ILLINOIS ACHIEVING A BETTER LIFE EXPERIENCE PROGRAM
INVESTMENT POLICY STATEMENT

1.0 Statement of Purpose of Investment Policy

The purpose of this Investment Policy Statement (the "Policy") is to assist contractors retained by the Achieving a Better Life Experience Program Alliance (the "Consortium") to provide services related to the management of the assets of the Illinois Achieving a Better Life Experience ("ABLE") pool that are contributed to the Illinois Achieving a Better Life Experience program (the "Program") and to assist the Consortium in evaluating the performance of such contractors by:

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

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

2.0 Establishment and Authority of Entity

The Illinois Achieving a Better Life Experience program has been established as part of Illinois' State Treasurer Act, 15 ILCS 505 ("Act"). The Act creates ABLE account program to encourage and assist individuals and families in saving private funds for the purpose of supporting persons with disabilities in endeavors to maintain health, independence, and quality of life, and to provide secure funding for disability-related expenses on behalf of designated beneficiaries with disabilities that will supplement, but not supplant, benefits provided through private insurance, federal and State medical and disability insurance, the beneficiary's employment, and other sources.

3.0 Investment Philosophy

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

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

Contributions to the Program will be directed to one or more of the available Target Portfolios ("Portfolios"), each composed of a designated mix of investments funds. The determination of the investment parameters of each Portfolio shall be made by the Consortium and shall take into account the financial characteristics of the investments in the Program. The investment parameters will also give due consideration to the fact that the investment horizon for participants will vary from a few months to over 25 years.

The Illinois State Treasurer's Office will review the investment performance of each Portfolio at least quarterly and shall review this Policy at least annually.

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

- Short-Term Investments
- Domestic Fixed Income Investments
- International Fixed Income Investments
- Domestic Equity Investments
- International Equity Investments
- Real Estate Investments

The Consortium will establish reasonable guidelines for each Portfolio, specifying (as applicable) limits on asset and asset class exposures, risk constraints and investment return objectives. While the investment parameters offered under the Program are developed by the Consortium, participants bear the risk of investment results.

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

Consistent with achieving the foremost investment objectives of the Treasurer set forth herein, the Treasurer will prudently exercise investment stewardship to maximize anticipated financial returns, minimize projected risk, and more effectively execute its fiduciary duty. Sustainability factors shall be implemented within such a framework predicated on the following:

A. Prudent integration of material sustainability factors, including, but not limited to (1) corporate governance and leadership factors, (2) environmental factors, (3) social capital factors, (4) human capital factors, and (5) business model and innovation factors, as components of portfolio construction, investment decision-making, investment analysis and due diligence, prospective value proposition, risk management, and investment ownership, given that these tangible and intangible factors may have material and relevant financial impacts;

B. Recurring evaluation of sustainability factors to ensure the factors are relevant and decision-useful to the Program and the evolving marketplace;

C. Attentive oversight of investment holdings to encourage the advancement of sustainability accounting and disclosure through the exercise of proxy voting rights and engagement with entities – such as investment funds, investment holdings, portfolio companies, government bodies, and other organizations – and move the marketplace toward more prudent, sustainable business practices; and

D. Consideration of other relevant factors such as legal, regulatory, and reputational risks that enable an optimal risk management framework and supports long-term investment value.

4.0 Investment Objectives

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

- A long-term competitive rate of return on investments that is equal to or exceeds a return of the applicable benchmarks shown in Section 7.0 hereof; and

- An investment program flexible enough to meet the needs of participants based upon their age or investment objective and which provides each individual with the ability to invest in a diversified portfolio to meet his or her long-term investment goals.

5.0 Investment Responsibilities

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

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

The Program will rely on external investment consultants for investment and administrative advisory services. The independent investment consultant will:

- Measure investment performance results, evaluate the investment program, and advise the Consortium as to the performance and continuing appropriateness of each investment manager;

- Recommend modifications to the investment policies, objectives, guidelines, or management structure as appropriate; and

- Promptly inform the Consortium regarding significant matters pertaining to the investment program.

