



# Bright Directions Advisor-Guided 529 College Savings Program

Program Disclosure Statement  
& Participation Agreement

The Program is intended to be used only to save for Federal 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. 8, adopted March 28, 2025.

**Northern Trust  
Securities, Inc.**  
Distributor



**Michael W. Frerichs**  
ILLINOIS STATE TREASURER  
Trustee and Administrator

**UBT**  
Union Bank & Trust  
Program Manager

## IMPORTANT LEGAL INFORMATION

This Program Disclosure Statement, together with the Participation Agreement, the Investment Options, the Fund Performance information and the Investment Policy Statement, all of which can be found on the Bright Directions Advisor-Guided 529 College Savings Program's (the "Program") website, have been identified by the Program as the Offering Material (as defined in the College Savings Plans Network Disclosure Principles, Statement No. 8, adopted March 28, 2025), and are intended to provide substantive disclosure of the terms and conditions of an investment in the Program. This Program Disclosure Statement contains important information you should review before opening an Account in the Program, including information about the benefits and risks of investing. Please read it carefully and save it for future reference. Interests in the Program have not been registered with the U.S. Securities and Exchange Commission (the "SEC"), nor with any state securities commission. Neither the SEC nor any state securities commission has approved or disapproved interests in the Program or passed upon the adequacy or accuracy of this Program Disclosure Statement. Any representation to the contrary is a criminal offense.

Participation in the Program does not guarantee that contributions and the investment return on contributions, if any, will be adequate to cover future tuition and other higher education expenses or that a Beneficiary will be admitted to or permitted to continue to attend an Institution of Higher Education.

Except as described herein for accounts invested in the FDIC-insured interest-bearing Deposit Account Underlying Investment, accounts in the Program are not insured by the Federal Deposit Insurance Corporation ("FDIC"). Accounts in the Program are not guaranteed or insured by the State of Illinois, the Office of the Illinois State Treasurer ("Treasurer"), any other state, any agency, or instrumentality thereof, Union Bank and Trust Company or its authorized agents or affiliates, Northern Trust Securities, Inc. or its authorized agents or affiliates, the FDIC, or any other federal or state governmental entity or person. The value of your account may vary depending on market conditions, the performance of the Investment Portfolios you select, the timing of purchases and fees. The value of your account could be more or less than the amount you contribute to your account. In short, you could lose money. Account Owners should periodically assess and, if appropriate, adjust their investment choices with their time horizon, risk tolerance and investment objective in mind. FDIC insurance is provided for the FDIC-insured interest-bearing Deposit Account Underlying Investment only, which invests in an FDIC-insured omnibus account held by the Program as custodian and/or agent on behalf of each Account Owner/Participant/Beneficiary. Subject to restrictions under applicable laws and regulations, Contributions to, and earnings on, the investments in the FDIC-insured interest-bearing Deposit Account Underlying Investment are insured by the FDIC on a per participant, pass-through basis to each Account Owner up to the maximum limit established by federal law, which currently is \$250,000, subject to the Account Owner's continuing duty to monitor levels of deposits to maintain levels in compliance with those required for FDIC insurance under applicable FDIC rules.

None of the State of Illinois, the Treasurer, Northern Trust Securities, Inc., or Union Bank and Trust Company shall have any debt or obligation to any Account Owner, Beneficiary or any other person as a result of the establishment of the Program, and none of the State of Illinois, the Treasurer, Northern Trust Securities, Inc., or Union Bank and Trust Company assumes any risk or liability for funds invested in the Program.

Statements in this Program Disclosure Statement concerning U.S. federal and Illinois tax issues are provided for general informational purposes and are not offered as tax advice to any person. Each taxpayer should seek advice based on the taxpayer's particular circumstances from a tax or legal advisor.

The Program and its associated persons make no representation 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 and the Beneficiary's particular circumstances. You should consult your financial, investment, tax, or other 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 Program, the Treasurer, the State of Illinois, Northern Trust Securities, Inc., or Union Bank and Trust Company.

The information in this Program Disclosure Statement is subject to change from time-to-time to reflect changes in the Program's practices and procedures, and changes in the law, 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 Program or in relevant law since the date of this document. If we make changes, we will notify you on the Program website and the changes will become effective immediately upon posting to the Program website. We encourage you to visit the Program website periodically to remain up to date on the Program information.

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.

Prior to July 17, 2017, the Treasurer operated a separate program named the Bright Start Advisor-Sold College Savings Program with a different program manager and different investment managers; Union Bank and Trust Company did not act as Program Manager, and different investment options were offered to Account Owners. In November 2017, the Bright Start Advisor-Sold College Savings Program combined with the Program. The Portfolios of the Program are similar but not identical to the portfolios formerly available in the Bright Start Advisor-Sold College Savings Program, and accordingly, you should evaluate carefully whether you believe any change in your investment allocation is appropriate as a result of these differences.

**You could lose money (including the principal invested), or not make money, if you invest through the Program.**

### **IMPORTANT INVESTOR INFORMATION - PLEASE READ**

Before investing in the Program, you should carefully consider the following important points.

1. This Program is open to the residents of any state of the United States. A tax benefit is available to Illinois taxpayers who contribute to the Program.
2. Depending on the laws of the home state of the Account Owner or Beneficiary, favorable state tax treatment or other benefits, such as financial aid, scholarship funds, and protection from creditors, offered by such home state for investing in 529 qualified tuition programs may be available only for investments in the home state's 529 qualified tuition program.
3. Any state-based benefit offered with respect to a particular 529 qualified tuition program should be one of many factors to be considered in making an investment decision.
4. 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 and other 529 qualified tuition programs to learn more about the features, benefits, and limitations of those 529 qualified tuition programs.

Accounts in the Illinois College Savings Pool (the "Pool") are offered and sold through the Program and the Bright Start Direct-Sold College Savings Program. The Illinois Student Assistance Commission administers a prepaid tuition program called "College Illinois!"

This Program Disclosure Statement describes only the Accounts available through the Program. Other Illinois Section 529 Programs offer different investment options with different investment advisors or different benefits and may be marketed differently from the Program described in this Program Disclosure Statement. Any such other Illinois Section 529 Programs may assess different fees, withdrawal penalties, sales commissions, if any, than those assessed by the Program described in this Program Disclosure Statement. You can obtain information regarding other programs in the Pool by visiting the Treasurer's website at [IllinoisTreasurer.gov](http://IllinoisTreasurer.gov). You can obtain information regarding College Illinois! by visiting [collegeillinois.org](http://collegeillinois.org).

All capitalized terms shall have the meanings given to them in the "Definitions of Key Terms" Section beginning on page 7.

# Table of Contents

<b>PROGRAM OVERVIEW</b> .....	3	Can I Change My Investment Selection? .....	26
<b>ILLINOIS FIRST STEPS PROGRAM</b> .....	5	Can I Change the Investment of my Current Balance and Future Contributions? .....	26
<b>BRIGHT DIRECTIONS ADVISOR-GUIDED 529 COLLEGE SAVINGS PROGRAM</b> .....	6	How Is the Value of My Account Calculated?.....	26
<b>INTRODUCTION</b> .....	6	How are Units Priced? .....	26
<b>PROGRAM HIGHLIGHTS</b> .....	6	<b>PORTFOLIO PERFORMANCE</b> .....	27
<b>DEFINITIONS OF KEY TERMS</b> .....	7	How Have the Portfolios Performed? .....	27
<b>DESCRIPTION OF THE PROGRAM</b> .....	12	<b>PROGRAM FEES AND EXPENSES</b> .....	32
What Is the Program?.....	12	What Does the Program Cost? .....	32
What Is the Legal Structure of the Program?.....	12	Underlying Investment Expenses .....	32
How Does the Program Work?.....	12	Annual Paper Delivery Fee .....	32
What Types of Expenses May Be Paid With Account Funds? ...	12	Fee Waiver.....	32
<b>OPENING AND MAINTAINING AN ACCOUNT</b> .....	12	Sales Charge Schedule .....	32
Who Can Open an Account? .....	12	Initial Sales Charge Waiver.....	33
How Do I Open an Account? .....	13	Aggregating Accounts .....	33
How Many Accounts Can I Open?.....	13	Right of Accumulation .....	34
When Can I Open an Account for an Infant? .....	13	Hypothetical Expense Example .....	40
May I Change Ownership of a Program Account?.....	13	Will My Financial Advisor Be Paid for Providing Assistance With Respect to My Account? .....	42
Can I Name a Successor to Take Over Ownership of My Account Upon My Death or Incompetency?.....	13	Omnibus Accounts.....	42
If I do not Name a Successor, Who Becomes Account Owner at my Death?.....	14	<b>INDIVIDUAL FUND ETF PORTFOLIOS - FEE STRUCTURE F</b> .....	43
If I do not Name a Successor, Who Becomes Account Owner Upon my Legal Incompetency? .....	14	What are the Individual Fund ETF Portfolios?.....	43
<b>DESIGNATING A BENEFICIARY</b> .....	14	<b>INDIVIDUAL FUND ETF PORTFOLIO PERFORMANCE</b> .....	45
Who May Be a Program Beneficiary? .....	14	How Have the Individual Fund ETF Portfolios Performed? .....	45
Do I Have to Be Related to the Beneficiary?.....	15	<b>INDIVIDUAL FUND ETF PORTFOLIOS FEES AND EXPENSES</b> .....	46
May I Change Beneficiaries?.....	15	What Do the Individual Fund ETF Portfolios Cost? .....	46
<b>CONTRIBUTING TO AN ACCOUNT</b> .....	15	<b>HYPOTHETICAL EXPENSE EXAMPLE INDIVIDUAL FUND ETF PORTFOLIOS</b> .....	47
How Do I Make Contributions to the Program?.....	15	<b>FEDERAL AND STATE TAX CONSIDERATIONS</b> .....	48
Can Others Contribute to the Account? .....	16	Introduction .....	48
Can I Rollover or Transfer Funds From Another 529 Qualified Tuition Program? .....	16	What Are the Federal Income Tax Advantages of the Program? .....	48
Can I Make Contributions From a UGMA or UTMA Custodial Account? .....	16	What Are the Illinois Income Tax Advantages of the Program? .....	48
Can I Contribute Bright Directions 529 College Savings Visa Rewards to a Bright Directions Account? .....	17	Are Contributions to the Program Tax Deductible? .....	48
What is Bright Directions GiftED?.....	17	What Are the Federal Gift, GST and Estate Tax Advantages of the Program? .....	49
What Are the Limits on the Amount I Can Contribute? .....	17	What Are the Tax Consequences of Withdrawals? .....	49
What Happens to Contributions to an Account that Exceeds the Maximum Account Balance? .....	17	How Is the Earnings Portion of a Withdrawal Calculated for Purposes of IRS Form 1099-Q?.....	49
<b>INVESTMENT PORTFOLIOS</b> .....	17	When Is the Earnings Portion of a Withdrawal Subject to Income Tax? .....	50
How Are My Program Contributions Invested?.....	17	What Constitutes a Federal Qualified Withdrawal? .....	50
Age-Based Portfolios .....	18	When Are Withdrawals Considered to Be Used for Federal Qualified Higher Education Expenses? .....	50
Enrollment Year Portfolios.....	20	When Is the Federal Penalty Tax Imposed on the Earnings Portion of a Withdrawal? .....	50
Static Portfolios .....	21	When Is the Contributions Portion of a Withdrawal Subject to Tax?.....	51
Individual Fund Portfolios .....	21		

How Can I Avoid Tax Consequences in Making Investment Changes? .....	51	Does Illinois Law Protect Accounts From Creditors? .....	58
What Are the Tax Consequences of Changing a Beneficiary? .....	51	What Kind of Statements Will I Receive? .....	58
What Are the Tax Consequences of a Transfer to Another Illinois Section 529 Program for the Same Beneficiary? .....	52	Is the Program Audited? .....	58
What Are the Tax Consequences of a Transfer to Another Illinois Section 529 Program for a Different Beneficiary? .....	52	Where Can I Obtain Additional Information? .....	58
What Are the Tax Consequences of Rollovers? .....	52	<b>CERTAIN RISKS TO CONSIDER .....</b>	<b>59</b>
What Is a Federal Qualified Rollover Distribution? .....	52	Investment Risks .....	59
When Is the Contributions Portion of a Rollover Subject to Income Tax? .....	53	The Trust is an Investment Vehicle .....	59
May I Rollover an Account in an Out-of-State 529 Plan to the Program? .....	53	The Value of Your Account May Decline .....	59
May I Rollover an Account to an Out-of-State 529 Plan? .....	53	Your Account is not Insured or Guaranteed .....	59
Are There Tax Consequences to Changing the Account Owner? .....	53	Market Uncertainties .....	59
What Are the Tax Benefits for Employer Matching Contributions? .....	54	Inflation .....	59
May I Recontribute a Refunded Amount to an Account? .....	54	Principal Risks of the Underlying Investments .....	59
What Annual Tax Reporting Will I Receive? .....	54	Not a Direct Investment in Mutual Funds and Underlying Investment Risks .....	59
How Does Code Section 529 Coordinate with Other Higher Education Programs? .....	54	Each Portfolio Has Risks .....	59
Should I Document Federal Qualified Higher Education Expenses? .....	54	Individual Fund Portfolios and Individual Fund ETF Portfolios Not as Diversified as Age-Based, Enrollment Year and Static Portfolios .....	60
What Should I Consider before Investing? .....	54	ETF Risk .....	61
<b>DISTRIBUTIONS FROM AN ACCOUNT .....</b>	<b>54</b>	Suitability of Program for Account Owner .....	61
How Do I Request a Distribution From an Account? .....	54	Program Risks .....	61
Where can I direct a withdrawal from my account? .....	55	Laws Governing 529 Qualified Tuition Programs May Change .....	61
What is the Bright Directions Campus Cash Card? .....	55	Limitation on Investment Selection .....	61
What Constitutes a Federal Qualified Withdrawal? .....	55	Limitations on Contributions to Accounts .....	61
What Constitutes An Illinois Qualified Expense? .....	56	Potential Changes in Program Manager .....	61
Where Can a Federal Qualified Withdrawal be Distributed? .....	56	Illiquidity of Account .....	62
Should I Document Federal Qualified Higher Education Expenses? .....	56	Operational and Technology Risk .....	62
Can I Recontribute Refunded Amounts? .....	56	Portfolio Performance May Not Keep Pace with Education Expense Inflation .....	62
When Must Withdrawals Begin? .....	56	Program Contributions Do Not Create Illinois Residency .....	62
Can I Make Withdrawals for Other Purposes? .....	56	Impact on the Beneficiary's Ability to Receive Financial Aid ...	62
May I Roll Over My Account? .....	56	Medicaid and Other Federal and State Benefits .....	62
What Happens to an Account If the Beneficiary Does Not Attend College? .....	57	No Guarantees With Respect to Institution of Higher Education .....	62
How Do I Close an Account? .....	57	No Recommendation by Program Manager, the State of Illinois or the Trust .....	63
<b>OTHER IMPORTANT WITHDRAWAL CONSIDERATIONS .....</b>	<b>57</b>	Education Savings Alternatives .....	63
<b>LIMITATIONS AND PENALTIES .....</b>	<b>57</b>	The Investment Portfolios Not Designed for K-12 Tuition .....	63
Are There Limits on Investment Changes? .....	57	IRS Regulations Not Final .....	63
Can I Transfer My Account to Other Illinois Section 529 Programs? .....	57	Securities Laws .....	63
Are There Limitations on Transfers Out of the Program? .....	57	Tax Considerations .....	63
Are There Penalties on Withdrawals From the Program? .....	57	<b>EXHIBIT A ACCOUNT PARTICIPATION AGREEMENT .....</b>	<b>64</b>
<b>OTHER INFORMATION .....</b>	<b>57</b>	<b>EXHIBIT B - INVESTMENT PORTFOLIOS AND UNDERLYING INVESTMENTS .....</b>	<b>69</b>
How Will Investment in the Program Affect My Beneficiary's Chances of Receiving Financial Aid? .....	57	<b>EXHIBIT C - UNDERLYING EXCHANGE TRADED FUND INFORMATION .....</b>	<b>134</b>
Are Contributions Part of an Account Owner's Bankruptcy Estate? .....	57	<b>ADDITIONAL INFORMATION .....</b>	<b>146</b>

# Bright Directions Advisor-Guided 529 College Savings Program Program Overview

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.

<p><b>Program Structure and Providers</b> (See page 6, 12)</p>	<p><b>Trustee:</b> <b>Program Manager:</b> <b>Distributor:</b></p>	<p>Illinois State Treasurer Union Bank and Trust Company (term through November 2034) Northern Trust Securities, Inc.</p>
<p><b>Investment Funds</b></p>	<p>T. Rowe Price, DFA, Dodge &amp; Cox, BlackRock, Fidelity, Lazard, Baird Funds, Macquarie Funds, Harbor Funds, Northern Funds, Principal Funds, Calvert, Credit Suisse, Alliance Bernstein, PGIM Investments, Ariel Investments, MFS, American Beacon, Virtus Duff &amp; Phelps, Neuberger Berman, Payden, and Vanguard.</p>	
<p><b>Program Contact Information</b></p>	<p>Bright Directions College Savings Program      BrightDirections.com PO Box 82623, Lincoln, NE 68501                      866.722.7283</p>	
<p><b>Illinois State Income Tax</b> (See “Federal and State Tax Considerations”, page 48)</p>	<ul style="list-style-type: none"> <li>• <b>Illinois tax benefits are available only to Illinois taxpayers.</b></li> <li>• Contributions may be deductible up to \$10,000 per Illinois tax return (\$20,000 if married filing jointly).</li> <li>• Illinois state income tax on earnings is deferred.</li> <li>• Earnings portion of a Federal Qualified Withdrawal is not subject to Illinois state income tax.</li> <li>• Earnings portion of a Federal Nonqualified Withdrawal is subject to Illinois state income tax.</li> <li>• Rollovers to an out-of-state qualified tuition program, and Illinois Nonqualified Withdrawals, including withdrawals for elementary or secondary public, private or religious school, and Qualified Postsecondary Credentialing Expenses, are subject to recapture of Illinois state tax benefits.</li> <li>• For taxable years ending on or before December 31, 2029, employers that match employees’ contributions to the Program, College Illinois! or the Bright Start Direct-Sold College Savings Program may be eligible for an Illinois state tax credit.</li> </ul>	
<p><b>Federal Tax</b> (See “Federal and State Tax Considerations”, page 48)</p>	<ul style="list-style-type: none"> <li>• Contributions are not deductible for federal income tax purposes.</li> <li>• Federal income tax on earnings is deferred.</li> <li>• Earnings portion of a Federal Qualified Withdrawal is not subject to federal income tax.</li> <li>• Earnings portion of a Federal Nonqualified Withdrawal is subject to income tax and possibly a 10% federal penalty tax.</li> </ul>	
<p><b>Account Owner Eligibility</b> (See “Opening and Maintaining an Account”, page 12)</p>	<ul style="list-style-type: none"> <li>• The Account Owner must have a valid Social Security number or taxpayer identification number and 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 who is at least 18 years old, certain entities, a custodian under a state UGMA or UTMA account, a trust, state or local government, or a 501(c)(3) organization.</li> </ul>	
<p><b>Beneficiary</b> (See “Designating a Beneficiary”, page 14)</p>	<ul style="list-style-type: none"> <li>• The Beneficiary must be an individual with a valid Social Security number or taxpayer identification number. A Beneficiary may be of any age.</li> </ul>	
<p><b>Contributions</b> (See “Contributing to an Account”, page 15)</p>	<ul style="list-style-type: none"> <li>• Minimum:                      No minimum contribution required.</li> <li>• Maximum:                      The Maximum Account Balance is \$500,000 per Beneficiary.</li> <li>• Ways to Contribute:        Check, Automatic Investment Plan, Electronic Funds Transfer, Bright Directions GiffED, Payroll Contribution, Wire Transfer, Bright Directions 529 College Savings Visa® Card “Rewards”, Rollover or transfer from another 529 plan.</li> </ul>	
<p><b>Investment Options</b> (See “Investment Portfolios”, page 17)</p>	<ul style="list-style-type: none"> <li>• 4 Age-Based Options (Aggressive, Moderate, Conservative, Index Moderate)</li> <li>• 2 Enrollment Year Options (Blend Enrollment Year Portfolios and Passive Enrollment Year Portfolios)</li> <li>• 4 Static Portfolios</li> <li>• 33 Individual Fund Portfolios</li> <li>• 15 Individual Fund ETF Portfolios</li> <li>• Investment Changes allowed twice per calendar year or upon a change of Beneficiary.</li> </ul>	

# Bright Directions Advisor-Guided 529 College Savings Program Program Overview

<p><b>Program Costs</b> (See "Program Fees and Expenses", 32, 46)</p>	<table border="0"> <thead> <tr> <th style="text-align: left;"><u>Underlying Investment Costs</u></th> <th style="text-align: center;"><u>Range</u></th> <th style="text-align: center;"><u>Average</u></th> <th colspan="2"></th> </tr> </thead> <tbody> <tr> <td>Age-Based Portfolios</td> <td style="text-align: center;">0.08% - 0.30%</td> <td style="text-align: center;">0.26%</td> <td colspan="2"></td> </tr> <tr> <td>Age-Based Index Portfolios</td> <td style="text-align: center;">0.07% - 0.10%</td> <td style="text-align: center;">0.09%</td> <td colspan="2"></td> </tr> <tr> <td>Blend Enrollment Year Portfolios</td> <td style="text-align: center;">0.17% - 0.30%</td> <td style="text-align: center;">0.27%</td> <td colspan="2"></td> </tr> <tr> <td>Passive Enrollment Year Portfolios</td> <td style="text-align: center;">0.07% - 0.10%</td> <td style="text-align: center;">0.09%</td> <td colspan="2"></td> </tr> <tr> <td>Static Portfolios</td> <td style="text-align: center;">0.08% - 0.30%</td> <td style="text-align: center;">0.24%</td> <td colspan="2"></td> </tr> <tr> <td>Individual Fund Portfolios</td> <td style="text-align: center;">0.00% - 0.98%</td> <td style="text-align: center;">0.48%</td> <td colspan="2"></td> </tr> <tr> <td>Individual Fund ETF Portfolios</td> <td style="text-align: center;">0.03% - 0.13%</td> <td style="text-align: center;">0.07%</td> <td colspan="2"></td> </tr> <tr> <td colspan="5"> <b>Sales Charges</b></td> </tr> <tr> <td></td> <td style="text-align: center;"><b>A</b></td> <td style="text-align: center;"><b>C<sup>1</sup></b></td> <td style="text-align: center;"><b>E</b></td> <td style="text-align: center;"><b>F</b></td> </tr> <tr> <td>Account Sales Charge</td> <td style="text-align: center;">2.50%*</td> <td style="text-align: center;">none</td> <td style="text-align: center;">none</td> <td style="text-align: center;">none</td> </tr> <tr> <td>Annual Account Servicing Fee</td> <td style="text-align: center;">0.25%</td> <td style="text-align: center;">0.50%</td> <td style="text-align: center;">0.25%</td> <td style="text-align: center;">none</td> </tr> <tr> <td colspan="5"> <b>Other Costs</b></td> </tr> <tr> <td>Program Management Fee</td> <td style="text-align: center;">0.125%</td> <td colspan="3" rowspan="3"> <small>* Please see Program Fees and Expenses on page 32 for additional information on breakpoints, rights of accumulation, and letters of intent.  <sup>1</sup> Automatically convert to Class A Units in the month following the 10th anniversary of the purchase date.  <sup>2</sup> Fee waived when e-Delivery of all documents and statements is elected.</small> </td> </tr> <tr> <td>State Administrative Fee</td> <td style="text-align: center;">0.025%</td> </tr> <tr> <td>Paper Delivery Fee<sup>2</sup></td> <td style="text-align: center;">\$12</td> </tr> </tbody> </table>	<u>Underlying Investment Costs</u>	<u>Range</u>	<u>Average</u>			Age-Based Portfolios	0.08% - 0.30%	0.26%			Age-Based Index Portfolios	0.07% - 0.10%	0.09%			Blend Enrollment Year Portfolios	0.17% - 0.30%	0.27%			Passive Enrollment Year Portfolios	0.07% - 0.10%	0.09%			Static Portfolios	0.08% - 0.30%	0.24%			Individual Fund Portfolios	0.00% - 0.98%	0.48%			Individual Fund ETF Portfolios	0.03% - 0.13%	0.07%			 <b>Sales Charges</b>						<b>A</b>	<b>C<sup>1</sup></b>	<b>E</b>	<b>F</b>	Account Sales Charge	2.50%*	none	none	none	Annual Account Servicing Fee	0.25%	0.50%	0.25%	none	 <b>Other Costs</b>					Program Management Fee	0.125%	<small>* Please see Program Fees and Expenses on page 32 for additional information on breakpoints, rights of accumulation, and letters of intent.  <sup>1</sup> Automatically convert to Class A Units in the month following the 10th anniversary of the purchase date.  <sup>2</sup> Fee waived when e-Delivery of all documents and statements is elected.</small>			State Administrative Fee	0.025%	Paper Delivery Fee <sup>2</sup>	\$12
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State Administrative Fee	0.025%																																																																										
Paper Delivery Fee <sup>2</sup>	\$12																																																																										
<p><b>Risk Factors</b> (See "Certain Risks to Consider", page 59)</p>	<p><b>Except as described herein for investments in the FDIC-insured interest-bearing Deposit Account Underlying Investment, investments in the Program are not insured by the FDIC. Investments in the Bright Directions Advisor-Guided 529 College Savings Program are not guaranteed or insured by the State of Illinois, the Illinois State Treasurer, Union Bank and Trust Company, Northern Trust Securities, Inc., the Federal Deposit Insurance Corporation, or any other entity.</b></p> <ul style="list-style-type: none"> <li>• Opening an Account involves certain risks, including: <ul style="list-style-type: none"> <li>o the value of your Account may decrease, and you could lose money, including the principal you invest;</li> <li>o state or federal tax law changes;</li> <li>o Program changes, including changes in fees;</li> <li>o the Program may add, terminate or merge investment Portfolios;</li> <li>o the Program may change Underlying Investment vehicles or change allocations;</li> <li>o an investment in the Program may adversely affect the Account Owner's or Beneficiary's eligibility for financial aid or other benefits.</li> </ul> </li> </ul>																																																																										
<p><b>Federal Qualified Withdrawals</b> (See "Distributions From an Account", page 55)</p>	<p>Assets in your Account can be used to pay for the Beneficiary's Federal Qualified Higher Education Expenses, which include:</p> <ul style="list-style-type: none"> <li>• tuition, fees, books, supplies, and equipment required for enrollment or attendance of a Beneficiary at an Institution of Higher Education;</li> <li>• expenses for room and board (with certain limitations) incurred by students who are enrolled at least half-time;</li> <li>• expenses for the purchase of computer or certain peripheral equipment, computer software, or Internet access and related services if it is to be used primarily by the Beneficiary during any of the years the Beneficiary is enrolled at an Institution of Higher Education;</li> <li>• expenses for special needs services in the case of a special needs Beneficiary which are incurred in connection with such enrollment or attendance;</li> <li>• tuition, fees, books, supplies, and equipment required for participation of the Beneficiary in an Apprenticeship Program;</li> <li>• payments on Qualified Education Loans of the Beneficiary or a Sibling of the Beneficiary, subject to a lifetime limit of \$10,000 per individual;</li> <li>• tuition and certain other expenses in connection with the Beneficiary's enrollment or attendance at an elementary or secondary public, private or religious school, subject to an annual \$10,000 (for 2025; \$20,000 after 2025) per Beneficiary limit; and</li> <li>• Qualified Postsecondary Credentialing Expenses.</li> </ul>																																																																										
<p><b>Illinois Qualified Expense</b> (See "Distributions from an Account", page 56)</p>	<ul style="list-style-type: none"> <li>• Tuition, fees, books, supplies, and equipment required for enrollment or attendance of a Beneficiary at an Institution of Higher Education;</li> <li>• Expenses for room and board (with certain limitations) incurred by students who are enrolled at least half-time;</li> <li>• Expenses for the purchase of computer or certain peripheral equipment, computer software, or Internet access and related services if it is to be used primarily by the Beneficiary during any of the years the Beneficiary is enrolled at an Institution of Higher Education;</li> <li>• Expenses for special needs services in the case of a special needs Beneficiary which are incurred in connection with such enrollment or attendance;</li> <li>• Expenses for fees, books, supplies, and equipment required for the participation of a Beneficiary in an Apprenticeship Program registered and certified with the Secretary of Labor; and</li> <li>• Payments on Qualified Education Loans of the Beneficiary or a Sibling of the Beneficiary, subject to a lifetime limit of \$10,000 per individual.</li> </ul>																																																																										

## **Illinois First Steps Program**

The Illinois First Steps Program ("First Steps") is a college savings starter seed deposit program available to qualifying Illinois residents. First Steps is administered by the Office of the Illinois State Treasurer ("Treasurer") and currently provides for a one-time \$50 seed deposit into an omnibus account on behalf of eligible children. First Steps enrollment began in 2023.

**The details of and requirements for First Steps are set forth in applicable law (15 ILCS 505/16.8), which may be further detailed by administrative rule. The following is a summary of information related to First Steps:**

**Eligible Child:** An eligible child is a child born or adopted on or after January 1, 2023, to a parent who is a resident of Illinois at the time of birth or adoption, as evidenced by documentation from the Illinois Department of Revenue, the Illinois Department of Public Health or another State or local government agency.

**Deposits:** Currently, the seed fund deposit for each eligible child is in the amount of \$50. The Treasurer shall make deposits into an omnibus account on behalf of eligible children. The Treasurer may increase or decrease deposit amounts or forgo deposits, based on the availability of funding.

**Claim Process:** A parent, or legal guardian, must claim the seed fund deposit for the eligible child by the eligible child's tenth birthday. To claim the seed fund deposit, the parent or legal guardian, must establish a Bright Directions Advisor-Guided 529 College Savings Program ("Bright Directions Program") Account or Bright Start Direct-Sold College Savings Program ("Bright Start Program") Account and provide the applicable program with requested information to process the claim to the funds. An eligible child is eligible for only one \$50 seed fund deposit regardless of the number of Accounts opened for such child.

**Use of Funds:** A seed fund deposit, plus any interest, dividends, and other earnings accrued and allocated to such deposit and less any fees allocated to and deducted from such deposit in accordance with Section 16.5 of the State Treasurer Act, 15 ILCS 505 ("First Steps funds"), may be used by an eligible child for qualified higher education expenses as defined under Illinois law if: 1) the parent or legal guardian, claimed the seed fund deposit for the eligible child by the eligible child's 10th birthday; 2) the eligible child has completed secondary education or has reached the age of 18; and 3) the eligible child is currently a resident of the State of Illinois. Nonresidents of Illinois are not eligible to claim or use First Steps funds. For the purposes of First Steps, qualified higher education expenses do not include K-12 expenses.

**First Steps Account Owner:** The Treasurer owns and administers the omnibus accounts that hold the First Step funds, including any claimed seed fund deposits and any unclaimed seed fund deposits. Although the First Steps funds for an eligible child may be reported on the same statement with another Account for such Beneficiary, the Account Owner cannot control the investment or distribution of such funds, cannot change the Account Owner of the First Steps funds and cannot change the Beneficiary of the First Steps funds. Only the eligible child may request a distribution from the First Steps funds, subject to applicable law and rules.

Any seed funds that are unclaimed by the eligible child's 10th birthday and any First Steps funds unused by the eligible child's 26th birthday will be considered forfeited. Unclaimed and unused seed funds and First Steps funds for an eligible child will remain in the omnibus accounts for benefit of future beneficiaries of First Steps.

The First Steps funds for an eligible child will count against the Maximum Account Balance limit.

The Treasurer may adopt rules with respect to the First Steps program and may change deposit amounts based on availability of funding.

## Bright Directions Advisor-Guided 529 College Savings Program

### INTRODUCTION

The Bright Directions Advisor-Guided 529 College Savings Program (the "Program") is part of the Illinois College Savings Pool (the "Pool"), for which the Illinois State Treasurer (the "Treasurer") serves as trustee (the "Trustee"). 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 (the "Code") and the proposed regulations thereunder. 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.

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 Beneficiary's Federal Qualified Higher Education Expenses. 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 \$500,000.

In addition, individuals who contribute to the Program and file an Illinois state income tax return generally are allowed to deduct from their adjusted 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 Illinois Section 529 programs. An Illinois taxpayer who deducted Contributions on his or her Illinois state income tax return in a prior year may be required to include on his or her Illinois state income tax return in the year of withdrawal, all or a portion of the amount previously deducted if the withdrawal is an Illinois Nonqualified Withdrawal. Consult with your financial, tax, or other advisor before making a withdrawal from the Program.

Under federal law, the Program must prohibit the Account Owner and the Beneficiary from directing the investment of any Contributions (or earnings thereon) more than two (2) times in a calendar year. You may choose amongst equity, real assets, fixed income, and/or bank deposit investments relating to your Account based on the available Portfolios described in this Program Disclosure Statement. The Program has over fifty (50) 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 the Bright Start Direct-Sold College Savings Program, which offers different investment options, and has different fees than those offered under the Program. For more information you may visit the Treasurer's website at [IllinoisTreasurer.gov](http://IllinoisTreasurer.gov).

All capitalized terms shall have the meanings given to them in the "Definitions of Key Terms" Section beginning on page 7.

### 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 Maximum Account Balance for Accounts

for a Beneficiary under the Program and any additional accounts in other Illinois Section 529 programs is \$500,000.

**Federal Qualified Withdrawals.** Money in your Account may be withdrawn to pay the Beneficiary's Federal Qualified Higher Education Expenses. Currently, Federal Qualified Higher Education Expenses include (i) tuition, fees, books, supplies, and equipment required for the enrollment or attendance of a Beneficiary at an Institution of Higher Education; (ii) subject to certain limits, the Beneficiary's room and board expenses if enrolled at least half-time; (iii) the purchase of computer or peripheral equipment, computer software, or Internet access and related services if it is to be used primarily by the Beneficiary during any of the years the Beneficiary is enrolled at an Institution of Higher Education; (iv) expenses for special needs services for a special needs Beneficiary that are incurred in connection with enrollment or attendance at an Institution of Higher Education; (v) tuition and certain other expenses in connection with the Beneficiary's enrollment or attendance at an elementary or secondary public, private, or religious school provided that the amount of cash distributions for such expenses from all qualified tuition programs with respect to a Beneficiary do not, in the aggregate, exceed \$10,000 (for 2025) or \$20,000 (after 2025) during the taxable year; (vi) expenses for fees, books, supplies, and equipment required for the participation of a Beneficiary in an Apprenticeship Program; (vii) qualified postsecondary credentialing expenses (for distributions made on or after July 4, 2025); and (viii) amounts paid as principal or interest on any qualified education loan (as defined in Code Section 221(d)) of the Beneficiary or a Sibling (as defined in Code Section 152(d)(2)(B)) of the Beneficiary, but not to exceed \$10,000 per individual (reduced by the amount of distributions for all prior taxable years for such purposes).

**Federal Income Tax Benefits.** Under current law, federal income taxes on investment earnings are 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 Federal Qualified Withdrawal. The earnings portion (if any) of a Federal Nonqualified Withdrawal will be treated as 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 Direct-Sold College Savings Program, and College Illinois! during that tax year. In the case of an Account Owner who is a custodian under a Uniform Gifts to Minors Act ("UGMA") or Uniform Transfers to Minors Act ("UTMA") account, the beneficiary for whom the account is held may be entitled to the Illinois state income tax deduction rather than the custodian of the account. An Illinois taxpayer who deducted Contributions on his or her Illinois state income tax return in a prior year may be required to include on his or her Illinois state income tax return the amount (or a portion of it) previously deducted if an Illinois Nonqualified Withdrawal is made. Consult with your financial, tax, or other advisor before making a withdrawal from the Program.

For tax years ending on or before December 31, 2029, employers that match employees' Contributions to the Program, College Illinois! or the Bright Start Direct-Sold College Savings Program are eligible for an Illinois 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 gift tax annual exclusion. For 2025, the annual exclusion is \$19,000 per donee (\$38,000 for 2025 for a married couple that elect to split their gifts on United States Gift Tax Return Form 709). This means that in 2025, you may contribute up to \$19,000 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 United States Gift Tax Return Form 709).

This means that you may contribute up to \$95,000 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 United States Gift Tax Return to have gifts treated as "split" with the contributor may contribute up to twice that amount (\$190,000 in 2025) 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 and they both make the five-year election. The annual exclusion is indexed for inflation and therefore may increase over time.

**School Eligibility.** The Beneficiary can use funds in the Program to attend any United States school (and some foreign schools), public or private, qualifying as an Institution of Higher Education, including two-year, four-year, professional and vocational schools. Funds may also be used for certain expenses in connection with Apprenticeship Programs. Funds may also be used for elementary or secondary public, private, or religious schools subject to a \$10,000 annual limit in 2025 (\$20,000 in subsequent years), and certain Illinois tax consequences.

**Investment Flexibility.** The Treasurer and Program Manager have designed four (4) Age-Based Options, two (2) Enrollment Year Options, four (4) Static Portfolios, thirty-three (33) Individual Fund Portfolios, and fifteen (15) Individual Fund ETF Portfolios. The Age-Based, Enrollment Year, and Static Portfolios invest in specified allocations of equity, real asset, fixed income, and bank deposit Underlying Investments, and the Individual Fund Portfolios and Individual Fund ETF Portfolios invest in a single Underlying Investment. Account Owners do not own shares of the Underlying Investments or 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. **The Underlying Investments in a Portfolio may be modified from time to time by the Trustee in its sole discretion.**

## DEFINITIONS OF KEY TERMS

**ABLE Account** means an account under a qualified ABLE program under Section 529A of the Code as further defined in

Section 529A(e)(6) of the Code.

**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 eighteen (18) years of age (if an individual) with a valid Social Security number or a taxpayer identification number. An Account Owner need not be a resident of Illinois. 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 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, direct investment changes, designate or change the Beneficiary, request withdrawals, or request exchanges among Portfolios within the Program.

**Account** means a separate Account within the Program established by an Account Owner for a named Beneficiary pursuant to a Participation Agreement. Each Account must be established through a broker or other 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 asset, fixed income, and bank deposit Underlying Investments 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 bank deposit Underlying Investments as the Beneficiary nears college age. See "Exhibit B – Investment Portfolios and Underlying Investments."

**Apprenticeship Program** means a program registered and certified with the Secretary of Labor under Section 1 of the National Apprenticeship Act (29 U.S.C. 50).

**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.

**CESA** means Coverdell Education Savings Account, formerly known as an Education IRA.

**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.

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

**Enrollment Form** means the Bright Directions Advisor-Guided 529

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.

**Enrollment Year Portfolio** means a diversified investment Portfolio that invests in equity, real asset, fixed income, and bank deposit Underlying Investments based on the year your Beneficiary is expected to enroll in school or the year you expect to withdraw funds. Enrollment Year Portfolios will transition from a higher relative allocation to riskier Underlying Investments such as those investing in equities (stocks) in earlier years, to more conservative Underlying Investments such as those investing in fixed income (bonds) and bank deposits, as the Beneficiary approaches their Enrollment Year. See "Exhibit B - Investment Portfolios and Underlying Investments."

**Exchange Traded Fund ("ETF")** means an exchange-traded class of shares issued by certain mutual funds. ETF shares represent an interest in the portfolio of stocks or bonds held by the issuing fund. ETFs are funds that trade like other publicly-traded securities. Conventional mutual fund shares are bought from and redeemed with the issuing fund for cash at the net asset value (NAV), typically calculated once a day. ETF Shares, by contrast, cannot be purchased from or redeemed with the issuing fund by an individual investor. Rather, ETF shares can only be purchased or redeemed by or through certain authorized broker-dealers. These broker-dealers may purchase and redeem ETF shares only in large blocks, and only in exchange for baskets of securities rather than cash.

An organized secondary trading market is expected to exist for ETF shares, unlike conventional mutual fund shares, because ETF shares are listed for trading on a national securities exchange. The market price of a fund's ETF shares typically will differ somewhat from the NAV of those shares. The difference between market price and NAV is expected to be small most of the time, but in times of market disruption or extreme market volatility the difference may become significant.

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

**Federal Qualified Higher Education Expenses**, as defined in Section 529 of the Code, includes:

- tuition, fees, books, supplies, and equipment required for enrollment of, or attendance by, a Beneficiary at an Institution of Higher Education;
- certain room and board expenses incurred by students who are enrolled at least half-time at an Institution of Higher Education. The expense for room and board qualifies only to the extent that it isn't more than the greater of the following two amounts:
  - a) The allowance for room and board, as determined by the Institution of Higher Education, 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 Institution of Higher Education. You may need to contact the Institution of Higher Education for qualified room and board costs;

- expenses for special needs services in the case of a Beneficiary who has special needs that are incurred in connection with such enrollment or attendance;
- expenses for the purchase of computer or certain 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 Institution of Higher Education. This does not include expenses for computer software for sports, games, or hobbies unless the software is predominately educational in nature;
- expenses for fees, books, supplies, and equipment required for the participation of a Beneficiary in an Apprenticeship Program;
- Qualified Postsecondary Credentialing Expenses;
- amounts paid as principal or interest on any Qualified Education Loan of the Beneficiary or a Sibling of the Beneficiary, provided that the total amounts of distributions from all 529 qualified tuition programs to such individual after December 31, 2018 for loan repayment do not exceed \$10,000.
- Qualified Elementary and Secondary Expenses. The amount of cash distributions for such expenses from all 529 qualified tuition programs with respect to a Beneficiary shall, in the aggregate, not exceed \$10,000 during 2025 or \$20,000 during the taxable year thereafter.

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

- Another 529 qualified tuition program for the benefit of the Beneficiary, provided that any such transfer does not occur within twelve (12) months from the date of a previous transfer to a 529 qualified tuition program for the benefit of the Beneficiary;
- Another account in any other 529 qualified tuition program, for the benefit of an individual who is a Member of the Family of the Beneficiary; or
- To an ABL account of the Beneficiary or a Member of the Family of the Beneficiary, subject to the contribution limits for ABL accounts.

See "Can I Transfer My Account to Other Illinois Section 529 Programs?".

**Federal Qualified Withdrawal** means a withdrawal from an Account that is used to pay the Federal Qualified Higher Education Expenses of the Beneficiary. A Federal Qualified Withdrawal generally is not subject to federal or Illinois state income tax, but a Federal Qualified Withdrawal that is also an Illinois Nonqualified Withdrawal may trigger recapture of any Illinois income tax deduction claimed for Contributions to the Account.

**Fee Structure A or C** means the fee structure selected by Account Owners who establish an Account with the involvement of a broker or financial advisor as described in the Participation Agreement.

**Fee Structure E** means the Fee Structure available to Account Owners contributing through an employer-sponsored option.

**Fee Structure F** means the fee structure available only to Account Owners who establish an 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.

**Illinois Nonqualified Withdrawal** means any withdrawal from an Account to the extent it is not (i) used for Illinois Qualified Expenses for the Beneficiary, (ii) resulting from the Beneficiary's death or disability, (iii) a rollover to another account in the Pool or (iv), a rollover to an ABLE Account administered by Illinois, subject to the contribution limits for ABLE accounts. In the event of an Illinois Nonqualified Withdrawal the amount of any deduction previously taken for Illinois income tax purposes (or a portion of such amount) is added back in determining Illinois base income.

**Illinois Qualified Expenses** means:

- tuition, fees, books, supplies, and equipment required for enrollment of, or attendance by, a Beneficiary at an Institution of Higher Education;
- certain room and board expenses incurred by a Beneficiary who is enrolled at least half-time. The expense for room and board qualifies only to the extent that it isn't more than the greater of the following two amounts:
  - a) The allowance for room and board, as determined by the Institution of Higher Education, 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 Institution of Higher Education. You may need to contact the Institution of Higher Education for qualified room and board costs;
- expenses for special needs services in the case of a Beneficiary who has special needs which are incurred in connection with such enrollment or attendance;
- expenses for the purchase of computer or certain 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 Institution of Higher Education. This does not include expenses for computer software for sports, games, or hobbies unless the software is predominately educational in nature;
- expenses for fees, books, supplies, and equipment required for the participation of a Beneficiary in an Apprenticeship Program; and
- amounts paid as principal or interest on any Qualified Education Loan of the Beneficiary or a Sibling of the Beneficiary, provided that the total amounts of distributions from all 529 qualified tuition programs to such individual after December 31, 2018 for loan repayment do not exceed \$10,000.

Illinois Qualified Expenses do not include:

- distributions for Qualified Elementary and Secondary Expenses; or
- distributions for Qualified Postsecondary Credentialing Expenses.

**Illinois Section 529 Programs** means the Bright Directions Advisor-Guided 529 College Savings Program, Bright Start Direct-Sold College Savings Program, and College Illinois!, a prepaid tuition program.

**Individual Fund Portfolio** means an investment Portfolio that invests in the shares of a single Underlying Investment. Account Owners do not own shares of the Underlying Investment directly, but rather own shares in a Portfolio of the Program. You can choose to allocate your Contributions to one or more Individual Fund Portfolios according to your investment objective and risk tolerance. The performance of the Individual Fund Portfolios is dependent on the performance of the individual Underlying Investment in which they invest. As a result, its performance may be more volatile than the other available Portfolios in the Program. See "Exhibit B – Investment Portfolios and Underlying Investments."

**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 Portfolios 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 C – 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 the student aid programs provided by Title IV of the Higher Education Act of 1965 (the "HEA"). For a list of schools, visit [studentaid.gov](http://studentaid.gov). "Institution of Higher Education" does not include any elementary or secondary school.

**Investment Policy Statement** means the Bright Directions Investment Policy Statement adopted by the Treasurer pursuant to the Program Management Agreement 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 Program Management Agreement.

**Legal Incompetency** means (a) the person has a court-appointed guardian or conservator for the person's estate or (b) a physician who is attending to the care of the person and who has examined the person within the past sixty (60) days certifies in writing that the person is unable to prudently manage financial affairs.

**Maximum Account Balance** is the threshold after which additional Contributions to an Account cannot be made. The Maximum Account Balance is currently \$500,000 and is applied against the aggregate value of all Program Accounts for the Beneficiary and

all accounts for the same Beneficiary under other Illinois Section 529 Programs, including any Illinois First Steps account. The Treasurer periodically reviews and adjusts the Maximum Account Balance to comply with the requirement under Code Section 529 that a program prevent contributions in excess of those necessary to provide for the qualified higher education expenses of the beneficiary.

**Member of the Family**, as defined in Section 529 of the Code, 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** under Code Section 529 means a distribution that may be subject to income tax, and sometimes an additional penalty tax, on the Earnings Portion of the distribution. See "Federal Nonqualified Withdrawal." The term "Nonqualified Withdrawal" is also used under Illinois law for a different purpose. An Illinois Nonqualified Withdrawal may trigger "recapture" of any Illinois state income tax deduction previously taken. See "Illinois Nonqualified Withdrawal."

**Participant** means an Account Owner.

**Participation Agreement** means the legally binding contract between an Account Owner and the Trust. The current form of the 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 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 specified allocations of equity, real assets, fixed income, and/or bank deposit Underlying Investments, or a single Underlying Investment. The Program currently has Age-Based, Enrollment Year, Static, Individual Fund, and Individual Fund ETF Portfolios.

**Program** means the Bright Directions Advisor-Guided 529 College Savings Program.

**Program Management Agreement** means the Bright

Directions Advisor-Sold College Savings Program Management Agreement by and between the Program Manager and the Treasurer.

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

**Qualified Education Loan** means a loan as defined in Code Section 221(d) of the Beneficiary or a Sibling of the Beneficiary.

**Qualified Elementary and Secondary Expenses** means the following expenses in connection with enrollment or attendance at, or for students enrolled at or attending, an elementary or secondary public, private, or religious school:

- Tuition.
- Curriculum and curricular materials.
- Books or other instructional materials.
- Online educational materials.
- Tuition for tutoring or educational classes outside of the home, including at a tutoring facility, but only if the tutor or instructor is not related to the student and (i) is licensed as a teacher in any state, (ii) has taught at an eligible educational institution, or (iii) is a subject matter expert in the relevant subject.
- Fees for a nationally standardized norm-referenced achievement test, as advanced placement examination, or any examinations related to college or university admission.
- Fees for dual enrollment in an institution of higher education.
- Educational therapies for students with disabilities provided by a licensed or accredited practitioner or provider, including occupational, behavioral, physical, and speech-language therapies.

**Qualified Postsecondary Credentialing Expense** means:

- tuition, fees, books, supplies, and equipment required for the enrollment or attendance of a designated beneficiary in a Recognized Postsecondary Credential Program, or any other expense incurred in connection with enrollment in or attendance at a Recognized Postsecondary Credential Program if such expense would, if incurred in connection with enrollment or attendance at an eligible educational institution, be a Federal Qualified Higher Education Expense.
- fees for testing if such testing is required to obtain or maintain a Recognized Postsecondary Credential.
- fees for continuing education if such education is required to maintain a Recognized Postsecondary Credential.

**Recognized Postsecondary Credential Program** means any program to obtain a Recognized Postsecondary Credential if --

- such program is included on a state list prepared under section 122(d) of the Workforce Innovation and Opportunity Act (29 U.S.C. 3152(d)),

- such program is listed in the public directory of the Web Enabled Approval Management System (WEAMS) of the Veterans Benefits Administration, or successor directory such program,
- an examination (developed or administered by an organization widely recognized as providing reputable credentials in the occupation) is required to obtain or maintain such credential and such organization recognizes such program as providing training or education which prepares individuals to take such examination, or
- such program is identified by the Secretary of the Treasury, after consultation with the Secretary of Labor, as being a reputable program for obtaining a recognized postsecondary credential for purposes of this subparagraph.

**Recognized Postsecondary Credential** means:

- any postsecondary employment credential that is industry recognized and is
  - (i) any postsecondary employment credential issued by a program that is accredited by the Institute for Credentialing Excellence, the National Commission on Certifying Agencies, or the American National Standards Institute,
  - (ii) any postsecondary employment credential that is included in the Credentialing Opportunities On-Line (COOL) directory of credentialing programs (or successor directory) maintained by the Department of Defense or by any branch of the Armed Forces, or
  - (iii) any postsecondary employment credential identified for purposes of this clause by the Secretary of the Treasury, after consultation with the Secretary of Labor, as being industry recognized.
- any certificate of completion of an apprenticeship that is registered and certified with the Secretary of Labor under the Act of August 16, 1937 (commonly known as the 'National Apprenticeship Act'; 50 Stat. 664, chapter 663; 29 U.S.C. 50 et seq.).
- any occupational or professional license issued or recognized by a state or the federal government (and any certification that satisfies a condition for obtaining such a license), and
- any recognized postsecondary credential as defined in section 3(52) of the Workforce Innovation and Opportunity Act (29 U.S.C. 3102(52)), provided through a program included on a state list prepared under section 122(d) of the Workforce Innovation and Opportunity Act (29 U.S.C. 3152(d)).

**Roth IRA** means an individual retirement account established under Section 408A of the Code.

**Roth IRA Rollover** means a direct transfer from an Account

to a Roth IRA on or after January 1, 2024, that meets the following requirements:

- The Account must have been maintained for the 15-year period ending on the date of the Roth IRA Rollover.
- The Roth IRA Rollover must be made in a direct trustee-to-trustee transfer to a Roth IRA maintained for the benefit of the Beneficiary of the Account.
- Each year, the 529-to-Roth IRA Rollover will be subject to annual IRA contribution limits, minus all other IRA contributions made during the year for the same designated beneficiary. In addition, such rollovers may not exceed the amount of compensation the Beneficiary earned during the year.
- The amount of the Roth IRA Rollover may not exceed the aggregate amount contributed to Account (and earnings attributable thereto) before the 5-year period ending on the date of the Roth IRA Rollover.
- The aggregate amount for all years of Roth IRA Rollovers for the same Beneficiary from all 529 qualified tuition programs may not exceed \$35,000.

Roth IRA Rollovers are subject to the annual contribution limit for Roth IRAs. For 2025, the limit is \$7,000. All contributions made during the year to individual retirement accounts for the Beneficiary count towards this limit.

A Roth IRA Rollover can be made only to the extent the Beneficiary has eligible compensation (e.g. wages and self-employment income) for the year. The Roth IRA modified adjusted gross income limits appear not to apply to Roth IRA Rollovers.

**Sibling** means an individual who bears a relationship to the Beneficiary which is described in Code Section 152(d)(2)(B). Sibling includes a stepsibling and also includes a sibling by the half blood.

**Static Portfolio** means a diversified investment portfolio that can invest in equity, real asset, fixed income, and bank deposit Underlying Investments. Contributions and earnings are invested in a set asset allocation of equity, real assets, fixed income, and bank deposit Underlying Investments. Unlike the Age-Based Portfolios, the Static Portfolios' asset allocations do not adjust as the Beneficiary gets older. See "Exhibit B – Investment Portfolios and Underlying Investments."

**Treasurer** means the Office of the Illinois State Treasurer.

**Trust** means the Bright Directions College Savings Program Trust.

**Underlying Investments** means the underlying investment funds that the Portfolios invest in and include mutual funds, separately managed accounts, bank deposit accounts, and other investment vehicles.

**UGMA** means Uniform Gifts to Minors Act.

**UTMA** means Uniform Transfers to Minors Act.

## DESCRIPTION OF THE PROGRAM

### What Is the Program?

The Program was created by the State of Illinois and is part of the Pool which is designed to qualify as a qualified tuition program under Section 529 of the Code. The primary purpose of the Program is to offer a convenient and tax-advantaged way to save for the cost of college and Federal Qualified Higher Education Expenses. Federal and Illinois 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 income tax if it is used to pay the Federal Qualified Higher Education Expenses of the Beneficiary. It is also free from Illinois income tax unless the distribution is an Illinois Nonqualified Withdrawal, in which case the amount of any deduction previously taken for Illinois income tax purposes (or a portion of such amount) is added back to Illinois taxable income.

The Pool consists of the Program and the Bright Start Direct-Sold College Savings Program. This Program Disclosure Statement only pertains to Accounts in the Bright Directions Advisor-Guided 529 College Savings 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 is an appropriate vehicle for you to use to save for Federal Qualified Higher Education Expenses. 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.

### What Is the Legal Structure of the Program?

The Illinois State Treasurer acts as Trustee. The Treasurer 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 and 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 engaged Wilshire to advise it with respect to the structure and asset allocations of the Portfolios and the Underlying Investments the Portfolios utilize.

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 the distribution agreement, 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 Federal Qualified Higher Education Expenses as described herein, you must open an Account for a named Beneficiary. Money contributed to your Account will be invested in the Portfolio(s) you choose. When the Beneficiary of your

Account incurs Federal Qualified Higher Education Expenses, you may withdraw money from your Account to pay those Federal Qualified Higher Education Expenses.

### What Types of Expenses May Be Paid With Account Funds?

Account funds may be used to pay the Federal Qualified Higher Education Expenses of the Account Beneficiary. These expenses generally include (i) tuition, fees, books, supplies, and equipment required for the Beneficiary's enrollment or attendance at an Institution of Higher Education; (ii) subject to certain limitations, the room and board expenses of a student enrolled at least on a half-time basis; (iii) the purchase of computer or certain peripheral equipment, computer software, or Internet access and related services if they are to be used primarily by the Beneficiary during any of the years the Beneficiary is enrolled at an Institution of Higher Education; (iv) expenses for special needs services incurred in connection with enrollment or attendance at an Institution of Higher Education in the case of a Beneficiary who has special needs; (v) expenses for fees, books, supplies, and equipment required for the participation of a Beneficiary in an Apprenticeship Program; and (vi) amounts paid as principal or interest on any Qualified Education Loan of the Beneficiary or a Sibling of the Beneficiary, but not to exceed \$10,000 per individual (reduced by the amount of distributions for all prior taxable years for such purposes).

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 student aid programs provided by Title IV of the HEA.

In addition, federal law, but not Illinois law, permits:

- an aggregate of up to \$10,000 in 2025 and \$20,000 in subsequent years during a taxable year from all 529 qualified tuition programs for a Beneficiary to be used for Qualified Elementary and Secondary Expenses; and
- Qualified Postsecondary Credentialing Expenses (for distributions made on or after July 4, 2025).

Such distributions would be Illinois Nonqualified Withdrawals and the amount of any deduction previously taken for Illinois income tax purposes (or a portion of such amount) would be added back to Illinois taxable income. Consult with your tax or legal advisor before making such distributions.

The tax benefits afforded to 529 qualified tuition programs 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. You should consult with your tax or legal advisor with respect to the various education benefits.

## 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 eighteen (18) years of age (if an individual) and have 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.

There may be only one Account Owner per Account (joint ownership is not allowed). 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 Direct-Sold College Savings Program and College Illinois!, do not exceed the Maximum Account Balance. 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.

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 other tax consequences of investments in the Program made by a trust, nor does it address the propriety of a trust making such an investment under state trust law. The Program is not responsible for determining if the individual listed as the trustee has the authority to open an Account in such capacity or whether trust assets can be used to open such Account.

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 and sign 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 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, including any Illinois First Steps account, and accounts in other Illinois Section 529 Programs, including the Bright Start Direct-Sold College Savings Program and College Illinois!, may not exceed the Maximum Account Balance.

### **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 sixty (60) days of opening the Account.

### **May I Change Ownership of a Program Account?**

The Account Owner may change ownership of an Account to another individual or entity that is eligible to be an Account Owner. When an Account Owner transfers ownership of an Account, the Account Owner may, but is 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.

The current Account Owner must complete and submit a Change of Account Owner Form to the Program Manager to transfer ownership of the Account. The Account Owner's signature on the Change of Account Owner Form must be medallion signature guaranteed, or it will not be processed. The new Account Owner will be required to sign the Change of Account Owner Form and thereby enter into a Participation Agreement. Federal tax law does not specifically address the tax treatment of a change of ownership of an Account. You should consult your tax or legal 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 or Incompetency?**

On the Enrollment Form, the Account Owner may designate a successor Account Owner to take ownership of the Account in the event of the Account Owner's death or legal

incompetency. If an Account is already established, the Account Owner may designate a successor Account Owner or change the designation by completing and submitting the appropriate form available from your financial advisor or at BrightDirections.com.

### **If I do not Name a Successor, Who Becomes Account Owner at my Death?**

Except for Accounts subject to a state UGMA or UTMA, if the Account Owner does not properly designate a successor Account Owner who is able and willing to serve as successor Account Owner, ownership of the Account will pass to:

1. the person designated in the Account Owner's Will as successor Account Owner by specific reference to 529 qualified tuition program savings accounts, or if none,
2. the spouse of the Account Owner if such surviving spouse is a lineal ancestor of the Beneficiary, or if none,
3. the Beneficiary if of legal age and not legally incompetent, or if not of legal age and competent,
4. the court-appointed guardian or conservator of the estate of the Beneficiary, or if none,
5. the court-appointed custodial guardian or conservator of the Beneficiary, as custodian for the Beneficiary under a state UGMA or UTMA, or if none,
6. a parent of the Beneficiary, provided that if both parents are living and able and willing to serve as the Account Owner, the ownership of the Account shall pass to (a) the parent who is related (other than by marriage) to the prior Account Owner, or if not applicable, (b) the parent with the earlier date of birth.

References to a "parent" or an "ancestor" include natural and adoptive relationships.

For example, the following direction in your Will is sufficient: "I name my sister Jane Smith as the successor account owner of all 529 savings accounts of which I am the account owner." A direction to distribute your assets to one or more persons is not a designation of a successor Account Owner. Please note that if you leave a designation of successor Account Owner in a Will we may require that the Will be admitted to probate and determined by the court to be your Will in effect at your death.

The person claiming the right to be the successor Account Owner upon the Account Owner's death must submit to the Program Manager a certified copy of the death certificate and a signed Change of Account Owner Form. The successor Account Owner may also be required to submit, in the Program Manager's discretion, an affidavit or statement that there is no person with a higher priority to become successor Account Owner. None of the State of Illinois, the Treasurer or the Program Manager shall have any liability for a good faith determination of who is entitled to be the successor Account Owner.

### **If I do not Name a Successor, Who Becomes Account Owner Upon my Legal Incompetency?**

If the Account Owner becomes legally incompetent and does not properly designate a successor Account Owner

who is able and willing to serve as successor Account Owner, ownership of the Account will pass to:

1. the agent or attorney-in-fact under the Account Owner's power of attorney, provided that if the Beneficiary is someone other than the Account Owner, the power of attorney grants the agent or attorney-in-fact the power to manage 529 qualified tuition program accounts or grants the agent or attorney-in-fact the power to make gifts to the Beneficiary, or if none,
2. the spouse of the Account Owner if such spouse is a lineal ancestor of the Beneficiary, or if none,
3. the court-appointed guardian or conservator of the Account Owner's estate, or if none,
4. the Beneficiary if of legal age and not legally incompetent, or if not of legal age and competent,
5. the court-appointed guardian or conservator of the estate of the Beneficiary, or if none,
6. the court-appointed custodial guardian or conservator of the Beneficiary, as custodian for the Beneficiary under a state UGMA or UTMA, or if none,
7. a parent of the Beneficiary, provided that if both parents are living and able and willing to serve as the Account Owner, the ownership of the Account shall pass to (a) the parent who is related (other than by marriage) to the prior Account Owner, or if not applicable, (b) the parent with the earlier date of birth.

References to a "parent" or an "ancestor" include natural and adoptive relationships.

Upon the Account Owner's Legal Incompetency, the successor Account Owner must submit to the Program Manager proof of the Account Owner's Legal Incompetency and a Change of Account Owner Form signed by the successor Account Owner. A change of Account Owner is irrevocable, even if the original Account Owner regains competency.

If the Account Owner did not properly designate a successor Account Owner who is able and willing to serve as successor Account Owner, the person claiming the right to be the successor Account Owner may also be required to submit, in the Program Manager's discretion, an affidavit or statement that there is no person with a higher priority to become successor Account Owner. None of the State of Illinois, the Treasurer or the Program Manager shall have any liability for a good faith determination of an Account Owner's legal incompetency or who is entitled to be the successor Account Owner.

## **DESIGNATING A BENEFICIARY**

### **Who May Be a Program Beneficiary?**

An individual with a valid Social Security number or a taxpayer identification number, including the Account Owner, can be a Beneficiary. A Beneficiary can be of any age and need not be a resident of Illinois. Each Account may have only one 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, including any Illinois First Steps account, do not exceed the Maximum Account Balance. An Account Owner may 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 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 Federal Qualified Higher Education Expenses from the Account.

If the source of Contributions to an Account was a state UGMA or UTMA account, the Beneficiary of the Account must be the UGMA/UTMA beneficiary and may not be changed until the Beneficiary attains the legal age necessary to control the UGMA or UTMA assets and becomes the Account Owner.

### **Do I Have to Be Related to the Beneficiary?**

When you establish an Account, you do not have to be related to the Beneficiary. However, if you change the 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?**

The Account Owner 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. The Account Owner may also change the Portfolios in which the Account is invested when changing the Beneficiary. If the new Beneficiary is not a Member of the Family of the current Beneficiary, then the change is treated as a Federal Nonqualified Withdrawal that is subject to federal and Illinois state taxes, a federal tax penalty, and may be subject to recapture of Illinois state tax benefits. 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;
- 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 half-brother or half-sister. See "Definitions of Key Terms – Member of the Family," above.

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. You should consult your tax or legal advisor before making such change.

When you change the Beneficiary, unless you direct otherwise, any money invested in an Enrollment Year Portfolio, Static Portfolio or Individual Fund Portfolio will remain in such Portfolio, and any money invested in an Age-Based Portfolio will be transferred to the applicable Age-Based Portfolio based on the new Beneficiary's age.

If the source of Contributions to an Account was a state UGMA or UTMA account, the Beneficiary of the Account must be the UGMA/UTMA beneficiary and may not be changed until the Beneficiary attains the legal age necessary to control the UGMA or UTMA assets and becomes the Account Owner.

If you change the Beneficiary of your Account, the Program Manager will ask you to certify the relationship between the new Beneficiary and the current Beneficiary. To change the Beneficiary of your Account, you must complete and submit the appropriate form.

## **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 denominated in U.S. dollars. You may contribute to the Program by any of the following methods:

- **Check payable to Bright Directions 529™;**
- **Automatic investment plan ("AIP")** - You may establish an AIP by logging on to your Account at BrightDirections.com or downloading and completing and submitting the appropriate form. If your AIP Contribution cannot be processed because of insufficient funds or because of incomplete or inaccurate information, the Program reserves the right to suspend future AIP contributions.
- **Electronic funds transfer ("EFT")** - You may complete EFT contributions by logging on to your Account at BrightDirections.com. If your EFT Contribution cannot be processed because of insufficient funds or because of incomplete or inaccurate information, the Program reserves the right to suspend future EFT Contributions.
- **Payroll contribution** - Payroll Contributions allow you to set up automatic contributions in the form of paycheck deductions. Check with your employer to see if it offers this service.
- **Bright Directions GIFTED** - You can send an online invitation to family and friends to allow them to contribute to your Account. Log in to your Account and follow the on-screen instructions.
- **Wire transfer** - Please be aware that your bank may charge a fee for wire transfers;
- **"Rewards"** from your Bright Directions 529 College Savings Visa® Card - Once you've accumulated \$50 in rewards with the Bright Directions 529 College Savings Visa® Card, those amounts will be automatically transferred

at the end of each calendar quarter to the Account(s) you designate; or

- **Transfer or rollover** from another 529 qualified tuition program, CESA, or a qualified U.S. Savings Bond. 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 U.S. 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.

Checks should be sent to the following address:

**Mailing Address:**

Bright Directions 529  
P.O. Box 82623  
Lincoln, NE 68501-9823

**Overnight or Courier Address:**

Bright Directions 529  
1248 O Street, Suite 200  
Lincoln, NE 68508

Bright Directions cannot accept Contributions made with credit card convenience checks, stocks, securities, other nonbank account assets, nor may you charge contributions to your credit card.

Bright Directions is 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 and submitting 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.

The Program Manager will treat the entire amount of any Contribution that is a rollover contribution from a CESA, a qualified U.S. Savings Bond, or another 529 qualified tuition program as 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.

**Can Others Contribute to the Account?**

A person other than the Account Owner may make contributions to an Account. However, the Account Owner maintains control over the Account including the investment and distribution

of any Contributions. 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.

The Illinois Department of Revenue has stated (in a nonbinding general information letter) that the state income tax deduction is available to individuals other than the Account Owner who contribute to an Account.

**Can I Rollover or Transfer Funds From Another 529 Qualified Tuition Program?**

An account owner of an account in another 529 qualified tuition program 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 Federal Qualified Rollover Distribution provided it has been more than twelve (12) months since any previous rollover for that Beneficiary or if the Beneficiary of the Account is changed 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 rollover or 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.

A transfer from another Illinois Section 529 Program to the Bright Directions Advisor-Guided 529 College Savings Program or vice versa, for the same Beneficiary, is treated as an investment change.

The Illinois Administrative Code provides that in the case of a rollover from a non-Illinois 529 qualified tuition program, the amount of the rollover that constituted investment in the prior qualified tuition program for federal income tax purposes (but not the earnings portion of the rollover) is eligible for the deduction for Illinois individual income tax purposes. You should consult your tax or legal advisor under such circumstances.

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

A custodian for a beneficiary 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 beneficiary 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 relevant age 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, and complete a Change of Account Owner Form, when the**

**Beneficiary attains the relevant age 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 custodianship for proper purposes.

**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 and 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](http://BrightDirections.com).

**What is Bright Directions GiffED?**

You may invite family and friends to contribute to your Bright Directions Account through Bright Directions GiffED. After your Bright Directions Account is established, log in to your Account online at [BrightDirections.com](http://BrightDirections.com) and select "GiffED". Follow the online instructions to send 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 contributed.

**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 aggregate Maximum Account Balance limit for Accounts for any Beneficiary in the Program and in other Illinois Section 529 Programs is \$500,000.

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 aggregate value of Accounts for a Beneficiary in the Program and in other Illinois Section 529 Programs falls below the Maximum Account Balance then in effect.

The \$500,000 Maximum Account Balance 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 cannot be made to any Account for a Beneficiary if the aggregate Account balance, including the proposed Contribution, for that Beneficiary (including all Program Accounts for the same Beneficiary and any accounts under other Illinois Section 529 Programs, including the Bright Start Direct-Sold College Savings Program and College Illinois!, regardless of Account Owner, and including any Illinois First Steps account), would exceed the Maximum Account Balance. The Treasurer will periodically review and may adjust the Maximum Account Balance.

**What Happens to Contributions to an Account that Exceeds the Maximum Account Balance?**

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 will reject such Contributions. If the Program Manager determines that you have made a Contribution to an Account that exceeds the Maximum Account Balance, then the excess portion of such Contribution and any earnings thereon will be promptly refunded and may be treated as a Federal Nonqualified Withdrawal that is subject to federal and Illinois state 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 in accordance with the Investment Policy Statement. These may include investment funds investing in domestic equity, international equity, real assets, fixed income, bank deposit accounts, 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 Investments is included in “Exhibit B - Investment Portfolios and Underlying Investments” and “Exhibit C - 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 or visit the website of the respective mutual fund.**

The Program has the following Portfolios available:

- **4 Age-Based Options:** designed to reduce the Account’s exposure to equity securities the closer the Beneficiary gets to college age;
- **2 Enrollment Year Options:** designed based upon your Beneficiary’s anticipated year of enrollment in school;
- **4 Static Portfolios:** keep the same asset allocation between equity, real assets, fixed income, and bank deposits over the life of your Account;
- **33 Individual Fund Portfolios:** each invest in a single Underlying Investment; and,
- **15 Individual Fund ETF Portfolios:** each invest in a single Exchange Traded Fund.

The Age-Based, Enrollment Year, Static, Individual Fund, and Individual Fund ETF Portfolios have been designed (or selected) by the Treasurer, the Program Manager, and Wilshire.

Contributions will be invested in the Portfolio or Portfolios the Account Owner selects on the Enrollment Form in accordance with the Investment Policy Statement. Under federal law, none of the Account Owner, contributors or the Beneficiary may direct the investment of Contributions (or earnings thereon) more than two times in a calendar year. As a result, an Account Owner can change the Portfolio or Portfolios in which Contributions and 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 for the same Beneficiary, the Account Owner may change the Portfolios in all of these accounts without tax consequences, as 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 IllinoisTreasurer.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 Investments in which the Portfolios invest, including the Underlying Investments in which the Individual Fund Portfolios invest.**

### Age-Based Portfolios

You may choose from four (4) Age-Based Options:

- Aggressive Age-Based Option
- Moderate Age-Based Option
- Conservative Age-Based Option
- Index Age-Based Moderate Option  
(available in Fee Structure A, C and F ONLY)

The Age-Based Portfolios generally invest in a mix of equity, real asset, fixed income, and bank deposit Underlying Investments 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 asset, fixed income, and bank deposit Underlying Investments becomes more conservative relative to the allocation in earlier years. For each Age-Based Portfolio, the Program will automatically exchange assets from one Portfolio to another during the month the Beneficiary attains the next age-band based as set forth in the following “Bright Directions Age-Based Options” table.

In consultation with your broker or other financial advisor, within the Age-Based Portfolios you may choose from an aggressive, moderate, conservative or index moderate asset allocation based on, among other factors, your investment time horizon, your investment goals and objectives, and your tolerance for market volatility and investment risk.

Each Age-Based Option has nine (9) Age-Based Portfolios for Beneficiaries of varying ages (ages 0-2; ages 3-5; ages 6-8; ages 9-10; ages 11-12; ages 13-14; ages 15-16; ages 17-18; and, ages 19 and over). For the detailed asset allocation, mix of Underlying Investments, and the age ranges for each of the Portfolios, see “Exhibit B - Investment Portfolios and Underlying Investments.” The current targeted asset allocation of each Age-Based Portfolio is set forth in the following table.

**The Index Age-Based Moderate Portfolios are available only to Account Owners investing in Fee Structure A, C, or F.**

## BRIGHT DIRECTIONS AGE-BASED OPTIONS

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

Portfolios may (a) invest in registered or unregistered funds; (b) have their assets managed in a separate account in accordance with the Program Management Agreement and Investment Policy Statement; or (c) include a combination of (a) and (b).

## Enrollment Year Portfolios

You may choose from two (2) Enrollment Year Options:

- **Passive Enrollment Year Portfolios** (primarily invest in underlying index funds)
- **Blend Enrollment Year Portfolios** (invest in a combination of underlying actively-managed and index funds)

The Enrollment Year Portfolios are designed to allow you to select a Portfolio based upon the year your Beneficiary is expected to enroll in school or the year in which you expect to withdraw funds (the “Enrollment Year”), and your risk tolerance. An Enrollment Year Portfolio’s target allocations will change as your Beneficiary approaches their Enrollment Year. This allows for more frequent and gradual adjustments to the Portfolios’ asset allocation over time.

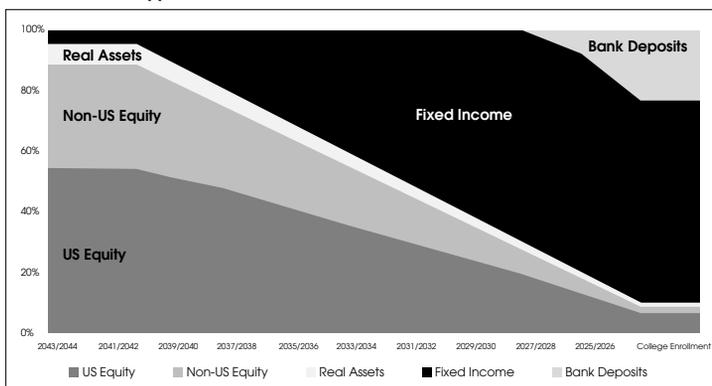
In general, once a Portfolio is within fifteen years of the Enrollment Year, the asset allocation of the money invested will be shifted gradually on a quarterly basis to more conservative fixed income investments; provided that the College Enrollment Portfolio, which is designed for investors who are withdrawing for qualified education expenses, will remain at a static, conservative asset allocation for its duration.

Approximately every two years, a new Enrollment Year Portfolio will be created and the assets of the oldest, expired Enrollment Year Portfolio will be transferred into the College Enrollment Portfolio.

Enrollment Year Portfolios will generally invest in a mix of U.S. equity, international equity, fixed income, bank deposit, and real asset Underlying Investments, allocated based on the current age (and the corresponding Enrollment Year) of the Beneficiary. Enrollment Year Portfolios will adjust over time so that as the Beneficiary nears their Enrollment Year, the allocation between U.S. equity, international equity, fixed income, bank deposit, and real asset Underlying Investments becomes more conservative relative to the allocation in earlier years.

The following “glide path” chart illustrates the projected asset allocation among U.S. equity, international equity, fixed income, bank deposits, and real assets, relative to the Beneficiary’s time horizon to the anticipated Enrollment Year. These projected asset allocations may change over time and may differ from those shown in this illustration.

Approximate Asset Allocations of Enrollment Year Portfolios



Enrollment Year Portfolios are designed to account for the number of years before the Beneficiary is expected to withdraw money from the account for Qualified Higher Education Expenses. Enrollment Year Portfolios are designed to gradually reduce risk over time.

Accordingly, Enrollment Year Portfolios will transition from a higher relative allocation to riskier Underlying Investments such as those investing in equities (stocks) in earlier years, to more conservative Underlying Investments such as those investing in fixed income (bonds) and bank deposits, as the Beneficiary approaches their Enrollment Year. For each Enrollment Year Portfolio (except the College Enrollment Portfolio), the investment allocation is adjusted quarterly during the term of the Enrollment Year Portfolio, through the Enrollment Year.

You may choose a more aggressive or conservative approach by designating a Portfolio that differs from the one corresponding to your Beneficiary’s expected enrollment date.

**There can be no guarantee that any Enrollment Year Portfolio will meet its investment objective, that the performance of an Enrollment Year Portfolio will be positive or aligned with its target Enrollment Year, or that your principal will be preserved. You should consult with your financial, tax or other advisor about whether an Enrollment Year Portfolio is appropriate for your investment objectives and how the characteristics of any Enrollment Year Portfolio would apply to your specific circumstances.**

The current targeted asset allocation of each Enrollment Year Portfolio as of the date of this Program Disclosure Statement is set forth in the following table.

Enrollment Year Portfolio	Bank Deposits	Fixed Income	U.S. Equity	International Equity	Real Assets
2043/2044	-	5%	54.5%	34%	6.5%
2041/2042	-	5%	54.5%	34%	6.5%
2039/2040	-	10%	52%	32%	6%
2037/2038	-	20%	48%	27%	5%
2035/2036	-	30%	42%	23%	5%
2033/2034	-	40%	36%	20%	4%
2031/2032	-	50%	30%	16%	4%
2029/2030	-	60%	25%	12%	3%
2027/2028	-	70%	20%	8%	2%
2025/2026	8%	72%	13%	5%	2%
College Enrollment	23%	67%	7%	2%	1%

For the detailed asset allocation and mix of Underlying Investments for each of the Portfolios as of July 18, 2025, see “Exhibit B – Investment Portfolios and Underlying Investments.” For the most recent target allocations, please visit [BrightDirections.com](http://BrightDirections.com).

## Static Portfolios

The Static Portfolios are asset allocation Portfolios that invest in a set or “fixed” target allocation of equity, real asset, fixed income, and bank deposit Underlying Investments. Although the target asset allocations for these Portfolios are not expected to vary, the Underlying Investments in which the Portfolios invest will be reviewed at least annually and may change. If you select the Static Portfolio approach, your money will remain in the Portfolio(s) of choice until you instruct the Program to move it to another investment approach or Portfolio or until a withdrawal. None of the Static Portfolios is designed to provide any particular total return over any particular time period or investment time horizon.

The allocation between equity, real asset, fixed income, and bank deposit Underlying Investments within the Static Portfolios does not change as the Beneficiary gets older.

The four Static Portfolios, ranging from the most aggressive to most conservative, are briefly described below. For a detailed asset allocation and the composition of the Underlying Investments, see “Exhibit B – Investment Portfolios and Underlying Investments.” The current targeted asset allocations or investment mixes for the Static Portfolios are presented in the following table.

Static Portfolio	Domestic Equity	Real Assets	International Equity	Fixed Income	Bank Deposits
<b>Equity Portfolio</b>	57%	7%	36%		
<b>Growth Portfolio</b>	48%	5%	27%	20%	
<b>Balanced Portfolio</b>	36%	4%	20%	40%	
<b>Fixed Income Portfolio</b>				50%	50%

**Equity Portfolio** seeks long term capital appreciation by investing 93% in domestic and international equity funds, and 7% in real asset funds. This strategy may be appropriate for investors with longer time horizons and who are comfortable with an increased level of risk in an effort to obtain potentially higher long-term returns.

**Growth Portfolio** seeks a high level of capital appreciation and some income by investing 75% in domestic and international equity funds, 20% in fixed income investments, and 5% in real asset funds.

**Balanced Portfolio** seeks moderate capital appreciation and income by investing 60% in domestic equity, international equity, and real asset funds with the remaining 40% invested in fixed income investments.

**Fixed Income Portfolio** seeks to provide modest current income, by investing 50% in bank deposit Underlying Investments and 50% in fixed income funds.

Because securities markets are constantly in flux and because Contributions to and withdrawals from the Program are made on a daily basis, the target allocations described above may not be able to be achieved with precision; however, the Program Manager will rebalance the weightings in each Portfolio on a periodic basis.

Attached to this Program Disclosure Statement as “Exhibit B – Investment Portfolios and Underlying Investments” is a listing of the various mutual funds and other investment funds the Treasurer has approved and the relative weighting of each Underlying Investment within the Age-Based, Enrollment Year, and Static Portfolios. The actual weightings of any of these Portfolios may vary.

The actual allocation of assets in Portfolios that invest in more than one Underlying Investment will vary over time due to market performance and will be rebalanced on an ongoing basis in order to maintain the Portfolio’s target asset allocation. In seeking to meet the investment objective of each Portfolio, Underlying Investments, allocations to individual Underlying Investments and

their weightings may change without prior notice to Account Owners in response to changing market or economic conditions subject to applicable law and regulations and to the Treasurer’s approval. The Program Manager will allocate each Portfolio’s assets among Underlying Investments within the guidelines of each Portfolio’s investment objective. In addition, from time to time, a Portfolio may not be fully invested and may hold a limited amount of cash as needed to avoid overdrafts due to redemption requests, securities settlements or similar situations. Portfolios with higher allocations in fixed income, and bank deposit Underlying Investments tend to be less volatile in investment performance than those with higher allocations in equity Underlying Investments. None of the Portfolios are designed to provide any particular total return over any particular time period or investment time horizon. Account Owners own interests in a Portfolio; they do not have a direct beneficial interest in the Underlying Investments held by that Portfolio and, therefore, do not have the rights of an owner or shareholder of such investments.

Portfolios may (a) invest in registered or unregistered funds; (b) have their assets managed in a separate account in accordance with the Program Management Agreement and Investment Policy Statement; or (c) a combination of (a) and (b).

## Individual Fund Portfolios

The Program currently offers 33 Individual Fund Portfolios. The Individual Fund Portfolio invests solely in shares of a single Underlying Investment. You may allocate your Contributions to an Account among one or more Individual Fund Portfolios according to your investment objective and risk tolerance. Because each Individual Fund Portfolio invests in a single Underlying Investment, the performance of such Individual Fund Portfolio is based largely on the performance of the Underlying Investment in that Portfolio. Consequently, the performance of each of the Individual Fund Portfolios may be more volatile than that of the Age-Based, Enrollment Year, or Static Portfolios.

Account Owners do not own shares of the Underlying Investments directly, but rather own shares in a Portfolio of the Program. The Underlying Investment in which each Individual Fund Portfolio is invested are set forth in "Exhibit B – Investment Portfolios and Underlying Investments." The Individual Fund Portfolios are designed for Account Owners seeking a more customized investment strategy.

**Additional information about the investment strategies and risks of each Underlying Investment is available in its current prospectus and statement of additional information. You can request a copy of the current prospectus, the statement of additional information, or the most recent semiannual or annual report of any Underlying Investment by contacting the underlying mutual fund company. Please read it carefully before investing.**

The Individual Fund Portfolios available for investment on the effective date of this Program Disclosure Statement are briefly described below:

#### **Bank Savings 529 Portfolio**

- **Bank Savings 529 Portfolio** – invests solely in a FDIC-insured interest-bearing Deposit Account at Union Bank and Trust and/or Nelnet Bank. Unlike the other Individual Fund Portfolios this Strategy invests in two Underlying Investments.

**Investment Objective:** The fund seeks income consistent with the preservation of principal and invests all of its assets in a FDIC-insured interest-bearing deposit account held at Union Bank and Trust Company and/or Nelnet Bank.

**Principal Risks:** Interest rate risk that the interest earned on the Bank Savings 529 Portfolio will not be as remunerative as other available investments; Credit risk to the extent that an investment exceeds the limit provided by FDIC insurance; Investment risk; and Regulatory Risk. For a description of these risks, see Exhibit B.

#### **Fixed Income 529 Portfolios**

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

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

**Principal Risks:** Interest Rate Changes, Foreign Exposure, Prepayment, Issuer-Specific Changes, Correlation to Index, Passive Management Risk, Leverage Risk. For a description of these risks, see Exhibit B.

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

**Investment Objective:** The fund seeks an annual rate of total return, before fund expenses, greater than the annual rate of total return of the Bloomberg 1-3 Year U.S. Government/Credit Index.

**Principal Risks:** Management Risks, Bond Market Risks, Credit Quality Risks, Mortgage- and Asset-Backed Debt Obligations Risks, Extension Risk, Call Risks, Government

Obligations Risks, Liquidity Risks, Municipal Obligations Risks, Foreign Securities Risks, Valuation Risks, Sector Risks, Cybersecurity Risk, Recent Market Events. For a description of these risks, see Exhibit B.

- **Fidelity U.S. Bond Index 529 Portfolio** – invests solely in the Fidelity U.S. Bond Index Fund.

