap Index S29 Portfolio</td>
<td>11/18/05</td>
<td>0.75%</td>
<td>10.49%</td>
<td>11.23%</td>
<td>5.81%</td>
</tr>
<tr>
<td>Delaware Small Cap Core S29 Portfolio</td>
<td>04/30/08</td>
<td>1.79%</td>
<td>13.21%</td>
<td>14.21%</td>
<td>9.31%</td>
</tr>
<tr>
<td>Dodge &amp; Cox International Stock S29 Portfolio</td>
<td>10/29/10</td>
<td>-16.56%</td>
<td>6.21%</td>
<td>n/a</td>
<td>2.77%</td>
</tr>
<tr>
<td>Northern Funds International Equity Index S29 Portfolio</td>
<td>11/18/05</td>
<td>-8.60%</td>
<td>5.29%</td>
<td>3.43%</td>
<td>2.24%</td>
</tr>
<tr>
<td>Oppenheimer International Growth S29 Portfolio</td>
<td>04/30/08</td>
<td>-3.06%</td>
<td>6.66%</td>
<td>6.58%</td>
<td>2.89%</td>
</tr>
<tr>
<td>DFA International Small Company S29 Portfolio</td>
<td>11/30/12</td>
<td>-4.01%</td>
<td>n/a</td>
<td>n/a</td>
<td>7.31%</td>
</tr>
<tr>
<td>Causeway Emerging Markets S29 Portfolio</td>
<td>12/05/13</td>
<td>-17.25%</td>
<td>n/a</td>
<td>n/a</td>
<td>-6.91%</td>
</tr>
</tbody>
</table>
What Does the Program Cost?

A program management fee and a state administrative fee are accrued by each Portfolio under the Plan on a daily basis. These fees are not reflected as a direct charge against your Account on your account statements, but rather are reflected as an expense in the daily NAV calculation for each Portfolio, as discussed in “How is the Value of my Account Calculated” above. The program management fee is an annual rate of 0.18% and the state administrative fee is at an annual rate of 0.05% (0.03% for the Individual Fund ETF Portfolios), each of the average daily net assets of each Portfolio. Under certain circumstances, the Program Manager, in its sole discretion, may waive a portion of its program management fee with respect to a Portfolio. Any such waiver would be voluntary and may be discontinued at any time.

Each Portfolio will also indirectly bear its pro rata share of the fees and expenses of the underlying mutual funds. Although these expenses and fees are not charged to Program Accounts, they will reduce the investment returns realized by each Portfolio.

Accounts are offered through the Distributor and brokers or other financial advisors to provide Participants the opportunity to establish Accounts with the assistance of a financial professional. When you open an Account with the involvement of a broker or financial advisor you must choose from among Fee Structure A, C, E, or F. Fee Structure E is available only to Account Owners investing in the Program through an employer-sponsored option, and Fee Structure F is available only for Account Owners investing in the Program through registered investment advisors or other financial advisors who are not compensated through commissions, but rather through payment of an hourly fee or a percentage of assets under management. The sales charges paid to the Distributor and additional fees associated with each Fee Structure and the Program are described below.

<table>
<thead>
<tr>
<th>Sales Charges</th>
<th>Account Sales Charge*</th>
<th>Annual Account Servicing Fee**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fee Structure A</td>
<td>3.50%</td>
<td>0.25%</td>
</tr>
<tr>
<td>Fee Structure C</td>
<td>none</td>
<td>0.50%</td>
</tr>
<tr>
<td>Fee Structure E</td>
<td>none</td>
<td>0.25%</td>
</tr>
<tr>
<td>Fee Structure F</td>
<td>none</td>
<td>none</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Additional Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cancellation Fee</td>
</tr>
<tr>
<td>Change in Beneficiary</td>
</tr>
<tr>
<td>Investment Option Change</td>
</tr>
</tbody>
</table>

* Paid directly from each Contribution
** Deducted from Portfolio assets

Fees set forth under Fee Structure A, C, E, or F are in addition to all other fees charged against the Account. You may choose to make Contributions under more than one Fee Structure by establishing separate Accounts. The annual servicing fees applicable to each Account under each of the Fee Structures are accrued daily and reflected in the NAV of each Portfolio. In consultation with your broker or financial advisor, you should consider carefully your investment goals and objectives when considering which Fee Structure to choose for your Account, including your Account Beneficiary’s age and how often and for how long you intend to contribute to your Account.

For Fee Structure A, C, E or F, no Annual Account Servicing Fee is charged for the BlackRock Cash Funds 529 Portfolio.

Contributions made to the BlackRock Cash Funds 529 Portfolio, the PIMCO Short-Term 529 Portfolio, or the Baird Short-Term Bond 529 Portfolio under Fee Structure A are not subject to an initial sales charge. However, if you transfer funds contributed under Fee Structure A from the BlackRock Cash Funds 529 Portfolio, the PIMCO Short-Term 529 Portfolio, or the Baird Short-Term Bond 529 Portfolio to another Portfolio in the Program, you will be assessed the sales charges applicable to such new Portfolio under Fee Structure A.

Initial Sales Charge Waivers: The initial sales charge will not apply to Contributions made under Fee Structure A under the following situations:

• Purchases for employees or associated persons, and members of their immediate families (spouse, children, mother, father), of selling institutions that have entered into a selling agent agreement to sell interests in the Program;
• If you previously paid a front-end sales charge, Contributions that constitute a Qualified Rollover Distribution from another 529 qualified tuition program or a Coverdell Education Savings Account may be made to Accounts under Fee Structure A without the imposition of an initial sales charge. This initial sales charge waiver is only available through certain broker-dealers. Check with your financial advisor to see if you are eligible before initiating a rollover.

• “Bright Directions 529 College Savings Visa Card Rewards” Contributions generated from the Bright Directions College Savings Visa Card.
• “Bright Directions GiftED” Contributions made by a non-Account Owner.

All other fees applicable to Fee Structure A will apply.

To receive an initial sales charge waiver under Fee Structure A, you or your financial advisor must notify the Program Manager at the time you make a Contribution that you qualify for such a waiver.

The Program Manager’s ability to recommend investment of Portfolio assets is limited by the Services Agreement and is subject to review by the Treasurer. The Program Manager may receive and retain from the underlying mutual funds an amount up to 0.25% of Program assets invested in such underlying mutual funds for certain administrative or other shareholder services associated with maintaining an investment in such underlying mutual funds.
Whether there are any additional transaction, service, administrative, or other fees charged directly by a broker or financial advisor with respect to an Account is a matter between the Account Owner and the financial professional and is not a feature of the Program.

The following tables set forth the Program’s estimate of the fees and expenses applicable to the Age-Based, Target and Individual Fund Portfolios. The actual expenses of each Portfolio may be different. The “Total Annual Asset-Based Fees” estimated below include the program management and state administrative fee assessed against each Portfolio as described above, as well as any applicable annual servicing fees under Fee Structure A, C, or E.

The following notes relate to the information contained in the tables on the following pages outlining the expenses, fees, and sales charges applicable to each Fee Structure.

1 For registered mutual funds, in the absence of a change that would materially affect the information, based on the most recent fund prospectus dated prior to October 15, 2015, and for Portfolios invested in multiple registered mutual funds, based on a weighted average of each fund’s total annual operating expenses, in accordance with the Portfolio’s asset allocation as of the date of this Program Disclosure Statement.

2 If you previously paid a front-end sales charge, Contributions that constitute a Qualified Rollover Distribution from another 529 qualified tuition program or a Coverdell Education Savings Account may be made to Accounts under Fee Structure A without the imposition of an initial sales charge. This initial sales charge waiver is only available through certain broker-dealers. Check with your financial advisor to see if you are eligible before initiating a rollover.

Initial Sales Charge waivers are also available for employees or associated persons of selling institutions and their immediate family members, Bright Directions 529 College Savings Visa Card Rewards contributions, and Bright Directions GiftED contributions made by a non-Account Owner.

3 No Annual Account Servicing Fee is charged on the BlackRock Cash Funds 529 Portfolio.
### Fee Structure A

| Fund 100 | 0.49% | 0.18% | 0.05% | 0.25% | 0.97% | 3.50% | None |
| Fund 80  | 0.48% | 0.18% | 0.05% | 0.25% | 0.96% | 3.50% | None |
| Fund 60  | 0.43% | 0.18% | 0.05% | 0.25% | 0.91% | 3.50% | None |
| Fund 40  | 0.44% | 0.18% | 0.05% | 0.25% | 0.92% | 3.50% | None |
| Fund 20  | 0.35% | 0.18% | 0.05% | 0.25% | 0.83% | 3.50% | None |
| Fund 10  | 0.29% | 0.18% | 0.05% | 0.25% | 0.77% | 3.50% | None |
| Fixed Income Fund | 0.26% | 0.18% | 0.05% | 0.25% | 0.74% | 3.50% | None |

### Age Based Portfolios

#### Aggressive Portfolio
- Ages 0-8: 0.49% 0.18% 0.05% 0.25% 0.97% 3.50% None
- Ages 9-12: 0.48% 0.18% 0.05% 0.25% 0.96% 3.50% None
- Ages 13-16: 0.43% 0.18% 0.05% 0.25% 0.91% 3.50% None
- Ages 17-20: 0.44% 0.18% 0.05% 0.25% 0.92% 3.50% None
- Ages 21+: 0.35% 0.18% 0.05% 0.25% 0.83% 3.50% None

#### Growth Portfolio
- Ages 0-8: 0.48% 0.18% 0.05% 0.25% 0.96% 3.50% None
- Ages 9-12: 0.43% 0.18% 0.05% 0.25% 0.91% 3.50% None
- Ages 13-16: 0.44% 0.18% 0.05% 0.25% 0.92% 3.50% None
- Ages 17-20: 0.35% 0.18% 0.05% 0.25% 0.83% 3.50% None
- Ages 21+: 0.29% 0.18% 0.05% 0.25% 0.77% 3.50% None

#### Balanced Portfolio
- Ages 0-8: 0.43% 0.18% 0.05% 0.25% 0.91% 3.50% None
- Ages 9-12: 0.44% 0.18% 0.05% 0.25% 0.92% 3.50% None
- Ages 13-16: 0.35% 0.18% 0.05% 0.25% 0.83% 3.50% None
- Ages 17-20: 0.29% 0.18% 0.05% 0.25% 0.77% 3.50% None
- Ages 21+: 0.26% 0.18% 0.05% 0.25% 0.74% 3.50% None

### Individual Fund Portfolios

- BlackRock Cash Funds S29 Portfolio: 0.12% 0.18% 0.00% 0.00% 0.30% None None
- PIMCO Short-Term S29 Portfolio: 0.46% 0.18% 0.05% 0.25% 0.94% None None
- Baird Short-Term Bond S29 Portfolio: 0.30% 0.18% 0.05% 0.25% 0.78% None None
- Northern Funds Bond Index S29 Portfolio: 0.16% 0.18% 0.05% 0.25% 0.64% 3.50% None
- MainStay Total Return Bond S29 Portfolio: 0.60% 0.18% 0.05% 0.25% 1.08% 3.50% None
- American Century Short Duration Inflation Protection Bond S29 Portfolio: 0.37% 0.18% 0.05% 0.25% 0.85% 3.50% None
- BlackRock Inflation Protected Bond S29 Portfolio: 0.44% 0.18% 0.05% 0.25% 0.92% 3.50% None
- Templeton International Bond S29 Portfolio: 0.76% 0.18% 0.05% 0.25% 1.24% 3.50% None
- T. Rowe Price Balanced S29 Portfolio: 0.64% 0.18% 0.05% 0.25% 1.12% 3.50% None
- T. Rowe Price Real Estate S29 Portfolio: 0.76% 0.18% 0.05% 0.25% 1.24% 3.50% None
- Voya Global Real Estate S29 Portfolio: 0.98% 0.18% 0.05% 0.25% 1.46% 3.50% None
- Calvert Equity S29 Portfolio: 0.66% 0.18% 0.05% 0.25% 1.14% 3.50% None
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- American Century Value S29 Portfolio: 0.77% 0.18% 0.05% 0.25% 1.25% 3.50% None
- American Century Equity Growth S29 Portfolio: 0.47% 0.18% 0.05% 0.25% 0.95% 3.50% None
- Northern Funds Stock Index S29 Portfolio: 0.11% 0.18% 0.05% 0.25% 0.59% 3.50% None
- Sit Dividend Growth S29 Portfolio: 1.34% 0.18% 0.05% 0.25% 1.82% 3.50% None
- American Century Growth S29 Portfolio: 0.77% 0.18% 0.05% 0.25% 1.25% 3.50% None
- T. Rowe Price Instl. Large-Cap Growth S29 Portfolio: 0.56% 0.18% 0.05% 0.25% 1.04% 3.50% None
- T. Rowe Price Extended Equity Market Index S29 Portfolio: 0.37% 0.18% 0.05% 0.25% 0.85% 3.50% None
- William Blair Mid Cap Growth S29 Portfolio: 1.05% 0.18% 0.05% 0.25% 1.53% 3.50% None
- Ariel Fund S29 Portfolio: 0.72% 0.18% 0.05% 0.25% 1.20% 3.50% None
- Northern Funds Small Cap Value S29 Portfolio: 1.01% 0.18% 0.05% 0.25% 1.49% 3.50% None
- Northern Funds Small Cap Index S29 Portfolio: 0.15% 0.18% 0.05% 0.25% 0.63% 3.50% None
- Delaware Small Cap Core S29 Portfolio: 1.07% 0.18% 0.05% 0.25% 1.55% 3.50% None
- Harbor Small Cap Growth Opportunities S29 Portfolio: 0.90% 0.18% 0.05% 0.25% 1.38% 3.50% None
- Dodge & Cox International Stock S29 Portfolio: 0.64% 0.18% 0.05% 0.25% 1.12% 3.50% None
- Northern Funds International Equity Index S29 Portfolio: 0.25% 0.18% 0.05% 0.25% 0.73% 3.50% None
- Oppenheimer International Growth S29 Portfolio: 0.70% 0.18% 0.05% 0.25% 1.18% 3.50% None
- DFA International Small Company S29 Portfolio: 0.53% 0.18% 0.05% 0.25% 1.01% 3.50% None
- Causeway Emerging Markets S29 Portfolio: 1.22% 0.18% 0.05% 0.25% 1.70% 3.50% None

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“See page 25 for footnotes.”

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### Fee Structure C

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<th>State Fee</th>
<th>Annual Servicing Fee</th>
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<th>Additional Investor Expenses</th>
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### Age Based Portfolios

#### Aggressive Portfolio
- Ages 0-8: 0.49% 0.18% 0.05% 0.50% 1.22% None None
- Ages 9-12: 0.48% 0.18% 0.05% 0.50% 1.19% None None
- Ages 13-16: 0.43% 0.18% 0.05% 0.50% 1.16% None None
- Ages 17-20: 0.44% 0.18% 0.05% 0.50% 1.17% None None
- Ages 21+: 0.35% 0.18% 0.05% 0.50% 1.08% None None

#### Growth Portfolio
- Ages 0-8: 0.48% 0.18% 0.05% 0.50% 1.21% None None
- Ages 9-12: 0.43% 0.18% 0.05% 0.50% 1.16% None None
- Ages 13-16: 0.44% 0.18% 0.05% 0.50% 1.17% None None
- Ages 17-20: 0.35% 0.18% 0.05% 0.50% 1.08% None None
- Ages 21+: 0.29% 0.18% 0.05% 0.50% 1.02% None None

#### Balanced Portfolio
- Ages 0-8: 0.43% 0.18% 0.05% 0.50% 1.16% None None
- Ages 9-12: 0.44% 0.18% 0.05% 0.50% 1.17% None None
- Ages 13-16: 0.35% 0.18% 0.05% 0.50% 1.08% None None
- Ages 17-20: 0.29% 0.18% 0.05% 0.50% 1.02% None None
- Ages 21+: 0.26% 0.18% 0.05% 0.50% 0.99% None None

### Individual Fund Portfolios

- BlackRock Cash Funds 529 Portfolio: 0.12% 0.18% 0.00% 0.00% 0.30% None None
- PIMCO Short-Term 529 Portfolio: 0.46% 0.18% 0.05% 0.50% 1.19% None None
- Baird Short-Term Bond 529 Portfolio: 0.30% 0.18% 0.05% 0.50% 1.03% None None
- Northern Funds Bond Index 529 Portfolio: 0.16% 0.18% 0.05% 0.50% 0.89% None None
- MainStay Total Return Bond 529 Portfolio: 0.60% 0.18% 0.05% 0.50% 1.33% None None
- American Century Short Duration Inflation Protection Bond 529 Portfolio: 0.37% 0.18% 0.05% 0.50% 1.10% None None
- BlackRock Inflation Protected Bond 529 Portfolio: 0.44% 0.18% 0.05% 0.50% 1.17% None None
- Templeton International Bond 529 Portfolio: 0.76% 0.18% 0.05% 0.50% 1.49% None None
- T. Rowe Price Balanced 529 Portfolio: 0.64% 0.18% 0.05% 0.50% 1.37% None None
- T. Rowe Price Real Estate 529 Portfolio: 0.76% 0.18% 0.05% 0.50% 1.49% None None
- Voya Global Real Estate 529 Portfolio: 0.98% 0.18% 0.05% 0.50% 1.71% None None
- Calvert Equity 529 Portfolio: 0.66% 0.18% 0.05% 0.50% 1.39% None None
- MFS Value 529 Portfolio: 0.63% 0.18% 0.05% 0.50% 1.36% None None
- T. Rowe Price Equity Income 529 Portfolio: 0.66% 0.18% 0.05% 0.50% 1.39% None None
- American Century Value 529 Portfolio: 0.77% 0.18% 0.05% 0.50% 1.50% None None
- American Century Equity Growth 529 Portfolio: 0.47% 0.18% 0.05% 0.50% 1.20% None None
- Northern Funds Stock Index 529 Portfolio: 0.11% 0.18% 0.05% 0.50% 0.84% None None
- Sit Dividend Growth 529 Portfolio: 1.34% 0.18% 0.05% 0.50% 2.07% None None
- American Century Growth 529 Portfolio: 0.77% 0.18% 0.05% 0.50% 1.50% None None
- T. Rowe Price Instl. Large-Cap Growth 529 Portfolio: 0.56% 0.18% 0.05% 0.50% 1.29% None None
- T. Rowe Price Extended Equity Market Index 529 Portfolio: 0.37% 0.18% 0.05% 0.50% 1.10% None None
- William Blair Mid Cap Growth 529 Portfolio: 1.05% 0.18% 0.05% 0.50% 1.78% None None
- Ariel Fund 529 Portfolio: 0.72% 0.18% 0.05% 0.50% 1.45% None None
- Northern Funds Small Cap Value 529 Portfolio: 1.01% 0.18% 0.05% 0.50% 1.74% None None
- Northern Funds Small Cap Index 529 Portfolio: 0.15% 0.18% 0.05% 0.50% 0.88% None None
- Delaware Small Cap Core 529 Portfolio: 1.07% 0.18% 0.05% 0.50% 1.80% None None
- Harbor Small Cap Growth Opportunities 529 Portfolio: 0.90% 0.18% 0.05% 0.50% 1.63% None None
- Dodge & Cox International Stock 529 Portfolio: 0.64% 0.18% 0.05% 0.50% 1.37% None None
- Northern Funds International Equity Index 529 Portfolio: 0.25% 0.18% 0.05% 0.50% 0.98% None None
- Oppenheimer International Growth 529 Portfolio: 0.70% 0.18% 0.05% 0.50% 1.43% None None
- DFA International Small Company 529 Portfolio: 0.53% 0.18% 0.05% 0.50% 1.26% None None
- Causeway Emerging Markets 529 Portfolio: 1.22% 0.18% 0.05% 0.50% 1.95% None None

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"See page 25 for footnotes."
### Fee Structure E

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<tr>
<td>Fixed Income Fund</td>
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### Age Based Portfolios

#### Aggressive Portfolio
- Ages 0-8: 0.49% 0.18% 0.05% 0.25% 0.97%  None
- Ages 9-12: 0.48% 0.18% 0.05% 0.25% 0.96%  None
- Ages 13-16: 0.43% 0.18% 0.05% 0.25% 0.91%  None
- Ages 17-20: 0.44% 0.18% 0.05% 0.25% 0.92%  None
- Ages 21+: 0.35% 0.18% 0.05% 0.25% 0.83%  None

#### Growth Portfolio
- Ages 0-8: 0.48% 0.18% 0.05% 0.25% 0.96%  None
- Ages 9-12: 0.43% 0.18% 0.05% 0.25% 0.91%  None
- Ages 13-16: 0.44% 0.18% 0.05% 0.25% 0.92%  None
- Ages 17-20: 0.35% 0.18% 0.05% 0.25% 0.83%  None
- Ages 21+: 0.29% 0.18% 0.05% 0.25% 0.77%  None

#### Balanced Portfolio
- Ages 0-8: 0.43% 0.18% 0.05% 0.25% 0.91%  None
- Ages 9-12: 0.44% 0.18% 0.05% 0.25% 0.92%  None
- Ages 13-16: 0.35% 0.18% 0.05% 0.25% 0.83%  None
- Ages 17-20: 0.29% 0.18% 0.05% 0.25% 0.77%  None
- Ages 21+: 0.26% 0.18% 0.05% 0.25% 0.74%  None

### Individual Fund Portfolios

- BlackRock Cash Funds 529 Portfolio: 0.12% 0.18% 0.00% 0.00% 0.30%  None
- PIMCO Short-Term 529 Portfolio: 0.46% 0.18% 0.05% 0.25% 0.94%  None
- Baird Short-Term Bond 529 Portfolio: 0.30% 0.18% 0.05% 0.25% 0.78%  None
- Northern Funds Bond Index 529 Portfolio: 0.16% 0.18% 0.05% 0.25% 0.64%  None
- MainStay Total Return Bond 529 Portfolio: 0.60% 0.18% 0.05% 0.25% 1.08%  None
- American Century Short Duration Inflation Protection Bond 529 Portfolio: 0.37% 0.18% 0.05% 0.25% 0.85%  None
- BlackRock Inflation Protected Bond 529 Portfolio: 0.44% 0.18% 0.05% 0.25% 0.92%  None
- Templeton International Bond 529 Portfolio: 0.76% 0.18% 0.05% 0.25% 1.24%  None
- T. Rowe Price Balanced 529 Portfolio: 0.64% 0.18% 0.05% 0.25% 1.12%  None
- T. Rowe Price Real Estate 529 Portfolio: 0.76% 0.18% 0.05% 0.25% 1.24%  None
- Voya Global Real Estate 529 Portfolio: 0.98% 0.18% 0.05% 0.25% 1.46%  None
- Calvert Equity 529 Portfolio: 0.66% 0.18% 0.05% 0.25% 1.14%  None
- MFS Value 529 Portfolio: 0.63% 0.18% 0.05% 0.25% 1.11%  None
- T. Rowe Price Equity Income 529 Portfolio: 0.66% 0.18% 0.05% 0.25% 1.14%  None
- American Century Value 529 Portfolio: 0.77% 0.18% 0.05% 0.25% 1.25%  None
- American Century Equity Growth 529 Portfolio: 0.47% 0.18% 0.05% 0.25% 0.95%  None
- Northern Funds Stock Index 529 Portfolio: 0.11% 0.18% 0.05% 0.25% 0.59%  None
- Sit Dividend Growth 529 Portfolio: 1.34% 0.18% 0.05% 0.25% 1.82%  None
- American Century Growth 529 Portfolio: 0.77% 0.18% 0.05% 0.25% 1.25%  None
- T. Rowe Price Instl. Large-Cap Growth 529 Portfolio: 0.56% 0.18% 0.05% 0.25% 1.04%  None
- T. Rowe Price Extended Equity Market Index 529 Portfolio: 0.37% 0.18% 0.05% 0.25% 0.85%  None
- William Blair Mid Cap Growth 529 Portfolio: 1.05% 0.18% 0.05% 0.25% 1.53%  None
- Ariel Fund 529 Portfolio: 0.72% 0.18% 0.05% 0.25% 1.20%  None
- Northern Funds Small Cap Value 529 Portfolio: 1.01% 0.18% 0.05% 0.25% 1.49%  None
- Northern Funds Small Cap Index 529 Portfolio: 0.15% 0.18% 0.05% 0.25% 0.63%  None
- Delaware Small Cap Core 529 Portfolio: 1.07% 0.18% 0.05% 0.25% 1.55%  None
- Harbor Small Cap Growth Opportunities 529 Portfolio: 0.90% 0.18% 0.05% 0.25% 1.38%  None
- Dodge & Cox International Stock 529 Portfolio: 0.64% 0.18% 0.05% 0.25% 1.12%  None
- Northern Funds International Equity Index 529 Portfolio: 0.25% 0.18% 0.05% 0.25% 0.73%  None
- Oppenheimer International Growth 529 Portfolio: 0.70% 0.18% 0.05% 0.25% 1.18%  None
- DFA International Small Company 529 Portfolio: 0.53% 0.18% 0.05% 0.25% 1.01%  None
- Causeway Emerging Markets 529 Portfolio: 1.22% 0.18% 0.05% 0.25% 1.70%  None

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“See page 25 for footnotes.”
### Fee Structure F

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<th>Total Annual Asset-Based Fee</th>
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<td>Dodge &amp; Cox International Stock 529 Portfolio</td>
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"See page 25 for footnotes."
The following table compares the approximate cost of investing in the different fee structures within the Program over different periods of time. Your actual costs may be higher or lower. The hypothetical chart assumes an initial $10,000 investment in a Program Portfolio and a 5% annual rate of return, compounded annually on the net amount invested throughout the period. All expense ratios and asset allocations are assumed to remain the same for the duration of the periods.

The chart assumes that all withdrawals are made for Higher Education Costs and, therefore, does not reflect the impact of potential federal, state, or local taxes. This hypothetical does not reflect actual expenses or performance from the past or future. Actual expenses may be higher or lower than those shown.

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

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<tr>
<th>HYPOTHETICAL EXPENSE EXAMPLE</th>
<th>1 Year</th>
<th>3 Years</th>
<th>5 Years</th>
<th>10 Years</th>
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<td>C</td>
<td>E</td>
<td>F</td>
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<td><strong>Target Portfolios</strong></td>
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<tr>
<td>Fund 100</td>
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<td>$125</td>
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<td>$74</td>
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<tr>
<td>Fund 80</td>
<td>$445</td>
<td>$124</td>
<td>$98</td>
<td>$73</td>
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<tr>
<td>Fund 60</td>
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<td>$68</td>
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<tr>
<td>Fund 40</td>
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<td>$120</td>
<td>$94</td>
<td>$69</td>
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<tr>
<td>Fund 20</td>
<td>$433</td>
<td>$112</td>
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<td>Fund 10</td>
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<td>$53</td>
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<td>Fixed Income Fund</td>
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<tr>
<td>Ages 0-8</td>
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<td>Ages 9-12</td>
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<td>$73</td>
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<td>$68</td>
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<td>$69</td>
</tr>
<tr>
<td>Ages 21+</td>
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<td>$112</td>
<td>$86</td>
<td>$60</td>
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<td><strong>Growth Portfolio</strong></td>
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<td>Ages 0-8</td>
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<td>$124</td>
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<tr>
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<td>Ages 21+</td>
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<td>Ages 21+</td>
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<td>Individual Fund Portfolios</td>
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<td>2 Years</td>
<td>3 Years</td>
<td>4 Years</td>
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<td>$31</td>
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Will My Financial Advisor Be Paid for Providing Assistance With Respect to My Account?

Your financial advisor will be paid the following commissions and service fees by the Distributor in connection with the establishment and maintenance of your Account:

**Fee Structure A** – your financial advisor will be paid a 3.00% commission on each new Contribution plus an amount equal to 0.25% of the average daily net assets in your Account which remain invested in Fee Structure A.

Your financial advisor will not receive any commission on Contributions under Fee Structure A to the BlackRock Cash Funds 529 Portfolio, the PIMCO Short-Term 529 Portfolio, or the Baird Short-Term Bond 529 Portfolio. However, if you transfer funds contributed under Fee Structure A from the BlackRock Cash Funds 529 Portfolio, the PIMCO Short-Term 529 Portfolio, or the Baird Short-Term Bond 529 Portfolio to another Portfolio in the Plan, your financial advisor will receive a 3.00% commission from the sales charge assessed in connection with the transfer of funds into such new Portfolio.

Your financial advisor will not receive a 3.00% commission on any Contributions for which the initial sales charge has been waived.

**Fee Structure C** – your financial advisor will be paid a 0.50% commission on each new Contribution, plus an amount equal to 0.50% of the average daily net assets in your Account which remain invested in Fee Structure C for more than twelve months.

Your financial advisor will not receive any commission on Contributions under Fee Structure C to the BlackRock Cash Funds 529 Portfolio.

**Fee Structure E** – your financial advisor will not be paid a commission on each new Contribution, but will be paid an amount equal to 0.25% of the average daily net assets in your Account.

**Fee Structure F** – your financial advisor will not be paid a commission or servicing fee with respect to your Account. Fee Structure F is only available to Account Owners who establish their Account through registered investment advisors or other financial advisors who are not compensated through commissions, but rather through payment of an hourly fee or a percentage of assets under management.

Your financial advisor will not receive a percentage of the average daily net assets in your Account under Fee Structure A, C, E or F for any balances in the BlackRock Cash Funds 529 Portfolio.
Individual Fund ETF Portfolios - Fee Structure F

What are the Individual Fund ETF Portfolios?
Fee Structure F has 15 additional Individual Fund Portfolios that invest in exchange-traded funds. The Individual Fund ETF Portfolios are available only under Fee Structure F.

Fee Structure F is available to Account Owners who establish an Account through registered investment advisors or other financial advisors that are compensated through payment of an hourly fee or a percentage of assets under management.

The Program offers 15 Individual Fund ETF Portfolios. You can find more detailed information on each underlying fund in “Exhibit D - Underlying Exchange Traded Fund Information” and in the prospectus for each fund which is available at Vanguard.com and at BrightDirections.com.

Each Individual Fund ETF Portfolio is invested in shares of a single underlying exchange traded fund. In consultation with your registered investment advisor or other financial advisor, you may allocate your Account balance among one or more Individual Fund ETF Portfolios according to your investment objectives, investment time horizon, and risk tolerance. Since the Individual Fund ETF Portfolios invest in a single exchange traded fund, their performance is based on the performance of the individual exchange traded funds in which they are invested. Consequently, the performance of each of the Individual Fund ETF Portfolios may be more volatile than the Target or Age-Based Portfolios.

Account Owners do not own shares of the underlying exchange traded funds directly, but rather own shares in a Portfolio of the Program. The investment objectives, strategies, and risks of the underlying funds in which each Individual Fund ETF Portfolio is invested are more fully described in “Exhibit D - Underlying Exchange Traded Fund Information” and the prospectus for each fund.

The Individual Fund ETF Portfolios are briefly described as follows:

Fixed Income ETF 529 Portfolios

Vanguard Short-Term Bond ETF 529 Portfolio – invests solely in the Vanguard Short-Term Bond ETF.  
- **Investment Objective:** The fund seeks to track the performance of a market-weighted bond index with a short-term dollar-weighted average maturity.  
- **Primary Risks:** Income risk, Interest rate risk, Credit risk, Index sampling risk. For a description of all risks, see Exhibit D.

Vanguard Total Bond Market ETF 529 Portfolio – invests solely in the Vanguard Total Bond Market ETF.  
- **Investment Objective:** The fund seeks to track the performance of a broad, market-weighted bond index.  
- **Primary Risks:** Interest rate risk, Income risk, Call risk, Credit risk, Index sampling risk. For a description of all risks, see Exhibit D.

Real Estate ETF 529 Portfolios

Vanguard REIT ETF 529 Portfolio – invests solely in the Vanguard REIT ETF.  
- **Investment Objective:** The fund seeks to provide a high level of income and moderate long-term capital appreciation by tracking the performance of a benchmark index that measures the performance of publicly traded equity REITs.  
- **Principal Risks:** Industry concentration risk, Stock market risk, Interest rate risk, Investment style risk. For a description of all risks, see Exhibit D.

Vanguard Global ex-U.S. Real Estate ETF 529 Portfolio – invests solely in the Vanguard Global ex-U.S. Real Estate ETF.  
- **Investment Objective:** The fund seeks to track the performance of a benchmark index that measures the investment return of international real estate stocks.  
- **Principal Risks:** Industry concentration risk, Investment style risk, Nondiversification risk, Stock market risk, Country/ regional risk, Currency risk. For a description of all risks, see Exhibit D.

Domestic (U.S.) Equity ETF 529 Portfolios

Vanguard Mega Cap Value ETF 529 Portfolio – invests solely in the Vanguard Mega Cap Value ETF.  
- **Investment Objective:** The fund seeks to track the performance of a benchmark index that measures the investment return of large-capitalization value stocks in the United States.  
- **Principal Risks:** Stock market risk, Investment style risk. For a description of all risks, see Exhibit D.

Vanguard Mega Cap ETF 529 Portfolio – invests solely in the Vanguard Mega Cap ETF.  
- **Investment Objective:** The fund seeks to track the performance of a benchmark index that measures the investment return of large-capitalization stocks in the United States.  
- **Principal Risks:** Stock market risk, Investment style risk. For a description of all risks, see Exhibit D.

Vanguard Mega Cap Growth ETF 529 Portfolio – invests solely in the Vanguard Mega Cap Growth ETF.  
- **Investment Objective:** The fund seeks to track the performance of a benchmark index that measures the investment return of large-capitalization growth stocks in the United States.  
- **Principal Risks:** Stock market risk, Investment style risk. For a description of all risks, see Exhibit D.

Vanguard Mid-Cap Value ETF 529 Portfolio – invests solely in the Vanguard Mid-Cap Value ETF.  
- **Investment Objective:** The fund seeks to track the performance of a benchmark index that measures the investment return of mid-capitalization value stocks.  
- **Principal Risks:** Stock market risk, Investment style risk. For a description of all risks, see Exhibit D.
Vanguard Mid-Cap ETF 529 Portfolio – invests solely in the Vanguard Mid-Cap ETF.

**Investment Objective:** The fund seeks to track the performance of a benchmark index that measures the investment return of mid-capitalization stocks.

**Primary Risks:** Stock market risk, Investment style risk. For a description of all risks, see Exhibit D.

Vanguard Mid-Cap Growth ETF 529 Portfolio – invests solely in the Vanguard Mid-Cap Growth ETF.

**Investment Objective:** The fund seeks to track the performance of a benchmark index that measures the investment return of mid-capitalization growth stocks.

**Primary Risks:** Stock market risk, Investment style risk. For a description of all risks, see Exhibit D.

Vanguard Small-Cap Value ETF 529 Portfolio – invests solely in the Vanguard Small-Cap Value ETF.

**Investment Objective:** The fund seeks to track the performance of a benchmark index that measures the investment return of small-capitalization value stocks.

**Primary Risks:** Stock market risk, Investment style risk. For a description of all risks, see Exhibit D.

Vanguard Small-Cap ETF 529 Portfolio – invests solely in the Vanguard Small-Cap ETF.

**Investment Objective:** The fund seeks to track the performance of a benchmark index that measures the investment return of small-capitalization stocks.

**Primary Risks:** Stock market risk, Investment style risk. For a description of all risks, see Exhibit D.

Vanguard Small-Cap Growth ETF 529 Portfolio – invests solely in the Vanguard Small-Cap Growth ETF.

**Investment Objective:** The fund seeks to track the performance of a benchmark index that measures the investment return of small-capitalization growth stocks.

**Primary Risks:** Stock market risk, Investment style risk. For a description of all risks, see Exhibit D.

**International Equity ETF 529 Portfolios**

Vanguard FTSE Developed Markets ETF 529 Portfolio – invests solely in the Vanguard FTSE Developed Markets ETF.

**Investment Objective:** The fund seeks to track the performance of a benchmark index that measures the investment return of stocks issued by companies located in the major markets of Europe and the Pacific region.

**Primary Risks:** Stock market risk, Country/regional risk, Currency risk. For a description of all risks, see Exhibit D.

Vanguard FTSE Emerging Markets ETF 529 Portfolio – invests solely in the Vanguard FTSE Emerging Markets ETF.

**Investment Objective:** The fund seeks to track the performance of a benchmark index that measures the investment return of stocks issued by companies located in emerging market countries.

**Primary Risks:** Stock market risk, Emerging markets risk, Country/regional risk, Currency risk, Index sampling risk. For a description of all risks, see Exhibit D.

For additional information on the individual exchange traded funds underlying the Individual Fund ETF Portfolios, see each fund’s prospectus and “Exhibit D - Underlying Exchange Traded Fund Information.”

The descriptions above are taken from the most recent prospectuses (dated prior to October 15, 2015) of the relevant exchange traded funds and are intended to provide general information regarding the funds’ respective investment objectives. You should consult each fund’s prospectus for more complete information. You can obtain the prospectus for any of the funds by contacting your registered investment advisor or financial advisor, from Vanguard.com, or from the program’s website at BrightDirections.com.
How Have the Individual Fund ETF Portfolios Performed?
The following table shows the past performance for each of the Individual Fund ETF Portfolios. Performance figures are shown reflecting the Plan’s expenses and the expenses of the underlying investment funds. The information in the table reflects the performance of the Individual Fund ETF Portfolios.

All of the performance data shown represents past performance, which is not a guarantee or prediction of future results. Investment returns and principal value will fluctuate so that your Account may be worth less than the sum of your Contributions. For actual performance data of the Portfolios current to the most recent month-end, visit the Program’s website at BrightDirections.com, or call (866) 722-7283.

Account Owners do not own shares of the underlying exchange traded funds directly, but rather own shares in a Portfolio of the Program. As a result, the performance of the Portfolios will differ from the performance of the underlying exchange traded funds. This is due in part to the differences in the expense ratios of the underlying exchange traded funds and the Portfolios.

Performance differences between a Portfolio and its underlying exchange traded fund may also result from differences in the timing of purchases. On days when Contributions are made to an Account, the Individual Fund ETF Portfolios will use that money to purchase shares of the underlying exchange traded fund within one business day. This timing difference, depending on how the markets are moving, will cause the Portfolio’s performance to either trail or exceed the underlying exchange traded fund’s performance.

