Scholar's Edge® 529 Plan Description and Participation Agreement

Effective December 9, 2019

Supplement Dated August 27, 2021 to the
Scholar's Edge® 529 Plan Description and Participation Agreement
Effective December 9, 2019

The information in this supplement amends and, to the extent it is different, supersedes information contained in the Scholar's Edge® 529 Plan Description and Participation Agreement, effective December 9, 2019, as previously supplemented (the "Plan Description and Participation Agreement"). Before you invest, please read this supplement and the Plan Description and Participation Agreement carefully. Please keep them for future reference. Capitalized terms used without definition in this supplement have the meanings given to them in the Plan Description and Participation Agreement.

Revisions to the Plan Description and Participation Agreement
(these changes are effective on August 27, 2021)

On page 15, the following new section is added after the last paragraph in the section titled "Direct Deposits From Payroll":

Employer-sponsored investment plan: Termination of Employment.

If you terminate employment with your employer, please notify the Plan. If you terminate employment with your employer, you may continue to make contributions to your Account using a check or Recurring Contributions. Any additional purchases of Class A Units will be made with the appropriate sales charges applied. If you make Recurring Contributions of at least $25 per month or $75 per quarter, your Annual Account Maintenance fee will be waived.

On page 27, the following new paragraph is added after the table in the section "Initial Sales Charge Breakpoint Schedule and Dealer Compensation":

PFD will pay a Dealer that establishes certain employer-sponsored investment plans that have elected to allow Class A Unit purchases at NAV an upfront commission of 1.00%. PFD will also pay a .25% annualized commission on amounts that are deposited to Scholar's Edge. The .25% commission will be paid beginning on the thirteenth month following the account opening date. PFD will pay such commissions out of its own resources. PFD, in its discretion, may terminate the payment of such commissions at any time.

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Changes in Portfolios

Effective after the close of business on August 26, 2021, account owners invested in Scholar's Edge Year of Enrollment 2020-2021 Portfolio will be merged into the Scholar's Edge Today Portfolio. In addition, a new portfolio, the Scholar's Edge Year of Enrollment 2040-2041 Portfolio, will open on August 30, 2021.

Effective August 27, 2021, in the "Fee Structure Tables" the rows for the Scholar's Edge Year of Enrollment Portfolios Class A Units (page 29), Class C Units (page 31), and Class R Units (page 33), and related footnotes, are deleted and replaced with the rows below.

CLASS A UNITS						
Portfolio	IN ADDITION TO A $20 ANNUAL ACCOUNT MAINTENANCE FEE, [1] PORTFOLIOS BEAR THE FOLLOWING ANNUAL ASSET-BASED FEES					ADDITIONAL INVESTOR EXPENSES
	Estimated Underlying Investment Expenses[2]	Program Management Fee[3]	Board Administrative Fee	Distribution and Service Fee	Total Annual Asset-Based Fee[4]	Maximum Initial Sales Charge
Scholar's Edge Year of Enrollment Portfolios						
2040-2041 Portfolio	0.39%	0.20%	0.08%	0.25%	0.92%	3.50%
2038-2039 Portfolio	0.39%	0.20%	0.08%	0.25%	0.92%	3.50%
2036-2037 Portfolio	0.39%	0.20%	0.08%	0.25%	0.92%	3.50%
2034-2035 Portfolio	0.39%	0.20%	0.08%	0.25%	0.92%	3.50%
2032-2033 Portfolio	0.39%	0.20%	0.08%	0.25%	0.92%	3.50%
2030-2031 Portfolio	0.38%	0.20%	0.08%	0.25%	0.91%	3.50%
2028-2029 Portfolio	0.38%	0.20%	0.08%	0.25%	0.91%	3.50%
2026-2027 Portfolio	0.36%	0.20%	0.08%	0.25%	0.89%	3.50%
2024-2025 Portfolio	0.35%	0.20%	0.08%	0.25%	0.88%	3.50%
2022-2023 Portfolio	0.32%	0.20%	0.08%	0.25%	0.85%	3.50%
Today Portfolio	0.29%	0.20%	0.08%	0.25%	0.82%	3.50%

1. The Annual Account Maintenance Fee of $20, which is waived if the Account balance is at least $25,000, if you or your Beneficiary is a New Mexico Resident, or if you make Recurring Contributions of at least $25 per month or $75 per calendar quarter.

2. Underlying Investment Expenses are based on expenses of the Underlying Investments as of August 27, 2021. Estimated Underlying Investment Expenses for the Scholar's Edge Year of Enrollment Portfolios and Scholar's Edge Target Risk Portfolios represent a weighted average of the expenses of the Portfolios' respective Underlying Investments. See fn. 5 below for information related to the Scholar's Edge Guaranteed Contract, which is relevant to a Scholar's Edge Year of Enrollment Portfolio or Target Risk Portfolio to the extent that it invests in the Scholar's Edge Guaranteed Contract.

3. The Program Management Fee for a Portfolio may be voluntarily reduced at any time on a temporary or permanent basis by the Program Manager.

4. This total is assessed against assets over the course of the year and is the sum of the annualized Estimated Underlying Investment Expenses, Program Management Fee, Board Administrative Fee, and Distribution and Service Fee. It does not include the Annual Account Maintenance Fee. Please refer to the table titled Hypothetical $10,000 Investment Cost Chart: Class A Units on page 34 for the total approximate costs of a $10,000 investment in Class A Units over 1-, 3-, 5-, and 10-year periods.

5. The Scholar's Edge Guaranteed Contract does not have an expense ratio like the Underlying Funds. The Scholar's Edge Guaranteed Contract is a funding agreement issued by Principal Life that provides a guaranteed interest rate to the Plan for a specified period of time that is backed by Principal Life's general account. While the calculation by Principal Life of the current interest rate under the contract is impacted by various costs and expenses borne by Principal Life, such as losses incurred on the investments of the general account and lower investment returns due to timing of contract cash flows relative to market conditions, such costs and expenses cannot be expressed as an expense ratio.

CLASS C UNITS						
Portfolio	**IN ADDITION TO A $20 ANNUAL ACCOUNT MAINTENANCE FEE[1], PORTFOLIOS BEAR THE FOLLOWING ANNUAL ASSET-BASED FEES**					**ADDITIONAL INVESTOR EXPENSES**
	Estimated Underlying Investment Expenses[2]	**Program Management Fee[3]**	**Board Administrative Fee**	**Distribution and Service Fee**	**Total Annual Asset-Based Fee[4]**	**Contingent Deferred Sales Charge**
Scholar's Edge Year of Enrollment Portfolios						
2040 – 2041 Portfolio	0.39%	0.20%	0.08%	1.00%	1.67%	1.00%
2038-2039 Portfolio	0.39%	0.20%	0.08%	1.00%	1.67%	1.00%
2036-2037 Portfolio	0.39%	0.20%	0.08%	1.00%	1.67%	1.00%
2034-2035 Portfolio	0.39%	0.20%	0.08%	1.00%	1.67%	1.00%
2032-2033 Portfolio	0.39%	0.20%	0.08%	1.00%	1.67%	1.00%
2030-2031 Portfolio	0.38%	0.20%	0.08%	1.00%	1.66%	1.00%
2028-2029 Portfolio	0.38%	0.20%	0.08%	1.00%	1.66%	1.00%
2026-2027 Portfolio	0.36%	0.20%	0.08%	1.00%	1.64%	1.00%
2024-2025 Portfolio	0.35%	0.20%	0.08%	1.00%	1.63%	1.00%
2022-2023 Portfolio	0.32%	0.20%	0.08%	1.00%	1.60%	1.00%
Today Portfolio	0.29%	0.20%	0.08%	1.00%	1.57%	1.00%

1. The Annual Account Maintenance Fee of $20, which is waived if the Account balance is at least $25,000, if you or your Beneficiary is a New Mexico Resident, or if you make Recurring Contributions of at least $25 per month or $75 per calendar quarter.

2. Underlying Investment Expenses are based on expenses of the Underlying Investments as of August 27, 2021. Estimated Underlying Investment Expenses for the Scholar's Edge Year of Enrollment Portfolios and Scholar's Edge Target Risk Portfolios represent a weighted average of the expenses of the Portfolios' respective Underlying Investments. See fn. 5 below for information related to the Scholar's Edge Guaranteed Contract, which is relevant to a Scholar's Edge Year of Enrollment Portfolio or Target Risk Portfolio to the extent that it invests in the Scholar's Edge Guaranteed Contract.

3. The Program Management Fee for a Portfolio may be voluntarily reduced at any time on a temporary or permanent basis by the Program Manager.

4. This total is assessed against assets over the course of the year and is the sum of the annualized Estimated Underlying Investment Expenses, Program Management Fee, Board Administrative Fee, and Distribution and Service Fee. It does not include the Annual Account Maintenance Fee. Please refer to the table titled Hypothetical $10,000 Investment Cost Chart: Class C Units on page 35 for the total approximate costs of a $10,000 investment in Class C Units over 1-, 3-, 5-, and 10-year periods.

5. The Scholar's Edge Guaranteed Contract does not have an expense ratio like the Underlying Funds. The Scholar's Edge Guaranteed Contract is a funding agreement issued by Principal Life that provides a guaranteed interest rate to the Plan for a specified period of time that is backed by Principal Life's general account. While the calculation by Principal Life of the current interest rate under the contract is impacted by various costs and expenses borne by Principal Life, such as losses incurred on the investments of the general account and lower investment returns due to timing of contract cash flows relative to market conditions, such costs and expenses cannot be expressed as an expense ratio.

CLASS R UNITS				
Portfolio	IN ADDITION TO A $20 ANNUAL ACCOUNT MAINTENANCE FEE[1], PORTFOLIOS BEAR THE FOLLOWING ANNUAL ASSET-BASED FEES			
	Estimated Underlying Investment Expenses[2]	Program Management Fee[3]	Board Administrative Fee	Total Annual Asset-Based Fee[4]
Scholar's Edge Year of Enrollment Portfolios				
2040–2041 Portfolio	0.39%	0.20%	0.08%	0.67%
2038-2039 Portfolio	0.39%	0.20%	0.08%	0.67%
2036-2037 Portfolio	0.39%	0.20%	0.08%	0.67%
2034-2035 Portfolio	0.39%	0.20%	0.08%	0.67%
2032-2033 Portfolio	0.39%	0.20%	0.08%	0.67%
2030-2031 Portfolio	0.38%	0.20%	0.08%	0.66%
2028-2029 Portfolio	0.38%	0.20%	0.08%	0.66%
2026-2027 Portfolio	0.36%	0.20%	0.08%	0.64%
2024-2025 Portfolio	0.35%	0.20%	0.08%	0.63%
2022-2023 Portfolio	0.32%	0.20%	0.08%	0.60%
Today Portfolio	0.29%	0.20%	0.08%	0.57%

1. The Annual Account Maintenance Fee of $20, which is waived if the Account balance is at least $25,000, if you or your Beneficiary is a New Mexico Resident, or if you make Recurring Contributions of at least $25 per month or $75 per calendar quarter.

2. Underlying Investment Expenses are based on expenses of the Underlying Investments as of August 27, 2021. Estimated Underlying Investment Expenses for the Scholar's Edge Year of Enrollment Portfolios and Scholar's Edge Target Risk Portfolios represent a weighted average of the expenses of the Portfolios' respective Underlying Investments. See fn. 5 below for information related to the Scholar's Edge Guaranteed Contract, which is relevant to a Scholar's Edge Year of Enrollment Portfolio or Target Risk Portfolio to the extent that it invests in the Scholar's Edge Guaranteed Contract.

3. The Program Management Fee for a Portfolio may be voluntarily reduced at any time on a temporary or permanent basis by the Program Manager.

4. This total is assessed against assets over the course of the year and is the sum of the annualized Estimated Underlying Investment Expenses, Program Management Fee, Board Administrative Fee, and Distribution and Service Fee. It does not include the Annual Account Maintenance Fee. Please refer to the table titled Hypothetical $10,000 Investment Cost Chart: Class R Units on page 36 for the total approximate costs of a $10,000 investment in Class R Units over 1-, 3-, 5-, and 10-year periods.

5. The Scholar's Edge Guaranteed Contract does not have an expense ratio like the Underlying Funds. The Scholar's Edge Guaranteed Contract is a funding agreement issued by Principal Life that provides a guaranteed interest rate to the Plan for a specified period of time that is backed by Principal Life's general account. While the calculation by Principal Life of the current interest rate under the contract is impacted by various costs and expenses borne by Principal Life, such as losses incurred on the investments of the general account and lower investment returns due to timing of contract cash flows relative to market conditions, such costs and expenses cannot be expressed as an expense ratio.

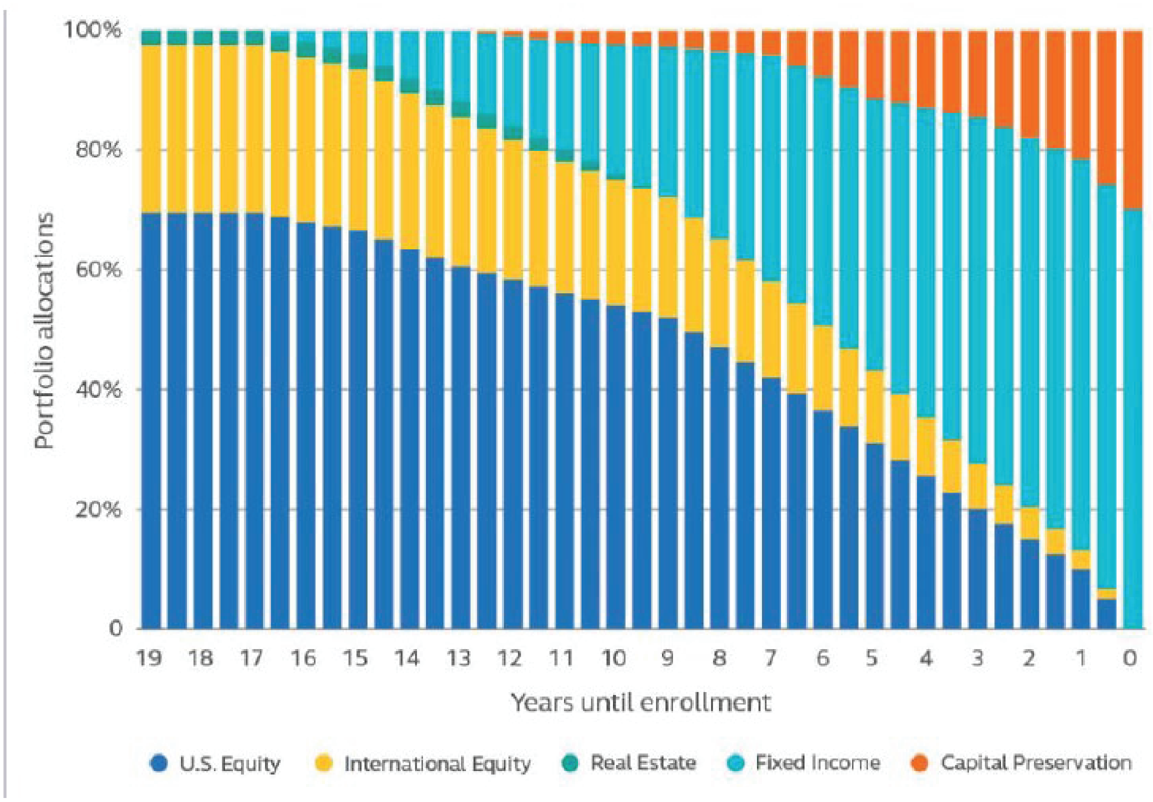
Effective August 27, 2021, in the tables the "Approximate Cost for a $10,000 Investment," the rows for the Scholar's Edge Year of Enrollment Portfolios Class A Units (page 34), Class C Units (page 35), and Class R Units (page 36) are deleted and replaced with the rows below.

HYPOTHETICAL $10,000 INVESTMENT COST CHART: CLASS A UNITS				
Portfolios	**1 Year**	**3 Year**	**5 Year**	**10 Year**
Scholar's Edge Year of Enrollment Portfolios				
2040-2041 Portfolio	$460	$690	$936	$1,624
2038-2039 Portfolio	$460	$690	$936	$1,624
2036-2037 Portfolio	$460	$690	$936	$1,624
2034-2035 Portfolio	$460	$690	$935	$1,623
2032-2033 Portfolio	$460	$690	$935	$1,622
2030-2031 Portfolio	$458	$685	$927	$1,605
2028-2029 Portfolio	$457	$682	$922	$1,594
2026-2027 Portfolio	$456	$678	$915	$1,579
2024-2025 Portfolio	$454	$672	$905	$1,558
2022-2023 Portfolio	$451	$662	$888	$1,520
Today Portfolio	$448	$652	$871	$1,483

HYPOTHETICAL $10,000 INVESTMENT COST CHART: CLASS C UNITS				
Portfolios	**1 Year**	**3 Year**	**5 Year**	**10 Year**
Scholar's Edge Year of Enrollment Portfolios				
2040-2041 Portfolio	$289	$583	$1,000	$1,678
2038-2039 Portfolio	$289	$583	$1,000	$1,678
2036-2037 Portfolio	$289	$583	$1,000	$1,677
2034-2035 Portfolio	$289	$583	$1,000	$1,677
2032-2033 Portfolio	$289	$583	$999	$1,675
2030-2031 Portfolio	$287	$578	$991	$1,658
2028-2029 Portfolio	$286	$575	$986	$1,648
2026-2027 Portfolio	$285	$571	$979	$1,633
2024-2025 Portfolio	$283	$565	$970	$1,612
2022-2023 Portfolio	$280	$555	$952	$1,575
Today Portfolio	$276	$545	$935	$1,538

HYPOTHETICAL $10,000 INVESTMENT COST CHART: CLASS R UNITS				
Portfolios	**1 Year**	**3 Year**	**5 Year**	**10 Year**
Scholar's Edge Year of Enrollment Portfolios				
2040-2041 Portfolio	$88	$272	$468	$1,019
2038-2039 Portfolio	$88	$272	$468	$1,019
2036-2037 Portfolio	$88	$272	$468	$1,019
2034-2035 Portfolio	$88	$271	$468	$1,018
2032-2033 Portfolio	$87	$271	$467	$1,016
2030-2031 Portfolio	$86	$266	$458	$998
2028-2029 Portfolio	$85	$263	$453	$987
2026-2027 Portfolio	$84	$259	$446	$971
2024-2025 Portfolio	$82	$253	$436	$949
2022-2023 Portfolio	$78	$242	$417	$908
Today Portfolio	$75	$232	$400	$869

Effective August 27, 2021, the Glide Path chart on page 42 under "Target Asset Allocations" for the Scholar's Edge Year of Enrollment Portfolios, is deleted and replaced with the chart below.



Effective August 27, 2021, table on page 43 under “Target Asset Allocations” for the Scholar’s Edge Year of Enrollment Portfolios, are deleted and replaced with the table below.

Underlying Investments (Ticker if Applicable)	Scholar’s Edge Year of Enrollment Portfolios										
	2040-2041	2038-2039	2036-2037	2034-2035	2032-2033	2030-2031	2028-2029	2026-2027	2024-2025	2022-2023	Today
U.S. Equity											
iShares S&P 500 Stock Index ETF (IVV)	26.05%	26.05%	24.95%	22.65%	23.85%	22.10%	17.80%	15.50%	10.00%	5.00%	0.00%
Principal Blue Chip R6 Fund (PGBHX)	13.05%	13.05%	12.45%	11.35%	11.90%	11.05%	8.95%	7.75%	5.00%	2.50%	0.00%
Principal Equity Income Inst Fund (PEIIX)	13.05%	13.05%	12.45%	11.35%	11.90%	11.05%	8.95%	7.75%	5.00%	2.50%	0.00%
Vanguard Mid-Cap Index Fund Institutional Shares (VMCIX)	10.45%	10.45%	10.00%	9.10%	5.60%	5.20%	4.20%	0.00%	0.00%	0.00%	0.00%
iShares Small Cap Index ETF (IJR)	6.95%	6.95%	6.65%	6.05%	2.80%	2.60%	2.10%	0.00%	0.00%	0.00%	0.00%
International Equity											
Principal Diversified International R6 Fund (PDIFX)	25.15%	25.15%	24.30%	22.50%	20.65%	18.80%	15.05%	11.25%	7.05%	2.80%	0.00%
JPMorgan Emerging Markets Equity R6 (JEMWX)	2.80%	2.80%	2.70%	2.50%	1.30%	1.20%	0.95%	0.75%	0.45%	0.20%	0.00%
Fixed Income											
Principal Core Fixed Income R6 Fund (PICNX)	0.00%	0.00%	3.20%	9.60%	12.80%	17.90%	26.90%	27.35%	34.80%	38.40%	40.00%
iShares Core U.S. Aggregate Bond (AGG)	0.00%	0.00%	0.80%	2.40%	3.20%	4.50%	6.70%	6.85%	8.70%	9.60%	10.00%
Principal Short-Term Income Inst Fund (PSHIX)	0.00%	0.00%	0.00%	0.00%	2.00%	2.80%	4.20%	11.40%	14.50%	17.40%	20.00%
Funding Agreement											
Scholar's Edge Guaranteed Contract	0.00%	0.00%	0.00%	0.00%	2.00%	2.80%	4.20%	11.40%	14.50%	21.60%	30.00%
Real Estate											
Principal Real Estate Securities R6 Fund (PFRSX)	2.50%	2.50%	2.50%	2.50%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Equity and Real Estate	100.0%	100.0%	96.0%	88.0%	80.0%	72.0%	58.0%	43.0%	27.5%	13.0%	0.0%
Total Fixed Income and Funding Agreement	0.0%	0.0%	4.0%	12.0%	20.0%	28.0%	42.0%	57.0%	72.5%	87.0%	100.0%

Supplement Dated March 2021 to the
Scholar's Edge® 529 Plan Description and Participation Agreement
Effective December 9, 2019

The information in this supplement amends and, to the extent it is different, supersedes information contained in the Scholar's Edge® 529 Plan Description and Participation Agreement, effective December 9, 2019, as previously supplemented (the "Plan Description and Participation Agreement"). Before you invest, please read this supplement and the Plan Description and Participation Agreement carefully. Please keep them for future reference. Capitalized terms used without definition in this supplement have the meanings given to them in the Plan Description and Participation Agreement.

Revisions to the Plan Description and Participation Agreement
(these changes are effective on March 18, 2021)

The following updates the ***Range of Total Annual Asset-Based Fees by Unit Class*** *as shown on page 25:*

Class A: 0.53% - 1.61%

Class C: 0.78% - 2.36%

Class R: 0.28% - 1.36%

Effective March 18, 2021, the "Fee Structure Tables" for Class A Units (page 29), Class C Units (page 31), and Class R Units (page 33), are deleted and replaced with the tables below.

CLASS A UNITS						
Portfolio	**IN ADDITION TO A $20 ANNUAL ACCOUNT MAINTENANCE FEE, [1] PORTFOLIOS BEAR THE FOLLOWING ANNUAL ASSET-BASED FEES**					**ADDITIONAL INVESTOR EXPENSES**
	Estimated Underlying Investment Expenses[2]	**Program Management Fee[3]**	**Board Administrative Fee**	**Distribution and Service Fee**	**Total Annual Asset-Based Fee[4]**	**Maximum Initial Sales Charge**
Scholar's Edge Year of Enrollment Portfolios						
2038-2039 Portfolio	0.39%	0.20%	0.08%	0.25%	0.92%	3.50%
2036-2037 Portfolio	0.39%	0.20%	0.08%	0.25%	0.92%	3.50%
2034-2035 Portfolio	0.39%	0.20%	0.08%	0.25%	0.92%	3.50%
2032-2033 Portfolio	0.39%	0.20%	0.08%	0.25%	0.92%	3.50%

2030-2031 Portfolio	0.38%	0.20%	0.08%	0.25%	0.91%	3.50%
2028-2029 Portfolio	0.38%	0.20%	0.08%	0.25%	0.91%	3.50%
2026-2027 Portfolio	0.37%	0.20%	0.08%	0.25%	0.90%	3.50%
2024-2025 Portfolio	0.35%	0.20%	0.08%	0.25%	0.88%	3.50%
2022-2023 Portfolio	0.33%	0.20%	0.08%	0.25%	0.86%	3.50%
2020-2021 Portfolio	0.29%	0.20%	0.08%	0.25%	0.82%	3.50%
Today Portfolio	0.29%	0.20%	0.08%	0.25%	0.82%	3.50%
Scholar’s Edge Target Risk Portfolios						
Aggressive Portfolio	0.39%	0.20%	0.08%	0.25%	0.92%	3.50%
Moderate Portfolio	0.38%	0.20%	0.08%	0.25%	0.91%	3.50%
Conservative Portfolio	0.35%	0.20%	0.08%	0.25%	0.88%	3.50%
Fixed Income Portfolio	0.29%	0.20%	0.08%	0.25%	0.82%	3.50%
Individual Portfolios						
iShares S&P 500 Stock Index Portfolio	0.04%	0.20%	0.08%	0.25%	0.57%	3.50%
Principal Blue Chip Portfolio	0.56%	0.20%	0.08%	0.25%	1.09%	3.50%
Principal Equity Income Portfolio	0.52%	0.20%	0.08%	0.25%	1.05%	3.50%
Vanguard Mid-Cap Index Portfolio	0.04%	0.20%	0.08%	0.25%	0.57%	3.50%
iShares Small Cap Index Portfolio	0.06%	0.20%	0.08%	0.25%	0.59%	3.50%
Principal Diversified International Portfolio	0.73%	0.20%	0.08%	0.25%	1.26%	3.50%
JPMorgan Emerging Markets Equity Portfolio	0.79%	0.20%	0.08%	0.25%	1.32%	3.50%

Principal Core Fixed Income Portfolio	0.49%	0.20%	0.08%	0.25%	1.02%	3.50%
iShares Core U.S. Aggregate Bond Portfolio	0.04%	0.20%	0.08%	0.25%	0.57%	3.50%
Principal Short-Term Income Portfolio	0.43%	0.20%	0.08%	0.25%	0.96%	3.50%
Vanguard Total World Stock Portfolio	0.08%	0.20%	0.08%	0.25%	0.61%	3.50%
Principal International Small Company Portfolio	1.08%	0.20%	0.08%	0.25%	1.61%	3.50%
Vanguard Total International Bond Portfolio	0.08%	0.20%	0.08%	0.25%	0.61%	3.50%
MainStay MacKay High Yield Corporate Bond Portfolio	0.59%	0.20%	0.08%	0.25%	1.12%	3.50%
Scholar's Edge Capital Preservation Portfolio	N/A[5]	0.20%	0.08%	0.25%	0.53%	3.50%
Principal Real Estate Securities Portfolio	0.81%	0.20%	0.08%	0.25%	1.34%	3.50%

1. The Annual Account Maintenance Fee of $20, which is waived if the Account balance is at least $25,000, if you or your Beneficiary is a New Mexico Resident, or if you make Recurring Contributions of at least $25 per month or $75 per calendar quarter.

2. Underlying Investment Expenses are based on expenses of the Underlying Investments as reported in the applicable Underlying Investment's most recent prospectus available as of March 18, 2021. Estimated Underlying Investment Expenses for the Scholar's Edge Year of Enrollment Portfolios and Scholar's Edge Target Risk Portfolios represent a weighted average of the expenses of the Portfolios' respective Underlying Investments. See fn. 5 below for information related to the Scholar's Edge Guaranteed Contract, which is relevant to a Scholar's Edge Year of Enrollment Portfolio or Target Risk Portfolio to the extent that it invests in the Scholar's Edge Guaranteed Contract.

3. The Program Management Fee for a Portfolio may be voluntarily reduced at any time on a temporary or permanent basis by the Program Manager.

4. This total is assessed against assets over the course of the year and is the sum of the annualized Estimated Underlying Investment Expenses, Program Management Fee, Board Administrative Fee, and Distribution and Service Fee. It does not include the Annual Account Maintenance Fee. Please refer to the table titled Hypothetical $10,000 Investment Cost Chart: Class A Units on page 34 for the total approximate costs of a $10,000 investment in Class A Units over 1-, 3-, 5-, and 10-year periods.

5. The Scholar's Edge Guaranteed Contract does not have an expense ratio like the Underlying Funds. The Scholar's Edge Guaranteed Contract is a funding agreement issued by Principal Life that provides a guaranteed interest rate to the Plan for a specified period of time that is backed by Principal Life's general account. While the calculation by Principal Life of the current

interest rate under the contract is impacted by various costs and expenses borne by Principal Life, such as losses incurred on the investments of the general account and lower investment returns due to timing of contract cash flows relative to market conditions, such costs and expenses cannot be expressed as an expense ratio.

CLASS C UNITS						
Portfolio	**IN ADDITION TO A $20 ANNUAL ACCOUNT MAINTENANCE FEE[1], PORTFOLIOS BEAR THE FOLLOWING ANNUAL ASSET-BASED FEES**					**ADDITIONAL INVESTOR EXPENSES**
	Estimated Underlying Investment Expenses[2]	**Program Management Fee[3]**	**Board Administrative Fee**	**Distribution and Service Fee**	**Total Annual Asset-Based Fee[4]**	**Contingent Deferred Sales Charge**
Scholar's Edge Year of Enrollment Portfolios						
2038-2039 Portfolio	0.39%	0.20%	0.08%	1.00%	1.67%	1.00%
2036-2037 Portfolio	0.39%	0.20%	0.08%	1.00%	1.67%	1.00%
2034-2035 Portfolio	0.39%	0.20%	0.08%	1.00%	1.67%	1.00%
2032-2033 Portfolio	0.39%	0.20%	0.08%	1.00%	1.67%	1.00%
2030-2031 Portfolio	0.38%	0.20%	0.08%	1.00%	1.66%	1.00%
2028-2029 Portfolio	0.38%	0.20%	0.08%	1.00%	1.66%	1.00%
2026-2027 Portfolio	0.37%	0.20%	0.08%	1.00%	1.65%	1.00%
2024-2025 Portfolio	0.35%	0.20%	0.08%	1.00%	1.63%	1.00%
2022-2023 Portfolio	0.33%	0.20%	0.08%	1.00%	1.61%	1.00%
2020-2021 Portfolio	0.29%	0.20%	0.08%	1.00%	1.57%	1.00%
Today Portfolio	0.29%	0.20%	0.08%	1.00%	1.57%	1.00%
Scholar's Edge Target Risk Portfolios						
Aggressive Portfolio	0.39%	0.20%	0.08%	1.00%	1.67%	1.00%
Moderate Portfolio	0.38%	0.20%	0.08%	1.00%	1.66%	1.00%
Conservative Portfolio	0.35%	0.20%	0.08%	1.00%	1.63%	1.00%

Fixed Income Portfolio	0.29%	0.20%	0.08%	1.00%	1.57%	1.00%
Individual Portfolios						
iShares S&P 500 Stock Index Portfolio	0.04%	0.20%	0.08%	1.00%	1.32%	1.00%
Principal Blue Chip Portfolio	0.56%	0.20%	0.08%	1.00%	1.84%	1.00%
Principal Equity Income Inst Portfolio	0.52%	0.20%	0.08%	1.00%	1.80%	1.00%
Vanguard Mid-Cap Index Fund Institutional Portfolio	0.04%	0.20%	0.08%	1.00%	1.32%	1.00%
iShares Small Cap Index Portfolio	0.06%	0.20%	0.08%	1.00%	1.34%	1.00%
Principal Diversified International Portfolio	0.73%	0.20%	0.08%	1.00%	2.01%	1.00%
JPMorgan Emerging Markets Equity Portfolio	0.79%	0.20%	0.08%	1.00%	2.07%	1.00%
Principal Core Fixed Income Portfolio	0.49%	0.20%	0.08%	1.00%	1.77%	1.00%
iShares Core U.S. Aggregate Bond Portfolio	0.04%	0.20%	0.08%	1.00%	1.32%	1.00%
Principal Short-Term Income Portfolio	0.43%	0.20%	0.08%	1.00%	1.71%	1.00%
Vanguard Total World	0.08%	0.20%	0.08%	1.00%	1.36%	1.00%

Stock Portfolio						
Principal International Small Company Portfolio	1.08%	0.20%	0.08%	1.00%	2.36%	1.00%
Vanguard Total International Bond Portfolio	0.08%	0.20%	0.08%	1.00%	1.36%	1.00%
MainStay MacKay High Yield Corporate Bond Portfolio	0.59%	0.20%	0.08%	1.00%	1.87%	1.00%
Scholar's Edge Capital Preservation Portfolio	N/A[5]	0.20%	0.08%	0.50%	0.78%	1.00%
Principal Real Estate Securities Portfolio	0.81%	0.20%	0.08%	1.00%	2.09%	1.00%

1. The Annual Account Maintenance Fee of $20, which is waived if the Account balance is at least $25,000, if you or your Beneficiary is a New Mexico Resident, or if you make Recurring Contributions of at least $25 per month or $75 per calendar quarter.

2. Underlying Investment Expenses are based on expenses of the Underlying Investments as reported in the applicable Underlying Investment's most recent prospectus available as of March 18, 2021. Estimated Underlying Investment Expenses for the Scholar's Edge Year of Enrollment Portfolios and Scholar's Edge Target Risk Portfolios represent a weighted average of the expenses of the Portfolios' respective Underlying Investments. See fn. 5 below for information related to the Scholar's Edge Guaranteed Contract, which is relevant to a Scholar's Edge Year of Enrollment Portfolio or Target Risk Portfolio to the extent that it invests in the Scholar's Edge Guaranteed Contract.

3. The Program Management Fee for a Portfolio may be voluntarily reduced at any time on a temporary or permanent basis by the Program Manager.

4. This total is assessed against assets over the course of the year and is the sum of the annualized Estimated Underlying Investment Expenses, Program Management Fee, Board Administrative Fee, and Distribution and Service Fee. It does not include the Annual Account Maintenance Fee. Please refer to the table titled Hypothetical $10,000 Investment Cost Chart: Class A Units on page 34 for the total approximate costs of a $10,000 investment in Class A Units over 1-, 3-, 5-, and 10-year periods.

5. The Scholar's Edge Guaranteed Contract does not have an expense ratio like the Underlying Funds. The Scholar's Edge Guaranteed Contract is a funding agreement issued by Principal Life that provides a guaranteed interest rate to the Plan for a specified period of time that is backed by Principal Life's general account. While the calculation by Principal Life of the current interest rate under the contract is impacted by various costs and expenses borne by Principal Life, such as losses incurred on the investments of the general account and lower investment returns due to timing of contract cash flows relative to market conditions, such costs and expenses cannot be expressed as an expense ratio.

CLASS R UNITS				
Portfolio	IN ADDITION TO A $20 ANNUAL ACCOUNT MAINTENANCE FEE[1], PORTFOLIOS BEAR THE FOLLOWING ANNUAL ASSET-BASED FEES			
	Estimated Underlying Investment Expenses[2]	Program Management Fee[3]	Board Administrative Fee	Total Annual Asset-Based Fee[4]
Scholar's Edge Year of Enrollment Portfolios				
2038-2039 Portfolio	0.39%	0.20%	0.08%	0.67%
2036-2037 Portfolio	0.39%	0.20%	0.08%	0.67%
2034-2035 Portfolio	0.39%	0.20%	0.08%	0.67%
2032-2033 Portfolio	0.39%	0.20%	0.08%	0.67%
2030-2031 Portfolio	0.38%	0.20%	0.08%	0.66%
2028-2029 Portfolio	0.38%	0.20%	0.08%	0.66%
2026-2027 Portfolio	0.37%	0.20%	0.08%	0.65%
2024-2025 Portfolio	0.35%	0.20%	0.08%	0.63%
2022-2023 Portfolio	0.33%	0.20%	0.08%	0.61%
2020-2021 Portfolio	0.29%	0.20%	0.08%	0.57%
Today Portfolio	0.29%	0.20%	0.08%	0.57%
Scholar's Edge Target Risk Portfolios				
Aggressive Portfolio	0.39%	0.20%	0.08%	0.67%
Moderate Portfolio	0.38%	0.20%	0.08%	0.66%
Conservative Portfolio	0.35%	0.20%	0.08%	0.63%
Fixed Income Portfolio	0.29%	0.20%	0.08%	0.57%
Individual Portfolios				
iShares S&P 500 Stock Index Portfolio	0.04%	0.20%	0.08%	0.32%
Principal Blue Chip Portfolio	0.56%	0.20%	0.08%	0.84%
Principal Equity Income Portfolio	0.52%	0.20%	0.08%	0.80%
Vanguard Mid-Cap Index Fund Portfolio	0.04%	0.20%	0.08%	0.32%
iShares Small Cap Index Portfolio	0.06%	0.20%	0.08%	0.34%
Principal Diversified International Portfolio	0.73%	0.20%	0.08%	1.01%

JPMorgan Emerging Markets Equity Portfolio	0.79%	0.20%	0.08%	1.07%
Principal Core Fixed Income Portfolio	0.49%	0.20%	0.08%	0.77%
iShares Core U.S. Aggregate Bond Portfolio	0.04%	0.20%	0.08%	0.32%
Principal Short-Term Income Portfolio	0.43%	0.20%	0.08%	0.71%
Vanguard Total World Stock Portfolio	0.08%	0.20%	0.08%	0.36%
Principal International Small Company Portfolio	1.08%	0.20%	0.08%	1.36%
Vanguard Total International Bond Portfolio	0.08%	0.20%	0.08%	0.36%
MainStay MacKay High Yield Corporate Bond Portfolio	0.59%	0.20%	0.08%	0.87%
Scholar's Edge Capital Preservation Portfolio	N/A[5]	0.20%	0.08%	0.28%
Principal Real Estate Securities Portfolio	0.81%	0.20%	0.08%	1.09%

1. The Annual Account Maintenance Fee of $20, which is waived if the Account balance is at least $25,000, if you or your Beneficiary is a New Mexico Resident, or if you make Recurring Contributions of at least $25 per month or $75 per calendar quarter.

2. Underlying Investment Expenses are based on expenses of the Underlying Investments as reported in the applicable Underlying Investment's most recent prospectus available as of March 18, 2021. Estimated Underlying Investment Expenses for the Scholar's Edge Year of Enrollment Portfolios and Scholar's Edge Target Risk Portfolios represent a weighted average of the expenses of the Portfolios' respective Underlying Investments. See fn. 5 below for information related to the Scholar's Edge Guaranteed Contract, which is relevant to a Scholar's Edge Year of Enrollment Portfolio or Target Risk Portfolio to the extent that it invests in the Scholar's Edge Guaranteed Contract.

3. The Program Management Fee for a Portfolio may be voluntarily reduced at any time on a temporary or permanent basis by the Program Manager.

4. This total is assessed against assets over the course of the year and is the sum of the annualized Estimated Underlying Investment Expenses, Program Management Fee, Board Administrative Fee, and Distribution and Service Fee. It does not include the Annual Account Maintenance Fee. Please refer to the table titled Hypothetical $10,000 Investment Cost Chart: Class A Units on page 34 for the total approximate costs of a $10,000 investment in Class A Units over 1-, 3-, 5-, and 10-year periods.

5. The Scholar's Edge Guaranteed Contract does not have an expense ratio like the Underlying Funds. The Scholar's Edge Guaranteed Contract is a funding agreement issued by Principal Life that provides a guaranteed interest rate to the Plan for a specified period of time that is backed by Principal Life's general account. While the calculation by Principal Life of the current interest rate under the contract is impacted by various costs and expenses borne by Principal Life, such as losses incurred on the investments of the general account and lower investment returns due to timing of contract cash flows relative to market conditions, such costs and expenses cannot be expressed as an expense ratio.

The following updates the “Approximate Cost for a $10,000 Investment” for Class A Units (page 34), Class C Units (page 35), and Class R Units (page 36). The table headings are provided below for ease of reference; the table headings remain unchanged.