**Investment Objective:** The fund seeks to provide investment results that correspond to the aggregate price and interest performance of the debt securities in the Bloomberg U.S. Aggregate Bond Index.

**Principal Risks:** Interest Rate Changes, Foreign Exposure, Prepayment, Issuer-Specific Changes, Correlation to Index, Passive Management Risk, Leverage Risk. For a description of these risks, see Exhibit B.

- **PGIM Core Bond 529 Portfolio** – invests solely in the PGIM Core Bond Fund.

**Investment Objective:** The investment objective of the fund is total return.

**Principal Risks:** Active Trading Risk, Credit Risk, Debt Obligations Risk, Derivatives Risk, Economic and Market Events Risk, Foreign Securities Risk, Increase in Expenses Risk, Interest Rate Risk, Large Shareholder and Large Scale Redemption Risk, Management Risk, Market Disruption and Geopolitical Risks, Market Risk, Mortgage-Backed and Asset-Backed Securities Risk, U.S. Government and Agency Securities Risk. For a description of these risks, see Exhibit B.

- **American Beacon Garcia Hamilton Quality Bond 529 Portfolio** – invests solely in the American Beacon Garcia Hamilton Quality Bond Fund.

**Investment Objective:** The fund's investment objective is high current income consistent with preservation of capital.

**Principal Risks:** Callable Securities Risk, Counterparty Risk, Credit Risk, Cybersecurity and Operational Risk, Debentures Risk, Environmental, Social, and/or Governance Investing Risk, Focused Holdings Risk, Interest Rate Risk, Investment Risk, Issuer Risk, Liquidity Risk, Market Risk, Mortgage-Backed and Mortgage-Related Securities Risk, Other Investment Companies Risk, Prepayment and Extension Risk, Redemption Risk, Secured, Partially Secured and Unsecured Obligation Risk, Securities Selection Risk, U.S. Government Securities and Government-Sponsored Enterprises Risk, Variable and Floating Rate Securities Risk. For a description of these risks, see Exhibit B.

- **iShares Short Term TIPS Bond Index 529 Portfolio** – invests solely in the iShares Short-Term TIPS Bond Index Fund

**Investment Objective:** The fund seeks to track the investment results of an index composed of U.S. 0-5 Year Treasury Inflation-Protected Securities ("TIPS").

**Principal Risks:** U.S. Treasury Obligations Risk, Inflation-Indexed Bonds Risk, Index-Related Risk, Passive Investment Risk, Tracking Error Risk, Asset Class Risk, Income Risk, Interest Rate Risk, Issuer Risk, Management Risk, Market Risk and Selection Risk, Risk of Investing in the U.S. For a description of these risks, see Exhibit B.

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

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

**Principal Risks:** Debt Securities Risk, High Yield Bonds Risk, Collateralized Bond Obligation Risk, Convertible Securities Risk, Corporate Loans Risk, Derivatives Risk, Distressed Securities Risk, Dollar Rolls Risk, Emerging Markets Risk, Foreign Securities Risk, High Portfolio Turnover Risk, Illiquid Investments Risk, Leverage Risk, Market Risk and Selection Risk, Mezzanine Securities Risk, Mortgage- and Asset-Backed Securities Risks, Preferred Securities Risk, Repurchase Agreements and Purchase and Sale Contracts Risk, Reverse Repurchase Agreements Risk, Risk of Investing in the United States, Risk of Loan Assignments and Participations. For a description of these risks, see Exhibit B.

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

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

**Principal Risks:** Below Investment Grade Securities Risk, Conflict of Interest Risk, Credit Risk, Foreign Securities Risk, Currency Risk, Information Risk, Political Risk, Illiquidity Risk, Interest Rate Risk, Market Risk, Prepayment Risk, Reference Rate Replacement Risk. For a description of these risks, see Exhibit B.

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

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

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

- **Payden Emerging Markets Bond 529 Portfolio** – invests solely in the Payden Emerging Markets Bond Fund.

**Investment Objective:** The fund seeks a high level of total return.

**Principal Risks:** Interest Rates, Credit Risk, Foreign Investments, Emerging Markets, Market Events Risk, Liquidity Risk, Below Investment Grade Credit, Derivatives, Equity Securities, Investment Company and Exchange-Traded Fund Risk, Affiliated Fund Risk, Redemption Risk, Management Risk, Cybersecurity Risk. For a description of these risks, see Exhibit B.

### **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:** Stock investing, Fixed income markets, Interest rates, Prepayments and extensions, Credit quality, Market conditions, Foreign investing, Emerging markets, Liquidity, Investments in other funds, Active management, Cybersecurity breaches. For a description of these risks, see Exhibit B.

### **Real Estate 529 Portfolios**

- **DFA Real Estate Securities 529 Portfolio** – invests solely in the DFA Real Estate Securities Portfolio.

**Investment Objective:** The investment objective of the DFA Real Estate Securities Portfolio is to achieve long-term capital appreciation.

**Principal Risks:** Equity Market Risk, Small and Mid-Cap Company Risk, Risks of Concentrating in the Real Estate Industry, Derivatives Risk, Securities Lending Risk, Operational Risk, Cyber Security Risk. For a description of these risks, See Exhibit B.

- **Principal Global Real Estate Securities 529 Portfolio** – invests solely in the Principal Global Real Estate Securities Fund.

**Investment Objective:** The fund seeks to generate a total return.

**Principal Risks:** Equity Securities Risk, Growth Style Risk, Smaller Companies Risk, Value Style Risk, Foreign Currency Risk, Foreign Securities Risk, Industry Concentration Risk, Real Estate Investment Trusts Risk, Real Estate Securities Risk, Redemption and Large Transaction Risk. For a description of these risks, See Exhibit B.

### **Sustainable Investing 529 Portfolio**

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

**Investment Objective:** The fund’s investment objective is to seek growth of capital through investment in stocks believed to offer opportunities for potential capital appreciation.

**Principal Risks:** Market Risk, Equity Securities Risk, LargeCap Growth Risk, Smaller and Mid-Sized Company Risk, Real Estate Risk, Foreign Investment Risk, Currency Risk, Focused Investment Risk, Sector Risk, Information Technology Sector Risk, Financials Sector Risk, Securities Lending Risk, Liquidity Risk, Risks Associated with Active Management, Responsible Investing Risk, General Fund Investing Risks. For a description of these risks, see Exhibit B.

## **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:** Investment Selection Risk, Equity Market Risk/Company Risk, Value Company Risk, Foreign Risk, Focus Risk, Liquidity Risk, Large Shareholder Risk. For a description of these risks, see Exhibit B.

- **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:** Dividend-paying stocks, Stock investing, Value investing, Market conditions, Large-cap stocks, Sector exposure, Foreign Investing, Active management, Cybersecurity breaches. For a description of these risks, see Exhibit B.

- **Northern Stock Index 529 Portfolio** – invests solely in the Northern Stock Index Strategy.

**Investment Objective:** The strategy seeks to provide investment results approximating the aggregate price and dividend performance of the securities included in the S&P 500 Index. Unlike the other Individual Fund Portfolios this Strategy is a separately managed account that does not invest solely in a single mutual fund.

**Principal Risks:** Market Risk, Tracking Risk, Sector Risk, Information Technology Sector Risk, Index Risk, Derivatives Risk, Futures Contracts Risk, Non-Diversification Risk, Securities Lending Risk. For a description of these risks, see Exhibit B.

- **T. Rowe Price Large-Cap Growth 529 Portfolio** – invests solely in the T. Rowe Price Large-Cap Growth Strategy. Unlike the other Individual Fund Portfolios this Strategy is a separately managed account that does not invest solely in a single mutual fund.

**Investment Objective:** The strategy seeks to provide long-term capital appreciation through investments in common stocks of growth companies.

**Principal Risks:** Growth investing, Market conditions, Stock investing, Nondiversification, Large-cap stocks, Sector exposure, Information technology sector, Convertible securities, Private placements and IPOs, Liquidity, Active management, Cybersecurity breaches. For a description of these risks, see Exhibit B.

- **T. Rowe Price Extended Equity Market Index 529 Portfolio** – invests solely in the 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 Risks:** Index investing, Tracking error, Market conditions, Stock investing, Small- and mid-cap stocks,

Futures, Nondiversification, Sector Exposure, Exchange-traded funds, Cybersecurity breaches. For a description of these risks, see Exhibit B.

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

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

**Principal Risks:** Equity Securities Risk, Mid Cap Securities Risk, Investment Style Risk, Convertible Securities Risk, Derivatives Risk, Leverage Risk, Market Risk, Counterparty Risk, Illiquidity Risk, Operational Risk, Legal Risk, Volatility and Correlation Risk, Valuation Risk, Hedging Risk, Tax Risk, Leverage Risk, Market Risk and Selection Risk, “New Issues” Risk, Preferred Securities Risk, Risk of Investing in the United States. For a description of these risks, see Exhibit B.

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

**Investment Objective:** The fund’s fundamental objective is long-term capital appreciation.

**Principal Risks:** Small/mid cap stocks risk, Equity risk, Concentration risk, Market risk. For a description of these risks, see Exhibit B.

- **Northern Small Cap Value 529 Portfolio** – invests solely in the Northern Small Cap Value Strategy. Unlike the other Individual Fund Portfolios this Strategy is a separately managed account that does not invest solely in a single mutual fund.

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

**Principal Risks:** Market Risk, Small Cap Stock Risk, Investment Style Risk, Value Investing Risk, Quantitative Investing Risk, Management Risk, Sector Risk, Financials Sector Risk, Industrials Sector Risk, Derivatives Risk, Futures Contracts Risk. For a description of these risks, see Exhibit B.

- **Northern Small Cap Index 529 Portfolio** – invests solely in the Northern 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, Small Cap Stock Risk, Tracking Risk, Sector Risk, Financials Sector Risk, Industrials Sector Risk, Health Care Sector Risk, Index Risk, Derivatives Risk, Futures Contracts Risk, Non-diversification Risk. For a description of these risks, see Exhibit B.

- **Macquarie Small Cap Core 529 Portfolio** – invests solely in the Macquarie Small Cap Core Fund.

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

**Principal Risks:** Market risk, Industry and sector risk, Company size risk, Interest rate risk, Liquidity risk, Government and regulatory risk, Active management and selection risk. For a description of these risks, see Exhibit B.

- **Harbor Small Cap Growth 529 Portfolio** – invests solely in the Harbor Small Cap Growth Fund.

**Investment Objective:** The fund seeks long-term growth of capital.

**Principal Risks:** Small Cap Risk, Growth Style Risk, Equity Risk, Market Risk, ESG Factors Risk, Issuer Risk, Preferred Stock Risk, Sector Risk, Selection Risk. For a description of these risks, see Exhibit B.

#### **International Equity 529 Portfolios**

- **Dodge & Cox International Stock 529 Portfolio** – invests solely in the Dodge & Cox International Stock Fund.

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

**Principal Risks:** Equity risk, Market risk, Manager risk, Non U.S. Investment risk, Emerging markets risk, Non-U.S. currency risk, Liquidity risk, Derivatives risk, Geographic risk. For a description of these risks, see Exhibit B.

- **Northern International Equity Index 529 Portfolio** – invests solely in the Northern 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 Risks:** Market Risk, Foreign Securities Risk, Depositary Receipts Risk, Geographic Risk, Japan Investment Risk, European Investment Risk, Tracking Risk, Sector Risk, Financials Sector Risk, Industrials Sector Risk, Mid Cap Stock Risk, Index Risk, Derivatives Risk, Futures Contracts Risk, Valuation Risk, Non-Diversification Risk. For a description of these risks, see Exhibit B.

- **Lazard International Dynamic Equity ETF 529 Portfolio** – invests solely in the Lazard International Dynamic Equity ETF

**Investment Objective:** The portfolio seeks long-term capital appreciation.

**Principal Risks:** Market Risk, Issuer Risk, Non-U.S. Securities Risk, Emerging Markets Risk, Foreign Currency Risk, Depositary Receipts Risk, Quantitative Model Risk, Large Cap Companies Risk, Small and Mid Cap Companies Risk, REIT Risk, Underlying ETF Risk, Other Equity Securities Risk, Securities Selection Risk, Authorized Participant Concentration Risk, Large Shareholder Risk, Market Trading Risk, No Guarantee of Active Trading Market Risk, Trading Issues Risk, Limited Operating History Risk. For a description of these risks, see Exhibit B.

- **Neuberger Berman International Select 529 Portfolio** – invests solely in the Neuberger Berman International Select Fund

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

**Principal Risks:** Currency Risk, Foreign and Emerging Markets Risk, Growth Stock Risk, Issuer-Specific Risk,

Liquidity Risk, Market Capitalization Risk, Market Volatility Risk, Recent Market Conditions Risk, Redemption Risk, Sector Risk, Securities Lending Risk, Value Stock Risk, Risk of an Increase in Expenses, Operational and Cybersecurity Risk, Risk Management, Valuation Risk. For a description of these risks, see Exhibit B.

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

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

**Principal Risks:** Fund of Funds Risk, Equity Market Risk, Foreign Securities and Currencies Risk, Geographic Focus Risk, Small Company Risk, Profitability Investment Risk, Value Investment Risk, Derivatives Risk, Securities Lending Risk, Operational Risk, Cyber Security Risk. For a description of these risks, see Exhibit B.

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

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

**Principal Risks:** Equity Securities Risk, Emerging Markets Risk, China Investments Risk, China Risk – Risk of Investing through Stock Connect, China Tax Risk, Convertible Securities Risk, Depositary Receipts Risk, Derivatives Risk, Foreign Securities Risk, Geographic Concentration Risk, High Portfolio Turnover Risk, Leverage Risk, Market Risk and Selection Risk, Mid Cap Securities Risk, “New Issues” Risk, Preferred Securities Risk, Small Cap and Emerging Growth Securities Risk. For a description of these risks, see Exhibit B.

#### **Global Infrastructure 529 Portfolio**

- **Virtus Duff & Phelps Global Infrastructure 529 Portfolio** – invests solely in the Virtus Duff & Phelps Global Infrastructure Fund.

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

**Principal Risks:** Equity Securities Risk, Industry/Sector Concentration Risk, Foreign Investing Risk, Income Risk, Market Volatility Risk, Credit Risk, Derivatives Risk, Real Estate Investment Risk, Currency Rate Risk, Equity Real Estate Investment Trust Securities Risk, Geographic Investment Risk, Geopolitical Risk, High-Yield/High-Risk Fixed Income Securities (Junk Bonds) Risk, Infrastructure-Related Risk, Interest Rate Risk, Redemption Risk. For a description of these risks, see Exhibit B.

**For additional information on the Underlying Investments underlying the Individual Fund Portfolios, you can request a copy of the current prospectus, the Statement of Additional Information, or the most recent semiannual or annual report of any Underlying Investment by contacting the underlying mutual fund company. “Exhibit B - Investment Portfolios**

**and Underlying Investments” includes limited information from the prospectus of each underlying mutual fund or separately managed account.** The descriptions above are taken from the most recent prospectuses (dated prior to June 1, 2025) of the relevant funds and are intended to provide general information regarding the mutual funds’ respective investment objectives. You should consult each mutual fund’s prospectus for more complete information. **You can obtain the prospectus for any of the funds from the applicable underlying mutual fund company and at BrightDirections.com.**

**It is important to remember that none of the Program, the State of Illinois or its officials/employees, the Treasurer, the Trust, the Trustee, nor the Program Manager or any of their affiliates, or any other entity or individual can guarantee a minimum rate of return. Except for Underlying Investments in the FDIC-insured interest-bearing bank deposit account, funds deposited in an Account are not insured by the FDIC. Furthermore, funds deposited in an Account are not guaranteed or insured by the State of Illinois, the Treasurer, the Trust, the Trustee, the Program Manager or its affiliates, the FDIC, or any other entity or individual. You may lose some or all of the amount contributed. See “Certain Risks to Consider.”**

### **Can I Change My Investment Selection?**

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 Collegellinois! to the Bright Directions Advisor-Guided 529 College Savings Program or vice versa, for the same Beneficiary, is treated as an investment change. Investment changes are allowed only twice per calendar year or upon a change of Beneficiary.

A transfer from the Bright Start College Savings Program or Collegellinois! to the Bright Directions Advisor-Guided 529 College Savings Program or vice versa, with a change of Beneficiary to a Member of the Family of the former Beneficiary, is treated not as an investment change, but rather as a nontaxable transfer of assets.

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 in 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 stated in the instructions, 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 personally identifiable 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 submit a paper Investment Change Form by mail, your current balance and all future contributions will be invested as directed on the form.

### **How Is the Value of My Account Calculated?**

Your Account will contain a portion of each Portfolio you have selected for investment, expressed as a number of shares. The net asset value (“NAV”) of each share of a Portfolio is determined by dividing:

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

The value of each Underlying Investment is determined in accordance with procedures described in such Underlying Investment’s respective current prospectus (in the case of mutual funds) or in a comparable manner (in the case of a separate account). All values are normally calculated each business day the New York Stock Exchange (“NYSE”) is open. If the NAV of an Underlying Investment cannot be determined for a given day, the NAV for a Portfolio holding such Underlying Investment may not be able to be determined for that day. The value of your Account will increase or decrease depending on the aggregate value of the Underlying Investments.

### **How are Units Priced?**

The unit value for each Portfolio is calculated after the NAV for each Underlying Investment is determined. On each day the NYSE is open for business each of the Underlying Investments calculates a NAV as of the close of regular trading (normally 3:00 p.m. Central Time).

Once each Underlying Investment has calculated its respective NAV, the unit value of the Portfolios is then calculated. The Portfolio NAV is determined by dividing the dollar value of the Portfolio’s net assets (i.e. total Portfolio assets minus total Portfolio liabilities) by the number of Portfolio units outstanding. On holidays or other days when the NYSE is closed, the Portfolio’s unit price is not calculated, and purchase or redemption requests are not processed until the next business day.

Contribution and redemption orders for your Account that are received in good order before the close of regular trading on the NYSE on a business day and accepted by the Program Manager or its designee will be processed as follows:

- If your transaction request is received in good order on a business day before the close of regular trading on the NYSE, your request will be processed at that day's next calculated unit value.
- If your transaction request is received in good order on a business day after the close of the NYSE or at any time on a non-business day, your request will be processed at the unit value calculated on the next business day. Contribution requests accompanied by payment made via electronic transfer will be processed on the day that the bank debit occurs.

The Portfolios, except for the Bank Savings 529 Portfolio, do not make distributions of their income, including dividends, interest and capital gains. The dividends and capital gain distributions of the Underlying Investments received by the Portfolios are not distributed by the Portfolios as earnings (except for the Bank Savings 529 Portfolio); such dividends and distributions are reinvested in the applicable Underlying Investment(s) and are reflected in the NAV.

## **PORTFOLIO PERFORMANCE**

### **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 Program's expenses and the expenses of the Underlying Investments, 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 Underlying Investments 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](http://BrightDirections.com).**

**ANY INVESTMENT IN THE PROGRAM INVOLVES THE RISK OF LOSS, INCLUDING OF THE ENTIRE PRINCIPAL INVESTED. PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.**

Account Owners do not own shares of the Underlying Investments 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 Investments, even in circumstances where a Portfolio invests in an individual Underlying Investment. This is due in part to the differences in the expense ratios of the Underlying Investments and the Portfolios.

Performance differences between a Portfolio and its Underlying Investment may also result from differences in the timing of purchases. On days when Contributions are made to an Account,

the Age-Based, Enrollment Year, Static, and Individual Fund Portfolios will not use that money to purchase shares of an Underlying Investment 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 Investment's performance.

The performance information below does not include performance for the Blend Enrollment Year Portfolios, Passive Enrollment Year Portfolios, Lazard International Dynamic Equity ETF 529 Portfolio and Neuberger Berman International Select 529 Portfolio which were added to the Plan effective July 18, 2025. Performance information for the Portfolios is available to the most recent month-end on the Program's website at [BrightDirections.com](http://BrightDirections.com)

<sup>1</sup> The underlying omnibus bank account annual percentage yield is 4.53% as of June 1, 2025. This rate is variable and subject to change at any time. There is no minimum balance required to obtain this rate. Interest earnings realized by participants will be reduced by the program management fee.

Fee Structure A <i>Period ended 5/31/2025</i>		Average Annual Total Returns									
		Excluding sales charges					Including sales charge				
	Inception Date	1 Year	3 Year	5 Year	10 Year	Since Inception	1 Year	3 Year	5 Year	10 Year	Since Inception
<b>Age-Based Portfolios</b>											
Aggressive Option											
Ages 0 - 2	10/25/16	10.01%	9.98%	11.65%	n/a	10.01%	6.16%	8.68%	10.86%	n/a	9.56%
Ages 3 - 5	10/25/16	9.70%	9.36%	10.76%	n/a	9.37%	5.86%	8.07%	9.97%	n/a	8.91%
Ages 6 - 8	10/25/16	9.35%	8.70%	9.61%	n/a	8.58%	5.53%	7.42%	8.83%	n/a	8.13%
Ages 9 - 10	10/25/16	8.94%	7.91%	8.49%	n/a	7.67%	5.13%	6.64%	7.72%	n/a	7.23%
Ages 11 - 12	10/25/16	8.60%	7.26%	7.36%	n/a	6.82%	4.80%	5.99%	6.60%	n/a	6.38%
Ages 13 - 14	10/25/16	8.17%	6.50%	6.30%	n/a	6.03%	4.38%	5.24%	5.54%	n/a	5.59%
Ages 15 - 16	10/25/16	7.77%	5.86%	5.36%	n/a	5.26%	4.00%	4.61%	4.61%	n/a	4.82%
Ages 17 - 18	10/25/16	7.23%	5.03%	4.31%	n/a	4.32%	3.48%	3.79%	3.57%	n/a	3.89%
Ages 19 +	10/25/16	6.84%	4.48%	3.41%	n/a	3.48%	3.10%	3.24%	2.68%	n/a	3.05%
Moderate Option											
Ages 0 - 2	10/25/16	9.70%	9.36%	10.76%	n/a	9.37%	5.86%	8.07%	9.97%	n/a	8.91%
Ages 3 - 5	10/25/16	9.35%	8.70%	9.61%	n/a	8.58%	5.53%	7.42%	8.83%	n/a	8.13%
Ages 6 - 8	10/25/16	8.94%	7.91%	8.49%	n/a	7.67%	5.13%	6.64%	7.72%	n/a	7.23%
Ages 9 - 10	10/25/16	8.60%	7.26%	7.36%	n/a	6.82%	4.80%	5.99%	6.60%	n/a	6.38%
Ages 11 - 12	10/25/16	8.17%	6.50%	6.30%	n/a	6.03%	4.38%	5.24%	5.54%	n/a	5.59%
Ages 13 - 14	10/25/16	7.77%	5.86%	5.36%	n/a	5.26%	4.00%	4.61%	4.61%	n/a	4.82%
Ages 15 - 16	10/25/16	7.23%	5.03%	4.31%	n/a	4.32%	3.48%	3.79%	3.57%	n/a	3.89%
Ages 17 - 18	10/25/16	6.84%	4.48%	3.41%	n/a	3.48%	3.10%	3.24%	2.68%	n/a	3.05%
Ages 19 +	10/25/16	6.09%	3.85%	2.57%	n/a	2.65%	2.37%	2.62%	1.84%	n/a	2.22%
Conservative Option											
Ages 0 - 2	10/25/16	9.35%	8.70%	9.61%	n/a	8.58%	5.53%	7.42%	8.83%	n/a	8.13%
Ages 3 - 5	10/25/16	8.94%	7.91%	8.49%	n/a	7.67%	5.13%	6.64%	7.72%	n/a	7.23%
Ages 6 - 8	10/25/16	8.60%	7.26%	7.36%	n/a	6.82%	4.80%	5.99%	6.60%	n/a	6.38%
Ages 9 - 10	10/25/16	8.17%	6.50%	6.30%	n/a	6.03%	4.38%	5.24%	5.54%	n/a	5.59%
Ages 11 - 12	10/25/16	7.77%	5.86%	5.36%	n/a	5.26%	4.00%	4.61%	4.61%	n/a	4.82%
Ages 13 - 14	10/25/16	7.23%	5.03%	4.31%	n/a	4.32%	3.48%	3.79%	3.57%	n/a	3.89%
Ages 15 - 16	10/25/16	6.84%	4.48%	3.41%	n/a	3.48%	3.10%	3.24%	2.68%	n/a	3.05%
Ages 17 - 18	10/25/16	6.09%	3.85%	2.57%	n/a	2.65%	2.37%	2.62%	1.84%	n/a	2.22%
Ages 19 +	10/25/16	5.13%	3.39%	1.96%	n/a	1.82%	1.45%	2.17%	1.23%	n/a	1.39%
Index Moderate Option											
Ages 0 - 2	11/15/22	12.34%	n/a	n/a	n/a	14.81%	8.41%	n/a	n/a	n/a	13.21%
Ages 3 - 5	11/15/22	11.53%	n/a	n/a	n/a	13.94%	7.63%	n/a	n/a	n/a	12.35%
Ages 6 - 8	11/15/22	11.24%	n/a	n/a	n/a	12.74%	7.35%	n/a	n/a	n/a	11.17%
Ages 9 - 10	11/15/22	10.24%	n/a	n/a	n/a	10.98%	6.38%	n/a	n/a	n/a	9.44%
Ages 11 - 12	11/15/22	9.75%	n/a	n/a	n/a	10.31%	5.91%	n/a	n/a	n/a	8.77%
Ages 13 - 14	11/15/22	8.87%	n/a	n/a	n/a	8.42%	5.06%	n/a	n/a	n/a	6.91%
Ages 15 - 16	11/15/22	8.21%	n/a	n/a	n/a	7.90%	4.42%	n/a	n/a	n/a	6.40%
Ages 17 - 18	11/15/22	7.32%	n/a	n/a	n/a	6.48%	3.56%	n/a	n/a	n/a	5.00%
Ages 19 +	11/15/22	6.30%	n/a	n/a	n/a	5.59%	2.58%	n/a	n/a	n/a	4.11%
<b>Target Portfolios</b>											
Fund 100 (Renamed Equity Portfolio, effective July 18, 2025)	11/18/05	10.01%	9.98%	11.65%	8.41%	7.21%	6.16%	8.68%	10.86%	8.02%	7.02%
Fund 80 (Renamed Growth Portfolio, effective July 18, 2025)	11/18/05	9.35%	8.70%	9.61%	7.28%	6.74%	5.53%	7.42%	8.83%	6.90%	6.55%
Fund 60 (Renamed Balanced Portfolio, effective July 18, 2025)	11/18/05	8.60%	7.26%	7.36%	5.87%	5.77%	4.80%	5.99%	6.60%	5.50%	5.58%
Fixed Income Portfolio	11/18/05	5.13%	3.39%	1.96%	1.62%	1.64%	1.45%	2.17%	1.23%	1.26%	1.45%
<b>Individual Fund Portfolios</b>											
Bank Savings 529 Portfolio	11/18/21	4.84%	4.30%	n/a	n/a	3.69%	4.84%	4.30%	n/a	n/a	3.69%
Fidelity Short-Term Bond Index 529 Portfolio	11/18/21	5.78%	2.76%	n/a	n/a	1.20%	5.78%	2.76%	n/a	n/a	1.20%
Baird Short-Term Bond 529 Portfolio	11/18/14	5.71%	3.56%	1.73%	1.81%	1.78%	5.71%	3.56%	1.73%	1.81%	1.78%
Fidelity U.S. Bond Index 529 Portfolio	9/26/19	5.00%	1.03%	-1.38%	n/a	-0.23%	1.33%	-0.16%	-2.08%	n/a	-0.85%
PGIM Core Bond 529 Portfolio	10/1/20	5.06%	1.58%	n/a	n/a	-1.45%	1.39%	0.38%	n/a	n/a	-2.20%
American Beacon Garcia Hamilton Quality Bond 529 Portfolio	10/1/20	5.09%	0.42%	n/a	n/a	-1.12%	1.42%	-0.76%	n/a	n/a	-1.87%
iShares 0-5 Year TIPS Bond ETF 529 Portfolio	11/18/21	6.10%	2.77%	n/a	n/a	2.32%	2.38%	1.56%	n/a	n/a	1.29%
BlackRock High Yield Bond 529 Portfolio	11/18/21	8.68%	6.75%	n/a	n/a	3.78%	4.87%	5.49%	n/a	n/a	2.74%
Credit Suisse Floating Rate High Income 529 Portfolio	11/18/21	5.59%	7.32%	n/a	n/a	5.52%	1.89%	6.05%	n/a	n/a	4.46%
AB Global Bond 529 Portfolio	11/18/21	5.52%	2.06%	n/a	n/a	-0.74%	1.83%	0.86%	n/a	n/a	-1.74%
Payden Emerging Markets Bond 529 Portfolio	11/15/23	7.94%	n/a	n/a	n/a	11.51%	4.16%	n/a	n/a	n/a	8.97%
T. Rowe Price Balanced 529 Portfolio	11/18/05	9.32%	8.77%	8.73%	7.08%	6.74%	5.49%	7.48%	7.96%	6.70%	6.55%
DFA Real Estate Securities 529 Portfolio	9/26/19	11.41%	0.69%	6.75%	n/a	2.83%	7.51%	-0.50%	5.99%	n/a	2.19%
Principal Global Real Estate Securities 529 Portfolio	8/23/18	8.48%	-0.23%	4.41%	n/a	2.36%	4.68%	-1.40%	3.66%	n/a	1.82%
Calvert Equity 529 Portfolio	11/18/05	7.91%	9.35%	10.82%	12.20%	9.85%	4.13%	8.06%	10.03%	11.80%	9.65%
MFS Value 529 Portfolio	5/31/12	7.94%	7.71%	11.59%	8.49%	10.88%	4.17%	6.44%	10.80%	8.10%	10.58%
T. Rowe Price Equity Income 529 Portfolio	11/18/05	5.41%	6.69%	13.72%	8.28%	7.16%	1.72%	5.43%	12.91%	7.90%	6.96%
Northern Stock Index 529 Portfolio	11/18/05	12.98%	13.89%	15.39%	12.30%	9.59%	9.02%	12.54%	14.57%	11.91%	9.39%
T. Rowe Price Large-Cap Growth 529 Portfolio	4/30/08	16.13%	20.20%	14.94%	15.17%	13.36%	12.06%	18.78%	14.12%	14.76%	13.12%
T. Rowe Price Ext Eq Market Index 529 Portfolio	11/18/05	8.57%	9.19%	10.71%	7.84%	8.20%	4.77%	7.90%	9.93%	7.46%	8.00%
BlackRock Mid-Cap Growth Equity 529 Portfolio	11/18/21	9.48%	9.10%	n/a	n/a	-4.53%	5.65%	7.81%	n/a	n/a	-5.49%
Ariel Fund 529 Portfolio	11/18/05	0.58%	2.45%	11.90%	6.08%	6.59%	-2.94%	1.24%	11.10%	5.71%	6.40%
Northern Small Cap Value 529 Portfolio	4/30/08	-2.19%	2.94%	10.94%	5.27%	6.73%	-5.61%	1.73%	10.15%	4.89%	6.51%
Northern Small Cap Index 529 Portfolio	11/18/05	0.73%	4.50%	9.06%	6.02%	6.55%	-2.80%	3.27%	8.29%	5.64%	6.36%
Macquarie Small Cap Core 529 Portfolio	4/30/08	0.20%	3.66%	9.51%	7.02%	8.55%	-3.31%	2.44%	8.74%	6.64%	8.33%
Harbor Small Cap Growth 529 Portfolio	10/1/15	1.17%	6.24%	7.56%	n/a	6.90%	-2.37%	4.99%	6.80%	n/a	6.51%
Dodge & Cox International Stock 529 Portfolio	10/29/10	14.11%	10.23%	13.85%	4.97%	5.68%	10.12%	8.93%	13.04%	4.60%	5.42%
Northern International Equity Index 529 Portfolio	11/18/05	12.60%	11.13%	11.02%	5.50%	4.53%	8.65%	9.82%	10.23%	5.13%	4.34%
DFA International Small Company 529 Portfolio	11/30/12	14.11%	9.25%	11.26%	6.15%	7.38%	10.11%	7.96%	10.47%	5.77%	7.07%
BlackRock Emerging Markets 529 Portfolio	11/18/21	2.59%	1.91%	n/a	n/a	-5.13%	-1.00%	0.71%	n/a	n/a	-6.09%
Virtus Duff & Phelps Gobl Infrastructure 529 Portfolio	11/15/22	18.22%	n/a	n/a	n/a	8.14%	14.08%	n/a	n/a	n/a	6.64%

Fee Structure C Period ended 5/31/2025		Average Annual Total Return				
		Excluding sales charges				
	Inception Date	1 Year	3 Year	5 Year	10 Year	Since Inception
<b>Age-Based Portfolios</b>						
Aggressive Option						
Ages 0 - 2	10/25/16	9.72%	9.71%	11.38%	n/a	9.74%
Ages 3 - 5	10/25/16	9.42%	9.09%	10.47%	n/a	9.09%
Ages 6 - 8	10/25/16	9.09%	8.44%	9.34%	n/a	8.30%
Ages 9 - 10	10/25/16	8.70%	7.65%	8.22%	n/a	7.41%
Ages 11 - 12	10/25/16	8.32%	7.00%	7.09%	n/a	6.54%
Ages 13 - 14	10/25/16	7.86%	6.23%	6.04%	n/a	5.77%
Ages 15 - 16	10/25/16	7.50%	5.60%	5.10%	n/a	5.00%
Ages 17 - 18	10/25/16	6.91%	4.75%	4.05%	n/a	4.06%
Ages 19 +	10/25/16	6.57%	4.22%	3.15%	n/a	3.22%
Moderate Option						
Ages 0 - 2	10/25/16	9.42%	9.09%	10.47%	n/a	9.09%
Ages 3 - 5	10/25/16	9.09%	8.44%	9.34%	n/a	8.30%
Ages 6 - 8	10/25/16	8.70%	7.65%	8.22%	n/a	7.41%
Ages 9 - 10	10/25/16	8.32%	7.00%	7.09%	n/a	6.54%
Ages 11 - 12	10/25/16	7.86%	6.23%	6.04%	n/a	5.77%
Ages 13 - 14	10/25/16	7.50%	5.60%	5.10%	n/a	5.00%
Ages 15 - 16	10/25/16	6.91%	4.75%	4.05%	n/a	4.06%
Ages 17 - 18	10/25/16	6.57%	4.22%	3.15%	n/a	3.22%
Ages 19 +	10/25/16	5.82%	3.57%	2.31%	n/a	2.38%
Conservative Option						
Ages 0 - 2	10/25/16	9.09%	8.44%	9.34%	n/a	8.30%
Ages 3 - 5	10/25/16	8.70%	7.65%	8.22%	n/a	7.41%
Ages 6 - 8	10/25/16	8.32%	7.00%	7.09%	n/a	6.54%
Ages 9 - 10	10/25/16	7.86%	6.23%	6.04%	n/a	5.77%
Ages 11 - 12	10/25/16	7.50%	5.60%	5.10%	n/a	5.00%
Ages 13 - 14	10/25/16	6.91%	4.75%	4.05%	n/a	4.06%
Ages 15 - 16	10/25/16	6.57%	4.22%	3.15%	n/a	3.22%
Ages 17 - 18	10/25/16	5.82%	3.57%	2.31%	n/a	2.38%
Ages 19 +	10/25/16	4.89%	3.14%	1.70%	n/a	1.56%
Index Moderate Option						
Ages 0 - 2	11/15/22	12.15%	n/a	n/a	n/a	14.55%
Ages 3 - 5	11/15/22	11.33%	n/a	n/a	n/a	13.68%
Ages 6 - 8	11/15/22	10.95%	n/a	n/a	n/a	12.48%
Ages 9 - 10	11/15/22	9.95%	n/a	n/a	n/a	10.65%
Ages 11 - 12	11/15/22	9.44%	n/a	n/a	n/a	10.04%
Ages 13 - 14	11/15/22	8.63%	n/a	n/a	n/a	8.18%
Ages 15 - 16	11/15/22	7.89%	n/a	n/a	n/a	7.58%
Ages 17 - 18	11/15/22	7.08%	n/a	n/a	n/a	6.20%
Ages 19 +	11/15/22	6.05%	n/a	n/a	n/a	5.30%
<b>Target Portfolios</b>						
Fund 100 (Renamed Equity Portfolio, effective July 18, 2025)	11/18/05	9.72%	9.71%	11.38%	8.13%	6.94%
Fund 80 (Renamed Growth Portfolio, effective July 18, 2025)	11/18/05	9.09%	8.44%	9.34%	7.01%	6.47%
Fund 60 (Renamed Balanced Portfolio, effective July 18, 2025)	11/18/05	8.32%	7.00%	7.09%	5.61%	5.51%
Fixed Income Portfolio	11/18/05	4.89%	3.14%	1.70%	1.37%	1.39%
<b>Individual Fund Portfolios</b>						
Bank Savings 529 Portfolio	11/18/21	4.84%	4.30%	n/a	n/a	3.69%
Fidelity Short-Term Bond Index 529 Portfolio	11/18/21	5.51%	2.50%	n/a	n/a	0.95%
Baird Short-Term Bond 529 Portfolio	11/18/14	5.40%	3.30%	1.46%	1.55%	1.52%
Fidelity U.S. Bond Index 529 Portfolio	9/26/19	4.74%	0.80%	-1.62%	n/a	-0.48%
PGIM Core Bond 529 Portfolio	10/1/20	4.77%	1.33%	n/a	n/a	-1.70%
American Beacon Garcia Hamilton Quality Bond 529 Portfolio	10/1/20	4.82%	0.18%	n/a	n/a	-1.41%
iShares 0-5 Year TIPS Bond ETF 529 Portfolio	11/18/21	5.94%	2.55%	n/a	n/a	2.08%
BlackRock High Yield Bond 529 Portfolio	11/18/21	8.25%	6.48%	n/a	n/a	3.50%
Credit Suisse Floating Rate High Income 529 Portfolio	11/18/21	5.37%	7.06%	n/a	n/a	5.25%
AB Global Bond 529 Portfolio	11/18/21	5.34%	1.82%	n/a	n/a	-0.97%
Payden Emerging Markets Bond 529 Portfolio	11/15/23	7.67%	n/a	n/a	n/a	11.27%
T. Rowe Price Balanced 529 Portfolio	11/18/05	9.06%	8.50%	8.46%	6.81%	6.47%
DFA Real Estate Securities 529 Portfolio	9/26/19	11.06%	0.44%	6.49%	n/a	2.57%
Principal Global Real Estate Securities 529 Portfolio	8/23/18	8.33%	-0.46%	4.15%	n/a	2.11%
Calvert Equity 529 Portfolio	11/18/05	7.63%	9.07%	10.55%	11.91%	9.60%
MFS Value 529 Portfolio	5/31/12	7.66%	7.44%	11.30%	8.21%	10.60%
T. Rowe Price Equity Income 529 Portfolio	11/18/05	5.14%	6.42%	13.44%	8.01%	6.89%
Northern Stock Index 529 Portfolio	11/18/05	12.70%	13.60%	15.10%	12.02%	9.32%
T. Rowe Price Large-Cap Growth 529 Portfolio	4/30/08	15.84%	19.90%	14.65%	14.88%	13.08%
T. Rowe Price Ext Eq Market Index 529 Portfolio	11/18/05	8.30%	8.92%	10.44%	7.57%	7.92%
BlackRock Mid-Cap Growth Equity 529 Portfolio	11/18/21	9.28%	8.85%	n/a	n/a	-4.76%
Ariel Fund 529 Portfolio	11/18/05	0.36%	2.20%	11.62%	5.82%	6.33%
Northern Small Cap Value 529 Portfolio	4/30/08	-2.44%	2.68%	10.65%	5.01%	6.46%
Northern Small Cap Index 529 Portfolio	11/18/05	0.52%	4.25%	8.79%	5.76%	6.29%
Macquarie Small Cap Core 529 Portfolio	4/30/08	-0.05%	3.40%	9.24%	6.75%	8.28%
Harbor Small Cap Growth 529 Portfolio	10/1/15	0.98%	5.98%	7.29%	n/a	6.64%
Dodge & Cox International Stock 529 Portfolio	10/29/10	13.81%	9.95%	13.54%	4.70%	5.41%
Northern International Equity Index 529 Portfolio	11/18/05	12.30%	10.88%	10.74%	5.24%	4.24%
DFA International Small Company 529 Portfolio	11/30/12	13.79%	8.96%	10.99%	5.88%	7.11%
BlackRock Emerging Markets 529 Portfolio	11/18/21	2.36%	1.67%	n/a	n/a	-5.36%
Virtus Duff & Phelps Gobl Infrastructure 529 Portfolio	11/15/22	17.90%	n/a	n/a	n/a	7.87%

Fee Structure E Period ended 5/31/2025		Average Annual Total Return				
		Excluding sales charges				
	Inception Date	1 Year	3 Year	5 Year	10 Year	Since Inception
<b>Age-Based Portfolios</b>						
Aggressive Option						
Ages 0 - 2	10/25/16	10.03%	9.98%	11.66%	n/a	10.02%
Ages 3 - 5	10/25/16	9.70%	9.38%	10.75%	n/a	9.37%
Ages 6 - 8	10/25/16	9.35%	8.71%	9.61%	n/a	8.57%
Ages 9 - 10	10/25/16	8.94%	7.91%	8.49%	n/a	7.67%
Ages 11 - 12	10/25/16	8.61%	7.26%	7.36%	n/a	6.82%
Ages 13 - 14	10/25/16	8.17%	6.50%	6.30%	n/a	6.03%
Ages 15 - 16	10/25/16	7.75%	5.85%	5.36%	n/a	5.26%
Ages 17 - 18	10/25/16	7.23%	5.03%	4.33%	n/a	4.32%
Ages 19 +	10/25/16	6.87%	4.49%	3.41%	n/a	3.48%
Moderate Option						
Ages 0 - 2	10/25/16	9.70%	9.38%	10.75%	n/a	9.37%
Ages 3 - 5	10/25/16	9.35%	8.71%	9.61%	n/a	8.57%
Ages 6 - 8	10/25/16	8.94%	7.91%	8.49%	n/a	7.67%
Ages 9 - 10	10/25/16	8.61%	7.26%	7.36%	n/a	6.82%
Ages 11 - 12	10/25/16	8.17%	6.50%	6.30%	n/a	6.03%
Ages 13 - 14	10/25/16	7.75%	5.85%	5.36%	n/a	5.26%
Ages 15 - 16	10/25/16	7.23%	5.03%	4.33%	n/a	4.32%
Ages 17 - 18	10/25/16	6.87%	4.49%	3.41%	n/a	3.48%
Ages 19 +	10/25/16	6.13%	3.84%	2.57%	n/a	2.65%
Conservative Option						
Ages 0 - 2	10/25/16	9.35%	8.71%	9.61%	n/a	8.57%
Ages 3 - 5	10/25/16	8.94%	7.91%	8.49%	n/a	7.67%
Ages 6 - 8	10/25/16	8.61%	7.26%	7.36%	n/a	6.82%
Ages 9 - 10	10/25/16	8.17%	6.50%	6.30%	n/a	6.03%
Ages 11 - 12	10/25/16	7.75%	5.85%	5.36%	n/a	5.26%
Ages 13 - 14	10/25/16	7.23%	5.03%	4.33%	n/a	4.32%
Ages 15 - 16	10/25/16	6.87%	4.49%	3.41%	n/a	3.48%
Ages 17 - 18	10/25/16	6.13%	3.84%	2.57%	n/a	2.65%
Ages 19 +	10/25/16	5.16%	3.41%	1.96%	n/a	1.82%
<b>Target Portfolios</b>						
Fund 100 (Renamed Equity Portfolio, effective July 18, 2025)	1/3/06	10.03%	9.98%	11.66%	8.41%	7.17%
Fund 80 (Renamed Growth Portfolio, effective July 18, 2025)	12/20/05	9.35%	8.71%	9.61%	7.28%	6.72%
Fund 60 (Renamed Balanced Portfolio, effective July 18, 2025)	12/14/05	8.61%	7.26%	7.36%	5.87%	5.74%
Fixed Income Portfolio	4/17/07	5.16%	3.41%	1.96%	1.62%	1.48%
<b>Individual Fund Portfolios</b>						
Bank Savings 529 Portfolio	11/18/21	4.84%	4.30%	n/a	n/a	3.69%
Fidelity Short-Term Bond Index 529 Portfolio	11/18/21	5.78%	2.76%	n/a	n/a	1.20%
Baird Short-Term Bond 529 Portfolio	11/18/14	5.71%	3.56%	1.71%	1.81%	1.78%
Fidelity U.S. Bond Index 529 Portfolio	9/26/19	5.00%	1.03%	-1.38%	n/a	-0.23%
PGIM Core Bond 529 Portfolio	10/1/20	5.06%	1.58%	n/a	n/a	-1.43%
American Beacon Garcia Hamilton Quality Bond 529 Portfolio	10/1/20	5.14%	0.36%	n/a	n/a	-1.30%
iShares 0-5 Year TIPS Bond ETF 529 Portfolio	11/18/21	6.10%	2.77%	n/a	n/a	2.42%
BlackRock High Yield Bond 529 Portfolio	11/18/21	8.57%	6.75%	n/a	n/a	3.78%
Credit Suisse Floating Rate High Income 529 Portfolio	11/18/21	5.59%	7.32%	n/a	n/a	5.52%
AB Global Bond 529 Portfolio	11/18/21	5.52%	2.06%	n/a	n/a	-0.74%
Payden Emerging Markets Bond 529 Portfolio	11/15/23	8.03%	n/a	n/a	n/a	11.57%
T. Rowe Price Balanced 529 Portfolio	10/6/06	9.32%	8.76%	8.73%	7.08%	6.64%
DFA Real Estate Securities 529 Portfolio	9/26/19	11.41%	0.69%	6.75%	n/a	2.83%
Principal Global Real Estate Securities 529 Portfolio	8/23/18	8.48%	-0.23%	4.41%	n/a	2.36%
Calvert Equity 529 Portfolio	10/20/06	7.90%	9.35%	10.82%	12.20%	10.13%
MFS Value 529 Portfolio	5/31/12	7.92%	7.70%	11.58%	8.48%	10.88%
T. Rowe Price Equity Income 529 Portfolio	2/9/06	5.43%	6.69%	13.73%	8.29%	7.17%
Northern Stock Index 529 Portfolio	7/9/06	13.00%	13.89%	15.39%	12.31%	9.93%
T. Rowe Price Large-Cap Growth 529 Portfolio	4/30/08	16.13%	20.20%	14.94%	15.17%	13.36%
T. Rowe Price Ext Eq Market Index 529 Portfolio	2/9/06	8.58%	9.20%	10.71%	7.84%	8.12%
BlackRock Mid-Cap Growth Equity 529 Portfolio	11/18/21	9.48%	9.10%	n/a	n/a	-4.53%
Ariel Fund 529 Portfolio	1/3/06	0.60%	2.46%	11.90%	6.09%	6.73%
Northern Small Cap Value 529 Portfolio	4/30/08	-2.19%	2.94%	10.94%	5.27%	6.73%
Northern Small Cap Index 529 Portfolio	10/16/06	0.75%	4.51%	9.06%	6.02%	6.22%
Macquarie Small Cap Core 529 Portfolio	4/30/08	0.20%	3.65%	9.51%	7.02%	8.55%
Harbor Small Cap Growth 529 Portfolio	10/1/15	1.17%	6.24%	7.56%	n/a	6.90%
Dodge & Cox International Stock 529 Portfolio	10/29/10	14.07%	10.22%	13.83%	4.97%	5.67%
Northern International Equity Index 529 Portfolio	3/7/06	12.57%	11.14%	11.00%	5.51%	4.26%
DFA International Small Company 529 Portfolio	11/30/12	14.07%	9.22%	11.26%	6.14%	7.36%
BlackRock Emerging Markets 529 Portfolio	11/18/21	2.59%	1.91%	n/a	n/a	-5.13%
Virtus Duff & Phelps Gobl Infrastructure 529 Portfolio	11/15/22	18.36%	n/a	n/a	n/a	8.32%

Fee Structure F Period ended 5/31/2025		Average Annual Total Return				
		Excluding sales charges				
	Inception Date	1 Year	3 Year	5 Year	10 Year	Since Inception
<b>Age-Based Portfolios</b>						
Aggressive Option						
Ages 0 - 2	10/25/16	10.28%	10.26%	11.94%	n/a	10.29%
Ages 3 - 5	10/25/16	9.97%	9.62%	11.03%	n/a	9.64%
Ages 6 - 8	10/25/16	9.63%	8.98%	9.88%	n/a	8.85%
Ages 9 - 10	10/25/16	9.23%	8.18%	8.75%	n/a	7.94%
Ages 11 - 12	10/25/16	8.87%	7.54%	7.63%	n/a	7.08%
Ages 13 - 14	10/25/16	8.47%	6.77%	6.56%	n/a	6.30%
Ages 15 - 16	10/25/16	8.05%	6.13%	5.62%	n/a	5.53%
Ages 17 - 18	10/25/16	7.53%	5.32%	4.59%	n/a	4.59%
Ages 19 +	10/25/16	7.06%	4.72%	3.66%	n/a	3.73%
Moderate Option						
Ages 0 - 2	10/25/16	9.97%	9.62%	11.03%	n/a	9.64%
Ages 3 - 5	10/25/16	9.63%	8.98%	9.88%	n/a	8.85%
Ages 6 - 8	10/25/16	9.23%	8.18%	8.75%	n/a	7.94%
Ages 9 - 10	10/25/16	8.87%	7.54%	7.63%	n/a	7.08%
Ages 11 - 12	10/25/16	8.47%	6.77%	6.56%	n/a	6.30%
Ages 13 - 14	10/25/16	8.05%	6.13%	5.62%	n/a	5.53%
Ages 15 - 16	10/25/16	7.53%	5.32%	4.59%	n/a	4.59%
Ages 17 - 18	10/25/16	7.06%	4.72%	3.66%	n/a	3.73%
Ages 19 +	10/25/16	6.39%	4.09%	2.83%	n/a	2.90%
Conservative Option						
Ages 0 - 2	10/25/16	9.63%	8.98%	9.88%	n/a	8.85%
Ages 3 - 5	10/25/16	9.23%	8.18%	8.75%	n/a	7.94%
Ages 6 - 8	10/25/16	8.87%	7.54%	7.63%	n/a	7.08%
Ages 9 - 10	10/25/16	8.47%	6.77%	6.56%	n/a	6.30%
Ages 11 - 12	10/25/16	8.05%	6.13%	5.62%	n/a	5.53%
Ages 13 - 14	10/25/16	7.53%	5.32%	4.59%	n/a	4.59%
Ages 15 - 16	10/25/16	7.06%	4.72%	3.66%	n/a	3.73%
Ages 17 - 18	10/25/16	6.39%	4.09%	2.83%	n/a	2.90%
Ages 19 +	10/25/16	5.47%	3.71%	2.24%	n/a	2.09%
Index Moderate Option						
Ages 0 - 2	11/15/22	12.78%	n/a	n/a	n/a	15.12%
Ages 3 - 5	11/15/22	11.79%	n/a	n/a	n/a	14.26%
Ages 6 - 8	11/15/22	11.52%	n/a	n/a	n/a	13.03%
Ages 9 - 10	11/15/22	10.52%	n/a	n/a	n/a	11.32%
Ages 11 - 12	11/15/22	9.96%	n/a	n/a	n/a	10.61%
Ages 13 - 14	11/15/22	9.19%	n/a	n/a	n/a	8.70%
Ages 15 - 16	11/15/22	8.44%	n/a	n/a	n/a	8.18%
Ages 17 - 18	11/15/22	7.57%	n/a	n/a	n/a	6.73%
Ages 19 +	11/15/22	6.56%	n/a	n/a	n/a	5.80%
<b>Target Portfolios</b>						
Fund 100 (Renamed Equity Portfolio, effective July 18, 2025)	11/18/05	10.28%	10.26%	11.94%	8.68%	7.48%
Fund 80 (Renamed Growth Portfolio, effective July 18, 2025)	11/18/05	9.63%	8.98%	9.88%	7.55%	7.01%
Fund 60 (Renamed Balanced Portfolio, effective July 18, 2025)	11/18/05	8.87%	7.54%	7.63%	6.13%	6.03%
Fixed Income Portfolio	11/18/05	5.47%	3.71%	2.24%	1.90%	1.91%
<b>Individual Fund Portfolios</b>						
Bank Savings 529 Portfolio	11/18/21	4.84%	4.30%	n/a	n/a	3.69%
Fidelity Short-Term Bond Index 529 Portfolio	11/18/21	6.05%	2.99%	n/a	n/a	1.42%
Baird Short-Term Bond 529 Portfolio	11/18/14	5.92%	3.80%	1.95%	2.06%	2.02%
Fidelity U.S. Bond Index 529 Portfolio	9/26/19	5.26%	1.30%	-1.14%	n/a	0.02%
PGIM Core Bond 529 Portfolio	10/1/20	5.46%	1.86%	n/a	n/a	-1.18%
American Beacon Garcia Hamilton Quality Bond 529 Portfolio	10/1/20	5.39%	0.70%	n/a	n/a	-0.89%
iShares 0-5 Year TIPS Bond ETF 529 Portfolio	11/18/21	6.45%	3.05%	n/a	n/a	2.59%
BlackRock High Yield Bond 529 Portfolio	11/18/21	8.81%	6.99%	n/a	n/a	4.01%
Credit Suisse Floating Rate High Income 529 Portfolio	11/18/21	5.82%	7.58%	n/a	n/a	5.77%
AB Global Bond 529 Portfolio	11/18/21	5.81%	2.34%	n/a	n/a	-0.48%
Payden Emerging Markets Bond 529 Portfolio	11/15/23	8.29%	n/a	n/a	n/a	11.88%
T. Rowe Price Balanced 529 Portfolio	11/18/05	9.58%	9.03%	9.00%	7.35%	7.00%
DFA Real Estate Securities 529 Portfolio	9/26/19	11.65%	0.91%	7.01%	n/a	3.08%
Principal Global Real Estate Securities 529 Portfolio	8/23/18	8.82%	0.03%	4.67%	n/a	2.62%
Calvert Equity 529 Portfolio	11/18/05	8.18%	9.62%	11.10%	12.47%	10.13%
MFS Value 529 Portfolio	5/31/12	8.20%	7.98%	11.87%	8.76%	11.16%
T. Rowe Price Equity Income 529 Portfolio	11/18/05	5.68%	6.96%	14.00%	8.56%	7.43%
Northern Stock Index 529 Portfolio	11/18/05	13.26%	14.16%	15.68%	12.58%	9.86%
T. Rowe Price Large-Cap Growth 529 Portfolio	4/30/08	16.42%	20.50%	15.23%	15.45%	13.64%
T. Rowe Price Ext Eq Market Index 529 Portfolio	11/18/05	8.83%	9.46%	10.99%	8.11%	8.46%
BlackRock Mid-Cap Growth Equity 529 Portfolio	11/18/21	9.81%	9.39%	n/a	n/a	-4.28%
Ariel Fund 529 Portfolio	11/18/05	0.86%	2.71%	12.18%	6.35%	6.86%
Northern Small Cap Value 529 Portfolio	4/30/08	-1.98%	3.19%	11.20%	5.53%	6.99%
Northern Small Cap Index 529 Portfolio	11/18/05	1.00%	4.77%	9.34%	6.29%	6.82%
Macquarie Small Cap Core 529 Portfolio	4/30/08	0.43%	3.91%	9.79%	7.29%	8.82%
Harbor Small Cap Growth 529 Portfolio	10/1/15	1.45%	6.51%	7.84%	n/a	7.17%
Dodge & Cox International Stock 529 Portfolio	10/29/10	14.38%	10.49%	14.11%	5.23%	5.94%
Northern International Equity Index 529 Portfolio	11/18/05	12.85%	11.42%	11.28%	5.77%	4.79%
DFA International Small Company 529 Portfolio	11/30/12	14.39%	9.52%	11.55%	6.42%	7.64%
BlackRock Emerging Markets 529 Portfolio	11/18/21	2.82%	2.16%	n/a	n/a	-4.91%
Virtus Duff & Phelps Gobl Infrastructure 529 Portfolio	11/15/22	18.44%	n/a	n/a	n/a	8.39%

## PROGRAM FEES AND EXPENSES

### What Does the Program Cost?

A program management fee and a state administrative fee are accrued by each Portfolio on a daily basis. These fees are not reflected as a direct charge against your Account 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". Effective July 18, 2025, the annualized program management fee will be reduced from 0.14% to 0.125% of the average daily net assets of each Portfolio. The annualized state administrative fee is 0.025% of the average daily net assets of each Portfolio. However, there is no state administrative fee for the Bank Savings 529 Portfolio, Index Age-Based Moderate Portfolios, or the Passive Enrollment Year Portfolios. The fees received by the Program Manager and Treasurer will be used to pay for recordkeeping, investment management, and administration which may include audit, custody, customer service, and marketing. The Treasurer may, in its sole discretion, modify the state administrative fee. Account Owners will be notified of any change in the state administrative fee.

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.

### Underlying Investment Expenses

In addition, each Portfolio will also indirectly bear its pro rata share of the fees and expenses of each of the Underlying Investments in which the Portfolio invests. The fees and expenses of the Underlying Investments are reflected in the NAV of each Portfolio. Although these expenses and fees are not charged to Program Accounts directly, they will reduce the investment returns realized by each Portfolio. The Program purchases Underlying Investments that are not subject to any sales charge or distribution fees. The share class of an Underlying Investment may not be the class of the Underlying Investment with the lowest expense ratio. For information on the total expense ratio of any Underlying Investment you can request a copy of the current prospectus, Statement of Additional Information, or the most recent semiannual or annual report of the Underlying Investment by contacting the mutual fund company or Bright Directions.

The Program Manager provides administrative, shareholder services, recordkeeping, operational, and sub-transfer agency services in connection with the Underlying Investments. The applicable class of an Underlying Investment may pay an administrative, shareholder, recordkeeping, operational, sub-transfer agency services type fee of up to 0.25% of average daily net assets invested in the Underlying Investment to the Program Manager for providing administrative, shareholder, recordkeeping, operational, and sub-transfer agency services rendered in accordance with applicable law. Any such fees are included in the Underlying Investment's expenses and are indirectly incurred by the Investment Portfolios. The Program

Manager's ability to recommend investment of Portfolio assets is limited by the Program Management Agreement and is subject to review by the Treasurer.

### Annual Paper Delivery Fee

Newly introduced in 2025, there will be an annual paper delivery fee of \$12 per Bright Directions Account. The annual paper delivery fee will be assessed on or about November 30 each year, with the first fee deducted from your Account in December 2025.

**Fee Waiver:** The \$12 annual paper delivery fee may be waived and will not be imposed for any year in which the Account Owner has elected, prior to November 30 of the applicable year, to receive electronic notification of statements, program disclosure documents, tax forms, communications, and transaction confirmations.

### Sales Charge Schedule

When you open an 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. Fee Structure F is available only for Account Owners investing in the Program through a registered investment advisor or other financial advisor that is not compensated through a commission, but rather through payment of an hourly fee or a percentage of assets under management.

Sales Charges	Account Sales Charge*	Annual Account Servicing Fee**
Fee Structure A	0% - 2.50%***	0.25%
Fee Structure C	none	0.50%
Fee Structure E	none	0.25%
Fee Structure F	none	none

\*Paid directly from each Contribution

\*\*Deducted from Portfolio assets. No Annual Account Servicing Fee is charged for the Bank Savings 529 Portfolio.

\*\*\*The exact fee rate applicable to a particular purchase will depend on the aggregate Account Contributions or value in the Account on the date of Contribution.

You may choose to make Contributions under more than one Fee Structure. The annual servicing fee applicable to each Account under each of the Fee Structures is accrued daily and will be reflected in the NAV of each Portfolio. **In consultation with your broker or financial, tax or legal 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.**

### Class A Units (Fee Structure A)

Except in the circumstances described below, the initial sales charge under Fee Structure A is 2.50% of the amount of each Contribution. Contributions made to the Bank Savings 529 Portfolio, the Fidelity Short-Term Bond Index 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 Bank Savings 529 Portfolio, the Fidelity Short-Term Bond Index 529 Portfolio, or the Baird Short-Term Bond 529 Portfolio to

a Portfolio in the Program other than one of those three Portfolios, 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 in the following situations:

- Purchases for employees or their associated persons, and members of their immediate families (their spouse, minor child, mother, or father) of selling institutions that have entered into a selling agent agreement to sell interests in the Program.
- Purchases for customers of selling institutions that have entered into a selling agent agreement to sell interests in the Program and have requested and received a waiver of the initial sales charge; provided that certain selling institutions have decided not to participate in all waivers. Check with your representative to see if your financial advisory firm makes a particular waiver available to its customers before initiating the purchase or rollover.
- 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 for a waiver before initiating a rollover.
- “Bright Directions 529 College Savings Visa Card Rewards” Contributions generated from the Bright Directions College Savings Visa Card.
- “Bright Directions GiffED” Contributions made by a non-Account Owner.
- If you previously paid a front-end sales charge, Contributions that constitute a refund of any Federal Qualified Higher Education Expenses from an Institution of Higher Education that are recontributed.

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

The 2.50% initial sales charge that an Account Owner pays on each Contribution invested in Class A Units will be reduced depending on the aggregate Contributions to Accounts he/she has established in the Program (only the amount of the Contribution reduced by this charge is invested in the Account). The sales charge is used in part to compensate your financial advisor or broker for advising you about the Program. A portion of the sales charge will be retained by the Program Manager or paid to your financial advisor or broker as a concession. The current sales charge rates and concessions paid to financial advisors or brokers are as follows (due to rounding, the actual sales charge for a particular transaction may be higher or lower than the rates shown):

Amount of Total Contributions to all Accounts of an Account Owner <sup>1</sup>	Initial Sales Charge as a Percentage of Contribution	Up-front Selling Compensation to Financial Advisors or Brokers as a Percentage of Contribution	Ongoing Account Servicing Compensation To Financial Advisors or Brokers as an Annualized Percentage of Contribution
Less Than \$500,000	2.50%	2.00%	0.25%
\$500,000-\$999,999	2.00%	1.60%	0.25%
\$1 million and greater <sup>2</sup>	0.00%	0.25%	0.25%

<sup>1</sup>The Maximum Account Balance is \$500,000 per beneficiary.

<sup>2</sup>There is no initial sales charge imposed once Contributions aggregate \$1,000,000 or more per Account Owner.

In addition to the situations described in “Initial Sales Charge Waivers” above, the initial sales charge may also be waived for Grandfathered Class A Units Account Owners under the following situations (though note that additional documentation may be required; please contact the Program Manager for more information):

- Grandfathered Class A Units Account Owners are present or former employees of firms offering the Program as part of such firm’s voluntary benefits package and participate in payroll deduction funding.
- Grandfathered Class A Units Account Owners are clients of dealers, financial advisors, brokers, banks or registered investment advisers that offer the Program in particular investment products made available to their clients, who may be charged a transaction fee by the dealer, financial advisor, broker, bank or advisor for the purchase of interests in the Program.

A “Grandfathered Class A Units Account” is any Bright Start Advisor-Sold Class A Units Account established before November 6, 2017. As of November 6, 2017, interests held in Grandfathered Class A Units Accounts were re-designated as Class A Units in the Program. A Grandfathered Class A Units Account will maintain its status as a Grandfathered Class A Units Account as long as (i) the Account has a positive balance in any Portfolio, (ii) the Account is owned by the original Account Owner, rather than a new or Successor Account Owner, and (iii) neither the Treasurer nor the Program Manager has exercised its discretion to terminate the status of all Grandfathered Class A Units Accounts. If the Treasurer or Program Manager were to terminate the status of all Grandfathered Class A Units Accounts, such Accounts would then be subject to the pricing structures described above. A Grandfathered Class A Units Account will not lose its status as a Grandfathered Class A Units Account if the Beneficiary of the Account is changed.

### Aggregating Accounts

To receive a reduced Class A sales charge, Contributions made by you and your immediate family (your spouse and your children under the age of 21) may be aggregated if made for your own Account, and/or a UGMA or UTMA account for one of the above individuals, and/or a trust account established by the above individuals.

### **Right of Accumulation**

A Right of Accumulation permits certain Account Owners to combine the value of assets in their Accounts in the Program (regardless of the Class of Units selected) to determine whether a reduced initial sales charge applies to the purchase of Class A Units. Purchases of the Bank Savings 529 Portfolio, Fidelity Short-Term Bond Index 529 Portfolio, and Baird Short-Term Bond 529 Portfolio may not be combined to reduce your Class A sales charge. The Program Manager will determine the value of Program Units you currently own based on the greater of aggregate net Contributions or total shares multiplied by the current Net Asset Value.

**To receive a reduced initial sales charge based on the Right of Accumulation, you or your financial advisor must notify the Program Manager that you qualify for such a reduced initial sales charge at the time your Contribution is made.** The reduced initial sales charge will be granted upon confirmation of the aggregate Contributions to the applicable Accounts. Such reduced initial sales charge generally will not be applied retroactively to Contributions made prior to the Contribution that qualifies for the applicable reduced initial sales charge.

### **Letter of Intent**

Under a Letter of Intent (a "Letter"), you may be able to reduce the sales charge rate that applies to your purchases of Class A Units of the Program if you purchase Class A, Class C, Class E, or Class F Units. A Letter is an investor's written statement to the Program Manager of his or her intention to purchase a specified value of Class A, Class C, Class E, and Class F Units in his or her Accounts in the Program during the 13-month time period (the "Letter period") which begins on the date of the Account Owner's first share purchase following the establishment of the Letter. The sales charge on each purchase of Class A Units during the Letter period will be determined based on the rate that would apply to a single lump-sum purchase of Units in the amount intended to be purchased under the Letter. In submitting a Letter, the Account Owner makes no commitment to purchase Units. However, if the Account Owner does not fulfill the terms of the Letter by the end of the Letter period, he or she agrees to pay the additional initial sales charges that would have been applicable to the Class A Unit purchases that were made. The Account Owner agrees that Units equal in value to 2% of the intended purchase amount will be held in escrow by the Program Manager for that purpose, as described below. To receive a reduced initial sales charge based on a Letter, you or your financial advisor must notify the Program Manager that you qualify for such a reduced initial sales charge when placing purchase orders during the Letter period.

The escrow terms that apply to Letters are as follows:

1. Out of the initial purchase, and out of subsequent purchases if necessary, the Program Manager will hold in escrow Units equal to 2% of the intended purchase amount specified in the Letter. For example, if the intended purchase amount is \$50,000, the escrow amount would be Units valued at \$1,000 (computed at the offering price for a \$50,000 Unit purchase). Escrowed Units are not eligible for either Qualified or Non-Qualified Withdrawals during the Letter period unless

the Account Owner terminates the Letter and pays any applicable sales charge for having failed to meet the purchase requirements of the Letter.

2. If the Letter applies to more than one Account, the Account Owner can designate the Account from which Units will be escrowed. If no Account is selected, the Program Manager will escrow Units in the Account that has the highest dollar balance on the date of the first purchase under the Letter. If there are not sufficient Units to cover the escrow amount in the Account that has the highest dollar balance on such date, then the Program Manager will escrow Units in the Account(s) with the next highest balance(s). If there are not sufficient Units in the Accounts to which the Letter applies, the Program Manager may escrow Units in other Accounts that are linked for Right of Accumulation purposes. Additionally, if there are not sufficient Units available for escrow at the time of the first purchase under the Letter, the Program Manager will escrow future purchases until the escrow amount is met.

3. If the total purchases under the Letter are less than the intended purchases specified, on the first business day after the end of the Letter period the Program Manager will redeem escrowed Units equal in value to the difference between the dollar amount of sales charges actually paid and the amount of sales charges which would have been paid if the total purchases had been made at a single time. Any Units remaining after such redemption will be released from escrow.

4. If the terms of the Letter are fulfilled, the escrowed Units will be promptly released to the Account Owner at the end of the Letter period or at the time of such fulfillment, if earlier.

5. By signing the Letter, the Account Owner irrevocably constitutes and appoints the Program Manager as attorney-in-fact to surrender for redemption any or all escrowed Units.

### **Class A Units Annual Account Servicing Fee**

In addition to the initial sales charge, Class A Units also bear an ongoing annual account servicing fee equal to 0.25% of the value of the Class A Units. This fee is accrued daily and reflected in the NAV of each Portfolio.

### **Class C Units**

Class C Units are sold at net asset value, without an initial sales charge. Class C Units sold by Account Owners on or after November 6, 2017 are not subject to a contingent deferred sales charge. Class C Units are subject to an ongoing annual account servicing fee of 0.50% of the value of Class C Units held in an Account. This fee is accrued daily and reflected in the NAV of each Portfolio. Beginning in the 13th month after a Contribution is made, the annual account servicing fee will become payable to the financial adviser of the Account Owner.

### **Automatic conversion of Class C Units**

Effective May 1, 2020, Class C Units automatically convert to Class A Units in the month following the tenth anniversary of the purchase date, and will thereafter be subject to the lower ongoing servicing fee applicable to Class A Units. See "Class A Units." If the tenth anniversary of the purchase date occurred before May 1, 2020, then the conversion was effective May 2020. The Internal Revenue Service currently

takes the position that such automatic conversions are not taxable to shareholders. Should the IRS position change, the automatic conversion feature may be suspended.

#### **Class E Units**

Class E Units are sold at net asset value, without an initial sales charge. However, Class E Units bear an ongoing annual account servicing fee equal to 0.25% of the value of the Class E Units. This fee is accrued daily and reflected in the NAV of each Portfolio, and is paid to the broker or financial adviser of the Account Owner.

#### **Class F Units**

Class F Units are sold at net asset value, without an initial sales charge. Class F Units do not incur an ongoing annual account servicing fee.

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 such broker or financial advisor 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, Enrollment Year, Static, 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, E, or F.

#### **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.**

<sup>1</sup> 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 June 1, 2025, and for Portfolios invested in multiple Underlying Investments, based on a projected weighted average of each Underlying Investment's total annual operating expenses, in accordance with the Portfolio's asset allocation as of the date of this Program Disclosure Statement.

<sup>2</sup> No State Fee is charged on the Bank Savings 529 Portfolio, Index Age-Based Moderate Portfolios, or the Passive Enrollment Year Portfolios.

<sup>3</sup> No Annual Servicing Fee is charged on the Bank Savings 529 Portfolio.

<sup>4</sup> 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 for a waiver before initiating a rollover.

Initial Sales Charge waivers are also available for purchases for customers of selling institutions that have entered into a selling agent agreement to sell interests in the Program and have requested and received a waiver of the initial

sales charge, for employees or associated persons of selling institutions and their immediate family members, Bright Directions 529 College Savings Visa Card Rewards contributions, Bright Directions GiftED contributions made by a non-Account Owner, and contributions that constitute a refund of any Qualified Higher Education Expenses from an eligible educational institution, that are recontributed.

<sup>5</sup> A paper delivery fee of \$12 will be assessed on an Account each November. The \$12 paper delivery fee may be waived if the Account Owner has elected prior to November 30 of the applicable year, to receive electronic notification of statements, program disclosure documents, tax forms, communications, and transaction confirmations. If an Account Owner makes a full withdrawal from the Account prior to November 30 in a given year, a prorated paper delivery fee may be charged against the withdrawal.

# Fee Structure A

See page 35 for footnotes.

	Annual Asset-Based Fees					Additional Investor Expenses	
	Estimated Underlying Fund Expenses <sup>1</sup>	Program Management Fee	State Fee <sup>2</sup>	Annual Servicing Fee <sup>3</sup>	Total Annual Asset-Based Fee	Maximum Initial Sales Charge <sup>4</sup>	Paper Delivery Fee <sup>5</sup>
<b>Age-Based Portfolios</b>							
<b>Aggressive Age-Based</b>							
Ages 0 - 2	0.30%	0.125%	0.025%	0.25%	0.70%	2.50%	\$12
Ages 3 - 5	0.29%	0.125%	0.025%	0.25%	0.69%	2.50%	\$12
Ages 6 - 8	0.29%	0.125%	0.025%	0.25%	0.69%	2.50%	\$12
Ages 9 - 10	0.30%	0.125%	0.025%	0.25%	0.70%	2.50%	\$12
Ages 11 - 12	0.29%	0.125%	0.025%	0.25%	0.69%	2.50%	\$12
Ages 13 - 14	0.30%	0.125%	0.025%	0.25%	0.70%	2.50%	\$12
Ages 15 - 16	0.28%	0.125%	0.025%	0.25%	0.68%	2.50%	\$12
Ages 17 - 18	0.25%	0.125%	0.025%	0.25%	0.65%	2.50%	\$12
Ages 19 +	0.23%	0.125%	0.025%	0.25%	0.63%	2.50%	\$12
<b>Moderate Age-Based</b>							
Ages 0 - 2	0.29%	0.125%	0.025%	0.25%	0.69%	2.50%	\$12
Ages 3 - 5	0.29%	0.125%	0.025%	0.25%	0.69%	2.50%	\$12
Ages 6 - 8	0.30%	0.125%	0.025%	0.25%	0.70%	2.50%	\$12
Ages 9 - 10	0.29%	0.125%	0.025%	0.25%	0.69%	2.50%	\$12
Ages 11 - 12	0.30%	0.125%	0.025%	0.25%	0.70%	2.50%	\$12
Ages 13 - 14	0.28%	0.125%	0.025%	0.25%	0.68%	2.50%	\$12
Ages 15 - 16	0.25%	0.125%	0.025%	0.25%	0.65%	2.50%	\$12
Ages 17 - 18	0.23%	0.125%	0.025%	0.25%	0.63%	2.50%	\$12
Ages 19 +	0.17%	0.125%	0.025%	0.25%	0.57%	2.50%	\$12
<b>Conservative Age-Based</b>							
Ages 0 - 2	0.29%	0.125%	0.025%	0.25%	0.69%	2.50%	\$12
Ages 3 - 5	0.30%	0.125%	0.025%	0.25%	0.70%	2.50%	\$12
Ages 6 - 8	0.29%	0.125%	0.025%	0.25%	0.69%	2.50%	\$12
Ages 9 - 10	0.30%	0.125%	0.025%	0.25%	0.70%	2.50%	\$12
Ages 11 - 12	0.28%	0.125%	0.025%	0.25%	0.68%	2.50%	\$12
Ages 13 - 14	0.25%	0.125%	0.025%	0.25%	0.65%	2.50%	\$12
Ages 15 - 16	0.23%	0.125%	0.025%	0.25%	0.63%	2.50%	\$12
Ages 17 - 18	0.17%	0.125%	0.025%	0.25%	0.57%	2.50%	\$12
Ages 19 +	0.08%	0.125%	0.025%	0.25%	0.48%	2.50%	\$12
<b>Index Age-Based Moderate Option</b>							
Ages 0 - 2	0.10%	0.125%	0.000%	0.25%	0.475%	2.50%	\$12
Ages 3 - 5	0.10%	0.125%	0.000%	0.25%	0.475%	2.50%	\$12
Ages 6 - 8	0.10%	0.125%	0.000%	0.25%	0.475%	2.50%	\$12
Ages 9 - 10	0.10%	0.125%	0.000%	0.25%	0.475%	2.50%	\$12
Ages 11 - 12	0.10%	0.125%	0.000%	0.25%	0.475%	2.50%	\$12
Ages 13 - 14	0.10%	0.125%	0.000%	0.25%	0.475%	2.50%	\$12
Ages 15 - 16	0.09%	0.125%	0.000%	0.25%	0.465%	2.50%	\$12
Ages 17 - 18	0.08%	0.125%	0.000%	0.25%	0.455%	2.50%	\$12
Ages 19 +	0.07%	0.125%	0.000%	0.25%	0.445%	2.50%	\$12
<b>Enrollment Year Portfolios</b>							
<b>Blend Enrollment Year</b>							
Enrollment 2043/2044	0.30%	0.125%	0.025%	0.25%	0.70%	2.50%	\$12
Enrollment 2041/2042	0.30%	0.125%	0.025%	0.25%	0.70%	2.50%	\$12
Enrollment 2039/2040	0.29%	0.125%	0.025%	0.25%	0.69%	2.50%	\$12
Enrollment 2037/2038	0.29%	0.125%	0.025%	0.25%	0.69%	2.50%	\$12
Enrollment 2035/2036	0.30%	0.125%	0.025%	0.25%	0.70%	2.50%	\$12
Enrollment 2033/2034	0.29%	0.125%	0.025%	0.25%	0.69%	2.50%	\$12
Enrollment 2031/2032	0.30%	0.125%	0.025%	0.25%	0.70%	2.50%	\$12
Enrollment 2029/2030	0.28%	0.125%	0.025%	0.25%	0.68%	2.50%	\$12
Enrollment 2027/2028	0.25%	0.125%	0.025%	0.25%	0.65%	2.50%	\$12
Enrollment 2025/2026	0.23%	0.125%	0.025%	0.25%	0.63%	2.50%	\$12
College Enrollment	0.17%	0.125%	0.025%	0.25%	0.57%	2.50%	\$12
<b>Passive Enrollment Year</b>							
Enrollment 2043/2044	0.10%	0.125%	0.000%	0.25%	0.475%	2.50%	\$12
Enrollment 2041/2042	0.10%	0.125%	0.000%	0.25%	0.475%	2.50%	\$12
Enrollment 2039/2040	0.10%	0.125%	0.000%	0.25%	0.475%	2.50%	\$12
Enrollment 2037/2038	0.10%	0.125%	0.000%	0.25%	0.475%	2.50%	\$12
Enrollment 2035/2036	0.10%	0.125%	0.000%	0.25%	0.475%	2.50%	\$12
Enrollment 2033/2034	0.10%	0.125%	0.000%	0.25%	0.475%	2.50%	\$12
Enrollment 2031/2032	0.10%	0.125%	0.000%	0.25%	0.475%	2.50%	\$12
Enrollment 2029/2030	0.10%	0.125%	0.000%	0.25%	0.475%	2.50%	\$12
Enrollment 2027/2028	0.09%	0.125%	0.000%	0.25%	0.465%	2.50%	\$12
Enrollment 2025/2026	0.08%	0.125%	0.000%	0.25%	0.455%	2.50%	\$12
College Enrollment	0.07%	0.125%	0.000%	0.25%	0.445%	2.50%	\$12
<b>Static Portfolios</b>							
Equity Portfolio	0.30%	0.125%	0.025%	0.25%	0.70%	2.50%	\$12
Growth Portfolio	0.29%	0.125%	0.025%	0.25%	0.69%	2.50%	\$12
Balanced Portfolio	0.29%	0.125%	0.025%	0.25%	0.69%	2.50%	\$12
Fixed Income Portfolio	0.08%	0.125%	0.025%	0.25%	0.48%	2.50%	\$12
<b>Individual Fund Portfolios</b>							
Bank Savings 529 Portfolio	0.00%	0.125%	0.000%	0.00%	0.125%	none	\$12
Fidelity Short-Term Bond Index 529 Portfolio	0.03%	0.125%	0.025%	0.25%	0.43%	none	\$12
Baird Short-Term Bond 529 Portfolio	0.30%	0.125%	0.025%	0.25%	0.70%	none	\$12
Fidelity U.S. Bond Index 529 Portfolio	0.025%	0.125%	0.025%	0.25%	0.425%	2.50%	\$12
PGIM Core Bond 529 Portfolio	0.33%	0.125%	0.025%	0.25%	0.73%	2.50%	\$12
American Beacon Garcia Hamilton Quality Bond 529 Portfolio	0.51%	0.125%	0.025%	0.25%	0.91%	2.50%	\$12
iShares Short-Term TIPS Bond Index 529 Portfolio	0.11%	0.125%	0.025%	0.25%	0.51%	2.50%	\$12
Blackrock High Yield 529 Portfolio	0.58%	0.125%	0.025%	0.25%	0.98%	2.50%	\$12
Credit Suisse Floating Rate High Income 529 Portfolio	0.70%	0.125%	0.025%	0.25%	1.10%	2.50%	\$12
AB Global Bond 529 Portfolio	0.52%	0.125%	0.025%	0.25%	0.92%	2.50%	\$12
Payden Emerging Markets Bond 529 Portfolio	0.74%	0.125%	0.025%	0.25%	1.14%	2.50%	\$12
T.Rowe Price Balanced 529 Portfolio	0.47%	0.125%	0.025%	0.25%	0.87%	2.50%	\$12
DFA Real Estate Securities 529 Portfolio	0.18%	0.125%	0.025%	0.25%	0.58%	2.50%	\$12
Principal Global Real Estate Securities 529 Portfolio	0.94%	0.125%	0.025%	0.25%	1.34%	2.50%	\$12
Calvert Equity 529 Portfolio	0.65%	0.125%	0.025%	0.25%	1.05%	2.50%	\$12
MFS Value 529 Portfolio	0.54%	0.125%	0.025%	0.25%	0.94%	2.50%	\$12
T. Rowe Price Equity Income 529 Portfolio	0.56%	0.125%	0.025%	0.25%	0.96%	2.50%	\$12
Northern Stock Index 529 Portfolio	0.025%	0.125%	0.025%	0.25%	0.425%	2.50%	\$12
T.Rowe Price Large-Cap Growth 529 Portfolio	0.38%	0.125%	0.025%	0.25%	0.78%	2.50%	\$12
T. Rowe Price Ext Eq Market Index 529 Portfolio	0.23%	0.125%	0.025%	0.25%	0.63%	2.50%	\$12
Blackrock Mid-Cap Growth Equity 529 Portfolio	0.80%	0.125%	0.025%	0.25%	1.20%	2.50%	\$12
Ariel Fund 529 Portfolio	0.69%	0.125%	0.025%	0.25%	1.09%	2.50%	\$12
Northern Small Cap Value 529 Portfolio	0.60%	0.125%	0.025%	0.25%	1.00%	2.50%	\$12
Northern Small Cap Index 529 Portfolio	0.10%	0.125%	0.025%	0.25%	0.50%	2.50%	\$12
Macquarie Small Cap Core 529 Portfolio	0.81%	0.125%	0.025%	0.25%	1.21%	2.50%	\$12
Harbor Small Cap Growth 529 Portfolio	0.88%	0.125%	0.025%	0.25%	1.28%	2.50%	\$12
Dodge & Cox International Stock 529 Portfolio	0.62%	0.125%	0.025%	0.25%	1.02%	2.50%	\$12
Northern International Equity Index 529 Portfolio	0.10%	0.125%	0.025%	0.25%	0.50%	2.50%	\$12
Lazard International Dynamic Equity ETF 529 Portfolio	0.40%	0.125%	0.025%	0.25%	0.80%	2.50%	\$12
Neuberger Berman International Select 529 Portfolio	0.80%	0.125%	0.025%	0.25%	1.20%	2.50%	\$12
DFA International Small Company 529 Portfolio	0.39%	0.125%	0.025%	0.25%	0.79%	2.50%	\$12
Blackrock Emerging Markets 529 Portfolio	0.86%	0.125%	0.025%	0.25%	1.26%	2.50%	\$12
Virtus Duff & Phelps Global Infrastructure 529 Portfolio	0.98%	0.125%	0.025%	0.25%	1.38%	2.50%	\$12