### Individual Fund ETF Portfolios - Fee Structure F

<table>
<thead>
<tr>
<th>Period Ended 09/30/2015</th>
<th>Inception Date</th>
<th>Year to Date</th>
<th>1 Year</th>
<th>3 Year</th>
<th>Since Inception</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Fund ETF Portfolios</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vanguard Short-Term Bond ETF 529 Portfolio</td>
<td>11/30/12</td>
<td>1.09%</td>
<td>1.39%</td>
<td>n/a</td>
<td>0.63%</td>
</tr>
<tr>
<td>Vanguard Total Bond Market ETF 529 Portfolio</td>
<td>11/30/12</td>
<td>0.78%</td>
<td>2.26%</td>
<td>n/a</td>
<td>1.36%</td>
</tr>
<tr>
<td>Vanguard REIT ETF 529 Portfolio</td>
<td>11/30/12</td>
<td>-4.59%</td>
<td>8.97%</td>
<td>n/a</td>
<td>9.35%</td>
</tr>
<tr>
<td>Vanguard Global ex-U.S. Real Estate ETF 529 Portfolio</td>
<td>11/30/12</td>
<td>-3.06%</td>
<td>-2.42%</td>
<td>n/a</td>
<td>1.64%</td>
</tr>
<tr>
<td>Vanguard Mega Cap Value ETF 529 Portfolio</td>
<td>11/30/12</td>
<td>-7.53%</td>
<td>-3.74%</td>
<td>n/a</td>
<td>12.28%</td>
</tr>
<tr>
<td>Vanguard Mega Cap ETF 529 Portfolio</td>
<td>11/30/12</td>
<td>-5.89%</td>
<td>-1.70%</td>
<td>n/a</td>
<td>12.36%</td>
</tr>
<tr>
<td>Vanguard Mega Cap Growth ETF 529 Portfolio</td>
<td>11/30/12</td>
<td>-3.46%</td>
<td>1.21%</td>
<td>n/a</td>
<td>13.33%</td>
</tr>
<tr>
<td>Vanguard Mid-Cap Value ETF 529 Portfolio</td>
<td>11/30/12</td>
<td>-5.80%</td>
<td>0.74%</td>
<td>n/a</td>
<td>15.24%</td>
</tr>
<tr>
<td>Vanguard Mid-Cap ETF 529 Portfolio</td>
<td>11/30/12</td>
<td>-4.88%</td>
<td>1.41%</td>
<td>n/a</td>
<td>13.83%</td>
</tr>
<tr>
<td>Vanguard Mid-Cap Growth ETF 529 Portfolio</td>
<td>11/30/12</td>
<td>-4.08%</td>
<td>1.96%</td>
<td>n/a</td>
<td>14.22%</td>
</tr>
<tr>
<td>Vanguard Small-Cap Value ETF 529 Portfolio</td>
<td>11/30/12</td>
<td>-5.96%</td>
<td>-0.42%</td>
<td>n/a</td>
<td>13.61%</td>
</tr>
<tr>
<td>Vanguard Small-Cap ETF 529 Portfolio</td>
<td>11/30/12</td>
<td>-6.88%</td>
<td>-0.51%</td>
<td>n/a</td>
<td>11.68%</td>
</tr>
<tr>
<td>Vanguard Small-Cap Growth ETF 529 Portfolio</td>
<td>11/30/12</td>
<td>-6.13%</td>
<td>-0.86%</td>
<td>n/a</td>
<td>11.99%</td>
</tr>
<tr>
<td>Vanguard FTSE Developed Markets ETF 529 Portfolio</td>
<td>11/30/12</td>
<td>-3.62%</td>
<td>-8.20%</td>
<td>n/a</td>
<td>4.05%</td>
</tr>
<tr>
<td>Vanguard FTSE Emerging Markets ETF 529 Portfolio</td>
<td>11/30/12</td>
<td>-15.43%</td>
<td>-18.61%</td>
<td>n/a</td>
<td>-5.82%</td>
</tr>
</tbody>
</table>
What Do the Individual Fund ETF Portfolios Cost?
A program management fee and a state administrative fee are accrued by each Individual Fund ETF Portfolio under the Plan on a daily basis. These fees are not reflected as a direct charge against your Account on your account statements, but rather are reflected as an expense in the daily NAV calculation for each Individual Fund ETF Portfolio, as discussed in “How is the Value of my Account Calculated?” above. The program management fee is an annual rate of 0.18% for the Individual Fund ETF Portfolios and the state administrative fee is at an annual rate of 0.03% for the Individual Fund ETF Portfolios, each of the average daily net assets of each Individual Fund ETF Portfolio.

Each Individual Fund ETF Portfolio will also indirectly bear its pro rata share of the fees and expenses of the underlying exchange traded fund. Although these expenses and fees are not charged to Program Accounts, they will reduce the investment returns realized by each Portfolio.

The Individual Fund ETF Portfolios are available only to Account Owners investing in Fee Structure F. Fee Structure F is available only for Account Owners investing in the Program through registered investment advisors or other financial advisors who are not compensated through commissions, but rather through payment of an hourly fee or a percentage of assets under management.

### Individual Fund ETF Portfolios - Fee Structure F

<table>
<thead>
<tr>
<th>ETF Portfolios</th>
<th>Estimated Underlying Fund Expenses</th>
<th>Program Management Fee</th>
<th>State Fee</th>
<th>Total Annual Asset-Based Fee</th>
<th>Account Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vanguard Short-Term Bond ETF 529 Portfolio</td>
<td>0.10%</td>
<td>0.18%</td>
<td>0.03%</td>
<td>0.31%</td>
<td>None</td>
</tr>
<tr>
<td>Vanguard Total Bond Market ETF 529 Portfolio</td>
<td>0.07%</td>
<td>0.18%</td>
<td>0.03%</td>
<td>0.28%</td>
<td>None</td>
</tr>
<tr>
<td>Vanguard REIT ETF 529 Portfolio</td>
<td>0.12%</td>
<td>0.18%</td>
<td>0.03%</td>
<td>0.33%</td>
<td>None</td>
</tr>
<tr>
<td>Vanguard Global ex-U.S. Real Estate ETF 529 Portfolio</td>
<td>0.24%</td>
<td>0.18%</td>
<td>0.03%</td>
<td>0.45%</td>
<td>None</td>
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<tr>
<td>Vanguard Mega Cap Value ETF 529 Portfolio</td>
<td>0.11%</td>
<td>0.18%</td>
<td>0.03%</td>
<td>0.32%</td>
<td>None</td>
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<tr>
<td>Vanguard Mega Cap ETF 529 Portfolio</td>
<td>0.11%</td>
<td>0.18%</td>
<td>0.03%</td>
<td>0.32%</td>
<td>None</td>
</tr>
<tr>
<td>Vanguard Mega Cap Growth ETF 529 Portfolio</td>
<td>0.11%</td>
<td>0.18%</td>
<td>0.03%</td>
<td>0.32%</td>
<td>None</td>
</tr>
<tr>
<td>Vanguard Mid-Cap Value ETF 529 Portfolio</td>
<td>0.09%</td>
<td>0.18%</td>
<td>0.03%</td>
<td>0.30%</td>
<td>None</td>
</tr>
<tr>
<td>Vanguard Mid-Cap ETF 529 Portfolio</td>
<td>0.09%</td>
<td>0.18%</td>
<td>0.03%</td>
<td>0.30%</td>
<td>None</td>
</tr>
<tr>
<td>Vanguard Mid-Cap Growth ETF 529 Portfolio</td>
<td>0.09%</td>
<td>0.18%</td>
<td>0.03%</td>
<td>0.30%</td>
<td>None</td>
</tr>
<tr>
<td>Vanguard Small-Cap Value ETF 529 Portfolio</td>
<td>0.09%</td>
<td>0.18%</td>
<td>0.03%</td>
<td>0.30%</td>
<td>None</td>
</tr>
<tr>
<td>Vanguard Small-Cap ETF 529 Portfolio</td>
<td>0.09%</td>
<td>0.18%</td>
<td>0.03%</td>
<td>0.30%</td>
<td>None</td>
</tr>
<tr>
<td>Vanguard Small-Cap Growth ETF 529 Portfolio</td>
<td>0.09%</td>
<td>0.18%</td>
<td>0.03%</td>
<td>0.30%</td>
<td>None</td>
</tr>
<tr>
<td>Vanguard FTSE Developed Markets ETF 529 Portfolio</td>
<td>0.09%</td>
<td>0.18%</td>
<td>0.03%</td>
<td>0.30%</td>
<td>None</td>
</tr>
<tr>
<td>Vanguard FTSE Emerging Markets ETF 529 Portfolio</td>
<td>0.15%</td>
<td>0.18%</td>
<td>0.03%</td>
<td>0.36%</td>
<td>None</td>
</tr>
</tbody>
</table>

1 For registered mutual funds, in the absence of a change that would materially affect the information, based on the most recent fund prospectus dated prior to October 15, 2015.
The following table compares the approximate cost of investing in the Individual Fund ETF Portfolios offered by the Program over different periods of time. Your actual costs may be higher or lower. The hypothetical chart assumes an initial $10,000 investment in a Program Portfolio and a 5% annual rate of return, compounded annually on the net amount invested throughout the period. All expense ratios and asset allocations are assumed to remain the same for the duration of the periods.

The chart assumes that all withdrawals are made for Higher Education Costs and, therefore, does not reflect the impact of potential federal, state, or local taxes. This hypothetical does not reflect actual expenses or performance from the past or future. Actual expenses may be higher or lower than those shown.

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

<table>
<thead>
<tr>
<th>Individual Fund ETF Portfolios - Fee Structure F</th>
<th>1 Year</th>
<th>3 Years</th>
<th>5 Years</th>
<th>10 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vanguard Short-Term Bond ETF 529 Portfolio</td>
<td>$32</td>
<td>$100</td>
<td>$174</td>
<td>$394</td>
</tr>
<tr>
<td>Vanguard Total Bond Market ETF 529 Portfolio</td>
<td>$29</td>
<td>$90</td>
<td>$158</td>
<td>$356</td>
</tr>
<tr>
<td>Vanguard REIT ETF 529 Portfolio</td>
<td>$34</td>
<td>$106</td>
<td>$186</td>
<td>$419</td>
</tr>
<tr>
<td>Vanguard Global ex-U.S. Real Estate ETF 529 Portfolio</td>
<td>$46</td>
<td>$145</td>
<td>$253</td>
<td>$568</td>
</tr>
<tr>
<td>Vanguard Mega Cap Value ETF 529 Portfolio</td>
<td>$33</td>
<td>$103</td>
<td>$180</td>
<td>$406</td>
</tr>
<tr>
<td>Vanguard Mega Cap ETF 529 Portfolio</td>
<td>$33</td>
<td>$103</td>
<td>$180</td>
<td>$406</td>
</tr>
<tr>
<td>Vanguard Mega Cap Growth ETF 529 Portfolio</td>
<td>$33</td>
<td>$103</td>
<td>$180</td>
<td>$406</td>
</tr>
<tr>
<td>Vanguard Mid-Cap Value ETF 529 Portfolio</td>
<td>$31</td>
<td>$97</td>
<td>$169</td>
<td>$381</td>
</tr>
<tr>
<td>Vanguard Mid-Cap ETF 529 Portfolio</td>
<td>$31</td>
<td>$97</td>
<td>$169</td>
<td>$381</td>
</tr>
<tr>
<td>Vanguard Mid-Cap Growth ETF 529 Portfolio</td>
<td>$31</td>
<td>$97</td>
<td>$169</td>
<td>$381</td>
</tr>
<tr>
<td>Vanguard Small-Cap Value ETF 529 Portfolio</td>
<td>$31</td>
<td>$97</td>
<td>$169</td>
<td>$381</td>
</tr>
<tr>
<td>Vanguard Small-Cap ETF 529 Portfolio</td>
<td>$31</td>
<td>$97</td>
<td>$169</td>
<td>$381</td>
</tr>
<tr>
<td>Vanguard Small-Cap Growth ETF 529 Portfolio</td>
<td>$31</td>
<td>$97</td>
<td>$169</td>
<td>$381</td>
</tr>
<tr>
<td>Vanguard FTSE Developed Markets ETF 529 Portfolio</td>
<td>$31</td>
<td>$97</td>
<td>$169</td>
<td>$381</td>
</tr>
<tr>
<td>Vanguard FTSE Emerging Markets ETF 529 Portfolio</td>
<td>$37</td>
<td>$116</td>
<td>$202</td>
<td>$456</td>
</tr>
</tbody>
</table>
FEDERAL AND STATE TAX CONSIDERATIONS

What Are the Federal Income Tax Advantages of the Program?

There are two main federal income tax advantages to investing in the Program:

- Investment earnings on the money you invest in the Program will not be subject to federal income tax until they are distributed; and
- If the investment earnings are distributed as part of a Qualified Withdrawal, they are free from federal income tax.

There are also potential federal income tax disadvantages to an investment in the Program. To the extent that a distribution from an Account is a Nonqualified Withdrawal, the portion of the Nonqualified Withdrawal attributable to investment earnings will be ordinary income to the recipient; no part of such earnings portion will be treated as capital gain. Under current law, the tax rates on ordinary income are generally greater than the tax rates on capital gain. Additionally, to the extent that a distribution is a Nonqualified Withdrawal, the federal income tax liability of the recipient will be increased by an amount equal to 10% of any earnings portion of the distribution. However, this 10% federal penalty tax will not apply if the Nonqualified Withdrawal is paid to a Beneficiary (or the estate of a Beneficiary) on or after the death of the Beneficiary, is made on account of the disability of the Beneficiary, to the extent of the amount of certain scholarships or other allowances or payments received by the Beneficiary, made on account of the attendance of the Beneficiary at a U.S. military academy, or because the qualified education expenses were taken into account in determining the American Opportunity or Lifetime Learning Credit. A Qualified Rollover Distribution is not subject to federal income tax or the 10% federal penalty tax. For a more detailed description of federal tax aspects of the Plan, see “Exhibit B - Tax Information.”

Are Contributions to the Program Tax Deductible?

Federal law does not allow a tax deduction for Contributions to the Program. However, Contributions may be deductible for Illinois State income tax purposes.

What Are the State Income Tax Advantages of the Program?

Legislation governing the tax treatment of the Accounts was passed by the Illinois General Assembly in 2000, and became effective as of January 1, 2001. Illinois law provides that the assets of the Program and its income are exempt from all taxation by the State of Illinois and any of its subdivisions and that the accrued earnings on investments in the Program disbursed on behalf of a Beneficiary are exempt from all taxation by the State of Illinois and its subdivisions, so long as they are used for the Beneficiary’s Higher Education Costs. You should consult your tax advisor regarding the Illinois State income tax treatment of investments under the Program.

For tax years beginning on or after January 1, 2005, individuals who file individual Illinois State income tax returns will be able to deduct up to $10,000 per tax year for their total, combined contributions to the Program, to the Bright Start College Savings Program, and to College Illinois! during that tax year. The Illinois Department of Revenue has stated, in informal advice that is not binding on the Department, that

- A deduction of up to $20,000 will be permitted for married taxpayers filing joint Illinois State income tax returns for their total, combined contributions to the Program, to the Bright Start College Savings Program, and to College Illinois! during that tax year; and
- The $10,000 (individual) and $20,000 (joint) limitations on deductions will apply to the total contributions made to the Program, to the Bright Start College Savings Program, and College Illinois! without regard to whether the contributions are made to a single account or more than one account.

A contribution must be post-marked no later than December 31st of a tax year in order to be eligible to be deducted with respect to such tax year. The Illinois Department of Revenue has stated (in a non-binding general information letter) that the state income tax deduction is available to any individual who contributes to an Account and files an Illinois State income tax return. The deduction for Illinois individual income tax purposes for contributions to the Program does not apply to transfers between accounts of different designated beneficiaries.

Rollover Contributions.

The Illinois Department of Revenue has stated (in informal guidance that is not binding on the Department) that in the case of a rollover, the amount of the rollover that is treated as a return of the original contribution to the prior qualified tuition program (but not the earnings portion of the rollover) is eligible for the deduction for Illinois individual income tax purposes.

Employer Matching Contributions.

For taxable years ending on or after December 31, 2009 and on or before December 30, 2020, employers that match employees’ contributions to the Program, College Illinois! or the Bright Start College Savings Program are eligible for a tax credit. Employers receive a tax credit equal to 25% of the matching contributions the employer makes to its employee’s account in the Program, College Illinois! or the Bright Start College Savings Program, up to a maximum annual tax credit of $500 per contributing employee. Employers should consult a tax advisor regarding the availability and ramifications of this credit.

Are There Other Illinois State Income Tax Considerations?

For tax years beginning January 1, 2009, Illinois law provides for the recapture of Illinois State tax benefits in the event an Account Owner takes a Nonqualified Withdrawal from an Account, other than on account of the death or disability of the Beneficiary. The adjusted gross income of an Illinois taxpayer who takes a Nonqualified Withdrawal, other than on account of the death or disability of the Beneficiary, will be increased by an amount equal
to the contribution component of such Nonqualified Withdrawal that was previously deducted from base income on the taxpayer’s Illinois tax return. Before taking a Nonqualified Withdrawal from your Account, you should consult with your legal and tax advisors.

**Rollover to Out-of-State 529 Plan.**
For taxable years beginning on or after January 1, 2007, Illinois law provides for the recapture of Illinois state tax benefits in the event an Account Owner rolls over an Account to an out-of-state qualified tuition program. The adjusted gross income of an Illinois taxpayer who rolls over an Account to an out-of-state qualified tuition program will be increased by the amount of money the Account Owner has previously deducted from his or her Illinois base income for contributions made to the Program. Before rolling over your Account to an out-of-state qualified tuition program, you should consult with your legal and tax advisors.

For taxable years beginning on or after January 1, 2007, the earnings portion of distributions from non-Illinois qualified tuition programs are no longer subject to Illinois income tax so long as the non-Illinois qualified tuition program adopts and determines that its offering materials comply with the College Savings Plan Network’s disclosure principles and has made reasonable efforts to inform Illinois residents and financial intermediaries distributing the non-Illinois program of the existence of Illinois qualified tuition programs.

**Before investing in the Bright Directions College Savings Program you should consider carefully the following:**

1. **Depending on the laws of your home state or that of your designated beneficiary, favorable state tax treatment or other benefits offered by such home state for investing in 529 college savings plans may be available only if you invest in such home state’s 529 college savings plan;**
2. **Any state-based benefit offered with respect to a particular 529 college savings plan should be one of many appropriately weighted factors to be considered in making an investment decision; and**
3. **You should consult with your financial, tax or other advisor to learn more about how state-based benefits (including any limitations) would apply to your specific circumstances. You may also wish to contact your home state or any other 529 college savings plan to learn more about the features, benefits and limitations of that state’s 529 college savings plan.**

**How Is the Earnings Portion of My Account Calculated?**
For any year there is a withdrawal from your Account, the Program Manager will provide you a Form 1099-Q. This form sets forth the total amount of the withdrawal and identifies the earnings portion and the contribution portion of any such withdrawal. All Accounts for the benefit of a single Beneficiary and having the same Account Owner, including any accounts in other Illinois Section 529 plans, must be treated as a single account for purposes of calculating the earnings portion of each withdrawal. Thus, if more than one Account is established for a Beneficiary that has the same Account Owner and a Nonqualified Withdrawal is made from one or more accounts, the amount includable in taxable income must be calculated based on the earnings portion of all accounts. Thus, the amount withdrawn from an Account may carry with it a greater or lesser amount of income than the earnings portion of that Account alone, depending on the earnings portion of other accounts for that Beneficiary. In the case of a Nonqualified Withdrawal or other taxable distribution, this aggregation rule may result in an Account Owner being taxed upon more or less income than that directly attributable to the earnings portion of the Account from which the withdrawal was made. See “Exhibit B – Tax Information.”

**What Are the Federal Gift and Estate Tax Advantages of the Program?**
For federal gift tax purposes, Contributions to an Account are considered a gift from the contributor to the Beneficiary. If an Account Owner dies while there is a balance in the Account, the value of the Account is not includable in the Account Owner’s estate for federal estate tax purposes. An Account Owner’s contributions to an Account are eligible for the annual gift tax exclusion. Currently, the annual exclusion is $14,000 per donee ($28,000 for a married couple electing to split their annual gifts). This means you may contribute up to $14,000 to an Account, in each tax year, without the Contribution being considered a taxable gift if you make no other gifts to the Beneficiary in the same year. In addition, if your total Contributions to an Account during a year exceed the annual exclusion for that year, you may elect to have the amount you contributed that year treated as though you made one-fifth of the Contribution that year, and one-fifth of the Contribution in each of the next four calendar years. You must make this election on your Federal Gift Tax Return Form 709.

This means that you may contribute up to $70,000 to an Account, without the Contribution being considered a taxable gift, provided that you make no other gifts to the Beneficiary in the same year or in any of the succeeding four calendar years. Moreover, a married contributor whose spouse elects on a Federal Gift Tax Return to have gifts treated as “split” with the contributor may contribute up to twice that amount ($140,000) without the Contribution being considered a taxable gift, provided that neither spouse makes other gifts to the Beneficiary in the same year or in any of the succeeding four calendar years. The annual exclusion is indexed for inflation and therefore is expected to increase over time. See “Exhibit B – Tax Information.”

**Can I Contribute to the Program and a Coverdell Education Savings Account?**
An individual may contribute to, or withdraw money from, both a 529 qualified tuition program account and a Coverdell Education Savings Account in the same year. However, when withdrawn to the extent the total withdrawals from both accounts exceed the amount of Higher Education Costs that qualify for tax-free treatment under Section 529 of the Code, the recipient must allocate his or her Higher Education Costs between both such withdrawals in order to determine how much may be treated as tax-free under each program.
DISTRIBUTIONS FROM AN ACCOUNT

How Do I Request a Distribution From an Account?

To request a distribution, you should contact your broker or other financial advisor or you may log on to your Account at BrightDirections.com to complete a withdrawal request online. You may also download the Withdrawal Request Form and complete and submit the form as directed, or call the Bright Directions College Savings Program at (866) 722-7283 for instructions.

The Program Manager employs procedures it considers to be reasonable to confirm that instructions communicated by telephone or internet are genuine, including requiring certain personal identifying information prior to acting upon telephone or internet instructions. None of the Program Manager, the Pool, the Treasurer, nor the Distributor will be liable for following telephone or internet instructions that are reasonably believed to be genuine.

The Program Manager will review each withdrawal request to determine that all information needed to process such request has been received. Withdrawal requests will be satisfied as soon as practicable following the Program Manager’s receipt and review of a properly completed Withdrawal Request. The Program typically will process the withdrawal and initiate payment of a distribution within three business days. During periods of market volatility and at year-end, withdrawal requests may take up to five business days to process.

If you have made a contribution by check or via an EFT or AIP, you may not be able to withdraw funds in your Account until your check has cleared or your EFT or AIP has been deducted from your bank account, and the Program has collected funds.

Although the Program Manager will report the earnings portion of a withdrawal, it is solely the responsibility of the person receiving the withdrawal to calculate and report any resulting tax liability.

What Constitutes a Qualified Withdrawal?

Qualified Withdrawals from your Account are free from federal and Illinois State income tax. A Qualified Withdrawal is a withdrawal that is used to pay the Higher Education Costs of the Account Beneficiary. These expenses are related to enrollment or attendance at an eligible educational institution. As shown in the following list, to be qualified, some of the expenses must be required by the institution and some must be incurred by the students who are enrolled at least half-time.

1. The following expenses must be required for enrollment or attendance of a designated Beneficiary at an eligible educational institution.
   a. Tuition and fees.
   b. Books, supplies, and equipment.

2. Expenses for room and board must be incurred by students who are enrolled at least half-time. The expense for room and board qualifies only to the extent that it is not more than the greater of the following two amounts.
   a. The allowance for room and board, as determined by the eligible educational institution, that was included in the cost of attendance (for federal financial aid purposes) for a particular academic period and living arrangement of the student
   b. The actual amount charged if the student is residing in housing owned or operated by the eligible educational institution.

3. Expenses for special needs services needed by a special needs beneficiary must be incurred in connection with enrollment or attendance at an eligible educational institution.

A Qualified Withdrawal may be distributed as follows:

1. To the Account Owner;
2. To the Account Owner’s bank account;
3. To the Beneficiary; or
4. Directly to the Institution of Higher Education.

Can I Still Qualify for Other Higher Education Tax Credits and Deductions?

The tax benefits afforded to qualified tuition programs such as this Program must be coordinated with other programs designed to provide tax benefits for meeting higher education expenses in order to avoid the duplication of such benefits. The coordinated programs include Coverdell Education Savings Accounts under Section 530 of the Code, the Tuition and Fees Deduction, and the American Opportunity, Hope and Lifetime Learning Credits under Section 25A of the Code.

An individual may withdraw money from both a qualified tuition program account and a Coverdell Education Savings Account in the same year. However, to the extent the total withdrawals from both accounts exceed the amount of adjusted Higher Education Costs that qualify for tax-free treatment under Section 529 of the Code, the recipient must allocate his or her Higher Education Costs between both such withdrawals in order to determine how much may be treated as tax-free under each program.

An American Opportunity or Lifetime Learning Credit (education credit) can be claimed in the same year the beneficiary takes a tax-free distribution from a qualified tuition program, as long as the same expenses are not used for more than one benefit. This means that after the beneficiary reduces qualified education expenses by tax-free educational assistance, he or she must further reduce them by the expenses taken into account in determining the credit.

When taking withdrawals you should consult with your tax advisor.
Should I Document Higher Education Costs?
Because money in your Account may be withdrawn free from federal and Illinois State income tax only if it is used to pay the Beneficiary’s Higher Education Costs, you should retain documentation of all of the Beneficiary’s Higher Education Costs for your records. The Account Owner or Beneficiary is responsible for determining whether a distribution from an Account is a Qualified or Nonqualified Withdrawal and for paying any applicable taxes or penalties.

When Must Withdrawals Begin?
There is no Beneficiary age or other deadline by which distributions from your Account must begin. It is important to match payment of expenses and the corresponding withdrawal in the same calendar year for tax purposes.

Can I Make Withdrawals for Other Purposes?
You may withdraw money from your Account at any time. However, to the extent that the withdrawal is a Nonqualified Withdrawal, any earnings portion of such Nonqualified Withdrawal will be includible in your income for federal income tax purposes, and the part so includible will generally also be subject to a 10% federal penalty tax. Certain exceptions to the imposition of the penalty tax apply. See “Exhibit B – Tax Information.”

The Account Owner or Beneficiary is responsible for determining whether a distribution from an Account is a Qualified or Nonqualified Withdrawal and for paying any applicable taxes or penalties.

What Are the Exceptions to the Federal Penalty Tax?
The additional 10% federal penalty tax does not apply to all Nonqualified Withdrawals. Generally, Nonqualified Withdrawals are not subject to the 10% federal penalty tax if they are:

1. Paid to a Beneficiary (or to the estate of the designated Beneficiary) on or after the death of the designated Beneficiary.
2. Made because the designated Beneficiary is disabled. A person is considered to be disabled if he or she shows proof that he or she cannot do any substantial gainful activity because of his or her physical or mental condition. A physician must determine that his or her condition can be expected to result in death or to be of long-continued and indefinite duration.
3. Included in income because the designated Beneficiary received a tax-free scholarship or fellowship; Veteran’s educational assistance; employer-provided educational assistance; or any other nontaxable payments (other than gifts or inheritances) received as educational assistance.
4. Made on account of the attendance of the designated Beneficiary at a U.S. military academy (such as the USNA at Annapolis). This exception applies only to the extent that the amount of the distribution does not exceed the costs of advanced education (as defined in Section 2005(d)(3) of Title 10 of the U.S. Code) attributable to such attendance.
5. Included in income only because the qualified education expenses were taken into account in determining the American Opportunity, Hope, or Lifetime Learning credit. Exception (3) applies only to the extent the distribution is not more than the scholarship, allowance, or payment.

You should consult your tax advisor regarding the application of any of the above exceptions. See “Exhibit B – Tax Information.”

May I Roll Over My Account?
You may direct a transfer of money from your Account to an account in another 529 qualified tuition program for the same or another Beneficiary. Alternatively, you may make a withdrawal from your Account and re-deposit the withdrawn balance within 60 days into an account in another 529 qualified tuition program for the same or another Beneficiary. If the Beneficiary stays the same, the transfer will be treated as an income tax-free Qualified Rollover Distribution as long as the transfer does not occur within 12 months from the date of a previous rollover to another 529 qualified tuition program for the Beneficiary. If you change beneficiaries, the transfer will be treated as a Qualified Rollover Distribution only if the new Beneficiary is a Member of the Family of the current Beneficiary.

For taxable years beginning on or after January 1, 2007, Illinois law provides for the recapture of Illinois State tax benefits in the event an Account Owner rolls over an Account to an out-of-state qualified tuition program. The adjusted gross income of an Illinois taxpayer who rolls over an Account to an out-of-state qualified tuition program will be increased by the amount of money the Account Owner has previously deducted from his or her Illinois base income for contributions made to the Program. Before rolling over your Account to an out-of-state qualified tuition program, you should consult with your legal and tax advisors.

What Happens to an Account If the Beneficiary Does Not Attend College?
If the Beneficiary of an Account does not pursue a higher education, you may withdraw the Account balance or change the Beneficiary of the Account. To the extent that you make a Nonqualified Withdrawal from the Account, any earnings portion of such Nonqualified Withdrawal will be includible in your income for federal income tax purposes and will be subject to a 10% federal penalty tax. In addition, Illinois law provides for the recapture of Illinois State tax benefits in the event an Account Owner takes a Nonqualified Withdrawal from an Account, other than on account of the death or disability of the Beneficiary. A change of the Beneficiary of the Account will not result in any income tax consequences so long as the new Beneficiary is a Member of the Family of the current Beneficiary. For more information, see “Exhibit B – Tax Information.”

How Do I Close an Account?
To withdraw all of the funds and close your Account, contact your broker or financial advisor. The Program does not charge any surrender or other withdrawal fees. However, if you have made a Contribution by check, EFT, or AIP, you may not be able to withdraw funds in your Account until the check through which you made your Contributions clears and the Program has collected funds.
LIMITATIONS AND PENALTIES

Are There Limits on Investment Changes?
Under federal law, neither you nor the Beneficiary may exercise investment discretion, directly or indirectly, over Contributions to an Account or any earnings on such Contributions. As a result, federal law only allows you to change the Portfolio or Portfolios in which Contributions or any earnings on such Contributions are invested twice per calendar year, or upon a change of Beneficiary.

If an Account Owner has multiple accounts in the Program for the same Beneficiary, or multiple accounts in the Program and other Illinois Section 529 programs, the Account Owner may change the Portfolios in all such accounts without tax consequences, so long as the changes to all of the accounts are made at the same time and no more frequently than twice per calendar year or upon a change of Beneficiary.

Can I Transfer My Account to Other Illinois Section 529 Programs?
Accounts in the Pool are also offered and sold through the Bright Start College Savings Program. You may transfer money from the Bright Start College Savings Program to your Bright Directions College Savings Program Account or from your Account to the Bright Start College Savings Program without the imposition of any penalties. You may also transfer money from CollegeIllinois! to your Bright Directions College Savings Program or vice versa. However, any such transfer constitutes a change in the investment option in which your Account is invested and therefore may occur only twice per calendar year, or upon a change of Beneficiary.

Are There Limitations on Transfers Out of the Program?
The Program does not charge a surrender fee, a contingent deferred sales charge, or any other fee to transfer out of the Program. You may roll over your Account to another 529 qualified tuition program without potentially adverse federal income tax consequences only if the rollover does not occur within 12 months from the date of a previous rollover for the Beneficiary, or upon a change of Beneficiary.

For taxable years beginning on or after January 1, 2007, Illinois law provides for the recapture of Illinois State tax benefits in the event an Account Owner rolls over an Account to an out-of-state qualified tuition program. The adjusted gross income of an Illinois taxpayer who rolls over an Account to an out-of-state qualified tuition program will be increased by the amount of money the Account Owner has previously deducted from his or her Illinois base income for contributions made to the Program. Before rolling over your Account to an out-of-state qualified tuition program, you should consult with your legal and tax advisors.

Are There Penalties on Withdrawals From the Program?
The Program does not charge a withdrawal fee. If an Account Owner withdraws funds as a Nonqualified Withdrawal, the earnings portion of the withdrawal will be includible in their federal gross income and subject to a 10% federal penalty tax. In addition, Illinois law provides for the recapture of Illinois State tax benefits in the event an Account Owner rolls over an Account to an out-of-state qualified tuition program or takes a Nonqualified Withdrawal from an Account, other than on account of the death or disability of the Beneficiary. You should consult with your tax advisor in such circumstances.

OTHER INFORMATION

How Will Investment in the Program Affect My Beneficiary’s Chances of Receiving Financial Aid?
The eligibility of the Beneficiary for financial aid may depend upon the circumstances of the Beneficiary’s family at the time the Beneficiary enrolls in an Institution of Higher Education, as well as on the policies of the governmental agencies, school, or private organizations to which the Beneficiary and/or the Beneficiary’s family applies for financial assistance. These policies vary at different institutions and can change over time. Therefore, no person or entity can say with certainty how the federal aid programs, or the school to which the Beneficiary applies, will treat your Account.

Are Contributions Part of an Account Owner’s Bankruptcy Estate?
The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 protects many Section 529 accounts in federal bankruptcy proceedings. Generally, your Account will be protected if the Beneficiary is your child, stepchild, grandchild, or stepgrandchild (including a child, stepchild, grandchild, or stepgrandchild through adoption or foster care) subject to the following limits:

• Contributions made to all Section 529 accounts for the same designated beneficiary at least 720 days before a federal bankruptcy filing are completely protected;
• Contributions made to all Section 529 accounts for the same designated beneficiary more than 365 days, but less than 720 days before a federal bankruptcy filing are protected up to $6,225; and
• Contributions made to all Section 529 accounts for the same designated beneficiary less than 365 days before a federal bankruptcy filing are not protected against creditor claims in federal bankruptcy proceedings.

Your own state law may offer additional creditor protections. You should consult your legal advisor regarding the effect of any bankruptcy filing on your Account.

Does Illinois Law Protect Accounts From Creditors?
Under certain circumstances, money held in an Account in the Program is exempt from the claims of the creditors of an Account Owner, contributor, or Beneficiary.

Illinois law protects your Account from all claims of creditors of the Beneficiary, the Account Owner, or the contributor, subject to the following limits:

• Contributions made with an actual intent to hinder, delay, or defraud a creditor are not protected;
• Contributions made during the 365-day period prior to filing a bankruptcy petition are protected, for each beneficiary, only up to the amount of the annual federal gift tax exclusion (currently $14,000); and
• Contributions made during the period beginning 730 days and ending 366 days prior to filing a bankruptcy petition are protected, for each beneficiary, only up to the amount of the annual federal gift tax exclusion (currently $14,000).

Thus, assuming that no contributions were made with an actual intent to hinder, delay, or defraud a creditor, all amounts contributed more than 730 days prior to filing the bankruptcy petition are protected, and amounts contributed within 730 days of filing the bankruptcy petition are currently protected up to either $14,000 or $28,000, per beneficiary, depending upon the timing of the contributions.

Neither the Program, the Illinois State Treasurer, or the Program Manager make any representations or warranties regarding protection from creditors. You should consult your legal advisor regarding this law and your circumstances.

What Kind of Statements Will I Receive?
The Program Manager will maintain separate records for your Account and will provide quarterly statements to you and your advisor showing:

• Contributions made to the Account;
• Change in Account value for the period;
• Withdrawals made from the Account;
• The total value of the Account at the end of that time period; and
• Information concerning the Maximum Account Balance.

Carefully review all confirmations and account statements to verify the accuracy of the transactions. Any discrepancies must be reported to the Bright Directions College Savings Program within 60 days of the date of the confirmation or statement. If you fail to notify us of any error, you will be considered to have approved the transaction.

To reduce the amount of duplicate mail that is sent to a household, the Program Manager will for mailing purposes combine Account statements that have the same Account Owner and mailing address. The Program Manager will send one copy of the Program Disclosure Statement and other Program communications to Account Owners at each respective household address. The Bright Directions College Savings Program periodically matches and updates addresses of record against the U.S. Postal Service’s change of address database to minimize undeliverable items.

You can view quarterly statements online at BrightDirections.com. You will need to create an online user name and password.

Information including prospectuses and other disclosures of all fees and expenses associated with mutual funds, exchange-traded funds and other investments made by the Program is available at BrightDirections.com.

Is the Program Audited?
Each year an independent public accountant selected by the Program Manager will audit the Program. The auditors will examine financial statements for the Program and provide other audit, tax, and related services. The Treasurer and the Illinois Auditor General may also conduct audits of the Program and the Pool. The Program Manager has engaged Hayes & Associates, L.L.C., Omaha, Nebraska, to perform the annual audit of the Program’s financial statements.

Where Can I Obtain Additional Information?
To answer your questions or request an Enrollment Form, please call your broker or other financial advisor, the Program Manager, or the Distributor. You can contact the Program Manager by calling (866) 722-7283 or by writing to: Bright Directions College Savings Program, P.O. Box 82623, Lincoln, NE 68501-9823.

To comply with Rule 15c2-12(b)(5) of the Securities Exchange Act of 1934, as amended, the Treasurer, on behalf of the Program, has entered into a Continuing Disclosure Agreement for the benefit of Account Owners. Under the continuing disclosure agreement, the Treasurer, on the Program’s behalf and as permitted by law, will provide certain annual financial information relating to the Program and notices of the occurrence of certain material events enumerated in the continuing disclosure agreement.

CERTAIN RISKS TO CONSIDER

Opening an Account involves certain risks. Among other things discussed in this Program Disclosure Statement, you should carefully consider the following risks before completing an Enrollment Form. You also should read this Program Disclosure Statement, including the Exhibits, carefully before making a decision to open an Account.
Investment Risks

The Value of Your Account May Decline
As with many investment programs, there can be no assurance that the value of your Account will grow at any particular rate or that it will not decline. The value of the securities in which the Portfolios invest will change due to a number of factors, most of which will not be in the control of the Treasurer, the Distributor, or the Program Manager. If the value of these securities declines, you may lose some or all of the principal balance in your Account. Neither the Program, the Treasurer, the State of Illinois, or its officials/employees, the Distributor or any of its affiliates, nor the Program Manager or any of its affiliates guarantees any minimum rate of return on your Account or that you will not lose some or all of the principal amount invested.

Your Account Is Not Insured or Guaranteed
Balances in your Account are not guaranteed or insured by the State of Illinois or any instrumentality of the State of Illinois, the Program Manager or any of its affiliates, the Distributor or any of its affiliates, the FDIC, or any other party.

Each Portfolio Has Risks
Each of the Portfolios are subject to certain risks that may affect Portfolio performance. Set forth below is a list of major risks applicable to the Portfolios. See “Exhibit C - Investment Portfolios and Mutual Fund Information”, “Exhibit D - Underlying Exchange Traded Fund Information” and the respective prospectuses of the underlying mutual funds and exchange-traded funds for a description of the risks associated with the underlying mutual funds or exchange-traded funds in which the Portfolios invest.

Since each Portfolio is invested in mutual funds or exchange-traded funds you will want to obtain each fund’s prospectus or summary prospectus which includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing. Prospectuses are available free on the Internet at each respective mutual fund’s website, at BrightDirections.com or by calling (866) 722 - 7283.

• Market risk. Securities prices change every business day, based on investor reactions to economic, political, market, industry, and corporate developments. At times, these price changes may be rapid and dramatic. Some factors may affect the market as a whole, while others affect particular industries, firms, or sizes or types of securities.

