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The Bright Start Direct-Sold College Savings Program (“Bright Start” or the “Program”) was recognized by Morningstar as one of only four Gold-rated college savings plans in the nation.¹ In our efforts to continue to enhance the Program, we have several upcoming additions to share, all of which will become effective on August 22, 2018.

First, Bright Start will offer the following two new Individual Fund Portfolios:

- **Vanguard Total Stock Market Index 529 Portfolio** – invests solely in the Vanguard Total Stock Market Index Fund (VSMPX). The fund seeks to track the performance of a benchmark index that measures the investment return of the overall stock market.
- **DFA U.S. Large Cap Value 529 Portfolio** – invests solely in the DFA U.S. Large Cap Value Portfolio (DFLVX). The investment objective of the U.S. Large Cap Value Portfolio is to achieve long-term capital appreciation.

Second, Bright Start will make the following modifications to the respective Portfolio allocations set forth below. The resulting allocations which will apply after these changes are made are reflected in the attached Exhibit C.

Index Portfolio	Underlying Investment Changes	
<i>Index Aggressive Age-Based (age 19+)</i> <i>Index Moderate Age-Based (age 17 - 18)</i> <i>Index Conservative Age-Based (age 15 - 16)</i>	-1% <i>Vanguard Real Estate Index Fund</i>	+1% <i>Vanguard Total Stock Market Index Fund</i>
<i>Index Aggressive Age-Based (age 17 – 18)</i> <i>Index Moderate Age-Based (age 15 - 16)</i> <i>Index Conservative Age-Based (age 13 - 14)</i>	-1% <i>Vanguard Real Estate Index Fund</i>	+1% <i>Vanguard Total International Stock Index Fund</i>
<i>Index Aggressive Age-Based (age 9 – 10)</i> <i>Index Moderate Age-Based (age 6 – 8)</i> <i>Index Conservative Age-Based (age 3 – 5)</i>	-2% <i>Vanguard Real Estate Index Fund</i>	+2% <i>Vanguard Total Stock Market Index Fund</i>
<i>Index Aggressive Age-Based (age 0 – 2)</i> <i>Index Equity Portfolio</i>	-1% <i>Vanguard Real Estate Index Fund</i>	+1% <i>Vanguard Total Stock Market Index Fund</i>

Multi-Firm Portfolio	Underlying Investment Changes	
<i>Moderate Age-Based (age 19+)</i> <i>Conservative Age-Based (age 17 - 18)</i>	-1% <i>Vanguard Institutional Index Fund</i>	+1% <i>DFA U.S. Targeted Value Portfolio</i>
<i>Aggressive Age-Based (age 19+)</i> <i>Moderate Age-Based (age 17 - 18)</i> <i>Conservative Age-Based (age 15 - 16)</i>	-1% <i>Prudential Global Real Estate Fund</i>	+1% <i>Vanguard Institutional Index Fund</i>
<i>Aggressive Age-Based (age 17 – 18)</i> <i>Moderate Age-Based (age 15 - 16)</i> <i>Conservative Age-Based (age 13 - 14)</i>	-1% <i>Prudential Global Real Estate Fund</i>	+1% <i>Vanguard Total International Stock Index Fund</i>
<i>Aggressive Age-Based (age 9 – 10)</i> <i>Moderate Age-Based (age 6 – 8)</i> <i>Conservative Age-Based (age 3 – 5)</i>	-2% <i>Prudential Global Real Estate Fund</i>	+1% <i>Vanguard Explorer Fund</i> +1% <i>DFA U.S. Targeted Value Portfolio</i>
<i>Aggressive Age-Based (age 0 – 2)</i> <i>Equity Portfolio</i>	-1% <i>Prudential Global Real Estate Fund</i>	+1% <i>Vanguard Institutional Index Fund</i>

Finally, the aggregate balance limit for Accounts for a single Beneficiary in the Program (and which would include any additional Accounts in other State of Illinois Section 529 programs) will increase to \$450,000.