Fee Structure C <i>See page 35 for footnotes.</i>	Annual Asset-Based Fees					Additional Investor Expenses	
	Estimated Underlying Fund Expenses <sup>1</sup>	Program Management Fee	State Fee <sup>2</sup>	Annual Servicing Fee <sup>3</sup>	Total Annual Asset-Based Fee	Maximum Initial Sales Charge <sup>4</sup>	Paper Delivery Fee <sup>5</sup>
<b>Age-Based Portfolios</b>							
<b>Aggressive Age-Based</b>							
Ages 0 - 2	0.30%	0.125%	0.025%	0.50%	0.95%	none	\$12
Ages 3 - 5	0.29%	0.125%	0.025%	0.50%	0.94%	none	\$12
Ages 6 - 8	0.29%	0.125%	0.025%	0.50%	0.94%	none	\$12
Ages 9 - 10	0.30%	0.125%	0.025%	0.50%	0.95%	none	\$12
Ages 11 - 12	0.29%	0.125%	0.025%	0.50%	0.94%	none	\$12
Ages 13 - 14	0.30%	0.125%	0.025%	0.50%	0.95%	none	\$12
Ages 15 - 16	0.28%	0.125%	0.025%	0.50%	0.93%	none	\$12
Ages 17 - 18	0.25%	0.125%	0.025%	0.50%	0.90%	none	\$12
Ages 19 +	0.23%	0.125%	0.025%	0.50%	0.88%	none	\$12
<b>Moderate Age-Based</b>							
Ages 0 - 2	0.29%	0.125%	0.025%	0.50%	0.94%	none	\$12
Ages 3 - 5	0.29%	0.125%	0.025%	0.50%	0.94%	none	\$12
Ages 6 - 8	0.30%	0.125%	0.025%	0.50%	0.95%	none	\$12
Ages 9 - 10	0.29%	0.125%	0.025%	0.50%	0.94%	none	\$12
Ages 11 - 12	0.30%	0.125%	0.025%	0.50%	0.95%	none	\$12
Ages 13 - 14	0.28%	0.125%	0.025%	0.50%	0.93%	none	\$12
Ages 15 - 16	0.25%	0.125%	0.025%	0.50%	0.90%	none	\$12
Ages 17 - 18	0.23%	0.125%	0.025%	0.50%	0.88%	none	\$12
Ages 19 +	0.17%	0.125%	0.025%	0.50%	0.82%	none	\$12
<b>Conservative Age-Based</b>							
Ages 0 - 2	0.29%	0.125%	0.025%	0.50%	0.94%	none	\$12
Ages 3 - 5	0.30%	0.125%	0.025%	0.50%	0.95%	none	\$12
Ages 6 - 8	0.29%	0.125%	0.025%	0.50%	0.94%	none	\$12
Ages 9 - 10	0.30%	0.125%	0.025%	0.50%	0.95%	none	\$12
Ages 11 - 12	0.28%	0.125%	0.025%	0.50%	0.93%	none	\$12
Ages 13 - 14	0.25%	0.125%	0.025%	0.50%	0.90%	none	\$12
Ages 15 - 16	0.23%	0.125%	0.025%	0.50%	0.88%	none	\$12
Ages 17 - 18	0.17%	0.125%	0.025%	0.50%	0.82%	none	\$12
Ages 19 +	0.08%	0.125%	0.025%	0.50%	0.73%	none	\$12
<b>Index Age-Based Moderate Option</b>							
Ages 0 - 2	0.10%	0.125%	0.000%	0.50%	0.725%	none	\$12
Ages 3 - 5	0.10%	0.125%	0.000%	0.50%	0.725%	none	\$12
Ages 6 - 8	0.10%	0.125%	0.000%	0.50%	0.725%	none	\$12
Ages 9 - 10	0.10%	0.125%	0.000%	0.50%	0.725%	none	\$12
Ages 11 - 12	0.10%	0.125%	0.000%	0.50%	0.725%	none	\$12
Ages 13 - 14	0.10%	0.125%	0.000%	0.50%	0.725%	none	\$12
Ages 15 - 16	0.09%	0.125%	0.000%	0.50%	0.715%	none	\$12
Ages 17 - 18	0.08%	0.125%	0.000%	0.50%	0.705%	none	\$12
Ages 19 +	0.07%	0.125%	0.000%	0.50%	0.695%	none	\$12
<b>Enrollment Year Portfolios</b>							
<b>Blend Enrollment Year</b>							
Enrollment 2043/2044	0.30%	0.125%	0.025%	0.50%	0.95%	none	\$12
Enrollment 2041/2042	0.30%	0.125%	0.025%	0.50%	0.95%	none	\$12
Enrollment 2039/2040	0.29%	0.125%	0.025%	0.50%	0.94%	none	\$12
Enrollment 2037/2038	0.29%	0.125%	0.025%	0.50%	0.94%	none	\$12
Enrollment 2035/2036	0.30%	0.125%	0.025%	0.50%	0.95%	none	\$12
Enrollment 2033/2034	0.29%	0.125%	0.025%	0.50%	0.94%	none	\$12
Enrollment 2031/2032	0.30%	0.125%	0.025%	0.50%	0.95%	none	\$12
Enrollment 2029/2030	0.28%	0.125%	0.025%	0.50%	0.93%	none	\$12
Enrollment 2027/2028	0.25%	0.125%	0.025%	0.50%	0.90%	none	\$12
Enrollment 2025/2026	0.23%	0.125%	0.025%	0.50%	0.88%	none	\$12
College Enrollment	0.17%	0.125%	0.025%	0.50%	0.82%	none	\$12
<b>Passive Enrollment Year</b>							
Enrollment 2043/2044	0.10%	0.125%	0.000%	0.50%	0.725%	none	\$12
Enrollment 2041/2042	0.10%	0.125%	0.000%	0.50%	0.725%	none	\$12
Enrollment 2039/2040	0.10%	0.125%	0.000%	0.50%	0.725%	none	\$12
Enrollment 2037/2038	0.10%	0.125%	0.000%	0.50%	0.725%	none	\$12
Enrollment 2035/2036	0.10%	0.125%	0.000%	0.50%	0.725%	none	\$12
Enrollment 2033/2034	0.10%	0.125%	0.000%	0.50%	0.725%	none	\$12
Enrollment 2031/2032	0.10%	0.125%	0.000%	0.50%	0.725%	none	\$12
Enrollment 2029/2030	0.10%	0.125%	0.000%	0.50%	0.725%	none	\$12
Enrollment 2027/2028	0.09%	0.125%	0.000%	0.50%	0.715%	none	\$12
Enrollment 2025/2026	0.08%	0.125%	0.000%	0.50%	0.705%	none	\$12
College Enrollment	0.07%	0.125%	0.000%	0.50%	0.695%	none	\$12
<b>Static Portfolios</b>							
Equity Portfolio	0.30%	0.125%	0.025%	0.50%	0.95%	none	\$12
Growth Portfolio	0.29%	0.125%	0.025%	0.50%	0.94%	none	\$12
Balanced Portfolio	0.29%	0.125%	0.025%	0.50%	0.94%	none	\$12
Fixed Income Portfolio	0.08%	0.125%	0.025%	0.50%	0.73%	none	\$12
<b>Individual Fund Portfolios</b>							
Bank Savings 529 Portfolio	0.00%	0.125%	0.000%	0.00%	0.125%	none	\$12
Fidelity Short-Term Bond Index 529 Portfolio	0.03%	0.125%	0.025%	0.50%	0.68%	none	\$12
Baird Short-Term Bond 529 Portfolio	0.30%	0.125%	0.025%	0.50%	0.95%	none	\$12
Fidelity U.S. Bond Index 529 Portfolio	0.025%	0.125%	0.025%	0.50%	0.675%	none	\$12
PGIM Core Bond 529 Portfolio	0.33%	0.125%	0.025%	0.50%	0.98%	none	\$12
American Beacon Garcia Hamilton Quality Bond 529 Portfolio	0.51%	0.125%	0.025%	0.50%	1.16%	none	\$12
iShares Short-Term TIPS Bond Index 529 Portfolio	0.11%	0.125%	0.025%	0.50%	0.76%	none	\$12
Blackrock High Yield 529 Portfolio	0.58%	0.125%	0.025%	0.50%	1.23%	none	\$12
Credit Suisse Floating Rate High Income 529 Portfolio	0.70%	0.125%	0.025%	0.50%	1.35%	none	\$12
AB Global Bond 529 Portfolio	0.52%	0.125%	0.025%	0.50%	1.17%	none	\$12
Payden Emerging Markets Bond 529 Portfolio	0.74%	0.125%	0.025%	0.50%	1.39%	none	\$12
T.Rowe Price Balanced 529 Portfolio	0.47%	0.125%	0.025%	0.50%	1.12%	none	\$12
DFA Real Estate Securities 529 Portfolio	0.18%	0.125%	0.025%	0.50%	0.83%	none	\$12
Principal Global Real Estate Securities 529 Portfolio	0.94%	0.125%	0.025%	0.50%	1.59%	none	\$12
Calvert Equity 529 Portfolio	0.65%	0.125%	0.025%	0.50%	1.30%	none	\$12
MFS Value 529 Portfolio	0.54%	0.125%	0.025%	0.50%	1.19%	none	\$12
T. Rowe Price Equity Income 529 Portfolio	0.56%	0.125%	0.025%	0.50%	1.21%	none	\$12
Northern Stock Index 529 Portfolio	0.025%	0.125%	0.025%	0.50%	0.675%	none	\$12
T.Rowe Price Large-Cap Growth 529 Portfolio	0.38%	0.125%	0.025%	0.50%	1.03%	none	\$12
T. Rowe Price Ext Eq Market Index 529 Portfolio	0.23%	0.125%	0.025%	0.50%	0.88%	none	\$12
Blackrock Mid-Cap Growth Equity 529 Portfolio	0.80%	0.125%	0.025%	0.50%	1.45%	none	\$12
Ariel Fund 529 Portfolio	0.69%	0.125%	0.025%	0.50%	1.34%	none	\$12
Northern Small Cap Value 529 Portfolio	0.60%	0.125%	0.025%	0.50%	1.25%	none	\$12
Northern Small Cap Index 529 Portfolio	0.10%	0.125%	0.025%	0.50%	0.75%	none	\$12
Macquarie Small Cap Core 529 Portfolio	0.81%	0.125%	0.025%	0.50%	1.46%	none	\$12
Harbor Small Cap Growth 529 Portfolio	0.88%	0.125%	0.025%	0.50%	1.53%	none	\$12
Dodge & Cox International Stock 529 Portfolio	0.62%	0.125%	0.025%	0.50%	1.27%	none	\$12
Northern International Equity Index 529 Portfolio	0.10%	0.125%	0.025%	0.50%	0.75%	none	\$12
Lazard International Dynamic Equity ETF 529 Portfolio	0.40%	0.125%	0.025%	0.50%	1.05%	none	\$12
Neuberger Berman International Select 529 Portfolio	0.80%	0.125%	0.025%	0.50%	1.45%	none	\$12
DFA International Small Company 529 Portfolio	0.39%	0.125%	0.025%	0.50%	1.04%	none	\$12
Blackrock Emerging Markets 529 Portfolio	0.86%	0.125%	0.025%	0.50%	1.51%	none	\$12
Virtus Duff & Phelps Global Infrastructure 529 Portfolio	0.98%	0.125%	0.025%	0.50%	1.63%	none	\$12

Fee Structure E <i>See page 35 for footnotes.</i>	Annual Asset-Based Fees					Additional Investor Expenses	
	Estimated Underlying Fund Expenses <sup>1</sup>	Program Management Fee	State Fee <sup>2</sup>	Annual Servicing Fee <sup>3</sup>	Total Annual Asset-Based Fee	Maximum Initial Sales Charge <sup>4</sup>	Paper Delivery Fee <sup>5</sup>
<b>Age-Based Portfolios</b>							
<b>Aggressive Age-Based</b>							
Ages 0 - 2	0.30%	0.125%	0.025%	0.25%	0.70%	none	\$12
Ages 3 - 5	0.29%	0.125%	0.025%	0.25%	0.69%	none	\$12
Ages 6 - 8	0.29%	0.125%	0.025%	0.25%	0.69%	none	\$12
Ages 9 - 10	0.30%	0.125%	0.025%	0.25%	0.70%	none	\$12
Ages 11 - 12	0.29%	0.125%	0.025%	0.25%	0.69%	none	\$12
Ages 13 - 14	0.30%	0.125%	0.025%	0.25%	0.70%	none	\$12
Ages 15 - 16	0.28%	0.125%	0.025%	0.25%	0.68%	none	\$12
Ages 17 - 18	0.25%	0.125%	0.025%	0.25%	0.65%	none	\$12
Ages 19 +	0.23%	0.125%	0.025%	0.25%	0.63%	none	\$12
<b>Moderate Age-Based</b>							
Ages 0 - 2	0.29%	0.125%	0.025%	0.25%	0.69%	none	\$12
Ages 3 - 5	0.29%	0.125%	0.025%	0.25%	0.69%	none	\$12
Ages 6 - 8	0.30%	0.125%	0.025%	0.25%	0.70%	none	\$12
Ages 9 - 10	0.29%	0.125%	0.025%	0.25%	0.69%	none	\$12
Ages 11 - 12	0.30%	0.125%	0.025%	0.25%	0.70%	none	\$12
Ages 13 - 14	0.28%	0.125%	0.025%	0.25%	0.68%	none	\$12
Ages 15 - 16	0.25%	0.125%	0.025%	0.25%	0.65%	none	\$12
Ages 17 - 18	0.23%	0.125%	0.025%	0.25%	0.63%	none	\$12
Ages 19 +	0.17%	0.125%	0.025%	0.25%	0.57%	none	\$12
<b>Conservative Age-Based</b>							
Ages 0 - 2	0.29%	0.125%	0.025%	0.25%	0.69%	none	\$12
Ages 3 - 5	0.30%	0.125%	0.025%	0.25%	0.70%	none	\$12
Ages 6 - 8	0.29%	0.125%	0.025%	0.25%	0.69%	none	\$12
Ages 9 - 10	0.30%	0.125%	0.025%	0.25%	0.70%	none	\$12
Ages 11 - 12	0.28%	0.125%	0.025%	0.25%	0.68%	none	\$12
Ages 13 - 14	0.25%	0.125%	0.025%	0.25%	0.65%	none	\$12
Ages 15 - 16	0.23%	0.125%	0.025%	0.25%	0.63%	none	\$12
Ages 17 - 18	0.17%	0.125%	0.025%	0.25%	0.57%	none	\$12
Ages 19 +	0.08%	0.125%	0.025%	0.25%	0.48%	none	\$12
<b>Enrollment Year Portfolios</b>							
<b>Blend Enrollment Year</b>							
Enrollment 2043/2044	0.30%	0.125%	0.025%	0.25%	0.70%	none	\$12
Enrollment 2041/2042	0.30%	0.125%	0.025%	0.25%	0.70%	none	\$12
Enrollment 2039/2040	0.29%	0.125%	0.025%	0.25%	0.69%	none	\$12
Enrollment 2037/2038	0.29%	0.125%	0.025%	0.25%	0.69%	none	\$12
Enrollment 2035/2036	0.30%	0.125%	0.025%	0.25%	0.70%	none	\$12
Enrollment 2033/2034	0.29%	0.125%	0.025%	0.25%	0.69%	none	\$12
Enrollment 2031/2032	0.30%	0.125%	0.025%	0.25%	0.70%	none	\$12
Enrollment 2029/2030	0.28%	0.125%	0.025%	0.25%	0.68%	none	\$12
Enrollment 2027/2028	0.25%	0.125%	0.025%	0.25%	0.65%	none	\$12
Enrollment 2025/2026	0.23%	0.125%	0.025%	0.25%	0.63%	none	\$12
College Enrollment	0.17%	0.125%	0.025%	0.25%	0.57%	none	\$12
<b>Passive Enrollment Year</b>							
Enrollment 2043/2044	0.10%	0.125%	0.000%	0.25%	0.475%	none	\$12
Enrollment 2041/2042	0.10%	0.125%	0.000%	0.25%	0.475%	none	\$12
Enrollment 2039/2040	0.10%	0.125%	0.000%	0.25%	0.475%	none	\$12
Enrollment 2037/2038	0.10%	0.125%	0.000%	0.25%	0.475%	none	\$12
Enrollment 2035/2036	0.10%	0.125%	0.000%	0.25%	0.475%	none	\$12
Enrollment 2033/2034	0.10%	0.125%	0.000%	0.25%	0.475%	none	\$12
Enrollment 2031/2032	0.10%	0.125%	0.000%	0.25%	0.475%	none	\$12
Enrollment 2029/2030	0.10%	0.125%	0.000%	0.25%	0.475%	none	\$12
Enrollment 2027/2028	0.09%	0.125%	0.000%	0.25%	0.465%	none	\$12
Enrollment 2025/2026	0.08%	0.125%	0.000%	0.25%	0.455%	none	\$12
College Enrollment	0.07%	0.125%	0.000%	0.25%	0.445%	none	\$12
<b>Static Portfolios</b>							
Equity Portfolio	0.30%	0.125%	0.025%	0.25%	0.70%	none	\$12
Growth Portfolio	0.29%	0.125%	0.025%	0.25%	0.69%	none	\$12
Balanced Portfolio	0.29%	0.125%	0.025%	0.25%	0.69%	none	\$12
Fixed Income Portfolio	0.08%	0.125%	0.025%	0.25%	0.48%	none	\$12
<b>Individual Fund Portfolios</b>							
Bank Savings 529 Portfolio	0.00%	0.125%	0.000%	0.00%	0.125%	none	\$12
Fidelity Short-Term Bond Index 529 Portfolio	0.03%	0.125%	0.025%	0.25%	0.43%	none	\$12
Baird Short-Term Bond 529 Portfolio	0.30%	0.125%	0.025%	0.25%	0.70%	none	\$12
Fidelity U.S. Bond Index 529 Portfolio	0.025%	0.125%	0.025%	0.25%	0.425%	none	\$12
PGIM Core Bond 529 Portfolio	0.33%	0.125%	0.025%	0.25%	0.73%	none	\$12
American Beacon Garcia Hamilton Quality Bond 529 Portfolio	0.51%	0.125%	0.025%	0.25%	0.91%	none	\$12
iShares Short-Term TIPS Bond Index 529 Portfolio	0.11%	0.125%	0.025%	0.25%	0.51%	none	\$12
Blackrock High Yield 529 Portfolio	0.58%	0.125%	0.025%	0.25%	0.98%	none	\$12
Credit Suisse Floating Rate High Income 529 Portfolio	0.70%	0.125%	0.025%	0.25%	1.10%	none	\$12
AB Global Bond 529 Portfolio	0.52%	0.125%	0.025%	0.25%	0.92%	none	\$12
Payden Emerging Markets Bond 529 Portfolio	0.74%	0.125%	0.025%	0.25%	1.14%	none	\$12
T.Rowe Price Balanced 529 Portfolio	0.47%	0.125%	0.025%	0.25%	0.87%	none	\$12
DFA Real Estate Securities 529 Portfolio	0.18%	0.125%	0.025%	0.25%	0.58%	none	\$12
Principal Global Real Estate Securities 529 Portfolio	0.94%	0.125%	0.025%	0.25%	1.34%	none	\$12
Calvert Equity 529 Portfolio	0.65%	0.125%	0.025%	0.25%	1.05%	none	\$12
MFS Value 529 Portfolio	0.54%	0.125%	0.025%	0.25%	0.94%	none	\$12
T. Rowe Price Equity Income 529 Portfolio	0.56%	0.125%	0.025%	0.25%	0.96%	none	\$12
Northern Stock Index 529 Portfolio	0.025%	0.125%	0.025%	0.25%	0.425%	none	\$12
T.Rowe Price Large-Cap Growth 529 Portfolio	0.38%	0.125%	0.025%	0.25%	0.78%	none	\$12
T. Rowe Price Ext Eq Market Index 529 Portfolio	0.23%	0.125%	0.025%	0.25%	0.63%	none	\$12
Blackrock Mid-Cap Growth Equity 529 Portfolio	0.80%	0.125%	0.025%	0.25%	1.20%	none	\$12
Ariel Fund 529 Portfolio	0.69%	0.125%	0.025%	0.25%	1.09%	none	\$12
Northern Small Cap Value 529 Portfolio	0.60%	0.125%	0.025%	0.25%	1.00%	none	\$12
Northern Small Cap Index 529 Portfolio	0.10%	0.125%	0.025%	0.25%	0.50%	none	\$12
Macquarie Small Cap Core 529 Portfolio	0.81%	0.125%	0.025%	0.25%	1.21%	none	\$12
Harbor Small Cap Growth 529 Portfolio	0.88%	0.125%	0.025%	0.25%	1.28%	none	\$12
Dodge & Cox International Stock 529 Portfolio	0.62%	0.125%	0.025%	0.25%	1.02%	none	\$12
Northern International Equity Index 529 Portfolio	0.10%	0.125%	0.025%	0.25%	0.50%	none	\$12
Lazard International Dynamic Equity ETF 529 Portfolio	0.40%	0.125%	0.025%	0.25%	0.80%	none	\$12
Neuberger Berman International Select 529 Portfolio	0.80%	0.125%	0.025%	0.25%	1.20%	none	\$12
DFA International Small Company 529 Portfolio	0.39%	0.125%	0.025%	0.25%	0.79%	none	\$12
Blackrock Emerging Markets 529 Portfolio	0.86%	0.125%	0.025%	0.25%	1.26%	none	\$12
Virtus Duff & Phelps Global Infrastructure 529 Portfolio	0.98%	0.125%	0.025%	0.25%	1.38%	none	\$12

## Fee Structure F

*See page 35 for footnotes.*

	Annual Asset-Based Fees					Additional Investor Expenses	
	Estimated Underlying Fund Expenses <sup>1</sup>	Program Management Fee	State Fee <sup>2</sup>	Annual Servicing Fee <sup>3</sup>	Total Annual Asset-Based Fee	Maximum Initial Sales Charge <sup>4</sup>	Paper Delivery Fee <sup>5</sup>
<b>Age-Based Portfolios</b>							
<b>Aggressive Age-Based</b>							
Ages 0 - 2	0.30%	0.125%	0.025%	0.00%	0.45%	none	\$12
Ages 3 - 5	0.29%	0.125%	0.025%	0.00%	0.44%	none	\$12
Ages 6 - 8	0.29%	0.125%	0.025%	0.00%	0.44%	none	\$12
Ages 9 - 10	0.30%	0.125%	0.025%	0.00%	0.45%	none	\$12
Ages 11 - 12	0.29%	0.125%	0.025%	0.00%	0.44%	none	\$12
Ages 13 - 14	0.30%	0.125%	0.025%	0.00%	0.45%	none	\$12
Ages 15 - 16	0.28%	0.125%	0.025%	0.00%	0.43%	none	\$12
Ages 17 - 18	0.25%	0.125%	0.025%	0.00%	0.40%	none	\$12
Ages 19 +	0.23%	0.125%	0.025%	0.00%	0.38%	none	\$12
<b>Moderate Age-Based</b>							
Ages 0 - 2	0.29%	0.125%	0.025%	0.00%	0.44%	none	\$12
Ages 3 - 5	0.29%	0.125%	0.025%	0.00%	0.44%	none	\$12
Ages 6 - 8	0.30%	0.125%	0.025%	0.00%	0.45%	none	\$12
Ages 9 - 10	0.29%	0.125%	0.025%	0.00%	0.44%	none	\$12
Ages 11 - 12	0.30%	0.125%	0.025%	0.00%	0.45%	none	\$12
Ages 13 - 14	0.28%	0.125%	0.025%	0.00%	0.43%	none	\$12
Ages 15 - 16	0.25%	0.125%	0.025%	0.00%	0.40%	none	\$12
Ages 17 - 18	0.23%	0.125%	0.025%	0.00%	0.38%	none	\$12
Ages 19 +	0.17%	0.125%	0.025%	0.00%	0.32%	none	\$12
<b>Conservative Age-Based</b>							
Ages 0 - 2	0.29%	0.125%	0.025%	0.00%	0.44%	none	\$12
Ages 3 - 5	0.30%	0.125%	0.025%	0.00%	0.45%	none	\$12
Ages 6 - 8	0.29%	0.125%	0.025%	0.00%	0.44%	none	\$12
Ages 9 - 10	0.30%	0.125%	0.025%	0.00%	0.45%	none	\$12
Ages 11 - 12	0.28%	0.125%	0.025%	0.00%	0.43%	none	\$12
Ages 13 - 14	0.25%	0.125%	0.025%	0.00%	0.40%	none	\$12
Ages 15 - 16	0.23%	0.125%	0.025%	0.00%	0.38%	none	\$12
Ages 17 - 18	0.17%	0.125%	0.025%	0.00%	0.32%	none	\$12
Ages 19 +	0.08%	0.125%	0.025%	0.00%	0.23%	none	\$12
<b>Index Age-Based Moderate Option</b>							
Ages 0 - 2	0.10%	0.125%	0.000%	0.00%	0.225%	none	\$12
Ages 3 - 5	0.10%	0.125%	0.000%	0.00%	0.225%	none	\$12
Ages 6 - 8	0.10%	0.125%	0.000%	0.00%	0.225%	none	\$12
Ages 9 - 10	0.10%	0.125%	0.000%	0.00%	0.225%	none	\$12
Ages 11 - 12	0.10%	0.125%	0.000%	0.00%	0.225%	none	\$12
Ages 13 - 14	0.10%	0.125%	0.000%	0.00%	0.225%	none	\$12
Ages 15 - 16	0.09%	0.125%	0.000%	0.00%	0.215%	none	\$12
Ages 17 - 18	0.08%	0.125%	0.000%	0.00%	0.205%	none	\$12
Ages 19 +	0.07%	0.125%	0.000%	0.00%	0.195%	none	\$12
<b>Enrollment Year Portfolios</b>							
<b>Blend Enrollment Year</b>							
Enrollment 2043/2044	0.30%	0.125%	0.025%	0.00%	0.45%	none	\$12
Enrollment 2041/2042	0.30%	0.125%	0.025%	0.00%	0.45%	none	\$12
Enrollment 2039/2040	0.29%	0.125%	0.025%	0.00%	0.44%	none	\$12
Enrollment 2037/2038	0.29%	0.125%	0.025%	0.00%	0.44%	none	\$12
Enrollment 2035/2036	0.30%	0.125%	0.025%	0.00%	0.45%	none	\$12
Enrollment 2033/2034	0.29%	0.125%	0.025%	0.00%	0.44%	none	\$12
Enrollment 2031/2032	0.30%	0.125%	0.025%	0.00%	0.45%	none	\$12
Enrollment 2029/2030	0.28%	0.125%	0.025%	0.00%	0.43%	none	\$12
Enrollment 2027/2028	0.25%	0.125%	0.025%	0.00%	0.40%	none	\$12
Enrollment 2025/2026	0.23%	0.125%	0.025%	0.00%	0.38%	none	\$12
College Enrollment	0.17%	0.125%	0.025%	0.00%	0.32%	none	\$12
<b>Passive Enrollment Year</b>							
Enrollment 2043/2044	0.10%	0.125%	0.000%	0.00%	0.225%	none	\$12
Enrollment 2041/2042	0.10%	0.125%	0.000%	0.00%	0.225%	none	\$12
Enrollment 2039/2040	0.10%	0.125%	0.000%	0.00%	0.225%	none	\$12
Enrollment 2037/2038	0.10%	0.125%	0.000%	0.00%	0.225%	none	\$12
Enrollment 2035/2036	0.10%	0.125%	0.000%	0.00%	0.225%	none	\$12
Enrollment 2033/2034	0.10%	0.125%	0.000%	0.00%	0.225%	none	\$12
Enrollment 2031/2032	0.10%	0.125%	0.000%	0.00%	0.225%	none	\$12
Enrollment 2029/2030	0.10%	0.125%	0.000%	0.00%	0.225%	none	\$12
Enrollment 2027/2028	0.09%	0.125%	0.000%	0.00%	0.215%	none	\$12
Enrollment 2025/2026	0.08%	0.125%	0.000%	0.00%	0.205%	none	\$12
College Enrollment	0.07%	0.125%	0.000%	0.00%	0.195%	none	\$12
<b>Static Portfolios</b>							
Equity Portfolio	0.30%	0.125%	0.025%	0.00%	0.45%	none	\$12
Growth Portfolio	0.29%	0.125%	0.025%	0.00%	0.44%	none	\$12
Balanced Portfolio	0.29%	0.125%	0.025%	0.00%	0.44%	none	\$12
Fixed Income Portfolio	0.08%	0.125%	0.025%	0.00%	0.23%	none	\$12
<b>Individual Fund Portfolios</b>							
Bank Savings 529 Portfolio	0.00%	0.125%	0.000%	0.00%	0.125%	none	\$12
Fidelity Short-Term Bond Index 529 Portfolio	0.03%	0.125%	0.025%	0.00%	0.18%	none	\$12
Baird Short-Term Bond 529 Portfolio	0.30%	0.125%	0.025%	0.00%	0.45%	none	\$12
Fidelity U.S. Bond Index 529 Portfolio	0.025%	0.125%	0.025%	0.00%	0.175%	none	\$12
PGIM Core Bond 529 Portfolio	0.33%	0.125%	0.025%	0.00%	0.48%	none	\$12
American Beacon Garcia Hamilton Quality Bond 529 Portfolio	0.51%	0.125%	0.025%	0.00%	0.66%	none	\$12
iShares Short-Term TIPS Bond Index 529 Portfolio	0.11%	0.125%	0.025%	0.00%	0.26%	none	\$12
Blackrock High Yield 529 Portfolio	0.58%	0.125%	0.025%	0.00%	0.73%	none	\$12
Credit Suisse Floating Rate High Income 529 Portfolio	0.70%	0.125%	0.025%	0.00%	0.85%	none	\$12
AB Global Bond 529 Portfolio	0.52%	0.125%	0.025%	0.00%	0.67%	none	\$12
Payden Emerging Markets Bond 529 Portfolio	0.74%	0.125%	0.025%	0.00%	0.89%	none	\$12
T.Rowe Price Balanced 529 Portfolio	0.47%	0.125%	0.025%	0.00%	0.62%	none	\$12
DFA Real Estate Securities 529 Portfolio	0.18%	0.125%	0.025%	0.00%	0.33%	none	\$12
Principal Global Real Estate Securities 529 Portfolio	0.94%	0.125%	0.025%	0.00%	1.09%	none	\$12
Calvert Equity 529 Portfolio	0.65%	0.125%	0.025%	0.00%	0.80%	none	\$12
MFS Value 529 Portfolio	0.54%	0.125%	0.025%	0.00%	0.69%	none	\$12
T. Rowe Price Equity Income 529 Portfolio	0.56%	0.125%	0.025%	0.00%	0.71%	none	\$12
Northern Stock Index 529 Portfolio	0.025%	0.125%	0.025%	0.00%	0.175%	none	\$12
T.Rowe Price Large-Cap Growth 529 Portfolio	0.38%	0.125%	0.025%	0.00%	0.53%	none	\$12
T. Rowe Price Ext Eq Market Index 529 Portfolio	0.23%	0.125%	0.025%	0.00%	0.38%	none	\$12
Blackrock Mid-Cap Growth Equity 529 Portfolio	0.80%	0.125%	0.025%	0.00%	0.95%	none	\$12
Ariel Fund 529 Portfolio	0.69%	0.125%	0.025%	0.00%	0.84%	none	\$12
Northern Small Cap Value 529 Portfolio	0.60%	0.125%	0.025%	0.00%	0.75%	none	\$12
Northern Small Cap Index 529 Portfolio	0.10%	0.125%	0.025%	0.00%	0.25%	none	\$12
Macquarie Small Cap Core 529 Portfolio	0.81%	0.125%	0.025%	0.00%	0.96%	none	\$12
Harbor Small Cap Growth 529 Portfolio	0.88%	0.125%	0.025%	0.00%	1.03%	none	\$12
Dodge & Cox International Stock 529 Portfolio	0.62%	0.125%	0.025%	0.00%	0.77%	none	\$12
Northern International Equity Index 529 Portfolio	0.19%	0.125%	0.025%	0.00%	0.25%	none	\$12
Lazard International Dynamic Equity ETF 529 Portfolio	0.40%	0.125%	0.025%	0.00%	0.55%	none	\$12
Neuberger Berman International Select 529 Portfolio	0.80%	0.125%	0.025%	0.00%	0.95%	none	\$12
DFA International Small Company 529 Portfolio	0.39%	0.125%	0.025%	0.00%	0.54%	none	\$12
Blackrock Emerging Markets 529 Portfolio	0.86%	0.125%	0.025%	0.00%	1.01%	none	\$12
Virtus Duff & Phelps Global Infrastructure 529 Portfolio	0.98%	0.125%	0.025%	0.00%	1.13%	none	\$12

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.

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 Expenses and, therefore, does not reflect the impact of potential federal,

The \$12 Paper Delivery Fee may be waived if the Account Owner has elected prior to November 30 of the applicable year to receive electronic notification of statements, program disclosure documents, tax forms, communications, and transaction confirmations. If not, the Account Owner will need to add an additional \$12 to the One Year number, \$36 to the Three Year number, \$60 to the Five Year number, and, \$120 to the Ten Year number in the Hypothetical Expense Example.

Approximate Cost of a \$10,000 Investment

HYPOTHETICAL EXPENSE EXAMPLE	1 Year			3 Years			5 Years			10 Years		
	A	C	F	A	C	F	A	C	F	A	C	F
<b>Age Based Portfolios</b>												
<b>Aggressive Age-Based</b>												
Ages 0 - 2	\$320	\$97	\$72	\$46	\$225	\$145	\$631	\$528	\$391	\$253	\$1,171	\$873
Ages 3 - 5	\$319	\$96	\$71	\$45	\$221	\$142	\$626	\$522	\$385	\$247	\$1,159	\$861
Ages 6 - 8	\$319	\$96	\$71	\$45	\$221	\$142	\$626	\$522	\$385	\$247	\$1,159	\$861
Ages 9 - 10	\$320	\$97	\$72	\$46	\$225	\$145	\$631	\$528	\$391	\$253	\$1,171	\$873
Ages 11 - 12	\$319	\$96	\$71	\$45	\$221	\$142	\$626	\$522	\$385	\$247	\$1,159	\$861
Ages 13 - 14	\$320	\$97	\$72	\$46	\$225	\$145	\$631	\$528	\$391	\$253	\$1,171	\$873
Ages 15 - 16	\$318	\$95	\$70	\$44	\$218	\$138	\$604	\$500	\$380	\$241	\$1,147	\$849
Ages 17 - 18	\$315	\$92	\$67	\$41	\$209	\$129	\$593	\$490	\$362	\$232	\$1,088	\$812
Ages 19 +	\$313	\$90	\$65	\$39	\$202	\$122	\$581	\$480	\$352	\$214	\$1,068	\$788
	\$307	\$84	\$58	\$33	\$183	\$103	\$561	\$457	\$319	\$180	\$1,017	\$715
	\$319	\$96	\$71	\$45	\$221	\$142	\$626	\$522	\$385	\$247	\$1,159	\$861
	\$320	\$97	\$72	\$46	\$225	\$145	\$631	\$528	\$391	\$253	\$1,171	\$873
	\$319	\$96	\$71	\$45	\$221	\$142	\$626	\$522	\$385	\$247	\$1,159	\$861
	\$320	\$97	\$72	\$46	\$225	\$145	\$631	\$528	\$391	\$253	\$1,171	\$873
	\$318	\$95	\$70	\$44	\$218	\$138	\$604	\$500	\$380	\$241	\$1,147	\$849
	\$315	\$92	\$67	\$41	\$209	\$129	\$593	\$490	\$362	\$232	\$1,088	\$812
	\$307	\$84	\$58	\$33	\$183	\$103	\$561	\$457	\$319	\$180	\$1,017	\$715
	\$319	\$96	\$71	\$45	\$221	\$142	\$626	\$522	\$385	\$247	\$1,159	\$861
	\$320	\$97	\$72	\$46	\$225	\$145	\$631	\$528	\$391	\$253	\$1,171	\$873
	\$319	\$96	\$71	\$45	\$221	\$142	\$626	\$522	\$385	\$247	\$1,159	\$861
	\$320	\$97	\$72	\$46	\$225	\$145	\$631	\$528	\$391	\$253	\$1,171	\$873
	\$318	\$95	\$70	\$44	\$218	\$138	\$604	\$500	\$380	\$241	\$1,147	\$849
	\$315	\$92	\$67	\$41	\$209	\$129	\$593	\$490	\$362	\$232	\$1,088	\$812
	\$307	\$84	\$58	\$33	\$183	\$103	\$561	\$457	\$319	\$180	\$1,017	\$715
	\$319	\$96	\$71	\$45	\$221	\$142	\$626	\$522	\$385	\$247	\$1,159	\$861
	\$320	\$97	\$72	\$46	\$225	\$145	\$631	\$528	\$391	\$253	\$1,171	\$873
	\$319	\$96	\$71	\$45	\$221	\$142	\$626	\$522	\$385	\$247	\$1,159	\$861
	\$320	\$97	\$72	\$46	\$225	\$145	\$631	\$528	\$391	\$253	\$1,171	\$873
	\$318	\$95	\$70	\$44	\$218	\$138	\$604	\$500	\$380	\$241	\$1,147	\$849
	\$315	\$92	\$67	\$41	\$209	\$129	\$593	\$490	\$362	\$232	\$1,088	\$812
	\$307	\$84	\$58	\$33	\$183	\$103	\$561	\$457	\$319	\$180	\$1,017	\$715
	\$319	\$96	\$71	\$45	\$221	\$142	\$626	\$522	\$385	\$247	\$1,159	\$861
	\$320	\$97	\$72	\$46	\$225	\$145	\$631	\$528	\$391	\$253	\$1,171	\$873
	\$319	\$96	\$71	\$45	\$221	\$142	\$626	\$522	\$385	\$247	\$1,159	\$861
	\$320	\$97	\$72	\$46	\$225	\$145	\$631	\$528	\$391	\$253	\$1,171	\$873
	\$318	\$95	\$70	\$44	\$218	\$138	\$604	\$500	\$380	\$241	\$1,147	\$849
	\$315	\$92	\$67	\$41	\$209	\$129	\$593	\$490	\$362	\$232	\$1,088	\$812
	\$307	\$84	\$58	\$33	\$183	\$103	\$561	\$457	\$319	\$180	\$1,017	\$715
	\$319	\$96	\$71	\$45	\$221	\$142	\$626	\$522	\$385	\$247	\$1,159	\$861
	\$320	\$97	\$72	\$46	\$225	\$145	\$631	\$528	\$391	\$253	\$1,171	\$873
	\$319	\$96	\$71	\$45	\$221	\$142	\$626	\$522	\$385	\$247	\$1,159	\$861
	\$320	\$97	\$72	\$46	\$225	\$145	\$631	\$528	\$391	\$253	\$1,171	\$873
	\$318	\$95	\$70	\$44	\$218	\$138	\$604	\$500	\$380	\$241	\$1,147	\$849
	\$315	\$92	\$67	\$41	\$209	\$129	\$593	\$490	\$362	\$232	\$1,088	\$812
	\$307	\$84	\$58	\$33	\$183	\$103	\$561	\$457	\$319	\$180	\$1,017	\$715
	\$319	\$96	\$71	\$45	\$221	\$142	\$626	\$522	\$385	\$247	\$1,159	\$861
	\$320	\$97	\$72	\$46	\$225	\$145	\$631	\$528	\$391	\$253	\$1,171	\$873
	\$319	\$96	\$71	\$45	\$221	\$142	\$626	\$522	\$385	\$247	\$1,159	\$861
	\$320	\$97	\$72	\$46	\$225	\$145	\$631	\$528	\$391	\$253	\$1,171	\$873
	\$318	\$95	\$70	\$44	\$218	\$138	\$604	\$500	\$380	\$241	\$1,147	\$849
	\$315	\$92	\$67	\$41	\$209	\$129	\$593	\$490	\$362	\$232	\$1,088	\$812
	\$307	\$84	\$58	\$33	\$183	\$103	\$561	\$457	\$319	\$180	\$1,017	\$715
	\$319	\$96	\$71	\$45	\$221	\$142	\$626	\$522	\$385	\$247	\$1,159	\$861
	\$320	\$97	\$72	\$46	\$225	\$145	\$631	\$528	\$391	\$253	\$1,171	\$873
	\$319	\$96	\$71	\$45	\$221	\$142	\$626	\$522	\$385	\$247	\$1,159	\$861
	\$320	\$97	\$72	\$46	\$225	\$145	\$631	\$528	\$391	\$253	\$1,171	\$873
	\$318	\$95	\$70	\$44	\$218	\$138	\$604	\$500	\$380	\$241	\$1,147	\$849
	\$315	\$92	\$67	\$41	\$209	\$129	\$593	\$490	\$362	\$232	\$1,088	\$812
	\$307	\$84	\$58	\$33	\$183	\$103	\$561	\$457	\$319	\$180	\$1,017	\$715
	\$319	\$96	\$71	\$45	\$221	\$142	\$626	\$522	\$385	\$247	\$1,159	\$861
	\$320	\$97	\$72	\$46	\$225	\$145	\$631	\$528	\$391	\$253	\$1,171	\$873
	\$319	\$96	\$71	\$45	\$221	\$142	\$626	\$522	\$385	\$247	\$1,159	\$861
	\$320	\$97	\$72	\$46	\$225	\$145	\$631	\$528	\$391	\$253	\$1,171	\$873
	\$318	\$95	\$70	\$44	\$218	\$138	\$604	\$500	\$380	\$241	\$1,147	\$849
	\$315	\$92	\$67	\$41	\$209	\$129	\$593	\$490	\$362	\$232	\$1,088	\$812
	\$307	\$84	\$58	\$33	\$183	\$103	\$561	\$457	\$319	\$180	\$1,017	\$715
	\$319	\$96	\$71	\$45	\$221	\$142	\$626	\$522	\$385	\$247	\$1,159	\$861
	\$320	\$97	\$72	\$46	\$225	\$145	\$631	\$528	\$391	\$253	\$1,171	\$873
	\$319	\$96	\$71	\$45	\$221	\$142	\$626	\$522	\$385	\$247	\$1,159	\$861
	\$320	\$97	\$72	\$46	\$225	\$145	\$631	\$528	\$391	\$253	\$1,171	\$873
	\$318	\$95	\$70	\$44	\$218	\$138	\$604	\$500	\$380	\$241	\$1,147	\$849
	\$315	\$92	\$67	\$41	\$209	\$129	\$593	\$490	\$362	\$232	\$1,088	\$812
	\$307	\$84	\$58	\$33	\$183	\$103	\$561	\$457	\$319	\$180	\$1,017	\$715
	\$319	\$96	\$71	\$45	\$221	\$142	\$626	\$522	\$385	\$247	\$1,159	\$861
	\$320	\$97	\$72	\$46	\$225	\$145	\$631	\$528	\$391	\$253	\$1,171	\$873
	\$319	\$96	\$71	\$45	\$221	\$142	\$626	\$522	\$385	\$247	\$1,159	\$861
	\$320	\$97	\$72	\$46	\$225	\$145	\$631	\$528	\$391	\$253	\$1,171	\$873
	\$318	\$95	\$70	\$44	\$218	\$138	\$604	\$500	\$380	\$241	\$1,147	\$849
	\$315	\$92	\$67	\$41	\$209	\$129	\$593	\$490	\$362	\$232	\$1,088	\$812
	\$307	\$84	\$58	\$33	\$183	\$103	\$561	\$457	\$319	\$180	\$1,017	\$715
	\$319	\$96	\$71	\$45	\$221	\$142	\$626	\$522	\$385	\$247	\$1,159	\$861
	\$320	\$97	\$72	\$46	\$225	\$145	\$631	\$528	\$391	\$253	\$1,171	\$873
	\$319	\$96	\$71	\$45	\$221	\$142	\$626	\$522	\$385	\$247	\$1,159	\$861
	\$320	\$97	\$72	\$46	\$225	\$145	\$631	\$528	\$391	\$253	\$1,171	\$873
	\$318	\$95	\$70	\$44	\$218	\$138	\$604	\$500	\$380	\$241	\$1,147	\$849
	\$315	\$92	\$67	\$41	\$209	\$129	\$593	\$490	\$362	\$232	\$1,088	\$812
	\$307	\$84	\$58	\$33	\$183	\$103	\$561	\$457	\$319	\$180	\$1,017	\$715
	\$319	\$96	\$71	\$45	\$221	\$142	\$626	\$522	\$385	\$247	\$1,159	\$861
	\$320	\$97	\$72	\$46	\$225	\$145	\$631	\$528	\$391	\$253	\$1,171	\$873
	\$319	\$96	\$71	\$45	\$221	\$142	\$626	\$522	\$385	\$247	\$1,159	\$861
	\$320	\$97	\$72	\$46	\$225	\$145	\$631	\$528	\$391	\$253	\$1,171	\$873
	\$318	\$95	\$70	\$44	\$218	\$138	\$604	\$500	\$380	\$241	\$1,147	\$849
	\$315	\$92	\$67	\$41	\$209	\$129	\$593	\$490	\$362	\$232	\$1,088	\$812
	\$307	\$84	\$58	\$33	\$183	\$103	\$561	\$457	\$319	\$180	\$1,017	\$715
	\$319	\$96	\$71	\$45	\$221	\$142	\$626	\$522	\$385	\$247	\$1,159	\$861
	\$320	\$97	\$72	\$46	\$225	\$145	\$631	\$528	\$391	\$253	\$1,171	\$873
	\$319	\$96	\$71	\$45	\$221	\$142	\$626	\$522	\$385	\$247	\$1,159	\$8

# HYPOTHETICAL EXPENSE EXAMPLE

	1 Year						3 Year						5 Year						10 Year							
	A	C	E	F	A	F	A	C	E	F	A	F	A	C	E	F	A	C	E	F	A	C	E	F		
	<b>Static Portfolios</b>																									
Equity Portfolio	\$320	\$97	\$72	\$46	\$469	\$304	\$225	\$145	\$631	\$528	\$391	\$253	\$1,101	\$1,171	\$873	\$568										
Growth Portfolio	\$319	\$96	\$71	\$45	\$466	\$301	\$221	\$142	\$626	\$522	\$385	\$247	\$1,089	\$1,159	\$861	\$555										
Balanced Portfolio	\$319	\$96	\$71	\$45	\$466	\$301	\$221	\$142	\$626	\$522	\$385	\$247	\$1,089	\$1,159	\$861	\$555										
Fixed Income Portfolio	\$298	\$75	\$49	\$24	\$400	\$234	\$154	\$74	\$512	\$407	\$269	\$130	\$840	\$909	\$605	\$293										
<b>Individual Fund Portfolios</b>																										
Bank Savings 529 Portfolio	\$13	\$13	\$13	\$13	\$40	\$40	\$40	\$40	\$71	\$71	\$71	\$71	\$160	\$160	\$160	\$160										
Fidelity Short-Term Bond Index 529 Portfolio	\$44	\$70	\$44	\$18	\$138	\$218	\$138	\$58	\$241	\$380	\$241	\$102	\$543	\$849	\$543	\$230										
Baird Short-Term Bond 529 Portfolio	\$72	\$97	\$72	\$46	\$225	\$304	\$225	\$145	\$391	\$528	\$391	\$253	\$873	\$1,171	\$873	\$568										
Fidelity U.S. Bond Index 529 Portfolio	\$292	\$69	\$44	\$18	\$383	\$217	\$137	\$56	\$483	\$377	\$239	\$99	\$773	\$843	\$537	\$224										
PGIM Core Bond 529 Portfolio	\$323	\$100	\$75	\$49	\$478	\$314	\$234	\$154	\$647	\$544	\$407	\$269	\$1,136	\$1,206	\$909	\$605										
American Beacon Garcia Hamilton Quality Bond 529 Portfolio	\$341	\$119	\$93	\$68	\$534	\$370	\$291	\$212	\$743	\$642	\$506	\$369	\$1,345	\$1,415	\$1,123	\$825										
iShares Short-Term TIPS Bond Index 529 Portfolio	\$301	\$78	\$52	\$27	\$410	\$244	\$164	\$84	\$529	\$424	\$286	\$146	\$876	\$945	\$642	\$331										
BlackRock High Yield 529 Portfolio	\$348	\$126	\$100	\$75	\$556	\$393	\$314	\$234	\$780	\$679	\$544	\$407	\$1,426	\$1,495	\$1,206	\$909										
Credit Suisse Floating Rate High Income 529 Portfolio	\$360	\$138	\$113	\$87	\$593	\$430	\$352	\$272	\$844	\$744	\$609	\$473	\$1,562	\$1,632	\$1,346	\$1,052										
AB Global Bond 529 Portfolio	\$342	\$120	\$94	\$69	\$537	\$374	\$295	\$215	\$749	\$647	\$511	\$374	\$1,357	\$1,427	\$1,135	\$837										
Payden Emerging Markets Bond 529 Portfolio	\$364	\$142	\$117	\$91	\$605	\$443	\$364	\$285	\$865	\$765	\$631	\$495	\$1,607	\$1,677	\$1,392	\$1,100										
T. Rowe Price Balanced 529 Portfolio	\$337	\$115	\$89	\$64	\$522	\$358	\$279	\$199	\$722	\$620	\$484	\$347	\$1,299	\$1,369	\$1,076	\$776										
DFA Real Estate Securities 529 Portfolio	\$308	\$85	\$59	\$34	\$432	\$266	\$186	\$106	\$567	\$462	\$325	\$186	\$959	\$1,029	\$727	\$419										
Principal Global Real Estate Securities 529 Portfolio	\$384	\$163	\$137	\$112	\$666	\$506	\$427	\$348	\$970	\$872	\$738	\$604	\$1,830	\$1,900	\$1,621	\$1,334										
Calvert Equity 529 Portfolio	\$355	\$133	\$108	\$82	\$577	\$415	\$336	\$256	\$817	\$717	\$582	\$446	\$1,505	\$1,575	\$1,288	\$993										
MFS Value 529 Portfolio	\$344	\$122	\$96	\$71	\$543	\$380	\$301	\$221	\$759	\$658	\$522	\$385	\$1,380	\$1,450	\$1,159	\$861										
T. Rowe Price Equity Income 529 Portfolio	\$346	\$124	\$98	\$73	\$550	\$386	\$307	\$228	\$770	\$669	\$533	\$396	\$1,403	\$1,473	\$1,182	\$885										
Northern Stock Index 529 Portfolio	\$292	\$69	\$44	\$18	\$383	\$217	\$137	\$56	\$483	\$377	\$239	\$99	\$773	\$843	\$537	\$224										
T. Rowe Price Large-Cap Growth 529 Portfolio	\$328	\$106	\$80	\$54	\$494	\$329	\$250	\$170	\$674	\$571	\$435	\$297	\$1,195	\$1,264	\$969	\$666										
T. Rowe Price Extended Equity Market Index 529 Portfolio	\$313	\$90	\$65	\$39	\$447	\$282	\$202	\$122	\$593	\$490	\$352	\$214	\$1,018	\$1,088	\$788	\$481										
BlackRock Mid-Cap Growth Equity 529 Portfolio	\$370	\$149	\$123	\$97	\$624	\$462	\$383	\$304	\$897	\$797	\$663	\$528	\$1,675	\$1,745	\$1,461	\$1,171										
Ariel Fund 529 Portfolio	\$359	\$137	\$112	\$86	\$590	\$427	\$348	\$269	\$839	\$738	\$604	\$468	\$1,551	\$1,621	\$1,334	\$1,040										
Northern Small Cap Value 529 Portfolio	\$350	\$128	\$103	\$77	\$562	\$399	\$320	\$241	\$791	\$690	\$555	\$418	\$1,448	\$1,518	\$1,229	\$933										
Northern Small Cap Index 529 Portfolio	\$300	\$77	\$51	\$26	\$407	\$241	\$161	\$81	\$523	\$418	\$280	\$141	\$864	\$933	\$629	\$318										
Macquarie Small Cap Core 529 Portfolio	\$371	\$150	\$124	\$98	\$627	\$465	\$386	\$307	\$902	\$803	\$669	\$533	\$1,686	\$1,756	\$1,473	\$1,182										
Harbor Small Cap Growth 529 Portfolio	\$378	\$157	\$131	\$106	\$648	\$487	\$408	\$329	\$939	\$840	\$706	\$571	\$1,764	\$1,834	\$1,553	\$1,264										
Dodge & Cox International Stock 529 Portfolio	\$352	\$130	\$105	\$79	\$568	\$405	\$326	\$247	\$802	\$701	\$566	\$429	\$1,471	\$1,541	\$1,253	\$957										
Northern International Equity Index 529 Portfolio	\$300	\$77	\$51	\$26	\$407	\$241	\$161	\$81	\$523	\$418	\$280	\$141	\$864	\$933	\$629	\$318										
Lazard International Dynamic Equity ETF 529 Portfolio	\$330	\$108	\$82	\$56	\$500	\$336	\$256	\$177	\$685	\$582	\$446	\$308	\$1,218	\$1,288	\$993	\$691										
Neuberger Berman International Select 529 Portfolio	\$370	\$149	\$123	\$97	\$624	\$462	\$383	\$304	\$897	\$797	\$663	\$528	\$1,675	\$1,745	\$1,461	\$1,171										
DFA International Small Company 529 Portfolio	\$329	\$107	\$81	\$55	\$497	\$333	\$253	\$174	\$679	\$577	\$440	\$302	\$1,206	\$1,276	\$981	\$678										
BlackRock Emerging Markets 529 Portfolio	\$376	\$155	\$129	\$104	\$642	\$481	\$402	\$323	\$928	\$829	\$695	\$560	\$1,742	\$1,812	\$1,530	\$1,241										
Virtus Duff & Phelps Global Infrastructure 529 Portfolio	\$388	\$167	\$141	\$116	\$679	\$518	\$440	\$361	\$991	\$893	\$760	\$625	\$1,874	\$1,945	\$1,666	\$1,380										

### **Will My Financial Advisor Be Paid for Providing Assistance With Respect to My Account?**

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

**Fee Structure A** – Except as described in the next two paragraphs, your financial advisor will be paid a sales commission on each new Contribution equal to the amount of the Contribution multiplied by the applicable Selling Compensation indicated in the third column of the table on page 33. Your financial advisor will also be paid an ongoing servicing fee calculated at an annual rate of 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 sales commission on Contributions under Fee Structure A to the Bank Savings 529 Portfolio, the Fidelity Short-Term Bond Index 529 Portfolio, or the Baird Short-Term Bond 529 Portfolio. However, if you transfer funds contributed under Fee Structure A from the Bank Savings 529 Portfolio, the Fidelity Short-Term Bond Index 529 Portfolio, or the Baird Short-Term Bond 529 Portfolio to a Portfolio in the Program other than one of these three Portfolios, then your financial advisor will receive a sales commission.

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

All such sales commissions will be paid out of the initial sales charge imposed on Class A Units except Accounts of an Account Owner with an aggregate value equal to or more than \$1,000,000. For such sales, the Program Manager will pay the sales commission out of its own resources.

**Fee Structure C** – Your financial advisor will be paid a 0.50% sales commission on each new Contribution plus, beginning in the 13th month after a Contribution is made, an ongoing servicing fee calculated at an annual rate of 0.50% of the average daily net assets in your Account which remain invested in Fee Structure C. The Program Manager will pay the sales commission out of its own resources. Your financial advisor will not receive any sales commission on Contributions made under Fee Structure C to the Bank Savings 529 Portfolio.

**Fee Structure E** – Your financial advisor will not be paid a sales commission on your Contributions, but will be paid an ongoing servicing fee calculated at an annual rate of 0.25% of the average daily net assets in your Account which remain invested in Fee Structure E.

**Fee Structure F** – Your financial advisor will not be paid a sales commission or a servicing fee with respect to your Account.

Notwithstanding the foregoing, 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 Bank Savings 529 Portfolio.

### **Omnibus Accounts**

You may invest indirectly in the Program through a broker-dealer that maintains a master account (an “**Omnibus Account**”) with the Program on behalf of its customers. Trades made by the customers of such a broker-dealer are typically aggregated by the broker-dealer for transmission to the Program. Under an Omnibus Account arrangement, your broker-dealer maintains an Account for you on its own books and performs all services in connection with your participation in the Program. Services performed by your broker-dealer include accepting and processing initial and subsequent Account contributions and distribution requests; delivering financial reports, statements, tax reports and other information; and maintaining all records of your participation in the Program. Certain broker-dealers that maintain Accounts with the Plan may waive the annual paper delivery fee. All Program features, privileges, services, and restrictions described in this Program Disclosure Statement may not apply or be available to you, and you may be subject to policies and procedures established by your broker-dealer that are not described in this Program Disclosure Statement. Contact your financial advisor for additional information.

The Program Manager or the Distributor may also pay service fees from their own assets to a broker-dealer who maintains Omnibus Accounts on behalf of their customers.

## 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.

Each Individual Fund ETF Portfolio invests solely in shares of a single Underlying Investment. You may allocate your Contributions to an Account among one or more Individual Fund ETF Portfolios according to your investment objective and risk tolerance. Because each Individual Fund ETF Portfolio invests in a single Underlying Investment, the performance of such Individual Fund ETF Portfolio is based largely on the performance of the Underlying Investment in that Portfolio. Consequently, the performance of each of the Individual Fund ETF Portfolios may be more volatile than that of the Static, Enrollment Year, or Age-Based Portfolios.

**Portfolios may (a) invest in registered or unregistered funds; (b) have their assets managed in a separate account in accordance with the Program Management Agreement and Investment Policy Statement; or (c) include a combination of (a) and (b).**

Account Owners do not own shares of the Underlying Investments directly, but rather, own shares in a Portfolio of the Program. The Underlying Investment in which each Individual Fund ETF Portfolio is invested are set forth in "Exhibit C – Underlying Exchange Traded Fund Information." The Individual Fund ETF Portfolios are designed for Account Owners seeking a more focused investment strategy.

**Additional information about the investment strategies and risks of each Underlying Investment is available in its current prospectus and statement of additional information. You can request a copy of the current prospectus, the statement of additional information, and most recent semiannual or annual report of any Underlying Investment by contacting the underlying mutual fund company. Please read it carefully before investing.**

The Individual Fund ETF Portfolios available for investment are briefly described as follows:

### Fixed Income ETF 529 Portfolios

- **Vanguard Short-Term Bond Index ETF 529 Portfolio** – invests solely in the Vanguard Short-Term Bond Index 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 Risks:** Income risk, Interest rate risk, Call risk, Credit risk, Index-related risks, Index sampling risk, Liquidity risk. For a description of all risks, see Exhibit C.

- **Vanguard Total Bond Market Index ETF 529 Portfolio** – invests solely in the Vanguard Total Bond Market Index ETF.

**Investment Objective:** The fund seeks to track the performance of a broad, market-weighted bond index.

**Principal Risks:** Interest rate risk, Income risk, Prepayment risk, Extension risk, Call risk, Credit risk, Index related risks, Index sampling risk, Liquidity risk. For a description of all risks, see Exhibit C.

### Real Estate ETF 529 Portfolios

- **Vanguard Real Estate Index ETF 529 Portfolio** – invests solely in the Vanguard Real Estate Index 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 and other real estate-related investments.

**Principal Risks:** Industry concentration risk, Interest rate risk, Stock market risk, Asset concentration risk, Investment style risk, Nondiversification risk, Index-related risks, Index replicating risk. For a description of all risks, see Exhibit C.

- **Vanguard Global ex-U.S. Real Estate Index ETF 529 Portfolio** – invests solely in the Vanguard Global ex-U.S. Real Estate Index 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, Index-related risks, Index replicating risk, Stock market risk, Country/ regional risk, Emerging markets risk, Currency risk, Derivatives risk. For a description of all risks, see Exhibit C.

### Domestic (U.S.) Equity ETF 529 Portfolios

- **Vanguard Mega Cap Value Index ETF 529 Portfolio** – invests solely in the Vanguard Mega Cap Value Index 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, Index-related risks, Index replicating risk. For a description of all risks, see Exhibit C.

- **Vanguard Mega Cap Index ETF 529 Portfolio** – invests solely in the Vanguard Mega Cap Index 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, Asset concentration risk, Investment style risk, Index-related risks, Index replicating risk, Nondiversification risk, Sector risk. For a description of all risks, see Exhibit C.

- **Vanguard Mega Cap Growth Index ETF 529 Portfolio** – invests solely in the Vanguard Mega Cap Growth Index 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, Asset concentration risk, Investment style risk, Index-related risks, Index replicating risk, Nondiversification risk, Sector risk. For a description of all risks, see Exhibit C.
  - **Vanguard Mid-Cap Value Index ETF 529 Portfolio** – invests solely in the Vanguard Mid-Cap Value Index 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, Index-related risks, Index replicating risk. For a description of all risks, see Exhibit C.
  - **Vanguard Mid-Cap Index ETF 529 Portfolio** – invests solely in the Vanguard Mid-Cap Index ETF.  
**Investment Objective:** The fund seeks to track the performance of a benchmark index that measures the investment return of mid-capitalization stocks.  
**Principal Risks:** Stock market risk, Investment style risk, Index-related risks, Index replicating risk. For a description of all risks, see Exhibit C.
  - **Vanguard Mid-Cap Growth Index ETF 529 Portfolio** – invests solely in the Vanguard Mid-Cap Growth Index 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 Risks:** Stock market risk, Investment style risk, Index-related risks, Index replicating risk. For a description of all risks, see Exhibit C.
  - **Vanguard Small-Cap Value Index ETF 529 Portfolio** – invests solely in the Vanguard Small-Cap Value Index 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 Risks:** Stock market risk, Investment style risk, Index-related risks, Index replicating risk. For a description of all risks, see Exhibit C.
  - **Vanguard Small-Cap Index ETF 529 Portfolio** – invests solely in the Vanguard Small-Cap Index ETF.  
**Investment Objective:** The fund seeks to track the performance of a benchmark index that measures the investment return of small-capitalization stocks.  
**Principal Risks:** Stock market risk, Investment style risk, Index-related risks, Index replicating risk. For a description of all risks, see Exhibit C.
  - **Vanguard Small-Cap Growth Index ETF 529 Portfolio** – invests solely in the Vanguard Small-Cap Growth Index ETF.  
**Investment Objective:** The fund seeks to track the performance of a benchmark index that measures the investment return of small-capitalization growth stocks.  
**Principal Risks:** Stock market risk, Investment style risk, Index-related risks, Index replicating risk. For a description of all risks, see Exhibit C.
- International Equity ETF 529 Portfolios**
- **Vanguard FTSE Developed Markets Index ETF 529 Portfolio** – invests solely in the Vanguard FTSE Developed Markets Index 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 Canada and the major markets of Europe and the Pacific region.  
**Principal Risks:** Stock market risk, Country/regional risk, Investment style risk, Currency risk, Index-related risks, Index replicating risk. For a description of all risks, see Exhibit C.
  - **Vanguard FTSE Emerging Markets Stock Index ETF 529 Portfolio** – invests solely in the Vanguard FTSE Emerging Markets Stock Index 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 Risks:** Stock market risk, Emerging markets risk, Country/regional risk, Currency risk, Special risks of investing in China, Index-related risks, Index sampling risk, Nondiversification risk, Sector risk. For a description of all risks, see Exhibit C.
- For additional information on the individual exchange traded funds underlying the Individual Fund ETF Portfolios, see each fund’s prospectus and “Exhibit C - Underlying Exchange Traded Fund Information.”
- The descriptions above are taken from the most recent prospectuses (dated prior to June 1, 2025) 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, financial advisor or from [Vanguard.com](https://www.vanguard.com).

# INDIVIDUAL FUND ETF PORTFOLIO PERFORMANCE

## 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 Program'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](http://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 generally 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	Average Annual Total Returns					
	Inception Date	1 Year	3 Year	5 Year	10 Year	Since Inception
Period ended 5/31/2025						
<b>Individual Fund ETF Portfolios</b>						
Vanguard Short-Term Bond Index ETF 529 Portfolio	11/30/12	6.17%	2.94%	0.90%	1.59%	1.39%
Vanguard Total Bond Market Index ETF 529 Portfolio	11/30/12	5.26%	1.36%	-1.11%	1.30%	1.34%
Vanguard Real Estate Index ETF 529 Portfolio	11/30/12	11.56%	0.48%	6.67%	5.15%	6.47%
Vanguard Global ex-U.S. Real Estate Index ETF 529 Portfolio	11/30/12	11.18%	0.25%	2.47%	1.20%	2.20%
Vanguard Mega Cap Value Index ETF 529 Portfolio	11/30/12	9.46%	9.24%	13.71%	10.08%	11.71%
Vanguard Mega Cap Index ETF 529 Portfolio	11/30/12	14.25%	15.57%	16.19%	13.22%	14.21%
Vanguard Mega Cap Growth Index ETF 529 Portfolio	11/30/12	18.10%	20.49%	17.66%	15.82%	16.43%
Vanguard Mid-Cap Value Index ETF 529 Portfolio	11/30/12	7.25%	5.85%	13.47%	7.96%	10.63%
Vanguard Mid-Cap Index ETF 529 Portfolio	11/30/12	12.01%	8.98%	12.36%	9.12%	11.28%
Vanguard Mid-Cap Growth Index ETF 529 Portfolio	11/30/12	17.83%	12.62%	11.27%	10.12%	12.22%
Vanguard Small-Cap Value Index ETF 529 Portfolio	11/30/12	2.67%	6.21%	14.60%	7.63%	10.14%
Vanguard Small-Cap Index ETF 529 Portfolio	11/30/12	3.97%	6.85%	11.31%	7.83%	9.95%
Vanguard Small-Cap Growth Index ETF 529 Portfolio	11/30/12	5.86%	7.68%	6.74%	7.52%	9.84%
Vanguard FTSE Developed Markets Index ETF 529 Portfolio	11/30/12	12.89%	10.21%	11.16%	5.90%	6.77%
Vanguard FTSE Emerging Markets Stock Index ETF 529 Portfolio	11/30/12	12.37%	5.98%	7.80%	3.86%	3.53%

# INDIVIDUAL FUND ETF PORTFOLIOS FEES AND EXPENSES

## 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 Program 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 annualized rate of 0.125% for the Individual Fund ETF Portfolios and the state administrative fee is at an annualized rate of 0.025% 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					
	Annual Asset-Based Fees				
	Estimated Underlying Fund Expenses <sup>1</sup>	Program Management Fee	State Fee	Total Annual Asset-Based Fee	Paper Delivery Fee
<b>ETF Portfolios</b>					
Vanguard Short-Term Bond Index ETF 529 Portfolio	0.03%	0.125%	0.025%	0.18%	\$12
Vanguard Total Bond Market Index ETF 529 Portfolio	0.03%	0.125%	0.025%	0.18%	\$12
Vanguard Real Estate Index ETF 529 Portfolio	0.13%	0.125%	0.025%	0.28%	\$12
Vanguard Global ex-U.S. Real Estate Index ETF 529 Portfolio	0.12%	0.125%	0.025%	0.27%	\$12
Vanguard Mega Cap Value Index ETF 529 Portfolio	0.07%	0.125%	0.025%	0.22%	\$12
Vanguard Mega Cap Index ETF 529 Portfolio	0.07%	0.125%	0.025%	0.22%	\$12
Vanguard Mega Cap Growth Index ETF 529 Portfolio	0.07%	0.125%	0.025%	0.22%	\$12
Vanguard Mid-Cap Value Index ETF 529 Portfolio	0.07%	0.125%	0.025%	0.22%	\$12
Vanguard Mid-Cap Index ETF 529 Portfolio	0.04%	0.125%	0.025%	0.19%	\$12
Vanguard Mid-Cap Growth Index ETF 529 Portfolio	0.07%	0.125%	0.025%	0.22%	\$12
Vanguard Small-Cap Value Index ETF 529 Portfolio	0.07%	0.125%	0.025%	0.22%	\$12
Vanguard Small-Cap Index ETF 529 Portfolio	0.05%	0.125%	0.025%	0.20%	\$12
Vanguard Small-Cap Growth Index ETF 529 Portfolio	0.07%	0.125%	0.025%	0.22%	\$12
Vanguard FTSE Developed Markets Index ETF 529 Portfolio	0.03%	0.125%	0.025%	0.18%	\$12
Vanguard FTSE Emerging Markets Stock Index ETF 529 Portfolio	0.07%	0.125%	0.025%	0.22%	\$12

<sup>1</sup> 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 June 1, 2025.

## Hypothetical Expense Example Individual Fund ETF Portfolios

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 Expenses 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.

The \$12 Paper Delivery Fee may be waived if the Account Owner has elected prior to November 30 of the applicable year to receive electronic notification of statements, program disclosure documents, tax forms, communications, and transaction confirmations. If not, the Account Owner will need to add an additional \$12 to the One Year number; \$36 to the Three Year number; \$60 to the Five Year number; and, \$120 to the Ten Year number in the Hypothetical Expense Example.

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

<b>HYPOTHETICAL EXPENSE EXAMPLE</b>				
	<b>1 Years</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>
<b>Individual Fund ETF Portfolios - Fee Structure F</b>				
Vanguard Short-Term Bond Index ETF 529 Portfolio	\$18	\$58	\$102	\$230
Vanguard Total Bond Market Index ETF 529 Portfolio	\$18	\$58	\$102	\$230
Vanguard Real Estate Index ETF 529 Portfolio	\$29	\$90	\$158	\$356
Vanguard Global ex-U.S. Real Estate Index ETF 529 Portfolio	\$28	\$87	\$152	\$344
Vanguard Mega Cap Value Index ETF 529 Portfolio	\$23	\$71	\$124	\$281
Vanguard Mega Cap Index ETF 529 Portfolio	\$23	\$71	\$124	\$281
Vanguard Mega Cap Growth Index ETF 529 Portfolio	\$23	\$71	\$124	\$281
Vanguard Mid-Cap Value Index ETF 529 Portfolio	\$23	\$71	\$124	\$281
Vanguard Mid-Cap Index ETF 529 Portfolio	\$19	\$61	\$107	\$243
Vanguard Mid-Cap Growth Index ETF 529 Portfolio	\$23	\$71	\$124	\$281
Vanguard Small-Cap Value Index ETF 529 Portfolio	\$23	\$71	\$124	\$281
Vanguard Small-Cap Index ETF 529 Portfolio	\$21	\$64	\$113	\$255
Vanguard Small-Cap Growth Index ETF 529 Portfolio	\$23	\$71	\$124	\$281
Vanguard FTSE Developed Markets Index ETF 529 Portfolio	\$18	\$58	\$102	\$230
Vanguard FTSE Emerging Markets Stock Index ETF 529 Portfolio	\$23	\$71	\$124	\$281

## FEDERAL AND STATE TAX CONSIDERATIONS

### Introduction

The 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 tax treatment of a withdrawal from an Account will vary depending on the nature of the withdrawal.

Proposed regulations have been issued under Section 529 of the Code upon which taxpayers may rely at least until final regulations are issued. It is uncertain when final regulations will be issued. In addition, the Internal Revenue Service (“IRS”) has issued a number of rulings and notices on 529 qualified tuition programs. These authorities do not, however, provide guidance on various aspects of the Pool. Future guidance may necessitate changes in the Pool to meet the requirements of Section 529 of the Code. In the event that the Pool, 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 there could be adverse tax consequences. For example, undistributed earnings in Accounts could be subject to tax.

Final regulations or additional rulings issued by the IRS may alter the tax consequences described in this Program Disclosure Statement. Further, the Code and regulations thereunder, and judicial and administrative interpretations thereof, are subject to change. In addition, Illinois law and judicial and administrative interpretations thereof, are subject to change. Any such changes may be made without notice and may be prospective or retroactive.

The following discussion summarizes certain federal and Illinois income, gift, estate, and generation-skipping transfer (“GST”) tax rules applicable to Accounts. The summary does not address the potential effects on Account Owners or Beneficiaries of the tax laws of any state other than Illinois. In addition, this summary does not address the tax consequences of Accounts owned by a trust. The summary, including any examples, is not exhaustive and is not intended as individual tax or legal advice. In addition, there can be no assurance that the IRS or Illinois Department of Revenue will accept the statements made herein or, if challenged, that such statements would be sustained in court. The tax rules are complex, some of the rules are at present uncertain, and their application to any particular situation may vary according to facts and circumstances. A tax or legal advisor should be consulted about the application of the law in individual circumstances.

### 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 invested in the Program will not be subject to federal income tax until they are distributed; and

- If the investment earnings are used for the Beneficiary’s Federal Qualified Higher Education Expenses, they are free from federal income tax.

### What Are the Illinois Income Tax Advantages of the Program?

There are three main Illinois income tax advantages to investing in the Program:

- Illinois taxpayers may claim an Illinois income tax deduction for certain Contributions to the Program;
- Investment earnings on the money invested in the Program will not be subject to Illinois income tax until they are distributed; and
- If a withdrawal is used for the Beneficiary’s Federal Qualified Higher Education Expenses the Earnings Portion of the withdrawal is free from Illinois income tax. If a withdrawal is an Illinois Nonqualified Withdrawal, and an Illinois income tax deduction was previously taken for Contributions to the Account, however, part or all of the Contributions Portion of the withdrawal may be added back to Illinois income.

### 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.

An individual who files an individual Illinois state income tax return may deduct up to \$10,000 of total, combined Contributions to the Program, to the Bright Start Direct-Sold College Savings Program, and to College Illinois! during the tax year. The Illinois Administrative Code provides 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 Direct-Sold 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 Direct-Sold 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 postmarked to Bright Directions Advisor-Guided 529 College Savings Program 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 nonbinding 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 Beneficiaries.

## **What Are the Federal Gift, GST and Estate Tax Advantages of the Program?**

Contributions to an Account are considered gifts to the Beneficiary of the Account for federal gift and GST 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 includible in the Account Owner's gross estate for federal estate tax purposes. For taxpayers who are subject to Illinois estate tax, if the Account is not included in the gross estate for federal estate tax purposes, the Account also would not be included in the gross estate for Illinois estate tax purposes. However, amounts in an Account at the death of the Beneficiary may be 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, in 2025, the annual exclusion is \$19,000 per donee, or twice that amount (i.e. \$38,000) for a married donor whose spouse elects on a United States Gift Tax Return Form 709 to "split" gifts with the donor. The annual exclusion is indexed for inflation and is expected to increase in the future.

Under Section 529 of the Code, a donor's Contributions to an Account for a Beneficiary are completed gifts that are eligible for the gift tax annual exclusion. Contributions to an Account that qualify for the gift tax annual exclusion also qualify for an exclusion from the 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 or result in 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 the Contributions, up to five (5) times the annual exclusion, as having been made ratably over a five-year period. Consequently, a single donor may contribute up to \$95,000 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 (4) 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 United States Gift Tax Return Form 709.**

For example, a donor who makes a \$95,000 Contribution to an Account for a Beneficiary in 2025, may elect to have that contribution treated as a \$19,000 gift in 2025 and a \$19,000 gift in each of the following four years. If the donor makes no other contributions or gifts to the Beneficiary before January 1, 2030, (and did not make a five-year election with respect to a contribution made during any of the previous four years), the donor will not be treated as making any taxable gifts to the Beneficiary during that five-year period. As a result, the \$95,000 Contribution will not be treated as a taxable gift and will not be subject to GST tax. However, if the donor dies before the end of the five-year period, the portion of the Contribution allocable to years after the year of death will be includible in the donor's gross estate for

federal estate tax purposes. For taxpayers who are subject to Illinois estate tax, if the Account is included in the gross estate for federal estate tax purposes, it will also be included in the gross estate for Illinois estate tax purposes.

If the donor's spouse elects to "split" gifts on a United States Gift Tax Return Form 709 and also makes the five-year election, Contributions of up to \$190,000 in 2025 may be treated as annual exclusion gifts spread over a five-year period.

## **What Are the Tax Consequences of Withdrawals?**

Each withdrawal from an Account has two portions, an Earnings Portion and a Contributions Portion. Depending upon the circumstances, a withdrawal may not be subject to any income tax or may be subject to one or more of the following taxes: (1) federal income tax on the Earnings Portion; (2) Illinois income tax on the Earnings Portion in the case of an Illinois taxpayer; (3) federal penalty tax on the Earnings Portion; and (4) Illinois income tax on all or part of the Contributions Portion if an Illinois state income tax deduction was previously claimed on Contributions to the Account.

All Program Accounts for the benefit of a single Beneficiary and having the same Account Owner are treated as a single account for purposes of calculating the Earnings Portion of each withdrawal. Therefore, if more than one Account is established for a Beneficiary under the Program that have the same Account Owner and a Federal Nonqualified Withdrawal is made from one or more of those Accounts, the amount includable in taxable income must be calculated based on the Earnings Portion of all such 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 all other Accounts for that Beneficiary with the same Account Owner under the Program. In the case of a Federal Nonqualified Withdrawal, this 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.

Accounts established under different 529 programs are not aggregated.

## **How Is the Earnings Portion of a Withdrawal Calculated for Purposes of IRS Form 1099-Q?**

For purposes of the IRS Form 1099-Q, and after applying the aggregation rules discussed above, if there are earnings in an Account, each withdrawal 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 withdrawal of the Earnings Portion and the Contributions Portion of the distribution. For any year in which there is a withdrawal from an Account, the Program Manager will provide a Form 1099-Q identifying the Earnings Portion and the Contributions Portion of the withdrawal.

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

### **When Is the Earnings Portion of a Withdrawal Subject to Income Tax?**

If a Federal Qualified Withdrawal is made from an Account, the Earnings Portion of the distribution is not includible in the gross income of either the Beneficiary or the Account Owner.

If a withdrawal is not a Federal Qualified Withdrawal, it is a Federal Nonqualified Withdrawal. The Earnings Portion of a Federal Nonqualified Withdrawal is includible in the recipient's income for federal income tax purposes. For Illinois taxpayers, the amount included for federal income tax purposes would also be included for Illinois income tax purposes.

The Earnings Portion of a Federal Nonqualified Withdrawal will be ordinary income to the recipient; no part of such Earnings Portion will be treated as capital gain. As of the date of this Program Disclosure Statement, the tax rates on ordinary income are generally greater than the tax rates on capital gain.

### **What Constitutes a Federal Qualified Withdrawal?**

A Federal Qualified Withdrawal is a withdrawal that is used to pay the Federal Qualified Higher Education Expenses of the Beneficiary. Federal Qualified Higher Education Expenses under Section 529 of the Code include:

- tuition, fees, books, supplies, and equipment required for enrollment or attendance of a Beneficiary at an Institution of Higher Education;
- certain room and board expenses 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 Institution of Higher Education, 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 Institution of Higher Education;
- expenses for special needs services incurred in connection with a special needs Beneficiary's enrollment or attendance at an Institution of Higher Education;
- expenses for the purchase of computer or certain 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 Institution of Higher Education. This does not include expenses for computer software for sports, games, or hobbies unless the software is predominately educational in nature;
- Qualified Elementary and Secondary Expenses. The amount of cash distributions

for such expenses from all 529 qualified tuition programs with respect to a Beneficiary shall not, in the aggregate, exceed \$10,000 during 2025 or \$20,000 during the taxable year after 2025;

- tuition, fees, books, supplies, and equipment required for participation of the Beneficiary in an Apprenticeship Program;
- Qualified Postsecondary Credentialing Expenses; and
- amounts paid as principal or interest on Qualified Education Loans of the Beneficiary or a Sibling of the Beneficiary provided that the total amounts of distributions from all 529 qualified tuition programs to such individual after December 31, 2018 for loan repayment do not exceed \$10,000.

### **When Are Withdrawals Considered to Be Used for Federal Qualified Higher Education Expenses?**

Withdrawals are considered to be used for Federal Qualified Higher Education Expenses if the total of all qualified tuition program withdrawals for the tax year is less than or equal to adjusted Federal Qualified Higher Education Expenses. Adjusted Federal Qualified Higher Education Expenses is the total Federal Qualified Higher Education Expenses reduced by any tax-free educational assistance. Tax-free educational assistance includes: the tax-free part of scholarships and fellowship grants; Veterans' educational assistance; the tax-free part of Pell grants; employer-provided educational assistance; and any other nontaxable (tax-free) payments (other than gifts or inheritances) received as educational assistance.

### **When Is the Federal Penalty Tax Imposed on the Earnings Portion of a Withdrawal?**

With certain exceptions, a 10% federal penalty tax is imposed on the Earnings Portion of a Federal Nonqualified Withdrawal. A Federal Nonqualified Withdrawal, however, is not subject to the 10% federal penalty tax if it is:

1. paid to a Beneficiary (or to the estate of the Beneficiary) on or after the death of the Beneficiary.
2. made because the 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 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. This exception applies only to the extent the distribution is not more than the scholarship, allowance or payment.
4. made on account of the attendance of the Beneficiary at a U.S. military academy (such as the United States Naval Academy 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 Federal Qualified Higher Education Expenses were taken into account in determining the American opportunity tax credit or lifetime learning credit.

### **When Is the Contributions Portion of a Withdrawal Subject to Tax?**

Illinois law provides for the recapture of Illinois state tax benefits in the event of an Illinois Nonqualified Withdrawal from the Account. In the event of an Illinois Nonqualified Withdrawal, the federal adjusted gross income of an Illinois taxpayer who took an Illinois income tax deduction for a Contribution to the Account will be increased by an amount equal to the Contribution Portion of such Illinois Nonqualified Withdrawal that was previously deducted from federal adjusted gross income on the taxpayer's Illinois tax return to determine Illinois base income. Note that if the Illinois tax rate at the time of the Illinois Nonqualified Withdrawal exceeds the tax rate at the time of the original Contribution, the additional tax may exceed the amount of tax saved by the deduction.

A Federal Nonqualified Withdrawal will generally also be an Illinois Nonqualified Withdrawal. Thus in addition to including the Earnings Portion of a Federal Nonqualified Withdrawal in income, a portion of the Contributions Portion will be included in income to offset the Illinois income tax deduction previously taken.

Certain distributions or transfers that are Federal Qualified Withdrawals or Federal Qualified Rollover Distributions for federal tax purposes, however, may be Illinois Nonqualified Withdrawals, including the following:

- Rollovers to out-of-state 529 programs;
- Rollovers to out-of-state ABLE Accounts;
- Distributions for Qualified Elementary and Secondary Expenses; and
- Distributions for Qualified Postsecondary Credentialing Expenses.

In addition, certain Federal Nonqualified Withdrawals that are exempt from the 10% federal penalty tax may also be Illinois Nonqualified Withdrawals, including the following:

- Distributions to the extent of the amount of certain scholarships or other allowances or payments received by the Beneficiary;
- Distributions made on account of the attendance of the Beneficiary at a U.S. military academy; and
- Distributions because the qualified education expenses were taken into account in determining the American opportunity tax credit or lifetime learning credit.

As of the date of this Program Disclosure Statement, Illinois law does not add back the Earnings Portion of an Illinois

Nonqualified Withdrawal to federal adjusted gross income to determine Illinois base income. Rather, Illinois law only adds to federal adjusted gross income the portion of the Contributions Portion related to any prior Illinois income tax deduction. As noted above, Illinois may change its law at any time.

### **Example**

When Child was born in 2021, Parent opened an Account, contributed \$10,000 per year for 5 years and claimed an Illinois income tax deduction for those contributions. Years later the Account has grown to \$75,000 and Parent makes a \$10,000 withdrawal to pay tuition for private elementary school. The Contributions Portion is \$50,000 and the Earnings Portion is \$25,000. This is a Federal Qualified Withdrawal and no portion of the Earnings Portion is subject to federal tax. However, a withdrawal for elementary school tuition is an Illinois Nonqualified Withdrawal. Two-thirds of the withdrawal (the Contributions Portion) will be added back to Illinois income to "recapture" the benefit of the Illinois income tax deduction.

Before taking an Illinois Nonqualified Withdrawal from an Account, consult with your legal or tax advisors.

### **How Can I Avoid Tax Consequences in Making Investment Changes?**

Under federal law, the Program must prohibit contributors and the Beneficiary from directing the investment of any Contributions (or earnings thereon) more than two (2) times in a calendar year. As a result, an Account Owner can change the Portfolio or Portfolios in which Contributions and 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, as 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.

### **What Are the Tax Consequences of Changing a Beneficiary?**

A change in the Beneficiary of an Account or a transfer to an Account for another Beneficiary is not treated as a withdrawal 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 Federal Nonqualified Withdrawal by the Account Owner. See "What Are the Tax Consequences of Withdrawals?"

Specifically, if the new Beneficiary is in a younger generation (as determined under the federal GST tax rules) than the former Beneficiary, the change or transfer will be treated for federal gift tax purposes as a gift from the former Beneficiary or the Account Owner to the new Beneficiary. If the new Beneficiary is not related to the former Beneficiary, the new Beneficiary will be considered to be in a younger generation than the former Beneficiary if the new Beneficiary is more than 12 1/2 years younger than the former Beneficiary. Moreover, even if the new Beneficiary is in the same generation as

(or in an older generation than) the former Beneficiary, the change or transfer may be treated as a gift from the former Beneficiary or the Account Owner to the new Beneficiary if the new Beneficiary is not a Member of the Family of the former Beneficiary. Any change or transfer treated as a gift to the new Beneficiary may cause the former Beneficiary or the Account Owner 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 to the new Beneficiary may cause the former Beneficiary or the Account Owner to be liable for GST tax or cause other undesirable tax consequences.