HYPOTHETICAL $10,000 INVESTMENT COST CHART: CLASS A UNITS				
Portfolios	**1 Year**	**3 Year**	**5 year**	**10 Year**
Scholar’s Edge Year of Enrollment Portfolios				
2038-2039 Portfolio	$460	$690	$936	$1,624
2036-2037 Portfolio	$460	$690	$936	$1,624
2034-2035 Portfolio	$460	$690	$935	$1,623
2032-2033 Portfolio	$460	$690	$935	$1,622
2030-2031 Portfolio	$459	$686	$929	$1,609
2028-2029 Portfolio	$457	$683	$923	$1,596
2026-2027 Portfolio	$456	$679	$917	$1,583
2024-2025 Portfolio	$455	$674	$908	$1,563
2022-2023 Portfolio	$452	$665	$892	$1,530
2020-2021 Portfolio	$448	$652	$871	$1,483
Today Portfolio	$448	$652	$871	$1,483
Scholar’s Edge Target Risk Portfolios				
Aggressive Portfolio	$460	$690	$935	$1,623
Moderate Portfolio	$457	$682	$922	$1,594
Conservative Portfolio	$454	$672	$905	$1,558
Fixed Income Portfolio	$448	$652	$871	$1,483
Individual Portfolios				
iShares S&P 500 Stock Index Portfolio	$425	$583	$751	$1,221
Principal Blue Chip Portfolio	$477	$744	$1,027	$1,821
Principal Equity Income Portfolio	$473	$732	$1,007	$1,777
Vanguard Mid Cap Index Portfolio	$426	$586	$756	$1,233
iShares Small Cap Index Portfolio	$428	$592	$767	$1,256
Principal Diversified International Portfolio	$494	$795	$1,115	$2,007
JPMorgan Emerging Markets Equity Portfolio	$500	$813	$1,145	$2,071
Principal Income Portfolio	$470	$723	$991	$1,744
iShares Core U.S. Aggregate Bond Portfolio	$426	$586	$756	$1,233
Principal Short-Term Income Portfolio	$465	$705	$960	$1,677
Vanguard Total World Stock Portfolio	$430	$598	$777	$1,279
Principal International Small Company Portfolio	$528	$899	$1,292	$2,378
Vanguard Total International Bond Portfolio	$430	$598	$777	$1,279
MainStay MacKay High Yield Corporate Bond Portfolio	$480	$753	$1,043	$1,854
Scholar's Edge Capital Preservation Portfolio	$422	$574	$735	$1,186
Principal Real Estate Securities Portfolio	$502	$819	$1,156	$2,093

HYPOTHETICAL $10,000 INVESTMENT COST CHART: CLASS C UNITS

Portfolios	1 Year	3 Year	5 year	10 Year
Scholar's Edge Year of Enrollment Portfolios				
2038-2039 Portfolio	$289	$583	$1,000	$1,678
2036-2037 Portfolio	$289	$583	$1,000	$1,677
2034-2035 Portfolio	$289	$583	$1,000	$1,677
2032-2033 Portfolio	$289	$583	$999	$1,676
2030-2031 Portfolio	$288	$579	$993	$1,663
2028-2029 Portfolio	$287	$576	$987	$1,650
2026-2027 Portfolio	$285	$572	$981	$1,637
2024-2025 Portfolio	$287	$567	$972	$1,617
2022-2023 Portfolio	$281	$558	$957	$1,584
2020-2021 Portfolio	$276	$545	$935	$1,538
Today Portfolio	$276	$545	$935	$1,538
Scholar's Edge Target Risk Portfolios				
Aggressive Portfolio	$289	$583	$1,000	$1,677
Moderate Portfolio	$286	$575	$986	$1,648
Conservative Portfolio	$283	$565	$970	$1,612
Fixed Income Portfolio	$276	$545	$935	$1,538
Individual Portfolios				
iShares S&P 500 Stock Index Portfolio	$253	$474	$815	$1,279
Principal Blue Chip Portfolio	$307	$637	$1,092	$1,872
Principal Equity Income Portfolio	$303	$625	$1,071	$1,828
Vanguard Mid Cap Index Portfolio	$254	$477	$821	$1,290
iShares Small Cap Index Portfolio	$256	$484	$831	$1,313
Principal Diversified International Portfolio	$324	$689	$1,179	$2,055
JPMorgan Emerging Markets Equity Portfolio	$330	$707	$1,209	$2,119
Principal Income Portfolio	$300	$616	$1,056	$1,796
iShares Core U.S. Aggregate Bond Portfolio	$254	$477	$821	$1,290
Principal Short-Term Income Portfolio	$294	$598	$1,025	$1,730
Vanguard Total World Stock Portfolio	$258	$490	$842	$1,336
Principal International Small Company Portfolio	$359	$795	$1,355	$2,423
Vanguard Total International Bond Portfolio	$258	$490	$842	$1,336
MainStay MacKay High Yield Corporate Bond	$310	$647	$1,107	$1,905
Scholar's Edge Capital Preservation Portfolio	$150	$309	$532	$989
Principal Real Estate Securities Portfolio	$332	$714	$1,219	$2,141

HYPOTHETICAL $10,000 INVESTMENT COST CHART: CLASS R UNITS				
Portfolios	**1 Year**	**3 Year**	**5 year**	**10 Year**
Scholar's Edge Year of Enrollment Portfolios				
2038-2039 Portfolio	$88	$272	$468	$1,019
2036-2037 Portfolio	$88	$272	$468	$1,019
2034-2035 Portfolio	$88	$271	$467	$1,015
2032-2033 Portfolio	$88	$271	$467	$1,017
2030-2031 Portfolio	$86	$267	$461	$1,003
2028-2029 Portfolio	$85	$264	$454	$989
2026-2027 Portfolio	$84	$260	$448	$975
2024-2025 Portfolio	$82	$255	$438	$954
2022-2023 Portfolio	$79	$245	$422	$919
2020-2021 Portfolio	$75	$232	$400	$869
Today Portfolio	$75	$232	$400	$869
Scholar's Edge Target Risk Portfolios				
Aggressive Portfolio	$88	$271	$468	$1,018
Moderate Portfolio	$85	$263	$453	$987
Conservative Portfolio	$82	$253	$436	$949
Fixed Income Portfolio	$75	$232	$400	$869
Individual Portfolios				
iShares S&P 500 Stock Index Portfolio	$52	$160	$274	$590
Principal Blue Chip Portfolio	$106	$328	$564	$1,229
Principal Equity Income Portfolio	$102	$315	$542	$1,182
Vanguard Mid Cap Index Portfolio	$53	$163	$279	$602
iShares Small Cap Index Portfolio	$55	$169	$290	$627
Principal Diversified International Portfolio	$123	$381	$656	$1,426
JPMorgan Emerging Markets Equity Portfolio	$129	$400	$688	$1,495
Principal Income Portfolio	$99	$306	$526	$1,146
iShares Core U.S. Aggregate Bond Portfolio	$53	$163	$279	$602
Principal Short-Term Income Portfolio	$93	$287	$494	$1,075
Vanguard Total World Stock Portfolio	$57	$175	$301	$652
Principal International Small Company Portfolio	$158	$490	$842	$1,821
Vanguard Total International Bond Portfolio	$57	$175	$301	$652
MainStay MacKay High Yield Corporate Bond	$109	$337	$580	$1,264
Scholar's Edge Capital Preservation Portfolio	$49	$150	$257	$553
Principal Real Estate Securities Portfolio	$131	$406	$699	$1,518

*The following is added to the list of risks beginning on page 37 of the Plan Description, in the section entitled "**Important Risks You Should Consider**":*

Cybersecurity Risk. The Plan is highly dependent upon the computer systems of its service providers and their subcontractors. This makes the Plan susceptible to operational and information security risks resulting from cyber threats and cyber-attacks which may adversely affect your Account and cause it to lose value. For instance, cyber threats and cyber-attacks may interfere with your ability to access your Account, make contributions or exchanges, request and receive distributions; they may also impact the ability to calculate net asset values and/or impede trading. Cybersecurity risks include security or privacy incidents, such as human error, unauthorized release, theft, misuse, corruption, and destruction of Account data maintained online or digitally by the Plan. Cybersecurity risks also include denial of service, viruses, malware, hacking, bugs, security vulnerabilities in software, attacks on technology operations, and other disruptions that could impede the Plan's ability to maintain routine operations. Although the Plan undertakes efforts to protect its computer systems from cyber threats and cyber-attacks, including internal processes and technological defenses that are preventative in nature, and other controls designed to provide a multi-layered security posture, there are no guarantees that the Plan, the Plan Officials, or your Account will avoid losses due to cyber-attacks or cyber threats.

Effective approximately March 18, 2021, the table on page 43 under "Target Asset Allocations" for the Scholar's Edge Year of Enrollment Portfolios is deleted and replaced with the following:

Underlying Investments (Ticker if Applicable)	Scholar's Edge Year of Enrollment Portfolios										
	2038-2039	2036-2037	2034-2035	2032-2033	2030-2031	2028-2029	2026-2027	2024-2025	2022-2023	2020-2021	Today
U.S. Equity											
iShares S&P 500 Stock Index ETF (IVV)	26.05%	25.20%	23.30%	23.50%	22.50%	18.95%	16.05%	11.40%	6.20%	0.00%	0.00%
Principal Blue Chip R6 Fund (PGBHX)	13.05%	12.60%	11.60%	11.80%	11.25%	9.45%	8.05%	5.70%	3.15%	0.00%	0.00%
Principal Equity Income Inst Fund (PEIIX)	13.05%	12.60%	11.60%	11.80%	11.25%	9.45%	8.05%	5.70%	3.15%	0.00%	0.00%
Vanguard Mid-Cap Index Fund Institutional Shares (VMCIX)	10.45%	10.10%	9.30%	6.45%	5.30%	4.45%	1.05%	0.00%	0.00%	0.00%	0.00%
iShares Small Cap Index ETF (IJR)	6.95%	6.75%	6.20%	3.60%	2.65%	2.25%	0.55%	0.00%	0.00%	0.00%	0.00%
International Equity											
Principal Diversified International R6 Fund (PDIFX)	25.15%	24.53%	22.95%	21.30%	19.30%	15.95%	12.20%	8.10%	3.85%	0.00%	0.00%
JPMorgan Emerging Markets Equity R6 (JEMWX)	2.80%	2.73%	2.55%	1.45%	1.25%	1.00%	0.80%	0.50%	0.25%	0.00%	0.00%
Fixed Income											
Principal Core Fixed Income R6 Fund (PICNX)	0.00%	2.40%	8.00%	12.00%	16.65%	24.65%	27.25%	32.95%	37.50%	40.00%	40.00%
iShares Core U.S. Aggregate Bond (AGG)	0.00%	0.60%	2.00%	3.00%	4.15%	6.15%	6.80%	8.25%	9.40%	10.00%	10.00%
Principal Short-Term Income Inst Fund (PSHIX)	0.00%	0.00%	0.00%	1.50%	2.60%	3.85%	9.60%	13.70%	16.70%	20.00%	20.00%
Funding Agreement											
Scholar's Edge Guaranteed Contract	0.00%	0.00%	0.00%	1.50%	2.60%	3.85%	9.60%	13.70%	19.80%	30.00%	30.00%
Real Estate											
Principal Real Estate Securities R6 Fund (PFRSX)	2.50%	2.50%	2.50%	2.10%	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Equity	100.0%	97.0%	90.0%	82.0%	74.0%	61.5%	46.8%	31.4%	16.6%	0.0%	0.0%
Total Fixed Income/Funding Agreement	0.0%	3.0%	10.0%	18.0%	26.0%	38.5%	53.3%	68.6%	83.4%	100.0%	100.0%

Effective March 18, 2021, the table on page 45 under "Target Asset Allocations" for the Scholar's Edge Target Risk Portfolios is deleted and replaced with the following:

Underlying Investments (Ticker if Applicable)	Scholar's Edge Target Risk Portfolios			
	Aggressive	Moderate	Conservative	Fixed Income
U.S. Equity				
iShares S&P 500 Stock Index ETF (IVV)	22.65%	17.80%	10.00%	0.00%
Principal Blue Chip R6 Fund (PGBHX)	11.35%	8.95%	5.00%	0.00%
Principal Equity Income Inst Fund (PEIIX)	11.35%	8.95%	5.00%	0.00%
Vanguard Mid-Cap Index Fund Institutional Shares (VMCIX)	9.10%	4.20%	0.00%	0.00%
iShares Small Cap Index ETF (IJR)	6.05%	2.10%	0.00%	0.00%
International Equity				
Principal Diversified International R6 Fund (PDIFX)	22.50%	15.05%	7.05%	0.00%
JPMorgan Emerging Markets Equity R6 (JEMWX)	2.50%	0.95%	0.45%	0.00%
Real Estate				
Principal Real Estate Securities R6 Fund (PFRSX)	2.50%	0.00%	0.00%	0.00%
Fixed Income				
Principal Core Fixed Income R6 Fund (PICNX)	9.60%	26.90%	34.80%	40.00%
iShares Core U.S. Aggregate Bond (AGG)	2.40%	6.70%	8.70%	10.00%
Principal Short-Term Income Inst Fund (PSHIX)	0.00%	4.20%	14.50%	20.00%
Funding Agreement				
Scholar's Edge Guaranteed Contract	0.00%	4.20%	14.50%	30.00%
Total Equity and Real Estate	88.00%	58.00%	27.50%	0.00%
Total Fixed Income and Funding Agreement	12.00%	42.00%	72.50%	100.00%

*The first paragraph of the section titled "**Claims; Disputes**" in the Section entitled "**General Information**" on page 58 of the Plan Description is deleted and the following is added on page 63 of the Participation Agreement following paragraph 21 and a new second paragraph is added under that heading as follows:*

Claims; Disputes. All decisions and interpretations by the Plan Officials in connection with the operation of the Plan will be final and binding upon you, the Beneficiary, and any other person affected. Any claim by you or your Beneficiary against the Plan Officials, individually or collectively, with respect to your Account will be made solely against the assets in your Account. The obligations of The Scholar's Edge 529 Plan under your agreement with the Trust are monies received from you and earnings and/ or losses from your Account investments, and neither you nor your Beneficiary will have recourse against the Plan Officials, collectively or individually, in connection with any right or obligations arising out of an Account. Assets in your Account are not an obligation of the State.

Any controversies that may arise between you or the Beneficiary and Board involving any transaction in your Account, or the construction, performance or breach of this Participation Agreement, may be determined by arbitration or court proceedings, as determined by the Board in its sole discretion. If there is a dispute between you or the Beneficiary and the Board that is adjudicated in the courts, you hereby submit (on behalf of yourself and the Beneficiary) to exclusive jurisdiction in the courts of New Mexico for all legal proceedings arising out of or relating to this Participation Agreement. In any such proceeding, you (on behalf of yourself and the Beneficiary) and the Board each waive your rights to trial by jury. If there is a dispute between you or the Beneficiary and the Board that the Board determines, in its sole discretion, has to be arbitrated, you agree (on behalf of yourself and the Beneficiary) that the arbitration will be conducted in New Mexico pursuant to the then current rules for such proceedings as provided under the Uniform New Mexico Arbitration Act.

*The second paragraph following the heading "**Claims; Disputes**" in the Section entitled "**General Information**" on page 58 of the Plan Description is replaced with the following:*

Accounts Not Insured; Returns not Guaranteed. Your Accounts are not insured by the State and neither the principal deposited, nor the investment return is guaranteed by the State of New Mexico or Plan Officials. Opening an Account does not guarantee that your Beneficiary will be admitted to an Eligible Educational Institution or be allowed to continue enrollment at or graduate from an Eligible Educational Institution after admission. Opening an Account does not establish New Mexico residence for your Beneficiary. Neither the State of New Mexico nor Plan Officials guarantee that amounts saved in your Account will be sufficient to cover the Qualified Expenses of a Beneficiary. All obligations under your Account and the Plan Description and Participation Agreement are legally binding contractual obligations of the Trust only.

*Each of the paragraphs entitled: "**Severability**"; "**Precedence"**; "**New Mexico Law;**" and "**Binding Nature**" starting on page 57 in the Section entitled "**General Information**" of the Plan Description are moved in their entirety to the Participation Agreement following paragraph 21 on page 63.*

*The paragraph on page 58 entitled "**Lawsuits Involving Your Account**" in the Section entitled "**General Information**" of the Plan Description" is moved to the Participation Agreement following paragraph 21 on page 63 and replaced with the following:*

Lawsuits Involving Your Account. Except as to controversies arising between you or the Beneficiary and the Board, the Board may apply to a court at any time for judicial settlement of any matter involving your Account. If the Board does so, they must give you or your Beneficiary the opportunity to participate in the court proceeding, but they also can involve other persons. Any expense incurred by the Plan Officials in legal proceedings involving your Account, including attorney's fees and expenses, are chargeable to your Account and payable by you or your Beneficiary if not paid from your Account.

The following replaces paragraph 20.c on page 63 of the Participation Agreement:

c. any loss, failure or delay in performance of each of their obligations related to your Account or any diminution in the value of your Account arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control in the event of Force Majeure (See "***Market Uncertainties***" in the Section entitled "***Important Risks You Should Consider***" for the definition of "***Force Majeure***").

*The section entitled "**Arbitration**" beginning on page 64 of the Participation Agreement is deleted in its entirety and replaced with the following:*

Arbitration In connection with any arbitration, I understand that:

1. I am giving up important rights under state law, including the right to sue in court and the right to a trial by jury, except as provided by the rules of the arbitration forum in which the claim is filed;

2. arbitration awards are generally final and binding, and your ability to have a court reverse or modify an arbitration award is very limited;

3. my ability to obtain documents, witness statements, and other discovery is generally more limited in arbitration than in court proceedings;

4. the potential cost of arbitration may be more or less than the cost of litigation;

5. the arbitrators generally do not have to explain the reason(s) for their award and the Board does not guarantee that it will join any request I may make for such an explanation;

6. the arbitrators selected to hear the case may or may not be affiliated with the securities industry;

7. in limited circumstances, a claim that is ineligible for arbitration may be brought in court; and

8. the rules of the arbitration forum are incorporated by reference into this Plan Description and Participation Agreement and are available by contacting a Client Service Representative at 1. 877. 337. 5268.

To the extent permitted by applicable law the terms and conditions of the agreement between you and the Trust and New Mexico law will be applied by the arbitrator(s), when applicable, without regard to conflict of laws principles.

You may have other rights under FINRA's Code of Arbitration Procedure.

Neither the Board nor I can bring a putative or certified class action to arbitration, or seek to enforce any pre-dispute arbitration agreement against any person who has initiated in court a putative class action; who is a member of a putative class who has opted out of the class with respect to any claims encompassed by the putative class action until: (i) the class certification is denied; or (ii) the class is decertified; or (iii) the person is excluded from the class by the court. A failure to enforce this arbitration provision does not constitute a waiver of any of the Plan Official's rights under the Plan Description and Participation Agreement or the Enrollment Form or your Account except to the extent set forth in this Arbitration Section.

Supplement Dated October 2020 to the
Scholar's Edge® 529 Plan Description and Participation Agreement
Effective December 9, 2019

The information in this supplement amends and, to the extent it is different, supersedes information contained in the Scholar's Edge® 529 Plan Description and Participation Agreement, effective December 9, 2019, as previously supplemented (the "Plan Description and Participation Agreement"). Before you invest, please read this supplement and the Plan Description and Participation Agreement carefully. Please keep them for future reference. Capitalized terms used without definition in this supplement have the meanings given to them in the Plan Description and Participation Agreement.

Revisions to the Plan Description and Participation Agreement
(these changes are effective on or about October 29, 2020)

On page 13, the following new paragraph is added immediately after the first paragraph of the sub-section entitled "Contribution Date":

> In the event of Force Majeure, we may experience processing delays, which may affect your trade date. In those instances, your actual trade date may be after the trade date you would have received, which may negatively affect the value of your Account. For the definition of "Force Majeure, see "Market Uncertainties" in the Section entitled "Important Risks You Should Consider."

On page 16, the following new paragraph is added immediately after paragraph number 8. of the sub-section entitled "Moving Assets from an UGMA/UTMA Account":

7. any tax consequences of a distribution from an Account will be imposed on the Beneficiary and not on the Custodian;
8. we may require you to provide documentation evidencing compliance with the applicable UGMA/ UTMA law; and
9. if the Custodian fails to direct the Plan to transfer ownership of the Account when the Beneficiary is legally entitled to take control of the Account assets, the Plan may freeze the Account and/or refuse to allow the Custodian to transact on the Account. Some UGMA/UTMA laws allow for more than one age at which the custodianship terminates ("Age of Termination"). The Plan may freeze the account based on the youngest allowable Age of Termination of the custodianship according to the UGMA/UTMA laws where the custodianship account was established, based on the Plan's records. The Custodian may be required to provide documentation to the Plan if the Age of Termination of the custodianship account is other than the youngest allowable age under the applicable UMGA/UTMA law or if the applicable UGMA/UTMA law differs from Plan records.

On page 21, the following new paragraph is added immediately after the first paragraph of the sub-section entitled "Timing of Distribution Request":

> In the event of Force Majeure, we may experience processing delays, which may affect your trade date. In those instances, your actual trade date may be after the trade date you would have received, which may negatively affect the value of your Account. For the definition of Force Majeure, see "Market Uncertainties" in the Section entitled "Important Risks You Should Consider."

On page 27, the table and footnotes at the very bottom of the page are deleted in their entirety and replaced with the following:

Contribution Amount	Maximum Initial Sales Charge*	Dealer Commission*	Retained by PFD*
Up to $49,999	3.50%	3.00%	0.50%
$50,000 to $249,999	2.50%	2.00%	0.50%
$250,000 to $499,999	1.50%	1.25%	0.25%
$500,000 or Greater	0.00%	1.00%**	0.00%

* All percentages are a percentage of the amount invested.
** The Program Manager or PFD will pay a dealer commission on aggregate contributions of $500,000 or more from its own assets.

*On page 28, the paragraph under the sub-heading "**Rights of Accumulation**" is deleted in its entirety and replaced with the following:*

> You may be able to receive a reduction in the initial sales charge on Class A Units through Rights of Accumulation. Rights of Accumulation apply to Account Owners who make a series of contributions to any Portfolio. If the combined value of holdings in (i) all Plan Units (or any class) plus (ii) all Principal mutual Fund shares (as long as the broker of record for the mutual Fund account is the same as for the Plan account) held by the Account Owner or their immediate family members, or both, reaches a breakpoint discount level, the purchase of Class A Units will receive the lower sales charge. However, the value of mutual funds for which no initial sales charge was paid will not be considered for Rights of Accumulation. You and your immediate family member must indicate your eligibility for Rights of Accumulation on your Enrollment Form. For purposes of Rights of Accumulation, a member of an immediate family includes spouse, domestic partner, parent, legal guardian, child, sibling, stepchild, and father- or mother-in-law. The current value of your holdings is determined at the Unit Value of each Portfolio at the close of business on the day prior to your purchase of Class A Units and by the value of mutual fund shares you and your immediate family members currently own as shown in the most recent account statement provided to the Plan. The current value of your holdings will be added to your purchase of Class A Units for the purpose of calculating your contribution amount. The reduced initial sales charges described above resulting from Rights of Accumulation apply only if the Program Manager is notified that a contribution qualifies for a reduced initial sales charge at the time the 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 charges generally will not be applied retroactively to contributions made prior to the contribution that qualifies for the applicable reduced initial sales charge.

*On page 28, the paragraph under the sub-heading "**Contingent Deferred Sales Charge**" is deleted in its entirety and replaced with the following:*

A maximum CDSC of 1.00% may be charged if Class A Units that were not subject to an initial sales charge are redeemed for a Non-Qualified Distribution within 12 months of purchase but will not be charged for a Qualified Distribution. The CDSC on such Class A Units will be waived on any amount attributable to investment gains. The CDSC on such Class A Units will also be waived if the distribution is made as a result of the death or Disability of either the Account Owner or the Beneficiary. The CDSC is calculated using the lower of cost or market value of Units redeemed.

*On page 28, the following new sub-section is added immediately prior to the sub-heading "**Fee Structure Table**":*

Rollovers from Other Section 529 Plans. Purchases of Class A Units with assets rolled over or transferred to Scholar's Edge from another Section 529 plan or from other Scholar's Edge accounts may be made without initial sales charges to the extent that the purchase is made through a Financial Advisor associated with a Dealer choosing to make the sales charge waiver available to some or all of its clients. While the initial sales charge waiver is intended primarily for Account Owners rolling over or transferring assets with respect to which initial sales charges have previously been paid, a particular Dealer may choose to not make the initial sales charge waiver available for any rollovers or transfers, or to extend the initial sales charge waiver to all rollovers or transfers to Scholar's Edge by such Dealer's clients regardless of whether initial sales charges previously have or have not been paid with respect to the assets being rolled over or transferred.

Each Dealer is responsible for determining whether:

- to never make the initial sales charge waiver for rollovers and transfers to Scholar's Edge available to its clients under any circumstances, or
- to limit the initial sales charge waiver to rollovers and transfers by its clients where initial sales charges previously have been paid with respect to the assets being rolled over or transferred, or
- to extend the initial sales charge waiver to all rollovers and transfers to Scholar's Edge by its clients regardless of whether initial sales charges previously have or have not been paid with respect to the assets being rolled over or transferred.

Each Dealer also is responsible for:

- making the initial sales charge waiver available to its clients who qualify for such waiver based on the criteria established by such Dealer; and
- verifying that any client to whom the initial sales charge waiver is granted in fact qualifies for such waiver based on such criteria.

You should check with your Financial Advisor as to whether the Dealer with which the Financial Advisor is associated makes the initial sales charge waiver for rollovers and transfers available to its clients and, if so, under what circumstances, before initiating a rollover or transfer. Eligibility for any initial sales charge waiver is limited to the purchase of Class A Units with assets rolled over or transferred directly from another Section 529 plan or from other Scholar's Edge accounts. All other fees and expenses applicable to Class A Units will apply. Neither Scholar's Edge, the board, Ascensus or PFD is responsible for a Dealer's decision as to whether to make the initial sales charge waiver available to its clients and, if so, under what circumstances. In addition, neither Scholar's Edge, the board, Ascensus or PFD is responsible for: (i) verifying that a Dealer has made the initial sales charge waiver available to qualifying clients based on the criteria established by such Dealer; or (ii) verifying that an Account Owner to whom the initial sales charge waiver is granted in fact qualifies for such waiver based on such criteria.

PFD will pay a Dealer that makes the initial sales charge waiver for rollovers to Scholar’s Edge available to its clients an upfront commission of 1.00% and .25% per month on assets that are rolled over to Scholar’s Edge from other Section 529 plans and used to purchase Class A Units of a Portfolio other than the Cash Reserve Portfolio. The .25% commission will be paid beginning on the thirteenth month following the commission-eligible rollover. The contingent deferred sales charge (CDSC) will be waived on any Qualified Distributions within the first 12 months paid from a rollover. The commission amount will be calculated on the then current Section 529 account value. PFD will pay such commissions out of its own resources. PFD, in its discretion, may terminate the payment of such commissions at any time. Certain Dealers may choose to decline receipt of such upfront commissions with respect to rollovers to Scholar’s Edge that qualify for an initial sales charge waiver.

On page 37, the paragraph entitled “Market Uncertainties” is deleted in its entirety and replaced with the following:

Market Uncertainties. Due to market uncertainties, the overall market value of your Account could be highly volatile and could be subject to wide fluctuations in response to factors, including but not limited to, regulatory or legislative changes, worldwide political uncertainties, and general economic conditions (such as including inflation and unemployment rates), acts of God, acts of civil or military authority, acts of government, accidents, environmental disasters, natural disasters or events, fires, floods, earthquakes, hurricanes, explosions, lightning, suspensions of trading, epidemics, pandemics, public health crises, quarantines, wars, acts of war (whether war is declared or not), terrorism, threats of terrorism, insurrections, embargoes, cyber-attacks, riots, strikes, lockouts or other labor disturbances, disruptions of supply chains, civil unrest, revolutions, power or other mechanical failures, loss or malfunction of utilities or communications services, delays or stoppage of postal or courier services, delays in or stoppages of transportation, and any other events or circumstances beyond our reasonable control whether similar or dissimilar to any of the foregoing (all enumerated and described events in this section individually and collectively, “Force Majeure”).

Supplement Dated May 18, 2020 to the
Scholar's Edge® 529 Plan Description and Participation Agreement
Effective December 9, 2019

The information in this supplement amends and, to the extent it is different, supersedes information contained in the Scholar's Edge® 529 Plan Description and Participation Agreement, effective December 9, 2019, as previously supplemented (the "Plan Description and Participation Agreement"). Before you invest, please read this supplement and the Plan Description and Participation Agreement carefully. Please keep them for future reference. Capitalized terms used without definition in this supplement have the meanings given to them in the Plan Description and Participation Agreement.

Change in Underlying Fund and Changes to Target Asset Allocations

The Principal SystematEx International Fund (ticker: PSTMX) is currently the Underlying Fund for the Principal SystematEx International Portfolio, as well as one of the Underlying Funds for the Scholar's Edge Year of Enrollment Portfolios and Scholar's Edge Target Risk Portfolios. Effective June 5, 2020, the Principal SystematEx International Fund will be replaced by the Principal Diversified International Fund (ticker: PDIFX) within those Portfolios.

The following additional changes, also effective June 5, 2020, will occur in connection with this Underlying Fund change:

- The Principal SystematEx International Portfolio will be renamed the Principal Diversified International Portfolio. Updated information about the Principal Diversified International Portfolio, including expenses, is set forth under "Revisions to the Plan Description and Participation Agreement" below.
- The target asset allocations of the Scholar's Edge Year of Enrollment Portfolios and Scholar's Edge Target Risk Portfolios will be adjusted, as set forth under "Revisions to the Plan Description and Participation Agreement" below. These Portfolios' current estimated Underlying Investment Expenses will not increase as a result of these adjustments.

Brokerage Commissions and other Fees by Selling Agents on Purchase of Class R Units

Class R Units are not subject to any sales charges through the Plan. However, selling agents may charge brokerage commissions and other transaction-related fees directly to their clients for the purchase of Class R Units. Such commissions and other fees are established by the selling agent and are disclosed by a selling agent directly to its clients. The Plan and Plan Officials have no responsibility for the commissions and other fees established by a selling agent that such selling agent may make applicable to the purchase of Class R Units.

Revisions to the Plan Description and Participation Agreement
(Unless otherwise noted, these changes are effective as of the date of this supplement)

The following sentence is added to the end of the first paragraph under "Fees" on page 5, as well as to the end of the second paragraph under "Fees and Charges" on page 25:

Class R Units may be sold by selling agents that charge brokerage commissions and other transaction-related fees directly to their clients.

The following sentence is added to the end of the definition of "Enrollment Form" on page 9:

The term "Enrollment Form" also includes any application used by a selling agent to establish an Account in the Plan for an Account Owner.

The following is added to the end of the sole paragraph under "Additional Fees or Commission" on page 27:

Class R Units may be sold by selling agents that charge brokerage commissions and other transaction-related fees directly to their clients. These commissions and fees are not a feature of or affiliated with Scholar's Edge. You should ask your Financial Advisor about whether it charges brokerage commissions or other fees related to the purchase of Class R Units.

Effective June 5, 2020, in the "Fee Structure Tables" for Class A Units (page 29), Class C Units (page 31), and Class R Units (page 33), the rows for the Principal SystematEx International Portfolio are deleted and replaced with the row for the applicable Unit Class set forth below. The table headings are provided below for ease of reference; the table headings (and the related footnotes) remain unchanged.

CLASS A UNITS						
PORTFOLIO	**IN ADDITION TO A $20 ANNUAL ACCOUNT MAINTENANCE FEE,[1] PORTFOLIOS BEAR THE FOLLOWING ANNUAL ASSET-BASED FEES**					**ADDITIONAL INVESTOR EXPENSES**
	Estimated Underlying Investment Expenses[2]	**Program Management Fee[3]**	**Board Administrative Fee**	**Distribution and Service Fee**	**Total Annual Asset-Based Fee[4]**	**Maximum Initial Sales Charge**
Principal Diversified International Portfolio	0.73%	0.20%	0.08%	0.25%	1.26%	3.50%

CLASS C UNITS						
PORTFOLIO	**IN ADDITION TO A $20 ANNUAL ACCOUNT MAINTENANCE FEE,[1] PORTFOLIOS BEAR THE FOLLOWING ANNUAL ASSET-BASED FEES**					**ADDITIONAL INVESTOR EXPENSES**
	Estimated Underlying Investment Expenses[2]	**Program Management Fee[3]**	**Board Administrative Fee**	**Distribution and Service Fee**	**Total Annual Asset-Based Fee[4]**	**Contingent Deferred Sales Charge**
Principal Diversified International Portfolio	0.73%	0.20%	0.08%	1.00%	2.01%	1.00%

CLASS R UNITS				
PORTFOLIO	**IN ADDITION TO A $20 ANNUAL ACCOUNT MAINTENANCE FEE,[1] PORTFOLIOS BEAR THE FOLLOWING ANNUAL ASSET-BASED FEES**			
	Estimated Underlying Investment Expenses[2]	**Program Management Fee[3]**	**Board Administrative Fee**	**Total Annual Asset-Based Fee[4]**
Principal Diversified International Portfolio	0.73%	0.20%	0.08%	1.01%

On page 32, the following section is added under "Class R Units – Fees and Charges":

Selling Agent Commissions and Other Fees on the Purchase of Class R Units. Class R Units are not subject to any sales charges through the Plan. However, selling agents may charge brokerage commissions and other transaction-related fees directly to their clients for the purchase of Class R Units. Such commissions and other fees are established by the selling agent and are disclosed by a selling agent directly to its clients. These commissions and fees are not a feature of or affiliated with Scholar's Edge and are not included or reflected in the table below. You should ask your Financial Advisor about whether it charges brokerage commissions or other fees related to the purchase of Class R Units.

Effective June 5, 2020, in the tables under "Approximate Cost for a $10,000 Investment" for Class A Units (page 34), Class C Units (page 35), and Class R Units (page 36), the rows for the Principal SystematEx International Portfolio are deleted and replaced with the row for the applicable Unit Class set forth below. The table headings are provided below for ease of reference; the table headings remain unchanged.

HYPOTHETICAL $10,000 INVESTMENT COST CHART: CLASS A UNITS				
Portfolios	**1 Year**	**3 Year**	**5 Year**	**10 Year**
Principal Diversified International Portfolio	$494	$795	$1115	$2007

HYPOTHETICAL $10,000 INVESTMENT COST CHART: CLASS C UNITS				
Portfolios	**1 Year**	**3 Year**	**5 Year**	**10 Year**
Principal Diversified International Portfolio	$324	$689	$1179	$2055

HYPOTHETICAL $10,000 INVESTMENT COST CHART: CLASS R UNITS				
Portfolios	**1 Year**	**3 Year**	**5 Year**	**10 Year**
Principal Diversified International Portfolio	$123	$381	$656	$1426

Effective June 5, 2020, the table on page 43 under "Target Asset Allocations" for the Scholar's Edge Year of Enrollment Portfolios is deleted and replaced with the following:

Underlying Investments (Ticker if Applicable)	**Scholar's Edge Year of Enrollment Portfolios**										
	2038-2039	**2036-2037**	**2034-2035**	**2032-2033**	**2030-2031**	**2028-2029**	**2026-2027**	**2024-2025**	**2022-2023**	**2020-2021**	**Today**
U.S. Equity											
iShares Core S&P 500 ETF (IVV)	26.05%	25.75%	24.40%	22.95%	23.40%	21.05%	17.20%	14.10%	8.70%	2.50%	0.00%
iShares Core S&P Small-Cap ETF (IJR)	6.95%	6.90%	6.50%	5.25%	2.75%	2.50%	1.60%	0.00%	0.00%	0.00%	0.00%
Principal Blue Chip Fund (PGBHX)	13.05%	12.90%	12.20%	11.50%	11.70%	10.50%	8.65%	7.05%	4.40%	1.25%	0.00%
Principal Equity Income Fund (PEIIX)	13.05%	12.90%	12.20%	11.50%	11.70%	10.50%	8.65%	7.05%	4.40%	1.25%	0.00%
Vanguard Mid-Cap Index Fund (VMCIX)	10.45%	10.30%	9.75%	8.20%	5.50%	4.95%	3.15%	0.00%	0.00%	0.00%	0.00%
International Equity											
JPMorgan Emerging Markets Equity Fund (JEMWX)	5.60%	5.55%	5.30%	4.30%	2.15%	1.90%	1.20%	0.00%	0.00%	0.00%	0.00%
Principal Diversified International Fund (PDIFX)	22.35%	22.20%	21.15%	19.90%	19.30%	17.10%	13.80%	10.90%	6.40%	1.50%	0.00%
Real Estate											
Principal Real Estate Securities Fund (PFRSX)	2.50%	2.50%	2.50%	2.40%	1.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Underlying Investments (Ticker if Applicable)	Scholar's Edge Year of Enrollment Portfolios										
	2038-2039	**2036-2037**	**2034-2035**	**2032-2033**	**2030-2031**	**2028-2029**	**2026-2027**	**2024-2025**	**2022-2023**	**2020-2021**	**Today**
Fixed Income											
iShares Core U.S. Aggregate Bond ETF (AGG)	0.00%	0.20%	1.20%	2.60%	3.50%	5.05%	6.75%	7.30%	8.95%	9.80%	10.00%
Principal Income Fund (PICNX)	0.00%	0.80%	4.80%	10.40%	14.10%	20.15%	27.00%	29.20%	35.75%	39.20%	40.00%
Principal Short-Term Income Fund (PSHIX)	0.00%	0.00%	0.00%	0.50%	2.20%	3.15%	6.00%	12.20%	15.20%	18.70%	20.00%
Funding Agreement											
Scholar's Edge Guaranteed Contract	0.00%	0.00%	0.00%	0.50%	2.20%	3.15%	6.00%	12.20%	16.20%	25.80%	30.00%
Total Equity and Real Estate	**100.00%**	**99.00%**	**94.00%**	**86.00%**	**78.00%**	**68.50%**	**54.25%**	**39.10%**	**23.90%**	**6.50%**	**0.00%**
Total Fixed Income and Funding Agreement	**0.00%**	**1.00%**	**6.00%**	**14.00%**	**22.00%**	**31.50%**	**45.75%**	**60.90%**	**76.10%**	**93.50%**	**100.00%**

Effective June 5, 2020, the table on page 45 under "Target Asset Allocations" for the Scholar's Edge Target Risk Portfolios is deleted and replaced with the following:

Underlying Investments (Ticker if Applicable)	Scholar's Edge Target Risk Portfolios			
	Aggressive Portfolio	**Moderate Portfolio**	**Conservative Portfolio**	**Fixed Income Portfolio**
U.S. Equity				
iShares Core S&P 500 ETF (IVV)	22.65%	17.80%	10.00%	0.00%
iShares Core S&P Small-Cap ETF (IJR)	6.05%	2.10%	0.00%	0.00%
Principal Blue Chip Fund (PGBHX)	11.35%	8.95%	5.00%	0.00%
Principal Equity Income Fund (PEIIX)	11.35%	8.95%	5.00%	0.00%
Vanguard Mid-Cap Index Fund (VMCIX)	9.10%	4.20%	0.00%	0.00%
International Equity				
JPMorgan Emerging Markets Equity Fund (JEMWX)	5.00%	1.60%	0.00%	0.00%
Principal Diversified International Fund (PDIFX)	20.00%	14.40%	7.50%	0.00%
Real Estate				
Principal Real Estate Securities Fund (PFRSX)	2.50%	0.00%	0.00%	0.00%
Fixed Income				
iShares Core U.S. Aggregate Bond ETF (AGG)	2.40%	6.70%	8.70%	10.00%

Underlying Investments (Ticker if Applicable)	Scholar’s Edge Target Risk Portfolios			
	Aggressive Portfolio	Moderate Portfolio	Conservative Portfolio	Fixed Income Portfolio
Principal Income Fund (PICNX)	9.60%	26.90%	34.80%	40.00%
Principal Short-Term Income Fund (PSHIX)	0.00%	4.20%	14.50%	20.00%
Funding Agreement				
Scholar’s Edge Guaranteed Contract	0.00%	4.20%	14.50%	30.00%
Total Equity and Real Estate	88.0%	58.0%	27.5%	0.0%
Total Fixed Income and Funding Agreement	12.0%	42.0%	72.5%	100.0%

Effective June 5, 2020, in the table on page 46 under “Individual Portfolios,” the row for Principal SystematEx International Portfolio is deleted and replaced with the row set forth below. The table headings are provided below for ease of reference; the table headings remain unchanged.

Individual Portfolios	
Portfolio	**Underlying Investment (Ticker if Applicable)**
International Equity	
Principal Diversified International Portfolio	Principal Diversified International Fund (PDIFX)

Effective June 5, 2020, on page 49, in the table under “Investment Objective, Strategy, and Risks,” the rows for the Principal SystematEx International Portfolio are deleted and replaced with the following:

Principal Diversified International Portfolio
Investment Objective. The Principal Diversified International Portfolio seeks long-term growth of capital. **Investment Strategy.** The Portfolio invests 100% of its assets in the Principal Diversified International Fund. The Principal Diversified International Fund invests primarily in foreign equity securities. **Investment Risks.** The Portfolio is subject to the same investment risks as the Principal Diversified International Fund.

The following sentence is added to the end of the first paragraph under “Participation Agreement” on page 62:

By opening an Account, the Account Owner agrees to be bound by the terms of this Participation Agreement.

Effective June 5, 2020, in the table on page 65 under “Underlying Fund Share Classes,” the row for the Principal SystematEx International Fund is deleted and replaced with the row set forth below. The table headings are provided below for ease of reference; the table headings remain unchanged.

Underlying Fund (Ticker)	Share Class
Principal Diversified International Fund (PDIFX)	R6

Effective June 5, 2020, under “Investment Objectives, Principal Investment Strategies, and Principal Risks of the Underlying Funds,” the description of the Principal SystematEx International Fund on page 72 is deleted and replaced with the following:

<u>Principal Diversified International Fund (PDIFX)</u>

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

Principal Investment Strategies. The fund invests primarily in foreign equity securities. The fund has no limitation on the percentage of assets that are invested in any one country or denominated in any one currency, but the fund typically invests in foreign securities of at least 20 countries. Primary consideration is given to securities of issuers of developed areas (for example, Japan, Western Europe, Canada, Australia, Hong Kong, and Singapore); however, the fund also invests in emerging market securities. The fund invests in equity securities regardless of market capitalization size (small, medium or large) and style (growth or value).

Principal Investment Risks. Emerging Markets Risk; Equity Securities Risk; Growth Stock Risk; Small and Medium Market Capitalization Companies Risk; Value Stock Risk; Foreign Currency Risk; Foreign Securities Risk; Redemption and Large Transaction Risk.

Effective June 5, 2020, the following explanation of "Emerging Markets Risk" is added under "Explanation of Investment Risks for the Principal Funds" on page 80:

Emerging Markets Risk. Investments in emerging markets may have more risk than those in developed markets because the emerging markets are less developed and more illiquid. Emerging markets can also be subject to increased social, economic, regulatory, and political uncertainties and can be extremely volatile.

Additional Risk Information Regarding COVID-19

The following paragraphs are added to the end of the section under "Market Uncertainties" on page 37:

Recent events are impacting the securities markets. A respiratory disease caused by a novel coronavirus designated as COVID-19 was first detected in China in December 2019 and has spread internationally. The transmission of COVID-19 and efforts to contain its spread have resulted in border closings and other travel restrictions and disruptions, disruptions to business operations, supply chains and customer activity, event cancellations and restrictions, service cancellations and reductions, significant challenges in the healthcare industry, and quarantines. These impacts have caused significant volatility and declines in global financial markets, including declines in oil and commodity markets, which have caused losses for investors. Health crises may exacerbate other pre-existing political, social, economic, market and financial risks and could negatively affect the global economy, as well as the economies of individual countries, the financial performance of individual companies and sectors, and the markets in general in significant and unforeseen ways. The COVID-19 outbreak has resulted in certain of those negative consequences. Governmental and quasi-governmental authorities and regulators throughout the world, such as the Federal Reserve, have in the past responded to major economic disruptions with a variety of significant fiscal and monetary policy changes, including but not limited to, direct capital infusions into companies, new monetary programs, and dramatically lower interest rates. Certain of those policy changes are being implemented or considered in response to the COVID-19 outbreak. Such policy changes may adversely affect the value, volatility and liquidity of dividend and interest paying securities.

The COVID-19 outbreak, and future pandemics, could also impair the information technology and other operational systems upon which a fund's investment advisor or sub-advisor rely, and could otherwise disrupt the ability of the Plan's or the Underlying Fund's service providers to perform essential tasks. In certain cases, an exchange or market may close or issue trading halts on either specific securities or even the entire market, which may result in an Underlying Fund being, among other things, unable to buy or sell certain securities or financial instruments or accurately price its investments.

The impact of the COVID-19 pandemic may be short term or may last for an extended period of time, and in either case could result in a substantial economic downturn or recession. The resulting market volatility, dramatic changes to interest rates, and unfavorable economic conditions could result in an Underlying Fund's inability to achieve its investment objectives, cause the postponement of reconstitution/rebalance dates of passive funds' underlying indices, adversely affect the prices and liquidity of the securities and other instruments in which an Underlying Fund invests, negatively impact an Underlying Fund's performance, and cause losses on the Plan's investment in the Underlying Fund. You should also review Appendix A: Additional Underlying Investment Information to understand if an Underlying Fund has reserved the discretion to implement temporary defensive measures.

* * *

Supplement Dated April, 2020 to the
Scholar's Edge® 529 Plan Description and Participation Agreement
Effective December 9, 2019

The information in this supplement amends and, to the extent it is different, supersedes information contained in the Scholar's Edge® 529 Plan Description and Participation Agreement, effective December 9, 2019, as previously supplemented (the "Plan Description and Participation Agreement"). Before you invest, please read this supplement and the Plan Description and Participation Agreement carefully. Please keep them for future reference. Capitalized terms used without definition in this supplement have the meanings given to them in the Plan Description and Participation Agreement.