We have enclosed a July 1, 2018 Supplement to the Bright Start Direct-Sold College Savings Program Disclosure Statement. Please review this enclosure and place it with your plan papers. We have also enclosed the updated Investment Policy Statement for your review and records.

This is a great time to increase what you are saving. Log in at BrightStartSavings.com to start or increase your monthly investment. Every dollar you save today can help reduce future student loan debt payments.

Thank you for investing with Bright Start.

Bright Start Direct-Sold College Savings Program

877.432.7444

The Bright Start Direct-Sold College Savings Program is sponsored by the State of Illinois and administered by the Illinois State Treasurer, as Trustee. Union Bank & Trust Company serves as Program Manager. Investments in the Bright Start Direct-Sold College Savings Program are not guaranteed or insured by the State of Illinois, the Illinois State Treasurer, Union Bank & Trust Company, the Federal Deposit Insurance Corporation, or any other entity.

An investor should consider the investment objectives, risks, and charges and expenses before investing. This and other important information is contained in the Bright Start Direct-Sold College Savings Program Disclosure Statement which can be obtained at BrightStartSavings.com and should be read carefully before investing. You can lose money by investing in a portfolio. Each of the portfolios involves investment risks, which are described in the Program Disclosure Statement. Before you invest, consider whether your or the beneficiary's home state offers any state tax or other benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in that state's 529 plan.

Not FDIC Insured | No Bank Guarantee | May Lose Value

¹ <https://www.morningstar.com/articles/867032/the-best-529-plans.html> The Morningstar Analyst Rating™ is not a credit or risk rating. It is a subjective evaluation performed by Morningstar's manager research group, which consists of various Morningstar, Inc. subsidiaries ("Manager Research Group"). In the United States, that subsidiary is Morningstar Research Services LLC, which is registered with and governed by the U.S. Securities and Exchange Commission. The Manager Research Group evaluates funds based on five key pillars, which are process, performance, people, parent, and price. The Manager Research Group uses this five-pillar evaluation to determine how they believe funds are likely to perform relative to a benchmark, or in the case of exchange-traded funds and index mutual funds, a relevant peer group, over the long term on a risk-adjusted basis. They consider quantitative and qualitative factors in their research, and the weight of each pillar may vary. The Analyst Rating scale is Gold, Silver, Bronze, Neutral, and Negative. A Morningstar Analyst Rating of Gold, Silver, or Bronze reflects the Manager Research Group's conviction in a fund's prospects for outperformance. Analyst Ratings ultimately reflect the Manager Research Group's overall assessment, are overseen by an Analyst Rating Committee, and are continuously monitored and reevaluated at least every 14 months.

For more detailed information about Morningstar's Analyst Rating, including its methodology, please go to global.morningstar.com/managerdisclosures/

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

July 1, 2018 Supplement to Bright Start Direct-Sold College Savings Program July 17, 2017 Program Disclosure Statement

The Bright Start Direct-Sold College Savings Program (the “Program”) Program Disclosure Statement dated July 17, 2017, as supplemented on January 1, 2018, is hereby amended as set forth below. Except as amended herein, the Program Disclosure Statement, as supplemented, remains in full force and effect. Unless otherwise defined herein, capitalized terms used in this July 1, 2018 Supplement (the “Supplement”) shall have the respective meanings assigned to them in the Program Disclosure Statement. In the event of a conflict between the terms of the Program Disclosure Statement and the terms of this Supplement, the terms of this Supplement shall control.

Maximum Balance Increase from \$400,000 to \$450,000

Effective August 22, 2018, the aggregate balance limit for Accounts for a single Beneficiary in the Program (and which would include any additional Accounts in other State of Illinois Section 529 programs) will be increased to \$450,000.

New Age-Based & Target Portfolio Asset Allocation

Effective August 22, 2018, several modifications will be made to the Age-Based and Target Portfolio allocations. We have included the new Exhibit C – Investment Portfolios and Underlying Investments which contains the allocations which will become effective after implementation of the modifications.