Account Owners should consult their own tax or legal advisor before making a change of Beneficiaries or transfer to an Account for another Beneficiary.

### **What Are the Tax Consequences of a Transfer to Another Illinois Section 529 Program for the Same Beneficiary?**

Accounts in the Pool are also offered and sold through the Bright Start Direct-Sold College Savings Program. An Account Owner may transfer money from a Bright Start Direct-Sold College Savings Program Account for a beneficiary to a Bright Directions Advisor-Guided 529 College Savings Program Account for the same Beneficiary, or from a Bright Directions Advisor-Guided 529 College Savings Program Account for a Beneficiary to a Bright Start Direct-Sold College Savings Program Account for the same beneficiary. Any such transfer constitutes a change in the investment option in which the Account is invested, which may occur only twice per calendar year, or upon a change of Beneficiary. It is not treated as a rollover for federal tax purposes.

### **What Are the Tax Consequences of a Transfer to Another Illinois Section 529 Program for a Different Beneficiary?**

An Account Owner may transfer money from a Bright Directions Advisor-Guided 529 College Savings Program Account for a Beneficiary to a Bright Start Direct-Sold College Savings Program Account for a different beneficiary, or from a Bright Start Direct-Sold College Savings Program Account for a beneficiary to a Bright Directions Advisor-Guided College Savings Program Account for a different Beneficiary. Any such transfer constitutes a change of beneficiary, the tax consequences of which are described above. See "What Are the Tax Consequences of Changing a Beneficiary?" Any such transfer is not treated as a rollover for federal tax purposes.

### **What Are the Tax Consequences of Rollovers?**

The term "rollover" includes the following transfers:

- A transfer from an out-of-state 529 qualified tuition program account to an Account under the Program;
- A transfer from an Account to an out-of-state 529 qualified tuition program account for the same or a different beneficiary;

- A transfer from an Account to an ABLÉ account for the same beneficiary.

Transfers between the Program and the Bright Start Direct-Sold College Savings Program for the same Beneficiary are not treated as rollovers but rather as investment changes. Transfers between the Program and the Bright Start Direct-Sold College Savings Program for a different beneficiary are not treated as rollovers but rather as changes of beneficiaries.

Each rollover from an Account has two portions, an Earnings Portion and a Contributions Portion. Depending upon the circumstances, a rollover may not be subject to any income taxes or may be subject to one or more of the following income taxes: (1) federal income tax on the Earnings Portion; (2) Illinois income tax on the Earnings Portion; (3) federal penalty tax on the Earnings Portion; and (4) Illinois income tax on all or part of the Contributions Portion if an Illinois state income tax deduction was previously claimed for Contributions to the Account. In addition, if the Beneficiary is changed there may be gift and GST tax consequences. See "What Are the Tax Consequences of Changing a Beneficiary?"

If a rollover is a Federal Qualified Rollover Distribution, then no part of the Earnings Portion of the rollover is includible in the gross income of the Account Owner or Beneficiary. If the rollover is not a Federal Qualified Rollover Distribution, the Earnings Portion is includible in the Account Owner's income for federal income tax purposes. For Illinois taxpayers, the amount included for federal income tax purposes would also be included for Illinois income tax purposes.

### **What Is a Federal Qualified Rollover Distribution?**

The Account Owner may direct a transfer of money from the Account to an account in another 529 qualified tuition program for the same or another beneficiary. Alternatively, the Account Owner may make a withdrawal from the Account and re-deposit the withdrawn balance within sixty (60) days into an account in another 529 qualified tuition program for the same or another beneficiary. Such a rollover will be treated as a Federal Qualified Rollover Distribution provided that if (1) the beneficiary remains the same, it has been more than twelve (12) months since any previous rollover for that beneficiary and (2) if the beneficiary changes, the new beneficiary is a Member of the Family of the former beneficiary.

In addition, a transfer of money from the Account to an ABLÉ account for the Beneficiary or a Member of the Family of the Beneficiary, is a Federal Qualified Rollover Distribution provided that the transfer when added to all other contributions made to the ABLÉ account in the taxable year, does not exceed the limitation in Section 529A(b)(2)(B) (i) of the Code. That section of the Code limits aggregate contributions to an ABLÉ account during a tax year to the amount of the gift tax annual exclusion (for 2025 the annual exclusion is \$19,000).

In addition, a Roth IRA Rollover is also a Federal Qualified Rollover Distribution. A Roth IRA Rollover, is a direct transfer from an Account to a Roth IRA on or after January 1, 2024, that meets the following requirements:

- The Account must have been maintained for the 15-year period ending on the date of the Roth IRA Rollover.
- The Roth IRA Rollover must be made in a direct trustee-to-trustee transfer to a Roth IRA maintained for the benefit of the Beneficiary of the Account.
- Each year, the 529-to-Roth IRA Rollover will be subject to annual IRA contribution limits, minus all other IRA contributions made during the year for the same designated beneficiary. In addition, such rollovers may not exceed the amount of compensation the designated beneficiary earned during the year.
- The amount of the Roth IRA Rollover may not exceed the aggregate amount contributed to Account (and earnings attributable thereto) before the 5-year period ending on the date of the IRA Rollover.
- The aggregate amount for all years of Roth IRA Rollovers for the same Beneficiary from all 529 qualified tuition programs may not exceed \$35,000.

Roth IRA Rollovers are subject to the annual contribution limit for Roth IRAs. For 2025, the limit is \$7,000. All contributions made during the year to individual retirement accounts for the Beneficiary count towards this limit.

A Roth IRA Rollover can be made only to the extent the Beneficiary has eligible compensation (e.g. wages and self-employment income) for the year. The Roth IRA modified adjusted gross income limits appear not to apply to Roth IRA Rollovers.

You should consult with your tax advisor before requesting a Roth IRA Rollover.

### **When Is the Contributions Portion of a Rollover Subject to Income Tax?**

Illinois law provides for the recapture of Illinois state tax benefits in the event of an Illinois Nonqualified Withdrawal from the Account. In the event of an Illinois Nonqualified Withdrawal, the adjusted gross income of an Illinois taxpayer who took an Illinois income tax deduction for a Contribution to the Account will be increased by an amount equal to the Contributions Portion of such Illinois Nonqualified Withdrawal that was previously deducted from federal adjusted gross income on the taxpayer's Illinois tax return. Note that if the Illinois tax rate at the time of the Illinois Nonqualified Withdrawal exceeds the tax rate at the time of the original Contribution, the additional tax may exceed the amount of tax saved by the deduction.

A rollover that is not a Federal Qualified Rollover Distribution will be an Illinois Nonqualified Withdrawal. Certain rollovers that are Federal Qualified Rollover Distributions, however, may be Illinois Nonqualified Withdrawals, including rollovers to out-of-state 529 programs, and rollovers to out-of-state ABLE accounts.

### **May I Rollover an Account in an Out-of-State 529 Plan to the 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 a Federal Qualified Rollover Distribution provided it has been more than twelve (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 former Beneficiary. The program from which you are transferring funds may impose fees or other restrictions on such a transfer, and there may be state income tax consequences of 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 IRS 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.

The Illinois Administrative Code provides that in the case of a rollover from a non-Illinois qualified tuition program, the amount of the rollover that constituted investment in the prior qualified tuition program for federal income tax purposes (but not the Earnings Portion of the rollover) is eligible for the deduction for Illinois individual income tax purposes, subject to the deduction limits discussed above. You should consult your tax or legal advisor about the availability of such deduction.

### **May I Rollover an Account to an Out-of-State 529 Plan?**

The Account Owner may direct a transfer of money from an Account to an account in another 529 qualified tuition program for the same or another beneficiary. Alternatively, the Account Owner may make a withdrawal from the Account and re-deposit the withdrawn balance within sixty (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 a Federal Qualified Rollover Distribution as long as the transfer does not occur within twelve (12) months from the date of a previous rollover to another 529 qualified tuition program for the beneficiary. If the beneficiary changes, the transfer will be treated as a Federal Qualified Rollover Distribution only if the new beneficiary is a Member of the Family of the former beneficiary.

A rollover to an out-of-state 529 qualified tuition program will be an Illinois Nonqualified Withdrawal. Illinois law provides for the recapture of Illinois state tax benefits in the event of an Illinois Nonqualified Withdrawal by increasing the adjusted gross income of an Illinois taxpayer who previously took an Illinois state income tax deduction for Contributions made to the Program. Before rolling over an Account to an out-of-state 529 qualified tuition program, you should consult with your tax or legal advisor.

### **Are There Tax Consequences to Changing the Account Owner?**

A change of Account ownership may also have gift and/or GST tax consequences. This area of the law is uncertain at this time. Accordingly, Account Owners should consult their own tax or legal advisor for guidance when considering a change of Account ownership.

## **What Are the Tax Benefits for Employer Matching Contributions?**

For taxable years ending on or before December 31, 2029, employers that match employees' contributions to the Program, College Illinois! or the Bright Start Direct-Sold College Savings Program, are eligible for an Illinois state 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 Direct-Sold 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.

## **May I Recontribute a Refunded Amount to an Account?**

In the case of a Beneficiary who receives a refund of any Federal Qualified Higher Education Expenses from an Institution of Higher Education, the amount refunded will not be subject to federal income tax to the extent it is recontributed to a 529 qualified tuition program account for the same Beneficiary, but only to the extent such recontribution is made no later than sixty (60) days after the date of such refund and does not exceed the refunded amount. It is the responsibility of the Account Owner to keep all records of the refunds and subsequent recontributions. Consult a tax or legal advisor to determine your eligibility for this treatment.

## **What Annual Tax Reporting Will I Receive?**

For any year there is a withdrawal from an 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 Contributions Portion of each withdrawal. If the distribution is made to the Account Owner, the Form 1099-Q will be sent to the Account Owner. 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 or legal advisor for the proper tax reporting and treatment of distributions.

## **How Does Code Section 529 Coordinate with Other Higher Education Programs?**

### *Other Higher Education Tax Credits and Deductions*

The tax benefits afforded to qualified tuition programs such as the Pool must be coordinated with other programs designed to provide tax benefits for meeting Federal Qualified Higher Education Expenses in order to avoid the duplication of such benefits. The coordinated programs include, but are not limited to, the Coverdell Education Savings Accounts under Section 530 of the Code, the Tuition and Fees Deduction, and the American opportunity tax credit or lifetime learning credit under Section 25A of the Code. IRS Publication 970 provides important additional information on coordinating these benefits.

### *Coordination with Coverdell Education Savings Account Distributions*

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 Federal Qualified Higher Education

Expenses that qualify for tax-free treatment under Section 529 of the Code, the recipient must allocate his or her Federal Qualified Higher Education Expenses between both such withdrawals in order to determine how much may be treated as tax-free under each program.

### *Coordination with American Opportunity and Lifetime Learning Credits*

An American opportunity tax credit or lifetime learning credit (education credit) can be claimed in the same year the Beneficiary takes a tax-free distribution from a 529 qualified tuition program, as long as the same expenses are not used for more than one benefit. This means that after the Beneficiary reduces Federal Qualified Higher Education Expenses by tax-free educational assistance, he or she must further reduce them by the expenses taken into account in determining the credit.

### *Coordination with Tuition and Fees Deduction*

A tuition and fees deduction can be claimed in the same year the Beneficiary takes a tax-free distribution from a 529 qualified tuition program, as long as the same expenses are not used for both benefits.

## **Should I Document Federal Qualified Higher Education Expenses?**

You should retain documentation of all of the Beneficiary's Federal Qualified Higher Education Expenses for your records. The Account Owner or Beneficiary is responsible for determining whether a distribution from an Account is a Federal Qualified Withdrawal, a Federal Qualified Rollover Distribution, a Federal Nonqualified Withdrawal and/or an Illinois Nonqualified Withdrawal and for paying any applicable taxes or penalties.

## **What Should I Consider before Investing?**

- 1. Depending on the laws of the home state of the Account Owner or Beneficiary, favorable state tax treatment or other benefits such as financial aid, scholarship funds, and protection from creditors, offered by such home state for investing in 529 qualified tuition programs may be available only for investments in the home state's 529 qualified tuition program;**
- 2. Any state-based benefit offered with respect to a particular 529 qualified tuition program should be one of many appropriately weighted factors to be considered in making an investment decision; and**
- 3. You should consult with your tax or legal advisor to learn more about how state-based benefits (including any limitations) would apply to your specific circumstances. You may also wish to contact the 529 qualified tuition program in that state to learn more about the features, benefits and limitations of that state's 529 qualified tuition program.**

## **DISTRIBUTIONS FROM AN ACCOUNT**

### **How Do I Request a Distribution From an Account?**

Distribution requests may be made online, by completing a withdrawal request form, or by telephone. If the withdrawal request is in good order, the Program typically will process the withdrawal and initiate payment within three (3) business

days. During periods of market volatility and at year-end, however, withdrawal requests may take up to five (5) business days to process. When requesting a withdrawal please allow 7 – 10 days for the proceeds to reach you.

Contributions made by check, recurring contribution, or electronic funds transfer will not be available for withdrawal for seven (7) business days. If you make a change to your mailing address or to your banking information, or if you add a new bank account, no withdrawals can be made for fifteen (15) days following the change, unless you have provided a medallion signature guarantee.

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

An Account Owner may establish telephone and internet transaction privileges for an Account through the Program’s web site (BrightDirections.com) or by calling 866.722.7283. The Program Manager employs procedures it considers to be reasonable to confirm that instructions communicated by telephone or internet are genuine, including requiring certain information prior to acting on telephone or internet instructions. **To safeguard your Account, it is important that you keep your account and personal information confidential including your username, password, and other personally identifiable information. None of the Program Manager, the Program, the Trust, or the Treasurer will be liable for following telephone or internet instructions that the Program Manager reasonably believed to be genuine.**

#### **Where can I direct a withdrawal from my account?**

A withdrawal from your account may be payable to:

##### 1. Account Owner

- Electronic funds transfer to the verified checking or savings account of the account owner (arrives in 2-3 business days).
- Check to the address of record (usually arrives in 7-10 days).

##### 2. Eligible Educational Institution

- Electronic payment directly to a participating educational institution. The expedited payment usually arrives in 2-3 business days. The electronic payment service is available only to institutions that participate.
- Check to the address provided (usually arrives in 7-10 days).

##### 3. Beneficiary

- Electronic funds transfer into the verified checking or savings account of the beneficiary (arrives in 2-3 business days).
- Check to the address of record (usually arrives in 7-10 days).

##### 4. Bright Directions Campus Cash Card

- Electronic prepaid card available to the Account Owner or Beneficiary.

#### **What is the Bright Directions Campus Cash Card?**

The Bright Directions Campus Cash Card is a Visa Prepaid Card issued by Pathward, N.A. You can sign up for a card during the online withdrawal process. Account Owners can direct funds from withdrawals be transferred to the card. The card can be issued to the Account Owner or Beneficiary. After the completion of a withdrawal request from a Bright Directions 529 account, the card recipient will receive instructions for setting up the Campus Cash Card and managing it through the app available to cardholders.

Money that is transferred to the Campus Cash Card is a withdrawal from the Bright Directions Account and is no longer invested. Funds should be used for qualified expenses in the same calendar year as the withdrawal from the Bright Directions 529 account. The card recipient will receive an IRS Form 1099-Q for the year of the withdrawal. The full amount of the withdrawal from the Bright Directions 529 account (not the amount spent from the Campus Cash Card) will be reported on an IRS Form 1099-Q.

The card recipient should treat the prepaid card the same as cash. The card is not a credit card, and you will not receive any interest on the funds. Please review the Terms and Conditions for complete details including fees, eligible merchants, and other important information.

#### **What Constitutes a Federal Qualified Withdrawal?**

Federal Qualified Withdrawals from your Account are generally free from federal and Illinois state income tax, but a Federal Qualified Withdrawal that is also an Illinois Nonqualified Withdrawal may trigger recapture of any Illinois income tax deduction claimed for Contributions to the Account. See “Federal and State Tax Considerations.”

Federal Qualified Higher Education Expenses, as defined in Section 529 of the Code, include:

- tuition, fees, books, supplies, and equipment required for enrollment of, or attendance by, a Beneficiary at an Institution of Higher Education;
- certain room and board expenses incurred by students who are enrolled at least half-time at an Institution of Higher Education. The expense for room and board qualifies only to the extent that it isn’t more than the greater of the following two amounts:
  - a. The allowance for room and board, as determined by the Institution of Higher Education, that was included in the cost of attendance (for federal financial aid purposes) for a particular academic period and living arrangement of the student; or
  - b. The actual amount charged if the student is residing in housing owned or operated by the Institution of Higher Education. You may need to contact the Institution of Higher Education for qualified room and board costs;
- expenses for special needs services in the case of a Beneficiary with special needs that are incurred in connection with such enrollment or attendance;
- expenses for the purchase of computer or certain 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 Institution of Higher Education. This does not include expenses for computer software for sports, games, or hobbies unless the software is predominately educational in nature;

- **Qualified Elementary and Secondary Expenses.** The amount of cash distributions for such expenses from all 529 qualified tuition programs with respect to a Beneficiary shall not, in the aggregate, exceed \$10,000 during 2025 or \$20,000 during the taxable year after 2025;
- expenses for tuition, fees, books, supplies, and equipment required for participation of the Beneficiary in an Apprenticeship Program;
- Qualified Postsecondary Credentialing Expenses; and
- amounts paid as principal or interest on Qualified Education Loans of the Beneficiary or a Sibling of the Beneficiary provided that the total amounts of distributions from all 529 qualified tuition programs to such individual after December 31, 2018 for loan repayment do not exceed \$10,000.

### **What Constitutes An Illinois Qualified Expense?**

Federal Qualified Higher Education Expenses are also Illinois Qualified Expenses EXCEPT for Qualified Elementary and Secondary Expenses and Qualified Postsecondary Credentialing Expenses. If a withdrawal is made for such purposes it may be a Federal Qualified Withdrawal and not be included in income for federal and Illinois purposes, but if an Illinois income tax deduction was previously claimed for Contributions to the Account, all or part of that deduction may be added back to income for Illinois income tax purposes.

### **Where Can a Federal Qualified Withdrawal be Distributed?**

A Federal Qualified Withdrawal may be distributed as follows:

1. To the Account Owner;
2. To the Account Owner's bank account;
3. To the Beneficiary;
4. Directly to the Institution of Higher Education; or
5. To a Sibling of a Beneficiary to the extent it will be used to repay a Qualified Education Loan, subject to the limits of Section 529 of the Code.

When taking withdrawals you should consult with your tax or legal advisor.

### **Should I Document Federal Qualified Higher Education Expenses?**

You should retain documentation of all of the Beneficiary's Federal Qualified Higher Education Expenses for your records. The Account Owner or Beneficiary is responsible for determining whether a distribution from an Account is a Federal Qualified Withdrawal, a Federal Qualified Rollover Distribution, a Federal Nonqualified Withdrawal, or an Illinois Nonqualified Withdrawal and for paying any applicable taxes or penalties.

### **Can I Recontribute Refunded Amounts?**

In the case of a Beneficiary who receives a refund of any Federal Qualified Higher Education Expenses from an Institution

of Higher Education, the amount refunded will not be subject to federal income tax to the extent it is recontributed to a 529 plan account for the same Beneficiary, but only to the extent such recontribution is made no later than sixty (60) days after the date of such refund and does not exceed the refunded amount. It is the responsibility of the Account Owner to keep all records of the refunds and subsequent recontributions. You should consult your legal and tax advisor to determine your eligibility for this treatment.

### **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 Federal Nonqualified Withdrawal, the Earnings Portion of such Federal 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. In addition, to the extent that the withdrawal is an Illinois Nonqualified Withdrawal, there may be recapture of any Illinois state income tax deductions previously claimed for Contributions to the Account. See "Federal and State Tax Considerations."

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

### **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 sixty (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 Federal Qualified Rollover Distribution as long as the transfer does not occur within twelve (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 Federal Qualified Rollover Distribution only if the new beneficiary is a Member of the Family of the former Beneficiary.

Starting in 2024, you may qualify to transfer a certain amount of money from your Account to a Roth IRA for the Beneficiary. A number of restrictions apply. See "Federal and State Tax Considerations."

A rollover to an out-of-state qualified tuition program will be treated as an Illinois Nonqualified Withdrawal. See "Federal and State Tax Considerations." Before rolling over your Account to an out-of-state 529 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 incur Federal Qualified Higher Education Expenses, you may withdraw the Account balance or change the Beneficiary of the Account. To the extent that you make a Federal Nonqualified Withdrawal from the Account, the Earnings Portion of such Federal 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 an Illinois 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 former Beneficiary. For more information, see "Federal and State Tax Considerations."

### **How Do I Close an Account?**

To withdraw all of the funds and close your Account, complete and submit the Withdrawal Request Form. 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 the funds.

### **OTHER IMPORTANT WITHDRAWAL CONSIDERATIONS**

The tax benefits afforded to 529 qualified tuition programs must be coordinated with other programs designed to provide tax benefits for meeting Federal Qualified Higher Education Expenses in order to avoid the duplication of such benefits. See "Federal and State Tax Considerations." You should consult with a tax or legal advisor with respect to the various education benefits.

### **LIMITATIONS AND PENALTIES**

#### **Are There Limits on Investment Changes?**

Under federal law, the Program must prohibit contributors and the Beneficiary from directing the investment of any Contributions (or earnings thereon) more than two (2) times in a calendar year. As a result, an Account Owner can change the Portfolio or Portfolios in which Contributions and 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, as 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 Direct-Sold College Savings Program. You may transfer money from the Bright Start Direct-Sold College Savings Program to your Bright Directions Advisor-Guided 529

College Savings Program Account or from your Account to the Bright Start Direct-Sold College Savings Program without the imposition of any penalties. 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 twelve (12) months from the date of a previous rollover for the Beneficiary, or upon a change of Beneficiary. Such a rollover, however, may be an Illinois Nonqualified Withdrawal. See "Federal and State Tax Considerations."

#### **Are There Penalties on Withdrawals From the Program?**

The Program does not charge a withdrawal fee. If an Account Owner withdraws funds as a Federal Nonqualified Withdrawal, the Earnings Portion of the withdrawal will be includible in their federal gross income and subject to a 10% federal penalty tax.

Illinois law provides for the recapture of Illinois state tax benefits in the event an Account Owner takes an Illinois Nonqualified Withdrawal from an Account. See "Federal and State Tax Considerations". You should consult with your tax or legal 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 \$8,575; 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 (for 2025 the annual exclusion is \$19,000); 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 (for 2025 the annual exclusion is \$19,000).

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 \$19,000 or \$38,000 in 2025, per Beneficiary, depending upon the timing of the contributions.

None of the Program, the Treasurer, the Trustee, the Trust, the Distributor, 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 Program within sixty (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 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](http://BrightDirections.com). You will need to create an online user name, password, and credentials.

Information including prospectuses and other disclosures of all fees and expenses associated with the mutual funds, separately managed accounts, exchange-traded funds and other investments made by the Program is available at [BrightDirections.com](http://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 Advisor-Guided 529 College Savings Program, P.O. Box 82623, Lincoln, NE 68501-9823.

In order to comply with Rule 15c2-12(b)(5) promulgated in the Securities Exchange Act of 1934, as amended, (herein referred to as the "Rule"), the Treasurer, on behalf of the Program, has entered into a continuing disclosure agreement for the benefit of the Account Owners. Under the continuing disclosure agreement, the Treasurer, on the Program's behalf as permitted by law, will in compliance with the Rule provide the Program's annual audited financial statements when available in conformity with the Rule and will provide notices of the occurrence of certain material events under the Rule and the continuing disclosure agreement, when applicable to the Program. The Program's audited financial statements for the fiscal year ended June 30, 2024 have been posted with the Municipal Securities Rulemaking Board.

## **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 Trust is an Investment Vehicle**

Accounts in the Program are subject to certain risks. In addition, certain Portfolios carry more and/or different risks than others. You should weigh these risks with the understanding that they could arise at any time during the life of your Account. For a discussion of the investment risks related to each Portfolio and its Underlying Investments, please see "Exhibit B - Investment Portfolios and Underlying Investments" and "Exhibit C - Underlying Exchange Traded Fund Information".

#### **The Value of Your Account May Decline**

As is the case with virtually all investment programs, there can be no assurance that the value of your Account will grow at any particular rate or even that the Account will not decline in value. 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 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 Trust, the Trustee, the State of Illinois, or its officials/employees, the Program Manager or any of its affiliates, nor the Distributor 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, including the Treasurer, the Program Manager or any of its affiliates, the Distributor or any of its affiliates, the FDIC (except as provided elsewhere in this Program Disclosure Statement solely with respect to the FDIC-insured Bank Deposit account Underlying Investment), or any other individual or entity.

#### **Market Uncertainties**

Due to market uncertainties, the overall market value of your Account is likely to be highly volatile and could be subject to wide fluctuations in response to factors such as regulatory or legislative changes, worldwide political uncertainties, and general economic conditions, including inflation and unemployment rates. The value of a holding may also decline due to factors that negatively affect a particular industry or sector, such as labor shortages, increased production costs, or competitive conditions. In addition, local, regional, or global events such as war, military conflict, acts of terrorism, political and social unrest, regulatory changes, recessions, shifts in monetary or trade policies, natural or environmental disasters, and the spread of infectious diseases or other public health issues could have a significant negative impact on securities markets and the Underlying Investments. Any of

these events may lead to unexpected suspensions or closures of securities exchanges; travel restrictions or quarantines; business disruptions and closures; inability to obtain raw materials, supplies and component parts; reduced or disrupted operations for the program's service providers or issuers in which the program invests; and an extended adverse impact on global market conditions. Government intervention in markets may impact interest rates, market volatility, and security pricing. The occurrence, reoccurrence, and uncertainty of widespread diseases and health crises could adversely affect the economies (including through changes in business activity and increased unemployment) and financial markets of specific countries or worldwide. All of these factors are beyond the control of the Program, the Treasurer, and the Program Manager. These factors may cause the value of your Account to decrease (realized or unrealized losses) regardless of the performance or any systematic investing.

#### **Inflation**

Increases in the cost of living or the cost of education may reduce or eliminate the purchasing power of your Account.

#### **Principal Risks of the Underlying Investments**

There can be no assurance that the Underlying Investments will be successful. There can be no guarantee that an Underlying Investment will meet its investment objective or that the performance of an Underlying Investment will be positive for any period of time. Please see the Principal Risks of the Underlying Investments in Exhibit B.

#### **Not a Direct Investment in Mutual Funds and Underlying Investment Risks**

Although money contributed to Accounts will be invested in Portfolios that hold mutual funds (among other types of investments), none of the Trust, the Program, or any of the Program's Portfolios is itself a mutual fund, and an investment in the Program is not an investment in shares of any mutual fund. When you invest money in a Portfolio, you will receive Portfolio units. Your money will be used to purchase shares of Underlying Investments. However, the settlement date for the Portfolio's purchase of shares of an Underlying Investment typically will be one to three business days after the trade date for your purchase of Portfolio units. Depending on the amount of cash flow into or out of the Portfolio and whether the Underlying Investment is going up or down in value, this timing difference will likely cause the Portfolio's performance either to trail or exceed the Underlying Investment's performance. An investment in the Program is an investment in municipal fund securities that are issued and offered by the Trust. These securities are not registered with the U.S. Securities and Exchange Commission ("SEC") or any state, nor are the Trust, the Trustee, the Program, the Treasurer, or the Portfolios registered as investment companies with the SEC.

The Portfolios invest in Underlying Investments so the Portfolio's investment performance and risks are directly related to the performance and risks of the Underlying Investments. The Accounts will indirectly bear the expenses charged by the Underlying Investments.

## Each Portfolio Has Risks

Each of the Portfolios is subject to certain risks that may affect Portfolio performance. Set forth below is a list of major risks applicable to the Portfolios. See “Exhibit B - Investment Portfolios and Underlying Investments”, “Exhibit C - 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 Investments in which the Portfolios invest.

**Since each Portfolio is invested in mutual funds, separate accounts, or exchange-traded funds you will want to obtain each underlying fund’s prospectus and summary prospectus which includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing. Prospectuses are available for free on the Internet at each respective underlying mutual fund’s website.**

- **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 market interest rates typically causes bond prices to decline. Bonds with longer maturities and lower credit quality than other fixed income securities tend to be more sensitive to changes in interest rates. Bonds that can be paid off before maturity, such as mortgage-backed securities, tend to be more volatile than other types of debt securities. 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: when short-term interest rates fall, money market yields usually fall as well.
- **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 Investment, 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 of a bond or money market security could fall if its credit backing deteriorates or if the issuer encounters financial difficulties. In more extreme cases, default or the threat of default could cause a security to lose most or all of its value. Generally, credit risks are greater with respect to high-yield bonds than they are with respect to investment-grade bonds.

**Individual Fund Portfolios and Individual Fund ETF Portfolios Not as Diversified as Age-Based, Enrollment Year and Static Portfolios**

The Individual Fund Portfolios and Individual Fund ETF Portfolios are designed to be invested in a single mutual fund, separately managed account, or exchange-traded fund. Individual Fund Portfolios and Individual Fund ETF Portfolios, by design, are not as diverse as the Age-Based, Enrollment Year, and Static Portfolios which are invested in a number of different Underlying Investments. Since each Individual Fund Portfolio and Individual Fund ETF Portfolio is invested in one Underlying Investment, the performance of the Individual Fund Portfolio and Individual Fund ETF Portfolio is dependent on the performance of the Underlying Investment. Consequently, the performance of each of the Individual Fund Portfolios and Individual Fund ETF Portfolios may be more volatile than the Age-Based, Enrollment Year, and Static Portfolios.

### **ETF Risk**

The ETF Underlying Investments will be exposed to the risks inherent in certain ETF investments, such as passive strategy/index risk, index tracking risk, trading issues, fluctuation of net asset value and share premiums and discounts.

### **Suitability of Program for Account Owner**

An investment in the Program will not be an appropriate investment for all investors. Some Portfolios entail more risk than other Portfolios and may not be suitable for all Account Owners, or for the entire balance of the Account. This is particularly true for Individual Fund Portfolios and Individual Fund ETF Portfolios which are invested in a single Underlying Investment. No Individual Fund Portfolio or Individual Fund ETF Portfolio should be considered a complete investment program, but should be a part of an Account Owner's overall investment strategy designed in light of an Account Owner's particular needs and circumstances, as well as an Account Owner's determination (after consulting with his or her investment, financial, tax, legal and other advisors and consultants) of the Account Owner's own risk tolerance, including the ability to withstand losses.

You should evaluate the Program, the investment options(s) you select, and the Portfolios in the context of your overall financial situation, investment goals, tax status, other resources and needs (such as liquidity) and other investments, including other college savings strategies.

While there is no guarantee that the Program is or will be an appropriate investment for anyone, in particular, if you consider yourself an especially aggressive or conservative investor, you may want to save for higher education by making investments in addition to, or other than, through the Program to seek to achieve the investment result that is appropriate for you. Because neither the Program, the Trust, the Trustee, the Treasurer, the State of Illinois, the Distributor, nor the Program Manager are providing you any recommendations on any investments in the Program, you are urged to consult a financial advisor if you are unsure whether or how much to invest in the Program or which Portfolios are suitable for you.

## **PROGRAM RISKS**

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

There is a risk that federal and state laws and regulations governing 529 qualified tuition 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 selection 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, as 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.

### **Limitations on Contributions to Accounts**

The Program has established a limit on the aggregate balance that can be held in any Account(s) established on behalf of a particular Beneficiary. However, even if the aggregate value of all Accounts established for a Beneficiary under the Program equals the Maximum Account Balance limit, such Account balance may not be sufficient to fund all of the Federal Qualified Higher Education Expenses of such Beneficiary.

### **Potential Changes in Program Manager**

The term of the Program Management Agreement ends in November 2034. The Treasurer has the right to terminate the Program Management Agreement earlier under certain circumstances, including the material breach of the Program Management Agreement.

If the term of the Program Management Agreement expires, or the Program Management Agreement is terminated under other circumstances, the Program Manager may continue to provide services under the Program Management Agreement with respect to Accounts in existence as of the last day of the term. Upon the expiration or termination of the Program

Management 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 Program Management Agreement and, in the case of a successor program manager, such program 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.

### **Operational and Technology Risk**

Cyber-attacks, disruptions or failures that affect the Program's service providers or counterparties, issuers of securities held by the Program, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions, or other market participants, may adversely affect the Program and its shareholders, including by causing losses for the Program or impairing Program operations. For example, the Program's or its service providers' assets or sensitive or confidential information may be misappropriated, data may be corrupted and operations may be disrupted (e.g., cyberattacks), operational failures or broader disruptions may cause the release of private shareholder information or confidential Program information, or interfere with the processing of shareholder transactions. Cyber incidents affecting the Program or its service providers (including, but not limited to, accountants, custodians, transfer agents and financial intermediaries) may cause disruptions and impact business operations, potentially resulting in financial losses, interference with the Program's ability to calculate its net asset value, impediments to trading, the inability of shareholders to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Cyber threats and cyberattacks may interfere with your ability to access your Account, make contributions or exchanges, or request and receive distributions. Cyber-attacks could also affect the issuers in which the Program invests, which may cause the Program's investments to lose value. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future. Market events and disruptions also may trigger a volume of transactions that overloads current information technology and communication systems and processes, impacting the ability to conduct the Program's operations. Although the Program undertakes efforts to protect their computer systems from cyber threats and cyberattacks, which include internal processes and technological defenses that are preventative in nature, and other controls designed to provide a multilayered security posture, there are no guarantees that the Program or your Account will avoid losses due to cyber threats or cyberattacks or other information

security breaches in the future. While the Program and its service providers may establish business continuity and other plans and processes that seek to address the possibility of and fallout from cyberattacks, disruptions or failures, there are inherent limitations in such plans and systems, including that they do not apply to third parties, such as fund counterparties, issuers of securities held by the Program or other market participants, as well as the possibility that certain risks have not been identified or that unknown threats may emerge in the future and there is no assurance that such plans and processes will be effective. Among other situations, disruptions (for example, pandemics or health crises) that cause prolonged periods of remote work or significant employee absences at the Program's service providers could impact the ability to conduct the Program's operations. In addition, the Program cannot directly control any cybersecurity plans and systems put in place by its service providers, Program counterparties, issuers of securities held by the Program or other market participants.

### **Portfolio Performance May Not Keep Pace with Education Expense Inflation**

No assurance can be given that any Portfolio will earn any investment return. In addition, the level of future inflation in Federal Qualified Higher Education Expenses is uncertain and could exceed the rate of investment return earned by any or all of the Portfolios.

### **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.

### **No Guarantees With Respect to Institution of Higher Education**

Participation in the Program does not guarantee that any Beneficiary: (i) will be accepted as a student by any Institution of Higher Education or Apprenticeship Program; (ii) if accepted, will be permitted to continue as a student; (iii) will be treated as a state resident of any state for tuition or financial aid purposes; (iv) will graduate from any Institution of Higher Education or complete any Apprenticeship Program; or (v) will achieve any particular treatment under applicable state or federal financial aid programs.

### **No Recommendation by Program Manager, the State of Illinois or the Trust**

Neither the Program Manager nor the State of Illinois nor the Trust, the Trustee, or the Treasurer, is recommending any specific Portfolio for any particular Account Owner. The determinations of whether to invest, how much to invest and in which Portfolios, is solely the decision of the Account Owner. An Account Owner should seek the advice of his or her advisor in choosing to invest in the Program and in selecting any specific Portfolio.

### **Education Savings Alternatives**

A number of other qualified tuition programs and other education savings and investment programs are currently available to prospective Account Owners. These programs may offer benefits, including state tax benefits, other investment options, and investment control (in programs other than qualified tuition programs), to some or all Account Owners or Beneficiaries that are not available under the terms of the Program. For example, an Account Owner's state of residence may offer a qualified tuition program similar to the Program that offers state tax deductions or other benefits not available from participation in the Program. In addition, federal tax law may be changed to create new education savings alternatives with more favorable federal tax consequences than those available through the Program. These programs may also involve fees and expenses that are lower than the fees and expenses under the Program. Accordingly, prospective Account Owners should consider these other investment alternatives, including any qualified tuition program offered by Account Owner's state of residence, before establishing an Account and participating in the Program.

### **The Investment Portfolios Not Designed for K-12 Tuition**

We have not designed the Investment Portfolios we offer through the Program to assist you in reaching your K-12 Tuition savings goals. Specifically, the Age-Based and Enrollment Year Portfolios are designed for Account Owners seeking to automatically invest in progressively more conservative investments as their Beneficiary approaches college age. The Age-Based and Enrollment Year Portfolios time horizons and withdrawal periods may not match those needed to meet your K-12 Tuition savings goals, which may be significantly shorter. In addition, if you are saving for K-12 Tuition and wish to invest in the Static Portfolios, please note that we have not structured these Portfolios to automatically invest in progressively more conservative investments as the

Beneficiary approaches college age. This means that your assets will remain invested in your selected Static Portfolio until you direct us to move them to a different Portfolio. You should consult a tax advisor and an investment advisor about investing in the Program in light of your personal circumstances.

### **IRS Regulations Not Final**

As of the date of this Program Disclosure Statement, the IRS has not issued final tax regulations regarding Qualified Tuition Programs. In addition, the Program has not sought, nor has it received, a private letter ruling from the IRS regarding the status of the Program under Section 529 of the Code.

### **Securities Laws**

Shares held by the Accounts in the Program are generally considered municipal fund securities. The shares will not be registered as securities with the SEC or any state securities regulator. In addition, the Portfolios will not be registered as investment companies under the Investment Company Act of 1940. Neither the SEC nor any state securities commission has approved or disapproved the shares or passed upon the adequacy of the Program Disclosure Statement.

### **Tax Considerations**

The federal and certain state tax consequences associated with participating in the Program can be complex. Please see Federal and State Tax Considerations beginning on page 48. You should consult a tax advisor regarding the application of tax laws to your particular circumstances.

# EXHIBIT A

## ACCOUNT PARTICIPATION AGREEMENT

### For The Bright Directions Advisor-Guided 529 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 Advisor-Guided 529 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 respective meanings assigned to them in the current Program Disclosure Statement for the Program or in the Illinois Administrative Code, which is available upon request as described in the Program Disclosure Statement or online at <http://www.ilga.gov/commission/jcar/admincode/titles.html>.

The Account Owner ("you"), the Bright Directions College Savings Program Trust (the "Trust") which holds the assets for the Bright Directions Advisor-Guided 529 College Savings Program, the office of the Illinois State Treasurer ("Treasurer") and Union Bank and Trust Company as the Program Manager ("Program Manager") hereby agree as follows:

#### Section 1. Accounts and Beneficiaries.

(a) **Opening Account.** The purpose of this Participation Agreement is to establish an Account for the Federal Qualified Higher Education Expenses 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 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 and submitted.

(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 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 the Beneficiary.

#### Section 2. Contributions.

(a) **Contributions To Be in Cash.** All Contributions must be in cash. "Cash," for purposes of this Section 2, means only (i) checks, (ii) payroll contributions 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 or transfer from another 529 qualified tuition program, Coverdell Education Savings Account, or a qualified U.S. Savings Bond.

(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 the Program. 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 Direct-Sold College Savings Program, College Illinois!, and the Illinois First Steps Program, equals or exceeds the Maximum Account Balance. 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 Federal 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. You also acknowledge that to the extent that the withdrawal is an Illinois Nonqualified Withdrawal, as defined in the Program Disclosure Statement, there may be recapture of any Illinois state income tax deduction previously claimed for Contributions to the Account.

(c) Notwithstanding any other provision of this Agreement, the Treasurer may terminate an Account upon a determination that you or the Beneficiary has provided false or misleading information to the Trust, the Trustee, the Treasurer, 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.

(d) If you cancel your Participation Agreement for an Account, you will receive the fair market value of the Account on the date the Account is distributed.

#### **Section 4. Your Representations and Acknowledgments.**

(a) You acknowledge and agree that the creation of an Account under the Trust subjects your Account and Contributions to sales charges and ongoing fees as described in the Program Disclosure Statement.

(b) You have received and read the Program Disclosure Statement for the Bright Directions Advisor-Guided 529 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 Advisor-Guided 529 College Savings Program and you and your tax, legal, or investment advisors 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 as disclosed in the Program Disclosure Statement.

(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 Treasurer. You understand that you may only direct the investment of Contributions to the Program (or earnings thereon) no more than two times in a calendar year. You also acknowledge and agree that neither the State of Illinois, the Trust, the Trustee, 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 and Trust Company serves as Program Manager for the Bright Directions Advisor-Guided 529 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 and 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 Advisor-Guided 529 College Savings Program does not guarantee that any Beneficiary: (i) will be accepted as a student by an Institution of Higher Education or Apprenticeship Program; (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 complete any Apprenticeship Program; 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 Trustee, 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 Section 16.5 of the State Treasurer's Act, ILCS 505/16.5 (the "Act"), that the Trust was established under the Act 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 Trustee, 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.

(j) If the Account Owner is a trust or other entity, then the Account Owner represents and warrants that (i) the trust or other entity is validly existing under applicable state law, and has the power and authority to enter into this Participation Agreement, (ii) the execution, delivery, and performance of this Participation Agreement by the Account Owner have been duly authorized by all necessary action on the part of the Account Owner, and (iii) this Participation Agreement constitutes the legal, valid, and binding obligation of the Account Owner, enforceable against the Account Owner in accordance with its terms.

**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, Enrollment Year, Static, Individual Fund, and Individual Fund ETF Portfolio is subject to a program management fee at an annual rate of 0.125% of the average daily net assets, which is accrued daily and reflected in the NAV of each Age-Based, Enrollment Year, Static, Individual Fund and Individual Fund ETF Portfolio.

(b) **State Administrative Fee.** Except as provided in the next sentence, each Age-Based, Enrollment Year, Static, Individual Fund, and Individual Fund ETF Portfolio is subject to a state administrative fee at an annual rate of 0.025% of the average daily net assets, which is accrued daily and reflected in the NAV of each Age-Based, Enrollment Year, Static, Individual Fund, and Individual Fund ETF Portfolio. The Bank Savings 529 Portfolio, Passive Enrollment Year Portfolios, and Index Age-Based Moderate Portfolios are subject to a state administrative fee at the annual rate of 0.00% of the average daily net assets. The Treasurer may, in its sole discretion, modify the state administrative fee. Account owners will be notified of any change in the state administrative fee.

(c) **Investment Management Fees.** You agree and acknowledge that each of the underlying mutual funds, exchange traded funds, separately managed accounts, or other investments held indirectly in your Account will also have investment management fees and other expenses, which have been disclosed to you.

(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 2.50% 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 of 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 Bank Savings 529 Portfolio.

Contributions made to the Bank Savings 529 Portfolio, Fidelity Short-Term Bond Index 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 Bank Savings 529 Portfolio, the Fidelity Short-Term Bond Index 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 2.00% 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 Bank Savings 529 Portfolio, and your financial advisor will not receive any commission on Contributions under Fee Structure C to the Bank Savings 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 IllinoisTreasurer.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 Advisor-Guided 529 College Savings Program shall be in the State of Illinois. Any action by you against the Treasurer or the State of Illinois can only be brought in the Illinois Court of Claims.

**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.

(iv) "Administrator" means JAMS, 620 Eighth Avenue, 34th Floor, New York, NY 10018, [www.jamsadr.com](http://www.jamsadr.com); the American Arbitration Association (the "AAA"), 1633 Broadway, 10th Floor, New York, NY 10019, [www.adr.org](http://www.adr.org); or any other company selected by mutual agreement of the parties. If both JAMS and AAA cannot or will not serve and the parties are unable to select an Administrator by mutual consent, the Administrator will be selected by a court. You may select the Administrator if you give us written notice of your selection with your notice that you are electing to arbitrate any Claim or within 20 days after we give you notice that we are electing to arbitrate any Claim (or,

if you oppose in court our right to arbitrate a matter, within 20 days after the court determination). If you do not select the Administrator on time, we will select the 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 modified by written amendment to this Agreement expressly approved by the Program Manager and the Treasurer.

**(k) 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 Advisor-Guided 529 College Savings Program, 1248 O Street, 2nd Floor, Lincoln, NE 68508. 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.

### **Section 13. Other Matters Relating to Claims by Participant.**

**(a) 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.

**(b) No Recourse.** For any obligation or liability arising pursuant to this Participation Agreement, no recourse may be had for such obligation or liability of the Treasurer or any employee or official of the Treasurer or the State of Illinois in his or her personal or individual capacity. You hereby waive all such obligations and liabilities of the Treasurer and any such employee or official.

**(c) Sovereign Immunity.** You acknowledge that the Treasurer and the State of Illinois reserve all immunities, defenses, rights or actions arising out of their status as a sovereign state or entity, including those under the Eleventh Amendment to the United States Constitution, and that no waiver of any such immunities, defenses, rights, or actions will be implied or otherwise deemed to exist as a result of this Participation Agreement.



## EXHIBIT B - INVESTMENT PORTFOLIOS, UNDERLYING INVESTMENTS, TICKER SYMBOLS AND EXPENSE RATIOS INDEX AGE-BASED MODERATE OPTION

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

### Index Age-Based Moderate Option Portfolios - Asset Allocations

Index Age-Based Moderate Option	TICKER	EXPENSE RATIO	Age of beneficiary												
			0 - 2	3 - 5	6 - 8	9 - 10	11 - 12	13 - 14	15 - 16	17 - 18	19 plus				
Underlying Investments															
FDIC-insured Bank Account (Union Bank and Trust Company / Nelnet/Bank)															
<b>CASH TOTAL</b>															
iShares Core 1-5 Year USD Bond ETF	ISTB	0.06%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	8.0%	23.0%
iShares Short-Term TIPS Bond Index Fund	BIIPX	0.11%	3.0%	3.0%	4.0%	4.0%	6.0%	11.0%	14.0%	14.0%	22.0%	22.0%	22.0%	25.0%	22.0%
iShares U.S. Aggregate Bond Index Fund	BMOIX	0.10%	5.0%	12.0%	18.0%	20.0%	23.0%	23.0%	24.0%	24.0%	27.0%	27.0%	25.0%	25.0%	14.0%
Vanguard Total International Bond Index Fund	VTIFX	0.06%	0.5%	1.0%	2.0%	2.5%	3.0%	3.0%	3.5%	3.5%	3.0%	3.0%	3.0%	3.0%	2.0%
Vanguard Emerging Markets Government Bond Index ETF	VWOB	0.15%	0.5%	1.0%	1.0%	1.5%	2.0%	2.0%	2.5%	2.5%	2.0%	2.0%	2.0%	2.0%	1.0%
Vanguard High Yield Corporate Fund	VWEAX	0.12%	1.0%	3.0%	5.0%	6.0%	7.0%	7.0%	7.0%	7.0%	5.0%	5.0%	5.0%	5.0%	3.0%
<b>FIXED INCOME TOTAL</b>															
iShares Developed Real Estate Index Fund	BIRDY	0.22%	6.0%	5.0%	5.0%	4.0%	4.0%	4.0%	3.0%	3.0%	3.0%	2.0%	2.0%	2.0%	1.0%
<b>REAL ESTATE TOTAL</b>															
iShares Total U.S. Stock Market Index Fund	BITSX	0.07%	52.0%	48.0%	42.0%	36.0%	30.0%	30.0%	25.0%	25.0%	20.0%	20.0%	13.0%	13.0%	7.0%
<b>DOMESTIC EQUITY TOTAL</b>															
iShares MSCI Total International Stock Index Fund	BDOIX	0.14%	32.0%	27.0%	23.0%	20.0%	16.0%	16.0%	12.0%	12.0%	8.0%	8.0%	5.0%	5.0%	2.0%
<b>INTERNATIONAL EQUITY TOTAL</b>															
<b>TOTAL</b>			<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## EXHIBIT B – INVESTMENT PORTFOLIOS AND UNDERLYING INVESTMENTS - ENROLLMENT YEAR

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

### Blend Enrollment Year Portfolios - Asset Allocations

	Enrollment Year												
	2043/2044	2041/2042	2039/2040	2037/2038	2035/2036	2033/2034	2031/2032	2029/2030	2027/2028	2025/2026	2023/2024	2021/2022	College Enrollment
Blend Enrollment Year Options Underlying Investments													
FDIC-insured Bank Account (Union Bank and Trust Company / Nelnet Bank)													
<b>CASH TOTAL</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>23.00%</b>
iShares Short-Term TIPS Bond Index Fund	1.50%	1.50%	3.00%	3.00%	4.00%	4.00%	4.00%	9.00%	11.00%	12.00%	12.00%	14.00%	14.00%
Baird Short-Term Bond Fund						3.00%	5.50%	7.00%	11.00%	12.50%	12.50%	11.00%	11.00%
Fidelity Short-Term Bond Index Fund						3.00%	5.50%	7.00%	11.00%	12.50%	12.50%	11.00%	11.00%
Fidelity U.S. Bond Index Fund						10.00%	11.50%	12.00%	13.50%	12.50%	12.50%	12.50%	12.50%
PGIM Core Bond Fund	1.25%	1.25%	2.50%	6.00%	9.00%	6.00%	6.90%	7.20%	8.10%	7.50%	7.50%	7.50%	7.50%
American Beacon Garcia Hamilton Quality Bond Fund	0.75%	0.75%	1.50%	3.60%	5.40%	4.00%	4.60%	4.80%	5.40%	5.00%	5.00%	5.00%	5.00%
BlackRock High Yield Fund	0.50%	0.50%	1.00%	2.40%	3.60%	3.00%	3.50%	4.00%	3.00%	3.00%	3.00%	2.00%	2.00%
Credit Suisse Floating Rate High Income Fund				1.00%	2.00%	2.50%	3.00%	3.00%	2.00%	2.00%	2.00%	2.00%	1.00%
AB Global Bond Fund	0.25%	0.25%	0.50%	1.00%	2.00%	2.50%	3.00%	3.50%	3.00%	3.00%	3.00%	2.00%	2.00%
Payden Emerging Markets Bond Fund	0.25%	0.25%	0.50%	1.00%	1.00%	1.50%	2.00%	2.50%	2.00%	2.00%	2.00%	1.00%	1.00%
<b>FIXED INCOME TOTAL</b>	<b>5.00%</b>	<b>5.00%</b>	<b>10.00%</b>	<b>20.00%</b>	<b>30.00%</b>	<b>40.00%</b>	<b>50.00%</b>	<b>60.00%</b>	<b>70.00%</b>	<b>72.00%</b>	<b>72.00%</b>	<b>67.00%</b>	<b>67.00%</b>
Principal Global Real Estate Securities Fund	3.75%	3.75%	3.50%	3.00%	3.00%	2.50%	2.50%	2.00%	1.00%	1.00%	1.00%	1.00%	1.00%
<b>REAL ESTATE TOTAL</b>	<b>3.75%</b>	<b>3.75%</b>	<b>3.50%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>2.50%</b>	<b>2.50%</b>	<b>2.00%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>
Virtus Duff & Phelps Global Infrastructure Fund	2.75%	2.75%	2.50%	2.00%	2.00%	1.50%	1.50%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
<b>GLOBAL INFRASTRUCTURE TOTAL</b>	<b>2.75%</b>	<b>2.75%</b>	<b>2.50%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>1.50%</b>	<b>1.50%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>0.00%</b>	<b>0.00%</b>
Northern Stock Index Strategy	44.00%	44.00%	42.00%	39.00%	34.00%	29.00%	24.00%	20.00%	16.00%	11.00%	11.00%	6.00%	6.00%
Ariel Fund	2.75%	2.75%	2.50%	2.50%	2.00%	2.00%	1.50%	1.50%	1.00%	1.00%	1.00%	1.00%	1.00%
BlackRock Mid-Cap Growth Equity Fund	2.75%	2.75%	2.50%	2.50%	2.00%	2.00%	1.50%	1.50%	1.00%	1.00%	1.00%	1.00%	1.00%
Northern Small Cap Value Strategy	2.50%	2.50%	2.50%	2.00%	2.00%	1.50%	1.50%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Harbor Small Cap Growth Fund	2.50%	2.50%	2.50%	2.00%	2.00%	1.50%	1.50%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
<b>DOMESTIC EQUITY TOTAL</b>	<b>54.50%</b>	<b>54.50%</b>	<b>52.00%</b>	<b>48.00%</b>	<b>42.00%</b>	<b>36.00%</b>	<b>30.00%</b>	<b>25.00%</b>	<b>20.00%</b>	<b>13.00%</b>	<b>13.00%</b>	<b>7.00%</b>	<b>7.00%</b>
Northern International Equity Index Fund	11.39%	11.39%	10.72%	9.05%	7.71%	6.70%	5.36%	4.02%	2.68%	1.68%	1.68%	0.67%	0.67%
Lazard International Dynamic Equity ETF	11.39%	11.39%	10.72%	9.04%	7.70%	6.70%	5.36%	4.02%	2.68%	1.67%	1.67%	0.67%	0.67%
DFA International Small Company Portfolio	4.76%	4.76%	4.48%	3.22%	2.80%	2.80%	2.24%	1.68%	1.12%	0.70%	0.70%	0.28%	0.28%
BlackRock Emerging Markets Fund	6.46%	6.46%	6.08%	5.13%	4.37%	3.80%	3.04%	2.28%	1.52%	0.95%	0.95%	0.38%	0.38%
<b>INTERNATIONAL EQUITY TOTAL</b>	<b>34.00%</b>	<b>34.00%</b>	<b>32.00%</b>	<b>27.00%</b>	<b>23.00%</b>	<b>20.00%</b>	<b>16.00%</b>	<b>12.00%</b>	<b>8.00%</b>	<b>5.00%</b>	<b>5.00%</b>	<b>2.00%</b>	<b>2.00%</b>
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>



## Underlying 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 June 1, 2025, of the Underlying Investments in which the Portfolios invest.

Underlying Investment	Ticker Symbol	Expense Ratio
iShares Short-Term TIPS Bond Index Fund	BIIPX	0.11%
iShares Core 1-5 Year USD Bond ETF	ISTB	0.06%
Baird Short-Term Bond Fund	BSBIX	0.30%
Fidelity Short-Term Bond Index Fund	FNSOX	0.03%
iShares U.S. Aggregate Bond Index Fund	BMOIX	0.10%
Fidelity U.S. Bond Index Fund	FXNAX	0.025%
PGIM Core Bond Fund	TAIBX	0.33%
American Beacon Garcia Hamilton Quality Bond Fund	GHQYX	0.51%
Vanguard High Yield Corporate Fund	VWEAX	0.12%
BlackRock High Yield Portfolio Fund	BHYIX	0.58%
Credit Suisse Floating Rate High Income Fund	CSHIX	0.70%
AB Global Bond Fund	ANAZX	0.52%
Vanguard Total International Bond Index Fund	VTIFX	0.06%
Vanguard Emerging Markets Government Bond Index ETF	VWOB	0.15%
Payden Emerging Markets Bond Fund	PYEMX	0.74%
T. Rowe Price Balanced Fund	RBAIX	0.47%
iShares Developed Real Estate Index Fund	BIRDX	0.22%
DFA Real Estate Securities Portfolio	DFREX	0.18%
Principal Global Real Estate Securities Fund	POSIX	0.94%
Calvert Equity Fund	CEYIX	0.65%
MFS Value Fund	MEIIX	0.54%
T. Rowe Price Equity Income Fund	REIPX	0.56%
Northern Stock Index Strategy	SMA	0.025%
iShares Total U.S. Stock Market Index Fund	BITSX	0.07%
T. Rowe Price Large-Cap Growth Strategy	SMA	0.38%
T. Rowe Price Extended Equity Market Index Fund	PEMX	0.23%
BlackRock Mid-Cap Growth Equity Portfolio Fund	CMGIX	0.80%
Ariel Fund	ARAIK	0.69%
Northern Small Cap Value Strategy	SMA	0.60%
Northern Small Cap Index Fund	NSIDX	0.10%
Macquarie Small Cap Core Fund	DCCIX	0.81%
Harbor Small Cap Growth Fund	HASGX	0.88%
Dodge & Cox International Stock Fund	DODFX	0.62%
Northern International Equity Index Fund	NOINX	0.10%
iShares MSCI Total International Index Fund	BDOIX	0.14%
Lazard International Dynamic Equity ETF	IEQ	0.40%
Neuberger Berman International Select Fund	NILIX	0.80%
DFA International Small Company Portfolio	DFISX	0.39%
BlackRock Emerging Markets Fund	MADCX	0.86%
Virtus Duff & Phelps Global Infrastructure Fund	PGIUX	0.98%

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

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

Fund Family	Website Address	Phone Number
AllianceBernstein	<a href="https://www.alliancebernstein.com/">https://www.alliancebernstein.com/</a>	800-247-4154
American Beacon Funds	<a href="https://www.americanbeaconfunds.com/">https://www.americanbeaconfunds.com/</a>	800-967-9009
Ariel Investments	<a href="https://www.arielinvestments.com/">https://www.arielinvestments.com/</a>	800-292-7435
Baird	<a href="https://www.bairdassetmanagement.com/">https://www.bairdassetmanagement.com/</a>	866-442-2473
BlackRock	<a href="https://www.blackrock.com/">https://www.blackrock.com/</a>	800-441-7762
Calvert Investments	<a href="https://www.calvert.com/">https://www.calvert.com/</a>	800-368-2745
Credit Suisse Funds	<a href="https://us-fund.credit-suisse.com/">https://us-fund.credit-suisse.com/</a>	888-793-8637
Dimensional	<a href="https://www.dimensional.com/">https://www.dimensional.com/</a>	512-306-7400
Dodge & Cox	<a href="https://www.dodgeandcox.com/">https://www.dodgeandcox.com/</a>	800-621-3979
Fidelity	<a href="https://www.fidelity.com/">https://www.fidelity.com/</a>	800-343-3548
Harbor Funds	<a href="https://www.harborcapital.com/">https://www.harborcapital.com/</a>	800-422-1050
iShares	<a href="https://www.ishares.com/">https://www.ishares.com/</a>	800-474-2737
Lazard Asset Management	<a href="https://www.lazardassetmanagement.com/">https://www.lazardassetmanagement.com/</a>	800-823-6300
Macquarie Asset Management	<a href="https://www.macquarie.com/">https://www.macquarie.com/</a>	877-693-3546
MFS	<a href="https://www.mfs.com/">https://www.mfs.com/</a>	617-954-5000
Neuberger Berman	<a href="https://www.nb.com/">https://www.nb.com/</a>	212-476-9000
Northern Trust Asset Management	<a href="https://ntam.northerntrust.com/">https://ntam.northerntrust.com/</a>	800-595-9111
Payden Funds	<a href="https://www.payden.com/">https://www.payden.com/</a>	800-572-9336
PGIM Investments	<a href="https://www.pgim.com/">https://www.pgim.com/</a>	800-225-1852
Principal	<a href="https://www.principal.com/us">https://www.principal.com/us</a>	800-986-3343
T.Rowe Price	<a href="https://www.troweprice.com/">https://www.troweprice.com/</a>	800-638-8790
Vanguard	<a href="https://investor.vanguard.com/">https://investor.vanguard.com/</a>	800-662-7447
Virtus Investment Partners	<a href="https://www.virtus.com/">https://www.virtus.com/</a>	800-243-1574

## Bank Deposit Account

### Investment Objective

The FDIC-insured interest-bearing Deposit Account invests solely in a Union Bank and Trust Company and/or Nelnet Bank omnibus deposit account. It seeks income consistent with preservation of principal. The FDIC-insured interest-bearing Deposit Account is an omnibus savings account pursuant to a fiduciary, custodial and/or agency relationship on behalf of the 529 Plan participants and is insured by the FDIC in the manner and up to the limits described below.

Investments in the FDIC-insured interest-bearing Deposit Account will earn varying rates of interest. The interest rate generally will be equivalent to short-term deposit rates. Interest on the deposit account will be compounded daily based on the actual number of days in a year (typically 365 days, except for 366 days in leap years) and will be credited to the deposit account on a monthly basis. The interest on the savings account is expressed as an annual percentage yield ("APY"). The APY on the deposit account will be reviewed on a periodic basis and may be recalculated as needed at any time. The minimum interest rate is 0.50% as of the date of this Program Disclosure Statement. To see the current Bank Savings 529 Portfolio APY please go to [BrightDirections.com](http://BrightDirections.com) or call 866.722.7283.

### FDIC Insurance Coverage

Subject to the application of bank and FDIC rules and regulations to each account owner, contributions and earnings in the FDIC-insured interest-bearing Deposit Account will be subject to FDIC insurance. By contrast, no other Underlying Investment is insured by the FDIC (or by any other government agency or branch). Contributions to and earnings on the investments in the FDIC-insured interest-bearing Deposit Account have been structured in order to be insured by the FDIC on a per participant, pass-through basis with respect to each account owner up to the maximum limit established by federal law, which currently is \$250,000, subject to the Account Owner's continuing duty to monitor levels of deposits to maintain levels in compliance with those required for FDIC insurance under applicable FDIC rules. The amount of FDIC insurance provided to an Account Owner is based on the total of: (1) the value of an Account Owner's investment in the FDIC-insured interest-bearing Deposit Account Underlying Investment, and (2) the value of all other accounts held by the Account Owner at Union Bank and Trust Company and/or Nelnet Bank (including bank deposits), as determined in accordance with applicable FDIC rules and regulations. You are responsible for monitoring the total amount of your assets on deposit at Union Bank and Trust Company and/or Nelnet Bank, including

amounts held directly at Union Bank and Trust Company and/or Nelnet Bank. All such deposits held in the same ownership capacity at Union Bank and Trust Company and/or Nelnet Bank are subject to aggregation and to the current FDIC insurance coverage limitation of \$250,000, subject to the Account Owner's continuing duty to monitor levels of deposits to maintain levels in compliance with those required for FDIC insurance under applicable FDIC rules. Each Account Owner should determine whether the amount of FDIC insurance available to the Account Owner is sufficient to cover the total of the Account Owner's investment in the FDIC-insured interest-bearing Deposit Account Underlying Investment plus the Account Owner's other deposits at Union Bank and Trust Company and/or Nelnet Bank. Deposits titled on behalf of different owners or in different legal capacities may be insured separately, as provided by applicable FDIC rules. None of the Bright Directions Advisor-Guided 529 College Savings Program, the Program Manager, the State of Illinois, the Illinois State Treasurer, or any of their respective affiliates are responsible for determining the amount of FDIC insurance provided to an Account Owner. For more information, please visit [www.fdic.gov](http://www.fdic.gov).

The FDIC-insured interest-bearing Deposit Account Underlying Investment does not provide a guarantee of any level of performance or return or offer any additional guarantees. Like all Portfolios, neither the contributions into the FDIC-insured interest-bearing Deposit Account Underlying Investment, nor any investment return earned on the contributions are guaranteed by the State of Illinois, the Illinois State Treasurer, the Program Manager, Union Bank and Trust Company and/or Nelnet Bank or any of their respective authorized agents or affiliates or any other federal or state entity or person.

### Investment Risks

The following is a summary of investment risks associated with the FDIC-insured interest-bearing Deposit Account.

**FDIC Insurance Risk:** Although your interest in the assets of the FDIC-insured interest-bearing Deposit Account on deposit at Union Bank and Trust Company and/or Nelnet Bank, together with any other deposits you may have at Union Bank and Trust Company and/or Nelnet Bank, are eligible for FDIC insurance, subject to applicable federal deposit insurance limits, the units of the Portfolios (including the Bank Savings 529 Portfolio), themselves are not insured or guaranteed by the FDIC or any other government agency or branch. *You are responsible for monitoring the total amount of your assets on deposit (including amounts in other accounts held in the same right and legal capacity) in order to determine the extent of FDIC deposit insurance coverage available to you on those deposits, including your Bank Savings 529 Portfolio deposits.*

**Interest Rate Risk:** The interest rate paid by Union Bank and Trust Company and/or Nelnet Bank is based on a number of factors, including general economic and business conditions. The rate of interest will vary over time and can change daily without notice to you. The interest rate paid on the FDIC-insured interest-bearing Deposit Account and Bank Savings 529 Portfolio may not be sufficient to meet your investment objectives and may be more or less than the investment returns available in other Individual Fund Portfolios.

**Ownership Risk:** You own units of the Portfolio. You do not have an ownership interest or any other rights as an owner or shareholder of the FDIC-insured interest-bearing Deposit Account Underlying Investment in which the Bank Savings 529 Portfolio invests. You cannot access or withdraw your money from the Bank Savings 529 Portfolio by contacting Union Bank and Trust Company and/or Nelnet Bank directly. You must contact the Program Manager to perform any such transactions in your Account. The assets in the FDIC-insured interest-bearing Deposit Account Underlying Investment on deposit at Union Bank and Trust Company and/or Nelnet Bank are subject to legal process such as a levy or garnishment delivered to the Program Manager to the same extent as if those assets were invested in any other investment option.

**Regulatory Risk:** The status of the FDIC regulations applicable to 529 college savings plans are subject to change at any time. It is not possible to predict the impact any such change in the regulations would have on the FDIC-insured interest-bearing Deposit Account Underlying Investment or Bank Savings 529 Portfolio.

<b>Fees &amp; Expenses</b>	
Total Annual Fund Operating Expenses .....	0.00%

## iShares Short-Term TIPS Bond Index Fund

### Investment Objective

The investment objective of iShares Short-Term TIPS Bond Index Fund (the “fund”), a series of BlackRock Funds<sup>SM</sup> (the “trust”), is to seek to track the investment results of an index composed of U.S. 0-5 Year Treasury Inflation-Protected Securities (“TIPS”).

### Principal Investment Strategies

The fund seeks to track the investment results of the Bloomberg U.S. Treasury Inflation-Protected Securities (TIPS) 0-5 Years Index (Series-L) (the “underlying index”), which measures the performance of inflation-protected public obligations of the U.S. Treasury that have a remaining maturity of less than five years. Inflation-protected public obligations of the U.S. Treasury, commonly known as “TIPS,” are securities issued by the U.S. Treasury that are designed to provide inflation protection to investors. TIPS are income-generating instruments whose interest and principal payments are adjusted for inflation — a sustained increase in prices that erodes the purchasing power of money. The inflation adjustment, which is typically applied monthly to the principal of the bond, follows a designated inflation index, the consumer price index (“CPI”), and TIPS’ principal payments are adjusted according to changes in the CPI. A fixed coupon rate is applied to the inflation-adjusted principal so that as inflation rises, both the principal value and the interest payments increase. This can provide investors with a hedge against inflation, as it helps preserve the purchasing power of an investment. Because of this inflation adjustment feature, inflation-protected bonds typically have lower yields than conventional fixed-rate bonds. If there is deflation, the principal value of an inflation-linked security will be adjusted downward, and consequently the interest payments (calculated with respect to a smaller principal amount) will be reduced. During periods of deflation, low inflation or no inflation, a conventional bond may perform better than inflation-linked securities.

The underlying index includes all publicly-issued U.S. Treasury inflation-protected securities that have less than five years remaining to maturity, are rated investment-grade and have \$250 million or more of outstanding face value. In addition, the securities in the underlying index must be denominated in U.S. dollars and have a notional coupon that is fixed-rate or zero. The underlying index is market capitalization-weighted and the

securities in the underlying index are updated on the last calendar day of each month.

BlackRock uses a representative sampling indexing strategy to manage the fund. “Representative sampling” is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to that of the underlying index. The securities selected are expected to have, in the aggregate, investment characteristics (based on factors such as market capitalization and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the underlying index. The fund may or may not hold all of the securities in the underlying index.

The fund generally invests at least 90% of its assets, plus the amount of any borrowing for investment purposes, in securities of the underlying index. From time to time when conditions warrant, however, the fund may invest at least 80% of its assets in securities of the underlying index. The fund may invest a portion of the remainder of its assets in securities not included in the underlying index, but which BlackRock believes will help the fund track the underlying index.

### Principal Risks

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 the principal risks of investing in the fund. The relative significance of each risk factor below may change over time and you should review each risk factor carefully.

- **U.S. Treasury Obligations Risk** — U.S. Treasury obligations may differ from other securities in their interest rates, maturities, times of issuance and other characteristics and may provide relatively lower returns than those of other securities. Similar to other issuers, changes to the financial condition or credit rating of the U.S. government may cause the value of the fund’s U.S. Treasury obligations to decline.
- **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.

- **Index-Related Risk** — The index provider may rely on various sources of information to assess the criteria of components of the underlying index, including information that may be based on assumptions and estimates. Neither the fund nor BlackRock can offer assurances that the index provider’s methodology or sources of information will provide an accurate assessment of included components. Errors in index data, index computations or the construction of the underlying index in accordance with its methodology may occur, and the index provider may not identify or correct them promptly or at all, which may have an adverse impact on the fund and its shareholders. Unusual market conditions or other unforeseen circumstances (such as natural disasters, political unrest or war) may impact the index provider or a third-party data provider and could cause the index provider to postpone a scheduled rebalance. This could cause the underlying index to vary from its normal or expected composition.

- **Passive Investment Risk** — Because BlackRock does not select individual companies in the index that the fund tracks, the fund may hold securities of companies that present risks that an investment adviser researching individual securities might seek to avoid.

- **Tracking Error Risk** — The fund is subject to the risk of “tracking error,” which is the divergence of the fund’s performance from that of the underlying index. Tracking error may occur due to a number of factors, including differences between the securities and other assets held in the fund’s portfolio and those included in the underlying index; differences in the timing and methodologies used to value securities and other assets; transaction costs and other expenses incurred by the fund that the underlying index does not incur; the fund’s holding of uninvested cash; differences in the timing of the accrual or the valuation of dividends or interest received by the fund or distributions paid to fund shareholders; tax gains or losses; the requirements for the fund to maintain pass-through tax treatment; portfolio transactions carried out to minimize the distribution of capital gains to shareholders; changes to the underlying index, such as during a rebalancing or reconstitution; and impacts to the fund of complying with certain regulatory requirements or limits. A fund that tracks an index composed of a large number of securities or other assets may experience greater tracking error than a fund that tracks a more narrow index. Tracking error risk may be heightened during times of increased market volatility or other unusual market conditions.

- **Asset Class Risk** — The securities and other assets or financial instruments in the underlying index or in the fund’s portfolio may underperform in comparison to financial markets generally, a particular financial market, another index, or other asset classes.

- **Income Risk**— The fund’s income may decline due to a decline in inflation, deflation or changes in inflation expectations.

- **Interest Rate Risk**— Interest rate risk refers to the risk of fluctuations in the value of a fixed-income security due to changes in the general level of interest rates. Interest rate changes can be sudden and unpredictable and are influenced by a number of factors, including government policy, monetary policy, inflation expectations, perceptions of risk, and supply and demand for fixed-income securities. An increase in interest rates generally will cause the value of fixed-income securities to decline. Securities with longer maturities generally are more sensitive to interest rate changes and subject to greater fluctuations in value. Changes in interest rates may have unpredictable effects on fixed-income markets and result in heightened volatility and lower liquidity for certain instruments, which may adversely affect the fund’s performance. During periods of very low or negative interest rates, the fund may be unable to maintain positive returns or pay dividends to shareholders.

- **Issuer Risk** — fund performance depends on the performance of individual securities to which the fund has exposure. Changes in the financial condition or credit rating of an issuer of those securities may cause the value of the securities to decline.

- **Management Risk** — As the fund may not fully replicate the underlying index, it is subject to the risk that BlackRock’s investment strategy may not produce the intended results.

- **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. The value of a security or other asset may decline due to changes in general market conditions, economic trends or events that are not specifically related to the issuer of the security or other asset, or factors that affect a particular issuer or issuers, exchange, country, group of countries, region, market, industry, group of industries, sector or asset class. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues like pandemics or epidemics, recessions, or other events could have a significant impact on the fund and its investments. 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.

- **Risk of Investing in the United States** — Certain changes in the U.S. economy, such as when the U.S. economy weakens or when its financial markets decline, may have an adverse effect on the securities to which the fund has exposure.

<b>Fees &amp; Expenses</b>	
(Based on the prospectus dated April 30, 2025)	
Total Annual Fund Operating Expenses .....	0.11%
After Fee Waivers and/or Expense Reimbursements	

## iShares Core 1-5 Year USD Bond ETF

### Investment Objective

The iShares Core 1-5 Year USD Bond ETF (the “fund”) seeks to track the investment results of an index composed of U.S. dollar-denominated bonds that are rated either investment-grade or high yield with remaining maturities between one and five years.

### Principal Investment Strategies

The fund seeks to track the investment results of the Bloomberg U.S. Universal 1-5 Year Index (the “underlying index”), which measures the performance of U.S. dollar-denominated taxable bonds that are rated either investment-grade or high yield (as determined by Bloomberg Index Services Limited (the “index provider” or “Bloomberg”)) with remaining effective maturities between one and five years. The underlying index includes U.S. Treasury bonds, government-related bonds (i.e., U.S. and non-U.S. agencies, sovereign, quasi-sovereign, supranational and local authority debt), investment-grade and high yield U.S. corporate bonds, mortgage-backed pass-through securities (“MBS”), commercial mortgage-backed securities, asset-backed securities (“ABS”), Eurodollar bonds, bonds registered with the SEC or exempt from registration at the time of issuance, or offered pursuant to Rule 144A with or without registration rights (“Rule 144A Bonds”) and U.S. dollar-denominated emerging market bonds. The underlying index is a subset of the Bloomberg U.S. Universal Index.

As of October 31, 2024, a significant portion of the underlying index is represented by U.S. Treasury securities. The components of the underlying index are likely to change over time. The securities in the underlying index must be denominated in U.S. dollars and non-convertible. Excluded from the underlying index are tax-exempt municipal securities, coupon issues that have been stripped from bonds, structured notes, private placements (excluding Rule 144A Bonds) and bonds denominated in euros.

Most transactions in fixed-rate mortgage-backed pass-through securities occur through standardized contracts for future delivery in which the exact mortgage pools to be delivered are not specified until a few days prior to settlement (“to-be-announced (TBA) transactions”). The fund may enter into such contracts on a regular basis. The fund, pending settlement of such contracts, will invest its assets in high-quality, liquid short-term instruments, including shares of money market funds advised by BFA or its affiliates. The fund will assume its pro rata share of the fees and expenses of any money market fund that it may invest in, in addition to the fund’s own fees and expenses. The fund may also acquire interests in mortgage pools through means other than such standardized contracts for future delivery.

The underlying index is market capitalization-weighted and is rebalanced on the last day of the month.

BFA uses an indexing approach to try to achieve the fund's investment objective. The fund does not try to "beat" the index it tracks and does not seek temporary defensive positions when markets decline or appear overvalued.

Indexing may eliminate the chance that the fund will substantially outperform the underlying index but also may reduce some of the risks of active management, such as poor security selection. Indexing seeks to achieve lower costs and better after-tax performance by aiming to keep portfolio turnover low in comparison to actively managed investment companies.

BFA uses a representative sampling indexing strategy to manage the fund. "Representative sampling" is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to that of an applicable underlying index. The securities selected are expected to have, in the aggregate, investment characteristics (based on factors such as market value and industry weightings), fundamental characteristics (such as return variability, duration (i.e., a security's price sensitivity to a change in interest rates), maturity or credit ratings and yield) and liquidity measures similar to those of an applicable underlying index. The fund may or may not hold all of the securities in the underlying index.

The fund will invest at least 80% of its assets in the component securities of the underlying index and TBA transactions that have economic characteristics that are substantially identical to the economic characteristics of the component securities of the underlying index, and the fund will invest at least 90% of its assets in fixed income securities of the types included in the underlying index that BFA believes will help the fund track the underlying index. The fund will invest no more than 10% of its assets in futures, options and swaps contracts that BFA believes will help the fund track the underlying index as well as in fixed income securities other than the types included in the underlying index, but which BFA believes will help the fund track the underlying index. Cash and cash equivalent investments associated with a TBA position will be treated as part of that position for purposes of calculating investments in the component securities of the underlying index. Cash and cash equivalent investments associated with a derivative position will be treated as part of that position for the purposes of calculating the percentage of investments included in the underlying index. The fund seeks to track the investment results of the underlying index before fees and expenses of the fund.

The fund may lend securities representing up to one-third of the value of the fund's total assets (including the value of any collateral received).

The underlying index is sponsored by Bloomberg, which is independent of the fund and BFA. The index provider determines the composition and relative weightings of the securities in the underlying index and publishes information regarding the market value of the underlying index.

**Industry Concentration Policy.** The fund will concentrate its investments (i.e., hold 25% or more of its total assets) in a particular industry or group of industries to approximately the same extent that the underlying index is concentrated. For purposes of this limitation, securities of the U.S. government (including its agencies and instrumentalities), repurchase agreements collateralized by U.S. government securities, and securities of state or municipal governments and their political subdivisions are not considered to be issued by members of any industry.

#### **Principal Risks**

As with any investment, you could lose all or part of your investment in the fund, and the fund's performance could trail that of other investments. The fund is subject to certain risks, including the principal risks noted below, any of which may adversely affect the fund's net asset value per share ("NAV"), trading price, yield, total return and ability to meet its investment objective. Certain key risks are prioritized below (with others following in alphabetical order), but the relative significance of any risk is difficult to predict and may change over time. You should review each risk factor carefully.

**Credit Risk.** Debt issuers and other counterparties may be unable or unwilling to make timely interest and/or principal payments when due or otherwise honor their obligations. Changes in an issuer's credit rating or the market's perception of an issuer's creditworthiness may also adversely affect the value of the fund's investment in that issuer. The degree of credit risk depends on an issuer's or counterparty's financial condition and on the terms of an obligation.

**Interest Rate Risk.** Interest rate risk refers to the risk of fluctuations in the value of a fixed-income security due to changes in the general level of interest rates. Interest rate changes can be sudden and unpredictable and are influenced by a number of factors, including government policy, monetary policy, inflation expectations, perceptions of risk, and supply and demand for fixed-income securities. An increase in interest rates generally will cause the value of fixed-income securities to decline. Securities with longer maturities generally are more sensitive to interest rate changes and subject to greater fluctuations in value. Changes in interest rates may have unpredictable effects on fixed-income markets and result in heightened volatility and lower liquidity for certain instruments, which may adversely affect a fund's performance. During periods of very low or negative interest rates, a fund may be unable to maintain positive returns or pay dividends to shareholders.

**High Yield Securities Risk.** Securities that are rated below investment-grade (commonly referred to as "junk bonds," which may include those bonds rated below "BBB-" by S&P Global Ratings and Fitch Ratings, Inc. ("Fitch") or below "Baa3" by Moody's Investors Service, Inc. ("Moody's")), or are unrated, may be deemed speculative, may involve greater levels of risk than higher-rated securities of similar maturity and may be more likely to default.

**Market Risk.** The fund could lose money over short periods due to short-term market movements and over longer periods during more prolonged market downturns. Local, regional or global events such as war, acts of terrorism, pandemics or other public health issues, recessions, the prospect or occurrence of a sovereign default or other financial crisis, or other events could have a significant impact on the fund and its investments and could result in increased premiums or discounts to the fund's NAV.

**Index-Related Risk.** The index provider may rely on various sources of information to assess the criteria of components of the underlying index, including information that may be based on assumptions and estimates. Neither the fund nor BFA can offer assurances that the index provider's methodology or sources of information will provide an accurate assessment of included components or will result in the fund meeting its investment objective. Errors in index data, index computations or the construction of the underlying index in accordance with its methodology may occur, and the index provider may not identify or correct them promptly or at all, which may have an adverse impact on the fund and its shareholders. Unusual market conditions or other unforeseen circumstances (such as natural disasters, political unrest or war) may impact the index provider or a third-party data provider and could cause the index provider to postpone a scheduled rebalance. This could cause the underlying index to vary from its normal or expected composition.

**Asset Class Risk.** The securities and other assets in the underlying index or in the fund's portfolio may underperform in comparison to financial markets generally, a particular financial market, another index, or other asset classes.

**Authorized Participant Concentration Risk.** An "authorized participant" is a member or participant of a clearing agency registered with the SEC, which has a written agreement with the fund or one of its service providers that allows the authorized participant to place orders for the purchase and redemption of creation units ("Creation Units"). Only an authorized participant may engage in creation or redemption transactions directly with the fund. There are a limited number of institutions that may act as authorized participants for the fund, including on an agency basis on behalf of other market participants. No authorized participant is obligated to engage in creation or redemption transactions. To the extent that authorized participants exit the business or do not place creation or redemption orders for the fund and no other authorized participant places orders, fund shares are more likely to trade at a premium or discount to NAV and possibly face trading halts or delisting.

**Call Risk.** During periods of falling interest rates, an issuer of a callable bond held by the fund may "call" or repay the security before its stated maturity, and the fund may have to reinvest the proceeds in securities with lower yields, which would result in a decline in the fund's income, or in securities with greater risks or with other less favorable features.

**Concentration Risk.** The fund may be susceptible to an increased risk of loss, including losses due to adverse events that affect the fund's

investments more than the market as a whole, to the extent that the fund's investments are concentrated in the securities or other assets of one or more issuers, countries or other geographic units, markets, industries, project types, or asset classes.

**Cybersecurity Risk.** Failures or breaches of the electronic systems of the fund, its adviser, distributor, index provider, other service providers, counterparties, or issuers of assets in which the fund invests may cause disruptions that negatively impact the fund and its shareholders. While the fund has established business continuity plans and risk management systems seeking to address system breaches or failures, there are inherent limitations in such plans and systems. The fund cannot control the cybersecurity plans and systems of its service providers, counterparties, and other third parties whose activities affect the fund. In addition, cyber incidents may adversely impact the issuers of securities in which the fund invests, which may cause such investments to lose value.

**Extension Risk.** During periods of rising interest rates, certain debt obligations may be paid off substantially more slowly than originally anticipated and the value of those securities may fall sharply, resulting in a decline in the fund's income and potentially in the value of the fund's investments.

**Illiquid Investments Risk.** An illiquid investment is any investment that the fund reasonably expects cannot be sold or disposed of in current market conditions in seven calendar days or less without significantly changing the market value of the investment. To the extent the fund holds illiquid investments, the illiquid investments may reduce its returns because the fund may be unable to transact at advantageous times or prices. In addition, if the fund is limited in its ability to sell illiquid investments during periods when shareholders are redeeming their shares, it will need to sell liquid securities to meet redemption requests and illiquid securities will become a larger portion of the fund's holdings. During periods of market volatility, liquidity in the market for fund shares may be impacted by the liquidity in the market for the underlying securities or other assets held by the fund, which could lead to fund shares trading at a premium or discount to the fund's NAV.

**Income Risk.** The fund's income may decline if interest rates fall. This decline in income can occur because the fund may subsequently invest in lower-yielding bonds as bonds in its portfolio mature, are near maturity or are called, bonds in the underlying index are substituted, or the fund otherwise needs to purchase additional bonds.

**Issuer Risk.** The performance of the fund depends on the performance of individual securities or other assets to which the fund has exposure. The value of securities or other assets may decline, or perform differently from the market as a whole, due to changes in the financial condition or credit rating of the issuer or counterparty.

**Large Shareholder and Large-Scale Redemption Risk.** Certain shareholders of the fund, including an authorized participant, a third-party investor, the fund's adviser, an affiliate of the fund's adviser, a market maker, or another entity, may from time to time own or manage a substantial amount of fund shares, or may hold their investment in the fund for a limited period of time. There can be no assurance that any large shareholder or large group of shareholders would not redeem their investment. Redemptions of a large number of fund shares could require the fund to dispose of assets to meet the redemption requests, which can accelerate the realization of taxable income and/or capital gains and cause the fund to make taxable distributions to its shareholders earlier than the fund otherwise would have. In addition, under certain circumstances, non-redeeming shareholders may be treated as receiving a disproportionately large taxable distribution during or with respect to such year. In some circumstances, the fund may hold a relatively large proportion of its assets in cash in anticipation of large redemptions, diluting its investment returns. These large redemptions may also force the fund to sell portfolio securities or other assets when it might not otherwise do so, which may negatively impact the fund's NAV, increase the fund's brokerage costs and/or have a material effect on the market price of fund shares.