Changes to Tax Information Related to the SECURE Act

The following revisions to the Plan Description and Participation Agreement are the result of changes made to Section 529 of the Code by the Setting Every Community Up for Retirement Enhancement (SECURE) Act that was enacted at the end of 2019. These changes apply to distributions made after December 31, 2018.

Under "Summary – About Scholar's Edge" on page 4, the second sentence of the third paragraph is deleted and replaced with the following:

> You can also use the assets in your Account to pay tuition expenses at a public, private or religious elementary or secondary school up to $10,000 per student per year, to pay certain expenses required for a registered apprenticeship program and for payments towards qualified education loans. While such expenses are qualified expenses under federal tax law, they may not be qualified expenses for state law tax purposes.

In the Glossary beginning on page 8, the following new definitions are added in alphabetical order:

> **Apprenticeship Expenses:** Expenses for fees, books, supplies and equipment required for the participation of the Beneficiary in an apprenticeship program registered and certified with the U.S. Secretary of Labor under Section 1 of the National Apprenticeship Act. Although Apprenticeship Expenses are Qualified Expenses under federal tax law, they are likely not for New Mexico tax purposes.
>
> **Student Loan Payments:** Amounts paid as principal or interest on any qualified education loan under the Code of the Beneficiary or a sibling of the Beneficiary, with a lifetime limit of $10,000 for the loans of any individual. Although Student Loan Payments are Qualified Expenses under federal tax law, they are likely not for New Mexico tax purposes.

In the Glossary, under the definition of "Qualified Expenses" on page 10, the following expenses and related descriptions are added to the list of Qualified Expenses:

> 6. Apprenticeship Expenses. Although Apprenticeship Expenses are Qualified Expenses under federal tax law, they are likely not Qualified Expenses for New Mexico tax purposes; and
>
> 7. Student Loan Payments. Although Student Loan Payments are Qualified Expenses under federal tax law, they are likely not Qualified Expenses for New Mexico tax purposes.

Under "How To Take A Distribution From Your Account – Qualified Distributions" on page 19, the sole sentence is deleted and replaced with the following:

> Distributions for Qualified Expenses are generally exempt from federal and New Mexico state income taxes and the Distribution Tax, except as noted under "State Tax Issues – Recapture of Income Tax Deduction" on page 55.

Under "How To Take A Distribution From Your Account – Other Distributions" on page 20, the second and third sentences of the first paragraph are deleted and replaced with the following:

> Except for a Rollover Distribution, a Refunded Distribution, an ABLE Rollover Distribution, a distribution for K-12 Tuition, a distribution for Apprenticeship Expenses and a distribution for Student Loan Payments, the earnings portion of each distribution discussed will be subject to federal and to any applicable state income taxes. For New Mexico taxpayers, a Rollover Distribution, an ABLE Rollover Distribution, and a distribution for K-12 Tuition are subject to recapture by the State as taxable income, and a distribution for Apprenticeship Expenses and a distribution for Student Loan Payments will likely be subject to such a recapture.

Under "Important Risks You Should Consider – Tax Considerations; Tax Deduction Recapture" beginning on page 38, the second sentence of the sole paragraph is deleted and replaced with the following:

In particular, you, as the Account Owner (not the contributor), must repay all or part, depending on the circumstances, of the New Mexico state income tax deduction claimed in prior taxable years by any contributors to your Account if you take a Non-Qualified Distribution, an ABLE Rollover, or a distribution for K-12 Tuition, and likely if you take a distribution for Apprenticeship Expenses or a distribution for Student Loan Payments.

Under Investment Options Use for K-12 Tuition on page 40, the first sentence is deleted and replaced with the following:

The Investment Options we offer through the Plan have been designed for you to save for Qualified Expenses as defined in the Code, including higher education, K-12 Tuition, Apprenticeship Expenses and Student Loan Payments.

Under "Investment Information – Investments Overview" on page 40, the first sentence of the fourth paragraph is deleted and replaced with the following:

The Investment Options we offer through the Plan have been designed for you to save for Qualified Expenses as defined in the Code, including higher education, K-12 Tuition, Apprenticeship Expenses and Student Loan Payments *Under "Important Tax Information – State Tax Issues – Recapture of Income Tax Deduction" on page 55, the fourth sentence of the sole paragraph is deleted and replaced with the following:*

Finally, amounts previously deducted for New Mexico income tax purposes are likely not to constitute Qualified Expenses under the New Mexico tax code, and are thereby likely to be recaptured, if they are distributed for Apprenticeship Expenses or Student Loan Payments, even though such distributions are included in Qualified Expenses for federal income tax purposes. Account Owners who are New Mexico taxpayers should consult their own tax advisors before making withdrawals from The Education Plan or Scholar's Edge for K-12 Tuition, Apprenticeship Expenses or Student Loan Payments or transferring funds from The Education Plan or Scholar's Edge to a Qualified ABLE Program.

Change in Underlying Fund Share Class

Effective on or about April 17, 2020, the Vanguard Mid Cap Index Portfolio, as well as the Scholar's Edge Year of Enrollment Portfolios and Scholar's Edge Target Risk Portfolios that invest in the Vanguard Mid-Cap Index Fund, will change the share class of the Vanguard Mid-Cap Index Fund in which they invest from Institutional Plus (ticker: VMCPX) to Institutional (ticker: VMCIX). As a result of this change, effective on or about April 17, 2020, the Plan Description and Participation Agreement is revised as follows:

All references to the ticker symbol "VMCPX" are replaced with references to the ticker symbol "VMCIX."

In the "Fee Structure Tables" for Class A Units (page 29), Class C Units (page 31) and Class R Units (page 33), the rows for the Vanguard Mid Cap Index Portfolio are deleted and replaced with the row for the applicable Unit Class set forth below. The table headings are provided below for ease of reference; the table headings (and the related footnotes) remain unchanged.

CLASS A UNITS						
PORTFOLIO	**IN ADDITION TO A $20 ANNUAL ACCOUNT MAINTENANCE FEE,[1] PORTFOLIOS BEAR THE FOLLOWING ANNUAL ASSET-BASED FEES**					**ADDITIONAL INVESTOR EXPENSES**
	Estimated Underlying Investment Expenses[2]	**Program Management Fee[3]**	**Board Administrative Fee**	**Distribution and Service Fee**	**Total Annual Asset-Based Fee[4]**	**Maximum Initial Sales Charge**
Vanguard Mid Cap Index Portfolio	0.04%	0.20%	0.08%	0.25%	0.57%	3.50%

CLASS C UNITS						
PORTFOLIO	**IN ADDITION TO A $20 ANNUAL ACCOUNT MAINTENANCE FEE,[1] PORTFOLIOS BEAR THE FOLLOWING ANNUAL ASSET-BASED FEES**					**ADDITIONAL INVESTOR EXPENSES**
	Estimated Underlying Investment Expenses[2]	**Program Management Fee[3]**	**Board Administrative Fee**	**Distribution and Service Fee**	**Total Annual Asset-Based Fee[4]**	**Contingent Deferred Sales Charge**
Vanguard Mid Cap Index Portfolio	0.04%	0.20%	0.08%	1.00%	1.32%	1.00%

CLASS R UNITS				
PORTFOLIO	IN ADDITION TO A $20 ANNUAL ACCOUNT MAINTENANCE FEE,[1] PORTFOLIOS BEAR THE FOLLOWING ANNUAL ASSET-BASED FEES			
	Estimated Underlying Investment Expenses[2]	Program Management Fee[3]	Board Administrative Fee	Total Annual Asset-Based Fee[4]
Vanguard Mid Cap Index Portfolio	0.04%	0.20%	0.08%	0.32%

In the tables under "Approximate Cost for a $10,000 Investment" for Class A Units (page 34), Class C Units (page 35) and Class R Units (page 36), the rows for the Vanguard Mid Cap Index Portfolio are deleted and replaced with the row for the applicable Unit Class set forth below. The table headings are provided below for ease of reference; the table headings remain unchanged.

HYPOTHETICAL $10,000 INVESTMENT COST CHART: CLASS A UNITS				
Portfolios	**1 Year**	**3 Year**	**5 Year**	**10 Year**
Vanguard Mid Cap Index Portfolio	$426	$586	$756	$1,233

HYPOTHETICAL $10,000 INVESTMENT COST CHART: CLASS C UNITS				
Portfolios	**1 Year**	**3 Year**	**5 Year**	**10 Year**
Vanguard Mid Cap Index Portfolio	$254	$477	$821	$1290

HYPOTHETICAL $10,000 INVESTMENT COST CHART: CLASS R UNITS				
Portfolios	**1 Year**	**3 Year**	**5 Year**	**10 Year**
Vanguard Mid Cap Index Portfolio	$53	$163	$279	$602

In the table under "Appendix A: Additional Underlying Investment Information – Underlying Fund Share Classes" on page 65, the share class of the Vanguard Mid-Cap Index Fund is changed from "Institutional Plus" to "Institutional."

* * *

Supplement Dated December 9, 2019 to the
Scholar's Edge® 529 Plan Description and Participation Agreement
Effective December 9, 2019

The information in this supplement amends and, to the extent it is different, supersedes information contained in the Scholar's Edge® 529 Plan Description and Participation Agreement, effective December 9, 2019 (the "Plan Description and Participation Agreement"). Before you invest, please read this supplement and the Plan Description and Participation Agreement carefully. Please keep them for future reference. Capitalized terms used without definition in this supplement have the meanings given to them in the Plan Description and Participation Agreement.

Availability of Sales Charge Waivers on Incoming Rollovers

This supplement describes the circumstances under which initial sales charges on purchases of Class A Units may be waived for rollovers to Scholar's Edge from Qualified Tuition Programs sponsored by states other than New Mexico.

The following is added to the end of the section titled "Sales Charge Waivers" on page 28:

In addition to the circumstances set forth above, a purchase of Class A Units with assets rolled over to the Plan from a Qualified Tuition Program sponsored by a state other than New Mexico may be made without initial sales charges to the extent that the purchase is made through a Financial Advisor associated with a Dealer choosing to make the sales charge waiver available to its clients.

Each Dealer is responsible for determining whether to make or not make the initial sales charge waiver for rollovers to the Plan available to its clients. You should check with your Financial Advisor as to whether the Dealer with which the Financial Advisor is associated makes the initial sales charge waiver for rollovers available to its clients before initiating a rollover. No Plan Official is responsible for a Dealer's decision as to whether to make the initial sales charge waiver available to its clients.

* * *

This Plan Description and Participation Agreement for Scholar's Edge 529® (Scholar's Edge or the Plan) has been identified by the Plan as the Offering Materials intended to provide substantive disclosure of the terms and conditions of an investment in the Plan. This Plan Description and Participation Agreement does not constitute an offer to sell or the solicitation of an offer to buy any security other than an investment in the Plan offered hereby, nor does it constitute an offer to sell or the solicitation to any person in any jurisdiction or under any circumstances in which it would be unlawful.

No security issued by the Plan has been registered with or approved by the United States Securities and Exchange Commission or any state securities commission. Further, this Plan Description and Participation Agreement is not subject to oversight by the Financial Industry Regulatory Authority (FINRA) or the Municipal Securities Rulemaking Board (MSRB).

The information contained in this Plan Description and Participation Agreement is believed to be accurate as of the date above and is subject to change without prior notice. Account Owners should rely only on the information contained in the Plan Description and Participation Agreement. No one is authorized to provide information about Scholar's Edge that is different from the information contained in the Plan Description and Participation Agreement. Please visit our website, ***scholarsedge529.com***, for the most current Plan Description and Participation Agreement.

If you are not a New Mexico taxpayer, you should consider before investing whether your or the Beneficiary's home state offers a 529 plan that provides its taxpayers with favorable state tax and other benefits such as financial aid, scholarship funds, and protection from creditors that may only be available through an investment in the home state's 529 plan, and which are not available through an investment in the Plan. Therefore, please consult your financial, tax, or other advisor to learn more about how state-based benefits (or any limitations) would apply to your specific circumstances. Keep in mind that state-based benefits should be one of the many appropriately weighted factors to be considered when making an investment decision.

You should periodically access and, if appropriate, adjust your investment choices with your time horizon, risk tolerance, and investment objectives in mind. Investing is an important decision. Please read the Plan Description and Participation Agreement and the Enrollment Form in their entirety before making an investment decision.

The Plan cannot and does not provide legal, financial, or tax advice and the following information should not be construed as such with respect to the consequences for any particular individual as a result of contributions to or distributions from a Plan account.

Section 529 plans are intended to be used only to save for qualified expenses. The Plan 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. You may wish to seek tax advice from an independent tax advisor based on your own particular circumstances.

Capitalized terms used in this Plan Description and Participation Agreement are defined throughout the document and in the ***Glossary*** starting on page 8.

What's Inside

This Plan Description and Participation Agreement describes the terms of your Account with Scholar's Edge. You should read it before you open your Account.

Getting Started

Getting started with Scholar's Edge is easy. Just follow these steps:

1. Read this Plan Description and Participation Agreement in its entirety and save it for future reference. It contains important information you should review before opening an Account, including information about the benefits and risks of investing.

2. Gather your personal information:

   (a) Your Social Security Number or Tax Identification Number

   (b) Your Permanent Address (not a post office box)

   (c) Your Beneficiary's Social Security Number or Tax Identification Number and date of birth

   (d) Your email address

   (e) Your checking or savings account number and your bank's routing number (if you want to contribute electronically with a bank transfer)

3. Work with your Financial Advisor to complete your Enrollment Form.

4. Instruct your Financial Advisor to submit your Enrollment Form to the Plan on your behalf.

Contact Us

Online: ***scholarsedge529.com***
Phone: **1.866.529.SAVE (1.866.529.7283)**
Monday through Friday, 8 a.m. to 7 p.m. Mountain Time

Regular Mail:	***Scholar's Edge*** P.O. Box 219798 Kansas City, MO 64121-9798
Overnight Delivery:	***Scholar's Edge*** 920 Main Street, Suite 900 Kansas City, MO 64105-2017

Summary

About Scholar's Edge

Scholar's Edge is a Section 529 plan offered by The Education Trust Board of New Mexico (the Board or Trustee). Scholar's Edge is designed to help individuals and families save for education goals in a tax-advantaged way and offers valuable advantages including tax-deferred growth, generous contribution limits, attractive Investment Options, and professional investment management.

Ascensus College Savings Recordkeeping Services, LLC, as the Program Manager, is responsible for the day-to-day operations of the Plan. Principal Global Investors, LLC (PGI or Principal), as the investment advisor to the Plan, provides investment management services to the Plan. Principal Funds Distributor, Inc. (PFD) serves as the distributor of the Plan.

You can use the assets in your Account toward the costs of nearly any public or private, 2-year or 4-year college nationwide, as long as the student (your Beneficiary) is enrolled in a U.S.-accredited college, university, graduate school, or technical school that is eligible to participate in U.S. Department of Education student financial aid programs. You can also use the assets in your Account to pay tuition expenses at a public, private or religious elementary or secondary school up to $10,000 per student per year. See pages 53-55 for important tax information regarding the Plan. Scholar's Edge is offered only through certain broker-dealers and properly licensed investment advisers (Financial Advisors). If you do not wish to work with a Financial Advisor, the Board also offers a direct-to-consumer Section 529 plan, The Education Plan. Go to **theeducationplan.com** for more information about The Education Plan.

What's Inside

Glossary
p. 8-11

This section provides definitions of terms contained in this Plan Description and Participation Agreement. Note that terms defined in the glossary (other than you and your) appear with initial capital letters when referenced in this document.

How You Participate
p. 12-18

If you are interested in opening an Account in Scholar's Edge, you must utilize the services of a Financial Advisor. Your Financial Advisor can help you open an Account and determine which Investment Options best meet your savings goals.

Scholar's Edge is open to U.S. citizens or resident aliens throughout the U.S. You, as the Account Owner, maintain complete control over the Account and can open Accounts for any number of Beneficiaries, including yourself. This section will guide you through the details of opening an Account in Scholar's Edge, contributing to your Account, maintaining your Account, using your savings to pay for Qualified Expenses, and closing your Account.

To open an Account, your Financial Advisor will work with you to complete an Enrollment Form, which is a contract between you, as the Account Owner, and the Board, establishing the obligations of each.

This section also highlights the many ways you can contribute to your Account, including Recurring Contributions, electronic funds transfer, and rollovers from an account with another Qualified Tuition Program. See pages 53-55 for information regarding the impact of New Mexico state and federal tax considerations regarding rollovers into your Account.

How to Take a Distribution from Your Account
p. 19-21

This section discusses the different ways you can withdraw funds from your Account. You can have a withdrawal paid directly to you, as the Account Owner, to the Beneficiary or to an Eligible Educational Institution. A withdrawal to pay K-12 Tuition is only payable to the Account Owner.

This section also describes the difference between Qualified Distributions, Non-Qualified Distributions, and other types of withdrawals (for example, when the Beneficiary receives a scholarship, or is unable to attend school due to a Disability). There can be federal and state tax impacts of taking a withdrawal. It's important to discuss withdrawals with a tax advisor to ensure you understand your particular situation.

Maintaining Your Account
p. 22-24

This section provides information on various Account maintenance issues such as your Account statements, changing Beneficiaries, and changing your Investment Options. You can change Investment Options up to two times per year and with a permissible change of Beneficiary. The twice per year limitation applies in the aggregate across all of your accounts for the same Beneficiary under all Qualified Tuition Programs sponsored by the State of New Mexico.

Fees
p. 25-36

Scholar's Edge currently offers three Unit Classes for each Investment Option: Class A Units, Class C Units, and Class R Units. Each Unit Class has its own Fee structure. You should ask your Financial Advisor to assist you in choosing the Unit Class that best meets your goals. Class R Units may not be available to you. Class R Units are designed for use in fee-based accounts through qualified registered investment advisors or selling agents who buy through a broker/dealer in advisory accounts.

Sales Charges –

- **Class A:** Class A Units are subject a maximum initial sales charge of 3.50% of the amount invested.
- **Class C:** Class C Units are subject to a contingent deferred sales charge (CDSC) of 1.00% if they are redeemed within one year of purchase.
- **Class R:** Class R Units are not subject to any sales charges.

Annual Account Maintenance Fee. All Unit Classes are subject to the Annual Account Maintenance Fee of $20, which is waived if the Account balance is at least $25,000, if you or your Beneficiary is a New Mexico Resident, or if you make Recurring Contributions of at least $25 per month or $75 per quarter.

Total Annual Asset-Based Fee. Each Unit Class for each Investment Option is subject to certain annual asset-based Fees. The Total Annual Asset-Based Fee is the sum of Underlying Investment Expenses, the Program Management Fee, and the Board Administrative Fee. For Class A and Class C Units, the Total Annual Asset-Based Fee also includes the Distribution and Service Fee. See "Fees and Charges – Total Annual Asset-Based Fee" for the range of Total Annual Asset-Based Fees for each Unit Class.

Automatic Conversion of Class C Units. Class C Units are automatically converted into Class A Units five years after the date of purchase. The automatic conversions are not subject to any initial sales charges or CDSCs.

Important Risks You Should Consider
p. 37-39

As with any investment, there are risks involved in investing in Scholar's Edge, including the risk of investment losses; the risk of changes in federal and state laws, including federal and state tax laws; and the risk of Plan changes, as well as other risks.

You should be aware that the Board may change components of the Plan at any time. For example, the Board may, without prior notice, change the Plan's Fees, add or remove a Portfolio, change a Portfolio's Underlying Investment(s), close a Portfolio to new investors and/or new contributions, or change the Program Manager or other Plan service provider.

To learn more about the risks, please thoroughly read and carefully consider the information in this section and throughout this Plan Description and Participation Agreement, and ask your tax, legal, and investment advisors about these risks.

Investment Information
p. 40-51

When you enroll in Scholar's Edge, you choose to invest using at least one of three different investment approaches, based upon your investing preferences and risk tolerance. You can choose between the Year of Enrollment Option, the Target Risk Option, the Individual Portfolios Option or a mix of all three. Your investment returns will vary depending upon the performance of the Portfolios you choose. Depending on market conditions and other factors, you could lose all or a portion of your investment.

Year of Enrollment Option
This option includes Portfolios that automatically move to progressively more conservative investments as the Portfolios approach their target enrollment dates. There are eleven (11) Portfolios available under the Year of Enrollment Option. These Portfolios invest in certain Underlying Funds currently managed by Principal, BlackRock, Vanguard, and JPMorgan. These Portfolios also invest in the Scholar's Edge Guaranteed Contract, which is a funding agreement issued by Principal Life.

Target Risk Option
This option includes four (4) Portfolios, each with an investment objective and strategy based on a target risk level and asset allocation that remains fixed over time. Each Portfolio may invest in certain Underlying Funds currently managed by Principal, BlackRock, Vanguard, or JPMorgan. Certain of these Portfolios also invest in the Scholar's Edge Guaranteed Contract issued by Principal Life.

Individual Portfolios Option
This option includes sixteen (16) Portfolios. Each Portfolio, except one, invests in an Underlying Fund that primarily invests in U.S. equity, international equity, real estate, or fixed income investments. The Underlying Funds are currently managed by Principal, BlackRock, Vanguard, JPMorgan, and New York Life. The other Portfolio in this option invests in the Scholar's Edge Guaranteed Contract issued by Principal Life.
The Portfolios' Underlying Investments are subject to change. There is no guarantee that the current Investment Managers will manage any Underlying Fund of any Portfolio in the future, or that any Portfolio will invest in a funding agreement issued by Principal Life.

Investment Performance
p. 52

This section discusses the performance of the Investment Options in the Plan. Performance information for the Investment Options is not available in this Plan Description and Participation Agreement because the Portfolios are new. For up to date price and performance information, go to **scholarsedge529.com** or call us at **1.866.529.7283**.

The performance of the Investment Options will differ from the performance of the Underlying Investments. Your personal performance also may differ from the performance of the Investment Options. Performance data represents past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so your Units, when sold, may be worth more or less than their original cost.

Important Tax Information
p. 53-55

This section discusses both the New Mexico state and federal tax benefits for an investment in Scholar's Edge.

Contributions to your Account are eligible for a New Mexico income tax deduction if you are a New Mexico taxpayer (resident or non-resident) filing a single or joint return. You (as the Account Owner) may be subject to recapture of this New Mexico tax deduction in certain events.

General Information
p. 56-59

In this section, you will learn about the rights and obligations associated with your Account; considerations related to changes to your Account, this document, and state and federal laws; and claims against your Account.

Plan Governance
p. 60-61

This section summarizes the administration of Scholar's Edge.

Participation Agreement
p. 62-64

This section reviews your rights and responsibilities in connection with your enrollment in Scholar's Edge. You must review this agreement in detail prior to completing an Enrollment in the Plan. You will be required to sign an acknowledgement of your understanding of, and agreement with the terms, conditions, and information contained in, the Plan Description and Participation Agreement.

Appendix A: Additional Underlying Investment Information
p. 65-83

The information in the Appendix provides additional information about the Portfolios' Underlying Investments. The Appendix includes information about the Underlying Funds' investment objectives, principal investment strategies, and principal risks. The Appendix also includes information about the Scholar's Edge Guaranteed Contract.

Glossary

Defined terms used in this Plan Description and Participation Agreement have the following meanings:

ABLE Rollover Distribution: A distribution to an account in a Qualified ABLE Program for the same Beneficiary or a Member of the Family of the Beneficiary. Any distribution must be made before January 1, 2026 and cannot exceed the annual $15,000 contribution limit prescribed by Section 529A(b)(2)(B)(i) of the Code.

Account: An account in Scholar's Edge established by an Account Owner for a Beneficiary.

Account Owner or **you:** An individual 18 years or older, an emancipated minor (as determined by New Mexico law), a trust, an estate, a partnership, an association, a company, a corporation, or a qualified custodian under the UGMA/UTMA, who signs an Enrollment Form establishing an Account. In certain cases, the Account Owner and Beneficiary may be the same person. An individual seeking to open an Account as an emancipated minor must submit a court order as well as any other documentation that we request, establishing that he or she is empowered to enter into a contract without the ability to revoke a contract based on age. Without such documentation, we will not open an Account for an emancipated minor.

Annual Account Maintenance Fee: An annual fee charged to each Account. The fee is waived if the Account balance is at least $25,000, if you or your Beneficiary is a New Mexico Resident, or if you make Recurring Contributions of at least $25 per month or $75 per quarter.

Beneficiary: The individual designated by an Account Owner, or as otherwise provided in writing to Scholar's Edge, to receive the benefit of an Account.

BlackRock: BlackRock Fund Advisors, the Investment Manager of the iShares Underlying Funds.

Board: The Education Trust Board of New Mexico.

Code: Internal Revenue Code of 1986, as amended. There are references to various Sections of the Code throughout this Plan Description and Participation Agreement, including Section 529 as it currently exists and as it may subsequently be amended, and any regulations adopted under it.

Custodian: The individual who opens an Account on behalf of a minor Beneficiary with assets from an UGMA/UTMA account. Generally, the Custodian will be required to perform all duties of the Account Owner with regard to the Account until the Account Owner attains the age 18, is otherwise emancipated, or the Custodian is released or replaced by a valid court order. The Custodian of an Account funded from an UGMA/UTMA account may not change the Account Owner or Beneficiary.

Dealer: A distributor of Scholar's Edge who is registered as a broker-dealer under the Securities Exchange Act of 1934, as amended, and a member of both FINRA and the MSRB.

Declaration of Trust: The Declaration of Trust establishing the Trust as may be amended from time to time by the Board.

Plan Description and Participation Agreement: This document, intended to provide substantive disclosure of the terms and conditions of an investment in Scholar's Edge, including any other Supplements distributed from time to time.

Distribution and Service Fee: A fee charged to support the distribution and marketing of the Plan. A portion of this Fee may be redistributed to Dealers.

Distribution Tax: A federal surtax required by the Code that is equal to 10% of the earnings portion of a Non-Qualified Distribution.

Disabled or Disability: Condition of a Beneficiary who is unable to do any substantial gainful activity because of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. We will require medical documentation to verify this condition. See IRS Publication 970 available at **https://www.irs.gov/forms-pubs/about-publication-970** for further details.

Educational Assistance: Educational Assistance generally refers to the tax-free portion of any scholarships or fellowships, Pell Grants, employer provided educational assistance, veterans education assistance, and other tax-free educational assistance. See IRS Publication 970 online at **https://www.irs.gov/forms-pubs/about-publication-970** for more information.

EFT or **Electronic Funds Transfer:** A service in which an Account Owner authorizes Scholar's Edge to transfer money from a bank or other financial institution to an Account in Scholar's Edge.

Eligible Educational Institution: An institution as defined in Section 529(e) of the Code. Generally, the term includes accredited post-secondary educational institutions or vocational schools in the United States and some accredited post-secondary educational institutions or vocational schools abroad offering credit toward a bachelor's degree, an associate's degree, a graduate level or professional degree, or another recognized post-secondary credential. The institution must be eligible to participate in a student financial aid program under Title IV of the Higher Education Act of 1965 (20 U.S.C.§1088). You can generally determine if a school is an Eligible Education Institution by searching for its Federal School Code (identification number for schools eligible for Title IV financial aid programs) at: **https://studentaid.ed.gov/sa/fafsa**.

Enabling Legislation: The law that established the Trust and its Board (The Education Trust Act, Chapter 21, Article 21K NMSA 1978).

Enrollment Form: A participation agreement between an Account Owner and the Trust, establishing the obligations of each and prepared in accordance with the provisions of Scholar's Edge.

Fees: Fees, costs, expenses, and charges associated with Scholar's Edge.

Financial Advisor: Certain broker-dealers, financial advisors, or properly licensed investment advisors that offer Scholar's Edge to investors.

IRS: Internal Revenue Service.

Investment Option or **Portfolio:** Each Scholar's Edge Year of Enrollment Portfolio, Scholar's Edge Target Risk Portfolio, and Individual Portfolio in Scholar's Edge.

Investment Managers: The investment managers of the Underlying Funds, which may change from time to time, and currently include Principal, BlackRock, Vanguard, JPMorgan, and New York Life, who are the investment managers of their respective Underlying Funds. The Portfolios' Underlying Investments are subject to change. There is no guarantee that the current Investment Managers will manage any Underlying Fund of any Portfolio in the future.

JPMorgan: J.P. Morgan Investment Management Inc., the Investment Manager of the JPMorgan Underlying Fund.

K-12 Tuition: Qualified elementary and secondary tuition expenses as defined in the Code and as may be further limited by the Plan. These expenses are defined as expenses for tuition in connection with enrollment or attendance at an elementary or secondary public, private, or religious school. Although K-12 Tuition is a Qualified Higher Education Expense under federal tax law, it is not for New Mexico tax purposes.

Management Agreement: An agreement between the Board and the Program Manager to provide Scholar's Edge with program management, investment advisory, recordkeeping, administrative, and marketing services. The Management Agreement between the Board and AGS is now effective and will terminate in 2026, unless extended or earlier terminated as provided in the Management Agreement.

Maximum Account Balance: The maximum aggregate balance of all accounts for the same Beneficiary in Qualified Tuition Programs sponsored by the State of New Mexico, as established by the Board from time to time, which will limit the amount of contributions that may be made to Accounts for any one Beneficiary, as required by Section 529. The current Maximum Account Balance is $500,000.

Member of the Family: An individual as defined in Section 529(e)(2) of the Code. Generally, this definition includes a Beneficiary's immediate family members. A Member of the Family means an individual who is related to the Beneficiary as follows:

1. a child or stepchild;
2. a sibling, stepsibling, or half-sibling;
3. a parent, or stepparent;
4. a grandparent;
5. a grandchild;
6. a niece or nephew;
7. an aunt or uncle;
8. a first cousin;
9. a mother- or father-in-law, son- or daughter-in-law, brother- or sister-in-law; or
10. a spouse of any individual listed (except first cousin).

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

New Mexico Resident: An Account Owner or Beneficiary who has registered a New Mexico address with the Plan.

New York Life: New York Life Investment Management LLC, the Investment Manager of the Mainstay Underlying Fund.

Non-Qualified Distributions: A distribution from an Account that is not used to pay for Qualified Expenses.

PFD: Principal Funds Distributor, Inc., the distributor of the Plan.

PGI or **Principal:** Principal Global Investors, LLC, the investment advisor to the Plan, as well as the Investment Manager of the Principal Underlying Funds.

Plan Officials: The State, Scholar’s Edge, the Board, the Trustee, the Trust, any other agency of the State, the Program Manager (and its affiliates), PGI and PFD (and their affiliates), the Investment Managers (and their respective affiliates), and any other counsel, advisor, or consultant retained by, or on behalf of, those entities and any employee, officer, official, or agent of those entities.

Principal Life: Principal Life Insurance Company, the issuer of the Scholar’s Edge Guaranteed Contract.

Principal Services Agreement: The agreement between the Program Manager and PGI and PFD, and approved by the Board, pursuant to which PGI and PFD provide investment management and distribution services, respectively, to Scholar’s Edge. The Principal Services Agreement is now effective and will terminate in 2026, unless extended or earlier terminated as provided in the Principal Services Agreement.

Program Management Fee: The annual asset-based Fee paid to the Program Manager for services provided to the Plan.

Program Manager or **Ascensus:** Ascensus College Savings Recordkeeping Services, LLC has been engaged by the Board to provide the program management services, including program management, investment advisory, recordkeeping, administrative, and marketing services, as an independent contractor, on behalf of Scholar’s Edge, the Trust, and the Board (as Trustee of the Trust and administrator of the Plan).

Qualified ABLE Program: A program designed to allow individuals with disabilities to save for qualified disability expenses. Qualified ABLE Programs are sponsored by states or state agencies and are authorized by Section 529A of the Code.

Qualified Distribution: A distribution from an Account that is used to pay Qualified Expenses of the Beneficiary.

Qualified Expenses: Qualified higher education expenses as defined in the Code and as may be further limited by Scholar’s Edge. Generally, these include the following:

1. tuition, fees and the costs of textbooks, supplies, and equipment required for the enrollment or attendance of a Beneficiary at an Eligible Educational Institution;

2. certain costs of the room and board of a Beneficiary for any academic period during which the student is enrolled at least half-time at an Eligible Educational Institution;

3. expenses for special needs Beneficiaries that are necessary in connection with their enrollment or attendance at an Eligible Educational Institution;

4. expenses for the purchase of computer or peripheral equipment (as defined in section 168(i)(2)(B) of the Code), computer software (as defined in section 197(e)(3)(B) of the Code), or Internet access and related services, if the equipment, software, or services are to be used primarily by the Beneficiary during any of the years the Beneficiary is enrolled at an Eligible Educational Institution; and

5. K-12 Tuition. Although K-12 Tuition is a Qualified Higher Education Expense under federal tax law, it is not a Qualified Higher Education Expense for New Mexico tax purposes

Qualified Tuition Program or **529 plan:** A qualified tuition program under Section 529 of the Code.

Recurring Contribution: Also known as AIP or Automatic Investment Plan. A service in which an Account Owner authorizes Scholar’s Edge to transfer money, on a regular and predetermined basis, from a bank or other financial institution to an Account in Scholar’s Edge.

Refunded Distribution: A distribution taken for Qualified Expenses which is later refunded by the Eligible Educational Institution and recontributed to a Qualified Tuition Program that meets the following requirements:

1. The recontribution must not exceed the amount of the refund from the Eligible Educational Institution;

2. The recontribution must not exceed the amount of distributions previously taken to pay the Qualified Expenses of the Beneficiary;

3. The recontribution must be made to an account in a Qualified Tuition Program of the same Beneficiary to whom the refund was made; and

4. The funds must be recontributed to a Qualified Tuition Program within 60 days of the date of the refund from the Eligible Educational Institution.

A Refunded Distribution will not be subject to federal or New Mexico state income tax, recapture of the New Mexico state income tax deduction, or the Distribution Tax.

Rollover Distribution: A distribution resulting from a change of Beneficiary to another Beneficiary who is a Member of the Family, either within Scholar's Edge or between Qualified Tuition Programs, or a rollover or transfer of assets between Qualified Tuition Programs for the same Beneficiary, provided another rollover or transfer for the same Beneficiary has not occurred in the previous twelve (12) months.

Scholar's Edge or **Plan**: Scholar's Edge 529, the 529 plan described in this Plan Description and Participation Agreement.

Section 529: Section 529 of the Code.

Standing Investment Instruction: The selection made by an Account Owner indicating how contributions are allocated among Investment Options.

State: The State of New Mexico.

Successor Account Owner: The person named in the Enrollment Form or otherwise in writing to Scholar's Edge by the Account Owner, who may exercise the rights of the Account Owner under Scholar's Edge if the Account Owner dies or is declared legally incompetent. The Successor Account Owner may be the Beneficiary if the Beneficiary is 18 years or older.

Supplement: An addendum to the Plan Description and Participation Agreement, issued from time to time.

Trust: The Education Plan Trust of New Mexico created by the Declaration of Trust.

Trusted Contact Person: The person you designate as a contact to address possible financial exploitation, to confirm the specifics of your current contact information, health status, or the identity of any legal guardian, executor, trustee, or holder of a power of attorney; or as otherwise permitted by Financial Industry Regulatory Authority (FINRA) Rule 2165.

Trustee: The Board in its capacity as trustee of the Trust.

UGMA/UTMA: Uniform Gifts to Minors Act / Uniform Transfers to Minors Act.

Underlying Funds or Funds: The mutual funds and exchange-traded funds (ETFs) that are Underlying Investments of the Portfolios.

Underlying Investments: The Underlying Funds and other assets in which the Portfolios are invested, including any insurance contracts.

Unit or Units: The measurement of your interest in a Portfolio.

Unit Class: A class of Units offered for a Portfolio, either Class A, Class C, or Class R, each having a different Fee structure.

Unit Value: The value per Unit for a Portfolio.

Upromise Program: A loyalty program offered by Upromise, Inc. which enables Account Owners in the Upromise Program to earn rewards from participating merchants. The Upromise Program is a separate program from the Plan. Upromise, Inc. is not an affiliate of the State, the Trust, the Board, or any Plan Official.

Vanguard: The Vanguard Group, Inc., the Investment Manager of the Vanguard Underlying Funds.

We or **our:** Scholar's Edge, the Board (as the Trustee of the Trust and administrator of the Plan), the Program Manager, PGI, PFD, and/or the Investment Managers, as the case may be.

How You Participate

Account Basics

To participate in Scholar's Edge, you must complete, sign, and have your Financial Advisor submit an Enrollment Form. You must be 18 years or older and a U.S. citizen (or a resident alien), or an entity that is organized in the U.S. and have a valid permanent U.S. street address. By signing the Enrollment Form, you irrevocably consent and agree that the Account is subject to the terms and conditions of the Enrollment Form and this Plan Description and Participation Agreement. You also consent and agree to authorize your Financial Advisor to access your Account and perform certain transactions on your behalf as explained on the Enrollment Form or separately on the appropriate power of attorney or agent authorization form.

If you do not wish to work with a Financial Advisor, the Board also offers a direct-to-consumer 529 plan, The Education Plan. The Education Plan offers lower cost Investment Options compared to Scholar's Edge. Go to **theeeducationplan.com** for more information about The Education Plan.

> **Account Basics:** You must work with a Financial Advisor to open an Account, and you must be 18 years or older and a U.S. citizen (or a resident alien), or an entity that is organized in the U.S., and have a valid permanent U.S. street address. If you have an open Account and you no longer have a permanent U.S. street address, your Account will not be eligible to receive contributions.

Successor Account Owner. You may designate a Successor Account Owner that is 18 years or older (to the extent permissible under the laws that apply to your situation) to succeed to all of your right, title, and interest in your Account upon your death or legal incompetence. You can make this designation online, on the Enrollment Form, over the phone, or in writing. We must receive and process your request before the Successor Account Owner designation can be effective. You may change or terminate your Successor Account Owner at any time by submitting the appropriate form. Forms may be obtained from our website at **scholarsedge529.com** or by calling us at **1.866.529.7283**.

Beneficiary. You can set up an Account for anyone, including yourself or your child, grandchild, spouse, or other relative or even someone not related to you. Each Account can have only one Beneficiary at any time. However, you may have multiple Accounts for different Beneficiaries. Also, different Account Owners may have an Account for the same Beneficiary within the Plan, but contributions to an Account will be limited if the total assets held in all Accounts for that Beneficiary under all 529 plans offered by New Mexico equal or exceed the Maximum Account Balance. See ***Maximum Account Balance*** on page 17. Your Beneficiary may be of any age; however, the Beneficiary must be an individual.

Identification Verification. Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an Account. When completing your Enrollment Form, we will ask for your name, street address, date of birth, and Social Security or Tax Identification Number. If you are a trust or other entity, we require a Tax Identification Number and information for any person(s) opening your Account, such as a Custodian, agent under power of attorney, trustee, or corporate officer. Further information about identification verification requirements can be found in the ***General Information*** section beginning on page 56.

Trusts, Corporations, and Other Entities as Account Owners. If you are a trust, partnership, corporation, association, estate, or another acceptable type of entity, you must submit documentation to Scholar's Edge to verify the existence of the entity and identify the individuals who are eligible to act on the entity's behalf. Examples of appropriate documentation include a trust agreement, partnership agreement, corporate resolution, articles of incorporation, bylaws, or letters appointing an executor or personal representative. This documentation must be submitted when an Account is established. We will not be able to open your Account until we receive all of the information required on the Enrollment Form and any other information we may require, including the documentation that verifies the identity and existence of the Account Owner.

A Beneficiary does not have to be named during enrollment when the Account Owner is a tax-exempt organization, as defined in the Code, and the Account has been established as a general scholarship fund.

How to Open and Fund Your Account

Minimum Contributions. To open an Account, you must make an initial contribution of at least $1. Any additional contribution must be at least $1.

You can make your initial and any additional contributions by check, Recurring Contributions (also known as Automatic Investment Plan (AIP)), payroll direct deposit, Electronic Funds Transfer (EFT), dollar-cost averaging, rolling over assets from another Qualified Tuition Program, moving assets from an UGMA/UTMA account or Coverdell Education Savings Account, or by redeeming U.S. Savings Bonds. Each of your contributions will be subject to applicable sales charges and commissions.

We will not accept contributions made by cash, money order, travelers checks, foreign checks, checks dated more than 180 days from the date of receipt, checks post-dated more than seven days in advance, checks with unclear instructions, starter or counter checks, credit card or bank courtesy checks, third-party personal checks over $10,000, instant loan checks, or any other check we deem unacceptable. We will also not accept stocks, securities, or other noncash assets as contributions to your Account. You can allocate each contribution among any of the Investment Options; however, the minimum percentage per selected Investment Option is 1% of the contribution amount. Your additional contributions can be made to different Investment Options than the selection(s) you make during enrollment as long as investments in those different Investment Options are permissible.

Getting Started: You can open your Account with as little as $1.

Contribution Date. We will credit any money contributed to your Account on the same business day if the contribution is received in good order and prior to the close of the New York Stock Exchange (NYSE), normally 4:00 p.m. Eastern Time. The contribution will be credited on the next succeeding business day that the NYSE is open if it is received after its close.

We will generally treat contributions sent by U.S. mail as having been made in a given year if checks are received in a mailing postmarked on or before December 31 of the applicable year, and provided the checks are subsequently paid. With respect to EFT contributions, for tax purposes we will generally treat contributions received by us in a given year as having been made in that year if you initiate them on or before December 31 of such year, provided the funds are successfully deducted from your checking or savings account at another financial institution. Your contributions made by Recurring Contribution will generally be considered received by us in the year the Recurring Contribution debit has been deducted from your checking or savings account at another financial institution. See ***Funding Methods – Recurring Contribution*** beginning on page 14.

Future Contributions. At the time you enroll, you must choose how you want your contributions invested, which will serve as the standing investment instruction for future contributions (Standing Investment Instruction). We will invest all additional contributions according to your Standing Investment Instruction, unless you provide us with different instructions, and investments in different Investment Options are permissible. You may view or change your Standing Investment Instruction at any time by logging onto our website at **scholarsedge529.com**. You may also change your Standing Investment Instruction by downloading and submitting the appropriate exchange/future contribution form from our website at **scholarsedge529.com.**

Changing Investment Options. You may change the Investment Options for your Account twice per calendar year, and with a permissible change in the Beneficiary. The twice per calendar year limitation on reallocations applies in the aggregate across all of your accounts for the same Beneficiary under all Qualified Tuition Programs sponsored by the State of New Mexico. You may exchange Units in a Portfolio only for Units of the same Unit Class in another Portfolio. You can initiate this transaction online, over the telephone by contacting a Client Service Representative at **1.866.529.7283**, or by downloading and submitting the appropriate exchange/future contribution form from our website at **scholarsedge529.com.**

Control over Your Account. Although any individual or entity may make contributions to your Account, you, as Account Owner, retain control of all contributions made as well as all earnings credited to your Account up to the date they are directed for distribution. A Beneficiary who is not the Account Owner has no control over any of the Account assets. Except as required by law, only you may direct transfers, rollovers, investment changes, withdrawals, and changes of the Beneficiary. You may also grant another person the ability to take certain actions with respect to your Account by completing appropriate form(s).