New Individual Fund Portfolios

Effective August 22, 2018, the Program will offer two new Individual Fund Portfolios. The new Portfolios and the investment objectives for the Underlying Investment for each such new Portfolio are outlined below:

- **Vanguard Total Stock Market Index 529 Portfolio** – invests solely in the Vanguard Total Stock Market Index Fund. The fund seeks to track the performance of a benchmark index that measures the investment return of the overall stock market.
- **DFA U.S. Large Cap Value 529 Portfolio** – invests solely in the DFA U.S. Large Cap Value Portfolio. The investment objective of the U.S. Large Cap Value Portfolio is to achieve long-term capital appreciation.

Fee & Expense Table

Individual Fund Portfolio	Underlying Fund Expense¹	Program Management Fee	State Fee	Total Annual Asset-Based Fee
Vanguard Total Stock Market Index 529 Portfolio	0.02%	0.08%	<i>none</i>	0.10%
DFA U.S. Large Cap Value 529 Portfolio	0.27%	0.08%	0.03%	0.38%

¹ For registered mutual funds, in the absence of a change that would materially affect the information, based on the expense ratio reported in the applicable fund's most recent prospectus dated prior to June 15, 2018.

Approximate Cost of a \$10,000 Investment

Individual Fund Portfolio	1 Year	3 Years	5 Years	10 Years
Vanguard Total Stock Market Index 529 Portfolio	\$10	\$32	\$57	\$128
DFA U.S. Large Cap Value 529 Portfolio	\$39	\$122	\$214	\$481

Fund Performance

The following table shows the past performance for the Vanguard Total Stock Market Index Fund and the DFA U.S. Large Cap Value Portfolio. The performance figures shown below do not reflect the Program's expenses. Due to the expenses of the Program, the performance of the Portfolios would have been lower than the performance of the Underlying Investments shown below.

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 performance data of the Portfolios current to the most recent month-end, visit the Program's website at BrightStartSavings.com

<i>as of May 31, 2018</i>	Ticker	Year-to-Date	1 year	3 year	5 year	10 year	Since Inc.	Inc. Date
Vanguard Total Stock Market Index Fund Institutional Plus Shares	VSMPX	2.59%	15.11%	10.72%	—	—	10.34%	4/28/2015
DFA U.S. Large Cap Value Portfolio	DFLVX	(1.30%)	12.80%	9.39%	11.76%	8.54%	10.32%	2/19/1993

New Underlying Investment Descriptions

"Exhibit C – Investment Portfolios and Underlying Investments" beginning on page 45, is updated to include the summary and descriptions of the investment objectives and strategies, primary risks, and fees and expenses of the two new Underlying Investments as set forth below.

The descriptions are taken from the most recent prospectuses of the fund dated prior to June 15, 2018 and are intended to summarize their respective investment objectives and policies.

All information below regarding the Underlying Investments is obtained from the prospectus, fund company, and other public information of the fund, and neither Union Bank & Trust Company nor the Treasurer guarantee the accuracy of such information.

For more complete information regarding any Underlying Investment, you may request a prospectus from the Program Manager or obtain a copy by visiting the website for the respective fund. All investments carry some degree of risk which will affect the value of the fund's investments, investment performance, and price of its shares. It is possible to lose money by investing in the funds. For complete information please see the fund's prospectus.

Vanguard Total Stock Market Index Fund Institutional Plus Shares (Ticker: VSMPX)

Investment Objective

The fund seeks to track the performance of a benchmark index that measures the investment return of the overall stock market.

Principal Investment Strategies

The fund employs an indexing investment approach designed to track the performance of the CRSP US Total Market Index, which represents approximately 100% of the investable U.S. stock market and includes large-, mid-, small-, and micro-cap stocks regularly traded on the New York Stock Exchange and Nasdaq. 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 characteristics. These key characteristics include industry weightings and market capitalization, as well as certain financial measures, such as price/earnings ratio and dividend yield.

