

Scholar's Edge®
Supplement dated June 29, 2018 to
Plan Description dated February 26, 2018

This Supplement amends the Plan Description and Participation Agreement dated February 26, 2018, as supplemented on March 26, 2018 (the "Plan Description"). You should read this Supplement in conjunction with the Plan Description and retain it for future reference. Capitalized terms not otherwise defined in this Supplement have the meanings assigned to them in the Plan Description.

Participation Agreement

The following is added as the fourth paragraph appearing under the heading "Participation Agreement: Article I – Introduction" on page i of the Plan Description:

The New Mexico Education Trust Board has requested an advisory ruling from the New Mexico Taxation and Revenue Department on the New Mexico tax consequences pertaining to transfers from New Mexico 529 accounts to ABLE accounts and distributions from such 529 accounts to pay elementary or secondary school tuition. There is no certainty about the timing of any such ruling or the conclusions that may be reached by the Department.

The following is added as the third paragraph appearing under the heading "Participation Agreement: Article III— Investments and Withdrawals - 3. Qualified Withdrawals from Accounts" on page iv of the Plan Description:

The New Mexico Education Trust Board has requested an advisory ruling from the New Mexico Taxation and Revenue Department on the New Mexico tax consequences pertaining to transfers from New Mexico 529 accounts to ABLE accounts and distributions from such 529 accounts to pay elementary or secondary school tuition. There is no certainty about the timing of any such ruling or the conclusions that may be reached by the Department.

Plan Highlights

Sales Charges, Fees and Expenses

The first bullet appearing under the heading "Plan Highlights – Sales Charges, Fees and Expenses" on page 3 of the Plan Description is deleted and replaced with the following:

Total Annual Asset-Based Plan Fees (including Underlying Investment expenses and Plan Fees) range from 0.36 % to 1.42 % for Class A Units, and from 0.36 % to 2.17 % for Class C Units. (See "Summary of Sales Charges for Unit Classes" below for a description of available classes.)

Investment Options

Modifications to Underlying Investment and Individual Fund Portfolio

On June 29, 2018 (the "Effective Date"), Oppenheimer Global Value Fund will change its name to "Oppenheimer Global Focus Fund." Accordingly, as of the Effective Date, all references to "Oppenheimer Global Value Fund" in the Plan Description are replaced by references to "Oppenheimer Global Focus Fund."

Additionally, as of the Effective Date, the Global Value Portfolio will change its name to "Global Focus Portfolio". Accordingly, as of the Effective Date, all references to "Global Value Portfolio" in the Plan Description are replaced by references to "Global Focus Portfolio."

Investment Objective

As of the Effective Date, the following investment objective replaces the investment objective for the Global Value Portfolio appearing on page 22 of the Plan Description:

Global Focus Portfolio seeks capital appreciation by emphasizing investments in common stocks of United States and foreign companies.

Class A Units

Selling Compensation

The following is added above the second table appearing under the heading “Class A Units – Selling Compensation” on page 34 of the Plan Description:

“For Senior Floating Rate Portfolio:”

Withdrawals

Qualified Higher Education Expenses

The following is added as the sixth paragraph appearing under the heading “Withdrawals – Qualified Higher Education Expenses” on page 45 of the Plan Description:

The New Mexico Education Trust Board has requested an advisory ruling from the New Mexico Taxation and Revenue Department on the New Mexico tax consequences pertaining to transfers from New Mexico 529 accounts to ABLE accounts and distributions from such 529 accounts to pay elementary or secondary school tuition. There is no certainty about the timing of any such ruling or the conclusions that may be reached by the Department.

Tax Treatment of Investments and Withdrawals

The following is added as the sixth paragraph appearing under the heading “Tax Treatment of Investments and Withdrawals – General” on page 47 of the Plan Description:

The New Mexico Education Trust Board has requested an advisory ruling from the New Mexico Taxation and Revenue Department on the New Mexico tax consequences pertaining to transfers from New Mexico 529 accounts to ABLE accounts and distributions from such 529 accounts to pay elementary or secondary school tuition. There is no certainty about the timing of any such ruling or the conclusions that may be reached by the Department.

The following is added as the third paragraph appearing under the heading “Tax Treatment of Investments and Withdrawals – State Tax Treatment for New Mexico Taxpayers” on page 50 of the Plan Description:

The New Mexico Education Trust Board has requested an advisory ruling from the New Mexico Taxation and Revenue Department on the New Mexico tax consequences pertaining to transfers from New Mexico 529 accounts to ABLE accounts and distributions from such 529 accounts to pay elementary or secondary school tuition. There is no certainty about the timing of any such ruling or the conclusions that may be reached by the Department.

Principal Investment Risks of the Underlying Investments

Principal Investment Risks of the Oppenheimer funds

As of the Effective Date, the following risk factor is added to the section “Principal Investment Risks of the Underlying Investments – *Principal Investment Risks of the Oppenheimer funds*” beginning on page 52 of the Plan Description:

Risks of Focused Investing. Although the Underlying Investment is a diversified fund, it normally focuses its investments in a relatively small number of issuers, which may make the value of its shares more volatile than if it invested more widely. At times, the Underlying Investment may hold a significant portion of its assets in companies in a particular industry or market sector. As a result, events (such as changes in economic conditions, government regulations, market declines, or the availability of basic resources or supplies) that affect that particular industry or sector more than others may have a greater

effect on the Underlying Investment's performance. It might also be more difficult for the Underlying Investment to sell portfolio securities at a price it considers appropriate if it holds larger blocks of stock because it invests in fewer issuers.

UNDERLYING INVESTMENTS' INVESTMENT OBJECTIVES

As of the Effective Date, the following replaces the investment objective, current investment focus and principal risks associated with Oppenheimer Global Value Fund appearing on page 76 of the Plan Description:

Oppenheimer Global Focus Fund

Investment Objective

The fund seeks capital appreciation.

Principal Investment Strategies

The fund invests mainly in common stocks of U.S. and foreign companies. The fund can invest without limit in foreign securities in any country, including countries with developed or emerging markets. Typically, the fund will invest a substantial portion of its assets in issuers in a number of different foreign countries. The fund does not limit its investments to companies in a particular capitalization range or region. Under normal market conditions, the fund will typically hold between 35 and 55 stocks.

In selecting investments for the fund's portfolio, the portfolio manager looks primarily for companies he believes are undervalued (i.e., there is a substantial difference between the current market price of the company and what the portfolio manager believes the company to be worth). A security may be undervalued because the market is not fully pricing an issuer's current intrinsic value, the market does not properly assess the company's assets, the market does not yet recognize its future potential, or the issuer may be temporarily out of favor. The fund seeks to realize gains in the prices of those securities if and when other investors recognize their real or prospective worth. While the fund primarily invests in stocks of companies the portfolio manager has determined to be "undervalued," over time this may result in the fund's portfolio having exposure to stocks with the characteristics of both "value" and "growth" stocks. Growth companies are companies whose earnings and stock prices are expected to increase at a faster rate than the overall market.

Principal Risks

The principal risks of investing in this fund are: Risks of Investing in Stocks, Industry and Sector Focus, Risks of Foreign Investing, Risks of Developing and Emerging Markets, Eurozone Investment Risks, Risks of Value Investing, Risks of Focused Investing, Risks of Growth Investing and Risks of Small- and Mid-Cap Companies.

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Scholar's Edge®
Supplement dated March 26, 2018 to
Plan Description dated February 26, 2018

This Supplement amends the Plan Description and Participation Agreement dated February 26, 2018 (the "Plan Description"). You should read this Supplement in conjunction with the Plan Description and retain it for future reference. Capitalized terms not otherwise defined in this Supplement have the meanings assigned to them in the Plan Description.

Underlying Investments and Target Allocations

The following information replaces the information for the Low Duration Fixed Income Portfolio and the Fixed Income Portfolio appearing in the table titled "Age Based and Custom Choice Portfolios" on pages 24 and 25 of the Plan Description.

Underlying Investments¹ and Target Allocations		
Custom Choice Portfolios	Low Duration Fixed Income Portfolio	Fixed Income Portfolio
Age Based Portfolios		
Oppenheimer Value Fund	0.0%	0.0%
T. Rowe Price Blue Chip Growth Fund	0.0	0.0
Oppenheimer Main Street Fund	0.0	0.0
Oppenheimer Main Street Mid Cap Fund	0.0	0.0
Oppenheimer Main Street Small Cap Fund	0.0	0.0
Oppenheimer Capital Income ²	0.0	0.0
Oppenheimer Developing Markets Fund	0.0	0.0
Oppenheimer International Growth Fund	0.0	0.0
Oppenheimer Global Fund	0.0	0.0
Oppenheimer Global Value Fund	0.0	0.0
Oppenheimer Real Estate Fund	0.0	0.0
Oppenheimer Steel Path MLP Select 40	0.0	0.0
American Century Diversified Bond Fund	5.0	6.0
Oppenheimer Total Return Bond Fund	10.0	10.0
Oppenheimer International Bond Fund	0.0	5.0

Oppenheimer Limited-Term Bond Fund	0.0	20.0
Oppenheimer Limited-Term Government Fund	25.0	20.0
Oppenheimer Senior Floating Rate Fund	25.0	4.0
MainStay High Yield Corporate Bond Fund ⁴	0.0	5.0
American Century Short Duration Inflation Protected	20.0	15.0
Oppenheimer Institutional Government Money Market Fund ³	15.0	15.0
NYLIM Funding Agreement	0.0	0.0
Total Equity	0.0%	0.0%
Total Alternatives	0.0	0.0
Total Fixed Income/Short-Term Marketable Securities	100.0	100.0
Stable Value Investment	0.0	0.0

1. Portfolios that invest in Oppenheimer mutual funds purchase Class I shares or Class L shares in the case of Oppenheimer Institutional Government Money Market Fund. Portfolios that invest in the Main Stay High Yield Corporate Bond Fund purchase Class I shares. Portfolios that invest in the American Century funds purchase Institutional class shares.

2. Oppenheimer Capital Income Fund is a multi-asset fund that invests in both equity and fixed income securities. Allocations are based on an approximate ratio of 35% equity and 65% fixed income.

3. A Portfolio's investment in the Oppenheimer Institutional Government Money Market Fund is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

4. Effective February 28, 2018, the fund will be renamed "Mainstay MacKay High Yield Corporate Bond Fund".

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Scholar's Edge[®] Participation Agreement

February 26, 2018

ARTICLE I—INTRODUCTION

This Participation Agreement describes the terms and conditions of Scholar's Edge (the "Plan") within The Education Plan Trust of New Mexico ("Trust"), as authorized by N.M. Stat. Ann. Sec. 21-21K-3 et seq. ("Statute"), which has been designed to comply with the requirements of a qualified tuition program under Section 529 of the Internal Revenue Code of 1986, as amended ("Code"). The Plan is established and maintained pursuant to New Mexico state law so that persons may save in a tax-advantaged manner for the purpose of meeting the Qualified Higher Education Expenses of the Designated Beneficiary at Eligible Education Institutions.

As a result of federal tax law changes signed into law on December 22, 2017, the definition of Qualified Higher Education Expenses has been expanded to include tuition expenses for K-12 Schools. K-12 Schools are elementary or secondary public, private, or religious schools. Effective January 1, 2018, this expansion of Qualified Higher Education Expenses, permits Account Owners to withdraw up to \$10,000 for tuition expenses from a 529 college savings account for K-12 Schools free of federal income taxes. This limitation applies on a per-student basis, rather than a per-account basis. Although an individual may be the designated beneficiary of multiple accounts, that individual may receive a maximum of \$10,000 in distributions free of federal tax, regardless of whether the funds are distributed from multiple accounts. Before using the Plan to save for tuition expenses at K-12 Schools, or making withdrawals from the Plan for tuition expenses at K-12 Schools, Account Owners should consider that the Investment Portfolios within the Plan were designed for college savers (e.g., persons saving for undergraduate and graduate school) not saving for tuition expenses at K-12 Schools, and therefore Account Owners should take into account their investment horizon before making contributions to the Plan.

Under current New Mexico tax law, contributions to the New Mexico 529 plans by a New Mexico individual taxpayer may be deducted for New Mexico individual income tax purposes. In certain circumstances, the amounts deducted may be recaptured in subsequent years. Despite the new federal law changes for tuition expenses for K-12 Schools, it is possible that such K-12 tuition expenses will not constitute Qualified Higher Education Expenses under the New Mexico tax code, thereby resulting in a recapture of any deduction related to amounts distributed for such K-12 tuition expenses. In addition, 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 ABL program, including the ABL 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 making withdrawals from a New Mexico 529 plan for K-12 tuition expenses or transferring funds from a New Mexico 529 Plan to a Qualified ABL Program.

The recent federal tax law changes also permit transfers from a 529 account to an account in a Qualified ABL Program made before January 1, 2026, without subjecting the transferred amount to federal income tax on earnings, provided certain conditions are met. ABL accounts are subject to an annual contribution limit (currently \$15,000). Transfers from a 529 account that cause the ABL account to exceed the \$15,000 limit will be subject to federal tax. This provision applies to 529-to-ABL transfers made after December 22, 2017.

As of the date of this Plan Description, the IRS has not issued regulations on the recent tax law changes. Therefore, the information presented is based on a good faith interpretation of the statutory language. If, and when, material updates become available we will update the Plan's website and this Plan Description. The Account Owner, not the Plan or the Program Manager, will be responsible for any losses or taxes arising from the use of the Plan for tuition expenses at K-12 Schools. Please consult with your tax advisor for more information. New Mexico state laws and the federal tax laws are subject to change, and none of The Education Trust Board of New Mexico ("Board" or, when applicable, the "Trustee"), the Trust, OFI Private Investments Inc., a subsidiary of OppenheimerFunds, Inc., (the "Program Manager") or its affiliates makes any representations that such state laws or federal tax laws will not be changed or repealed.

Once an application (“Enrollment Application”) for an Account is completed by the applicant (“Account Owner”) and the minimum initial Contribution required to fund an Account is made by the Account Owner and both are accepted by the Board or an agent designated by the Board, a Confirmation will be delivered to the Account Owner. Account assets will be held, subject to the Statute and the Code, for the exclusive benefit of the Account Owner and the beneficiary designated by the Account Owner (“Designated Beneficiary”).

The Trustee has engaged the Program Manager to provide administrative, investment management, recordkeeping, and related services to the Board and the Trust in connection with the Plan. OppenheimerFunds Distributor, Inc. (the “Program Distributor”) is the sole distributor of the Plan and provides marketing services to the Board. **The Enrollment Application signed by the Account Owner and returned to the Program Manager or an agent designated by the Program Manager, this Participation Agreement and the Plan disclosure statement (“Plan Description”), as each may be amended and supplemented from time to time, constitute the contract between the Account Owner, the Trust, and the Board governing the Account.**

The Board may modify this Participation Agreement at any time to the extent necessary to assure compliance with applicable state or federal laws or regulations or to preserve the favorable tax treatment of the Plan or the favorable tax treatment of interests of Account Owners or Designated Beneficiaries therein. The Statute and any rules adopted by the Board (“Program Rules”) are available for inspection at the Board’s office. Any Account Owner or other interested party may receive a copy of the Statute and the Program Rules from the Program Manager upon request.

Nothing in this Participation Agreement shall be interpreted as a promise or guarantee that a Designated Beneficiary: (1) will be admitted to any educational institution; (2) will be allowed to continue enrollment at any institution after admission; (3) will graduate or receive a degree from any institution; (4) will have his/her Qualified Higher Education Expenses covered in full by amounts invested by an Account Owner; (5) will be treated as a state resident of any state for tuition or any other purpose; (6) will receive any particular treatment under applicable federal or state financial aid programs; or (7) will receive any part of or treatment from financial aid programs of any institution. In addition, nothing in the Participation Agreement shall be interpreted as a promise or guarantee of income on, or protection of principal of, any Account. See Article III of this Participation Agreement.

Capitalized terms used but not defined in this Participation Agreement shall have the same meaning as in the Plan Description, as amended and supplemented from time to time.

ARTICLE II—PARTICIPATION IN THE PLAN

1. Establishing an Account. In order to participate in the Plan, an Account Owner must designate on the Enrollment Application the name, address, Taxpayer Identification number (“TIN”) and the date of birth of the Designated Beneficiary. The Account Owner must also (i) provide the Account Owner’s TIN, a valid United States address and date of birth and (ii) indicate the Portfolio(s) selected, and provide such other information as may be required by the Board from time to time. Acceptable forms of TINs include social security numbers (“SSN”), Individual Taxpayer Identification Numbers (“ITIN”) and Employer Identification Numbers (“EIN”) depending on the account registration type. The Account Owner must be at least 18 years of age.

2. Contributions to Accounts.

(a) *Minimum Initial Contribution.* The minimum initial Contribution required to open an Account is \$250 and may be allocated among as many Portfolios as the Account Owner desires, provided that the minimum initial Contribution per Portfolio is \$25. The minimum initial Contribution amount of \$250 is waived if the Account Owner agrees to enter into an Automatic Investment Plan (“AIP”) through automatic payments from the Account Owner’s bank account or other financial institution or through payroll deductions into their Account, if available.

(b) *Additional Contributions.* Additional Contributions of \$25 or more may be made at any time, subject to the maximum limits on Contributions described below. Any Contribution to an Account by a contributor who is not the Account Owner becomes the property of the Account Owner. Any additional Contributions made for a Designated Beneficiary will go into the Portfolio(s) originally selected by the Account Owner absent instructions to allocate future Contributions to a new Portfolio. If an Account is opened but not funded within 90 days of opening, the Program Manager reserves the right to close the Account, thereby terminating the Account.

(c) *Right to Refuse Contributions.* A Contribution, rollover or transfer may be refused if the Board or the Program Manager reasonably believes that (i) the purpose is for other than funding the Qualified Higher Education Expenses of the Designated Beneficiary of an Account, (ii) there appears to be an abuse of the Plan, or (iii) such transaction is unlawful. The Plan may not be able to determine that a specific Contribution, rollover or transfer is for other than funding the Qualified Higher Education Expenses of a Designated Beneficiary, or abusive or unlawful. The Plan therefore makes no representation that all such Contributions, rollovers or transfers can or will be rejected.

3. Acceptable Contribution Methods. Contributions to an Account may be made by check, automatic payment from the Account Owner’s bank account or other financial institution, electronic funds transfer, federal funds wire or payroll deduction if the Account Owner’s employer offers this option and is able to meet the Program Manager’s operational and administrative requirements, or any other method permitted by the Statute and the Code. Contributions by money order will not be accepted. An authorization form is included as part of the Enrollment Application. An authorization to make automatic payments will remain in effect until the Program Manager has received notification of its termination. Account Owners or the Program Manager may terminate automatic payments at any time. Any termination of automatic payments authorization initiated by an Account Owner must be made by writing the Program Manager, by calling the Program Manager, or by completing the appropriate section online and will become

effective as soon as the Program Manager has had a reasonable amount of time to implement the change. All Contributions must be in cash. The Program Manager cannot accept securities or other property. Rollover contributions to an Account from another qualified tuition plan must be accompanied by the Rollover/Change of Trustee Form and any other required documentation.

4. Maximum Permissible Account Balance. Currently, the maximum aggregate Account balance per Designated Beneficiary is \$500,000 and, once such maximum balance is reached, no further Contributions for the benefit of the same Designated Beneficiary will be allowed, although the Account balance may continue to increase due to appreciation of its holdings. All Accounts for the same Designated Beneficiary within the New Mexico 529 Program will be combined for purposes of determining whether the maximum Account balance has been reached, even if those Accounts have different Account Owners. This maximum balance amount may be recalculated or adjusted by the Board at any time based on the estimated cost of Qualified Higher Education Expenses in accordance with applicable tax rules. The Board has established the maximum account balance limit for the New Mexico 529 Program designed to ensure that Contributions in the New Mexico 529 Program on behalf of a Designated Beneficiary do not exceed the amount necessary to provide for such Designated Beneficiary's Qualified Higher Education Expenses in accordance with applicable tax rules. Contributions made when those limits have been reached will not be accepted and will be returned to the contributor. Contribution of the maximum amount, however, does not guarantee that the Account balance will be adequate to cover the Qualified Higher Education Expenses of a particular Designated Beneficiary.

5. Designation of Designated Beneficiary; Change of Designated Beneficiary. At the time of enrollment, the Account Owner (other than state or local governments or tax-exempt organizations described in Section 501(c)(3) of the Code) must designate a beneficiary for the Account. There may be only one Account Owner and one Designated Beneficiary per Account. The Account Owner may change the Designated Beneficiary of the Account named on the Enrollment Application, provided the new Designated Beneficiary is a Member of the Family, within the meaning of the Code, of the current Designated Beneficiary. To change a Designated Beneficiary, the Account Owner must complete and sign an Account Maintenance Form. The change will be effective when the Program Manager has received and processed the Account Maintenance Form. A change of Designated Beneficiary will result in the assignment of a new Account number and may result in the reallocation of the Account's assets to another Portfolio.