By signing the Enrollment Form, you consent and agree to authorize your Financial Advisor to access your Account and perform certain transactions on your behalf as explained on the Enrollment Form or separately on the appropriate power of attorney or agent authorization form.

Trusted Contact. You can choose to authorize us to contact a Trusted Contact Person and disclose to that person information about your Account to address possible financial exploitation; to confirm the specifics of your current contact information, health status, or the identity of any legal guardian, executor, trustee, or holder of a power of attorney; or as otherwise permitted by law. You can choose to designate a Trusted Contact Person by completing the appropriate form or the Trusted Contact Person section of the Enrollment Form. A Trusted Contact Person must be at least eighteen (18) years of age.

Funding Methods

NINE WAYS **TO CONTRIBUTE TO AN ACCOUNT IN SCHOLAR'S EDGE:**	**Recurring Contributions (also known as Automatic Investment Plan (AIP))** Link your bank account and Scholar's Edge and schedule automatic transfers of a set dollar amount.	**Electronic Funds Transfer (EFT)** Link your bank account and Scholar's Edge and schedule transfers of a set dollar amount.	**Check** Send a check payable to Scholar's Edge to P.O. Box 219798, Kansas City, MO 64121-9798.	**Payroll Direct Deposit** Link your Account in Scholar's Edge to your employer so a set amount is taken out of your paycheck each pay period.
Upromise Link your Account in Scholar's Edge to the Upromise program to earn a percentage of what you spend on eligible everyday purchases.	**Ugift®** Give a unique code to your family and friends and allow them to contribute to your Account in Scholar's Edge.	**Incoming Rollover** Transfer assets from a 529 plan outside the Program to your Account in Scholar's Edge.	**Contribution from ESA or Qualified U.S. Savings Bond** Contribute to Scholar's Edge from an education savings account or by selling a qualified U.S. Savings Bond.	**Contribution from UGMA/UTMA** Contribute assets from an UGMA/UTMA account to your Account in Scholar's Edge.

Contributions by Check. You may make your initial contribution by check. Checks must be made payable to Scholar's Edge. Third-party personal checks must be equal to or less than ten-thousand dollars ($10,000) and be properly endorsed or made payable to Scholar's Edge.

Recurring Contribution. You may contribute to your Account by authorizing us to receive periodic automated debits from a checking or savings account at your bank if your bank is a member of the Automated Clearing House, subject to certain processing restrictions. You may elect to authorize an annual increase to your Recurring Contribution. You can initiate a Recurring Contribution either when you enroll by completing the Recurring Contribution section during enrollment or after your Account has been opened, either online, over the phone (provided you have previously submitted certain information about the bank account from which the money will be withdrawn), or in writing by submitting the appropriate form. Your Recurring Contribution authorization will remain in effect until we have received notification of its termination from you and we have had a reasonable amount of time to act on it.

Recurring Contribution deposits can be set up for as little as $1. However, if you do not otherwise qualify for a waiver, you may need to schedule Recurring Contributions of at least $25 per month or $75 per quarter in order for the Annual Account Maintenance Fee to be waived. See ***Fees and Charges – Annual Account Maintenance Fee*** on page 26.

You may terminate your Recurring Contribution at any time. To be effective, a change to, or termination of, a Recurring Contribution must be received at least five (5) business days before the next Recurring Contribution debit is scheduled to be deducted from your bank account, and is not effective until received and processed by us. If your Recurring Contribution cannot be processed because the bank account on which it is drawn lacks sufficient funds, if you provide incomplete or inaccurate banking information, or if the transaction would violate processing restrictions, we reserve the right to suspend processing of future Recurring Contributions.

There is no charge for making Recurring Contributions. Recurring Contribution debits from your bank account will occur on the day you indicate, provided the day is a regular business day. If the day you indicate falls on a weekend or a holiday, the Recurring Contribution debit will occur on the next business day. Quarterly Recurring Contribution debits will be made on the day you indicate (or the next business day, if applicable) every three (3) months, not on a calendar quarter basis. If you do not designate a date, your bank account will be debited on the 20th day of the applicable month.

The trade date will be the same as the day the bank debit occurs. If you indicate a start date that is within the first four (4) days of the month, there is a chance that your investment will be credited on the last business day of the previous month. **Please note that Recurring Contributions with a debit date of January 1st, 2nd, 3rd, or 4th will be credited in the same year as the debit date.**

The start date for a Recurring Contribution must be at least three (3) business days from the date you submit the Recurring Contribution request. If a start date for a Recurring Contribution is less than three (3) business days from the date you submit the Recurring Contribution request, the Recurring Contribution will start on the requested day in the next succeeding month.

Electronic Funds Transfer (EFT). You may also contribute by EFT subject to certain processing restrictions. Each contribution must be in an amount of at least $1. You may authorize us to withdraw funds by EFT from a checking or savings account for both initial and additional contributions to your Account, provided you have submitted certain information about the bank account from which the money will be withdrawn. EFT transactions can be completed through the following means: (i) by providing EFT instructions on the Enrollment Form; (ii) by submitting EFT instructions online after enrollment at **scholarsedge529.com**; or (iii) by contacting a Client Service Representative at **1.866.529.7283**. We do not charge a Fee for contributing by EFT.

Limitations on Recurring Contributions and EFT Contributions. We may place a limit on the total dollar amount per day you may contribute to an Account by EFT. Contributions in excess of this limit will be rejected. If you plan to contribute a large dollar amount to your Account by EFT, you may want to contact a Client Service Representative at **1.866.529.7283** to inquire about the current limit prior to making your contribution.

An EFT or Recurring Contribution may fail because the bank account on which it is drawn lacks sufficient funds or because the Account Owner has failed to provide correct and complete banking instructions (Failed Contributions). If you have a Failed Contribution, we reserve the right to suspend processing of future Recurring Contribution and EFT contributions. See ***Failed Contributions*** on page 17.

Direct Deposits From Payroll. You may be eligible to make automatic, periodic contributions to your Account by payroll direct deposit (if your employer offers this service). You may make your initial investment by payroll direct deposit or set up payroll direct deposit for additional contributions to your Account. The minimum payroll direct deposit contribution is $1 per paycheck. Contributions by payroll direct deposit will only be permitted from employers able to meet our operational and administrative requirements. You must complete payroll direct deposit instructions by logging into your Account at **scholarsedge529.com**, selecting the payroll direct deposit option, and designating the contribution amount in the instructions. You will need to print these instructions and submit them to your employer. Alternatively, you may submit the appropriate payroll direct deposit form directly to us to initiate the payroll direct deposit process.

Rollover Contributions. You can make your initial investment by rolling over assets from another Qualified Tuition Program to Scholar's Edge for the benefit of the same Beneficiary. You can also roll over assets from your Account or another Qualified Tuition Program to a Beneficiary who is a Member of the Family of your current Beneficiary. See ***Maintaining Your Account – Options for Unused Contributions, Changing a Beneficiary, Transferring Assets to Another of Your Accounts*** on page 22. A rollover for the same Beneficiary is restricted to once per 12-month period. Incoming rollovers can be direct or indirect.

A direct rollover is the transfer of money from one Qualified Tuition Program directly to another. An indirect rollover is the transfer to you of money from an account in another state's Qualified Tuition Program; you then contribute the money to your Account. To avoid federal income tax consequences and the Distribution Tax, you must contribute an indirect rollover within 60 days of the distribution.

You should also be aware that some states may not permit direct rollovers from Qualified Tuition Programs. In addition, there may be state income tax consequences (and in some cases state-imposed penalties) resulting from a rollover out of a state's Qualified Tuition Program. See ***Important Tax Information – State Tax Issues*** beginning on page 54.

Moving Assets from an UGMA/UTMA Account. If you are the Custodian of an UGMA/UTMA account, you may be able to open an Account in your custodial capacity, depending on the laws of the state where you opened the UGMA/UTMA account. These types of accounts involve additional restrictions that do not apply to regular Section 529 accounts. The Plan Officials are not liable for any consequences related to your improper use, transfer, or characterization of custodial funds.

In general, your UGMA/UTMA custodial account is subject to the following additional requirements and restrictions:

1. you must indicate that the Account is an UGMA/UTMA account and the state in which the UGMA/UTMA account was opened by checking the appropriate box on the Enrollment Form;
2. you must establish an Account in your custodial capacity separate from any Accounts you may hold in your individual capacity;
3. you will be permitted to make distributions in accordance with the rules regarding distributions under applicable UGMA/UTMA law;
4. you will not be able to change the Beneficiary of the Account (directly or by means of a Rollover Distribution), except as may be permitted by applicable UGMA/UTMA law;
5. you will not be able to change the Account Owner to anyone other than a successor Custodian during the term of the custodial account under applicable UGMA/UTMA law;
6. you must notify us when the custodianship terminates and your Beneficiary is legally entitled to take control of the Account. At that time, the Beneficiary will become the Account Owner and will become subject to the provisions of the Plan applicable to non-UGMA/UTMA Account Owners;
7. any tax consequences of a distribution from an Account will be imposed on the Beneficiary and not on the Custodian; and
8. we may require you to provide documentation evidencing compliance with the applicable UGMA/UTMA law.

In addition, certain tax consequences described under ***Important Tax Information*** starting on page 53, may not be applicable in the case of Accounts opened by a Custodian under UGMA/UTMA. Moreover, because only contributions made in "cash form" may be used to open an Account in Scholar's Edge, the liquidation of non-cash assets held by an UGMA/UTMA account would be required and may be considered a taxable event. Please contact a tax advisor to determine how to transfer assets held in an existing UGMA/UTMA account to Scholar's Edge and what the implications of that transfer may be for your specific situation.

Moving Assets from a Coverdell Education Savings Account. You may fund your Account by moving assets from a Coverdell Education Savings Account (ESA). Please indicate that the assets were liquidated from the ESA on the Enrollment Form or with any additional investments. Unlike UGMA/UTMA accounts, the Beneficiary may be changed to a Member of the Family of the beneficiary of the ESA. Making distributions from an ESA to fund an Account for the same Beneficiary may not be considered a taxable transaction. Consult your tax advisor for more information.

Redeeming U.S. Savings Bonds. You may fund your Account with proceeds from the redemption of certain U.S. Savings Bonds. In certain cases, you may redeem U.S. Savings Bonds under the education tax exclusion. Please visit **savingsbonds.gov** to determine if you are eligible for this exclusion.

Refunded Distributions. In the event the Beneficiary receives a refund from an Eligible Educational Institution, those funds will be eligible for recontribution to your Account if:

- The Beneficiary of your Account is the same Beneficiary receiving the refund; and
- The recontribution is made within 60 days of the date of the refund.

The recontributed amount will not be subject to federal or New Mexico state income tax or the Distribution Tax. For tax purposes, please maintain proper documentation evidencing the refund from the Eligible Educational Institution.

Additional Form Requirements for Rollovers, ESAs, and Series EE or Series I Bonds

Rollover contributions and other transfers to your Account must be accompanied by the appropriate incoming rollover form as well as any other information we may require, including the information required for certain contributions described below. To roll over assets for a current Beneficiary into an Account in Scholar's Edge, you must complete the appropriate incoming rollover form and an Enrollment Form.

When making a contribution to your Account with assets previously invested in an ESA, a redemption of Series EE and Series I bonds or a rollover, you must indicate the source of the contribution and provide us with the following documentation, as applicable:

1. In the case of a contribution from an ESA, an accurate account statement issued by the financial institution that acted as custodian of the account that reflects in full both the principal and earnings attributable to the rollover amount.

2. In the case of a contribution from the redemption of Series EE or Series I U.S. Savings Bonds, an accurate account statement or Form 1099-INT issued by the financial institution that redeemed the bond showing interest from the redemption of the bond.

3. In the case of a rollover, either you or the previous Qualified Tuition Program must provide us with an accurate statement issued by the distributing program which reflects in full both the principal and earnings attributable to the rollover amounts.

Please visit the Scholar's Edge website at **scholarsedge529.com** or contact a Client Service Representative at **1.866.529.7283** for any of the forms you may need. Until we receive the documentation described above, as applicable, we will treat the entire amount of the rollover contribution as earnings in the Account receiving the transfer, which would subject the entire amount of the rollover contribution to taxation in the case of a Non-Qualified Distribution.

Dollar-Cost Averaging. The Plan allows Account Owners to take advantage of dollar cost averaging via periodic systematic exchanges. Account Owners may choose an originating Portfolio and a Portfolio into which specified dollar amounts (a minimum of $25 per Portfolio) will be transferred on a monthly or quarterly basis. Account Owners must have at least $1,000 in the originating Portfolio to begin dollar-cost averaging. Dollar-cost averaging does not eliminate the risks of investing in financial markets and may not be appropriate for everyone. It does not ensure a profit or protect you against a loss in declining markets.

If you elect to begin dollar-cost averaging assets that are currently in your Account, such election will count as a transfer for purposes of the twice per calendar year limitation on reallocations. In addition, changing your standing dollar-cost averaging instructions, or canceling them, will also be considered a transfer for purposes of the same limitation. The twice per calendar year limitation on reallocations applies in the aggregate across all of your accounts for the same Beneficiary under all Qualified Tuition Programs sponsored by the State of New Mexico.

Maximum Account Balance. You can contribute up to a Maximum Account Balance of $500,000 for each Beneficiary. The aggregate market value of all accounts for the same Beneficiary under all Qualified Tuition Programs sponsored by the State of New Mexico is counted toward the Maximum Account Balance regardless of the Account Owner. Earnings may cause the Account balances for your Beneficiary to exceed $500,000 and no further contributions will be allowed at that point. If, however, the market value of your Account falls below the Maximum Account Balance, we will then accept additional contributions.

Should the Board decide to increase the Maximum Account Balance, which it may in its sole discretion, additional contributions up to the new Maximum Account Balance will be accepted.

Excess Contributions. The excess portion of any contributions received that would cause your Account balance to exceed the Maximum Account Balance (as determined by the close of business on the day prior to our receipt of your contribution) will be returned to you, without adjustment for gains or losses. If you are enrolled in a Recurring Contribution, the Recurring Contribution may be discontinued. Also, if a contribution is applied to an Account and we later determine the contribution to have caused the aggregate market value of the account(s) for a Beneficiary in all Qualified Tuition Programs sponsored by the State of New Mexico to exceed the Maximum Account Balance, we will refund the excess contributions and any earnings thereon to the contributor. Any refund of an excess contribution may be treated as a Non-Qualified Distribution.

Failed Contributions. If you make a contribution by check, EFT, or Recurring Contribution that is returned unpaid by the bank upon which it is drawn, you will be responsible for any losses or expenses incurred by the Portfolios or the Plan and we may charge your Account a reasonable Fee. Your obligation to cover the loss may be waived if you make payment in good order within ten (10) calendar days. We have the right to reject or cancel any contribution due to nonpayment.

Confirmation of Contributions and Transactions. We will send you a confirmation for each contribution and transaction to your Account(s), except for Recurring Contributions, payroll direct deposits transactions, exchanges due to dollar-cost averaging, and automatic transfers from a Upromise Program account to your Account. Each confirmation statement will indicate the number of Units you own in each Investment Option. If an error has been made in the amount of the contribution or the Investment Option in which a particular contribution is invested, you have sixty (60) days from the date of the confirmation statement to notify us of the error. See ***Maintaining Your Account – Correction of Errors*** on page 23.

We use reasonable procedures to confirm that transaction requests are genuine. You may be responsible for losses resulting from fraudulent or unauthorized instructions received by us, provided we reasonably believe the instructions are genuine. To safeguard your Account, please keep your information confidential. Contact us immediately at **1.866.529.7283** if you believe there is a discrepancy between a transaction you requested and the confirmation statement you received, or if you believe someone has obtained unauthorized access to your Account. Contributions may be refused if they appear to be an abuse of the Plan.

Ugift. You may invite family and friends to contribute to your Account through Ugift, either in connection with a special event or just to provide a gift to the Account Owner's Beneficiary. Family and friends can either contribute online through an electronic bank transfer or by mailing in a gift contribution coupon with a check made payable to Ugift—Scholar's Edge. The minimum gift contribution through Ugift is $1.

Gift contributions received in good order will be held for approximately five (5) business days before being transferred into your Account. Gift contributions through Ugift are subject to the Maximum Account Balance. Gift contributions will be invested according to the Standing Investment Instruction on file for your Account at the time the gift contribution is transferred. There may be potential tax consequences of gift contributions invested in your Account. You and the gift giver should consult a tax advisor for more information. Ugift is an optional service, is separate from Scholar's Edge, and is not affiliated with the State of New Mexico, the Board, or the Trust. For more information, please see our website at **scholarsedge529.com**.

Upromise Program. If you are enrolled in the Upromise Program, you can link your Account so that savings are automatically transferred to your Account on a periodic basis. The minimum amount for an automatic transfer from a Upromise Program account may be $25 or higher. Go to **upromise.com** for more information on transfer minimums.

This Plan Description and Participation Agreement is not intended to provide detailed information concerning the Upromise Program. The Upromise Program is administered in accordance with the terms and procedures set forth in the Upromise Member Agreement (as amended from time to time), which is available by going to **upromise.com**. Participating companies, contribution levels and terms and conditions are subject to change at any time without notice. The Upromise Program is an optional program, is separate from Scholar's Edge, and is not affiliated with the State of New Mexico, the Board, or the Trust.

How To Take A Distribution From Your Account

General. You can take a distribution from your Account or close your Account at any time by notifying us. We will not send any proceeds from your distribution request until all the money has been collected, meaning the money's availability in your Account is confirmed.

Distributions from your Account are either Qualified Distributions or Non-Qualified Distributions as determined under IRS requirements. As the Account Owner, you are responsible for satisfying the IRS requirements for proof of Qualified Distributions, which includes retaining any paperwork and receipts necessary to verify the type of distribution you received. We are not required to provide information to the IRS regarding the type (qualified or non-qualified) of distribution you request.

Distributions may be subject to federal and/or state tax withholding. For purposes of determining that a distribution is not taxable or subject to the Distribution Tax, you must determine whether the distribution is made in connection with the payment of Qualified Expenses, as defined under the Code and discussed under ***Qualified Distributions*** below, or fits within one of the exceptions for treatment as a Non-Qualified Distribution as discussed under ***Other Distributions*** on page 20.

Distributions: Distributions from your Account are either Qualified Distributions (federally tax free) or Non-Qualified Distributions (subject to income tax and, in some cases, the Distribution Tax).

Procedures for Distributions. Only the Account Owner may direct distributions from your Account. Qualified Distributions made payable to the Account Owner, the Beneficiary, or an Eligible Educational Institution may be requested online, by phone, or by completing the appropriate distribution request form. In order for us to process a distribution request, the distribution request must be in good order, and we must be provided with such other information or documentation as we may require.

We will generally process a distribution from an Account within three (3) business days of accepting the request. During periods of market volatility and at year-end, distribution requests may take up to five (5) business days to process. Please allow ten (10) business days for the proceeds to reach the Account Owner, the Beneficiary, or the Eligible Educational Institution. We may also establish a minimum distribution amount and/or charge a Fee for distributions made by federal wire.

Distributions for Account Owners that are Trusts, Corporations and Other Entities. If the individuals who are authorized to act on behalf of your entity have changed since your Account was established, then additional documentation showing these changes must be submitted with any distribution request.

Systematic Withdrawal Program. You may choose to establish periodic, pre-scheduled withdrawals for Qualified Higher Education Expenses from your Account. The Plan will file IRS Form 1099-Q annually for distributions taken for all withdrawals, including those using systematic withdrawals. You may have up to two sets of standing systematic withdrawal instructions at any given time. If the balance in an Investment Option from which you are taking systematic withdrawals is less than the amount specified in your instructions, the systematic withdrawals under those instructions will be stopped. A distribution for a systematic withdrawal will be held for up to five business days for contributions that have not yet cleared, or 10 business days if the Account Owner or address has been changed on the Account and the systematic withdrawal is within 10 business days of that change. The distribution will be released when the specified waiting period has been satisfied.

Temporary Withdrawal Restriction. If you make a contribution by check, EFT, or Recurring Contribution (assuming all are in good order), we will defer the approval of a withdrawal of that contribution from your Account for five (5) business days following deposit. There will also be a hold of fifteen (15) business days on withdrawals following a change to your address, and a hold of ten (10) calendar days on withdrawals if banking information has been added or edited. For assistance, please contact a Client Service Representative at **1.866. 529.7283**.

Qualified Distributions. Distributions for Qualified Expenses are generally exempt from federal and New Mexico state income taxes and the Distribution Tax.

Non-Qualified Distributions. A distribution that does not meet the requirements for a Qualified Distribution will be considered a Non-Qualified Distribution by the IRS. The earnings portion of a Non-Qualified Distribution will be subject to federal income taxes (and may be subject to other taxes) and will be taxable to the person receiving the distribution. In addition, Non-Qualified Distributions are subject to a Distribution Tax unless it is one of the distributions described below under Other Distributions.

The person receiving the distribution is subject to IRS requirements, including filing applicable forms with the IRS. Although we will report the earnings portion of all distributions, it is your responsibility to calculate and report any tax liability and to substantiate any exemption from tax and/or penalties.

Other Distributions. The distributions discussed below are not subject to the Distribution Tax. Except for a Rollover Distribution, a Refunded Distribution, an ABLE Rollover Distribution and a K-12 Distribution, the earnings portion of each distribution discussed will be subject to federal and to any applicable state income taxes. For New Mexico taxpayers, a Rollover Distribution, an ABLE Rollover Distribution, and a K-12 Tuition distribution are subject to recapture by the state as taxable income. See ***Important Tax Information – Federal Tax Issues – Transfers and Rollovers*** on page 53 and ***State Tax Issues*** beginning on page 54. You should consult a tax advisor regarding the application of federal and state tax laws if you take any of these distributions:

- **Death of Beneficiary.** In the event of the death of the Beneficiary, you may change the Beneficiary of your Account, authorize a payment to a beneficiary of the Beneficiary, or the estate of the Beneficiary, or request the return of all or a portion of your Account balance. A distribution due to the death of the Beneficiary, if paid to a beneficiary of the Beneficiary or the estate of the Beneficiary, will not be subject to the Distribution Tax, but earnings will be subject to federal and any applicable state income tax. A distribution of amounts in your Account, if not paid to a beneficiary of the Beneficiary or the Beneficiary's estate, may constitute a Non-Qualified Distribution, subject to federal and applicable state income taxes at the distributee's tax rate and the Distribution Tax. If you select a new Beneficiary who is a Member of the Family of the former Beneficiary, you will not owe federal income tax or the Distribution Tax. Special rules apply to UGMA/UTMA custodial accounts.

- **Disability of Beneficiary.** If your Beneficiary becomes Disabled, you may change the Beneficiary of your Account or request the return of all, or a portion of your Account balance. A distribution due to the Disability of the Beneficiary will not be subject to the Distribution Tax, but earnings will be subject to federal and any applicable state income tax at your tax rate. If you select a new Beneficiary who is a Member of the Family of the former Beneficiary, you will not owe federal income tax or a Distribution Tax. Special rules apply to UGMA/UTMA custodial accounts.

- **Receipt of Scholarship.** If your Beneficiary receives a qualified scholarship, Account assets up to the amount of the scholarship may be withdrawn without imposition of the Distribution Tax. A qualified scholarship includes certain Educational Assistance allowances under federal law as well as certain payments for educational expenses (or attributable to attendance at certain educational institutions) that are exempt from federal income tax. The earnings portion of a distribution due to a qualified scholarship is subject to federal and any applicable state income tax at the distributee's tax rate.

- **Attendance at Certain Specified Military Academies.** If your Beneficiary attends a United States military academy, such as the United States Naval Academy, you may withdraw up to an amount equal to the costs attributable to the Beneficiary's attendance at the institution without incurring the additional Distribution Tax. The earnings portion of the distribution will be subject to federal and any applicable state income tax at the distributee's tax rate.

- **Use of Education Tax Credits.** If you pay Qualified Expenses from an Account, you will not be able to claim American Opportunity or Lifetime Learning Credits for the same expenses. Furthermore, expenses used in determining the allowed American Opportunity or Lifetime Learning Credits will reduce the amount of a Beneficiary's Qualified Expenses to be paid from your Account as a Qualified Distribution and may result in taxable distributions. These distributions will not be subject to the Distribution Tax.

- **Rollover Distribution.** To qualify as a Rollover Distribution, you must reinvest the amount distributed from your Account into another Qualified Tuition Program within sixty (60) days of the distribution date. Rollover Distributions may be subject to certain state taxes, but are generally exempt from federal income taxes and the Distribution Tax.

ABLE Rollover Distribution. To qualify as an ABLE Rollover Distribution, you must reinvest the amount distributed from your Account into a Qualified ABLE Program within 60 days of the distribution date. ABLE Rollover Distributions may be subject to certain state taxes but are generally exempt from federal income taxes and the Distribution Tax. Amounts previously deducted for New Mexico income tax purposes will be recaptured if they are distributed from a New Mexico 529 plan account to a Qualified ABLE program, including the ABLE program offered in the State of New Mexico (notwithstanding that such a transfer is a Qualified

Withdrawal for federal tax purposes). Account Owners who are New Mexico taxpayers should consult their own tax advisors before transferring funds from a New Mexico 529 Plan to a Qualified ABLE Program. ***See Important Tax Information – State Tax Issues – Recapture of Income Tax Deduction*** on page 54.

Refunded Distribution. If you take a Refunded Distribution, any refunds received from an Eligible Educational Institution will not be subject to federal or New Mexico state income tax or the Distribution Tax.

Records Retention. Under current federal tax law, you are responsible for obtaining and retaining records, invoices, or other documentation relating to your Account, including records adequate to substantiate, among other things, the following: (i) expenses which you claim are Qualified Expenses, (ii) the death or Disability of a Beneficiary, (iii) the receipt by a Beneficiary of a qualified scholarship or Educational Assistance, (iv) the attendance by a Beneficiary at certain specified military academies, or (v) a Refunded Distribution.

Method of Payment. We pay distributions as noted to the following payees:

- Account Owner (by check or by ACH to an established bank account);
- Beneficiary (by check or by ACH to an established bank account); or
- Eligible Education Institution (by check).

A distribution taken to pay K-12 Tuition will be made payable to the Account Owner only.

Timing of Distribution Request. Distribution requests received in good order before the close of the NYSE (generally 4 p.m. Eastern Time) on any day the NYSE is open for business are processed that day based on the Unit Values of the Portfolios underlying your Account for that day. Requests received after the close of the NYSE are processed the next business day using the Unit Values on that day.

Tax Treatment of Distributions. Please read ***Important Tax Information*** starting on page 53.

Maintaining Your Account

Account Statements. You will receive quarterly statements to reflect transactions only if you have made transactions within the quarter. These transactions include contributions (including gifts) made to your Account, exchanges due to dollar-cost averaging, automatic transfers from a Upromise account to your Account, withdrawals made from your Account, and transaction and maintenance Fees incurred by your Account. The total value of your Account at the end of the quarter will also be included in your quarterly statements. You will receive an annual Account Statement even if you have made no transactions within the year.

Your Account statement is not a tax document and should not be submitted with your tax forms. However, you could use your Account statement(s) to determine the amounts contributed during the previous tax year. You may request duplicate copies of Account statements to be provided to another party.

You can choose to receive periodic Account statements, transaction confirmations, and other personal correspondence via electronic delivery or in paper format. We reserve the right to charge a Fee for duplicate copies of historical statements.

Your Financial Advisor will not automatically receive copies of your Account Statements. If you would like your Financial Advisor to receive copies of your Account Statements, you must complete and submit the appropriate power of attorney or agent authorization form.

Account Maintenance: Did you know that most transactions and changes to your Account can be handled online by going to **scholarsedge529.com** and logging into your Account?

Options for Unused Contributions, Changing a Beneficiary, Transferring Assets to Another of Your Accounts. Your Beneficiary may choose not to attend an Eligible Educational Institution or may not use all the money in your Account. In either case, you may name a new Beneficiary or take a distribution of your Account assets. Any Non-Qualified Distribution from your Account will be subject to applicable income taxes and may be subject to the Distribution Tax. See ***How to Take a Distribution from your Account*** starting on page 19.

You can change your Beneficiary at any time. To avoid negative tax consequences, the new Beneficiary must be a Member of the Family of the original Beneficiary. Any change of the Beneficiary to a person who is not a Member of the Family of the current Beneficiary is treated as a Non-Qualified Distribution subject to applicable federal and state income taxes as well as the Distribution Tax. An Account Owner who is an UGMA/UTMA Custodian will not be able to change the Beneficiary of the Account, except as may be permitted under the applicable UGMA/UTMA law. See ***Funding Methods – Moving Assets from an UGMA/UTMA Account*** starting on page 15.

To initiate a change of Beneficiary, you must complete and submit the appropriate beneficiary change form. The change will be made upon our receipt and acceptance of the signed, properly completed form(s) in good order. We reserve the right to suspend the processing of a Beneficiary transfer if we suspect that the transfer is intended to avoid the Plan's twice per calendar year exchange and reallocation limits and/or the tax laws. Also, a Beneficiary change or transfer of assets may be denied or limited if it causes one or more Accounts to exceed the Maximum Account Balance for a Beneficiary. There is no Fee for changing a Beneficiary. You may also initiate a change of Beneficiary online by logging into your Account at **scholarsedge529.com**.

When you change a Beneficiary, we will invest your assets in accordance with the Standing Investment Instruction for the new Beneficiary's Account. You can also transfer assets in your Account to a new Investment Option when you change the Beneficiary for your Account.

Changing Investment Options. You may change Investment Options twice per calendar year, and with a permissible change in the Beneficiary. The twice per calendar year limitation on reallocations applies in the aggregate across all of your accounts for the same Beneficiary under all Qualified Tuition Programs sponsored by the State of New Mexico. You may exchange Units in a Portfolio only for Units of the same Unit Class in another Portfolio. You can initiate this transaction online, over the telephone by contacting a Client Service Representative at **1.866.529.7283**, or by downloading and submitting the appropriate exchange/ future contribution form from our website at **scholarsedge529.com.**

Because you may make only two (2) changes per year as described above, it is important that you select an Investment Option that will meet your comfort level for risk in a variety of market conditions.

Changing or Removing a Custodian. For an Account funded with assets originally held in an UGMA/UTMA account, the Custodian may be released or replaced upon written notice to the Plan. See ***Funding Methods – Moving Assets from an UGMA/UTMA Account*** on page 15.

Change of Account Owner. Except as discussed below, you may transfer control of your Account assets to a new Account Owner. All transfers to a new Account Owner must be requested in writing and include any information that may be required by us, including the designation of a Financial Advisor. However, your right of control may not be sold, transferred, used as collateral, or pledged or exchanged for money or anything of value. We may require affidavits or other evidence to establish that a transfer is non-financial in nature. Your right of control may also be transferred under an appropriate court order as part of divorce proceedings or other legal proceedings. If you transfer control of an Account to a new Account Owner, the new Account Owner must agree to be bound by the terms and conditions of the Plan Description and Participation Agreement and Enrollment Form. Transferring an Account to a new Account Owner may have significant tax consequences. Before doing so, you may want to check with your tax advisor regarding your particular situation.

Simultaneous Death of Account Owner and Beneficiary. If you and your Beneficiary both die and there is no evidence to verify that one died before the other, the appointed Successor Account Owner will become the Account Owner. If no Successor Account Owner has been appointed, the fiduciary responsible for the disposition of the Beneficiary's estate must designate the new Account Owner. If no executor or fiduciary has been appointed, one must be appointed by a valid court order for this purpose.

Recovery of Incorrect Amounts. If an incorrect amount is paid to or on behalf of you or your Beneficiary, we may recover this amount from you or your Beneficiary, or any remaining balances may be adjusted to correct the error. The processing of adjustments resulting from clerical errors or other causes that are de minimis in amount may be waived at the discretion of the Board.

Correction of Errors. There is a 60-day period for making corrections. If, within sixty (60) days after issuance of any Account statement or confirmation, you make no written objection to us regarding an error in your Account that is reflected on that statement, the statement will be deemed correct and binding upon you and your Beneficiary. If you do not write us to object to a confirmation within that time period, you will be considered to have approved it and to have released the Plan Officials from all responsibility for matters covered by the confirmation. Each Account Owner agrees to provide all information that we need to comply with any legal reporting requirements.

Internet Access. You have the option to perform Account-related transactions and activity online. You can securely access and manage your Account information — including quarterly statements, annual statements, transaction confirmations, and tax forms — 24 hours a day at **scholarsedge529.com** once you have created an online user ID and password. If you choose to open an Account electronically or register for online access to an existing Account you can also choose to access documents relating to your Account online. Please note that if you elect to receive documents electronically, the only way to get paper copies of these documents will be to print them from a computer.

The Enrollment Kit and additional information about the Plan are available on our website. These materials and this information may be supplemented from time to time throughout the year. Any supplements will also be available on our website.

If you have elected electronic delivery, we may, from time to time, notify you by email that documents, including Account statements and transaction confirmations, have been delivered. However, email notification is not a substitute for regularly checking your Account at **scholarsedge529.com**.

We may archive Account documents and cease providing them on our website when they become out of date. You should consider printing any Account information that you may wish to retain before it is removed. After these documents are archived, you will be able to obtain a copy for a Fee by contacting a Client Service Representative at **1.866.529.7283**.

You will be required to create a user ID and password, and authenticate your device(s) in order to access and perform transactions in your Account. You should not share your password with anyone else. We will honor instructions from any person who provides correct identifying information, and we are not responsible for fraudulent transactions we believe to be genuine according to these procedures. Accordingly, you bear the risk of loss if unauthorized persons obtain your user ID and password and conduct any transactions on your Account. You can reduce this risk by checking your Account information regularly. You should avoid using passwords that can be guessed and should consider changing your password frequently. For security purposes, our Client Service Representatives will not ask you for your password. It is your responsibility to review your Account information and to notify us promptly of any unusual activity. You can withdraw your consent to receiving documents electronically at any time by contacting a Client Service Representative at **1.866.529.7283** or making the change online.

We cannot guarantee the privacy or reliability of email, so we will not honor requests for transfers or changes received by email, nor will we send Account information through email. All transfers or changes should be made through our secure website. Our website uses generally accepted and available encryption software and protocols. This is designed to prevent unauthorized people from eavesdropping or intercepting information sent by or received from us. This may require that you use certain readily available versions of web browsers. As new security software or other technology becomes available, we may enhance our systems.

Unclaimed Accounts and Uncashed Distribution Checks. Under certain circumstances, if there has been no activity in your Account, if we have not been able to contact you for a period of time, or you fail to cash a distribution check, your Account or the uncashed check may be considered abandoned under New Mexico's or your state's unclaimed property laws. If your property is considered abandoned, it will, without proper claim by the Account Owner within a certain period of years, revert to the State or your state.

Involuntary Termination of Accounts. Scholar's Edge 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. We may refuse to establish or may terminate an Account if we determine that it is in the best interest of Scholar's Edge or required by law. If we determine that you provided false or misleading information to the Plan Officials or an Eligible Educational Institution in establishing or maintaining an Account, or that you are restricted by law from participating in Scholar's Edge, we may close your Account. Trust interests redeemed as a result of closing your Account will be valued at the Unit Value next calculated after we decide to close your Account, and the risk of market loss, tax implications, and any other expenses, as a result of the liquidation, will be solely your responsibility.

Fees and Charges

The Fees associated with Scholar's Edge, which may change from time to time without notice, are described in this section. Any changes to the Fees will be included in any updated Plan Description and Participation Agreements or Supplements.

Scholar's Edge currently offers three Unit Classes for each Investment Option: Class A Units, Class C Units, and Class R Units. Each Unit Class has its own Fee structure. You should ask your Financial Advisor to assist you in choosing the Unit Class that best meets your goals. Class R Units may not be available to you. Class R Units are designed for use in fee-based accounts through qualified registered investment advisors or selling agents who buy through a broker/dealer in advisory accounts.

Provided below is an overview of the Fees associated with Scholar's Edge. Following the overview, detailed information is provided about the Fee structure for each Unit Class. See ***Class A Units – Fees and Charges*** beginning on page 27, ***Class C Units – Fees and Charges*** beginning on page 30, and ***Class R Units – Fees and Charges*** beginning on page 32.

Overview

Sales Charges. Class A and Class C Units are subject to sales charges. Class A Units are subject to a maximum initial sales charge of 3.50% on the amount invested. Class C Units are subject to a maximum CDSC of 1.00% if they are redeemed within one year of purchase. Class R Units are not subject to any sales charges. Sales charges may be reduced or waived in certain limited circumstances.

Total Annual Asset-Based Fee. Each Unit Class for each Investment Option is subject to certain annual asset-based Fees. The Total Annual Asset-Based Fee is the sum of Underlying Investment Expenses, the Program Management Fee, and the Board Administrative Fee. For Class A and Class C Units, the Total Annual Asset-Based Fee also includes the Distribution and Service Fee.

Range of Total Annual Asset-Based Fees by Unit Class as of the date of this Plan Description and Participation Agreement:

Class A: 0.53% – 1.60%
Class C: 1.28% – 2.35%
Class R: 0.28% – 1.35%

- **Program Management Fee (All Unit Classes).** Each Portfolio is subject to an ongoing annual Program Management Fee of 0.20%. The Program Manager receives the Program Management Fee for services provided to Scholar's Edge. It is intended that the Program Management Fee will provide all income to the Program Manager necessary to cover the expenses of administering Scholar's Edge. This Fee is accrued daily and is factored into a Portfolio's Unit Value.

- **Board Administrative Fee (All Unit Classes).** Each Portfolio is subject to an ongoing annual Board Administrative Fee of 0.08%. The Board receives the Board Administrative Fee to administer and market the Plan. Any amounts deemed not necessary for such uses may be used for any purpose related to the New Mexico 529 program.

- **Distribution and Service Fee (Class A and C Only).** Class A and C Units for each Portfolio are subject to an ongoing annual Distribution and Service Fee of 0.25% and 1.00%, respectively. PFD receives the Distribution and Service Fee to support the marketing and sale of Scholar's Edge and as compensation for services that PFD provides to the Plan. PFD uses amounts received from the Distribution and Service Fee to pay third parties, such as your Financial Advisor, that provide distribution, marketing, and related services. This Fee is accrued daily and is factored into a Portfolio's Unit Value.

- **Underlying Investment Expenses (All Unit Classes).** The value of each Portfolio is reduced by the expenses associated with its Underlying Investment(s). Underlying Investment Expenses may increase or decrease over time. Except for the Scholar's Edge Capital Preservation Portfolio, each Portfolio invests in the shares of one or more mutual funds or exchange traded funds (ETFs). The expenses associated with an investment in a mutual fund or ETF may include investment advisory fees, administration fees, distribution and service fees, and other expenses. These expenses are reflected in the mutual fund's or ETF's expense ratio, which is expressed as a percentage of the fund's average daily net assets. A mutual fund's expense ratio may vary by share class. See

Appendix A: Additional Underlying Investment Information – Underlying Fund Share Classes on page 65 for the share classes of the Underlying Funds in which the Portfolios invest.

Investment advisory and other fees paid by the Underlying Funds are payable to the funds' respective investment advisers and other service providers, including the Investment Managers and their affiliates. PGI is the Investment Manager for certain Underlying Funds.

The Scholar's Edge Capital Preservation Portfolio and certain other Portfolios invest in the Scholar's Edge Guaranteed Contract, a funding agreement issued by Principal Life, an affiliate of PGI and PFD. The Scholar's Edge Guaranteed Contract does not have expenses like an Underlying Fund. However, there are certain costs and expenses associated with the contract that impact the interest rate credited by Principal Life under the contract. See *Appendix A: Additional Underlying Investment Information – Additional Information about the Scholar's Edge Guaranteed Contract* beginning on page 82.

Annual Account Maintenance Fee. An Annual Account Maintenance Fee of $20 is charged to each Account and paid to the Program Manager. This Fee is waived if the Account balance is at least $25,000, if you or your Beneficiary is a New Mexico Resident, or if you make Recurring Contributions of at least $25 per month or $75 per quarter. The Fee, if not waived, will be assessed on the 1st business day after the 20th calendar day in the anniversary month during which the Account was opened. The Fee, if not waived, will be prorated if the Account is closed prior to that date.

Service-Based and Other Fees. We reserve the right to charge additional service-based and other Fees if we consider them to be necessary and reasonable. We may also impose certain transactional Fees up to the amounts specified below:

Transaction	Fee Amount*
Returned Check or Rejected ACH	$25
Priority Delivery	$15 Weekday / $25 Saturday / $50 Foreign
Outgoing Wires	$15 Domestic / $25 International
Request for Historical Statement	$10 per yearly statement
Electronic Payment to Schools (where available)	$10
Rollover Out of the Plan	$10

* Subject to change without prior notice.

We reserve the right to not reimburse fees charged by financial institutions for contributions made either via Recurring Contribution or EFT that are cancelled due to insufficient funds in the bank account from which the money is withdrawn.

If you request delivery of distribution proceeds by priority delivery service, outgoing wire or, if available, electronic payment to schools, Scholar's Edge will deduct the applicable fee listed in the table above directly from your Account, and will include this fee amount on your annual IRS Form 1099-Q as part of the gross distributions paid to you during the year. In its discretion and without prior notice, Scholar's Edge may deduct directly from your Account the other fees and expenses identified in the table above or similar fees or charges. Please consult your tax advisor regarding calculating and reporting any tax liability associated with the payment of any of these fees out of your Account in a year.

Float Income. The Program Manager may receive indirect compensation for the custodial services that it provides to your Account. This compensation, known as "float" income, is paid by the financial organization at which the Program Manager maintains "clearing accounts" or by the investments in which the Program Manager invests in such clearing accounts. Float income may arise from interest that is earned on Account contributions or distributions during the time that these assets are held by the Program Manager in clearing accounts but are not invested in an Investment Option. For example, if you request a distribution and receive the distribution check but do not cash it for several days, some interest may be earned while your funds remain in the clearing account.

These clearing accounts generally earn interest at a rate between the money market rate and that of U.S. Treasury Notes. The interest paid on each of these transactions is typically small, and it is likely to represent a minor portion of the overall compensation received by the Program Manager or other Plan service provider.

Dealer Compensation. PFD distributes interests in Scholar's Edge through Dealers, including your Financial Advisor, who are compensated by PFD for the distribution, marketing, administrative support, or other services that they provide to the Plan. PFD uses sales charges and Distribution and Service Fees under the Plan to compensate Dealers, but may also compensate Dealers out of its own assets. PFD may, from time to time, offer additional sales incentives to Dealers. These payments may create a conflict of interest by influencing the Dealer or other intermediary and your Financial Advisor to recommend Scholar's Edge over other 529 plans or other investments. In addition, because the compensation paid to Dealers by PFD varies by Unit Class, there may be an incentive for a Dealer to recommend a particular Unit Class over another.

A Dealer must satisfy certain contractual arrangements with PFD in order to receive compensation from PFD. PFD reserves the right to revise its compensation arrangements with Dealers at its discretion.