Principal Risks

An investment in the fund could lose money over short or long periods of time. You should expect the fund's share price and total return to fluctuate within a wide range. 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. 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.
- *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 is expected to be low.

DFA U.S. Large Cap Value Portfolio (Ticker: DFLVX)

Investment Objective

The investment objective of the U.S. Large Cap Value Portfolio is to achieve long-term capital appreciation. This 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, 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 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 adjust the representation in the Series of an eligible company, or exclude a company, after considering such factors as free float, momentum, trading strategies, liquidity, size, value, profitability, and other factors that the advisor determines to be appropriate, given market conditions. Securities are considered value stocks primarily because the shares have a low price in relation to their book value. In assessing value, the advisor may consider additional factors such as price to cash flow or price to earnings ratios. In assessing profitability, the advisor may consider different ratios, such as that of earnings or profits from operations relative to book value or assets. The criteria the advisor uses for assessing value or profitability are subject to change from time to time.

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 or equal to 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 American LLC, Nasdaq Global Market®, Nasdaq Capital Market®, or such other securities exchanges deemed appropriate by the Advisor. Under the advisor's market capitalization guidelines described above, based on market capitalization data as of December 31, 2017, the market capitalization of a large cap company would be \$5,282 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 purchase or sell 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 sell futures contracts to establish short positions in individual securities or 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

Because the value of your investment in the portfolio will fluctuate, there is the risk that you will lose money. An investment in the portfolio is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The following is a description of principal risks of investing in the portfolio.

Equity Market Risk: Even a long-term investment approach cannot guarantee a profit. Economic, market, political, and issuer-specific conditions and events will cause the value of equity securities, and the portfolio that owns them, to rise or fall. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.

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 to carry more risk 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 those derivatives. 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.

EXHIBIT C – INVESTMENT PORTFOLIOS AND UNDERLYING INVESTMENTS

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

Index Strategy Age-Based & Target Portfolios - Asset Allocations

Age-Based Portfolios	Age of beneficiary										
Index Aggressive Age-Based Portfolio	0 - 2	3 - 5	6 - 8	9 - 10	11 - 12	13 - 14	15 - 16	17 - 18	19 plus		
Index Moderate Age-Based Portfolio		0 - 2	3 - 5	6 - 8	9 - 10	11 - 12	13 - 14	15 - 16	17 - 18	19 plus	
Index Conservative Age-Based Portfolio			0 - 2	3 - 5	6 - 8	9 - 10	11 - 12	13 - 14	15 - 16	17 - 18	19 plus
Target Portfolios	Index Equity Portfolio				Index Balanced Portfolio						Index Fixed Income Portfolio
Underlying Investments											
Vanguard Federal Money Market Fund									9.0%	23.0%	50.0%
Vanguard Short-Term Bond Index Fund		2.0%	4.0%	6.0%	9.0%	11.0%	14.0%	22.0%	25.0%	22.0%	20.0%
Vanguard Short-Term Inflation-Protected Securities Index Fund		2.0%	3.0%	4.0%	4.0%	4.0%	9.0%	13.0%	11.0%	14.0%	15.0%
Vanguard Total Bond Market Index Fund		4.0%	7.0%	11.0%	17.0%	23.0%	24.0%	25.0%	25.0%	25.0%	15.0%
Vanguard Total International Bond Index Fund		1.0%	3.0%	4.0%	5.0%	6.0%	6.0%	5.0%	5.0%	3.0%	
Vanguard High-Yield Corporate Fund		1.0%	3.0%	5.0%	5.0%	6.0%	7.0%	5.0%	5.0%	3.0%	
Vanguard Total Stock Market Index Fund	57.0%	54.0%	49.0%	42.0%	36.0%	32.0%	25.0%	19.0%	14.0%	7.0%	
Vanguard Real Estate Index Fund	7.0%	6.0%	5.0%	5.0%	5.0%	3.0%	3.0%	2.0%	2.0%	1.0%	
Vanguard Total International Stock Index Fund	36.0%	30.0%	26.0%	23.0%	19.0%	15.0%	12.0%	9.0%	4.0%	2.0%	
T O T A L	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Multi-Firm Strategy Age-Based & Target Portfolios - Asset Allocations