A change of Designated Beneficiary also may have federal gift tax and generation-skipping transfer ("GST") tax implications. You should consult your tax advisor regarding this matter.

6. Limited Investment Direction. No Account Owner, Designated Beneficiary or contributor may direct the investment of any Contributions or any earnings thereon either directly or indirectly, other than to select from the available Portfolios prior to a Contribution. In addition, Account Owners may not choose the Underlying Investments in which a Portfolio invests. However, the federal tax rules, as of the date this Participation Agreement was printed, allow Account Owners to move Contributions or any earnings thereon from one or more Portfolios to one or more other Portfolios for all Accounts for the same Designated Beneficiary in the New Mexico 529 Program either (i) twice per calendar year or (ii) when the Account Owner changes the Designated Beneficiary from the existing Designated Beneficiary to a Member of the Family of the existing Designated Beneficiary (such transfer will be free from income tax and the 10% additional federal tax on earnings, but may result in gift or GST tax consequences). In the event that future tax rules governing investment discretion with respect to qualified tuition programs provide greater investment flexibility for the participants of qualified tuition programs, it is the intent of the Board to adjust the New Mexico 529 Program's rules accordingly. However, to the extent future tax rules are more restrictive than those described in this Participation Agreement or the Plan Description, both shall be deemed to be automatically amended to reflect such more restrictive rules. No interest in an Account or any portion thereof shall be used as security for a loan.

7. No Ownership Interest in Underlying Investments. Although Account Owners will have an interest in a specified Portfolio(s), Account Owners do not have a direct beneficial interest in the mutual funds and other investments held by the Portfolio(s), and therefore, Account Owners do not have the rights of an owner or shareholder of such investments.

8. Account Owner Instructions. The Program Manager may accept and rely conclusively on any instructions or other communications reasonably believed to have been given by an Account Owner or another authorized person and may assume that the authority of any other authorized person continues in effect until the Program Manager receives written notice to the contrary.

ARTICLE III—INVESTMENTS AND WITHDRAWALS

1. No Guarantee of Income or Principal; No Insurance.

- (a) Account investment returns will vary. In addition, there can be no assurance that an Account will be sufficient to cover Qualified Higher Education Expenses of the Designated Beneficiary.
- (b) An Account will fluctuate in value and may be worth more or less than the amounts contributed at any given time. An investment in the Portfolios, like any investment, has risks, including, but not limited to, those described in the Plan Description under the heading "PLAN AND PORTFOLIO RISKS." Portfolio values will rise and fall and there is a risk you could lose all or part of your money by investing your Account in a Portfolio. There can be no assurance that a Portfolio, or an Underlying Investment in which a Portfolio invests, will achieve its objective. **Plan Accounts are not bank deposits, are not insured by the Federal Deposit Insurance Corporation or the National Credit Union Association, are not debt or obligations of, or guaranteed by, any bank or other financial institution or the Plan, The Education Trust Board of New Mexico or its members, The Education Plan Trust of New Mexico, the State of New Mexico, OFI Private Investments Inc., OppenheimerFunds Distributor, Inc. or any financial advisor.**

2. No Guarantee of Future Performance. How a Portfolio, or an Underlying Investment in which a Portfolio invests, has performed in the past is not necessarily an indication of how it will perform in the future.

3. Qualified Withdrawals from Accounts. The Account Owner may direct distributions from an Account for the Qualified Higher Education Expenses of the Designated Beneficiary by providing the Program Manager a Withdrawal Form in writing and any additional required documentation (subject to a 5 business day hold following each Contribution), by calling the Program Manager or by completing the appropriate section online. Distributions may be used at any Eligible Institution of Higher Education ("Eligible Educational Institution"). Generally, this includes any accredited two-year or four-year college or university in the United States or abroad that is eligible to participate in certain federal student financial aid programs, as well as certain accredited proprietary or vocational schools that are eligible to participate in federal student financial aid programs and certain specified military academies. Distributions may also be applied toward graduate or professional school costs at an Eligible Educational Institution. Before using the Plan to save for tuition expenses at K-12 Schools, or making withdrawals from the Plan for tuition expenses at K-12 Schools, Account Owners should consider that the Investment Portfolios within the Plan were designed for college savers (e.g., persons saving for undergraduate and graduate school) not saving for tuition expenses at K-12 Schools, and therefore Account Owners should take into account their investment horizon before making contributions to the Plan.

Under current New Mexico tax law, contributions to the New Mexico 529 plans by a New Mexico individual taxpayer may be deducted for New Mexico individual income tax purposes. In certain circumstances, the amounts deducted may be recaptured in subsequent years. Despite the new federal law changes for tuition expenses for K-12 Schools, it is possible that such K-12 tuition expenses will not constitute Qualified Higher Education Expenses under the New Mexico tax code, thereby resulting in a recapture of any deduction related to amounts distributed for such K-12 tuition expenses. In addition, 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 ABLÉ program, including the ABLÉ 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 making withdrawals from a New Mexico 529 plan for K-12 tuition expenses or transferring funds from a New Mexico 529 Plan to a Qualified ABLÉ Program.

The recent federal tax law changes also permit transfers from a 529 account to an account in a Qualified ABLÉ Program made before January 1, 2026, without subjecting the transferred amount to federal income tax on earnings, provided certain conditions are met. ABLÉ accounts are subject to an annual contribution limit (currently \$15,000). Transfers from a 529 account that cause the ABLÉ account to exceed the \$15,000 limit will be subject to federal tax. This provision applies to 529-to-ABLÉ transfers made after December 22, 2017.

As of the date of this Plan Description, the IRS has not issued regulations on the recent tax law changes. Therefore, the information presented is based on a good faith interpretation of the statutory language. If, and when, material updates become available we will update the Plan's website and this Plan Description. The Account Owner, not the Plan or the Program Manager, will be responsible for any losses or taxes arising from the use of the Plan for tuition expenses at K-12 Schools. Please consult with your tax advisor for more information.

4. Nonqualified Withdrawals from Accounts. An Account Owner may request a Nonqualified Withdrawal from an Account (may be subject to a 5 business day hold following each Contribution). A Nonqualified Withdrawal will be subject to an additional 10% federal tax on the earnings portion of the distribution, and such earnings will also be subject to ordinary federal and any applicable state income taxation as well as the recapture of all previous New Mexico tax deductions taken for Contributions to an Account. Other penalties may also apply to a Nonqualified Withdrawal.

5. Other Withdrawals from Accounts. An Account Owner may authorize distributions from the Account as a result of the Designated Beneficiary's death, disability, receipt of a scholarship or attendance at a qualifying military academy. Withdrawals due to the Designated Beneficiary's death, disability, receipt of a scholarship or attendance at a qualifying military academy will not be subject to the additional 10% federal tax on earnings, but the earnings portion of such withdrawals will be subject to income taxes at the ordinary federal income tax rates. State taxes may also apply. Scholarship distributions are limited to the amount of the scholarship received by the Designated Beneficiary.

6. Recontributions. If you request a distribution to pay the Qualified Higher Education Expenses of the Designated Beneficiary and the Designated Beneficiary receives a refund of any payment of Qualified Higher Education Expenses from an Eligible Educational Institution, the amount withdrawn will not be includible in income to the extent it is recontributed to an Account for which the Designated Beneficiary is the beneficiary, but only to the extent such recontribution is made not later than 60 days after the date of such refund and does not exceed the refunded amount. You are responsible for identifying to the Program Manager any contribution to an Account that qualifies for the treatment described in this paragraph and for certifying to the Program Manager that the conditions for such treatment have been satisfied.

7. Miscellaneous. None of the Board, the Trust, the Plan, or the Program Manager or its affiliates is responsible for payment of any Qualified Higher Education Expenses that exceed the current balance of an Account at the time a distribution is requested.

ARTICLE IV—AMENDMENT AND TERMINATION

1. General. The Account Owner or the Board may terminate an Account at any time.

2. Distribution of Remaining Account Balance. If the Account is terminated, the remaining Account balance will be distributed to the Account Owner and the Contributions and earnings thereon will be subject to federal and any applicable state income tax, the 10% additional federal tax and the recapture of all previous New Mexico tax deductions taken for Contributions related to Nonqualified Withdrawals. Any such distribution shall be construed and administered to comply in all respects with any applicable state or federal statutes or regulations, including, but not limited to, Section 529 of the Code or its applicable regulations, Internal Revenue Service (“IRS”) guidance interpreting Section 529 of the Code, New Mexico law, or applicable rules promulgated by the Board. Any such distribution shall be issued in a lump sum net of any fees due to the Program Manager within 90 days from the date of the termination request.

3. Amendment or Termination by the Board.

- (a) If the Board or Program Manager finds that the Account Owner or a Designated Beneficiary has provided false or misleading information to the Board or an Eligible Educational Institution with respect to an Account, the Board may terminate the Account and assess a penalty against the Account. If an Account is so terminated, the remaining Account balance will be distributed to the Account Owner and the Contributions and earnings thereon will be subject to federal and any applicable state income tax, the 10% additional federal tax and the recapture of all previous New Mexico tax deductions taken for Contributions related to Nonqualified Withdrawals.
- (b) The Board may at any time: (i) amend the Plan or this Participation Agreement by giving written notice to the Account Owner, which amendment shall be effective upon the date specified in the notice; or (ii) terminate the Plan or this Participation Agreement or cause a distribution to be made from an Account to satisfy applicable laws, including anti-money laundering laws, by giving the Account Owner written notice of any such termination. No provision of this Participation Agreement can be amended or waived except in writing signed by an authorized representative of the Board. A termination of the Plan or this Participation Agreement or such distribution from an Account by the Board may result in a Nonqualified Withdrawal, unless certain exceptions apply, for which tax on the earnings portion thereof and penalties may be assessed. Nothing contained in the Participation Agreement or the Plan Description is an agreement or representation by the Board or any other person that it will continue to maintain the Trust indefinitely.

ARTICLE V—CHANGE OF DESIGNATED BENEFICIARY, CHANGE OF ACCOUNT OWNER, ACCOUNT TRANSFERS AND ROLLOVERS

1. Change of Designated Beneficiary. At any time, the Account Owner may change the Designated Beneficiary of an Account as provided in Article II, Section 5 of this Participation Agreement.

2. Change of Account Owner. All requests to transfer ownership of an Account must be submitted in writing and include: (i) the Account number; (ii) the guaranteed signature of the Account Owner; and (iii) such other information as the Board may require from time to time. An Account Owner may designate a Successor Account Owner who, subject to rules established by the Board and upon receipt of the proper documentation by the Program Manager, will become the Account Owner upon the death of the original Account Owner or if the original Account Owner validly disclaims his/her interest in the Account. A transfer of ownership of an Account to a new Account Owner may have legal, and income, gift, estate and GST tax implications. Please consult your tax advisor regarding this matter.

3. Account Transfers.

- (a) Section 529 of the Code provides that all or a portion of an account with a qualified tuition program may be rolled over to an account with another qualified tuition program in a different state, or before January 1, 2026 to a Qualified ABLE Program without subjecting the transferred amount to federal income tax on earnings, provided certain conditions are met. In order for the transfer of funds to be a qualified rollover so as not to incur taxes and penalties, the funds from the first account must be deposited into the new account within 60 days from the distribution from the first account, and either (i) there must be a change of Designated Beneficiary to a Member of the Family of the existing Designated Beneficiary or (ii) the transfer must be to any qualified tuition program for the same Designated Beneficiary, and in the case of a qualified tuition program, the transfer cannot occur within 12 months from the date of a previous transfer from another qualified tuition program for that Designated Beneficiary. In order to roll over an Account to another qualified tuition program or a Qualified ABLE Program, the Account Owner must complete and submit a Rollover/Change of Trustee Form.
- (b) In the event of a rollover request, the amount to be rolled over will be (i) the principal portion of all Contributions made, plus the investment gains on the Account, less (ii) investment losses on the Account, if any, withdrawals, if any, and any penalties, fees or charges as determined by the Board. Any rollovers to another state’s Section 529 Plan, or 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) will be subject to the recapture of previous New Mexico tax deductions taken for Contributions to the Account.
- (c) Any rollover shall be construed and administered to comply in all respects with any applicable state or federal statutes or regulations, including, but not limited to Section 529 of the Code or its applicable regulations, IRS guidance interpreting Section 529 of the Code, New Mexico law, and applicable rules promulgated by the Board.

(d) As of the date of this Plan Description, the IRS has not issued regulations on the recent tax law changes. Therefore, the information presented is based on a good faith interpretation of the statutory language. Please consult with your tax advisor for more information. If, and when, material updates become available we will update the Plan's website and this Plan Description.

4. Miscellaneous. No interest in all or any portion of an Account may be used as security for any loan. Similarly, an Account Owner or Designated Beneficiary may not borrow, assign or transfer any asset in an Account, except as provided in this Participation Agreement. Upon the death of an Account Owner, if a Successor Account Owner is duly appointed, the Account will be transferred to the Successor Account Owner as described in the Plan Description. If no Successor Account Owner is appointed, the deceased's estate will become the Account owner.

ARTICLE VI—FEES AND EXPENSES

1. General. Certain fees and expenses will be charged against the assets of the Portfolios to pay for the costs of managing and administering the Plan and the Accounts. These fees and expenses may be changed or waived, and the Board may add new fees or expenses at any time.

2. Daily Charges and Underlying Investment Fees and Expenses. Each Portfolio will be subject to a daily charge for certain ongoing Plan Fees (including the Program Management Fee and Board Administrative Fee), as described in the Plan Description. In addition, each of the Underlying Investments in which Portfolios invest has separate investment management fees and other expenses. Accounts will indirectly bear such Underlying Investment management fees and other expenses.

3. Transaction-based Fees. An Account may be subject to fees for certain transactions, charged in the amounts and as described in the Plan Description.

4. Other Fees and Expenses. An Account may be subject to other fees and expenses, including sales charges, as directed by the Board and as described in the Plan Description.

ARTICLE VII—GENERAL PROVISIONS

1. Necessity of Qualification. The Account Owner understands and acknowledges that the Plan intends to operate so as to qualify for favorable federal tax treatment under Section 529 of the Code. Because this qualification is vital to the Plan and the beneficial tax treatment of Account Owners and Designated Beneficiaries, the Board may amend the New Mexico 529 Program, the Plan and/or this Participation Agreement at any time if the Board decides that a change is needed to meet the requirements of Section 529 of the Code or its applicable regulations, IRS guidance interpreting Section 529 of the Code, New Mexico law, or applicable rules promulgated by the Board. The Board may modify this Participation Agreement to the extent necessary to assure compliance with applicable state or federal laws or regulations or to preserve the favorable tax treatment of the Plan or the favorable tax treatment of interests of Account Owners or Designated Beneficiaries therein. The Program Manager shall promptly notify the Account Owner of such amendments, and the Account Owner agrees to be bound thereby unless the Account Owner promptly notifies the Program Manager of the Account Owner's intent to terminate the Account.

2. Account Owner Representations.

(a) The Account Owner acknowledges that: (i) the Account Owner has received and read the Plan Description prior to making each investment decision, (ii) the Account Owner agrees that the terms of the Plan Description are incorporated into this Participation Agreement as if they were set forth in this Participation Agreement, and (iii) the Plan's risks have been taken into consideration in making each investment decision.

(b) The Account Owner acknowledges that he/she is opening the Account for the purpose of meeting the Qualified Higher Education Expenses of the Designated Beneficiary of the Account and he/she is not opening or using the Account for the purpose of evading federal or state taxes or tax penalties.

(c) The Account Owner understands that: (i) the state(s) where he/she or his/her Designated Beneficiary reside or pay taxes may offer one or more direct sold, advisor/broker sold or prepaid tuition plans under Section 529 of the Code (each, an "In-State Plan"); and (ii) such In-State Plans may offer him/her state income tax or other benefits not available to him/her through the Plan. The Plan Description, this Participation Agreement and the other forms approved for use in connection with the Plan do not address taxes imposed by a state other than New Mexico, or the applicability of state or local taxes other than the New Mexico income tax to the Plan, the Trust, his/her participation in the Plan, his/her investment in the Trust or his/her Account.

(d) The Account Owner has considered investing in an In-State Plan and consulted with his/her tax advisor regarding the state tax consequences of investing in the Plan, if realizing state or local income tax or other benefits are important to him/her.

(e) The Account Owner has considered: (i) the availability of alternative education savings and investment programs including other Section 529 Plans available through the Program Distributor or otherwise; (ii) the Unit Classes offered by the Plan; (iii) the identity and contract term of the Program Manager; (iv) the impact an investment in the Plan may have on eligibility for federal and state financial aid and non-educational benefits, such as Medicaid; (v) the risks and other considerations of investing in the Plan; (vi) limitations on Contributions, withdrawals and transfers among the Portfolios; (vii) the Plan's sales charges, fees and expenses; and (viii) the federal, state and local, income, estate, gift and GST tax implications of investing in the Plan.

- (f) The Account Owner acknowledges that the intended tax advantages for the Account may be affected by future changes in tax laws, regulations or rules.
- (g) The Account Owner understands that a change in federal or state law or regulations governing the Plan, or court decisions, may have adverse tax and other consequences to the Account Owner. The Account Owner should consider the potential effect such a change in law could have on the Account Owner's investments under the Plan before establishing an Account.
- (h) The Account Owner understands that: (i) each of the Plan's Portfolios may not be suitable for him/her and/or the Designated Beneficiary and (ii) the Plan may not be suitable for all investors as a means of investing for Qualified Higher Education Expenses. In addition, the Account Owner understands that the Plan's Portfolios were designed for college savers (e.g., persons saving for undergraduate and graduate schools) and, therefore, the Account Owner must take into account his or her investment horizon before making contributions to the Plan for tuition expenses at K-12 Schools.
- (i) The Account Owner understands that the Account Owner will not receive any advice or opinion regarding the suitability of any Portfolio or Trust interests from the Board, Program Manager or Program Distributor or any representative of the Board, Program Manager or Program Distributor.
- (j) The Account Owner understands that: (i) any Portfolio may at any time be merged, terminated, reorganized or cease accepting new Contributions without consent or notice; (ii) any such action affecting a Portfolio may result in contributions being reinvested in a Portfolio different from the Portfolio in which contributions were originally invested; (iii) the Board and the Program Manager may at any time terminate or modify the Portfolio fee structures; and (iv) the Board may modify Underlying Investments at any time.
- (k) If the Account Owner is establishing an Account as a custodian for a minor under a state's Uniform Gifts to Minors Act or Uniform Transfers to Minors Act ("UGMA/UTMA"), the Account Owner understands and agrees that he/she assumes responsibility for any adverse consequences resulting from the establishment of the Account.
- (l) If a legal entity is establishing the Account, the individual executing the Participation Agreement represents that: (i) the entity is the Account Owner; (ii) the individual executing the Participation Agreement is duly authorized to act for the entity; (iii) the Plan Description may not discuss tax consequences and other aspects of the Plan of particular relevance to the entity and individuals having an interest therein; and (iv) the entity has consulted with and relied on a professional advisor, as deemed appropriate by the entity, before becoming an Account Owner.
- (m) The Account Owner acknowledges that OFI Private Investments Inc. will not necessarily continue as Program Manager for the entire period this Account is open and that the Board may in the future retain different investment manager(s) to manage all or part of the Plan whether or not OFI Private Investments Inc. is still the Program Manager. The Account Owner further acknowledges that there is no assurance that the terms and conditions of the current Participation Agreement would continue without material change, and that there are, accordingly, various potential consequences that the Account Owner acknowledges they should take into consideration including changes in the current management fee. (A successor Program Manager may request that a new Participation Agreement be executed.)
- (n) The Account Owner understands that in order to help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an Account. When an Account Owner opens an Account, the Program Manager and/or the Board will ask for the Account Owner's name, address, date of birth, SSN, and other information that will allow the Program Manager and the Board to identify the Account Owner. The Program Manager or the Board may also ask to see the Account Owner's driver's license or other identifying documents.
- (o) The Account Owner has been given an opportunity, within a reasonable time prior to signing this Participation Agreement, to ask questions of representatives of the Board and the Program Manager and receive satisfactory answers concerning (i) an investment in the Plan, (ii) the terms and the conditions of the Plan and the Trust, (iii) the particular Investment Option(s) that may be selected, (iv) the Plan Description, this Participation Agreement, and the Enrollment Application, (v) other 529 Plans offered by the Board, and the investment options and costs associated with such plans, and (vi) his/her ability to obtain such additional information that may be necessary to verify the accuracy of any information furnished.
- (p) The Account Owner has not relied on any representations or other information, whether oral or written, and whether made by any agent or representative of the Board, the Program Manager, or otherwise, other than as set forth in the Plan Description (including any applicable supplement to the Plan Description) and in this Participation Agreement.
- (q) The Account Owner has accurately and truthfully completed the Enrollment Application. Any other documentation that he/she has furnished or subsequently furnishes in connection with the opening or maintenance of, or any withdrawals from, his/her Account is or will be accurate, truthful, and complete, including the age indicated for the Designated Beneficiary.
- (r) The Account Owner acknowledges that his/her Account may be considered dormant if for a designated period of time there is no activity on the Account and the Plan is not able to make contact with the Account Owner. Dormant accounts are subject to states' unclaimed property laws.