Additional Fees or Commissions. Financial Advisors may charge additional fees or receive commissions other than those disclosed in this Plan Description and Participation Agreement. You should ask your Financial Advisor about any fees it charges or commissions it receives. With respect to Class R Units, the fees associated with fee-based accounts are determined separately between you and your Financial Advisor and are not a feature of or affiliated with Scholar's Edge.

Additional Compensation to the Program Manager, PGI, or PFD. The Program Manager will also receive compensation from certain Investment Managers and/or distributors or transfer agents for a variety of transfer agency, distribution, and other related administrative services with respect to the Plan. These services include, for example, processing purchases, redemptions, exchanges, dividend reinvestments, consolidated statements, tax reporting, and other recordkeeping services.

The Program Manager, PGI, and/or PFD also provides a variety of distribution and marketing services as well as other support to Investment Managers. These services include, but are not limited to, support personnel for Financial Advisors, review and implementation of features of the Underlying Investments, strategic planning support to assist Investment Managers, and the provision of sale-related reports and other information. In consideration for these services, the Program Manager, PGI, and/or PFD may receive compensation from the Investment Managers, the Underlying Investments, and/or their respective distributors or transfer agents, and the Portfolios.

Reinstatement Option. If you have taken a Non-Qualified Distribution from your Account, you may reinvest an amount equal to all or a portion of the Non-Qualified Distribution in the same Unit Class at the Unit Value next determined after receipt in proper form of your investment order. The reinvestment must be made within sixty (60) days of the Non-Qualified Distribution and may be reinvested in any Portfolio. Under these circumstances, the dollar amount of the initial sales charge or CDSC you paid, if any, on Units will be reimbursed to you by reinvesting that amount in the same Unit Class. You may exercise this option only once per Portfolio and certain restrictions may apply. For purposes of any CDSC, the holding period will continue as if the Class A or Class C Units had not been withdrawn. You must indicate in writing that you are reinvesting under the reinstatement privilege.

Class A Units – Fees and Charges

Initial Sales Charge. If you invest in Class A Units, you will pay an initial sales charge of up to 3.50% of the amount invested. The initial sales charge will be charged before your contribution is invested in the Portfolio(s) you select. In certain limited circumstances, the initial sales charge may be reduced or waived as described below.

Initial Sales Charge Breakpoint Schedule and Dealer Compensation. The maximum initial sale charge applicable upon the purchase of Class A Units will be reduced according to the to the table below based on your contribution amount. Rights of Accumulation may apply for purposes of calculating your contribution amount. The table below also describes the portions of the maximum initial sales charge that are (a) paid out by PFD as commissions to Dealers or (b) retained by PFD.

Contribution Amount	Maximum Initial Sales Charge*	Dealer Commission*	Retained by PFD*
Up to $50,000	3.50%	3.00%	0.50%
$50,000 to $99,999	3.00%	2.50%	0.50%
$100,000 to $249,999	2.50%	2.00%	0.50%
$250,000 to $499,999	2.00%	1.75%	0.25%
$500,000 to $999,999	1.50%	1.25%	0.25%
$1,000,000 or Greater**	0.00%	1.00%	0.00%

* All percentages are a percentage of the amount invested.

** The Program Manager or Principal will pay a dealer commission on aggregate contributions of $1,000,000 or more from its own assets.

Rights of Accumulation. You may be able to receive a reduction in the initial sales charge on Class A Units through Rights of Accumulation. Rights of Accumulation apply to Account Owners who make a series of additional contributions to any Portfolio. If the combined Unit Value of holdings in all Unit Classes held by you or an immediate family member reaches a breakpoint discount level, your next purchase of Class A Units will receive the lower sales charge. You and your immediate family member must indicate your eligibility for Rights of Accumulation on your Enrollment Form. For purposes of Rights of Accumulation, a member of an immediate family includes spouse, domestic partner, parent, legal guardian, child, sibling, stepchild, and father- or mother-in-law. The current value of your holdings is determined at the Unit Value of each Portfolio at the close of business on the day prior to your purchase of Class A Units. The current value of your holdings will be added to your purchase of Class A Units for the purpose of calculating your contribution amount.

Letter of Intent. Under a Letter of Intent, you may be able to reduce the initial sales charge rate that applies to your purchases of Class A Units. A Letter of Intent is an investor's statement in writing to the Program Manager of his or her intention to purchase a specified value of Class A Units in all his or her Accounts in the Plan during a 13-month period, which begins on the date of receipt of the Letter of Intent by the Program Manager. The initial sales charge on each purchase of Class A Units during the 13-month period is assessed at the rate that would apply to a single lump-sum purchase of Class A Units in the amount intended to be purchased under the Letter of Intent. In submitting a Letter of Intent, the Account Owner makes no commitment to purchase Units. However, if the Account Owner does not fulfill the terms of the Letter of Intent by the end of the 13-month 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.

Contingent Deferred Sales Charge. A maximum CDSC of 1.00% may be charged if Class A Units that were not subject to an initial sales charge are redeemed for a Qualified or Non-Qualified Distribution within 18 months of purchase. The CDSC on such Class A Units will be waived on any amount attributable to investment gains. The CDSC on such Class A Units will also be waived if the distribution is made as a result of the death or Disability of either the Account Owner or the Beneficiary. The CDSC is calculated using the lower of cost or market value of Units redeemed.

Sales Charge Waivers. An initial sales charge and Dealer commissions will not apply to the purchase of Class A Units under the following situations:

- Purchases by any employee, and any member of the immediate family of such employee, of a firm with a selling agreement with Scholar's Edge.*
- Purchases by any employee, and any member of the immediate family of such employee, of a company affiliated with an Underlying Investment (as determined in the Program Manager's or PFD's discretion).*
- Purchases by the Program Manager, PGI, PFD, or any other their affiliates or employees or such employees' immediate family members.*
- Purchases by employees and registered representatives of the prior program manager, OFI Private Investments Inc., or the prior distributor, OppenheimerFunds Distributor, Inc., who opened an Account in Scholar's Edge prior to December 9, 2019.
- Purchases by Principal Securities, Inc. where no advisor is listed on the account or where a house account is established.
- Purchases by certain employer-sponsored investment plans.
- Purchases by endowments, foundations, banks, broker-dealers, or other approved financial institutions or institutional accounts that do not accept or charge the initial sales charges.
- Purchases by current and former directors of Principal Funds, member companies of Principal, and their active or retired employees, officers, directors, brokers, or agents, as well as their immediate family members and trusts created by or primarily for the benefit of any such individuals, for the life of their accounts.*

* For purposes of sales charge waivers, a member of an immediate family includes spouse, domestic partner, parent, legal guardian, child, sibling, stepchild, and father- or mother-in-law.

Fee Structure Table. The following table describes the Fees for the Class A Units of each Portfolio in Scholar's Edge.

CLASS A UNITS						
PORTFOLIO	IN ADDITION TO A $20 ANNUAL ACCOUNT MAINTENANCE FEE,[1] PORTFOLIOS BEAR THE FOLLOWING ANNUAL ASSET-BASED FEES					ADDITIONAL INVESTOR EXPENSES
	Estimated Underlying Investment Expenses[2]	Program Management Fee[3]	Board Administrative Fee	Distribution and Service Fee	Total Annual Asset-Based Fee[4]	Maximum Initial Sales Charge
Scholar's Edge Year of Enrollment Portfolios						
2038-2039 Portfolio	0.39%	0.20%	0.08%	0.25%	0.92%	3.50%
2036-2037 Portfolio	0.39%	0.20%	0.08%	0.25%	0.92%	3.50%
2034-2035 Portfolio	0.40%	0.20%	0.08%	0.25%	0.93%	3.50%
2032-2033 Portfolio	0.40%	0.20%	0.08%	0.25%	0.93%	3.50%
2030-2031 Portfolio	0.40%	0.20%	0.08%	0.25%	0.93%	3.50%
2028-2029 Portfolio	0.39%	0.20%	0.08%	0.25%	0.92%	3.50%
2026-2027 Portfolio	0.38%	0.20%	0.08%	0.25%	0.91%	3.50%
2024-2025 Portfolio	0.37%	0.20%	0.08%	0.25%	0.90%	3.50%
2022-2023 Portfolio	0.35%	0.20%	0.08%	0.25%	0.88%	3.50%
2020-2021 Portfolio	0.32%	0.20%	0.08%	0.25%	0.85%	3.50%
Today Portfolio	0.28%	0.20%	0.08%	0.25%	0.81%	3.50%
Scholar's Edge Target Risk Portfolios						
Aggressive Portfolio	0.40%	0.20%	0.08%	0.25%	0.93%	3.50%
Moderate Portfolio	0.38%	0.20%	0.08%	0.25%	0.91%	3.50%
Conservative Portfolio	0.35%	0.20%	0.08%	0.25%	0.88%	3.50%
Fixed Income Portfolio	0.28%	0.20%	0.08%	0.25%	0.81%	3.50%
Individual Portfolios						
iShares Core U.S. Aggregate Bond Portfolio	0.06%	0.20%	0.08%	0.25%	0.59%	3.50%
iShares S&P 500 Stock Index Portfolio	0.04%	0.20%	0.08%	0.25%	0.57%	3.50%
iShares Small Cap Index Portfolio	0.07%	0.20%	0.08%	0.25%	0.60%	3.50%
JPMorgan Emerging Markets Equity Portfolio	0.79%	0.20%	0.08%	0.25%	1.32%	3.50%
MainStay MacKay High Yield Corporate Bond Portfolio	0.58%	0.20%	0.08%	0.25%	1.11%	3.50%
Principal Blue Chip Portfolio	0.57%	0.20%	0.08%	0.25%	1.10%	3.50%
Principal Equity Income Portfolio	0.52%	0.20%	0.08%	0.25%	1.05%	3.50%
Principal Income Portfolio	0.48%	0.20%	0.08%	0.25%	1.01%	3.50%
Principal International Small Company Portfolio	1.07%	0.20%	0.08%	0.25%	1.60%	3.50%
Principal Real Estate Securities Portfolio	0.83%	0.20%	0.08%	0.25%	1.36%	3.50%
Principal Short-Term Income Portfolio	0.43%	0.20%	0.08%	0.25%	0.96%	3.50%
Principal SystematEx International Portfolio	0.64%	0.20%	0.08%	0.25%	1.17%	3.50%
Scholar's Edge Capital Preservation Portfolio	N/A[5]	0.20%	0.08%	0.25%	0.53%	3.50%
Vanguard Mid Cap Index Portfolio	0.03%	0.20%	0.08%	0.25%	0.56%	3.50%
Vanguard Total International Bond Portfolio	0.09%	0.20%	0.08%	0.25%	0.62%	3.50%
Vanguard Total World Stock Portfolio	0.09%	0.20%	0.08%	0.25%	0.62%	3.50%

1. The Annual Account Maintenance Fee of $20, which is waived if the Account balance is at least $25,000, if you or your Beneficiary is a New Mexico Resident, or if you make Recurring Contributions of at least $25 per month or $75 per calendar quarter.
2. Underlying Investment Expenses are based on expenses of the Underlying Investments as of July 31, 2019. Estimated Underlying Investment Expenses for the Scholar's Edge Year of Enrollment Portfolios and Scholar's Edge Target Risk Portfolios represent a weighted average of the expenses of the Portfolios' respective Underlying Investments. See fn. 5 below for information related to the Scholar's Edge Guaranteed Contract, which is relevant to a Scholar's Edge Year of Enrollment Portfolio or Target Risk Portfolio to the extent that it invests in the Scholar's Edge Guaranteed Contract.
3. The Program Management Fee for a Portfolio may be voluntarily reduced at any time on a temporary or permanent basis by the Program Manager.
4. This total is assessed against assets over the course of the year and is the sum of the annualized Estimated Underlying Investment Expenses, Program Management Fee, Board Administrative Fee, and Distribution and Service Fee. It does not include the Annual Account Maintenance Fee. Please refer to the table titled ***Hypothetical $10,000 Investment Cost Chart: Class A Units*** on page 34 for the total approximate costs of a $10,000 investment in Class A Units over 1-, 3-, 5-, and 10-year periods.
5. The Scholar's Edge Guaranteed Contract does not have an expense ratio like the Underlying Funds. The Scholar's Edge Guaranteed Contract is a funding agreement issued by Principal Life that provides a guaranteed interest rate to the Plan for a specified period of time that is backed by Principal Life's general account. While the calculation by Principal Life of the current interest rate under the contract is impacted by various costs and expenses borne by Principal Life, such as losses incurred on the investments of the general account and lower investment returns due to timing of contract cash flows relative to market conditions, such costs and expenses cannot be expressed as an expense ratio.

Class C Units – Fees and Charges

Contingent Deferred Sales Charge. Class C Units are sold without an initial sales charge. The full amount of each contribution is invested in the Account. If Class C Units are redeemed for a Qualified or Non-Qualified Distribution within one year of purchase, a maximum CDSC of 1.00% may be charged. The CDSC on Class C Units will be waived on any amount attributable to investment gains. The CDSC on Class C Units will also be waived if the distribution is made as a result of the death or Disability of either the Account Owner or the Beneficiary. The CDSC is calculated using the lower of cost or market value of Units redeemed.

Dealer Compensation. Dealers receive commissions up to 1.00% of the amount invested in Class C Units. PFD pays commissions to Dealers on the sale of Class C Units from amounts received from ongoing Distribution and Service Fees or CDSCs charged on the redemption of Class C Units or otherwise from its on assets.

Automatic Conversion to Class A Units. Class C Units are automatically converted into Class A Units five years after the date of purchase, at which time such Units become subject to the Total Annual-Asset Based Fees for Class A Units. The automatic conversion is not subject to any initial sales charge or CDSC.

Fee Structure Table. The following table describes the Fees for the Class C Units of each Portfolio in Scholar's Edge.

CLASS C UNITS						
PORTFOLIO	IN ADDITION TO A $20 ANNUAL ACCOUNT MAINTENANCE FEE,[1] PORTFOLIOS BEAR THE FOLLOWING ANNUAL ASSET-BASED FEES					ADDITIONAL INVESTOR EXPENSES
	Estimated Underlying Investment Expenses[2]	Program Management Fee[3]	Board Administrative Fee	Distribution and Service Fee	Total Annual Asset-Based Fee[4]	Contingent Deferred Sales Charge
Scholar's Edge Year of Enrollment Portfolios						
2038-2039 Portfolio	0.39%	0.20%	0.08%	1.00%	1.67%	1.00%
2036-2037 Portfolio	0.39%	0.20%	0.08%	1.00%	1.67%	1.00%
2034-2035 Portfolio	0.40%	0.20%	0.08%	1.00%	1.68%	1.00%
2032-2033 Portfolio	0.40%	0.20%	0.08%	1.00%	1.68%	1.00%
2030-2031 Portfolio	0.40%	0.20%	0.08%	1.00%	1.68%	1.00%
2028-2029 Portfolio	0.39%	0.20%	0.08%	1.00%	1.67%	1.00%
2026-2027 Portfolio	0.38%	0.20%	0.08%	1.00%	1.66%	1.00%
2024-2025 Portfolio	0.37%	0.20%	0.08%	1.00%	1.65%	1.00%
2022-2023 Portfolio	0.35%	0.20%	0.08%	1.00%	1.63%	1.00%
2020-2021 Portfolio	0.32%	0.20%	0.08%	1.00%	1.60%	1.00%
Today Portfolio	0.28%	0.20%	0.08%	1.00%	1.56%	1.00%
Scholar's Edge Target Risk Portfolios						
Aggressive Portfolio	0.40%	0.20%	0.08%	1.00%	1.68%	1.00%
Moderate Portfolio	0.38%	0.20%	0.08%	1.00%	1.66%	1.00%
Conservative Portfolio	0.35%	0.20%	0.08%	1.00%	1.63%	1.00%
Fixed Income Portfolio	0.28%	0.20%	0.08%	1.00%	1.56%	1.00%
Individual Portfolios						
iShares Core U.S. Aggregate Bond Portfolio	0.06%	0.20%	0.08%	1.00%	1.34%	1.00%
iShares S&P 500 Stock Index Portfolio	0.04%	0.20%	0.08%	1.00%	1.32%	1.00%
iShares Small Cap Index Portfolio	0.07%	0.20%	0.08%	1.00%	1.35%	1.00%
JPMorgan Emerging Markets Equity Portfolio	0.79%	0.20%	0.08%	1.00%	2.07%	1.00%
MainStay MacKay High Yield Corporate Bond Portfolio	0.58%	0.20%	0.08%	1.00%	1.86%	1.00%
Principal Blue Chip Portfolio	0.57%	0.20%	0.08%	1.00%	1.85%	1.00%
Principal Equity Income Portfolio	0.52%	0.20%	0.08%	1.00%	1.80%	1.00%
Principal Income Portfolio	0.48%	0.20%	0.08%	1.00%	1.76%	1.00%
Principal International Small Company Portfolio	1.07%	0.20%	0.08%	1.00%	2.35%	1.00%
Principal Real Estate Securities Portfolio	0.83%	0.20%	0.08%	1.00%	2.11%	1.00%
Principal Short-Term Income Portfolio	0.43%	0.20%	0.08%	1.00%	1.71%	1.00%
Principal SystematEx International Portfolio	0.64%	0.20%	0.08%	1.00%	1.92%	1.00%
Scholar's Edge Capital Preservation Portfolio	N/A[5]	0.20%	0.08%	1.00%	1.28%	1.00%
Vanguard Mid Cap Index Portfolio	0.03%	0.20%	0.08%	1.00%	1.31%	1.00%
Vanguard Total International Bond Portfolio	0.09%	0.20%	0.08%	1.00%	1.37%	1.00%
Vanguard Total World Stock Portfolio	0.09%	0.20%	0.08%	1.00%	1.37%	1.00%

1. The Annual Account Maintenance Fee of $20, which is waived if the Account balance is at least $25,000, if you or your Beneficiary is a New Mexico Resident, or if you make Recurring Contributions of at least $25 per month or $75 per calendar quarter.
2. Underlying Investment Expenses are based on expenses of the Underlying Investments as of July 31, 2019. Estimated Underlying Investment Expenses for the Scholar's Edge Year of Enrollment Portfolios and Scholar's Edge Target Risk Portfolios represent a weighted average of the expenses of the Portfolios' respective Underlying Investments. See fn. 5 below for information related to the Scholar's Edge Guaranteed Contract, which is relevant to a Scholar's Edge Year of Enrollment Portfolio or Target Risk Portfolio to the extent that it invests in the Scholar's Edge Guaranteed Contract.
3. The Program Management Fee for a Portfolio may be voluntarily reduced at any time on a temporary or permanent basis by the Program Manager.
4. This total is assessed against assets over the course of the year and is the sum of the annualized Estimated Underlying Investment Expenses, Program Management Fee, Board Administrative Fee, and Distribution and Service Fee. It does not include the Annual Account Maintenance Fee. Please refer to the table titled ***Hypothetical $10,000 Investment Cost Chart: Class C Units*** on page 35 for the total approximate costs of a $10,000 investment in Class C Units over 1-, 3-, 5-, and 10-year periods.
5. The Scholar's Edge Guaranteed Contract does not have an expense ratio like the Underlying Funds. The Scholar's Edge Guaranteed Contract is a funding agreement issued by Principal Life that provides a guaranteed interest rate to the Plan for a specified period of time that is backed by Principal Life's general account. While the calculation by Principal Life of the current interest rate under the contract is impacted by various costs and expenses borne by Principal Life, such as losses incurred on the investments of the general account and lower investment returns due to timing of contract cash flows relative to market conditions, such costs and expenses cannot be expressed as an expense ratio.

Class R Units – Fees and Charges

Limited Availability. Class R Units may not be available to you. Class R Units are designed for use in fee-based accounts through qualified registered investment advisors or selling agents who buy through a broker/dealer in advisory accounts. The fees associated with fee-based accounts are determined separately between you and your Financial Advisor and are not a feature of or affiliated with Scholar's Edge.

No Sales Charges or Distribution and Service Fee. Class R Units are not subject to an initial sales charge or a CDSC. Nor are Class R Units subject to a Distribution and Service Fee.

Dealer Compensation. Dealers receive no commissions on amounts invested in Class R Units.

Fee Structure Table. The following table describes the Fees for the Class R Units of each Portfolio in Scholar's Edge.

CLASS R UNITS				
PORTFOLIO	IN ADDITION TO A $20 ANNUAL ACCOUNT MAINTENANCE FEE,[1] PORTFOLIOS BEAR THE FOLLOWING ANNUAL ASSET-BASED FEES			
	Estimated Underlying Investment Expenses[2]	Program Management Fee[3]	Board Administrative Fee	Total Annual Asset-Based Fee[4]
Scholar's Edge Year of Enrollment Portfolios				
2038-2039 Portfolio	0.39%	0.20%	0.08%	0.67%
2036-2037 Portfolio	0.39%	0.20%	0.08%	0.67%
2034-2035 Portfolio	0.40%	0.20%	0.08%	0.68%
2032-2033 Portfolio	0.40%	0.20%	0.08%	0.68%
2030-2031 Portfolio	0.40%	0.20%	0.08%	0.68%
2028-2029 Portfolio	0.39%	0.20%	0.08%	0.67%
2026-2027 Portfolio	0.38%	0.20%	0.08%	0.66%
2024-2025 Portfolio	0.37%	0.20%	0.08%	0.65%
2022-2023 Portfolio	0.35%	0.20%	0.08%	0.63%
2020-2021 Portfolio	0.32%	0.20%	0.08%	0.60%
Today Portfolio	0.28%	0.20%	0.08%	0.56%
Scholar's Edge Target Risk Portfolios				
Aggressive Portfolio	0.40%	0.20%	0.08%	0.68%
Moderate Portfolio	0.38%	0.20%	0.08%	0.66%
Conservative Portfolio	0.35%	0.20%	0.08%	0.63%
Fixed Income Portfolio	0.28%	0.20%	0.08%	0.56%
Individual Portfolios				
iShares Core U.S. Aggregate Bond Portfolio	0.06%	0.20%	0.08%	0.34%
iShares S&P 500 Stock Index Portfolio	0.04%	0.20%	0.08%	0.32%
iShares Small Cap Index Portfolio	0.07%	0.20%	0.08%	0.35%
JPMorgan Emerging Markets Equity Portfolio	0.79%	0.20%	0.08%	1.07%
MainStay MacKay High Yield Corporate Bond Portfolio	0.58%	0.20%	0.08%	0.86%
Principal Blue Chip Portfolio	0.57%	0.20%	0.08%	0.85%
Principal Equity Income Portfolio	0.52%	0.20%	0.08%	0.80%
Principal Income Portfolio	0.48%	0.20%	0.08%	0.76%
Principal International Small Company Portfolio	1.07%	0.20%	0.08%	1.35%
Principal Real Estate Securities Portfolio	0.83%	0.20%	0.08%	1.11%
Principal Short-Term Income Portfolio	0.43%	0.20%	0.08%	0.71%
Principal SystematEx International Portfolio	0.64%	0.20%	0.08%	0.92%
Scholar's Edge Capital Preservation Portfolio	N/A[5]	0.20%	0.08%	0.28%
Vanguard Mid Cap Index Portfolio	0.03%	0.20%	0.08%	0.31%
Vanguard Total International Bond Portfolio	0.09%	0.20%	0.08%	0.37%
Vanguard Total World Stock Portfolio	0.09%	0.20%	0.08%	0.37%

1. The Annual Account Maintenance Fee of $20, which is waived if the Account balance is at least $25,000, if you or your Beneficiary is a New Mexico Resident, or if you make Recurring Contributions of at least $25 per month or $75 per calendar quarter.
2. Underlying Investment Expenses are based on expenses of the Underlying Investments as of July 31, 2019. Estimated Underlying Investment Expenses for the Scholar's Edge Year of Enrollment Portfolios and Scholar's Edge Target Risk Portfolios represent a weighted average of the expenses of the Portfolios' respective Underlying Investments. See fn. 5 below for information related to the Scholar's Edge Guaranteed Contract, which is relevant to a Scholar's Edge Year of Enrollment Portfolio or Target Risk Portfolio to the extent that it invests in the Scholar's Edge Guaranteed Contract.
3. The Program Management Fee for a Portfolio may be voluntarily reduced at any time on a temporary or permanent basis by the Program Manager.
4. This total is assessed against assets over the course of the year and is the sum of the annualized Estimated Underlying Investment Expenses, Program Management Fee, and Board Administrative Fee. It does not include the Annual Account Maintenance Fee. Please refer to the table titled ***Hypothetical $10,000 Investment Cost Chart: Class R Units*** on page 36 for the total approximate costs of a $10,000 investment in Class R Units over 1-, 3-, 5-, and 10-year periods.
5. The Scholar's Edge Guaranteed Contract does not have an expense ratio like the Underlying Funds. The Scholar's Edge Guaranteed Contract is a funding agreement issued by Principal Life that provides a guaranteed interest rate to the Plan for a specified period of time that is backed by Principal Life's general account. While the calculation by Principal Life of the current interest rate under the contract is impacted by various costs and expenses borne by Principal Life, such as losses incurred on the investments of the general account and lower investment returns due to timing of contract cash flows relative to market conditions, such costs and expenses cannot be expressed as an expense ratio.

Approximate Cost for a $10,000 Investment

The following tables compare the approximate cost of investing in Scholar's Edge over different periods of time. These hypotheticals are not intended to predict or project investment performance. Past performance is no guarantee of future results. Your actual cost may be higher or lower. The tables are based on the following assumptions:

- A $10,000 contribution is invested for the time periods shown.
- A 5% annually compounded rate of return on the amount invested throughout the period.
- The total funds available in the Account are withdrawn at the end of the period shown to pay for Qualified Expenses (the table does not consider the impact of any potential state or federal taxes on the withdrawal).
- Total Annual Asset-Based Fees remain the same as those shown in the ***Fee Structure Tables*** on pages 29, 31, and 33**.**
- Expenses for each Investment Option include the entire Annual Account Maintenance Fee of $20.
- The Account Owner pays the applicable maximum initial sales charge (without regard to possible breakpoints) for Class A Units and any applicable CDSC for Class C Units.

HYPOTHETICAL $10,000 INVESTMENT COST CHART: CLASS A UNITS				
Portfolios	**1 Year**	**3 Year**	**5 Year**	**10 Year**
Scholar's Edge Year of Enrollment Portfolios				
2038-2039 Portfolio	$461	$694	$942	$1,638
2036-2037 Portfolio	$461	$694	$942	$1,638
2034-2035 Portfolio	$461	$694	$943	$1,639
2032-2033 Portfolio	$461	$695	$944	$1,641
2030-2031 Portfolio	$462	$695	$944	$1,643
2028-2029 Portfolio	$460	$691	$938	$1,628
2026-2027 Portfolio	$460	$690	$935	$1,622
2024-2025 Portfolio	$458	$686	$928	$1,607
2022-2023 Portfolio	$457	$681	$919	$1,589
2020-2021 Portfolio	$454	$671	$902	$1,552
Today Portfolio	$450	$660	$884	$1,513
Scholar's Edge Target Risk Portfolios				
Aggressive Portfolio	$461	$695	$944	$1,642
Moderate Portfolio	$460	$690	$935	$1,623
Conservative Portfolio	$457	$681	$920	$1,590
Fixed Income Portfolio	$450	$660	$884	$1,513
Individual Portfolios				
iShares Core U.S. Aggregate Bond Portfolio	$428	$592	$767	$1,256
iShares S&P 500 Stock Index Portfolio	$426	$586	$756	$1,233
iShares Small Cap Index Portfolio	$429	$595	$772	$1,268
JPMorgan Emerging Markets Equity Portfolio	$500	$813	$1,145	$2,071
MainStay MacKay High Yield Corporate Bond Portfolio	$479	$750	$1,038	$1,843
Principal Blue Chip Portfolio	$478	$747	$1,033	$1,832
Principal Equity Income Portfolio	$473	$732	$1,007	$1,777
Principal Income Portfolio	$469	$720	$986	$1,733
Principal International Small Company Portfolio	$527	$896	$1,287	$2,368
Principal Real Estate Securities Portfolio	$504	$825	$1,166	$2,114
Principal Short-Term Income Portfolio	$465	$705	$960	$1,677
Principal SystematEx International Portfolio	$485	$768	$1,069	$1,909
Scholar's Edge Capital Preservation Portfolio	$422	$574	$735	$1,186
Vanguard Mid Cap Index Portfolio	$425	$583	$751	$1,221
Vanguard Total International Bond Portfolio	$431	$601	$782	$1,291
Vanguard Total World Stock Portfolio	$431	$601	$782	$1,291

HYPOTHETICAL $10,000 INVESTMENT COST CHART: CLASS C UNITS				
Portfolios	**1 Year**	**3 Year**	**5 Year**	**10 Year**
Scholar's Edge Year of Enrollment Portfolios				
2038-2039 Portfolio	$290	$587	$1,006	$1,702
2036-2037 Portfolio	$290	$587	$1,006	$1,702
2034-2035 Portfolio	$290	$587	$1,007	$1,703
2032-2033 Portfolio	$291	$588	$1,008	$1,706
2030-2031 Portfolio	$291	$588	$1,009	$1,707
2028-2029 Portfolio	$289	$584	$1,002	$1,692
2026-2027 Portfolio	$289	$583	$999	$1,686
2024-2025 Portfolio	$291	$579	$992	$1,671
2022-2023 Portfolio	$286	$574	$984	$1,653
2020-2021 Portfolio	$283	$563	$967	$1,616
Today Portfolio	$279	$553	$949	$1,577
Scholar's Edge Target Risk Portfolios				
Aggressive Portfolio	$291	$588	$1,008	$1,706
Moderate Portfolio	$289	$583	$1,000	$1,687
Conservative Portfolio	$286	$574	$984	$1,654
Fixed Income Portfolio	$279	$553	$949	$1,577
Individual Portfolios				
iShares Core U.S. Aggregate Bond Portfolio	$256	$484	$831	$1,321
iShares S&P 500 Stock Index Portfolio	$254	$477	$821	$1,297
iShares Small Cap Index Portfolio	$257	$487	$837	$1,332
JPMorgan Emerging Markets Equity Portfolio	$330	$707	$1,209	$2,135
MainStay MacKay High Yield Corporate Bond Portfolio	$309	$644	$1,102	$1,907
Principal Blue Chip Portfolio	$308	$641	$1,097	$1,896
Principal Equity Income Portfolio	$303	$625	$1,071	$1,841
Principal Income Portfolio	$299	$613	$1,050	$1,797
Principal International Small Company Portfolio	$358	$792	$1,350	$2,430
Principal Real Estate Securities Portfolio	$334	$720	$1,230	$2,177
Principal Short-Term Income Portfolio	$294	$598	$1,025	$1,741
Principal SystematEx International Portfolio	$315	$662	$1,133	$1,972
Scholar's Edge Capital Preservation Portfolio	$250	$465	$800	$1,251
Vanguard Mid Cap Index Portfolio	$253	$474	$815	$1,286
Vanguard Total International Bond Portfolio	$259	$493	$847	$1,355
Vanguard Total World Stock Portfolio	$259	$493	$847	$1,355

HYPOTHETICAL $10,000 INVESTMENT COST CHART: CLASS R UNITS				
Portfolios	**1 Year**	**3 Year**	**5 Year**	**10 Year**
Scholar's Edge Year of Enrollment Portfolios				
2038-2039 Portfolio	$89	$276	$474	$1,033
2036-2037 Portfolio	$89	$276	$474	$1,033
2034-2035 Portfolio	$89	$276	$475	$1,032
2032-2033 Portfolio	$89	$277	$476	$1,037
2030-2031 Portfolio	$89	$277	$477	$1,039
2028-2029 Portfolio	$88	$273	$470	$1,023
2026-2027 Portfolio	$88	$271	$467	$1,017
2024-2025 Portfolio	$86	$267	$460	$1,001
2022-2023 Portfolio	$84	$262	$451	$981
2020-2021 Portfolio	$81	$251	$433	$942
Today Portfolio	$78	$240	$414	$900
Scholar's Edge Target Risk Portfolios				
Aggressive Portfolio	$89	$277	$476	$1,037
Moderate Portfolio	$88	$271	$467	$1,018
Conservative Portfolio	$85	$262	$451	$982
Fixed Income Portfolio	$78	$240	$414	$900
Individual Portfolios				
iShares Core U.S. Aggregate Bond Portfolio	$55	$169	$290	$627
iShares S&P 500 Stock Index Portfolio	$53	$163	$279	$602
iShares Small Cap Index Portfolio	$56	$172	$296	$640
JPMorgan Emerging Markets Equity Portfolio	$129	$400	$688	$1,495
MainStay MacKay High Yield Corporate Bond Portfolio	$108	$334	$575	$1,252
Principal Blue Chip Portfolio	$107	$331	$570	$1,240
Principal Equity Income Portfolio	$102	$315	$542	$1,182
Principal Income Portfolio	$98	$302	$521	$1,134
Principal International Small Company Portfolio	$157	$487	$837	$1,810
Principal Real Estate Securities Portfolio	$133	$412	$709	$1,540
Principal Short-Term Income Portfolio	$93	$287	$494	$1,075
Principal SystematEx International Portfolio	$114	$353	$607	$1,322
Scholar's Edge Capital Preservation Portfolio	$49	$150	$257	$553
Vanguard Mid Cap Index Portfolio	$52	$160	$274	$590
Vanguard Total International Bond Portfolio	$58	$179	$307	$664
Vanguard Total World Stock Portfolio	$58	$179	$307	$664

Important Risks You Should Consider

You should carefully consider the information in this section, as well as the other information in the Plan Description and Participation Agreement before making any decisions about opening an Account or making any additional contributions. You should consult an attorney or a qualified financial or tax advisor with any legal, business, or tax questions you may have. In addition, no investment recommendation or advice you receive from your Financial Advisor or any other person is provided by, or on behalf of, the Plan Officials. The contents of the Plan Description and Participation Agreement should not be construed as legal, financial, or tax advice.

The Plan is an Investment Vehicle. Accounts in the Plan 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. The Portfolios are subject to the investment risks of their Underlying Investments. The investment risks of the Underlying Investments are discussed in ***Appendix A: Additional Underlying Investment Information*** beginning on page 65.

Principal and Returns Not Guaranteed. Neither your contributions to an Account nor any investment return earned on your contributions are guaranteed by the Plan Officials. You could lose money (including your contributions) or not make any money by investing in Scholar's Edge.

An investment in Scholar's Edge is not a bank deposit. Generally, investments in Scholar's Edge are not insured or guaranteed by the FDIC or any other government agency or by the Plan Officials. Relative to investing for retirement, the holding period for those saving for Qualified Expenses is very short (*i.e.*, 5-20 years versus 30-60 years). Also, the need for liquidity when you wish to make withdrawals from your Account (to pay for Qualified Expenses) generally is very important. You should strongly consider the level of risk you wish to assume and your investment time horizon prior to selecting an Investment Option.

When changes are made to the Plan, such as (but not limited to) when there are changes to the Portfolios, the Underlying Investments, or a transition to a new program or investment advisor, there may be periods of time when the Portfolios in which you are invested hold only cash (or more cash than usual) and are not exposed to the market. During such time periods, you may not participate (or fully participate) in general market movements.

Market Uncertainties. Due to market uncertainties, the overall market value of your Account could 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. All of these factors are beyond the control of the Plan Officials and may cause the value of your Account to decrease (realized or unrealized losses).

Limited Investment Direction; Liquidity. Investments in a Qualified Tuition Program like Scholar's Edge are considered less liquid than other types of investments (*e.g.*, investments in mutual fund shares) because the circumstances in which you may withdraw money from your Account without a penalty or adverse tax consequences are significantly more limited. Once you select a Portfolio for a particular contribution, Section 529 of the Code provides that you can move money or transfer from that Portfolio to another only twice per calendar year for the same Beneficiary. This limitation applies in the aggregate across all of your accounts for the same Beneficiary under all Qualified Tuition Programs sponsored by the State of New Mexico. Any additional transfers within that calendar year will be treated as Non-Qualified Distributions, and they will be subject to federal and any applicable state income taxes and the Distribution Tax.

Discretion of the Board; Potential Changes to the Plan. The Board has the sole discretion to determine which Investment Options will be available in the Plan. For example, the Board may, without prior notice:

- change the Plan's Fees;
- add or remove a Portfolio;
- merge or change the composition of investments within the Portfolios;
- close a Portfolio to new investors and/or new contributions; or
- change the Program Manager or other Plan service provider, an Investment Manager, or the Underlying Investment(s) of a Portfolio.

Depending on the nature of the change, you may be required to participate, or be prohibited from participating, in the change with respect to Accounts you open before the change.

If we change the Underlying Investments in the Plan, during the transition from one Underlying Investment to another Underlying Investment, we may sell all the securities in the Portfolio before purchasing new securities. Therefore, the Portfolio may temporarily not be invested in one of its asset classes. During a transition period, a Portfolio may temporarily hold a basket of securities if the Underlying Investment from which it is transitioning chooses to complete the transition by exchanging one security for another. In this case, the Plan will seek to liquidate the securities received from the Underlying Investment as promptly as practicable so that the proceeds can be invested in the replacement Underlying Investment. The transaction costs associated with this type of liquidation, as well as any market impact on the value of the securities being liquidated, will be borne by the Portfolio and Accounts invested in the Portfolio. An Underlying Investment from which a Portfolio redeems may also impose redemption fees. In this case, the Portfolio will bear the cost of the redemption fees.

Suitability. The Plan Officials make no representation regarding the suitability or appropriateness of the Plan or any of its Portfolios as an investment. There is no assurance that any Portfolio will be able to achieve its goals.

Other types of investments may be more appropriate depending upon your financial status, tax situation, risk tolerance, age, investment goals, savings needs, and the investment time horizons of you or your Beneficiary.

You should consult your Financial Advisor and/or tax advisor to seek advice concerning the appropriateness of this investment. There are programs and investment options other than the Plan available as education investment alternatives. They may entail tax and other fee or expense consequences and features different from the Plan including, for example, different investments and different levels of account owner control. You may wish to consider these alternatives prior to opening an Account.

Meeting College Expenses and Attendance at School Not Guaranteed. Even if you fund your Account(s) to the Maximum Account Balance, there is no assurance that the money in your Account will be sufficient to cover all the education expenses your Beneficiary may incur, or that the rate of return on your investment will match or exceed the rate at which education expenses may rise each year.

In addition, there is no guarantee that the Beneficiary will be accepted to, allowed to continue as a student by, or graduate from any particular school or institution. There is no guarantee that the Beneficiary will be treated as a state resident of any state for Qualified Expenses purposes, or will achieve any particular treatment under any applicable state or federal financial aid programs.

IRS Regulations Not Final. As of the date of this Plan Description and Participation Agreement, the IRS has not issued final regulations regarding Qualified Tuition Programs. Scholar's Edge has not sought nor has it received a private letter ruling from the IRS regarding the status of Scholar's Edge under Section 529. If the IRS again begins issuing such private letter rulings, the Board may, in its sole discretion, determine to seek such a ruling in the future.

Effect of Future Law Changes. It is possible that future changes in federal or state laws or court or interpretive rulings could adversely affect the terms and conditions of the Plan, the value of your Account, or the availability of state tax deductions, even retroactively. Specifically, Scholar's Edge is subject to the provisions of and any changes to or revocation of the Enabling Legislation.

In addition, it is the Board's intention to take advantage of Section 529 and therefore, Scholar's Edge is vulnerable to tax law changes or court or interpretive rulings that might alter the tax considerations described in ***Important Tax Information – Federal Tax Issues*** starting on page 53.

Death of Account Owner. If an Account Owner dies, control and ownership of the Account will be transferred to the Successor Account Owner. If no Successor Account Owner has been named or if the Successor Account Owner predeceases the Account Owner, control and ownership of the Account will be transferred to the Beneficiary if the Beneficiary is 18 years or older.

If the Beneficiary is less than 18 years old, control and ownership of the Account will become subject to the estate and guardianship laws of the state in which the Account Owner resided.

Tax Considerations; Tax Deduction Recapture. The federal and state tax consequences associated with participating in the Plan can be complex. In particular, you, as the Account Owner (not the contributor), must repay all or part, depending on the circumstances, of the New Mexico state income tax deduction claimed in prior taxable years by any contributors to your Account if you take a Non-Qualified Distribution, a distribution for K-12 Tuition or an ABLE Rollover from your Account. See ***Important Tax Information – State Tax Issues – Recapture of Income Tax Deduction*** on page 55. You should consult a tax advisor regarding the application of tax laws to your particular circumstances.

Securities Laws. Units held by the Accounts in the Plan are considered municipal fund securities. The Units will not be registered as securities with the Securities and Exchange Commission (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 Units or passed upon the adequacy of the Plan Description and Participation Agreement. Any representation to the contrary is illegal.

Relationship to Financial Aid. A Beneficiary may wish to participate in federal, state, or institutional loan, grant, or other programs for funding higher education. An investment in Scholar's Edge may have an adverse impact on the Beneficiary's eligibility to participate in needs-based financial aid programs.

In making decisions about eligibility for financial aid programs offered by the U.S. government and the amount of financial aid required, the U.S. Department of Education takes into consideration a variety of factors, including among other things, the assets owned by your Beneficiary and the assets owned by the Beneficiary's parents.

Since the treatment of Account assets on the Free Application for Federal Student Aid (FAFSA) may have a material adverse effect on your Beneficiary's eligibility to receive valuable benefits under financial aid programs, you or your Beneficiary should check with your tax advisor regarding the impact of an investment in the Plan on needs-based financial aid programs.

Scholar's Edge Accounts are not considered when determining eligibility for state financial aid programs in New Mexico. If you are not a New Mexico Resident, check with the financial aid office of an Eligible Educational Institution for more information.

Relationship of Your Account to Medicaid Eligibility. It is unclear how local and state government agencies will treat Qualified Tuition Program assets for the purpose of Medicaid eligibility. Although there are federal guidelines under Title XIX of the Social Security Act of 1965, each state administers its Medicaid program and rules could vary greatly from one state to the next. You should check with an attorney, a tax advisor, or your local Medicaid administrator regarding the impact of an investment in the Plan on Medicaid eligibility.

General Portfolio Risks. Each Portfolio has its own investment strategy, risk, and performance characteristics. In choosing the appropriate Portfolio(s) for your Account, you should consider your investment objectives, risk tolerance, time horizon, and other factors you determine to be important.

A Portfolio's risk and potential return are functions of its relative weightings of equity (or real estate), fixed income, and capital preservation investments. Certain Portfolios carry more and/or different risks than others. In general, the greater a Portfolio's exposure to equity (or real estate) investments, the higher its risk (especially short-term volatility) and its potential for superior long-term performance. The more exposure a Portfolio has to fixed income and capital preservation investments, the lower its risk and its potential long-term returns. There are also variations in risk/return levels within asset categories. For example, international stocks typically have higher risk levels than domestic stocks. Similarly, high yield (or junk) bonds have higher risk levels than investment grade bonds.

There is no guarantee that the Investment Managers will continue to provide the Underlying Investments for Scholar's Edge or manage the Portfolio's assets, as applicable, or that the Program Manager will be able to negotiate their continued services in the future.