**Management Risk.** The fund generally does not attempt to take defensive positions under any market conditions, including declining markets. As the fund will not fully replicate the underlying index and may hold securities or other assets not included in the underlying index, it is subject to the risk that

the investment strategy of BFA may not produce the intended results. There is no guarantee that the fund's investment results will have a high degree of correlation to those of the underlying index or that the fund will achieve its investment objective.

**Market Trading Risk.** The fund faces numerous market trading risks, including the potential lack of an active market for fund shares (including through a trading halt), losses from trading in secondary markets, periods of high volatility, and disruptions in the process of creating and redeeming fund shares. Any of these factors, among others, may lead to the fund's shares trading in the secondary market at a premium or discount to NAV or to the intraday value of the fund's portfolio holdings. If you buy fund shares at a time when the market price is at a premium to NAV or sell fund shares at a time when the market price is at a discount to NAV, you may pay significantly more or receive significantly less than the underlying value of the fund shares.

**Operational Risk.** The fund is exposed to operational risks arising from a number of factors, including, but not limited to, human error, processing and communication errors, errors of the fund's service providers, counterparties or other third parties, failed or inadequate processes and technology or systems failures. The fund and BFA seek to reduce these operational risks through controls and procedures. However, these measures do not address every possible risk and may be inadequate to address significant operational risks.

**Prepayment Risk.** During periods of falling interest rates, issuers of certain debt obligations may repay principal prior to the security's maturity, which may cause the fund to have to reinvest in securities with lower yields or higher risk of default, resulting in a decline in the fund's income or return potential.

**Privately Issued Securities Risk.** Privately issued securities are securities that have not been registered under the Securities Act of 1933, as amended (the "1933 Act"). Such securities typically are subject to legal restrictions on resale and generally are not traded in established public markets. As a result, privately issued securities may be deemed to be illiquid investments, may be more difficult to value than publicly traded securities, may be subject to wide fluctuations in value and may have higher transaction costs. There can be no assurance that a trading market will exist at any time for any particular privately issued security. Difficulty in selling such securities at a desirable time or price may result in a loss to the fund.

**Reliance on Trading Partners Risk.** The fund invests in countries or regions whose economies are heavily dependent upon trading with key partners. Any reduction in this trading may have an adverse impact on the fund's investments.

**Risk of Investing in China.** Investments in Chinese securities, including certain Hong Kong-listed and U.S.-listed securities, subject the fund to risks specific to China. China may be subject to considerable degrees of economic, political and social instability. China is an emerging market and demonstrates significantly higher volatility from time to time in comparison to developed markets. Over the last few decades, the Chinese government has undertaken reform of economic and market practices and has expanded the sphere of private ownership of property in China. However, Chinese markets generally continue to experience inefficiency, volatility and pricing anomalies resulting from governmental influence, a lack of publicly available information and/or political and social instability. Chinese companies are also subject to the risk that Chinese authorities can intervene in their operations and structure. Internal social unrest or confrontations with neighboring countries, including military conflicts in response to such events, may also disrupt economic development in China and result in a greater risk of currency fluctuations, currency non-convertibility, interest rate fluctuations and higher rates of inflation.

China has experienced security concerns, such as terrorism and strained international relations. Additionally, China is alleged to have participated in state-sponsored cyberattacks against foreign companies and foreign governments. Actual and threatened responses to such activity and strained international relations, including purchasing restrictions, sanctions, tariffs or cyberattacks on the Chinese government or Chinese companies, may impact China's economy and Chinese issuers of securities in which the

fund invests. Incidents involving China's or the region's security may cause uncertainty in Chinese markets and may adversely affect the Chinese economy and the fund's investments. Export growth continues to be a major driver of China's rapid economic growth. Reduction in spending on Chinese products and services, supply chain diversification, institution of additional tariffs or other trade barriers (including as a result of heightened trade tensions or a trade war between China and the U.S. or in response to actual or alleged Chinese cyber activity) or a downturn in any of the economies of China's key trading partners may have an adverse impact on the Chinese economy. The underlying index may include companies that are subject to economic or trade restrictions (but not investment restrictions) imposed by the U.S. or other governments due to national security, human rights or other concerns of such government. So long as these restrictions do not include restrictions on investments, the fund is generally expected to invest in such companies, consistent with its objective to track the performance of the underlying index.

Chinese companies, including Chinese companies that are listed on U.S. exchanges, are not subject to the same degree of regulatory requirements, accounting standards or auditor oversight as companies in more developed countries. As a result, information about Chinese securities in which the fund invests may be less reliable or complete. Chinese companies with securities listed on U.S. exchanges may be delisted if they do not meet U.S. accounting standards and auditor oversight requirements, which would significantly decrease the liquidity and value of the securities. There may be significant obstacles to obtaining information necessary for investigations into or litigation against Chinese companies, and investors may have limited legal remedies. The fund does not select investments based on investor protection considerations.

**Risk of Investing in the China Bond Market.** The fund invests directly in the domestic bond market in the People's Republic of China ("China" or the "PRC") (the "China Interbank Bond Market") through the Bond Connect trading channel. All bonds traded through Bond Connect are registered in the name of the PRC's Central Money Markets Unit ("CMU"), which holds such bonds as a nominee owner. The precise nature and rights of the fund as the beneficial owner of bonds traded in the China Interbank Bond Market through CMU as nominee are relatively new and untested areas of PRC law, and the exact nature of the fund's remedies and methods of enforcement of its rights and interests under PRC law are uncertain.

Market volatility and potential lack of liquidity due to low trading volume of certain bonds in the China Interbank Bond Market may result in the prices of certain bonds fluctuating significantly. Also, the systems used to trade through Bond Connect may not function as expected. Trading through Bond Connect is also subject to regulatory risks, including laws and regulations that are subject to change. There can be no assurance that Bond Connect or its features or systems will not be materially altered, suspended, discontinued or abolished. The fund may be subject to additional taxation if certain tax exemptions under PRC tax regulations are withdrawn or amended. Any taxes arising from or to the fund may be directly borne by, or indirectly passed on to, the fund, which may substantially impact its NAV. Investing through Bond Connect subjects the fund to currency risk, to the extent that currency rates used for Bond Connect are different than the rates used in the China Interbank Bond Market.

**Risk of Investing in Saudi Arabia.** Investing in Saudi Arabian issuers subjects the fund to legal, regulatory, political, currency, security, and economic risks that are specific to Saudi Arabia. The economy of Saudi Arabia is dominated by petroleum exports. A sustained decrease in petroleum prices could have a negative impact on all aspects of the economy. Investments in the securities of Saudi Arabian issuers involve risks not typically associated with investments in securities of issuers in more developed countries, which may negatively affect the value of the fund's investments. Such heightened risks may include, among others, the expropriation and/or nationalization of assets, restrictions on and government intervention in international trade, confiscatory taxation, political instability, including authoritarian and/or military involvement in governmental decision-making, armed conflict, crime and instability as a result of religious, ethnic and/or socioeconomic unrest. Instability in the Middle East region could adversely impact the economy of Saudi Arabia, and there is no assurance of political stability in Saudi Arabia.

The ability of foreign investors to invest in the securities of Saudi Arabian companies could be restricted by the Saudi Arabian government at any time, and unforeseen risks could materialize with respect to foreign ownership of such securities. There are a number of ways to conduct transactions in equity securities in the Saudi Arabian market. The fund generally expects to transact in a manner so that it is not limited by Saudi Arabian regulations to a single broker. However, there may be a limited number of brokers who can provide services to the fund, which may have an adverse impact on the prices, quantity or timing of fund transactions.

**Risk of Investing in the U.S. Investing in U.S. issuers** subjects the fund to legal, regulatory, political, currency, security, and economic risks that are specific to the U.S. Certain changes in the U.S., such as a weakening of the U.S. economy or a decline in its financial markets, may have an adverse effect on U.S. issuers.

**Securities Lending Risk.** The fund may engage in securities lending. Securities lending involves the risk that the fund may lose money because the borrower of the loaned securities fails to return the securities in a timely manner or at all. The fund could also lose money in the event of a decline in the value of collateral provided for loaned securities or a decline in the value of any investments made with cash collateral. These events could also trigger adverse tax consequences for the fund.

**Tracking Error Risk.** The fund may be subject to "tracking error," which is the divergence of the fund's performance from that of the underlying index. Tracking error may occur due to a number of factors, including differences between the securities and other assets held in the fund's portfolio and those included in the underlying index; differences in the timing and methodologies used to value securities and other assets; transaction costs and other expenses incurred by the fund that the underlying index does not incur; the fund's holding of uninvested cash; differences in the timing of the accrual or the valuation of dividends or interest received by the fund or distributions paid to fund shareholders; tax gains or losses; the requirements for the fund to maintain pass-through tax treatment; portfolio transactions carried out to minimize the distribution of capital gains to shareholders; the acceptance of custom baskets; changes to the underlying index; and impacts to the fund of complying with certain regulatory requirements or limits. Tracking error risk may be heightened during times of increased market volatility or other unusual market conditions. A fund that tracks an index with exposure to non-U.S. issuers may experience higher tracking error than ETFs that do not track such indexes. A fund that tracks an index where high yield securities are an investment focus may experience higher tracking error than ETFs that do not track such indexes.

**U.S. Treasury Obligations Risk.** U.S. Treasury obligations may differ from other securities in their interest rates, maturities, times of issuance and other characteristics and may provide relatively lower returns than those of other securities. Changes in the U.S. government's financial condition or credit rating may cause the value of U.S. Treasury obligations to decline. Direct obligations of the U.S. Treasury have historically involved little risk of loss of principal if held to maturity, but the market value of such securities is not guaranteed and may fluctuate. Although U.S. Treasury obligations are backed by the full faith and credit of the United States, circumstances could arise that could prevent the timely payment of interest or principal.

**Valuation Risk.** The price that the fund could receive upon the sale (or other disposition) of a security or other asset may differ from the fund's valuation of the security or other asset, particularly for securities or other assets that trade in low volume or volatile markets or that are valued using a fair value methodology. The price received by the fund also may differ from the value used by the underlying index. In addition, the value of the securities or other assets in the fund's portfolio may change on days or during time periods when investors are not able to purchase or sell fund shares. Authorized participants that create or redeem fund shares on days when the fund is holding fair-valued securities or other assets may receive fewer or more shares, or lower or higher redemption proceeds, than they would have received had the securities or other assets not been fair valued or been valued using a different methodology. The ability to value investments may be impacted by technological issues or errors by pricing services or other third-party service providers.

### Fees & Expenses

(Based on the prospectus dated February 28, 2025)

Total Annual Fund Operating Expenses .....0.06%

After Fee Waivers and/or Expense Reimbursements

## Fidelity Short-Term Bond Index Fund

### Investment Objective

Fidelity® Short-Term Bond Index Fund seeks to obtain a high level of current income consistent with preservation of capital.

### Principal Investment Strategies

- Normally investing at least 80% of assets in securities included in the Bloomberg U.S. 1-5 Year Government/Credit Bond Index, a market value-weighted index of fixed-rate investment-grade debt securities with maturities from one to five years from the U.S. Treasury, U.S. Government-Related, and U.S. Corporate indexes.
- Normally maintaining a dollar-weighted average maturity that generally is expected to be three years or less, consistent with that of the index.
- Using statistical sampling techniques based on duration, maturity, interest rate sensitivity, security structure, and credit quality to attempt to replicate the returns of the Bloomberg U.S. 1-5 Year Government/Credit Bond Index using a smaller number of securities.
- Engaging in transactions that have a leveraging effect on the fund, including investments in derivatives - such as swaps (interest rate, total return, and credit default), options, and futures contracts - and forward-settling securities, to adjust the fund's risk exposure.
- Investing in domestic and foreign issuers.

### Principal Risks

- **Interest Rate Changes.** Interest rate increases can cause the price of a debt security to decrease.
- **Foreign Exposure.** Foreign markets can be more volatile than the U.S. market due to increased risks of adverse issuer, political, regulatory, market, or economic developments and can perform differently from the U.S. market.
- **Prepayment.** The ability of an issuer of a debt security to repay principal prior to a security's maturity can cause greater price volatility if interest rates change.
- **Issuer-Specific Changes.** The value of an individual security or particular type of security can be more volatile than, and can perform differently from, the market as a whole.

A decline in the credit quality of an issuer or a provider of credit support or a maturity-shortening structure for a security can cause the price of a security to decrease.

- **Correlation to Index.** The performance of the fund and its underlying index may vary somewhat due to factors such as fees and expenses of the fund, transaction costs, sample selection, regulatory restrictions, and timing differences associated with additions to and deletions from the index. Errors in the construction or calculation of the index may occur from time to time and may not be identified and corrected for some period of time, which may have an adverse impact on the fund and its shareholders.
- **Passive Management Risk.** The fund is managed with a passive investment strategy, attempting to track the performance of an unmanaged index of securities, regardless of the current or projected performance of the fund's index or of the actual securities included in the index. This differs from an actively managed fund, which typically seeks to outperform a benchmark index. As a result, the fund's performance could be lower than actively managed funds that may shift their portfolio assets to take advantage of market opportunities or lessen the impact of a market decline or a decline in the value of one or more issuers.
- **Leverage Risk.** Leverage can increase market exposure, magnify investment risks, and cause losses to be realized more quickly.

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. You could lose money by investing in the fund.

Unlike individual debt securities, which typically pay principal at maturity, the value of an investment in the fund will fluctuate.

### Fees & Expenses

(Based on the prospectus dated October 30, 2024)

Total Annual Fund Operating Expenses .....0.03%

After Fee Waivers and/or Expense Reimbursements

## Baird Short-Term Bond Fund

### Investment Objective

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

### Principal Investment Strategies

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

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

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

The fund invests primarily in short-term bonds, whose prices are less sensitive to interest rate changes than the prices of long-term bonds. The advisor attempts to keep the duration of the fund's portfolio substantially equal to that of its benchmark, the Bloomberg 1-3 Year U.S. Government/Credit Index. The duration of the fund's benchmark as of March 31, 2025 was 1.87 years. The dollar-weighted average portfolio effective maturity of the fund will normally be more than one year but less than three years during normal market conditions. Effective maturity takes into account the possibility that a bond may have prepayments or may be called by the issuer before its stated maturity date.

The fund may invest in debt obligations of all maturities. The advisor attempts to diversify the fund's portfolio by holding debt obligations of many different issuers and choosing issuers in a variety of sectors.

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

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

The fund may invest in foreign debt obligations and money market instruments. The advisor generally will sell a debt obligation when, on a relative basis and in the advisor's opinion, it will no longer help the fund attain its objectives.

**Principal Risks**

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

**Management Risks**

The advisor may err in its choices of debt obligations or portfolio mixes. Such errors could result in a negative return to the fund 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”). 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”). Bonds are also generally subject to credit risk that an issuer will not make timely payments of principal and interest.

**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 make principal and interest payments due to changes in economic conditions or other adverse circumstances. Ratings are essentially opinions of the credit quality of an issuer and may prove to be inaccurate.

**Mortgage- and Asset-Backed 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, which is the risk that the borrower will prepay some or the entire principal owed to the investor. When interest rates rise, certain types of mortgage- and asset-backed debt obligations are subject to extension risk, discussed below. 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**

Debt obligations, including mortgage- and asset-backed debt obligations, may 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.

**Call Risks**

If the securities in which the fund invests are redeemed by the issuer before maturity (or “called”), the fund may have to reinvest the proceeds in securities that pay a lower interest rate, which may decrease the fund’s yield. This will most likely happen when interest rates are declining.

**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 specifically obligated to do so by law, such as the Federal National Mortgage Association (“Fannie Mae”) and the Federal Home Loan Mortgage Corporation (“Freddie Mac”). To the extent a fund holds securities of such an issuer and that issuer defaults, the fund might not be able to recover its investment from the U.S. government.

**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.

**Municipal Obligations Risks**

Municipal obligations are subject to risks based on many factors, including economic and regulatory developments, changes or proposed changes in the federal and state tax structure, deregulation, court rulings, and other

factors. The value of municipal obligations may be affected more by supply and demand factors or the creditworthiness of the issuer than by market interest rates. Repayment of municipal obligations depends on the ability of the issuer or project backing such obligations to generate taxes or revenues. There is a risk that interest may be taxable on a municipal obligation that is otherwise expected to produce tax-exempt interest. The repayment of principal and interest on some of the municipal obligations in which the fund may invest may be guaranteed or insured by a monoline insurance company. If a company insuring municipal obligations in which the fund invests experiences financial difficulties, the credit rating and price of the security may deteriorate.

**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 debt obligations held by the fund are generally valued using prices provided by approved pricing services or, in some cases, using prices provided by dealers or the valuation committee of the advisor using fair valuation methodologies. The prices used by the fund may be different from the prices used by other mutual funds or from the prices at which the fund’s debt obligations are actually bought and sold. The prices of the fund’s debt obligations may be subject to frequent and significant change and will vary depending on the information that is available to the party providing the price.

**Sector Risks**

From time to time, based on market or economic conditions, the fund may have significant positions in specific sectors of the market. Potential negative market or economic developments affecting one or more of these sectors could have a greater impact on the fund than on a fund with fewer holdings in that sector.

**Cybersecurity Risk**

With the increased use of technologies such as the Internet to conduct business, the fund is susceptible to operational, information security, and related risks. Cyber incidents affecting the fund or its service providers may cause disruptions and impact business operations, potentially resulting in financial losses, interference with the fund’s ability to calculate its net asset value (“NAV”), impediments to trading, the inability of shareholders to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs.

**Recent Market Events Risks**

U.S. and international markets have experienced significant periods of volatility due to a number of economic, political and other global macro factors. The transition to a new administration following the 2024 U.S. Presidential election has introduced meaningful market uncertainty as new policies, executive orders, and legislation have been and will likely continue to be proposed or enacted. Geopolitical risks appear elevated with the war between Ukraine and Russia now passing its third anniversary, tensions remain high in the Middle East, and trade relations between the U.S. and its trading partners, particularly China, are strained due to new and evolving tariff rates. Domestically, stagflation risks (slowing economic growth and rising inflation) present additional challenges to the Federal Reserve’s dual mandate of price stability and maximum employment. Elevated political discord also makes legislative efforts more difficult. The uncertain course of these various factors may have a significant negative impact on the global economy and may result in an elevated risk environment with increased volatility in asset prices, which could have an adverse effect on the value of the fund’s investments.

<b>Fees &amp; Expenses</b>	
(Based on the prospectus dated May 1, 2025)	
Total Annual Fund Operating Expenses .....	0.30%
After Fee Waivers and/or Expense Reimbursements	

## iShares U.S. Aggregate Bond Index Fund

### Investment Objective

iShares U.S. Aggregate Bond Index Fund (the "fund"), a series of BlackRock Funds III (the "trust"), seeks to provide investment results that correspond to the total return performance of fixed-income securities in the aggregate, as represented by the Bloomberg U.S. Aggregate Bond Index (the "Bloomberg U.S. Aggregate Index" or the "underlying index").

### Principal Investment Strategies

The fund pursues its investment objective by seeking to match the total return performance of the Bloomberg U.S. Aggregate Index, which is composed of approximately 13,700 fixed-income securities. The fixed-income securities that comprise the Bloomberg U.S. Aggregate Index include U.S. Government securities and corporate bonds, as well as mortgage-backed securities, asset-backed securities and commercial mortgage-backed securities. All securities in the Bloomberg U.S. Aggregate Index are investment-grade. The fund maintains a weighted average maturity consistent with that of the Bloomberg U.S. Aggregate Index, which generally ranges between 5 and 10 years. The fund invests in a representative sample of these securities. Securities are selected for investment by the fund in accordance with their relative proportion within the Bloomberg U.S. Aggregate Index as well as based on credit quality, issuer sector, maturity structure, coupon rates and callability, among other factors. BFA, the investment adviser to the master portfolio in which the fund invests, considers investments that provide substantially similar exposure to securities in the Bloomberg U.S. Aggregate Index to be investments comprising the fund's benchmark index. For example, the fund may invest in mortgage dollar rolls and participate in to-be-announced ("TBA") transactions on a regular basis to obtain exposure to mortgage-backed securities.

The fund is managed by determining which securities are to be purchased or sold to reflect, to the extent feasible, the investment characteristics of its benchmark index. Under normal circumstances, at least 90% of the value of the fund's assets, plus the amount of any borrowing for investment purposes, is invested in securities comprising the Bloomberg U.S. Aggregate Index, which, for the fund, are considered bonds.

The fund is a "feeder" fund that invests all of its assets in the master portfolio of MIP, which has the same investment objective and strategies as the fund. All investments are made at the 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 the master portfolio. For simplicity, the prospectus uses the name of the fund or the term "fund" (as applicable) to include the master portfolio.

### Principal Risks

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. 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 following is a summary description of the principal risks of investing in the fund. The relative significance of each risk factor below may change over time and you should review each risk factor carefully.

• **Debt Securities Risk** — Debt securities, such as bonds, involve risks, such as credit risk, interest rate risk, extension risk, and prepayment risk, each of which are described in further detail below:

• **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 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. The degree of credit risk depends on both the financial condition of the issuer and the terms of the obligation.

• **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 during a period of historically low interest 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%. (Duration is a measure of the price sensitivity of a debt security or portfolio of debt securities to relative changes in interest rates.) 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.

• **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.

• **Index-Related Risk** — The index provider may rely on various sources of information to assess the criteria of components of the underlying index, including information that may be based on assumptions and estimates. Neither the fund nor BFA can offer assurances that the index provider's methodology or sources of information will provide an accurate assessment of included components. Errors in index data, index computations or the construction of the underlying index in accordance with its methodology may occur, and the index provider may not identify or correct them promptly or at all, which may have an adverse impact on the fund and its shareholders. Unusual market conditions or other unforeseen circumstances (such as natural disasters, political unrest or war) may impact the index provider or a third-party data provider and could cause the index provider to postpone a scheduled rebalance. This could cause the underlying index to vary from its normal or expected composition.

• **Passive Investment Risk** — Because BFA does not select individual companies in the index that the fund tracks, the fund may hold securities of companies that present risks that an investment adviser researching individual securities might seek to avoid.

• **Tracking Error Risk** — The fund is subject to the risk of "tracking error," which is the divergence of the fund's performance from that of the underlying index. Tracking error may occur due to a number of factors, including differences between the securities and other assets held in the fund's portfolio and those included in the underlying index; differences in the timing and methodologies used to value securities and other assets; transaction costs and other expenses incurred by the fund that the underlying index does not incur; the fund's holding of uninvested cash; differences in the timing of the accrual or the valuation of dividends or interest received by the fund or distributions paid to fund shareholders; tax

gains or losses; the requirements for the fund to maintain pass-through tax treatment; portfolio transactions carried out to minimize the distribution of capital gains to shareholders; changes to the underlying index, such as during a rebalancing or reconstitution; and impacts to the fund of complying with certain regulatory requirements or limits. A fund that tracks an index composed of a large number of securities or other assets may experience greater tracking error than a fund that tracks a more narrow index. Tracking error risk may be heightened during times of increased market volatility or other unusual market conditions.

• **Concentration Risk** — 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) to approximately the same extent that the underlying index concentrates in a particular industry. To the extent the fund concentrates in a particular industry, it may be more susceptible to economic conditions and risks affecting that industry.

• **Derivatives Risk** — The fund's use of derivatives may increase its costs, reduce the fund's returns and/or increase volatility. Derivatives involve significant risks, including:

**Leverage Risk** — The fund's use of derivatives can magnify the fund's gains and losses. Relatively small market movements may result in large changes in the value of a derivatives position and can result in losses that greatly exceed the amount originally invested.

**Market Risk** — Some derivatives are more sensitive to interest rate changes and market price fluctuations than other securities. The fund could also suffer losses related to its derivatives positions as a result of unanticipated market movements, which losses are potentially unlimited. Finally, BFA may not be able to predict correctly the direction of securities prices, interest rates and other economic factors, which could cause the fund's derivatives positions to lose value.

**Counterparty Risk** — Derivatives are also subject to counterparty risk, which is the risk that the other party in the transaction will be unable or unwilling to fulfill its contractual obligation, and the related risks of having concentrated exposure to such a counterparty.

**Illiquidity Risk** — The possible lack of a liquid secondary market for derivatives and the resulting inability of the fund to sell or otherwise close a derivatives position could expose the fund to losses and could make derivatives more difficult for the fund to value accurately.

**Operational Risk** — The use of derivatives includes the risk of potential operational issues, including documentation issues, settlement issues, systems failures, inadequate controls and human error.

**Legal Risk** — The risk of insufficient documentation, insufficient capacity or authority of counterparty, or legality or enforceability of a contract.

**Volatility and Correlation Risk** — 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 with the overall securities markets.

**Valuation Risk** — Valuation for derivatives may not be readily available in the market. Valuation may be more difficult in times of market turmoil since many investors and market makers may be reluctant to purchase complex instruments or quote prices for them.

**Hedging Risk** — Hedges are sometimes subject to imperfect matching between the derivative and the underlying security, and there can be no assurance that the fund's hedging transactions will be effective. The use of hedging may result in certain adverse tax consequences.

**Tax Risk** — Certain aspects of the tax treatment of derivative instruments, including swap agreements and commodity-linked derivative instruments, are currently unclear and may be affected by changes in legislation, regulations or other legally binding authority. Such treatment may be less favorable than that given to a direct investment in an underlying asset and may adversely affect the timing, character and amount of income the fund realizes from its investments.

• **Dollar Rolls Risk** — Dollar rolls involve the risk that the market value of the securities that the fund is committed to buy may decline below the price of the securities the fund has sold. These transactions may involve leverage.

• **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.

• **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. The value of a security or other asset may decline due to changes in general market conditions, economic trends or events that are not specifically related to the issuer of the security or other asset, or factors that affect a particular issuer or issuers, exchange, country, group of countries, region, market, industry, group of industries, sector or asset class. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues like pandemics or epidemics, recessions, or other events could have a significant impact on the fund and its investments. 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. TBA commitments are forward agreements for the purchase or sale of securities, including mortgage-backed securities for a fixed price, with payment and delivery on an agreed upon future settlement date. The specific securities to be delivered are not identified at the trade date. However, delivered securities must meet specified terms, including issuer, rate and mortgage terms.

• **Risk of Investing in the United States** — Certain changes in the U.S. economy, such as when the U.S. economy weakens or when its financial markets decline, may have an adverse effect on the securities to which the fund has exposure.

• **Treasury Obligations Risk** — Direct obligations of the U.S. Treasury 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. In addition, notwithstanding that U.S. Treasury obligations are backed by the full faith and credit of the United States, circumstances could arise that could prevent the timely payment of interest or principal, such as reaching the legislative "debt ceiling." Such non-payment could result in losses to the fund and substantial negative consequences for the U.S. economy and the global financial system.

• **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.

• **U.S. Government Obligations Risk** — Certain securities in which the fund may invest, including securities issued by certain U.S. Government agencies and U.S. Government sponsored enterprises, are not guaranteed by the U.S.

Government or supported by the full faith and credit of the United States. In addition, circumstances could arise that could prevent the timely payment of interest or principal on U.S. Government obligations, such as reaching the legislative "debt ceiling." Such non-payment could result in losses to the fund and substantial negative consequences for the U.S. economy and the global financial system.

**Fees & Expenses**

(Based on the prospectus dated April 30, 2025)

Total Annual Fund Operating Expenses .....0.10%  
 After Fee Waivers and/or Expense Reimbursements

• **Leverage Risk.** Leverage can increase market exposure, magnify investment risks, and cause losses to be realized more quickly.

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. You could lose money by investing in the fund. Unlike individual debt securities, which typically pay principal at maturity, the value of an investment in the fund will fluctuate.

**Fees & Expenses**

(Based on the prospectus dated October 30, 2024)

Total Annual Fund Operating Expenses .....0.025%  
 After Fee Waivers and/or Expense Reimbursements

**Fidelity U.S. Bond Index Fund**

**Investment Objective**

Fidelity® U.S. Bond Index Fund seeks to provide investment results that correspond to the aggregate price and interest performance of the debt securities in the Bloomberg U.S. Aggregate Bond Index.

**Principal Investment Strategies**

- Normally investing at least 80% of assets in bonds included in the Bloomberg U.S. Aggregate Bond Index.
- Using statistical sampling techniques based on duration, maturity, interest rate sensitivity, security structure, and credit quality to attempt to replicate the returns of the Bloomberg U.S. Aggregate Bond Index using a smaller number of securities.
- Engaging in transactions that have a leveraging effect on the fund, including investments in derivatives - such as swaps (interest rate, total return, and credit default), options, and futures contracts - and forward-settling securities, to adjust the fund's risk exposure.
- Investing in Fidelity's Central funds (specialized investment vehicles used by Fidelity® funds to invest in particular security types or investment disciplines) consistent with the asset classes discussed above.

**Principal Risks**

- **Interest Rate Changes.** Interest rate increases can cause the price of a debt security to decrease.
- **Foreign Exposure.** Entities located in foreign countries can be affected by adverse political, regulatory, market, or economic developments in those countries.
- **Prepayment.** The ability of an issuer of a debt security to repay principal prior to a security's maturity can cause greater price volatility if interest rates change.
- **Issuer-Specific Changes.** The value of an individual security or particular type of security can be more volatile than, and can perform differently from, the market as a whole.

A decline in the credit quality of an issuer or a provider of credit support or a maturity-shortening structure for a security can cause the price of a security to decrease.

• **Correlation to Index.** The performance of the fund and its underlying index may vary somewhat due to factors such as fees and expenses of the fund, transaction costs, sample selection, regulatory restrictions, and timing differences associated with additions to and deletions from the index. Errors in the construction or calculation of the index may occur from time to time and may not be identified and corrected for some period of time, which may have an adverse impact on the fund and its shareholders.

• **Passive Management Risk.** The fund is managed with a passive investment strategy, attempting to track the performance of an unmanaged index of securities, regardless of the current or projected performance of the fund's index or of the actual securities included in the index. This differs from an actively managed fund, which typically seeks to outperform a benchmark index. As a result, the fund's performance could be lower than actively managed funds that may shift their portfolio assets to take advantage of market opportunities or lessen the impact of a market decline or a decline in the value of one or more issuers.

**PGIM Core Bond Fund**

**Investment Objective**

The investment objective of the fund is total return.

**Principal Investment Strategies**

The fund invests, under normal circumstances, at least 80% of the fund's investable assets in bonds. For purposes of this policy, bonds include all fixed income securities, including but not limited to debt obligations issued by the U.S. government and its agencies, corporate debt securities, mortgage-related securities, asset-backed securities and other investments (including derivatives) with similar economic characteristics. The term "investable assets" refers to the fund's net assets plus any borrowings for investment purposes. The fund's investable assets will be less than its total assets to the extent that it has borrowed money for non-investment purposes, such as to meet anticipated redemptions. The fund invests only in securities that are denominated in U.S. dollars, although the securities may be issued by a foreign corporation or a U.S. affiliate of a foreign corporation, or by a foreign government or its agencies and instrumentalities.

The fund invests in securities that are rated investment grade but may invest up to 5% of its investable assets in speculative, high risk below investment-grade securities. Investment grade securities are considered to be those instruments that are rated BBB- or higher by S&P Global Ratings ("S&P"), or Baa3 or higher by Moody's Investors Service, Inc., ("Moody's") or the equivalent by another nationally recognized statistical rating organization ("NRSRO"), or if unrated, are considered by the fund's subadviser to be of comparable quality. In the event that a security receives different ratings from different NRSROs, the fund will treat the security as being rated in the highest rating category received from an NRSRO.

Obligations rated BB+ by S&P or Ba1 by Moody's or lower are considered to be speculative with respect to their capacity to pay interest and principal and are commonly referred to as high-yield debt securities or junk bonds.

The fund may invest in debt obligations issued or guaranteed by the U.S. Government and U.S. Government-related entities. Some (but not all) of the U.S. Government securities and mortgage-related securities in which the fund will invest are backed by the full faith and credit of the U.S. Government, which means that payment of interest and principal is guaranteed, but yield and market value are not. These include obligations of the Government National Mortgage Association ("GNMA" or "Ginnie Mae"), the Farmers Home Administration and the Export-Import Bank. Securities issued by other government entities, like obligations of the Federal National Mortgage Association ("FNMA" or "Fannie Mae"), the Student Loan Marketing Association ("SLMA" or "Sallie Mae"), the Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac"), the Federal Home Loan Bank, the Tennessee Valley Authority and the United States Postal Service are not backed by the full faith and credit of the U.S. Government. However, these issuers have the right to borrow from the U.S. Treasury to meet their obligations. In contrast, the debt securities of other issuers, like the Farm Credit System, depend entirely upon their own resources to repay their debt obligations.

The fund engages in active trading—that is, frequent trading of its securities—in order to take advantage of new investment opportunities or yield differentials.

In managing the fund's assets, the subadviser uses a combination of top-down economic analysis and bottom-up research in conjunction with proprietary quantitative models and risk management systems. In the top-down economic analysis, the subadviser develops views on economic, policy and market trends. In its bottom-up research, the subadviser develops an internal rating and outlook on issuers. The rating and outlook are determined based on a thorough review of the financial health and trends of the issuer. The subadviser may also consider investment factors such as expected total return, yield, spread and potential for price appreciation as well as credit quality, maturity and risk. The fund may invest in a security based upon the expected total return rather than the yield of such security.

The fund may use derivatives to manage its duration, as well as to manage its foreign currency exposure, to hedge against losses, and to try to improve returns.

### Principal Risks

All investments have risks to some degree. The value of your investment in the fund, as well as the amount of return, if any, 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 guaranteed to achieve its investment objective; is not a deposit with a bank; and is not insured, endorsed or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The following is a summary description of principal risks of investing in the fund.

The order of the below risk factors does not indicate the significance of any particular risk factor.

**Active Trading Risk.** The fund actively and frequently trades its portfolio securities. High portfolio turnover results in higher transaction costs, which can affect the fund's performance and have adverse tax consequences. In addition, high portfolio turnover may also mean that a proportionately greater amount of distributions to shareholders will be taxed as ordinary income rather than long-term capital gains compared to investment companies with lower portfolio turnover.

**Credit Risk.** This is the risk that the issuer, the guarantor, or the insurer of a fixed income security, or the counterparty to a contract may be unable or unwilling to make timely principal and interest payments or to otherwise honor its obligations. Additionally, fixed income securities could lose value due to a loss of confidence in the ability of the issuer, guarantor, insurer, or counterparty to pay back debt. The lower the credit quality of a bond, the more sensitive it is to credit risk.

**Debt Obligations Risk.** Debt obligations are subject to credit risk, market risk and interest rate risk. The fund's holdings, share price, yield and total return may also fluctuate in response to bond market movements. The value of bonds may decline for issuer-related reasons, including management performance, financial leverage and reduced demand for the issuer's goods and services. Certain types of fixed income obligations also may be subject to "call and redemption risk," which is the risk that the issuer may call a bond held by the fund for redemption before it matures and the fund may not be able to reinvest at the same rate of interest and therefore would earn less income.

**Derivatives Risk.** Derivatives involve special risks and costs and may result in losses to the fund. The successful use of derivatives requires sophisticated management, and, to the extent that derivatives are used, the fund will depend on the subadviser's ability to analyze and manage derivatives transactions. The prices of derivatives may move in unexpected ways, especially in abnormal market conditions. Some derivatives are "leveraged" or may create economic leverage for the fund and therefore may magnify or otherwise increase investment losses to the fund. The fund's use of derivatives may also increase the amount of taxes payable by shareholders.

Other risks arise from the potential inability to terminate or sell derivatives positions. A liquid secondary market may not always exist for the fund's derivatives positions. In fact, many over-the-counter derivative instruments

will not have liquidity beyond the counterparty to the instrument. Over-the-counter derivative instruments also involve the risk that the other party will not meet its obligations to the fund. The use of derivatives also exposes the fund to operational issues, such as documentation and settlement issues, systems failures, inadequate control and human error.

Derivatives may also involve legal risks, such as insufficient documentation, the lack of capacity or authority of a counterparty to execute or settle a transaction, and the legality and enforceability of derivatives contracts. The U.S. Government and foreign governments have adopted (and may adopt further) regulations governing derivatives markets, including mandatory clearing of certain derivatives, margin and reporting requirements and risk exposure limitations. Regulation of derivatives may make derivatives more costly, limit their availability or utility to the fund, or otherwise adversely affect their performance or disrupt markets.

**Economic and Market Events Risk.** Events in the U.S. and global financial markets, including actions taken by the U.S. Federal Reserve or foreign central banks to stimulate or stabilize economic growth or the functioning of the securities markets, or otherwise reduce inflation, may at times result in unusually high market volatility, which could negatively impact performance. Governmental efforts to curb inflation often have negative effects on the level of economic activity. Relatively reduced liquidity in credit and fixed income markets could adversely affect issuers worldwide.

**Foreign Securities Risk.** Investments in securities of non-U.S. issuers (including those denominated in U.S. dollars) may involve more risk than investing in securities of U.S. issuers. Foreign political, economic and legal systems, especially those in developing and emerging market countries, may be less stable and more volatile than in the United States. Foreign legal systems generally have fewer regulatory requirements than the U.S. legal system, particularly those of emerging markets. In general, less information is publicly available with respect to non-U.S. companies than U.S. companies. Non-U.S. companies generally are not subject to the same accounting, auditing, and financial reporting standards as are U.S. companies. Additionally, the changing value of foreign currencies and changes in exchange rates could also affect the value of the assets the fund holds and the fund's performance. Certain foreign countries may impose restrictions on the ability of issuers of foreign securities to make payment of principal and interest or dividends to investors located outside the country, due to blockage of foreign currency exchanges or otherwise. Investments in emerging markets are subject to greater volatility and price declines.

In addition, the fund's investments in non-U.S. securities may be subject to the risks of nationalization or expropriation of assets, imposition of currency exchange controls or restrictions on the repatriation of non-U.S. currency, confiscatory taxation and adverse diplomatic developments. Special U.S. tax considerations may apply.

**Increase in Expenses Risk.** Your actual cost of investing in the fund may be higher than the expenses shown in the expense table for a variety of reasons. For example, expense ratios may be higher than those shown if average net assets decrease. Net assets are more likely to decrease and fund expense ratios are more likely to increase when markets are volatile. Active and frequent trading of fund securities can increase expenses.

**Interest Rate Risk.** The value of your investment may go down when interest rates rise. A rise in rates tends to have a greater impact on the prices of longer term or duration debt securities. Similarly, a rise in interest rates may also have a greater negative impact on the value of equity securities whose issuers expect earnings further out in the future. For example, a fixed income security with a duration of three years is expected to decrease in value by approximately 3% if interest rates increase by 1%. This is referred to as "**duration risk.**" When interest rates fall, the issuers of debt obligations may prepay principal more quickly than expected, and the fund may be required to reinvest the proceeds at a lower interest rate. This is referred to as "**prepayment risk.**" For premium bonds (bonds acquired at prices that exceed their par or principal value) purchased by the fund, prepayment risk may be enhanced. When interest rates rise, debt obligations may be repaid more slowly than expected, and the value of the fund's holdings may fall sharply. This is referred to as "**extension risk.**" The fund may lose money if short-term or long-term interest rates rise sharply or in a manner not anticipated by the subadviser.

**Large Shareholder and Large Scale Redemption Risk.** Certain individuals, accounts, funds (including funds affiliated with the manager) or institutions, including the manager and its affiliates, may from time to time own or control a substantial amount of the fund’s shares. There is no requirement that these entities maintain their investment in the fund. There is a risk that such large shareholders or that the fund’s shareholders generally may redeem all or a substantial portion of their investments in the fund in a short period of time, which could have a significant negative impact on the fund’s NAV, liquidity, and brokerage costs. Large redemptions could also result in tax consequences to shareholders and impact the fund’s ability to implement its investment strategy. The fund’s ability to pursue its investment objective after one or more large scale redemptions may be impaired and, as a result, the fund may invest a larger portion of its assets in cash or cash equivalents.

**Management Risk.** Actively managed funds are subject to management risk. The subadvisor will apply investment techniques and risk analyses in making investment decisions for the fund, but the subadvisor’s judgments about the attractiveness, value or market trends affecting a particular security, industry or sector or about market movements may be incorrect. Additionally, the investments selected for the fund may underperform the markets in general, the fund’s benchmark and other funds with similar investment objectives.

**Market Disruption and Geopolitical Risks.** Market disruption can be caused by economic, financial or political events and factors, including but not limited to, international wars or conflicts (including Russia’s military invasion of Ukraine and the Israel-Hamas war), geopolitical developments (including trading and tariff arrangements, sanctions and cybersecurity attacks), instability in regions such as Asia, Eastern Europe and the Middle East, terrorism, natural disasters and public health epidemics (including the outbreak of COVID-19 globally).

The extent and duration of such events and resulting market disruptions cannot be predicted, but could be substantial and could magnify the impact of other risks to the fund. These and other similar events could adversely affect the U.S. and foreign financial markets and lead to increased market volatility, reduced liquidity in the securities markets, significant negative impacts on issuers and the markets for certain securities and commodities and/or government intervention. They may also cause short- or long-term economic uncertainties in the United States and worldwide. As a result, whether or not the fund invests in securities of issuers located in or with significant exposure to the countries directly affected, the value and liquidity of the fund’s investments may be negatively impacted. Further, due to closures of certain markets and restrictions on trading certain securities, the value of certain securities held by the fund could be significantly impacted, which could lead to such securities being valued at zero.

**Market Risk.** Securities markets may be volatile and the market prices of the fund’s securities may decline. Securities fluctuate in price based on changes in an issuer’s financial condition and overall market and economic conditions. If the market prices of the securities owned by the fund fall, the value of your investment in the fund will decline.

**Mortgage-Backed and Asset-Backed Securities Risk.** Mortgage-backed and asset-backed securities tend to increase in value less than other debt securities when interest rates decline, but are subject to similar risk of decline in market value during periods of rising interest rates. The values of mortgage-backed and asset-backed securities become more volatile as interest rates rise. In a period of declining interest rates, the fund may be required to reinvest more frequent prepayments on mortgage-backed and asset-backed securities in lower-yielding investments.

**U.S. Government and Agency Securities Risk.** U.S. Treasury obligations are backed by the “full faith and credit” of the U.S. Government. Securities issued or guaranteed by federal agencies or authorities and U.S. Government-sponsored instrumentalities or enterprises may or may not be backed by the full faith and credit of the U.S. Government. For example, securities issued by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association and the Federal Home Loan Banks are neither insured nor guaranteed by the U.S. Government. These securities may be supported by the ability to borrow from the U.S. Treasury or only by the credit of the issuing agency, authority, instrumentality or enterprise and, as a result, are

subject to greater credit risk than securities issued or guaranteed by the U.S. Treasury. Further, the U.S. Government and its agencies, authorities, instrumentalities and enterprises do not guarantee the market value of their securities; consequently, the value of such securities will fluctuate. This may be the case especially when there is any controversy or ongoing uncertainty regarding the status of negotiations in the U.S. Congress to increase the statutory debt ceiling. Such controversy or uncertainty could, among other things, result in the credit quality rating of the U.S. Government being downgraded and reduced prices of U.S. Treasury securities. If the U.S. Congress is unable to negotiate an adjustment to the statutory debt ceiling, there is also the risk that the U.S. Government may default on payments on certain U.S. Government securities, including those held by the fund, which could have a negative impact on the fund. An increase in demand for U.S. Government securities resulting from an increase in demand for government money market funds may lead to lower yields on such securities.

<b>Fees &amp; Expenses</b>	
(Based on the prospectus dated September 27, 2024)	
Total Annual Fund Operating Expenses .....	0.33%
After Fee Waivers and/or Expense Reimbursements	

## American Beacon Garcia Hamilton Quality Bond Fund

### Investment Objective

The fund’s investment objective is high current income consistent with preservation of capital.

### Principal Investment Strategies

Under normal circumstances, the fund invests at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in investment grade bonds. For purposes of the 80% policy, investment grade bonds include other investment grade debt securities. The fund considers investment grade debt securities to be debt securities that are rated A-/A3 or better by S&P Global Ratings (“S&P”), Moody’s Investors Service, Inc. (“Moody’s”) or Fitch Ratings Inc. (“Fitch”).

The types of investment grade debt securities that the fund invests in primarily include obligations of the U.S. Government (such as U.S. Treasuries), its agencies and instrumentalities, including U.S. Government-sponsored enterprises (some of which are not backed by the full faith and credit of the U.S. Government), corporate bonds, debentures, and mortgage-backed and mortgage-related securities, including mortgage pass-through securities. These types of obligations may have fixed-rate or floating-rate coupons (or variable rate coupons), which pay interest at variable rates based on a lending rate, such as the Secured Overnight Financing Rate (“SOFR”), and are commonly referred to as fixed income securities or bonds. If an investment held by the fund is downgraded below investment grade, the sub-advisor may sell the security or request the manager’s permission to continue to hold the security.

In selecting investment grade debt securities within the corporate sector, the sub-advisor first focuses on the largest U.S. issuers and companies rated A-/A3 or better by at least two rating agencies. The sub-advisor then utilizes screens to identify issuers that carry high levels of unquantifiable risk that could have a financial impact on the issuers, which includes risks associated with environmental, social, and/or governance (“ESG”) considerations. This includes, but is not limited to, risks associated with foreign companies, Yankee bonds, alcohol, tobacco, gambling, and defense contractors. Issuers identified as having a higher risk profile during this stage are either excluded from further consideration or subject to further evaluation to determine their inclusion in the investable universe. The sub-advisor then utilizes research and/or rankings provided by one or more third parties to analyze and scale the remaining issuers based on the sustainability of their operations and their consideration of ESG principles as an integrated part of the sub-advisor’s evaluation and investment process. These investment considerations are not solely determinative in any investment decision. Thereafter, if the sub-advisor deems securities to be comparable from an investment perspective, the sub-advisor generally expects to select for the fund’s portfolio the securities with the highest ranking consistent with the sub-advisor’s proprietary scale methodology.

Under normal circumstances, the fund seeks to maintain a weighted-average duration that is 25% above or below the then-current duration of the fund's benchmark, the Bloomberg US Aggregate Bond Index ("benchmark"). As of December 31, 2024, the benchmark's duration was 6.1 years, which means that the fund's duration would have been expected to range from approximately 4.6 years to approximately 7.6 years at that time. The benchmark's duration is expected to change over time and could be higher or lower at a future date, and the fund's duration may change accordingly. Duration is an indicator of a bond's price sensitivity to a change in interest rates. For example, a duration of eight years means that a security's price would be expected to decrease by approximately 8% with a 1% increase in interest rates. The fund may invest in securities of any maturity, but typically invests in securities with maximum maturities of up to 30 years.

The sub-advisor follows a fixed income investment strategy that focuses on high current income, given its outlook for interest rates, and the preservation of capital. In selecting securities for the fund, the sub-advisor employs a top-down approach, which includes a broad fundamental analysis of the current fixed income markets, including duration, the yield curve, and the performance of market sectors. Through this analysis, the sub-advisor creates defined parameters for the selection of investments for the fund's portfolio and implements a proprietary investment process comprised of qualitative and quantitative components.

The fund may have a focused portfolio of fewer companies than other diversified funds. The fund may invest cash balances in a government money market fund advised by the manager, with respect to which the manager receives a management fee.

#### **Principal Risks**

There is no assurance that the fund will achieve its investment objective and you could lose part or all of your investment in the fund. The fund is not a complete investment program and may not be appropriate for all investors. Investors should carefully consider their own investment goals and risk tolerance before investing in the fund. The principal risks of investing in the fund listed below are presented in alphabetical order and not in order of importance or potential exposure. Among other matters, this presentation is intended to facilitate your ability to find particular risks and compare them with the risks of other funds. Each risk summarized below is considered a "principal risk" of investing in the fund, regardless of the order in which it appears.

#### **Callable Securities Risk**

The fund may invest in fixed-income securities with call features. A call feature allows the issuer of the security to redeem or call the security prior to its stated maturity date. In periods of falling interest rates, issuers may be more likely to call in securities that are paying higher coupon rates than prevailing interest rates. In the event of a call, the fund would lose the income that would have been earned to maturity on that security, and the proceeds received by the fund may be invested in securities paying lower coupon rates and may not benefit from any increase in value that might otherwise result from declining interest rates.

#### **Counterparty Risk**

The fund is subject to the risk that a party or participant to a transaction, such as a broker, will be unwilling or unable to satisfy its obligation to make timely principal, interest or settlement payments or to otherwise honor its obligations to the fund.

#### **Credit Risk**

The fund is subject to the risk that the issuer, guarantor or insurer of an obligation, or the counterparty to a transaction, may fail, or become less able or unwilling, to make timely payment of interest or principal or otherwise honor its obligations or default completely. Changes in the actual or perceived creditworthiness of an issuer, or a downgrade or default affecting any of the fund's securities, could affect the fund's performance. Generally, the longer the maturity and the lower the credit quality of a security, the more sensitive it is to credit risk.

#### **Cybersecurity and Operational Risk**

Operational risks arising from, among other problems, human errors, systems and technology disruptions or failures, or cybersecurity incidents

may negatively impact the fund, its service providers and third-party fund distribution platforms, including the ability of shareholders to transact in the fund's shares, and result in financial losses. Cybersecurity incidents may allow an unauthorized party to gain access to fund assets, shareholder data, or proprietary information, or cause the fund or its service providers, as well as securities trading venues and their service providers, to suffer data corruption or lose operational functionality. Cybersecurity incidents can result from deliberate attacks or unintentional events. It is not possible for the fund or its service providers to identify all of the operational risks that may affect the fund or to develop processes and controls to completely eliminate or mitigate their occurrence or effects. The fund cannot control the cybersecurity and operational plans and systems of its service providers, its counterparties or the issuers of securities in which the fund invests. The issuers of the fund's investments are likely to be dependent on computers for their operations and require ready access to their data and the internet to conduct their business. Thus, cybersecurity incidents could also affect issuers of the fund's investments, leading to significant loss of value.

#### **Debentures Risk**

Debentures are unsecured debt securities. The holder of a debenture is protected only by the general creditworthiness of the issuer. The fund may invest in both corporate and government debentures.

#### **Environmental, Social, and/or Governance Investing Risk**

The use of environmental, social, and/or governance ("ESG") considerations by the sub-advisor may cause the fund to make different investments than funds that have a similar investment style but do not incorporate such considerations in their strategy. As with the use of any investment considerations involved in investment decisions, there is no guarantee that the use of any ESG investment considerations will result in the selection of issuers that will outperform other issuers or help reduce risk in the fund. The fund may choose not to, or may not be able to, take advantage of certain investment opportunities due to these considerations, which may adversely affect investment performance. The fund may underperform funds that do not incorporate these considerations or incorporate different ESG considerations. Although the sub-advisor has established its own process to oversee ESG integration in accordance with the fund's strategies, successful integration of ESG factors will depend on the sub-advisor's skill in researching, identifying, and applying these factors, as well as on the availability of relevant data. The sub-advisor may use ESG research and/or ratings information provided by one or more third parties in performing this analysis and considering ESG risks. The regulatory landscape with respect to ESG investing in the United States is evolving and any future rules or regulations may require the fund to change its investment process with respect to the integration of ESG factors.

#### **Focused Holdings Risk**

Because the fund may have a focused portfolio of fewer companies than other diversified funds, the increase or decrease of the value of a single investment may have a greater impact on the fund's net asset value ("NAV") and total return when compared to other diversified funds.

#### **Interest Rate Risk**

Generally, the value of investments with interest rate risk, such as fixed-income securities, will move in the opposite direction as movements in interest rates. Factors including central bank monetary policy, rising inflation rates, and changes in general economic conditions may cause interest rates to rise, which could cause the value of the fund's investments to decline. Interest rate increases, including significant or rapid increases, may result in a decline in the value of bonds held by the fund, make issuers less willing or able to make principal and interest payments on fixed-income investments when due, lead to heightened volatility in the fixed-income markets and adversely affect the liquidity of certain fixed-income investments, any of which may result in substantial losses to the fund. When interest rates decline, issuers may prepay higher-yielding securities held by the fund, resulting in the fund reinvesting in securities with lower yields, which may cause a decline in its income. The prices of fixed-income securities are also affected by their durations. Fixed-income securities with longer durations generally have greater sensitivity to changes in interest rates than those with shorter durations. Rising interest rates may cause the value

of the fund's investments with longer durations and terms to maturity to decline, which may adversely affect the value of the fund. For example, if a bond has a duration of eight years, a 1% increase in interest rates could be expected to result in an 8% decrease in the value of the bond. Fluctuations in interest rates may also affect the liquidity of fixed income securities and instruments held by the fund.

#### **Investment Risk**

An investment in the fund is not a deposit with a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. When you sell your shares of the fund, they could be worth less than what you paid for them. Therefore, you may lose money by investing in the fund.

#### **Issuer Risk**

The value of, and/or the return generated by, a security may decline for a number of reasons that directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services, as well as the historical and prospective earnings of the issuer and the value of its assets.

#### **Liquidity Risk**

The fund is susceptible to the risk that certain investments held by the fund may have limited marketability, be subject to restrictions on sale, be difficult or impossible to purchase or sell at favorable times or prices or become less liquid in response to market developments or adverse credit events that may affect issuers or guarantors of a security. An inability to sell a portfolio position can adversely affect the fund's value or prevent the fund from being able to take advantage of other investment opportunities. Market prices for such instruments may be volatile. During periods of substantial market volatility, an investment or even an entire market segment may become illiquid, sometimes abruptly, which can adversely affect the fund's ability to limit losses. The fund could lose money if it is unable to dispose of an investment at a time that is most beneficial to the fund. The fund may be required to dispose of investments at unfavorable times or prices to satisfy obligations, which may result in losses or may be costly to the fund. For example, liquidity risk may be magnified in rising interest rate environments in the event of higher than normal redemption rates. Unexpected redemptions may force the fund to sell certain investments at unfavorable prices to meet redemption requests or other cash needs. Judgment plays a greater role in pricing illiquid investments than in investments with more active markets.

#### **Market Risk**

The fund is subject to the risk that the securities markets will move down, sometimes rapidly and unpredictably, based on overall economic conditions and other factors, which may negatively affect the fund's performance. Equity securities generally have greater price volatility than fixed-income securities, although under certain market conditions fixed-income securities may have comparable or greater price volatility. During a general downturn in the securities markets, multiple assets may decline in value simultaneously. Prices in many financial markets have increased significantly over the last decade, but there have also been periods of adverse market and financial developments and cyclical change during that timeframe, which have resulted in unusually high levels of volatility in domestic and foreign financial markets that has caused losses for investors and may occur again in the future. The value of a security may decline due to adverse issuer-specific conditions, general market conditions unrelated to a particular issuer, such as changes in interest or inflation rates, or factors that affect a particular industry or industries. Changes in the financial condition of a single issuer or market segment also can impact the market as a whole. Geopolitical and other events, including war, terrorism, economic uncertainty, trade disputes, pandemics, public health crises, natural disasters and related events have led, and in the future may continue to lead, to instability in world economies and markets generally and reduced liquidity in equity, credit and fixed-income markets, which may disrupt economies and markets and adversely affect the value of your investment. Changes in value may be temporary or may last for extended periods.

Policy changes by the U.S. government and/or Federal Reserve and political events within the U.S. and abroad, such as changes in the U.S.

presidential administration and Congress, the U.S. government's inability at times to agree on a long-term budget and deficit reduction plan, the threat or occurrence of a federal government shutdown and threats or the occurrence of a failure to increase the federal government's debt limit, which could result in a default on the government's obligations, may affect investor and consumer confidence and may adversely impact financial markets and the broader economy, perhaps suddenly and to a significant degree.

Markets and market participants are increasingly reliant upon both publicly available and proprietary information data systems. Data imprecision, software or other technology malfunctions, programming inaccuracies, unauthorized use or access, and similar circumstances may impair the performance of these systems and may have an adverse impact upon a single issuer, a group of issuers, or the market at large.

The financial markets generally move in cycles, with periods of rising prices followed by periods of declining prices. The value of your investment may reflect these fluctuations.

• **Recent Market Events Risk.** Both U.S. and international markets have experienced significant volatility in recent months and years. As a result of such volatility, investment returns may fluctuate significantly. Moreover, the risks discussed herein associated with an investment in the fund may be increased. Although interest rates were unusually low in the U.S. and abroad for a period of time, in 2022, the U.S. Federal Reserve (the "Federal Reserve") and certain foreign central banks began to raise interest rates as part of their efforts to address rising inflation. The Federal Reserve and certain foreign central banks have started to lower interest rates, though economic or other factors, such as inflation, could stop such changes. It is difficult to accurately predict the pace at which interest rates might change, the timing, frequency or magnitude of any such changes in interest rates, or when such changes might stop or again reverse course. Additionally, various economic and political factors could cause the Federal Reserve or foreign central banks to change their approach in the future and such actions may result in an economic slowdown in the U.S. and abroad. Unexpected changes in interest rates could lead to significant market volatility or reduce liquidity in certain sectors of the market. Deteriorating economic fundamentals may, in turn, increase the risk of default or insolvency of particular issuers, negatively impact market value, cause credit spreads to widen, and reduce bank balance sheets. Any of these could cause an increase in market volatility, reduce liquidity across various markets or decrease confidence in the markets. High public debt in the U.S. and other countries creates ongoing systemic and market risks and policymaking uncertainty. There is no assurance that the U.S. Congress will act to raise the nation's debt ceiling, a failure to do so could cause market turmoil and substantial investment risks that cannot be fully predicted. Unexpected political, regulatory and diplomatic events within the U.S. and abroad may affect investor and consumer confidence and may adversely impact financial markets and the broader economy.

Some countries, including the U.S., have adopted more protectionist trade policies. Slowing global economic growth, imposition of tariffs and resulting impacts on global prices and supply chains, the rise in protectionist trade policies, inflationary pressures, changes to some major international trade agreements, risks associated with trade negotiations between countries and regions, including the U.S. and certain foreign nations, political or economic dysfunction within some nations, including the U.S., and dramatic changes in commodity and currency prices could have adverse effects that cannot be foreseen at the present time. In addition, if the U.S. dollar continues to be strong, it may decrease foreign demand for U.S. assets, which could have a negative impact on certain issuers and/or industries.

Tensions, war, or open conflict between nations, such as between Russia and Ukraine, in the Middle East or in eastern Asia could affect the economies of many nations, including the United States. The duration of ongoing hostilities in the Middle East and between Russia and Ukraine, and any sanctions and related events cannot be predicted. Those events present material uncertainty and risk with respect to markets globally and the performance of the fund and its investments or operations could be negatively impacted. Regulators in the U.S. have adopted a number of changes to regulations

involving the markets and issuers, some of which apply to the fund. The full effect of various newly adopted regulations is not currently known. Certain of these changes could limit the fund's ability to pursue its investment strategies or make certain investments, or may make it more costly for the fund to operate, which may impact performance. Additionally, it is possible that recently adopted regulations could be further revised or rescinded, which creates material uncertainty on their impact to the fund.

Economists and others have expressed increasing concern about the potential effects of global climate change on property and security values. Certain issuers, industries and regions may be adversely affected by the impacts of climate change in ways that cannot be foreseen, including on the demand for and the development of goods and services and related production costs, and the impacts of legislation, regulation and international accords related to climate change, as well as any indirect consequences of regulation or business trends driven by climate change.

#### **Mortgage-Backed and Mortgage-Related Securities Risk**

Investments in mortgage-backed and mortgage-related securities are influenced by the factors affecting the mortgages underlying the securities or the housing market. These securities tend to be more sensitive to changes in interest rates than other types of debt securities. Investments in mortgage-backed and mortgage-related securities also are subject to market risks for fixed-income securities, which include, but are not limited to, credit risk, interest rate risk, prepayment and extension risk, callable securities risk, valuation risk, liquidity risk, and restricted securities risk. A decline in the credit quality of the issuers of mortgage-backed and mortgage-related securities or instability in the markets for such securities may affect the value and liquidity of such securities, which could result in losses to the fund. These securities are also subject to the risk of default on the underlying mortgages, particularly during periods of market downturn, and an unexpectedly high rate of defaults on the underlying assets will adversely affect the security's value.

- **Mortgage Pass-Through Securities Risk.** Mortgage pass-through securities provide for the "pass through" of the monthly payments made by individual borrowers on their residential or commercial mortgage loans, net of any fees by the security issuer and guarantor, as applicable, to the holder of the security. Mortgage pass-through securities are sensitive to interest rate changes, and small movements in interest rates, both increases and decreases, may quickly and significantly affect the value of certain mortgage pass-through securities. Mortgage pass-through securities involve interest rate risk, credit risk, prepayment risk and extension risk.

#### **Other Investment Companies Risk**

To the extent that the fund invests in shares of other registered investment companies, the fund will indirectly bear the fees and expenses charged by those investment companies in addition to the fund's direct fees and expenses. To the extent the fund invests in other investment companies that invest in equity securities, fixed-income securities and/or foreign securities, or that track an index, the fund is subject to the risks associated with the underlying investments held by the investment company or the index fluctuations to which the investment company is subject. The fund will be subject to the risks associated with investments in those companies, including but not limited to the following:

- **Government Money Market Funds Risk.** Investments in government money market funds are subject to interest rate risk, credit risk, and market risk.

#### **Prepayment and Extension Risk**

Prepayment and extension risk is the risk that a bond or other fixed-income security or investment might, in the case of prepayment risk, be called or otherwise converted, prepaid or redeemed before maturity and, in the case of extension risk, that the investment might not be prepaid as expected. Due to a decline in interest rates or excess cash flow into the issuer, a debt security may be called or otherwise converted, prepaid or redeemed before maturity. If this occurs, no additional interest will be paid on the investment. The fund may have to reinvest the proceeds in another investment at a lower rate, may not benefit from an increase in value that may result from declining interest rates, and may lose any premium it paid to acquire the security, any of which could result in a reduced yield to the fund. The rate of prepayments tends to increase as interest rates fall, which

could cause the average maturity of the portfolio to shorten. Conversely, extension risk is the risk that a decrease in prepayments may, as a result of higher interest rates or other factors, result in the extension of a security's effective maturity, increase the risk of default or delayed payment, heighten interest rate risk and increase the potential for a decline in an investment's price. In addition, as a consequence of a decrease in prepayments, the amount of principal available to the fund for investment would be reduced. Extensions of obligations could cause the fund to exhibit additional volatility and hold securities paying lower-than-market rates of interest. Either case could hurt the fund's performance.

#### **Redemption Risk**

The fund may experience periods of high levels of redemptions that could cause the fund to sell assets at inopportune times or at a loss or depressed value. Heavy redemptions could hurt the fund's performance. The sale of assets to meet redemption requests may create net capital gains, which could cause the fund to have to distribute substantial capital gains. Redemption risk is greater to the extent that one or more investors or intermediaries control a large percentage of investments in the fund. In addition, redemption risk is heightened during periods of declining or illiquid markets. A rise in interest rates or other market developments may cause investors to move out of fixed-income securities on a large scale. During periods of heavy redemptions, the fund may borrow funds through the interfund credit facility or from a bank line of credit, which may increase costs.

#### **Secured, Partially Secured and Unsecured Obligation Risk**

Debt obligations may be secured, partially secured or unsecured. Interests in secured and partially-secured obligations have the benefit of collateral and, typically, of restrictive covenants limiting the ability of the borrower to further encumber its assets. However, there is no assurance that the liquidation of collateral from a secured or partially-secured obligation would satisfy the borrower's obligation, or that the collateral can be liquidated. Furthermore, there is a risk that the value of any collateral securing an obligation in which the fund has an interest may decline and that the collateral may not be sufficient to cover the amount owed on the obligation. In the event the borrower defaults, the fund's access to the collateral may be limited or delayed by bankruptcy or other insolvency laws. Unsecured debt, including senior unsecured and subordinated debt, will not be secured by any collateral and will be effectively subordinated to a borrower's secured indebtedness (to the extent of the collateral securing such indebtedness). With respect to unsecured obligations, the fund lacks any collateral on which to foreclose to satisfy its claim in whole or in part. Such instruments generally have greater price volatility than that of fully secured holdings and may be less liquid.

#### **Securities Selection Risk**

Securities selected for the fund may not perform to expectations. This could result in the fund's underperformance compared to its performance index(es), or other funds with similar investment objectives or strategies.

#### **U.S. Government Securities and Government-Sponsored Enterprises Risk**

A security backed by the U.S. Treasury or the full faith and credit of the United States is guaranteed only as to the timely payment of coupons and the face value at maturity, not its current market price. The market prices for such securities are not guaranteed and will fluctuate. Certain securities held by the fund that are issued by government-sponsored enterprises, such as the Federal National Mortgage Association ("Fannie Mae"), Federal Home Loan Mortgage Corporation ("Freddie Mac"), Federal Home Loan Bank ("FHLB"), and Federal Farm Credit Bank ("FFCB"), are not guaranteed by the U.S. Treasury and are not backed by the full faith and credit of the U.S. government, and no assurance can be given that the U.S. government will provide financial support if these organizations do not have the funds to meet future payment obligations. U.S. government securities and securities of government-sponsored enterprises are also subject to credit risk, interest rate risk and market risk. The rising U.S. national debt may lead to adverse impacts on the value of U.S. government securities due to potentially higher costs for the U.S. government to obtain new financing. It is possible that the U.S. government and government-sponsored enterprises will not have the funds to meet their payment obligations in the future.

**Variable and Floating Rate Securities Risk**

The coupons on variable and floating-rate securities are not fixed and may fluctuate based upon changes in market rates. A variable rate security has a coupon that is adjusted at pre-designated periods in response to changes in the market rate of interest on which the coupon is based. The coupon on a floating rate security is generally based on an interest rate, such as a money-market index, Secured Overnight Financing Rate (“SOFR”), or a Treasury bill rate. Variable and floating rate securities are subject to interest rate risk and credit risk. As short-term interest rates decline, the coupons on variable and floating-rate securities typically decrease. Alternatively, during periods of rising short-term interest rates, the coupons on variable and floating-rate securities typically increase. Changes in the coupons of variable and floating-rate securities may lag behind changes in market rates or may have limits on the maximum increases in the coupon rates. The value of variable and floating-rate securities may decline if their coupons do not rise as much, or as quickly, as interest rates in general. Conversely, variable and floating rate securities will not generally increase in value if interest rates decline. Certain types of variable and floating rate instruments may be subject to greater liquidity risk than other debt securities.

<b>Fees &amp; Expenses</b>	
(Based on the prospectus dated March 1, 2025)	
Total Annual Fund Operating Expenses .....	0.51%
After Fee Waivers and/or Expense Reimbursements	

**Vanguard High-Yield Corporate Fund**

**Investment Objective**

The fund seeks to provide a high level of current income.

**Principal Investment Strategies**

The fund invests primarily in a diversified group of high-yielding, higher-risk corporate bonds—commonly known as “junk bonds”—with medium- and lower-range credit quality ratings. The fund invests at least 80% of its assets in corporate bonds that are rated below Baa by Moody’s Ratings have an equivalent rating by any other independent bond rating agency; or, if unrated, are determined to be of comparable quality by the fund’s advisors.

The fund may not invest more than 20% of its assets in any of the following, in the aggregate: bonds with credit ratings lower than B or the equivalent, convertible securities, preferred stocks, and fixed and floating rate loans of medium- to lower-range credit quality. The loans in which the fund may invest will be rated Baa or below by Moody’s Ratings; have an equivalent rating by any other independent bond rating agency; or, if unrated, are determined to be of comparable quality by the fund’s advisors. The fund’s high-yield bonds and loans mostly have short- and intermediate-term maturities.

**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, and the level of risk may vary based on market conditions:

- **Credit risk**, which is the chance that a bond or loan 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 or loan to decline. Credit risk should be high for the fund because it invests primarily in junk bonds.
- **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 a decline in the fund’s income. Such redemptions and subsequent reinvestments would also increase the fund’s portfolio turnover rate. Call risk should be high for the fund because of the high percentage of callable bonds.

- **Income risk**, which is the chance that the fund’s income will decline because of falling interest rates. Income risk should be moderate to high for the fund, so investors should expect the fund’s monthly income to fluctuate accordingly.
- **Interest rate risk**, which is the chance that bond or loan prices overall 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.
- **Liquidity risk**, which is the chance that the fund may not be able to sell a security in a timely manner at a desired price.
- **Extension risk**, which is the chance that during periods of rising interest rates, certain debt securities will be paid off substantially more slowly than originally anticipated, and the value of those securities may fall. Extension risk should be low to moderate for the fund.
- **Manager risk**, which is the chance that poor security selection will cause the fund to underperform relevant benchmarks or other funds with a similar investment objective.

**Because of the speculative nature of junk bonds, you should carefully consider the risks associated with this fund before you purchase shares.**

**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.**

<b>Fees &amp; Expenses</b>	
(Based on the prospectus dated May 29, 2025)	
Total Annual Fund Operating Expenses .....	0.12%
After Fee Waivers and/or Expense Reimbursements	

**Blackrock High-Yield Portfolio**

**Investment Objective**

The investment objective of the BlackRock High Yield Portfolio (the “High Yield Fund” or the “fund”) is to seek to maximize total return, consistent with income generation and prudent investment management.

**Principal Investment Strategies**

The High Yield Fund invests primarily in noninvestment grade bonds with maturities of ten years or less. The High Yield Fund normally invests at least 80% of its net assets, plus any borrowings for investment purposes, in high yield investments and other financial instruments with economic characteristics similar to such investments. High yield investments include domestic and foreign bonds (including corporate bonds), convertible debt securities, mezzanine investments, collateralized debt obligations, bank loans, loan assignments and loan participations and mortgage-backed and asset-backed securities. Such high yield investments acquired by the High Yield Fund will generally be in the lower rating categories of the major rating agencies (BB or lower by S&P Global Ratings or Fitch Ratings, Inc. or Ba or lower by Moody’s Investor Services) or will be determined by the High Yield Fund management team to be of similar quality. The High Yield Fund may also invest in other investment companies, including affiliated investment companies such as affiliated exchange-traded funds, to gain exposure to such high yield investments. Split rated bonds and other fixed-income securities (securities that receive different ratings from two or more rating agencies) are valued as follows: if three agencies rate a security, the security will be considered to have the median credit rating; if two of the three agencies rate a security, the security will be considered to have the lower credit rating. The High Yield Fund may invest up to 30% of its assets in nondollar denominated bonds of issuers located outside of the United States. The High Yield Fund’s investment in nondollar denominated bonds may be on a currency hedged or unhedged basis. The High Yield Fund may also invest in convertible and preferred securities.

The High Yield Fund can also invest, to the extent consistent with its investment objective, in non-U.S. and emerging market securities and currencies. The High Yield Fund may invest in securities of any rating, and may invest up to 10% of its assets (measured at the time of investment) in distressed securities that are in default or the issuers of which are in bankruptcy.

The High Yield Fund may buy or sell options or futures on a security or an index of securities, or enter into swap agreements, including total return, interest rate and credit default swaps, or foreign currency transactions (collectively, commonly known as derivatives). The High Yield Fund may use derivative instruments to hedge its investments or to seek to enhance returns. The High Yield 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 High Yield Fund may engage in active and frequent trading of portfolio securities to achieve its principal investment strategies.

### Principal Risks

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. The relative significance of each risk factor below may change over time and you should review each risk factor carefully.

• **Debt Securities Risk** — Debt securities, such as bonds, involve risks, such as credit risk, interest rate risk, extension risk, and prepayment risk, each of which are described in further detail below:

**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 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. The degree of credit risk depends on both the financial condition of the issuer and the terms of the obligation.

**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 during a period of historically low interest 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%. (Duration is a measure of the price sensitivity of a debt security or portfolio of debt securities to relative changes in interest rates.) 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.

**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.

• **High Yield Bonds Risk** — Although junk bonds generally pay higher rates of interest than investment grade bonds, junk bonds are high risk investments that are considered speculative and may cause income and principal losses for the fund.

• **Collateralized Bond Obligations Risk** — The pool of high yield securities underlying collateralized bond obligations is typically separated into groupings called tranches representing different degrees of credit quality. The higher quality tranches have greater degrees of protection and pay lower interest rates. The lower tranches, with greater risk, pay higher interest rates.

• **Convertible Securities Risk** — The market value of a convertible security performs like that of a regular debt security; that is, if market interest rates rise, the value of a convertible security usually falls. In addition, convertible securities are subject to the risk that the issuer will not be able to pay interest, principal or dividends when due, and their market value may change based on changes in the issuer's credit rating or the market's perception of the issuer's creditworthiness. Since it derives a portion of its value from the common stock into which it may be converted, a convertible security is also subject to the same types of market and issuer risks that apply to the underlying common stock, including the potential for increased volatility in the price of the convertible security.

• **Corporate Loans Risk** — Commercial banks and other financial institutions or institutional investors make corporate loans to companies that need capital to grow or restructure. Borrowers generally pay interest on corporate loans at rates that change in response to changes in market interest rates such as the Secured Overnight Financing Rate ("SOFR"), or the prime rates of U.S. banks. As a result, the value of corporate loan investments is generally less exposed to the adverse effects of shifts in market interest rates than investments that pay a fixed rate of interest. The market for corporate loans may be subject to irregular trading activity and wide bid/ask spreads. In addition, transactions in corporate loans may settle on a delayed basis. As a result, the proceeds from the sale of corporate loans may not be readily available to make additional investments or to meet the fund's redemption obligations. To the extent the extended settlement process gives rise to short-term liquidity needs, the fund may hold additional cash, sell investments or temporarily borrow from banks and other lenders. The corporate loans in which the fund invests are usually rated below investment grade.

• **Derivatives Risk** — The fund's use of derivatives may increase its costs, reduce the fund's returns and/or increase volatility. Derivatives involve significant risks, including:

**Leverage Risk** — The fund's use of derivatives can magnify the fund's gains and losses. Relatively small market movements may result in large changes in the value of a derivatives position and can result in losses that greatly exceed the amount originally invested.

**Market Risk** — Some derivatives are more sensitive to interest rate changes and market price fluctuations than other securities. The fund could also suffer losses related to its derivatives positions as a result of unanticipated market movements, which losses are potentially unlimited. Finally, BlackRock may not be able to predict correctly the direction of securities prices, interest rates and other economic factors, which could cause the fund's derivatives positions to lose value.

**Counterparty Risk** — Derivatives are also subject to counterparty risk, which is the risk that the other party in the transaction will be unable or unwilling to fulfill its contractual obligation, and the related risks of having concentrated exposure to such a counterparty.

**Illiquidity Risk** — The possible lack of a liquid secondary market for derivatives and the resulting inability of the fund to sell or otherwise close a derivatives position could expose the fund to losses and could make derivatives more difficult for the fund to value accurately.

**Operational Risk** — The use of derivatives includes the risk of potential operational issues, including documentation issues, settlement issues, systems

failures, inadequate controls and human error.

**Legal Risk** — The risk of insufficient documentation, insufficient capacity or authority of counterparty, or legality or enforceability of a contract.

**Volatility and Correlation Risk** — 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 with the overall securities markets.

**Valuation Risk** — Valuation for derivatives may not be readily available in the market. Valuation may be more difficult in times of market turmoil since many investors and market makers may be reluctant to purchase complex instruments or quote prices for them.

**Hedging Risk** — Hedges are sometimes subject to imperfect matching between the derivative and the underlying security, and there can be no assurance that the fund's hedging transactions will be effective. The use of hedging may result in certain adverse tax consequences.

**Tax Risk** — Certain aspects of the tax treatment of derivative instruments, including swap agreements and commodity-linked derivative instruments, are currently unclear and may be affected by changes in legislation, regulations or other legally binding authority. Such treatment may be less favorable than that given to a direct investment in an underlying asset and may adversely affect the timing, character and amount of income the fund realizes from its investments.

• **Distressed Securities Risk** — Distressed securities are speculative and involve substantial risks in addition to the risks of investing in junk bonds. The fund will generally not receive interest payments on the distressed securities and may incur costs to protect its investment. In addition, distressed securities involve the substantial risk that principal will not be repaid. These securities may present a substantial risk of default or may be in default at the time of investment. The fund may incur additional expenses to the extent it is required to seek recovery upon a default in the payment of principal or interest on its portfolio holdings. In any reorganization or liquidation proceeding relating to a portfolio company, the fund may lose its entire investment or may be required to accept cash or securities with a value less than its original investment. Distressed securities and any securities received in an exchange for such securities may be subject to restrictions on resale.

• **Dollar Rolls Risk** — Dollar rolls involve the risk that the market value of the securities that the fund is committed to buy may decline below the price of the securities the fund has sold. These transactions may involve leverage.

• **Emerging Markets Risk** — Emerging markets are riskier than more developed markets because they tend to develop unevenly and may never fully develop. Investments in emerging markets may be considered speculative. Emerging markets are more likely to experience hyperinflation and currency devaluations, which adversely affect returns to U.S. investors. In addition, many emerging securities markets have far lower trading volumes and less liquidity than developed markets.

• **Foreign Securities Risk** — Foreign investments often involve special risks not present in U.S. investments that can increase the chances that the fund will lose money. These risks include:

- o The fund generally holds its foreign securities and cash in foreign banks and securities depositories, which may be recently organized or new to the foreign custody business and may be subject to only limited or no regulatory oversight.
- o Changes in foreign currency exchange rates can affect the value of the fund's portfolio.
- o The economies of certain foreign markets may not compare favorably with the economy of the United States with respect to such issues as growth of gross national product, reinvestment of capital, resources and balance of payments position.
- o The governments of certain countries, or the U.S. Government with respect to certain countries, may prohibit or impose substantial restrictions through capital controls and/or sanctions on foreign investments in the capital markets or certain industries in those countries, which may prohibit or restrict the ability to own or transfer currency, securities, derivatives or other assets.
- o Many foreign governments do not supervise and regulate stock

exchanges, brokers and the sale of securities to the same extent as does the United States and may not have laws to protect investors that are comparable to U.S. securities laws.

- o Settlement and clearance procedures in certain foreign markets may result in delays in payment for or delivery of securities not typically associated with settlement and clearance of U.S. investments.
- o The fund's claims to recover foreign withholding taxes may not be successful, and if the likelihood of recovery of foreign withholding taxes materially decreases, due to, for example, a change in tax regulation or approach in the foreign country, accruals in the fund's net asset value for such refunds may be written down partially or in full, which will adversely affect the fund's net asset value.
- o The European financial markets have recently experienced volatility and adverse trends due to concerns about economic downturns in, or rising government debt levels of, several European countries as well as acts of war in the region. These events may spread to other countries in Europe and may affect the value and liquidity of certain of the fund's investments.

• **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.

• **Illiquid Investments Risk** — The fund may not acquire any illiquid investment if, immediately after the acquisition, the fund would have invested more than 15% of its net assets in illiquid investments. An illiquid investment is any investment that the fund reasonably expects cannot be sold or disposed of in current market conditions in seven calendar days or less without the sale or disposition significantly changing the market value of the investment. Liquid investments may become illiquid after purchase by the fund, particularly during periods of market turmoil. There can be no assurance that a security or instrument that is deemed to be liquid when purchased will continue to be liquid for as long as it is held by the fund, and any security or instrument held by the fund may be deemed an illiquid investment pursuant to the fund's liquidity risk management program. The fund's illiquid investments may reduce the returns of the fund because it may be difficult to sell the illiquid investments at an advantageous time or price. In addition, if the fund is limited in its ability to sell illiquid investments during periods when shareholders are redeeming their shares, the fund will need to sell liquid securities to meet redemption requests and illiquid securities will become a larger portion of the fund's holdings. An investment may be illiquid due to, among other things, the reduced number and capacity of traditional market participants to make a market in fixed-income securities or the lack of an active trading market. 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 the risks associated with illiquid investments. 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. This 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. 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.

• **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 the applicable

requirements of the Investment Company Act of 1940, as amended, and the rules thereunder. Increases and decreases in the value of the fund's portfolio will be magnified when the fund uses leverage.

- **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. The value of a security or other asset may decline due to changes in general market conditions, economic trends or events that are not specifically related to the issuer of the security or other asset, or factors that affect a particular issuer or issuers, exchange, country, group of countries, region, market, industry, group of industries, sector or asset class. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues like pandemics or epidemics, recessions, or other events could have a significant impact on the fund and its investments. 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.

- **Mezzanine Securities Risk** — Mezzanine securities carry the risk that the issuer will not be able to meet its obligations and that the equity securities purchased with the mezzanine investments may lose value.

- **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.

- **Preferred Securities Risk** — Preferred securities may pay fixed or adjustable rates of return. Preferred securities are subject to issuer-specific and market risks applicable generally to equity securities. In addition, a company's preferred securities generally pay dividends only after the company makes required payments to holders of its bonds and other debt. For this reason, the value of preferred securities will usually react more strongly than bonds and other debt to actual or perceived changes in the company's financial condition or prospects. Preferred securities of smaller companies may be more vulnerable to adverse developments than preferred securities of larger companies.

- **Repurchase Agreements and Purchase and Sale Contracts Risk** — 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 the securities. These events could also trigger adverse tax consequences for the fund. In addition, reverse repurchase agreements involve the risk that the interest income earned in the investment of the proceeds will be less than the interest expense.

- **Risk of Investing in the United States** — Certain changes in the U.S. economy, such as when the U.S. economy weakens or when its financial markets decline, may have an adverse effect on the securities to which the fund has exposure.

- **Risk of Loan Assignments and Participations** — As the purchaser of an assignment, the fund typically succeeds to all the rights and obligations of the assigning institution and becomes a lender under the credit agreement with respect to the debt obligation; however, the fund may

not be able unilaterally to enforce all rights and remedies under the loan and with regard to any associated collateral. Because assignments may be arranged through private negotiations between potential assignees and potential assignors, the rights and obligations acquired by the fund as the purchaser of an assignment may differ from, and be more limited than, those held by the assigning lender. In addition, if the loan is foreclosed, the fund could become part owner of any collateral and could bear the costs and liabilities of owning and disposing of the collateral. The fund may be required to pass along to a purchaser that buys a loan from the fund by way of assignment a portion of any fees to which the fund is entitled under the loan. In connection with purchasing participations, the fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement relating to the loan, nor any rights of set-off against the borrower, and the fund may not directly benefit from any collateral supporting the loan in which it has purchased the participation. As a result, the fund will be subject to the credit risk of both the borrower and the lender that is selling the participation. In the event of the insolvency of the lender selling a participation, the fund may be treated as a general creditor of the lender and may not benefit from any set-off between the lender and the borrower.

<b>Fees &amp; Expenses</b>	
(Based on the prospectus dated January 28, 2025)	
Total Annual Fund Operating Expenses .....	0.58%
After Fee Waivers and/or Expense Reimbursements	

## Credit Suisse Floating Rate High Income Fund

### Investment Objective

The fund seeks high current income and, secondarily, capital appreciation.

### Principal Investment Strategies

Under normal market conditions, the fund invests at least 80% of its net assets, plus any borrowings for investment purposes, in high yield, fixed income securities (commonly referred to as "junk bonds"). The high yield, fixed income securities in which the fund will invest for purposes of this 80% policy will consist entirely of senior secured floating rate loans ("senior loans") issued by non-investment grade companies. Senior loans typically are secured by specific collateral of the issuer and hold the most senior position in the issuer's capital structure. The interest rate on senior loans is adjusted periodically to a recognized base rate, such as the Secured Overnight Financing Rate ("SOFR"). While these characteristics may reduce interest rate risk and mitigate losses in the event of borrower default, the senior loans in which the fund invests have below investment grade credit ratings and thereby are considered speculative because of the significant credit risk of their issuers. The fund may invest up to 30% of its total assets in securities of non-U.S. issuers. The fund seeks to moderate risk by investing in a diversified portfolio of issuers across a variety of industry sectors. Investments are selected for the fund based on an analysis of individual issuers and the general business conditions affecting them. The fund generally will not invest in instruments rated at the time of investment in the lowest rating categories (Ca or below by Moody's Investors Service ("Moody's") and CC or below by S&P Global Ratings, a division of S&P Global Inc. ("S&P")) but may continue to hold securities which are subsequently downgraded.

