OFFICE OF THE ILLINOIS STATE TREASURER

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Investment Policy Statement for the Illinois ABLE Program



Effective ***November 10, 2026***

State of Illinois
Office of the Treasurer
ILLINOIS ABLE PROGRAM
INVESTMENT POLICY STATEMENT
Effective: November 10, 2026

1.0 Statement of Purpose

The purpose of this Investment Policy Statement (the "Policy") is to guide the Office of the Illinois State Treasurer (the "Treasurer") and the contractors retained by the Treasurer who provide services related to the management of the assets held by the Illinois ABLE Program Trust Fund for the Illinois ABLE Program ("Program"). The Program is known as Able UP to the public and for marketing and communications purposes. The Program allows eligible individuals to own Achieving a Better Life Experience accounts ("ABLE accounts"). The Policy assists the Treasurer in evaluating the performance of such contractors by:

- Describing the Treasurer's investment philosophy and objectives for the Program;
- Providing general guidelines for the investment of assets; and
- Describing the roles and responsibilities of the Treasurer and contractors and the process of evaluating the performance of contractors that provide investment management services to the Program.

This is the official Investment Policy of the Program. Deviation from this Policy is not permitted without prior written approval from the Treasurer.

2.0 Establishment and Authority of Illinois ABLE

The Stephen Beck Jr. Achieving a Better Life Experience Act of 2014 was enacted on December 19, 2014, as part of The Tax Increase Prevention Act of 2014, Public Law ("P.L"). 113-295 and codified as Section 529A of the Internal Revenue Code of 1986, as amended ("ABLE Act" or "529A"), and authorized states to pass enabling legislation to offer tax-advantaged ABLE plans to eligible people with disabilities. The enabling legislation for the Program is Section 16.6 of the State Treasurer Act (15 ILCS 505/16.6).

By owning ABLE accounts, eligible individuals with disabilities can save funds for the purpose of supporting health, independence, and quality of life. Funds in ABLE accounts can be used for the Qualified Disability Expenses of account owners, which will supplement, but not supplant, benefits provided through private insurance, federal and state medical and disability insurance, the account owner's employment, and other sources.

3.0 Investment Philosophy

The Program has adopted the goal of providing a broad array of investment choices ("Investment Options") to meet the needs of a diverse population of ABLE account owners. The Program has determined that as ABLE account owners' investment use cases, time horizons, and risk tolerances vary, a diverse set of allocation driven portfolios relative to risk tolerance ("Asset Allocation Options") is appropriate, in addition to an FDIC-Insured Savings Option. Contributions to ABLE accounts will be directed into one or more of the available Investment Options based on the investment selections made by account owners. The Program will review the investment performance of each Investment Option at least quarterly and shall review this Policy at least annually.

Pursuant to the Illinois Sustainable Investing Act (30 ILCS 238/1 et seq.), the Treasurer shall prudently integrate sustainability factors into its investment decision making, investment analysis, portfolio construction, risk management, due diligence, and investment ownership. Sustainability integration is intended to assist the Treasurer with maximizing anticipated financial returns, minimizing projected risk, and more effectively executing his fiduciary duties, as sustainability analysis adds an additional layer of rigor to the fundamental analytical approach and can be used to evaluate past performance and to plan future decision-making. As a complement to traditional financial analysis, an accounting of sustainability factors provides a more complete view of risks and value prospects that may materially impact an investment fund or portfolio company's long-term value. Sustainability factors shall be integrated within a framework predicated on the following:

A. Materiality – The Treasurer considers whether and to what extent a sustainability risk or opportunity exists that is reasonably likely to have a material impact on the financial condition or operating performance of a company, investment fund, or other investment vehicle.

B. Industry-Specific Information – The Treasurer considers whether and to what extent the financially material sustainability risk or opportunity in question is relevant and applicable to individual industries.

C. Integration of Material Sustainability Factors – The Treasurer prudently integrates material and relevant sustainability factors, including, but not limited to (1) corporate governance, financial incentives, and quality of leadership, (2) environmental factors, (3) social capital factors, (4) human capital, and (5) business model and innovation, as components of portfolio construction, investment decision-making, investment analysis and due diligence, prospective value proposition, risk management, and investment ownership in externally managed investment programs.

D. Active Ownership – The Treasurer attentively oversees investment holdings to address sustainability risks and opportunities through the exercise of proxy voting rights and direct engagement with entities, such as investment funds, portfolio companies, government bodies, and other organizations.

E. Regular Evaluation of Sustainability Factors – The Treasurer performs a recurring annual evaluation, at a minimum, of sustainability factors to ensure the factors are relevant to the evolving marketplace.