Appendix A: Additional Underlying Investment Information, beginning on page 65, provides additional information about the Portfolios' Underlying Investments. The Appendix includes information about the Underlying Funds' investment objectives, principal investment strategies, and principal risks. The Appendix also includes information about the Scholar's Edge Guaranteed Contract.

Investment Options Use for K-12 Tuition. The Investment Options we offer through the Plan have been designed exclusively for you to save for Qualified Expenses, including higher education and K-12 Tuition. Specifically, the Year of Enrollment Portfolios are designed for Account Owners seeking to automatically invest in progressively more conservative Portfolios as their Beneficiary approaches enrollment age for higher education. If you wish to save for K-12 Tuition, you may choose an enrollment date that is earlier than if you were saving for higher education. This means you may have a significantly shorter time horizon with less potential for growth than an investor saving for higher education. In addition, if you are saving for K-12 Tuition and wish to invest in the Individual Portfolios and the Target Risk Portfolios, please note that these Portfolios have static asset allocations. Their Underlying Investments and their allocations among them generally do not change over time. Please consult a qualified tax or investment advisor about your personal circumstances.

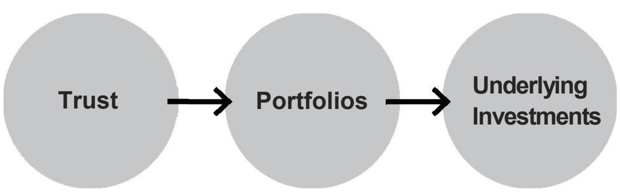
Investment Information

In this section, you will find information about the Portfolios, including a discussion of the Scholar's Edge Year of Enrollment Portfolios, the Scholar's Edge Target Risk Portfolios and the Individual Portfolios. You should consider the information in this section carefully before choosing to invest in Scholar's Edge. If you have questions about any of the investment-related information in this section, please call a Client Service Representative at **1.866.529.7283** prior to making an investment decision.

Here's where you can find specific investment information:

INVESTMENTS OVERVIEW

Your Account assets are held in the Trust for your exclusive benefit and cannot be transferred or used by the Plan for any other purpose. Please keep in mind that you will not own shares of or interests in the Underlying Investments. Instead, you are purchasing Units of Portfolios in the Trust. Those Portfolios invest in one or more of the Underlying Investments.



You can choose between three investment approaches (Year of Enrollment, Target Risk, or Individual) at the time your Account is established and each time you make additional contributions.

We offer:

- Eleven (11) Scholar's Edge Year of Enrollment Portfolios. These Portfolios automatically move to progressively more conservative investments as the Portfolios approach their target enrollment dates. Each Portfolio may invest in multiple Underlying Funds currently managed by Principal, BlackRock, Vanguard, JPMorgan, and New York Life. As the Portfolios become more conservative, they also increasingly invest in the Scholar's Edge Guaranteed Contract, which is a funding agreement issued by Principal Life.
- Four (4) Scholar's Edge Target Risk Portfolios. These Portfolios each have investment objectives and strategies based on target risk levels. Each Portfolio invests in certain Underlying Funds currently managed by Principal, BlackRock, Vanguard, or JPMorgan. Certain of these Portfolios also invest in the Scholar's Edge Guaranteed Contract issued by Principal Life. The Scholar's Edge Target Risk Portfolios' allocations to the Underlying Funds remains fixed over time.
- Sixteen (16) Individual Portfolios. Each of these Portfolios, except one, invests in an Underlying Fund that primarily invests in U.S. equity, international equity, real estate, or fixed income investments. The Underlying Funds are currently managed by Principal, BlackRock, Vanguard, JPMorgan, and New York Life. The other Portfolio in this option invests in the Scholar's Edge Guaranteed Contract issued by Principal Life.

The Investment Options we offer through the Plan have been designed exclusively for you to save for Qualified Expenses, including higher education and K-12 Tuition. Specifically, the Scholar's Edge Year of Enrollment Portfolios are designed for Account Owners seeking to automatically invest in progressively more conservative Portfolios as they approach their target enrollment dates.

The Portfolios' Underlying Investments are subject to change. There is no guarantee that the current Investment Managers will manage any Underlying Fund of any Portfolio in the future, or that any Portfolio will invest in a funding agreement issued by Principal Life.

PORTFOLIO DESCRIPTIONS

Year of Enrollment Portfolio Profiles

General. The eleven (11) Scholar's Edge Year of Enrollment Portfolios give you a simplified approach to investing. We have designed these Portfolios to allow you to select a Portfolio based upon your Beneficiary's anticipated year of enrollment in a school. For example, if you expect your Beneficiary to attend school beginning in the year 2038 or 2039, you may choose to select the 2038-2039 Portfolio, or you may choose one or more of the other Scholar's Edge Year of Enrollment Portfolios if they better suit your risk tolerance, investment time horizon, or savings goals. If you wish to save for K-12 Tuition, you may consider choosing a Scholar's Edge Year of Enrollment Portfolio with an earlier target enrollment date than if you were saving for higher education, as you may have a significantly shorter investment time horizon with less potential for growth than an investor saving for higher education.

The asset allocations of these Portfolios, other than the Today Portfolio, are automatically adjusted semiannually over time to become more conservative as the Portfolios' target enrollments date draw nearer. The asset allocation for the Today Portfolio is not periodically adjusted because the Today Portfolio has already reached its most conservative phase. About every two (2) years, a new Year of Enrollment Portfolio is created and the oldest Year of Enrollment Portfolio is merged into the Today Portfolio.

Portfolios with higher allocations to fixed income investments (including the Scholar's Edge Guaranteed Contract) tend to be less volatile than those with higher allocations to equity investments (including real estate). Less-volatile Portfolios generally will not decline as far when stock markets go down, but they also generally will not appreciate in value as much when stock markets go up. There is no assurance that any Portfolio will be able to reach its goal**.**

Investment Objective, Strategy, and Risks. The following describes the Scholar's Edge Year of Enrollment Portfolios' investment objective, strategy, and risks. The investment risks of the Scholar's Edge Year of Enrollment Portfolios are in addition to the general risks of investing in Scholar's Edge. See ***Important Risks You Should Consider*** starting on page 37.

- **Investment Objective.** Each Scholar's Edge Year of Enrollment Portfolio seeks to achieve total return consisting of long-term growth of capital, income, and preservation of capital through asset allocations designed for Beneficiaries who are expected to enroll in college or other qualified education programs during the Portfolios' target enrollment dates.

- **Investment Strategy.** Each Scholar's Edge Year of Enrollment Portfolio allocates its assets among mutual funds and ETFs. The Underlying Funds in which the Portfolios invest provide access to broad asset classes that include (but are not limited to) U.S. and international equities, real estate, bonds, and cash. The Portfolios may also invest in the Scholar's Edge Guaranteed Contract. The Portfolios' asset allocations among the Underlying Investments gradually become less focused on long-term growth of capital and more focused on income, capital preservation, and volatility control as the Portfolios move closer to their specific target enrollment dates. After the Portfolios reach their specific target enrollment dates, they are merged into the Today Portfolio, which has a static asset allocation focused on capital preservation and volatility control.

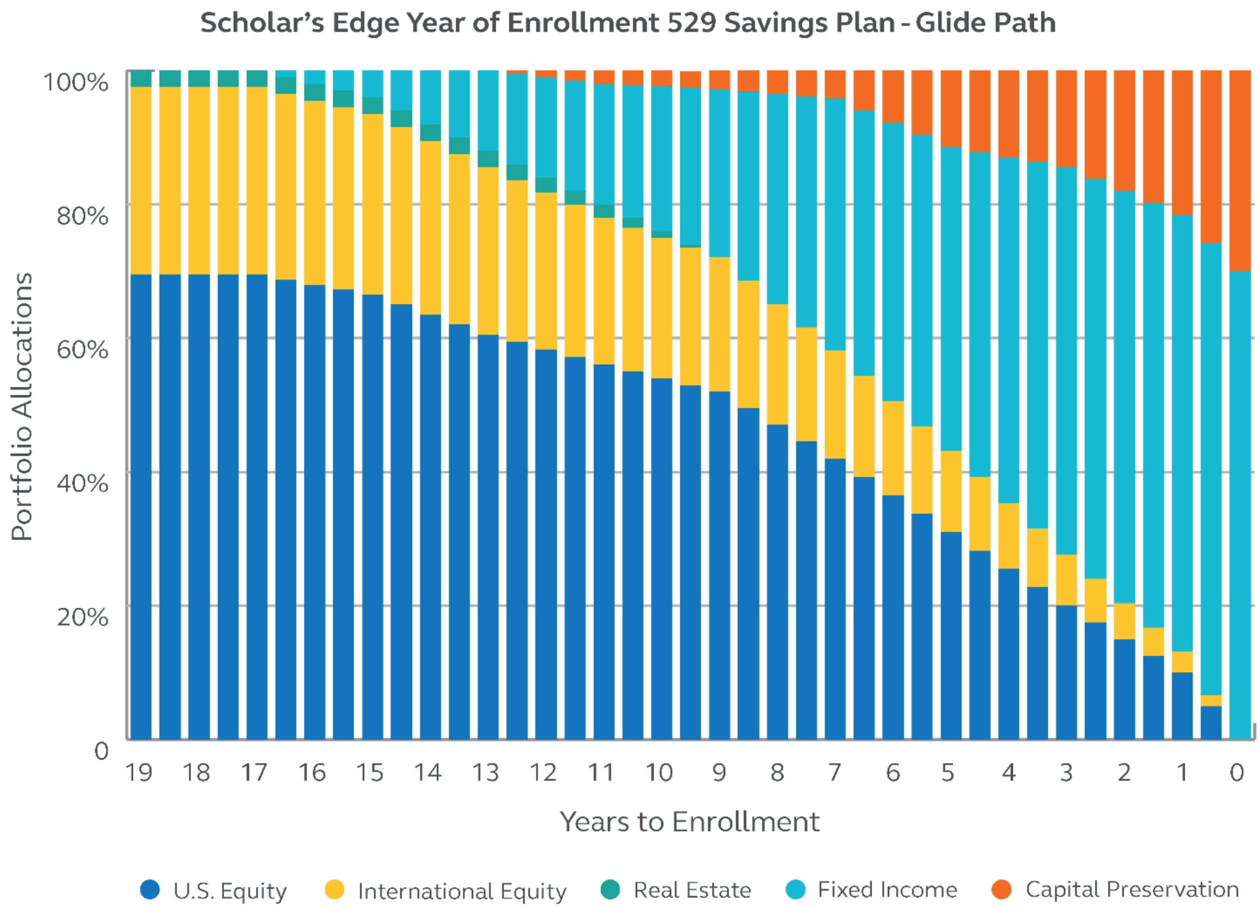
- **Investment Risks.** The Scholar's Edge Year of Enrollment Portfolios are subject to the investment risks of their Underlying Investments.

    - See ***Appendix A: Additional Underlying Investment Information – Investment Objectives, Principal Investment Strategies, and Principal Risks of the Underlying Funds*** starting on page 65 for information about the investment risks of the Underlying Funds.

    - See ***Appendix A: Additional Underlying Investment Information – Additional Information about the Scholar's Edge Guaranteed Contract*** starting on page on 82 for risk information related to the Scholar's Edge Guaranteed Contract.

The asset allocation of each Scholar's Edge Year of Enrollment Portfolio is derived using quantitative models that have been developed based on a number of factors. Neither the Plan nor the Plan Officials can offer any assurance that the recommended asset allocation will either maximize returns or minimize risk or be the appropriate allocation in all circumstances for every investor with a particular time horizon or risk tolerance.

Target Asset Allocations. The diagram below shows how the Scholar's Edge Year of Enrollment Portfolios' target asset allocations among certain asset classes will change over their lifespans, progressively becoming more conservative as they approach their target enrollment dates.



The following table shows the Scholar's Edge Year of Enrollment Portfolios' target asset allocations among their Underlying Investments as of the date of this Plan Description and Participation Agreement. Their current target asset allocations are available at **scholarsedge529.com**. The Scholar's Edge Year of Enrollment Portfolios are rebalanced on an ongoing basis to ensure that they are allocated as close to their target asset allocations as possible.

Underlying Investments (Ticker if Applicable)	Scholar's Edge Year of Enrollment Portfolios										
	2038-2039	2036-2037	2034-2035	2032-2033	2030-2031	2028-2029	2026-2027	2024-2025	2022-2023	2020-2021	Today
U.S. Equity											
iShares Core S&P 500 ETF (IVV)	20.85%	20.85%	19.95%	18.15%	19.05%	17.70%	14.30%	12.40%	8.00%	4.00%	0.00%
iShares Core S&P Small-Cap ETF (IJR)	6.95%	6.95%	6.65%	6.05%	2.80%	2.60%	2.10%	0.00%	0.00%	0.00%	0.00%
Principal Blue Chip Fund (PGBHX)	15.65%	15.65%	14.95%	13.60%	14.30%	13.25%	10.70%	9.30%	6.00%	3.00%	0.00%
Principal Equity Income Fund (PEIIX)	15.65%	15.65%	14.95%	13.60%	14.30%	13.25%	10.70%	9.30%	6.00%	3.00%	0.00%
Vanguard Mid-Cap Index Fund (VMCPX)	10.45%	10.45%	10.00%	9.10%	5.60%	5.20%	4.20%	0.00%	0.00%	0.00%	0.00%
International Equity											
JPMorgan Emerging Markets Equity Fund (JEMWX)	5.60%	5.60%	5.40%	5.00%	2.20%	2.00%	1.60%	0.00%	0.00%	0.00%	0.00%
Principal SystematEx International Fund (PSTMX)	22.35%	22.35%	21.60%	20.00%	19.75%	18.00%	14.40%	12.00%	7.50%	3.00%	0.00%
Real Estate											
Principal Real Estate Securities Fund (PFRSX)	2.50%	2.50%	2.50%	2.50%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Fixed Income											
iShares Core U.S. Aggregate Bond ETF (AGG)	0.00%	0.00%	0.80%	2.40%	3.20%	4.50%	6.70%	6.85%	8.70%	9.60%	10.00%
Principal Income Fund (PICNX)	0.00%	0.00%	3.20%	9.60%	12.80%	17.90%	26.90%	27.35%	34.80%	38.40%	40.00%
Principal Short-Term Income Fund (PSHIX)	0.00%	0.00%	0.00%	0.00%	2.00%	2.80%	4.20%	11.40%	14.50%	17.40%	20.00%
Funding Agreement											
Scholar's Edge Guaranteed Contract	0.00%	0.00%	0.00%	0.00%	2.00%	2.80%	4.20%	11.40%	14.50%	21.60%	30.00%
Total Equity and Real Estate	**100.00%**	**100.00%**	**96.00%**	**88.00%**	**80.00%**	**72.00%**	**58.00%**	**43.00%**	**27.50%**	**13.00%**	**0.00%**
Total Fixed Income and Funding Agreement	**0.00%**	**0.00%**	**4.00%**	**12.00%**	**20.00%**	**28.00%**	**42.00%**	**57.00%**	**72.50%**	**87.00%**	**100.00%**

Please note that target allocations above may reflect rounding. Target asset allocations may change from time to time, and actual asset allocations will change with fluctuations in the value of each Underlying Investment. From time to time, the Plan may maintain an amount of cash or cash equivalents to meet liquidity needs.

Target Risk Portfolio Profiles

General Description. Like the Scholar's Edge Year of Enrollment Portfolios, the Target Risk Portfolios invest in multiple Underlying Funds and may invest in the Scholar's Edge Guaranteed Contract. However, unlike the Scholar's Edge Year of Enrollment Portfolios, the Scholar's Edge Target Risk Portfolios do not change their target asset allocations for their Underlying Investments over time. Instead, each Scholar's Edge Target Risk Portfolio has an investment objective and strategy based on a specific target risk level and asset allocation that remains fixed over time.

The order of the Scholar's Edge Target Risk Portfolios by risk level, from most aggressive to most conservative, is: Aggressive Portfolio → Moderate Portfolio → Conservative Portfolio → Fixed Income Portfolio. The risk level of a Portfolio primarily relates to the extent to which it invests in equity and fixed income investments. If you choose to invest in a Target Risk Portfolio with a significant weighting in equity investments (including real estate), such as the Aggressive Portfolio, you might consider moving your assets to the more conservative Target Risk Portfolios with significant weightings in fixed income investments (including the Scholar's Edge Guaranteed Contract) as your Beneficiary approaches school age or as your investment time horizon otherwise shortens. Please note that there are limitations on your ability to move assets from one Portfolio to another. See ***Maintaining Your Account*** starting on page 22.

Investment Objectives, Strategies, and Risks. The following describes the Scholar's Edge Target Risk Portfolios' investment objectives, strategies, and risks. The investment risks of the Scholar's Edge Target Risk Portfolios are in addition to the general risks of investing in Scholar's Edge. See ***Important Risks You Should Consider*** starting on page 37.

- **Investment Objectives –**
  - **Aggressive Portfolio.** Seeks to provide long-term growth of capital.
  - **Moderate Portfolio.** Seeks to provide growth of capital and total return.
  - **Conservative Portfolio.** Seeks to provide a high level of total return, capital preservation, and some growth of capital.
  - **Fixed Income Portfolio.** Seeks to provide a high level of current income consistent with capital preservation.
- **Investment Strategies.** Each Scholar's Edge Target Risk Portfolio allocates its assets among ETFs and mutual funds. The ETFs and mutual funds in which the Portfolios invest provide access to broad asset classes that include (but are not limited to) U.S. and international equities, bonds, real estate, and cash. The Portfolios may also invest in the Scholar's Edge Guaranteed Contract. The Portfolios' target asset allocations, which are designed based on their respective target risk profiles and investment objectives, generally remain static.
  - **Aggressive Portfolio.** A target asset allocation of 88% equity and 12% fixed income investments.
  - **Moderate Portfolio.** A target asset allocation of 58% equity and 42% fixed income investments.
  - **Conservative Portfolio.** A target asset allocation of 27.5% equity and 72.5% fixed income investments.
  - **Fixed Income Portfolio.** A target asset allocation of 100% fixed income investments.
- **Investment Risks.** The Scholar's Edge Target Risk Portfolios are subject to the investment risks of their Underlying Investments.
  - See ***Appendix A: Additional Underlying Investment Information – Investment Objectives, Principal Investment Strategies, and Principal Risks of the Underlying Funds*** starting on page 65 for information about the investment risks of the Underlying Funds.
  - See ***Appendix A: Additional Underlying Investment Information – Additional Information about the Scholar's Edge Guaranteed Contract*** starting on page 82 for risk information related to the Scholar's Edge Guaranteed Contract.

Target Asset Allocations. The following table shows the Scholar's Edge Target Risk Portfolios' target asset allocations among their Underlying Investments. The Scholar's Edge Target Risk Portfolios are rebalanced on an ongoing basis to ensure that they are allocated as close to the target allocations as possible.

Underlying Investments (Ticker if Applicable)	Scholar's Edge Target Risk Portfolios			
	Aggressive Portfolio	Moderate Portfolio	Conservative Portfolio	Fixed Income Portfolio
U.S. Equity				
iShares Core S&P 500 ETF (IVV)	18.15%	14.30%	8.00%	0.00%
iShares Core S&P Small-Cap ETF (IJR)	6.05%	2.10%	0.00%	0.00%
Principal Blue Chip Fund (PGBHX)	13.60%	10.70%	6.00%	0.00%
Principal Equity Income Fund (PEIIX)	13.60%	10.70%	6.00%	0.00%
Vanguard Mid-Cap Index Fund (VMCPX)	9.10%	4.20%	0.00%	0.00%
International Equity				
JPMorgan Emerging Markets Equity Fund (JEMWX)	5.00%	1.60%	0.00%	0.00%
Principal SystematEx International Fund (PSTMX)	20.00%	14.40%	7.50%	0.00%
Real Estate				
Principal Real Estate Securities Fund (PFRSX)	2.50%	0.00%	0.00%	0.00%
Fixed Income				
iShares Core U.S. Aggregate Bond ETF (AGG)	2.40%	6.70%	8.70%	10.00%
Principal Income Fund (PICNX)	9.60%	26.90%	34.80%	40.00%
Principal Short-Term Income Fund (PSHIX)	0.00%	4.20%	14.50%	20.00%
Funding Agreement				
Scholar's Edge Guaranteed Contract	0.00%	4.20%	14.50%	30.00%
Total Equity and Real Estate	**88.00%**	**58.00%**	**27.50%**	**0.00%**
Total Fixed Income and Funding Agreement	**12.00%**	**42.00%**	**72.50%**	**100.00%**

Please note that target allocations above may reflect rounding. Target asset allocations may change from time to time, and actual asset allocations will change with fluctuations in the value of each Underlying Investment. From time to time, the Plan may maintain an amount of cash or cash equivalents to meet liquidity needs.

Individual Portfolios

General Description. Unlike the Scholar's Edge Year of Enrollment Portfolios and the Scholar's Edge Target Risk Portfolios, each Individual Portfolio invests in an Underlying Investment. In addition, unlike the Scholar's Edge Year of Enrollment Portfolios, each Individual Portfolio's Underlying Investment does not change over time.

Each Individual Portfolio provides access to a broad asset class such as (but not limited to) U.S. and international equities, bonds, real estate, or cash. One Individual Portfolio invests in the Scholar's Edge Guaranteed Contract. If you choose to invest in one or more Individual Portfolios investing primarily in equities or real estate, you might consider moving your assets to one or more Individual Portfolios investing primarily in fixed income investments or the Scholar's Edge Guaranteed Contract as your Beneficiary approaches school age or as your investment time horizon otherwise shortens. Please note that there are limitations on your ability to move assets from one Portfolio to another. See ***Maintaining Your Account*** starting on page 22.

The following table lists each Individual Portfolio and its Underlying Investment.

Individual Portfolios	
Portfolio	**Underlying Investment (Ticker if Applicable)**
U.S. Equity	
iShares S&P 500 Stock Index Portfolio	iShares Core S&P 500 ETF (IVV)
iShares Small Cap Index Portfolio	iShares Core S&P Small-Cap ETF (IJR)
Principal Blue Chip Portfolio	Principal Blue Chip Fund (PGBHX)
Principal Equity Income Portfolio	Principal Equity Income Fund (PEIIX)
Vanguard Mid Cap Index Portfolio	Vanguard Mid-Cap Index Fund (VMCPX)
International Equity	
JPMorgan Emerging Markets Equity Portfolio	JPMorgan Emerging Markets Equity Fund (JEMWX)
Principal International Small Company Portfolio	Principal International Small Company Fund (PFISX)
Principal SystematEx International Portfolio	Principal SystematEx International Fund (PSTMX)
Vanguard Total World Stock Portfolio	Vanguard Total World Stock ETF (VT)
Real Estate	
Principal Real Estate Securities Portfolio	Principal Real Estate Securities Fund (PFRSX)
Fixed Income	
iShares Core U.S. Aggregate Bond Portfolio	iShares Core U.S. Aggregate Bond ETF (AGG)
MainStay MacKay High Yield Corporate Bond Portfolio	MainStay MacKay High Yield Corporate Bond Fund (MHYSX)
Principal Income Portfolio	Principal Income Fund (PICNX)
Principal Short-Term Income Portfolio	Principal Short-Term Income Fund (PSHIX)
Vanguard Total International Bond Portfolio	Vanguard Total International Bond ETF (BNDX)
Funding Agreement	
Scholar’s Edge Capital Preservation Portfolio	Scholar’s Edge Guaranteed Contract

Investment Objective, Strategy, and Risks. The table below describes the Individual Portfolios’ respective investment objectives, strategies, and risks. Each Individual Portfolio is subject to the investment risks of its Underlying Investment.

- See ***Appendix A: Additional Underlying Investment Information – Investment Objectives, Principal Investment Strategies, and Principal Risks of the Underlying Funds*** starting on page 65 for information about the investment risks of the Underlying Funds.
- See ***Appendix A: Additional Underlying Investment Information – Additional Information about the Scholar’s Edge Guaranteed Contract*** starting on page 82 for risk information related to the Scholar’s Edge Guaranteed Contract.

The investment risks of the Individual Portfolios are in addition to the general risks of investing in Scholar’s Edge. See ***Important Risks You Should Consider*** starting on page 37.

iShares Core U.S. Aggregate Bond Portfolio
Investment Objective. The iShares Core U.S. Aggregate Bond Portfolio seeks to track the investment results of an index composed of the total U.S. investment-grade bond market. **Investment Strategy.** The Portfolio invests 100% of its assets in the iShares Core U.S. Aggregate Bond ETF. The iShares Core U.S. Aggregate Bond ETF seeks to track the investment results of the Bloomberg Barclays U.S. Aggregate Bond Index, which measures the performance of the total U.S. investment-grade (as determined by Bloomberg Index Services Limited) bond market. **Investment Risks.** The Portfolio is subject to the same investment risks as the iShares Core U.S. Aggregate Bond ETF.
iShares S&P 500 Stock Index Portfolio
Investment Objective. The iShares S&P 500 Stock Index Portfolio seeks to track the investment results of an index composed of large-capitalization U.S. equities. **Investment Strategy.** The Portfolio invests 100% of its assets in the iShares Core S&P 500 ETF. The iShares Core S&P 500 ETF seeks to track the investment results of the S&P 500 index, which measures the performance of the large-capitalization sector of the U.S. equity market, as determined by S&P Dow Jones Indices LLC. **Investment Risks.** The Portfolio is subject to the same investment risks as the iShares Core S&P 500 ETF.
iShares Small Cap Index Portfolio
Investment Objective. The iShares Small Cap Index Portfolio seeks to track the investment results of an index composed of small-capitalization U.S. equities. **Investment Strategy.** The Portfolio invests 100% of its assets in the iShares Core S&P Small-Cap ETF. The iShares Core S&P Small-Cap ETF seeks to track the investment results of the S&P SmallCap 600 index, which measures the performance of the small capitalization sector of the U.S. equity market, as determined by S&P Dow Jones Indices LLC. **Investment Risks.** The Portfolio is subject to the same investment risks as the iShares Core S&P Small-Cap ETF.
JPMorgan Emerging Markets Equity Portfolio
Investment Objective. The JPMorgan Emerging Markets Equity Portfolio seeks to provide high total return. **Investment Strategy.** The Portfolio invests 100% of its assets in the JPMorgan Emerging Markets Equity Fund. Under normal circumstances, the JPMorgan Emerging Markets Equity Fund invests at least 80% of the value of its assets in equity securities and equity-related instruments that are tied economically to emerging markets. **Investment Risks.** The Portfolio is subject to the same investment risks as the JPMorgan Emerging Markets Equity Fund.
MainStay MacKay High Yield Corporate Bond Portfolio
Investment Objective. The MainStay MacKay High Yield Corporate Bond Portfolio seeks maximum current income through investment in a diversified portfolio of high-yield debt securities. Capital appreciation is a secondary objective. **Investment Strategy.** The Portfolio invests 100% of its assets in the MainStay MacKay High Yield Corporate Bond Fund. The MainStay MacKay High Yield Corporate Bond Fund, under normal circumstances, invests at least 80% of its assets (net assets plus any borrowings for investment purposes) in high-yield corporate debt securities. Securities that are rated below investment grade by independent rating agencies are commonly referred to as “high-yield securities” or “junk bonds.” **Investment Risks.** The Portfolio is subject to the same investment risks as the MainStay MacKay High Yield Corporate Bond Fund.

Principal Blue Chip Portfolio
Investment Objective. The Principal Blue Chip Portfolio seeks long-term growth of capital. **Investment Strategy.** The Portfolio invests 100% of its assets in the Principal Blue Chip Fund. Under normal circumstances, the Principal Blue Chip Fund invests at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities of companies with large market capitalizations at the time of purchase that, in the opinion of Principal Global Investors, LLC (the fund's investment advisor), display characteristics of a "blue chip" company. **Investment Risks.** The Portfolio is subject to the same investment risks as the Principal Blue Chip Fund.
Principal Equity Income Portfolio
Investment Objective. The Principal Equity Income Portfolio seeks to provide current income and long-term growth of income and capital. **Investment Strategy.** The Portfolio invests 100% of its assets in the Principal Equity Income Fund. Under normal circumstances, the Principal Equity Income Fund invests at least 80% of its net assets, plus any borrowings for investment purposes, in dividend-paying equity securities at the time of purchase. **Investment Risks.** The Portfolio is subject to the same investment risks as the Principal Equity Income Fund.
Principal Income Portfolio
Investment Objective. The Principal Income Portfolio seeks to provide a high level of current income consistent with preservation of capital. **Investment Strategy.** The Portfolio invests 100% of its assets in the Principal Income Fund. Under normal circumstances, the Principal Income Fund invests primarily in a diversified pool of investment-grade fixed-income securities, including corporate securities, U.S. government securities, asset-backed securities and mortgage-backed securities (securitized products) (including collateralized mortgage obligations), and foreign securities. **Investment Risks.** The Portfolio is subject to the same investment risks as the Principal Income Fund.
Principal International Small Company Portfolio
Investment Objective. The Principal International Small Company Portfolio seeks long-term growth of capital. **Investment Strategy.** The Portfolio invests 100% of its assets in the Principal International Small Company Fund. Under normal circumstances, the Principal International Small Company Fund invests at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities of companies with small market capitalizations at the time of purchase. **Investment Risks.** The Portfolio is subject to the same investment risks as the Principal International Small Company Fund.
Principal Real Estate Securities Portfolio
Investment Objective. The Principal Real Estate Securities Portfolio seeks to generate a total return. **Investment Strategy.** The Portfolio invests 100% of its assets in the Principal Real Estate Securities Fund. Under normal circumstances, the Principal Real Estate Securities Fund invests at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities of companies principally engaged in the real estate industry at the time of purchase. **Investment Risks.** The Portfolio is subject to the same investment risks as the Principal Real Estate Securities Fund.
Principal Short-Term Income Portfolio
Investment Objective. Principal Short-Term Income Portfolio seeks to provide as high a level of current income as is consistent with prudent investment management and stability of principal. **Investment Strategy.** The Portfolio invests 100% of its assets in the Principal Short-Term Income Fund. The Principal Short-Term Income Fund invests primarily in high quality short-term bonds and other fixed-income securities that, at the time of purchase, are rated BBB- or higher by S&P Global Ratings or Baa3 or higher by Moody's Investors Service, Inc. **Investment Risks.** The Portfolio is subject to the same investment risks as the Principal Short-Term Income Fund.

Principal SystematEx International Portfolio
Investment Objective. The Principal SystematEx International Portfolio seeks long-term growth of capital. **Investment Strategy.** The Portfolio invests 100% of its assets in the Principal SystematEx International Fund. The Principal SystematEx International Fund invests primarily in foreign equity securities. **Investment Risks.** The Portfolio is subject to the same investment risks as the Principal SystematEx International Fund.
Scholar's Edge Capital Preservation Portfolio
Investment Objective. The Scholar's Edge Capital Preservation Portfolio seeks a stable principal while providing interest. **Investment Strategy.** The Portfolio invests 100% of its assets in the Scholar's Edge Guaranteed Contract issued to the Plan by Principal Life. Under the contract, principal and a rate of interest are guaranteed to the Plan by Principal Life. Principal Life guarantees the interest rate under the Contract will be at least 1%. **Investment Risks.** The Portfolio is subject to the risk that Principal Life will become unable to make its payment obligations under the contract.
Vanguard Mid Cap Index Portfolio
Investment Objective. The Vanguard Mid Cap Index Portfolio seeks to track the performance of a benchmark index that measures the investment return of mid-capitalization stocks. **Investment Strategy.** The Portfolio invests 100% of its assets in the Vanguard Mid-Cap Index Fund. The Vanguard Mid-Cap Index Fund employs an indexing investment approach designed to track the performance of the CRSP US Mid Cap Index, a broadly diversified index of stocks of mid-size U.S. companies. **Investment Risks.** The Portfolio is subject to the same investment risks as the Vanguard Mid-Cap Index Fund.
Vanguard Total International Bond Portfolio
Investment Objective. The Vanguard Total International Bond Portfolio seeks to track the performance of a benchmark index that measures the investment return of non-U.S. dollar-denominated investment-grade bonds. **Investment Strategy.** The Portfolio invests 100% of its assets in the Vanguard Total International Bond ETF. The Vanguard Total International Bond ETF employs an indexing investment approach designed to track the performance of the Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged). This index provides a broad-based measure of the global, investment-grade, fixed-rate debt markets. **Investment Risks.** The Portfolio is subject to the same investment risks as the Vanguard Total International Bond ETF.
Vanguard Total World Stock Portfolio
Investment Objective. The Vanguard Total World Stock Portfolio seeks to track the performance of a benchmark index that measures the investment return of stocks of companies located in developed and emerging markets around the world. **Investment Strategy.** The Portfolio invests 100% of its assets in the Vanguard Total World Stock ETF. The Vanguard Total World Stock ETF employs an indexing investment approach designed to track the performance of the FTSE Global All Cap Index, a float-adjusted, market-capitalization-weighted index designed to measure the market performance of large-, mid-, and small-capitalization stocks of companies located around the world. **Investment Risks.** The Portfolio is subject to the same investment risks as the Vanguard Total World Stock ETF.

ADDITIONAL INVESTMENT INFORMATION

Systematic Rebalance Option. The Systematic Rebalance Option is designed to offer Account Owners the ability to design a customized portfolio from the Investment Options that will remain consistent with their predetermined investment objectives over time. The participant's chosen asset allocation among the selected Investment Options will periodically be rebalanced on a quarterly basis in accordance with the participant's target allocations on file.

In order to participate, the Account Owner must adhere to the following requirements:

- Select two or more Portfolios from the Investment Options.
    - You may choose to combine the Scholar's Edge Year of Enrollment Portfolios, Scholar's Edge Target Risk Portfolios, and Individual Portfolios
- Choose a target allocation to each one of your selected Portfolios, totaling 100%.
- Electing this option at the time of enrollment will not count as one of your two per calendar year allowable investment changes.
    - Adding, stopping, or restarting the Systematic Rebalance Option at any other time will count as one of your two per calendar year allowable investment changes.
    - Changes to the Portfolio selections within your Systematic Rebalance Option instructions will also count as one of your two per calendar year allowable investment changes. These changes would include adjusting the percentages assigned to the Portfolios.
    - Once you have used your two investment changes in a calendar year, you will not be entitled to make any further investment changes until the following calendar year, other than if you change the Beneficiary to a Member of the Family of the current Beneficiary.
- On a quarterly basis, the Portfolios within your Systematic Rebalance Option instructions will automatically rebalance back to your most recent target allocations on file.
    - You cannot opt out of the quarterly rebalancing process without it counting as one of your two allowed annual investment changes.
    - The automatic rebalance will occur on or about the tenth calendar day following the last day of each quarter end.
    - These automatic rebalances will be confirmed on your Account's quarterly statement.
- Future contributions will automatically be invested in line with the most recent target allocations that are on file for your Systematic Rebalance Option.
    - You may direct contributions into a Portfolio that is different from that which is on file. However, your Account will automatically rebalance in line with your target allocations at the time the next quarterly rebalancing is affected.

How Your Units Are Valued. The Unit Value of each Portfolio is normally calculated as of the close of the NYSE each day. If securities held by an Underlying Investment in your Portfolio are traded in other markets on days when the NYSE is closed, that Portfolio's value may fluctuate on days when you do not have access to it to purchase or redeem Units. If events that are expected to materially affect the value of securities traded in other markets occur between the close of those markets and the close of business on the NYSE, those securities may be valued at their fair value.

Investment Policy Statement. The Board has adopted an Investment Policy Statement, amended as of November 7, 2019 and effective December 9, 2019, which is available at **nmetb.org**. The Investment Policy Statement sets forth, in part:

1. the Board's judgments, expectations, objectives, and guidelines for the investment of all Plan assets;

2. an investment structure for managing all Plan assets. This structure includes various asset classes and investment management styles that span the risk/return spectrum;

3. the criteria and procedures for selecting Investment Options and Investment Managers;

4. guidelines for each Portfolio that controls the level of overall risk and liquidity assumed in that Portfolio so that all Plan assets are managed in accordance with stated objectives;

5. communications between the Board, the investment consultant to the Board, the Program Manager, and the Investment Managers;

6. criteria to monitor, evaluate, and compare the performance results achieved by the Investment Managers on a regular basis; and

7. fiduciary, legal, prudence, and due diligence requirements.

The Board, with the recommendation of PGI and the Program Manager, and the advice of the consultant to the Board, has developed Investment Options and selected the Underlying Investments for each Portfolio based on the guidelines set forth in the Investment Policy Statement.

Benchmarks. Pursuant to the Investment Policy Statement described above, the Board has established criteria to monitor, evaluate, and compare the Underlying Investments. Among other factors, the performance of each Underlying Investment will be compared to the applicable primary benchmark. The benchmarks for the Underlying Funds are disclosed in the Underlying Fund prospectuses.

Treatment of Dividends and Capital Gains. The Underlying Investments distribute dividends and capital gains because they are required to do so under the current provisions of the Code to maintain their tax status as regulated investment companies. Each Portfolio, which is an offering through the Trust, is not considered a mutual fund. Therefore, the Portfolios are not required to comply with these requirements. Any reinvested dividends and capital gains from the Underlying Investments will become assets of the Portfolios. Although the Underlying Investments may distribute dividends and or capital gains, the Portfolios, rather than distributing earnings, reflect changes in value from income and gains and losses from the Underlying Investments solely by increasing or decreasing the Portfolio's Unit Value.

Differences between Performance of the Portfolios and Underlying Investments. The performance of the Portfolios will differ from the performance of the Underlying Investments. Because the Portfolios have higher expense ratios than the Underlying Investments, over comparable periods of time, all other things being equal, a Portfolio would have lower performance than its comparable Underlying Investment. However, the Underlying Investments do not offer the same tax advantages as the Portfolios. Performance differences also are caused by differences in the trade dates of Portfolio purchases. When you invest money in a Portfolio, you will receive Portfolio Units as of the trade date. The Portfolio will use your money to purchase shares or interests in an Underlying Investment. However, the trade date for the Portfolio's purchase of Underlying Investment shares or interests typically will be one (1) business day 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 also cause the Portfolio's performance to differ from the Underlying Investment's performance. For more information on investment performance, see ***Investment Performance*** on page 52.

Investment Selection. For each new contribution, you can select from any of the Portfolios when you make your contribution as long as investments in those different Portfolios are permissible. The minimum allocation per selected Investment Option is 1% of the contribution amount.

Changing Portfolios. Once your Portfolio is selected for a particular contribution, IRS guidance provides that you can move money or transfer from one Portfolio to another twice per calendar year for the same Beneficiary. This limitation applies in the aggregate across all of your accounts for the same Beneficiary under all Qualified Tuition Programs sponsored by the State of New Mexico. You may exchange Units in a Portfolio only for Units of the same Unit Class in another Portfolio.

Requesting Additional Information about the Underlying Funds. Additional information about the investment strategies and risks of each Underlying Fund is available in its current prospectus and Statement of Additional Information (SAI). You can request a copy of the current prospectus, the SAI, or the most recent semiannual or annual report, as applicable, of any Underlying Fund by visiting the following Investment Managers' websites or calling the numbers referenced below.

INVESTMENT MANAGER	WEBSITE	PHONE NUMBER
Principal	principal.com	800-986-3343
BlackRock*	ishares.com	800-474-2737
Vanguard	vanguard.com	800-528-4999
JPMorgan	am.jpmorgan.com	800-480-4111
New York Life**	nylinvestments.com	800-624-6782

* Investment Manager of the iShares Underlying Funds.
** Investment Manager of the MainStay MacKay High Yield Corporate Bond Portfolio.

Investment Performance

Performance information for the Investment Options is not available in this Plan Description because the Portfolios are new. Portfolio price and performance information will be available after the Portfolios commence operations in December 2019. For up to date price and performance information, go to **scholarsedge529.com** or call us at **1.866.529.7283**.

The performance of the Portfolios will differ from the performance of the Underlying Investments. The Portfolios may have higher expense ratios than the Underlying Investments. Portfolio performance may also be affected by cash flows into and out of the Portfolios; typically, the Portfolio purchases Underlying Investment shares one business day after the date funds are contributed. Depending on market conditions, the collective impact of these differences may cause the Portfolio's performance to trail or exceed the Underlying Investments' returns. However, your investment in the Portfolios through your Account to the Portfolios may receive advantageous tax treatment. For more information about the differences between the Portfolios and Underlying Investments, see ***Differences between Performance of the Portfolios and Underlying Investments*** on page 51.

Portfolio performance information represents past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so your Units, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For Portfolio performance data current to the most recent month-end, visit scholarsedge529.com.

Important Tax Information

FEDERAL TAX ISSUES

General. This section describes some of the federal tax considerations you should be aware of when investing in Scholar's Edge. However, the discussion is by no means exhaustive and is not meant as tax advice. The federal tax consequences associated with an investment in Scholar's Edge can be complex. Scholar's Edge should not be used for the purposes of avoiding federal tax or tax penalties. **Before you invest you may wish to consult an independent tax advisor regarding the application of tax laws to your particular circumstances.**

Some states may impose taxes and/or penalties on investments in or withdrawals from a Qualified Tuition Program offered by other states. These penalties and taxes may, in certain cases, have the effect of offsetting some or all of the federal tax benefits discussed below.

Federal Taxes: The federal taxation of your Scholar's Edge Account can be complex. Make sure you understand the federal tax benefits and obligations before you invest.

Risk of Tax Law Changes. The IRS has issued only proposed regulations and certain other guidance under Section 529. Final regulations could affect the tax considerations or require changes in the terms of Scholar's Edge.

Federal Tax-Deferred or Tax-Free Earnings. Any earnings on contributions are tax-deferred, which means your Account assets grow free of current federal income tax and are tax-free, meaning such earnings are not subject to federal income tax, if withdrawn to pay for Qualified Expenses, as described below.

Federal Gift/Estate Tax. If your contributions, together with any other gifts to the Beneficiary (over and above those made to your Account), do not exceed $15,000 per year ($30,000 for married couples making a proper election), no gift tax will be imposed for that year. Gifts of up to $75,000 can be made in a single year ($150,000 for married couples making a proper election) for a Beneficiary and you may elect to apply the contribution against the annual exclusion equally over a five-year period. This allows you to move assets into tax-deferred investments and out of your estate more quickly. If you die with assets still remaining in your Account, the Account's value will generally not be included in your estate for federal estate tax purposes, unless you elect the five-year averaging and die before the end of the fifth year, in which case the contributions allocable to the remaining years in the 5-year period would be includible in your estate. If your Beneficiary dies, and assets remain in your Account, the value of your Account may be included in the Beneficiary's estate for federal tax purposes. Further rules regarding gifts and the generation-skipping transfer tax may apply in the case of distributions, changes of Beneficiaries, and other situations. The state law treatment of gift and estate taxes varies so you should check with your tax advisor for the specific effect of federal and state (if any) gift tax and generation-skipping transfer tax on your situation.