• Interest rate risk. A rise in interest rates typically causes bond prices to fall. Bonds with longer maturities and lower credit quality tend to be more sensitive to changes in interest rates, as are mortgage-backed bonds. Short- and long-term interest rates do not necessarily move the same amount or in the same direction.

Money market investments are also affected by interest rates, particularly short-term rates, but in the opposite way: when short-term interest rates fall, money market yields usually fall as well. Bonds that can be paid off before maturity, such as mortgage-backed securities, tend to be more volatile than other types of debt securities.

• Foreign investment risk. Foreign stocks and bonds tend to be more volatile, and may be less liquid, than their U.S. counterparts. The reasons for such volatility can include greater political and social instability, lower market liquidity, higher costs, less stringent investor protections, and inferior information on issuer finances. In addition, the dollar value of most foreign currencies changes daily. All of these risks tend to be higher in emerging markets than in developed markets.

• Asset-Backed Securities risk. A Portfolio’s performance could suffer to the extent the underlying funds in which it invests are exposed to asset-backed securities. Asset-backed securities are subject to early amortization due to amortization or payout events that cause the security to payoff prematurely. Under those circumstances, an underlying fund may not be able to reinvest the proceeds of the payoff at a yield that is as high as that which the asset-backed security paid. In addition, asset-backed securities are subject to fluctuations in interest rates that may affect their yield or the prepayment rates on the underlying assets.

• Derivatives risk. There are certain investment risks in using derivatives such as futures contracts, options on futures, interest rate swaps and structured notes, as a hedging technique. If an underlying investment fund incorrectly forecasts interest rates in using derivatives, the underlying investment fund and any Portfolio invested in it could lose money. Price movements of a futures contract, option or structured notes may not be identical to price movements of portfolio securities or a securities index, resulting in the risk that, when an underlying investment fund buys a futures contract or option as a hedge, the hedge may not be completely effective. The use of these management techniques also involves the risk of loss if the advisor to an underlying investment fund is incorrect in its expectation of fluctuations in securities prices, interest rates or currency prices. Investments in derivatives may be illiquid, difficult to price, and leveraged so that small changes may produce disproportionate losses for the underlying fund, and may be subject to counterparty risk to a greater degree than more traditional investments. Please see the underlying mutual fund prospectus for complete details.
• **Concentration risk.** To the extent that a Portfolio is exposed to securities of a single country, region, industry, structure, or size, its performance may be unduly affected by factors common to the type of securities involved.

• **Issuer risk.** Changes in an issuer’s business prospects or financial condition, including those resulting from concerns over accounting or corporate governance practices, could significantly affect a Portfolio’s performance if the Portfolio has sufficient exposure to those securities.

• **Credit risk.** The value or yield of a bond or money market security could fall if its credit backing deteriorates. In more extreme cases, default or the threat of default could cause a security to lose most or all of its value. Credit risks are greater in high-yield bonds.

• **Management risk.** A Portfolio’s performance could suffer if the investment fund or funds in which it invests underperforms.

**Individual Fund Portfolios and Individual Fund ETF Portfolios Not as Diversified as Age-Based and Target Portfolios**

The Individual Fund Portfolios and Individual Fund ETF Portfolios are designed to invest in a single mutual fund or exchange-traded fund. Individual Fund Portfolios and Individual Fund ETF Portfolios, by design, are not as diverse as the Age-Based and Target Portfolios which are invested in a number of different mutual funds. Since each Individual Fund Portfolio and Individual Fund ETF Portfolio is invested in one mutual fund or exchange-traded fund, the performance of the Individual Fund Portfolio and Individual Fund ETF Portfolio is dependent on the performance of the underlying mutual fund or exchange-traded fund. Consequently, the performance of each of the Individual Fund Portfolios and Individual Fund ETF Portfolios may be more volatile than the Age-Based and Target Portfolios.

**Program Risks**

**Laws Governing 529 Qualified Tuition Programs May Change**

There is a risk that federal and state laws and regulations governing 529 Programs could change in the future.

The proposed Federal Treasury regulations that have been issued under Section 529 of the Code provide guidance and requirements for the establishment and operation of the Pool but do not provide guidance on all aspects of the Pool. Final regulations or other administrative guidance or court decisions might be issued that could adversely impact the federal tax consequences or requirements with respect to the Pool or Contributions to or withdrawals from your Account. In addition, Section 529 or other federal law could be amended in a manner that materially changes the federal tax treatment of Contributions to and withdrawals from your Account.

You should understand that changes in the law governing the federal and/or state tax consequences described in this Program Disclosure Statement might necessitate material changes to the Pool for the anticipated tax consequences to apply.

Furthermore, the Pool has been established pursuant to Illinois law, the guidelines and procedures adopted by the Illinois State Treasurer, and applicable securities laws. Changes to any of those laws or regulations may also affect the operation and tax treatment of the Pool, as described in this Program Disclosure Statement.

**Limitation on Investment Selection**

The Account Owner may only change the investment election for an Account twice per calendar year, or upon a change in Beneficiary. If an Account Owner has multiple accounts in the Program for the same Beneficiary, or multiple accounts in the Program and other Illinois Section 529 programs, the Account Owner may change the Portfolios in all such Accounts without tax consequences, so long as the changes to all of the Accounts are made at the same time and no more frequently than twice per calendar year or upon a change of Beneficiary.

**Potential Changes in Program Manager**

The term of the Services Agreement ends in July 2017. The Treasurer and the Program Manager have the right to terminate the Services Agreement earlier under certain circumstances, including the material breach of the Services Agreement.

If the term of the Services Agreement expires, or the Services Agreement is terminated under other circumstances, the Program Manager may continue to provide services under the Services Agreement with respect to Accounts in existence as of the last day of the term. Upon the expiration or termination of the Services Agreement, Accounts may be transferred to a successor program manager. In either case, the fee or compensation structure may be higher than the fee originally paid under the Services Agreement and, in the case of a successor program manager, that manager may recommend different investments for the portfolios or achieve performance results that are different than those achieved by the Program Manager.

**Illiquidity of Account**

Funds in your Account will be subject to the terms and conditions of the Program and the Participation Agreement. These provisions may limit your ability to withdraw funds or to transfer these funds. Under no circumstances may any interest in an Account or the Program be used as security for a loan.

**Acceptance to an Institution of Higher Education Is Not Guaranteed**

There is no guarantee that a Beneficiary will be admitted to, or permitted to continue to attend, any college or other Institution of Higher Education. If the Beneficiary does not attend an Institution of Higher Education, withdrawals from your Account may be subject to taxes and penalties.
Educational Expenses May Exceed the Balance in Your Account
Even if you make the maximum amount of Contributions to your Account, the balance may not be sufficient to cover the Beneficiary’s Higher Education Costs.

Program Contributions Do Not Create Illinois Residency
Contributions to the Program do not create Illinois residency status for you or a Beneficiary for purposes of determining the rate of tuition charged by an Illinois educational institution.

Impact on the Beneficiary’s Ability to Receive Financial Aid
The eligibility of the Beneficiary for financial aid may depend upon the circumstances of the Beneficiary’s family at the time the Beneficiary enrolls in an Institution of Higher Education, as well as on the policies of the governmental agencies, school, or private organizations to which the Beneficiary and/or the Beneficiary’s family applies for financial assistance. Because saving for college will increase the financial resources available to the Beneficiary and the Beneficiary’s family, it most likely will have some effect on the Beneficiary’s eligibility. These policies vary at different institutions and can change over time. Therefore, no person or entity can say with certainty how the federal aid programs, or the school to which the Beneficiary applies, will treat your Account.

Medicaid and Other Federal and State Benefits
The effect of an Account on eligibility for Medicaid or other state and federal benefits is uncertain. It is possible that an Account will be viewed as a “countable resource” in determining an individual’s financial eligibility for Medicaid. Withdrawals from an Account during certain periods also may have the effect of delaying the disbursement of Medicaid payments. You should consult a qualified advisor to determine how an Account may affect eligibility for Medicaid or other state and federal benefits.
EXHIBIT A
ACCOUNT PARTICIPATION AGREEMENT
For The Bright Directions College Savings Program

Pursuant to the terms and conditions of this Participation Agreement, the Account Owner, by completing and signing an Enrollment Form, hereby requests the Bright Directions College Savings Program Trust to open (or in the case of a successor Account Owner, to maintain) an Account for the individual designated on the Enrollment Form as the Beneficiary (hereinafter, “Beneficiary”).

SECTION 12 OF THIS AGREEMENT IS AN ARBITRATION PROVISION. YOU SHOULD READ THE ARBITRATION PROVISION CAREFULLY. IT MAY HAVE A SUBSTANTIAL IMPACT ON YOUR RIGHTS.

GENERAL TERMS AND CONDITIONS

Capitalized terms not defined in this Participation Agreement shall have the meanings assigned to them in the Program Disclosure Statement or Illinois Administrative Code, which is available upon request as described in the Program Disclosure Statement.

The Participant (“you”), the Bright Directions College Savings Program Trust (the “Trust”) which holds the assets for the Bright Directions College Savings Program, the Illinois State Treasurer (“Treasurer”) and Union Bank & Trust Company as the Program Manager (“Program Manager”) agree as follows:

Section 1. Accounts and Beneficiaries.

(a) Opening Account. The purpose of this Participation Agreement is to establish an Account for the Higher Education Costs of the Beneficiary named in the Enrollment Form.

(b) Separate Accounts. The Trust will maintain a separate Account for each Beneficiary. Each Account will be governed by a Participation Agreement and the Program’s Declaration of Trust which may be obtained from the Program Manager. All assets held in your Account will be held for the exclusive benefit of you and the Account Beneficiary as provided by applicable law.

(c) Naming and Changing Beneficiaries. You will name the Beneficiary for an Account in the Enrollment Form. You can change the Beneficiary at any time, subject to federal and state law. In order to avoid certain adverse tax consequences, a new Beneficiary must be a “Member of the Family” of the replaced Beneficiary, as that term is defined under Section 529 of the Internal Revenue Code of 1986, as amended, or any other corresponding provision of future law (the “Code”). The designation of the new Beneficiary will be effective upon receipt of the appropriate form, properly completed.

(d) Choice of Portfolio. Money invested in an Account will be invested in the Portfolio or Portfolios designated in the Enrollment Form. The Account Owner may change the Portfolio or Portfolios in which money is invested twice every calendar year, or upon a change of the Account Beneficiary.

If an Account Owner has multiple accounts in the Program for the same Beneficiary, or multiple accounts in the Program and other Illinois Section 529 programs, the Account Owner may change the Portfolios in all such accounts without tax consequences, so long as the changes to all of the accounts are made at the same time and no more frequently than twice per calendar year or upon a change of Beneficiary.

Section 2. Contributions.

(a) Contributions To Be in Cash. All Contributions must be in cash. Cash means only (i) checks, (ii) payroll deductions made by your employer, (iii) electronic funds transfers from your bank, (iv) an automatic investment plan, (v) Bright Directions GiftED contributions (vi) wire transfers (vii) Bright Directions 529 College Savings Visa Card “Rewards”, or (viii) a rollover from another 529 qualified tuition program.

(b) Minimum Contributions. There is no minimum contribution amount. A Contribution need not be made every year.

(c) Additional Contributions. You may make additional Contributions at any time, subject to the overall limit described in the next paragraph.

(d) Maximum Contribution Limit. The Treasurer will set a Maximum Account Balance for each Beneficiary. You may not make additional Contributions to any Account for a Beneficiary once the aggregate balance of all Accounts for the Beneficiary, and all accounts in other Illinois Section 529 programs for the Beneficiary, including the Bright Start College Savings Program and College Illinois!, equals $350,000. The Program will inform you of the Maximum Account Balance for each year.

Section 3. Distribution From Accounts. You may direct the Program Manager to distribute part or all of the money in an Account at any time.

(a) You must complete a withdrawal request form, an online withdrawal form, or follow such other procedures for the withdrawal of money in an Account as the Treasurer may designate. The Treasurer may change the withdrawal request form or modify the procedures for withdrawing money from an Account from time to time.

(b) You acknowledge the earnings portion of a Nonqualified Withdrawal, as defined in the Program Disclosure Statement, will be included in your income for federal and state tax purposes, may be subject to a 10% federal penalty tax, and may be subject to recapture of Illinois State tax benefits.

(c) Notwithstanding any other provision of this Agreement, the Treasurer may terminate an Account upon a determination that you or the Account’s Beneficiary has provided false or misleading information to the Trust, the Program Manager, or an Institution of Higher Education. The Treasurer will pay you the balance remaining in the Account, less any state or federal taxes to be withheld, if applicable.
Section 4. Your Representations and Acknowledgments.
You hereby represent and warrant to, and agree with the Trust, the Treasurer, and the Program Manager as follows:

(a) You agree that the creation of an Account under the Trust subjects your contributions to sales charges and ongoing fees.

(b) You have received and read the Program Disclosure Statement for the Bright Directions College Savings Program and have carefully reviewed all the information contained therein, including information provided by or with respect to the Trust and the Program Manager. You have been given an opportunity, within a reasonable time prior to the date of this Agreement, to ask questions and receive answers concerning (i) an investment in the Trust, (ii) the terms and conditions of the Trust and (iii) this Agreement and to obtain such additional information necessary to verify the accuracy of any information furnished. You have had the opportunity to ask questions of a representative of the Bright Directions College Savings Program and your tax, legal, or investment professional and have received satisfactory answers to any questions asked. You also agree that you have had the opportunity to review and hereby approve and consent to all compensation paid or received by any party connected with the Trust or any of its investments.

(c) You acknowledge and agree that the value of your Account will increase or decrease based on the investment performance of the investment Portfolio or Portfolios of the Trust in which the Account is then invested. **YOU UNDERSTAND THAT THE VALUE OF ANY ACCOUNT MAY BE MORE OR LESS THAN THE AMOUNT INVESTED IN THE ACCOUNT.** You agree that all underlying investment decisions will be made by the Illinois Treasurer, and that you will not direct the investment of any funds invested in the Trust, either directly or indirectly. You also acknowledge and agree that neither the State of Illinois, the Trust, the Treasurer, the Program Manager, the Distributor, nor any other advisor or consultant retained by or on behalf of the Trust makes any guarantee that you will not suffer a loss of the amount invested in any Account.

(d) You understand that so long as Union Bank & Trust Company serves as Program Manager for the Bright Directions College Savings Program and is performing services for the Trust, it may follow the directives of the Treasurer. When acting in such capacity, Union Bank & Trust Company will have no liability to you or any other Beneficiary of this Agreement.

(e) You acknowledge and agree that participation in the Bright Directions College Savings Program does not guarantee that any Beneficiary: (i) will be accepted as a student by an Institution of Higher Education; (ii) if accepted, will be permitted to continue as a student; (iii) will be treated as a state resident of any state for tuition purposes; (iv) will graduate from any Institution of Higher Education; or (v) will achieve any particular treatment under applicable state or federal financial aid program. You also acknowledge and agree that neither the State of Illinois, the Trust, the Treasurer, the Program Manager, the Distributor, nor any other advisor or consultant retained by or on behalf of the Trust makes any such representation or guarantee.

(f) You acknowledge and agree that no Account will be used as collateral for any loan. Any attempted use of an Account as collateral for a loan will be void.

(g) You acknowledge and agree that the Trust will not loan any assets to you or the Beneficiary.

(h) You agree and acknowledge that the Illinois College Savings Pool (the “Pool”) was established pursuant to Illinois Public Act 91-0607, that the Trust was established under Illinois Public Act 91-0607 and is administered by the Treasurer of the State of Illinois, pursuant to state law, and is intended to qualify for certain federal income tax consequences under Section 529 of the Internal Revenue Code. You further acknowledge that such federal and state laws are subject to change, sometimes with retroactive effect, and that neither the State of Illinois, the Trust, the Treasurer, the Program Manager, the Distributor, nor any advisor or consultant retained by the Trust makes any representation that such state or federal laws will not be changed or repealed.

(i) You acknowledge that the Trust is the record owner of the shares of the mutual funds in which each Portfolio is invested and that you will have no right to vote, or direct the voting of, any proxy with respect to such shares.

Section 5. Fees and Expenses. The Trust will make certain charges against each Account in order to provide for the costs of administration of the Accounts and such other purposes as the Treasurer shall determine appropriate.

(a) **Program Management Fee.** Each Age-Based, Target, Individual Fund, and Individual Fund ETF Portfolio is subject to a program management fee at an annual rate of 0.18% of the average daily net assets, which is accrued daily and reflected in the NAV of each Age-Based, Target, Individual Fund and Individual Fund ETF Portfolio.

(b) **State Administrative Fee.** Each Age-Based, Target and Individual Fund Portfolio is subject to a state administrative fee at an annual rate of 0.05% of the average daily net assets, which is accrued daily and reflected in the NAV of each Age-Based, Target and Individual Fund Portfolio. The Individual Fund ETF Portfolios are subject to a state administrative fee at the annual rate of 0.03% of the average daily net assets.

(c) **Investment Management Fees.** You agree and acknowledge that each of the mutual funds or other investments also will have investment management fees and other expenses, which will be disclosed or made available on an annual basis.

(d) **Change in Fees.** You acknowledge and agree that the charges described above may be increased or decreased as the Treasurer shall determine to be appropriate.
(e) **Sales Loads, Redemption Fees, and Administrative Fees.** An Account is subject to the fees set forth in this paragraph. You may choose from among Fee Structure A, C, E, or F. Account Owners may elect one of the following fee structures by reflecting such election on the Enrollment Form:

(i) **Fee Structure A:** If you select Fee Structure A, you will pay, at the time each Contribution is made, a sales load in an amount equal to 3.50% of the Contribution, and ongoing fees at an annualized rate of 0.25% of the aggregate average fair market value of assets in your Account.

(ii) **Fee Structure C:** If you select Fee Structure C, you will not pay a sales load at the time each Contribution is made, but will pay ongoing fees at an annualized rate equal to 0.50% of the aggregate average fair market value of assets in your Account.

(iii) **Fee Structure E:** If you open your Account through an employer-sponsored option, you may select Fee Structure E. You will not pay a sales load at the time each Contribution is made, but will pay ongoing fees at an annualized rate equal to 0.25% of the aggregate average fair market value of assets in your Account.

(iv) **Fee Structure F:** If you open your Account through a fee-only financial planner, you may select Fee Structure F. If you select Fee Structure F, you will not pay a sales load at the time each Contribution is made or an ongoing fee.

Fees set forth under Fee Structure A, C, E, or F, if any, are in addition to all other fees charged against the Account. You may choose to make Contributions under more than one fee structure by establishing separate Accounts. The annualized fees applicable to each Account under each of the fee structures are accrued daily and reflected in the NAV of each Portfolio.

For Fee Structure A, C, E or F, no Annual Account Servicing Fee is charged for the BlackRock Cash Funds 529 Portfolio.

Contributions made to the BlackRock Cash Funds 529 Portfolio, the PIMCO Short-Term 529 Portfolio, or the Baird Short-Term Bond 529 Portfolio under Fee Structure A are not subject to an initial sales charge. However, if you transfer funds contributed under Fee Structure A from the BlackRock Cash Funds 529 Portfolio, the PIMCO Short-Term 529 Portfolio, or the Baird Short-Term Bond 529 Portfolio to another Portfolio in the Program, you will be assessed the sales charges applicable to such new Portfolio under Fee Structure A.

Your financial advisor will not receive a 3.00% commission on any Contributions for which the initial sales charge has been waived. In addition, your financial advisor will not receive a percentage of the average daily net assets in your Account for any balances in the BlackRock Cash Funds 529 Portfolio, and your financial advisor will not receive any commission on Contributions under Fee Structure C to the BlackRock Cash Funds 529 Portfolio.

Section 6. **Necessity of Qualification.** The Pool intends to qualify for favorable federal tax treatment under Section 529 of the Code. You agree and acknowledge that qualification under Section 529 of the Code is vital and agree that the Treasurer may amend this Participation Agreement upon a determination that such an amendment is required to maintain such qualification.

Section 7. **Audit.** The Program Manager shall cause the Trust and its assets to be audited at least annually by a certified public accountant. A copy of the audited financial statements can be obtained by calling the Program Manager at (866) 722-7283, going to BrightDirections.com, or by visiting Treasurer.il.gov.

Section 8. **Reporting.** The Program, through the Program Manager, will provide quarterly reports of Account activity and the value of each Account. Account information can also be obtained via the Program’s website at BrightDirections.com.

Section 9. **Account Owner’s Indemnity.** You recognize that each Account will be established based upon your statements, agreements, representations, and warranties set forth in this Participation Agreement and the Enrollment Form. You agree to indemnify and to hold harmless the Trust, the Treasurer, the Program Manager and its affiliates, the Distributor and its affiliates, and any representatives of the Trust from and against any and all loss, damage, liability, or expense, including costs of reasonable attorneys’ fees to which they may be put or which they may incur by reason of, or in connection with, any breach by you of your acknowledgments, representations, or warranties or any failure of you to fulfill any covenants or agreements set forth herein. You agree that all statements, representations, and warranties will survive the termination of your Account.

Section 10. **Amendment and Termination.** Nothing contained in the Trust or this Participation Agreement shall constitute an agreement or representation by the Treasurer or anyone else that the Trust will continue in existence. At any time, the Treasurer may amend the Declaration of Trust, if any, and this Participation Agreement or suspend or terminate the Trust by giving written notice of such action to the Account Owner, so long as, after the action, the assets in your Accounts are still held for the exclusive benefit of you and your Beneficiary.

Section 11. **Governing Law.** This Agreement shall be governed and interpreted in accordance with the laws of the State of Illinois. Except as set forth in section 12 below, all parties agree that exclusive venue and jurisdiction for any legal proceedings related to this Participation Agreement or the Bright Directions College Savings Program shall be in the State of Illinois.
Section 12. Arbitration. **YOU SHOULD READ THIS ARBITRATION PROVISION CAREFULLY. IT MAY HAVE A SUBSTANTIAL IMPACT ON YOUR RIGHTS.**

(a) Agreement to Arbitrate: Unless prohibited by applicable law, any legal dispute between you and us will be resolved by binding arbitration. In arbitration, a dispute is resolved by an arbitrator instead of a judge or jury. Arbitration procedures are simpler and more limited than court procedures.

(b) Coverage and Definitions: As used in this Arbitration Provision, the following terms have the following meanings:

(i) “You,” “your” and “yours” refer to the Account Owner and any successor Account Owner, acting on the Account Owner’s own behalf or on behalf of the Beneficiary and any successor Beneficiary.

(ii) “We,” “us,” “our” and “ours” refer to: (A) the Program Manager, the State of Illinois and the Treasurer; (B) any company that owns or controls the Program Manager (a “Parent Company”); and (C) any company that is controlled by a Parent Company or the Program Manager. Also, if either you or we elect to arbitrate any Claim you bring against us, the persons who may benefit by this Arbitration Provision include any other persons or companies you make a Claim against in the same proceeding.

(iii) “Claim” means any legal dispute between you and us that relates to, arises out of or has anything at all to do with: (A) this Participation Agreement, this Arbitration Provision, the Program, the Pool or the Trust; or (B) any related advertising, promotion, disclosure or notice. This includes a dispute about whether this Arbitration Provision or this Participation Agreement is valid or enforceable, about when this Arbitration Provision applies and/or about whether a dispute is arbitrable. It includes disputes about constitutional provisions, statutes, ordinances, and regulations, compliance with contracts and wrongful acts of every type (whether intentional, fraudulent, reckless or negligent). This Arbitration Provision applies to actions, omissions and events prior to, on or after the date of this Participation Agreement. It applies to disputes involving requests for injunctions, other equitable relief and/or declaratory relief. However, notwithstanding any language in this Arbitration Provision to the contrary, the term “Claim” does not include any dispute that is asserted by a party on a class basis; unless and until any such dispute is finally resolved to be inappropriate for class treatment in court, such dispute shall not constitute a “Claim” hereunder, and any such dispute shall be resolved by a court and not by an arbitrator or arbitration administrator.

(c) Important Notice: **IF YOU OR WE ELECT TO ARBITRATE A CLAIM, YOU AND WE WILL NOT HAVE THE RIGHT TO PURSUE THAT CLAIM IN COURT OR HAVE A JURY DECIDE THE CLAIM. ALSO, YOUR AND OUR ABILITY TO OBTAIN INFORMATION AND TO APPEAL IS MORE LIMITED IN AN ARBITRATION THAN IN A LAWSUIT. OTHER RIGHTS THAT YOU AND WE WOULD HAVE IN A LAWSUIT IN COURT MAY ALSO NOT BE AVAILABLE IN ARBITRATION.**

(d) Prohibition Against Certain Proceedings: (i) NO PARTY MAY PARTICIPATE IN A CLASS-WIDE ARBITRATION, EITHER AS A PLAINTIFF, DEFENDANT OR CLASS MEMBER; (ii) NO PARTY MAY ACT AS A PRIVATE ATTORNEY GENERAL IN ANY ARBITRATION; (iii) CLAIMS BROUGHT BY OR AGAINST YOU MAY NOT BE JOINED OR CONSOLIDATED WITH CLAIMS BROUGHT BY OR AGAINST ANY OTHER PERSON IN ANY ARBITRATION; AND (iv) THE ARBITRATOR SHALL HAVE NO AUTHORITY TO CONDUCT A CLASS-WIDE ARBITRATION, PRIVATE ATTORNEY GENERAL ARBITRATION OR MULTIPLE-PARTY ARBITRATION.

(e) Initiating Arbitration Proceedings: A party asserting a Claim must first comply with Section 12(k), regarding “Notice and Cure.” Additionally, a party electing arbitration must give written notice of an intention to initiate or require arbitration. This notice can be given after the beginning of a lawsuit and can be given in the papers filed in the lawsuit. If such notice is given, unless prohibited by applicable law any Claim shall be resolved by arbitration under this Arbitration Provision and, to the extent consistent with this Arbitration Provision, the applicable rules of the Administrator that are in effect at the time the Claim is filed with the Administrator. A party who has asserted a Claim in a lawsuit may still elect arbitration with respect to any Claim that is later asserted in the same lawsuit by any other party (and in such case either party may also elect to arbitrate the original Claim). The arbitrator will be selected in accordance with the
Administrator’s rules. However, unless both you and we agree otherwise, the arbitrator must be a lawyer with more than 10 years of experience or a retired judge. We promise that we will not elect to arbitrate an individual Claim that you bring in small claims court or an equivalent court. However, we may elect to arbitrate a Claim that is transferred, removed or appealed to any different court.

(f) Arbitration Location and Costs: Any arbitration hearing that you attend will take place in a reasonably convenient location for you. If the amount in controversy is less than $10,000 and you object to the fees charged by the Administrator and/or arbitrator, we will consider in good faith any reasonable written request for us to bear the fees charged by the Administrator and/or arbitrator. Also, we will pay any fees or expenses we are required to pay by law or are required to pay so that a court will enforce this Arbitration Provision. Each party must pay for that party’s own attorneys, experts and witnesses, provided that we will pay all such reasonable fees and costs you incur if required by applicable law and/or the Administrator’s rules or if you are the prevailing party and we are required to bear such fees and costs so that a court will enforce this Arbitration Provision.

(g) Applicable Law: You and we agree that this Participation Agreement and this Arbitration Provision involve interstate commerce, and this Arbitration Provision is governed by the Federal Arbitration Act (“FAA”), 9 U.S.C. § 1, et seq. The arbitrator must follow, to the extent applicable: (i) the substantive law related to any Claim; (ii) statutes of limitations; and (iii) claims of privilege recognized at law, and shall be authorized to award all remedies available in an individual lawsuit under applicable substantive law, including, without limitation, compensatory, statutory and punitive damages (which shall be governed by the constitutional standards applicable in judicial proceedings), declaratory, injunctive and other equitable relief, and attorneys’ fees and costs. Upon the timely request of any party to an arbitration proceeding, the arbitrator must provide a brief written explanation of the basis for the award. The arbitrator will determine the rules of procedure and evidence to apply, consistent with the arbitration rules of the Administrator and this Arbitration Provision. In the event a conflict between this Arbitration Provision, on the one hand, and any other Arbitration Provision between you and us or the rules or policies of the Administrator, on the other hand, this Arbitration Provision shall govern. The arbitrator will not be bound by federal, state or local rules of procedure and evidence or by state or local laws concerning arbitration proceedings.

(h) Getting Information: In addition to the parties’ rights to obtain information under the Administrator’s rules, any party may submit a written request to the arbitrator seeking more information. A copy of such request must be provided to the other parties. Those parties will then have the right to object in writing within 30 days. The objection must be sent to the arbitrator and the other parties. The arbitrator will decide the issue in his or her sole discretion within 20 days thereafter.

(i) Effect of Arbitration Award: Any court with jurisdiction may enter judgment upon the arbitrator’s award. The arbitrator’s decision will be final and binding, except for any appeal right under the FAA and except for Claims involving more than $100,000. For these Claims, any party may appeal the award within 30 days to a three-arbitrator panel appointed pursuant to the Administrator’s rules. That panel will reconsider from the start any aspect of the initial award that any party asserts was incorrectly decided. The decision of the panel shall be by majority vote and will be final and binding, except for any appeal right under the FAA. Unless applicable law (or Section 12(j), regarding “Corrective Action; Survivability and Severability of Terms”) requires otherwise, the costs of an appeal to an arbitration panel will be borne by the appealing party, regardless of the outcome of the appeal. However, we will pay any fees or expenses we are required to pay so that a court will enforce this Arbitration Provision.

(j) Corrective Action; Survivability and Severability of Terms: A party must be given written notice and a reasonable opportunity of at least 30 days to remedy any circumstance that might preclude arbitration of a Claim. This Arbitration Provision shall survive: (i) termination of the Trust; and (ii) the bankruptcy of any party. If any portion of this Arbitration Provision is deemed invalid or unenforceable, the remaining portions shall nevertheless remain in force. This Arbitration Provision can only be amended or supplemented by written Arbitration Provision.

(k) Notice and Cure: Prior to initiating litigation or arbitration regarding a Claim, the party asserting the Claim (the “Claimant”) shall give the other party or parties written notice of the Claim (a “Claim Notice”) and a reasonable opportunity, not less than 30 days, to cure the Claim. Any Claim Notice must explain the nature of the Claim and the relief that is demanded. The Claimant must reasonably cooperate in providing any information about the Claim that the other party or parties reasonably request.

(l) Arbitration Notices. Any notice to us under this Arbitration Provision must be sent to us by registered or certified mail or by a messenger service such as Federal Express, Bright Directions College Savings Program, 6811 South 27th Street, Lincoln, Nebraska 68512. Any such notice must be signed by you and must provide your name, address and telephone number. Any notice to you under this Arbitration Provision must be sent to you by registered or certified mail or by a messenger service such as Federal Express, at the most recent address for you we have in our records.
The following discussion summarizes certain aspects of federal and state income, gift, estate, and generation-skipping transfer tax consequences relating to the Illinois College Savings Pool and Contributions to, earnings of, and withdrawals from the Accounts. The summary is not exhaustive and is not intended as individual tax advice. In addition, there can be no assurance that the Internal Revenue Service (“IRS”) or Illinois Department of Revenue will accept the statements made herein or, if challenged, that such statements would be sustained in court. The applicable tax rules are complex, and certain of the rules are at present uncertain, and their application to any particular person may vary according to facts and circumstances specific to that person. The Internal Revenue Code and regulations thereunder, and judicial and administrative interpretations thereof, are subject to change, retroactively or prospectively, and no one under the Pool will be entitled to receive or be obligated to give notice of any such changes or modifications. A qualified tax advisor should be consulted regarding the application of law in individual circumstances.

This summary is based on the relevant provisions of the Internal Revenue Code of 1986, as amended (the “Code”), Illinois State tax law, and proposed Treasury regulations. It is possible that Congress, the Treasury Department, the IRS, the State of Illinois, and other taxing authorities or the courts may take actions that will adversely affect the tax law consequences described and that such adverse effects may be retroactive. No final tax regulations or rulings concerning the Illinois College Savings Pool have been issued by the IRS and, when issued, such regulations or rulings may alter the tax consequences summarized herein or necessitate changes in the Pool to achieve the tax benefits described. The summary does not address the potential effects on Account Owners or Beneficiaries of the tax laws of any state other than Illinois.

**Certain Illinois State Tax Consequences**

Legislation governing the tax treatment of the Accounts was passed by the Illinois General Assembly in 2000, and became effective as of January 1, 2001. Illinois law provides that the assets of the Program and its income are exempt from all taxation by the State of Illinois and any of its subdivisions, so long as they are used for qualified higher education expenses. However, for distributions not used for qualified higher education expenses, the earnings portion would be subject to Illinois tax for Illinois taxpayers to the extent included in the taxpayer’s federal adjusted gross income.

For tax years beginning on or after January 1, 2005, individuals who file individual Illinois state income tax returns will be able to deduct up to $10,000 per tax year for their total, combined contributions to the Program, to the Bright Start College Savings Program, and to College Illinois! during that tax year. The Illinois Department of Revenue has stated, in informal advice that is not binding on the Department of Revenue, that

- A deduction of up to $20,000 will be permitted for married taxpayers filing joint Illinois state income tax returns for their total, combined contributions to the Program, to the Bright Start College Savings Program, and to College Illinois! during that tax year; and
- The $10,000 (individual) and $20,000 (joint) limitations on deductions will apply to the total contributions made to the Program, to the Bright Start College Savings Program, and College Illinois! without regard to whether the contributions are made to a single account or more than one account.

A contribution must be post-marked no later than December 31st of a tax year in order to be eligible to be deducted with respect to such tax year. The Illinois Department of Revenue has stated (in a non-binding general information letter) that the state income tax deduction is available to individuals other than the Account Owner who contribute to an Account. The deduction for Illinois individual income tax purposes for contributions to the Program does not apply to transfers between accounts of different designated beneficiaries.

The Illinois Department of Revenue has stated (in informal guidance that is not binding on the Department) that in the case of a rollover from another state’s qualified tuition program, the amount of the rollover that is treated as a return of the original contribution to the old plan (but not the earnings portion of the rollover) is eligible for the deduction for Illinois individual income tax purposes.

For taxable years ending on or after December 31, 2009 and on or before December 30, 2020, employers that match employees’ contributions to the Program, College Illinois! or the Bright Start College Savings Program are eligible for a tax credit. Employers receive a tax credit equal to 25% of the matching contributions the employer makes to its employee’s account in the Program, College Illinois! or Bright Start College Savings Program, up to a maximum annual tax credit of $500 per contributing employee. Employers should consult a tax advisor regarding the availability and ramifications of this credit.

For tax years beginning January 1, 2009, Illinois law provides for the recapture of Illinois State tax benefits in the event an Account Owner takes a Nonqualified Withdrawal from an Account, other than on account of the death or disability of the Beneficiary. The adjusted gross income of an Illinois taxpayer who takes a Nonqualified Withdrawal, other than on account of the death or disability of the Beneficiary, will be increased by an amount equal to the contribution component of such Nonqualified Withdrawal that was previously deducted from base income on the taxpayer’s Illinois tax return. Before taking a Nonqualified Withdrawal from your Account, you should consult with your legal and tax advisors.

For taxable years beginning on or after January 1, 2007, Illinois law provides for the recapture of Illinois state tax benefits in the event an Account Owner rolls over an Account to an out-of-state account of another state's qualified tuition program.
qualified tuition program. The adjusted gross income of an Illinois taxpayer who rolls over an Account to an out-of-state qualified tuition program will be increased by the amount of money the Account Owner has previously deducted from his or her Illinois base income for contributions made to the Program. Before rolling over your Account to an out-of-state qualified tuition program, you should consult with your legal and tax advisors.

For taxable years beginning on or after January 1, 2007, the earnings portion of distributions from non-Illinois qualified tuition programs are no longer subject to Illinois income tax so long as the non-Illinois qualified tuition program adopts and determines that its offering materials comply with the College Savings Plan Network’s disclosure principles and has made reasonable efforts to inform Illinois residents and financial intermediaries distributing the non-Illinois program of the existence of Illinois qualified tuition programs.

Federal Income Tax Treatment of the Pool, Contributions, and Withdrawals
The Illinois College Savings Pool is designed to be a “qualified tuition program” under Section 529 of the Code. As such, undistributed investment earnings in the Pool are exempt from federal income tax. Earnings of the Pool credited to an Account will not be includible in the federal gross income of the Account Owner or Beneficiary until funds are withdrawn, in whole or in part, from the Account. The treatment of a withdrawal from an Account will vary depending on the nature of the withdrawal. Contributions are not deductible for federal income tax purposes.

If there are earnings in an Account, each distribution from the Account consists of two parts. One part is a return of the contributions to the Account (the “Contributions Portion”). The other part is a distribution of earnings in the Account (the “Earnings Portion”). A pro rata calculation is made as of the date of the distribution of the Earnings Portion and the Contributions Portion of the distribution.

Qualified Withdrawals
If a Qualified Withdrawal is made from an Account, no portion of the distribution is includible in the gross income of either the Beneficiary or the Account Owner.

Qualified Rollover Distributions
No portion of a Qualified Rollover Distribution is includible in the gross income of either the Beneficiary or the Account Owner.

Nonqualified Withdrawals
To the extent that a withdrawal from an Account is a Nonqualified Withdrawal, the Earnings Portion of such Nonqualified Withdrawal is includible in the federal gross income of the recipient of the withdrawal for the year in which the withdrawal is made. The Contributions Portion is not includible in gross income.

Generally, the recipient of a Nonqualified Withdrawal will also be subject to a “penalty tax” equal to 10% of the Earnings Portion of the withdrawal.

There are, however, exceptions to the 10% federal penalty tax if they are:

1. Paid to a Beneficiary (or to the estate of the designated Beneficiary) on or after the death of the designated Beneficiary.
2. Made because the designated Beneficiary is disabled. A person is considered to be disabled if he or she shows proof that he or she cannot do any substantial gainful activity because of his or her physical or mental condition. A physician must determine that his or her condition can be expected to result in death or to be of long-continued and indefinite duration.
3. Included in income because the designated Beneficiary received a tax-free scholarship or fellowship; Veteran’s educational assistance; employer-provided educational assistance; or any other nontaxable payments (other than gifts or inheritances) received as educational assistance.
4. Made on account of the attendance of the designated Beneficiary at a U.S. military academy (such as the USNA at Annapolis). This exception applies only to the extent that the amount of the distribution does not exceed the costs of advanced education (as defined in Section 2005(d)(3) of Title 10 of the U.S. Code) attributable to such attendance.
5. Included in income only because the qualified education expenses were taken into account in determining the American Opportunity, Hope, or Lifetime Learning Credit.

Exception (3) applies only to the extent the distribution is not more than the scholarship, allowance, or payment.