3. Separate Accounting. The New Mexico 529 Program shall provide a separate accounting for each Designated Beneficiary.

4. Factual Determinations. All factual determinations regarding an Account Owner's or Designated Beneficiary's residency, disability, the existence of hardship, and any other factual determinations regarding Accounts will be made by the Board based on the available facts and circumstances of each case.

- 5. Notices.** All notices, changes, options and elections requested by an Account Owner must be in writing, signed by the Account Owner, and acceptable to the Program Manager. The Program Manager is not responsible for the accuracy of such documentation.
- 6. Governing Law.** This Participation Agreement shall be construed in accordance with the laws of the State of New Mexico and applicable federal law, including Section 529 of the Code. Venue for any action between the Account Owner or the Designated Beneficiary and the Board arising from or relating to the Plan, Accounts or the Participation Agreement shall be in a state or federal court located in Santa Fe, New Mexico.
- 7. Severability.** In the event any clause or portion of this Participation Agreement is found to be invalid or unenforceable by a court of competent jurisdiction, that clause or portion shall be severed from this Participation Agreement and the remainder of this Participation Agreement shall continue in full force and effect as if such clause or portion had never been included.
- 8. Amendments.** The Board may, at any time, and from time to time, amend this Participation Agreement, and the Account Owner shall be considered to have consented to such amendment, to the extent such amendment is for the purpose of assuring compliance with applicable state or federal laws or regulations or to preserve the continued favorable tax treatment of the New Mexico 529 Program, or the Plan Description, or suspend or terminate the Plan, the Trust or the New Mexico 529 Program, but your Account assets may not thereby be diverted from the exclusive benefit of the Account Owner and/or the Designated Beneficiary.
- 9. Reports and Statements.** The Program Manager will send the Account Owner quarterly statements that show the value of each Account's activity during the previous quarter and cumulative activity for the year. An Account Owner has 60 days to notify the Program Manager of any errors on any Account confirmation or on transactions indicated on each statement for the immediately previous calendar quarter. If the Account Owner does not write to the Program Manager to object to information relating to activity in the Account during the previous quarter as presented in such statement regarding the immediately prior quarter's activity within 60 days after the statement has been sent to the Account Owner, the Account Owner will be considered to have approved it and to have released the Board, the Program Manager and the Program Distributor from all responsibility for matters covered by the statements. If applicable, the Program Manager will provide tax reporting as required under the Act, the Code, and any applicable regulations. The Account Owner will continue to be responsible for filing his or her federal, state and local tax returns and any other reports required by law.
- 10. Extraordinary Events.** The Board, the Trust, and the Program Manager shall not be liable for losses 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.
- 11. Communications.** For purposes of this Participation Agreement, communications will be sent to the Account Owner at the permanent address that is specified in the Enrollment Application or at such other permanent address that the Account Owner gives to the Program Manager in writing. All communications so sent will be deemed to be given to the Account Owner personally upon such sending, whether or not the Account Owner actually receives them. Account Owners are responsible for alerting the Program Manager to any change of address.
- 12. Complete Agreement.** This Participation Agreement, and the Plan Description that is hereby incorporated into this Participation Agreement, is the complete and exclusive statement of the agreement between the parties hereto, which supersedes any prior agreement, oral or written, and any other communications between the parties hereto relating to the subject matter of this Participation Agreement. This Participation Agreement is offered by the Board and will be deemed a binding agreement upon acceptance by the Trustee of the Account Owner's Enrollment Application.



Scholar's Edge[®] Plan Description

February 26, 2018

An Overview of Scholar's Edge[®]

This Plan Description contains a summary of the terms of Scholar's Edge (the "Plan") and the Participation Agreement. This Plan Description forms a part of, and is incorporated into, the Participation Agreement. This Plan Description includes the addenda and appendixes attached hereto. Please read this document and the Participation Agreement carefully before you invest or send funds. Additional copies of these materials may be obtained from Scholar's Edge at www.scholarsedge529.com or by calling **1.866.529.SAVE (1.866.529.7283)**.

The Plan has been established and is maintained by The Education Trust Board of New Mexico ("Board" or, when applicable, the "Trustee"). OFI Private Investments Inc., a subsidiary of OppenheimerFunds, Inc., is the Program Manager of the Plan. OppenheimerFunds Distributor, Inc. is the sole distributor of the Plan.

No dealer, financial advisor, Broker, salesperson or other person has been authorized to provide any information or to make any representations other than those contained in this Plan Description. If given or made, such other information or representations must not be relied upon.

Statements contained in this Plan Description or in the Participation Agreement, which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts. The information and expressions of opinion herein are subject to change without notice. Neither delivery of this Plan Description or the rest of the Participation Agreement, nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of Scholar's Edge or The Education Plan Trust of New Mexico ("Trust") since the date of this Plan Description.

The consequences to an Account Owner or Designated Beneficiary of an investment in the Plan vary depending on their state of residence. An Account Owner should consider, before investing, whether the Account Owner's or the Designated Beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in the home state's qualified tuition program. Any state-based benefit offered with respect to a particular Section 529 Plan should be one of the many appropriately weighted factors to be considered in making an investment decision. An investor should consult with his or her financial, tax or other adviser to learn more about how state based benefits (including any limitations) would apply to his or her specific circumstances and may also wish to contact his or her home state or any other Section 529 Plan to learn more about the features, benefits and limitations of that state's Section 529 Plan.

Plan Accounts are not bank deposits, are not insured by the Federal Deposit Insurance Corporation or the National Credit Union Association, are not debt or obligations of, or guaranteed by, any bank or other financial institution or the Plan, The Education Trust Board of New Mexico or its members, The Education Plan Trust of New Mexico, the State of New Mexico, OFI Private Investments Inc., OppenheimerFunds Distributor, Inc. or any financial advisor. Investment in the Plan involves investment risk, including the possible loss of the principal amount invested.

The Plan is intended to be used only to save for Qualified Higher Education Expenses at Eligible Educational Institutions. 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. A taxpayer should seek tax advice based on the taxpayer's particular circumstances from an independent, qualified tax advisor.

Account owners should periodically assess, and if appropriate, adjust their investment choices with their time horizon, risk tolerance and investment objectives in mind.

FOR USE BY CUSTOMERS ENROLLING THROUGH A FINANCIAL ADVISOR.



PLAN HIGHLIGHTS

These Plan Highlights only summarize features of the Plan. More detailed information about the Plan, including establishing an Account, the Portfolios, sales charges, fees and expenses, investment risks and tax consequences, are described in the pages that follow. Please read this entire Plan Description and the Participation Agreement before investing and keep them for future reference.

You should rely only on the information contained in the Plan Description. No one is authorized to provide information that is different from the information contained herein.

Minimum Contribution to Open an Account

(See "CONTRIBUTIONS—Minimum Initial Contributions" on page 14 for details.)

- All Portfolios—\$250 (waived in certain circumstances for Accounts to which Contributions are made through an Automatic Investment Plan ("AIP") or payroll deductions.
- Contributions must be made in "cash form" by check, Automatic Investment Plan ("AIP"), payroll deduction through a participating employer who is able to meet the Program Manager's operation and administrative requirements, electronic funds transfer or federal funds wire.

Minimum Initial Contribution per Portfolio

(See "CONTRIBUTIONS—Minimum Initial Contributions" on page 14 for details.)

- More than one of the Plan's Portfolios may be selected for an Account; however, there is a minimum initial Contribution per Portfolio of \$25.

Maximum Account Balance

(See "CONTRIBUTIONS—Maximum Account Balance" on page 14 for details.)

\$500,000 aggregate balance for all New Mexico 529 Program accounts (including Plan Accounts) for the same Designated Beneficiary.

Eligible Account Owners

(See "THE APPLICATION PROCESS" on page 12 for details.)

- No New Mexico residency requirement.
- Persons must be at least 18 years of age, have a valid Taxpayer Identification number that is accepted by the Program Manager and United States address.
- State or local government, or a tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Code.
- Custodian of an UGMA/UTMA account.
- Trusts or corporations with a valid Taxpayer Identification Number.
- The Account Owner can designate a successor Account Owner who becomes the owner of the Account in the event of the Account Owner's death or if the original Account Owner validly disclaims his/her interest in the Account.

Designated Beneficiary

(See "THE APPLICATION PROCESS" on page 12 for details.)

- No age limit for the Designated Beneficiary.
- Must have a valid Taxpayer Identification number that is accepted by the Program Manager.
- Does not need to be related to the Account Owner or reside in the United States.
- The Account Owner and the Designated Beneficiary for an Account may be the same.
- The Plan does not permit a change of the Designated Beneficiary to a person who is not a Member of the Family of the current Designated Beneficiary.

School Limits

(See "WITHDRAWALS—Qualified Higher Education Expenses— Eligible Educational Institutions" on page 45 for details.)

- Account balances may be used at most accredited post-secondary schools in the United States or abroad. Despite the new federal law changes expanding the definition of Qualified Higher Education Expenses to include tuition expenses for K-12 Schools, it is possible that such K-12 tuition expenses will not constitute Qualified Higher Education Expenses under the New Mexico tax code, thereby resulting in a recapture of any deduction related to amounts distributed for such K-12 tuition expenses.

Tax Advantages under Current Law

(See "TAX TREATMENT OF INVESTMENTS AND WITHDRAWALS" on page 47 for details.)

- State tax deduction for New Mexico residents (subject to recapture under certain circumstances); earnings tax-deferred.
- Tax-deferred growth for federal tax purposes.

- No federal or New Mexico income tax on withdrawals used to pay Qualified Higher Education Expenses. Withdrawals for tuition expenses for K-12 Schools may be subject to recapture of amounts previously deducted for New Mexico Income tax purposes.
- No federal gift or generation-skipping transfer tax on Contributions up to \$75,000 (\$150,000 for spouses electing to split gifts)—prorated over five years.
- Contributions are considered completed gifts for federal gift and estate tax purposes.
- Contributions are not included in the Account Owner’s estate for federal estate tax purposes (subject to certain restrictions if the five-year averaging election is made).
- An Account Owner should consider, before investing, whether the Account Owner’s or the Designated Beneficiary’s home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in the home state’s qualified tuition program.

Withdrawals

(See “WITHDRAWALS—Qualified Withdrawals” on page 44 and “WITHDRAWALS—Nonqualified Withdrawals” on page 45 for details.)

- Account balances used with limitations to pay for tuition, room and board, supplies, and equipment required for enrollment or attendance by a Designated Beneficiary at any Eligible Educational Institution in the United States or abroad (including expenses for special needs services for a special needs beneficiary incurred in connection with such attendance) along with expenses for the purchase of computer and any related peripheral equipment, computer software, or Internet access and related services subject to certain conditions will be considered a Qualified Withdrawal.
- If a withdrawal is made to pay for Qualified Higher Education Expenses for a Designated Beneficiary and the Designated Beneficiary receives a refund from the Eligible Educational Institution, the amount withdrawn will not be treated as a Nonqualified Withdrawal to the extent that amounts are recontributed to a Section 529 plan account for that Designated Beneficiary no more than 60 days after the date of the refund and the recontributed amount does not exceed the amount of the refund.
- Account balances which are withdrawn and used for purposes other than a Qualified Withdrawal generally are considered a Nonqualified Withdrawal subject to federal and state income taxes and may be subject to an additional 10% federal tax.

Sales Charges, Fees and Expenses

(See “SALES CHARGES, FEES AND EXPENSES” on page 31 for details.)

- Total Annual Asset-Based Plan Fees (including Underlying Investment expenses and Plan Fees) range from 0.36% to 1.34% for Class A Units, and from 0.36% to 2.17% for Class C Units. (See "Summary of Sales Charges for Unit Classes" below for a description of available classes.)
- \$25 Annual Maintenance Fee, waived in certain circumstances.
- Sales charges apply and vary depending on the class of Units selected.
- Other fees and charges may apply.

Summary of Sales Charges for Unit Classes

(See “SALES CHARGES, FEES AND EXPENSES—Sales Charges” on page 31 for details.)

The Plan has previously offered three Unit classes, but currently only offers two Unit classes, each with its own sales charge structure.

	Class A Units	Class C Units
Initial Sales Charge	Yes. Payable at time of Contribution. Lower Initial Sales Charges available for larger aggregate Contributions. Waived for certain Account Owners. The Contribution amount less the Initial Sales Charge, if any, is invested in Units.	No. Entire Contribution is invested in Units.
Contingent Deferred Sales Charge	No. (May be charged, and partially waived in limited circumstances, for Contributions not subject to an Initial Sales Charge that are transferred or rolled over from your Account within 18 months of the Contribution).	Yes. Payable with respect to each Contribution if you direct a Withdrawal, transfer or rollover from your Account within twelve months of a Contribution. Partially waived in limited circumstances.
Conversion to Class A Units	N/A	Yes. Automatically after five years beginning February 26, 2018. Each purchase of Class C Units has its own conversion date, which will generally occur on a monthly basis after expiration of the five year holding period.
Who can purchase?	All Account Owners	All Account Owners
Which Portfolios offer this Unit Class?	All Portfolios	All Portfolios

Investment Options

(See “INVESTMENT OPTIONS” on page 19 and Appendix A for details.)

- Upon opening an Account, the Account Owner must select an Investment Option or Options.

- Age Based Approach—Automatic asset allocation changes based upon Designated Beneficiary’s age.
- Custom Choice Approach—Design your own asset allocation across the risk/reward spectrum.
- Account Owners are prohibited from transferring assets in their Accounts between the Institutional Government Money Market Portfolio and the Capital Preservation Portfolio.
- The Investment Option for an Account may be changed for any reason two times during a calendar year or with a permissible change of the Designated Beneficiary.

Certain Risk Factors

(See “PLAN AND PORTFOLIO RISKS” on page 50 for details.)

- Account assets are not guaranteed, and an Account may lose money.
- Federal and state tax laws may change.
- Investment Options, asset allocations, Underlying Investments sales charges, fees and expenses may change.
- Contributions to an Account may affect the eligibility of the Designated Beneficiary or the Account Owner for federal and state benefits (e.g., financial aid).
- The Program Manager of the Plan may change.

Portfolio Performance

(See “PORTFOLIO PERFORMANCE INFORMATION” on page 27 for details.)

- Historical Portfolio performance information as of December 31, 2017 is included in this Plan Description.
- Past Portfolio performance is not indicative of future Portfolio performance.
- Performance information for the Portfolios is updated monthly on the Plan website at www.scholarsedge529.com.

Plan Administrator

(See “INTRODUCTION” on page 10 for details.)

- Education Trust Board of New Mexico.

Service Providers

(See “INTRODUCTION”, “RIGHTS OF THE BOARD”, “INVESTMENT OPTIONS” and “PLAN AND PORTFOLIO RISKS—Plan Risks—Potential Plan Adjustments” on pages 10, 18, 19 and 51, respectively, for details.)

- OFI Private Investments Inc. (“Program Manager”) provides investment management, administrative, recordkeeping and transfer agency services for the Plan.
- OppenheimerFunds Distributor, Inc. (“Program Distributor”) is the Plan’s distributor and provides marketing services to the Board.
- OppenheimerFunds, Inc. (an affiliate of the Program Manager), New York Life Investment Management LLC DBA MainStay Investments (“MainStay”), American Century Investment Management, Inc. (“American Century”), and T. Rowe Price Associates, Inc. (“T. Rowe Price”) each serves as investment manager for certain Underlying Investments in which the Portfolios in the Plan invest.
- The term of the program management agreement among the Board, the Program Manager and the Program Distributor ends on June 30, 2020, subject to possible extension or early termination.
- All information provided to the Plan is treated confidentially. This Plan Description includes the Privacy Policy of the Program Manager and Program Distributor for the benefit of the Plan participants.

Special Benefits for New Mexico Residents

(See “SPECIAL BENEFITS AVAILABLE TO NEW MEXICO RESIDENTS” and “TAX TREATMENT OF INVESTMENTS AND WITHDRAWALS—State Tax Treatment for New Mexico Taxpayers” on pages 12 and 50, respectively, for details.)

- All earnings of a New Mexico Account Owner or Designated Beneficiary from an investment in the Plan are exempt from New Mexico individual income taxes, subject to exceptions.
- Contributions by a New Mexico individual taxpayer may be deducted from net income for New Mexico individual income tax purposes, subject to limitations and recapture under certain circumstances.
- The Annual Maintenance fee of \$25 is waived if either the Account Owner or the Designated Beneficiary is a resident of New Mexico. The Board may at any time modify, add or terminate any benefit to New Mexico residents.

Contact Information

Scholar’s Edge®
P.O. Box 173691
Denver, CO 80217
www.scholarsedge529.com
1.866.529.SAVE (1.866.529.7283)

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or passed upon the adequacy of this Plan Description or the Participation Agreement. Any representation to the contrary is a criminal offense.

Information in this Plan Description is believed to be accurate as of the printing of this Plan Description and is subject to change without notice.

Plan Accounts are not bank deposits, are not insured by the Federal Deposit Insurance Corporation or the National Credit Union Association, are not debt or obligations of, or guaranteed by, any bank or other financial institution or the Plan, The Education Trust Board of New Mexico or its members, The Education Plan Trust of New Mexico, the State of New Mexico, OFI Private Investments Inc., OppenheimerFunds Distributor, Inc. or any financial advisor. Investment in the Plan involves investment risk, including the possible loss of the principal amount invested.

The New Mexico income tax deduction, as described in this Plan Description, is only available to New Mexico taxpayers. If you are not a New Mexico taxpayer, depending upon the laws of your home state or the home state of your Designated Beneficiary, favorable state tax treatment or other benefits offered by such home state for investing in Section 529 Plans may be available only if you invest in your home state's Section 529 plan. Any state-based benefit offered with respect to a particular Section 529 Plan should be one of many appropriately weighted factors considered in making an investment decision. You should consult with your financial, tax or other advisor to learn more about how state-based benefits (including any limitations) would apply to your specific circumstances. You also may wish to contact your home state or other Section 529 Plans to learn more about the features, benefits and limitations of that state's Section 529 Plans. In addition, some states may offer an income tax deduction to any qualified tuition program. Consult a tax advisor for more information.

Account Owners and Designated Beneficiaries do not have access or rights to any assets of the State of New Mexico or any assets of the Trust other than assets credited to the Account of that Account Owner for that Designated Beneficiary. (See "PLAN AND PORTFOLIO RISKS" on page 50 for details.)

PRIVACY POLICY OF THE PROGRAM MANAGER AND PROGRAM DISTRIBUTOR

As an Account Owner of the Plan, you are entitled to know how we protect your personal information and how we limit its disclosure.

Information Sources

We obtain nonpublic personal information about our Account Owners and Designated Beneficiaries from the following sources:

- Applications or other forms
- When you create a user ID and password for online Account access
- When you enroll in our electronic document delivery service
- Your transactions with us, our affiliates or others
- When you set up challenge questions to reset your password online
- A software program on the Plan's website, often referred to as a "cookie," which indicates which parts of our site you've visited

If you visit www.scholarsedge529.com and do not log on to the secure Account information areas, we do not obtain any personal information about you. When you do log on to a secure area, we do obtain your user ID and password to identify you. We also use this information to provide you with products and services you have requested and assist you in other ways.

We do not collect personal information through the Plan's website unless you willingly provide it to us, either directly by email or in those areas of the website that request information. In order to update your personal information (including your mailing address, email address and telephone number), you must first log on and visit the "Your Account" section and select the "Maintenance" menu.

If you have set your browser to warn you before accepting cookies, you will receive the warning message with each cookie. You can refuse cookies by turning them off in your browser. However, doing so may limit your access to certain sections of the Plan's website.

We use cookies to help us improve and manage the Plan's website. For example, cookies help us recognize new versus repeat visitors to the site, track the pages visited, and enable some special features on the website. This data helps us provide a better service for the Plan's website visitors.

Protection of Information

We do not disclose non-public personal information about current or former Account Owners and Designated Beneficiaries to anyone, except as permitted by law.

Right of Refusal

We will not disclose your personal information to unaffiliated third parties (except as permitted by law), unless you, the person who provides the information or the person who is the subject of the information gives express written consent to such disclosure.

Internet Security and Encryption

In general, the email services provided by the Plan's website are encrypted and provide a secure and private means of communication with us. To protect your own privacy, confidential and/or personal information should only be communicated via email when you are advised that you are using a secure website.