Transfers and Rollovers. Where a distribution is placed in another Account or another Qualified Tuition Program account within sixty (60) days of the distribution date, you may avoid incurring federal income tax or a Distribution Tax if the transfer is for the same Beneficiary or for a Member of the Family of the Beneficiary. You can transfer assets for the same Beneficiary from another Qualified Tuition Program to your Account without adverse tax consequences only if no other such rollovers have occurred within the prior twelve (12) months. Changes in your Beneficiary could potentially cause gift and/or generation-skipping transfer tax consequences to you and your Beneficiary. Because gift and generation-skipping transfer tax issues are complex, you should consult with your tax advisor.

ABLE Rollover Distributions. Where a distribution is placed in a Qualified ABLE Program account within 60 days of the distribution date, you may avoid incurring federal income tax or a Distribution Tax if the transfer is for the same Beneficiary or for a Member of the Family of the Beneficiary. Any distribution must be made before January 1, 2026 and cannot exceed the annual Qualified ABLE Program $15,000 contribution limit.

Changes in your Beneficiary could potentially cause gift and/or generation-skipping transfer tax consequences to you and your Beneficiary. Because gift and generation-skipping transfer tax issues are complex, you should consult with your tax advisor.

Direct Transfers Between Plans for the Same Beneficiary. Under Section 529, you can transfer assets directly between any 529 plan sponsored by the State of New Mexico twice per calendar year for the same Beneficiary. Such a direct transfer is considered an investment exchange for federal and state tax purposes and is therefore subject to the restrictions described in ***Maintaining Your Account – Changing Investment Options*** on page 22.

Indirect Transfers. For federal and state tax purposes, an indirect transfer involving the distribution of money from The Education Plan to Scholar's Edge, or vice versa, would be treated as a Non-Qualified Distribution (and not as an investment exchange), even though it is subsequently contributed to the new account for the same Beneficiary.

Coverdell Education Savings Accounts (ESA). Generally, contributions may be made to both an ESA (defined in Section 530 of the Code) and a Qualified Tuition Program in the same year on behalf of the same Beneficiary. However, the same educational expenses cannot be claimed for a tax-exempt distribution from both the ESA and the Qualified Tuition Program.

Education Tax Credits. You and your Beneficiary, if eligible, can take advantage of American Opportunity and Lifetime Learning Tax Credits without affecting your participation in Scholar's Edge or its benefits. American Opportunity and Lifetime Learning Credits can be claimed in the same year that a tax-exempt distribution is taken from a Qualified Tuition Program provided the distribution is not used for the same educational expenses.

All Distributions. Distributions may be comprised of: (1) principal, which is not taxable when distributed, and (2) earnings, if any, which may be subject to federal income tax. We determine the earnings portion based on IRS rules and report to the IRS and the recipient. However, we do not report whether the distribution is a Qualified Distribution or a Non-Qualified Distribution. You are responsible for preparing and filing the appropriate forms when completing your federal income tax return and for paying any applicable tax directly to the IRS.

Qualified Expense Distributions. If you take a distribution from your Account to pay for Qualified Expenses, your Beneficiary generally does not have to include as income any earnings distributed for the applicable taxable year if the total distributions for that year are less than or equal to the total distributions for Qualified Expenses for that year minus any tax-free Educational Assistance and expenses considered in determining any American Opportunity or Lifetime Learning Credits claimed for that taxable year.

You, or your Beneficiary, as applicable, are responsible for determining the amount of the earnings portion of any distribution from your Account that may be taxable and are responsible for reporting any earnings that must be included in taxable income. You should consult with your tax advisor for further information.

Other Distributions. For federal income tax purposes, you or the Beneficiary may be subject to federal and state income tax on the earnings portion of a distribution in the event of: the death or Disability of a Beneficiary, the receipt by the Beneficiary of a scholarship, grant, or other tax-free Educational Assistance, attendance at certain specified military academies, use of American Opportunity or Lifetime Learning Credits, or a Refunded Distribution. The distributions discussed in this paragraph are not subject to the Distribution Tax.

Non-Qualified Distributions. You, or the Beneficiary, as applicable, are subject to federal and state income tax and the Distribution Tax on the earnings portion of any distribution that is not exempt from tax as described above. You will also be subject to a recapture of the New Mexico state income tax deduction with respect to any Non-Qualified Distribution and certain other withdrawals as discussed in ***State Tax Issues - Recapture of Income Tax Deduction*** on page 55.

Determination of Taxable Earnings. The principal and earnings portions of a distribution for federal tax purposes are determined by a formula reflecting the proportion of contributions to the overall market value of your accounts in all Qualified Tuition Programs sponsored by the State for the same Beneficiary. If the distribution is subject to a Distribution Tax, the Distribution Tax is applied to the earnings portion.

STATE TAX ISSUES

General. This section describes some of the state tax considerations you should be aware of when investing in Scholar's Edge. However, the discussion is by no means exhaustive and is not meant as tax advice. The New Mexico state tax consequences associated with an investment in Scholar's Edge can be complex.

Scholar's Edge should not be used for the purposes of avoiding state tax or tax penalties. **Before you invest, you may wish to consult an independent tax advisor regarding the application of tax laws to your particular circumstances.**

Income Tax Deduction for New Mexico Taxpayers. If you are an individual New Mexico taxpayer (resident or non-resident), filing a single or joint return, you may deduct contributions to The Education Plan and Scholar's Edge for New Mexico individual income tax purposes. In certain circumstances, the amounts deducted may be recaptured in subsequent years as discussed below. The contributor does not need to be the Account Owner of an Account to be eligible for the deduction.

Recapture of Income Tax Deduction. In certain circumstances, the amounts deducted may be recaptured in subsequent years. Despite K-12 Tuition being included in Qualified Expenses for federal income tax purposes, K-12 Tuition will not constitute Qualified Expenses under the New Mexico tax code, thereby resulting in a recapture of any deduction related to amounts distributed for K-12 Tuition. In addition, amounts previously deducted for New Mexico income tax purposes will be recaptured if they are distributed from The Education Plan or Scholar's Edge to a Qualified ABLE program, including the ABLE program offered in the State of New Mexico or to another Qualified Tuition Program not offered by the State of New Mexico (notwithstanding that such a transfer is a Qualified Withdrawal for federal tax purposes). Account Owners who are New Mexico taxpayers should consult their own tax advisors before making withdrawals from The Education Plan or Scholar's Edge for K-12 Tuition or transferring funds from The Education Plan or Scholar's Edge to a Qualified ABLE Program.

New Mexico Tax-Free Distributions for Qualified Expenses. Because New Mexico adjusted gross income is generally derived from federal adjusted gross income, you or the Beneficiary, if a New Mexico taxpayer, will be subject to New Mexico adjusted gross income tax in the same manner as federal income tax. As a result, you or the Beneficiary are generally not subject to New Mexico adjusted gross income tax on the earnings portion of any distributions for Qualified Expenses. Since different states have different tax provisions, if you or your Beneficiary, as applicable, are not a New Mexico taxpayer, you should consult your own state's tax laws or your tax advisor for more information on your state's taxation of distributions for Qualified Expenses.

New Mexico Taxation of Non-Qualified and Other Distributions. Because New Mexico adjusted gross income is generally derived from federal adjusted gross income, you or the Beneficiary, as applicable, will be subject to New Mexico adjusted gross income tax on the earnings portion of any Non-Qualified Distribution, or other distributions that are also included in your federal adjusted gross income for a taxable year.

Refunded Distributions. Where a distribution is made to pay Qualified Expenses and the distribution or a portion of the distribution is refunded by the Eligible Educational Institution, you may avoid incurring New Mexico income tax or the recapture of the New Mexico state income tax deduction claimed by contributors in prior taxable years if:

- You recontribute the refund to a Qualified Tuition Program account for which the Beneficiary is the same Beneficiary as the Beneficiary who received the refund; and
- The recontribution is made within 60 days of the date of the refund from the Eligible Educational Institution.

Non-New Mexico Taxpayers. If you are not a New Mexico taxpayer, consider before investing whether your or the Beneficiary's home state offers a Qualified Tuition Program that provides its taxpayers with favorable state tax and other benefits such as financial aid, scholarship funds, and protection from creditors, that may only be available through investment in the home state's Qualified Tuition Program, and which are not available through an investment in Scholar's Edge. You may wish to contact your home state's Qualified Tuition Program(s), or any other Qualified Tuition Program, to learn more about those plans' features, benefits, and limitations. State-based benefits should be one of many factors to be considered when making an investment decision. Since different states have different tax provisions, this Plan Description and Participation Agreement contains limited information about the state tax consequences of investing in Scholar's Edge. Therefore, please consult your tax advisor for information on your own state's tax laws and to learn how state-based benefits (or any limitations) would apply to your specific circumstances.

General Information

Identification Verification. Certain information is necessary to properly verify your identity. If we do not receive all of the required information, there could be a delay in opening your Account. If, after making reasonable efforts, we are unable to verify your identity, we may take any action permitted by law, without prior notice to you, including rejecting contribution and transfer requests, suspending Account services, or closing your Account and issuing a refund at the Unit Value calculated the day your Account is closed. Any refund made under these circumstances may be considered a Non-Qualified Distribution. The risk of market loss, tax implications, and any other expenses, as a result of the liquidation, will be solely your responsibility.

Documents in Good Order. To process any transaction in the Plan, all necessary documents must be in good order, which means executed when required and properly, fully, and accurately completed.

Purpose of Qualified Tuition Programs. Qualified Tuition Programs are intended to be used only to save for Qualified Expenses. Qualified Tuition Programs are not intended to be used, nor should they be used, by any taxpayer for the purpose of evading federal or state taxes or tax penalties. You may wish to seek tax advice from an independent tax advisor based on your own particular circumstances.

Your Account. When you complete your enrollment, you acknowledge that you agree to be bound by the terms and conditions of this Plan Description and Participation Agreement and the Enrollment Form. The Plan Description and Participation Agreement and your completion of the Enrollment Form, when executed by you, is considered the entire agreement between you and the Trust with respect to your Account. By signing the Enrollment Form, as applicable, you are requesting that we open an Account for the benefit of your Beneficiary. Your Account, the Plan Description and Participation Agreement and your signed Enrollment Form are subject to the Enabling Legislation and any rules we may adopt under the Enabling Legislation. Your Account assets will be held, subject to the Enabling Legislation and the Code, the Plan Description and Participation Agreement, and your signed Enrollment Form, for the exclusive benefit of you and your Beneficiary.

Changes to Your Account. The Plan Officials are not responsible for the accuracy of the documentation you submit to us to make changes to your Account, whether submitted online or in paper form. If received in good order, notices, changes, options, and elections relating to your Account will take effect within a reasonable amount of time after we have received the appropriate documentation in good order, unless the Board agrees otherwise.

Accuracy of Information in Plan Description and Participation Agreement. The information in this Plan Description and Participation Agreement is believed to be accurate as of the cover date, but it is subject to change without notice. No one is authorized to provide information that is different from the information in the most current form of this Plan Description and Participation Agreement, as supplemented from time to time.

Changes to the Plan Description and Participation Agreement. The Board may amend the terms of the Plan Description and Participation Agreement from time to time to comply with changes in the law or regulations or if the Board determines it is in the Plan's best interest to do so. However, the Board will not retroactively modify existing terms and conditions applicable to an Account in a manner adverse to you or your Beneficiary, except to the extent necessary to assure compliance with applicable state and federal laws or regulations or to preserve the favorable tax treatment to you, your Beneficiary, the Board, Scholar's Edge, or the Trust.

Keep Legal Documents for Your Records. You should retain this Plan Description and Participation Agreement for your records. We may make modifications to Scholar's Edge in the future. If so, an addendum (Supplement) to the Plan Description and Participation Agreement may be sent to your address of record or notice sent to you by email if you choose to receive documents electronically. In these cases, the new Supplement and/ or Plan Description and Participation Agreement will supersede all prior versions.

Please note that we periodically match and update the addresses of record against a change of address database maintained by the U.S. Postal Service to reduce the possibility that items sent by First Class Mail, such as Account statements, will be undeliverable.

Changes to State Statutes; Adoption of Rules. The New Mexico Legislature may, from time to time, pass legislation, which may directly or indirectly affect the terms and conditions of Scholar's Edge and the Plan Description and Participation Agreement. Also, the Board may adopt rules pursuant to the provisions of the Enabling Legislation, which may directly or indirectly affect the terms and conditions of Scholar's Edge and the Plan Description and Participation Agreement.

Guide to Interpretation. The Plan is intended to qualify for the tax benefits of Section 529. Notwithstanding anything in the Plan Description and Participation Agreement to the contrary, the terms and conditions applicable to your Account will be interpreted and/or amended to comply with the requirements of Section 529 and applicable regulations.

Continuing Disclosure. Certain financial information and operating data relating to the Trust will be filed by or on behalf of the Trust in electronic form with the Electronic Municipal Market Access system (EMMA) maintained by the Municipal Securities Rulemaking Board (MSRB) pursuant to Rule 15c2-12 as promulgated by the SEC under the Securities Exchange Act of 1934. Notices of certain enumerated events will be filed by or on behalf of the Trust with the MSRB.

Independent Registered Public Accounting Firm. The State requires an independent registered public accounting firm to audit the Plan's financial statements annually. The independent registered public accounting firm is selected by the Board.

Custodial Arrangements. The Bank of New York Mellon (Mellon) is the Plan's custodian. As custodian, Mellon is responsible for holding the Plan's assets, including Underlying Fund shares owned by the Trust and monies contributed to Accounts by Account Owners.

Creditor Protection under U.S. Laws. Federal bankruptcy law excludes from property of the debtor's bankruptcy estate certain assets that have been contributed to an account in a Qualified Tuition Program. However, bankruptcy protection in this respect is limited and has certain conditions. Additional provisions of New Mexico state law, including NMSA 21-21K-6.A, may also apply. For the Qualified Tuition Program account to be excluded from the debtor's estate, the Beneficiary must be a child, stepchild, grandchild, or step-grandchild (including a legally adopted child or a foster child) of the individual who files for bankruptcy protection. In addition, contributions made to all Qualified Tuition Program accounts for the same Beneficiary are protected from becoming property of the debtor's estate as follows:

- contributions made to all Qualified Tuition Program accounts for the same beneficiary more than seven-hundred twenty (720) days before a federal bankruptcy filing are completely protected;
- contributions made to all Qualified Tuition Program accounts for the same beneficiary more than three hundred and sixty-five (365) days but less than seven hundred and twenty (720) days before a federal bankruptcy filing are protected up to six-thousand eight-hundred twenty-five dollars ($6,825.00), an amount currently revised every three (3) years by the Judicial Conference of the United States; and contributions made to all Qualified Tuition Program accounts for the same beneficiary less than three hundred sixty-five (365) days before a federal bankruptcy filing are not protected against creditor claims in federal bankruptcy proceedings.

Federal bankruptcy law permits a debtor to exempt certain specified assets from liability even though the assets are property of the debtor's estate. Under federal bankruptcy law, assets held in a 529 plan account that are property of the debtor's estate are not exempt from debt for domestic support obligations. This information is not meant to constitute individual tax or bankruptcy advice, and you should consult with your own advisors concerning your individual circumstances.

Representation. All factual determinations regarding your or your Beneficiary's residency, Disabled status, and any other factual determinations regarding your Account will be made by the Board or its designee based on the facts and circumstances of each case.

Severability. In the event that any clause or portion of the Plan Description and Participation Agreement or the Enrollment Form, including your representations, warranties, certifications, and acknowledgements, is found to be invalid or unenforceable by a valid court order, that clause or portion will be severed from the Plan Description and Participation Agreement or the Enrollment Form, as applicable, and the remainder of the Plan Description and Participation Agreement or Enrollment Form, as applicable, will continue in full force and effect as if that clause or portion had never been included.

Precedence. Except as otherwise expressly provided in the Declaration of Trust, in the event of inconsistencies between the Plan Description and Participation Agreement, the Management Agreement, Principal Services Agreement, Board policy or any rules adopted by the Board, and the Code or New Mexico statutes, the provisions of the New Mexico statutes or the Code, as applicable, will govern. To the extent permitted by New Mexico law, the Code will govern in the event of any inconsistencies between New Mexico statutes and the Code.

New Mexico Law. The Plan is created under the laws of the state of New Mexico. It is governed by, construed, and administered in accordance with the laws of the State. The venue for disputes and all other matters relating to the Plan will only be in the State.

Claims; Disputes. All decisions and interpretations by the Plan Officials in connection with the operation of the Plan will be final and binding upon you, the Beneficiary, and any other person affected. Any claim by you or your Beneficiary against the Plan Officials, individually or collectively, with respect to your Account will be made solely against the assets in your Account. The obligations of Scholar's Edge under your agreement with the Trust are monies received from you and earnings and/ or losses from your Account investments, and neither you nor your Beneficiary will have recourse against the Plan Officials, collectively or individually, in connection with any right or obligations arising out of an Account. Assets in your Account are not an obligation of the State.

Your Accounts are not insured by the State and neither the principal deposited nor the investment return is guaranteed by the State of New Mexico or Plan Officials. Opening an Account does not guarantee that your Beneficiary will be admitted to an Eligible Educational Institution or be allowed to continue enrollment at or graduate from an Eligible Educational Institution after admission. Opening an Account does not establish New Mexico residence for your Beneficiary. Neither the State of New Mexico nor Plan Officials guarantee that amounts saved in your Account will be sufficient to cover the Qualified Expenses of a Beneficiary. All obligations under your Account and the Plan Description and Participation Agreement are legally binding contractual obligations of the Trust only.

Lawsuits Involving Your Account. By opening an Account, you are submitting (on behalf of yourself and your Beneficiary) to the exclusive jurisdiction of courts in New Mexico for all legal proceedings arising out of or relating to your Account. The Board or the Program Manager may apply to a court at any time for judicial settlement of any matter involving your Account. If the Board or the Program Manager does so, they must give you or your Beneficiary the opportunity to participate in the court proceeding, but they also can involve other persons. Any expense incurred by the Plan Officials in legal proceedings involving your Account, including attorney's fees and expenses, are chargeable to your Account and payable by you or your Beneficiary if not paid from your Account.

Binding Nature. The Plan Description and Participation Agreement and your agreement to participate in the Plan are binding upon the parties and their respective heirs, successors, beneficiaries, and permitted assigns. By signing an Enrollment Form, you agree that all of your representations and obligations are for the benefit of the Plan Officials, all of whom can rely upon and enforce your representations and obligations contained in the Plan Description and Participation Agreement and the Enrollment Form.

Privacy Policy.

Scholar's Edge Privacy Policy
*As an Account Owner of the Plan, you are entitled to know how we protect your personal information and how we limit its disclosure. You can access a copy of the most recent Scholar's Edge Privacy Policy on the Plan's website at **scholarsedge529.com**.*

Information Sources
We obtain non-public personal information about our Account Owners and Beneficiaries when you provide it to us or we obtain it with your authorization. This includes information that we receive from applications or other forms you submit, when you access your Account online, and when there are transactions associated with your Account.

Protection of Information
We do not disclose non-public personal information about current or former Account Owners and Beneficiaries to anyone, except as permitted by law. Permitted disclosures include, for instance, providing information to Scholar's Edge employees and to related service providers who need to know the information to assist Scholar's Edge in providing services to you. In all such situations, Scholar's Edge stresses the confidential nature of the information being shared.

Other Security Measures
The security of your personal and financial information is very important. We maintain physical, electronic and procedural safeguards to protect your personal Account information. Our employees and agents have access to that information only so that they may offer you products or provide services, for example, when responding to your Account questions.

How You Can Help
You can also do your part to keep your Account information private and to prevent unauthorized transactions. If you obtain a user ID and password for your Account, do not allow it to be used by anyone else. Also, take special precautions when accessing your Account on a computer used by others.

Ascensus Privacy Policy

Under the terms of the contract between Ascensus and Scholar's Edge, Ascensus is required to treat all personal information confidentially. Ascensus is prohibited from using or disclosing such information, except as may be necessary to perform its obligations under the terms of its contract with Scholar's Edge or if required by applicable law, by court order or by other order.

Plan Governance

Scholar's Edge. Scholar's Edge is a Qualified Tuition Program that is operated under the Trust established pursuant to the Enabling Legislation.

The Enabling Legislation authorizes the Board to establish and administer Qualified Tuition Programs and gives the Board power to develop and implement Scholar's Edge through the establishment of rules, guidelines, procedures, or policies. In addition, the Board is provided discretion with regard to the formation of Scholar's Edge, including the establishment of minimum Account contributions and retention of professional services necessary to assist in the administration of Scholar's Edge. Scholar's Edge is administered by the Board of the Trust, an instrumentality of the State.

The Board and Declaration of Trust. The Plan is sponsored by the State of New Mexico and is administered by the Board. The Board, which serves as Trustee of the Trust, has the authority to appoint a Program Manager and other service providers to the Plan, adopt rules and regulations to implement and administer the Plan and the Trust, and establish investment policies for the Trust. The Plan is implemented in part pursuant to a declaration of trust (the Declaration of Trust) adopted by the Board. The Declaration of Trust governs the terms of the Trust and the respective obligations of the Program Manager and its affiliated service providers and the Board. The Trust assets are maintained separately from other plans within the New Mexico 529 Program and assets of the State of New Mexico.

The Enabling Legislation established the Education Trust Board of New Mexico, for the purpose of administering the Act. The Education Trust Board is comprised of five members. One of these members sits on the Board by virtue of the position he or she holds in New Mexico State Government—the Secretary of the New Mexico Department of Higher Education (or the Secretary's designee). The Governor of the State of New Mexico (two members), the Speaker of the New Mexico House of Representatives, and the President Pro Tempore of the New Mexico Senate appoint the remaining members, respectively.

The Board reserves the right at any time, and without consent of or notice to Account Owners or Beneficiaries, among other things, to:

- Refuse, change, discontinue or temporarily suspend accepting contributions, rollovers or transfers and processing withdrawal requests;
- Delay sending out the proceeds of a withdrawal request for up to five business days;
- Change the Plan's Fees and expenses;
- Change the maximum account balance limit;
- Add, subtract, terminate, or merge Portfolios, the asset allocation of the Portfolios, or the Underlying Investment(s) in which any Portfolio invests;
- Terminate an Account and/or assess a penalty against the Account if the Board determines that the Account Owner or the Beneficiary has provided false or misleading information to the Board, the Program Manager, the Plan's other service providers, or an Eligible Educational Institution;
- Terminate the Management Agreement and the Principal Services Agreement and replace the Program Manager and the Plan's other service providers;
- Amend the Declaration of Trust, the Participation Agreement, this Plan Description and Participation Agreement and the Enrollment Application; and
- Suspend or terminate the Trust without any action on the part of the Account Owners or Beneficiaries by giving written notice of such action to Account Owners, so long as after the action the assets in the Account are still held for the exclusive benefit of the Account Owner and the Beneficiaries.

Program Manager to Scholar's Edge. Ascensus College Savings Recordkeeping Services, LLC, the Program Manager, and its affiliates, have overall responsibility for the day-to-day operations of the Plan, including recordkeeping and administrative services.

Investment Advisor to Scholar's Edge. Principal Global Investors, LLC, a registered investment advisor with the SEC, serves as the investment advisor to the Plan. PGI is responsible for, among other responsibilities, providing recommendations to the Board for the Underlying

Investments in which the Portfolios invest, monitoring and rebalancing the asset allocations of the Portfolios, monitoring the Portfolios' compliance with the Board's Investment Policy Statement and applicable law. PGI is the Investment Manager of the Principal Underlying Funds. PGI is also affiliated with Principal Life, the life insurance company that issued the Scholar's Edge Guaranteed Contract. PGI, Principal Life, and their affiliates receive additional revenues from their affiliated Underlying Investments in the Plan. PGI may consider such revenues when recommending Underlying Investments and Portfolio asset allocations to the Board. PGI may also consider revenues that it or its affiliates receive or may receive from unaffiliated Underlying Investments when making such recommendations. Under the Principal Services Agreement, it is expected that no less than 75% of the assets under management in Scholar's Edge will be invested in Underlying Investments managed by PGI. PGI has a fiduciary duty to the Board to make recommendations that are in the best interest of Scholar's Edge.

Distributor to Scholar's Edge. Principal Funds Distributor, Inc. serves as the distributor of the Plan. PFD is registered as a broker-dealer under the Securities Exchange Act of 1934 and is a member of FINRA and the MSRB. PFD is responsible for, among other responsibilities, marketing Scholar's Edge, entering into selling agreements with Dealers who will offer and sell interests in Scholar's Edge, and providing other distribution-related services to the Board, the Plan, the Program Manager, PGI, Underlying Funds, and the Investment Managers.

Program Manager Address. 920 Main Street, Suite 900, Kansas City, MO 64105. All general correspondence, however, should be addressed to Scholar's Edge, P.O. Box 219798, Kansas City, MO 64121-9798.

PGI and PFD Address. 801 Grand Avenue, Des Moines, IA 50392.

Participation Agreement

In this section, we ask you to indemnify the Plan Officials, make certain representations to us and acknowledge your responsibilities.

Indemnity

As an Account Owner, I agree to and acknowledge the following indemnity:

1. I am opening an Account in the Trust based upon my statements, agreements, representations, warranties, and covenants as set forth in the Plan Description and Participation Agreement and Enrollment Form.

2. I, by executing the Enrollment Form, as applicable, agree to indemnify and hold harmless the Plan Officials from and against any and all loss, damage, liability, penalty, tax, or expense, including costs of reasonable attorneys' fees, which they incur by reason of, or in connection with, any misstatement or misrepresentation that is made by me or my Beneficiary, any breach by me of the acknowledgements, representations, or warranties in the Plan Description and Participation Agreement and Enrollment Form, or any failure by me to fulfill any covenants or agreements in the Plan Description and Participation Agreement or Enrollment Form.

Representations, Warranties and Acknowledgements

I, as Account Owner, represent and warrant to, and acknowledge and agree with, the Board regarding the matters set forth in the Plan Description and Participation Agreement and Enrollment Form including that:

1. I have received, read, and understand the terms and conditions of the Plan Description and Participation Agreement, Enrollment Form and any additional information provided to me by the Plan Officials with respect to the Trust or the Plan.
2. I certify that I am a natural person, at least 18 years of age, and a citizen or a resident of the United States of America, who resides in the United States of America or, that I have the requisite authority to enter into this participation agreement and to open an Account for the Beneficiary. I also certify that the person named as Beneficiary of the Account is a citizen or a resident of the United States of America.
3. I understand that the Plan is intended to be used only to save for Qualified Expenses.
4. I understand that any contributions credited to my Account will be deemed by the Plan Officials to have been received from me and that contributions by third parties may result in adverse tax or other consequences to me or those third parties.
5. If I am establishing an Account as a Custodian for a minor under UGMA/UTMA, I understand and agree that I assume responsibility for any adverse consequences resulting from the establishment, maintenance, or termination of the Account.
6. If I am establishing an Account as a trustee for a trust, I represent that: (i) the trustee is the Account Owner; (ii) the individual signing the Enrollment Form, as applicable, is duly authorized to act as trustee for the trust; (iii) the Plan Description and Participation Agreement may not discuss tax consequences and other aspects of the Plan of particular relevance to the trust and individuals having an interest in the trust; and (iv) the trustee, for the benefit of the trust, has consulted with and relied on a professional advisor, as deemed appropriate by the trustee, before becoming an Account Owner.
7. I understand that Plan assets may be allocated among equity funds, fixed income funds, capital preservation funds, funding agreements, and other investments.
8. In making my decision to open an Account and completing my enrollment, I have not relied upon any representations or other information, whether written or oral, other than as set forth in the Plan Description and Participation Agreement, and I have considered the availability of alternative education savings and investment programs, including other Qualified Tuition Programs.
9. I understand that I am solely responsible for determining which Qualified Tuition Program is best suited to my needs and objectives. I understand that Scholar's Edge and the Investment Options offered by the Plan may not be for all investors as a means of saving and investing for education costs. I have determined that an investment in Scholar's Edge is a suitable investment for me as a means of saving for the Qualified Expenses of my Beneficiary.
10. I have been given an opportunity to obtain any additional information needed to complete my enrollment and/or verify the accuracy of any information I have furnished. I certify that all of the

information that I provided in the Enrollment Form, as applicable, and any other documentation subsequently furnished in connection with the opening or maintenance of, or any withdrawals from, my Account is and shall be accurate and complete, and I agree to notify the Board or the Program Manager promptly of any material changes in this information.

11. The value of my Account depends upon the performance of the Portfolios. I understand that at any time the value of my Account may be more or less than the amounts contributed to the Account. I understand that all contributions to my Account are subject to investment risks, including the risk of loss of all or part of the contributions and any return or interest earned. I understand that the value of the Account may not be adequate to fund actual Qualified Expenses.

12. I understand that although I own Units in a Portfolio, I do not have a direct beneficial interest in the Underlying Investments and other investment products approved by the Board from time to time, and therefore, I do not have the rights of an owner or shareholder of those Underlying Investments. I further understand that I received no advice or investment recommendation from, or on behalf of, the Plan Officials.

13. After I make my initial contribution to a specific Investment Option, I will be allowed to direct the further investment of that contribution no more than two (2) times per calendar year. I understand that Units in a Portfolio may be exchanged only for Units of the same Unit Class in another Portfolio.

14. I cannot use my Account as collateral for any loan. I understand that any attempt to use my Account as collateral for a loan would be void. I also understand that the Trust will not lend any assets to my Beneficiary or to me.

15. I understand that, if I so elect, the Program Manager has the right to provide the Financial Advisor I have identified to the Program with access to financial and other information regarding my Account.

16. I understand that, unless otherwise provided in a written agreement between me and my Financial Advisor, or between me and the Board or the Program Manager, no part of my participation in the Plan will be considered the provision of an investment advisory service.

17. Except as described in this Plan Description and Participation Agreement, I will not assign or transfer any interest in my Account. I understand that, except as provided under New Mexico law, any attempt to assign or transfer that interest is void.

18. I acknowledge that the Plan intends to qualify for favorable federal tax treatment under the Code. Because this qualification is vital to the Plan, the Board may modify the Plan or amend this Plan Description and Participation Agreement at any time if the Board decides that the change is needed to meet the requirements of the Code or the regulations administered by the IRS pursuant to the Code, State law, or applicable rules or regulations adopted by the Board or to ensure the proper administration of the Plan.

19. The Plan Officials, individually and collectively, do not guarantee that my Beneficiary: will be accepted as a student by a particular elementary or secondary school, any institution of higher education or other institution of post-secondary education; if accepted, will be permitted to continue as a student; will be treated as a state resident of any state for Qualified Expenses purposes; will graduate from any elementary or secondary school, any institution of higher education or other institution of post-secondary education; or will achieve any particular treatment under any applicable state or federal financial aid programs; or guarantee any rate of return or benefit for contributions made to my Account.

20. The Plan Officials, individually and collectively, are not liable for:

    a. a failure of Scholar’s Edge to qualify or to remain a Qualified Tuition Program under the Code including any subsequent loss of favorable tax treatment under state or federal law;

    b. any loss of funds contributed to my Account or for the denial to me or my Beneficiary of a perceived tax or other benefit under Scholar’s Edge, the Declaration of Trust, or the Enrollment Form; or

    c. loss caused directly or indirectly by government restrictions, exchange or market rulings, suspension of trading, war, acts of terrorism, strikes, or other conditions beyond their control.

21. My statements, representations, warranties, and covenants will survive the termination of my Account.

Arbitration. This is a pre-dispute arbitration clause. Any controversy or claim arising out of or relating to the Plan or the Plan Description and Participation Agreement, or the breach, termination, or validity of this Plan or the Enrollment Form, may be submitted to arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules (except that if Program Manager, or an Investment Manager, is a party to the arbitration, it may elect that arbitration will instead be subject to the Code of Arbitration Procedure of the Financial Industry Regulatory Authority), both of which are made part of this Agreement, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction.

In connection with any arbitration, you should note that:

1. you are giving up important rights under state law, including the right to sue in court and the right to a trial by jury, except as provided by the rules of the arbitration forum in which the claim is filed;

2. arbitration awards are generally final and binding; your ability to have a court reverse or modify an arbitration award is very limited;

3. your ability to obtain documents, witness statements, and other discovery is generally more limited in arbitration than in court proceedings;

4. the potential cost of arbitration may be more or less than the cost of litigation;

5. the arbitrators do not have to explain the reason(s) for their award, unless in an eligible case, a joint request for an explained decision has been submitted by all parties to the panel at least twenty (20) days prior to the first scheduled hearing date;

6. the panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry;

7. the rules of the arbitration forum may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court; and

8. the rules of the arbitration forum are incorporated by reference into this Plan Description and Participation Agreement and are available by contacting a Client Service Representative at **1.866.529.7283**.

To the extent permitted by applicable law:

1. the terms and conditions of the agreement between you and the Trust and New Mexico law will be applied by the arbitrator(s) without regard to conflict of laws principles;

2. the place of arbitration will be Santa Fe, New Mexico; and

3. the arbitrator(s) is not empowered to award consequential or punitive damages under any circumstances, whether statutory or common law in nature, including treble damages by statute.

You may have other rights under FINRA's Code of Arbitration Procedure.

You cannot bring a putative or certified class action to arbitration, or seek to enforce any pre-dispute arbitration agreement against any person who has initiated in court a putative class action; who is a member of a putative class who has opted out of the class with respect to any claims encompassed by the putative class action until: (i) the class certification is denied; or (ii) the class is decertified; or (iii) the person is excluded from the class by the court. A failure to enforce this arbitration provision does not constitute a waiver of any of the Plan Official's rights under the Plan Description and Participation Agreement or the Enrollment Form or your Account except to the extent set forth in this Arbitration Section.

Appendix A: Additional Underlying Investment Information

Each Portfolio, except the Scholar's Edge Capital Preservation Portfolio, invests in one or more Underlying Funds. The Scholar's Edge Capital Preservation Portfolio invests, and the Scholar's Edge Year of Enrollment Portfolios and certain Scholar's Edge Target Risk Portfolios also invest, in the Scholar's Edge Guaranteed Contract. See ***Investment Information – Portfolio Descriptions*** starting on page 41 for the Portfolios' Underlying Investment(s).

This appendix provides additional information about the Portfolios' Underlying Investments, including information regarding Underlying Fund share classes; Underlying Fund investment objectives, strategies, and risks; and the Scholar's Edge Guaranteed Contract. The information in this appendix is current as of the date of this Plan Description and Participation Agreement.

Here's where you can find specific Underlying Investment information in this appendix:

If you have questions about any of the investment-related information in this section, please call a Client Service Representative at **1.866.529.7283** prior to making an investment decision. If you have questions about any of the Underlying Funds, you may also contact the Investment Managers directly. See ***Investment Information – Requesting Additional Information about the Underlying Funds*** starting on page 51.

UNDERLYING FUND SHARE CLASSES

The following table shows the shares classes of the Underlying Funds in which the Portfolios invest.

Underlying Fund (Ticker)	Share Class
iShares Core S&P 500 ETF (IVV)	N/A*
iShares Core S&P Small-Cap ETF (IJR)	N/A*
iShares Core U.S. Aggregate Bond ETF (AGG)	N/A*
JPMorgan Emerging Markets Equity Fund (JEMWX)	R6
MainStay MacKay High Yield Corporate Bond Fund (MHYSX)	R6
Principal Blue Chip Fund (PGBHX)	R6
Principal Equity Income Fund (PEIIX)	Institutional
Principal Income Fund (PICNX)	R6
Principal International Small Company Fund (PFISX)	R6
Principal Real Estate Securities Fund (PFRSX)	R6
Principal Short-Term Income Fund (PSHIX)	Institutional
Principal SystematEx International Fund (PSTMX)	R6
Vanguard Mid-Cap Index Fund (VMCPX)	Institutional Plus
Vanguard Total International Bond ETF (BNDX)	N/A*
Vanguard Total World Stock ETF (VT)	N/A*

*The Underlying Fund is an ETF, which does not offer multiple share classes.

INVESTMENT OBJECTIVES, PRINCIPAL INVESTMENT STRATEGIES, AND PRINCIPAL RISKS OF THE UNDERLYING FUNDS

The information below is a summary of the investment objectives, principal investment strategies, and principal risks of the Underlying Funds based on the Underlying Funds' current prospectuses as of the date of this Plan Description and Participation Agreement. Each Underlying Fund's current prospectus and statement of additional information contains information not summarized here and identifies additional principal risks to which the Underlying Fund may be subject.

iShares Core S&P 500 ETF (IVV)

Investment Objective. The iShares Core S&P 500 ETF seeks to track the investment results of an index composed of large-capitalization U.S. equities.

Principal Investment Strategies. The fund seeks to track the investment results of the S&P 500, which measures the performance of the large capitalization sector of the U.S. equity market, as determined by S&P Dow Jones Indices LLC. As of March 31, 2019, the underlying index included approximately 80% of the market capitalization of all publicly-traded U.S. equity securities. The securities in the underlying index are weighted based on the float-adjusted market value of their outstanding shares. The underlying index consists of securities from a broad range of industries. As of March 31, 2019, a significant portion of the underlying index is represented by securities of companies in the information technology industry or sector. The components of the underlying index are likely to change over time.

The fund's adviser 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.

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.

The fund's adviser 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 capitalization and industry weightings), fundamental characteristics (such as return variability 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 generally invests at least 90% of its assets in securities of the underlying index and in depositary receipts representing securities of the underlying index. The fund may invest the remainder of its assets in certain futures, options and swap contracts, cash and cash equivalents, including shares of money market funds advised by the fund's adviser or its affiliates, as well as in securities not included in the underlying index, but which the fund's adviser believes will help the fund track 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 a product of index provider which is independent of the fund and the fund's adviser. 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) and repurchase agreements collateralized by U.S. government securities are not considered to be issued by members of any industry.

Principal Investment Risks. Asset Class Risk; Authorized Participant Concentration Risk; Concentration Risk; Cyber Security Risk; Equity Securities Risk; Index-Related Risk; Information Technology Sector Risk; Issuer Risk; Large-Capitalization Companies Risk; Management Risk; Market Risk; Market Trading Risk; Operational Risk; Passive Investment Risk; Risk of Investing in the U.S.; Securities Lending Risk; Tracking Error Risk.

iShares Core S&P Small-Cap ETF (IJR)

Investment Objective. The iShares Core S&P Small-Cap ETF seeks to track the investment results of an index composed of small-capitalization U.S. equities.

Principal Investment Strategies. The fund seeks to track the investment results of the S&P SmallCap 600, which measures the performance of the small-capitalization sector of the U.S. equity market, as determined by S&P Dow Jones Indices LLC. As of March 31, 2019, the underlying index included approximately 3% of the market capitalization of all publicly-traded U.S. equity securities. The securities in the underlying index are weighted based on the float-adjusted market value of their outstanding shares, and have, as of March 31, 2019, a market capitalization between $600 million and $2.4 billion at the time of inclusion in the underlying index, which may fluctuate depending on the overall level of the equity markets. The securities are selected by index provider based on the index provider's liquidity measures. The underlying index consists of securities from a broad range of industries. As of March 31, 2019, a significant portion of the underlying index is represented by securities of companies in the financials, industrials and information technology industries or sectors. The components of the underlying index are likely to change over time.

The fund's adviser 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.

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.

The fund's adviser 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 capitalization and industry weightings), fundamental characteristics (such as return variability 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 generally invests at least 90% of its assets in securities of the underlying index and in depositary receipts representing securities of the underlying index. The fund may invest the remainder of its assets in certain futures, options and swap contracts, cash and cash equivalents, including shares of money market funds advised by the fund's adviser or its affiliates, as well as in securities not included in the underlying index, but which the fund's adviser believes will help the fund track 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 a product of index provider which is independent of the fund and the fund's adviser. 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) and repurchase agreements collateralized by U.S. government securities are not considered to be issued by members of any industry.

Principal Investment Risks. Asset Class Risk; Authorized Participant Concentration Risk; Concentration Risk; Cyber Security Risk; Equity Securities Risk; Financials Sector Risk; Index-Related Risk; Industrials Sector Risk; Information Technology Sector Risk; Issuer Risk; Management Risk; Market Risk; Market Trading Risk; Operational Risk; Passive Investment Risk; Risk of Investing in the U.S.; Securities Lending Risk; Small-Capitalization Companies Risk; Tracking Error Risk.

iShares Core U.S. Aggregate Bond ETF (AGG)

Investment Objective. The iShares Core U.S. Aggregate Bond ETF seeks to track the investment results of an index composed of the total U.S. investment-grade bond market.

Principal Investment Strategies. The fund seeks to track the investment results of the Bloomberg Barclays U.S. Aggregate Bond Index, which measures the performance of the total U.S. investment-grade (as determined by Bloomberg Index Services Limited) bond market. As of February 28, 2019, there were 10,343 issues in the underlying index.

The underlying index includes investment-grade U.S. Treasury bonds, government-related bonds, corporate bonds, mortgage-backed pass-through securities (MBS), commercial mortgage-backed securities and asset-backed securities (ABS) that are publicly offered for sale in the U.S. As of February 28, 2019, a significant portion of the underlying index is represented by MBS and treasury securities. The components of the underlying index are likely to change over time.

The securities in the underlying index must have $300 million or more of outstanding face value and must have at least one year remaining to maturity, with the exception of amortizing securities such as ABS and MBS, which have lower thresholds as defined by the index provider. In addition, the securities in the underlying index must be denominated in U.S. dollars and must be fixed-rate and non-convertible. Certain types of securities, such as state and local government series bonds, structured notes with embedded swaps or other special features, private placements, floating-rate securities and bonds that have been issued in one country's currency but are traded outside of that country in a different monetary and regulatory system (Eurobonds), are excluded from the underlying index. The underlying index is market capitalization-weighted, and the securities in the underlying index are updated on the last business day of each month.

As of February 28, 2019, approximately 32% of the bonds represented in the underlying index were U.S. fixed-rate agency MBS. U.S. fixed-rate agency MBS are securities issued by entities such as the Government National Mortgage Association (Ginnie Mae), the Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (Freddie Mac) and are backed by pools of mortgages. Most transactions in fixed-rate MBS 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 the fund's adviser 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 fund's adviser 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.

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.

The fund's adviser 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 capitalization and industry weightings), fundamental characteristics (such as return variability, duration, maturity, 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's adviser generally seeks to track the performance of the underlying index by investing at least 90% of its net assets in component securities of its underlying index and in investments that have economic characteristics that are substantially identical to the economic characteristics of the component securities of its underlying index (i.e., TBAs). The fund may invest up to 10% of its portfolio in bonds not included in the underlying index, but which the fund's adviser believes will help the fund track the underlying index, as well as in certain futures, options and swap contracts, cash and high-quality, liquid short-term instruments, including shares of money market funds advised by the fund's adviser or its affiliates. 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 the index provider, which is independent of the fund and the fund's adviser. 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 Investment Risks. Asset Class Risk; Authorized Participant Concentration Risk; Call Risk; Concentration Risk; Credit Risk; Cyber Security Risk; Extension Risk; Geographic Risk; High Portfolio Turnover Risk; Income Risk; Index-Related Risk; Interest Rate Risk; Issuer Risk; Management Risk; Market Risk; Market Trading Risk; Operational Risk; Passive Investment Risk; Prepayment Risk; Risk of Investing in the U.S.; Securities Lending Risk; Tracking Error Risk; U.S. Agency Debt Risk; U.S. Agency Mortgage-Backed Securities Risk; U.S. Treasury Obligations Risk; Valuation Risk.