Change of Beneficiaries
A change in the Beneficiary of an Account is not treated as a distribution if the new beneficiary is a Member of the Family of the former Beneficiary. However, if the new Beneficiary is not a Member of the Family of the former Beneficiary, the change is treated as a Nonqualified Withdrawal by the Account Owner. A change of the Beneficiary of an Account or a transfer to an Account for another Beneficiary may have federal gift tax or generation-skipping transfer tax consequences.

Aggregation of Accounts
All Accounts for the benefit of a single Beneficiary and having the same Account Owner, including any accounts in other Illinois Section 529 plans, must be treated as a single account for purposes of calculating the Earnings Portion of each withdrawal. Thus, if more than one Account is created for a Beneficiary that has the same Account Owner and a Nonqualified Withdrawal is made from one or more accounts, the amount includible in taxable income must be calculated based on the Earnings Portion of all accounts. The amount withdrawn from an Account may carry with it a greater or lesser amount of income than the Earnings Portion of that Account alone, depending on the Earnings Portion of other accounts for that Beneficiary. In the
case of a Nonqualified Withdrawal or other taxable distribution, this aggregation rule may result in an Account Owner being taxed upon more or less income than that directly attributable to the Earnings Portion of the Account from which the withdrawal was made.

Annual Tax Reporting
For any year there are withdrawals from your Account, the Program Manager will send out a Form 1099-Q. This form sets forth the total amount of the distribution and identifies the Earnings Portion and the Contribution Portion of each withdrawal. If the distribution is made to the Account Owner, the Form 1099-Q will be sent to them. If the distribution is to the Beneficiary or made directly to the Institution of Higher Education, the Form 1099-Q will be sent to the Beneficiary. You should consult with your tax professional for the proper tax reporting and treatment of distributions.

Coordination With Other Higher Education Cost Benefit Programs
The tax benefits afforded to qualified tuition programs such as the Program must be coordinated with other programs designed to provide tax benefits for meeting higher education expenses in order to avoid the duplication of such benefits. The coordinated programs include Coverdell Education Savings Accounts under Section 530 of the Code, the Tuition and Fees Deduction, and the American Opportunity, Hope and Lifetime Learning Credits under Section 25A of the Code.

Coverdell Education Savings Accounts
An individual may contribute to, or withdraw money from, both a qualified tuition program account and a Coverdell Education Savings Account in the same year. However, to the extent the total withdrawals from both accounts exceed the amount of adjusted Higher Education Costs that qualify for tax-free treatment under Section 530 of the Code, the recipient must allocate his or her Higher Education Costs between both such withdrawals in order to determine how much may be treated as tax-free under each program.

American Opportunity, Hope, and Lifetime Learning Tax Credits
The use of an American Opportunity, Hope, or Lifetime Learning Credit by a qualifying Account Owner and Beneficiary will not affect participation in or receipt of benefits from a qualified tuition program account, so long as any withdrawal from the account is not used for the same expenses for which the credit was claimed.

Federal Gift, Estate, and Generation Skipping Transfer Taxes
Contributions to an Account are considered completed gifts to the Beneficiary of the Account for federal estate, gift, and generation skipping transfer tax purposes. Except as described below, if an Account Owner dies while there is a balance in the Account, the value of the Account is not includable in the Account Owner’s gross estate for federal estate tax purposes. However, amounts in an Account at the death of the Beneficiary are includible in the Beneficiary’s gross estate.

A donor’s gifts to a donee in any given year will not be taxable if the gifts are eligible for, and do not in total exceed, the gift tax “annual exclusion” for such year. Currently, the annual exclusion is $14,000 per donee, or twice that amount (i.e. $28,000) for a married donor whose spouse elects on a Federal Gift Tax Return to “split” gifts with the donor. The annual exclusion is indexed for inflation and is expected to increase in the future.

Under Section 529, a donor’s contributions to an Account for a Beneficiary are eligible for the gift tax annual exclusion. Contributions that qualify for the gift tax annual exclusion are also excludible for purposes of the Federal generation-skipping transfer (“GST”) tax. Accordingly, so long as the donor’s total contributions to Accounts for the Beneficiary in any year (together with any other gifts made by the donor to the Beneficiary in such year) do not exceed the annual exclusion amount for such year, the donor’s contributions will not be considered taxable gifts and will be excludible for purposes of the GST tax.

In addition, if a donor’s total contributions to Accounts for a Beneficiary in a single year exceed the annual exclusion for such year, the donor may elect to treat contributions that total up to five times the annual exclusion (or up to ten times if the donor and his or her spouse split gifts) as having been made ratably over a five year period. Consequently, a single donor may contribute up to $70,000 in a single year without incurring federal gift tax, so long as the donor makes no other gifts to the same Beneficiary during the calendar year in which the Contribution is made or any of the next four calendar years.

An election to have the contribution taken into account ratably over a five-year period must be made by the donor on a Federal Gift Tax Return, IRS Form 709.

For example, an Account Owner who makes a $70,000 contribution to an Account for a Beneficiary in 2015, may elect to have that contribution treated as a $14,000 gift in 2015 and a $14,000 gift in each of the following four years. If the Account Owner makes no other contributions or gifts to the beneficiary before January 1, 2020, and has made no excess contributions treated as gifts subject to the one-fifth rule during any of the previous four years, the Account Owner will not be treated as making any taxable gifts to the Beneficiary during that five-year period. As a result, the $70,000 contribution will not be treated as a taxable gift and will be excludible for purposes of the GST tax. However, if the Account Owner dies before the end of the five year period, the portion of the contributions allocable to years after the year of death will be includible in the Account Owner’s gross estate for federal estate tax purposes.

A change of the Beneficiary of an Account or a transfer to an Account for another Beneficiary may have federal gift tax consequences. Specifically, if the new Beneficiary is in a younger generation than the replaced Beneficiary, the change or transfer will be treated for federal gift tax purposes as a gift from the replaced Beneficiary to the new Beneficiary. If the new Beneficiary is not a descendant of the replaced Beneficiary, the
new Beneficiary will be considered to be in a younger generation than the replaced Beneficiary if the new Beneficiary is more than 12 1/2 years younger than the replaced Beneficiary. Moreover, even if the new Beneficiary is in the same generation as (or in an older generation than) the replaced Beneficiary, the change or transfer may be treated as a gift from the replaced Beneficiary to the new Beneficiary if the new Beneficiary is not a Member of the Family of the replaced Beneficiary. Any change or transfer treated as a gift from the replaced Beneficiary to the new Beneficiary may cause the replaced Beneficiary to be liable for federal gift tax or cause other undesirable tax consequences.

A change of the Beneficiary of an Account or a transfer to an Account for another Beneficiary may also have GST tax consequences. A change or transfer will be considered a generation-skipping transfer if the new Beneficiary is two or more generations younger than the replaced Beneficiary. Any change or transfer treated as a generation-skipping transfer from the replaced Beneficiary to the new Beneficiary may cause the replaced Beneficiary to be liable for GST tax or cause other undesirable tax consequences.

A change of Account ownership may also have gift and/or GST tax consequences. Accordingly, Account Owners should consult their own tax advisors for guidance when considering a change of Beneficiary or Account ownership.

Lack of Certainty of Tax Consequences
At the date of this Program Disclosure Statement, proposed regulations have been issued under Section 529 of the Code upon which taxpayers may rely at least until final regulations are issued. The proposed regulations do not, however, provide guidance on various aspects of the Illinois College Savings Pool. It is uncertain when final regulations will be issued. There can be no assurance that the Federal tax consequences described herein for Account Owners and Beneficiaries will continue to be applicable. Section 529 of the Code or other Federal law could be amended in a manner that would materially change or eliminate the federal tax treatment described above. The Program Manager and Treasurer intend to modify the Program within the constraints of applicable law for the Program to meet the requirements of Section 529 of the Code. In the event that the Program, as currently structured or as subsequently modified, does not meet the requirements of Section 529 of the Code for any reason, the tax consequences to the Account Owner and Beneficiaries are uncertain, and it is possible that Account Owners could be subject to taxes currently on undistributed earnings in their respective Accounts as well as to other adverse tax consequences. A potential Account Owner may wish to consider consulting a tax advisor.

For other changes to the tax consequences of participation in the Program, see “Certain Risks to Consider” above.
**EXHIBIT C – INVESTMENT PORTFOLIOS AND MUTUAL FUND INFORMATION**

The following table shows the target investment allocations for the Age-Based and Target Portfolios. These target allocations were designed by the Illinois State Treasurer in consultation with the Program Manager and Wilshire Associates. The Program Manager rebalances the Portfolios on an ongoing basis pursuant to the stated investment strategy. The Illinois State Treasurer may change/substitute investment funds at any time without notice.

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

<table>
<thead>
<tr>
<th>Age-Based Portfolios</th>
<th>Age of beneficiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age-Based Aggressive Option</td>
<td>0 - 8</td>
</tr>
<tr>
<td>Age-Based Growth Option</td>
<td>0 - 8</td>
</tr>
<tr>
<td>Age-Based Balanced Option</td>
<td>0 - 8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Target Portfolios</th>
<th>Fund 100</th>
<th>Fund 80</th>
<th>Fund 60</th>
<th>Fund 40</th>
<th>Fund 20</th>
<th>Fund 10</th>
<th>Fixed Income Fund</th>
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</thead>
<tbody>
<tr>
<td>Underlying Mutual Funds</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>BlackRock Cash Funds</td>
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<tr>
<td><strong>MONEY MARKET TOTAL</strong></td>
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<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>50.0%</td>
</tr>
<tr>
<td>PIMCO Short-Term Fund</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baird Short-Term Bond Fund</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>American Century Short Duration Inflation Protection Bond Fund</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Northern Funds Bond Index Fund</td>
<td>8.0%</td>
<td>7.0%</td>
<td>6.0%</td>
<td>6.0%</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>MainStay Total Return Bond Fund</td>
<td>8.0%</td>
<td>7.0%</td>
<td>6.0%</td>
<td>6.0%</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Templeton International Bond Fund</td>
<td>4.0%</td>
<td>3.0%</td>
<td>2.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>FIXED INCOME TOTAL</strong></td>
<td>0.0%</td>
<td>20.0%</td>
<td>40.0%</td>
<td>60.0%</td>
<td>60.0%</td>
<td>50.0%</td>
<td>50.0%</td>
</tr>
<tr>
<td>Voya Global Real Estate Fund</td>
<td>3.0%</td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
<td>1.5%</td>
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</tr>
<tr>
<td><strong>REAL ESTATE TOTAL</strong></td>
<td>3.0%</td>
<td>2.0%</td>
<td>2.0%</td>
<td>2.0%</td>
<td>1.5%</td>
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</tr>
<tr>
<td>DFA U.S. Large Cap Value Portfolio</td>
<td>19.0%</td>
<td>15.0%</td>
<td>11.0%</td>
<td>7.0%</td>
<td>3.5%</td>
<td>2.0%</td>
<td></td>
</tr>
<tr>
<td>Northern Funds Stock Index Fund</td>
<td>16.0%</td>
<td>13.0%</td>
<td>10.5%</td>
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<td>3.5%</td>
<td>2.0%</td>
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<tr>
<td>T. Rowe PriceInstl. Large-Cap Growth Fund</td>
<td>19.0%</td>
<td>15.0%</td>
<td>11.0%</td>
<td>7.0%</td>
<td>3.5%</td>
<td>2.0%</td>
<td></td>
</tr>
<tr>
<td>Northern Funds Small Cap Value Fund</td>
<td>3.0%</td>
<td>2.5%</td>
<td>1.5%</td>
<td>2.0%</td>
<td>1.0%</td>
<td>0.5%</td>
<td></td>
</tr>
<tr>
<td>Delaware Small Cap Core Fund</td>
<td>4.0%</td>
<td>3.0%</td>
<td>2.0%</td>
<td>2.0%</td>
<td>1.0%</td>
<td>0.5%</td>
<td></td>
</tr>
<tr>
<td>Harbor Small Cap Growth Opportunities Fund</td>
<td>3.0%</td>
<td>2.5%</td>
<td>1.5%</td>
<td>2.0%</td>
<td>1.0%</td>
<td>0.5%</td>
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<tr>
<td><strong>DOMESTIC EQUITY TOTAL</strong></td>
<td>64.0%</td>
<td>51.0%</td>
<td>37.5%</td>
<td>27.0%</td>
<td>13.5%</td>
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</tr>
<tr>
<td>Dodge &amp; Cox International Stock Fund</td>
<td>6.25%</td>
<td>5.25%</td>
<td>4.0%</td>
<td>2.5%</td>
<td>1.25%</td>
<td>0.5%</td>
<td></td>
</tr>
<tr>
<td>Northern Funds International Equity Index Fund</td>
<td>12.5%</td>
<td>10.5%</td>
<td>8.5%</td>
<td>5.0%</td>
<td>2.5%</td>
<td>1.5%</td>
<td></td>
</tr>
<tr>
<td>Oppenheimer International Growth Fund</td>
<td>6.25%</td>
<td>5.25%</td>
<td>4.0%</td>
<td>2.5%</td>
<td>1.25%</td>
<td>0.5%</td>
<td></td>
</tr>
<tr>
<td>DFA International Small Company Portfolio</td>
<td>4.0%</td>
<td>3.0%</td>
<td>2.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Causeway Emerging Markets Fund</td>
<td>4.0%</td>
<td>3.0%</td>
<td>2.0%</td>
<td>1.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>INTERNATIONAL EQUITY TOTAL</strong></td>
<td>33.0%</td>
<td>27.0%</td>
<td>20.5%</td>
<td>11.0%</td>
<td>5.0%</td>
<td>2.5%</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
### 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 October 15, 2015, of the underlying investment funds in which the Portfolios invest.

<table>
<thead>
<tr>
<th>Underlying Mutual Fund</th>
<th>Ticker Symbol</th>
<th>Expense Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>BlackRock Cash Funds: Institutional</td>
<td>BGIXX</td>
<td>0.12%</td>
</tr>
<tr>
<td>PIMCO Short-Term Fund</td>
<td>PTSHX</td>
<td>0.46%</td>
</tr>
<tr>
<td>Baird Short-Term Bond Fund</td>
<td>BSBIX</td>
<td>0.30%</td>
</tr>
<tr>
<td>Northern Funds Bond Index Fund</td>
<td>NOBOX</td>
<td>0.16%</td>
</tr>
<tr>
<td>MainStay Total Return Bond Fund</td>
<td>MTMIX</td>
<td>0.60%</td>
</tr>
<tr>
<td>American Century Short Duration Inflation Protection Bond Fund</td>
<td>APISX</td>
<td>0.37%</td>
</tr>
<tr>
<td>BlackRock Inflation Protected Bond Portfolio</td>
<td>BPRIX</td>
<td>0.44%</td>
</tr>
<tr>
<td>Templeton International Bond Fund</td>
<td>FIBZX</td>
<td>0.76%</td>
</tr>
<tr>
<td>T. Rowe Price Balanced Fund</td>
<td>RPBAX</td>
<td>0.64%</td>
</tr>
<tr>
<td>T. Rowe Price Real Estate Fund</td>
<td>TRREX</td>
<td>0.76%</td>
</tr>
<tr>
<td>Voya Global Real Estate Fund</td>
<td>IGLIX</td>
<td>0.98%</td>
</tr>
<tr>
<td>Calvert Equity Portfolio</td>
<td>CEYIX</td>
<td>0.66%</td>
</tr>
<tr>
<td>MFS Value Fund</td>
<td>MEIIX</td>
<td>0.63%</td>
</tr>
<tr>
<td>DFA U.S. Large Cap Value Portfolio</td>
<td>DFLVX</td>
<td>0.27%</td>
</tr>
<tr>
<td>T. Rowe Price Equity Income Fund</td>
<td>PRFDX</td>
<td>0.66%</td>
</tr>
<tr>
<td>American Century Value Fund</td>
<td>AVLIX</td>
<td>0.77%</td>
</tr>
<tr>
<td>American Century Equity Growth Fund</td>
<td>AMEIX</td>
<td>0.47%</td>
</tr>
<tr>
<td>Northern Funds Stock Index Fund</td>
<td>NOSIX</td>
<td>0.11%</td>
</tr>
<tr>
<td>Sit Dividend Growth Fund</td>
<td>SDVGX</td>
<td>1.34%</td>
</tr>
<tr>
<td>American Century Growth Fund</td>
<td>TWGIX</td>
<td>0.77%</td>
</tr>
<tr>
<td>T. Rowe Price Instl. Large-Cap Growth Fund</td>
<td>TRLGX</td>
<td>0.56%</td>
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<tr>
<td>T. Rowe Price Extended Equity Market Index Fund</td>
<td>PEXMX</td>
<td>0.37%</td>
</tr>
<tr>
<td>William Blair Mid Cap Growth Fund</td>
<td>WCGIX</td>
<td>1.05%</td>
</tr>
<tr>
<td>Ariel Fund</td>
<td>ARAIX</td>
<td>0.72%</td>
</tr>
<tr>
<td>Northern Funds Small Cap Value Fund</td>
<td>NOSGX</td>
<td>1.01%</td>
</tr>
<tr>
<td>Northern Funds Small Cap Index Fund</td>
<td>NSIDX</td>
<td>0.15%</td>
</tr>
<tr>
<td>Delaware Small Cap Core Fund</td>
<td>DCCIX</td>
<td>1.07%</td>
</tr>
<tr>
<td>Harbor Small Cap Growth Opportunities Fund</td>
<td>HASOX</td>
<td>0.90%</td>
</tr>
<tr>
<td>Dodge &amp; Cox International Stock Fund</td>
<td>DODFX</td>
<td>0.64%</td>
</tr>
<tr>
<td>Northern Funds International Equity Index Fund</td>
<td>NOINX</td>
<td>0.25%</td>
</tr>
<tr>
<td>Oppenheimer International Growth Fund</td>
<td>OIGIX</td>
<td>0.70%</td>
</tr>
<tr>
<td>DFA International Small Company Portfolio</td>
<td>DFISX</td>
<td>0.53%</td>
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<tr>
<td>Causeway Emerging Markets Fund</td>
<td>CEMIX</td>
<td>1.22%</td>
</tr>
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</table>

Set forth on the following pages are summary descriptions of the funds, selected by the Illinois State Treasurer in consultation with the Program Manager and Wilshire Associates, 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 October 15, 2015 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 BrightDirections.com. 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.
BlackRock Cash Funds

Investment Objective
The investment objective for BlackRock Cash Funds: Institutional (the “Fund”), a series of BlackRock Funds III (the “Trust”), is to seek a high level of income consistent with liquidity and the preservation of capital.

Principal Investment Strategies of the Fund
BlackRock Cash Funds: Institutional seeks to achieve its investment objective by investing in high-quality, short-term money market instruments that, at the time of investment, have remaining maturities of 397 calendar days or less from the date of acquisition. The fund’s portfolio will maintain a dollar-weighted average maturity of 60 days or less and a dollar-weighted average life of 120 days or less. Under normal circumstances, the fund expects to invest at least 95% of its assets in any combination of such investments, which may include certificates of deposit; high-quality debt obligations, such as corporate debt and certain asset-backed securities; certain obligations of U.S. and foreign banks; certain repurchase agreements; and certain obligations of the U.S. Government, its agencies and instrumentalities (including government-sponsored enterprises).

The fund reserves the right to concentrate its investments (i.e., invest 25% or more of its total assets in securities of issuers in a particular industry) in the obligations of domestic banks. The principal and interest of all securities held by the fund are payable in U.S. dollars.

The securities purchased by the fund are subject to the quality, diversification, and other requirements of Rule 2a-7 under the Investment Company Act of 1940, as amended (the “1940 Act”), and other rules of the Securities and Exchange Commission (“SEC”). The fund will only purchase securities that present minimal credit risk as determined by the fund’s investment adviser, BFA, pursuant to guidelines approved by the Trust’s Board of Trustees.

The fund is a “feeder” fund that invests all of its investable assets in Money Market Master Portfolio of MIP, which has the same investment objective and strategies as the fund. All investments are made at the Money Market Master Portfolio level. This structure is sometimes called a “master/feeder” structure. The fund’s investment results will correspond directly to the investment results of Money Market Master Portfolio. For simplicity, the prospectus uses the name of the fund or the term “fund” (as applicable) to include Money Market Master Portfolio.

Principal Risks of Investing in the Fund
Risk is inherent in all investing. The value of your investment in BlackRock Cash Funds: Institutional, as well as the amount of return you receive on your investment, may fluctuate significantly from day to day and over time. You may lose part or all of your investment in the fund or your investment may not perform as well as other similar investments. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of an investment at $1.00 per share, it is possible to lose money by investing in the fund. The following is a summary description of principal risks of investing in the fund.

• Concentration Risk — The fund may concentrate its investments in the U.S. banking industry which would subject it to the risks generally associated with investments in the U.S. banking industry (i.e., interest rate risk, credit risk and the risk of negative regulatory or market developments affecting the industry).

• Credit Risk — Credit risk refers to the possibility that the issuer of a security will not be able to make payments of interest and principal when due. Changes in an issuer’s credit rating or the market’s perception of an issuer’s creditworthiness may also affect the value of the fund’s investment in that issuer.

• Extension Risk — When interest rates rise, certain obligations will be paid off by the obligor more slowly than anticipated, causing the value of these securities to fall.

• Foreign Exposure Risk — Securities issued or supported by foreign entities, including foreign banks and corporations, may involve additional risks and considerations. Extensive public information about the foreign issuer may not be available, and unfavorable political, economic or governmental developments in the foreign country involved could affect the payment of principal and interest.

• Income Risk — Income risk is the risk that the fund’s yield will vary as short term securities in its portfolio mature and the proceeds are reinvested in securities with different interest rates.

• Interest Rate Risk — Interest rate risk is the risk that the value of a debt security may fall when interest rates rise. In general, the market price of debt securities with longer maturities will go up or down more in response to changes in interest rates than the market price of shorter term securities.

Additionally, securities issued or guaranteed by the U.S. Government, its agencies, instrumentalities and sponsored enterprises have historically involved little risk of loss of principal if held to maturity. However, due to fluctuations in interest rates, the market value of such securities may vary during the period shareholders own shares of the fund.

• Market Risk and Selection Risk — Market risk is the risk that one or more markets in which the fund invests will go down in value, including the possibility that the markets will go down sharply and unpredictably. Selection risk is the risk that the securities selected by fund management will underperform the markets, the relevant indices or the securities selected by other funds with similar investment objectives and investment strategies. This means you may lose money.

• Mortgage- and Asset-Backed Securities Risks — Mortgage- and asset-backed securities represent interests in “pools” of mortgages or other assets, including consumer loans or receivables held in trust. Mortgage- and asset-backed securities are subject to credit, interest rate, prepayment and extension risks. These securities also are subject to risk of default on the underlying mortgage or asset, particularly during periods of economic downturn. Small movements in interest rates (both increases and decreases) may quickly and significantly reduce the value of certain mortgage-backed securities.

• Prepayment Risk — When interest rates fall, certain obligations will be paid off by the obligor more quickly than originally anticipated, and the fund may have to invest the proceeds in securities with lower yields.

• Regulatory Risk — On July 23, 2014, the SEC adopted amendments to money market fund regulations, which structurally change the way that certain money market funds will be required to operate. The compliance periods for the amendments range between July 2015 and October 2016. When implemented, the changes may affect the fund’s investment strategies, fees and expenses, portfolio and share liquidity and return potential. The fund is still evaluating its strategy to implement the new regulations.
The fund may invest, without limitation, in derivative instruments, such as options, futures contracts or swap agreements, or in mortgage- or asset-backed securities, subject to applicable law and any other restrictions described in the fund’s prospectus or Statement of Additional Information. The fund may purchase or sell securities on a when-issued, delayed delivery or forward commitment basis and may engage in short sales. The fund may, without limitation, seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buy backs or dollar rolls). The fund may also invest up to 10% of its total assets in preferred stocks.

**Principal Risks**

It is possible to lose money on an investment in the fund. The principal risks of investing in the fund, which could adversely affect its net asset value, yield and total return are:

**Interest Rate Risk:** The risk that fixed income securities will decline in value because of an increase in interest rates; a fund with a longer average portfolio duration will be more sensitive to changes in interest rates than a fund with a shorter average portfolio duration.

**Call Risk:** The risk that an issuer may exercise its right to redeem a fixed income security earlier than expected (a call). Issuers may call outstanding securities prior to their maturity for a number of reasons (e.g., declining interest rates, changes in credit spreads and improvements in the issuer’s credit quality). If an issuer calls a security that the fund has invested in, the fund may not recoup the full amount of its initial investment and may be forced to reinvest in lower-yielding securities, securities with greater credit risks or securities with other, less favorable features.

**Credit Risk:** the risk that the fund could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a derivative contract, is unable or unwilling to meet its financial obligations.

**High Yield Risk:** the risk that high yield securities and unrated securities of similar credit quality (commonly known as “junk bonds”) are subject to greater levels of credit, call and liquidity risks. High yield securities are considered primarily speculative with respect to the issuer’s continuing ability to make principal and interest payments, and may be more volatile than higher-rated securities of similar maturity.

**Issuer Risk:** the risk that the value of securities owned by the fund may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.

**Market Risk:** the risk that the value of a security may decline for a reason directly related to the issuer, such as management performance, financial leverage and reduced demand for the issuer’s goods or services.

**Liquidity Risk:** the risk that a particular investment may be difficult to purchase or sell and that the fund may be unable to sell illiquid securities at an advantageous time or price or achieve its desired level of exposure to a certain sector. Liquidity risk may result from the lack of an active market, reduced number and capacity of traditional market participants to make a market in fixed income securities, and may be magnified in a rising interest rate environment or other circumstances where investor redemptions from fixed income mutual funds may be higher than normal, causing increased supply in the market due to selling activity.

**Derivatives Risk:** the risk of investing in derivative instruments (such as futures, swaps and structured securities), including liquidity, interest rate, market, credit and management risks, mispricing or valuation complexity. Changes in the value of the derivative may not correlate perfectly with, and may be more sensitive to market events than, the underlying asset, rate or index, and the fund...
could lose more than the initial amount invested. The fund’s use of derivatives may result in losses to the fund, a reduction in the fund’s returns and/or increased volatility. Over-the-counter derivatives are also subject to the risk that the other party in the transaction will not fulfill its contractual obligations. For derivatives traded on exchanges, the primary credit risk is the creditworthiness of the fund’s clearing broker or the exchange itself.

**Equity Risk:** the risk that the value of equity securities, such as common stocks and preferred stocks, may decline due to general market conditions which are not specifically related to a particular company or to factors affecting a particular industry or industries. Equity securities generally have greater price volatility than fixed income securities.

**Mortgage-Related and Other Asset-Backed Securities Risk:** the risks of investing in mortgage-related and other asset-backed securities, including interest rate risk, extension risk, prepayment risk, and credit risk.

**Foreign (Non-U.S.) Investment Risk:** the risk that investing in foreign (non-U.S.) securities may result in the fund experiencing more rapid and extreme changes in value than a fund that invests exclusively in securities of U.S. companies, due to smaller markets, differing reporting, accounting and auditing standards, increased risk of delayed settlement of portfolio transactions or loss of certificates of portfolio securities, and the risk of unfavorable foreign government actions, including nationalization, expropriation or confiscatory taxation, currency blockage, or political changes or diplomatic developments. Foreign securities may also be less liquid and more difficult to value than securities of U.S. issuers.

**Currency Risk:** the risk that foreign (non-U.S.) currencies will decline in value relative to the U.S. dollar and affect the fund’s investments in foreign (non-U.S.) currencies or in securities that trade in, and receive revenues in, or in derivatives that provide exposure to, foreign (non-U.S.) currencies.

**Leveraging Risk:** the risk that certain transactions of the fund, such as reverse repurchase agreements, loans of portfolio securities, and the use of when-issued, delayed delivery or forward commitment transactions, or derivative instruments, may give rise to leverage, magnifying gains and losses and causing the fund to be more volatile than if it had not been leveraged. This means that leverage entails a heightened risk of loss.

**Management Risk:** the risk that the investment techniques and risk analyses applied by PIMCO will not produce the desired results and that legislative, regulatory, or tax restrictions, policies or developments may affect the investment techniques available to PIMCO and the individual portfolio manager in connection with managing the fund. There is no guarantee that the investment objective of the fund will be achieved.

**Short Sale Risk:** the risk of entering into short sales, including the potential loss of more money than the actual cost of the investment, and the risk that the third party to the short sale may fail to honor its contract terms, causing a loss to the fund.

Please see “Description of Principal Risks” in the fund’s prospectus for a more detailed description of the risks of investing in the fund. An investment in the fund is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

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**Fees & Expenses**

(Based on the prospectus dated July 31, 2015)

Total Annual Fund Operating Expenses .................. 0.46%
Management Risks
The Advisor may err in its choices of debt obligations or portfolio mixes. Such errors could result in a negative return and a loss to you.

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

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

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

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

Government Obligations Risks
No assurance can be given that the U.S. government will provide financial support to U.S. government-sponsored agencies or instrumentalities where it is not obligated to do so by law, such as the Federal National Mortgage Association (“Fannie Mae”) and the Federal Home Loan Mortgage Corporation (“Freddie Mac”). Debt obligations issued by Fannie Mae and Freddie Mac have historically been supported only by the discretionary authority of the U.S. government. While the U.S. government provides financial support to various U.S. government-sponsored agencies and instrumentalities, such as Fannie Mae and Freddie Mac, no assurance can be given that it will always do so. In September 2008, at the direction of the Federal Housing Finance Agency (“FHFA”), an independent regulator, Fannie Mae and Freddie Mac were placed into conservatorship and they remain in such status as of the date of this Prospectus. The U.S. government also took steps to provide additional financial support to Fannie Mae and Freddie Mac.

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

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

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

Recent Market Events
In response to the financial crisis that began in 2008, the Federal Reserve has taken extraordinary steps to support financial markets and the U.S. economy, including various bond buying or quantitative easing (QE) programs as well as maintaining their policy interest rate at historically low levels. More recently, the Federal Reserve has ended its QE bond buying program and many market participants believe it is on a path to raise its policy rate, the overnight Federal funds rate. There is uncertainty regarding how the financial markets will react to these changes and, as a result, the markets remain in an elevated risk environment. There is the potential that these changes could negatively affect financial markets and generate higher interest rates, increased market volatility and reduced value and liquidity of certain securities. As a result, many of the above risks may be increased. Continuing market problems may have adverse effects on the fund. The Advisor will monitor developments and seek to manage the fund in a manner consistent with achieving the fund’s investment objective, but there can be no assurance that it will be successful in doing so.

Fees & Expenses
(Based on the prospectus dated May 1, 2015)
Total Annual Fund Operating Expenses...............0.30%

Northern Funds Bond Index Fund
Investment Objective
The fund seeks to provide investment results approximating the overall performance of the securities included in the Barclays U.S. Aggregate Bond Index.

Principal Investment Strategies
Under normal circumstances, the fund will invest substantially all (and at least 80%) of its net assets in bonds and other fixed-income securities included in the Barclays U.S. Aggregate Bond Index in weightings that approximate the relative composition of securities contained in the Index. The fund will maintain a dollar-weighted average maturity consistent with the Index, which generally ranges between 5 to 10 years.

The Barclays U.S. Aggregate Bond Index is an unmanaged index of prices of U.S. dollar-denominated, fixed-rate, taxable, investment grade fixed-income securities with remaining maturities of one year and longer. The Index includes Treasury, government, corporate, mortgage-backed, commercial mortgage-backed and asset-backed securities.
The fund is passively managed, which means it tries to duplicate the investment composition and performance of the Barclays U.S. Aggregate Bond Index by using computer programs and statistical procedures. The fund’s investment adviser will buy and sell securities in response to changes in the Barclays U.S. Aggregate Bond Index. Because the fund will have fees and transaction expenses (while the Barclays U.S. Aggregate Bond Index has none), the fund’s returns are likely to be below those of the Index.

The fund’s investment adviser expects that, under normal circumstances, the quarterly performance of the fund, before expenses, will track the performance of the Barclays U.S. Aggregate Bond Index within a 0.95 correlation coefficient.

Barclays Capital, Inc. (“Barclays Capital”) does not endorse any of the securities in the Barclays U.S. Aggregate Bond Index and is not affiliated with the fund in any way.

Principal Risks
Market Risk is the risk that the market values of fixed-income securities owned by the fund may decline, at times sharply and unpredictably.

Management Risk is the risk that a strategy used by the fund’s investment adviser may fail to produce the intended results.

Liquidity Risk is the risk that certain portfolio securities may be less liquid than others, which may make them difficult or impossible to sell at the time and the price that the fund would like, adversely affecting the value of the fund’s investments and its returns.

Interest Rate/Maturity Risk is the risk that the value of the fund’s assets will decline because of rising interest rates. This risk is generally lower for funds that have shorter-weighted maturities, such as money market funds and short-term bond funds. The magnitude of this decline will often be greater for longer-term fixed-income securities than shorter-term fixed-income securities.

Prepayment (Or Call) Risk is the risk that prepayment of the underlying mortgages or other collateral of some fixed-income securities may result in a decreased rate of return and a decline in value of those securities.

Debt Extension Risk is the risk that an issuer will exercise its right to pay principal on an obligation held by the fund (such as a mortgage-backed security) later than expected. This may happen during a period of rising interest rates. Under these circumstances, the value of the obligation will decrease and the fund will suffer from the inability to invest in higher yielding securities.

Credit (Or Default) Risk is the risk that the inability or unwillingness of an issuer or guarantor of a fixed-income security, or a counterparty to a repurchase or other transaction, to meet its payment or other financial obligations will adversely affect the value of the fund’s investments and its returns. Changes in the credit rating of a debt security held by the fund could have a similar effect.

Tracking Risk is the risk that the fund’s performance may vary substantially from the performance of the benchmark index ittracks as a result of share purchases and redemptions, transaction costs, expenses and other factors.

Portfolio Turnover Risk is the risk that high portfolio turnover is likely to lead to increased fund expenses that may result in lower investment returns. High portfolio turnover also is likely to result in higher short-term capital gains taxable to shareholders.

U.S. Government Securities Risk is the risk that the U.S. government will not provide financial support to its agencies, instrumentalities or sponsored enterprises if it is not obligated to do so by law. Many U.S. government securities purchased by the fund are not backed by the full faith and credit of the United States. It is possible that the issuers of such securities will not have the funds to meet their payment obligations in the future.

As with any mutual fund, it is possible to lose money on an investment in the fund. An investment in the fund is not a deposit of any bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation, any other government agency, or The Northern Trust Company, its affiliates, subsidiaries or any other bank.

MainStay Total Return Bond Fund

Investment Objective
The fund seeks total return.

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

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

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

The fund may also invest in derivatives such as futures, options and swap agreements to try to enhance returns or reduce the risk of loss by hedging certain of its holdings. Commercial paper must be, when

Fees & Expenses
(Based on the prospectus dated July 31, 2015)
Total Annual Fund Operating Expenses.........................0.16%
After Expense Reimbursement
purchased, rated in the highest rating category by an independent rating agency, such as A-1 by S&P or Prime-1 by Moody’s, or if unrated, determined by the Subadvisor to be of comparable quality. The fund’s principal investments may have fixed or floating rates of interest.

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

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

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

**Principal Risks**

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

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

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

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

Interest rates in the United States are at, or near, historic lows, which may increase the fund’s exposure to risks associated with rising interest rates. Moreover, rising interest rates or lack of market participants may lead to decreased liquidity in the bond markets, making it more difficult for the fund to sell its bond holdings at a time when the Subadvisor might wish to sell. Decreased liquidity in the bond markets also may make it more difficult to value some or all of the fund’s bond holdings. Additionally, the risks of municipal bonds include the ability of the issuer to repay the obligation, the relative lack of information about certain issuers, and the possibility of future tax and legislative changes, which could affect the market for and value of municipal securities.

Additional risks associated with an investment in the fund include the following: (i) not all U.S. government securities are insured or guaranteed by the U.S. government—some are backed only by the issuing agency, which must rely on its own resources to repay the bond; and (ii) the fund’s yield will fluctuate with changes in short-term interest rates.

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

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

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

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

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

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

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

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

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

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**Fees & Expenses**
(Based on the prospectus dated February 27, 2015)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Annual Fund Operating Expenses</td>
<td>$0.60%</td>
</tr>
</tbody>
</table>

After Waivers / Reimbursements

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**American Century Short Duration Inflation Protection Bond Fund**

**Investment Objective**
The fund pursues total return using a strategy that seeks to protect against U.S. inflation.

**Principal Investment Strategies**
Under normal market conditions, the fund invests at least 80% of its net assets in inflation-linked debt securities. These securities include inflation-linked U.S. Treasury securities, inflation-linked securities issued by U.S. government agencies and instrumentalities other than the U.S. Treasury, and inflation-linked securities issued by other entities such as domestic and foreign corporations and governments. Inflation-linked securities are designed to protect the future purchasing power of the money invested in them.

The fund may invest in securities issued or guaranteed by the U.S. Treasury and certain U.S. government agencies or instrumentalities such as the Government National Mortgage Association (Ginnie Mae). Ginnie Mae is supported by the full faith and credit of the U.S. government. Securities issued or guaranteed by other U.S. government agencies or instrumentalities, such as the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), and the Federal Home Loan Bank (FHLB) are not guaranteed by the U.S. Treasury or supported by the full faith and credit of the U.S. government. However, they are authorized to borrow from the U.S. Treasury to meet their obligations.

The fund also may invest a portion of its net assets in fixed-income securities that are not linked to inflation. These securities may include other debt securities, including mortgage- and asset-backed securities, whether issued by the U.S. government, its agencies or instrumentalities, corporations or other non-governmental issuers.

The fund may invest up to 20% of its total assets in securities denominated in foreign currencies and may invest beyond this limit in U.S. dollar denominated securities of foreign issuers. The fund invests primarily in investment-grade securities, but may also invest a portion of its assets in high-yield securities, or junk bonds.

The fund also may invest in derivative instruments such as options, futures contracts, options on futures contracts, and swap agreements (including, but not limited to, credit default swap agreements), or in mortgage- or asset-backed securities, provided that such instruments are in keeping with the fund's investment objective.

The weighted average duration of the fund’s portfolio must be five years or shorter. Duration is an indication of the relative sensitivity of a security’s market value to changes in interest rates. The longer the weighted average duration of the fund’s portfolio, the more sensitive its market value is to interest rate fluctuations. Duration is different from maturity in that it attempts to measure the interest rate sensitivity of a security, as opposed to its expected final maturity.

To determine whether to buy or sell a security, the portfolio managers consider, among other things, various fund requirements and standards, along with economic conditions, alternative investments and interest rates.

**Principal Risks**
- **Interest Rate Risk** – Inflation-linked securities trade at prevailing real interest rates. Generally, when real interest rates rise, the value of the fund’s debt securities will decline. The opposite is true when real interest rates decline. The real interest rate is the current market interest rate minus the market’s inflation expectations. A period of rising interest rates may negatively affect the fund’s performance.
• Credit Risk – Debt securities, even investment-grade debt securities, are subject to credit risk. Credit risk is the risk that the inability or perceived inability of the issuer to make interest and principal payments will cause the value of the securities to decrease. As a result the fund's share price could also decrease. Changes in the credit rating of a debt security held by the fund could have a similar effect.