### Principal Risks

A word about risk: All investments involve some level of risk. Simply defined, risk is the possibility that you will lose money or not make money.

Principal risk factors for the fund are discussed below. Before you invest, please make sure you understand the risks that apply to the fund. As with any mutual fund, you could lose money over any period of time.

Investments in the fund are not bank deposits and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

**Below investment grade securities risk:** Below investment grade securities (commonly referred to as "junk bonds") are regarded as being predominantly speculative as to the issuer's ability to make payments of

principal and interest. Investment in such securities involves substantial risk. Issuers of below investment grade securities may be highly leveraged and may not have available to them more traditional methods of financing. Therefore, the risks associated with acquiring the securities of such issuers generally are greater than is the case with higher-rated securities.

**Conflict of interest risk:** Affiliates of UBS AM (Americas) may participate in the primary and secondary market for loans. Because of limitations imposed by applicable law, the presence of UBS AM (Americas)'s affiliates in the loans market may restrict the fund's ability to acquire some loans or affect the timing or price of such acquisitions.

**Credit risk:** The issuer of a security, the borrower of a loan or the counterparty to a contract may default or otherwise become unable to honor a financial obligation. Changes in an issuer's credit rating or the market's perception of an issuer's creditworthiness also may affect the value of the fund's investment in that issuer. Non-investment grade securities carry a higher risk of default and should be considered speculative.

**Foreign securities risk:** Investing outside the U.S. carries additional risks that include:

- **Currency risk** Fluctuations in exchange rates between the U.S. dollar and foreign currencies may negatively affect an investment. Adverse changes in exchange rates may erode or reverse any gains produced by foreign-currency denominated investments and may widen any losses. The fund may, but is not required to, seek to reduce currency risk by hedging part or all of its exposure to various foreign currencies.
- **Information risk** Key information about an issuer, security or market may be inaccurate or unavailable.
- **Political risk** Foreign governments may expropriate assets, impose capital or currency controls and/or sanctions, impose punitive taxes, or nationalize a company or industry. Any of these actions could have a severe effect on security prices and impair the fund's ability to bring its capital or income back to the United States. Other political risks include economic policy changes, social and political instability, military action and war, such as the war between Russia and Ukraine and the conflict between Israel and Hamas.

**Illiquidity risk:** Due to restrictions on transfers in loan agreements and the nature of the private syndication of Senior Loans including, for example, the lack of publicly available information, some Senior Loans are not as easily purchased or sold as publicly traded securities. No active trading market may exist for certain Senior Loans and other fixed income instruments and some Senior Loans may be subject to restrictions on resale. Secondary markets may be subject to irregular trading activity and wide bid/ask spreads. This may impair the ability of the fund to sell or realize the full value of its Senior Loans or other fixed income instruments in the event of a need to liquidate such assets.

Transactions in Senior Loans may settle on a delayed basis, resulting in the proceeds from the sale of Senior Loans not being readily available to make additional investments or to meet the fund's redemption obligations. To the extent the extended settlement process gives rise to short-term liquidity needs, the fund may hold cash, sell investments or temporarily borrow from banks or other lenders.

**Interest rate risk:** Changes in interest rates may cause a decline in the market value of an investment. With loans, bonds and other fixed income securities, a rise in interest rates typically causes a fall in values, while a fall in interest rates typically causes a rise in values. Changing interest rates may have unpredictable effects on markets, may result in heightened market volatility, and could negatively impact the fund's performance. Generally, the longer the maturity or duration of a debt instrument, the greater the impact of a change in interest on the instrument's value. In periods of market volatility, the market values of fixed income securities may be more sensitive to changes in interest rates. The impact of interest rate changes on floating rate instruments is typically mitigated by the periodic interest rate adjustments of the instruments.

**Market risk:** The market value of an instrument may fluctuate, sometimes rapidly and unpredictably. These fluctuations, which are often referred to as "volatility," may cause an instrument to be worth less than it was worth at

an earlier time. Market risk may affect a single issuer, industry, commodity, sector of the economy, or the market as a whole. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, natural disasters, recessions, or other events could have a significant impact on the fund and its investments. Market risk is common to most investments—including stocks, bonds and commodities—and the mutual funds that invest in them. The performance of "value" stocks and "growth" stocks may rise or decline under varying market conditions—for example, value stocks may perform well under circumstances in which growth stocks in general have fallen.

Bonds and other fixed income securities generally involve less market risk than stocks and commodities. However, the risk of bonds can vary significantly depending upon factors such as the issuer's creditworthiness and a bond's maturity. The bonds of some companies may be riskier than the stocks of others.

**Prepayment risk:** In a declining interest rate environment, prepayment of loans and other fixed income instruments with high stated interest rates may increase. In such circumstances, the fund may have to reinvest the prepayment proceeds at lower yields.

**Reference rate replacement risk:** The fund may be exposed to financial instruments that recently transitioned from, or continue to be tied to, the London Interbank Offered Rate ("LIBOR") to determine payment obligations, financing terms, hedging strategies or investment value.

The United Kingdom's Financial Conduct Authority ("FCA"), which regulates LIBOR, has ceased publishing all LIBOR settings. In April 2023, however, the FCA announced that some USD LIBOR settings would continue to be published under a synthetic methodology until September 30, 2024 for certain legacy contracts. After September 30, 2024, the remaining synthetic LIBOR settings ceased to be published, and all LIBOR settings have permanently ceased. The Secured Overnight Financing Rate ("SOFR") is a broad measure of the cost of borrowing cash overnight collateralized by U.S. Treasury securities in the repurchase agreement ("repo") market and has been used increasingly on a voluntary basis in new instruments and transactions. Under U.S. regulations that implement a statutory fallback mechanism to replace LIBOR, benchmark rates based on SOFR have replaced LIBOR in certain financial contracts.

Neither the effect of the LIBOR transition process nor its ultimate success can yet be known. While some existing LIBOR-based instruments may contemplate a scenario where LIBOR is no longer available by providing for an alternative rate-setting methodology, there may be significant uncertainty regarding the effectiveness of any such alternative methodologies to replicate LIBOR. Not all existing LIBOR-based instruments may have alter native rate-setting provisions and there remains uncertainty regarding the willingness and ability of issuers to add alternative rate-setting provisions in certain existing instruments. Parties to contracts, securities or other instruments using LIBOR may disagree on transition rates or the application of transition regulation, potentially resulting in uncertainty of performance and the possibility of litigation. The fund may have instruments linked to other interbank offered rates that may also cease to be published in the future.

**Senior loans risks:** Senior loans are subject to the risk that a court could subordinate a senior loan, which typically holds the most senior position in the issuer's capital structure, to presently existing or future indebtedness or take other action detrimental to the holders of senior loans. Senior loans are also subject to heightened prepayment risk, as they usually have mandatory and optional prepayment provisions. Senior loans are subject to the risk that the value of the collateral, if any, securing a loan may decline, be insufficient to meet the obligations of the borrower, or be difficult to liquidate.

**Valuation risk:** The lack of an active trading market may make it difficult to obtain an accurate price for an instrument held by the fund.

<b>Fees &amp; Expenses</b>	
(Based on the prospectus dated February 28, 2025)	
Total Annual Fund Operating Expenses .....	0.70%
After Fee Waivers and/or Expense Reimbursements	

## AB Global Bond Fund

### Investment Objective

The fund's investment objective is to generate current income consistent with preservation of capital.

### Principal Investment Strategies

The fund invests, under normal circumstances, at least 80% of its net assets in fixed-income securities. Under normal market conditions, the fund invests significantly in fixed-income securities of non-U.S. companies. In addition, the fund invests, under normal circumstances, in the fixed-income securities of companies located in at least three countries. The fund may invest in a broad range of fixed-income securities in both developed and emerging markets. The fund may invest across all fixed-income sectors, including U.S. and non-U.S. Government and corporate debt securities. The fund's investments may be denominated in local currency or U.S. Dollar-denominated. The fund may invest in debt securities with a range of maturities from short- to long-term. The fund may use borrowings or other leverage for investment purposes.

The adviser selects securities for purchase or sale based on its assessment of the securities' risk and return characteristics as well as the securities' impact on the overall risk and return characteristics of the fund. In making this assessment, the adviser takes into account various factors, including the credit quality and sensitivity to interest rates of the securities under consideration and of the fund's other holdings.

The adviser actively manages the fund's assets in relation to market conditions and general economic conditions and adjusts the fund's investments in an effort to best enable the fund to achieve its investment objective. Thus, the percentage of the fund's assets invested in a particular country or denominated in a particular currency will vary in accordance with the adviser's assessment of the relative yield and appreciation potential of such securities and the relationship of the country's currency to the U.S. Dollar.

Under normal circumstances, the fund invests at least 75% of its net assets in fixed-income securities rated investment grade at the time of investment and may invest up to 25% of its net assets in below investment grade fixed-income securities (commonly known as "junk bonds").

The fund may invest in mortgage-related and other asset-backed securities, loan participations and assignments, inflation-indexed securities, structured securities, variable, floating, and inverse floating-rate instruments and preferred stock, and may use other investment techniques. The fund intends, among other things, to enter into transactions such as reverse repurchase agreements and dollar rolls. The fund may invest in derivatives, such as options, futures contracts, forwards, or swaps.

### Principal Risks

• **Market Risk:** The value of the fund's assets will fluctuate as the market or markets in which the fund invests fluctuate. The value of the fund's investments may decline, sometimes rapidly and unpredictably, simply because of economic changes or other events, including public health crises (including the occurrence of a contagious disease or illness) and regional and global conflicts, that affect large portions of the market.

• **Interest Rate Risk:** Changes in interest rates will affect the value of investments in fixed-income securities. When interest rates rise, the value of existing investments in fixed-income securities tends to fall and this decrease in value may not be offset by higher income from new investments. Interest rate risk is generally greater for fixed-income securities with longer maturities or durations. The fund may be subject to a greater risk of rising interest rates than would normally be the case due to the recent end of a period of historically low rates and the effects of potential central bank monetary policy, and government fiscal policy, initiatives and market reactions to those initiatives.

• **Credit Risk:** An issuer or guarantor of a fixed-income security, or the counterparty to a derivatives or other contract, may be unable or unwilling to make timely payments of interest or principal, or to otherwise honor its obligations. The issuer or guarantor may default, causing a loss of the full principal amount of a security and accrued interest. The degree of risk for a particular security may be reflected in its credit rating. There is the possibility

that the credit rating of a fixed-income security may be downgraded after purchase, which may adversely affect the value of the security.

• **Below Investment Grade Securities Risk:** Investments in fixed-income securities with lower ratings (commonly known as "junk bonds") are subject to a higher probability that an issuer will default or fail to meet its payment obligations. These securities may be subject to greater price volatility due to such factors as specific corporate developments and negative perceptions of the junk bond market generally and may be more difficult to trade than other types of securities.

• **Duration Risk:** Duration is a measure that relates the expected price volatility of a fixed-income security to changes in interest rates. The duration of a fixed-income security may be shorter than or equal to full maturity of a fixed-income security. Fixed income securities with longer durations have more risk and will decrease in price as interest rates rise.

• **Inflation Risk:** This is the risk that the value of assets or income from investments will be less in the future as inflation decreases the value of money. As inflation increases, the value of the fund's assets can decline as can the value of the fund's distributions. This risk is significantly greater for fixed-income securities with longer maturities.

• **Foreign (Non-U.S.) Risk:** Investments in securities of non-U.S. issuers may involve more risk than those of U.S. issuers. These securities may fluctuate more widely in price and may be more difficult to trade due to adverse market, economic, political, regulatory or other factors.

• **Mortgage-Related and/or Other Asset-Backed Securities Risk:** Investments in mortgage-related and other asset-backed securities are subject to certain additional risks. The value of these securities may be particularly sensitive to changes in interest rates. These risks include "extension risk", which is the risk that, in periods of rising interest rates, issuers may delay the payment of principal, and "prepayment risk", which is the risk that in periods of falling interest rates, issuers may pay principal sooner than expected, exposing the fund to a lower rate of return upon reinvestment of principal. Mortgage-backed securities offered by non-governmental issuers and other asset-backed securities may be subject to other risks, such as higher rates of default in the mortgages or assets backing the securities or risks associated with the nature and servicing of mortgages or assets backing the securities.

• **Emerging Market Risk:** Investments in emerging market countries may have more risk because the markets are less developed and less liquid and are subject to increased economic, political, regulatory or other uncertainties.

• **Currency Risk:** Fluctuations in currency exchange rates may negatively affect the value of the fund's investments or reduce its returns.

• **Leverage Risk:** To the extent the fund uses leveraging techniques, its net asset value, or NAV, may be more volatile because leverage tends to exaggerate the effect of changes in interest rates and any increase or decrease in the value of the fund's investments.

• **Derivatives Risk:** Derivatives may be difficult to price or unwind and leveraged so that small changes may produce disproportionate losses for the fund. A short position in a derivative instrument involves the risk of a theoretically unlimited increase in the value of the underlying asset, reference rate or index, which could cause the fund to suffer a potentially unlimited loss. Derivatives, especially over-the-counter derivatives, are also 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 or unwilling to honor its contractual obligations to the fund.

• **Illiquid Investments Risk:** Illiquid investments risk exists when certain investments become difficult to purchase or sell. Difficulty in selling such investments may result in sales at disadvantageous prices affecting the value of your investment in the fund. Causes of illiquid investments risk may include low trading volumes, large positions and heavy redemption of fund shares. Foreign fixed-income securities may have more illiquid investments risk because secondary trading markets for these securities may be smaller and less well-developed and the securities may trade less frequently than domestic securities. Illiquid investments risk may be higher in a rising interest rate environment, when the value and liquidity of fixed-income securities generally decline.

- **Active Trading Risk:** The fund expects to engage in active and frequent trading of its portfolio securities and its portfolio turnover rate may greatly exceed 100%. A higher rate of portfolio turnover increases transaction costs, which may negatively affect the fund's return. In addition, a high rate of portfolio turnover may result in substantial short-term gains, which may have adverse tax consequences for fund shareholders.
- **Management Risk:** The fund is subject to management risk because it is an actively-managed investment fund. The adviser will apply its investment techniques and risk analyses in making investment decisions, but there is no guarantee that its techniques will produce the intended results. Some of these techniques may incorporate, or rely upon, quantitative models, but there is no guarantee that these models will generate accurate forecasts, reduce risk or otherwise perform as expected.

As with all investments, you may lose money by investing in the fund.

#### Fees & Expenses

(Based on the prospectus dated January 31, 2025)

Total Annual Fund Operating Expenses .....0.52%

After Fee Waivers and/or Expense Reimbursements

## Vanguard Total International Bond Index Fund

### Investment Objective

The fund seeks to track the performance of a benchmark index that measures the investment return of non-U.S. dollar-denominated investment-grade bonds.

### Principal Investment Strategies

The fund employs an indexing investment approach designed to track the performance of the Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged) (the index). This index provides a broad-based measure of the global, investment-grade, fixed-rate debt markets. The index includes government, government agency, corporate, and securitized non-U.S. investment-grade fixed income investments, all issued in currencies other than the U.S. dollar and with maturities of more than one year. The index is market value-weighted and capped to comply with investment company diversification standards of the Internal Revenue Code, which state that, at the close of each fiscal quarter, a fund's (1) exposure to any particular bond issuer may not exceed 25% of the fund's assets and (2) aggregate exposure to issuers that individually constitute 5% or more of the fund may not exceed 50% of the fund's assets. To help enforce these limits, if the index, on the last business day of any month, were to have greater than 20% exposure to any particular bond issuer, or greater than 48% aggregate exposure to issuers that individually constitute 5% or more of the index, then the index provider would reallocate the excess to bonds of other issuers represented in the index. The index methodology is not designed to satisfy the diversification requirements of the Investment Company Act of 1940. The fund will attempt to hedge its foreign currency exposure, primarily through the use of foreign currency exchange forward contracts, in order to correlate to the returns of the index, which is U.S. dollar hedged. Such hedging is intended to minimize the currency risk associated with investment in bonds denominated in currencies other than the U.S. dollar. The fund may become nondiversified, as defined under the Investment Company Act of 1940, solely as a result of an index rebalance or market movement.

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, under normal circumstances, at least 80% of the fund's assets will be invested in bonds included in the index. The fund maintains a dollar-weighted average maturity consistent with that of the index. As of October 31, 2024, the dollar-weighted average maturity of the index was 8.9 years.

### 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, and the level of risk may vary based on market conditions:

- **Country/regional risk,** which is the chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value and/or liquidity of securities issued by foreign companies, governments, or government agencies. Because the fund may invest a large portion of its assets in bonds of issuers located in a particular country or region, the fund's performance may be hurt disproportionately by the poor performance of its investments in that area. Country/regional risk for the fund is high.
- **Interest rate risk,** which is the chance that bond prices overall will decline because of rising interest rates. Interest rate risk should be moderate for the fund because it invests in a geographically diverse mix of short-, intermediate-, and long-term bonds.
- **Income risk,** which is the chance that the fund's income will decline because of falling interest rates. Income risk should be moderate for the fund because it invests in a diverse mix of short-, intermediate-, and long-term bonds, so investors should expect the fund's monthly income to fluctuate accordingly.
- **Nondiversification risk,** which is the chance that the fund's performance may be hurt disproportionately by the poor performance of bonds issued by just a few issuers or even a single issuer. As the fund tracks its target index, the fund could fluctuate between nondiversified and diversified status as a result of an index rebalance or market movement. The fund could then be subject to nondiversification risk, which results when a fund invests a greater percentage of its assets in bonds issued by a small number of issuers as compared with diversified mutual 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 relatively low for the fund because it purchases only bonds that are of investment-grade quality.
- **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 a decline in the fund's income. Such redemptions and subsequent reinvestments would also increase the fund's portfolio turnover rate. Call risk should be low for the fund because it invests only a small portion of its assets in callable bonds.
- **Index-related risks.** The fund is subject to risks associated with index investing, which include passive management risk, tracking error risk, and index provider risk. Passive management risk is the chance that the fund's use of an indexing strategy will negatively impact the fund's performance. Because the fund seeks to track the performance of its target index regardless of how that index is performing, the fund's performance may be lower than it would be if the fund were actively managed. Tracking error risk is the chance that the fund's performance will deviate from the performance of its target index. Tracking error risk may be heightened during times of increased market volatility or under other unusual market conditions. Index provider risk is the chance that the fund will be negatively impacted by changes or errors made by the index provider. Any gains, losses, or costs associated with or resulting from an error made by the index provider will generally be borne by the fund and, as a result, the fund's shareholders.
- **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.
- **Currency risk and currency hedging risk.** The fund seeks to mimic the performance of foreign bonds without regard to currency exchange rate fluctuations. To accomplish this goal, the fund attempts to offset, or hedge, its foreign currency exposure by entering into currency hedging transactions, primarily through the use of foreign currency exchange forward contracts (a type of derivative). However, it generally is not possible to perfectly hedge the fund's foreign currency exposure. The fund will decline in value if it underhedges a currency that has weakened or

overhedges a currency that has strengthened relative to the U.S. dollar. In addition, the fund will incur expenses to hedge its foreign currency exposure. By entering into currency hedging transactions, the fund may eliminate any chance to benefit from favorable fluctuations in relevant currency exchange rates. Currency risk and currency hedging risk for the fund is low. The fund's use of foreign currency exchange forward contracts also subjects the fund to counterparty risk, which is the chance that the counterparty to a currency forward contract with the fund will be unable or unwilling to meet its financial obligations. Counterparty risk is low for the fund.

• **Derivatives risk.** The fund may invest in derivatives, which involve risks different from, and possibly greater than, those of investments directly in the underlying securities or assets.

**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.**

Fees & Expenses	
(Based on the prospectus dated February 28, 2025)	
Total Annual Fund Operating Expenses .....	0.06%
After Fee Waivers and/or Expense Reimbursements	

## Vanguard Emerging Markets Government Bond Index ETF

### Investment Objective

The fund seeks to track the performance of a benchmark index that measures the investment return of U.S. dollar-denominated bonds issued by governments and government-related issuers in emerging market countries.

### Principal Investment Strategies

The fund employs an indexing investment approach designed to track the performance of the Bloomberg USD Emerging Markets Government RIC Capped Index (the index). This index includes U.S. dollar-denominated bonds that have maturities longer than one year and that were issued by emerging market governments and government-related issuers. The index is capped, which means that its exposure to any particular bond issuer is limited to a maximum of 20% and its aggregate exposure to issuers that individually constitute 5% or more of the index is limited to 48%. If the index, as constituted based on market weights, exceeds the 20% or 48% limits, the excess is reallocated to bonds of other issuers represented in the index.

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 under normal circumstances at least 80% of the fund's assets will be invested in bonds included in the index. The fund maintains a dollar-weighted average maturity consistent with that of the index. As of October 31, 2024, the dollar-weighted average maturity of the index was 12 years.

### 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, and the level of risk may vary based on market conditions:

• **Country/regional risk,** which is the chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value and/or liquidity of securities issued by foreign governments, government agencies, and government-owned corporations. Because the fund may invest a large portion of its assets in bonds of issuers 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. Country/regional risk is especially high in emerging markets.

• **Emerging markets risk,** which is the chance that the bonds of governments, government agencies, and government-owned corporations located in emerging markets will be substantially more volatile, and substantially less liquid, than the bonds of governments, government agencies, and government-owned corporations located in more developed

foreign markets because, among other factors, emerging markets can have greater custodial and operational risks; less developed legal, tax, regulatory, financial reporting, accounting, and recordkeeping systems; and greater political, social, and economic instability than developed markets. Emerging markets risk is high for the fund.

• **Nondiversification risk,** which is the chance that the fund's performance may be hurt disproportionately by the poor performance of relatively few bonds issued by just a few issuers or even a single issuer. The fund is considered nondiversified, which means that it may invest a greater percentage of its assets in the bonds issued by a small number of particular issuers as compared with diversified mutual 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 high for the fund because it invests a large portion of its assets in bonds rated below investment-grade (also known as high-yield or junk bonds).

• **Liquidity risk,** which is the chance that the fund may not be able to sell a security in a timely manner at a desired price.

• **Interest rate risk,** which is the chance that bond prices overall 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 should be moderate for the fund, so investors should expect the fund's monthly income to fluctuate accordingly.

• **Index-related risks.** The fund is subject to risks associated with index investing, which include passive management risk, tracking error risk, and index provider risk. Passive management risk is the chance that the fund's use of an indexing strategy will negatively impact the fund's performance. Because the fund seeks to track the performance of its target index regardless of how that index is performing, the fund's performance may be lower than it would be if the fund were actively managed. Tracking error risk is the chance that the fund's performance will deviate from the performance of its target index. Tracking error risk may be heightened during times of increased market volatility or under other unusual market conditions. Index provider risk is the chance that the fund will be negatively impacted by changes or errors made by the index provider. Any gains, losses, or costs associated with or resulting from an error made by the index provider will generally be borne by the fund and, as a result, the fund's shareholders.

• **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.

• **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 a decline in the fund's income. Such redemptions and subsequent reinvestments would also increase the fund's portfolio turnover rate.

• **Extension risk,** which is the chance that during periods of rising interest rates, certain debt securities will be paid off substantially more slowly than originally anticipated, and the value of those securities may fall.

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.

**A Note on Risk:** Many investors invest in bonds and bond funds in an attempt to lower the overall risk of their portfolios. This strategy makes sense when the bonds owned are U.S. bonds because U.S. bond returns typically are not highly correlated with, and are far less volatile than, stock returns. The strategy is less likely to be effective, however, when the bonds owned are emerging market bonds. Returns of emerging market bonds, even dollar-denominated bonds like those owned by the fund, can be quite volatile. The correlation between emerging market bond and stock returns (both U.S. and foreign) is often higher than the correlation between U.S. bond and stock returns. Consequently, if your goal is to lower risk and volatility, this fund may not be an appropriate investment.

**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.**

Fees & Expenses	
(Based on the prospectus dated February 28, 2025)	
Total Annual Fund Operating Expenses .....	0.15%
After Fee Waivers and/or Expense Reimbursements	

## Payden Emerging Markets Bond Fund

### Investment Objective

The fund seeks a high level of total return.

### Principal Investment Strategies

- The fund invests in a wide variety of debt instruments and income-producing securities. These include (1) debt securities issued or guaranteed by the U.S. Government and foreign governments and their agencies and instrumentalities, political subdivisions of foreign governments (such as provinces and municipalities), and supranational organizations (such as the World Bank); (2) debt securities, loans and commercial paper issued by U.S. and foreign companies; and (3) convertible bonds and preferred stock.
- Under normal market conditions, the fund invests at least 80% of its total assets in debt securities and similar debt instruments issued by governments, agencies and instrumentalities of emerging market countries (or economically linked with such securities), and other issuers organized, headquartered or principally located in emerging market countries. Generally, an "emerging market country" is any country which the International Monetary Fund, the World Bank, the International Finance Corporation, the United Nations or another third party organization defines as having an emerging or developing economy.
- The fund may invest up to 20% of its total assets in other debt securities and similar debt instruments, including those of issuers located in countries with developed securities markets.
- Under normal market conditions, the fund may invest a substantial portion of its total assets in debt securities of issuers whose securities are rated below investment grade. Investment grade debt securities are rated within the four highest grades by at least one Nationally Recognized Statistical Rating Organization, or are securities that the fund's adviser, Payden & Rygel ("Payden"), determines to be of comparable quality.
- The fund invests a majority of its assets in debt securities payable in U.S. dollars, but will also invest in debt securities payable in foreign currencies.
- Permitted investments also include currencies and derivative instruments (including, but not limited to, spot and currency contracts, futures, options and swaps and credit default swaps related to individual sovereign and

corporate names, as well as various credit indices) used to hedge or gain exposure to the securities markets of emerging market countries or currencies.

- The fund invests in debt securities of any maturity, and there is no limit on the fund's minimum or maximum average portfolio maturity. Maturity is the date when each bond or other debt security pays back its principal.
- The fund may invest up to 10% of its total assets in equity securities of U.S. or foreign issuers, and may use derivatives to hedge or to gain exposure to such equity markets.
- To gain exposure to various markets consistent with the investment strategies of the fund, the fund may invest in exchange-traded funds ("ETFs") and other investment companies, including for example, other open-end or closed-end investment companies, and including investment companies for which the adviser provides investment management services (affiliated funds).

### Principal Risks

Depending on the circumstances, there is always the risk that you could lose all or a portion of your investment in the fund. The following risks could also affect the value of your investment in the fund:

- **Interest Rates.** Because the fund invests principally in debt securities, the income on and value of your shares in the fund will fluctuate along with interest rates. When interest rates rise, the market prices of the debt securities the fund owns usually decline. When interest rates fall, the prices of these securities usually increase. Generally, the market price of debt securities with longer maturities will fluctuate more in response to changes in interest rates than the market price of shorter-term securities. The fund faces a heightened risk that interest rates may rise. The negative impact on fixed income securities resulting from such rate increases could be swift and significant. A general rise in interest rates may cause investors to move out of fixed income securities on a large scale, which could adversely affect the price and liquidity of fixed income securities and could also result in increased redemptions from the fund.
- **Credit Risk.** Debt securities are also subject to credit risk. Credit risk is the risk that the issuer of a debt security will be unable to make interest or principal payments on time and the related risk that the value of a debt security may decline because of concerns about the issuer's ability or willingness to make such payments. A debt security's credit rating reflects the credit risk associated with the debt obligation. Generally, higher-rated debt securities involve lower credit risk than lower-rated debt securities. Credit risk is often higher for corporate, mortgage-backed, asset-backed and foreign government debt securities than for U.S. Government debt securities.
- **Foreign Investments.** Investing in foreign securities poses additional risks. The performance of foreign securities can be adversely affected by the different political, regulatory and economic environments in countries where the fund invests, and fluctuations in foreign currency exchange rates may also adversely affect the value of foreign securities. The value of the fund's investments may decline because of factors affecting the particular issuer as well as foreign markets and issuers generally, such as unfavorable or unsuccessful government actions, reduction of government or central bank support and political or financial instability. Lack of information may also affect the value, volatility and liquidity of these securities.
- **Emerging Markets.** The risks of foreign 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 foreign developed markets, emerging markets are more susceptible to governmental interference, local taxes being imposed on foreign investments, restrictions on gaining access to sales proceeds, and less liquid and efficient trading markets.
- **Market Events Risk.** The value of the fund's securities may increase or decrease, rapidly or unpredictably. Some factors that may affect securities markets include changes in general market conditions, overall economic trends or events, governmental actions or intervention, threat of a U.S. government shutdown, a downgrade of the ratings of U.S. government debt obligations, actions taken by the U.S. Federal Reserve or foreign

central banks, market disruptions caused by trade disputes, labor strikes, or other factors, political developments, armed conflict, investor sentiment and the global and domestic effects of natural disasters and pandemics. Recently, there have been inflationary price movements, which have caused the fixed income securities markets to experience heightened levels of interest rate volatility and liquidity risk. In response to high inflation, the U.S. Federal Reserve increased interest rates in an attempt to slow economic growth, and it may continue to raise interest rates in the future. This and other changes in monetary and fiscal policy may not work as intended, particularly if the efforts are perceived by investors as being unlikely to achieve the desired results. Economies and financial markets throughout the world are increasingly interconnected. Economic, financial or political events, trading and tariff arrangements, labor disputes, public health events, terrorism, natural disasters, war, and other circumstances in one country or region could have profound impacts on global economies or markets. As a result, whether or not the fund invests in securities of issuers located in or with significant exposure to the countries directly affected, the value and liquidity of the fund's investments may be negatively affected.

- **Liquidity Risk.** Some investments may be difficult to purchase or sell, particularly during times of market instability, or due to adverse changes in the conditions of a particular issuer. In addition, the fund may not receive proceeds from the sale of certain securities for an extended period of time, which in some cases could exceed several weeks or longer. The fund will not receive sales proceeds until settlement occurs, which may constrain the fund's ability to meet redemption requests or other obligations. Illiquid assets may also be difficult to value. If the fund must sell illiquid assets to meet redemption requests or other cash needs, the fund may be unable to sell such assets at an advantageous time or price or achieve its desired level of exposure to certain market segments. Liquidity risk may result from the lack of an active market, as well as the reduced number and capacity of traditional market participants to make a market in fixed income securities, for instance, when there are few, if any, interested buyers or sellers or when dealers are unwilling or unable to make a market for certain securities. As a general matter, dealers may have less willingness to make markets for fixed income securities. Certain dealers may also reduce their inventories of certain securities in response to federal banking regulations, which may further decrease the fund's ability to buy or sell such securities. Liquidity risk is likely to be magnified in a rising interest rate environment or other circumstances where investor redemptions from fixed income mutual funds are higher than normal.

- **Below Investment Grade Credit.** Below investment grade securities are speculative and involve a greater risk of default and price change due to changes in the issuer's creditworthiness. The market prices of these debt securities may fluctuate more than the market prices of investment grade debt securities and may decline more significantly in periods of general economic difficulty.

- **Derivatives.** The use of derivatives can lead to losses due to: (1) adverse movements in the price or value of the asset, index, rate or instrument underlying a derivative; (2) failure of a counterparty; or (3) tax or regulatory constraints. Derivatives may create economic leverage in the fund, which magnifies the fund's sensitivity to market events and the underlying instrument. Derivatives risk may be more significant when derivatives are used to enhance return or as a substitute for a cash investment position, rather than solely to hedge the risk of a position held by the fund. When derivatives are used to gain or limit exposure to a particular market or market segment, their performance may not correlate as expected to the performance of such market thereby causing the fund to fail to achieve its original purpose for using such derivatives. A decision as to whether, when and how to use derivatives involves the exercise of specialized skill and judgment, and a transaction may be unsuccessful in whole or in part because of market behavior or unexpected events. Derivative instruments may be difficult to value, may be illiquid, and may be subject to wide swings in valuation caused by changes in the value of the underlying instrument. If a derivative's counterparty is unable to honor its commitments, the value of fund shares may decline and the fund could experience delays in the return of collateral or other assets held by the counterparty. The loss on derivative transactions may substantially exceed the initial investment.

- **Equity Securities.** Investing in equity securities poses certain risks, including a sudden decline in a holding's share price, or an overall decline in the stock market. The value of the fund's investment in any such securities will fluctuate on a day-to-day basis with movements in the stock market, as well as in response to the activities of individual companies whose equity securities the fund owns. Moreover, purchasing stocks perceived to be undervalued brings additional risks. For example, the issuing company's condition may worsen instead of improve, or the pace and extent of any improvement may be less than expected.

- **Investment Company and Exchange-Traded Fund Risk.** Investing in an investment company or ETF presents the risk that the investment company or ETF in which the fund invests will not achieve its investment objective or execute its investment strategies effectively or that significant purchase or redemption activity by shareholders of such an investment company might negatively affect the value of the investment company's shares.

- **Affiliated Fund Risk.** When the adviser invests fund assets in an investment company that is also managed by the adviser, the risk presented is that, due to its own financial interest or other business considerations, the adviser may have had an incentive to make that investment in lieu of investments by the fund directly in portfolio securities, or in lieu of investment in investment companies sponsored or managed by others.

- **Redemption Risk.** The fund may experience heavy redemptions that could cause the fund to liquidate its assets at inopportune times or at a loss or depressed value, particularly during periods of declining or illiquid markets. Redemption risk is greater to the extent that the fund has investors with large shareholdings, short investment horizons, or unpredictable cash flow needs. In addition, redemption risk is heightened during periods of overall market turmoil. The redemption by one or more large shareholders of their holdings in the fund could adversely affect the fund's performance. If the fund is forced to liquidate its assets under unfavorable conditions or at inopportune times, the value of the fund's shares may decline. These transactions may also accelerate the realization of taxable income to shareholders if such sales of investments result in gains, and may also increase transaction costs.

- **Management Risk.** The investment techniques and analysis used by the fund's portfolio managers may not produce the desired results.

- **Cybersecurity Risk.** Cybersecurity incidents, both intentional and unintentional, may allow an unauthorized party to gain access to fund assets, fund or customer data, including private shareholder information, or proprietary information, cause the fund, the fund's portfolio managers and/or their service providers, including, but not limited to, fund accountants, custodians, transfer agents and financial intermediaries, to suffer data breaches, data corruption or loss of operational functionality or prevent fund investors from purchasing, redeeming or exchanging shares or receiving distributions. The fund and the fund's portfolio managers have limited ability to prevent or mitigate cybersecurity incidents affecting third party service providers. Cybersecurity incidents may result in financial losses to the fund and its shareholders, and substantial costs may be incurred in order to prevent any future cybersecurity incidents.

Please note that there are other factors that could adversely affect your investment and that could prevent the fund from achieving its investment objective. More information about risks appears in the Statement of Additional Information. Before investing, you should carefully consider the risks that you will assume.

<b>Fees &amp; Expenses</b>	
(Based on the prospectus dated February 28, 2025)	
Total Annual Fund Operating Expenses .....	0.74%
After Fee Waivers and/or Expense Reimbursements	

## 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 net assets in stocks and 35% of its net assets in fixed income securities, although the amount may vary based on market conditions. The fund invests at least 25% of its net assets in fixed income senior securities and may invest up to 35% of its net assets in foreign securities.

When deciding upon overall allocations between stocks and fixed income securities, the adviser may favor stocks when strong economic growth is expected and may favor fixed income securities if the economy is expected to slow sufficiently to hurt corporate profit growth. The fund also gains exposure to stocks and fixed income securities, as well as specific asset classes, through investments in other T. Rowe Price mutual funds and/or exchange-traded funds.

The fund invests in bonds, including foreign issues, which are primarily rated investment grade (i.e., assigned one of the four highest credit ratings by credit rating agencies or by T. Rowe Price) and are chosen from across the entire government, corporate, and mortgage- and asset-backed securities markets. Maturities generally reflect the adviser's outlook for interest rates.

When selecting particular stocks, the adviser examines 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 the adviser'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 or "junk" bonds, mortgage- and asset-backed securities, foreign bonds, and emerging markets bonds), the adviser weighs 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.

## Principal Risks

As with any fund, there is no guarantee that the fund will achieve its objective(s). 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, which may be even greater in bad or uncertain market conditions, are summarized as follows:

**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 stocks held by the fund may decline due to general weakness or volatility in the stock markets in which the fund invests or because of factors that affect a particular company or industry.

**Fixed income markets:** Economic and other market developments can adversely affect the fixed income securities markets. At times, participants in these markets may develop concerns about the ability of certain issuers of debt instruments to make timely principal and interest payments, or they may develop concerns about the ability of financial institutions that make markets in certain debt instruments to facilitate an orderly market. Those concerns could cause increased volatility and reduced liquidity in particular securities or in the overall fixed income markets and the related derivatives markets. A lack of liquidity or other adverse credit market conditions may hamper the fund's ability to sell the debt instruments in which it invests or to find and purchase suitable debt instruments.

**Interest rates:** A rise in interest rates typically causes the price of a fixed rate debt instrument to fall and its yield to rise. Conversely, a decline in interest rates typically causes the price of a fixed rate debt instrument to rise and the yield to fall. The prices and yields of inflation-linked bonds are directly impacted by the rate of inflation as well as changes in interest rates.

Generally, funds with longer weighted average maturities and durations carry greater interest rate risk. Changes in monetary policy made by central banks and/or governments are likely to affect the interest rates or yields of the securities in which the fund invests.

**Prepayments and extensions:** The fund is subject to prepayment risks because the principal on mortgage-backed securities, asset-backed securities, or any debt instrument with an embedded call option may be prepaid at any time, which could reduce the security's yield and market value. The rate of prepayments tends to increase as interest rates fall, which could cause the average maturity of the portfolio to shorten. Extension risk may result from a rise in interest rates, which tends to make mortgage-backed securities, asset-backed securities, and other callable debt instruments more volatile.

**Credit quality:** An issuer of a debt instrument could suffer an adverse change in financial condition that results in a payment default (failure to make scheduled interest or principal payments), rating downgrade, or inability to meet a financial obligation. Securities that are rated below investment grade carry greater risk of default and should be considered speculative.

**Market conditions:** The value of the fund's investments may decrease, sometimes rapidly or unexpectedly, due to factors affecting an issuer held by the fund, particular industries, or the overall securities markets. A variety of factors can increase the volatility of the fund's holdings and markets generally, including economic, political, or regulatory developments, recessions, inflation, rapid interest rate changes, war, military conflict, acts of terrorism, natural disasters, and outbreaks of infectious illnesses or other widespread public health issues (such as the coronavirus pandemic) and related governmental and public responses (including sanctions). Certain events may cause instability across global markets, including reduced liquidity and disruptions in trading markets, while some events may affect certain geographic regions, countries, sectors, and industries more significantly than others. Government intervention in markets may impact interest rates, market volatility, and security pricing. These adverse developments may cause broad declines in market value due to short-term market movements or for significantly longer periods during more prolonged market downturns.

**Foreign investing:** Non-U.S. securities tend to be more volatile and have lower overall liquidity and trading volume than investments in U.S. securities and may lose value because of adverse local, political, social, or economic developments overseas, or due to changes in the exchange rates between foreign currencies and the U.S. dollar. Further, securities of non-U.S. issuers are subject to trading markets with potential governmental interference, varying regulatory, auditing, and accounting standards, and settlement and clearance practices that differ from those of U.S. issuers. Investment in non-U.S. securities also carries currency risk. Any attempts to hedge currency risk could be unsuccessful. Such investments may have higher transaction costs compared with U.S. markets. The fund's overall foreign investing risk is increased to the extent it has exposure to emerging markets.

**Emerging markets:** Investments in emerging market countries are subject to greater risk and overall volatility than investments in the U.S. and other developed markets. Emerging market countries tend to have economic structures that are less diverse and mature, less developed legal and regulatory regimes, and political systems that are less stable, than those of developed countries. In addition to the risks associated with investing outside the U.S., emerging markets are more susceptible to governmental interference, political and economic uncertainty, local taxes and restrictions on the fund's investments, less efficient trading markets with lower overall liquidity, and more volatile currency exchange rates.

**Liquidity:** The fund may not be able to meet requests to redeem shares issued by the fund without significant dilution of the remaining shareholders' interests in the fund. In addition, the fund may not be able to sell a holding in a timely manner at a desired price. Reduced liquidity in the bond markets can result from a number of events, such as limited trading activity, reductions in bond inventory, and rapid or unexpected changes in interest rates. Markets with lower overall liquidity could lead to greater price volatility and limit the fund's ability to sell a holding at a suitable price.

**Investments in other funds:** The fund bears the risk that its underlying

funds will fail to successfully employ their investment strategies. One or more underlying fund's underperformance or failure to meet its investment objective(s) as intended could cause the fund to underperform similarly managed funds.

**Active management:** The fund's overall investment program and holdings selected by the fund's investment adviser may underperform the broad markets, relevant indices, or other funds with similar objectives and investment strategies.

**Cybersecurity breaches:** The fund could be harmed by intentional cyberattacks and other cybersecurity breaches, including unauthorized access to the fund's assets, confidential information, or other proprietary information. In addition, a cybersecurity breach could cause one of the fund's service providers or financial intermediaries to suffer unauthorized data access, data corruption, or loss of operational functionality.

**Fees & Expenses**

(Based on the prospectus dated March 1, 2025)

Total Annual Fund Operating Expenses .....0.47%

After Fee Waivers and/or Expense Reimbursements

iShares Developed Real Estate Index Fund

**Investment Objective**

The investment objective of iShares Developed Real Estate Index Fund (the "fund"), a series of BlackRock FundsSM (the "trust"), is to seek to track the investment results of an index composed of real estate equities in developed markets.

**Principal Investment Strategies**

The fund seeks to track the investment results of the FTSE EPRA Nareit Developed Index (the "underlying index"), which measures the stock performance of companies engaged in the ownership, disposal and development of income producing real estate in developed countries as defined by FTSE EPRA Nareit. As of April 30, 2025, the underlying index was comprised of stocks of companies in the following markets: Australia, Austria, Belgium, Canada, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Korea, the Netherlands, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The underlying index may include large-, mid or small-capitalization companies, and components primarily include real estate investment trusts ("REITs"). The components of the underlying index, and the degree to which these components represent certain industries, may change over time.

BlackRock uses a representative sampling indexing strategy to manage the fund. "Representative sampling" is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to that of the underlying index. The securities selected are expected to have, in the aggregate, investment characteristics (based on factors such as market capitalization and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the underlying index. The fund may or may not hold all of the securities in the underlying index.

The fund generally invests at least 90% of its assets, plus the amount of any borrowing for investment purposes, in securities of the underlying index and in depositary receipts representing securities of the underlying index.

**Principal Risks**

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 the principal risks of investing in the fund. The relative significance of each risk factor below may change over time and you should review each risk factor carefully.

**Real Estate-Related Securities Risk:** The main risk of real estate-related securities is that the value of the underlying real estate may go down. Many factors may affect real estate values. These factors include both the

general and local economies, vacancy rates, changes in rent schedules, tenant bankruptcies, the ability to re-lease space under expiring leases on attractive terms, the amount of new construction in a particular area, the laws and regulations (including zoning, environmental and tax laws) affecting real estate and the costs of owning, maintaining and improving real estate. The availability of mortgage financing and changes in interest rates may also affect real estate values. If the fund's real estate-related investments are concentrated in one geographic area or in one property type, the fund will be particularly subject to the risks associated with that area or property type. Many issuers of real estate-related securities are highly leveraged, which increases the risk to holders of such securities.

The value of the securities the fund buys will not necessarily track the value of the underlying investments of the issuers of such securities. In addition, certain issuers of real estate-related securities may have developed or commenced development on properties and may develop additional properties in the future. Real estate development involves significant risks in addition to those involved in the ownership and operation of established properties. Real estate securities may have limited diversification and are, therefore, subject to risks inherent in operating and financing a limited number of projects. Real estate securities are also subject to heavy cash flow dependency and defaults by borrowers or tenants.

**REIT Investment Risk:** Investments in REITs involve unique risks. REITs may have limited financial resources, may trade less frequently and in limited volume, may engage in dilutive offerings of securities and may be more volatile than other securities. REIT issuers may also fail to maintain their exemptions from investment company registration or fail to qualify for the "dividends paid deduction" under the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), which allows REITs to reduce their corporate taxable income for dividends paid to their shareholders.

**Index-Related Risk:** There is no guarantee that the fund's investment results will have a high degree of correlation to those of the Underlying Index or that the Fund will achieve its investment objective. Market disruptions or high volatility, other unusual market circumstances and regulatory restrictions could have an adverse effect on the fund's ability to adjust its exposure to the required levels in order to track the Underlying Index. Errors in index data, index computations or the construction of the underlying index in accordance with its methodology may occur from time to time and may not be identified and corrected by the index provider for a period of time or at all, which may have an adverse impact on the fund and its shareholders. Unusual market conditions or other unforeseen circumstances (such as natural disasters, political unrest or war) may impact the index provider or a third-party data provider, and could cause the index provider to postpone a scheduled rebalance. This could cause the underlying index to vary from its normal or expected composition.

An index fund has operating and other expenses while an index does not. As a result, while the fund will attempt to track the underlying index as closely as possible, it will tend to underperform the Underlying Index to some degree over time. If an index fund is properly correlated to its stated index, the fund will perform poorly when the index performs poorly.

**Passive Investment Risk:** Because BlackRock does not select individual companies in the index that the fund tracks, the fund may hold securities of companies that present risks that an investment adviser researching individual securities might seek to avoid.

**Tracking Error Risk:** The fund may be subject to tracking error, which is the divergence of the fund's performance from that of the underlying index. Tracking error may occur because of differences between the securities and other instruments held in the fund's portfolio and those included in the underlying index, pricing differences (including, as applicable, differences between a security's price at the local market close and the fund's valuation of a security at the time of calculation of the fund's net asset value ("NAV")), differences in transaction costs, the fund's holding of uninvested cash, differences in timing of the accrual of or the valuation of dividends or other distributions, interest, the requirements to maintain pass-through tax treatment, portfolio transactions carried out to minimize the distribution of capital gains to shareholders, changes to the underlying index and the cost to the fund of complying with various new or existing regulatory requirements. These risks may be heightened during times of

increased market volatility or other unusual market conditions. In addition, tracking error may result because the fund incurs fees and expenses, while the underlying index does not.

**Concentration Risk:** 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) to approximately the same extent that the underlying index concentrates in a particular industry. To the extent the fund concentrates in a particular industry, it may be more susceptible to economic conditions and risks affecting that industry.

**Depository Receipts Risk:** Depository receipts are generally subject to the same risks as the foreign securities that they evidence or into which they may be converted. In addition to investment risks associated with the underlying issuer, depository receipts expose the Fund to additional risks associated with the non-uniform terms that apply to depository receipt programs, credit exposure to the depository bank and to the sponsors and other parties with whom the depository bank establishes the programs, currency risk and the risk of an illiquid market for depository receipts. The issuers of unsponsored depository receipts are not obligated to disclose information that is, in the United States, considered material. Therefore, there may be less information available regarding these issuers and there may not be a correlation between such information and the market value of the depository receipts. While depository receipts provide an alternative to directly purchasing underlying foreign securities in their respective markets and currencies, they continue to be subject to many of the risks associated with investing directly in foreign securities, including political, economic, and currency risk.

**Equity Securities Risk:** Stock markets are volatile. The price of equity securities fluctuates based on changes in a company's financial condition and overall market and economic conditions.

**Foreign Securities Risk:** Foreign investments often involve special risks not present in U.S. investments that can increase the chances that the Fund will lose money. These risks include:

- The fund generally holds its foreign securities and cash in foreign banks and securities depositories, which may be recently organized or new to the foreign custody business and may be subject to only limited or no regulatory oversight.
- Changes in foreign currency exchange rates can affect the value of the fund's portfolio.
- The economies of certain foreign markets may not compare favorably with the economy of the United States with respect to such issues as growth of gross national product, reinvestment of capital, resources and balance of payments position.
- The governments of certain countries, or the U.S. Government with respect to certain countries, may prohibit or impose substantial restrictions through capital controls and/or sanctions on foreign investments in the capital markets or certain industries in those countries, which may prohibit or restrict the ability to own or transfer currency, securities, derivatives or other assets.
- Many foreign governments do not supervise and regulate stock exchanges, brokers and the sale of securities to the same extent as does the United States and may not have laws to protect investors that are comparable to U.S. securities laws.
- Settlement and clearance procedures in certain foreign markets may result in delays in payment for or delivery of securities not typically associated with settlement and clearance of U.S. investments.
- The fund's claims to recover foreign withholding taxes may not be successful, and if the likelihood of recovery of foreign withholding taxes materially decreases, due to, for example, a change in tax regulation or approach in the foreign country, accruals in the Fund's NAV for such refunds may be written down partially or in full, which will adversely affect the Fund's NAV.

**Issuer Risk:** Fund performance depends on the performance of individual securities to which the fund has exposure. Changes in the financial condition or credit rating of an issuer of those securities may cause the value of the securities to decline.

**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. The value of a security or other asset may decline due to changes in general market conditions, economic trends or events that are not specifically related to the issuer of the security or other asset, or factors that affect a particular issuer or issuers, exchange, country, group of countries, region, market, industry, group of industries, sector or asset class. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues like pandemics or epidemics, recessions, or other events could have a significant impact on the fund and its investments. 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.

**Operational and Technology Risks:** The fund is directly and indirectly susceptible to operational and technology risks, including those related to human errors, processing errors, communication errors, systems failures, cybersecurity incidents, and the use of artificial intelligence and machine learning ("AI"), which may result in losses for the fund and its shareholders or may impair the fund's operations. While the Fund's service providers are required to have appropriate operational, information security and cybersecurity risk management policies and procedures, their methods of risk management may differ from those of the fund. Operational and technology risks for the issuers in which the fund invests could also result in material adverse consequences for such issuers and may cause the fund's investments in such issuers to lose value.

**Risk of Investing in the United States:** Certain changes in the U.S. economy, such as when the U.S. economy weakens or when its financial markets decline, may have an adverse effect on the securities to which the fund has exposure.

**Representative Sampling Risk:** Representative sampling is a method of indexing that involves investing in a representative sample of securities that collectively have a similar investment profile to the underlying index and resemble the underlying index in terms of risk factors and other key characteristics. The fund may or may not hold every security in the underlying index. When the fund deviates from a full replication indexing strategy to utilize a representative sampling strategy, the fund is subject to an increased risk of tracking error, in that the securities selected in the aggregate for the fund may not have an investment profile similar to those of the underlying index.

**Small and Mid-Capitalization Company Risk:** Companies with small or mid-size market capitalizations will normally have more limited product lines, markets and financial resources and will be dependent upon a more limited management group than larger capitalized companies. In addition, it is more difficult to get information on smaller companies, which tend to be less well known, have shorter operating histories, do not have significant ownership by large investors and are followed by relatively few securities analysts.

**Valuation Risk:** The price the fund could receive upon the sale of a security or unwind of a financial instrument or other asset may differ from the fund's valuation of the security or other asset and from the value used by the underlying index, particularly for securities or other assets that trade in low volume or volatile markets, or assets that are impacted by market disruption events or that are valued using a fair value methodology as a result of trade suspensions or for other reasons. In addition, the value of the securities or other assets in the fund's portfolio may change on days or during time periods when shareholders will not be able to purchase or sell the fund's shares. The fund's ability to value investments may be impacted by technological issues or errors by pricing services or other third-party service providers.

## Fees & Expenses

(Based on the prospectus dated May 30, 2025)

Total Annual Fund Operating Expenses .....0.22%

After Fee Waivers and/or Expense Reimbursements

## DFA Real Estate Securities Portfolio

### Investment Objective

The investment objective of the DFA Real Estate Securities Portfolio (the "portfolio") is to achieve long-term capital appreciation.

### Principal Investment Strategies

To achieve the DFA Real Estate Securities Portfolio's investment objective, the advisor implements an integrated investment approach that combines research, portfolio design, portfolio management, and trading functions.

The DFA Real Estate Securities Portfolio, using a market capitalization weighted approach, purchases readily marketable equity securities of companies whose principal activities include ownership, management, development, construction, or sale of residential, commercial or industrial real estate. The portfolio will principally invest in equity securities of companies in certain real estate investment trusts ("REITs") and companies engaged in residential construction and firms, except partnerships, whose principal business is to develop commercial property. The portfolio invests in companies of all sizes. A company's market capitalization is the number of its shares outstanding times its price per share. Under a market capitalization weighted approach, companies with higher market capitalizations generally represent a larger proportion of the portfolio than companies with relatively lower market capitalizations. The advisor may adjust the representation in the portfolio of an eligible company, or exclude a company, after considering such factors as free float, price momentum, short-run reversals, trading strategies, liquidity, size, relative price, profitability, and other factors that the advisor determines to be appropriate. An equity issuer is considered to have a low relative price (i.e., a value stock) primarily because it has a low price in relation to its book value. In assessing relative price, the advisor may consider additional factors such as price to cash flow or price to earnings ratios. An equity issuer is considered to have high profitability because it has high earnings or profits from operations in relation to its book value or assets. The criteria the advisor uses for assessing relative price and profitability are subject to change from time to time.

As a non-fundamental policy, under normal circumstances, at least 80% of the DFA Real Estate Securities Portfolio's net assets will be invested in securities of companies in the real estate industry. The portfolio concentrates (i.e., invests more than 25% of its net assets) its investments in securities of companies in the real estate industry. The portfolio generally considers a company to be principally engaged in the real estate industry if the company (i) derives at least 50% of its revenue or profits from the ownership, management, development, construction, or sale of residential, commercial, industrial, or other real estate; (ii) has at least 50% of the value of its assets invested in residential, commercial, industrial, or other real estate; or (iii) is organized as a REIT or REIT-like entity. REITs and REIT-like entities are types of real estate companies that pool investors' funds for investment primarily in income producing real estate or real estate related loans or interests. The portfolio will make equity investments in securities listed on a securities exchange in the United States that is deemed appropriate by the advisor.

The DFA Real Estate Securities Portfolio may purchase or sell futures contracts and options on futures contracts for U.S. equity securities and indices to increase or decrease equity market exposure based on actual or expected cash inflows to or outflows from the portfolio.

The DFA Real Estate Securities Portfolio 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 a fund that owns them, to rise or fall. Stock markets are volatile, with periods of rising prices and periods of falling prices.

**Small and Mid-Cap Company Risk:** Securities of small and mid-cap companies are often less liquid than those of large companies and this could make it difficult to sell a small or mid-cap company security at a desired time or price. As a result, small and mid-cap company stocks may fluctuate relatively more in price. In general, small and mid-capitalization companies are also more vulnerable than larger companies to adverse business or economic developments and they may have more limited resources.

**Risks of Concentrating in the Real Estate Industry:** A fund that concentrates (i.e., invests more than 25% of its net assets) its investments in securities of companies in the real estate industry will be exposed to the general risks of direct real estate ownership. The value of securities in the real estate industry can be affected by changes in real estate values and rental income, property taxes, and tax and regulatory requirements. Also, the value of securities in the real estate industry may decline with changes in interest rates. Investing in REITs and REIT-like entities involves certain unique risks in addition to those risks associated with investing in the real estate industry in general. REITs and REIT-like entities are dependent upon management skill, may not be diversified, and are subject to heavy cash flow dependency and self-liquidation. REITs and REIT-like entities also are subject to the possibility of failing to qualify for tax free pass-through of income. Also, because REITs and REIT-like entities typically are invested in a limited number of projects or in a particular market segment, these entities are more susceptible to adverse developments affecting a single project or market segment than more broadly diversified investments. The performance of a fund may be materially different from the broad equity market.

**Derivatives Risk:** Derivatives are instruments, such as futures contracts, and options thereon, 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 a fund uses derivatives, the fund 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, as well as the risk of improper valuation. Changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index, and a fund 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, a fund may lose money and there may be a delay in recovering the loaned securities. A fund 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.

**Operational Risk:** Operational risks include human error, changes in personnel, system changes, faults in communication, and failures in systems, technology, or processes. Various operational events or circumstances are outside a fund's or its advisor's control, including instances at third parties. A fund and its advisor seek to reduce these operational risks through controls and procedures. However, measures that seek to reduce these operational risks through controls and procedures may not address every possible risk and may be inadequate to address these risks.

**Cyber Security Risk:** A fund and its service providers' use of internet, technology and information systems may expose the fund 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 fund and/or its service providers to suffer data corruption or lose operational functionality.

## Fees & Expenses

(Based on the prospectus dated February 28, 2025)

Total Annual Fund Operating Expenses .....0.18%

After Fee Waivers and/or Expense Reimbursements

## Principal Global Real Estate Securities Fund

### Investment Objective

The fund seeks to generate a total return.

### Principal Investment Strategies

Under normal circumstances, the fund invests at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities of U.S. and non-U.S. companies principally engaged in the real estate industry. For the fund's investment policies, a real estate company has at least 50% of its assets, income, or profits derived from products or services related to the real estate industry. Real estate companies include real estate investment trusts ("REITs") and companies with substantial real estate holdings such as paper, lumber, hotel, and entertainment companies, as well as those whose products and services relate to the real estate industry, such as building supply manufacturers, mortgage lenders, and mortgage servicing companies. The fund invests in equity securities regardless of market capitalization (small, medium or large). The fund invests in value equity securities and growth equity securities.

The fund invests a significant percentage of its portfolio in REITs and foreign REIT-like entities. REITs are pooled investment vehicles that invest in income producing real estate, real estate related loans, or other types of real estate interests. REITs in the U.S. are corporations or business trusts that are permitted to eliminate corporate-level federal income taxes by meeting certain requirements of the Internal Revenue Code. Some foreign countries have adopted REIT structures that are very similar to those in the U.S. Similarities include pass-through tax treatment and portfolio diversification. Other countries have REIT structures that are significantly different than the structure in the U.S., while some countries have not adopted a REIT-like structure at all.

Under normal market conditions, the fund holds investments tied economically to at least 3 countries and invests a percentage of its net assets in securities of foreign issuers equal to at least the lesser of 40% or the percentage foreign issuers in FTSE EPRA/NAREIT Developed Index minus 10%.

The fund concentrates its investments (invest more than 25% of its net assets) in securities in the real estate industry.

### Principal Risks

The value of your investment in the fund changes with the value of the fund's investments. Many factors affect that value, and it is possible to lose money by 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. The principal risks of investing in the fund are listed below in alphabetical order and not in order of significance.

**Equity Securities Risk.** A variety of factors can negatively impact the value of equity securities held by a fund, including a decline in the issuer's financial condition, unfavorable performance of the issuer's sector or industry, or changes in response to overall market and economic conditions. A fund's principal market segment(s) (such as market capitalization or style) may underperform other market segments or the equity markets as a whole.

• **Growth Style Risk.** Growth investing entails the risk that if growth companies do not increase their earnings at a rate expected by investors, the market price of their stock may decline significantly, even if earnings show an absolute increase. Growth company stocks also typically lack the dividend yield that can lessen price declines in market downturns.

• **Smaller Companies Risk.** Investments in smaller companies may involve greater risk and price volatility than investments in larger, more mature companies. Smaller companies may have limited product lines, markets, or financial resources; lack the competitive strength of larger companies; have less experienced managers; or depend on a few key employees. Their

securities often are less widely held and trade less frequently and in lesser quantities, and their market prices often fluctuate more, than securities of larger companies.

• **Value Style Risk.** Value investing entails the risk that value stocks may continue to be undervalued by the market for extended periods, including the entire period during which the stock is held by a fund, or the events that would cause the stock price to increase may not occur as anticipated or at all. Moreover, a stock that appears to be undervalued actually may be appropriately priced at a low level and, therefore, would not be profitable for the fund.

**Foreign Currency Risk.** Risks of investing in securities denominated in, or that trade in, foreign (non-U.S.) currencies include changes in foreign exchange rates and foreign exchange restrictions.

**Foreign Securities Risk.** The risks of foreign securities include loss of value as a result of: political or economic instability; nationalization, expropriation, or confiscatory taxation; settlement delays; and limited government regulation (including less stringent reporting, accounting, and disclosure standards than are required of U.S. companies).

**Industry Concentration Risk.** A fund that concentrates investments in a particular industry or group of industries has greater exposure than other funds to market, economic, and other factors affecting that industry or group of industries.

• **Real Estate.** A fund concentrating in the real estate industry is subject to the risks associated with direct ownership of real estate, securities of companies in the real estate industry, and/or real estate investment trusts. These risks are explained more fully below in Real Estate Investment Trusts (REITs) Risk and Real Estate Securities Risk.

**Real Estate Investment Trusts ("REITs") Risk.** In addition to risks associated with investing in real estate securities, REITs are dependent upon management skills, are not diversified, and are subject to heavy cash flow dependency, risks of default by borrowers, and self-liquidation. Investment in REITs also involves risks similar to risks of investing in small market capitalization companies, such as limited financial resources, less frequent and limited volume trading, and may be subject to more abrupt or erratic price movements than larger company securities. A REIT could fail to qualify for tax-free pass-through of income under the Internal Revenue Code. Fund shareholders will indirectly bear their proportionate share of the expenses of REITs in which the fund invests.

**Real Estate Securities Risk.** Investing in real estate securities subjects the fund to the risks associated with the real estate market (which are similar to the risks associated with direct ownership in real estate), including declines in real estate values, loss due to casualty or condemnation, property taxes, interest rate changes, increased expenses, cash flow of underlying real estate assets, regulatory changes (including zoning, land use, and rents), and environmental problems, as well as to the risks related to the management skill and creditworthiness of the issuer.

**Redemption and Large Transaction Risk.** Ownership of the fund's shares may be concentrated in one or a few large investors (such as funds of funds, institutional investors, and asset allocation programs) that may redeem or purchase shares in large quantities. These transactions may cause the fund to sell securities to meet redemptions or to invest additional cash at times it would not otherwise do so, which may result in increased transaction costs, increased expenses, changes to expense ratios, and adverse effects to fund performance. Such transactions may also accelerate the realization of taxable income if sales of portfolio securities result in gains. Moreover, reallocations by large shareholders among share classes of a fund may result in changes to the expense ratios of affected classes, which may increase the expenses paid by shareholders of the class that experienced the redemption.

## Fees & Expenses

(Based on the prospectus dated March 1, 2025)

Total Annual Fund Operating Expenses .....0.94%

After Fee Waivers and/or Expense Reimbursements

## Calvert Equity Fund

### Investment Objective

The fund's investment objective is to seek 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 "80% Policy"). The fund will normally invest in common stocks of companies having market capitalizations that rank among the top 1,000 U.S. listed companies. The fund may invest up to 25% of its assets in U.S. dollar-denominated securities of foreign companies that trade on U.S. exchanges or in the over-the-counter market (including depositary receipts, such as American Depositary Receipts ("ADRs"), which are either sponsored or unsponsored, which evidence ownership in underlying foreign stocks). The fund may invest in mid-cap stocks and in publicly traded real estate investment trusts ("REITs"). The fund may also lend its securities.

Through investment in high quality companies, portfolio management seeks to build a portfolio that may participate in rising markets while minimizing participation in declining markets. Quality is determined by analysis of a company's financial statements and is measured by a company's demonstrated ability to consistently grow earnings over the long-term. High quality companies typically have strong balance sheets, sustainable cash flow, enduring competitive advantages, long product cycles, and stable demand over a business cycle, among other characteristics. The portfolio managers may utilize "financial quality rankings" provided by nationally recognized rating services as additional information.

**Responsible Investing.** The portfolio managers are responsible for fundamental analysis and security selection, incorporating environmental, social and governance ("ESG") information provided by ESG analysts at Calvert Research and Management ("CRM"). The portfolio managers typically favor high quality companies they believe have sustainable above-average earnings growth potential and are trading below intrinsic value. Sustainable earnings growth potential is determined by fundamental analysis of a company's financial trends and management; products and services; industry position and conditions; and other factors. Further, the portfolio managers seek to invest in companies that manage ESG risk exposures adequately and that are not exposed to excessive ESG risk through their principal business activities. Companies are analyzed by CRM's ESG analysts utilizing The Calvert Principles for Responsible Investment (the "principles"), a framework for considering ESG factors (a copy of which is included as an appendix to the fund's prospectus). Each company is evaluated relative to an appropriate peer group based on material ESG factors as determined by CRM. The fund generally invests in issuers that are believed by CRM to operate in accordance with the principles and may also invest in issuers that CRM believes are likely to operate in accordance with the principles pending CRM's engagement activity with such issuer. The portfolio managers seek to manage individual security risk through analysis of each security's risk/reward potential and to manage portfolio risk by constructing a diversified portfolio of what they believe to be attractively valued growth companies. The portfolio managers may sell a security when its fundamentals deteriorate, when its valuation is no longer attractive, or when other securities are identified to displace a current holding.

### Principal Risks

**Market Risk.** The value of investments held by the fund may increase or decrease in response to social, economic, political, financial, public health crises or other disruptive events (whether real, expected or perceived) in the U.S. and global markets and include events such as war, natural disasters, epidemics and pandemics, terrorism, conflicts and social unrest. These events may negatively impact broad segments of businesses and populations and may exacerbate pre-existing risks to the fund. The frequency and magnitude of resulting changes in the value of the fund's investments cannot be predicted. Certain securities and other investments held by the fund may experience increased volatility, illiquidity, or other potentially adverse effects in reaction to changing market conditions. Monetary and/or fiscal actions taken by U.S. or foreign governments to stimulate or stabilize

the global economy may not be effective and could lead to high market volatility.

**Equity Securities Risk.** The value of equity securities and related instruments may decline in response to adverse changes in the economy or the economic outlook; deterioration in investor sentiment; interest rate, currency, and commodity price fluctuations; adverse geopolitical, social or environmental developments; issuer and sector-specific considerations; unexpected trading activity among retail investors; or other factors. Market conditions may affect certain types of stocks to a greater extent than other types of stocks. If the stock market declines in value, the value of the fund's equity securities will also likely decline. Although prices can rebound, there is no assurance that values will return to previous levels.

**Large-Cap Growth Risk.** Because the fund normally invests primarily in stocks of large-cap growth companies, it is subject to the risk of underperforming the overall stock market during periods in which stocks of such companies are out of favor and generate lower returns than the market as a whole.

**Smaller and Mid-Sized Company Risk.** The stocks of smaller and mid-sized companies are generally subject to greater price fluctuations, limited liquidity, higher transaction costs and higher investment risk than the stocks of larger, more established companies. Such companies may have limited product lines, markets or financial resources, may be dependent on a limited management group, and may lack substantial capital reserves or an established performance record. There may be generally less publicly available information about such companies than for larger, more established companies. Stocks of these companies frequently have lower trading volumes making them more volatile and potentially less liquid and more difficult to value.

**Real Estate Risk.** Real estate investments are subject to risks associated with owning real estate, including declines in real estate values, increases in property taxes, fluctuations in interest rates, limited availability of mortgage financing, decreases in revenues from underlying real estate assets, declines in occupancy rates, changes in government regulations affecting zoning, land use, and rents, environmental liabilities, and risks related to the management skill and creditworthiness of the issuer. Companies in the real estate industry may also be subject to liabilities under environmental and hazardous waste laws, among others. 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. Changes in underlying real estate values may have an exaggerated effect to the extent that investments are concentrated in particular geographic regions or property types.

**Foreign Investment Risk.** Foreign investments can be adversely affected by political, economic and market developments abroad, including the imposition of economic and other sanctions by the United States or another country against a particular country or countries, organizations, entities and/or individuals. There may be less publicly available information about foreign issuers because they may not be subject to reporting practices, requirements or regulations comparable to those to which United States companies are subject. Adverse changes in investment regulations, capital requirements or exchange controls could adversely affect the value of the fund's investments. Foreign markets may be smaller, less liquid and more volatile than the major markets in the United States and, as a result, fund share values may be more volatile. Trading in foreign markets typically involves higher expense than trading in the United States. The fund may have difficulties enforcing its legal or contractual rights in a foreign country. Depositary receipts are subject to many of the risks associated with investing directly in foreign instruments, including the political and economic risks of the underlying issuer's country and, in the case of depositary receipts traded on foreign markets, currency risk.

**Currency Risk.** Exchange rates for currencies fluctuate daily. The value of foreign investments may be affected favorably or unfavorably by changes in currency exchange rates in relation to the U.S. dollar. Currency markets generally are not as regulated as securities markets and currency transactions are subject to settlement, custodial and other operational risks.

**Focused Investment Risk.** To the extent the fund has substantial investments in a relatively small number of securities or issuers, or a particular market, industry, group of industries, country, region, group of countries, asset class

or sector, the fund's performance will be more susceptible to any single economic, market, political, or regulatory occurrence affecting those particular securities or issuers or that particular market, industry, group of industries, country, region, group of countries, assets class, or sector than a fund that invests more broadly.

**Sector Risk.** Because the fund may, under certain market conditions, invest a significant portion of its assets in one or more sectors, the value of fund shares may be affected by events that adversely affect a particular sector and may fluctuate more than that of a fund that invests more broadly.

**Information Technology Sector Risk.** The value of fund shares may be particularly impacted by events that adversely affect the information technology sector, such as rapid changes in technology product cycles, product obsolescence, government regulation, and competition, and may fluctuate more than that of a fund that does not concentrate in companies in the information technology sector.

**Financials Sector Risk.** To the extent the fund invests a substantial portion of its assets in the financials sector, factors that have an adverse impact on this sector may have a disproportionate impact on the fund's performance. The financials sector can be affected by global and local economic conditions, such as the levels and liquidity of the global and local financial and asset markets, the absolute and relative level and volatility of interest rates and equity prices, investor sentiment, inflation, and the availability and cost of credit. The enactment of new legislation or regulations, as well as changes in interpretation and enforcement of current laws, may affect the manner of operations and profitability of the financials sector.

**Securities Lending Risk.** Securities lending involves the risk that the fund may lose money because the borrower of the loaned securities fails to return the securities in a timely manner or at all. The fund also may lose rights in the collateral if the borrower fails financially. The fund could also lose money if the value of the collateral decreases or if the value of any investments made with cash collateral declines.

**Liquidity Risk.** The fund is exposed to liquidity risk when trading volume, lack of a market maker or trading partner, large position size, market conditions, or legal restrictions impair its ability to sell particular investments or to sell them at advantageous market prices. Consequently, the fund may have to accept a lower price to sell an investment or continue to hold it or keep the position open, sell other investments to raise cash or abandon an investment opportunity, any of which could have a negative effect on the fund's performance. These effects may be exacerbated during times of financial or political stress.

**Risks Associated with Active Management.** The success of the fund's investment strategy depends on portfolio management's successful application of analytical skills and investment judgment. Active management involves subjective decisions and there is no guarantee that such decisions will produce the desired results or expected returns.

**Responsible Investing Risk.** Investing primarily in responsible investments carries the risk that, under certain market conditions, the fund's performance may be impacted. The application of responsible investment criteria may affect the fund's exposure to certain sectors or types of investments, and may impact the fund's relative investment performance depending on whether such sectors or investments are in or out of favor in the market. An investment's ESG performance or the investment adviser's assessment of such performance may change over time, which could cause the fund to temporarily hold securities that do not comply with the fund's responsible investment criteria. In evaluating an investment, the investment adviser is dependent upon information and data that may be incomplete, inaccurate or unavailable, which could adversely affect the analysis of the ESG factors relevant to a particular investment. Successful application of the fund's responsible investment strategy will depend on the investment adviser's skill in properly identifying and analyzing material ESG issues.

**General Fund Investing Risks.** The fund is not a complete investment program and there is no guarantee that the fund will achieve its investment objective. It is possible to lose money by investing in the fund. The fund is designed to be a long-term investment vehicle and is not suited for short-term trading. Investors in the fund should have a long-term investment perspective and be able to tolerate potentially sharp declines in value.

Purchase and redemption activities by fund shareholders may impact the management of the fund and its ability to achieve its investment objective(s). In addition, the redemption by one or more large shareholders or groups of shareholders of their holdings in the fund could have an adverse impact on the remaining shareholders in the fund. The fund relies on various service providers, including the investment adviser and sub-adviser, if applicable, in its operations and is susceptible to operational, information security and related events (such as public health crises, cyber or hacking attacks) that may affect the service providers or the services that they provide to the fund. 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 government agency.

<b>Fees &amp; Expenses</b>	
(Based on the prospectus dated February 1, 2025)	
Total Annual Fund Operating Expenses .....	0.65%
After Fee Waivers and/or Expense Reimbursements	

## MFS Value Fund

### Investment Objective

The fund's investment objective is to seek capital appreciation.

### 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, depositary receipts, and other securities that represent an ownership interest (or right to acquire an ownership interest) in a company or other issuer.

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 securities of companies of any size, MFS primarily invests in securities of companies with large capitalizations.

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

MFS normally invests the fund's assets across different industries and sectors, but MFS may invest a significant percentage of the fund's assets in issuers in a single industry or sector.

MFS uses an active bottom-up investment approach to buying and selling investments for the fund. Investments are selected primarily based on fundamental analysis of individual issuers. Quantitative screening tools 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:

**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. In addition, to the extent MFS considers quantitative tools in managing the fund, such tools may not produce the intended results.

**Equity Market Risk/Company Risk:** Equity markets are volatile and can decline significantly in response to changes in, or investor perceptions of, issuer, market, economic, industry, political, regulatory, geopolitical, environmental, public health, and other conditions. These conditions can affect a single issuer or type of security, issuers within a broad market sector, industry or geographic region, or the equity markets in general. Certain events can have a dramatic adverse effect on equity markets and may lead to periods of high volatility in an equity market or a segment of an equity market. The value of an investment held by the fund may decline due to factors directly related to the issuer.

**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, environmental, public health, and other conditions. These factors can make foreign investments, especially those tied economically to countries with developing economies or countries subject to sanctions or the threat of new or modified sanctions, more volatile and less liquid than U.S. investments. In addition, foreign markets can react differently to these conditions than the U.S. market.

**Focus Risk:** Issuers in a single industry, sector, country, or region can react similarly to market, currency, political, economic, regulatory, geopolitical, environmental, public health, and other conditions, and the fund's performance will be affected by the conditions in the industries, sectors, countries, and regions to which the fund is exposed.

**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 prices or times that are not advantageous in order to meet redemptions or other cash needs.

**Large Shareholder Risk:** From time to time, shareholders of the fund (which may include institutional investors, financial intermediaries, or other MFS funds) may make relatively large redemptions or purchases of fund shares. These transactions may cause the fund to sell securities or invest additional cash, as the case may be, at disadvantageous prices. Redemptions of a large number of shares also may increase transaction and other costs or have adverse tax consequences for shareholders of the fund by requiring a sale of portfolio securities. Purchases of a large number of shares may adversely affect the fund's performance to the extent that it takes time to invest new cash and the fund maintains a larger cash position than it ordinarily would.

- low stock price relative to a company's underlying value as measured by assets, cash flow, or business franchises.

At times, the fund may have a significant portion of its assets invested in the same economic sector. While most assets are typically invested in U.S. common stocks, the fund may invest in foreign stocks in keeping with its objective(s).

**Principal Risks**

As with any fund, there is no guarantee that the fund will achieve its objective(s). 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, which may be even greater in bad or uncertain market conditions, are summarized as follows:

**Dividend-paying stocks:** 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.

**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 stocks held by the fund may decline due to general weakness or volatility in the stock markets in which the fund invests or because of factors that affect a particular company or industry.

**Value investing:** 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 at all) or a stock judged to be undervalued may actually be appropriately priced at a low level. Value stocks may fail to appreciate for long periods and may never reach what the adviser believes are their full market values.

**Market conditions:** The value of the fund's investments may decrease, sometimes rapidly or unexpectedly, due to factors affecting an issuer held by the fund, particular industries, or the overall securities markets. A variety of factors can increase the volatility of the fund's holdings and markets generally, including economic, political, or regulatory developments, recessions, inflation, rapid interest rate changes, war, military conflict, acts of terrorism, natural disasters, and outbreaks of infectious illnesses or other widespread public health issues (such as the coronavirus pandemic) and related governmental and public responses (including sanctions). Certain events may cause instability across global markets, including reduced liquidity and disruptions in trading markets, while some events may affect certain geographic regions, countries, sectors, and industries more significantly than others. Government intervention in markets may impact interest rates, market volatility, and security pricing. These adverse developments may cause broad declines in market value due to short-term market movements or for significantly longer periods during more prolonged market downturns.

**Large-cap stocks:** Securities issued by large-cap companies tend to be less volatile than securities issued by small- and mid-cap companies. However, large-cap companies may not be able to attain the high growth rates of successful small- and mid-cap companies, especially during strong economic periods, and may be unable to respond as quickly to competitive challenges.

**Sector exposure:** Issuers in the same economic sector may be similarly affected by economic or market events, making the fund more vulnerable to unfavorable developments in that economic sector than funds that invest more broadly.

**Foreign investing:** Non-U.S. securities tend to be more volatile and have lower overall liquidity and trading volume than investments in U.S. securities and may lose value because of adverse local, political, social, or economic developments overseas, or due to changes in the exchange rates between foreign currencies and the U.S. dollar. Further, securities of non-U.S. issuers are subject to trading markets with potential governmental interference,

<b>Fees &amp; Expenses</b>	
(Based on the prospectus dated December 27, 2024)	
Total Annual Fund Operating Expenses .....	0.54%
After Fee Waivers and/or Expense Reimbursements	

**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 normally invests at least 80% of its net assets (plus any borrowings for investment purposes) in equity securities with a track record of paying dividends. The fund considers a company to have a track record of paying dividends if the security has paid a dividend within the past 12 months. Any derivatives that provide exposure to the investment focus suggested by the fund's name, or to one or more market risk factors associated with the investment focus suggested by the fund's name, are counted (as applicable) toward compliance with the fund's 80% investment policy.

The fund generally seeks investments in large-cap companies. The fund typically employs a value approach in selecting investments. The adviser's in-house research team seeks dividend-paying 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, the adviser generally looks for companies with one or more of the following:

- an established operating history;
- above-average dividend yield relative to the broader equity market;
- low price/earnings ratio relative to the broader equity market;
- a sound balance sheet and other positive financial characteristics; or

varying regulatory, auditing, and accounting standards, and settlement and clearance practices that differ from those of U.S. issuers. Investment in non-U.S. securities also carries currency risk. Any attempts to hedge currency risk could be unsuccessful. Such investments may have higher transaction costs compared with U.S. markets. The fund's overall foreign investing risk is increased to the extent it has exposure to emerging markets.

**Active management:** The fund's overall investment program and holdings selected by the fund's investment adviser may underperform the broad markets, relevant indices, or other funds with similar objectives and investment strategies.

**Cybersecurity breaches:** The fund could be harmed by intentional cyberattacks and other cybersecurity breaches, including unauthorized access to the fund's assets, confidential information, or other proprietary information. In addition, a cybersecurity breach could cause one of the fund's service providers or financial intermediaries to suffer unauthorized data access, data corruption, or loss of operational functionality.

Fees & Expenses	
(Based on the prospectus dated March 1, 2025)	
Total Annual Fund Operating Expenses .....	0.56%
After Fee Waivers and/or Expense Reimbursements	

## Northern Stock Index Strategy

Program investments are invested solely in a separately managed account which follows the Northern Stock Index Strategy. The below information is from the prospectus for the Northern Stock Index Fund and not the Northern Stock Index Strategy. Although the Northern Stock Index Strategy and the Northern Stock Index Fund are not identical, they are similar in nature and investment approach.

### 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 (the "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 index, in weightings that approximate the relative composition of the securities contained in the index, and in index futures approved by the Commodity Futures Trading Commission.

The index is a free float-adjusted market capitalization index consisting of 503 stocks and is a widely recognized measure of large-cap U.S. equities. As of May 31, 2024, the approximate market capitalization of the companies in the index was between \$5.33 billion to \$3.08 trillion. It is rebalanced quarterly. The fund generally rebalances its portfolio in accordance with the index.

NTI uses a "passive" or indexing approach to try to achieve the fund's investment objective. Unlike many investment companies, the fund does not try to "beat" the index it tracks and does not seek temporary defensive positions when markets decline or appear overvalued. NTI will buy and sell securities in response to changes in the index as well as in response to subscriptions and redemptions. The fund generally invests in substantially all of the securities in the index in approximately the same proportion as the index (i.e., replication). In certain circumstances, however, the fund may not hold every security in the index or in the same proportion as the index, such as to improve tax efficiency or when it may not be practicable to fully implement a replication strategy. Rather, it will use an optimization strategy to seek to construct a portfolio that minimizes tracking error versus the index while managing transaction costs and realized capital gains and losses.

The fund intends to be diversified in approximately the same proportion as the index is diversified. The fund may become "non-diversified," as defined in the Investment Company Act of 1940 (the "1940 Act"), solely as a result of a change in relative market capitalization or index weighting of one or more constituents of the index. A "non-diversified" fund can invest a greater percentage of its assets in a small group of issuers or in any one issuer than a diversified fund can. Shareholder approval will not be sought if the fund

becomes non-diversified due solely to a change in the relative market capitalization or index weighting of one or more constituents of the index.

In seeking to track the performance of the index, from time to time the fund may have a focused investment (i.e., investment exposure comprising more than 15% of its total assets) in one or more particular sectors. As of March 31, 2024, the fund had a focused investment in the information technology sector.

NTI expects that, under normal circumstances, the quarterly performance of the fund, before fees and expenses, will track the performance of the index within a 0.95 correlation coefficient.

The index is created and sponsored by S&P® Dow Jones Indices ("S&P"), as the index provider. S&P determines the composition and relative weightings of the securities in the index and publishes information regarding the market value of the index. S&P does not endorse any of the securities in the index. It is not a sponsor of the Stock Index Fund and is not affiliated with the fund in any way.

### Principal Risks

As with any investment, you could lose all or part of your investment in the fund, and the fund's performance could trail that of other investments. The fund is subject to certain risks, including the principal risks noted below, any of which may adversely affect the fund's net asset value ("NAV"), total return and ability to meet its investment objective. Each risk noted below is considered a principal risk of investing in the fund, regardless of the order in which it appears. The significance of each risk factor below may change over time and you should review each risk factor carefully.

**MARKET RISK** is the risk that the value of the fund's investments may increase or decrease in response to expected, real or perceived economic, political or financial events in the U.S. or global markets. The frequency and magnitude of such changes in value cannot be predicted. Certain securities and other investments held by the fund may experience increased volatility, illiquidity, or other potentially adverse effects in response to changing market conditions, inflation, changes in interest rates, lack of liquidity in the bond or equity markets or volatility in the equity markets. Market disruptions caused by local or regional events such as financial institution failures, war, acts of terrorism, the spread of infectious illness (including epidemics and pandemics) or other public health issues, recessions or other events or adverse investor sentiment could have a significant impact on the fund and its investments. During periods of market disruption or other abnormal market conditions, the fund's exposure to risks described elsewhere in this summary will likely increase.

**TRACKING RISK** is the risk that the fund's performance may vary from the performance of the index it tracks as a result of share purchases and redemptions, transaction costs, expenses and other factors. Market disruptions, regulatory restrictions or other abnormal market conditions could have an adverse effect on the fund's ability to adjust its exposure to required levels in order to track its index or cause delays in the index's rebalancing schedule. During any such delay, it is possible that the index, and, in turn, the fund will deviate from the index's stated methodology and therefore experience returns different than those that would have been achieved under a normal rebalancing or reconstitution schedule.

**SECTOR RISK** is the risk that companies in similar businesses may be similarly affected by particular economic or market events, which may, in certain circumstances, cause the value of securities of all companies in a particular sector of the market to decrease.

**INFORMATION TECHNOLOGY SECTOR RISK** is the risk that securities of technology companies may be subject to greater price volatility than securities of companies in other sectors. These securities may fall in and out of favor with investors rapidly, which may cause sudden selling and dramatically lower market prices. Technology companies also may be affected adversely by changes in technology, consumer and business purchasing patterns, government regulation and/or obsolete products or services.