F. Additional Relevant and Financially Material Factors – The Treasurer considers other relevant factors, such as legal, regulatory, and reputational risks, that contribute to an optimal risk management framework and are necessary to protect and create long-term investment value.

Participation in the Program and Investment Options does not guarantee investment returns to Account Owners or preservation of capital. Each Account Owner should seek appropriate advice as deemed necessary.

4.0 Investment Objectives

The Investment Options provided to Account Owners, shall seek to achieve the following long-term investment objectives:

- A long-term competitive rate of return that is equal to or exceeds the return of the applicable benchmarks shown in Exhibit A hereof, or tracks the performance of the benchmark within a tolerance of the fund's expense ratio;

- An investment program flexible enough to meet the needs of Account Owners based upon their investment objectives and risk tolerances, which provides individuals with the ability to invest in a diversified portfolio to meet their short, intermediate, or long- term investment goals.

- A cost competitive investment program that seeks to be competitive in the marketplace by providing high-quality investment options to its Account Owners.

5.0 Investment Guidelines

The Program's Investment Options will be governed by a set of investment guidelines consistent with the investment objectives for the Program. The current guidelines are attached as Exhibit B. These guidelines may be modified by the Program to best meet the needs of Account Owners.

6.0 Asset Allocation Options

In its investment strategy, the Program has relied on prevailing financial theory, which currently utilizes a long-term diversified strategic asset allocation strategy. In order to achieve the Program's investment objectives, the Asset Allocation Options shall be diversified to maximize returns and minimize the risk of loss through the utilization of various asset classes. While some asset classes may experience short-term and intermediate-term volatility, their long-term return assumptions justify their inclusion. A long-term focus on investment results, as well as prudent diversification across public security markets, will be the primary risk control mechanisms. In terms of impact, diversification shall be considered along the following lines: (1) asset classes (stocks, bonds, cash, etc.); (2) geography/country; (3) industry; (4) maturity; (5) credit quality; and (6) duration.

Each Asset Allocation Option is composed of a designated strategic asset allocation utilizing multiple underlying investments funds. The investment parameters of each Asset Allocation Option shall be made by the Program and shall consider the financial characteristics of the underlying investments in the Plans. The investment parameters will also give due consideration to the fact that the investment horizon for Account Owners will vary from a few months to over 25 years. The current parameters are attached as Exhibit C.

The Asset Allocation Options of the Program are divided into the following broad asset categories:

- Cash and Cash Equivalent Investments

- Domestic Investment Grade Fixed Income Investments
- High Yield Fixed Income Investments
- International Fixed Income Investments
- Domestic Equity Investments
- International Equity Investments
- Real Estate Investments

The Program will establish reasonable portfolio objectives for each Asset Allocation Option, specifying, where applicable, limits on asset class exposures, risk constraints, and investment return objectives outlined in Exhibit D. While the investment parameters considered under the Plan are developed by the Program, Account Owners bear the risk of investment results.

The Program has also included the option of a short-term, liquid transactional offering for account holders in the form of a FDIC-Insured Savings Option, which has the primary objective of preservation and safety of principal and the provision of a stable and low-risk rate of return.

7.0 Roles and Responsibilities

The Treasurer

The Treasurer is responsible for the investments offered within the Program and available for selection by Account Owners. This includes investment plan design, model portfolio construction, investment manager selection, ongoing monitoring and, as needed, investment manager replacement.

The Treasurer shall have an Investment Policy Committee ("IPC") to facilitate the oversight duties of the Program as described in this Policy and the Guiding Principles for Investment Analysis and Due Diligence.

The Contractor and Investment Advisor

The Treasurer may engage and rely upon contractor(s) ("Contractor(s)") for administrative and recordkeeping services and investment management services for the Program. The Contractor(s)' responsibilities include the implementation of the investment strategy through the offering of Investment Options as outlined in this Policy and the Guiding Principles. The Program and the Contractor(s) shall meet quarterly to review portfolio performance as compared to the applicable benchmarks and peer group performance.

In managing the investments of the Portfolios, the Contractor(s) will:

- Provide advice that is in the best interest of the Program;
- Provide ongoing advice and monitoring for the duration of the advisory relationship;
- Avoid subordinating the Program's interests ahead of its interests or the interests of any third parties;
- Provide full and fair disclosure of all material facts about the advisory relationship;
- Seek to avoid conflicts of interest and fully and fairly disclose any conflicts of interest that may influence the advice it provides to the Program;
- Act with the care, skill, prudence, loyalty, honesty, candor, impartiality, full disclose, good faith, fair dealing, and diligence under the prevailing circumstances that a prudent person in a like capacity and familiar with such matters would exercise in the conduct of an enterprise of like character and with like objectives; and

- Act for the sole benefit of the Program's beneficiaries.