• High-Yield Risk – Issuers of high-yield securities are more vulnerable to real or perceived economic changes (such as an economic downturn or a prolonged period of rising interest rates), political changes or adverse developments specific to an issuer. These factors may be more likely to cause an issuer of lower quality bonds to default on its obligations.

• Liquidity Risk – The fund may also be subject to liquidity risk. During periods of market turbulence or unusually low trading activity, in order to meet redemptions it may be necessary for the fund to sell securities at prices that could have an adverse effect on the fund's share price. Changing regulatory and market conditions, including increases in interest rates and credit spreads may adversely affect the liquidity of the fund's investments.

• Non-diversification Risk – The fund is classified as non-diversified. This gives the portfolio managers the flexibility to hold large positions in a small number of securities. If so, a price change in any one of those securities may have a greater impact on the fund's share price than would be the case in a diversified fund.

• Prepayment Risk – The fund may invest in debt securities backed by mortgages or other assets. If these underlying assets are prepaid, the fund may benefit less from declining interest rates than funds of similar duration that invest less heavily in mortgage- and asset-backed securities.

• Derivatives Risk – The use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional instruments. Derivatives are subject to a number of risks including liquidity, interest rate, market, credit and correlation risk.

• Foreign Securities Risk – Foreign securities have certain unique risks, such as currency risk, social, political and economic risk, and foreign market and trading risk. Securities of foreign issuers may be less liquid, more volatile and harder to value than U.S. securities.

• Market Risk — The value of securities owned by the fund may go up and down, sometimes rapidly or unpredictably.

• Redemption Risk — The fund may need to sell securities at times it would not otherwise do so in order to meet shareholder redemption requests. Selling securities to meet such redemptions may cause the fund to experience a loss, increase the fund’s transaction costs or have tax consequences. To the extent that a large shareholder (including a fund of funds or 529 college savings plan) invests in the fund, the fund may experience relatively large redemptions as such shareholder reallocates its assets.

• Principal Loss – At any given time your shares may be worth less than the price you paid for them. In other words, it is possible to lose money by investing in the fund.

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

Fees & Expenses
(Based on the prospectus dated August 1, 2015)
Total Annual Fund Operating Expenses.........................0.37%

BlackRock Inflation Protected Bond Portfolio

Investment Objective
The investment objective of the BlackRock Inflation Protected Bond Portfolio (the “Inflation Protected Bond Portfolio” or the “fund”) is to seek to maximize real return, consistent with preservation of real capital and prudent investment management.

Principal Investment Strategies of the Fund
Under normal circumstances, the fund invests at least 80% of its assets in inflation-indexed bonds of varying maturities issued by the U.S. and non-U.S. governments, their agencies or instrumentalities, and U.S. and non-U.S. corporations.

The fund maintains an average portfolio duration that is within ±20% of the duration of the Barclays U.S. Treasury Inflation Protected Securities Index (the benchmark).

The fund may invest up to 20% of its assets in non-investment grade bonds (high yield or junk bonds) or securities of emerging market issuers. The fund may also invest up to 20% of its assets in non-dollar denominated securities of non-U.S. issuers, and may invest without limit in U.S. dollar denominated securities of non-U.S. issuers.

The fund is non-diversified under the Investment Company Act of 1940, as amended, which means that it may concentrate its assets in a smaller number of issuers than a diversified fund.

The fund also makes investments in residential and commercial mortgage-backed securities and other asset-backed securities.

Non-investment grade bonds acquired by the fund will generally be in the lower rating categories of the major rating agencies (BB or lower by Standard & Poor's (“S&P”) or B or lower by Moody's Investors Service, Inc. (“Moody's”)) or will be determined by the management team to be of similar quality. Split rated bonds will be considered to have the higher credit rating. Split rated bonds are bonds that receive different ratings from two or more rating agencies.

The fund may buy or sell options or futures, or enter into credit default swaps and interest rate or foreign currency transactions, including swaps (collectively, commonly known as derivatives). The fund may seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as reverse repurchase agreements or dollar rolls).

The fund may engage in active and frequent trading of portfolio securities to achieve its primary investment strategies.

Principal Risks of Investing in the Fund
Risk is inherent in all investing. The value of your investment in the fund, as well as the amount of return you receive on your investment, may fluctuate significantly from day to day and over time. You may lose part or all of your investment in the fund or your investment may not perform as well as other similar investments.

The following is a summary description of principal risks of investing in the fund.

Debt Securities Risk — Debt securities, such as bonds, involve interest rate risk, credit risk, extension risk, and prepayment risk, among other things.

Interest Rate Risk — The market value of bonds and other fixed-income securities changes in response to interest rate changes and other factors. Interest rate risk is the risk that prices of bonds and other fixed-income securities will increase as interest rates fall and decrease as interest rates rise. The fund may be subject to a greater risk of rising interest rates due to the
current period of historically low rates. For example, if interest rates increase by 1%, assuming a current portfolio duration of ten years, and all other factors being equal, the value of the fund’s investments would be expected to decrease by 10%. The magnitude of these fluctuations in the market price of bonds and other fixed-income securities is generally greater for those securities with longer maturities. Fluctuations in the market price of the fund’s investments will not affect interest income derived from instruments already owned by the fund, but will be reflected in the fund’s net asset value. The fund may lose money if short-term or long-term interest rates rise sharply in a manner not anticipated by fund management. To the extent the fund invests in debt securities that may be prepaid at the option of the obligor (such as mortgage-backed securities), the sensitivity of such securities to changes in interest rates may increase (to the detriment of the fund) when interest rates rise. Moreover, because rates on certain floating rate debt securities typically reset only periodically, changes in prevailing interest rates (and particularly sudden and significant changes) can be expected to cause some fluctuations in the net asset value of the fund to the extent that it invests in floating rate debt securities. These basic principles of bond prices also apply to U.S. Government securities. A security backed by the “full faith and credit” of the U.S. Government is guaranteed only as to its stated interest rate and face value at maturity, not its current market price. Just like other fixed-income securities, government-guaranteed securities will fluctuate in value when interest rates change. A general rise in interest rates has the potential to cause investors to move out of fixed-income securities on a large scale, which may increase redemptions from funds that hold large amounts of fixed-income securities. Heavy redemptions could cause the fund to sell assets at inopportune times or at a loss or depressed value and could hurt the fund’s performance.

Credit Risk — Credit risk refers to the possibility that the issuer of a debt security (i.e., the borrower) will not be able to make principal and interest payments when due. Changes in an issuer’s credit rating or the market’s perception of an issuer’s creditworthiness may also affect the value of the fund’s investment in that issuer. The degree of credit risk depends on the issuer’s financial condition and on the terms of the securities.

Extension Risk — When interest rates rise, certain obligations will be paid off by the obligor more slowly than anticipated, causing the value of these obligations to fall.

Prepayment Risk — When interest rates fall, certain obligations will be paid off by the obligor more quickly than originally anticipated, and the fund may have to invest the proceeds in securities with lower yields.

Deflation Risk — Deflation risk is the possibility that prices throughout the economy decline over time — the opposite of inflation. If inflation is negative, the principal and income of an inflation-protected bond will decline and could result in losses for the fund.

Derivatives Risk — The fund’s use of derivatives may reduce the fund’s returns and/or increase volatility. Volatility is defined as the characteristic of a security, an index or a market to fluctuate significantly in price within a short time period. A risk of the fund’s use of derivatives is that the fluctuations in their values may not correlate perfectly with the overall securities markets. Derivatives are also subject to counterparty risk, which is the risk that the other party in the transaction will not fulfill its contractual obligation. The possible lack of a liquid secondary mar-
High Portfolio Turnover Risk — The fund may engage in active and frequent trading of its portfolio securities. High portfolio turnover (more than 100%) may result in increased transaction costs to the fund, including brokerage commissions, dealer mark-ups and other transaction costs on the sale of the securities and on reinvestment in other securities. The sale of fund portfolio securities may result in the realization and/or distribution to shareholders of higher capital gains or losses as compared to a fund with less active trading policies. These effects of higher than normal portfolio turnover may adversely affect fund performance. In addition, investment in mortgage dollar rolls and participation in TBA transactions may significantly increase the fund’s portfolio turnover rate. A TBA transaction is a method of trading mortgage-backed securities where the buyer and seller agree upon general trade parameters such as agency, settlement date, par amount, and price at the time the contract is entered into but the mortgage-backed securities are delivered in the future, generally 30 days later.

Inflation Indexed Bonds Risk — The principal value of an investment is not protected or otherwise guaranteed by virtue of the fund’s investments in inflation-indexed bonds.

Inflation-indexed bonds are fixed-income securities whose principal value is periodically adjusted according to the rate of inflation. If the index measuring inflation falls, the principal value of inflation-indexed bonds will be adjusted downward, and consequently the interest payable on these securities (calculated with respect to a smaller principal amount) will be reduced.

Repayment of the original bond principal upon maturity (as adjusted for inflation) is guaranteed in the case of U.S. Treasury inflation-indexed bonds. For bonds that do not provide a similar guarantee, the adjusted principal value of the bond repaid at maturity may be less than the original principal value.

The value of inflation-indexed bonds is expected to change in response to changes in real interest rates. Real interest rates are tied to the relationship between nominal interest rates and the rate of inflation. If nominal interest rates increase at a faster rate than inflation, real interest rates may rise, leading to a decrease in value of inflation-indexed bonds. Short-term increases in inflation may lead to a decline in value. Any increase in the principal amount of an inflation-indexed bond will be considered taxable ordinary income, even though investors do not receive their principal until maturity.

Periodic adjustments for inflation to the principal amount of an inflation-indexed bond may give rise to original issue discount, which will be includable in the fund’s gross income. Due to original issue discount, the fund may be required to make annual distributions to shareholders that exceed the cash received, which may cause the fund to liquidate certain investments when it is not advantageous to do so. Also, if the principal value of an inflation-indexed bond is adjusted downward due to deflation, amounts previously distributed in the taxable year may be characterized in some circumstances as a return of capital.

Leverage Risk — Some transactions may give rise to a form of economic leverage. These transactions may include, among others, derivatives, and may expose the fund to greater risk and increase its costs. The use of leverage may cause the fund to liquidate portfolio positions when it may not be advantageous to do so to satisfy its obligations or to meet any required asset segregation requirements. Increases and decreases in the value of the fund’s portfolio will be magnified when the fund uses leverage.

Liquidity Risk — Liquidity risk exists when particular investments are difficult to purchase or sell. The fund’s investment in illiquid securities may reduce the returns of the fund because it may be difficult to sell the illiquid securities at an advantageous time or price. To the extent that the fund’s principal investment strategies involve derivatives or securities with substantial market and/or credit risk, the fund will tend to have the greatest exposure to liquidity risk. Liquid investments may become illiquid after purchase by the fund, particularly during periods of market turmoil. Illiquid investments may be harder to value, especially in changing markets, and if the fund is forced to sell these investments to meet redemption requests or for other cash needs, the fund may suffer a loss. In addition, when there is illiquidity in the market for certain securities, the fund, due to limitations on illiquid investments, may be subject to purchase and sale restrictions.

Market Risk and Selection Risk — Market risk is the risk that one or more markets in which the fund invests will go down in value, including the possibility that the markets will go down sharply and unpredictably. Selection risk is the risk that the securities selected by fund management will underperform the markets, the relevant indices or the securities selected by other funds with similar investment objectives and investment strategies. This means you may lose money.

Mortgage- and Asset-Backed Securities Risks — Mortgage- and asset-backed securities represent interests in “pools” of mortgages or other assets, including consumer loans or receivables held in trust. Mortgage- and asset-backed securities are subject to credit, interest rate, prepayment and extension risks. These securities also are subject to risk of default on the underlying mortgage or asset, particularly during periods of economic downturn. Small movements in interest rates (both increases and decreases) may quickly and significantly reduce the value of certain mortgage-backed securities.

Non-Diversification Risk — The fund is a non-diversified fund. Because the fund may invest in securities of a smaller number of issuers, it may be more exposed to the risks associated with and developments affecting an individual issuer than a fund that invests more widely.

Non-Investment Grade Securities Risk — Although non-investment grade securities generally pay higher rates of interest than investment grade securities, non-investment grade securities are high risk investments that may cause income and principal losses for the fund.

Repurchase Agreements, Purchase and Sale Contracts Risks — If the other party to a repurchase agreement or purchase and sale contract defaults on its obligation under the agreement, the fund may suffer delays and incur costs or lose money in exercising its rights under the agreement. If the seller fails to repurchase the security in either situation and the market value of the security declines, the fund may lose money.

Reverse Repurchase Agreements Risk — Reverse repurchase agreements involve the sale of securities held by the fund with an agreement to repurchase the securities at an agreed-upon price, date and interest payment. Reverse repurchase agreements involve the risk that the other party may fail to return the securities in a timely manner or at all. The fund could lose money if it is unable to recover the securities and the value of the collateral held by the fund, including the value of the investments made with cash collateral, is less than the value of securities. These events could also trigger adverse tax consequences to the fund.
U.S. Government Issuer Risk — Treasury obligations may differ in their interest rates, maturities, times of issuance and other characteristics. Obligations of U.S. Government agencies and authorities are supported by varying degrees of credit but generally are not backed by the full faith and credit of the U.S. Government. No assurance can be given that the U.S. Government will provide financial support to its agencies and authorities if it is not obligated by law to do so.

Templeton International Bond Fund

Investment Goal
Current income with capital appreciation and growth of income.

Principal Investment Strategies
Under normal market conditions, the fund invests at least 80% of its net assets in “bonds.” Bonds include debt obligations of any maturity, such as bonds, notes, bills and debentures.

The fund invests predominantly in bonds issued by governments and government agencies located outside the U.S. The fund may also invest in inflation-indexed securities and securities or structured products that are linked to or derive their value from another security, asset or currency of any nation. In addition, the fund’s assets are invested in issuers located in at least three countries. The fund may invest without limit in developing markets.

Although the fund may buy bonds rated in any category, it focuses on “investment grade” bonds. These are issues rated in the top four rating categories by at least one independent rating agency, such as Standard & Poor’s (S&P®) or Moody’s Investors Service (Moody’s) or, if unrated, determined by the fund’s investment manager to be of comparable quality. The fund may invest up to 35% of its total assets in bonds that are rated below investment grade. Generally, lower rated securities pay higher yields than more highly rated securities to compensate investors for the higher risk. The fund is a “non-diversified” fund, which means it generally invests a greater portion of its assets in the securities of one or more issuers and invests overall in a smaller number of issuers than a diversified fund.

For purposes of pursuing its investment goal, the fund regularly uses various currency related transactions involving derivative instruments, including currency and cross currency forwards and currency and currency index futures contracts. The fund may maintain significant positions in currency related derivative instruments as a hedging technique or to implement a currency investment strategy, which could expose a large amount of the fund’s assets to obligations under these instruments. The result of such transactions may represent, from time to time, a large component of the fund’s investment returns. The fund may also enter into various other transactions involving derivatives, including interest rate/bond futures and interest rate swap agreements. These derivative instruments may be used for hedging purposes, to enhance returns, or to obtain net long or net negative (short) exposure to selected currencies, interest rates, countries or durations.

When choosing investments for the fund, the investment manager allocates the fund’s assets based upon its assessment of changing market, political and economic conditions. It considers various factors, including evaluation of interest rates, currency exchange rate changes and credit risks. The investment manager may consider selling a security when it believes the security has become fully valued due to either its price appreciation or changes in the issuer’s fundamentals, or when the investment manager believes another security is a more attractive investment opportunity.

Principal Risks
You could lose money by investing in the fund. Mutual fund shares are not deposits or obligations of, or guaranteed or endorsed by, any bank, and are not insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other agency of the U.S. government.

Foreign Securities Investing in foreign securities typically involves more risks than investing in U.S. securities, and includes risks associated with: internal and external political and economic developments — e.g., the political, economic and social policies and structures of some foreign countries may be less stable and more volatile than those in the U.S. or some foreign countries may be subject to trading restrictions or economic sanctions; trading practices — e.g., government supervision and regulation of foreign securities and currency markets, trading systems and brokers may be less than in the U.S.; availability of information — e.g., foreign issuers may not be subject to the same disclosure, accounting and financial reporting standards and practices as U.S. issuers; limited markets — e.g., the securities of certain foreign issuers may be less liquid (harder to sell) and more volatile; and currency exchange rate fluctuations and policies. The risks of foreign investments may be greater in developing or emerging market countries.

Currency Management Strategies Currency management strategies may substantially change the fund’s exposure to currency exchange rates and could result in losses to the fund if currencies do not perform as the investment manager expects. In addition, currency management strategies, to the extent that they reduce the fund’s exposure to currency risks, may also reduce the fund’s ability to benefit from favorable changes in currency exchange rates. Using currency management strategies for purposes other than hedging further increases the fund’s exposure to foreign investment losses. Currency markets generally are not as regulated as securities markets. In addition, currency rates may fluctuate significantly over short periods of time, and can reduce returns.

Sovereign Debt Securities Sovereign debt securities are subject to various risks in addition to those relating to debt securities and foreign securities generally, including, but not limited to, the risk that a governmental entity may be unwilling or unable to pay interest and repay principal on its sovereign debt, or otherwise meet its obligations when due because of cash flow problems, insufficient foreign reserves, the relative size of the debt service burden to the economy as a whole, the government’s policy towards principal international lenders such as the International Monetary Fund, or the political considerations to which the government may be subject. If a sovereign debtor defaults (or threatens to default) on its sovereign debt obligations, the indebtedness may be restructured. Some sovereign debtors may have in the past been able to restructure their debt payments without the approval of some or all debt holders or to declare moratoria on payments. In the event of a default on sovereign debt, the fund may also have limited legal recourse against the defaulting government entity.

Regional Adverse conditions in a certain region or country can adversely affect securities of issuers in other countries whose economies appear to be unrelated. To the extent that the fund invests a significant portion of its assets in a specific geographic region or a particular country, the fund will generally have more exposure...
to the specific regional or country economic risks. In the event of economic or political turmoil or a deterioration of diplomatic relations in a region or country where a substantial portion of the fund’s assets are invested, the fund may experience substantial illiquidity or reduction in the value of the fund’s investments.

**Developing Market Countries** The fund’s investments in developing market countries are subject to all of the risks of foreign investing generally, and have additional heightened risks due to a lack of established legal, political, business and social frameworks to support securities markets, including: delays in settling portfolio securities transactions; currency and capital controls; greater sensitivity to interest rate changes; pervasiveness of corruption and crime; currency exchange rate volatility; and inflation, deflation or currency devaluation.

**Market** The market values of securities or other investments owned by the fund will go up or down, sometimes rapidly or unpredictably. A security’s market value may be reduced by market activity or other results of supply and demand unrelated to the issuer. This is a basic risk associated with all securities. When there are more sellers than buyers, prices tend to fall. Likewise, when there are more buyers than sellers, prices tend to rise.

**Liquidity** From time to time, the trading market for a particular security or type of security in which the fund invests may become less liquid or even illiquid. Reduced liquidity will have an adverse impact on the fund’s ability to sell such securities when necessary to meet the fund’s liquidity needs or in response to a specific economic event and will also generally lower the value of a security. Market prices for such securities may be volatile.

**Interest Rate** When interest rates rise, debt security prices generally fall. The opposite is also generally true: debt security prices rise when interest rates fall. Interest rate changes are influenced by a number of factors including government policy, monetary policy, inflation expectations, perceptions of risk, and supply and demand of bonds. In general, securities with longer maturities are more sensitive to these interest rate changes.

**Credit** An issuer of debt securities may fail to make interest payments or repay principal when due, in whole or in part. Changes in an issuer’s financial strength or in a security’s credit rating may affect a security’s value.

**Derivative Instruments** The performance of derivative instruments depends largely on the performance of an underlying instrument, such as a currency, security, interest rate or index, and such instruments often have risks similar to the underlying instrument, in addition to other risks. Derivatives involve costs and can create economic leverage in the fund’s portfolio which may result in significant volatility and cause the fund to participate in losses (as well as gains) in an amount that exceeds the fund’s initial investment. Other risks include illiquidity, mispricing or improper valuation of the derivative instrument, and imperfect correlation between the value of the derivative and the underlying instrument so that the fund may not realize the intended benefits. When used for hedging, the change in value of the derivative may also not correlate specifically with the currency, security or other risk being hedged. With over-the-counter derivatives, there is the risk that the other party to the transaction will fail to perform.

**High-Yield Debt Securities** Issuers of lower-rated or “high-yield” debt securities (also known as “junk bonds”) are not as strong financially as those issuing higher credit quality debt securities. High-yield debt securities are generally considered predominantly speculative by the applicable rating agencies as their issuers are more likely to encounter financial difficulties and are more vulnerable to changes in the relevant economy, such as a recession or a sustained period of rising interest rates, that could affect their ability to make interest and principal payments when due. The prices of high-yield debt securities generally fluctuate more than those of higher credit quality. High-yield debt securities are generally more illiquid (harder to sell) and harder to value.

**Income** Because the fund can only distribute what it earns, the fund’s distributions to shareholders may decline when prevailing interest rates fall or when the fund experiences defaults on debt securities it holds.

**Non-Diversification** Because the fund is non-diversified, it may be more sensitive to economic, business, political or other changes affecting individual issuers or investments than a diversified fund, which may result in greater fluctuation in the value of the fund’s shares and greater risk of loss.

**Management** The fund is subject to management risk because it is an actively managed investment portfolio. The fund’s investment manager applies investment techniques and risk analyses in making investment decisions for the fund, but there can be no guarantee that these decisions will produce the desired results.

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**Fees & Expenses**

(Based on the prospectus dated January 1, 2015)

| Total Annual Fund Operating Expenses After Fee | ......0.76% |
| Waiver and/or Expense Reimbursements | |

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**T. Rowe Price Balanced Fund**

**Investment Objective**

The fund seeks to provide capital growth, current income, and preservation of capital through a portfolio of stocks and fixed income securities.

**Principal Investment Strategies**

The fund normally invests approximately 65% of its total assets in common stocks and 35% in fixed income securities. The fund will invest at least 25% of its total assets in fixed income senior securities and may invest up to 35% of its total assets in foreign securities.

When deciding upon overall allocations between stocks and fixed income securities, the portfolio manager may favor fixed income securities if the economy is expected to slow sufficiently to hurt corporate profit growth. When strong economic growth is expected, the portfolio manager may favor stocks. The fund will invest in bonds, including foreign issues, which are primarily investment grade (i.e., assigned one of the four highest credit ratings) and are chosen from across the entire government, corporate, and asset- and mortgage-backed securities markets. Maturities generally reflect the portfolio manager’s outlook for interest rates.

When selecting particular stocks, the portfolio manager will examine relative values and prospects among growth- and value-oriented stocks, domestic and international stocks, small- to large-cap stocks, and stocks of companies involved in activities related to commodities and other real assets. Domestic stocks are drawn from the overall U.S. market and international stocks are selected primarily from large companies in developed countries, although stocks in emerging markets may also be purchased. This process draws heavily upon T. Rowe Price’s proprietary stock research expertise. While the fund maintains a well-diversified portfolio, its portfolio manager may at a particular time shift stock selection.
toward markets or market sectors that appear to offer attractive value and appreciation potential.

A similar security selection process applies to bonds. When deciding whether to adjust duration, credit risk exposure, or allocations among the various sectors (for example, high yield “junk” bonds, mortgage- and asset-backed securities, international bonds and emerging market bonds), we weigh such factors as the outlook for inflation and the economy, corporate earnings, expected interest rate movements and currency valuations, and the yield advantage that lower-rated bonds may offer over investment-grade bonds.

In pursuing its investment objective, the fund has the discretion to deviate from its normal investment criteria. These situations might arise when the fund’s management believes a security could increase in value for a variety of reasons, including an extraordinary corporate event, a new product introduction or innovation, a favorable competitive development, or a change in management.

Securities may be sold for a variety of reasons, such as to effect a change in asset allocation, secure a gain, limit a loss, or redeploy assets into more promising opportunities.

**Principal Risks**

As with any mutual fund, there is no guarantee that the fund will achieve its objective. The fund’s share price fluctuates, which means you could lose money by investing in the fund. The principal risks of investing in this fund are summarized as follows:

**Active management risk** The fund is subject to the risk that the investment adviser’s judgments about the attractiveness, value, or potential appreciation of the fund’s investments may prove to be incorrect. The fund could underperform other funds with similar objectives and investment strategies if the fund’s overall asset allocation or security selection strategies fail to produce the intended results.

**Risks of Stock investing** Stocks generally fluctuate in value more than bonds and may decline significantly over short time periods. There is a chance that stock prices overall will decline because stock markets tend to move in cycles, with periods of rising and falling prices. The value of a stock in which the fund invests may decline due to general weakness in the stock market or because of factors that affect a particular company or industry.

To the extent the fund invests in small- and mid-capitalization stocks, its share price is likely to be more volatile than that of a fund that invests only in larger companies. Small- and medium-sized companies often have less experienced management, more limited financial resources, and less publicly available information than larger companies. Stocks of smaller companies may have limited trading markets and tend to be more sensitive to changes in overall economic conditions. To the extent the fund invests in companies that derive their profits from commodities and other real assets, it is subject to the risk that periods of low inflation will lessen relative returns and cause the fund to underperform other comparable stock funds.

**Risk of bond investing** Bonds have three main sources of risk. **Interest rate risk** is the risk that a rise in interest rates will cause the price of a debt security held by the fund to fall. Securities with longer maturities typically suffer greater declines than those with shorter maturities. Mortgage-backed securities can react somewhat differently to interest rate changes because falling rates can cause losses of principal due to increased mortgage prepayments and rising rates can lead to decreased prepayments and greater volatility. **Credit risk** is the risk that an issuer of a debt security will default (fail to make scheduled interest or principal payments), potentially reducing the fund’s income level and share price. This risk is increased when a security is downgraded or the perceived creditworthiness of the issuer deteriorates. **Liquidity risk** is the risk that the fund may not be able to sell a holding in a timely manner or at a desired price.

While the fund’s direct bond investments are expected to primarily be investment-grade, the fund may invest in bonds that are rated below investment-grade, also known as high yield or “junk” bonds, including those with the lowest credit rating. High yield bond issuers are more likely to suffer an adverse change in financial condition that would result in the inability to meet a financial obligation. Accordingly, the securities they issue carry a higher risk of default and should be considered speculative. The fund’s exposure to credit risk, in particular, is increased to the extent it invests in high yield bonds.

**International investing risk** Investing in the securities of non-U.S. issuers involves special risks not typically associated with investing in U.S. issuers. International securities tend to be more volatile and less liquid than investments in U.S. securities and may lose value because of adverse political, social, or economic developments overseas, or due to changes in the exchange rates between foreign currencies and the U.S. dollar. In addition, international investments are subject to settlement practices and regulatory and financial reporting standards that differ from those of the U.S.

**Emerging markets risk** The risks of international investing are heightened for securities of issuers in emerging market countries. Emerging market countries tend to have economic structures that are less diverse and mature, and political systems that are less stable, than those of developed countries. In addition to all of the risks of investing in international developed markets, emerging markets are more susceptible to governmental interference, local taxes being imposed on international investments, restrictions on gaining access to sales proceeds, and less liquid and less efficient trading markets.

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<th>Fees &amp; Expenses</th>
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<tr>
<td>(Based on the prospectus dated May 1, 2015)</td>
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<tr>
<td>Total Annual Fund Operating Expenses..........................0.64%</td>
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<td>Expenses deducted from Fund’s assets</td>
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**T. Rowe Price Real Estate Fund**

**Investment Objective**

The fund seeks to provide long-term growth through a combination of capital appreciation and current income.

**Principal Investment Strategies**

The fund will normally invest at least 80% of its net assets (including any borrowings for investment purposes) in the equity securities of real estate companies. The fund’s definition of real estate companies is broad and includes those companies that derive at least 50% of their revenues or profits from, or commit at least 50% of assets to, real estate activities. The fund is likely to maintain a significant portion of assets in real estate investment trusts (REITs). REITs pool money to invest in properties (equity REITs) or mortgages (mortgage REITs). The fund generally invests in equity REITs. The fund defines the real estate industry broadly. It includes (but is not limited to) the following:

- REITs;
- real estate operating companies;
- real estate investment trusts (REITs);
brokers, developers, and builders of residential, commercial, and industrial properties;
- property management firms;
- finance, mortgage, and mortgage servicing firms;
- construction supply and equipment manufacturing companies; and
- firms dependent on real estate holdings for revenues and profits, including lodging, leisure, timber, mining, and agriculture companies.

The fund will not own real estate directly and will have no restrictions on the size of companies selected for investment. Up to 20% of fund assets may be invested in companies deriving a substantial portion of revenues or profits from servicing real estate firms, as well as in companies unrelated to the real estate business.

Stock selection is based on fundamental, bottom-up analysis that generally seeks to identify high-quality companies with both good appreciation prospects and income-producing potential. Factors considered by the portfolio manager in selecting real estate companies include one or more of the following: relative valuation; free cash flow; undervalued assets; quality and experience of management; type of real estate owned; and the nature of a company’s real estate activities.

In pursuing its investment objective, the fund has the discretion to deviate from its normal investment criteria. These situations might arise when the fund’s management believes a security could increase in value for a variety of reasons, including an extraordinary corporate event, a new product introduction or innovation, a favorable competitive development, or a change in management.

While most assets will typically be invested in U.S. common stocks, including REITs, the fund may also invest in foreign stocks in keeping with the fund’s objectives.

The fund may sell securities for a variety of reasons, such as to secure gains, limit losses, or redeploy assets into more promising opportunities.

**Principal Risks**

As with any mutual fund, there is no guarantee that the fund will achieve its objective. The fund’s share price fluctuates, which means you could lose money by investing in the fund. The principal risks of investing in this fund are summarized as follows:

**Active Management Risk** The fund is subject to the risk that the investment adviser’s judgments about the attractiveness, value, or potential appreciation of the fund’s investments may prove to be incorrect. If the securities selected and strategies employed by the fund fail to produce the intended results, the fund could underperform other funds with similar objectives and investment strategies.

**Risks of stock investing** Stocks generally fluctuate in value more than bonds and may decline significantly over short time periods. There is a chance that stock prices overall will decline because stock markets tend to move in cycles, with periods of rising and falling prices. The value of a stock in which the fund invests may decline due to general weakness in the stock market or because of factors that affect a particular company or industry.

**Industry Risk** A fund that focuses its investments in specific industries or sectors is more susceptible to developments affecting those industries and sectors than a more broadly diversified fund. Because the fund invests significantly in real estate companies, the fund may perform poorly during a downturn in the real estate industry. Real estate companies can be adversely affected by, among other things, general and local economic conditions, interest rates, changes in zoning or tax laws or other government regulations, overbuilding, and demographic trends such as population shifts.

**REIT investing risk** REITs must satisfy specific requirements for favorable tax treatment and can involve unique risks in addition to the risks generally affecting the real estate industry. REITs are dependent upon the quality of their management, may have limited financial resources and heavy cash flow dependency, and may not be diversified geographically or by property type.

**Foreign investing risk** This is the risk that the fund’s investments in foreign securities may be adversely affected by political, social, and economic conditions overseas, greater volatility, reduced liquidity, or decreases in foreign currency values relative to the U.S. dollar.

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**Fees & Expenses**

<table>
<thead>
<tr>
<th>(Based on the prospectus dated May 1, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Annual Fund Operating Expenses........</td>
</tr>
<tr>
<td>Expenses deducted from Fund’s assets</td>
</tr>
<tr>
<td>Redemption Fee ...................................</td>
</tr>
<tr>
<td>(On shares sold or exchanged within 90 days of purchase.)</td>
</tr>
</tbody>
</table>

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**Voya Global Real Estate Fund**

**Investment Objective**

The fund seeks to provide investors with high total return consisting of capital appreciation and current income.

**Principal Investment Strategies**

Under normal market conditions, the fund invests at least 80% of its net assets (plus borrowings for investment purposes) in a portfolio of equity securities of companies that are principally engaged in the real estate industry. The fund will provide shareholders with at least 60 days’ prior notice of any change in this investment policy.

The fund will invest in companies located in a number of different countries, including the United States. As a general matter, the fund expects these investments to be in common stocks of companies of any market capitalization, including real estate investment trusts. The fund may invest in companies located in countries with emerging securities markets.

The fund may invest in other investment companies, including exchange-traded funds, to the extent permitted under the Investment Company Act of 1940, as amended, and the rules, regulations, and exemptive orders thereunder (“1940 Act”). The fund may invest in convertible securities, initial public offerings, and Rule 144A securities.

The Sub-Adviser uses a multi-step investment process for constructing the fund’s investment portfolio that combines top-down region and sector allocation with bottom-up individual stock selection.

First, the Sub-Adviser selects sectors and geographic regions in which to invest, and determines the degree of representation of such sectors and regions through a systematic evaluation of public and private property market trends and conditions.

Second, the Sub-Adviser uses an in-house valuation process to identify investments it believes have superior current income and
growth potential relative to their peers. This inhouse valuation pro-
cess examines several factors including: (i) value and property; (ii) 
capital structure; and (iii) management and strategy.

The Sub-Adviser may sell securities for a variety of reasons, such as 
to secure gains, limit losses, or redeploy assets into opportunities 
believed to be more promising, among others.

The fund may lend portfolio securities on a short-term or long-term 
basis, up to 33 1/3% of its total assets.

Principal Risks

You could lose money on an investment in the fund. Any of the 
following risks, among others, could affect fund performance or 
cause the Fund to lose money or to underperform market averages 
of other funds.

Company The price of a given company’s stock could decline or 
underperform for many reasons including, among others, poor man-
gement, financial problems, or business challenges. If a company 
declares bankruptcy or becomes insolvent, its stock could become 
worthless.

Concentration As a result of the Fund “concentrating,” as that 
term is defined in the 1940 Act, its assets in the securities of a 
particular industry or group of industries or single country or region, 
the Fund may be subject to greater market fluctuations than a 
fund that has securities representing a broader range of invest-
ment alternatives. If securities in which the Fund concentrates fall 
out of favor, the Fund could underperform funds that have greater 
diversification.

Convertible Securities Convertible securities are securities that 
are convertible into or exercisable for common stocks at a stated 
price or rate. Convertible securities are subject to the usual risks 
associated with debt securities, such as interest rate and credit 
risk. In addition, because convertible securities react to changes 
in the value of the stocks into which they convert, they are subject 
to market risk.

Credit Prices of bonds and other debt instruments can fall if the 
issuer’s actual or perceived financial health deteriorates, whether 
because of broad economic or issuer-specific reasons. In certain 
cases, the issuer could be late in paying interest or principal, or 
could fail to pay altogether.

Currency To the extent that the fund invests directly in foreign 
(non-U.S.) currencies or in securities denominated in, or that trade 
in, foreign (non-U.S.) currencies, it is subject to the risk that those 
foreign (non-U.S.) currencies will decline in value relative to the 
U.S. dollar or, in the case of hedging positions, that the U.S. dollar 
will decline in value relative to the currency being hedged.

Foreign Investments/Developing and Emerging Markets Investing 
in foreign (non-U.S.) securities may result in the fund experiencing 
more rapid and extreme changes in value than a fund that invests 
exclusively in securities of U.S. companies due to: smaller markets; 
differing reporting, accounting, and auditing standards; nationaliza-
tion, expropriation, or confiscatory taxation; foreign currency fluc-
tuations, currency blockage, or replacement; potential for default 
on sovereign debt; or political changes or diplomatic developments.
Markets and economies throughout the world are becoming increas-
ingly interconnected, and conditions or events in one market, coun-
try or region may adversely impact investments or issuers in another 
market, country or region. Foreign investment risks may be greater 
in developing and emerging markets than in developed markets.

Initial Public Offerings Initial Public Offerings ("IPOs") and com-
panies that have recently gone public have the potential to produce 
substantial gains for the Fund. However, there is no assurance that 
the Fund will have access to profitable IPOs or that IPOs in which 
the Fund invests will rise in value. Furthermore, the value of securi-
ties of newly public companies may decline in value shortly after 
the IPO. When the Fund’s asset base is small, the impact of such 
investments on the Fund’s return will be magnified. If the Fund’s 
assets grow, it is likely that the effect of the Fund’s investment in 
IPOs on the Fund's return will decline.

Interest Rate With bonds and other fixed rate debt instruments, a 
rise in interest rates generally causes values to fall; conversely, 
values generally rise as interest rates fall. The higher the credit quality 
of the instrument, and the longer its maturity or duration, the more 
sensitive it is likely to be to interest rate risk. In the case of inverse 
securities, the interest rate generally will decrease when the market 
rates of interest to which the inverse security is indexed increases. 
As of the date of this Prospectus, interest rates in the United 
States are at or near historic lows, which may increase the fund’s 
exposure to risks associated with rising interest rates. Rising inter-
est rates could have unpredictable effects on the markets and may 
expose fixed-income and related markets to heightened volatility.

For fixed-income securities, an increase in interest rates may lead 
to increased redemptions and increased portfolio turnover, which 
could reduce liquidity for certain fund investments, adversely affect 
values, and increase a fund’s costs. If dealer capacity in fixed-
income markets is insufficient for market conditions, it may further 
抑制 liquidity and increase volatility in the fixed-income markets.

Investment Model The manager’s proprietary model may not 
adequately allow for existing or unforeseen market factors or the 
interplay between such factors.

Liquidity If a security is illiquid, the fund might be unable to sell 
the security at a time when the fund’s manager might wish to sell, 
and the security could have the effect of decreasing the overall level 
of the fund’s liquidity. Further, the lack of an established secondary 
market may make it more difficult to value illiquid securities, which 
could vary from the amount the fund could realize upon disposi-
tion. The fund may make investments that become less liquid in 
response to market developments or adverse investor perception. 
The fund could lose money if it cannot sell a security at the time 
and price that would be most beneficial to the fund.

Market Stock prices may be volatile and are affected by the real or 
perceived impacts of such factors as economic conditions and political 
events. Stock markets tend to be cyclical, with periods when 
stock prices generally rise and periods when stock prices generally 
decline. Any given stock market segment may remain out of favor 
with investors for a short or long period of time, and stocks as an 
asset class may underperform bonds or other asset classes during 
some periods. Additionally, legislative, regulatory or tax policies or 
developments in these areas may adversely impact the investment 
techniques available to a manager, add to fund costs and impair the 
ability of the fund to achieve its investment objectives.

Market Capitalization Stocks fall into three broad market capital-
ization categories - large, mid, and small. Investing primarily in one 
category carries the risk that, due to current market conditions, that 
category may be out of favor with investors. If valuations of large-
capitalization companies appear to be greatly out of proportion to 
the valuations of mid- or small-capitalization companies, investors 
may migrate to the stocks of mid- and small-sized companies caus-
ing the fund that invests in these companies to increase in value 
more rapidly than a fund that invests in larger, fully-valued com-
panies. Investing in mid- and small-capitalization companies may 
be subject to special risks associated with narrower product lines,
more limited financial resources, smaller management groups, and a more limited trading market for their stocks as compared with larger companies. As a result, stocks of mid- and small-capitalization companies may decline significantly in market downturns.