JPMorgan Emerging Markets Equity Fund (JEMWX)

Investment Objective. The fund seeks to provide high total return.

Principal Investment Strategies. Under normal circumstances, the fund invests at least 80% of the value of its Assets in equity securities and equity-related instruments that are tied economically to emerging markets. Emerging markets include most countries in the world except Australia, Canada, Japan, New Zealand, the United Kingdom, the United States, most of the countries of Western Europe and Hong Kong. Securities and instruments tied economically to an emerging market include: (i) securities of issuers that are organized under the laws of an emerging markets country or that maintain their principal place of business in an emerging markets country; (ii) securities that are traded principally in an emerging market country; (iii) securities of issuers that, during the issuer's most recent fiscal year, derived at least

50% of their revenues or profits from goods produced or sold, investments made, or services performed in an emerging markets country or that have at least 50% of their assets in an emerging market country; or (iv) securities or other instruments that expose the fund to the economic fortunes and risks of one or more emerging market countries. "Assets" means net assets, plus the amount of borrowings for investment purposes.

The equity securities and equity-related instruments in which the fund may invest include, but are not limited to, common stock, preferred stock, convertible securities, trust or partnership interests, depositary receipts, warrants and rights, participation notes or other structured notes, and other instruments that provide economic exposure to one or more equity securities.

The fund may overweight or underweight countries relative to its benchmark, the MSCI Emerging Markets (EM) Index (net of foreign withholding taxes). The adviser attempts to emphasize securities that it believes are undervalued, while underweighting or avoiding securities that appear to the adviser to be overvalued.

The fund may invest in securities denominated in U.S. dollars, other major reserve currencies, such as the euro, yen and pound sterling, and currencies of other countries in which it can invest. The fund typically maintains full currency exposure to those markets in which it invests. However, the fund may from time to time hedge a portion of its foreign currency exposure into the U.S. dollar.

The fund may invest in securities across all market capitalizations, although the fund may invest a significant portion of its assets in companies of any one particular market capitalization category.

The fund may utilize currency forwards to reduce currency deviations, where practical, for the purpose of risk management. The fund may also use exchange-traded futures for the efficient management of cash flows.

Investment Process: The adviser seeks to add value primarily through security selection decisions. Thus, decisions about country weightings are secondary to those about the individual securities, which make up the portfolio. The portfolio managers are primarily responsible for implementing the recommendations of the research analysts, who make their recommendations based on the security ranking system described below.

Research analysts use their local expertise to identify, research, and rank companies according to their expected performance. Securities are assessed using a two-part analysis which considers both expected short-term price moves (security ranks) and longer-term business growth characteristics and qualitative factors (strategic classifications). As a part of this analysis, research analysts seek to assess the risks presented by certain environmental, social and governance factors. While these particular risks are considered securities of issuers presenting such risks may be purchased and retained by the fund. In order to encourage creativity, considerable autonomy is given to research analysts at the stock idea generation stage of the process.

The fund has access to the adviser's currency specialists in determining the extent and nature of the fund's exposure to various foreign currencies.

Principal Investment Risks. Equity Market Risk; General Market Risk; Foreign Securities and Emerging Markets Risk; Geographic Focus Risk; Depositary Receipt Risk; Smaller Company Risk; Derivatives Risk; Preferred Stock Risk; Currency Risk; Structured Instrument Risk; Industry and Sector Focus Risk; Transactions Risk.

<u>MainStay MacKay High Yield Corporate Bond Fund (MHYSX)</u>

Investment Objective. The fund seeks maximum current income through investment in a diversified portfolio of high-yield debt securities. Capital appreciation is a secondary objective.

Principal Investment Strategies. The fund, under normal circumstances, invests at least 80% of its assets (net assets plus any borrowings for investment purposes) in high-yield corporate debt securities, including all types of high-yield domestic and foreign corporate debt securities that are rated below investment grade by an independent rating agency, such as Standard & Poor's Ratings Services or Moody's Investors Service, Inc., or that are unrated but are considered to be of comparable quality by MacKay Shields LLC, the fund's subadvisor.

Securities that are rated below investment grade by independent rating agencies are commonly referred to as "high-yield securities" or "junk bonds." If independent rating agencies assign different ratings to the same security, the fund will use the higher rating for purposes of determining the security's credit quality.

The fund's high-yield investments may also include convertible corporate securities, loans and loan participation interests. The fund may invest up to 20% of its net assets in common stocks and other equity-related securities.

The fund may hold cash or invest in short-term instruments during times when the subadvisor is unable to identify attractive high-yield securities.

The fund may invest in derivatives, such as futures, options and swap agreements to seek enhanced returns or to reduce the risk of loss by hedging certain of its holdings.

In times of unusual or adverse market, economic or political conditions, the fund may invest without limit in investment grade securities and may invest in U.S. government securities or other high quality money market instruments. Periods of unusual or adverse market, economic or political conditions may exist in some cases, for up to a year or longer. To the extent the fund is invested in cash, investment grade debt or other high quality instruments, the yield on these investments tends to be lower than the yield on other investments normally purchased by the fund. Although investing heavily in these investments may help to preserve the fund's assets, it may not be consistent with the fund's primary investment objective and may limit the fund's ability to achieve a high level of income.

Investment Process: The subadvisor seeks to identify investment opportunities by analyzing individual companies and evaluating each company's competitive position, financial condition, and business prospects. The fund invests only in companies in which the subadvisor has judged that there is sufficient asset coverage—that is, the subadvisor's subjective appraisal of a company's value compared to the value of its debt, with the intent of maximizing risk-adjusted income and returns.

The subadvisor may sell a security if it no longer believes the security will contribute to meeting the investment objectives of the fund. In considering whether to sell a security, the subadvisor may evaluate, among other things, the price of the security and meaningful changes in the issuer's financial condition and competitiveness.

Principal Investment Risks. Market Risk; Portfolio Management Risk; Yield Risk; Debt Securities Risk; High-Yield Securities Risk; Liquidity and Valuation Risk; Loan Participation Interest Risk; Floating Rate Loans Risk; Convertible Securities Risk; Foreign Securities Risk; Derivatives Risk; Equity Securities Risk; Money Market/Short-Term Securities Risk.

Principal Blue Chip Fund (PGBHX)

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

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 companies with large market capitalizations at the time of purchase that, in the opinion of Principal Global Investors, LLC (PGI), display characteristics of a "blue chip" company. For this fund, companies with large market capitalizations are those with market capitalizations similar to companies in the Russell 1000 Growth® Index (as of November 30, 2018, this range was between approximately $859.0 million and $862.5 billion). In PGI's view, "blue chip" companies typically display some or all of the following characteristics: (1) large, well-established and financially sound companies; (2) issuers with market capitalizations in the billions; (3) are considered market leaders or among the top three companies in its sector; and (4) commonly considered household names. The fund tends to focus on securities of companies that show potential for growth of capital as well as an expectation for above average earnings. The fund invests in securities of foreign companies.

Principal Investment Risks. Equity Securities Risk; Growth Stock Risk; Small and Medium Market Capitalization Companies Risk; Foreign Currency Risk; Foreign Securities Risk; Redemption and Large Transaction Risk.

Principal Equity Income Fund (PEIIX)

Investment Objective. The fund seeks to provide current income and long-term growth of income and capital.

Principal Investment Strategies. Under normal circumstances, the fund invests at least 80% of its net assets, plus any borrowings for investment purposes, in dividend-paying equity securities at the time of purchase. The fund usually invests in equity securities of companies with large and medium market capitalizations. The fund invests in value equity securities, an investment strategy that emphasizes buying equity securities that appear to be undervalued. The fund also invests in real estate investment trusts and securities of foreign issuers.

Principal Investment Risks. Equity Securities Risk; Medium Market Capitalization Companies Risk; Value Stock Risk; Foreign Currency Risk; Foreign Securities Risk; Real Estate Investment Trusts Risk; Real Estate Securities Risk; Redemption and Large Transaction Risk.

Principal Income Fund (PICNX)

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

Principal Investment Strategies. Under normal circumstances, the fund invests primarily in a diversified pool of investment-grade fixed-income securities, including corporate securities, U.S. government securities, asset-backed securities and mortgage-backed securities (securitized products) (including collateralized mortgage obligations), and foreign securities. "Investment grade" securities are rated BBB- or higher by S&P Global Ratings

(S&P Global) or Baa3 or higher by Moody's Investors Service, Inc. (Moody's) or, if unrated, of comparable quality in the opinion of those selecting such investments. If the security has been rated by only one of those agencies, that rating will determine whether the security is investment grade. If securities are rated differently by the rating agencies, the highest rating is used. The fund is not managed to a particular maturity. Under normal circumstances, the fund maintains an average portfolio duration that is within +-25% of the duration of the Bloomberg Barclays US Aggregate Bond Index.

Effective on or about December 31, 2019, under normal market conditions, the fund limits its investments in bonds that are rated below investment grade by S&P and/or Moody's (sometimes called "high yield bonds" or "junk bonds") to no more than 5% of the fund's assets.

During the fiscal year ended October 31, 2018, the average ratings of the fund's fixed-income assets, based on market value at each month-end, were as follows (all ratings are by Moody's): 37.28% in securities rated Aaa; 26.84% in securities rated Baa; 1.64% in securities rated Caa; 0.00% in securities rated D; 4.57% in securities rated Aa; 2.67% in securities rated Ba; 0.06% in securities rated Ca; 0.98% in securities not rated; 20.99% in securities rated A; 4.97% in securities rated B; 0.00% in securities rated C.

Principal Investment Risks. Fixed-Income Securities Risk; Foreign Currency Risk; Foreign Securities Risk; High Yield Securities Risk; Portfolio Duration Risk; Real Estate Securities Risk; Redemption and Large Transaction Risk; Securitized Products Risk; U.S. Government Securities Risk; U.S. Government-Sponsored Securities Risk.

Principal International Small Company (PFISX)

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

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 companies with small market capitalizations at the time of purchase. For this fund, companies with small market capitalizations are those with market capitalizations within the range of companies comprising the MSCI World ex-USA Small Cap Index (as of November 30, 2018, this range was between approximately $50.2 million and $7.8 billion). The fund may invest in equity securities regardless of style (growth or value). The fund invests primarily in foreign equity securities. The fund typically invests in foreign securities of more than 10 countries but has no limitation on the percentage of assets that is invested in each country or denominated in any currency. Primary consideration is given to securities of corporations of developed areas, such as Japan, Western Europe, Canada, Australia, and New Zealand.

Principal Investment Risks. Equity Securities Risk; Growth Stock Risk; Small and Medium Market Capitalization Companies Risk; Value Stock Risk; Foreign Currency Risk; Foreign Securities Risk; Redemption and Large Transaction Risk.

Principal Real Estate Securities Fund (PFRSX)

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 companies principally engaged in the real estate industry at the time of purchase. 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, including building supply manufacturers, mortgage lenders and mortgage servicing companies. REITs are pooled investment vehicles that invest in income producing real estate, real estate related loans, or other types of real estate interests. REITs are corporations or business trusts that are permitted to eliminate corporate level federal income taxes by meeting certain requirements of the Internal Revenue Code. The fund invests in value equity securities, an investment strategy that emphasizes buying securities that appear to be undervalued. The fund concentrates its investments (invest more than 25% of its net assets) in securities in the real estate industry.

The fund is considered non-diversified, which means it can invest a higher percentage of assets in securities of individual issuers than a diversified fund. As a result, changes in the value of a single investment could cause greater fluctuations in the fund's share price than would occur in a more diversified fund.

Principal Investment Risks. Equity Securities Risk; Value Stock Risk; Industry Concentration Risk; Non-Diversification Risk; Real Estate Investment Trusts Risk; Real Estate Securities Risk; Redemption and Large Transaction Risk.

Principal Short-Term Income Fund (PSHIX)

Investment Objective. The fund seeks to provide as high a level of current income as is consistent with prudent investment management and stability of principal.

Principal Investment Strategies. The fund invests primarily in high quality short-term bonds and other fixed-income securities that, at the time of purchase, are rated BBB- or higher by S&P Global Ratings (S&P Global) or Baa3 or higher by Moody's Investors Service, Inc. (Moody's) (if securities are rated differently by S&P Global and Moody's, the highest rating is used; or, if unrated, in the opinion of those selecting such investments, are of comparable quality). The fund's investments also include corporate securities, U.S. and foreign government securities, mortgage-backed and asset-backed securities (securitized products), and real estate investment trust (REIT) securities. The fund invests in securities denominated in foreign currencies and in securities of foreign issuers.

Under normal circumstances, the fund maintains an effective maturity of five years or less and an average portfolio duration that is within ±15% of the duration of the Bloomberg Barclays Credit 1-3 Year Index which as of December 31, 2018 was 1.85 years.

Principal Investment Risks. Fixed-Income Securities Risk; Foreign Currency Risk; Foreign Securities Risk; Portfolio Duration Risk; Real Estate Investment Trusts Risk; Real Estate Securities Risk; Redemption and Large Transaction Risk; Securitized Products Risk; U.S. Government Securities Risk; U.S. Government-Sponsored Securities Risk.

Principal SystematEx International Fund (PSTMX)

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

Principal Investment Strategies. The fund invests primarily in foreign equity securities. The fund has no limitation on the percentage of assets invested in any one country or denominated in any one currency, but the fund typically invests in foreign securities of at least 3 countries and at least 40% of its net assets in foreign securities. The fund invests in equity securities of small, medium, and large market capitalization companies and in growth and value stocks. In an attempt to match or exceed the performance of the fund's benchmark index (the MSCI EAFE NR Index), the fund uses a systematic approach to purchase certain equity securities in the index and to exclude or adjust the weight of certain equity securities relative to the index.

Principal Investment Risks. Equity Securities Risk; Growth Stock Risk; Small and Medium Market Capitalization Companies Risk; Value Stock Risk; Foreign Currency Risk; Foreign Securities Risk; Redemption and Large Transaction Risk.

Vanguard Mid-Cap Index Fund (VMCPX)

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

Principal Investment Strategies. The fund employs an indexing investment approach designed to track the performance of the CRSP US Mid Cap Index, a broadly diversified index of stocks of mid-size U.S. companies. The fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

Principal Investment Risks. Stock Market Risk; Investment Style Risk.

Vanguard Total International Bond ETF (BNDX)

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 Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged). 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 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 excess would be reallocated 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 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, 2018, the dollar-weighted average maturity of the index was 9.3 years.

Principal Investment Risks. Country/Regional Risk; Interest Rate Risk; Income Risk; Nondiversification Risk; Credit Risk; Call Risk; Index Sampling Risk; Currency Risk and Currency Hedging Risk; Derivatives Risk; ETF Risk.

Vanguard Total World Stock ETF (VT)

Investment Objective. The fund seeks to track the performance of a benchmark index that measures the investment return of stocks of companies located in developed and emerging markets around the world.

Principal Investment Strategies. The fund employs an indexing investment approach designed to track the performance of the FTSE Global All Cap Index, a float-adjusted, market-capitalization-weighted index designed to measure the market performance of large-, mid-, and small-capitalization stocks of companies located around the world. As of October 31, 2018, the index included 7,869 stocks of companies located in 47 markets, including both developed and emerging markets. As of October 31, 2018, the largest markets covered in the index were the United States, Japan, and the United Kingdom (which made up approximately 55%, 8%, and 6%, respectively, of the index's market capitalization). The fund attempts to sample the target index by investing all, or substantially all, of its assets in common stocks in the index and by holding a representative sample of securities that resembles the full index in terms of key risk factors and other characteristics. These factors include industry weightings, country weightings, market capitalization, and other financial characteristics of stocks.

Principal Investment Risks. Stock Market Risk; Country/Regional Risk; Emerging Markets Risk; Currency Risk; Index Sampling Risk; ETF Risk.

EXPLANATION OF INVESTMENT RISKS FOR THE UNDERLYING FUNDS

This section of the appendix explains the investment risks of the Underlying Funds listed in the previous section. The explanations below are organized by Underlying Fund family.

Explanation of Investment Risks for the iShares Funds

Asset Class Risk - Securities and other assets in the underlying index or in the fund's portfolio may underperform in comparison to the general financial markets, a particular financial market or other asset classes.

Authorized Participant Concentration Risk - Only an authorized participant may engage in creation or redemption transactions directly with the fund. The fund 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 authorized participants exit the business or are unable to proceed with creation or redemption orders with respect to the fund and no other authorized participant is able to step forward to create or redeem creation units, fund shares may be 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 of a particular issuer or issuers, country, group of countries, region, market, industry, group of industries, sector or asset class.

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.

Cyber Security Risk - Failures or breaches of the electronic systems of the fund, the fund's adviser, distributor, and other service providers, the index provider, market makers, authorized participants or the issuers of securities in which the fund invests have the ability to cause disruptions and negatively impact the fund's business operations, potentially resulting in financial losses to 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.

Furthermore, the fund cannot control the cyber security plans and systems of the fund's service providers, the index provider, market makers, authorized participants or issuers of securities in which the fund invests.

Equity Securities Risk - Equity securities are subject to changes in value, and their values may be more volatile than those of other asset classes. The underlying index is comprised of common stocks, which generally subject their holders to more risks than preferred stocks and debt securities because common stockholders' claims are subordinated to those of holders of preferred stocks and debt securities upon the bankruptcy of the issuer.

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.

Financials Sector Risk - Performance of companies in the financials sector may be adversely impacted by many factors, including, among others, changes in government regulations, economic conditions, and interest rates, credit rating downgrades, and decreased liquidity in credit markets. The extent to which the fund may invest in a company that engages in securities-related activities or banking is limited by applicable law. The impact of changes in capital requirements and recent or future regulation of any individual financial company, or of the financials sector as a whole, cannot be predicted. In recent years, cyber-attacks and technology malfunctions and failures have become increasingly frequent in this sector and have caused significant losses to companies in this sector, which may negatively impact the fund.

Geographic Risk - A natural disaster could occur in a geographic region in which the fund invests, which could adversely affect the economy or the business operations of companies in the specific geographic region, causing an adverse impact on the fund's investments in the affected region.

High Portfolio Turnover Risk - High portfolio turnover (considered by the fund to mean higher than 100% annually) 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.

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.

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 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.

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.

Information Technology Sector Risk - Information technology companies face intense competition and potentially rapid product obsolescence. They are also heavily dependent on intellectual property rights and may be adversely affected by the loss or impairment of those rights. Companies in the software industry may be adversely affected by, among other things, the decline or fluctuation of subscription renewal rates for their products and services and actual or perceived vulnerabilities in their products or services.

Interest Rate Risk - An increase in interest rates may cause the value of securities held by the fund to decline, may lead to heightened volatility in the fixed-income markets and may adversely affect the liquidity of certain fixed-income investments. The historically low interest rate environment, together with recent modest rate increases, heightens the risks associated with rising interest rates.

Issuer Risk - The performance of the fund depends on the performance of individual securities to which the fund has exposure. The fund may be adversely affected if an issuer of underlying securities held by the fund is unable or unwilling to repay principal or interest when due. Changes in the financial condition or credit rating of an issuer of those securities may cause the value of the securities to decline.

Large-Capitalization Companies Risk - Large-capitalization companies may be less able than smaller capitalization companies to adapt to changing market conditions. Large-capitalization companies may be more mature and subject to more limited growth potential compared with smaller capitalization companies. During different market cycles, the performance of large-capitalization companies has trailed the overall performance of the broader securities markets.

Management Risk - As the fund will not fully replicate the underlying index, it is subject to the risk that the adviser's investment strategy may not produce the intended results.

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.

Market Trading Risk - The fund faces numerous market trading risks, including the potential lack of an active market for fund shares, losses from trading in secondary markets, periods of high volatility and disruptions in the creation/redemption process. Any of these factors, among others, may lead to the fund's shares trading at a premium or discount to NAV.

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 its adviser 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.

Passive Investment Risk - The fund is not actively managed, and its adviser generally does not attempt to take defensive positions under any market conditions, including declining markets.

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.

Risk of Investing in the U.S. - 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.

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-Capitalization Companies Risk - Compared to mid- and large-capitalization companies, small-capitalization companies may be less stable and more susceptible to adverse developments. In addition, the securities of small-capitalization companies may be more volatile and less liquid than those of mid- and large-capitalization 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 NAV), differences in transaction costs, the fund's holding of uninvested cash, differences in timing of the accrual of or the valuation of distributions, 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 or the costs to the fund of complying with various new or existing regulatory requirements. This risk may be heightened during times of increased market volatility or other unusual market conditions. Tracking error also may result because the fund incurs fees and expenses, while the underlying index does not.

U.S. Agency Debt Risk - The fund invests in unsecured bonds or debentures issued or guaranteed by the U.S. government or one of its agencies or sponsored entities. Certain debt issuances by U.S. government agencies or sponsored entities, including, among others, Fannie Mae, Freddie Mac, the Federal Home Loan Banks, and the Tennessee Valley Authority, are backed only by the general creditworthiness and reputation of the U.S. government agency or sponsored entity and not the full faith and credit of the U.S. government and, as a result, subject to additional credit risk. To the extent that the U.S. government has provided support to a U.S. agency or sponsored entity in the past, there can be no assurance that the U.S. government will provide support in the future if it is not obligated to do so. Ginnie Mae securities and certain foreign government debt issuances guaranteed by the U.S. government are backed by the full faith and credit of the U.S. government.

U.S. Agency Mortgage-Backed Securities Risk - The fund invests in MBS issued or guaranteed by the U.S. government or one of its agencies or sponsored entities, some of which may not be backed by the full faith and credit of the U.S. government. MBS represent interests in "pools" of mortgages and are subject to interest rate, prepayment, and extension risk. MBS react differently to changes in interest rates than other bonds, and the prices of

MBS may reflect adverse economic and market conditions. Small movements in interest rates (both increases and decreases) may quickly and significantly reduce the value of certain MBS. MBS are also subject to the risk of default on the underlying mortgage loans, particularly during periods of economic downturn. Default or bankruptcy of a counterparty to a TBA transaction would expose the fund to possible losses.

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.

Valuation Risk - The price the fund could receive upon the sale of a security 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 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. Authorized participants who purchase or redeem fund shares on days when the fund is holding fair-valued securities may receive fewer or more shares, or lower or higher redemption proceeds, than they would have received had the fund not fair-valued securities or used a different valuation methodology. The fund's ability to value investments may be impacted by technological issues or errors by pricing services or other third-party service providers.

Explanation of Investment Risks for the JPMorgan Fund

Currency Risk - Changes in foreign currency exchange rates will affect the value of the fund's securities and the price of the fund's Shares. Generally, when the value of the U.S. dollar rises in value relative to a foreign currency, an investment impacted by that currency loses value because that currency is worth less in U.S. dollars. Currency exchange rates may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates. Devaluation of a currency by a country's government or banking authority also will have a significant impact on the value of any investments denominated in that currency. Currency markets generally are not as regulated as securities markets, may be riskier than other types of investments and may increase the volatility of the fund. Although the fund may attempt to hedge its currency exposure into the U.S. dollar, it may not be successful in reducing the effects of currency fluctuations. The fund may also hedge from one foreign currency to another. In addition, the fund's use of currency hedging may not be successful and the use of such strategies may lower the fund's potential returns.

Depositary Receipt Risk - The fund's investments may take the form of depositary receipts, including unsponsored depositary receipts. Unsponsored depositary receipts may not provide as much information about the underlying issuer and may not carry the same voting privileges as sponsored depositary receipts. Unsponsored depositary receipts are issued by one or more depositaries in response to market demand, but without a formal agreement with the company that issues the underlying securities.

Derivatives Risk - Derivatives, including forward currency contracts and futures, may be riskier than other types of investments because they may be more sensitive to changes in economic or market conditions than other types of investments and could result in losses that significantly exceed the fund's original investment. Many derivatives create leverage thereby causing the fund to be more volatile than it would be if it had not used derivatives. Certain derivatives also expose the fund to counterparty risk (the risk that the derivative counterparty will not fulfill its contractual obligations), including credit risk of the derivative counterparty. Certain derivatives are synthetic instruments that attempt to replicate the performance of certain reference assets. With regard to such derivatives, the fund does not have a claim on the reference assets and is subject to enhanced counterparty risk.

Equity Market Risk - The price of equity securities may rise or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. These price movements may result from factors affecting individual companies, sectors or industries selected for the fund's portfolio or the securities market as a whole, such as changes in economic or political conditions. When the value of the fund's securities goes down, your investment in the fund decreases in value.

Foreign Securities and Emerging Markets Risk - Investments in foreign issuers and foreign securities (including depositary receipts) are subject to additional risks, including political and economic risks, civil conflicts and war, greater volatility, expropriation and nationalization risks, sanctions or other measures by the United States or other governments, currency fluctuations, higher transaction costs, delayed settlement, possible foreign controls on investment, and less stringent investor protection and disclosure standards of foreign markets. In certain markets where securities and other instruments are not traded "delivery versus payment," the fund may not receive timely payment for securities or other instruments it has delivered or receive delivery of securities paid for and may be subject to increased risk that the counterparty will fail to make payments or delivery when due or default completely. Events and evolving conditions in certain economies or markets may alter the risks associated with investments tied to countries or regions that historically were perceived as comparatively stable becoming riskier and more volatile. These risks are magnified in "emerging markets." Emerging market countries typically have less-established market economies than developed countries and may face greater social, economic, regulatory and political uncertainties. In addition, emerging markets typically present greater illiquidity and price volatility concerns due to smaller or limited local capital markets and greater difficulty in determining market valuations of securities due to limited public information on issuers.

General Market Risk - Economies and financial markets throughout the world are becoming increasingly interconnected, which increases the likelihood that events or conditions in one country or region will adversely impact markets or issuers in other countries or regions. Securities in the fund's portfolio may underperform in comparison to securities in general financial markets, a particular financial market or other asset classes, due to a number of factors, including inflation (or expectations for inflation), interest rates, global demand for particular products or resources, natural disasters or events, terrorism, regulatory events and government controls.

Geographic Focus Risk - The fund may focus its investments in one or more regions or small groups of countries. As a result, the fund's performance may be subject to greater volatility than a more geographically diversified fund.

Industry and Sector Focus Risk - At times, the fund may increase the relative emphasis of its investments in a particular industry or sector. The prices of securities of issuers in a particular industry or sector may be more susceptible to fluctuations due to changes in economic or business conditions, government regulations, availability of basic resources or supplies, or other events that affect that industry or sector more than securities of issuers in other industries and sectors. To the extent that the fund increases the relative emphasis of its investments in a particular industry or sector, its shares' values may fluctuate in response to events affecting that industry or sector.

Preferred Stock Risk - Preferred stock generally has a preference as to dividends and liquidation over an issuer's common stock but ranks junior to debt securities in an issuer's capital structure. Unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Preferred stock also may be subject to optional or mandatory redemption provisions.

Smaller Company Risk - Investments in securities of smaller companies may be riskier and more volatile and vulnerable to economic, market and industry changes than securities of larger, more established companies. The securities of smaller companies may trade less frequently and in smaller volumes than securities of larger companies. As a result, changes in the price of debt or equity issued by such companies may be more sudden or erratic than the prices of other equity securities, especially over the short term.

Structured Instrument Risk - Instruments that have similar economic characteristics to equity securities, such as participation notes or other structured instruments (structured instruments), are structured, synthetic instruments that generally attempt to replicate the performance of a particular equity or market (reference assets). There can be no assurance that structured instruments will trade at the same price or have the same value as the reference assets. In addition, structured instruments may be subject to transfer restrictions and may be illiquid or thinly traded and less liquid than other types of securities, which may also expose the fund to risks of mispricing or improper valuation. Structured instruments typically are not secured by the reference assets and are therefore dependent solely upon the counterparty for repayment. Structured instruments also have the same risks associated with a direct investment in the reference assets.

Transactions Risk - The fund could experience a loss and its liquidity may be negatively impacted when selling securities to meet redemption requests by shareholders. The risk of loss increases if the redemption requests are unusually large or frequent or occur in times of overall market turmoil or declining prices. Similarly, large purchases of fund shares may adversely affect the fund's performance to the extent that the fund is delayed in investing new cash and is required to maintain a larger cash position than it ordinarily would.

Explanation of Investment Risks for the MainStay Fund

Convertible Securities Risk - Convertible securities are typically subordinate to an issuer's other debt obligations. In part, the total return for a convertible security depends upon the performance of the underlying stock into which it can be converted. Also, issuers of convertible securities are often not as strong financially as those issuing securities with higher credit ratings, are more likely to encounter financial difficulties and typically are more vulnerable to changes in the economy, such as a recession or a sustained period of rising interest rates, which could affect their ability to make interest and principal payments. If an issuer stops making interest and/or principal payments, the fund could lose its entire investment.

Debt Securities Risk - The risks of investing in debt or fixed-income securities include (without limitation): (i) credit risk, e.g., the issuer or guarantor of a debt security may be unable or unwilling (or be perceived as unable or unwilling) to make timely principal and/or interest payments or otherwise honor its obligations; (ii) maturity risk, e.g., a debt security with a longer maturity may fluctuate in value more than one with a shorter maturity; (iii) market risk, e.g., low demand for debt securities may negatively impact their price; (iv) interest rate risk, e.g., when interest rates go up, the value of a debt security generally goes down, and when interest rates go down, the value of a debt security generally goes up (long-term debt securities are generally more susceptible to interest rate risk than short-term debt securities); (v) call or prepayment risk, e.g., during a period of falling interest rates, the issuer may redeem a security by repaying it early, which may reduce the fund's income if the proceeds are reinvested at lower interest rates; and (vi) extension risk, (e.g., if interest rates rise, repayments of debt securities may occur more slowly than anticipated by the market, which may drive the prices of these securities down because their interest rates are lower than the current interest rate and the securities remain outstanding longer). Interest rates in the United States are near recent historic lows, and the fund currently faces a heightened level of interest rate risk. To the extent the Board of Governors of the Federal Reserve System (Federal Reserve Board) continues to raise the federal funds rate, there is a risk that interest rates across the financial system may rise, possibly significantly and/or rapidly. Rising interest rates or lack of market participants may lead to decreased liquidity and increased volatility in the fixed-income or debt markets, making it more difficult for the fund to sell its fixed-income or debt holdings. Decreased liquidity in the fixed-income or debt markets also may make it more difficult to value some or all of the fund's fixed-income or debt holdings. For most fixed-income investments, when market interest rates fall, prices of fixed-rate debt rise. However, when market interest rates fall, certain fixed-rate debt may be adversely affected (i.e., instruments with a negative duration or instruments subject to prepayment risk). Not all U.S. government debt securities are guaranteed by the U.S. government—some are backed only by the issuing agency, which must rely on its own resources to repay the debt. The fund's yield will fluctuate with changes in short-term interest rates.

Derivatives Risk - Derivatives are investments whose value depends on (or is derived from) the value of an underlying instrument, such as a security, asset, reference rate or index. Derivative strategies may expose the fund to greater risk than if it had invested directly in the underlying instrument and often involve leverage, which may exaggerate a loss, potentially causing the fund to lose more money than it originally invested and would have lost had it invested directly in the underlying instrument. For example, if the fund is the seller of credit protection in a credit default swap, the fund effectively adds leverage to its portfolio and is subject to the credit exposure on the full notional value of the swap. Derivatives may be difficult to sell, unwind or value. Derivatives may also be subject to counterparty risk, which is the risk that the counterparty (the party on the other side of the transaction) on a derivative transaction will be unable to honor its contractual obligations to the fund. Futures may be more volatile than direct investments in the instrument underlying the contract, and may not correlate perfectly to the underlying instrument. Futures and other derivatives also may involve a small initial investment relative to the risk assumed, which could result in losses greater than if they had not been used. Due to fluctuations in the price of the underlying asset, the fund may not be able to profitably exercise an option and may lose its entire investment in an option. Swaps may be subject to counterparty credit, correlation, valuation, liquidity and leveraging risks. Additionally, applicable regulators have adopted rules imposing certain margin requirements, including minimums on uncleared swaps, which may result in the fund and its counterparties posting higher margin amounts for uncleared swaps. Certain standardized swaps are subject to mandatory central clearing and exchange trading. Central clearing, which interposes a central clearinghouse to each participant's swap, and exchange trading are intended to reduce counterparty credit risk and increase liquidity but neither makes swap transactions risk-free. Derivatives may also increase the expenses of the fund.

Equity Securities Risk - Investments in common stocks and other equity securities are particularly subject to the risk of changing economic, stock market, industry and company conditions and the risks inherent in the portfolio manager's ability to anticipate such changes that can adversely affect the value of the fund's holdings.

Floating Rate Loans Risk - The floating rate loans in which the fund invests are usually rated below investment grade, or if unrated, determined by the subadvisor to be of comparable quality (commonly referred to as "junk bonds") and are generally considered speculative because they present a greater risk of loss, including default, than higher quality debt instruments. Moreover, such investments may, under certain circumstances, be particularly susceptible to liquidity and valuation risks. Although certain floating rate loans are collateralized, there is no guarantee that the value of the collateral will be sufficient or available to satisfy the borrower's obligation. In times of unusual or adverse market, economic or political conditions, floating rate loans may experience higher than normal default rates. In the event of a recession or serious credit event, among other eventualities, the value of the fund's investments in floating rate loans are more likely to decline. The secondary market for floating rate loans is limited and, thus, the fund's ability to sell or realize the full value of its investment in these loans to reinvest sale proceeds or to meet redemption obligations may be impaired. In addition, floating rate loans generally are subject to extended settlement periods that may be longer than seven days. As a result, the fund may be adversely affected by selling other investments at an unfavorable time and/or under unfavorable conditions or engaging in borrowing transactions, such as borrowing against its credit facility, to raise cash to meet redemption obligations or pursue other investment opportunities. In certain circumstances, floating rate loans may not be deemed to be securities. As a result, the fund may not have the protection of the anti-fraud provisions of the federal securities laws. In such cases, the fund generally must rely on the contractual provisions in the loan agreement and common-law fraud protections under applicable state law.

Foreign Securities Risk - Investments in foreign (non-U.S.) securities may be riskier than investments in U.S. securities. Differences between U.S. and foreign regulatory regimes and securities markets, including less stringent investor protections and disclosure standards of some foreign markets, less liquid trading markets and political and economic developments in foreign countries, may affect the value of the fund's investments in foreign securities. Foreign securities may also subject the fund's investments to changes in currency rates. Changes in the value of foreign currencies may make the return on an investment go up or down, unrelated to the quality or performance of the investment itself. These risks may be greater with respect to securities of companies that conduct their business activities in emerging markets or whose securities are traded principally in emerging markets.

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

Liquidity and Valuation Risk - The fund is subject to the risk that it could not meet redemption requests without significant dilution of remaining investors' interests in the fund. Securities purchased by the fund may be illiquid at the time of purchase or liquid at the time of purchase and subsequently become illiquid due to, among other things, events relating to the issuer of the securities, market events, operational issues, economic conditions, investor perceptions or lack of market participants. The lack of an active trading market may make it difficult to sell or obtain an accurate price for a security. If market conditions or issuer specific developments make it difficult to value securities, the fund may value these securities using more subjective methods, such as fair value pricing. In such cases, the value determined for a security could be different than the value realized upon such security's sale. As a result, an investor could pay more than the market value when buying fund shares or receive less than the market value when selling fund shares. This could affect the proceeds of any redemption or the number of shares an investor receives upon purchase. To meet redemption requests or to raise cash to pursue other investment opportunities, the fund may be forced to sell securities at an unfavorable time and/or under unfavorable conditions, which may adversely affect the fund.

Loan Participation Interest Risk - There may not be a readily available market for loan participation interests, which in some cases could result in the fund disposing of such interests at a substantial discount from face value or holding such interests until maturity. In addition, the fund may be exposed to the credit risk of the underlying corporate borrower as well as the lending institution or other participant from whom the fund purchased the loan participation interests. The fund may not always have direct recourse against a borrower if the borrower fails to pay scheduled principal and/or interest and may be subject to greater delays, expenses and risks than if the fund had purchased a direct obligation of the borrower. Substantial increases in interest rates may cause an increase in loan obligation defaults.

Market Risk - The value of the fund's investments may fluctuate because of changes in the markets in which the fund invests, which could cause the fund to underperform other funds with similar investment objectives and strategies. Such changes may be rapid and unpredictable. From time to time, markets may experience periods of stress for potentially prolonged periods that may result in: (i) increased market volatility; (ii) reduced market liquidity; and (iii) increased redemptions of fund shares. Such conditions may add significantly to the risk of volatility in the net asset value of the fund's shares.

Money Market/Short-Term Securities Risk - To the extent the fund holds cash or invests in money market or short-term securities, the fund may be less likely to achieve its investment objective. In addition, it is possible that the fund's investments in these instruments could lose money.

Portfolio Management Risk - The investment strategies, practices and risk analyses used by the subadvisor may not produce the desired results. In addition, the fund may not achieve its investment objective, including during periods in which the subadvisor takes temporary positions in response to unusual or adverse market, economic or political conditions, or other unusual or abnormal circumstances.

Yield Risk - There can be no guarantee that the fund will achieve or maintain any particular level of yield.

Explanation of Investment Risks for the Principal Funds

Equity Securities Risk - The value of equity securities could decline if the issuer's financial condition declines or 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.

Fixed-Income Securities Risk - Fixed-income securities are subject to interest rate, credit quality, and liquidity risks. The market value of fixed-income securities generally declines when interest rates rise, and generally increases when interest rates fall. Higher interest rates may adversely affect the liquidity of certain fixed-income securities. Moreover, an issuer of fixed-income securities could default on its payment obligations due to increased interest rates or for other reasons.

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).

High Yield Securities Risk - High yield fixed-income securities (commonly referred to as "junk bonds") are subject to greater credit quality risk than higher rated fixed-income securities and should be considered speculative.

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. 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.

Growth Stock Risk - If growth companies do not increase their earnings at a rate expected by investors, the market price of the 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.

Medium Market Capitalization Companies Risk - Investments in medium sized companies may involve greater risk and price volatility than investments in larger, more mature companies.

Non-Diversification Risk - A non-diversified fund may invest a high percentage of its assets in the securities of a small number of issuers and is more likely than diversified funds to be significantly affected by a specific security's poor performance.

Portfolio Duration Risk - Portfolio duration is a measure of the expected life of a fixed-income security and its sensitivity to changes in interest rates. The longer a fund's average portfolio duration, the more sensitive the fund will be to changes in interest rates, which means funds with longer average portfolio durations may be more volatile than those with shorter durations.

Real Estate Investment Trusts Risk - In addition to risks associated with investing in real estate securities, real estate investment trusts (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.

Securitized Products Risk - Investments in securitized products are subject to risks similar to traditional fixed income securities, such as credit, interest rate, liquidity, prepayment, extension, and default risk, as well as additional risks associated with the nature of the assets and the servicing of those assets. Unscheduled prepayments on securitized products may have to be reinvested at lower rates. A reduction in prepayments may increase the effective maturities of these securities, exposing them to the risk of decline in market value over time (extension risk).

Small and Medium Market Capitalization Companies Risk - Investments in small and medium sized companies may involve greater risk and price volatility than investments in larger, more mature companies.

U.S. Government Securities Risk - Yields available from U.S. government securities are generally lower than yields from many other fixed-income securities.

U.S. Government-Sponsored Securities Risk - Securities issued by U.S. government-sponsored enterprises such as the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, and the Federal Home Loan Banks are not issued or guaranteed by the U.S. government.

Value Stock Risk - 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.

Explanation of Investment Risks for the Vanguard Funds

Call Risk - 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.

Country/Regional Risk - 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 (including companies in different countries or regions), governments, or government agencies. Because the fund may invest a large portion of its assets in securities of companies located in any one, or 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 is especially high in emerging markets. Country/regional risk is high for a fund investing primarily in non-U.S. investments.

Credit Risk - 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.

Currency Risk - 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.

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 may involve risks different from, and possibly greater than, those of investments directly in the underlying securities or assets.

ETF Risk - 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 or 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 NYSE Arca or 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 NYSE Arca or Nasdaq without first being listed on another exchange or (2) NYSE Arca or Nasdaq officials determine that such action is appropriate in the interest of a fair and orderly market or for the protection of investors.

Emerging Markets Risk - 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, and accounting systems; and greater political, social, and economic instability than developed markets.

Income Risk - 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.

Index Sampling Risk - 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.

Interest Rate Risk - The chance that bond prices 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.

Investment Style Risk - 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.

Nondiversification Risk - 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. The fund is considered nondiversified, which means that it may invest a significant percentage of its assets in bonds issued by a small number of issuers as compared with diversified mutual funds.

Stock Market Risk - 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. If a fund has a target index that tracks a subset of a market (such as the U.S. stock market), the fund could perform differently from the overall market. A 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.

ADDITIONAL INFORMATION ABOUT THE SCHOLAR'S EDGE GUARANTEED CONTRACT

The Scholar's Edge Guaranteed Contract is the Funding Agreement with Guaranteed Interest available through Principal Life, a member of the Principal Financial Group®, Des Moines, Iowa, 50392. Under the contract, principal and a rate of interest are guaranteed to the Plan by Principal Life. Principal Life guarantees the interest rate under the contract will be at least 1%.

The investment risk associated with the contract is that Principal Life will become unable to make its payment obligations under the contract. An investment in a Portfolio that invests in the contract is not guaranteed.

Principal Life's guarantees under the contract are to the Board, as Trustee for the Plan, not to individual Account Owners. The contractual guarantees are supported by the general account of Principal Life, but the Plan does not participate in the investment experience or performance of the general account.

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Scholar's Edge is administered by The Education Trust Board of New Mexico. Ascensus College Savings Recordkeeping Services, LLC, the Program Manager, and its affiliates, have overall responsibility for the day-to-day operations, including recordkeeping and administrative services. Principal Global Investors, LLC, as the investment advisor to the Plan, provides investment management services to the Plan. Principal Funds Distributor, Inc. serves as the distributor of the Plan. The Program Manager is not affiliated with Principal Global Investors, LLC or Principal Funds Distributor, Inc.

Scholar's Edge's Portfolios invest in: (i) mutual funds; (ii) exchange traded funds; and/or (iii) a funding agreement issued by Principal Life Insurance Company. Investments in Scholar's Edge are not insured by the FDIC. Units of the Portfolios are municipal securities and the value of units will vary with market conditions.

Investment returns will vary depending upon the performance of the Portfolios you choose. You could lose all or a portion of your money by investing in Scholar's Edge depending on market conditions. Account Owners assume all investment risks as well as responsibility for any federal and state tax consequences.

Upromise is an optional program offered by Upromise, Inc. and is separate from Scholar's Edge. Specific terms and conditions apply. Participating companies, contribution levels, terms and conditions are subject to change. Upromise, Inc. is not affiliated with the State of New Mexico, the Trust, the Board, the Program Manager, or other Plan Officials.

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