Investment Consultant

The Program may also utilize an external investment consultant (the "External Investment Consultant") for investment advisory services in the fulfillment of its oversight responsibilities. In doing so, the External Investment Consultant will independently:

- Measure investment performance results, evaluate the investment program, and advise the Program as to the performance and continuing appropriateness of each investment manager;
- Monitor investments for fee competitiveness and inform the Program on optimal fund structures to minimize fees;
- Conduct an annual review of the investment policies, objectives, guidelines, or management structure;
- Recommend modifications to the investment policies, objectives, guidelines, or management structure as appropriate; and
- Promptly inform the Program regarding significant matters pertaining to the investment program.

Exhibit A

Underlying Investment Products and Benchmarks of the Asset Allocation Options

Underlying Investment Product	Asset Class	Benchmark
Vanguard Total Stock Market Index Fund	Domestic Equities	CRSP US Total Market Index
Vanguard Developed Markets Index	International Developed Market Equities	FTSE Developed All Cap ex US USD Index
Vanguard Emerging Markets Stock Index	Emerging Market Equities	FTSE Emerging Markets All Cap China A Inclusion USD Index
Vanguard Real Estate II Index Fund	Real Estate	REIT Spliced Index
American Funds High Income Trust	High Yield Fixed Income	Bloomberg US HY 2% Issuer Cap TR USD
Dodge & Cox Income Fund	Investment Grade Fixed Income	Bloomberg U.S. Aggregate Bond Index
Vanguard Short-Term Bond Index Fund	Short-Term Investment Grade Fixed Income	Bloomberg U.S. 1-5yr Gov't/Credit
Vanguard Short-Term Inflation Protected Securities Index	Short-Term Inflation Protected Bond	Bloomberg US TIPS 0-5 Yrs.
Vanguard Total International Bonds Index Fund	International Fixed Income	Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged)
Vanguard Cash Reserves Federal Money Market Fund	Cash and Cash Equivalents	Spliced U.S. Government Money Market Funds Average
Fifth Third BankSafe Deposit Account	Cash and Cash Equivalents	N/A

EXHIBIT B
Investment Guidelines

The Investment Options shall be constructed and administered to comply with the following guidelines as applicable:

A. Simplicity – The Program's Investment Options and underlying asset allocations shall be constructed and administered in a manner that provides a range of clear, easily understood options, defined in terms of expected risk/return, in order to encourage participation and provide opportunities for investment returns for Account Owners. Furthermore, the Program shall be designed and administered in a manner that promotes full transparency of fees and investments.

B. Low Cost – The Program's Investment Options shall be constructed and administered in a manner that is designed to minimize investment fees to Account Owners, while still providing value to Account Owners and meeting the investment option's risk and return objectives.

C. Investment Horizons and Risk Tolerances – The Program's Investment Options shall account for a diversity of time horizons (e.g., short-term, long-term) and risk tolerances (e.g., ranging from aggressive through conservative) among Account Owners. Portfolios shall also be constructed in a manner that accounts for investment time horizons and risk tolerances through the use of Investment Options, including but not limited to, dynamic portfolios, static portfolios with varying target allocations, and the FDIC-Insured Savings Option.

D. Open Architecture – The Program's investment framework shall utilize an open architecture plan design which allows the use of Investment Options and managers that are not proprietary to the Contractor. The open architecture design shall offer Account Owners benefits such as access to best in class managers, increased flexibility when choosing underlying strategies, and the ability to obtain the lowest fees for underlying investment funds.

E. Non-Proprietary Products – The Program's Investment Options shall consist of non-proprietary funds. The non-proprietary funds shall be issued and managed by firms that are not affiliated with the Contractor, the Contractor's investment advisor (if any), or the Program's investment consultant (if any).

F. Passive versus Active Funds – The Program's Investment Options shall primarily consist of passively managed strategies that replicate the risk and return characteristics of their respective benchmarks. In assets classes where passively managed strategies are not prevalent or in asset classes that are deemed to be inefficient, actively managed strategies may be used.

G. Investment Policy Statement – the Program shall create an Investment Policy Statement that governs the Program's Investment Options, which may include asset allocations, glide paths, underlying investment funds, and each investment option's corresponding benchmark. The Program shall conduct a review of the Investment Policy Statement at least annually. The Contractor, investment advisor, and the Treasurer shall provide each other suggested changes to the Program's asset allocation strategy, associated glide paths, Investment Options, and the underlying investment funds in accordance with industry standards and best practices.