**Other Investment Companies** The main risk of investing in other investment companies, including exchange-traded funds, is the risk that the value of the securities underlying an investment company might decrease. Because the fund may invest in other investment companies, you will pay a proportionate share of the expenses of those other investment companies (including management fees, administration fees, and custodial fees) in addition to the expenses of the fund.

**Real Estate Companies and Real Estate Investment Trusts ("REITs")** Investing in real estate companies and REITs may subject the fund to risks similar to those associated with the direct ownership of real estate, including losses from casualty or condemnation, changes in local and general economic conditions, supply and demand, interest rates, zoning laws, regulatory limitations on rents, property taxes, and operating expenses in addition to terrorist attacks, war, or other acts that destroy real property.

**Securities Lending** Securities lending involves two primary risks: “investment risk” and “borrower default risk.” Investment risk is the risk that the fund will lose money from the investment of the cash collateral received from the borrower. Borrower default risk is the risk that the fund will lose money due to the failure of a borrower to return a borrowed security in a timely manner.

*A investment in the fund is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.*

<table>
<thead>
<tr>
<th>Fees &amp; Expenses</th>
<th>(Based on the prospectus dated February 27, 2015)</th>
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<tbody>
<tr>
<td>Total Annual Fund Operating Expenses after Waivers and Reimbursements</td>
<td>0.98%</td>
</tr>
</tbody>
</table>

**Calvert Equity Portfolio**

**Investment Objective**
The fund seeks growth of capital through investment in stocks believed to offer opportunities for potential capital appreciation.

**Principal Investment Strategies**
The fund normally invests at least 80% of its net assets, including borrowings for investment purposes, in equity securities (common stock). The fund will provide shareholders with at least 60 days’ notice before changing this 80% policy. The fund invests primarily in common stocks of U.S. large-cap companies. The fund defines large-cap companies as those whose market capitalization falls within the range of the Standard & Poor’s ("S&P") 500 Index at the time of investment. As of December 31, 2014, the market capitalization of the S&P 500 Index companies ranged from $2.9 billion to $647.4 billion with a weighted average level of $132.0 billion.

The fund may also invest in mid-cap stocks and may invest up to 25% of its net assets in foreign stocks.

The Subadvisor looks for established companies with a history of steady earnings growth. The Subadvisor selects companies based on its opinion that the company has the ability to sustain growth through high profitability and that the stock is favorably priced with respect to those growth expectations.

**Sustainable and Socially Responsible Investing.** The fund seeks to invest in companies and other enterprises that demonstrate positive environmental, social and governance performance as they address corporate responsibility and sustainability challenges. Calvert believes that there are long-term benefits in an investment philosophy that attaches material weight to the environment, workplace relations, human rights, Indigenous Peoples’ rights, community relations, product safety and impact, and corporate governance and business ethics. Calvert also believes that managing risks and opportunities related to these issues can contribute positively to company performance as well as to investment performance over time. The fund has sustainable and socially responsible investment criteria that reflect specific types of companies in which the fund seeks to invest and seeks to avoid investing.

Investments are first selected for financial soundness and then evaluated according to the fund’s sustainable and socially responsible investment criteria. Investments must be consistent with the fund’s current investment criteria, including financial, sustainability and social responsibility factors, the application of which is in the economic interest of the fund and its shareholders.

**Principal Risks**
You could lose money on your investment in the fund, or the fund could underperform, because of the risks described below. An investment in the fund is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

**Management Risk.** Individual investments of the fund may not perform as expected, and the fund’s portfolio management practices may not achieve the desired result.

**Stock Market Risk.** The market prices of stocks held by the fund may fall.

**Common Stock Risk.** Although common stocks have a history of long-term growth in value, their prices fluctuate based on changes in a company’s financial condition, on overall market and economic conditions, and on investors’ perception of a company’s well-being.

**Large-Cap Company Risk.** Large-cap companies may be unable to respond quickly to new competitive challenges such as changes in technology, and also may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion.

**Mid-Cap Company Risk.** Prices of mid-cap stocks can be more volatile than those of larger, more established companies. Mid-cap companies are more likely to have more limited product lines, fewer capital resources and less depth of management than larger companies.

**Growth Company Risk.** Prices of growth company securities may fall more than the overall equity markets due to changing economic, political or market conditions or disappointing growth company earnings results. Growth stocks also generally lack the dividends of some value stocks that can cushion stock prices in a falling market.

**Foreign Securities Risk.** Investing in foreign securities involves additional risks relating to political, social, and economic developments abroad. Other risks result from differences between regulations that apply to U.S. and foreign issuers and markets, and the potential for foreign markets to be less liquid and more volatile than U.S. markets.

**Foreign Currency Risk.** Securities that trade or are denominated in currencies other than the U.S. dollar may be adversely affected by fluctuations in currency exchange rates. When the U.S. dollar strengthens relative to a foreign currency, the U.S. dollar value of an investment denominated in that currency will typically fall.
**Principal Investment Strategies**

MFS (Massachusetts Financial Services Company, the fund’s investment adviser) normally invests the fund’s assets primarily in equity securities. Equity securities include common stocks, preferred stocks, securities convertible into stocks, equity interests in real estate investment trusts (REITs), and depositary receipts for such securities.

MFS focuses on investing the fund’s assets in the stocks of companies it believes are undervalued compared to their perceived worth (value companies).

While MFS may invest the fund’s assets in companies of any size, MFS primarily invests in companies with large capitalizations.

MFS may invest the fund’s assets in foreign securities.

MFS uses a bottom-up investment approach to buying and selling investments for the fund. Investments are selected primarily based on fundamental analysis of individual issuers. Quantitative models that systematically evaluate issuers may also be considered.

**Principal Risks**

As with any mutual fund, the fund may not achieve its objective and/or you could lose money on your investment in the fund. An investment in the fund is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

The principal risks of investing in the fund are:

**Stock Market/Company Risk:** Stock markets are volatile and can decline significantly in response to issuer, market, economic, industry, political, regulatory, geopolitical, and other conditions, as well as to investor perceptions of these conditions. The price of an equity security can decrease significantly in response to these conditions, and these conditions can affect a single issuer or type of security, issuers within a broad market sector, industry or geographic region, or the market in general.

**Value Company Risk:** The stocks of value companies can continue to be undervalued for long periods of time and not realize their expected value and can be more volatile than the market in general.

**Foreign Risk:** Exposure to foreign markets through issuers or currencies can involve additional risks relating to market, economic, industry, political, regulatory, geopolitical, and other conditions. These factors can make foreign investments, especially those in emerging markets, more volatile and less liquid than U.S. investments. In addition, foreign markets can react differently to these conditions than the U.S. market.

**Liquidity Risk:** It may be difficult to value, and it may not be possible to sell, certain investments, types of investments, and/or investments in certain segments of the market, and the fund may have to sell certain of these investments at a price or time that is not advantageous in order to meet redemptions or other cash needs.

**Investment Selection Risk:** MFS’ investment analysis and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the fund invests.

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**Fees & Expenses**

*(Based on the prospectus dated January 31, 2015)*

| Total annual fund operating expenses | 0.66% |

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**Fees & Expenses**

*(Based on the prospectus dated December 29, 2014)*

| Total Annual Fund Operating Expenses | 0.63% |

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**DFA U.S. Large Cap Value Portfolio**

**Investment Objective**

The investment objective of the U.S. Large Cap Value Portfolio is to achieve long-term capital appreciation. The U.S. Large Cap Value Portfolio is a Feeder Portfolio and pursues its objective by investing substantially all of its assets in its corresponding Master Fund, The U.S. Large Cap Value Series (the “U.S. Large Cap Value Series”) of The DFA Investment Trust Company (the “Trust”), which has the same investment objective and policies as the U.S. Large Cap Value Portfolio.

**Principal Investment Strategies**

The U.S. Large Cap Value Portfolio pursues its investment objective by investing substantially all of its assets in the U.S. Large Cap Value Series. The U.S. Large Cap Value Series, using a market capitalization weighted approach, purchases a broad and diverse group of readily marketable securities of large U.S. companies that Dimensional Fund Advisors LP (the “Advisor”) determines to be value stocks. A company’s market capitalization is the number of its shares outstanding times its price per share. In general, the higher the relative market capitalization of the U.S. large cap company, the greater its representation in the Series. The Advisor may modify market capitalization weights and even exclude companies after considering such factors as free float, momentum, trading strategies, liquidity management, and profitability, as well as other factors that the Advisor determines to be appropriate, given market conditions. Securities are considered value stocks primarily because a company’s shares have a high book value in relation to their market value. In assessing profitability, the Advisor may consider different ratios, such as that of earnings or profits from operations relative to book value or assets.

As a non-fundamental policy, under normal circumstances, the U.S. Large Cap Value Series will invest at least 80% of its net assets in securities of large cap U.S. companies. As of the date of this Prospectus, for purposes of the U.S. Large Cap Value Series, the Advisor considers large cap companies to be companies whose market capitalizations are generally in the highest 90% of total market capitalization or companies whose market capitalizations are larger than the 1,000th largest U.S. company, whichever results in the higher market capitalization break. Total market capitalization is based on the market capitalization of U.S. operating companies listed on the New York Stock Exchange (“NYSE”), NYSE MKT LLC, Nasdaq Global Market® or such other securities
exchanges deemed appropriate by the Advisor. Under the Advisor’s market capitalization guidelines described above, as of December 31, 2014, the market capitalization of a large cap company was $3,938 million or above. This dollar amount will change due to market conditions.

The U.S. Large Cap Value Series and the U.S. Large Cap Value Portfolio each may use derivatives, such as futures contracts and options on futures contracts for U.S. equity securities and indices, to adjust market exposure based on actual or expected cash inflows to or outflows from the Series or Portfolio. The Series and Portfolio do not intend to use derivatives for purposes of speculation or leveraging investment returns.

The U.S. Large Cap Value Series may lend its portfolio securities to generate additional income.

Principal Risks

Market Risk: Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities, and the U.S. Large Cap Value Series that owns them, and, in turn, the U.S. Large Cap Value Portfolio itself, to rise or fall. Because the value of your investment in the Portfolio will fluctuate, there is the risk that you will lose money.

Value Investment Risk: Value stocks may perform differently from the market as a whole and following a value-oriented investment strategy may cause the Portfolio to at times underperform equity funds that use other investment strategies.

Derivatives Risk: Derivatives are instruments, such as futures contracts, whose value is derived from that of other assets, rates or indices. The use of derivatives for non-hedging purposes may be considered more speculative than other types of investments. When the U.S. Large Cap Value Series and U.S. Large Cap Value Portfolio use derivatives, the U.S. Large Cap Value Portfolio will be directly exposed to the risks of that derivative. Derivative instruments are subject to a number of risks including counterparty, liquidity, interest rate, market, credit and management risks, and the risk of improper valuation. Changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index, and the Portfolio could lose more than the principal amount invested.

Securities Lending Risk: Securities lending involves the risk that the borrower may fail to return the securities in a timely manner or at all. As a result, the U.S. Large Cap Value Series may lose money and there may be a delay in recovering the loaned securities. The U.S. Large Cap Value Series could also lose money if it does not recover the securities and/or the value of the collateral falls, including the value of investments made with cash collateral. Securities lending also may have certain adverse tax consequences.

Cyber Security Risk: The U.S. Large Cap Value Portfolio’s and its service providers’ use of internet, technology and information systems may expose the Portfolio to potential risks linked to cyber security breaches of those technological or information systems. Cyber security breaches, amongst other things, could allow an unauthorized party to gain access to proprietary information, customer data, or fund assets, or cause the Portfolio and/or its service providers to suffer data corruption or lose operational functionality.

T. Rowe Price Equity Income Fund

Investment Objective

The fund seeks a high level of dividend income and long-term capital growth primarily through investments in stocks.

Principal Investment Strategies

The fund will normally invest at least 80% of its net assets (including any borrowings for investment purposes) in common stocks, with an emphasis on large-capitalization stocks that have a strong track record of paying dividends or that are believed to be undervalued.

The fund typically employs a “value” approach in selecting investments. Our inhouse research team seeks companies that appear to be undervalued by various measures and may be temporarily out of favor but have good prospects for capital appreciation and dividend growth.

In selecting investments, we generally look for companies in the aggregate with one or more of the following:

- an established operating history;
- above-average dividend yield relative to the S&P 500;
- low price/earnings ratio relative to the S&P 500;
- a sound balance sheet and other positive financial characteristics; and
- low stock price relative to a company’s underlying value as measured by assets, cash flow, or business franchises.

The fund generally seeks investments in large-capitalization companies and the fund’s yield, which reflects the level of dividends paid by the fund, is expected to normally exceed the yield of the S&P 500 Stock Index. In pursuing its investment objective, the fund has the discretion to deviate from its normal investment criteria. These situations might arise when the fund’s management believes a security could increase in value for a variety of reasons, including an extraordinary corporate event, a new product introduction or innovation, a favorable competitive development, or a change in management.

While most assets will typically be invested in U.S. common stocks, the fund may invest in foreign stocks in keeping with the fund’s objectives.

The fund may sell securities for a variety of reasons, such as to secure gains, limit losses, or redepone assets into more promising opportunities.

Principal Risks

As with any mutual fund, there is no guarantee that the fund will achieve its objective. The fund’s share price fluctuates, which means you could lose money by investing in the fund. The principal risks of investing in this fund are summarized as follows:

Active management risk The fund is subject to the risk that the investment adviser’s judgments about the attractiveness, value, or potential appreciation of the fund’s investments may prove to be incorrect. If the securities selected and strategies employed by the fund fail to produce the intended results, the fund could underperform other funds with similar objectives and investment strategies.

Risks of stock investing Stocks generally fluctuate in value more than bonds and may decline significantly over short time periods. There is a chance that stock prices overall will decline because stock markets tend to move in cycles, with periods of rising and falling prices. The value of a stock in which the fund invests may decline due to general weakness in the stock market or because of factors that affect a particular company or industry.

Fees & Expenses

(Based on the prospectus dated February 28, 2015)

Total Annual Fund Operating Expenses..................0.27%
**Investment Style risk** Different investment styles tend to shift in and out of favor depending on market conditions and investor sentiment. The fund’s value approach to investing could cause it to underperform other stock funds that employ a different investment style. The intrinsic value of a stock with value characteristics may not be fully recognized by the market for a long time or a stock judged to be undervalued may actually be appropriately priced at a low level.

**Dividend-paying stock risk** The fund’s emphasis on dividend-paying stocks could cause the fund to underperform similar funds that invest without consideration of a company’s track record of paying dividends. Stocks of companies with a history of paying dividends may not participate in a broad market advance to the same degree as most other stocks, and a sharp rise in interest rates or economic downturn could cause a company to unexpectedly reduce or eliminate its dividend.

**Market capitalization risk** Although stocks issued by larger companies tend to have less overall volatility than stocks issued by smaller companies, larger companies may not be able to attain the high growth rates of successful smaller companies, especially during strong economic periods. In addition, larger companies may be less capable of responding quickly to competitive challenges and industry changes, and may suffer sharper price declines as a result of earnings disappointments.

**Foreign investing risk** This is the risk that the fund’s investments in foreign securities may be adversely affected by political, social, and economic conditions overseas, greater volatility, reduced liquidity, or decreases in foreign currency values relative to the U.S. dollar.

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<table>
<thead>
<tr>
<th>Fees &amp; Expenses</th>
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<tbody>
<tr>
<td>Total annual fund operating expenses .......... 0.66%</td>
<td></td>
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</tbody>
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American Century Equity Growth Fund

**Investment Objective**
The fund seeks long-term capital growth. Income is a secondary objective.

**Principal Investment Strategies**
In selecting stocks for the fund, the portfolio managers look for companies of all sizes whose stock price may not reflect the company’s value. The managers attempt to purchase the stocks of these undervalued companies and hold each stock until the price has increased to, or is higher than, a level the managers believe more accurately reflects the fair value of the company.

The fund may invest a portion of its assets in foreign securities when these securities meet the portfolio managers’ standards of selection.

The portfolio managers may sell stocks from the fund’s portfolio if they believe a stock no longer meets their valuation criteria, a stock’s risk parameters outweigh its return opportunity, more attractive alternatives are identified or specific events alter a stock’s prospects.

**Principal Risks**
- **Multi-Cap Investing** — The fund is a multi-capitalization fund that invests in companies of all sizes. The small and medium-sized companies in which the fund invests may be more volatile and subject to greater risk than larger companies.
- **Style Risk** — If the market does not consider the individual stocks purchased by the fund to be undervalued, the value of the fund’s shares may decline, even if stock prices generally are rising.
- **Foreign Securities** — The fund may invest in foreign securities, which can be riskier than investing in U.S. securities.
- **Redemption Risk** — The fund may need to sell securities at times it would not otherwise do so in order to meet shareholder redemption requests. Selling securities to meet such redemptions may cause the fund to experience a loss, increase the fund’s transaction costs or have tax consequences. To the extent that a large shareholder (including a fund of funds or 529 college savings plan) invests in the fund, the fund may experience relatively large redemptions as such shareholder reallocates its assets.
- **Market Risk** — The value of the fund’s shares will go up and down based on the performance of the companies whose securities it owns and other factors generally affecting the securities market.
- **Price Volatility** — The value of the fund’s shares may fluctuate significantly in the short term.
- **Principal Loss** — At any given time your shares may be worth less than the price you paid for them. In other words, it is possible to lose money by investing in the fund.

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

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<thead>
<tr>
<th>Fees &amp; Expenses</th>
<th>(Based on the prospectus dated August 1, 2015)</th>
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<tbody>
<tr>
<td>Total Annual Fund Operating Expenses ................. 0.77%</td>
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</table>

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American Century Equity Growth Fund

**Investment Objective**
The fund seeks long-term capital growth by investing in common stocks.

**Principal Investment Strategies**
In selecting stocks for the fund, the portfolio managers use quantitative management techniques in a two-step process. First, the managers rank stocks, primarily large capitalization, publicly traded U.S. companies with a market capitalization greater than $2 billion, from most attractive to least attractive based on an objective set of measures, including valuation, quality, growth, and sentiment. Second, the portfolio managers use a quantitative model to build a portfolio of stocks from the ranking described above that they believe will provide the optimal balance between risk and expected return.

Under normal market conditions, at least 80% of the fund’s net assets will be invested in equity securities.

The portfolio managers generally sell a stock when they believe it has become less attractive relative to other opportunities, its risk characteristics outweigh its return opportunity or specific events alter its prospects.

**Principal Risks**
- **Style Risk** — If at any time the market is not favoring the fund’s quantitative investment style, the fund’s gains may not be as big as, or its losses may be bigger than, those of other equity funds using different investment styles.
- **Investment Process Risk** — Stocks selected by the portfolio managers using quantitative models may perform differently than
expected due to the portfolio managers’ judgments regarding the factors used in the models, the weight placed on each factor, changes from the factors’ historical trends, and technical issues with the construction and implementation of the models (including, for example, data problems and/or software or other implementation issues). There is no guarantee that the use of the quantitative model will result in effective investment decisions for the fund. Additionally, the commonality of portfolio holdings across quantitative investment managers may amplify losses.

• **Benchmark Correlation** — The fund’s performance will be tied to the performance of its benchmark, the S&P 500® Index. If the fund’s benchmark goes down, it is likely that the fund’s performance will go down.

• **Market Risk** — The value of the fund’s shares will go up and down based on the performance of the companies whose securities it owns and other factors generally affecting the securities market.

• **Price Volatility** — The value of the fund’s shares may fluctuate significantly in the short term.

• **Redemption Risk** — The fund may need to sell securities at times it would not otherwise do so in order to meet shareholder redemption requests. Selling securities to meet such redemptions may cause the fund to experience a loss, increase the fund’s transaction costs or have tax consequences. To the extent that a large shareholder (including a fund of funds or 529 college savings plan) invests in the fund, the fund may experience relatively large redemptions as such shareholder reallocates its assets.

• **Principal Loss** — At any given time your shares may be worth less than the price you paid for them. In other words, it is possible to lose money by investing in the fund.

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

### Fees & Expenses

**Fees & Expenses**

(Based on the prospectus dated November 1, 2014)

Total Annual Fund Operating Expenses......................0.47%

Northern Funds Stock Index Fund

**Investment Objective**

The fund seeks to provide investment results approximating the aggregate price and dividend performance of the securities included in the S&P 500® Index.

**Principal Investment Strategies**

Under normal circumstances, the fund will invest substantially all (and at least 80%) of its net assets in the equity securities included in the S&P 500 Index, in weightings that approximate the relative composition of the securities contained in the S&P 500 Index, and in S&P 500 Index futures approved by the Commodity Futures Trading Commission.

The S&P 500 Index is a capitalization-weighted index that includes 500 companies operating across a broad spectrum of the U.S. economy, and its performance is widely considered representative of the U.S. stock market as a whole. As of May 29, 2015, the approximate market capitalization range of the companies included in the S&P 500 Index was between $3.3 billion and $758.8 billion.

The fund is passively managed, which means it tries to duplicate the investment composition and performance of the S&P 500 Index using computer programs and statistical procedures. The fund’s investment adviser will buy and sell securities in response to changes in the S&P 500 Index. Because the fund will have fees and transaction expenses (while the S&P 500 Index has none), returns are likely to be below those of the S&P 500 Index.

The fund’s investment adviser expects that, under normal circumstances, the quarterly performance of the fund, before expenses, will track the performance of the S&P 500 Index within a 0.95 correlation coefficient.

### Principal Risks

**Market Risk** is the risk that the value of equity securities owned by the fund may decline, at times sharply and unpredictably, because of economic changes or other events that affect individual issuers or large portions of the market.

**Management Risk** is the risk that a strategy used by the fund’s investment adviser may fail to produce the intended results.

**Tracking Risk** is the risk that the fund’s performance may vary substantially from the performance of the benchmark index it tracks as a result of share purchases and redemptions, transaction costs, expenses and other factors.

As with any mutual fund, it is possible to lose money on an investment in the fund. An investment in the fund is not a deposit of any bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation, any other government agency, or The Northern Trust Company, its affiliates, subsidiaries or any other bank.

### Sit Dividend Growth Fund

**Investment Objective**

The fund primarily seeks to provide current income that exceeds the dividend yield of the S&P 500 Index and that grows over a period of years. Secondarily the fund seeks long-term capital appreciation.

**Principal Investment Strategies**

The fund seeks to achieve its objectives by investing, under normal market conditions, at least 80% of its net assets in dividend-paying common stocks. The fund may invest the balance of its assets in preferred stocks, convertible bonds, U.S. Treasury securities, closed-end investment companies, and master limited partnerships.

The Adviser invests in dividend paying growth-oriented companies it believes exhibit the potential for growth and growing dividend payments. The Adviser believes that a company’s earnings growth is a primary determinant of its potential long-term return, and that a record of increasing dividend payments is a strong indicator of financial health and growth prospects. By investing in dividend paying stocks it is anticipated that the holdings will tend to be in large to medium-sized companies (companies with market capitalizations in excess of $2 billion). The Adviser considers several factors in its evaluation of a company’s potential for above average long-term earnings, revenue, and dividend growth, including:

- a record of paying dividends,
- strong prospects for growing dividend payments indicated in part by growing earnings and cash flow,
- unique product or service,
- growing product demand,
American Century Growth Fund

Investment Objective
The fund seeks long-term capital growth.

Principal Investment Strategies
The portfolio managers look for stocks of companies they believe will increase in value over time. In implementing this strategy, the portfolio managers make their investment decisions based primarily on their analysis of individual companies, rather than on broad economic forecasts. Management of the fund is based on the belief that, over the long term, stock price movements follow growth in earnings, revenues and/or cash flow.

The portfolio managers use a variety of analytical research tools and techniques to identify the stocks of larger-sized companies that meet their investment criteria. Under normal market conditions, the fund’s portfolio will primarily consist of securities of companies demonstrating business improvement. Analytical indicators helping to identify signs of business improvement could include accelerating earnings or revenue growth rates, increasing cash flows, or other indications of the relative strength of a company’s business. These techniques help the portfolio managers buy or hold the stocks of companies they believe have favorable growth prospects and sell the stocks of companies whose characteristics no longer meet their criteria.

Although the portfolio managers intend to invest the fund’s assets primarily in U.S. securities, the fund may invest in securities of foreign companies when these securities meet the portfolio managers’ standards of selection.

Principal Risks
• Growth Stocks – Investments in growth stocks may be more volatile than other stocks and the overall stock market. These stocks are typically priced higher than other stocks because of their growth potential, which may or may not be realized.
• Style Risk – If at any time the market is not favoring the fund’s growth investment style, the fund’s gains may not be as big as, or its losses may be bigger than, those of other equity funds using different investment styles.
• Market Risk – The value of the fund’s shares will go up and down based on the performance of the companies whose securities it owns and other factors generally affecting the securities market.
• Price Volatility – The value of the fund’s shares may fluctuate significantly in the short term.
• Foreign Securities – The fund may invest in foreign securities, which can be riskier than investing in U.S. securities. Securities of foreign issuers may be less liquid, more volatile and harder to value than U.S. securities.
• Redemption Risk – The fund may need to sell securities at times it would not otherwise do so in order to meet shareholder redemption requests. Selling securities to meet such redemptions may cause the fund to experience a loss, increase the fund’s transaction costs or have tax consequences. To the extent that a large shareholder (including a fund of funds or 529 college savings plan) invests in the fund, the fund may experience relatively large redemptions as such shareholder reallocates its assets.
• Principal Loss – At any given time your shares may be worth less than the price you paid for them. In other words, it is possible to lose money by investing in the fund.

An investment in the fund is not a bank deposit, and it is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency.
T. Rowe Price Instl. Large-Cap Growth Fund

Investment Objective
The fund seeks to provide long-term capital appreciation through investments in common stocks of growth companies.

Principal Investment Strategies
In taking a growth approach to stock selection, the fund will normally invest at least 80% of its net assets (including any borrowings for investment purposes) in the common stocks of large-cap companies. The fund defines a large-cap company as one whose market capitalization is larger than the median market capitalization of companies in the Russell 1000 Growth Index, a widely used benchmark of the largest U.S. growth stocks. As of December 31, 2014, the median market capitalization of companies in the Russell 1000 Growth Index was approximately $8.6 billion. The market capitalizations of the companies in the fund’s portfolio and the Russell index change over time; the fund will not automatically sell or cease to purchase stock of a company it already owns just because the company’s market capitalization falls below the median market capitalization of companies in the Russell index.

We generally look for companies with an above-average rate of earnings and cash flow growth and a lucrative niche in the economy that gives them the ability to sustain earnings momentum even during times of slow economic growth. As growth investors, we believe that when a company increases its earnings faster than both inflation and the overall economy, the market will eventually reward it with a higher stock price.

The fund is “nondiversified,” meaning it may invest a greater portion of its assets in a single issuer and own more of the issuer’s voting securities than is permissible for a “diversified” fund.

In pursuing its investment objective, the fund has the discretion to deviate from its normal investment criteria. These situations might arise when the fund’s management believes a security could increase in value for a variety of reasons, including an extraordinary corporate event, a new product introduction or innovation, a favorable competitive development, or a change in management.

While most assets will typically be invested in U.S. common stocks, the fund may invest in foreign stocks in keeping with the fund’s objectives.

The fund may sell securities for a variety of reasons, such as to secure gains, limit losses, or redeploy assets into more promising opportunities.

Principal Risks
As with any mutual fund, there is no guarantee that the fund will achieve its objective. The fund’s share price fluctuates, which means you could lose money by investing in the fund. The principal risks of investing in this fund are summarized as follows:

Active Management risk The fund is subject to the risk that the investment adviser’s judgments about the attractiveness, value, or potential appreciation of the fund’s investments may prove to be incorrect. If the securities selected and strategies employed by the fund fail to produce the intended results, the fund could underperform other funds with similar objectives and investment strategies.

Risks of stock investing Stocks generally fluctuate in value more than bonds and may decline significantly over short time periods. There is a chance that stock prices overall will decline because stock markets tend to move in cycles, with periods of rising and falling prices. The value of a stock in which the fund invests may decline due to general weakness in the stock market or because of factors that affect a particular company or industry.

Investment style risk Different investment styles tend to shift in and out of favor depending on market conditions and investor sentiment. The fund’s growth approach to investing could cause it to underperform other stock funds that employ a different investment style. Growth stocks tend to be more volatile than certain other types of stocks, and their prices may fluctuate more dramatically than the overall stock market. A stock with growth characteristics can have sharp price declines due to decreases in current or expected earnings and may lack dividends that can help cushion its share price in a declining market.

Market capitalization risk Investing primarily in issuers within the same market capitalization category carries the risk that the fund may be out of favor due to current market conditions or investor sentiment. There is a chance that the fund’s investments in foreign securities may be adversely affected by political, social, and economic conditions overseas, greater volatility, reduced liquidity, or decreases in foreign currency values relative to the U.S. dollar.

Nondiversification risk As a nondiversified fund, the fund has the ability to invest a larger percentage of its assets in the securities of a smaller number of issuers than a diversified fund. As a result, poor performance by a single issuer could adversely affect fund performance more than if the fund were invested in a larger number of issuers. The fund’s share price can be expected to fluctuate more than that of a comparable diversified fund.

Foreign investing risk This is the risk that the fund’s investments in foreign securities may be adversely affected by political, social, and economic conditions overseas, greater volatility, reduced liquidity, or decreases in foreign currency values relative to the U.S. dollar.

T. Rowe Price Extended Equity Market Index Fund

Investment Objective
The fund seeks to track the performance of a benchmark index that measures the investment return of small- and mid-capitalization U.S. stocks.

Principal Investment Strategies
The fund attempts to match the investment return of small- and mid-capitalization U.S. stocks by seeking to match the performance of its benchmark index, the S&P Completion Index (S&P Index). The S&P Index consists of primarily small- and mid-capitalization stocks and generally includes those U.S. stocks that are not included in the Standard & Poor’s 500 Stock Index.

The fund uses a sampling strategy, investing substantially all of its assets in a group of stocks representative of the sector allocations, financial characteristics, and other attributes of the S&P Index. The fund does not attempt to fully replicate the index by owning each of the stocks in the index. The S&P Index includes approximately 3,900 stocks as of January 30, 2015.
In an attempt to track the S&P Index, we select stocks based on industry, size, and other characteristics. For example, if technology stocks made up 15% of the S&P Index, the fund would invest about 15% of its assets in technology stocks with similar characteristics. Several factors are considered in selecting representative stocks, including historical price movement, market capitalization, transaction costs, and others.

Under normal conditions, the fund will invest at least 80% of its net assets (including any borrowings for investment purposes) in stocks that are held in its benchmark index. T. Rowe Price compares the composition of the fund to that of the index. If a material misweighting develops, the portfolio managers seek to rebalance the portfolio in an effort to realign it with its index.

While most assets will be invested in common stocks, the fund may also purchase stock index futures contracts and exchange-traded funds. Futures and exchange-traded funds would typically be used to reduce cash balances in the fund and increase the level of fund assets exposed to common stocks represented in the fund’s benchmark index.

While there is no guarantee, the correlation between the fund and its benchmark index is expected to be at least 0.95. A correlation of 1.00 indicates that the returns of the fund and the index will always move in the same direction (but not necessarily by the same amount). A correlation of 0.00 would mean price movements in the fund are unrelated to movements in the index.

The fund may sell securities to better align its portfolio with the characteristics of its benchmark index or to satisfy redemption requests. However, the fund is not required to sell specific securities that have been removed from its index.

**Principal Risks**

As with any mutual fund, there is no guarantee that the fund will achieve its objective. The fund’s share price fluctuates, which means you could lose money by investing in the fund. The principal risks of investing in this fund are summarized as follows:

**Risks of stock investing** Stocks generally fluctuate in value more than bonds and may decline significantly over short time periods. There is a chance that stock prices overall will decline because stock markets tend to move in cycles, with periods of rising and falling prices. The value of a stock in which the fund invests may decline due to general weakness in the stock market or because of factors that affect a particular company or industry.

**Small- and mid-cap stock risk** Because the fund invests primarily in small- and medium-sized companies, its share price could be more volatile than a fund that invests only in large companies. Small- and medium-sized companies often have less experienced management, narrower product lines, more limited financial resources, and less publicly available information than larger companies. Smaller companies may have limited trading markets and tend to be more sensitive to changes in overall economic conditions.

**Index investing risk** Because the fund is passively managed and seeks to match the performance of its benchmark index, holdings are generally not reallocated based on changes in market conditions or outlook for a specific security, industry, or market sector. As a result, the fund’s performance may lag the performance of actively managed funds.

**Tracking error** The returns of the fund are expected to be slightly below the returns of its benchmark index (referred to as “tracking error”) because the fund incurs fees and transaction expenses while the index has no fees or expenses. Increased tracking error could also result from changes in the composition of the index or the timing of purchases and redemptions of fund shares. The fund uses a sampling strategy and does not attempt to fully replicate its benchmark index, which increases the potential for the fund’s performance to deviate from that of its index.

**Futures risk** To the extent the fund uses stock index futures, it is exposed to potential volatility and losses greater than direct investments in the contract’s underlying assets.

**Exchange-traded fund risk** To the extent the fund invests in exchange-traded funds, the fund will bear its proportionate share of each exchange-traded fund’s fees and expenses. An investment in an exchange-traded fund involves substantially the same risks as investing directly in the exchange-traded fund’s underlying assets, although an exchange-traded fund may have greater price volatility than its underlying assets or its shares may be less liquid.

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**Fees & Expenses**

<table>
<thead>
<tr>
<th>Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total annual fund operating expenses</td>
<td>0.37%</td>
</tr>
<tr>
<td>Redemption Fee</td>
<td>0.50% (as a percentage of amount redeemed on shares held for 90 days or less)</td>
</tr>
</tbody>
</table>

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**William Blair Mid Cap Growth Fund**

**Investment Objective**

The William Blair Mid Cap Growth Fund seeks long-term capital appreciation.

**Principal Investment Strategies**

Under normal market conditions, the fund invests at least 80% of its net assets (plus the amount of any borrowings for investment purposes) in stocks of medium capitalized (“mid cap”) companies. The fund invests primarily in a diversified portfolio of equity securities, including common stocks and other forms of equity investments (e.g., securities convertible into common stocks), of mid cap domestic growth companies that are expected to exhibit quality growth characteristics. For purposes of the fund, the Adviser considers a company to be a mid cap company if it has a market capitalization no smaller than the smallest capitalized company, and no larger than the largest capitalized company, included in the Russell Midcap Index at the time of the fund’s investment. Securities of companies whose market capitalizations no longer meet this definition after purchase may continue to be held in the fund. To a limited extent, the fund may also purchase stocks of companies with business characteristics and growth prospects similar to mid cap companies, but that may have market capitalizations above the market capitalization of the largest member, or below the market capitalization of the smallest member, of the Russell Midcap Index.

The Russell Midcap Index measures the performance of the 800 companies with the lowest market capitalizations in the Russell 1000 Index. The companies in the Russell Midcap Index are considered representative of mid cap companies. The size of companies in the Russell Midcap Index may change with market conditions. In addition, changes to the composition of the Russell Midcap Index can change the market capitalization range of companies included in the index. As of June 30, 2014, the Russell Midcap Index included securities issued by companies that ranged in size between $1 billion and $30 billion.

In choosing investments, the Adviser performs fundamental company analysis and focuses on stock selection. The Adviser evaluates the extent to which a company meets the quality growth criteria set forth below. All of the criteria are evaluated relative to the valuation
of the security. The weight given to a particular investment criterion will depend upon the circumstances, and fund holdings may not meet all of the following criteria: (a) the company should be, or should have the expectation of becoming, a significant provider in the primary markets it serves, (b) the company should have some distinctive attribute relative to present or potential competitors (this may take the form of proprietary products or processes, a unique distribution system, an entrenched brand name or an especially strong financial position relative to its competition), (c) the company should participate in an industry expected to grow rapidly due to economic factors or technological change or should grow through market share gains in its industry and (d) the company should have a strong management team.

Principal Risks
The fund’s returns will vary, and you could lose money by investing in the fund. Because the fund invests most of its assets in equity securities of mid cap domestic growth companies, the primary risk is that the value of the equity securities it holds might decrease in response to the activities of those companies or market and economic conditions. In addition, there is the risk that individual securities may not perform as expected or a strategy used by the Adviser may fail to produce its intended result. Different investment styles (e.g., growth vs. value, quality bias, market capitalization focus) tend to shift in and out of favor depending on market conditions and investor sentiment, and at times when the investment style used by the Adviser for the fund is out of favor, the fund may underperform other equity funds that use different investment styles. The securities of mid cap companies may be more volatile and less liquid than securities of large cap companies. In addition, mid cap companies may be traded in low volumes. This can increase volatility and increase the risk that the fund will not be able to sell the security on short notice at a reasonable price. Separate accounts managed by the Adviser may invest in the fund and, therefore, the Adviser at times may have discretionary authority over a significant portion of the assets invested in the fund. In such instances, the Adviser’s decision to make changes to or rebalance its clients’ allocations in the separate accounts may substantially impact the fund’s performance. The fund is not intended to be a complete investment program. The fund is designed for long-term investors.

Ariel Fund

Investment Objective
Ariel Fund pursues long-term capital appreciation.

Principal Investment Strategy
Ariel Fund invests in small/mid-sized undervalued companies that show strong potential for growth. The fund invests primarily in equity securities of U.S. companies and the fund generally will have a weighted average market capitalization between $1 billion and $7.5 billion. The fund will not hold stocks that fall within the top two quintiles of the Russell U.S. equity indexes (a comprehensive representation of market-cap weighted security indexes of the investable U.S. equity market) and if such stock falls within the top two quintiles, it will be sold by the end of the following quarter.

The essence of the fund’s strategy is a combination of patience and stock selection. The fund seeks to hold investments for a relatively long period of time—generally five years.
Northern Funds Small Cap Value Fund

Investment Objective
The fund seeks to provide long-term capital appreciation. Any income received is incidental to this objective.

Principal Investment Strategies
In seeking long-term capital appreciation, the fund will invest, under normal circumstances, at least 80% of its net assets in equity securities of small capitalization companies. Small capitalization companies generally are considered to be those whose market capitalization is, at the time the fund makes an investment, within the range of the market capitalization of companies in the Russell 2000® Value Index. Companies whose capitalization no longer meets this definition after purchase may continue to be considered small capitalization companies. As of May 29, 2015, the market capitalization of the companies in the Russell 2000 Value Index was between approximately $15 million and $6.3 billion.

The size of companies in the Russell 2000 Value Index changes with market conditions. In addition, changes to the composition of the Russell 2000 Value Index can change the market capitalization range of companies in the Russell 2000 Value Index. The fund is not limited to the stocks included in the Russell 2000 Value Index and may invest in other stocks that meet the fund’s investment adviser’s criteria discussed below.