5.1 Treasurer's Investment Policy Committee

The Treasurer's Office maintains an Investment Policy Committee that is chaired by the Treasurer and includes the following members of the Treasurer's staff: Deputy Treasurer & Chief Investment Officer, Chief of Staff, Chief Financial Products Officer, Chief Legislative and Policy Officer, General Counsel, Director of State Investments and Banking, Director of Investment Analysis and Due Diligence, Director of Fiscal Operations, Director of IPTIP Investments, Director of Portfolio Risk and Analytics, Director of ePAY and The Illinois Funds, the Portfolio Investments & Cash Management Officer, and anyone else deemed appropriate by the Treasurer. The Investment Policy Committee will perform oversight and advisory duties on behalf of the Treasurer's Office to support the Program, including, but not limited to:

- Monitoring and providing insight into the construction and overall strategy of the investment portfolio;

- Reviewing and providing insight into the investment policies, objectives, parameters, responsibilities, benchmarks, or management structure as appropriate;

- Monitoring investment performance results and associated costs/fees on a quarterly basis;

- Providing guidance and feedback regarding the suitability of prospective investment funds that are recommended for receipt of Program monies;

- Monitoring and evaluating the performance and continuing appropriateness of each fund manager;

- Assisting in the evaluation of the Manager, external investment consultants, and any other external parties hired to service the Program; and

- Providing general commentary, perspective, and insights regarding market conditions that may impact the Program.

5.2 Preference for Investment Managers Owned by Minorities, Women, Veterans, and Persons with Disabilities

Pursuant to 15 ILCS 505/30, it shall be an aspirational goal of the Treasurer and its agents to use businesses owned by or under the control of qualified veterans of the armed forces of the United States, qualified service-disabled veterans, minority persons, women, or persons with a disability for not less than 25% of the total dollar amount of funds under management in the Program.

The terms "minority person", "woman", "person with a disability", "minority-owned business", "women-owned business", "business owned by a person with a disability", and "control" have the meanings provided in Section 1 of the Business Enterprise for Minorities, Women, and Persons with Disabilities Act (30 ILCS 575). The terms "veteran", "qualified veteran-owned small business", "qualified service-disabled veteran-owned small business", "qualified service-disabled veteran", and "armed forces of the United States" have the meanings provided in Article 1 of the Illinois Procurement Code (30 ILCS 500).

To the greatest extent feasible within the bounds of financial and fiduciary prudence, it shall be the policy of the Treasurer and its agents to remove any barriers to the full participation in investment management services afforded via the Program by actively identifying and considering for hire investment managers that are owned by or under the control of qualified veterans of the armed forces of the United States, qualified service-disabled veterans, minority persons, women, or persons with a disability.

6.0 Risk Management

The Illinois State Treasurer's Office shall develop internal processes and procedures to ensure that effective risk management systems are in place to monitor the risk levels of the Program. The processes shall ensure that the risks taken are prudent and properly managed, provide an integrated process for overall risk management, and assess investment returns as well as risk to determine if the risks taken are adequately compensated compared to applicable performance benchmarks and standards. The Illinois State Treasurer's Office and the Manager shall meet quarterly to review Portfolio and underlying fund performance as compared to the applicable benchmarks and peer group performance and will review the asset allocation of each Portfolio on an annual basis.

7.0 Investment Parameters

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

The policy target asset allocations and benchmarks for the underlying investments within the Target Portfolios are shown in the following table. There is a permissible range of plus or minus 5% of the target allocation for each underlying investment fund. Please refer to Exhibit A for Target Portfolio Objectives and refer to Exhibit B for a list of underlying investment products and their corresponding benchmarks.

Target Portfolios		**#1**	**#2**	**#3**	**#4**	**#5**	**#6**
Asset Class	**Benchmark**	**Aggressive**	**Moderately Aggressive**	**Growth**	**Moderate**	**Moderately Conservative**	**Conservative**
Domestic Equity	S & P 500 Index	31.50%	26.25%	21.00%	15.75%	10.50%	3.50%
	S & P Completion	27.00%	22.50%	18.00%	13.50%	9.00%	3.00%
Real Estate	Dow Jones U.S. Select Real Estate Index	9.00%	7.50%	6.00%	4.50%	3.00%	1.00%
International Equity	MSCI EAFE	16.20%	13.50%	10.80%	8.10%	5.40%	1.80%
	MSCI Emerging Markets	6.30%	5.25%	4.20%	3.15%	2.10%	0.70%
Domestic Fixed Income	Bloomberg Barclays US Treasury TIPS 0-5 Yrs.	3.50%	8.75%	14.00%	19.25%	15.75%	10.50%
	Bloomberg Barclays U.S. Aggregate Bond	3.00%	7.50%	12.00%	16.50%	13.50%	9.00%
	Bloomberg Barclays U.S. Gov't/Credit 1-5yr	2.50%	6.25%	10.00%	13.75%	11.25%	7.50%
International Fixed Income	Bloomberg Barclays Global Aggregate Bond ex-US	1.00%	2.50%	4.00%	5.50%	4.50%	3.00%
Short Term Investments	3-month T-Bills	0.00%	0.00%	0.0%	0.00%	25.00%	60.00%

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

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

8.0 Banking Option

The Program has included the option for participants for a short-term investment vehicle in the form of a Demand Deposit Account (the "Banking Option"). The Banking Option will be an FDIC-Insured bank account whose primary objective is the preservation and safety of the principal and the provision of a stable and low-risk rate of return. This option allows the participants the ability to execute recurring transactions with greater ease. The provider for the Banking Option will be Fifth Third Bank (the "Banking Option Provider").