H. Investment Performance Report – The Contractor shall analyze the performance of the Program's Investment Options by comparing their performance to the benchmarks set forth in the Investment Policy Statement.

I. Revenue Sharing Funds – The Program shall not utilize any underlying funds in an investment option that are considered "revenue sharing funds" (i.e., 12-b) as an investment vehicle.

J. Separate Accounts/Institutional Share Class Options – When available and cost-effective, the Program shall utilize separately managed accounts and/or a lowest available share class option (i.e., institutional share class).

K. Manager Flexibility – The Program's investment framework shall provide the Program with the ability to replace existing managers for reasons including, but not limited to, underperformance or investment team personnel turnover.

L. Annual Benchmark Review – Annually, the Program shall determine the impact that a benchmark's performance has on an underlying investment fund and assess whether the assigned benchmark is an accurate representation of market performance.

M. Annual Asset Allocation Review – Annually, the Program shall ensure that the asset allocation of the investment framework aligns with the goals and objectives of the Program set forth in the Investment Policy Statement.

N. Annual Fee Study – Annually, the Program shall assess the fees of the underlying investment funds of the Program in comparison to that of their peers in order to ensure that the investment framework of the Program consists of high-quality funds at the lowest available cost.

EXHIBIT C
Investment Parameters of the Asset Allocation Options

The Asset Allocation Options are each composed of a designated mix of investments which is appropriate per the respective investment objective of the Asset Allocation Option. Each Asset Allocation Option may allocate assets among domestic equity, international equity, real estate, domestic fixed income, international fixed-income, and/or cash and cash equivalents. The asset allocation of each Asset Allocation Option will be established by the Program and managed by the Contractor. The Program may adjust the weighting in stocks, bonds, real estate, and cash in each Asset Allocation Option and may change the underlying investment funds within the Investment Options consistent with the Investment Policy.

The target asset allocations and benchmarks for the underlying investments within the Asset Allocation Options are shown in the following table. There is a permissible range of plus or minus 5% of the target allocation for each underlying investment fund. Please refer to Exhibit B for the Investment Guidelines of the Investment Options and below for the list of underlying investment products and their corresponding benchmarks.

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

Asset Allocation Options

Asset Class	Benchmark	Aggressive	Moderately Aggressive	Growth	Moderate	Moderately Conservative	Conservative
Domestic Equity	CRSP US Total Market Index	53.00%	44.00%	34.00%	25.00%	17.00%	5.5.00%
Real Estate	REIT Spliced Index	5.00%	5.00%	5.00%	4.00%	3.00%	1.00%
International Equity	FTSE Developed All Cap ex US USD Index	23000%	18.00%	15.00%	11.00%	7.00%	2.50%
	FTSE Emerging Markets All Cap China A Inclusion USD Index	9.00%	8.00%	6.00%	5.00%	3.00%	1.00%
Domestic Fixed Income	Bloomberg US TIPS 0-5 Years Index	0.50%	2.50%	4.00%	6.88%	6.75%	4.50%
	Bloomberg U.S. Aggregate Bond Float Adjusted Index	5.50%	16.25%	24.00%	33.00%	27.00%	18.00%
	Bloomberg Barclays U.S. 1-5yr Gov't/Credit	0.00%	0.00%	4.00%	6.88%	6.75%	4.50%
	Bloomberg US HY 2% Issuer Cap TR USD	3.00%	3.75%	4.00%	2.75%	0.00%	0.00%
International Fixed Income	Bloomberg Global Aggregate ex USD 10% IC Index	1.00%	2.50%	4.00%	5.50%	4.50%	3.00%
Cash and Cash Equivalents	Spliced U.S. Government Money Market Funds Average	0.00%	0.00%	0.0%	0.00%	25.00%	60.00%

Exhibit D
Asset Allocation Option Objectives

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

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

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

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

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

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

The **FDIC-Insured Savings Option** seeks to preserve principal, maintain liquidity, and provide current income. Account balances in the FDIC-Insured Savings Option are invested in interest-bearing accounts at one or more FDIC-insured banks. Account balances invested in the FDIC-Insured Savings Option, to the extent reflecting deposits in an FDIC-insured deposit account, are eligible for FDIC insurance up to applicable limits, subject to aggregation with the investor's other eligible deposits at the same bank that the Account Owner holds in the same ownership right and capacity. This option may be appropriate for investors with a low tolerance for risk and a short-term time horizon who prioritize principal preservation.