Age-Based Portfolios	Age of beneficiary										
Aggressive Age-Based Portfolio	0 - 2	3 - 5	6 - 8	9 - 10	11 - 12	13 - 14	15 - 16	17 - 18	19 plus		
Moderate Age-Based Portfolio		0 - 2	3 - 5	6 - 8	9 - 10	11 - 12	13 - 14	15 - 16	17 - 18	19 plus	
Conservative Age-Based Portfolio			0 - 2	3 - 5	6 - 8	9 - 10	11 - 12	13 - 14	15 - 16	17 - 18	19 plus
Target Portfolios	Equity Portfolio				Balanced Portfolio						Fixed Income Portfolio
Underlying Investments											
Vanguard Federal Money Market Fund									9.0%	23.0%	50.0%
Baird Short-Term Bond Fund		2.0%	4.0%	6.0%	9.0%	11.0%	14.0%	22.0%	25.0%	22.0%	20.0%
Vanguard Short-Term Inflation-Protected Securities Index Fund		2.0%	3.0%	4.0%	4.0%	4.0%	9.0%	13.0%	11.0%	14.0%	15.0%
Vanguard Total Bond Market Index Fund		2.0%	3.0%	5.0%	7.0%	9.0%	11.0%	13.0%	13.0%	13.0%	8.0%
Dodge & Cox Income Fund		2.0%	4.0%	6.0%	10.0%	14.0%	13.0%	12.0%	12.0%	12.0%	7.0%
Dreyfus/Standish Global Fixed Income Fund		1.0%	3.0%	4.0%	5.0%	6.0%	6.0%	5.0%	5.0%	3.0%	
BlackRock High Yield Bond Portfolio		1.0%	2.0%	3.0%	3.0%	3.0%	4.0%	3.0%	3.0%	2.0%	
Nuveen Symphony Floating Rate Income Fund			1.0%	2.0%	2.0%	3.0%	3.0%	2.0%	2.0%	1.0%	
Vanguard Institutional Index Fund	23.0%	20.0%	19.0%	16.0%	14.0%	12.0%	9.0%	7.0%	6.0%	2.0%	
T. Rowe Price Large-Cap Growth Strategy	12.0%	12.0%	11.0%	9.0%	8.0%	7.0%	6.0%	4.0%	3.0%	2.0%	
DFA U.S. Large Cap Value Portfolio	12.0%	12.0%	11.0%	9.0%	8.0%	7.0%	6.0%	4.0%	3.0%	2.0%	
Vanguard Explorer Fund	5.0%	5.0%	4.0%	4.0%	3.0%	3.0%	2.0%	2.0%	1.0%		
DFA U.S. Targeted Value Portfolio	3.0%	3.0%	2.0%	3.0%	2.0%	2.0%	1.0%	1.0%	1.0%	1.0%	
Ariel Fund	2.0%	2.0%	2.0%	1.0%	1.0%	1.0%	1.0%				
Prudential Global Real Estate Fund	7.0%	6.0%	5.0%	5.0%	5.0%	3.0%	3.0%	2.0%	2.0%	1.0%	
Vanguard Total International Stock Index Fund	10.0%	8.0%	7.0%	7.0%	6.0%	4.0%	4.0%	3.0%	2.0%	2.0%	
Oppenheimer International Growth Fund	8.0%	7.0%	6.0%	5.0%	4.0%	4.0%	3.0%	2.0%	1.0%		
Dodge & Cox International Stock Fund	8.0%	7.0%	6.0%	5.0%	4.0%	4.0%	3.0%	2.0%	1.0%		
DFA International Small Company Portfolio	5.0%	4.0%	3.0%	3.0%	2.0%	1.0%	1.0%	1.0%			
DFA Emerging Markets Core Equity Portfolio	5.0%	4.0%	4.0%	3.0%	3.0%	2.0%	1.0%	1.0%			
T O T A L	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%