The Banking Option Provider will provide monthly account statements following any month in which an account using the Account utilizing the Banking Option had financial activity. All account statements shall be sent to the respective Account Owner and any authorized agents and may be sent via /or Authorized Agents by U.S. postal mail and/or provided via website access electronic delivery, as selected specified by the Account Owner.

Exhibit A
Target Portfolio Objectives

The **Aggressive Target Portfolio** seeks to provide very aggressive capital appreciation and some current income. The fund holds 90% of its assets in stocks allocated among domestic stocks, international stocks, and REITs and 10% in bonds, allocated among domestic and international bonds. Investors with a long-term time horizon who are looking for the most aggressive growth of principal over time and who can accept stock market volatility may wish to consider this Portfolio.

The **Moderately Aggressive Target Portfolio** seeks to provide aggressive capital appreciation and some current income. The fund holds 75% of its assets in stocks allocated among domestic stocks, international stocks, and REITs and 25% in bonds, allocated among domestic and international bonds. Investors with a long-term time horizon who are looking for aggressive growth of principal over time and who can accept stock market volatility may wish to consider this Portfolio.

The **Growth Target Portfolio** seeks to provide capital appreciation and some current income. The fund holds 60% of its assets in stocks allocated among domestic stocks, international stocks, and REITs and 40% in bonds, allocated among domestic and international bonds. Investors with a long-term time horizon who are looking for growth of principal over time and who can accept stock market volatility may wish to consider this Portfolio.

The **Moderate Target Portfolio** seeks to provide moderate capital appreciation and current income. The fund holds 45% of its assets in stocks allocated among domestic stocks, international stocks, and REITs and 55% in bonds, allocated among domestic and international bonds. Investors with a long-term time horizon who are looking for growth of principal over time and who can accept stock market volatility may wish to consider this Portfolio.

The **Moderately Conservative Target Portfolio** seeks to provide conservative capital appreciation and current income. The fund holds 30% of its assets in stocks allocated among domestic stocks, international stocks, and REITs and 70% in bonds, allocated among domestic bonds, international bonds, and short-term investments. Investors with a medium-term time horizon who are looking for conservative growth of principal over time and who can accept some stock market volatility may wish to consider this Portfolio.

The **Conservative Target Portfolio** seeks to provide very conservative capital appreciation and current income. The fund holds 10% of its assets in stocks allocated among domestic stocks, international stocks, and REITs and 90% in bonds, allocated among domestic bonds, international bonds, and short-term investments. Investors with a short-term time horizon who are looking for very conservative growth of principal over time and who can accept limited stock market volatility may wish to consider this Portfolio.

Exhibit B
Underlying Investment Products

Underlying Investment Product	Asset Class	Benchmark
Vanguard Institutional Index Fund	U.S. Large Cap	S & P 500 Index
Vanguard Extended Market Index Fund	U.S. Small & Mid Cap	S & P Completion
iShares Core MSCI EAFE ETF	Non-U.S. Multi Cap	MSCI EAFE
Schwab Emerging Markets Equity ETF	Emerging Markets	MSCI Emerging Markets
Schwab U.S. REIT ETF	Real Estate	Dow Jones U.S. Select Real Estate Index
Vanguard Total Bond Market Index Fund	U.S. Core Bond	Bloomberg Barclays U.S. Aggregate Bond
Vanguard Short-Term Bond Index Fund	Short-Term Investment Grade	Bloomberg Barclays U.S. Gov’t/Credit 1-5yr
Vanguard Short-Term Inflation Protected Securities Index	Short-Term Inflation Protected Bond	Bloomberg Barclays US Treasury TIPS 0-5 Yrs.
iShares Core International Aggregate Bond ETF	International Bond	Bloomberg Barclays Global Aggregate Bond ex-US
Sallie Mae High-Yield FDIC	Cash & Cash Equivalents	3-month T-Bills