As a security measure, we do not include personal or Account information in nonsecure emails, and we advise you not to send such information to us in nonsecure emails. Instead, you may take advantage of the secure features of the Plan's website to encrypt your email correspondence. To do this, you will need to use a browser that supports Secure Sockets Layer (SSL) protocol.

We do not guarantee or warrant that any part of the Plan's website, including files available for download, are free of viruses or other harmful code. It is your responsibility to take appropriate precautions, such as use of an antivirus software package, to protect your computer hardware and software.

- All transactions are secured by SSL and 256-bit encryption. SSL is used to establish a secure connection between your PC and the Plan server. It transmits information in an encrypted and scrambled format
- Encryption is achieved through an electronic scrambling technology that uses a "key" to code and then decode the data. Encryption acts like the cable converter box you may have on your television set. It scrambles data with a secret code so that no one can make sense of it while it is being transmitted. When the data reaches its destination, the same software unscrambles the data
- You can exit the secure area by either closing your browser, or for added security, you can use the log out button before you close your browser

Other Security Measures

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. Please refer to the terms and conditions for Account Owner online access.

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.

Who We Are

This joint notice describes the Privacy Policy of OFI Private Investments Inc. and OppenheimerFunds Distributor, Inc. as the Program Manager and Distributor, respectively, of the Plan. This notice was last updated on November 30, 2017. In the event it is updated or changed, we will post an updated notice on the Plan's website. If you have any questions about this Privacy Policy, write to us at **P.O. Box 173691, Denver, CO 80217**, email us by clicking on the "Contact Us" section of the Plan's website at **www.scholaredge529.com** or call us at **1.866.529.SAVE (1.866.529.7283)**.

Table of Contents

DEFINITIONS OF KEY TERMS	9
INTRODUCTION	10
The Program Manager and the Program Distributor	11
Investment Managers	11
The Board	11
SPECIAL BENEFITS AVAILABLE TO NEW MEXICO RESIDENTS	12
THE APPLICATION PROCESS	12
The Designated Beneficiary	12
Successor Account Owners	12
How to Change Account Owner	12
Control of the Account	12
Investments in the Plan	12
UGMA/UTMA Custodial Accounts	13
Personal Information	13
ALLOCATION OF CONTRIBUTIONS	13
CONTRIBUTIONS	14
Third-party Contributions	14
Minimum Initial Contributions	14
Maximum Account Balance	14
Excess Contributions	14
Methods of Contribution	14
REQUIRED INFORMATION UPON CERTAIN CONTRIBUTIONS TO THE PLAN	16
CONTRIBUTION POLICIES AND RELATED FEES	16
Account Transactions	16
Confirmations, Statements and Reporting	16
Protecting Your Account	16
SYSTEMATIC EXCHANGE FEATURE	17
PORTFOLIO ALLOCATOR	17
OWNERSHIP OF ACCOUNT ASSETS	17
CERTAIN TRANSFERS PROHIBITED	17
NO ASSIGNMENTS OR PLEDGES	18
BANKRUPTCY AND RELATED MATTERS	18
SUCCESSOR ACCOUNT OWNER	18
RIGHTS OF THE BOARD	18
INVESTMENT OPTIONS	19
General	19
Age Based Approach	19
Age Based Portfolios	20
Custom Choice Approach	21
Custom Choice Portfolios	21
Individual Fund Portfolios	22
Underlying Investments and Target Allocations	24
Changes in Investment Guidelines or Underlying Investments	26
PORTFOLIO PERFORMANCE INFORMATION	27
Customized Portfolio Performance Benchmarks	30
SALES CHARGES, FEES AND EXPENSES	31
Sales Charges	31
Payments to Financial Intermediaries	35
Plan Fees and Expenses	35
Annual Asset-based Charge and Other Fees	36
INVESTMENT COST CHART	40
CHANGING THE DESIGNATED BENEFICIARY	42
Member of the Family	43
WITHDRAWALS	43
Procedures for Withdrawals	43
Systematic Withdrawal Feature	44
Qualified Withdrawals	44
Qualified Higher Education Expenses	44
Education Credits	45
Nonqualified Withdrawals	45
Procedures for Nonqualified Withdrawals	45
Other Withdrawals	46
Use of Education Tax Credits	46
Rollover Distributions to Another State's Section 529 Plan or a Qualified ABLE Program	46

Exchanges to Another Plan Within the New Mexico 529 Program	46
Records Retention	47
RESIDUAL ACCOUNT BALANCES	47
TAX TREATMENT OF INVESTMENTS AND WITHDRAWALS	47
General	47
Federal Taxation of Contributions to and Withdrawals from Section 529 Plans	48
Rollovers Between Section 529 Plans and to a Qualified ABLE Program	49
Rollovers from Coverdell ESAs	49
Rollovers from Series EE and Series I Bonds	49
Hope Scholarship and Lifetime Learning Tax Credits	49
Coordination of Benefits	49
Federal Gift and Estate Taxes	49
State Tax Treatment for New Mexico Taxpayers	50
Treatment by Other States	50
PLAN AND PORTFOLIO RISKS	50
Plan Risks	50
Principal Investment Risks of the Underlying Investments	52
ADDITIONAL INFORMATION	67
The Board	67
Administrative Services	67
Custody Accounts	67
Auditors for the Trust	67
Securities Laws Applicable to the Trust	67
Underlying Investments	67
Continuing Disclosure	67
Account Statements	67
Method of Offering	68
How to Participate	68
Participation Agreement	68
Tax Reporting	68
Controversies Involving Your Account	68
Miscellaneous	68
Contact Information	68
Requesting Additional Information	68
APPENDIX A	69

DEFINITIONS OF KEY TERMS

Set forth below are definitions of certain key terms used in this Plan Description. Other terms are defined elsewhere in this document.

Account means an account established by an Account Owner pursuant to a Participation Agreement for purposes of investing in one or more Portfolios. An investment in certain Portfolios may require the opening of a separate Account. Please contact the Program Manager at www.scholaredge529.com or by calling **1.866.529.SAVE (1.866.529.7283)**.

Account Owner means the individual or entity establishing an Account or any successor to such individual or entity. References in this document to “you” mean you in your capacity as the Account Owner.

Age Based Portfolio means a Plan Portfolio which invests in a combination of Underlying Investments in accordance with a target asset allocation specified for such Portfolio based on the ages of Designated Beneficiaries specified for such Portfolio.

AIP means an automatic investment plan including automatic payments from the Account Owner's bank account or other financial institution or through payroll deductions.

Board means The Education Trust Board of New Mexico, which is the trustee of the Trust.

Broker means any individual or entity that is appropriately licensed to distribute Participation Agreements and interests in the Plan represented by Accounts to public investors and with whom the Program Distributor has entered into an agreement to distribute Plan interests. This term also may include other financial intermediaries such as investment advisers or banks.

Code means the Internal Revenue Code of 1986, as amended.

Contribution means an amount invested in an Account.

Coverdell ESA means a Coverdell Education Savings Account.

Custom Choice Portfolio means a Portfolio the assets of which are invested in a combination of Underlying Investments in accordance with a fixed asset allocation specified for such Portfolio.

Designated Beneficiary means the individual whose Qualified Higher Education Expenses are expected to be paid from the Account or, for Accounts owned by a state or local government or qualifying tax-exempt organization (otherwise known as a 501(c)(3) entity) as part of its operation of a scholarship program, the recipient of a scholarship.

EFT means electronic funds transfer.

Eligible Educational Institution mean accredited post-secondary educational institutions offering credit toward a bachelor's degree, an associate's degree, a graduate level or professional degree, or another recognized post-secondary credential, which are eligible to participate in certain federal student financial aid programs. Certain proprietary institutions, foreign institutions and post-secondary vocational institutions are included, as are certain specified military academies.

Investment Managers means OppenheimerFunds, Inc. (an affiliate of the Program Manager), New York Life Investment Management LLC DBA MainStay Investments (“MainStay”), American Century Investment Management, Inc. (“American Century”), and T. Rowe Price who each serves as investment manager for certain Underlying Investment(s) in which a particular Portfolio of the Plan invests.

IRS means the Internal Revenue Service.

K-12 Schools means elementary or secondary public, private, or religious schools.

Member of the Family means the Designated Beneficiary's:

- son or daughter, or a descendant of either
- stepson or stepdaughter
- brother, sister, stepbrother or stepsister
- the father or mother, or an ancestor of either
- stepfather or stepmother
- son or daughter of a brother or sister
- brother or sister of the father or mother
- son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law or sister-in-law
- the spouse of the Designated Beneficiary or any of the foregoing individuals or
- first cousin

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

New Mexico 529 Program means the Section 529 program administered by the Board, including the Plan.

Nonqualified Withdrawal means any withdrawal from an Account that is not a Qualified Withdrawal or Other Withdrawal.

Other Withdrawal means:

- A withdrawal by reason of the death (if paid to the Designated Beneficiary's estate) or disability (within the meaning of Section 72(m)(7) of the Code) of the Designated Beneficiary of the Account;

- A withdrawal by reason of the Designated Beneficiary's receipt of a qualified scholarship (to the extent of the scholarship amount);
- A withdrawal by reason of the Designated Beneficiary's attendance at certain specified military academies;
- A withdrawal used to pay expenses that would be Qualified Higher Education Expenses but for the use of Education Tax Credits with respect to such expenses as allowed under federal income tax law; or
- A qualifying rollover distribution that is rolled into another state's Section 529 Plan or Qualified ABLE Program with appropriate documentation, or a qualifying transfer to the credit of another beneficiary within the New Mexico 529 Program.

Participation Agreement means the contract between the Account Owner and the Board, which establishes the Account and the obligations of the Board and the Account Owner.

Plan means Scholar's Edge®.

Plan Description means the then current Scholar's Edge® Plan Description.

Portfolio means a Plan portfolio, which invests in Underlying Investment(s), that the Board may authorize the Plan to offer and in which the Plan invests Contributions and earnings thereon.

Program Distributor means OppenheimerFunds Distributor, Inc., which serves as Program Distributor of the Plan.

Program Manager means OFI Private Investments Inc., which serves as Program Manager of the Plan.

Program Parties means the State of New Mexico, the Board, the New Mexico 529 Program, the Plan, the Trust, the Program Manager and the Program Distributor.

Qualified Higher Education Expenses means, as defined by Section 529(e)(3) of the Code, tuition, fees, books, supplies, and equipment required for the enrollment or attendance of a Designated Beneficiary at an Eligible Educational Institution, as well as expenses for special needs services in the case of a special needs beneficiary who incurs such expenses in connection with enrollment or attendance at an Eligible Educational Institution. The term also includes an amount for the room and board incurred by a Designated Beneficiary while attending an Eligible Educational Institution at least half-time (as defined for purposes of Section 529 of the Code). The limit for annual room and board expense for on and off campus housing is the allowance included in the "cost of attendance" at the Eligible Educational Institution, or, if greater, the actual amount charged by the Eligible Educational Institution for room and board costs for the applicable period.

Effective for taxable years beginning after December 31, 2014, Qualified Higher Education Expenses also include expenses for the purchase of computer and any related peripheral equipment, computer software, or Internet access and related services, if such equipment, software, or services are to be used primarily by the Designated Beneficiary during any of the years the Designated Beneficiary is enrolled at an Eligible Educational Institution regardless of whether such technology or equipment is required by the Eligible Educational Institution. Computer software means any program designed to cause a computer to perform a desired function. Such term does not include any database or similar item unless the database or item is in the public domain and is incidental to the operation of otherwise qualifying computer software. Computer software designed for sports, games, or hobbies is not included unless this software is predominantly educational in nature.

As a result of federal tax law changes signed into law on December 22, 2017, the definition of Qualified Higher Education Expenses has been expanded to include tuition expenses for K-12 Schools. K-12 Schools are elementary or secondary public, private, or religious schools. This expansion of Qualified Higher Education Expenses, permits Account owners to withdraw up to \$10,000 for tuition expenses for K-12 Schools free of federal taxes. (See ("Qualified Higher Education Expenses" on page 44 for details) The Account Owner, not the Plan or the Program Manager, will be responsible for any losses or taxes arising from the use of the Plan for tuition expenses at K-12 Schools. Please consult with your tax advisor for more information.

Qualified ABLE Program means a program established under Section 529A of the Code to permit savings for the qualified disability expenses of the designated beneficiary of the account.

Qualified Withdrawal means a withdrawal from an Account that is used to pay the Qualified Higher Education Expenses of the Designated Beneficiary.

Section 529 Plan means a qualified tuition program established under and operated in accordance with Section 529 of the Code.

Successor Account Owner means the individual or entity designated by the Account Owner to assume ownership of the Account in the event the Account Owner dies or is legally incapacitated while there is still money in the Account.

Trust means the Education Plan Trust of New Mexico.

UGMA/UTMA means the Uniform Gifts to Minors Act or Uniform Transfers to Minors Act of any state.

Underlying Investment(s) means the one or more mutual funds or other investment vehicles in which assets of the Portfolios are invested.

INTRODUCTION

The Education Trust Board of New Mexico (the "Board") administers Scholar's Edge (the "Plan"), a college savings plan within The Education Plan Trust of New Mexico (the "Trust"), a New Mexico trust established pursuant to the laws of the State of New Mexico, to hold the assets of the Plan. The Plan is designed to operate in accordance with Section 529 of the

Internal Revenue Code of 1986, as amended (the “Code”) and promote savings for Qualified Higher Education Expenses at Eligible Educational Institutions. Federal tax benefits that are afforded under Section 529 of the Code and potential state tax benefits enhance the value of investing in the Plan.

The Plan provides Account Owners with the opportunity to help save for Qualified Higher Education Expenses in a tax-advantaged manner and to invest through the approach that best suits the Account Owner.

As of the date of this Plan Description, the New Mexico 529 Program administered by the Board includes the Plan described in this Plan Description and The Education Plan that is described in a separate plan description.

The IRS has issued proposed regulations under Section 529 of the Code, but has not yet issued final regulations thereunder. Additionally, the proposed regulations do not reflect changes made to Section 529 or guidance issued by the IRS since their promulgation. The Plan as described in this Plan Description is operated so as to comply with Section 529 of the Code as currently in effect. However, the Plan’s operations may need to be modified to comply with final regulations, when issued, and such final regulations may alter the tax treatment of Account Owners as discussed herein.

When considering an investment in the Plan, you should be aware that the federal or state laws affecting your investment may change or expire while your Account is open. (See “TAX TREATMENT OF INVESTMENTS AND WITHDRAWALS” on page 47 and “PLAN AND PORTFOLIO RISKS—Plan Risks—Status of Federal and State Law and Regulations Governing the Plan” on page 51 for details.) The Board also may amend the Plan at any time if the Board determines that such an amendment is necessary to maintain qualification under Section 529 of the Code or is otherwise desirable.

The rate of return on Accounts, if any, may be less than the rate of increase in the costs of Qualified Higher Education Expenses over the same period. There are no performance guarantees with the Plan and the value of your Account may fluctuate over time.

Investments under the Plan are not guaranteed or insured by the Federal Deposit Insurance Corporation or other governmental agency, or by the Program Parties or any other entity. No one can predict the returns from the Portfolios, or the Underlying Investments in which the Portfolios invest. Past performance of any Portfolio or Underlying Investment is no guarantee of future results.

Although money contributed to the Plan will be allocated to Portfolios that invest in mutual funds, neither the Trust, the Plan, nor any of the Plan’s Portfolios is a mutual fund. An investment in the Plan is an investment in municipal fund securities that are offered and issued by the Trust. These securities are not registered with the United States Securities and Exchange Commission (“SEC”) or any state, nor are the Trust, the Plan, or the Plan’s Portfolios registered as investment companies with the SEC or any state.

The Program Manager and the Program Distributor

The Board has retained OFI Private Investments Inc. (the “Program Manager”) to administer and manage the investment and reinvestment of the Trust assets in accordance with the Board’s investment policies and subject to the Board’s approval. The Program Manager also provides other services relating to establishing accounts for Account Owners and keeping records for the Plan. The Trust assets shall be invested in the Portfolios and the Portfolios shall invest in the Underlying Investments recommended by the Program Manager and approved by the Board. OppenheimerFunds Distributor, Inc. (the “Program Distributor”), an affiliate of the Program Manager, is the distributor of interests in the Plan and provides marketing services to the Board. The Program Manager and Program Distributor act on behalf of the Board, Trustee of the Trust, subject to the terms of a Program Management Agreement that expires on June 30, 2020.

Additional information about the Program Manager and Program Distributor is available at www.scholarsedge529.com or by calling **1.866.529.SAVE (1.866.529.7283)**.

Investment Managers

OppenheimerFunds, Inc. (an affiliate of the Program Manager), New York Life Investment Management LLC DBA MainStay Investments (“MainStay”), American Century Investment Management, Inc. (“American Century”), and T. Rowe Price each serves as investment manager for certain Underlying Investment(s) in which a particular Portfolio of the Plan invests. The board of trustees and/or investment manager for a particular Underlying Investment, and not the Program Manager (in its capacity as a service provider to the Plan), manage and operate and determine the investment policies of the Underlying Investment. (See Appendix A for more information about the Underlying Investments in which a Portfolio invests.)

The Board

The Plan is maintained 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, 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.

Additional information about the Board is available at www.scholarsedge529.com or by calling **1.866.529.SAVE (1.866.529.7283)**.

SPECIAL BENEFITS AVAILABLE TO NEW MEXICO RESIDENTS

Account Maintenance Fee Waived for New Mexico Residents:

- The Annual Maintenance fee of \$25 is waived if either the Account Owner or the Designated Beneficiary is a resident of New Mexico. The Board may at any time modify, add or terminate any benefit to New Mexico residents.

Special Tax Benefits for New Mexico State Taxpayers:

- All earnings of a New Mexico Account Owner or Designated Beneficiary from an investment in the Plan are exempt from New Mexico individual income taxes, subject to exceptions.
- Contributions by a New Mexico individual taxpayer may be deducted from net income for New Mexico individual income tax purposes, subject to limitations and recapture under certain circumstances.

(For more information, see “TAX TREATMENT OF INVESTMENTS AND WITHDRAWALS—State Tax Treatment for New Mexico Taxpayers” on page 50.)

THE APPLICATION PROCESS

The Account Owner must be a United States citizen or resident alien at least 18 years of age with a valid Social Security Number or Individual Taxpayer Identification number and United States address or, a state or local government, a tax-exempt organization described in Section 501(c)(3) of the Code, or another type of legal entity, such as a trust or a corporation, with a valid Taxpayer Identification Number (“TIN”) and United States address. To open an Account, the Account Owner must complete and sign an Enrollment Application that is accepted by the Program Manager and any other documents required by the Board, the Program Manager or your financial advisor. Acceptable forms of TINs include social security numbers (“SSN”), Individual Taxpayer Identification Numbers (“ITIN”) and Employer Identification Numbers (“EIN”) depending on the account registration type. By signing the Enrollment Application, you will agree to the terms of the Account, the Participation Agreement and the Plan as set forth in this Plan Description and, if you have elected to invest in one or more Individual Fund Portfolios, you will be representing that you have read the prospectus of the mutual fund underlying each of the Individual Fund Portfolios you have selected. Completed Enrollment Applications must be sent to the financial advisor through whom the Account is opened. Your financial advisor may charge a fee to open an Account. At the time of enrollment, the Account Owner (other than state or local governments or tax-exempt organizations described in Section 501(c)(3) of the Code) must designate a beneficiary for the Account who must have a valid TIN. An Account Owner who supplies an Individual Taxpayer Identification number either for him or herself or the Designated Beneficiary may be subject to additional policies and procedures implemented by the Program Manager to comply with applicable law.

The Designated Beneficiary

There may be only one Account Owner and one Designated Beneficiary per Account. The Designated Beneficiary is not required to be related to the Account Owner or to reside in the United States. One Account Owner may have multiple Accounts for different beneficiaries within the Plan. Also, different Account Owners may have Accounts for a single Designated Beneficiary within the Plan. An individual may establish an Account and designate himself/herself as the Designated Beneficiary. There is no age limit for the Designated Beneficiary.

Successor Account Owners

An Account Owner may name a Successor Account Owner to assume control of the Account in the event of the original Account Owner’s death or if the original Account Owner validly disclaims his/her interest in the Account. For the Successor Account Owner to assume control of the Account, the Program Manager must receive from the Successor Account Owner the following documentation in good order: (i) an Enrollment Application and (ii) a letter requesting the Account be re-registered to the Successor Account Owner along with any other documentation required by the Program Manager.

If on the death of the Account Owner the Account Owner has not designated a successor Account Owner, the deceased’s estate will become Account Owner.

How to Change Account Owner

All requests to transfer ownership of an Account must be submitted to the Program Manager in writing and include: (i) the Account number; (ii) the guaranteed signature of the Account Owner; and (iii) such other information as the Board or the Program Manager may require from time to time.