State of Illinois
Office of the Treasurer
BRIGHT START COLLEGE SAVINGS PROGRAM
INVESTMENT POLICY STATEMENT
Effective August 2018



1.0 Statement of Purpose of Investment Policy

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

- Describing the Treasurer’s investment objectives;
- Providing general guidelines for the investment of assets of the Program;
- Describing the Treasurer’s long-term investment strategy;
- Describing the process of evaluating the performance of employees or contractors that provide investment management services to the Program; and
- Specifying the responsibilities of any contractors that provide investment management services to the Program.

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

2.0 Establishment and Authority of Entity

The Program has been established as part of the Illinois College Savings Pool, and is intended to qualify as a qualified tuition program in accordance with Section 529 of the Internal Revenue Code of 1986, as amended. The Program was established to provide families with an opportunity to invest toward future college education expenses.

3.0 Investment Philosophy

The Treasurer has adopted a long-term total return strategy for the Program and its investments. In order to achieve the Program’s objectives, investments shall be diversified so as to minimize the risk of loss.

While some asset classes may experience short-term and intermediate-term volatility, their long-term return assumptions justify their inclusion. A long-term focus on investment results as well as prudent diversification across financial markets will be the primary risk control mechanisms.

In its investment strategy, the Treasurer has relied on prevailing financial theory, which currently utilizes a long-term diversified asset allocation strategy. A prudently allocated investment program possesses a significant level of diversification, which produces risk reduction. In terms of impact, diversification shall be considered along the following lines: (1) asset classes (stocks, bonds, cash, etc.); (2) geography/country; (3) industry; (4) maturity; and (5) duration.

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

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

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

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

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

The administration and offering of the Program should not be relied upon as a guarantee to participants. Each participant should seek appropriate advice as he or she deems necessary.

Consistent with achieving the foremost investment objectives of the Treasurer set forth herein, the Treasurer will endeavor to identify and evaluate investment managers that are more than 50% owned and/or managed by minorities, women, military veterans, or disabled persons.

Consistent with achieving the foremost investment objectives of the Treasurer set forth herein, the Treasurer will prudently exercise investment stewardship to fulfill its fiduciary duty, increase expected financial returns, minimize projected risk, and contribute to a more just, accountable and sustainable State of Illinois. Sustainability factors shall be implemented within a framework predicated on the following:

- A. Prudent integration of material sustainability factors, including, but not limited to environmental, social capital, human capital, business model and innovation, and leadership and governance factors, as components of portfolio construction, investment decision-making, investment analysis and due diligence, prospective value proposition, risk management, and investment ownership given that these tangible and intangible factors may have a material and relevant financial impacts;
- B. Recurring evaluation of sustainability factors to ensure the factors are relevant to the Program and the evolving marketplace;
- C. Attentive oversight of investment holdings to encourage the advancement of sustainability accounting and disclosure through engagement with entities, such as investment funds, investment holdings, portfolio companies, government bodies, and other organizations, and move the marketplace toward more prudent sustainability investment practices; and
- D. Consideration of other relevant factors such as legal, regulatory, and reputational risks that enable an optimal risk management framework and supports long-term investment value.