**INDEX RISK** is the risk that that the fund would not necessarily buy or sell a security unless that security is added or removed, respectively, from the index, even if that security generally is underperforming, because unlike many investment companies, the fund does not utilize an investing strategy

that seeks returns in excess of the index. Additionally, the fund rebalances its portfolio in accordance with the index, and, therefore, any changes to the index's rebalance schedule will result in corresponding changes to the fund's rebalance schedule.

**DERIVATIVES RISK** is the risk that derivatives may pose risks in addition to and greater than those associated with investing directly in securities, currencies and other instruments, may be illiquid or less liquid, more volatile, more difficult to value and leveraged so that small changes in the value of the underlying instrument may produce disproportionate losses to the fund. Derivatives are also subject to counterparty risk, which is the risk that the other party to the transaction will not perform its contractual obligations. The use of derivatives is a highly specialized activity that involves investment techniques and risks different from those associated with investments in more traditional securities and instruments.

• **FUTURES CONTRACTS RISK** is the risk that there will be imperfect correlation between the change in market value of the fund's securities and the price of futures contracts, which may result in the strategy not working as intended; the possible inability of the fund to sell or close out a futures contract at the desired time or price; losses due to unanticipated market movements, which potentially are unlimited; and the possible inability of the fund's investment adviser to correctly predict the direction of securities' prices, interest rates, currency exchange rates and other economic factors, which may make the fund's returns more volatile or increase the risk of loss.

**NON-DIVERSIFICATION RISK** Under the 1940 Act, a fund designated as "diversified" must limit its holdings such that the securities of issuers which individually represent more than 5% of its total assets must in the aggregate represent less than 25% of its total assets. The fund is "diversified" for purposes of the 1940 Act. However, in seeking to track its index, the fund may become "non-diversified," as defined in the 1940 Act, solely as a result of a change in relative market capitalization or index weighting of one or more constituents of the index. A nondiversified fund can invest a greater portion of its assets in the obligations or securities of a small portion of its assets in the obligations or securities of a small number of issuers or any single issuer than a diversified fund can. In such circumstances, a change in the value of one or a few issuers' securities will therefore affect the value of the fund more than if it was a diversified fund.

**SECURITIES LENDING RISK** is the risk that the fund may lose money because the borrower of the loaned securities fails to return the securities in a timely manner or at all. The fund could also lose money in the event of a decline in the value of collateral provided for loaned securities or a decline in the value of any investments made with cash collateral.

**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.**

<b>Fees &amp; Expenses</b>	
Total Annual Fund Operating Expenses .....	0.025%

## iShares Total U.S. Stock Market Index

### Investment Objective

The investment objective of iShares Total U.S. Stock Market Index Fund (the "fund"), a series of BlackRock Funds<sup>SM</sup> (the "trust"), is to seek to track the investment results of a broad-based index composed of U.S. equities.

### Principal Investment Strategies

The fund seeks to track the investment results of the Russell 3000<sup>®</sup> Index (the "underlying index"), which measures the performance of the broad U.S. equity market. As of October 31, 2024, the underlying index included issuers representing approximately 98% of the total market capitalization of all publicly-traded U.S.-domiciled equity securities. The underlying index is a float-adjusted capitalization-weighted index of the largest public issuers domiciled in the United States and its territories. Total market capitalization reflects all equity shares outstanding, while total market value reflects float-adjusted capitalizations based on equity shares available for

general investment. The underlying index may include large-, mid- or small-capitalization companies, and components primarily include technology, consumer discretionary and industrials companies. The components of the underlying index and the degree to which these components represent certain industries may change over time.

BlackRock uses a representative sampling indexing strategy to manage the fund. "Representative sampling" is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to that of the underlying index. The securities selected are expected to have, in the aggregate, investment characteristics (based on factors such as market capitalization and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the underlying index. The fund may or may not hold all of the securities in the underlying index.

The fund generally invests at least 90% of its assets, plus the amount of any borrowing for investment purposes, in securities of the underlying index.

### Principal Risks

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 the principal risks of investing in the fund. The relative significance of each risk factor below may change over time and you should review each risk factor carefully.

• **Equity Securities Risk** — Stock markets are volatile. The price of equity securities fluctuates based on changes in a company's financial condition and overall market and economic conditions.

• **Index Fund Risk** — An index fund has operating and other expenses while an index does not. As a result, while the fund will attempt to track the underlying index as closely as possible, it will tend to underperform the underlying index to some degree over time. If an index fund is properly correlated to its stated index, the fund will perform poorly when the index performs poorly.

• **Index-Related Risk** — There is no guarantee that the fund's investment results will have a high degree of correlation to those of the underlying index or that the fund will achieve its investment objective. Market disruptions or high volatility, other unusual market circumstances and regulatory restrictions could have an adverse effect on the fund's ability to adjust its exposure to the required levels in order to track the underlying index. Errors in index data, index computations or the construction of the underlying index in accordance with its methodology may occur from time to time and may not be identified and corrected by the index provider for a period of time or at all, which may have an adverse impact on the fund and its shareholders. Unusual market conditions or other unforeseen circumstances (such as natural disasters, political unrest or war) may impact the index provider or a third-party data provider and could cause the index provider to postpone a scheduled rebalance. This could cause the underlying index to vary from its normal or expected composition.

• **Passive Investment Risk** — Because BlackRock does not select individual companies in the index that the fund tracks, the fund may hold securities of companies that present risks that an investment adviser researching individual securities might seek to avoid.

• **Tracking Error Risk** — The fund may be subject to tracking error, which is the divergence of the fund's performance from that of the underlying index. Tracking error may occur because of differences between the securities and other instruments held in the fund's portfolio and those included in the underlying index, pricing differences (including, as applicable, differences between a security's price at the local market close and the fund's valuation of a security at the time of calculation of the fund's net asset value, differences in transaction costs, the fund's holding of uninvested cash, differences in timing of the accrual of or the valuation of dividends or other distributions, interest, the requirements to maintain pass-through tax treatment, portfolio transactions carried out to minimize the distribution of capital gains to shareholders, changes to the underlying index and the cost to the fund of complying with various new or existing regulatory

requirements. These risks may be heightened during times of increased market volatility or other unusual market conditions. In addition, tracking error may result because the fund incurs fees and expenses, while the underlying index does not.

• **Concentration Risk** — 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) to approximately the same extent that the underlying index concentrates in a particular industry. To the extent the fund concentrates in a particular industry, it may be more susceptible to economic conditions and risks affecting that industry.

• **Consumer Discretionary Sector Risk** — The consumer discretionary sector may be affected by changes in domestic and international economies, exchange and interest rates, supply chains, competition, consumers' disposable income, consumer preferences, social trends and marketing campaigns.

• **Industrials Sector Risk** — Companies in the industrials sector may be adversely affected by changes in the supply of and demand for products and services, product obsolescence, claims for environmental damage or product liability and changes in general economic conditions, among other factors.

• **Issuer Risk** — Fund performance depends on the performance of individual securities to which the fund has exposure. Changes in the financial condition or credit rating of an issuer of those securities may cause the value of the securities to decline.

• **Management Risk** — As the fund may not fully replicate the underlying index, it is subject to the risk that BlackRock's investment strategy may not produce the intended results.

• **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. The value of a security or other asset may decline due to changes in general market conditions, economic trends or events that are not specifically related to the issuer of the security or other asset, or factors that affect a particular issuer or issuers, exchange, country, group of countries, region, market, industry, group of industries, sector or asset class. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues like pandemics or epidemics, recessions, or other events could have a significant impact on the fund and its investments. 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.

An outbreak of an infectious coronavirus (COVID-19) that was first detected in December 2019 developed into a global pandemic that has resulted in numerous disruptions in the market and has had significant economic impact leaving general concern and uncertainty. Although vaccines have been developed and approved for use by various governments, the duration of the pandemic and its effects cannot be predicted with certainty. The impact of this coronavirus, and other epidemics and pandemics that may arise in the future, could affect the economies of many nations, individual companies and the market in general ways that cannot necessarily be foreseen at the present time.

• **Risk of Investing in the United States** — Certain changes in the U.S. economy, such as when the U.S. economy weakens or when its financial markets decline, may have an adverse effect on the securities to which the fund has exposure.

• **Small and Mid-Capitalization Company Risk** — Companies with small or mid-size market capitalizations will normally have more limited product lines, markets and financial resources and will be dependent upon a more limited management group than larger capitalized companies. In addition, it is more difficult to get information on smaller companies, which tend to be less well known, have shorter operating histories, do not have significant ownership by large investors and are followed by relatively few securities analysts.

• **Technology Securities Risk** — Certain technology-related companies may face special risks that their products or services may not prove to be

commercially successful. Technology-related companies are also strongly affected by worldwide scientific or technological developments. As a result, their products may rapidly become obsolete. Such companies are also often subject to governmental regulation and may, therefore, be adversely affected by governmental policies. In addition, certain technology-related companies in which the fund may invest may not currently be profitable and there can be no assurance that such companies will be profitable in the future.

**Fees & Expenses**

(Based on the prospectus dated November 27, 2024)

Total Annual Fund Operating Expenses .....	0.07%
After Fee Waivers and/or Expense Reimbursements	

**T. Rowe Price Large Cap Growth Strategy**

Program investments are invested solely in a separately managed account which follows the T. Rowe Price Large-Cap Growth Strategy. The below information is from the prospectus for the T. Rowe Price Large-Cap Growth Fund and not the T. Rowe Price Large-Cap Growth Strategy. Although the T. Rowe Price Large-Cap Growth Strategy and the T. Rowe Price Large-Cap Growth Fund are not identical, they are similar in nature and investment approach.

**Investment Objective**

The fund seeks to provide long-term capital appreciation through investments in common stocks of growth companies.

**Principal Investment Strategies**

The fund normally invests at least 80% of its net assets (plus any borrowings for investment purposes) in securities of large-cap companies with growth characteristics. For purposes of the fund's 80% investment policy, the fund considers a company to have growth characteristics if the company's securities are represented in an appropriate third-party growth-oriented index. Any derivatives that provide exposure to the investment focus suggested by the fund's name, or to one or more market risk factors associated with the investment focus suggested by the fund's name, are counted (as applicable) toward compliance with the fund's 80% investment policy.

The fund defines a large-cap company as a company whose market capitalization falls above the minimum market capitalization in the MSCI USA Large Cap Index or MSCI World Large Cap Index (after systematically removing any companies that cannot reasonably be considered a large-cap company from the low end of the range of each index). The market capitalization of the companies in the indexes change over time and the indexes are periodically reconstituted to ensure that they continue to accurately reflect the large-cap equity market. As of December 31, 2024, the smallest market capitalization represented across these indexes (after removing any outlier companies) was \$10 billion.

The fund uses a growth style of investing. Accordingly, the adviser looks 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.

The fund may, to a limited extent, invest in privately held companies and companies that only recently began to trade publicly.

At times, the fund may have a significant portion of its assets invested in the same economic sector, such as the information technology sector. The fund is nondiversified, which means it may invest a greater percentage of its assets in a particular issuer than is permissible for a diversified fund.

**Principal Risks**

As with any fund, there is no guarantee that the fund will achieve its objective(s). 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, which may be even greater in bad or uncertain market conditions, are summarized as follows:

**Growth investing:** 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 conditions:** The value of the fund’s investments may decrease, sometimes rapidly or unexpectedly, due to factors affecting an issuer held by the fund, particular industries, or the overall securities markets. A variety of factors can increase the volatility of the fund’s holdings and markets generally, including economic, political, or regulatory developments, recessions, inflation, rapid interest rate changes, war, military conflict, acts of terrorism, natural disasters, and outbreaks of infectious illnesses or other widespread public health issues (such as the coronavirus pandemic) and related governmental and public responses (including sanctions). Certain events may cause instability across global markets, including reduced liquidity and disruptions in trading markets, while some events may affect certain geographic regions, countries, sectors, and industries more significantly than others. Government intervention in markets may impact interest rates, market volatility, and security pricing. These adverse developments may cause broad declines in market value due to short-term market movements or for significantly longer periods during more prolonged market downturns.

**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 stocks held by the fund may decline due to general weakness or volatility in the stock markets in which the fund invests or because of factors that affect a particular company or industry.

**Nondiversification:** 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 similar fund that is more broadly diversified.

**Large-cap stocks:** Securities issued by large-cap companies tend to be less volatile than securities issued by small- and mid-cap companies. However, large-cap companies may not be able to attain the high growth rates of successful small- and mid-cap companies, especially during strong economic periods, and may be unable to respond as quickly to competitive challenges.

**Sector exposure:** Issuers in the same economic sector may be similarly affected by economic or market events, making the fund more vulnerable to unfavorable developments in that economic sector than funds that invest more broadly.

**Information technology sector:** Information technology companies face intense competition, both domestically and internationally, which may have an adverse effect on their profit margins. Like other technology companies, information technology companies may have limited product lines, markets, financial resources, or personnel.

**Convertible securities:** Convertible securities are subject to risks associated with both equity and fixed income securities, including market risk, credit risk, and interest rate risk. In addition, convertible securities may be called back by the issuer prior to maturity at a price that is disadvantageous to the fund.

**Private placements and IPOs:** Investments in the stocks of privately held companies and in companies that only recently began to publicly trade, such as initial public offerings or IPOs, involve greater risks than investments in stocks of companies that have traded publicly on an exchange for extended time periods. There is significantly less information available about these companies’ business models, quality of management, earnings growth potential, and other criteria that are normally considered when evaluating the investment prospects of a company. Private placements and other restricted securities held by the fund are typically considered to be illiquid and tend to be difficult to value since there are no market prices and less overall financial information available. The adviser evaluates a variety of factors when assigning a value to these holdings, but the

determination involves some degree of subjectivity and the value assigned for the fund may differ from the value assigned by other mutual funds holding the same security.

**Liquidity:** A particular investment or an entire market segment may become less liquid or even illiquid, sometimes abruptly, which could limit the fund’s ability to purchase or sell holdings in a timely manner at a desired price. An inability to sell a portfolio holding can adversely affect the fund’s overall value or prevent the fund from being able to take advantage of other investment opportunities. Liquidity risk may be magnified during periods of substantial market volatility and unexpected episodes of illiquidity may limit the fund’s ability to pay redemption proceeds without selling holdings at an unfavorable time or at a suitable price. Large redemptions may also have a negative impact on the fund’s overall liquidity.

**Active management:** The fund’s overall investment program and holdings selected by the fund’s investment adviser may underperform the broad markets, relevant indices, or other funds with similar objectives and investment strategies.

**Cybersecurity breaches:** The fund could be harmed by intentional cyberattacks and other cybersecurity breaches, including unauthorized access to the fund’s assets, confidential information, or other proprietary information. In addition, a cybersecurity breach could cause one of the fund’s service providers or financial intermediaries to suffer unauthorized data access, data corruption, or loss of operational functionality.

<b>Fees &amp; Expenses</b>	
Total Annual Fund Operating Expenses .....	0.38%

## 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

Under normal conditions, the fund invests at least 80% of its net assets (plus any borrowings for investment purposes) in stocks that are included in its benchmark index. Any derivatives that provide exposure to the investment focus suggested by the fund’s name, or to one or more market risk factors associated with the investment focus suggested by the fund’s name, are counted (as applicable) toward compliance with the fund’s 80% investment policy.

The fund does not attempt to fully replicate the index by owning each of the stocks in the 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 index. T. Rowe Price compares the composition of the fund to that of the index. If a material misweighting develops, the portfolio manager seeks to rebalance the portfolio in an effort to realign it with its index.

The fund attempts to track the investment return of small- and mid-cap U.S. stocks by seeking to track, before fees and expenses, the performance of its benchmark index, the S&P Completion Index (Index). The index is a sub-index of the S&P Total Market Index and consists of all constituents in the S&P Total Market Index that are not also constituents of the S&P 500 Index. The index included 3,493 stocks as of December 31, 2024.

In an attempt to track the index, the adviser selects stocks based on industry, size, and other characteristics. For example, if technology stocks made up 15% of the index, the fund would invest approximately 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.

Because the fund typically holds securities in proportion to their weight in the index, the fund intends to be diversified in approximately the same proportion as the index is diversified. The fund may become nondiversified, as defined under the Investment Company Act of 1940, solely as a result of changes in the composition of the index.

While most assets are invested in common stocks, the fund may also

purchase stock index futures contracts and exchange-traded funds. These investments would typically be used to help realign the fund's portfolio with its benchmark index, facilitate trading, gain broad market or sector exposure, or 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.

**Principal Risks**

As with any fund, there is no guarantee that the fund will achieve its objective(s). 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, which may be even greater in bad or uncertain market conditions, are summarized as follows:

**Index investing:** 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 may deviate from 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 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.

**Market conditions:** The value of the fund's investments may decrease, sometimes rapidly or unexpectedly, due to factors affecting an issuer held by the fund, particular industries, or the overall securities markets. A variety of factors can increase the volatility of the fund's holdings and markets generally, including economic, political, or regulatory developments, recessions, inflation, rapid interest rate changes, war, military conflict, acts of terrorism, natural disasters, and outbreaks of infectious illnesses or other widespread public health issues (such as the coronavirus pandemic) and related governmental and public responses (including sanctions). Certain events may cause instability across global markets, including reduced liquidity and disruptions in trading markets, while some events may affect certain geographic regions, countries, sectors, and industries more significantly than others. Government intervention in markets may impact interest rates, market volatility, and security pricing. These adverse developments may cause broad declines in market value due to short-term market movements or for significantly longer periods during more prolonged market downturns.

**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 stocks held by the fund may decline due to general weakness or volatility in the stock markets in which the fund invests or because of factors that affect a particular company or industry.

**Small- and mid-cap stocks:** Investments in securities issued by small- and mid-cap companies are likely to be more volatile than investments in securities issued by larger companies. Small- and mid-cap companies often have less experienced management, narrower product lines, more limited financial resources, and less publicly available information than larger companies. In addition, small-cap companies tend to be more sensitive to changes in overall economic conditions and their securities may have limited trading markets.

**Futures:** The use of futures contracts potentially exposes the fund to greater volatility than directly purchasing securities in the index, including possible illiquidity of the futures markets, contract prices that can be volatile and imperfectly correlated to movements in underlying security values, and potential losses in excess of the fund's initial investment.

**Nondiversification:** The fund may become nondiversified due to the composition of its benchmark index, and thus invest a large percentage of its assets in securities issued by or representing a small number of issuers. As a result, the fund's performance may be adversely affected; the fund's

shares may experience greater price volatility; and the fund may be more susceptible to the risks associated with these particular issuers or to a single economic, political, or regulatory occurrence affecting these issuers.

**Sector exposure:** Issuers in the same economic sector may be similarly affected by economic or market events, making the fund more vulnerable to unfavorable developments in that economic sector than funds that invest more broadly.

**Exchange-traded funds:** 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 trade at a premium or discount to the actual net asset value of its portfolio securities, may have greater price volatility than its underlying assets, and its shares may have lower overall liquidity. The fund will bear its proportionate share of the fees and expenses of each exchange-traded fund in which it invests.

**Cybersecurity breaches:** The fund could be harmed by intentional cyberattacks and other cybersecurity breaches, including unauthorized access to the fund's assets, confidential information, or other proprietary information. In addition, a cybersecurity breach could cause one of the fund's service providers or financial intermediaries to suffer unauthorized data access, data corruption, or loss of operational functionality.

Fees & Expenses	
(Based on the prospectus dated March 1, 2025)	
Total Annual Fund Operating Expenses .....	0.23%
After Fee Waivers and/or Expense Reimbursements	

**Blackrock Mid-Cap Growth Equity Portfolio**

**Investment Objective**

The investment objective of BlackRock Mid-Cap Growth Equity Portfolio ("Mid-Cap Growth Equity" or the "fund"), a series of BlackRock FundsSM (the "trust"), is long-term capital appreciation.

**Principal Investment Strategies**

The fund normally invests at least 80% of its net assets in equity securities issued by U.S. mid-capitalization companies which fund management believes have above-average earnings growth potential. Equity securities consist primarily of common stock, preferred stock and securities or other instruments whose price is linked to the value of common stock. The fund may also purchase convertible securities. Although a universal definition of mid-capitalization companies does not exist, the fund generally defines these companies, at the time of the fund's investment, as those with market capitalizations comparable in size to the companies in the Russell Midcap® Growth Index (between approximately \$2.0 billion and \$71.3 billion as of August 31, 2024). In the future, the fund may define mid-capitalization companies using a different index or classification system. The fund seeks to buy primarily common stock but also can invest in preferred stock, convertible securities and other equity securities. From time to time the fund may invest in shares of companies through "new issues" or initial public offerings ("IPOs").

The fund may, when consistent with the fund's investment objective, buy or sell options or futures on a security or an index of securities (commonly known as derivatives). The primary purpose of using derivatives is to attempt to reduce risk to the fund as a whole (hedge), but they may also be used to maintain liquidity and commit cash pending investment. Fund management also may, but under normal market conditions generally does not intend to, use derivatives for speculation to increase returns.

**Principal Risks**

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 the principal risks of investing in the fund. The relative significance of each risk factor below may change over time and you should review each risk factor carefully.

• **Equity Securities Risk** — Stock markets are volatile. The price of equity securities fluctuates based on changes in a company’s financial condition and overall market and economic conditions.

• **Mid Cap Securities Risk** — The securities of mid cap companies generally trade in lower volumes and are generally subject to greater and less predictable price changes than the securities of larger capitalization companies.

• **Investment Style Risk** — Under certain market conditions, growth investments have performed better during the later stages of economic expansion. Therefore, this investment style may over time go in and out of favor. At times when the investment style used by the fund is out of favor, the fund may underperform other equity funds that use different investment styles.

• **Convertible Securities Risk** — The market value of a convertible security performs like that of a regular debt security; that is, if market interest rates rise, the value of a convertible security usually falls. In addition, convertible securities are subject to the risk that the issuer will not be able to pay interest, principal or dividends when due, and their market value may change based on changes in the issuer’s credit rating or the market’s perception of the issuer’s creditworthiness. Since it derives a portion of its value from the common stock into which it may be converted, a convertible security is also subject to the same types of market and issuer risks that apply to the underlying common stock, including the potential for increased volatility in the price of the convertible security.

• **Derivatives Risk** — The fund’s use of derivatives may increase its costs, reduce the fund’s returns and/or increase volatility. Derivatives involve significant risks, including:

**Leverage Risk** — The fund’s use of derivatives can magnify the fund’s gains and losses. Relatively small market movements may result in large changes in the value of a derivatives position and can result in losses that greatly exceed the amount originally invested.

**Market Risk** — Some derivatives are more sensitive to interest rate changes and market price fluctuations than other securities. The fund could also suffer losses related to its derivatives positions as a result of unanticipated market movements, which losses are potentially unlimited. Finally, BlackRock may not be able to predict correctly the direction of securities prices, interest rates and other economic factors, which could cause the fund’s derivatives positions to lose value.

**Counterparty Risk** — Derivatives are also subject to counterparty risk, which is the risk that the other party in the transaction will be unable or unwilling to fulfill its contractual obligation, and the related risks of having concentrated exposure to such a counterparty.

**Illiquidity Risk** — The possible lack of a liquid secondary market for derivatives and the resulting inability of the fund to sell or otherwise close a derivatives position could expose the fund to losses and could make derivatives more difficult for the fund to value accurately.

**Operational Risk** — The use of derivatives includes the risk of potential operational issues, including documentation issues, settlement issues, systems failures, inadequate controls and human error.

**Legal Risk** — The risk of insufficient documentation, insufficient capacity or authority of counterparty, or legality or enforceability of a contract.

**Volatility and Correlation Risk** — 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 with the overall securities markets.

**Valuation Risk** — Valuation for derivatives may not be readily available in the market. Valuation may be more difficult in times of market turmoil since many investors and market makers may be reluctant to purchase complex instruments or quote prices for them.

**Hedging Risk** — Hedges are sometimes subject to imperfect matching between the derivative and the underlying security, and there can be no assurance that the fund’s hedging transactions will be effective. The use of hedging may result in certain adverse tax consequences.

**Tax Risk** — Certain aspects of the tax treatment of derivative instruments, including swap agreements and commodity-linked derivative instruments,

are currently unclear and may be affected by changes in legislation, regulations or other legally binding authority. Such treatment may be less favorable than that given to a direct investment in an underlying asset and may adversely affect the timing, character and amount of income the fund realizes from its investments.

• **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 the applicable requirements of the Investment Company Act of 1940, as amended, and the rules thereunder. Increases and decreases in the value of the fund’s portfolio will be magnified when the fund uses leverage.

• **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. The value of a security or other asset may decline due to changes in general market conditions, economic trends or events that are not specifically related to the issuer of the security or other asset, or factors that affect a particular issuer or issuers, exchange, country, group of countries, region, market, industry, group of industries, sector or asset class. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues like pandemics or epidemics, recessions, or other events could have a significant impact on the fund and its investments. 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.

An outbreak of an infectious coronavirus (COVID-19) that was first detected in December 2019 developed into a global pandemic that has resulted in numerous disruptions in the market and has had significant economic impact leaving general concern and uncertainty. Although vaccines have been developed and approved for use by various governments, the duration of the pandemic and its effects cannot be predicted with certainty. The impact of this coronavirus, and other epidemics and pandemics that may arise in the future, could affect the economies of many nations, individual companies and the market in general ways that cannot necessarily be foreseen at the present time.

• **“New Issues” Risk** — “New issues” are IPOs of equity securities. Securities issued in IPOs have no trading history, and information about the companies may be available for very limited periods. In addition, the prices of securities sold in IPOs may be highly volatile or may decline shortly after the IPO.

• **Preferred Securities Risk** — Preferred securities may pay fixed or adjustable rates of return. Preferred securities are subject to issuer-specific and market risks applicable generally to equity securities. In addition, a company’s preferred securities generally pay dividends only after the company makes required payments to holders of its bonds and other debt. For this reason, the value of preferred securities will usually react more strongly than bonds and other debt to actual or perceived changes in the company’s financial condition or prospects. Preferred securities of smaller companies may be more vulnerable to adverse developments than preferred securities of larger companies.

• **Risk of Investing in the United States** — Certain changes in the U.S. economy, such as when the U.S. economy weakens or when its financial markets decline, may have an adverse effect on the securities to which the fund has exposure.

**Fees & Expenses**

(Based on the prospectus dated September 27, 2024)

Total Annual Fund Operating Expenses .....	0.80%
After Fee Waivers and/or Expense Reimbursements	

## Ariel Fund

### Investment Objective

Ariel Fund's fundamental objective is long-term capital appreciation.

### Principal Investment Strategies

The fund invests in small-and mid-capitalization ("small/mid cap") undervalued companies that show strong potential for growth. It invests primarily in equity securities of U.S. companies that have market capitalizations within the range of the companies in the Russell 2500TM Index, measured at the time of initial purchase. As of December 31, 2024, the market capitalizations of the companies in the Russell 2500 Index ranged from \$6 million to \$32.92 billion (Source: FactSet). The fund may invest a portion of the portfolio outside (above or below) this market capitalization range. Also, the market capitalizations for the fund's portfolio companies may change over time, and it is permitted to invest in (hold and purchase) a company even if its market capitalization moves outside the stated range.

The fund's strategy is rooted in the contrarian investment philosophy of Ariel Investments, LLC ("Ariel" or the "adviser"), which depends on four interrelated tenets: Active Patience®, Independent Thinking, Focused Expertise, and Bold Teamwork.

**Active Patience.** We generally seek to own differentiated companies with certain characteristics, such as strong cash flows, low debt, quality products or services, significant barriers to entry, predictable fundamentals that allow for the potential for double-digit earnings growth (at time of initial purchase), and low reinvestment requirements. We take a long-term view, and look past short-term price volatility, seeking to hold investments for a relatively long period of time—generally three to five years. However, the holding period may vary for any particular stock. Our long-term approach enables the fund's investment team to research a company and wait as long as necessary for a stock to reach a price we view as undervalued relative to our internally generated estimate of its intrinsic worth ("private market value").

**Independent Thinking.** We make opportunistic purchases when we see value in companies that are temporarily out of favor, misunderstood or ignored—trading at a low valuation relative to potential earnings and/or at a discount to the team's estimate of intrinsic worth. We perform our own original proprietary research that often leads us to buy when others are selling and to sell when others are buying. The primary reasons a stock will be sold are: (i) if its valuation reaches Ariel's determination of its private market value, (ii) if a better opportunity for investment presents itself, or (iii) if there are material adverse changes to a company's fundamentals. In addition, the adviser has adopted procedures to sell stocks it views as substantially outside the fund's small/mid cap range.

**Focused Expertise.** We seek to invest within our circle of competence, allowing us to build expertise and accumulate deep knowledge in specific sectors, to isolate key issues of importance, and to have strong convictions in the stocks purchased and held. This often results in the fund investing in fewer sectors than its respective benchmark. The fund is a diversified fund that generally will hold between 25-45 securities in its portfolio. We also integrate sustainability considerations, including our proprietary Business Resilience Risk Ratings, as part of the broader review of material risks and opportunities for a given investment.

**Bold Teamwork.** No one person is sufficient to our shareholders' success. Different approaches and opinions allow our domestic research team to constantly learn, improve and aspire to exceed expectations. Our investment professionals seek to leverage their contacts and knowledge, while also striving to work collaboratively with a shared commitment to excellence.

### Principal Risks

Although Ariel makes every effort to achieve the fund's objective of long-term capital appreciation, Ariel cannot guarantee it will attain that objective. You could lose money by investing in the fund. The principal risks of investing in the fund are:

- Small/mid cap stocks held by the fund could fall out of favor and returns would subsequently trail returns of the overall stock market. The performance of such stocks could also be more volatile. Small/mid cap stocks often have

less predictable earnings, more limited product lines and markets, and more limited financial and management resources than large cap stocks.

- The intrinsic value of the stocks in which the fund invests may never be recognized by the broader market.

- The fund is often concentrated in fewer sectors than its benchmarks, and its performance may suffer if these sectors underperform the overall stock market.

- Investing in equity securities is risky and subject to the volatility of the markets. Equity securities represent an ownership position in a company. The prices of equity securities fluctuate based on changes in the financial condition of their issuers and on market and economic conditions. Furthermore, when the stock market declines, most equity securities, even those issued by strong companies, often will decline in value.

You should consider investing in the fund if you are looking for long-term capital appreciation and are willing to accept the associated risks.

### Fees & Expenses

(Based on the prospectus dated February 1, 2025)

Total Annual Fund Operating Expenses .....0.69%

After Fee Waivers and/or Expense Reimbursements

## Northern Small Cap Value Strategy

Program investments are invested solely in a separately managed account which follows the Northern Small Cap Value Strategy. The below information is from the prospectus for the Northern Small Cap Value Fund and not the Northern Small Cap Value Strategy. Although the Northern Small Cap Value Strategy and the Northern Small Cap Value Fund are not identical, they are similar in nature and investment approach.

### 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.

Using a quantitative analysis to evaluate financial data, NTI 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 evaluate fundamental and quantifiable stock or firm characteristics (such as relative attractiveness across valuation, price momentum and earnings quality). The characteristics are combined to create a proprietary multi-factor quantitative stock selection model that seeks to generate excess returns relative to the Russell 2000® Value Index by over- and underweighting securities included in such index.

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.

The fund may use derivatives such as stock index futures contracts to equitize cash and enhance portfolio liquidity.

From time to time the fund may have a focused investment (i.e., investment exposure comprising more than 15% of its total assets) in one or more particular sectors. As of March 31, 2024, the fund had focused investments in the financials and industrials sectors.

Frank Russell Company does not endorse any of the securities in the Russell 2000 Value Index. It is not a sponsor of the Small Cap Value Fund and is not affiliated with the fund in any way.

**Principal Risks**

As with any investment, you could lose all or part of your investment in the fund, and the fund’s performance could trail that of other investments. The fund is subject to certain risks, including the principal risks noted below, any of which may adversely affect the fund’s net asset value (“NAV”), total return and ability to meet its investment objective. Each risk noted below is considered a principal risk of investing in the fund, regardless of the order in which it appears. The significance of each risk factor below may change over time and you should review each risk factor carefully.

**MARKET RISK** is the risk that the value of the fund’s investments may increase or decrease in response to expected, real or perceived economic, political or financial events in the U.S. or global markets. The frequency and magnitude of such changes in value cannot be predicted. Certain securities and other investments held by the fund may experience increased volatility, illiquidity, or other potentially adverse effects in response to changing market conditions, inflation, changes in interest rates, lack of liquidity in the bond or equity markets or volatility in the equity markets. Market disruptions caused by local or regional events such as financial institution failures, war, acts of terrorism, the spread of infectious illness (including epidemics and pandemics) or other public health issues, recessions or other events or adverse investor sentiment could have a significant impact on the fund and its investments. During periods of market disruption or other abnormal market conditions, the fund’s exposure to risks described elsewhere in this summary will likely increase.

**SMALL CAP STOCK RISK** is the risk that stocks of smaller companies may be more volatile than stocks of larger, more established companies, and may lack sufficient market liquidity. Small companies may have limited product lines or financial resources, may be dependent upon a particular niche of the market, or may be dependent upon a small or inexperienced management group. Securities of smaller companies 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.

**INVESTMENT STYLE RISK** is the risk that different investment styles (e.g., “growth”, “value” or quantitative”) tend to shift in and out of favor, depending on market and economic conditions as well as investor sentiment. The fund may outperform or underperform other funds that invest in similar asset classes but employ a different investment style. The fund may also employ a combination of styles that impacts its risk characteristics.

• **VALUE INVESTING RISK** is the risk that because the fund emphasizes a value style of investing that focuses on undervalued companies with characteristics for improved valuation, the fund is subject to greater risk that the market will not recognize a security’s inherent value for a long time, or that a stock judged to be undervalued by the fund’s adviser may actually be appropriately priced or overvalued. Value oriented funds will typically underperform when growth investing is in favor.

• **QUANTITATIVE INVESTING RISK** is the risk that the value of securities or other investments selected using quantitative analysis can perform differently from the market as a whole or from their expected performance and the fund may realize a loss. This may be as a result of the factors used in building a multifactor quantitative model, the weights placed on each factor, the accuracy of historical data utilized, and changing sources of market returns. Whenever a model is used, there is also a risk that the model will not work as planned.

**MANAGEMENT RISK** is the risk that a strategy used by the fund’s investment adviser may fail to produce the intended results or that imperfections, errors or limitations in the tools and data used by the investment adviser may cause unintended results.

**SECTOR RISK** is the risk that companies in similar businesses may be similarly affected by particular economic or market events, which may, in certain circumstances, cause the value of securities of all companies in a particular sector of the market to decrease.

• **FINANCIALS SECTOR RISK** is the risk that companies in the financials sector can be significantly affected by changes in interest rates, government regulation, the rate of corporate and consumer debt defaulted, price competition, and the availability and cost of capital, among other factors.

• **INDUSTRIALS SECTOR RISK** is the risk that companies in the industrials sector may be significantly affected by, among other things, worldwide economic growth, supply and demand for specific products and services, rapid technological developments, international political and economic developments, environmental issues, and tax and governmental regulatory policies.

**DERIVATIVES RISK** is the risk that derivatives may pose risks in addition to and greater than those associated with investing directly in securities, currencies and other instruments, may be illiquid or less liquid, more volatile, more difficult to value and leveraged so that small changes in the value of the underlying instrument may produce disproportionate losses to the fund. Derivatives are also subject to counterparty risk, which is the risk that the other party to the transaction will not perform its contractual obligations. The use of derivatives is a highly specialized activity that involves investment techniques and risks different from those associated with investments in more traditional securities and instruments.

• **FUTURES CONTRACTS RISK** is the risk that there will be imperfect correlation between the change in market value of the fund’s securities and the price of futures contracts, which may result in the strategy not working as intended; the possible inability of the fund to sell or close out a futures contract at the desired time or price; losses due to unanticipated market movements, which potentially are unlimited; and the possible inability of the fund’s investment adviser to correctly predict the direction of securities’ prices, interest rates, currency exchange rates and other economic factors, which may make the fund’s returns more volatile or increase the risk of loss.

**SECURITIES LENDING RISK** is the risk that the fund may lose money because the borrower of the loaned securities fails to return the securities in a timely manner or at all. The fund could also lose money in the event of a decline in the value of collateral provided for loaned securities or a decline in the value of any investments made with cash collateral.

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.

<b>Fees &amp; Expenses</b>	
Total Annual Fund Operating Expenses .....	0.60%

**Northern 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 (the “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 index, in weightings that approximate the relative composition of securities contained in the index, and in index futures approved by the Commodity Futures Trading Commission.

The index measures the performance of the small-cap segment of the US equity universe. The index is a subset of the Russell 3000® Index representing approximately 7% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities included in the Russell 3000® Index based on a combination of their market cap and current index membership. As of May 31, 2024, the approximate median market capitalization of the companies in the index was \$919 million. The index is rebalanced quarterly. The fund generally rebalances its portfolio in accordance with the index.

NTI uses a “passive” or indexing approach to try to achieve the fund’s investment objective. Unlike many investment companies, the fund does

not try to “beat” the index it tracks and does not seek temporary defensive positions when markets decline or appear overvalued. NTI will buy and sell securities in response to changes in the index as well as in response to subscriptions and redemptions. The fund generally invests in substantially all of the securities in the index in approximately the same proportions as the index (i.e., replication). In certain circumstances, however, the fund may not hold every security in the index or in the same proportion as the index, such as to improve tax efficiency or when it may not be practicable to fully implement a replication strategy. Rather, it will use an optimization strategy to seek to construct a portfolio that minimizes tracking error versus the index while managing transaction costs and realized capital gains and losses.

The fund intends to be diversified in approximately the same proportion as the index is diversified. The fund may become “non-diversified,” as defined in the Investment Company Act of 1940 (the “1940 Act”), solely as a result of a change in relative market capitalization or index weighting of one or more constituents of the index. A “non-diversified” fund can invest a greater percentage of its assets in a small group of issuers or in any one issuer than a diversified fund can. Shareholder approval will not be sought if the fund becomes non-diversified due solely to a change in the relative market capitalization or index weighting of one or more constituents of the index.

In seeking to track the performance of the index, from time to time the fund may have a focused investment (i.e., investment exposure comprising more than 15% of its total assets) in one or more particular sectors. As of March 31, 2024, the fund had focused investments in the health care, industrials and financials sectors.

NTI expects that, under normal circumstances, the quarterly performance of the fund, before fees and expenses, will track the performance of the index within a 0.95 correlation coefficient.

The index is created and sponsored by Frank Russell Company (“Russell”), as the index provider. Russell determines the composition and relative weightings of the securities in the index and publishes information regarding the market value of the index. Russell does not endorse any of the securities in the index. It is not a sponsor of the Small Cap Index Fund and is not affiliated with the fund in any way.

#### Principal Risks

As with any investment, you could lose all or part of your investment in the fund, and the fund’s performance could trail that of other investments. The fund is subject to certain risks, including the principal risks noted below, any of which may adversely affect the fund’s net asset value (“NAV”), total return and ability to meet its investment objective. Each risk noted below is considered a principal risk of investing in the fund, regardless of the order in which it appears. The significance of each risk factor below may change over time and you should review each risk factor carefully.

**MARKET RISK** is the risk that the value of the fund’s investments may increase or decrease in response to expected, real or perceived economic, political or financial events in the U.S. or global markets. The frequency and magnitude of such changes in value cannot be predicted. Certain securities and other investments held by the fund may experience increased volatility, illiquidity, or other potentially adverse effects in response to changing market conditions, inflation, changes in interest rates, lack of liquidity in the bond or equity markets or volatility in the equity markets. Market disruptions caused by local or regional events such as financial institution failures, war, acts of terrorism, the spread of infectious illness (including epidemics and pandemics) or other public health issues, recessions or other events or adverse investor sentiment could have a significant impact on the fund and its investments. During periods of market disruption or other abnormal market conditions, the fund’s exposure to risks described elsewhere in this summary will likely increase.

**SMALL CAP STOCK RISK** is the risk that stocks of smaller companies may be more volatile than stocks of larger, more established companies, and may lack sufficient market liquidity. Small companies may have limited product lines or financial resources, may be dependent upon a particular niche of the market, or may be dependent upon a small or inexperienced management group. Securities of smaller companies 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.

**TRACKING RISK** is the risk that the fund’s performance may vary from the performance of the index it tracks as a result of share purchases and redemptions, transaction costs, expenses and other factors. Market disruptions, regulatory restrictions or other abnormal market conditions could have an adverse effect on the fund’s ability to adjust its exposure to required levels in order to track its index or cause delays in the index’s rebalancing schedule. During any such delay, it is possible that the index, and, in turn, the fund will deviate from the index’s stated methodology and therefore experience returns different than those that would have been achieved under a normal rebalancing or reconstitution schedule.

**SECTOR RISK** is the risk that companies in similar businesses may be similarly affected by particular economic or market events, which may, in certain circumstances, cause the value of securities of all companies in a particular sector of the market to decrease.

• **FINANCIALS SECTOR RISK** is the risk that companies in the financials sector can be significantly affected by changes in interest rates, government regulation, the rate of corporate and consumer debt defaulted, price competition, and the availability and cost of capital, among other factors.

• **INDUSTRIALS SECTOR RISK** is the risk that companies in the industrials sector may be significantly affected by, among other things, worldwide economic growth, supply and demand or specific products and services, rapid technological developments, international political and economic developments, environmental issues, and tax and governmental regulatory policies.

• **HEALTH CARE SECTOR RISK** is the risk that companies in the health care sector may be negatively affected by scientific or technological developments, research and development costs, increased competition within the health care sector impacting prices and demand for products or services, rapid product obsolescence and patent expirations. The price of securities of health care companies may fluctuate widely due to changes in legislation or other government regulations, including uncertainty regarding health care reform and its long-term impact, reductions in government funding and the unpredictability of winning government approvals.

**INDEX RISK** is the risk that that the fund would not necessarily buy or sell a security unless that security is added or removed, respectively, from the index, even if that security generally is underperforming, because unlike many investment companies, the fund does not utilize an investing strategy that seeks returns in excess of the index. Additionally, the fund rebalances its portfolio in accordance with the index, and, therefore, any changes to the index’s rebalance schedule will result in corresponding changes to the fund’s rebalance schedule.

**DERIVATIVES RISK** is the risk that derivatives may pose risks in addition to and greater than those associated with investing directly in securities, currencies and other instruments, may be illiquid or less liquid, more volatile, more difficult to value and leveraged so that small changes in the value of the underlying instrument may produce disproportionate losses to the fund. Derivatives are also subject to counterparty risk, which is the risk that the other party to the transaction will not perform its contractual obligations. The use of derivatives is a highly specialized activity that involves investment techniques and risks different from those associated with investments in more traditional securities and instruments.

• **FUTURES CONTRACTS RISK** is the risk that there will be imperfect correlation between the change in market value of the fund’s securities and the price of futures contracts, which may result in the strategy not working as intended; the possible inability of the fund to sell or close out a futures contract at the desired time or price; losses due to unanticipated market movements, which potentially are unlimited; and the possible inability of the fund’s investment adviser to correctly predict the direction of securities’ prices, interest rates, currency exchange rates and other economic factors, which may make the fund’s returns more volatile or increase the risk of loss.

**NON-DIVERSIFICATION RISK** Under the 1940 Act, a fund designated as “diversified” must limit its holdings such that the securities of issuers which individually represent more than 5% of its total assets must in the aggregate represent less than 25% of its total assets. The fund is “diversified” for purposes of the 1940 Act. However, in seeking to track its index, the fund may become “non-diversified,” as defined in the 1940 Act, solely as a result of a change in relative market capitalization or index weighting of one or more constituents

of the index. A non-diversified fund can invest a greater portion of its assets in the obligations or securities of a small portion of its assets in the obligations or securities of a small number of issuers or any single issuer than a diversified fund can. In such circumstances, a change in the value of one or a few issuers' securities will therefore affect the value of the fund more than if it was a diversified fund.

**SECURITIES LENDING RISK** is the risk that the fund may lose money because the borrower of the loaned securities fails to return the securities in a timely manner or at all. The fund could also lose money in the event of a decline in the value of collateral provided for loaned securities or a decline in the value of any investments made with cash collateral.

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.

<b>Fees &amp; Expenses</b>	
(Based on the prospectus dated July 31, 2024)	
Total Annual Fund Operating Expenses .....	0.10%
After Fee Waivers and/or Expense Reimbursements	

## Macquarie Small Cap Core Fund

### Investment Objective

Macquarie 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 in 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 manager may permit its affiliate, Macquarie Investment Management Global Limited (MIMGL), to execute fund security trades on behalf of the manager. The manager may also seek quantitative support from MIMGL.

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. An investment in the fund may not be appropriate for all investors. The fund's principal risks include:

**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 and sector risk**—The risk that the value of securities in a particular industry or sector will decline because of changing expectations for the performance of that industry or sector.

**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. A fund may be subject to a greater risk of rising interest rates when interest rates are low or inflation rates are high or rising.

**Liquidity risk**—The possibility that investments cannot be readily sold within seven calendar days at approximately the price at which a fund has valued them.

**Government and regulatory risk**—The risk that governments or regulatory authorities may take actions that could adversely affect various sectors of the securities markets and affect fund performance.

**Active management and selection risk**—The risk that the securities selected by a fund's management will underperform the markets, the relevant indices, or the securities selected by other funds with similar investment objectives and investment strategies. The securities and sectors selected may vary from the securities and sectors included in the relevant index.

None of the entities noted in this document is an authorized deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia) and the obligations of these entities do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 (Macquarie Bank). Macquarie Bank does not guarantee or otherwise provide assurance in respect of the obligations of these entities. In addition, if this document relates to an investment (a) each investor is subject to investment risk including possible delays in repayment and loss of income and principal invested and (b) none of Macquarie Bank or any other Macquarie Group company guarantees any particular rate of return on or the performance of the investment, nor do they guarantee repayment of capital in respect of the investment.

<b>Fees &amp; Expenses</b>	
(Based on the prospectus dated April 1, 2025)	
Total Annual Fund Operating Expenses .....	0.81%
After Fee Waivers and/or Expense Reimbursements	

## Harbor Small Cap Growth Fund

### Investment Objective

The fund seeks long-term growth of capital.

### Principal Investment Strategies

The fund invests primarily in equity securities, principally common and preferred stocks of small cap companies. Under normal market conditions, the fund invests at least 80% of its net assets, plus borrowings for investment purposes, in securities of small cap companies.

The fund defines 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, the fund 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, 2024, the range of the index was \$7 million to \$14.77 billion, but it is expected to change frequently.

The subadvisor uses a bottom-up process to identify companies that meet the subadvisor's strict fundamental criteria and then performs a qualitative review on each identified company to select approximately 60 to 80 companies for inclusion in the fund's portfolio. The subadvisor's research may include personal interviews and other contact with company management. Sector allocations are the outcome of the subadvisor's bottom-up investment process.

In selecting stocks for the fund's portfolio, the subadvisor looks for companies that it believes possess the following characteristics:

- Accelerating earnings growth
- Strong balance sheets
- Attractive valuations as measured by price/earnings to growth ratios

In addition, the subadvisor prefers companies that it believes possess the following qualitative characteristics:

- Superior company management
- Significant insider ownership
- Unique market positions and broad market opportunities
- Solid financial controls and accounting processes

In addition to the investment considerations outlined above, the subadvisor integrates research into environmental, social and governance (“ESG”) factors into its investment process. The key ESG considerations may vary depending on the industry, sector, geographic region or other factors and the core business of each issuer.

**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 investment options. Principal risks impacting the fund (in alphabetical order after the first four risks) include:

**Small Cap Risk:** The fund’s performance may be more volatile because it invests primarily in issuers that are smaller companies. Smaller companies may have limited product lines, markets and financial resources. Securities of smaller companies 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.

**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.

**Equity Risk:** The values of equity or equity-related securities may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Equity securities generally have greater price volatility than fixed income securities.

**Market Risk:** Securities markets are volatile and can decline significantly in response to adverse market, economic, political, regulatory or other developments, which may lower the value of securities held by the fund, sometimes rapidly or unpredictably. Events such as war, acts of terrorism, social unrest, natural disasters, recessions, inflation, rapid interest rate changes, supply chain disruptions, sanctions, the spread of infectious illness or other public health threats could also significantly impact the fund and its investments.

**ESG Factors Risk:** The consideration of ESG factors by the subadvisor and/or advisor, as applicable, could cause the fund to perform differently than other funds. ESG factors are not the only consideration used by the subadvisor and/or advisor, as applicable, in making investment decisions for the fund and the fund may invest in a company that scores poorly on ESG factors if it scores well on other criteria. ESG factors may not be considered for every investment decision.

**Issuer Risk:** An adverse event affecting a particular issuer in which the fund is invested, such as an unfavorable earnings report, may depress the value of that issuer’s securities, sometimes rapidly or unpredictably.

**Preferred Stock Risk:** Preferred stocks in which the fund may invest are sensitive to interest rate changes, and are also subject to equity risk, which is the risk that stock prices will fall over short or extended periods of time. The rights of preferred stocks on the distribution of a company’s assets in the event of a liquidation are generally subordinate to the rights associated with a company’s debt securities.

**Sector Risk:** Because the fund may, from time to time, be more heavily invested in particular sectors, the value of its shares may be especially sensitive to factors and economic risks that specifically affect those sectors. As a result, the fund’s share price may fluctuate more widely than the value of shares of a mutual fund that invests in a broader range of sectors.

**Selection Risk:** The subadvisor’s judgment about the attractiveness, value and growth potential of a particular security may be incorrect, which may cause the fund to underperform. Additionally, the subadvisor and/or advisor, as applicable, potentially will be prevented from executing investment decisions at an advantageous time or price as a result of

domestic or global market disruptions, particularly disruptions causing heightened market volatility and reduced market liquidity, as well as increased or changing regulations. Thus, investments that a subadvisor and/or advisor, as applicable, believes represent an attractive opportunity or in which the fund seeks to obtain exposure may be unavailable entirely or in the specific quantities or prices sought by a subadvisor and/or advisor, as applicable, and the fund may need to obtain the exposure through less advantageous or indirect investments or forgo the investment at the time.

<b>Fees &amp; Expenses</b>	
(Based on the prospectus dated March 1, 2025)	
Total Annual Fund Operating Expenses .....	0.88%
After Fee Waivers and/or Expense Reimbursements	

**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, which may include 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 net assets in equity securities of non-U.S. companies, including common stocks, depositary receipts evidencing ownership of common stocks, certain preferred stocks, securities convertible into common stocks, and securities that carry the right to buy common stocks (e.g., rights and warrants). The fund may enter into currency forward contracts, currency swaps, or currency futures contracts to hedge direct and/or indirect currency exposure or currency risk. The fund may use equity options or total return swaps referencing single stocks or stock indices to create or hedge equity exposure. The fund may also use futures referencing stock indices to equitize, or create equity market exposure, approximately equal to some or all of its cash and cash equivalents, receivables, and similar non-equity assets, or to hedge against a general downturn in the equity markets. Derivative instruments used by the fund will be counted toward the fund’s 80% investment policy discussed above to the extent the derivative instruments provide exposure to the types of investments included within that policy.

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 profit 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, financially material environmental, social, and governance (ESG) issues, 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**

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:

- Equity risk.** Equity securities can be volatile and 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.** Investment prices may increase or decrease, sometimes suddenly and unpredictably, due to general market conditions. Local, national, regional or global events such as adverse political events, the imposition of tariffs or trade restrictions, war, acts of terrorism, the spread of

infectious illness or other public health issues, recessions, inflation, or other events could also have a significant impact on the fund and its investments and potentially increase the risks described herein.

• **Manager risk.** Dodge & Cox’s opinion about the intrinsic worth or creditworthiness of a company or security may be incorrect or the market may continue to undervalue the company or security. Depending on market conditions, Dodge & Cox’s investing style may perform better or worse than portfolios with a different investment style. Dodge & Cox may not make timely purchases or sales of securities for the fund. The fund may underperform the broad market, relevant indices, or other funds with similar objectives and investment strategies.

• **Non-U.S. investment risk.** Securities of non-U.S. issuers (including ADRs, ADSs, GDRs and other securities that represent interests in a non-U.S. issuer’s securities) may be more volatile, harder to value, and have lower overall liquidity than U.S. securities. Non-U.S. issuers may be subject to political, economic, or market instability, or unfavorable government action or economic sanctions or other restrictions imposed by U.S. or foreign regulators. 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. The fund generally holds non-U.S. securities and cash in foreign banks and securities depositories, which may be recently organized or new to the foreign custody business and may be subject to only limited or no regulatory oversight. There may be increased risk of delayed transaction settlement. These risks may be higher when investing in emerging and frontier markets. Certain of these elevated risks may also apply to securities of U.S. issuers with significant non-U.S. operations.

• **Emerging markets 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. Emerging markets may have less established legal, accounting, and financial reporting systems than those in more developed markets, which may reduce the scope or quality of financial information available to investors. In addition, companies in emerging markets may be subject to less stringent standards on disclosure, accounting and financial reporting, and recordkeeping, which may affect the fund’s ability to evaluate potential and current investments. Relatedly, securities of companies in emerging markets that are listed on exchanges may be delisted if they do not meet relevant accounting standards and auditor oversight requirements, which could significantly decrease the liquidity and value of the securities. Governments in emerging market countries may exercise greater control over their financial markets, more frequently make significant changes to economic policy, be less stable and be more likely to take extra-legal action with respect to companies, industries, assets, or foreign ownership than those in more developed markets. Moreover, investor protection regimes may be more limited in emerging markets. For example, it may be more difficult for shareholders to bring derivative litigation or for U.S. regulators to bring enforcement actions against issuers in emerging markets. Emerging market securities may also be more volatile, more difficult to value, and have lower overall liquidity than securities economically tied to U.S. or developed non-U.S. markets.

• **Non-U.S. currency risk.** Non-U.S. 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 and may not be able to determine accurately the extent to which a security or its issuer is exposed to currency risk.

• **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.

• **Derivatives risk.** Investing with derivatives, such as currency forward contracts, currency swaps, and equity options, equity index futures and total return swaps, and other similar investments (collectively referred to as “derivatives”) involves risks additional to and possibly greater than 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. A derivative can create leverage because it can result in exposure to an amount of a security, index, or other underlying investment (a “notional amount”) that is substantially larger than the derivative position’s market value. Often, the upfront payment required to enter into a derivative is much smaller than the potential for loss, which for certain types of derivatives may be unlimited. The fund may not be able to close a derivatives position at an advantageous time or price. As a result, the fund may be required to continue making required margin and settlement payments and, if the fund has insufficient cash on hand to meet such requirements, it may have to sell securities from its portfolio at a time when it may be disadvantageous to do so. 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. Derivatives also can create operational and legal risk. Changes in regulation relating to a mutual fund’s use of derivatives and related instruments may make derivatives more costly, limit the availability of derivatives, or otherwise adversely affect the value or performance of derivatives and the fund.

• **Geographic risk.** From time to time the fund may invest a substantial amount of its assets in issuers located in a single country or a limited number of countries. If the fund focuses its investments in this manner, risks relating to economic, political and social conditions in those countries will have a significant impact on its investment performance. The fund’s investment performance may be more volatile if it focuses its investments in certain countries, especially emerging market or frontier market countries.

**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.**

**Fees & Expenses**

(Based on the prospectus dated May 1, 2025)

Total Annual Fund Operating Expenses .....	0.62%
After Fee Waivers and/or Expense Reimbursements	

**Northern 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 (the “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 index, in weightings that approximate the relative composition of the securities contained in the index, and in American Depositary Receipts (“ADRs”), European Depositary Receipts (“EDRs”), and Global Depositary Receipts (“GDRs”) representing such securities and index futures approved by the Commodity Futures Trading Commission.

The index captures large and mid-cap representation across 21 Developed Markets countries around the world, as determined by the index provider, excluding the US and Canada, and covers approximately 85% of the free float-adjusted market capitalization in each country as of May 31, 2024. As of May 31, 2024, the index was comprised of 766 constituents with market capitalizations ranging from \$1.61 billion to \$440.44 billion. It is rebalanced quarterly. The fund generally rebalances its portfolio in accordance with the index.

NTI uses a “passive” or indexing approach to try to achieve the fund’s investment objective. Unlike many investment companies, the fund does not try to “beat” the index it tracks and does not seek temporary defensive positions when markets decline or appear overvalued. NTI will buy and sell securities in response to changes in the index as well as in response to subscriptions and redemptions.

The fund generally invests in substantially all of the securities in the index in approximately the same proportions as the index (i.e., replication). In certain circumstances, however, the fund may not hold every security in the index or in the same proportion as the index, such as to improve tax efficiency or

when it may not be practicable to fully implement a replication strategy. Rather, it will use an optimization strategy to seek to construct a portfolio that minimizes tracking error versus the index while managing transaction costs and realized capital gains and losses.

The fund intends to be diversified in approximately the same proportion as the index is diversified. The fund may become “non-diversified,” as defined in the Investment Company Act of 1940 (the “1940 Act”), solely as a result of a change in relative market capitalization or index weighting of one or more constituents of the index. A “non-diversified” fund can invest a greater percentage of its assets in a small group of issuers or in any one issuer than a diversified fund can. Shareholder approval will not be sought if the fund becomes non-diversified due solely to a change in the relative market capitalization or index weighting of one or more constituents of the index.

The fund may use derivatives such as stock index futures contracts to equitize cash and enhance portfolio liquidity.

In seeking to track the performance of the index, from time to time the fund may have a focused investment (i.e., investment exposure comprising more than 15% of its total assets) in one or more particular sectors, countries or geographic regions. As of March 31, 2024, the fund had focused investments in the financials and industrials sectors and in Japan and the European Union.

NTI expects that, under normal circumstances, the quarterly performance of the fund, before fees and expenses, will track the performance of the index within a 0.95 correlation coefficient.

The index is created and sponsored by Morgan Stanley Capital International (“MSCI”), as the index provider. MSCI determines the composition and relative weightings of the securities in the index and publishes information regarding the market value of the index. MSCI does not endorse any of the securities in the index. It is not a sponsor of the International Equity Index Fund and is not affiliated with the fund in any way.

### Principal Risks

As with any investment, you could lose all or part of your investment in the fund, and the fund’s performance could trail that of other investments. The fund is subject to certain risks, including the principal risks noted below, any of which may adversely affect the fund’s net asset value (“NAV”), total return and ability to meet its investment objective. Each risk noted below is considered a principal risk of investing in the fund, regardless of the order in which it appears. The significance of each risk factor below may change over time and you should review each risk factor carefully.

**MARKET RISK** is the risk that the value of the fund’s investments may increase or decrease in response to expected, real or perceived economic, political or financial events in the U.S. or global markets. The frequency and magnitude of such changes in value cannot be predicted. Certain securities and other investments held by the fund may experience increased volatility, illiquidity, or other potentially adverse effects in response to changing market conditions, inflation, changes in interest rates, lack of liquidity in the bond or equity markets or volatility in the equity markets. Market disruptions caused by local or regional events such as financial institution failures, war, acts of terrorism, the spread of infectious illness (including epidemics and pandemics) or other public health issues, recessions or other events or adverse investor sentiment could have a significant impact on the fund and its investments. During periods of market disruption or other abnormal market conditions, the fund’s exposure to risks described elsewhere in this summary will likely increase.

**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 may impose limitations on foreigners’ ownership of interests in local issuers, restrictions on the ability to repatriate assets, and may also impose taxes. Any of these events could cause the value of the fund’s investments to decline. Foreign banks, agents and securities depositories that hold the fund’s foreign assets may be subject to little or no regulatory oversight over, or independent evaluation, of their operations. Additional costs associated with investments in foreign securities may include higher custodial fees than

those applicable to domestic custodial arrangements and transaction costs of foreign currency conversions. Unless the fund has hedged its foreign currency exposure, foreign securities risk also involves the risk of negative foreign currency rate fluctuations, which may cause the value of securities denominated in such foreign currency (or other instruments through which the fund has exposure to foreign currencies) to decline in value. Currency exchange rates may fluctuate significantly over short periods of time. Currency hedging strategies, if used, are not always successful. For instance, forward foreign currency exchange contracts, if used by the fund, could reduce performance if there are unanticipated changes in currency exchange rates.

**DEPOSITORY RECEIPTS RISK** Foreign securities may trade in the form of depository receipts. In addition to investment risks associated with the underlying issuer, depository receipts may expose the fund to additional risks associated with non-uniform terms that apply to depository receipt programs, including credit exposure to the depository bank and to the sponsors and other parties with whom the depository bank establishes the programs, currency, political, economic, market risks and the risks of an illiquid market for depository receipts. Depository receipts are generally subject to the same risks as the foreign securities that they evidence or into which they may be converted. Depository receipts may not track the price of the underlying foreign securities on which they are based, may have limited voting rights, and may have a distribution subject to a fee charged by the depository. As a result, equity shares of the underlying issuer may trade at a discount or premium to the market price of the depository receipts.

**GEOGRAPHIC RISK** is the risk that if the fund invests a significant portion of its total assets in certain issuers within the same country or geographic region, an adverse economic, business or political development affecting that country or region may affect the value of the fund’s investments more, and the fund’s investments may be more volatile, than if its investments were not so concentrated in such country or region.

• **JAPAN INVESTMENT RISK** is the risk of investing in securities of Japanese issuers. The Japanese economy may be subject to considerable degrees of economic, political and social instability, which could negatively impact Japanese issuers. In recent times, Japan’s economic growth rate has remained low, and it may remain low in the future. In addition, Japan is subject to the risk of natural disasters, such as earthquakes, volcanic eruptions, typhoons and tsunamis, which could negatively affect the securities of Japanese companies held by the fund.

• **EUROPEAN INVESTMENT RISK** is the risk that investments in certain countries in the European Union (the “EU”) are susceptible to high political, social, or economic risks due to restrictions on inflation rates, rising debt levels and fiscal and monetary controls. Decreasing imports or exports, changes in local or EU regulations on trade, changes in the exchange rate of the euro, the default or threat of default by an EU member country on its sovereign debt, budget deficits and recessions in an EU member country may have significant adverse effects on the economies of the other EU member countries. Separately, the EU faces issues involving its membership, structure, procedures and policies. The exit of one or more member states from the EU, such as the departure of the United Kingdom, will likely place the EU’s currency and banking system in jeopardy and result in increased volatility, illiquidity and potentially lower economic growth in the affected markets, which will adversely affect the fund’s EU investments.

**TRACKING RISK** is the risk that the fund’s performance may vary from the performance of the index it tracks as a result of share purchases and redemptions, transaction costs, expenses and other factors. Market disruptions, regulatory restrictions or other abnormal market conditions could have an adverse effect on the fund’s ability to adjust its exposure to required levels in order to track its index or cause delays in the index’s rebalancing schedule. During any such delay, it is possible that the index, and, in turn, the fund will deviate from the index’s stated methodology and therefore experience returns different than those that would have been achieved under a normal rebalancing or reconstitution schedule.

**SECTOR RISK** is the risk that companies in similar businesses may be similarly affected by particular economic or market events, which may, in certain

circumstances, cause the value of securities of all companies in a particular sector of the market to decrease.

• **FINANCIALS SECTOR RISK** is the risk that companies in the financials sector can be significantly affected by changes in interest rates, government regulation, the rate of corporate and consumer debt defaulted, price competition, and the availability and cost of capital, among other factors.

• **INDUSTRIALS SECTOR RISK** is the risk that companies in the industrials sector may be significantly affected by, among other things, worldwide economic growth, supply and demand for specific products and services, rapid technological developments, international political and economic developments, environmental issues, and tax and governmental regulatory policies.

**MID CAP STOCK RISK** is the risk that stocks of mid-sized companies may be more volatile than stocks of larger, more established companies, and may lack sufficient market liquidity. Mid-sized companies may have limited product lines or financial resources, may be dependent upon a particular niche of the market, or may be dependent upon a small or inexperienced management group. Securities of mid-sized companies 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.

**INDEX RISK** is the risk that that the fund would not necessarily buy or sell a security unless that security is added or removed, respectively, from the index, even if that security generally is underperforming, because unlike many investment companies, the fund does not utilize an investing strategy that seeks returns in excess of the index. Additionally, the fund rebalances its portfolio in accordance with the index, and, therefore, any changes to the index's rebalance schedule will result in corresponding changes to the fund's rebalance schedule.

**DERIVATIVES RISK** is the risk that derivatives may pose risks in addition to and greater than those associated with investing directly in securities, currencies and other instruments, may be illiquid or less liquid, more volatile, more difficult to value and leveraged so that small changes in the value of the underlying instrument may produce disproportionate losses to the fund. Derivatives are also subject to counterparty risk, which is the risk that the other party to the transaction will not perform its contractual obligations. The use of derivatives is a highly specialized activity that involves investment techniques and risks different from those associated with investments in more traditional securities and instruments.

• **FUTURES CONTRACTS RISK** is the risk that there will be imperfect correlation between the change in market value of the fund's securities and the price of futures contracts, which may result in the strategy not working as intended; the possible inability of the fund to sell or close out a futures contract at the desired time or price; losses due to unanticipated market movements, which potentially are unlimited; and the possible inability of the fund's investment adviser to correctly predict the direction of securities' prices, interest rates, currency exchange rates and other economic factors, which may make the fund's returns more volatile or increase the risk of loss.

**VALUATION RISK** is the risk that the sale price the fund could receive for a portfolio security may differ from the fund's valuation of the security, particularly for securities that trade in low volume or volatile markets or that are valued using a fair value methodology. In addition, the value of the securities in the fund's portfolio may change on days when shareholders will not be able to purchase or sell the fund's shares.

**NON-DIVERSIFICATION RISK** Under the 1940 Act, a fund designated as "diversified" must limit its holdings such that the securities of issuers which individually represent more than 5% of its total assets must in the aggregate represent less than 25% of its total assets. The fund is "diversified" for purposes of the 1940 Act. However, in seeking to track its index, the fund may become "non-diversified," as defined in the 1940 Act, solely as a result of a change in relative market capitalization or index weighting of one or more constituents of the index. A non-diversified fund can invest a greater portion of its assets in the obligations or securities of a small portion of its assets in the obligations or securities of a small number of issuers or any single issuer than a diversified fund can. In such circumstances, a change in the value of one or a few issuers' securities will therefore affect the value of the fund more than if it was a diversified fund.

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, 2024)

Total Annual Fund Operating Expenses .....0.10%

After Fee Waivers and/or Expense Reimbursements

## iShares MSCI Total International Index Fund

### Investment Objective

The investment objective of iShares MSCI Total International Index Fund ("Total International Index Fund" or the "fund"), a series of BlackRock Funds III (the "trust"), is to match the performance of the MSCI All Country World Index ex USA Index (the "MSCI ACWI ex USA Index" or the "underlying index") in U.S. dollars with net dividends as closely as possible before the deduction of fund expenses.

### Principal Investment Strategies

The Total International Index Fund employs a "passive" management approach, attempting to invest in a portfolio of assets whose performance is expected to match approximately the performance of the MSCI ACWI ex USA Index. The fund will be substantially invested in equity securities in the MSCI ACWI ex USA Index, and will invest, under normal circumstances, at least 80% of its net assets in securities or other financial instruments that are components of or have economic characteristics similar to the securities included in the MSCI ACWI ex USA Index. Equity securities in which the fund invests consist primarily of common stock, preferred stock and securities or other instruments whose price is linked to the value of common stock.

The fund will invest in the common stocks represented in the MSCI ACWI ex USA Index in roughly the same proportions as their weightings in the MSCI ACWI ex USA Index. The MSCI ACWI ex USA Index is a free float-adjusted market capitalization index that captures large and mid cap representation across 22 of 23 developed markets countries (excluding the United States) and 24 emerging markets countries. With 1,982 constituents, the index covers approximately 85% of the global equity opportunity set outside the United States. The component stocks have a market capitalization between \$137.31 million and \$675.2 billion as of March 31, 2025. The fund may also engage in futures transactions. At times, the fund may not invest in all of the common stocks in the MSCI ACWI ex USA Index, or in the same weightings as in the MSCI ACWI ex USA Index. At those times, the fund chooses investments so that the market capitalizations, industry weightings and other fundamental characteristics of the stocks chosen are similar to the MSCI ACWI ex USA Index as a whole. The fund may lend securities with a value up to 33⅓% of its total assets to financial institutions that provide cash or securities issued or guaranteed by the U.S. Government as collateral. The fund will concentrate its investments (i.e., hold 25% or more of its total assets) in a particular industry or group of industries to approximately the same extent that the MSCI ACWI ex USA Index is concentrated.

The fund is a "feeder" fund that invests all of its assets in the master portfolio, which has the same investment objective and strategies as the fund. All investments are made at the 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 the master portfolio. For simplicity, this prospectus uses the name of the fund or the term "fund" (as applicable) to include the master portfolio.

### Principal Risks

Risk is inherent in all investing. The value of your investment in the Total International Index 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 the principal risks of investing in the fund. The relative significance of each risk factor below may change over time and you should review each risk factor carefully.

• **Concentration Risk** — 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) to approximately the same extent that the underlying index concentrates in a particular industry. To the extent the fund concentrates in a particular industry, it may be more susceptible to economic conditions and risks affecting that industry.

• **Emerging Markets Risk** — Emerging markets are riskier than more developed markets because they tend to develop unevenly and may never fully develop. Investments in emerging markets may be considered speculative. Emerging markets are more likely to experience hyperinflation and currency devaluations, which adversely affect returns to U.S. investors. In addition, many emerging securities markets have far lower trading volumes and less liquidity than developed markets.

• **Equity Securities Risk** — Stock markets are volatile. The price of equity securities fluctuates based on changes in a company's financial condition and overall market and economic conditions.

• **Foreign Securities Risk** — Foreign investments often involve special risks not present in U.S. investments that can increase the chances that the fund will lose money. These risks include:

- o The fund generally holds its foreign securities and cash in foreign banks and securities depositories, which may be recently organized or new to the foreign custody business and may be subject to only limited or no regulatory oversight.
- o Changes in foreign currency exchange rates can affect the value of the fund's portfolio.
- o The economies of certain foreign markets may not compare favorably with the economy of the United States with respect to such issues as growth of gross national product, reinvestment of capital, resources and balance of payments position.
- o The governments of certain countries, or the U.S. Government with respect to certain countries, may prohibit or impose substantial restrictions through capital controls and/or sanctions on foreign investments in the capital markets or certain industries in those countries, which may prohibit or restrict the ability to own or transfer currency, securities, derivatives or other assets.
- o Many foreign governments do not supervise and regulate stock exchanges, brokers and the sale of securities to the same extent as does the United States and may not have laws to protect investors that are comparable to U.S. securities laws.
- o Settlement and clearance procedures in certain foreign markets may result in delays in payment for or delivery of securities not typically associated with settlement and clearance of U.S. investments.
- o The fund's claims to recover foreign withholding taxes may not be successful, and if the likelihood of recovery of foreign withholding taxes materially decreases, due to, for example, a change in tax regulation or approach in the foreign country, accruals in the fund's net asset value for such refunds may be written down partially or in full, which will adversely affect the fund's net asset value.
- o The European financial markets have recently experienced volatility and adverse trends due to concerns about economic downturns in, or rising government debt levels of, several European countries, as well as acts of war in the region. These events may spread to other countries in Europe and may affect the value and liquidity of certain of the fund's investments.

• **Futures Risk** — The fund's use of futures may reduce the fund's returns. In these transactions, the fund is subject to liquidity risk and correlation risk (i.e., that fluctuations in a future's value may not correlate with the change in market value of the instruments held by the fund).

• **Index-Related Risk** — There is no guarantee that the fund's investment results will have a high degree of correlation to those of the underlying index or that the fund will achieve its investment objective. Market disruptions or high volatility, other unusual market circumstances and regulatory

restrictions could have an adverse effect on the fund's ability to adjust its exposure to the required levels in order to track the underlying index. Errors in index data, index computations or the construction of the underlying index in accordance with its methodology may occur from time to time and may not be identified and corrected by the index provider for a period of time or at all, which may have an adverse impact on the fund and its shareholders. Unusual market conditions or other unforeseen circumstances (such as natural disasters, political unrest or war) may impact the index provider or a third-party data provider, and could cause the index provider to postpone a scheduled rebalance. This could cause the underlying index to vary from its normal or expected composition.

An index fund has operating and other expenses while an index does not. As a result, while the fund will attempt to track the MSCI ACWI ex USA Index as closely as possible, it will tend to underperform the index to some degree over time. If an index fund is properly correlated to its stated index, the fund will perform poorly when the index performs poorly.

• **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. The value of a security or other asset may decline due to changes in general market conditions, economic trends or events that are not specifically related to the issuer of the security or other asset, or factors that affect a particular issuer or issuers, exchange, country, group of countries, region, market, industry, group of industries, sector or asset class. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues like pandemics or epidemics, recessions, or other events could have a significant impact on the fund and its investments. 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.

• **Mid Cap Securities Risk** — The securities of mid cap companies generally trade in lower volumes and are generally subject to greater and less predictable price changes than the securities of larger capitalization companies.

• **Passive Investment Risk** — Because BFA does not select individual companies in the index that the fund tracks, the fund may hold securities of companies that present risks that an investment adviser researching individual securities might seek to avoid.

• **Preferred Securities Risk** — Preferred securities may pay fixed or adjustable rates of return. Preferred securities are subject to issuer-specific and market risks applicable generally to equity securities. In addition, a company's preferred securities generally pay dividends only after the company makes required payments to holders of its bonds and other debt. For this reason, the value of preferred securities will usually react more strongly than bonds and other debt to actual or perceived changes in the company's financial condition or prospects. Preferred securities of smaller companies may be more vulnerable to adverse developments than preferred securities of larger companies.

• **Securities Lending Risk** — The fund may engage in securities lending. Securities lending involves the risk that the fund may lose money because the borrower of the loaned securities fails to return the securities in a timely manner or at all. The fund could also lose money in the event of a decline in the value of collateral provided for loaned securities or a decline in the value of any investments made with cash collateral. These events could also trigger adverse tax consequences for the fund.

• **Small Cap and Emerging Growth Securities Risk** — Small cap or emerging growth companies may have limited product lines or markets. They may be less financially secure than larger, more established companies. They may depend on a more limited management group than larger capitalized companies.

• **Tracking Error Risk** — The fund may be subject to tracking error, which is the divergence of the fund's performance from that of the underlying index. Tracking error may occur because of differences between the securities and other instruments held in the fund's portfolio and those included in the underlying index, pricing differences (including, as applicable, differences between a security's price at the local market close and the fund's

valuation of a security at the time of calculation of the fund's net asset value), differences in transaction costs, the fund's holding of uninvested cash, differences in timing of the accrual of or the valuation of dividends or other distributions, interest, the requirements to maintain pass-through tax treatment, portfolio transactions carried out to minimize the distribution of capital gains to shareholders, changes to the underlying index and the cost to the fund of complying with various new or existing regulatory requirements. These risks may be heightened during times of increased market volatility or other unusual market conditions. In addition, tracking error may result because the fund incurs fees and expenses, while the underlying index does not.

Fees & Expenses	
(Based on the prospectus dated April 30, 2025)	
Total Annual Fund Operating Expenses .....	0.14%
After Fee Waivers and/or Expense Reimbursements	

## Lazard International Dynamic Equity ETF

### Investment Objective

The portfolio seeks long-term capital appreciation.

### Principal Investment Strategies

In managing the portfolio, the investment manager utilizes a quantitatively driven, bottom up stock selection process. Utilizing a proprietary quantitative model, the portfolio management team selects investments for the portfolio from a broad investment universe of non-US equity securities, including common stocks, preferred stocks and convertible securities, depositary receipts (including American Depositary Receipts ("ADRs"), Global Depositary Receipts ("GDRs") and European Depositary Receipts ("EDRs"), as well as real estate investment trusts ("REITs")), warrants and rights. The active, quantitative approach utilized by the portfolio management team involves initial screening, risk assessment and evaluation of each company relative to its global peers. The portfolio will typically invest the majority of its assets in securities of non-US developed market companies, using an objective, systematic investment process that blends both risk and stock ranking assessments designed to capture attractive risk-to-return characteristics. In addition to a multidimensional assessment of risk, each company is evaluated daily according to four independent measures: valuation, growth, quality and sentiment. "Sentiment" is a measure of market enthusiasm and support for a company, including, among other factors, price momentum and trading volume. The portfolio may invest across the capitalization spectrum and may invest in emerging markets companies.

Under normal circumstances, the portfolio invests at least 80% of its net assets (plus any borrowings for investment purposes) in non-US equity securities. In addition to common stocks, preferred stocks and convertible securities, such equity securities also may include ADRs, GDRs and EDRs. The allocation of the portfolio's assets among countries and regions will vary from time to time based on the investment manager's judgment and its analysis of market conditions. The portfolio may invest up to 20% of its assets in securities of companies located in the US.

The portfolio considers a company to be a non-US company if: (i) the company is organized under the laws of or domiciled in a country other than the US or maintains its principal place of business in a country other than the US; (ii) the securities of such company are traded principally on a non-US market; or (iii) during the most recent fiscal year of the company, the company derived at least 50% of its revenues or profits from goods produced or sold, investments made, or services performed in countries other than the US or the company has at least 50% of its assets in countries other than the US. Non-US developed market countries include all countries identified as Developed Markets (excluding the US) by the MSCI ACWI ex USA Index, which as of January 31, 2025 includes: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. Emerging market countries include all countries represented by the MSCI Emerging Markets

Index, which as of January 31, 2025 includes: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Kuwait, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Saudi Arabia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.

The portfolio may invest in exchange-traded funds ("ETFs").

The portfolio is classified as a "diversified" investment company under the Investment Company Act of 1940, as amended.

### Principal Risks

The value of your investment in the portfolio will fluctuate, which means you could lose money.

**Market Risk:** The portfolio may incur losses due to declines in one or more markets in which it invests. These declines may be the result of, among other things, political, regulatory, market, economic or social developments affecting the relevant market(s). To the extent that such developments impact specific industries, market sectors, countries or geographic regions, the portfolio's investments in such industries, market sectors, countries and/or geographic regions can be expected to be particularly affected, especially if such investments are a significant portion of its investment portfolio. In addition, turbulence in financial markets and reduced liquidity in equity, credit and/or fixed income markets may negatively affect many issuers, which could adversely affect the portfolio. Global economies and financial markets are increasingly interconnected, and conditions and events in one country, region or financial market may adversely impact issuers worldwide. As a result, local, regional or global events such as war or military conflict, acts of terrorism, the spread of infectious illness or other public health issues, social unrest, natural disasters, extreme weather, other geological events, man-made disasters, supply chain disruptions, deflation, inflation, government defaults, government shutdowns, the imposition of sanctions or other similar measures, recessions or other events could have a significant negative impact on global economic and market conditions. For example, a public health or other emergency and aggressive responses taken by many governments or voluntarily imposed by private parties, including closing borders, restricting travel and imposing prolonged quarantines or similar restrictions, as well as the closure of, or operational changes to, many retail and other businesses, may have severe negative impacts on markets worldwide. Additionally, general market conditions may affect the value of a portfolio's securities, including changes in interest rates, currency rates or monetary policies. Furthermore, the imposition of tariffs, trade restrictions, currency restrictions or similar actions (or retaliatory measures taken in response to such actions), or the threat or potential of one or more such events and developments, could lead to price volatility and overall declines in the US and global investment markets.

**Issuer Risk:** The value of a security may decline for a number of reasons which directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services, as well as the historical and prospective earnings of the issuer and the value of its assets or factors unrelated to the issuer's value, such as investor perception.

**Non-US Securities Risk:** The portfolio's performance will be influenced by political, social and economic factors affecting the non-US countries and companies in which the portfolio invests. Non-US securities carry special risks, such as less developed or less efficient trading markets, political instability, a lack of company information, differing auditing and legal standards, and, potentially, less liquidity. Non-US securities may be subject to economic sanctions or other governmental actions or developments, exchange controls (including repatriation restrictions), confiscations, trade restrictions (including tariffs) or problems related to share registration, trade settlement or asset custody, which could, among other things, effectively restrict or eliminate the portfolio's ability to purchase or sell certain foreign securities. To the extent the portfolio holds securities subject to such actions, the securities may become difficult to value and/or less liquid (or illiquid). In some cases, the securities may become worthless.

**Emerging Market Risk:** Emerging market countries generally have economic structures that are less diverse and mature, and political systems that are less stable, than those of developed countries. The economies of countries with emerging markets may be based predominantly on only a

few industries, may be highly vulnerable to changes in local or global trade conditions, and may suffer from extreme debt burdens or volatile inflation rates. Further, investments in securities of issuers located in certain emerging countries involve the risk of loss resulting from problems in share registration, settlement or custody, substantial economic, political and social disruptions and the imposition of sanctions or exchange controls (including repatriation restrictions). The securities markets of emerging market countries have historically been extremely volatile and less liquid than more developed markets. These market conditions may continue or worsen. Investments in these countries may be subject to political, economic, legal, market and currency risks. Significant devaluation of emerging market currencies against the US dollar may occur subsequent to acquisition of investments denominated in emerging market currencies.

**Foreign Currency Risk:** Investments denominated in currencies other than US dollars may experience a decline in value, in US dollar terms, due solely to fluctuations in currency exchange rates. The portfolio's investments denominated in such currencies (particularly currencies of emerging markets countries), as well as any investments in currencies themselves, could be adversely affected by delays in, or a refusal to grant, repatriation of funds or conversion of currencies. Irrespective of any foreign currency exposure hedging, the portfolio may experience a decline in the value of its portfolio securities, in US dollar terms, due solely to fluctuations in currency exchange rates. The investment manager does not intend to actively hedge the portfolio's foreign currency exposure.

**Depository Receipts Risk:** ADRs and similar depository receipts typically will be subject to certain of the risks associated with direct investments in the securities of non-US companies, because their values depend on the performance of the underlying non-US securities. However, currency fluctuations will impact investments in depository receipts differently than direct investments in non-US dollar-denominated non-US securities, because a depository receipt will not appreciate in value solely as a result of appreciation in the currency in which the underlying non-US dollar security is denominated.

**Quantitative Model Risk:** The success of the portfolio's investment strategy depends largely upon the effectiveness of the investment manager's quantitative model. A quantitative model, such as the risk and other models used by the investment manager requires adherence to a systematic, disciplined process. The investment manager's ability to monitor and, if necessary, adjust its quantitative model could be adversely affected by various factors including incorrect or outdated market and other data inputs. Factors that affect a security's value can change over time, and these changes may not be reflected in the quantitative model. In addition, factors used in quantitative analysis and the weight placed on those factors may not be predictive of a security's value.

**Large Cap Companies Risk:** Investments in large cap companies may underperform other segments of the market when such other segments are in favor or because such companies may be less responsive to competitive challenges and opportunities and may be unable to attain high growth rates during periods of economic expansion.

**Small and Mid Cap Companies Risk:** Small and mid cap companies carry additional risks because their earnings tend to be less predictable, their share prices more volatile and their securities less liquid than larger, more established companies. The shares of small and mid cap companies tend to trade less frequently than those of larger companies, which can have an adverse effect on the pricing of these securities and on the ability to sell these securities when the investment manager deems it appropriate.

**REIT Risk:** REITs are subject to similar risks as an investment in a realty-related company. Consequently, investments in REITs could lead to investment results that may be significantly different from investments in the broader securities markets. The risks related to investments in realty-related companies include, but are not limited to: adverse changes in general economic and local market conditions; adverse developments in employment; changes in supply or demand for similar or competing properties; unfavorable changes in applicable taxes, governmental regulations and interest rates; operating or development expenses; and lack of available financing. Due to certain special considerations that apply to REITs, investments in REITs may carry additional risks not necessarily present in investments in other securities.

REIT securities (including those trading on national exchanges) typically have trading volumes that are less than those of securities of other types of companies, which may affect the portfolio's ability to trade or liquidate those securities. An investment in a REIT may be adversely affected if the REIT fails to comply with applicable laws and regulations, including failing to qualify as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"). Failure to qualify with any of these requirements could jeopardize a company's status as a REIT. The portfolio generally will have no control over the operations and policies of a REIT, including qualification as a REIT.