Control of the Account

The Account and all rights under the Participation Agreement belong to you as Account Owner and not to the Designated Beneficiary. You retain control of how and when Account assets are used. You may change the Designated Beneficiary if the proposed Designated Beneficiary is a Member of the Family of the Designated Beneficiary to be replaced. Special rules apply to Accounts established by UGMA/UTMA custodian Account Owners. You may also take withdrawals from the Account subject to applicable federal and state taxes on earnings.

Investments in the Plan

Your Account represents an investment in a security issued by the Trust (an “Interest”), and this Interest is being distributed by the Program Distributor through an agreement with the Board.

Investors should consider the structure of the Plan and the different investment strategies employed by and risks of each Portfolio before opening an Account.

THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, OR WITH ANY STATE SECURITIES COMMISSIONS. (See “ADDITIONAL INFORMATION—Securities Laws Applicable to the Trust” on page 67 for details.)

UGMA/UTMA Custodial Accounts

An Account Owner who is the custodian of an account established or being opened under a state's UGMA/UTMA may be able to open an Account in his or her custodial capacity, depending on the laws of that state. These types of Accounts involve additional restrictions that do not apply to other types of Section 529 Plan accounts. A custodian using UGMA/UTMA funds to establish an Account must indicate that the Account is custodial by checking the appropriate box on the enrollment application. None of the Program Parties will be liable for any consequences related to a custodian's improper use, transfer or characterization of custodial funds. UGMA/UTMA custodians must establish Accounts in their custodial capacity separate from any Accounts they may hold in their individual capacity in order to contribute UGMA/UTMA property to an Account.

Because the Designated Beneficiary of an Account under the UGMA/UTMA is the owner of the Account, any tax consequences from a withdrawal from an Account will be imposed on the Designated Beneficiary, and not the UGMA/UTMA custodian Account Owner. The UGMA/UTMA custodian will assume Account Owner responsibilities until the Designated Beneficiary reaches the age of majority under the applicable UGMA/UTMA statute, at which point the Designated Beneficiary will assume Account Owner responsibilities.

In general, UGMA/UTMA Custodial Accounts are subject to the following additional requirements and restrictions:

- The UGMA/UTMA custodian will be permitted to make withdrawals only in accordance with the rules applicable to withdrawals under the applicable UGMA/UTMA and the Plan;
- The Designated Beneficiary must notify the Plan when the custodianship terminates and the Designated Beneficiary is legally entitled to take control of the Account. Custodians or Designated Beneficiaries will need to complete certain forms to document the termination of the custodianship. Upon completion of the registration change, the Designated Beneficiary will be registered as the Account Owner and will become subject to the provisions of the Plan applicable to non-UGMA/UTMA registered Account Owners;
- An UGMA/UTMA custodian may not change the Account Owner or Designated Beneficiary of the Account or transfer assets to another beneficiary, except as may be permitted by applicable law.

A custodian can be changed on an UGMA/UTMA account by providing supporting documentation in writing from the current custodian or submitting a valid court order appointing another person as the custodian. The new custodian must complete an Enrollment Application.

All UGMA/UTMA Account assets are treated by the Plan as subject to the UGMA/UTMA. Moreover, because only Contributions made in “cash form” via check or ACH may be used to open an Account in the Plan, non-cash assets held by an UGMA/UTMA account will have to be liquidated, resulting in a taxable event to the beneficiary. Please consult a tax professional to determine how to transfer an existing UGMA/UTMA account, and what the implications of such a transfer may be for your specific situation.

Personal Information

Establishment of an Account is subject to acceptance by the Program Manager, including the verification of an Account Owner's identity and other information in compliance with the requirements of the USA PATRIOT Act and other applicable law. If an Account Owner does not provide the information as requested on the Enrollment Application, the Program Manager may refuse to open an Account for the Account Owner. If reasonable efforts to verify this information are unsuccessful, the Program Manager may take certain actions regarding the Account without prior notice to the Account Owner, including among others, rejecting Contributions and withdrawal and transfer requests, suspending Account services or closing the Account. Units redeemed as a result of closing an Account will be valued at the Units' net asset value next calculated after the Program Manager closes the Account less any applicable Contingent Deferred Sales Charges. The risk of market loss, tax implications and any other expenses, as a result of the liquidation, will be solely the Account Owner's responsibility.

ALLOCATION OF CONTRIBUTIONS

At the time of enrollment, the Account Owner must choose the initial Portfolio(s) for the Account and, if two or more Portfolios are chosen, the allocation of the initial Contribution among those Portfolios. Subsequent Contributions will also be invested in selected Portfolio(s), according to a designated allocation, until the Account Owner instructs the Program Manager otherwise, by making a new Portfolio selection and/or designating a new allocation, with respect to new Contributions. Although Account Owners may choose to invest new Contributions in any of the Plan's Portfolios, they may only change how previous Contributions (and any earnings thereon) have been allocated among the available Portfolio options for all Accounts for the same Designated Beneficiary twice per calendar year or upon a change of Designated Beneficiary.

CONTRIBUTIONS

Contributions received in good order prior to the close of the New York Stock Exchange ("NYSE"), normally 4:00 p.m. Eastern time, will be processed on the same business day, and on the next succeeding business day if the transaction request is received after the close of the NYSE. Contributions will be credited to an Account only if the documentation received is complete and correct and the Contribution satisfies the requirements set forth both in the Participation Agreement and in this Plan Description. The investments through an Account are priced based on the price in effect for the Underlying Investments at the close of the market (generally 4:00 p.m. Eastern Time) on the date the Contribution is processed and credited to such Account.

A Contribution, rollover or transfer may be refused if the Board or the Program Manager reasonably believes that (i) the purpose is for other than funding the Qualified Higher Education Expenses of the Designated Beneficiary of an Account, (ii) there appears to be an abuse of the Plan, or (iii) such transaction is unlawful. The Plan may not be able to determine that a specific Contribution, rollover or transfer is for other than funding the Qualified Higher Education Expenses of a Designated Beneficiary, abusive or unlawful. The Plan therefore makes no representation that all such Contributions, rollovers or transfers can or will be rejected.

Third-party Contributions

Individuals (including the Designated Beneficiary) or entities who are not the Account Owner may make Contributions to an Account; however, the Account Owner will retain control over the Account (including the ability to make withdrawals) and will have control over the monies contributed by such third-party contributors. Such Contributions will be allocated in accordance with the Account Owner's elected investment allocation and may have gift or other tax consequences. (See "TAX TREATMENT OF INVESTMENTS AND WITHDRAWALS—Federal Gift and Estate Taxes" on page 49 for details.)

Minimum Initial Contributions

The required minimum initial Contribution to an Account is \$250 and the minimum amount for each subsequent contribution is \$25. The minimum initial Contribution is waived for Accounts to which Contributions are made through an Automatic Investment Plan ("AIP") or payroll deductions so long as the \$25 monthly minimum Contribution per Portfolio is met. The Program Manager needs a minimum of five (5) business days to process changes to, or to stop, Contributions made by Automatic Investment Plan (AIP).

Maximum Account Balance

Contributions to an Account will be permitted if the aggregate balance, including the proposed Contribution amount, of all New Mexico 529 Program accounts (including Plan Accounts) for the same Designated Beneficiary (regardless of Account Owner) does not exceed \$500,000. Pursuant to Section 529 of the Code, the Board sets the maximum account balance limit for all Accounts for a Designated Beneficiary.

The Board expects to evaluate the maximum account balance limit periodically. Accounts that have reached the maximum account balance limit may continue to increase in value depending on market fluctuation. While not now expected, it is possible that federal tax law might impose different limits on maximum account balances in the future.

Excess Contributions

The Program Manager may return all or any part of a Contribution, rollover or transfer that would cause the aggregate balance of all Accounts for a particular Designated Beneficiary (regardless of Account Owner) to exceed the maximum account balance limit ("Excess Contribution").

Methods of Contribution

Contributions must be made in "cash form" by check, AIP, payroll deduction through a participating employer who is able to meet the Program Manager's operational and administrative requirements (you should verify with your employer that the employer is willing and able to process Contributions through payroll direct deposit), EFT or federal funds wire. No securities will be accepted. Contributions by money order will not be accepted. Third party checks are subject to review by the Program Manager.

Automatic Investment Plan (AIP)

Account Owners may authorize the Plan to perform periodic automatic debits from a checking or savings account at another financial institution to execute Contributions to their Accounts. To initiate an AIP, Account Owners must either (i) complete the Automatic Investment Plan section of the enrollment application and submit a voided bank check or preprinted savings account deposit form, or (ii) (if the Account has been established) submit to the Program Manager an Account Maintenance Form and a voided bank check or preprinted savings account deposit form or (iii) complete the applicable section online at www.scholarsedge529.com. If your Account and checking or savings account differ in owners, please contact the Program Manager by calling **1.866.529.SAVE (1.866.529.7283)** to determine signature requirements as additional verification may be required. Automatic Contributions must be at least \$25 per Portfolio. An authorization to perform automatic periodic Contributions will remain in effect until the Program Manager has received notification of its termination. Changes to, or termination of, an AIP must occur at least five (5) business days before the cycle date. The cycle date is the day of the month you designate on which the investment is regularly scheduled to occur. Normally, the debit will be made 2 business days prior to the cycle dates you selected. If no date is indicated, debits will be made on the 10th of the month. Account Owners

or the Plan may terminate enrollment in the Plan's AIP at any time. If the AIP is drawn from a bank account registered to an owner who is not the Account Owner, that person may also terminate the AIP at any time. There is no charge for enrolling in the Plan's AIP. Use of AIP does not assure either a profit or protect against a loss in a declining market. Please contact the Program Manager for details if you wish to set up an AIP from a third party bank account. Information about the Plan's AIP is available from your financial advisor or the Program Manager.

Payroll Deduction

An Account Owner may make an automatic periodic Contribution to his or her Account(s) by an electronic funds transfer in connection with a payroll deduction relationship between the Account Owner and the Account Owner's employer, but only if their employer offers such a service and is able to meet the Program Manager's operational and administrative requirements. You should verify with your employer that the employer is willing and able to process Contributions through payroll direct deposit. The initial and minimum subsequent payroll deduction Contribution is \$25 per month provided that the \$25 monthly minimum Contribution per Portfolio is met. Any adjustments to payroll deduction Contributions must be made through the Account Owner's employer and not the Program Manager.

Electronic Funds Transfer (EFT)

To activate this option, an Account Owner must either (i) select it on the Enrollment Application and submit a voided bank check or preprinted deposit form, (ii) (if the Account has been established) submit an Account Maintenance Form to the Plan and a voided bank check or preprinted deposit form or (iii) complete the application section online at www.scholarsedge529.com. If the Account and checking or savings accounts differ in owners, please contact the Program Manager by calling **1.866.529.SAVE (1.866.529.7283)** to determine signature requirements as additional verification may be required.

Transfers within Plan for New Designated Beneficiary

An Account Owner may make a transfer to an Account for the benefit of a new Designated Beneficiary without imposition of federal income tax or the additional 10% federal tax on earnings, if such transfer is made either directly or indirectly within sixty (60) days of distribution from the originating Account into an Account for a new Designated Beneficiary who is a Member of the Family of the existing Designated Beneficiary. This type of transfer may have gift or generation skipping transfer tax implications. Please consult your tax advisor regarding this matter.

Transfers within Plan for the Same Designated Beneficiary

An Account Owner may make a transfer within the Plan for the benefit of the same Designated Beneficiary. If the funds are transferred directly between Plan Portfolios, the transfer will be treated as a nontaxable investment reallocation allowable twice per calendar year, not as a rollover or transfer. However, if an Account Owner takes a distribution (i.e., receives a withdrawal check from the originating Account), the withdrawal will be treated as a Nonqualified Withdrawal subject to federal and applicable state income tax, the additional 10% federal tax on earnings and the recapture of all previous New Mexico tax deductions taken for Contributions related to such withdrawal even if the amounts are subsequently redeposited (and the new Contribution to the receiving Account may have gift or other tax consequences). Account Owners are currently prohibited from transferring assets in their Accounts between the Institutional Government Money Market Portfolio and the Capital Preservation Portfolio.

Transfer into an Account from Another Plan Within the New Mexico 529 Program for the Benefit of a New Designated Beneficiary

An Account Owner may make a transfer to an Account registered to that Account Owner with funds from an account in another plan within the New Mexico 529 Program for the benefit of a new Designated Beneficiary without imposition of federal income tax or the additional 10% federal tax on earnings, if such transfer is made either directly or indirectly within sixty (60) days of distribution from the originating account into an Account for a new Designated Beneficiary who is a Member of the Family of the existing Designated Beneficiary.

Transfer into an Account from Another Plan Within the New Mexico 529 Program for the Benefit of the Same Designated Beneficiary

A transfer by an Account Owner into an Account from an account in another plan registered to that Account Owner within the New Mexico 529 Program for the benefit of the same Designated Beneficiary will be treated as a nontaxable investment reallocation allowable twice per calendar year, not as a rollover or transfer. However, if an Account Owner takes a distribution (i.e., receives a withdrawal check from the originating account), the withdrawal will be treated as a Nonqualified Withdrawal subject to federal and applicable state income tax, the additional 10% federal tax on earnings and the recapture of all previous New Mexico tax deductions taken for Contributions related to such withdrawal, even if the amount is subsequently redeposited (and the new Contribution to the receiving Account may have gift or other tax consequences).

Rollovers from Another State's Section 529 Plan

An Account Owner may, under certain circumstances, roll over all or part of the balance of an account in another state's Section 529 Plan to an Account in the Plan without subjecting the rollover amount to federal income tax. (See "TAX TREATMENT OF INVESTMENTS AND WITHDRAWALS" on page 47 for details.)

Rollovers from Coverdell ESAs and Series EE and Series I Bonds

Tax-free transfers into an Account may be made from a Coverdell ESA or in connection with the redemption of Series EE or Series I United States savings bonds under certain circumstances. (See “TAX TREATMENT OF INVESTMENTS AND WITHDRAWALS” on page 47 for details.)

REQUIRED INFORMATION UPON CERTAIN CONTRIBUTIONS TO THE PLAN

When making a Contribution to an Account through a transfer from a Coverdell ESA, a redemption of Series EE and Series I United States savings bonds, a rollover from another Section 529 Plan or a transfer from another plan within the New Mexico 529 Program, the contributor must indicate the source of the Contribution and provide the Program Manager with the following documentation within 60 days of the Contribution, as applicable:

- In the case of a Contribution from a Coverdell ESA, an account statement issued by the financial institution that acted as custodian of the Coverdell ESA that shows basis and earnings in the Coverdell ESA.
- In the case of a Contribution from the redemption of a Series EE or Series I United States savings bond, an account statement or IRS Form 1099-INT issued by the financial institution that processed the bond redemption showing interest from the redemption of the bond.
- In the case of a rollover Contribution from another state’s Section 529 Plan, a statement issued by the distributing plan that shows the earnings portion of the distribution. In the case of any direct transfer from another plan within the New Mexico 529 Program, the distributing plan must provide the Plan a statement that shows the earnings portion of the distribution.

Unless and until the Program Manager receives the documentation described above, as applicable, the Plan will treat the entire amount of the Contribution as earnings in the Account upon receiving the distribution. If the rollover amount is withdrawn before the Program Manager has received the information above showing the basis portion of the amount, the Account Owner will be responsible for making any necessary tax adjustments.

CONTRIBUTION POLICIES AND RELATED FEES

Following receipt of Contributions by check or by transfer of funds electronically, the Plan reserves the right, subject to applicable law, to prohibit withdrawals of those funds (or their equivalent) for up to ten business days.

Account Transactions

Transaction requests (Contributions to Accounts, withdrawal requests, and exchanges among Portfolios) received in good order prior to the close of the New York Stock Exchange (“NYSE”), normally 4:00 p.m. Eastern time, will be processed on the same business day, and on the next succeeding business day if the transaction request is received after the close of the NYSE. Excess Contributions will not be invested. (See “Excess Contributions” on page 14 for details.) Notwithstanding the above, generally a one-time EFT Contribution will be processed on the business day before the day the bank debit occurs and AIP contributions will be processed three business days after the bank debit occurs. All dividends and distributions paid by the Underlying Investments in which the Portfolios invest will be reinvested in the applicable Underlying Investments and will not be paid directly to each Account Owner.

Confirmations, Statements and Reporting

Confirmations will be provided, either via mail or electronic delivery if elected by the Account Owner, for any activity in an Account, except for activity related to an AIP, Systematic Exchange Feature or Systematic Withdrawal. Account Owners will receive quarterly statements as well as an annual summary of all Account activity for the calendar year. Duplicate copies of your confirmation and Account statements will be provided to an Interested Party upon the Account Owner’s request. An Account Owner has 60 days to notify the Program Manager of any errors on any Account confirmation, statement or report.

Account Owners can securely access and manage their Account information—including quarterly statements, confirmations, and tax forms—24 hours a day at www.scholarsedge529.com once an online user ID and password has been created. If an Account Owner opens an Account online, the Plan requires a user ID and password to be selected right away. If an Account Owner opens an Account by submitting a paper application, a user ID and password may be established at www.scholarsedge529.com. The Plan maintains physical, electronic and procedural safeguards that are reasonably designed to protect your personal account information. 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. We advise you not to send personal or account information to us in non-secure emails. Instead, you may take advantage of the secure features of our website to encrypt your email correspondence.

Protecting Your Account

The Plan uses reasonable procedures to confirm that transaction requests are genuine. The Account Owner may be responsible for losses resulting from fraudulent or unauthorized instructions received by the Program Manager provided the Program Manager reasonably believes the instructions were genuine. To safeguard your Account, please keep your Account information confidential. Contact the Program Manager immediately if you believe there is a discrepancy between a transaction you performed and the confirmation statement you received, or if you believe someone has obtained unauthorized access to your Account.

SYSTEMATIC EXCHANGE FEATURE

The Plan allows Account Owners the ability to take advantage of dollar cost averaging via periodic Systematic Exchanges. Account Owners may choose an originating Portfolio and designate a destination 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 start the Systematic Exchange. An election to invest previously invested Account assets pursuant to the Plan's Systematic Exchange Feature will be considered use of one of the Account Owner's twice-per-calendar year Account reallocation.

PORTFOLIO ALLOCATOR

The Plan allows Account Owners and their financial advisors the ability to implement an asset allocation strategy with a quarterly automatic rebalancing feature within a single Account ("Portfolio Allocator"). Portfolio Allocator permits Account Owners and their financial advisors to choose a customized percentage allocation of investments among the following eligible Portfolios:

- **Main Street Portfolio**
- **Dividend Opportunity Portfolio**
- **Value Portfolio**
- **Main Street Mid Cap Portfolio**
- **Discovery Portfolio**
- **International Diversified Portfolio**
- **International Growth Portfolio**
- **Global Portfolio**
- **Institutional Money Market Portfolio**
- **Capital Income Portfolio**
- **Main Street Small Cap Portfolio**
- **Global Opportunities Portfolio**
- **Developing Markets Portfolio**
- **Gold & Special Minerals Portfolio**
- **Real Estate Portfolio**
- **American Century Diversified Bond Portfolio**
- **Limited-Term Government Portfolio**
- **Global Strategic Income Portfolio**
- **International Bond Portfolio**
- **Senior Floating Rate Portfolio**
- **International Small-Mid Company Portfolio**
- **Global Value Portfolio**
- **MainStay High Yield Corporate Bond Portfolio**
- **Limited-Term Bond Portfolio**
- **SteelPath MLP Select 40 Portfolio**
- **Total Return Bond Portfolio**
- **American Century Short Duration Inflation Protection Bond Portfolio**
- **Global Allocation Portfolio**
- **T. Rowe Price Blue Chip Growth Portfolio**

Portfolio Allocator automatically rebalances the Account on a quarterly basis to conform to its current elected percentage allocations. An Account must have a minimum of \$1,000 invested across at least two eligible Portfolios to utilize Portfolio Allocator. Automatic quarterly rebalances will generally take place during the first week following the end of a calendar quarter. Portfolio Allocator accounts will be rebalanced if the current allocation of one or more holdings differs from the elected percentage allocation by more than 2.5%. If the quarterly rebalancing is triggered, all Portfolios held in the Account will be rebalanced to the Account's target allocation. If you elect to implement Portfolio Allocator with respect to currently invested assets, an automatic rebalance will only occur after such election has been established for the Account by the Program Manager. An election to invest previously invested Account assets pursuant to the Portfolio Allocator, to change the asset allocation within a Portfolio Allocator Account or to discontinue the Portfolio Allocator feature for an Account will be considered use of one of the Account Owner's twice-per-calendar year Account investment allocation election. An election to utilize Portfolio Allocator at the time of a Contribution with respect to that Contribution, but not for existing Account assets, will not be considered use of one of the Account Owner's twice-per-calendar year Account investment allocation election.