4.0 Investment Objectives

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

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

5.0 Investment Responsibilities

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

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

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

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

6.0 Investment Parameters

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

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

7.0 Plan Options

Direct Plan: Index Age-Based and Target Portfolios

Age-Based Portfolios		Age of Beneficiary										
Aggressive Option		0 - 2	3 - 5	6 - 8	9 - 10	11 - 12	13 - 14	15 - 16	17 - 18	19 +		
Moderate Option			0 - 2	3 - 5	6 - 8	9 - 10	11 - 12	13 - 14	15 - 16	17 - 18	19 +	
Conservative Option				0 - 2	3 - 5	6 - 8	9 - 10	11 - 12	13 - 14	15 - 16	17 - 18	19 +
Target Portfolios		Equity Portfolio				Balanced Portfolio						Fixed Income
Asset Class	Benchmark											
Domestic Equity	CRSP U.S. Total Market Index	57.0%	54.0%	49.0%	42.0%	36.0%	32.0%	25.0%	19.0%	14.0%	7.0%	0.0%
Real Estate	MSCI US REIT Index	7.0%	6.0%	5.0%	5.0%	5.0%	3.0%	3.0%	2.0%	2.0%	1.0%	0.0%
International Equity	FTSE Global All Cap ex US Index	36.0%	30.0%	26.0%	23.0%	19.0%	15.0%	12.0%	9.0%	4.0%	2.0%	0.0%
Domestic Fixed Income	BofA/Merrill Lynch – High Yield Master II Index	0.0%	1.0%	3.0%	5.0%	5.0%	6.0%	7.0%	5.0%	5.0%	3.0%	0.0%
	Bloomberg Barclays U.S. 1-5 Year Government / Credit Float Adjusted Index	0.0%	2.0%	4.0%	6.0%	9.0%	11.0%	14.0%	22.0%	25.0%	22.0%	20.0%
	Bloomberg Barclays U.S. Aggregate Float Adjusted Index	0.0%	4.0%	7.0%	11.0%	17.0%	23.0%	24.0%	25.0%	25.0%	25.0%	15.0%
	Bloomberg Barclays U.S. 0–5 Year TIPS Index	0.0%	2.0%	3.0%	4.0%	4.0%	4.0%	9.0%	13.0%	11.0%	14.0%	15.0%
Foreign Bonds	Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged)	0.0%	1.0%	3.0%	4.0%	5.0%	6.0%	6.0%	5.0%	5.0%	3.0%	0.0%
Money Market	3-month T-Bills	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	9.0%	23.0%	50.0%

Direct Plan: Multi-Firm Age-Based and Target Portfolios

Age-Based Portfolios		Age of Beneficiary										
Aggressive Option		0 - 2	3 - 5	6 - 8	9 - 10	11 - 12	13 - 14	15 - 16	17 - 18	19 +		
Moderate Option			0 - 2	3 - 5	6 - 8	9 - 10	11 - 12	13 - 14	15 - 16	17 - 18	19 +	
Conservative Option				0 - 2	3 - 5	6 - 8	9 - 10	11 - 12	13 - 14	15 - 16	17 - 18	19 +
Target Portfolios		Equity Portfolio				Balanced Portfolio						Fixed Income
Asset Class	Benchmark											
Domestic Equity	Russell 1000 Value	12.0%	12.0%	11.0%	9.0%	8.0%	7.0%	6.0%	4.0%	3.0%	2.0%	0.0%
	S & P 500 Index	23.0%	20.0%	19.0%	16.0%	14.0%	12.0%	9.0%	7.0%	6.0%	2.0%	0.0%
	Russell 1000 Growth	12.0%	12.0%	11.0%	9.0%	8.0%	7.0%	6.0%	4.0%	3.0%	2.0%	0.0%
	Russell 2500 Value	5.0%	5.0%	4.0%	4.0%	3.0%	3.0%	2.0%	2.0%	1.0%	1.0%	0.0%
	Russell 2500 Growth	5.0%	5.0%	4.0%	4.0%	3.0%	3.0%	2.0%	2.0%	1.0%	0.0%	0.0%
Global Real Estate	FTSE EPRA/NAREIT Developed Real Estate Index	7.0%	6.0%	5.0%	5.0%	5.0%	3.0%	3.0%	2.0%	2.0%	1.0%	0.0%
International Equity	MSCI ACWI ex-U.S. Index	26.0%	22.0%	19.0%	17.0%	14.0%	12.0%	10.0%	7.0%	4.0%	2.0%	0.0%
	MSCI World ex-U.S. Small Cap Index	5.0%	4.0%	3.0%	3.0%	2.0%	1.0%	1.0%	1.0%	0.0%	0.0%	0.0%
	MSCI Emerging Markets Index	5.0%	4.0%	4.0%	3.0%	3.0%	2.0%	1.0%	1.0%	0.0%	0.0%	0.0%
Domestic Fixed Income	BofA/Merrill Lynch – High Yield Master II Index	0.0%	1.0%	2.0%	3.0%	3.0%	3.0%	4.0%	3.0%	3.0%	2.0%	0.0%
	Bloomberg Barclays 1-3 Year U.S. Government / Credit Bond Index	0.0%	2.0%	4.0%	6.0%	9.0%	11.0%	14.0%	22.0%	25.0%	22.0%	20.0%
	Bloomberg Barclays U.S. Aggregate Bond Index	0.0%	4.0%	7.0%	11.0%	17.0%	23.0%	24.0%	25.0%	25.0%	25.0%	15.0%
	Bloomberg Barclays U.S. 0-5 Year TIPS Index	0.0%	2.0%	3.0%	4.0%	4.0%	4.0%	9.0%	13.0%	11.0%	14.0%	15.0%
	Credit Suisse Leveraged Loan Index	0.0%	0.0%	1.0%	2.0%	2.0%	3.0%	3.0%	2.0%	2.0%	1.0%	0.0%
Global Bonds	Bloomberg Barclays Global Aggregate Index (Hedged)	0.0%	1.0%	3.0%	4.0%	5.0%	6.0%	6.0%	5.0%	5.0%	3.0%	0.0%
Money Market	3-month T-Bills	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	9.0%	23.0%	50.0%