**Underlying ETF Risk:** Because ETFs trade on a securities exchange, their shares may trade at a premium or discount to net asset value. An ETF is subject to the risks of the assets in which it invests as well as those of the investment strategy it follows. The portfolio may incur brokerage costs when it buys and sells shares of an ETF and also bears its proportionate share of the ETF's fees and expenses, which are passed through to ETF shareholders. Fees and expenses incurred by an ETF may include trading costs, operating expenses, licensing fees, trustee fees and marketing expenses. With a passive index ETF, these costs may contribute to the ETF not fully matching the performance of the index it is designed to track.

**Other Equity Securities Risk:** Investments in rights and warrants involve certain risks, including the possible lack of a liquid market for resale, price fluctuations and the failure of the price of the underlying security to reach a level at which the right or warrant can be prudently exercised, in which case the right or warrant may expire without being exercised and result in a loss of the portfolio's entire investment.

**Securities Selection Risk:** Securities and other investments selected by the investment manager for the portfolio may not perform to expectations. This could result in the portfolio's underperformance compared to other funds with similar investment objectives or strategies.

**Authorized Participant Concentration Risk:** Only an authorized participant may engage in creation or redemption transactions directly with the portfolio. The portfolio has a limited number of intermediaries that act as authorized participants and none of these authorized participants is or will be obligated to engage in creation or redemption transactions. The portfolio has a limited number of institutions that may act as authorized participants on an agency basis (i.e., on behalf of other market participants). To the extent that these intermediaries exit the business or are unable to or choose not to proceed with creation and/or redemption orders with respect to the portfolio and no other authorized participant creates or redeems, shares may trade at a discount to net asset value and possibly face trading halts and/or delisting. Authorized participant concentration risk may be heightened for ETFs that invest in securities issued by non-US issuers or other securities or instruments that have lower trading volumes.

**Large Shareholder Risk:** Certain shareholders, including other funds advised by the investment manager, may from time to time own a substantial amount of the portfolio's shares. In addition, a third party investor, the investment manager or an affiliate of the investment manager, an authorized participant, a market maker, or another entity may invest in the portfolio and hold its investment for a limited period of time. There can be no assurance that any large shareholder would not redeem or sell its investment. Redemptions of a large number of portfolio shares could require the portfolio to dispose of assets to meet the redemption requests, which can accelerate the realization of taxable income and/or capital gains and cause the portfolio to make taxable distributions to its shareholders earlier than the portfolio otherwise would have. In addition, under certain circumstances, non-redeeming shareholders may be treated as receiving a disproportionately large taxable distribution during or with respect to such year. In some circumstances, the portfolio may hold a relatively large proportion of its assets in cash in anticipation of large redemptions, diluting its investment returns. These large redemptions may also force the portfolio to sell portfolio securities when it might not otherwise do so, which may negatively impact the portfolio's net asset value, increase the portfolio's brokerage costs and/or have a material effect on the market price of the portfolio shares.

**Market Trading Risk:** The net asset value of the portfolio and the market price of your investment in portfolio shares may fluctuate. Market prices of portfolio shares may fluctuate, in some cases significantly, in response

to the portfolio's net asset value, the intraday value of the portfolio's holdings and supply and demand for shares. The portfolio faces numerous market trading risks, including disruptions to creations and redemptions, the existence of extreme market volatility or potential lack of an active trading market for shares. Any of these factors, among others, may result in shares trading at a significant premium or discount to net asset value, which will be reflected in the intraday bid/ask spreads and/or the closing price of shares as compared to net asset value. In addition, because liquidity in certain underlying securities may fluctuate, shares may trade at a larger premium or discount to net asset value than shares of other kinds of ETFs. If a shareholder purchases shares at a time when the market price is at a premium to the net asset value or sells shares at a time when the market price is at a discount to the net asset value, the shareholder may pay more for, or receive less than, the underlying value of the shares, respectively. Additionally, in stressed market conditions, the market for shares may become less liquid in response to deteriorating liquidity in the markets for the portfolio's underlying holdings.

Where all or a portion of the portfolio's underlying securities trade in a market that is closed when the market in which the portfolio's shares are listed and trading is open, there may be differences between the last quote from the security's closed foreign market and the value of the security during the portfolio's domestic trading day, and liquidity in such securities may also be reduced after the applicable closing times. This in turn could lead to differences between the market price of the portfolio's shares and the underlying value of those shares and widened bid-ask spreads or fixing or settlement times.

**No Guarantee of Active Trading Market Risk:** There can be no assurance that an active trading market for portfolio shares will develop or be maintained. Further, secondary markets may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods in stressed market conditions because market makers and authorized participants may step away from making a market in the shares and in executing creation and redemption orders, which could cause a material deviation in the portfolio's market price and its underlying net asset value.

**Trading Issues Risk:** Trading in portfolio shares may be halted due to market conditions or for reasons that, in the view of the listing exchange, make trading in shares on the listing exchange inadvisable. In addition, trading in shares on the listing exchange is subject to trading halts caused by extraordinary market volatility pursuant to the listing exchange "circuit breaker" rules. In the event of a trading halt or unanticipated early closing of the listing exchange, a shareholder may be unable to purchase or sell shares of the portfolio. There can be no assurance that the requirements of the listing exchange necessary to maintain the listing of the portfolio will continue to be met or will remain unchanged.

**Limited Operating History Risk:** The portfolio has not commenced operations. As a result, prospective investors would not have a track record or history on which to base their investment decisions. In addition, until the portfolio achieves a certain size, the performance of certain of its investments may disproportionately impact the performance of the portfolio, which may be subject to heightened volatility. In addition, there can be no assurance that the portfolio will grow to or maintain an economically viable size.

<b>Fees &amp; Expenses</b>	
(Based on the prospectus dated April 7, 2025)	
Total Annual Fund Operating Expenses .....	0.40%
After Fee Waivers and/or Expense Reimbursements	

## Neuberger Berman International Select Fund

### Investment Objective

The fund seeks long-term growth of capital by investing primarily in common stocks of foreign companies.

### Principal Investment Strategies

To pursue its goal, the fund invests mainly in common stocks of foreign companies, including companies in developed and emerging markets. The fund defines a foreign company as one that is organized outside of the United States and conducts the majority of its business abroad. Under

normal circumstances, at least 80% of the fund's net assets, plus the amount of any borrowings for investment purposes, will be invested in companies with a market capitalization greater than \$2.5 billion at the time of purchase.

In picking stocks, the portfolio managers look for what they believe to be well-managed and profitable companies that show growth potential and whose stock prices are undervalued. Factors in identifying these firms may include strong fundamentals, such as attractive cash flows and balance sheets, as well as prices that are attractive in light of projected returns. The portfolio managers also consider the outlooks for various countries and sectors around the world, examining economic, market, social, and political conditions.

As part of their fundamental investment analysis the portfolio managers consider environmental, social and governance (ESG) factors they believe are financially material to individual investments, where applicable. While this analysis is inherently subjective and may be informed by both internally generated and third-party metrics, data and other information, the portfolio managers believe that the consideration of financially material ESG factors, alongside traditional financial metrics, may enhance the fund's overall investment process. The consideration of ESG factors does not apply to certain instruments, such as certain derivative instruments, other registered investment companies, cash and cash equivalents. The consideration of ESG factors as part of the investment process does not mean that the fund pursues a specific "impact" or "sustainable" investment strategy.

The fund seeks to reduce risk by diversifying among many companies and industries. Although the fund has the flexibility to invest a significant portion of its assets in one country or region, it generally intends to remain well-diversified across countries and geographical regions. At times, the portfolio managers may emphasize certain sectors or industries that they believe offers a better risk/reward opportunity.

The portfolio managers follow a disciplined selling strategy and may sell a security when it reaches a target price, if a company's business fails to perform as expected, or when other opportunities appear more attractive.

### Principal Risks

Most of the fund's performance depends on what happens in international stock markets, the portfolio managers' evaluation of those developments, and the success of the portfolio managers in implementing the fund's investment strategies. The markets' behavior can be difficult to predict, particularly in the short term. There can be no guarantee that the fund will achieve its goal. The fund may take temporary defensive and cash management positions; to the extent it does, it will not be pursuing its principal investment strategies.

The actual risk exposure taken by the fund in its investment program will vary over time, depending on various factors including the portfolio managers' evaluation of issuer, political, regulatory, market, or economic developments. There can be no guarantee that the portfolio managers will be successful in their attempts to manage the risk exposure of the fund or will appropriately evaluate or weigh the multiple factors involved in investment decisions, including issuer, market and/or instrument-specific analysis, valuation and ESG factors.

The fund is a mutual fund, not a bank deposit, and is not guaranteed or insured by the Federal Deposit Insurance Corporation or any other government agency. The value of your investment may fall, sometimes sharply, and you could lose money by investing in the fund.

Each of the following risks, which are described in alphabetical order and not in order of any presumed importance, can significantly affect the fund's performance. The relative importance of, or potential exposure as a result of, each of these risks will vary based on market and other investment-specific considerations.

**Currency Risk.** Currency risk is the risk that foreign currencies will decline in value relative to the U.S. dollar. To the extent that the fund invests in securities or other instruments denominated in or indexed to foreign currencies, changes in currency exchange rates could adversely impact investment gains or add to investment losses. Currency exchange rates may fluctuate significantly over short periods of time and can be affected unpredictably by various factors, including investor perception and changes in interest rates; intervention, or failure to intervene, by U.S. or foreign governments,

central banks, or supranational entities; or by currency controls or political developments in the U.S. or abroad.

**Foreign and Emerging Market Risk.** Foreign securities involve risks in addition to those associated with comparable U.S. securities. Additional risks include exposure to less developed or less efficient trading markets; social, political, diplomatic, or economic instability; trade barriers and other protectionist trade policies (including those of the U.S.); imposition of economic sanctions against a particular country or countries, organizations, companies, entities and/or individuals; significant government involvement in an economy and/or market structure; fluctuations in foreign currencies or currency redenomination; potential for default on sovereign debt; nationalization or expropriation of assets; settlement, custodial or other operational risks; higher transaction costs; confiscatory withholding or other taxes; and less stringent auditing and accounting, corporate disclosure, governance, and legal standards. As a result, foreign securities may fluctuate more widely in price, and may also be less liquid, than comparable U.S. securities. Regardless of where a company is organized or its stock is traded, its performance may be affected significantly by events in regions from which it derives its profits or in which it conducts significant operations.

Investing in emerging market countries involves risks in addition to and greater than those generally associated with investing in more developed foreign countries. The governments of emerging market countries may be more unstable and more likely to impose capital controls, nationalize a company or industry, place restrictions on foreign ownership and on withdrawing sale proceeds of securities from the country, intervene in the financial markets, and/or impose burdensome taxes that could adversely affect security prices. To the extent a foreign security is denominated in U.S. dollars, there is also the risk that a foreign government will not let U.S. dollar-denominated assets leave the country. In addition, the economies of emerging market countries may be dependent on relatively few industries that are more susceptible to local and global changes. Emerging market countries may also have less developed legal and accounting systems, and their legal systems may deal with issuer bankruptcies and defaults differently than U.S. law would. Securities markets in emerging market countries are also relatively small and have substantially lower trading volumes. Securities of issuers in emerging market countries may be more volatile and less liquid than securities of issuers in foreign countries with more developed economies or markets and the situation may require that the fund fair value its holdings in those countries.

Securities of issuers traded on foreign exchanges may be suspended, either by the issuers themselves, by an exchange, or by governmental authorities. The likelihood of such suspensions may be higher for securities of issuers in emerging or less-developed market countries than in countries with more developed markets. Trading suspensions may be applied from time to time to the securities of individual issuers for reasons specific to that issuer, or may be applied broadly by exchanges or governmental authorities in response to market events. Suspensions may last for significant periods of time, during which trading in the securities and in instruments that reference the securities, such as derivative instruments, may be halted. In the event that the fund holds material positions in such suspended securities or instruments, the fund's ability to liquidate its positions or provide liquidity to investors may be compromised and the fund could incur significant losses.

From time to time, based on market or economic conditions, the fund may invest a significant portion of its assets in one country or geographic region. If the fund does so, there is a greater risk that economic, political, regulatory, diplomatic, social and environmental conditions in that particular country or geographic region may have a significant impact on the fund's performance and that the fund's performance will be more volatile than the performance of more geographically diversified funds.

**Growth Stock Risk.** Because the prices of most growth stocks are based on future expectations, these stocks tend to be more sensitive than value stocks to bad economic news and negative earnings surprises. When these expectations are not met or decrease, the prices of these stocks may decline, sometimes sharply, even if earnings showed an absolute increase. The fund attempts to lessen the risk of such losses by seeking growth stocks that sell at what the adviser believes are attractive prices. If the adviser is incorrect in its assessment of a stock's value, this may negatively impact the fund. Bad economic news or changing investor perceptions may adversely

affect growth stocks across several sectors and industries simultaneously.

**Issuer-Specific Risk.** An individual security may be more volatile, and may perform differently, than the market as a whole.

**Liquidity Risk.** From time to time, the trading market for a particular investment in which the fund invests, or a particular type of instrument in which the fund is invested, may become less liquid or even illiquid. Illiquid investments frequently can be more difficult to purchase or sell at an advantageous price or time, and there is a greater risk that the investments may not be sold for the price at which the fund is carrying them. Certain investments that were liquid when the fund purchased them may become illiquid, sometimes abruptly. Additionally, market closures due to holidays or other factors may render a security or group of securities (e.g., securities tied to a particular country or geographic region) illiquid for a period of time. An inability to sell a portfolio position can adversely affect the fund's value or prevent the fund from being able to take advantage of other investment opportunities. Market prices for such securities or other investments may be volatile. During periods of substantial market volatility, an investment or even an entire market segment may become illiquid, sometimes abruptly, which can adversely affect the fund's ability to limit losses.

Unexpected episodes of illiquidity, including due to market or political factors, instrument or issuer-specific factors and/or unanticipated outflows or other factors, may limit the fund's ability to pay redemption proceeds within the allowable time period. To meet redemption requests during periods of illiquidity, the fund may be forced to sell securities at an unfavorable time and/or under unfavorable conditions.

**Market Capitalization Risk.** To the extent the fund invests in securities of small-, mid-, or large-cap companies, it takes on the associated risks. At times, any of these market capitalizations may be out of favor with investors. Compared to small- and mid-cap companies, large-cap companies may be unable to respond as quickly to changes and opportunities and may grow at a slower rate. Compared to large-cap companies, small- and mid-cap companies may depend on a more limited management group, may have a shorter history of operations, less publicly available information, less stable earnings and limited product lines, markets or financial resources. The securities of small- and mid-cap companies are often more volatile, which at times can be rapid and unpredictable, and less liquid than the securities of larger companies and may be more affected than other types of securities by the underperformance of a sector, during market downturns, by adverse publicity and investor perceptions, by interest rate changes and by government regulation.

**Market Volatility Risk.** Markets may be volatile and values of individual securities and other investments, including those of a particular type, may decline significantly in response to adverse issuer, political, regulatory, market, economic or other developments that may cause broad changes in market value, public perceptions concerning these developments, and adverse investor sentiment or publicity. Geopolitical and other risks, including environmental and public health risks may add to instability in world economies and markets generally. Changes in value may be temporary or may last for extended periods. If the fund sells a portfolio position before it reaches its market peak, it may miss out on opportunities for better performance.

**Recent Market Conditions.** Both U.S. and international markets have experienced significant volatility in recent years. As a result of such volatility, investment returns may fluctuate significantly. National economies are substantially interconnected, as are global financial markets, which creates the possibility that conditions in one country or region might adversely impact issuers in a different country or region. However, the interconnectedness of economies and/or markets may be diminishing or changing, which may impact such economies and markets in ways that cannot be foreseen at this time.

Although interest rates were unusually low in recent years in the U.S. and abroad, in 2022, the Federal Reserve and certain foreign central banks raised interest rates as part of their efforts to address rising inflation. The Federal Reserve and certain foreign central banks recently began to lower interest rates, though economic or other factors, such as inflation, could stop such changes. It is difficult to accurately predict the pace at which interest rates might change, the timing, frequency or magnitude of any such

changes in interest rates, or when such changes might stop or again reverse course. Additionally, various economic and political factors could cause the Federal Reserve or other foreign central banks to change their approach in the future and such actions may result in an economic slowdown both in the U.S. and abroad. Unexpected changes in interest rates could lead to significant market volatility or reduce liquidity in certain sectors of the market. Deteriorating economic fundamentals may, in turn, increase the risk of default or insolvency of particular issuers, negatively impact market value, cause credit spreads to widen, and reduce bank balance sheets. Any of these could cause an increase in market volatility, reduce liquidity across various markets or decrease confidence in the markets.

Some countries, including the U.S., have adopted more protectionist trade policies. Slowing global economic growth, the rise in protectionist trade policies, changes to some major international trade agreements, risks associated with the trade agreement between countries and regions, including the U.S. and China, political or economic dysfunction within some countries or regions, including major producers of commodities, and dramatic changes in commodity and currency prices could affect the economies of many nations in ways that cannot necessarily be foreseen at the present time. In addition, if the U.S. dollar continues to be strong, it may decrease foreign demand for U.S. assets, which could have a negative impact on certain issuers and/or industries.

Regulators in the U.S. have proposed and adopted a number of changes to regulations involving the markets and issuers, some of which apply to the fund. The full effect of various newly adopted regulations is not currently known. Additionally, it is not currently known whether any of the proposed regulations will be adopted. However, due to the scope of regulations being proposed and adopted, certain of these changes to regulation could limit the fund's ability to pursue its investment strategies or make certain investments, may make it more costly for it to operate, or adversely impact performance.

Advancements in technology, including advanced development and increased regulation of artificial intelligence, may adversely impact market movements and liquidity. As artificial intelligence is used more widely, the profitability and growth of certain issuers and industries may be negatively impacted in ways that cannot be foreseen and could adversely impact its performance.

Tensions, war, or open conflict between nations, such as between Russia and Ukraine, in the Middle East, or in eastern Asia could affect the economies of many nations, including the United States. The duration of ongoing hostilities and any sanctions and related events cannot be predicted. Those events present material uncertainty and risk with respect to markets globally and the performance of the fund and its investments or operations could be negatively impacted.

High public debt in the U.S. and other countries creates ongoing systemic and market risks and policymaking uncertainty. There is no assurance that the U.S. Congress will act to raise the nation's debt ceiling; a failure to do so could cause market turmoil and substantial investment risks that cannot now be fully predicted. Unexpected political, regulatory and diplomatic events within the U.S. and abroad may affect investor and consumer confidence and may adversely impact financial markets and the broader economy.

Global climate change can have potential effects on property and security values. Certain issuers, industries and regions may be adversely affected by the impact of climate change in ways that cannot be foreseen. The impact of legislation, regulation and international accords related to climate change, including any direct or indirect consequences that may not be foreseen, may negatively impact certain issuers, industries and regions.

**Redemption Risk.** The fund may experience periods of large or frequent redemptions that could cause the fund to sell assets at inopportune times, which could have a negative impact on the fund's overall liquidity, or at a loss or depressed value. Redemption risk is greater to the extent that one or more investors or intermediaries control a large percentage of investments in the fund and the risk is heightened during periods of declining or illiquid markets. Large redemptions could hurt the fund's performance, increase transaction costs, and create adverse tax consequences.

**Sector Risk.** From time to time, based on market or economic conditions,

the fund may have significant positions in one or more sectors of the market. To the extent the fund invests more heavily in particular sectors, its performance will be especially sensitive to developments that significantly affect those sectors. Individual sectors or sub-sectors may be more volatile, and may perform differently, than the broader market. The industries that constitute a sector may all react in the same way to economic, political or regulatory events.

**Securities Lending Risk.** Securities lending involves a possible delay in recovery of the loaned securities or a possible loss of rights in the collateral should the borrower fail financially. The fund could also lose money if the value of the collateral decreases.

**Value Stock Risk.** Value stocks are those stocks whose stock prices, whether based on earnings, book value, or other financial measures, do not reflect their full economic opportunities. Value stocks may remain undervalued for extended periods of time, may decrease in value during a given period, may not ever realize what the portfolio management team believes to be their full value, or the portfolio management team's assumptions about intrinsic value or potential for appreciation may be incorrect. This may happen, among other reasons, because of a failure to anticipate which stocks or industries would benefit from changing market or economic conditions or investor preferences.

A summary of the fund's additional principal investment risks is as follows:

**Risk of Increase in Expenses.** A decline in the fund's average net assets during the current fiscal year due to market volatility or other factors could cause the fund's expenses for the current fiscal year to be higher than the expense information presented in "Fees and Expenses."

**Operational and Cybersecurity Risk.** The fund and its service providers, and your ability to transact with the fund, may be negatively impacted due to operational matters arising from, among other problems, human errors, processing and communications errors, counterparty and third-party disruptions or errors, systems and technology disruptions or failures, or cybersecurity incidents. Cybersecurity incidents may allow an unauthorized party to gain access to fund assets, customer data, or proprietary information, or cause the fund or its service providers, as well as the securities trading venues and their service providers, to suffer data corruption or lose operational functionality, including those related to critical functions. Cybersecurity incidents can result from deliberate attacks or unintentional events. It is not possible for the fund's service providers to identify all of the cybersecurity or other operational risks that may affect the fund or to develop processes and controls to completely eliminate or mitigate their occurrence or effects. Most issuers in which the fund invests are heavily dependent on computers for data storage and operations, and require ready access to the internet to conduct their business. Thus, cybersecurity incidents could also affect issuers of securities in which the fund invests, leading to significant loss of value.

**Artificial Intelligence.** The fund and its service providers, including its adviser, may utilize artificial intelligence ("AI") technologies, including machine learning models and generative AI, to improve operational efficiency and in connection with research. In addition, counterparties used by the fund may utilize AI in their business activities. The fund and its adviser are not in a position to control the use of AI in third-party products or services. The use of AI introduces numerous potential challenges and the use of AI can lead to reputational damage, legal liabilities, and competitive disadvantages, as well as negatively impact business operations, which may occur with or without mismanagement in the use of the AI. AI requires the collection and processing of substantial amounts of data, which poses risks of data inaccuracies, incompleteness, and inherent biases, and which can degrade the technology's effectiveness and reliability. Such data can include proprietary information, the use of which by AI may be unauthorized and subject to potential liability. Rapid technological advancements further complicate risk predictions, and competitors who adopt AI more swiftly may gain a competitive edge. The complexity and opacity of AI systems raise significant accountability and ethical concerns. AI has enhanced the ability of threat actors to amplify the potency, scale, and speed of cybersecurity attacks. AI's role in increasing automation raises concerns about job displacement and may lead to economic and social disruptions. The unpredictable nature of AI's impact on market dynamics complicates

traditional risk assessment models, making it challenging to identify risks and opportunities using historical data. Regulatory frameworks governing AI's use, particularly concerning data privacy and protection, are evolving rapidly. These changes could materially alter how AI is used, which may negatively impact the fund.

**Risk Management.** Risk is an essential part of investing. No risk management program can eliminate the fund's exposure to adverse events; at best, it may only reduce the possibility that the fund will be affected by such events, and especially those risks that are not intrinsic to the fund's investment program. The fund could experience losses if judgments about risk prove to be incorrect.

**Valuation Risk.** The fund may not be able to sell an investment at the price at which the fund has valued the investment. Such differences could be significant, particularly for illiquid securities and securities that trade in relatively thin markets and/or markets that experience extreme volatility. If market or other conditions make it difficult to value an investment, the fund may be required to value such investments using more subjective methods, known as fair value methodologies. Using fair value methodologies to price investments may result in a value that is different from an investment's most recent price and from the prices used by other funds to calculate their NAVs. The fund uses pricing services to provide values for certain securities and there is no assurance that the fund will be able to sell an investment at the price established by such pricing services. The fund's ability to value its investments in an accurate and timely manner may be impacted by technological issues and/or errors by third party service providers, such as pricing services or accounting agents.

<b>Fees &amp; Expenses</b>	
(Based on the prospectus dated December 18, 2024)	
Total Annual Fund Operating Expenses .....	0.80%
After Fee Waivers and/or Expense Reimbursements	

## DFA International Small Company Portfolio

### Investment Objective

The investment objective of the International Small Company Portfolio (the "portfolio") is to achieve long-term capital appreciation.

### Principal Investment Strategies

The International Small Company Portfolio is a "fund of funds," which means the portfolio generally allocates its assets among other funds managed by Dimensional Fund Advisors LP (the "advisor") (the "underlying funds"), although it has the ability to invest directly in securities and derivatives.

To achieve the International Small Company Portfolio's and the underlying funds' investment objectives, the advisor implements an integrated investment approach that combines research, portfolio design, portfolio management, and trading functions. As further described below, the portfolio's and the underlying funds' designs emphasize long-term drivers of expected returns identified by the advisor's research, while balancing risk through broad diversification across companies and sectors. The advisor's portfolio management and trading processes further balance those long-term drivers of expected returns with shorter-term drivers of expected returns and trading costs.

The International Small Company Portfolio is designed to provide investors with access to securities portfolios consisting of a broad range of equity securities of primarily small Canadian, Japanese, United Kingdom, Continental European and Asia Pacific companies. The portfolio also may have some exposure to small capitalization equity securities associated with other countries or regions. The 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 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. Under a market capitalization weighted approach, companies with higher market capitalizations generally represent a larger proportion of an underlying fund than companies with relatively lower market capitalizations. The portfolio and underlying funds may emphasize certain stocks, including smaller capitalization companies, lower relative price stocks, and/or higher profitability stocks as compared to their representation in the countries and/or regions in which the portfolio and/or underlying funds are authorized to invest. An equity issuer is considered to have a low relative price (i.e., a value stock) primarily because it has a low price in relation to its book value. In assessing relative price, the advisor may consider additional factors such as price to cash flow or price to earnings ratios. An equity issuer is considered to have high profitability because it has high earnings or profits from operations in relation to its book value or assets. The criteria the advisor uses for assessing relative price and profitability are subject to change from time to time. 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 advisor may also increase or reduce the International Small Company Portfolio's and/or underlying funds' exposure to an eligible company, or exclude a company, based on shorter-term considerations, such as a company's price momentum, short-run reversals, and investment characteristics. In assessing a company's investment characteristics, the advisor considers ratios such as recent changes in assets divided by total assets. The criteria the advisor uses for assessing a company's investment characteristics are subject to change from time to time. In addition, the advisor seeks to reduce trading costs using a flexible trading approach that looks for opportunities to participate in the available market liquidity, while managing turnover and explicit transaction costs.

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. The International Small Company Portfolio and each underlying fund may purchase or sell 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 increase or decrease equity market exposure based on actual or expected cash inflows to or outflows from the portfolio or underlying fund. Because many of the portfolio's and the underlying funds' investments may be denominated in foreign currencies, the portfolio and each underlying fund may enter into foreign currency exchange transactions, including foreign currency forward contracts, in connection with the settlement of foreign securities or to transfer cash balances from one currency to another currency.

The International Small Company Portfolio and the underlying funds may lend their portfolio securities to generate additional income.

A summary of the investment strategies and policies of the underlying funds in which the International Small Company Portfolio invests as of the date of this prospectus is described in the portfolio's prospectus in the section entitled **"ADDITIONAL INFORMATION ON INVESTMENT OBJECTIVES AND POLICIES"**.

### 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.

**Fund of Funds Risk:** The investment performance of a fund of funds is affected by the investment performance of the underlying funds in which the fund of funds invests. The ability of a fund of funds 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 a fund of funds’ assets among the underlying funds. A fund of funds may allocate assets to an underlying fund or asset class that underperforms other funds or asset classes. There can be no assurance that the investment objective of a fund of funds or any underlying fund will be achieved. Through its investments in the underlying funds, a fund of funds is subject to the risks of the underlying funds’ investments. When a fund of funds invests in underlying funds, investors are exposed to a proportionate share of the expenses of those underlying funds in addition to the expenses of a fund of funds. Certain risks of the underlying funds’ investments that are principal risks of investing in the portfolio are described below.

**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 a fund that owns them, to rise or fall. Stock markets are volatile, with periods of rising prices and periods of falling prices.

**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.

Foreign issuers may not be subject to uniform accounting, auditing and financial reporting standards and there may be less reliable and publicly available financial and other information about such issuers, as compared to U.S. issuers. A fund may have greater difficulty voting proxies, exercising shareholder rights, securing dividends and/or interest and obtaining information regarding corporate actions on a timely basis, pursuing legal remedies, and obtaining judgments with respect to foreign investments in foreign courts than with respect to domestic issuers in U.S. courts.

Depository receipts are generally subject to the same risks as the foreign securities that they evidence or into which they may be converted. In addition, the underlying issuers of certain depository receipts, particularly un-sponsored or unregistered depository receipts, are under no obligation to distribute shareholder communications to the holders of such receipts, or to pass through to them any voting rights with respect to the deposited securities. Depository receipts that are not sponsored by the issuer may be less liquid and there may be less readily available public information about the issuer.

**Geographic Focus Risk:** If a fund focuses its investments in securities of issuers located in a particular country or region, the fund may be subjected, to a greater extent than if its investments were less focused, to the risks of volatile economic cycles and/or conditions and developments that may be particular to that country or region, such as: adverse securities markets; adverse exchange rates; adverse social, political, regulatory, economic, business, environmental or other developments; or natural disasters.

**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.

**Profitability Investment Risk:** High relative profitability stocks may perform differently from the market as a whole and an investment strategy purchasing these securities may cause a fund to at times underperform equity funds that use other investment strategies.

**Value Investment Risk:** Value stocks may perform differently from the market as a whole and an investment strategy purchasing these securities may cause a fund to at times underperform equity funds that use other investment strategies. Value stocks can react differently to political, economic, and industry developments than the market as a whole and other types of stocks. Value stocks also may underperform the market for long periods of time.

**Derivatives Risk:** Derivatives are instruments, such as futures contracts, and options thereon, and foreign currency 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 to carry more risk than other types of investments. When a fund uses derivatives, the fund will be directly exposed to the risks of those derivatives. Derivative instruments are subject to a number of risks including counterparty, settlement, liquidity, interest rate, market, credit and management risks, as well as the risk of improper valuation. Changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index, and a fund 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, a fund may lose money and there may be a delay in recovering the loaned securities. A fund 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.

**Operational Risk:** Operational risks include human error, changes in personnel, system changes, faults in communication, and failures in systems, technology, or processes. Various operational events or circumstances are outside a fund’s or its advisor’s control, including instances at third parties. A fund and its advisor seek to reduce these operational risks through controls and procedures. However, measures that seek to reduce these operational risks through controls and procedures may not address every possible risk and may be inadequate to address these risks.

**Cyber Security Risk:** A fund and its service providers’ use of internet, technology and information systems may expose the fund 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 fund and/or its service providers to suffer data corruption or lose operational functionality.

<b>Fees &amp; Expenses</b>	
(Based on the prospectus dated February 28, 2025)	
Total Annual Fund Operating Expenses .....	0.39%
After Fee Waivers and/or Expense Reimbursements	

## Blackrock Emerging Markets Fund

### Investment Objective

The investment objective of BlackRock Emerging Markets Fund, Inc. (“Emerging Markets Fund” or the “fund”) is to seek long-term capital appreciation by investing in securities, principally equity securities, of issuers in countries having smaller capital markets.

### Principal Investment Strategies

Under normal conditions, the fund invests at least 80% of its net assets plus any borrowings for investment purposes in equity securities of issuers located in countries with developing capital markets. Equity securities consist primarily of common and preferred stocks and depository receipts, and include securities convertible into common stock, and securities or other instruments whose price is linked to the value of common stock. A developing capital market is the market of any country that the World Bank, the International Finance Corporation, the United Nations or its authorities have determined to have a low or middle income economy. Countries with developing capital markets can be found in regions such as Asia, Latin America, Eastern Europe and Africa. For this purpose, developing capital markets include, but are not limited to, the markets of all countries that comprise the MSCI Emerging Markets Index. The fund may also consider an issuer to be located in a country that has a developing capital market if at least 50% of the issuer’s assets, gross revenues or profits in any one of the last two years represents assets or activities located in such countries.

The fund may invest up to 20% of its assets in equity securities of issuers domiciled in the People’s Republic of China (“China” or the “PRC” and, for

the purpose of this policy, excluding Hong Kong, Macau and Taiwan) and listed in China that are accessible through the Shanghai-Hong Kong Stock Connect program or the Shenzhen-Hong Kong Stock Connect program (collectively, "Stock Connect").

The fund may also invest in fixed income securities issued by companies and governments in these countries, as well as mezzanine investments. The fund normally invests in at least three countries at any given time. The fund can invest in securities denominated in either U.S. dollars or foreign currencies. The fund has not established any rating or maturity criteria for the debt securities in which it may invest. From time to time the fund may invest in shares of companies through initial public offerings ("IPOs").

Fund management may, when consistent with the fund's investment objective, buy or sell options or futures on a security or an index of securities, or enter into interest rate or foreign currency transactions, including swaps (collectively, commonly known as derivatives). The fund's exposure to certain markets may be effected through investments in participation notes or other structured or derivative instruments that are designed to replicate, or otherwise provide exposure to, the performance of securities listed in such markets.

### Principal Risks

Risk is inherent in all investing. The value of your investment in Emerging Markets 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 the principal risks of investing in the fund. The relative significance of each risk factor below may change over time and you should review each risk factor carefully.

• **Equity Securities Risk** — Stock markets are volatile. The price of equity securities fluctuates based on changes in a company's financial condition and overall market and economic conditions.

• **Emerging Markets Risk** — Emerging markets are riskier than more developed markets because they tend to develop unevenly and may never fully develop. Investments in emerging markets may be considered speculative. Emerging markets are more likely to experience hyperinflation and currency devaluations, which adversely affect returns to U.S. investors. In addition, many emerging securities markets have far lower trading volumes and less liquidity than developed markets.

• **China Investments Risk** — Investments in Chinese securities, including certain Hong Kong-listed and U.S.-listed securities, subject the fund to risks specific to China. China may be subject to considerable degrees of economic, political and social instability. China is an emerging market and demonstrates significantly higher volatility from time to time in comparison to developed markets. Over the last few decades, the Chinese government has undertaken reform of economic and market practices and has expanded the sphere of private ownership of property in China. However, Chinese markets generally continue to experience inefficiency, volatility and pricing anomalies resulting from governmental influence, a lack of publicly available information and/or political and social instability. The A-shares market has a higher propensity for trading suspensions than many other global equity markets. Trading suspensions in certain stocks could lead to greater market execution risk and costs for the fund. Chinese companies are also subject to the risk that Chinese authorities can intervene in their operations and structure. Internal social unrest or confrontations with other neighboring countries, including military conflicts in response to such events, may also disrupt economic development in China and result in a greater risk of currency fluctuations, currency non-convertibility, interest rate fluctuations and higher rates of inflation.

China has experienced security concerns, such as terrorism and strained international relations. Additionally, China is alleged to have participated in state-sponsored cyberattacks against foreign companies and foreign governments. Actual and threatened responses to such activity and strained international relations, including purchasing restrictions, sanctions, tariffs or cyberattacks on the Chinese government or Chinese companies, may impact China's economy and Chinese issuers of securities in which the fund invests. Incidents involving China's or the region's security may cause

uncertainty in the Chinese markets and may adversely affect the Chinese economy and the fund's investments. Export growth continues to be a major driver of China's rapid economic growth. Reduction in spending on Chinese products and services, supply chain diversification, institution of tariffs, sanctions or other trade barriers (including as a result of heightened trade tensions or a trade war between China and the United States, or in response to actual or alleged Chinese cyber activity) or a downturn in any of the economies of China's key trading partners may have an adverse impact on the Chinese economy. Certain companies may be subject to commercial or trade restrictions (but not investment restrictions) imposed by the United States or other governments due to national security, human rights or other concerns of such government. So long as these restrictions do not include restrictions on investments, the fund may invest in such companies. The United States and China have been engaged in an ongoing trade war with one another, which has led to trade frictions between their economies and negative flow-on consequences on global markets and other nations closely affiliated with those countries. The current political climate has intensified concerns about the ongoing trade war between China and the United States, as each country has imposed tariffs on the other country's products. These actions may trigger a significant reduction in international trade, the oversupply of certain manufactured goods, substantial price reductions of goods and possible failure of individual companies and/or large segments of China's export industry, which could have a negative impact on the fund's performance. In addition, there is a risk that further capital controls and/or sanctions may be imposed, which could include the prohibition of, or restrictions on, the ability to own or transfer currency, securities, derivatives or other assets and may also include retaliatory actions, such as seizure of assets. Any of these actions could severely impair the fund's ability to purchase, sell, transfer, receive, deliver or otherwise obtain exposure to Chinese securities and assets, including the ability to transfer the fund's assets or income back into the United States, and could negatively impact the value and/or liquidity of such assets or otherwise adversely affect the fund's operations, causing the fund to decline in value. Events such as these and their consequences are difficult to predict and it is unclear whether further tariffs may be imposed or other escalating actions may be taken in the future. From time to time, China has experienced outbreaks of infectious illnesses, including the novel coronavirus known as "COVID-19." The country may be subject to other public health threats, infectious illnesses, diseases or similar issues in the future. Any spread of an infectious illness, public health threat or similar issue could reduce consumer demand or economic output, result in market closures, travel restrictions or quarantines, and generally have a significant impact on the Chinese economy, which in turn could adversely affect the fund's investments.

Chinese companies, including Chinese companies that are listed on U.S. exchanges, are not subject to the same degree of regulatory requirements, accounting standards or auditor oversight as companies in more developed countries. As a result, information about the Chinese securities in which the fund invests may be less reliable or complete. Chinese companies with securities listed on U.S. exchanges may be delisted if they do not meet U.S. accounting standards and auditor oversight requirements, which would significantly decrease the liquidity and value of the securities. There may be significant obstacles to obtaining information necessary for investigations into or litigation against Chinese companies, and investors in such companies, including the fund, may have limited legal remedies.

• **China Risk — Risk of Investing through Stock Connect** — Investing in eligible ETFs and A-shares ("Stock Connect Securities") through Stock Connect is subject to trading, clearance, settlement and other procedures, which could pose risks to the fund. Trading through Stock Connect is subject to the Daily Quota, which may restrict the fund's ability to invest in Stock Connect Securities through Stock Connect on a timely basis and could affect the fund's ability to effectively pursue its investment strategy. Stock Connect will only operate on days when both the Chinese and Hong Kong markets are open for trading and when banking services are available in both markets on the corresponding settlement days. Therefore, an investment in Stock Connect Securities through Stock Connect may subject the fund to the risk of price fluctuations on days when the Chinese markets are open, but Stock Connect is not trading.

• **China Tax Risk** – Withholding Income Tax Risk – According to PRC tax regulations, a 10% withholding income tax is imposed on PRC sourced dividends and interests from non-government bonds paid to a non-PRC tax resident enterprise, unless the rate is reduced under an applicable tax treaty. From a technical perspective, withholding income tax is also applicable to capital gains realized by foreign investors on the disposal of PRC equity interests. There are however certain tax exemptions available, some temporary in nature, highlighted below.

On November 14, 2014, the Ministry of Finance (“MoF”), China Securities Regulatory Commission and the State Taxation Administration (“STA”), acting with State Council’s approval, jointly released Circular 79, which temporarily exempts Qualified Foreign Institutional Investors (“QFIs”) and Renminbi Qualified Foreign Institutional Investors (“RQFIs”) from tax on capital gains derived from the trading of shares and other equity interest investments on or after November 17, 2014. Subsequently, Circulars 81 and 127 were issued to temporarily exempt tax on capital gains derived from trading of equity securities of companies domiciled in the PRC that trade on Chinese stock exchanges (“A-Shares”) through the Shanghai-Hong Kong Stock Connect program or the Shenzhen-Hong Kong Stock Connect program, as applicable (each, a “Stock Connect” and collectively, “Stock Connects”). The duration of the temporary exemptions is not stated in the circulars and is subject to termination by the PRC tax authorities with or without notice.

On November 22, 2018, the MoF and STA jointly issued Circular 108 which states that foreign institutional investors are temporarily exempt from withholding income tax with respect to interest income on bonds derived from the PRC bond market from November 7, 2018 to November 6, 2021. On November 22, 2021, the MoF and STA issued Public Notice 34 to extend the temporary exemption from November 7, 2021 to December 31, 2025.

Value Added Tax (“VAT”) Risk – From May 1, 2016, VAT applies to certain income derived by the fund, including PRC sourced interest income on non-government bonds and trading gains.

There are however certain tax exemptions available, some temporary in nature, highlighted below.

VAT exemptions currently apply to capital gains from trading of QFII and RQFII products, A-Shares traded on the Stock Connects and debt securities traded in the China Interbank Bond Market.

On November 7, 2018, the MoF and STA jointly issued Circular 108 which states that foreign institutional investors are temporarily exempt from VAT with respect to interest income on bonds derived from the PRC bond market from November 7, 2018 to November 6, 2021. On November 22, 2021, the MoF and STA issued Public Notice 34 to extend the temporary exemption from November 7, 2021 to December 31, 2025.

Any changes in PRC tax law, future clarifications thereof, and/or subsequent retroactive enforcement by the PRC tax authorities may result in a loss which could be material to the fund. There is a risk the PRC tax authorities may withdraw the temporary tax exemptions in the future and seek to collect taxes realized on the sale of A-Shares or PRC sourced interest income on non-government bonds received by the fund without giving any prior notice. If the tax exemptions are withdrawn, any taxes may be directly borne by or indirectly passed on to the fund and may result in a substantial impact to its net asset value. As with any net asset value adjustment, investors may be advantaged or disadvantaged depending on when the investors purchased and/or sold the shares of the fund. There will be no retrospective restatement of the fund’s net asset value.

BlackRock will keep the provisioning policy for tax liability under review and may, in its discretion from time to time, make a provision for potential tax liabilities if in its opinion such provision is warranted or as further clarified by the PRC in notifications.

• **Convertible Securities Risk** — The market value of a convertible security performs like that of a regular debt security; that is, if market interest rates rise, the value of a convertible security usually falls. In addition, convertible securities are subject to the risk that the issuer will not be able to pay interest, principal or dividends when due, and their market value may change based on changes in the issuer’s credit rating or the market’s perception of the issuer’s creditworthiness. Since it derives a portion of its value from

the common stock into which it may be converted, a convertible security is also subject to the same types of market and issuer risks that apply to the underlying common stock, including the potential for increased volatility in the price of the convertible security.

• **Depository Receipts Risk** — Depository receipts are generally subject to the same risks as the foreign securities that they evidence or into which they may be converted. In addition to investment risks associated with the underlying issuer, depository receipts expose the fund to additional risks associated with the non-uniform terms that apply to depository receipt programs, credit exposure to the depository bank and to the sponsors and other parties with whom the depository bank establishes the programs, currency risk and the risk of an illiquid market for depository receipts. The issuers of unsponsored depository receipts are not obligated to disclose information that is, in the United States, considered material. Therefore, there may be less information available regarding these issuers and there may not be a correlation between such information and the market value of the depository receipts. While depository receipts provide an alternative to directly purchasing underlying foreign securities in their respective markets and currencies, they continue to be subject to many of the risks associated with investing directly in foreign securities, including political, economic, and currency risk.

• **Derivatives Risk** — The fund’s use of derivatives may increase its costs, reduce the fund’s returns and/or increase volatility. Derivatives involve significant risks, including:

Leverage Risk — The fund’s use of derivatives can magnify the fund’s gains and losses. Relatively small market movements may result in large changes in the value of a derivatives position and can result in losses that greatly exceed the amount originally invested.

Market Risk — Some derivatives are more sensitive to interest rate changes and market price fluctuations than other securities. The fund could also suffer losses related to its derivatives positions as a result of unanticipated market movements, which losses are potentially unlimited. Finally, BlackRock may not be able to predict correctly the direction of securities prices, interest rates and other economic factors, which could cause the fund’s derivatives positions to lose value.

Counterparty Risk — Derivatives are also subject to counterparty risk, which is the risk that the other party in the transaction will be unable or unwilling to fulfill its contractual obligation, and the related risks of having concentrated exposure to such a counterparty.

Illiquidity Risk — The possible lack of a liquid secondary market for derivatives and the resulting inability of the fund to sell or otherwise close a derivatives position could expose the fund to losses and could make derivatives more difficult for the fund to value accurately.

Operational Risk — The use of derivatives includes the risk of potential operational issues, including documentation issues, settlement issues, systems failures, inadequate controls and human error.

Legal Risk — The risk of insufficient documentation, insufficient capacity or authority of counterparty, or legality or enforceability of a contract.

Volatility and Correlation Risk — 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 with the overall securities markets.

Valuation Risk — Valuation for derivatives may not be readily available in the market. Valuation may be more difficult in times of market turmoil since many investors and market makers may be reluctant to purchase complex instruments or quote prices for them.

Hedging Risk — Hedges are sometimes subject to imperfect matching between the derivative and the underlying security, and there can be no assurance that the fund’s hedging transactions will be effective. The use of hedging may result in certain adverse tax consequences.

Tax Risk — Certain aspects of the tax treatment of derivative instruments, including swap agreements and commodity-linked derivative instruments, are currently unclear and may be affected by changes in legislation, regulations or other legally binding authority. Such treatment may be less favorable than that given to a direct investment in an underlying asset and

may adversely affect the timing, character and amount of income the fund realizes from its investments.

**Risks of Investing in Participation Notes** — Investing in participation notes involves the same risks associated with a direct investment in the shares of the companies the notes seek to replicate. However, the performance results of participation notes will not replicate exactly the performance of the issuers or markets that the notes seek to replicate due to transaction costs and other expenses. In addition, participation notes are subject to counterparty risk. Participation notes may be considered illiquid.

**• Foreign Securities Risk** — Foreign investments often involve special risks not present in U.S. investments that can increase the chances that the fund will lose money. These risks include:

- o The fund generally holds its foreign securities and cash in foreign banks and securities depositories, which may be recently organized or new to the foreign custody business and may be subject to only limited or no regulatory oversight.
- o Changes in foreign currency exchange rates can affect the value of the fund’s portfolio.
- o The economies of certain foreign markets may not compare favorably with the economy of the United States with respect to such issues as growth of gross national product, reinvestment of capital, resources and balance of payments position.
- o The governments of certain countries, or the U.S. Government with respect to certain countries, may prohibit or impose substantial restrictions through capital controls and/or sanctions on foreign investments in the capital markets or certain industries in those countries, which may prohibit or restrict the ability to own or transfer currency, securities, derivatives or other assets.
- o Many foreign governments do not supervise and regulate stock exchanges, brokers and the sale of securities to the same extent as does the United States and may not have laws to protect investors that are comparable to U.S. securities laws.
- o Settlement and clearance procedures in certain foreign markets may result in delays in payment for or delivery of securities not typically associated with settlement and clearance of U.S. investments.
- o The fund’s claims to recover foreign withholding taxes may not be successful, and if the likelihood of recovery of foreign withholding taxes materially decreases, due to, for example, a change in tax regulation or approach in the foreign country, accruals in the fund’s net asset value for such refunds may be written down partially or in full, which will adversely affect the fund’s net asset value.
- o The European financial markets have recently experienced volatility and adverse trends due to concerns about economic downturns in, or rising government debt levels of, several European countries as well as acts of war in the region. These events may spread to other countries in Europe and may affect the value and liquidity of certain of the fund’s investments.

**• Geographic Concentration Risk** — From time to time the fund may invest a substantial amount of its assets in issuers located in a single country or a limited number of countries. If the fund concentrates its investments in this manner, it assumes the risk that economic, political and social conditions in those countries will have a significant impact on its investment performance. The fund’s investment performance may also be more volatile if it concentrates its investments in certain countries, especially emerging market countries.

**• 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.

**• 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 the applicable requirements of the Investment Company Act of 1940, as amended, and the rules thereunder. Increases and decreases in the value of the fund’s portfolio will be magnified when the fund uses leverage.

**• 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. The value of a security or other asset may decline due to changes in general market conditions, economic trends or events that are not specifically related to the issuer of the security or other asset, or factors that affect a particular issuer or issuers, exchange, country, group of countries, region, market, industry, group of industries, sector or asset class. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues like pandemics or epidemics, recessions, or other events could have a significant impact on the fund and its investments. 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.

An outbreak of an infectious coronavirus (COVID-19) that was first detected in December 2019 developed into a global pandemic that has resulted in numerous disruptions in the market and has had significant economic impact leaving general concern and uncertainty. Although vaccines have been developed and approved for use by various governments, the duration of the pandemic and its effects cannot be predicted with certainty. The impact of this coronavirus, and other epidemics and pandemics that may arise in the future, could affect the economies of many nations, individual companies and the market in general ways that cannot necessarily be foreseen at the present time.

**• Mid Cap Securities Risk** — The securities of mid cap companies generally trade in lower volumes and are generally subject to greater and less predictable price changes than the securities of larger capitalization companies.

**• “New Issues” Risk** — “New issues” are IPOs of equity securities. Securities issued in IPOs have no trading history, and information about the companies may be available for very limited periods. In addition, the prices of securities sold in IPOs may be highly volatile or may decline shortly after the IPO.

**• Preferred Securities Risk** — Preferred securities may pay fixed or adjustable rates of return. Preferred securities are subject to issuer-specific and market risks applicable generally to equity securities. In addition, a company’s preferred securities generally pay dividends only after the company makes required payments to holders of its bonds and other debt. For this reason, the value of preferred securities will usually react more strongly than bonds and other debt to actual or perceived changes in the company’s financial condition or prospects. Preferred securities of smaller companies may be more vulnerable to adverse developments than preferred securities of larger companies.

**• Small Cap and Emerging Growth Securities Risk** — Small cap or emerging growth companies may have limited product lines or markets. They may be less financially secure than larger, more established companies. They may depend on a more limited management group than larger capitalized companies.

**Fees & Expenses**

(Based on the prospectus dated August 28, 2024)

Total Annual Fund Operating Expenses .....	0.86%
After Fee Waivers and/or Expense Reimbursements	

# Virtus Duff & Phelps Global Infrastructure Fund

## Investment Objective

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

## Principal Investment Strategies

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

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

## Principal Risks

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

**•Equity Securities Risk:** The value of the stocks held by the fund may be negatively affected by the financial market, industries in which the fund invests, or issuer-specific events. Focus on a particular style or in small or medium-sized companies may enhance that risk.

**•Industry/Sector Concentration Risk:** Events negatively affecting infrastructure companies may cause the value of the fund's shares to decrease, perhaps significantly. Since the fund concentrates its assets in infrastructure companies, the fund is more vulnerable to conditions that negatively affect infrastructure companies as compared to a fund that does not concentrate holdings in such companies.

**•Foreign Investing Risk:** Investing in foreign securities subjects the fund to additional risks such as increased volatility; currency fluctuations; less liquidity; less publicly available information about the foreign investment; and political, regulatory, economic, and market risk.

**•Income Risk:** Income received from the fund may vary widely over the short- and long-term and/or be less than anticipated if the proceeds from maturing securities in the fund are reinvested in lower-yielding securities.

**•Market Volatility Risk:** The value of the securities in the fund may go up or down in response to the prospects of individual companies and/or general economic conditions. Price changes may be short- or long-term. Local, regional or global events such as war or military conflict (e.g., Russia's invasion of Ukraine), acts of terrorism, the spread of infectious illness or other public health issue, recessions, or other events could have a significant impact on the fund and its investments, including hampering the ability of the fund's portfolio manager(s) to invest the fund's assets as intended.

**•Credit Risk:** If the issuer of a debt instrument fails to pay interest or principal in a timely manner, or negative perceptions exist in the market of the issuer's ability to make such payments, the price of the security may decline.

**•Derivatives Risk:** Derivatives and other similar instruments (collectively referred to in this section as "derivatives") may include, among other things, futures, options, forwards and swap agreements and may be used in order to hedge portfolio risks, create leverage or attempt to increase returns. Investments in derivatives may result in increased volatility and the fund may incur a loss greater than its principal investment.

**•Real Estate Investment Risk:** The fund may be negatively affected by changes in real estate values or economic conditions, credit risk and interest rate fluctuations, changes in the value of the underlying real estate and defaults by lessees and/or borrowers.

**•Currency Rate Risk:** Fluctuations in the exchange rates between the U.S. dollar and foreign currencies may negatively affect the value of the fund's shares.

**•Equity Real Estate Investment Trust (REIT) Securities Risk:** The fund's value may be negatively affected by factors specific to the real estate market such as interest rates, leverage, property, and management. The fund's value may also be negatively affected by factors specific to investing through a pooled vehicle, such as poor management, concentration risk, or other risks typically associated with investing in small or medium market capitalization companies.

**•Geographic Investment Risk:** To the extent the fund invests a significant portion of its assets in the securities of companies of a single country or region, it is more likely to be impacted by events or conditions affecting that country or region.

**•Geopolitical Risk:** Some countries and regions in which the fund invests have experienced security concerns, war or threats of war and aggression, terrorism, economic uncertainty, natural and environmental disasters and/or systemic market dislocations that have led, and in the future may lead, to increased short-term market volatility and may have adverse long-term effects on the U.S. and world economies and markets generally, each of which may negatively impact the fund's investments.

**•High-Yield/High-Risk Fixed Income Securities (Junk Bonds) Risk:** There is a greater risk of issuer default, less liquidity, and increased price volatility related to high-yield/high-risk securities than investment grade securities, and high-yield/high-risk securities are generally considered to be speculative.

**•Infrastructure-Related Risk:** A fund that focuses its investments in infrastructure-related companies will be more sensitive to conditions affecting their business or operations such as local economic and political conditions, regulatory changes, and environmental issues. Such a focus may cause a decrease in the fund's value, perhaps significantly.

**•Interest Rate Risk:** The values of debt instruments may rise or fall in response to changes in interest rates, and this risk may be enhanced for securities with longer maturities.

**•Redemption Risk:** One or more large shareholders or groups of shareholders may redeem their holdings in the fund, resulting in an adverse impact on remaining shareholders in the fund by causing the fund to take actions it would not otherwise have taken.

### Fees & Expenses

(Based on the prospectus dated January 28, 2025)

Total Annual Fund Operating Expenses .....0.98%

After Fee Waivers and/or Expense Reimbursements

## Exhibit C - 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 June 1, 2025, of the Underlying Investments 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

Underlying Mutual Fund	Ticker Symbol	Annual Fund Operating Expenses
Vanguard Short-Term Bond Index ETF	BSV	0.03%
Vanguard Total Bond Market Index ETF	BND	0.03%
Vanguard Real Estate Index ETF	VNQ	0.13%
Vanguard Global ex-U.S. Real Estate Index ETF	VNQI	0.12%
Vanguard Mega Cap Value Index ETF	MGV	0.07%
Vanguard Mega Cap Index ETF	MGC	0.07%
Vanguard Mega Cap Growth Index ETF	MGK	0.07%
Vanguard Mid-Cap Value Index ETF	VOE	0.07%
Vanguard Mid-Cap Index ETF	VO	0.04%
Vanguard Mid-Cap Growth Index ETF	VOT	0.07%
Vanguard Small-Cap Value Index ETF	VBR	0.07%
Vanguard Small-Cap Index ETF	VB	0.05%
Vanguard Small-Cap Growth Index ETF	VBK	0.07%
Vanguard FTSE Developed Markets Index ETF	VEA	0.03%
Vanguard FTSE Emerging Markets Stock Index ETF	VWO	0.07%

**For more complete information regarding any fund, you may request a prospectus from your registered investment advisor, the Program Manager, or by visiting the underlying fund website. 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 Index 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 Bloomberg U.S. 1-5 Year Government/Credit Float Adjusted Index (the 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 seeks to maintain a dollar-weighted average maturity consistent with that of the index. As of December 31, 2024, the dollar-weighted average maturity of the index was 2.8 years. The fund also seeks to maintain an average duration consistent with that of the index. As of December 31, 2024, the average duration of the index was 2.6 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, and the level of risk may vary based on market conditions:

- **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 accordingly.
- **Interest rate risk**, which is the chance that bond prices overall 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 less sensitive to interest rate changes than are the prices of longer-term bonds.
- **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 a decline in the fund's income. Such redemptions and subsequent reinvestments would also increase the fund's portfolio turnover rate.
- **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-related risks.** The fund is subject to risks associated with index investing, which include passive management risk, tracking error risk, and index provider risk. Passive management risk is the chance that the fund's use of an indexing strategy will negatively impact the fund's performance. Because the fund seeks to track the performance of its target index regardless of how that index is performing, the fund's performance may be lower than it would be if the fund were actively managed. Tracking error risk is the chance that the fund's performance will deviate from the performance of its target index. Tracking error risk may be heightened during times of increased market volatility or under other unusual market conditions. Index provider risk is the chance that the fund will be negatively impacted by changes or errors made by the index provider. Any gains, losses, or costs associated with or resulting from an error made by the index provider will generally be borne by the fund and, as a result, the fund's shareholders.
- **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.

- **Liquidity risk**, which is the chance that the fund may not be able to sell a security in a timely manner at a desired price.

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.**

Fees & Expenses	
(Based on the prospectus dated April 29, 2025)	
Total Annual Fund Operating Expenses .....	0.03%
After Fee Waivers and/or Expense Reimbursements	

# Vanguard Total Bond Market Index 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 Bloomberg U.S. Aggregate Float Adjusted Index (the index). This index measures the performance of 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 seeks to maintain a dollar-weighted average maturity consistent with that of the index. As of December 31, 2024, the dollar-weighted average maturity of the index was 8.3 years. The fund also seeks to maintain an average duration consistent with that of the index. As of December 31, 2024, the average duration of the index was 6 years.

## 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, and the level of risk may vary based on market conditions:

- **Interest rate risk**, which is the chance that bond prices overall 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.

- **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. Such prepayments and subsequent reinvestments would also increase the fund’s portfolio turnover rate. Prepayment risk should be moderate for the fund.

- **Extension risk**, which is the chance that during periods of rising interest rates, certain debt securities will be paid off substantially more slowly than originally anticipated, and the value of those securities may fall. This will lengthen the duration or average life of those securities and delay a fund’s ability to reinvest proceeds at higher interest rates, making a fund more sensitive to changes in interest rates. For funds that invest in mortgage-backed securities, there is a chance that during periods of rising interest rates, homeowners will repay their mortgages at slower rates. Extension risk should be moderate for the fund.

- **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 a decline in the fund’s income. Such redemptions and subsequent reinvestments would also increase the fund’s portfolio turnover rate. Call risk should be low for the fund because it invests only a small portion of its assets in callable 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-related risks.** The fund is subject to risks associated with index investing, which include passive management risk, tracking error risk, and index provider risk. Passive management risk is the chance that the fund’s use of an indexing strategy will negatively impact the fund’s performance. Because the fund seeks to track the performance of its target index regardless of how that index is performing, the fund’s performance may be lower than it would be if the fund were actively managed. Tracking error risk is the chance that the fund’s performance will deviate from the performance of its target index. Tracking error risk may be heightened during times of increased market volatility or under other unusual market conditions. Index provider risk is the chance that the fund will be negatively impacted by changes or errors made by the index provider. Any gains, losses, or costs associated with or resulting from an error made by the index provider will generally be borne by the fund and, as a result, the fund’s shareholders.

- **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.

- **Liquidity risk**, which is the chance that the fund may not be able to sell a security in a timely manner at a desired price.

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.**

Fees & Expenses	
(Based on the prospectus dated April 29, 2025)	
Total Annual Fund Operating Expenses .....	0.03%
After Fee Waivers and/or Expense Reimbursements	

## Vanguard Real Estate Index 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 and other real estate-related investments.

### Principal Investment Strategies

The fund employs an indexing investment approach designed to track the performance of the MSCI US Investable Market Real Estate 25/50 Index (the index), an index that is made up of stocks of large, mid-size, and small U.S. companies within the real estate sector, as classified under the Global Industry Classification Standard (GICS®). The GICS real estate sector is composed of equity real estate investment trusts (known as REITs), which include specialized REITs, and real estate management and development companies.

The fund seeks to track the index by investing all, or substantially all, of its assets in the stocks in the index, either directly or indirectly through a wholly owned subsidiary (the underlying fund). The fund seeks to hold each stock in approximately the same proportion as its weighting in the index. The underlying fund is a registered investment company. The fund may invest a portion of its assets in the underlying fund.

### 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:

- **Industry concentration risk**, which is the chance that the stocks of REITs and other real estate-related investments will decline because of adverse developments affecting the real estate industry and real property values. Because the fund concentrates its assets in these stocks, industry concentration risk is high.

- **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.

- **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.

- **Asset concentration risk**, which is the chance that, because the fund’s target index (and therefore the fund) tends to be heavily weighted in its ten largest holdings, the fund’s performance may be hurt disproportionately by the poor performance of relatively few stocks.

- **Investment style risk**, which is the chance that returns from the stocks

of REITs and other real estate-related investments—which typically are small- or mid-capitalization stocks—will trail returns from the overall stock market. Historically, these stocks have performed quite differently from the overall market.

- **Nondiversification risk**, which is the chance that the fund may invest a greater percentage of its assets in a particular issuer or group of issuers or may own larger positions of an issuer’s voting stock than a diversified fund.

- **Index-related risks.** The fund is subject to risks associated with index investing, which include passive management risk, tracking error risk, and index provider risk. Passive management risk is the chance that the fund’s use of an indexing strategy will negatively impact the fund’s performance. Because the fund seeks to track the performance of its target index regardless of how that index is performing, the fund’s performance may be lower than it would be if the fund were actively managed. Tracking error risk is the chance that the fund’s performance will deviate from the performance of its target index. Tracking error risk may be heightened during times of increased market volatility or under other unusual market conditions. Index provider risk is the chance that the fund will be negatively impacted by changes or errors made by the index provider. Any gains, losses, or costs associated with or resulting from an error made by the index provider will generally be borne by the fund and, as a result, the fund’s shareholders.

- **Index replicating risk**, which is the chance that the fund may be prevented from holding one or more securities in the same proportion as in its target index.

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.**

Fees & Expenses	
(Based on the prospectus dated May 29, 2025)	
Total Annual Fund Operating Expenses .....	0.13%
After Fee Waivers and/or Expense Reimbursements	

## Vanguard Global ex-U.S. Real Estate Index 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 (the 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 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:

- **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.

- **Index-related risks.** The fund is subject to risks associated with index investing, which include passive management risk, tracking error risk, and index provider risk. Passive management risk is the chance that the fund’s use of an indexing strategy will negatively impact the fund’s performance. Because the fund seeks to track the performance of its target index regardless of how that index is performing, the fund’s performance may be lower than it would be if the fund were actively managed. Tracking error risk is the chance that the fund’s performance will deviate from the performance of its target index. Tracking error risk may be heightened during times of increased market volatility or under other unusual market conditions. Index provider risk is the chance that the fund will be negatively impacted by changes or errors made by the index provider. Any gains, losses, or costs associated with or resulting from an error made by the index provider will generally be borne by the fund and, as a result, the fund’s shareholders.

- **Index replicating risk**, which is the chance that the fund may be prevented from holding one or more securities in the same proportion as in its target index.

- **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 may 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. 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 global stock 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. 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. Country/regional risk is especially high in emerging markets.

- **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, tax, regulatory, financial reporting, accounting, and recordkeeping systems; and greater political, social, and economic instability than developed 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.

- **Derivatives risk.** The fund may invest in derivatives, which may involve risks different from, and possibly greater than, those of investments directly in the underlying securities or assets.

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.**

**Fees & Expenses**

(Based on the prospectus dated February 28, 2025)

Total Annual Fund Operating Expenses .....0.12%

After Fee Waivers and/or Expense Reimbursements

## Vanguard Mega Cap Value Index 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 (the index), which represents the value companies as determined by the index provider, 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 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. 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 in which the fund invests will trail returns from the overall stock market. Large-cap stocks and value stocks both 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.

- **Index-related risks.** The fund is subject to risks associated with index investing, which include passive management risk, tracking error risk, and index provider risk. Passive management risk is the chance that the fund's use of an indexing strategy will negatively impact the fund's performance. Because the fund seeks to track the performance of its target index regardless of how that index is performing, the fund's performance may be lower than it would be if the fund were actively managed. Tracking error risk is the chance that the fund's performance will deviate from the performance of its target index. Tracking error risk may be heightened during times of increased market volatility or under other unusual market conditions. Index provider risk is the chance that the fund will be negatively impacted by changes or errors made by the index provider. Any gains, losses, or costs associated with or resulting from an error made by the index provider will generally be borne by the fund and, as a result, the fund's shareholders.

- **Index replicating risk,** which is the chance that the fund may be prevented from holding one or more securities in the same proportion as in its target index.

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.**

**Fees & Expenses**

(Based on the prospectus dated December 20, 2024)

Total Annual Fund Operating Expenses .....0.07%

After Fee Waivers and/or Expense Reimbursements

## Vanguard Mega Cap Index 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). 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. The fund may become nondiversified as defined under the Investment Company Act of 1940, solely as a result of an index rebalance

or market movement.

### 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. 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.

- **Asset concentration risk**, which is the chance that, because the fund tends to invest a high percentage of assets in its ten largest holdings, the fund's performance may be hurt disproportionately by the poor performance of relatively few stocks.

- **Investment style risk**, which is the chance that returns from large-capitalization stocks in which the fund invests will trail returns from the overall stock market. Large-cap 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.

- **Index-related risks.** The fund is subject to risks associated with index investing, which include passive management risk, tracking error risk, and index provider risk. Passive management risk is the chance that the fund's use of an indexing strategy will negatively impact the fund's performance. Because the fund seeks to track the performance of its target index regardless of how that index is performing, the fund's performance may be lower than it would be if the fund were actively managed. Tracking error risk is the chance that the fund's performance will deviate from the performance of its target index. Tracking error risk may be heightened during times of increased market volatility or under other unusual market conditions. Index provider risk is the chance that the fund will be negatively impacted by changes or errors made by the index provider. Any gains, losses, or costs associated with or resulting from an error made by the index provider will generally be borne by the fund and, as a result, the fund's shareholders.

- **Index replicating risk**, which is the chance that the fund may be prevented from holding one or more securities in the same proportion as in its target index.

- **Nondiversification risk.** Because the fund seeks to closely track the composition of the fund's target index, from time to time, more than 25% of the fund's total assets may be invested in issuers representing more than 5% of the fund's total assets due to an index rebalance or market movement, which would result in the fund being nondiversified under the Investment Company Act of 1940. The fund's performance may be hurt disproportionately by the poor performance of relatively few stocks, or even a single stock, and the fund's shares may experience significant fluctuations in value.

- **Sector risk**, which is the chance that significant problems will affect a particular sector, or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme or volatile than fluctuations in the overall market. Because a significant portion of the fund's assets are invested in the information technology sector, the fund's performance is impacted by the general condition of that sector. Companies in the information technology sector could be affected by, among other things, overall economic conditions, short product cycles, rapid obsolescence of products, competition, and government regulation. Sector risk is expected to be high for the fund.

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.**

Fees & Expenses	
(Based on the prospectus dated December 20, 2024)	
Total Annual Fund Operating Expenses .....	0.07%
After Fee Waivers and/or Expense Reimbursements	

## Vanguard Mega Cap Growth Index 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 (the index), which represents the growth companies as determined by the index provider, 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. The fund may become nondiversified, as defined under the Investment Company Act of 1940, solely as a result of a change in relative market capitalization or index weighting of one or more constituents of the index.

### 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. 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.

- **Asset concentration risk**, which is the chance that, because the fund tends to invest a high percentage of assets in its ten largest holdings, the fund's performance may be hurt disproportionately by the poor performance of relatively few stocks.

- **Investment style risk**, which is the chance that returns from large-capitalization growth stocks in which the fund invests will trail returns from the overall stock market. Large-cap stocks and 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.

# Vanguard Mid-Cap Value Index 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 Investment Strategies

The fund employs an indexing investment approach designed to track the performance of the CRSP US Mid Cap Value Index (the index), a broadly diversified index of value 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 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. 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 value 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. The stock prices of mid-size companies tend to experience greater volatility because, among other things, these companies tend to be more sensitive to changing economic conditions.

- **Index-related risks**. The fund is subject to risks associated with index investing, which include passive management risk, tracking error risk, and index provider risk. Passive management risk is the chance that the fund's use of an indexing strategy will negatively impact the fund's performance. Because the fund seeks to track the performance of its target index regardless of how that index is performing, the fund's performance may be lower than it would be if the fund were actively managed. Tracking error risk is the chance that the fund's performance will deviate from the performance of its target index. Tracking error risk may be heightened during times of increased market volatility or under other unusual market conditions. Index provider risk is the chance that the fund will be negatively impacted by changes or errors made by the index provider. Any gains, losses, or costs associated with or resulting from an error made by the index provider will generally be borne by the fund and, as a result, the fund's shareholders.

- **Index replicating risk**, which is the chance that the fund may be prevented from holding one or more securities in the same proportion as in its target index.

Because the fund is an exchange-traded fund (ETF) and the fund's shares are traded on an exchange, the fund is 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

- **Index-related risks**. The fund is subject to risks associated with index investing, which include passive management risk, tracking error risk, and index provider risk. Passive management risk is the chance that the fund's use of an indexing strategy will negatively impact the fund's performance. Because the fund seeks to track the performance of its target index regardless of how that index is performing, the fund's performance may be lower than it would be if the fund were actively managed. Tracking error risk is the chance that the fund's performance will deviate from the performance of its target index. Tracking error risk may be heightened during times of increased market volatility or under other unusual market conditions. Index provider risk is the chance that the fund will be negatively impacted by changes or errors made by the index provider. Any gains, losses, or costs associated with or resulting from an error made by the index provider will generally be borne by the fund and, as a result, the fund's shareholders.

- **Index replicating risk**, which is the chance that the fund may be prevented from holding one or more securities in the same proportion as in its target index.

- **Nondiversification risk**. Because the fund seeks to closely track the composition of the fund's target index, from time to time, more than 25% of the fund's total assets may be invested in issuers representing more than 5% of the fund's total assets due to an index rebalance or market movement, which would result in the fund being nondiversified under the Investment Company Act of 1940. The fund's performance may be hurt disproportionately by the poor performance of relatively few stocks, or even a single stock, and the fund's shares may experience significant fluctuations in value.

- **Sector risk**, which is the chance that significant problems will affect a particular sector, or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme or volatile than fluctuations in the overall market. Because a significant portion of the fund's assets are invested in the information technology sector, the fund's performance is impacted by the general condition of that sector. Companies in the information technology sector could be affected by, among other things, overall economic conditions, short product cycles, rapid obsolescence of products, competition, and government regulation. Sector risk is expected to be high for the fund.

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.**

### Fees & Expenses

(Based on the prospectus dated November 22, 2024)

Total Annual Fund Operating Expenses .....0.07%

After Fee Waivers and/or Expense Reimbursements

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.**

**Fees & Expenses**

(Based on the prospectus dated April 29, 2025)

Total Annual Fund Operating Expenses .....0.07%

After Fee Waivers and/or Expense Reimbursements

**Vanguard Mid-Cap Index 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 (the 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 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. 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. The stock prices of mid-size companies tend to experience greater volatility because, among other things, these companies tend to be more sensitive to changing economic conditions.
- **Index-related risks.** The fund is subject to risks associated with index investing, which include passive management risk, tracking error risk, and index provider risk. Passive management risk is the chance that the fund's use of an indexing strategy will negatively impact the fund's performance. Because the fund seeks to track the performance of its target index regardless of how that index is performing, the fund's performance may be lower than it would be if the fund were actively managed. Tracking error risk is the chance that the fund's performance will deviate from the performance of its target index. Tracking error risk may be heightened during times of increased market volatility or under other unusual market conditions. Index provider risk is the chance that the fund will be negatively impacted by changes or errors made by the index provider. Any gains, losses, or costs associated with or resulting from an error made by the index provider will generally be borne by the fund and, as a result, the fund's shareholders.
- **Index replicating risk**, which is the chance that the fund may be prevented from holding one or more securities in the same proportion as in its target index.

Because the fund is an exchange-traded fund (ETF) and the fund's shares are traded on an exchange, the fund is 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.**

**Fees & Expenses**

(Based on the prospectus dated April 29, 2025)

Total Annual Fund Operating Expenses .....0.04%

After Fee Waivers and/or Expense Reimbursements

**Vanguard Mid-Cap Growth Index 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 (the 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 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. 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. The stock prices of mid-size companies tend to experience greater volatility because, among other things, these companies tend to be more sensitive to changing economic conditions.
- **Index-related risks.** The fund is subject to risks associated with index investing, which include passive management risk, tracking error risk, and index provider risk. Passive management risk is the chance that the fund's use of an indexing strategy will negatively impact the fund's performance. Because the fund seeks to track the performance of its target index regardless of how that index is performing, the fund's performance may be lower than it would be if the fund were actively managed. Tracking

error risk is the chance that the fund's performance will deviate from the performance of its target index. Tracking error risk may be heightened during times of increased market volatility or under other unusual market conditions. Index provider risk is the chance that the fund will be negatively impacted by changes or errors made by the index provider. Any gains, losses, or costs associated with or resulting from an error made by the index provider will generally be borne by the fund and, as a result, the fund's shareholders.

- **Index replicating risk**, which is the chance that the fund may be prevented from holding one or more securities in the same proportion as in its target index.

Because the fund is an exchange-traded fund (ETF) and the fund's shares are traded on an exchange, the fund is 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.**

- **Investment style risk**, which is the chance that returns from small-capitalization value 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. The stock prices of small companies tend to experience greater volatility because, among other things, these companies tend to be more sensitive to changing economic conditions.

- **Index-related risks**. The fund is subject to risks associated with index investing, which include passive management risk, tracking error risk, and index provider risk. Passive management risk is the chance that the fund's use of an indexing strategy will negatively impact the fund's performance. Because the fund seeks to track the performance of its target index regardless of how that index is performing, the fund's performance may be lower than it would be if the fund were actively managed. Tracking error risk is the chance that the fund's performance will deviate from the performance of its target index. Tracking error risk may be heightened during times of increased market volatility or under other unusual market conditions. Index provider risk is the chance that the fund will be negatively impacted by changes or errors made by the index provider. Any gains, losses, or costs associated with or resulting from an error made by the index provider will generally be borne by the fund and, as a result, the fund's shareholders.

- **Index replicating risk**, which is the chance that the fund may be prevented from holding one or more securities in the same proportion as in its target index.

Because the fund is an exchange-traded fund (ETF) and the fund's shares are traded on an exchange, the fund is 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.**

Fees & Expenses	
(Based on the prospectus dated April 29, 2025)	
Total Annual Fund Operating Expenses .....	0.07%
After Fee Waivers and/or Expense Reimbursements	

Fees & Expenses	
(Based on the prospectus dated April 29, 2025)	
Total Annual Fund Operating Expenses .....	0.07%
After Fee Waivers and/or Expense Reimbursements	

## Vanguard Small-Cap Value Index 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 (the 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 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. 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.

## Vanguard Small-Cap Index 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 (the index), a broadly diversified index of 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.

# Vanguard Small-Cap Growth Index ETF

## Investment Objective

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

## Principal Investment Strategies

The fund employs an indexing investment approach designed to track the performance of the CRSP US Small Cap Growth Index (the index), a broadly diversified index of growth 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 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. 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 growth 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. The stock prices of small companies tend to experience greater volatility because, among other things, these companies tend to be more sensitive to changing economic conditions.

- **Index-related risks.** The fund is subject to risks associated with index investing, which include passive management risk, tracking error risk, and index provider risk. Passive management risk is the chance that the fund's use of an indexing strategy will negatively impact the fund's performance. Because the fund seeks to track the performance of its target index regardless of how that index is performing, the fund's performance may be lower than it would be if the fund were actively managed. Tracking error risk is the chance that the fund's performance will deviate from the performance of its target index. Tracking error risk may be heightened during times of increased market volatility or under other unusual market conditions. Index provider risk is the chance that the fund will be negatively impacted by changes or errors made by the index provider. Any gains, losses, or costs associated with or resulting from an error made by the index provider will generally be borne by the fund and, as a result, the fund's shareholders.

- **Index replicating risk**, which is the chance that the fund may be prevented from holding one or more securities in the same proportion as in its target index.

Because the fund is an exchange-traded fund (ETF) and the fund's shares are traded on an exchange, the fund is 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

## 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. 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. The stock prices of small companies tend to experience greater volatility because, among other things, these companies tend to be more sensitive to changing economic conditions.

- **Index-related risks.** The fund is subject to risks associated with index investing, which include passive management risk, tracking error risk, and index provider risk. Passive management risk is the chance that the fund's use of an indexing strategy will negatively impact the fund's performance. Because the fund seeks to track the performance of its target index regardless of how that index is performing, the fund's performance may be lower than it would be if the fund were actively managed. Tracking error risk is the chance that the fund's performance will deviate from the performance of its target index. Tracking error risk may be heightened during times of increased market volatility or under other unusual market conditions. Index provider risk is the chance that the fund will be negatively impacted by changes or errors made by the index provider. Any gains, losses, or costs associated with or resulting from an error made by the index provider will generally be borne by the fund and, as a result, the fund's shareholders.

- **Index replicating risk**, which is the chance that the fund may be prevented from holding one or more securities in the same proportion as in its target index.

Because the fund is an exchange-traded fund (ETF) and the fund's shares are traded on an exchange, the fund is 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.**

<b>Fees &amp; Expenses</b>
(Based on the prospectus dated April 29, 2025)
Total Annual Fund Operating Expenses .....0.05%
After Fee Waivers and/or Expense Reimbursements

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.**

Fees & Expenses	
(Based on the prospectus dated April 29, 2025)	
Total Annual Fund Operating Expenses .....	0.07%
After Fee Waivers and/or Expense Reimbursements	

## Vanguard FTSE Developed Markets Index 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 Canada and 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 All Cap ex US Index (the index), a market-capitalization-weighted index that as of December 31, 2024, is made up of approximately 3,909 common stocks of large-, mid-, and small-cap companies located in Canada and the major markets of Europe and the Pacific region. 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 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. The fund's investments in foreign stocks can be riskier than U.S. stock investments. Foreign stocks may 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.
- **Investment style risk**, which is the chance that returns from non-U.S. small- and mid-capitalization stocks will trail returns from global stock markets. Historically, non-U.S. small- and mid-cap stocks have been more volatile in price than the large-cap stocks that dominate the global markets, and they often perform quite differently. The stock prices of small and mid-size companies tend to experience greater volatility because, among other things, these companies tend to be more sensitive to changing economic conditions.
- **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.
- **Index-related risks**. The fund is subject to risks associated with index investing, which include passive management risk, tracking error risk, and

index provider risk. Passive management risk is the chance that the fund's use of an indexing strategy will negatively impact the fund's performance. Because the fund seeks to track the performance of its target index regardless of how that index is performing, the fund's performance may be lower than it would be if the fund were actively managed. Tracking error risk is the chance that the fund's performance will deviate from the performance of its target index. Tracking error risk may be heightened during times of increased market volatility or under other unusual market conditions. Index provider risk is the chance that the fund will be negatively impacted by changes or errors made by the index provider. Any gains, losses, or costs associated with or resulting from an error made by the index provider will generally be borne by the fund and, as a result, the fund's shareholders.

- **Index replicating risk**, which is the chance that the fund may be prevented from holding one or more securities in the same proportion as in its target index.

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.**

Fees & Expenses	
(Based on the prospectus dated April 29, 2025)	
Total Annual Fund Operating Expenses .....	0.03%
After Fee Waivers and/or Expense Reimbursements	

## Vanguard FTSE Emerging Markets Stock Index 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 designed to track the performance of the FTSE Emerging Markets All Cap China A Inclusion Index. As of October 31, 2024, the FTSE Emerging Markets All Cap China A Inclusion Index is a market-capitalization weighted index that is made up of approximately 4,727 common stocks of large-, mid-, and small-cap companies located in emerging markets around the world. The fund invests by sampling the index, meaning that it holds a broadly diversified collection of securities that, in the aggregate, approximates the 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. The fund may become nondiversified, as defined under the Investment Company Act of 1940, solely as a result of an index rebalance or market movement.

**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. The fund’s investments in foreign stocks can be riskier than U.S. stock investments. Foreign stocks may 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, tax, regulatory, financial reporting, accounting, and recordkeeping 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. Because the fund may invest a large portion of its assets in securities of companies located in one country or region, the fund’s performance may be hurt disproportionately by the poor performance of its investments in that area.

• **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.

• **Special risks of investing in China.** The fund’s investments in companies or issuers economically tied to China are subject to the country/regional, emerging markets, and currency risks described above, in addition to unique risks. Investments economically tied to China are associated with considerable degrees of social and humanitarian, legal, regulatory, political, and economic uncertainty. Risks described above may be more pronounced for the fund. All of these factors, among others, could have negative impacts on the fund. For example, the fund may not be able to access its desired amount of shares of companies incorporated in China that trade on the Shanghai and Shenzhen Stock Exchanges (A-shares) and/or the Hong Kong Stock Exchange (H-shares), which may cause the fund to miss out on desirable investment opportunities. Investments economically tied to China may be (or become in the future) restricted or sanctioned by the U.S. government or another government, which could cause these securities to decline in value or become less liquid. If the fund’s holdings become impacted by restrictions or sanctions, the fund may incur losses. Additionally, the fund may gain exposure to certain companies in China through legal structures known as variable interest entities (VIEs), which provide exposure to Chinese companies through contractual arrangements instead of equity ownership. Investing through a VIE does not offer the same level of investor protection as direct ownership and is subject to risks including breach of the contractual arrangements, difficulty in enforcing the contractual arrangements outside of the U.S., and intervention by the U.S. government. These risks could significantly affect a VIE’s market value, which in turn could impact the fund’s performance.

• **Index-related risks.** The fund is subject to risks associated with index investing, which include passive management risk, tracking error risk, and index provider risk. Passive management risk is the chance that the fund’s use of an indexing strategy will negatively impact the fund’s performance. Because the fund seeks to track the performance of its target index regardless of how that index is performing, the fund’s performance may be lower than it would be if the fund were actively managed. Tracking error risk is the chance that the fund’s performance will deviate from the performance of its target index. Tracking error risk may be heightened during times of increased market volatility or under other unusual market conditions. Index provider risk is the chance that the fund will be negatively

impacted by changes or errors made by the index provider. Any gains, losses, or costs associated with or resulting from an error made by the index provider will generally be borne by the fund and, as a result, the fund’s shareholders.

• **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.

• **Nondiversification risk.** Because the fund seeks to closely track the composition of the fund’s target index, from time to time, more than 25% of the fund’s total assets may be invested in issuers representing more than 5% of the fund’s total assets due to an index rebalance or market movement, which would result in the fund being nondiversified under the Investment Company Act of 1940. The fund’s performance may be hurt disproportionately by the poor performance of relatively few stocks, or even a single stock, and the fund’s shares may experience significant fluctuations in value.

• **Sector risk**, which is the chance that significant problems will affect a particular sector, or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme or volatile than fluctuations in the overall market. Daily fluctuations in specific market sectors are often more extreme or volatile than fluctuations in the overall market. Because a significant portion of the fund’s assets are invested in the information technology sector, the fund’s performance is impacted by the general condition of that sector. Companies in the information technology sector could be affected by, among other things, overall economic conditions, short product cycles, rapid obsolescence of products, competition, and government regulation. Sector risk is expected to be high for the fund.

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.

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<b>Fees &amp; Expenses</b>	
(Based on the prospectus dated February 28, 2025)	
Total Annual Fund Operating Expenses .....	0.07%
After Fee Waivers and/or Expense Reimbursements	

## **Bright Directions Advisor-Guided 529 College Savings Program Additional Information Regarding Financial Privacy**

Offering excellent service along with protecting your privacy is important to the Bright Directions Advisor-Guided 529 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 and Trust Company, as the Program Manager of the 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 Union Bank and Trust Company's Financial Privacy Policy, please contact the 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 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 Program may also disclose your personal information if it is allowed or required by its contract with the State of Illinois or as requested by the Treasurer. 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.



# BrightDirections529

Advisor-Guided College Savings

P.O. Box 82623 • Lincoln, NE 68501



**Michael W. Frerichs**

ILLINOIS STATE TREASURER

Trustee and Administrator

**UBT**

Union Bank & Trust

Program Manager

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