OWNERSHIP OF ACCOUNT ASSETS

Any individual (including the Designated Beneficiary) or entity may make Contributions to an Account. Only the Account Owner will receive confirmation of Account transactions. The Account Owner owns all Contributions made to an Account as well as all earnings credited to the Account. Individuals (such as the Designated Beneficiary) or entities other than the Account Owner that contribute funds to an Account will have no subsequent control over the Contributions. Only the Account Owner may direct transfers, rollovers, investment changes (as permitted under federal law), withdrawals and changes in the Designated Beneficiary. Special rules apply to Accounts established by UGMA/UTMA custodian Account Owners. The Designated Beneficiary has no control over the assets of the Account and may not direct withdrawals from the Account, unless he or she is also the Account Owner.

CERTAIN TRANSFERS PROHIBITED

No Account may be used as collateral for any purpose by an Account Owner or a Designated Beneficiary, including collateral for any loan. Any attempted use of an Account as collateral is void. An Account Owner may not assign or transfer any interest in any Account (except through a change in Account Owner or Designated Beneficiary in accordance with the Plan's rules). Any attempted assignment or transfer of such an interest in violation of this provision is void. No interest in an Account or any portion thereof shall be used as security for a loan.

NO ASSIGNMENTS OR PLEDGES

Neither an Account nor any portion thereof may be assigned, transferred or pledged as security for a loan (including, but not limited to, a loan used to make Contributions to the Account) or otherwise either by the Account Owner or by the Designated Beneficiary. Any pledge of an interest in an Account will be of no force and effect.

BANKRUPTCY AND RELATED MATTERS

Federal Creditor Protection. The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 provides protection in federal bankruptcy proceedings for many Section 529 Plan accounts. Generally, your Account will be protected if the Designated Beneficiary is your child, stepchild, grandchild, or stepgrandchild (including a child, stepchild, grandchild, or stepgrandchild through adoption or foster care) subject to the following limits:

- Contributions made to all Section 529 Plan accounts for the same Designated Beneficiary at least 720 days before a federal bankruptcy filing are completely protected;
- Contributions made to all Section 529 Plan accounts for the same Designated Beneficiary more than 365 days but less than 720 days before a federal bankruptcy filing are protected up to \$6,425; and
- Contributions made to all Section 529 Plan accounts for the same Designated Beneficiary less than 365 days before a federal bankruptcy filing are not protected against creditor claims in federal bankruptcy proceedings.

New Mexico Creditor Protection. New Mexico law provides creditor protection for your Account assets.

The applicable state law for Account Owners who are not New Mexico residents may also offer creditor protections. Such state law creditor protections may not be enforceable or available to exempt an Account Owner's interest in an Account in such Account Owner's federal bankruptcy proceedings. None of the Program Parties makes any representations or warranties regarding protection from creditors. You should consult a legal advisor regarding state creditor protection law, federal bankruptcy law and your particular circumstances.

SUCCESSOR ACCOUNT OWNER

An Account Owner may designate a Successor Account Owner to succeed to all of the current Account Owner's rights, titles and interest in an Account (including the right to change the Designated Beneficiary) upon the death or if the original Account Owner validly disclaims his/her interest in the Account of the current Account Owner. Such designation must either be on the original Enrollment Application or submitted in writing to the Program Manager and is not effective until it is received and processed by the Program Manager upon receipt of the proper documentation. If on the death of the Account Owner the Account Owner has not designated a successor Account Owner, the deceased's estate will become the Account Owner. The Successor Account Owner or Executor will be required to provide the Program Manager with a copy of a death certificate in the case of the death of the Account Owner and such other information, including Account opening documentation, as the Program Manager requires prior to taking any action regarding the Account. Special rules apply to UGMA/UTMA Accounts. The designation of a Successor Account Owner may be revoked or changed at any time by the Account Owner by submitting an Account Maintenance Form to the Program Manager. All other requests to transfer ownership to a Successor Account Owner (i.e., other than at the death of the Account Owner if previously indicated on the enrollment application) must be submitted in writing. A transfer of ownership of an Account does not require a change of the Designated Beneficiary. Please contact the Program Manager by calling **1.866.529.SAVE (1.866.529.7283)** for information needed to change the ownership of an Account. A transfer of ownership of an Account may have income, gift, estate or generation skipping transfer ("GST") tax consequences. Account Owners should consult a tax advisor regarding tax issues that might arise on a transfer of Account Ownership.

RIGHTS OF THE BOARD

The Board reserves the right at any time, and without consent of or notice to Account Owners or Designated 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 sales charges, fees and expenses;
- Change the maximum account balance limit;
- Add, subtract, terminate or merge Portfolios, or change the Portfolios included in the Age Based Approach, the asset allocation of the Portfolios, or the Underlying Investments 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 Designated Beneficiary has provided false or misleading information to the Board, the Program Manager, the Program Distributor, a financial advisor or an Eligible Educational Institution;
- Terminate the Program management agreement and replace the Program Manager and Program Distributor;
- Amend the Declaration of Trust, the Participation Agreement, this Plan Description and the Enrollment Application; and
- Suspend or terminate the Trust without any action on the part of the Account Owners or Designated 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 Designated Beneficiary.

INVESTMENT OPTIONS

General

All information contained in this Section has been provided by OFI Private Investments Inc., American Century, MainStay, and T. Rowe Price. Such information has not been independently verified by the Board and no representation is made by the Board as to its accuracy or completeness. No Underlying Investment financial information is included in this Plan Description.

Account Owners, at the time of enrollment, must select an investment approach or combination thereof:

- Age Based Approach
- Custom Choice Approach

Contributions to the Plan are invested in Portfolios selected by the Account Owner. The Board has designed each Portfolio with a different investment objective and asset allocation mix because investors have different investment goals, savings needs, investment time horizons, risk tolerances and financial and tax situations. Each Portfolio invests in one or more Underlying Investments. The actual mix of assets in Portfolios that invest in more than one Underlying Investment will vary over time due to market performance and will be rebalanced at least quarterly in order to maintain the Portfolio's target asset allocation. Portfolios with higher allocations in fixed income and money market Underlying Investments tend to be less volatile than those with higher equity Underlying Investment allocations. In seeking to meet the investment objective of each Portfolio, the Underlying Investments, target asset allocations to individual Underlying Investments and their weightings may be changed by the Program Manager in response to changing market or economic conditions, subject to the Board's approval and without prior notice to Account Owners. The Program Manager will allocate each Portfolio's assets among Underlying Investments within the guidelines of each Portfolio's investment objective. None of the Portfolios is designed to provide any particular total return over any particular time period or investment time horizon. Account Owners own interests in a Portfolio; they do not have a direct beneficial interest in the Underlying Investments. Because the Portfolios have different investment objectives, Account Owners have the opportunity to diversify their investment in the Plan. When investing in the Plan, an Account Owner should consider, among other factors, when Contributions will be made to the Account, the Contribution amounts, the time Contributions will be held in the Account before withdrawals are directed, other resources expected to be available to fund the Designated Beneficiary's Qualified Higher Education Expenses, the age of the Designated Beneficiary and the limited ability to change investment options for Contributions (and any earnings thereon) that have already been invested in an Account. There is no assurance that the strategy of any Portfolio will be successful. Participation in the Plan is not considered to be part of an investment advisory service.

The Board reserves the right, from time to time, to change the investment objectives and policies of the Portfolios, to change the type and number of Portfolios that are available, and to change or eliminate target allocations and/or Underlying Investments at its discretion, or take other actions that may result in a Portfolio not being fully invested and/or holding a portion of its assets in cash or cash equivalent investments for a period of time, without prior notice to Account Owners. In addition, from time to time a Portfolio may not be fully invested and may hold a limited amount of cash as needed to avoid overdrafts due to redemption requests, securities settlements or other situations.

All dividends and distributions paid by the Underlying Investments in which the Portfolios invest will be reinvested in the applicable Underlying Investments and will not be paid directly to each Account Owner. Account Owners and Designated Beneficiaries will have no voting rights (and will receive no information with respect to voting) with respect to shares of any Underlying Investment held by any Portfolio. All voting decisions with respect to shares of the Underlying Investments will be made by the Board.

Under federal tax law, once a Portfolio selection has been made, an Account Owner may only change how previous Contributions (and any earnings thereon) have been allocated among the available Portfolio options for all Accounts for the same Designated Beneficiary twice per calendar year or upon a change of the Designated Beneficiary. The Portfolios are not insured or guaranteed by the Program Parties or the Investment Managers or their respective affiliates, or the Federal Deposit Insurance Corporation or any government agency. Under New Mexico law, neither the New Mexico 529 Program, the Board, any member of the Board or the State of New Mexico insures any Account or guarantees any rate of return or any interest rate on any Contribution, and neither the New Mexico 529 Program, the Board, any member of the Board or the State of New Mexico is liable for any loss incurred by any person as a result of participating in the New Mexico 529 Program. An Account may fluctuate in value and may be worth more or less than the amounts contributed at any given time.

Age Based Approach

If an Account Owner selects the Age Based Approach, Contributions are invested in a Portfolio based upon the current age of the Designated Beneficiary. As the Designated Beneficiary gets older and moves into the next age group, the existing Account balance and new Contributions will automatically be invested into the next Portfolio in the Age Based Approach. The Portfolios are designed for college savers (e.g., persons savings for undergraduate and graduate school), not saving for tuition expenses at K-12 Schools. If you choose to invest to cover the cost of tuition expenses for K-12 Schools, you should keep in mind your investment horizon.

Prior to February 26, 2018, the Plan offered three Age Based tracks - Aggressive, Growth and Balanced. On February 26, 2018, the three Age Based tracks will be consolidated into one Age Based track and Account assets invested will be automatically redeemed and reinvested in the appropriate Portfolio in the new Age Based track in accordance with the age of the Designated Beneficiary, without any fees payable by you. *Because the exchange of Account assets from the*

Age Based Portfolios in the Aggressive, Growth and Balanced tracks to the Age Based Portfolios in the consolidated new Age Based track are not changes directed by Account Owners, such exchanges will not be considered as one of the two permissible changes allocation of existing Account assets for calendar year 2018.

In the Age Based Approach, Accounts for younger Designated Beneficiaries will be invested in a Portfolio that seeks to capitalize on the longer investment time frame and maximize returns. As time passes and the Designated Beneficiary approaches college age, investments are automatically moved to more conservative Portfolios that seek to preserve capital as the expected time for disbursement approaches. In the designated years, the movement between Portfolios will take place automatically on or about the Designated Beneficiary's date of birth or the next business day in the case of a weekend or holiday. At that time, Units of such Portfolio will be exchanged for an equal dollar value of Units of the next Portfolio in the sequence. This process will continue until Units are exchanged for an equal dollar value of Units in the last Portfolio in which assets will remain invested until withdrawn or until an investment option change occurs.

Please note that the age ranges in the table below denote the ages of the Designated Beneficiaries for whom such Portfolio may be appropriate; they do not refer to the number of years remaining until a typical Designated Beneficiary is expected to need such assets for Qualified Higher Education Expenses. It is expected that assets invested in the Age Based Portfolios will not be withdrawn from an Account to pay for Qualified Higher Education Expenses until such assets are invested in the last Portfolio in the applicable Age Based Portfolio track. There is no guarantee that investing in the Age Based Portfolios will insure investment gain, or protect against investment losses over time.

If the Designated Beneficiary is likely to need Portfolio assets at an earlier or later date than a typical Designated Beneficiary is expected to need Portfolio assets, you may want to consider whether the Age Based Portfolios are appropriate for your Designated Beneficiary. The Program Manager relies on your representations as to the age of the Designated Beneficiary to allocate your assets to a particular Portfolio at the outset.

The investment objective of each Portfolio within the Age Based Approach is as follows:

Age Based Portfolios

Age Based Portfolio 100* invests in a combination of equity and alternative investments to seek capital appreciation. This Portfolio seeks long-term growth with a target allocation of 91% equity and 9% alternative investments.

Age Based Portfolio 90* invests in a combination of equity, alternative and fixed income investments in order to seek the Portfolio's objective of capital appreciation and income. This Portfolio seeks growth by investing in an asset allocation weighted toward equity investments over fixed income investments. This Portfolio has a target allocation of 83% equity, 7% alternative and 10% fixed income investments.

Age Based Portfolio 80* invests in a combination of equity, alternative and fixed income investments in order to seek the Portfolio's objective of capital appreciation and income. This Portfolio seeks growth by investing in an asset allocation weighted toward equity investments over fixed income investments. This Portfolio has a target allocation of 73% equity, 6% alternative and 21% fixed income investments.

Age Based Portfolio 70* invests in a combination of equity, alternative and fixed income investments in order to seek the Portfolio's objective of capital appreciation and income. This Portfolio seeks growth by investing in an asset allocation weighted toward equity investments over fixed income investments. This Portfolio has a target allocation of 65% equity, 4% alternative and 31% fixed income investments.

Age Based Portfolio 60* invests in a combination of equity, alternative and fixed income investments in order to seek the Portfolio's objectives of capital appreciation and income. This Portfolio seeks moderate growth by investing in a balanced asset allocation weighted toward equity investments over fixed income investments. This Portfolio has a target allocation of 57% equity, 3% alternative and 40% fixed income investments.

Age Based Portfolio 50* invests in a combination of equity, alternative, fixed income and money market investments in order to seek the Portfolio's objective of capital appreciation and income. This Portfolio seeks growth by investing in an asset allocation weighted toward equity investments over fixed income investments. This Portfolio has a target allocation of 47% equity, 3% alternative, 45% fixed income and 5% money market investments.

Age Based Portfolio 40* invests in a combination of equity, alternative, fixed income and money market investments in order to seek the Portfolio's objectives of capital appreciation and income. This portfolio seeks conservative growth by investing in a balanced asset allocation weighted toward fixed income investments over equity investments. This Portfolio has a target allocation of 39% equity, 2% alternative, 54% fixed income and 5% money market investments.

Age Based Portfolio 30* invests in a combination of equity, alternative, fixed income and money market investments in order to seek the Portfolio's objectives of capital appreciation and income. This portfolio seeks conservative growth by investing in a balanced asset allocation weighted toward fixed income investments over equity investments. This Portfolio has a target allocation of 30% equity, 2% alternative, 61% fixed income and 7% money market investments.

* Each Portfolio's name represents its approximate exposure to equity and alternative investments. For more detailed information concerning a Portfolio's target asset allocation, please refer to the Underlying Investments and Target Allocations listed in the chart titled "Age Based and Custom Choice Portfolios" and the related footnotes on pages 24 and 25.

Age Based Portfolio 20* invests in a combination of equity, alternative, fixed income and money market investments in order to seek the Portfolio's objectives of income and conservative appreciation. This Portfolio seeks preservation of capital with minimal growth by investing primarily in fixed income investments in an effort to maintain stability. The target allocation is 21% equity, 1% alternative, 68% fixed income and 10% money market investments.

Age Based Portfolio 10* invests in a combination of equity, alternative, fixed income and money market investments in order to seek the Portfolio's objectives of income and principal protection. This Portfolio seeks preservation of capital with growth as a secondary objective, investing primarily in fixed income investments to maintain stability. The target allocation is 12% equity, 1% alternative, 72% fixed income and 15% money market investments.

Closure and Termination of Certain Age Based Portfolios. The Age Based Fixed Income Portfolio and Age Based Low Duration Fixed Income Portfolio will be terminated by the Plan on February 23, 2018 and Account assets invested in those Portfolios will be automatically redeemed and reinvested in the appropriate Age Based Portfolio based on the age of the Designated Beneficiary without any fees payable by you. *Because the exchange of your Account assets from the Age Based Fixed Income Portfolio and the Age Based Low Duration Fixed Income Portfolio into different Age Based Portfolios based on the age of the Designated Beneficiary are not changes directed by Account Owners, neither will be considered as one of the two permissible allocation changes of existing Account assets for calendar year 2018.*

Custom Choice Approach

Account Owners who prefer to select a Portfolio for its asset allocation target may do so through the Custom Choice Approach instead of having one selected for you under the Age Based Approach. Selection of Portfolios under the Custom Choice Approach allows Account Owners to select a combination of Portfolios. While the asset allocations for the Custom Choice Portfolios are not expected to vary, the Underlying Investments in which the Portfolios invest will be reviewed at least annually and may change. If you invest in the Custom Choice Approach, your money will remain in the Portfolio(s) of choice until you instruct the Plan to move it to another investment approach or Portfolio. None of the portfolios are designed to provide any particular total return over any particular time period or investment time horizon. The Portfolios are designed for college savers (e.g., persons savings for undergraduate and graduate school), not saving for tuition expenses at K-12 Schools. If you choose to invest to cover the cost of tuition expenses for K-12 Schools. you should keep in mind your investment horizon.

The investment objective of each Custom Choice Portfolio and Individual Fund Portfolio is as follows:

Custom Choice Portfolios

Portfolio 100* invests in a combination of equity and alternative investments to seek capital appreciation. This Portfolio seeks long-term growth with a target allocation of 91% equity and 9% alternative investments.

Portfolio 90* invests in a combination of equity, alternative and fixed income investments in order to seek the Portfolio's objective of capital appreciation and income. This Portfolio seeks growth by investing in an asset allocation weighted toward equity investments over fixed income investments. This Portfolio has a target allocation of 83% equity, 7% alternative and 10% fixed income investments.

Portfolio 80* invests in a combination of equity, alternative and fixed income investments in order to seek the Portfolio's objective of capital appreciation and income. This Portfolio seeks growth by investing in an asset allocation weighted toward equity investments over fixed income investments. This Portfolio has a target allocation of 73% equity, 6% alternative and 21% fixed income investments.

Portfolio 70* invests in a combination of equity, alternative and fixed income investments in order to seek the Portfolio's objective of capital appreciation and income. This Portfolio seeks growth by investing in an asset allocation weighted toward equity investments over fixed income investments. This Portfolio has a target allocation of 65% equity, 4% alternative and 31% fixed income investments.

Portfolio 60* invests in a combination of equity, alternative and fixed income investments in order to seek the Portfolio's objectives of capital appreciation and income. This Portfolio seeks moderate growth by investing in a balanced asset allocation weighted toward equity investments over fixed income investments. This Portfolio has a target allocation of 57% equity, 3% alternative and 40% fixed income investments.

Portfolio 50* invests in a combination of equity, alternative, fixed income and money market investments in order to seek the Portfolio's objective of capital appreciation and income. This Portfolio seeks growth by investing in an asset allocation weighted toward equity investments over fixed income investments. This Portfolio has a target allocation of 47% equity, 3% alternative, 45% fixed income and 5% money market investments.

Portfolio 40* invests in a combination of equity, alternative, fixed income and money market investments in order to seek the Portfolio's objectives of capital appreciation and income. This portfolio seeks conservative growth by investing in a balanced asset allocation weighted toward fixed income investments over equity investments. This Portfolio has a target allocation of 39% equity, 2% alternative, 54% fixed income and 5% money market investments.

* Each Portfolio's name represents its approximate exposure to equity and alternative investments. For more detailed information concerning a Portfolio's target asset allocation, please refer to the Underlying Investments and Target Allocations listed in the chart titled "Age Based and Custom Choice Portfolios" and the related footnotes on pages 24 and 25.

Portfolio 30* invests in a combination of equity, alternative, fixed income and money market investments in order to seek the Portfolio's objectives of capital appreciation and income. This portfolio seeks conservative growth by investing in a balanced asset allocation weighted toward fixed income investments over equity investments. This Portfolio has a target allocation of 30% equity, 2% alternative, 61% fixed income and 7% money market investments.

Portfolio 20* invests in a combination of equity, alternative, fixed income and money market investments in order to seek the Portfolio's objectives of income and conservative appreciation. This Portfolio seeks preservation of capital with minimal growth by investing primarily in fixed income investments in an effort to maintain stability. The target allocation is 21% equity, 1% alternative, 68% fixed income and 10% money market investments.

Portfolio 10* invests in a combination of equity, alternative, fixed income and money market investments in order to seek the Portfolio's objectives of income and principal protection. This Portfolio seeks preservation of capital with growth as a secondary objective, investing largely in fixed income and money market investments to maintain stability. The target allocation is 12% equity, 1% alternative, 72% fixed income and 15% money market investments.