Using quantitative analysis (evaluation of financial data), the fund’s investment adviser buys small capitalization stocks of companies believed to be worth more than is indicated by current market prices. Similarly, the management team normally will sell a security that it believes has achieved its full valuation, is not attractively priced or for other reasons. The team also may sell securities in order to maintain the desired portfolio characteristics of the fund. In determining whether a stock is attractively priced, the fund employs a strategy that uses statistics and other methods to determine which fundamental and quantifiable stock or firm characteristics (such as relative valuation, price momentum and earnings quality) are predictive of future stock performance. The characteristics are combined to create a proprietary multifactor quantitative stock selection model that generates stock specific forecasts that are used along with risk controls to determine security weightings.

The fund, from time to time, may emphasize particular companies or market segments, such as financial services, in attempting to achieve its investment objective. Many of the companies in which the fund invests retain their earnings to finance current and future growth. These companies generally pay little or no dividends.

Principal Risks
Market Risk is the risk that the value of equity securities owned by the fund may decline, at times sharply and unpredictably, because of economic changes or other events that affect individual issuers or large portions of the market. It includes the risk that a particular style of investing, such as value, may underperform other styles of investing or the market generally.

Management Risk is the risk that a strategy used by the fund’s investment adviser may fail to produce the intended results.

Small Cap Stock Risk is the risk that stocks of smaller companies may be subject to more abrupt or erratic market movements than stocks of larger, more established companies. Small companies may have limited product lines or financial resources, or may be dependent upon a small or inexperienced management group, and their securities may trade less frequently and in lower volume than the securities of larger companies, which could lead to higher transaction costs. Generally the smaller the company size, the greater the risk.

As with any mutual fund, it is possible to lose money on an investment in the fund. An investment in the fund is not a deposit of any bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation, any other government agency, or The Northern Trust Company, its affiliates, subsidiaries or any other bank.

Fees & Expenses
(Based on the prospectus dated July 31, 2015)
Total Annual Fund Operating Expenses......................1.01%
After Expense Reimbursement

Northern Funds Small Cap Index Fund

Investment Objective
The fund seeks to provide investment results approximating the aggregate price and dividend performance of the securities included in the Russell 2000® Index.

Principal Investment Strategies
Under normal circumstances, the fund will invest substantially all (and at least 80%) of its net assets in the equity securities included in the Russell 2000 Index, in weightings that approximate the relative composition of securities contained in the Russell 2000 Index, and in Russell 2000 Index futures approved by the Commodity Futures Trading Commission.

The Russell 2000 Index is widely considered representative of smaller company stock performance as a whole. The companies in the Russell 2000 Index are selected according to their total market capitalization. However, companies are not selected by Frank Russell Company (“Russell”) for inclusion in the Russell 2000 Index because they are expected to have superior stock price performance relative to the stock market in general or other stocks in particular. As of May 29, 2015, the market capitalization of the companies in the Russell 2000 Index was between approximately $15 million and $11.8 billion.

The fund is passively managed, which means it tries to duplicate the investment composition and performance of the Russell 2000 Index by using computer programs and statistical procedures. The fund’s investment adviser will buy and sell securities in response to changes in the Russell 2000 Index. Because the fund will have fees and transaction expenses (while the Russell 2000 Index has none), returns are likely to be below those of the Russell 2000 Index. The fund’s investment adviser expects that, under normal circumstances, the quarterly performance of the fund, before expenses, will track the performance of the Russell 2000 Index within a 0.95 correlation coefficient.

Principal Risks
Market Risk is the risk that the value of equity securities owned by the fund may decline, at times sharply and unpredictably, because of economic changes or other events that affect individual issuers or large portions of the market.

Management Risk is the risk that a strategy used by the fund’s investment adviser may fail to produce the intended results.

Tracking Risk is the risk that the fund’s performance may vary substantially from the performance of the benchmark index it tracks as a result of share purchases and redemptions, transaction costs, expenses and other factors.

Small Cap Stock Risk is the risk that stocks of smaller companies may be subject to more abrupt or erratic market movements than stocks of larger, more established companies. Small companies may have limited product lines or financial resources, or may be dependent
upon a small or inexperienced management group, and their securities may trade less frequently and in lower volume than the securities of larger companies, which could lead to higher transaction costs. Generally the smaller the company size, the greater the risk.

**As with any mutual fund, it is possible to lose money on an investment in the fund. An investment in the fund is not a deposit of any bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation, any other government agency, or The Northern Trust Company, its affiliates, subsidiaries or any other bank.**

**Fees & Expenses**
(Based on the prospectus dated July 31, 2015)
Total Annual Fund Operating Expenses.........................0.15%
After Expense Reimbursement

**Delaware Small Cap Core Fund**

**Investment Objective**
Delaware Small Cap Core Fund seeks long-term capital appreciation.

**Principal Investment Strategies**
The fund invests primarily in stocks of small companies that its investment manager, Delaware Management Company (Manager), believes have a combination of attractive valuations, growth prospects, and strong cash flows. Under normal circumstances, at least 80% of the fund’s net assets, plus the amount of any borrowings for investment purposes, will be investments of small-capitalization companies (80% policy). The fund considers small-capitalization companies to be companies within the market capitalization range of the Russell 2000 Index at the time of purchase.

The fund’s 80% policy is nonfundamental and may be changed without shareholder approval. Fund shareholders would be given at least 60 days’ notice prior to any such change.

**Principal Risks**
Investing in any mutual fund involves the risk that you may lose part or all of the money you invest. Over time, the value of your investment in the fund will increase and decrease according to changes in the value of the securities in the fund’s portfolio. Principal risks include:

**Investments not guaranteed by Delaware Management Company (Manager) or its affiliates** — Investments in the fund are not and will not be deposits with or liabilities of Macquarie Bank Limited ABN 46 008 583 542 and its holding companies, including their subsidiaries or related companies (Macquarie Group), and are subject to investment risk, including possible delays in repayment and loss of income and capital invested. No Macquarie Group company guarantees or will guarantee the performance of the fund, the repayment of capital from the fund, or any particular rate of return.

**Market risk** — The risk that all or a majority of the securities in a certain market - such as the stock or bond market - will decline in value because of factors such as adverse political or economic conditions, future expectations, investor confidence, or heavy institutional selling.

**Industry risk** — The risk that the value of securities in a particular industry (such as financial services or manufacturing) will decline because of changing expectations for the performance of that industry.

**Company size risk** — The risk that investments in small- and/or medium-sized companies may be more volatile than those of larger companies because of limited financial resources or dependence on narrow product lines.

**Interest rate risk** — The risk that securities will decrease in value if interest rates rise. The risk is generally associated with bonds; however, because small- and medium-sized companies and companies in the real estate sector often borrow money to finance their operations, they may be adversely affected by rising interest rates.

**Liquidity risk** — The possibility that securities cannot be readily sold within seven days at approximately the price at which a portfolio has valued them.

**Counterparty risk** — The risk that a counterparty to a derivative contract (such as a swap, futures, or options contract) or a repurchase agreement may fail to perform its obligations under the contract or agreement due to financial difficulties (such as a bankruptcy or reorganization).

**Government and regulatory risk** — The risk that governments or regulatory authorities have, from time to time, taken or considered actions that could adversely affect various sectors of the securities markets and significantly impact fund performance.

**Fees & Expenses**
(Based on the prospectus dated March 30, 2015)
Total Annual Fund Operating Expenses.........................1.07%

**Harbor Small Cap Growth Opportunities Fund**

**Investment Objective**
The fund seeks long-term growth of capital.

**Principal Investment Strategy**

**Principal Style Characteristics:** Small cap stocks with above average growth potential

The fund invests primarily in equity securities, principally common and preferred stocks, of small cap companies. We define small cap companies as those with market capitalizations that fall within the range of the Russell 2000 Growth Index, provided that if the upper end of the capitalization range of that Index falls below $2.5 billion, we will continue to define those companies with market capitalizations between the upper end of the range of the Index and $2.5 billion as small cap companies. As of December 31, 2014, the range of the Index was $31 million to $7.3 billion, but it is expected to change frequently.

The Subadviser’s investment strategy focuses on identifying rapidly growing small cap companies that are in an early or transitional stage of their development, before their full potential is discovered by the market. The Subadviser utilizes bottom-up, fundamental research involving both quantitative and qualitative aspects to identify companies for investment. The Subadviser uses quantitative analysis to identify potential companies for growth characteristics, such as:

- Material revenue growth
- Sustainable and/or expanding margins
- Consistent earnings
- Strong free cash flow generation

The Subadviser assesses the attractiveness of the valuation of these growth companies by analyzing a variety of valuation metrics, such as enterprise values relative to earnings and free cash flows, and price-to-earnings ratios, among others. The Subadviser then uses detailed qualitative analysis to further identify companies that possess the following characteristics:
Principal Risks
There is no guarantee that the investment objective of the fund will be achieved. Stocks fluctuate in price and the value of your investment in the fund may go down. This means that you could lose money on your investment in the fund or the fund may not perform as well as other possible investments. Principal risks include:

Market and issuer risk: Securities markets are volatile and can decline significantly in response to adverse market, economic, political or regulatory developments, which may lower the value of securities held by the fund, sometimes rapidly or unpredictably. Additionally, an adverse event, such as an unfavorable earnings report, may depress the value of a particular issuer’s stock.

Growth style risk: Over time, a growth oriented investing style may go in and out of favor, which may cause the fund to underperform other equity funds that use different investing styles.

Selection risk: The Subadviser’s judgment about the attractiveness, value and potential appreciation of a particular security may be incorrect.

Small cap risk: The fund’s performance may be more volatile because it invests primarily in small cap stocks. Smaller companies may have limited product lines, markets and financial resources. They are usually less stable in price and less liquid than those of larger, more established companies. Additionally, small cap stocks may fall out of favor relative to mid or large cap stocks, which may cause the fund to underperform other equity funds that focus on mid or large cap stocks.

Equity risk.

Selection risk.

Small cap risk:

Market and issuer risk:

Fees & Expenses
(Based on the prospectus dated March 1, 2015)
Total Annual Fund Operating Expenses....................0.90%

Dodge & Cox International Stock Fund

Investment Objective
The fund seeks long-term growth of principal and income.

Principal Investment Strategies
The fund invests primarily in a diversified portfolio of equity securities issued by non-U.S. companies from at least three different countries, including emerging market countries. The fund is not required to allocate its investments in set percentages in particular countries and may invest in emerging markets without limit. Under normal circumstances, the fund will invest at least 80% of its total assets in equity securities of non-U.S. companies, including common stocks, depositary receipts evidencing ownership of common stocks, preferred stocks, securities convertible into common stocks, and securities that carry the right to buy common stocks. The fund may enter into forward currency contracts or currency futures contracts to hedge foreign currency exposure.

The fund typically invests in medium-to-large well established companies based on standards of the applicable market. In selecting investments, the fund typically invests in companies that, in Dodge & Cox’s opinion, appear to be temporarily undervalued by the stock market but have a favorable outlook for long-term growth. The fund also focuses on the underlying financial condition and prospects of individual companies, including future earnings, cash flow, and dividends. Various other factors, including financial strength, economic condition, competitive advantage, quality of the business franchise, and the reputation, experience, and competence of a company’s management are weighed against valuation in selecting individual securities. The fund also considers the economic and political stability of the country where the issuer is located and the protections provided to shareholders.

Principal Risks Of Investing
You could lose money by investing in the fund, and the fund could underperform other investments. You should expect the fund’s share price and total return to fluctuate within a wide range. The fund’s performance could be hurt by:

- Manager risk. Dodge & Cox’s opinion about the intrinsic worth of a company or security may be incorrect or the market may continue to undervalue the company or security. Dodge & Cox may not make timely purchases or sales of securities for the fund.
- Equity risk. Equity securities generally have greater price volatility than debt securities. Equity securities may decline in value because of changes in the actual or perceived financial condition of their issuers or other events affecting their issuers.
- Market risk. Prices may increase or decrease, sometimes suddenly and unpredictably, due to general market conditions.
- Liquidity risk. The fund may not be able to purchase or sell a security in a timely manner or at desired prices or achieve its desired weighting in a security.
- Non-U.S. currency risk. Foreign currencies may decline relative to the U.S. dollar, which reduces the unhedged value of securities denominated in or otherwise exposed to those currencies. Dodge & Cox may not hedge or may not be successful in hedging the fund’s currency exposure.
- Non-U.S. investment risk. Securities of non-U.S. issuers (including ADRs) may be less liquid, more volatile, and harder to value than U.S. securities. Non-U.S. issuers may be subject to political, economic, or market instability, or unfavorable government action in their local jurisdictions. There may be less information publicly available about non-U.S. issuers and their securities, and those issuers may be subject to lower levels of government regulation and oversight. Non-U.S. stock markets may decline due to conditions specific to an individual country, including unfavorable economic conditions relative to the United States. There may be an increased risk of delayed transaction settlement or security certificate loss. These risks may be higher when investing in emerging market issuers. Certain of these risks may also apply to securities of U.S. issuers with significant non-U.S. operations.
• **Emerging market risk.** Emerging market securities may present issuer, market, currency, liquidity, volatility, valuation, legal, political, and other risks different from, and potentially greater than, the risks of investing in securities of issuers in more developed markets.

• **Derivatives risk.** Investing with derivatives, such as forward currency contracts and equity index futures, involves risks additional to those associated with investing directly in securities. The value of a derivative may not correlate to the value of the underlying instrument to the extent expected. Derivative transactions may be volatile, and can create leverage, which could cause the fund to lose more than the amount of assets initially contributed to the transaction, if any. The fund may not be able to close a derivatives position at an advantageous time or price. For over-the-counter derivatives transactions, the counterparty may be unable or unwilling to make required payments and deliveries, especially during times of financial market distress.

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

Northern Funds International Equity Index Fund

**Investment Objective**
The fund seeks to provide investment results approximating the aggregate price and dividend performance of the securities included in the MSCI EAFE® Index.

**Principal Investment Strategies**
Under normal circumstances, the fund will invest substantially all (and at least 80%) of its net assets in the equity securities included in the MSCI EAFE Index, in weightings that approximate the relative composition of the securities contained in the MSCI EAFE Index, and in MSCI EAFE Index futures approved by the Commodity Futures Trading Commission.

The MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the United States and Canada. As of May 29, 2015, the MSCI EAFE Index consisted of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.

The fund is passively managed, which means it tries to duplicate the investment composition and performance of the MSCI EAFE Index by using computer programs and statistical procedures. The fund’s investment adviser will buy and sell securities in response to changes in the MSCI EAFE Index. Because the fund will have fees and transaction expenses (while the MSCI EAFE Index has none), returns are likely to be below those of the MSCI EAFE Index.

Because the proportion of assets allocated to each country will approximate the relative country weights in the MSCI EAFE Index, more than 25% of the fund’s assets may be invested in a single country (such as the United Kingdom and Japan). This may make the fund’s performance more dependent upon the performance of a single country than if the fund allocated its assets among issuers in a larger number of countries.

The fund’s investment adviser expects that, under normal circumstances, the quarterly performance of the fund, before expenses, will track the performance of the MSCI EAFE Index within a 0.95 correlation coefficient.

**Principal Risks**

**Market Risk** is the risk that the value of equity securities owned by the fund may decline, at times sharply and unpredictably, because of economic changes or other events that affect individual issuers or large portions of the market.

**Management Risk** is the risk that a strategy used by the fund’s investment adviser may fail to produce the intended results.

**Tracking Risk** is the risk that the fund’s performance may vary substantially from the performance of the benchmark index it tracks as a result of share purchases and redemptions, transaction costs, expenses and other factors.

**Foreign Securities Risk** is the risk that investing in foreign (non-U.S.) securities may result in the fund experiencing more rapid and extreme changes in value than a fund that invests exclusively in securities of U.S. companies, due to less liquid markets and adverse economic, political, diplomatic, financial, and regulatory factors. Foreign governments also may impose limits on investment and repatriation and impose taxes. Any of these events could cause the value of the fund’s investments to decline. To the extent that the fund’s assets are concentrated in a single country or geographic region, the fund will be subject to the risks associated with that particular country or region.

**Currency Risk** is the risk that foreign currencies will fluctuate in value relative to the U.S. dollar, adversely affecting the value of the fund’s investments and its returns. Because the fund’s net asset value (“NAV”) is determined on the basis of U.S. dollars, you may lose money if the local currency of a foreign market depreciates against the U.S. dollar, even if the market value of the fund’s holdings appreciates.

As with any mutual fund, it is possible to lose money on an investment in the fund. An investment in the fund is not a deposit of any bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation, any other government agency, or The Northern Trust Company, its affiliates, subsidiaries or any other bank.

Oppenheimer International Growth Fund

**Investment Objective**
The fund seeks capital appreciation.

**Principal Investment Strategies**
The fund mainly invests in the common stock of growth companies that are domiciled or have their primary operations outside of the United States. It may invest 100% of its assets in securities of foreign companies. The fund may invest in emerging markets as well as in developed markets throughout the world. From time to time it may place greater emphasis on investing in one or more
particular regions such as Asia, Europe, or Latin America. Under normal market conditions the fund will:

- invest at least 65% of its total assets in common and preferred stocks of issuers in at least three different countries outside of the United States, and
- emphasize investments in common stocks of issuers that the portfolio managers consider to be “growth” companies.

The fund does not limit its investments to issuers within a specific market capitalization range and at times may invest a substantial portion of its assets in one or more particular capitalization ranges. The fund can also buy securities convertible into common stock and other securities having equity features. The fund can use hedging and certain derivative instruments to seek capital appreciation or to try to manage investment risks.

In selecting investments for the fund’s portfolio, the portfolio managers evaluate investment opportunities on a company-by-company basis. The portfolio managers look primarily for foreign companies with high growth potential using a “bottom up” investment approach, that is, by looking at the investment performance of individual stocks before considering the impact of general or industry-specific economic trends. This approach includes fundamental analysis of a company’s financial statements and management structure and consideration of the company’s operations, product development, and industry position.

The portfolio managers currently focus on the following factors, which may vary in particular cases and may change over time:

- companies that enjoy a strong competitive position and high demand for their products or services;
- companies with accelerating earnings growth and cash flow; and
- diversity among companies, industries and countries to help reduce the risks of foreign investing, such as currency fluctuations and stock market volatility.

The portfolio managers also consider the effect of worldwide trends on the growth of particular business sectors and looks for companies that may benefit from those trends. The trends currently considered include: mass affluence, new technologies, restructuring and aging. The portfolio managers do not invest any fixed amount of the fund’s assets according to these criteria and the trends that are considered may change over time. The portfolio managers monitor individual issuers for changes in the factors above, which may trigger a decision to sell a security, but does not require a decision to do so.

**Principal Risks**

The price of the fund’s shares can go up and down substantially. The value of the fund’s investments may change because of broad changes in the markets in which the fund invests or because of poor investment selection, which could cause the fund to underperform other funds with similar investment objectives. There is no assurance that the fund will achieve its investment objective. When you redeem your shares, they may be worth more or less than what you paid for them. These risks mean that you can lose money by investing in the fund.

**Risks of Investing in Stock.** The value of the fund’s portfolio may be affected by changes in the stock markets. Stock markets may experience significant short-term volatility and may fall sharply at times. Different stock markets may behave differently from each other and U.S. stock markets may move in the opposite direction from one or more foreign stock markets.

The prices of the individual stocks generally do not all move in the same direction at the same time and variety of factors can affect the price of a particular company’s stock. These factors may include, but are not limited to: poor earnings reports, a loss of customers, litigation against the company, general unfavorable performance of the company’s sector or industry, or changes in government regulations affecting the company or its industry.

**Industry and Sector Focus.** At times, the fund may increase the relative emphasis of its investments in a particular industry or sector. The prices of stocks of issuers in a particular industry or sector may go up and down in response to changes in economic conditions, government regulations, availability of basic resources or supplies, or other events that affect that industry or sector more than others. To the extent that the fund increases the relative emphasis of its investments in a particular industry or sector, its share value may fluctuate in response to events affecting that industry or sector. To some extent that risk may be limited by the fund’s policy of not concentrating its investments in any one industry.

**Risks of Foreign Investing.** Foreign securities are subject to special risks. Foreign issuers are usually not subject to the same accounting and disclosure requirements that U.S. companies are subject to, which may make it difficult for the fund to evaluate a foreign company’s operations or financial condition. A change in the value of a foreign currency against the U.S. dollar will result in a change in the U.S. dollar value of securities denominated in that foreign currency and in the value of any income or distributions the fund may receive on those securities. The value of foreign investments may be affected by exchange control regulations, foreign taxes, higher transaction and other costs, delays in the settlement of transactions, changes in economic or monetary policy in the United States or abroad, expropriation or nationalization of a company’s assets, or other political and economic factors.

**Eurozone Investments Risks.** Certain of the regions in which the fund invests, including the European Union (EU), currently experience significant financial difficulties. Following the recent global economic crisis, some of these counties have depended on, or may continue to be dependent on, the assistance from others such as the European Central Bank (ECB) or other governments or institutions, and failure to implement reforms as a condition of assistance could have a significant adverse effect on the value of investments in those and other European countries. In addition, countries that have adopted the euro are subject to fiscal and monetary controls that could limit the ability to implement their own economic policies and could voluntarily abandon, or be forced out of, the euro. Such events could impact the market values of Eurozone and various other securities and currencies, cause renomination or certain securities into less valuable local currencies, and create more volatile and illiquid markets.

**Risks of Developing and Emerging Markets.** The economies of developing or emerging market countries may be more dependent on relatively few industries that may be highly vulnerable to local and global changes. The governments of developing and emerging market countries may also be more unstable than the governments of more developed countries and those countries are more likely to experience instability resulting from rapid changes or developments in social, political and economic conditions. These countries generally have less developed securities markets or exchanges, and less developed legal and accounting systems. Securities may be more difficult to sell at an acceptable price and may be more volatile than securities in countries with more mature markets. The value of developing or emerging market currencies may fluctuate
more than the currencies of countries with more mature markets. Investments in developing or emerging market countries may be subject to greater risks of government restrictions, including confiscatory taxation, expropriation or nationalization of a company’s assets, restrictions of foreign ownership of local companies and restrictions on withdrawing assets from the country. Investments in securities of issuers in developing or emerging market countries may be considered speculative.

**Time-Zone Arbitrage.** The fund may invest in securities of foreign issuers that are traded in U.S. or foreign markets. If the fund invests a significant amount of its assets in foreign markets, it may be exposed to “time-zone arbitrage” attempts by investors seeking to take advantage of differences in the values of foreign securities that might result from events that occur after the close of the foreign securities market on which a security is traded and before the fund’s net asset value is calculated. If such time-zone arbitrage were successful, it might dilute the interests of other shareholders. The fund’s use of “fair value pricing” to adjust certain market prices of foreign securities may help deter those activities.

**Risks of Small- and Mid-Sized Companies.** The stock prices of small- and mid-sized companies may be more volatile and their securities may be more difficult to sell than those of larger companies. They may have established markets, may have fewer customers and product lines, may have unseasoned management or less management depth and may have more limited access to financial resources. Smaller companies may not pay dividends or provide capital gains for some time, if at all.

**Risks of Growth Investing.** If a growth company’s earnings or stock price fails to increase as anticipated, or if its business plans do not produce the expected results, its securities may decline sharply. Growth companies may be newer or smaller companies that may experience great stock price fluctuations and risks of loss than larger, more established companies. Newer growth companies tend to retain a large part of their earnings for research, development or investments in capital assets. Therefore, they may not pay any dividends for some time. Growth investing has gone in and out of favor during past market cycles and is likely to continue to do so. During periods when growth investing is out of favor or when markets are unstable, it may be more difficult to sell growth company securities at an acceptable price. Growth stocks may also be more volatile than other securities because of investor speculation.

The International Small Company Portfolio also may have some exposure to small cap equity securities associated with other countries or regions. The International Small Company Portfolio pursues its investment objective by investing substantially all of its assets in the following Underlying Funds: The Canadian Small Company Series, The Japanese Small Company Series, The Asia Pacific Small Company Series, The United Kingdom Small Company Series and The Continental Small Company Series of The DFA Investment Trust Company. Periodically, the Advisor will review the allocations for the International Small Company Portfolio in each Underlying Fund and may adjust allocations to the Underlying Funds or may add or remove Underlying Funds in the Portfolio without notice to shareholders. Each Underlying Fund invests in small companies using a market capitalization weighted approach in each country or region designated by the Advisor as an approved market for investment. A company’s market capitalization is the number of its shares outstanding times its price per share. In general, the higher the relative market capitalization of a small company within an eligible country, the greater its representation in the Underlying Fund. The Advisor may modify market capitalization weights and even exclude companies after considering such factors as free float, momentum, trading strategies, liquidity management, and profitability, as well as other factors that the Advisor determines to be appropriate, given market conditions. In assessing profitability, the Advisor may consider different ratios, such as that of earnings or profits from operations relative to book value or assets. As a non-fundamental policy, under normal circumstances, the International Small Company Portfolio, through its investments in the Underlying Funds, will invest at least 80% of its net assets in securities of small companies. The International Small Company Portfolio and each Underlying Fund may invest in affiliated and unaffiliated registered and unregistered money market funds to manage its cash pending investment in other securities or to maintain liquidity for the payment of redemptions or other purposes. Investments in money market funds may involve a duplication of certain fees and expenses.

Each Underlying Fund may gain exposure to companies associated with approved markets by purchasing equity securities in the form of depositary receipts, which may be listed or traded outside the issuer’s domicile country. Each Underlying Fund may use derivatives, such as futures contracts and options on futures contracts for equity securities and indices of its approved markets or other equity market securities or indices, including those of the United States, to adjust market exposure based on actual or expected cash inflows to or outflows from the Underlying Fund. The Underlying Funds do not intend to use derivatives for purposes of speculation or leveraging investment returns.

The underlying funds may lend their portfolio securities to generate additional income.

**Principal Risks**

**Fund of Funds Risk:** The investment performance of the International Small Company Portfolio is affected by the investment performance of the Underlying Funds in which the International Small Company Portfolio invests. The ability of the International Small Company Portfolio to achieve its investment objective depends on the ability of the Underlying Funds to meet their investment objectives and on the Advisor’s decisions regarding the allocation of the Portfolio’s assets among the Underlying Funds. There can be no assurance that the investment objective of the International Small Company Portfolio or any Underlying Fund will be achieved. When the Portfolio invests in Underlying Funds, investors are exposed to:

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**Fees & Expenses**

(Based on the prospectus dated January 29, 2015)

| Total Annual Fund Operating Expenses | 0.70% |

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The International Small Company Portfolio also may have some exposure to small cap equity securities associated with other countries or regions. The International Small Company Portfolio pursues its investment objective by investing substantially all of its assets in the following Underlying Funds: The Canadian Small Company Series, The Japanese Small Company Series, The Asia Pacific Small Company Series, The United Kingdom Small Company Series and The Continental Small Company Series of The DFA Investment Trust Company. Periodically, the Advisor will review the allocations for the International Small Company Portfolio in each Underlying Fund and may adjust allocations to the Underlying Funds or may add or remove Underlying Funds in the Portfolio without notice to shareholders. Each Underlying Fund invests in small companies using a market capitalization weighted approach in each country or region designated by the Advisor as an approved market for investment. A company’s market capitalization is the number of its shares outstanding times its price per share. In general, the higher the relative market capitalization of a small company within an eligible country, the greater its representation in the Underlying Fund. The Advisor may modify market capitalization weights and even exclude companies after considering such factors as free float, momentum, trading strategies, liquidity management, and profitability, as well as other factors that the Advisor determines to be appropriate, given market conditions. In assessing profitability, the Advisor may consider different ratios, such as that of earnings or profits from operations relative to book value or assets. As a non-fundamental policy, under normal circumstances, the International Small Company Portfolio, through its investments in the Underlying Funds, will invest at least 80% of its net assets in securities of small companies. The International Small Company Portfolio and each Underlying Fund may invest in affiliated and unaffiliated registered and unregistered money market funds to manage its cash pending investment in other securities or to maintain liquidity for the payment of redemptions or other purposes. Investments in money market funds may involve a duplication of certain fees and expenses.

Each Underlying Fund may gain exposure to companies associated with approved markets by purchasing equity securities in the form of depositary receipts, which may be listed or traded outside the issuer’s domicile country. Each Underlying Fund may use derivatives, such as futures contracts and options on futures contracts for equity securities and indices of its approved markets or other equity market securities or indices, including those of the United States, to adjust market exposure based on actual or expected cash inflows to or outflows from the Underlying Fund. The Underlying Funds do not intend to use derivatives for purposes of speculation or leveraging investment returns.

The underlying funds may lend their portfolio securities to generate additional income.

**Principal Risks**

**Fund of Funds Risk:** The investment performance of the International Small Company Portfolio is affected by the investment performance of the Underlying Funds in which the International Small Company Portfolio invests. The ability of the International Small Company Portfolio to achieve its investment objective depends on the ability of the Underlying Funds to meet their investment objectives and on the Advisor’s decisions regarding the allocation of the Portfolio’s assets among the Underlying Funds. There can be no assurance that the investment objective of the International Small Company Portfolio or any Underlying Fund will be achieved. When the Portfolio invests in Underlying Funds, investors are exposed to:
a proportionate share of the expenses of those Underlying Funds in addition to the expenses of the Portfolio. Through its investments in the Underlying Funds, the International Small Company Portfolio is subject to the risks of the Underlying Funds’ investments. The risks of the Underlying Funds’ investments are described below.

**Foreign Securities and Currencies Risk:** Foreign securities prices may decline or fluctuate because of: (a) economic or political actions of foreign governments, and/or (b) less regulated or liquid securities markets. Investors holding these securities may also be exposed to foreign currency risk (the possibility that foreign currency will fluctuate in value against the U.S. dollar or that a foreign government will convert, or be forced to convert, its currency to another currency, changing its value against the U.S. dollar). The Underlying Funds do not hedge foreign currency risk.

**Small Company Risk:** Securities of small companies are often less liquid than those of large companies and this could make it difficult to sell a small company security at a desired time or price. As a result, small company stocks may fluctuate relatively more in price. In general, smaller capitalization companies are also more vulnerable than larger companies to adverse business or economic developments and they may have more limited resources.

**Market Risk:** Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities, and the Underlying Funds that own them, and, in turn, the International Small Company Portfolio itself, to rise or fall. Because the value of your investment in the Portfolio will fluctuate, there is the risk that you will lose money.

**Derivatives Risk:** Derivatives are instruments, such as futures and foreign exchange forward contracts, whose value is derived from that of other assets, rates or indices. The use of derivatives for non-hedging purposes may be considered more speculative than other types of investments. When the Underlying Funds use derivatives, the International Small Company Portfolio will be directly exposed to the risks of that derivative. Derivative instruments are subject to a number of risks including counterparty, liquidity, interest rate, market, credit and management risks, and the risk of improper valuation. Changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index, and the Portfolio could lose more than the principal amount invested.

**Securities Lending Risk:** Securities lending involves the risk that the borrower may fail to return the securities in a timely manner or at all. As a result, the Underlying Funds may lose money and there may be a delay in recovering the loaned securities. The Underlying Funds could also lose money if they do not recover the securities and/or the value of the collateral falls, including the value of investments made with cash collateral. Securities lending also may have certain adverse tax consequences.

**Cyber Security Risk:** The International Small Company Portfolio’s and its service providers’ use of internet, technology and information systems may expose the Portfolio to potential risks linked to cyber security breaches of those technological or information systems. Cyber security breaches, amongst other things, could allow an unauthorized party to gain access to proprietary information, customer data, or fund assets, or cause the Portfolio and/or its service providers to suffer data corruption or lose operational functionality.

### Fees & Expenses

(Based on the prospectus dated February 28, 2015)

| Total Annual Fund Operating Expenses | 0.53% |

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**Causeway Emerging Markets Fund**

**Investment Objective**
The fund’s investment objective is to seek long-term growth of capital.

**Principal Investment Strategies**
The fund normally invests at least 80% of its total assets in equity securities of companies located in emerging (less developed) markets and other investments that are tied economically to emerging markets. Generally these investments include common stock, preferred and preference stock, American Depositary Receipts, European Depositary Receipts, Global Depositary Receipts, and exchange-traded funds (“ETFs”) that invest in emerging markets securities.

The Investment Adviser uses a quantitative investment approach to purchase and sell investments for the fund. The Investment Adviser’s proprietary computer model analyzes a variety of factors to assist in selecting securities. The model currently analyzes factors relating to valuation, earnings growth, technical indicators, macroeconomics, currency, countries and sectors.

The fund invests in ten or more emerging markets, and, if the fund invests in a country, the percentage of the fund’s total assets attributable to that country is not expected to be greater than the weight of that country in its benchmark, the MSCI Emerging Markets Index (Gross) (the “MSCI EM Index”), plus 5 percentage points, or less than the weight of that country in the MSCI EM Index minus 5 percentage points. For these purposes, emerging markets include, but are not limited to, countries included in the MSCI EM Index, which currently are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Malaysia, Mexico, Peru, the Philippines, Poland, Qatar, Russia, South Africa, South Korea, Taiwan, Thailand, Turkey and the United Arab Emirates. In addition, at the discretion of the Investment Adviser, the fund may invest in the aggregate up to 10% of total fund assets in less developed emerging markets not included in the MSCI EM Index. The Investment Adviser determines the country where a company is located, and thus whether a company is located in an emerging market, by referring to: its stock exchange listing; where it is registered, organized or incorporated; where its headquarters are located; its MSCI country classification; where it derives at least 50% of its revenues or profits from goods produced or sold, investments made, or services performed; or where at least 50% of its assets are located. The fund considers a country to be an emerging market if the country is included in the MSCI EM Index.

The fund generally invests in companies with market capitalizations of US$500 million or greater at the time of investment and may invest in a wide range of industries.

**Main Risks**

As with any mutual fund, the fund’s value, and therefore the value of your fund shares, may go down. This may occur because the value of a particular stock or stock market in which the fund invests is falling. Also, the Investment Adviser may select securities that underperform the stock market or other funds with similar investment objectives and investment strategies. If the value of the fund’s investments goes down, you may lose money. We cannot guarantee that the fund will achieve its investment objective.

The fund’s investments in companies in emerging markets, including common stock, preferred and preference stocks, American Depositary Receipts, European Depositary Receipts, Global Depositary Receipts and ETFs that invest in emerging markets securities, involve special risks not present in U.S. investments.
that can increase the chances that the fund will lose money. For example, the value of the fund’s securities may be affected by social, political and economic developments and U.S. and foreign laws relating to foreign investment. The extent of economic development, political stability, market depth, infrastructure, capitalization and regulatory oversight in emerging markets can be less than in more developed foreign markets. Further, because the fund invests in securities denominated in foreign currencies, the fund’s securities may go down in value depending on foreign exchange rates. Other risks include trading, settlement, custodial, and other operational risks; withholding or other taxes; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make emerging markets securities less liquid, more volatile and harder to value than U.S. securities.

Data for emerging markets companies may be less available, less accurate and/or less current than data for developed markets companies. The Investment Adviser will use quantitative techniques to generate investment decisions and its processes and stock selection can be adversely affected if it relies on erroneous or outdated data. In addition, securities selected using quantitative analysis can perform differently from the market as a whole as a result of the factors used in the analysis, the weight placed on each factor, and changes in the factor’s historical trends. The factors used in quantitative analysis and the weight placed on those factors may not be predictive of a security’s value, and the effectiveness of the factors can change over time. These changes may not be reflected in the current quantitative model.

Some of the fund’s investments may be in smaller capitalization companies. The values of securities of smaller, less well-known companies can be more sensitive to, and react differently to, company, political, market, and economic developments than the market as a whole and other types of securities. Small companies can have more limited product lines, markets, growth prospects, depth of management, and financial resources, and these companies may have shorter operating histories and less access to financing, creating additional risk. Further, small companies may be particularly affected by interest rate increases, as they may find it more difficult to borrow money to continue or expand operations, or may have difficulty in repaying any loans that have floating rates. Because of these and other risks, securities of small capitalization companies tend to be more volatile and less liquid than securities of medium and larger capitalization companies. During some periods, securities of small capitalization companies, as an asset class, have underperformed the securities of larger capitalization companies.

See “Investment Risks” beginning on page 41 of the fund’s prospectus for more information about the risks associated with the fund.

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

The fund may be an appropriate investment if you:

- Are seeking long-term growth of capital and can withstand the share price volatility of equity investing.
- Are seeking to diversify a portfolio of equity securities to include emerging markets securities.
- Can tolerate the increased volatility and currency fluctuations associated with investments in foreign securities, and especially emerging markets.

**Fees & Expenses**

(Based on the prospectus dated January 28, 2015)

<table>
<thead>
<tr>
<th>Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Annual Fund Operating Expenses</td>
<td>1.22%</td>
</tr>
<tr>
<td>Redemption Fee on shares held less than 60 days</td>
<td>2.00% (as a percentage of amount redeemed)</td>
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</table>
Exhibit D - Underlying Exchange Traded Fund Information

The following table sets forth the ticker symbols and the annual fund operating expenses, as disclosed in each fund’s most recent prospectus dated prior to October 15, 2015, of the underlying investment funds in which the Individual Fund ETF Portfolios invest. The Portfolios will also incur usual and customary brokerage commissions when buying or selling shares of a fund, which are not reflected in the table that follows.

### Exchange Traded Fund Symbols and Annual Fund Operating Expense Information

<table>
<thead>
<tr>
<th>Underlying Fund</th>
<th>Ticker Symbol</th>
<th>Annual Fund Operating Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vanguard Short-Term Bond ETF</td>
<td>BSV</td>
<td>0.10%</td>
</tr>
<tr>
<td>Vanguard Total Bond Market ETF</td>
<td>BND</td>
<td>0.07%</td>
</tr>
<tr>
<td>Vanguard REIT ETF</td>
<td>VNQ</td>
<td>0.12%</td>
</tr>
<tr>
<td>Vanguard Global ex-U.S. Real Estate ETF</td>
<td>VNQI</td>
<td>0.24%</td>
</tr>
<tr>
<td>Vanguard Mega Cap Value ETF</td>
<td>MGV</td>
<td>0.11%</td>
</tr>
<tr>
<td>Vanguard Mega Cap ETF</td>
<td>MGC</td>
<td>0.11%</td>
</tr>
<tr>
<td>Vanguard Mega Cap Growth ETF</td>
<td>MGK</td>
<td>0.11%</td>
</tr>
<tr>
<td>Vanguard Mid-Cap Value ETF</td>
<td>VOE</td>
<td>0.09%</td>
</tr>
<tr>
<td>Vanguard Mid-Cap ETF</td>
<td>VO</td>
<td>0.09%</td>
</tr>
<tr>
<td>Vanguard Mid-Cap Growth ETF</td>
<td>VOT</td>
<td>0.09%</td>
</tr>
<tr>
<td>Vanguard Small-Cap Value ETF</td>
<td>VBR</td>
<td>0.09%</td>
</tr>
<tr>
<td>Vanguard Small-Cap ETF</td>
<td>VB</td>
<td>0.09%</td>
</tr>
<tr>
<td>Vanguard Small-Cap Growth ETF</td>
<td>VBK</td>
<td>0.09%</td>
</tr>
<tr>
<td>Vanguard FTSE Developed Markets ETF</td>
<td>VEA</td>
<td>0.09%</td>
</tr>
<tr>
<td>Vanguard FTSE Emerging Markets ETF</td>
<td>VWO</td>
<td>0.15%</td>
</tr>
</tbody>
</table>

Set forth on the following pages are summary descriptions of the funds, selected by the Illinois State Treasurer in consultation with the Program Manager and Wilshire Associates, which make up the Individual Fund ETF Portfolios. The descriptions are taken from the most recent prospectuses of the fund dated prior to October 15, 2015 and are intended to summarize their respective investment objectives and policies.