*Benchmarks are subject to change as mutually agreed by the Treasurer and Manager in order to ensure that they remain appropriate for each underlying investment and consistent with industry standards.

Each underlying investment fund's return objective is to equal or exceed, over a five-year rolling period, the return of the applicable benchmark. Volatility, measured by the standard deviation of quarterly returns over that period, is expected to be similar to the benchmark. Each underlying investment is also expected to perform favorably relative to its peer group.

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

Individual Fund Portfolios (Direct Plan):

To provide additional diversity and flexibility to participants the Individual Fund Portfolios and underlying investment funds the Treasurer selects will be described in the Program's current Program Disclosure Statement and may include the following asset classes:

Asset Class	Benchmark
Money Market	3 Month T-Bills
Short Term Fixed Income	Bloomberg Barclays 1-3 Year U.S. Government/Credit Bond Index Bloomberg Barclays U.S. 1-5 Year Government/Credit Float Adjusted Index
Core Bond	Bloomberg Barclays U.S. Aggregate Float Adjusted Index Bloomberg Barclays U.S. Aggregate Bond Index
High Yield Bonds	BofA/Merrill Lynch – High Yield Master II Index
Short Term U.S. TIPS	Bloomberg Barclays U.S. 0–5 Year TIPS Index
Foreign Bonds	Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged)
Global Bonds	Bloomberg Barclays Global Aggregate Index (Hedged)
Bank Loans	Credit Suisse Leveraged Loan Index
Balanced	60% S&P 500 Index / 40% Bloomberg Barclays U.S. Aggregate Bond Index
All Cap US Equity	CRSP U.S. Total Market Index
Large Cap Value	Russell 1000 Value
Large Cap Blend	S&P 500 Index
Large Cap Growth	Russell 1000 Growth
Small-Cap Value	Russell 2500 Value
Small-Cap Growth	Russell 2500 Growth
All-Country Non-US	FTSE Global All Cap ex US Index
Emerging Market	MSCI Emerging Markets Index
Non-U.S. Small Cap	MSCI World ex-U.S. Small Cap Index
Real Estate	MSCI U.S. REIT Index FTSE EPRA/NAREIT Developed Real Estate Index

8.0 Minority- and Woman-Owned Portfolios

The Treasurer may also add additional Individual Fund Portfolios – for example, Minority, Woman, Veteran, and Disabled-Managed Portfolios – for participants who would like to have a more diverse set of investment options as new viable options become available.