Capital Preservation Portfolio seeks current income and stability of principal. The Capital Preservation Portfolio invests exclusively in one or more "investment contracts" issued by New York Life Insurance Company and possibly, one or more other insurance companies or financial institutions, as well as shares of one or more money market mutual funds. "Investment contracts" are funding agreements issued by insurance companies or financial institutions that credit interest on deposits to the contract. It is anticipated that the Board will enter into investment contracts on a quarterly basis with each contract offering a fixed rate of interest over the term of the contract. The interest rate is established periodically by the contract issuer and is guaranteed for the period specified in the contract. However, if a contract termination event has occurred, in certain circumstances a penalty or market value charge may possibly apply. With respect to investment contracts purchased by the Capital Preservation Portfolio, the issuer of the investment contract will credit a rate of interest under the contract that it establishes after assessing the general interest rate and capital markets environment, its risk and capital charges associated with the guarantees it provides in the investment contract and its expenses (including fees payable for distribution, shareholder servicing, subtransfer agency and similar services) associated with the contract. The target allocation of this Portfolio is generally 95% investment contracts and 5% money market investments, but may vary from time to time in order to meet the liquidity needs of the Portfolio.

Fixed Income Portfolio invests in a combination of fixed income and money market investments in order to seek the Portfolio's primary objective of income. This Portfolio seeks preservation of capital as a secondary objective. This Portfolio invests primarily in fixed income investments to maintain stability. The target allocation is 85% fixed income and 15% money market investments.

Low Duration Fixed Income Portfolio invests in a combination of fixed income and money market investments in order to seek the Portfolio's primary objective of preservation of capital. This Portfolio seeks income as a secondary objective. This Portfolio invests primarily in limited term fixed income investments to maintain stability. The target allocation is 85% fixed income and 15% money market investments.

Individual Fund Portfolios

"Individual Fund Portfolios" invest 100% of their assets in a single Underlying Investment.

Value Portfolio seeks long-term growth of capital by investing mainly in common stocks that the portfolio manager believes to be undervalued. As an investment discipline, the Portfolio looks for stocks with low price-earnings ratios and better-than-anticipated earnings.

Main Street Mid Cap Portfolio seeks capital appreciation by investing in the common stock of mid-cap companies. The Portfolio is predominately a mid-cap blend portfolio using a combination of growth and value styles.

American Century Diversified Bond Portfolio seeks a high level of income by investing in non-money market debt securities.

Global Strategic Income Portfolio seeks high current income by investing mainly in debt securities in three market sectors: debt securities of foreign governments and companies, United States Government securities, and lower rated high-yield securities of United States and foreign companies.

Institutional Government Money Market Portfolio seeks current income and stability of principal. The Portfolio invests in short-term, high-quality "money market" instruments.

Main Street Portfolio seeks capital appreciation by investing in common stocks of United States companies of different capitalizations ranges, but currently focuses on large capitalization issuers.

Discovery Portfolio seeks capital appreciation by investing in common stocks of United States small-cap companies that the Underlying Investment's portfolio manager believes have favorable growth prospects.

Dividend Opportunity Portfolio seeks total return by investing in dividend paying stocks.

International Diversified Portfolio seeks high total return through both capital appreciation and income. The Portfolio primarily invests in an Underlying Investment that invests in other mutual funds. The Underlying Investment's "underlying mutual funds" mainly invest in foreign equity or debt securities of companies outside the United States

* Each Portfolio's name represents its approximate exposure to equity and alternative investments. For more detailed information concerning a Portfolio's target asset allocation, please refer to the Underlying Investments and Target Allocations listed in the chart titled "Age Based and Custom Choice Portfolios" and the related footnotes on pages 24 and 25.

International Growth Portfolio seeks long term capital appreciation by investing mainly in the common stock of growth companies that are domiciled or have their primary operations outside the United States

Global Portfolio seeks capital appreciation by investing in the common stock of United States and foreign companies, primarily of mid- and large- capitalizations.

Global Opportunities Portfolio seeks capital appreciation consistent with the preservation of capital, by investing mainly in the equities of United States and foreign companies, with a substantial portion of assets in small- and mid-capitalization companies.

Developing Markets Portfolio aggressively seeks capital appreciation by investing in the common stock of issuers in developing and emerging markets throughout the world.

Gold & Special Minerals Portfolio seeks capital appreciation by investing in common stocks of companies that are involved in mining, processing or dealing in gold or other metals or minerals.

Real Estate Portfolio seeks total return by investing in common stock and other securities of real estate companies.

Limited-Term Government Portfolio seeks income by investing, generally in debt securities issued by the United States Government, its agencies and instrumentalities.

International Bond Portfolio seeks total return by investing in debt securities of foreign government and corporate issuers.

Senior Floating Rate Portfolio seeks income by investing in floating rate loans that hold a senior position in the capital structure of United States and foreign companies.

Capital Income Portfolio seeks total return by investing in equity, debt and other securities.

Main Street Small Cap Portfolio seeks capital appreciation by using fundamental research and quantitative models to invest mainly in common stocks of companies that are within the market capitalization range of the Russell 2000® Index.

International Small-Mid Company Portfolio seeks capital appreciation by emphasizing investments in common stocks of United States and foreign companies that the portfolio manager believes are undervalued.

Global Value Portfolio seeks capital appreciation by emphasizing investments in common stocks of United States and foreign companies that the portfolio manager believes are undervalued.

MainStay 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.

Limited-Term Bond Portfolio seeks income by investing primarily in corporate debt securities and United States government securities.

SteelPath MLP Select 40 Portfolio seeks total return by normally investing substantially all of its net assets in the equity securities of a minimum of 40 MLPs.

Total Return Bond Portfolio seeks total return by investing in investment-grade debt securities.

American Century Short Duration Inflation Protection Bond Portfolio seeks total return using a strategy that seeks to protect against U.S. inflation by investing in inflation-linked debt securities.

Global Allocation Portfolio seeks total return by investing in a wide range of foreign and domestic stocks, bonds and alternative asset classes.

T. Rowe Price Blue Chip Growth Portfolio seeks to provide long-term capital growth by investing primarily in the common stocks of large and medium-sized U.S. blue chip growth companies.

Merger of Certain Individual Fund Portfolios

On February 26, 2018, the Monetta Young Investor Portfolio was merged into the Main Street Portfolio and the Dreyfus Research Growth Portfolio was merged into the T. Rowe Price Blue Chip Growth Portfolio. At that time, Account assets invested in Monetta Young Investor Portfolio were automatically redeemed and reinvested in the Main Street Portfolio, and Account assets invested in the Dreyfus Research Growth Portfolio were automatically redeemed and reinvested in the T. Rowe Price Blue Chip Growth Portfolio without any fees payable by you. Because the exchange of your Account assets from the Monetta Young Investor Portfolio and the Dreyfus Research Growth Portfolio into the Main Street Portfolio and T. Rowe Price Blue Chip Growth Portfolio, respectively, are not changes directed by Account Owners, neither will be considered as one of the two allocation permissible changes of existing Account assets for calendar year 2018.

Underlying Investments and Target Allocations

The following chart describes the Underlying Investments and target allocations for the Age Based and Custom Choice Portfolios. See “PLAN AND PORTFOLIO RISKS- Principal Investment Risks of the Underlying Investment” on pages 50-67 and in Appendix A for more detailed information regarding the investment risks and objectives of the Underlying Investments.

Age Based and Custom Choice Portfolios

Underlying Investments¹ and Target Allocations

Custom Choice Portfolios	Portfolio										Fixed	Low Duration	Capital
	100	90	80	70	60	50	40	30	20	10	Income Portfolio	Fixed Income Portfolio	Preservation Portfolio
Age Based Portfolios	Age Based Portfolio	Age Based Portfolio	Age Based Portfolio	Age Based Portfolio	Age Based Portfolio	Age Based Portfolio	Age Based Portfolio	Age Based Portfolio	Age Based Portfolio	Age Based Portfolio	Age Based Portfolio	Age Based Portfolio	Age Based Portfolio
100 ²	90 ²	80 ²	70 ²	60 ²	50 ²	40 ²	30 ²	20 ²	10 ²				
Ages 0-2	Ages 3-4	Ages 5-6	Ages 7-8	Ages 9-10	Ages 11-12	Ages 13-14	Ages 15-16	Ages 17-18	Age 19+				
Oppenheimer Value Fund	7.0%	7.0%	7.0%	7.0%	6.0%	5.0%	4.0%	3.0%	2.0%	1.0%	0.0%	0.0%	0.0%
T. Rowe Price Blue Chip Growth Fund	12.0	11.0	10.0	8.0	7.0	5.0	3.0	2.0	1.0	0.0	0.0	0.0	0.0
Oppenheimer Main Street Fund	13.0	13.0	10.0	8.0	7.0	6.0	5.0	3.5	3.0	1.5	0.0	0.0	0.0
Oppenheimer Main Street Mid Cap Fund	6.0	4.0	4.0	3.5	3.0	2.0	1.5	1.0	0.5	0.5	0.0	0.0	0.0
Oppenheimer Main Street Small Cap Fund	6.0	4.0	3.0	2.5	2.0	1.0	1.0	0.5	0.5	0.0	0.0	0.0	0.0
Oppenheimer Capital Income Fund ⁶	0.0	0.0	1.0	3.0	5.0	7.0	9.0	8.0	8.0	8.0	0.0	0.0	0.0
Oppenheimer Developing Markets Fund	5.0	5.0	4.0	4.0	3.0	2.0	1.5	1.0	1.0	0.0	0.0	0.0	0.0
Oppenheimer International Growth Fund	16.0	15.0	13.0	11.0	9.0	8.0	6.0	4.0	2.0	2.0	0.0	0.0	0.0
Oppenheimer Global Fund	16.0	15.0	14.0	13.0	12.0	11.0	10.0	9.0	7.0	4.0	0.0	0.0	0.0
Oppenheimer Global Value Fund	10.0	9.0	8.0	7.0	6.0	5.0	4.0	3.0	1.0	0.0	0.0	0.0	0.0
Oppenheimer Real Estate Fund	5.0	4.0	3.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0	0.0	0.0	0.0
Oppenheimer SteelPath MLP Select 40 Fund	4.0	3.0	3.0	2.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
American Century Diversified Bond Fund	0.0	2.0	3.0	5.0	6.0	7.0	7.0	7.0	7.0	6.0	5.0	6.0	0.0
Oppenheimer Total Return Bond Fund	0.0	3.0	6.0	7.0	9.0	10.0	11.0	12.0	13.0	12.0	10.0	10.0	0.0
Oppenheimer International Bond Fund	0.0	3.0	5.0	7.5	7.5	7.5	7.0	7.0	5.0	4.0	0.0	5.0	0.0
Oppenheimer Limited-Term Bond Fund	0.0	0.0	0.0	0.0	3.0	3.5	5.5	7.5	10.0	13.0	0.0	20.0	0.0
Oppenheimer Limited-Term Government Fund	0.0	0.0	0.0	0.0	2.0	2.5	5.0	7.5	10.0	13.0	25.0	20.0	0.0
Oppenheimer Senior Floating Rate Fund	0.0	1.0	4.0	5.0	5.0	5.0	5.0	5.0	4.0	2.0	25.0	4.0	0.0
MainStay High Yield Corporate Bond Fund ⁵	0.0	1.0	2.0	4.5	4.5	4.5	4.5	4.0	4.0	4.0	0.0	5.0	0.0
American Century Short Duration Inflation Protection Bond Fund	0.0	0.0	0.0	0.0	0.0	0.0	3.0	6.0	10.0	13.0	20.0	15.0	0.0

Underlying Investments¹ and Target Allocations

Custom Choice Portfolios	Fixed Income Portfolio										Low Duration Fixed Income Portfolio	Capital Preservation Portfolio
	100	90	80	70	60	50	40	30	20	10		
Age Based Portfolio	Age Based Portfolio	Age Based Portfolio	Age Based Portfolio	Age Based Portfolio	Age Based Portfolio	Age Based Portfolio	Age Based Portfolio	Age Based Portfolio	Age Based Portfolio	Age Based Portfolio	Age Based Portfolio	
100 ²	90 ²	80 ²	70 ²	60 ²	50 ²	40 ²	30 ²	20 ²	10 ²			
Ages 0-2	Ages 3-4	Ages 5-6	Ages 7-8	Ages 9-10	Ages 11-12	Ages 13-14	Ages 15-16	Ages 17-18	Age 19+			
Oppenheimer Institutional Government Money Market Fund ⁴	0.0	0.0	0.0	0.0	5.0	5.0	7.0	10.0	15.0	15.0	15.0	5.0
NYLIM Funding Agreement	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	95.0
Total Equity	91.0	83.0	73.0	65.0	57.0	47.0	39.0	30.0	21.0	12.0	0.0	0.0
Total Alternative	9.0	7.0	6.0	4.0	3.0	2.0	2.0	1.0	1.0	1.0	0.0	0.0
Total Fixed Income/Short-Term Marketable Securities	0.0%	10.0%	21.0%	31.0%	40.0%	59.0%	68.0%	78.0%	87.0%	100.0%	100.0%	5.0%
Stable Value Investment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	95.0

1. Portfolios that invest in Oppenheimer mutual funds purchase Class I shares or Class L shares in the case of Oppenheimer Institutional Government Money Market Fund. Portfolios that invest in the Main Stay High Yield Corporate Bond Fund purchase Class I shares. Portfolios that invest in the American Century funds purchase Institutional class shares.

2. Each Portfolio's name represents its approximate exposure to equity and alternative investments.

3. Oppenheimer Capital Income Fund is a multi-asset fund that invests in both equity and fixed income securities. Allocations are based on an approximate ratio of 35% equity and 65% fixed income.

4. A Portfolio's investment in the Oppenheimer Institutional Government Money Market Fund is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

5. Effective February 28, 2018, the fund will be renamed "Mainstay MacKay High Yield Corporate Bond Fund".

The following chart describes the Underlying Investments for each of the Individual Fund Portfolios. See “PLAN AND PORTFOLIO RISKS” on pages 50-67 and in Appendix A for more detailed information regarding the investment risks and objectives of the Underlying Investments.

Individual Fund Portfolios¹

Individual Fund Portfolios	Underlying Investments ²	Total Equity	Alternative	Total Fixed Income
Discovery Portfolio	Oppenheimer Discovery Fund	100%	0%	0%
Dividend Opportunity Portfolio	Oppenheimer Dividend Opportunity Fund	100%	0%	0%
Value Portfolio	Oppenheimer Value Fund	100%	0%	0%
Main Street Portfolio	Oppenheimer Main Street Fund	100%	0%	0%
Main Street Mid Cap Portfolio	Oppenheimer Main Street Mid Cap Fund	100%	0%	0%
Main Street Small Cap Portfolio	Oppenheimer Main Street Small Cap Fund	100%	0%	0%
Developing Markets Portfolio	Oppenheimer Developing Markets Fund	100%	0%	0%
Global Opportunities Portfolio	Oppenheimer Global Opportunities Fund	100%	0%	0%
Global Portfolio	Oppenheimer Global Fund	100%	0%	0%
International Diversified Portfolio	Oppenheimer International Diversified Fund	100%	0%	0%
International Growth Portfolio	Oppenheimer International Growth Fund	100%	0%	0%
Global Value Portfolio	Oppenheimer Global Value Fund	100%	0%	0%
International Small-Mid Company Portfolio	Oppenheimer International Small-Mid Company Fund	100%	0%	0%
Limited-Term Government Portfolio	Oppenheimer Limited-Term Government Fund	0%	0%	100%
Limited-Term Bond Portfolio	Oppenheimer Limited-Term Bond Fund	0%	0%	100%
MainStay High Yield Corporate Bond Portfolio	MainStay High Yield Corporate Bond Fund	0%	0%	100%
Senior Floating Rate Portfolio	Oppenheimer Senior Floating Rate Fund	0%	0%	100%
American Century Diversified Bond Portfolio	American Century Diversified Bond Fund	0%	0%	100%
International Bond Portfolio	Oppenheimer International Bond Fund	0%	0%	100%
Global Strategic Income Portfolio	Oppenheimer Global Strategic Income Fund	0%	0%	100%
Gold & Special Minerals Portfolio	Oppenheimer Gold & Special Minerals Fund	0%	100%	0%
Real Estate Portfolio	Oppenheimer Real Estate Fund	0%	100%	0%
Capital Income Portfolio	Oppenheimer Capital Income Fund	35%	0%	65%
SteelPath MLP Select 40 Portfolio	Oppenheimer SteelPath MLP Select 40 Fund	0%	100%	0%
Total Return Bond Portfolio	Oppenheimer Total Return Bond Fund	0%	0%	100%
American Century Short Duration Inflation Protection Bond Portfolio	American Century Short Duration Inflation Protection Bond Fund	0%	0%	100%
Global Allocation Portfolio	Oppenheimer Global Allocation Fund	60%	0%	40%
T. Rowe Price Blue Chip Growth Portfolio	T. Rowe Price Blue Chip Growth Fund	100%	0%	0%
Institutional Government Money Market Portfolio	Oppenheimer Institutional Government Money Market Fund ³	0%	0%	100%

1. Each of the Individual Fund Portfolios is allocated 100% to the respective Underlying Investment.
2. Portfolios that invest in Oppenheimer mutual funds purchase Class I shares or Class L shares in the case of Oppenheimer Institutional Government Money Market Fund. Portfolios that invest in the MainStay High Yield Corporate Bond Fund and T. Rowe Price Blue Chip Growth Fund purchase Class I shares. Portfolios that invest in the American Century Diversified Bond Fund purchase Institutional class shares.
3. A Portfolio's investment in the Oppenheimer Institutional Government Money Market Fund is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency. Although the Fund seeks to preserve the value of an investment at \$1.00 per share, it is possible for a Portfolio to lose money by investing in the Fund.

Changes in Investment Guidelines or Underlying Investments

From time to time, the Board may change the investment guidelines for the Plan. If such a change so requires, the Program Manager will cause a Portfolio to divest itself of ownership of shares of one or more Underlying Investments. During the transition from one Underlying Investment to another Underlying Investment or transition in program managers, a Portfolio may be temporarily uninvested and lack market exposure to an asset class. During such transition period, a Portfolio may temporarily hold a basket of securities to the extent that the Underlying Investment from which it redeems chooses to satisfy the Portfolio's redemption out of such investment on an in kind basis. In such event, the Program Manager will seek to liquidate the securities received from the Underlying Investment as promptly as practicable so that the proceeds can be promptly invested in the replacement Underlying Investment. The transaction costs associated with such 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 such Portfolio. An Underlying Investment from which a Portfolio redeems may impose redemption fees. In such event, the Portfolio, and Accounts invested in such Portfolio, will bear such redemption fees.

PORTFOLIO PERFORMANCE INFORMATION

The table that follows presents the Average Annual Total Return and cumulative (since inception) total return for each Portfolio for the periods ended December 31, 2017. The Portfolio performance information represents past performance and is no guarantee of future results. The returns are net of Total Annual Asset-Based Plan Fees (including Underlying Investment expenses and Plan Fees) and do not consider the impact of any potential federal or state taxes. The Annual Maintenance Fee, which may be waived for certain Accounts, is not included in the returns shown below. If such amounts were reflected, returns would be less than those shown. Updated Portfolio performance information current to the most recent month-end is available online at www.scholarsedge529.com or by calling **1.866.529.SAVE (1.866.529.7283)**. *Past performance—and especially short-term past performance information—for the Portfolios should not be viewed as an indication of the future performance of any particular Portfolio.*

Because the following Portfolios had not commenced operations prior to the date of this Plan Description, they have no prior performance information. After the Portfolios begin investment operations, performance information will be available online at www.scholarsedge529.com or by calling **1.866.529.SAVE (1.866.529.7283)**.

- Age Based Portfolio 90
- Age Based Portfolio 70
- Age Based Portfolio 50
- Age Based Portfolio 30
- Portfolio 90
- Portfolio 70
- Portfolio 50
- Portfolio 30
- SteelPath MLP Select 40 Portfolio
- Total Return Bond Portfolio
- American Century Short Duration Inflation Protection Bond Portfolio
- Global Allocation Portfolio
- T. Rowe Price Blue Chip Growth Portfolio

In view of anticipated periodic revisions of allocations and possible changes in the Underlying Investments, the future investment results of any Portfolio cannot be expected, for any period, to be similar to the past performance of any Underlying Investment or group of investments. Performance differences between a Portfolio and its Underlying Investments may also result from differences in the timing of purchases. On days when Contributions are made to an Account, the Portfolios will not use that money to purchase shares of an Underlying Investment until the next business day. This timing difference, depending on how the markets are moving, will cause the Portfolio's performance to either trail or exceed the Underlying Investment's performance.

For information, including performance information, on the underlying Oppenheimer mutual funds in which the Portfolios invest, please visit www.oppenheimerfunds.com or call OppenheimerFunds at **1.800.525.7048** and obtain a free prospectus or Annual or Semi-Annual Report for any Oppenheimer mutual fund used in connection with the Plan. For information, including performance information, on the underlying MainStay mutual funds in which the Portfolios invest, please visit www.mainstayinvestments.com or call MainStay at **1.800.MAINSTAY (1.800.624.6782)** and obtain a free summary prospectus or Annual or Semi-Annual Report for any MainStay mutual fund used in connection with the Plan. For information, including performance information, on the underlying American Century mutual funds in which the Portfolios invest, please visit www.americancentury.com or call American Century at **1.800.345.6488** and obtain a free prospectus or Annual or Semi-Annual Report for any American Century mutual fund used in connection with the Plan. For information, including performance information, on the underlying T. Rowe Price mutual fund in which the Portfolios invest, please visit www.troweprice.com or call T. Rowe Price at **1.800.638.2587** and obtain a free prospectus or Annual or Semi-Annual Report for any T. Rowe Price mutual fund used in connection with the Plan.