For more complete information regarding any fund, you may request a prospectus from your registered investment advisor, the Program Manager, or by visiting BrightDirections.com. 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.
Vanguard Short-Term Bond ETF

Investment Objective
The fund seeks to track the performance of a market-weighted bond index with a short-term dollar-weighted average maturity.

Principal Investment Strategies
The fund employs an indexing investment approach designed to track the performance of the Barclays U.S. 1–5 Year Government/ Credit Float Adjusted Index. This Index includes all medium and larger issues of U.S. government, investment-grade corporate, and investment-grade international dollar-denominated bonds that have maturities between 1 and 5 years and are publicly issued.

The fund invests by sampling the Index, meaning that it holds a range of securities that, in the aggregate, approximates the full Index in terms of key risk factors and other characteristics. All of the fund’s investments will be selected through the sampling process, and at least 80% of the fund’s assets will be invested in bonds held in the Index. The fund maintains a dollar-weighted average maturity consistent with that of the Index, which generally does not exceed 3 years.

Principal Risks
The fund is designed for investors with a low tolerance for risk, but you could still lose money by investing in it. The fund is subject to the following risks, which could affect the fund’s performance:

- Income risk, which is the chance that the fund’s income will decline because of falling interest rates. Income risk is generally high for short-term bond funds, so investors should expect the fund’s monthly income to fluctuate.

- Interest rate risk, which is the chance that bond prices will decline because of rising interest rates. Interest rate risk should be low for the fund because it invests primarily in short-term bonds, whose prices are much less sensitive to interest rate changes than are the prices of long-term bonds.

- Credit risk, which is the chance that a bond issuer will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer’s ability to make such payments will cause the price of that bond to decline. Credit risk should be low for the fund because it purchases only bonds that are of investment-grade quality.

- Index sampling risk, which is the chance that the securities selected for the fund, in the aggregate, will not provide investment performance matching that of the fund’s target index. Index sampling risk for the fund should be low.

Because ETF Shares are traded on an exchange, they are subject to additional risks:

- The fund’s ETF Shares are listed for trading on NYSE Arca and are bought and sold on the secondary market at market prices. Although it is expected that the market price of an ETF Share typically will approximate its net asset value (NAV), there may be times when the market price and the NAV differ significantly. Thus, you may pay more or less than NAV when you buy ETF Shares on the secondary market, and you may receive more or less than NAV when you sell those shares.

- Although the fund’s ETF Shares are listed for trading on NYSE Arca, it is possible that an active trading market may not be maintained.

- Trading of the fund’s ETF Shares may be halted by the activation of individual or marketwide trading halts (which halt trading for a specific period of time when the price of a particular security or overall market prices decline by a specified percentage). Trading of the fund’s ETF Shares may also be halted if (1) the shares are delisted from NYSE Arca without first being listed on another exchange or (2) NYSE Arca officials determine that such action is appropriate in the interest of a fair and orderly market or for the protection of investors.

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

Vanguard Total Bond Market ETF

Investment Objective
The fund seeks to track the performance of a broad, market-weighted bond index.

Principal Investment Strategies
The fund employs an indexing investment approach designed to track the performance of the Barclays U.S. Aggregate Float Adjusted Index. This Index represents a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States—including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities—all with maturities of more than 1 year.

The fund invests by sampling the Index, meaning that it holds a broadly diversified collection of securities that, in the aggregate, approximates the full Index in terms of key risk factors and other characteristics. All of the fund’s investments will be selected through the sampling process, and at least 80% of the fund’s assets will be invested in bonds held in the Index. The fund maintains a dollar-weighted average maturity consistent with that of the Index, which generally ranges between 5 and 10 years.

Principal Risks
An investment in the fund could lose money over short or even long periods. You should expect the fund’s share price and total return to fluctuate within a wide range, like the fluctuations of the overall bond market. The fund is subject to the following risks, which could affect the fund’s performance:

- Interest rate risk, which is the chance that bond prices will decline because of rising interest rates. Interest rate risk should be moderate for the fund because it invests primarily in short- and intermediate-term bonds, whose prices are less sensitive to interest rate changes than are the prices of long-term bonds.

- Income risk, which is the chance that the fund’s income will decline because of falling interest rates. Income risk is generally high for short-term bond funds and moderate for intermediate-term bond funds, so investors should expect the fund’s monthly income to fluctuate accordingly.

- Call risk, which is the chance that during periods of falling interest rates, issuers of callable bonds may call (redeem) securities with higher coupon rates or interest rates before their maturity dates. The fund would then lose any price appreciation above the bond’s call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in

<table>
<thead>
<tr>
<th>Annual Fund Operating Expenses</th>
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<tbody>
<tr>
<td>(Based on the prospectus dated April 28, 2015)</td>
</tr>
<tr>
<td>Total Annual Fund Operating Expenses</td>
</tr>
</tbody>
</table>
a decline in the fund’s income. Call risk should be moderate for the fund because it invests only a portion of its assets in callable bonds.

- **Prepayment risk**, which is the chance that during periods of falling interest rates, homeowners will refinance their mortgages before their maturity dates, resulting in prepayment of mortgage-backed securities held by the fund. The fund would then lose any price appreciation above the mortgage’s principal and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the fund’s income. Prepayment risk is moderate for the fund.

- **Extension risk**, which is the chance that during periods of rising interest rates, certain debt obligations will be paid off substantially more slowly than originally anticipated, and the value of those securities may fall. For funds that invest in mortgage-backed securities, extension risk is the chance that during periods of rising interest rates, homeowners will prepay their mortgages at slower rates. Extension risk is generally moderate for intermediate-term bond funds.

- **Credit risk**, which is the chance that a bond issuer will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer’s ability to make such payments will cause the price of that bond to decline. Credit risk should be low for the fund because it purchases only bonds that are of investment-grade quality.

- **Index sampling risk**, which is the chance that the securities selected for the fund, in the aggregate, will not provide investment performance matching that of the fund’s target index. Index sampling risk for the fund should be low.

Because ETF Shares are traded on an exchange, they are subject to additional risks:

- The fund’s ETF Shares are listed for trading on NYSE Arca and are bought and sold on the secondary market at market prices. Although it is expected that the market price of an ETF Share typically will approximate its net asset value (NAV), there may be times when the market price and the NAV differ significantly. Thus, you may pay more or less than NAV when you buy ETF Shares on the secondary market, and you may receive more or less than NAV when you sell those shares.

- Although the fund’s ETF Shares are listed for trading on NYSE Arca, it is possible that an active trading market may not be maintained.

- Trading of the fund’s ETF Shares may be halted by the activation of individual or marketwide trading halts (which halt trading for a specific period of time when the price of a particular security or overall market prices decline by a specified percentage). Trading of the fund’s ETF Shares may also be halted if (1) the shares are delisted from NYSE Arca without first being listed on another exchange or (2) NYSE Arca officials determine that such action is appropriate in the interest of a fair and orderly market or for the protection of investors.

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

### Vanguard REIT ETF

#### Investment Objective

The fund seeks to provide a high level of income and moderate long-term capital appreciation by tracking the performance of a benchmark index that measures the performance of publicly traded equity REITs.

#### Principal Investment Strategies

The fund employs an indexing investment approach designed to track the performance of the MSCI US REIT Index. The Index is composed of stocks of publicly traded equity real estate investment trusts (known as REITs). The fund attempts to replicate the Index by investing all, or substantially all, of its assets in the stocks that make up the Index, holding each stock in approximately the same proportion as its weighting in the Index.

#### Principal Risks

An investment in the fund could lose money over short or even long periods. You should expect the fund’s share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. The fund is subject to the following risks, which could affect the fund’s performance:

- **Industry concentration risk**, which is the chance that the stocks of REITs will decline because of adverse developments affecting the real estate industry and real property values. Because the fund concentrates its assets in REIT stocks, industry concentration risk is high.

- **Stock market risk**, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The fund’s target index may, at times, become focused in stocks of a limited number of companies, which could cause the fund to underperform the overall stock market.

- **Interest rate risk**, which is the chance that REIT stock prices overall will decline and that the cost of borrowing for REITs will increase because of rising interest rates. Interest rate risk is high for the fund.

- **Investment style risk**, which is the chance that the returns from REIT stocks—which typically are small- or mid-capitalization stocks—will trail returns from the overall stock market. Historically, REIT stocks have performed quite differently from the overall market.

Because ETF Shares are traded on an exchange, they are subject to additional risks:

- The fund’s ETF Shares are listed for trading on NYSE Arca and are bought and sold on the secondary market at market prices. Although it is expected that the market price of an ETF Share typically will approximate its net asset value (NAV), there may be times when the market price and the NAV differ significantly. Thus, you may pay more or less than NAV when you buy ETF Shares on the secondary market, and you may receive more or less than NAV when you sell those shares.

- Although the fund’s ETF Shares are listed for trading on NYSE Arca, it is possible that an active trading market may not be maintained.

- Trading of the fund’s ETF Shares may be halted by the activation of individual or marketwide trading halts (which halt trading for a specific period of time when the price of a particular security or overall market prices decline by a specified percent-

### Annual Fund Operating Expenses

(Based on the prospectus dated April 28, 2015)

<table>
<thead>
<tr>
<th>Expense</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Annual Fund Operating Expenses</td>
<td>0.07%</td>
</tr>
</tbody>
</table>

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Vanguard Global ex-U.S. Real Estate ETF

Investment Objective

The fund seeks to track the performance of a benchmark index that measures the investment return of international real estate stocks.

Principal Investment Strategies

The fund employs an indexing investment approach designed to track the performance of the S&P Global ex-U.S. Property Index, a float-adjusted, market-capitalization-weighted index that measures the equity market performance of international real estate stocks in both developed and emerging markets. The Index is composed of stocks of publicly traded equity real estate investment trusts (known as REITs) and certain real estate management and development companies (REMDs). The fund attempts to replicate the Index by investing all, or substantially all, of its assets in the stocks that make up the Index, holding each stock in approximately the same proportion as its weighting in the Index.

Principal Risks

An investment in the fund could lose money over short or even long periods. You should expect the fund’s share price and total return to fluctuate within a wide range, like the fluctuations of global stock markets. The fund is subject to the following risks, which could affect the fund’s performance:

- **Industry concentration risk**, which is the chance that real estate stocks will decline because of adverse developments affecting the real estate industry and real property values. Because the fund concentrates its assets in real estate stocks, industry concentration risk is high. The real estate industry can be adversely affected by, among other things, the value of securities of issuers in the real estate industry, including REITs and REMDs, and changes in real estate values and rental income, property taxes, interest rates, and demographics.

- **Investment style risk**, which is the chance that returns from real estate securities—which frequently are small- or mid-capitalization stocks—will trail returns from global stock markets. Historically, real estate securities have performed quite differently from the global stock markets.

- **Nondiversification risk**, which is the chance that the fund’s performance may be hurt disproportionately by the poor performance of relatively few stocks or even a single stock. The fund is considered nondiversified, which means that it may invest a greater percentage of its assets in the securities of particular issuers as compared with other mutual funds.

- **Stock market risk**, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The fund’s investments in foreign stocks can be riskier than U.S. stock investments. Foreign stocks tend to be more volatile and less liquid than U.S. stocks. The prices of foreign stocks and the prices of U.S. stocks may move in opposite directions.

- **Country/regional risk**, which is the chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value of securities issued by companies in foreign countries or regions. Because the fund may invest a large portion of its assets in securities of companies located in any one country or region, including emerging markets, the fund’s performance may be hurt disproportionately by the poor performance of its investments in that area. Country/regional risk is especially high in emerging markets.

- **Currency risk**, which is the chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates. Currency risk is especially high in emerging markets.

Because ETF Shares are traded on an exchange, they are subject to additional risks:

- The fund’s ETF Shares are listed for trading on Nasdaq and are bought and sold on the secondary market at market prices. Although it is expected that the market price of an ETF Share typically will approximate its net asset value (NAV), there may be times when the market price and the NAV differ significantly. Thus, you may pay more or less than NAV when you buy ETF Shares on the secondary market, and you may receive more or less than NAV when you sell those shares.

- Although the fund’s ETF Shares are listed for trading on Nasdaq, it is possible that an active trading market may not be maintained.

- Trading of the fund’s ETF Shares may be halted by the activation of individual or marketwide trading halts (which halt trading for a specific period of time when the price of a particular security or overall market prices decline by a specified percentage). Trading of the fund’s ETF Shares may also be halted if (1) the shares are delisted from Nasdaq without first being listed on another exchange or (2) Nasdaq officials determine that such action is appropriate in the interest of a fair and orderly market or for the protection of investors.

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

Vanguard Mega Cap Value ETF

Investment Objective

The fund seeks to track the performance of a benchmark index that measures the investment return of large-capitalization value stocks in the United States.

Principal Investment Strategies

The fund employs an indexing investment approach designed to track the performance of the CRSP US Mega Cap Value Index, which represents the value companies, as determined by the index sponsor, of the CRSP US Mega Cap Index. The index is a...
float-adjusted, market-capitalization-weighted index designed to measure equity market performance of mega-capitalization value stocks in the United States. The fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

**Principal Risks**

An investment in the fund could lose money over short or even long periods. You should expect the fund’s share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. The fund is subject to the following risks, which could affect the fund’s performance:

- **Stock market risk**, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The fund’s target index tracks a subset of the U.S. stock market, which could cause the fund to perform differently from the overall stock market. In addition, the fund’s target index may, at times, become focused in stocks of a particular market sector, which would subject the fund to proportionately higher exposure to the risks of that sector.

- **Investment style risk**, which is the chance that returns from large-capitalization value stocks will trail returns from the overall stock market. Large-cap value stocks tend to go through cycles of doing better—or worse—than other segments of the stock market or the stock market in general. These periods have, in the past, lasted for as long as several years.

Because ETF Shares are traded on an exchange, they are subject to additional risks:

- The fund’s ETF Shares are listed for trading on NYSE Arca and are bought and sold on the secondary market at market prices. Although it is expected that the market price of an ETF Share typically will approximate its net asset value (NAV), there may be times when the market price and the NAV differ significantly. Thus, you may pay more or less than NAV when you buy ETF Shares on the secondary market, and you may receive more or less than NAV when you sell those shares.

- Although the fund’s ETF Shares are listed for trading on NYSE Arca, it is possible that an active trading market may not be maintained.

- Trading of the fund’s ETF Shares may be halted by the activation of individual or marketwide trading halts (which halt trading for a specific period of time when the price of a particular security or overall market prices decline by a specified percentage). Trading of the fund’s ETF Shares may also be halted if (1) the shares are delisted from NYSE Arca without first being listed on another exchange or (2) NYSE Arca officials determine that such action is appropriate in the interest of a fair and orderly market or for the protection of investors.

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

### Annual Fund Operating Expenses

(Based on the prospectus dated December 23, 2014)

| Total Annual Fund Operating Expenses | 0.11% |

Vanguard Mega Cap ETF

**Investment Objective**

The fund seeks to track the performance of a benchmark index that measures the investment return of large-capitalization stocks in the United States.

**Principal Investment Strategies**

The fund employs an indexing investment approach designed to track the performance of the CRSP US Mega Cap Index. The index is a float-adjusted, market-capitalization-weighted index designed to measure equity market performance of mega-capitalization stocks in the United States. The fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

**Principal Risks**

An investment in the fund could lose money over short or even long periods. You should expect the fund’s share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. The fund is subject to the following risks, which could affect the fund’s performance:

- **Stock market risk**, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The fund’s target index tracks a subset of the U.S. stock market, which could cause the fund to perform differently from the overall stock market. In addition, the fund’s target index may, at times, become focused in stocks of a particular market sector, which would subject the fund to proportionately higher exposure to the risks of that sector.

- **Investment style risk**, which is the chance that returns from large-capitalization value stocks will trail returns from the overall stock market. Large-cap value stocks tend to go through cycles of doing better—or worse—than other segments of the stock market or the stock market in general. These periods have, in the past, lasted for as long as several years.

Because ETF Shares are traded on an exchange, they are subject to additional risks:

- The fund’s ETF Shares are listed for trading on NYSE Arca and are bought and sold on the secondary market at market prices. Although it is expected that the market price of an ETF Share typically will approximate its net asset value (NAV), there may be times when the market price and the NAV differ significantly. Thus, you may pay more or less than NAV when you buy ETF Shares on the secondary market, and you may receive more or less than NAV when you sell those shares.

- Although the fund’s ETF Shares are listed for trading on NYSE Arca, it is possible that an active trading market may not be maintained.

- Trading of the fund’s ETF Shares may be halted by the activation of individual or marketwide trading halts (which halt trading for a specific period of time when the price of a particular security or overall market prices decline by a specified percentage). Trading of the fund’s ETF Shares may also be halted if (1) the shares are delisted from NYSE Arca without first being listed on another exchange or (2) NYSE Arca officials determine that such action is appropriate in the interest of a fair and orderly market or for the protection of investors.
An investment in the fund is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

**Principal Investment Strategies**

The fund employs an indexing investment approach designed to track the performance of the CRSP US Mega Cap Growth Index, which represents the growth companies, as determined by the index sponsor, of the CRSP US Mega Cap Index. The index is a float-adjusted, market-capitalization-weighted index designed to measure equity market performance of mega-capitalization growth stocks in the United States. The fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

**Principal Risks**

An investment in the fund could lose money over short or even long periods. You should expect the fund’s share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. The fund is subject to the following risks, which could affect the fund’s performance:

- **Stock market risk**, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The fund’s target index tracks a subset of the U.S. stock market, which could cause the fund to perform differently from the overall stock market. In addition, the fund’s target index may, at times, become focused in stocks of a particular market sector, which would subject the fund to proportionately higher exposure to the risks of that sector.

- **Investment style risk**, which is the chance that returns from large-capitalization growth stocks will trail returns from the overall stock market. Large-cap growth stocks tend to go through cycles of doing better—or worse—than other segments of the stock market or the stock market in general. These periods have, in the past, lasted for as long as several years.

Because ETF Shares are traded on an exchange, they are subject to additional risks:

- The fund’s ETF Shares are listed for trading on NYSE Arca and are bought and sold on the secondary market at market prices. Although it is expected that the market price of an ETF Share typically will approximate its net asset value (NAV), there may be times when the market price and the NAV differ significantly. Thus, you may pay more or less than NAV when you buy ETF Shares on the secondary market, and you may receive more or less than NAV when you sell those shares.

- Although the fund’s ETF Shares are listed for trading on NYSE Arca, it is possible that an active trading market may not be maintained.

- Trading of the fund’s ETF Shares may be halted by the activation of individual or marketwide trading halts (which halt trading for a specific period of time when the price of a particular security or overall market prices decline by a specified percentage). Trading of the fund’s ETF Shares may also be halted if (1) the shares are delisted from NYSE Arca without first being listed on another exchange or (2) NYSE Arca officials determine that such action is appropriate in the interest of a fair and orderly market or for the protection of investors.

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

**Vanguard Mega Cap Growth ETF**

**Investment Objective**

The fund seeks to track the performance of a benchmark index that measures the investment return of large-capitalization growth stocks in the United States.

**Principal Investment Strategies**

The fund employs an indexing investment approach designed to track the performance of the CRSP US Mega Cap Growth Index, which represents the growth companies, as determined by the index sponsor, of the CRSP US Mega Cap Index. The index is a float-adjusted, market-capitalization-weighted index designed to measure equity market performance of mega-capitalization growth stocks in the United States. The fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

**Principal Risks**

An investment in the fund could lose money over short or even long periods. You should expect the fund’s share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. The fund is subject to the following risks, which could affect the fund’s performance:

- **Stock market risk**, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The fund’s target index tracks a subset of the U.S. stock market, which could cause the fund to perform differently from the overall stock market. In addition, the fund’s target index may, at times, become focused in stocks of a particular market sector, which would subject the fund to proportionately higher exposure to the risks of that sector.

- **Investment style risk**, which is the chance that returns from large-capitalization growth stocks will trail returns from the overall stock market. Large-cap growth stocks tend to go through cycles of doing better—or worse—than other segments of the stock market or the stock market in general. These periods have, in the past, lasted for as long as several years.

Because ETF Shares are traded on an exchange, they are subject to additional risks:

- The fund’s ETF Shares are listed for trading on NYSE Arca and are bought and sold on the secondary market at market prices.
Although it is expected that the market price of an ETF Share typically will approximate its net asset value (NAV), there may be times when the market price and the NAV differ significantly. Thus, you may pay more or less than NAV when you buy ETF Shares on the secondary market, and you may receive more or less than NAV when you sell those shares.

- Although the fund’s ETF Shares are listed for trading on NYSE Arca, it is possible that an active trading market may not be maintained.
- Trading of the fund’s ETF Shares may be halted by the activation of individual or marketwide trading halts (which halt trading for a specific period of time when the price of a particular security or overall market prices decline by a specified percentage). Trading of the fund’s ETF Shares may also be halted if (1) the shares are delisted from NYSE Arca without first being listed on another exchange or (2) NYSE Arca officials determine that such action is appropriate in the interest of a fair and orderly market or for the protection of investors.

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

### Annual Fund Operating Expenses
(Based on the prospectus dated April 28, 2015)

| Total Annual Fund Operating Expenses | 0.09% |

### Vanguard Mid-Cap ETF

#### Investment Objective
The fund seeks to track the performance of a benchmark index that measures the investment return of mid-capitalization stocks.

#### Principal Investment Strategies
The fund employs an indexing investment approach designed to track the performance of the CRSP US Mid Cap Index, a broadly diversified index of stocks of mid-size U.S. companies. The fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the Index, holding each stock in approximately the same proportion as its weighting in the Index.

#### Principal Risks
An investment in the fund could lose money over short or even long periods. You should expect the fund’s share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. The fund is subject to the following risks, which could affect the fund’s performance:

- **Stock market risk**, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The fund’s target index tracks a subset of the U.S. stock market, which could cause the fund to perform differently from the overall stock market. In addition, the fund’s target index may, at times, become focused in stocks of a particular market sector, which would subject the fund to proportionately higher exposure to the risks of that sector.
- **Investment style risk**, which is the chance that returns from mid-capitalization stocks will trail returns from the overall stock market. Historically, mid-cap stocks have been more volatile in price than the large-cap stocks that dominate the overall market, and they often perform quite differently. Mid-size companies tend to have greater stock volatility because, among other things, these companies are more sensitive to changing economic conditions.

Because ETF Shares are traded on an exchange, they are subject to additional risks:

- The fund’s ETF Shares are listed for trading on NYSE Arca and are bought and sold on the secondary market at market prices. Although it is expected that the market price of an ETF Share typically will approximate its net asset value (NAV), there may be times when the market price and the NAV differ significantly. Thus, you may pay more or less than NAV when you buy ETF Shares on the secondary market, and you may receive more or less than NAV when you sell those shares.
- Although the fund’s ETF Shares are listed for trading on NYSE Arca, it is possible that an active trading market may not be maintained.
- Trading of the fund’s ETF Shares may be halted by the activation of individual or marketwide trading halts (which halt trading for a specific period of time when the price of a particular security or overall market prices decline by a specified percentage). Trading of the fund’s ETF Shares may also be halted if (1) the shares are delisted from NYSE Arca without first being listed on another exchange or (2) NYSE Arca officials determine that such action is appropriate in the interest of a fair and orderly market or for the protection of investors.

### Annual Fund Operating Expenses
(Based on the prospectus dated April 28, 2015)

| Total Annual Fund Operating Expenses | 0.09% |

### Vanguard Mid-Cap Growth ETF

#### Investment Objective
The fund seeks to track the performance of a benchmark index that measures the investment return of mid-capitalization growth stocks.

#### Principal Investment Strategies
The fund employs an indexing investment approach designed to track the performance of the CRSP US Mid Cap Growth Index, a broadly diversified index of growth stocks of mid-size U.S. companies. The fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the Index, holding each stock in approximately the same proportion as its weighting in the Index.

#### Principal Risks
An investment in the fund could lose money over short or even long periods. You should expect the fund’s share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. The fund is subject to the following risks, which could affect the fund’s performance:

- **Stock market risk**, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The fund’s target index tracks a subset of the U.S. stock market, which could cause the fund to perform differently from the overall stock market.
An investment in the fund could lose money over short or even long periods. You should expect the fund’s share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. The fund is subject to the following risks, which could affect the fund’s performance:

- **Stock market risk**, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The fund’s target index tracks a subset of the U.S. stock market, which could cause the fund to perform differently from the overall stock market. In addition, the fund’s target index may, at times, become focused in stocks of a particular market sector, which would subject the fund to proportionately higher exposure to the risks of that sector.

- **Investment style risk**, which is the chance that returns from mid-capitalization growth stocks will trail returns from the overall stock market. Historically, mid-cap stocks have been more volatile in price than the large-cap stocks that dominate the overall market, and they often perform quite differently. Mid-size companies tend to have greater stock volatility because, among other things, these companies are more sensitive to changing economic conditions.

Because ETF Shares are traded on an exchange, they are subject to additional risks:

- **Principal Risks**

  - The fund’s ETF Shares are listed for trading on NYSE Arca and are bought and sold on the secondary market at market prices. Although it is expected that the market price of an ETF Share typically will approximate its net asset value (NAV), there may be times when the market price and the NAV differ significantly. Thus, you may pay more or less than NAV when you buy ETF Shares on the secondary market, and you may receive more or less than NAV when you sell those shares.

  - Although the fund’s ETF Shares are listed for trading on NYSE Arca, it is possible that an active trading market may not be maintained.

  - Trading of the fund’s ETF Shares may be halted by the activation of individual or marketwide trading halts (which halt trading for a specific period of time when the price of a particular security or overall market prices decline by a specified percentage). Trading of the fund’s ETF Shares may also be halted if (1) the shares are delisted from NYSE Arca without first being listed on another exchange or (2) NYSE Arca officials determine that such action is appropriate in the interest of a fair and orderly market or for the protection of investors.

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

Vanguard Small-Cap ETF

**Investment Objective**

The fund seeks to track the performance of a benchmark index that measures the investment return of small-capitalization value stocks.

**Principal Investment Strategies**

The fund employs an indexing investment approach designed to track the performance of the CRSP US Small Cap Value Index, a broadly diversified index of value stocks of small U.S. companies. The fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the Index, holding each stock in approximately the same proportion as its weighting in the Index.

**Principal Risks**

An investment in the fund could lose money over short or even long periods. You should expect the fund’s share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. The fund is subject to the following risks, which could affect the fund’s performance:

- **Stock market risk**, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The fund’s target index tracks a subset of the U.S. stock market, which could cause the fund to perform differently from the overall stock market. In addition, the fund’s target index may, at times, become focused in stocks of a particular market sector, which would subject the fund to proportionately higher exposure to the risks of that sector.

- **Investment style risk**, which is the chance that returns from mid-capitalization growth stocks will trail returns from the overall stock market. Historically, mid-cap stocks have been more volatile in price than the large-cap stocks that dominate the overall market, and they often perform quite differently. Mid-size companies tend to have greater stock volatility because, among other things, these companies are more sensitive to changing economic conditions.

Because ETF Shares are traded on an exchange, they are subject to additional risks:

- **Principal Risks**

  - The fund’s ETF Shares are listed for trading on NYSE Arca and are bought and sold on the secondary market at market prices. Although it is expected that the market price of an ETF Share typically will approximate its net asset value (NAV), there may be times when the market price and the NAV differ significantly. Thus, you may pay more or less than NAV when you buy ETF Shares on the secondary market, and you may receive more or less than NAV when you sell those shares.

  - Although the fund’s ETF Shares are listed for trading on NYSE Arca, it is possible that an active trading market may not be maintained.

  - Trading of the fund’s ETF Shares may be halted by the activation of individual or marketwide trading halts (which halt trading for a specific period of time when the price of a particular security or overall market prices decline by a specified percentage). Trading of the fund’s ETF Shares may also be halted if (1) the shares are delisted from NYSE Arca without first being listed on another exchange or (2) NYSE Arca officials determine that such action is appropriate in the interest of a fair and orderly market or for the protection of investors.

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

Vanguard Small-Cap ETF

**Investment Objective**

The fund seeks to track the performance of a benchmark index that measures the investment return of small-capitalization stocks.

**Principal Investment Strategies**

The fund employs an indexing investment approach designed to track the performance of the CRSP US Small Cap Index, a broadly diversified index of stocks of small U.S. companies. The fund
Principal Risks

An investment in the fund could lose money over short or even long periods. You should expect the fund’s share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. The fund is subject to the following risks, which could affect the fund’s performance:

- **Stock market risk**, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The fund’s target index tracks a subset of the U.S. stock market, which could cause the fund to perform differently from the overall stock market. In addition, the fund’s target index may, at times, become focused in stocks of a particular market sector, which would subject the fund to proportionately higher exposure to the risks of that sector.

- **Investment style risk**, which is the chance that returns from small-capitalization stocks will trail returns from the overall stock market. Historically, small-cap stocks have been more volatile in price than the large-cap stocks that dominate the overall market, and they often perform quite differently. Small companies tend to have greater stock volatility because, among other things, these companies are more sensitive to changing economic conditions.

Because ETF Shares are traded on an exchange, they are subject to additional risks:

- The fund’s ETF Shares are listed for trading on NYSE Arca and are bought and sold on the secondary market at market prices. Although it is expected that the market price of an ETF Share typically will approximate its net asset value (NAV), there may be times when the market price and the NAV differ significantly. Thus, you may pay more or less than NAV when you buy ETF Shares on the secondary market, and you may receive more or less than NAV when you sell those shares.

- Although the fund’s ETF Shares are listed for trading on NYSE Arca, it is possible that an active trading market may not be maintained.

- Trading of the fund’s ETF Shares may be halted by the activation of individual or marketwide trading halts (which halt trading for a specific period of time when the price of a particular security or overall market prices decline by a specified percentage). Trading of the fund’s ETF Shares may also be halted if (1) the shares are delisted from NYSE Arca without first being listed on another exchange or (2) NYSE Arca officials determine that such action is appropriate in the interest of a fair and orderly market or for the protection of investors.

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

**Annual Fund Operating Expenses**

(Based on the prospectus dated April 28, 2015)

| Total Annual Fund Operating Expenses | 0.09% |
An investment in the fund is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

**Vanguard FTSE Developed Markets ETF**

**Investment Objective**

The fund seeks to track the performance of a benchmark index that measures the investment return of stocks issued by companies located in the major markets of Europe and the Pacific region.

**Principal Investment Strategies**

The fund employs an indexing investment approach designed to track the performance of the FTSE Developed ex North America Index, which includes approximately 1,385 common stocks of companies located in developed countries of Europe, Australia, Asia, and the Far East. The fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the Index, holding each stock in approximately the same proportion as its weighting in the Index.

**Principal Risks**

An investment in the fund could lose money over short or even long periods. You should expect the fund’s share price and total return to fluctuate within a wide range, like the fluctuations of global stock markets. The fund is subject to the following risks, which could affect the fund’s performance:

- **Stock market risk**, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The fund’s investments in foreign stocks can be riskier than U.S. stock investments. Foreign stocks tend to be more volatile and less liquid than U.S. stocks. The prices of foreign stocks and the prices of U.S. stocks may move in opposite directions. In addition, the fund’s target index may, at times, become focused in stocks of a particular market sector, which would subject the fund to proportionately higher exposure to the risks of that sector.

- **Country/regional risk**, which is the chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value of securities issued by companies in foreign countries or regions. Because the fund may invest a large portion of its assets in securities of companies located in any one country or region, the fund’s performance may be hurt disproportionately by the poor performance of its investments in that area. Significant investments in Japan and the United Kingdom (U.K.) subject the Index and the fund to proportionately higher exposure to Japanese and U.K. country risk.

- **Currency risk**, which is the chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates.

Because ETF Shares are traded on an exchange, they are subject to additional risks:

- The fund’s ETF Shares are listed for trading on NYSE Arca and are bought and sold on the secondary market at market prices. Although it is expected that the market price of an ETF Share typically will approximate its net asset value (NAV), there may be times when the market price and the NAV differ significantly. Thus, you may pay more or less than NAV when you buy ETF Shares on the secondary market, and you may receive more or less than NAV when you sell those shares.

- Although the fund’s ETF Shares are listed for trading on NYSE Arca, it is possible that an active trading market may not be maintained.

- Trading of the fund’s ETF Shares may be halted by the activation of individual or marketwide trading halts (which halt trading for a specific period of time when the price of a particular security or overall market prices decline by a specified percentage). Trading of the fund’s ETF Shares may also be halted if (1) the shares are delisted from NYSE Arca without first being listed on another exchange or (2) NYSE Arca officials determine that such action is appropriate in the interest of a fair and orderly market or for the protection of investors.

**Annual Fund Operating Expenses**

(Based on the prospectus dated April 28, 2015)

| Total Annual Fund Operating Expenses | 0.09% |

**Vanguard FTSE Emerging Markets ETF**

**Investment Objective**

The fund seeks to track the performance of a benchmark index that measures the investment return of stocks issued by companies located in emerging market countries.

**Principal Investment Strategies**

The fund employs an indexing investment approach by investing substantially all (approximately 95%) of its assets in the common stocks included in the FTSE Emerging Index, while employing a form of sampling intended to reduce risk. The FTSE Emerging Index includes approximately 907 common stocks of companies located in emerging markets around the world. As of October 31, 2014, the largest markets covered in the Index were China, Taiwan, Brazil, India, and South Africa (which made up approximately 21.9%, 13.7%, 12.1%, 11.3%, and 9.4%, respectively, of the Index’s market capitalization).

**Principal Risks**

An investment in the fund could lose money over short or even long periods. You should expect the fund’s share price and total return to fluctuate within a wide range, like the fluctuations of global stock markets. The fund is subject to the following risks, which could affect the fund’s performance:

- **Stock market risk**, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The fund’s investments in foreign stocks can be riskier than U.S. stock investments. Foreign stocks tend to be more volatile and less liquid than U.S. stocks. The prices of foreign stocks and the prices of U.S. stocks may move in opposite directions. In addition, the fund’s target index may, at times, become focused in stocks of a particular market sector, which would subject the fund to proportionately higher exposure to the risks of that sector.

- **Emerging markets risk**, which is the chance that the stocks of companies located in emerging markets will be substantially more volatile, and substantially less liquid, than the...
stocks of companies located in more developed foreign markets because, among other factors, emerging markets can have greater custodial and operational risks; less developed legal, regulatory, and accounting systems; and greater political, social, and economic instability than developed markets.

- **Country/regional risk**, which is the chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value of securities issued by companies in foreign countries or regions. The Index’s, and therefore the fund’s, heavy exposure to China, Taiwan, Brazil, India, and South Africa subjects the fund to a higher degree of country risk than that of more geographically diversified international funds.

- **Currency risk**, which is the chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates. Currency risk is especially high in emerging markets.

- **Index sampling risk**, which is the chance that the securities selected for the fund, in the aggregate, will not provide investment performance matching that of the fund’s target index. Index sampling risk for the fund should be low.

Because ETF Shares are traded on an exchange, they are subject to additional risks:

- The fund’s ETF Shares are listed for trading on NYSE Arca and are bought and sold on the secondary market at market prices. Although it is expected that the market price of an ETF Share typically will approximate its net asset value (NAV), there may be times when the market price and the NAV differ significantly. Thus, you may pay more or less than NAV when you buy ETF Shares on the secondary market, and you may receive more or less than NAV when you sell those shares.

- Although the fund’s ETF Shares are listed for trading on NYSE Arca, it is possible that an active trading market may not be maintained.

- Trading of the fund’s ETF Shares may be halted by the activation of individual or marketwide trading halts (which halt trading for a specific period of time when the price of a particular security or overall market prices decline by a specified percentage). Trading of the fund’s ETF Shares may also be halted if (1) the shares are delisted from NYSE Arca without first being listed on another exchange or (2) NYSE Arca officials determine that such action is appropriate in the interest of a fair and orderly market or for the protection of investors.

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

**Annual Fund Operating Expenses**

(Based on the prospectus dated February 26, 2015)

| Total Annual Fund Operating Expenses | 0.15% |
Offering excellent service along with protecting your privacy is important to the Bright Directions® College Savings Program (“Program”).

When you do business with the Program you are asked to provide us with personal information. This information is important because it helps us to effectively process your transactions and helps efforts to prevent access to personal financial information by unauthorized persons. We also gather certain information to comply with laws and regulations that govern the financial services industry.

Union Bank & Trust Company, as the Program Manager of the Bright Directions College Savings Program, provides the day-to-day administrative services of the Program, including the gathering of personal information to effectively serve our customers. We may disclose information we have collected to companies who help us maintain and service your account. For example, we may share information with other companies and professionals who need information to process your account and provide other record keeping services. We may also share information with Northern Trust Securities, Inc., the Distributor of the Program. Each company with whom we share information has agreed to abide by the following and is strictly prohibited from disclosing or using the information for any purpose other than the purposes for which it is provided to them.

As an Account Owner of the Program, this policy details how we use and safeguard the information you provide to us.

If you have any questions about our Financial Privacy Policy, please contact the Bright Directions College Savings Program at (866) 722-7283.

THE INFORMATION WE COLLECT

We collect information about you from the following sources:

- Information you give us on applications or other forms
- Information about your transactions with us

DISCLOSURE OF INFORMATION

The Bright Directions College Savings Program does not disclose the personal information of current or former Account Owners and/or Beneficiaries to any other person outside the Program, unless you consent or it is permitted under applicable federal and state laws. The Bright Directions College Savings Program may also disclose your personal information if it is allowed or required by its contract with the State of Illinois. With your consent or if allowed by law, we will provide your personal information to the financial advisor you designate.

CONFIDENTIALITY AND SECURITY

We restrict access to information about you to those employees who need to know that information to provide products or services to you. We maintain physical, electronic, and procedural safeguards to protect this information.

OUTSIDE SERVICE PROVIDERS/MARKETERS

We may disclose all of the information we collect, as described above, to companies that perform marketing services on our behalf or to other financial institutions with whom we have joint marketing agreements.