Average Annual Total Returns¹ (as of December 31, 2017)

Portfolio Name	Unit Class	Excluding Sales Charges ²				Including Sales Charges ^{3,4}				
		1-Year	3-Year	5-Year	Since Inception ⁶	1-Year	3-Year	5-Year	Since Inception ⁵	Inception Date
Age Based Portfolios										
Age Based Portfolio 100	A	19.75%	8.84%	12.10%	6.55%	14.06%	7.09%	11.02%	6.15%	1/31/2005
Age Based Portfolio 100	C	18.86	8.02	11.26	5.75	17.86	8.02	11.26	5.75	1/31/2005
<i>Customized Performance Benchmark⁵</i>	20.17	9.74	13.06	8.12	n/a	n/a	n/a	n/a		
Age Based Portfolio 80	A	16.80	7.70	10.12	6.44	11.25	5.97	9.06	6.04	1/31/2005
Age Based Portfolio 80	C	15.90	6.89	9.30	5.64	14.90	6.89	9.30	5.64	1/31/2005
<i>Customized Performance Benchmark⁵</i>	17.38	8.56	10.97	7.54	n/a	n/a	n/a	n/a		
Age Based Portfolio 60	A	13.77	6.59	8.22	5.10	8.37	4.88	7.17	4.70	1/31/2005
Age Based Portfolio 60	C	12.94	5.80	7.41	4.31	11.94	5.80	7.41	4.31	1/31/2005
<i>Customized Performance Benchmark⁵</i>	14.22	7.26	8.87	6.88	n/a	n/a	n/a	n/a		
Age Based Portfolio 40	A	9.93	5.01	5.94	3.67	4.71	3.32	4.92	3.28	1/31/2005
Age Based Portfolio 40	C	9.11	4.23	5.15	2.90	8.11	4.23	5.15	2.90	1/31/2005
<i>Customized Performance Benchmark⁵</i>	10.31	5.52	6.48	5.80	n/a	n/a	n/a	n/a		
Age Based Portfolio 20	A	6.18	3.38	3.56	2.93	1.13	1.72	2.56	2.54	4/15/2005
Age Based Portfolio 20	C	5.38	2.62	2.79	2.17	4.38	2.62	2.79	2.17	4/15/2005
<i>Customized Performance Benchmark⁵</i>	6.42	3.67	3.98	4.61	n/a	n/a	n/a	n/a		
Age Based Portfolio 10	A	4.29	2.42	2.35	2.14	-0.67	0.77	1.36	1.76	1/31/2005
Age Based Portfolio 10	C	3.49	1.65	1.59	1.38	2.49	1.65	1.59	1.38	1/31/2005
<i>Customized Performance Benchmark⁵</i>	4.47	2.62	2.62	3.64	n/a	n/a	n/a	n/a		
Age Based Fixed Income Portfolio	A	2.45	—	—	1.90	-2.42	—	—	-0.20	8/31/2015
Age Based Fixed Income Portfolio	C	1.68	—	—	1.19	0.68	—	—	1.19	8/31/2015
<i>Customized Performance Benchmark⁵</i>	2.79	n/a	n/a	2.15	n/a	n/a	n/a	n/a		
Age Based Low Duration Fixed Income Portfolio	A	1.19	—	—	0.94	-3.62	—	—	-1.15	8/31/2015
Age Based Low Duration Fixed Income Portfolio	C	0.40	—	—	0.21	-0.60	—	—	0.21	8/31/2015
<i>Customized Performance Benchmark⁵</i>	0.90	n/a	n/a	0.85	n/a	n/a	n/a	n/a		
Custom Choice Portfolios										
Portfolio 100	A	19.90	8.84	12.11	6.55	14.21	7.09	11.03	6.15	1/31/2005
Portfolio 100	C	19.00	8.02	11.27	5.75	18.00	8.02	11.27	5.75	1/31/2005
<i>Customized Performance Benchmark⁵</i>	20.17	9.74	13.06	8.12	n/a	n/a	n/a	n/a		
Portfolio 80	A	16.92	7.75	10.17	6.46	11.37	6.01	9.10	6.06	1/31/2005
Portfolio 80	C	16.06	6.94	9.34	5.66	15.06	6.94	9.34	5.66	1/31/2005
<i>Customized Performance Benchmark⁵</i>	17.38	8.56	10.97	7.54	n/a	n/a	n/a	n/a		
Portfolio 60	A	13.79	6.60	8.23	5.12	8.39	4.89	7.18	4.72	1/31/2005
Portfolio 60	C	12.91	5.80	7.41	4.33	11.91	5.80	7.41	4.33	1/31/2005
<i>Customized Performance Benchmark⁵</i>	14.22	7.26	8.87	6.88	n/a	n/a	n/a	n/a		
Portfolio 40	A	9.94	5.00	5.94	3.68	4.72	3.31	4.92	3.29	1/31/2005
Portfolio 40	C	9.09	4.23	5.15	2.91	8.09	4.23	5.15	2.91	1/31/2005
<i>Customized Performance Benchmark⁵</i>	10.31	5.52	6.48	5.80	n/a	n/a	n/a	n/a		
Portfolio 20	A	6.20	3.37	3.55	2.90	1.16	1.70	2.54	2.51	4/15/2005
Portfolio 20	C	5.41	2.61	2.78	2.12	4.41	2.61	2.78	2.12	4/15/2005
<i>Customized Performance Benchmark⁵</i>	6.42	3.67	3.98	4.61	n/a	n/a	n/a	n/a		
Portfolio 10	A	4.26	2.41	2.34	2.14	-0.70	0.76	1.35	1.75	1/31/2005
Portfolio 10	C	3.50	1.64	1.57	1.37	2.50	1.64	1.57	1.37	1/31/2005
<i>Customized Performance Benchmark⁵</i>	4.47	2.62	2.62	3.64	n/a	n/a	n/a	n/a		
Fixed Income Portfolio	A	2.45	—	—	1.95	-2.42	—	—	-0.16	8/31/2015
Fixed Income Portfolio	C	1.58	—	—	1.15	0.58	—	—	1.15	8/31/2015
<i>Customized Performance Benchmark⁵</i>	2.79	n/a	n/a	2.15	n/a	n/a	n/a	n/a		
Low Duration Fixed Income Portfolio	A	1.19	—	—	0.89	-3.62	—	—	-1.19	8/31/2015
Low Duration Fixed Income Portfolio	C	0.50	—	—	0.17	-0.50	—	—	0.17	8/31/2015
<i>Customized Performance Benchmark⁵</i>	0.90	n/a	n/a	0.85	n/a	n/a	n/a	n/a		

Portfolio Name	Unit Class	Excluding Sales Charges ²				Including Sales Charges ^{3,4}				
		1-Year	3-Year	5-Year	Since Inception ⁶	1-Year	3-Year	5-Year	Since Inception ⁵	Inception Date
Capital Preservation Portfolio	A	0.91%	0.81%	1.03%	2.05%	-3.88%	-0.81%	0.06%	1.54%	4/21/2008
Capital Preservation Portfolio	C	0.70	0.44	0.51	1.41	-0.30	0.44	0.51	1.41	4/21/2008
<i>Customized Performance Benchmark⁶</i>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a		
Individual Fund Portfolios										
Value Portfolio	A	15.81	7.74	12.42	6.57	10.31	6.00	11.33	6.17	1/31/2005
Value Portfolio	C	14.95	6.93	11.58	5.77	13.95	6.93	11.58	5.77	1/31/2005
<i>Russell 1000 Value Index⁶</i>		13.66	8.65	14.04	7.81	n/a	n/a	n/a		
Main Street Mid Cap Portfolio	A	14.60	6.43	12.47	7.99	9.16	4.71	11.39	7.58	1/31/2005
Main Street Mid Cap Portfolio	C	13.74	5.63	11.63	7.20	12.74	5.63	11.63	7.20	1/31/2005
<i>Russell Mid Cap Index⁶</i>		18.52	9.58	14.96	9.84	n/a	n/a	n/a		
Global Strategic Income Portfolio	A	6.11	3.27	2.47	4.79	1.07	1.61	1.48	4.40	1/31/2005
Global Strategic Income Portfolio	C	5.32	2.50	1.70	4.01	4.32	2.50	1.70	4.01	1/31/2005
<i>Bloomberg Barclays US Aggregate Bond Index⁶</i>		3.54	2.24	2.10	4.11	n/a	n/a	n/a		
American Century Diversified Bond Portfolio	A	2.72	1.43	1.29	-1.03	-2.16	-0.21	0.31	-1.40	1/31/2005
American Century Diversified Bond Portfolio	C	1.91	0.67	0.53	-1.77	0.91	0.67	0.53	-1.77	1/31/2005
<i>Bloomberg Barclays US Aggregate Bond Index⁶</i>		3.54	2.24	2.10	4.11	n/a	n/a	n/a		
Institutional Government Money Market Portfolio	A	0.56	0.23	0.14	1.16	0.56	0.23	0.14	1.16	1/31/2005
Institutional Government Money Market Portfolio	C	0.54	0.24	0.14	0.99	0.54	0.24	0.14	0.99	1/31/2005
<i>Customized Performance Benchmark⁶</i>		0.57	0.23	0.14	1.11	n/a	n/a	n/a		
Limited Term Bond Portfolio	A	2.07	—	—	1.49	-0.23	—	—	0.50	8/31/2015
Limited Term Bond Portfolio	C	1.29	—	—	0.98	0.29	—	—	0.98	8/31/2015
<i>Bloomberg Barclays U.S. Aggregate 1-3 Year Bond Index⁶</i>		0.86	n/a	n/a	0.90	n/a	n/a	n/a		
Global Value Portfolio	A	24.92	—	—	8.63	18.99	—	—	6.39	8/31/2015
Global Value Portfolio	C	23.93	—	—	9.96	22.93	—	—	9.96	8/31/2015
<i>MSCI AC World Index⁶</i>		23.97	n/a	n/a	13.85	n/a	n/a	n/a		
International Small-Mid Company Portfolio	A	37.67	—	—	16.53	31.13	—	—	14.13	8/31/2015
International Small-Mid Company Portfolio	C	36.67	—	—	15.69	35.67	—	—	15.69	8/31/2015
<i>MSCI AC World X-US Small Cap Index⁶</i>		30.35	n/a	n/a	14.28	n/a	n/a	n/a		
Capital Income Portfolio	A	6.97	—	—	5.62	1.89	—	—	3.44	8/31/2015
Capital Income Portfolio	C	6.13	—	—	5.18	5.13	—	—	5.18	8/31/2015
<i>Customized Performance Benchmark⁶</i>		9.48	n/a	n/a	7.32	n/a	n/a	n/a		
Main Street Small Cap Portfolio	A	13.43	—	—	12.85	8.04	—	—	10.53	8/31/2015
Main Street Small Cap Portfolio	C	12.59	—	—	12.78	11.59	—	—	12.78	8/31/2015
<i>Russell 2000 Index⁶</i>		14.65	n/a	n/a	14.45	n/a	n/a	n/a		
Global Portfolio	A	35.62	12.16	—	11.28	29.18	10.36	—	10.12	5/13/2013
Global Portfolio	C	34.73	11.33	—	8.86	33.73	11.33	—	8.86	5/13/2013
<i>MSCI AC World Index⁶</i>		23.97	9.30	n/a	9.46	n/a	n/a	n/a		
Discovery Portfolio	A	28.46	10.97	—	11.70	22.36	9.19	—	10.54	5/13/2013
Discovery Portfolio	C	27.47	10.15	—	9.05	26.47	10.15	—	9.05	5/13/2013
<i>Russell 2000 Growth Index⁶</i>		22.17	10.28	n/a	13.48	n/a	n/a	n/a		
Dividend Opportunity	A	—	—	—	—	—	—	—	—	2/6/2017
Dividend Opportunity	C	—	—	—	—	—	—	—	—	2/6/2017
<i>Russell 3000 Value Index⁶</i>		n/a	n/a	n/a	12.52	n/a	n/a	n/a		
Global Opportunities Portfolio	A	51.75	24.28	—	19.65	44.54	22.28	—	18.40	5/13/2013
Global Opportunities Portfolio	C	50.55	23.36	—	14.98	49.55	23.36	—	14.98	5/13/2013
<i>MSCI AC World Index⁶</i>		23.97	9.30	n/a	9.46	n/a	n/a	n/a		
Gold & Special Minerals Portfolio	A	16.26	9.19	—	0.93	10.74	7.43	—	-0.12	5/13/2013

Portfolio Name	Unit Class	Excluding Sales Charges ²				Including Sales Charges ^{3,4}				
		1-Year	3-Year	5-Year	Since Inception ⁶	1-Year	3-Year	5-Year	Since Inception ⁵	Inception Date
Gold & Special Minerals Portfolio	C	15.39%	8.32%	—%	-0.22%	14.39%	8.32%	—%	-0.22%	5/13/2013
<i>PHLX Gold & Silver TR USD Index⁵</i>	8.91	8.23	n/a	-4.23	n/a	n/a	n/a	n/a		
International Bond Portfolio	A	10.51	4.16	—	1.96	5.26	2.49	—	0.89	5/13/2013
International Bond Portfolio	C	9.67	3.37	—	1.39	8.67	3.37	—	1.39	5/13/2013
<i>Citigroup World Government Bond Index ex-US⁵</i>	10.33	1.99	n/a	0.28	n/a	n/a	n/a	n/a		
International Diversified Portfolio	A	31.77	10.05	—	7.57	25.51	8.28	—	6.44	5/13/2013
International Diversified Portfolio	C	30.78	9.19	—	7.78	29.78	9.19	—	7.78	5/13/2013
<i>MSCI AC World Index ex-US⁵</i>	27.19	7.83	n/a	5.77	n/a	n/a	n/a	n/a		
International Growth Portfolio	A	26.23	8.41	—	6.49	20.23	6.67	—	5.37	5/13/2013
International Growth Portfolio	C	25.34	7.61	—	5.93	24.34	7.61	—	5.93	5/13/2013
<i>MSCI AC World Index ex-US⁵</i>	27.19	7.83	n/a	5.77	n/a	n/a	n/a	n/a		
Limited Term Government Portfolio	A	0.59	0.46	—	0.58	-1.68	-0.30	—	0.08	5/13/2013
Limited Term Government Portfolio	C	-0.10	-0.27	—	-0.15	-1.10	-0.27	—	-0.15	5/13/2013
<i>Bloomberg Barclays US Government 1-3 Year Bond Index⁵</i>	0.45	0.63	n/a	0.57	n/a	n/a	n/a	n/a		
Main Street Portfolio	A	16.57	10.24	—	12.47	11.03	8.46	—	11.30	5/13/2013
Main Street Portfolio	C	15.66	9.39	—	11.69	14.66	9.39	—	11.69	5/13/2013
<i>S&P 500 Index⁵</i>	21.83	11.41	n/a	14.04	n/a	n/a	n/a	n/a		
Real Estate Portfolio	A	3.88	4.07	—	6.04	-1.05	2.40	—	4.93	5/13/2013
Real Estate Portfolio	C	3.06	3.29	—	6.67	2.06	3.29	—	6.67	5/13/2013
<i>NAREIT Equity REIT Index⁵</i>	5.23	5.62	n/a	6.84	n/a	n/a	n/a	n/a		
Senior Floating Rate Portfolio	A	3.71	4.45	—	3.54	0.08	3.22	—	2.75	5/13/2013
Senior Floating Rate Portfolio	C	2.90	3.66	—	2.79	1.90	3.66	—	2.79	5/13/2013
<i>JP Morgan Leveraged Loan Index⁵</i>	4.25	4.79	n/a	4.08	n/a	n/a	n/a	n/a		
Developing Markets Portfolio	A	33.91	7.10	—	4.90	27.55	5.37	—	3.80	5/13/2013
Developing Markets Portfolio	C	32.98	6.32	—	5.15	31.98	6.32	—	5.15	5/13/2013
<i>MSCI Emerging Markets⁵</i>	37.28	9.10	n/a	4.87	n/a	n/a	n/a	n/a		
MainStay High Yield Corporate Bond Portfolio	A	6.21	—	—	7.39	1.16	—	—	5.17	8/31/2015
MainStay High Yield Corporate Bond Portfolio	C	5.47	—	—	9.47	4.47	—	—	9.47	8/31/2015
<i>Credit Suisse High Yield Index⁵</i>	7.03	n/a	n/a	8.21	n/a	n/a	n/a	n/a		

1. Performance data is based on the performance of each Underlying Investment of each Portfolio. Performance data is based on the total return of a hypothetical account, including the reinvestment of dividends and distributions, net of Total Annual Asset-Based Plan Fees (including Underlying Investment Expenses, Program Management Fees, Board Administrative Fees and Annual Asset-Based Charges).
2. Performance is not load adjusted.
3. Reported performance for Class A Units Including Sales Charge is load adjusted based upon the current maximum 4.75% initial sales charge applied to the Portfolio's net asset value at the beginning of the investment period, except for the Institutional Money Market Portfolio which has no initial sales charge.
4. Reported performance for Class C Units Including Sales Charge is load adjusted by applying a 1% contingent deferred sales charged (CDSC) to the lesser of the portfolio's beginning or ending net asset value for the calculated period if the period is less than 12 months, except for the Institutional Money Market Portfolio which has no CDSC. If the calculated period is greater than 12 months, no charge is applied.
5. The period since-inception for benchmark returns begins on February 1, 2005 for Unit Classes incepted January 31, 2005, May 1, 2005 for Unit Classes incepted April 15, 2005, May 1, 2008 for Unit Classes incepted April 21, 2008, and April 30, 2013 for Unit Classes incepted May 13, 2013. Since-inception performance and benchmark returns are annualized for periods longer than one year and are cumulative for periods shorter than one year. See "UNDERLYING INVESTMENTS AND TARGET ALLOCATIONS—Customized Portfolio Performance Benchmarks" for a list of each Underlying Investment benchmark.

Customized Portfolio Performance Benchmarks

The benchmarks for the Portfolios represent customized composites of market indices for the available Underlying Investments weighted by the relative target asset allocation for such Portfolio.

Investors cannot directly invest in a compilation of benchmark indices.

The benchmarks for the Individual Fund Portfolios represent a single index that corresponds to the Portfolio's Underlying Investment.

Underlying Investment	Benchmark
Oppenheimer Value Fund	Russell 1000® Value Index
Oppenheimer Main Street Fund®	S&P 500® Index
Oppenheimer Main Street Mid Cap Fund®	Russell® Midcap Index
Oppenheimer International Growth Fund	MSCI® AC World ex-U.S. Index
American Century Diversified Bond Fund	Bloomberg Barclays US Aggregate Bond Index
Oppenheimer International Bond Fund	Citigroup World Government Bond Index ex U.S.
Oppenheimer Limited-Term Government Fund	Bloomberg Barclays U.S. Government 1-3 Year Bond Index
Oppenheimer Global Strategic Income Fund	Bloomberg Barclays U.S. Aggregate Bond Index
MainStay High Yield Corporate Bond Fund	BofA ML US HY Master II Constrained Index
Oppenheimer Senior Floating Rate Fund	JP Morgan Leveraged Loan Index
Oppenheimer Institutional Government Money Market Fund	iMoneyNet Government Institutional Index
Oppenheimer Global Fund	MSCI® AC World Index
Oppenheimer Global Opportunities Fund	MSCI® AC World Index
Oppenheimer Developing Markets Fund	MSCI® Emerging Markets Index
Oppenheimer International Diversified Fund	MSCI® AC World ex-U.S. Index
Oppenheimer Dividend Opportunity Fund	Russell 3000® Value Index
Oppenheimer Discovery Fund	Russell 2000® Growth Index
Oppenheimer Gold & Special Minerals Fund	Philadelphia Gold and Silver Index
Oppenheimer Real Estate Fund	FTSE NAREIT Equity REITs Index
Oppenheimer Limited-Term Bond Fund	Bloomberg Barclays U.S. Aggregate 1-3 Year Bond Index
Oppenheimer Global Value Fund	MSCI AC World Index
Oppenheimer Main Street Small Cap Fund	Russell 2000 Index
Oppenheimer International Small-Mid Company Fund	MSCI ACWI ex-US SMID Index
Oppenheimer Capital Income Fund	65% Bloomberg Barclays U.S. Aggregate Bond Index/35% Russell 3000 Index
Oppenheimer Total Return Bond Fund	Bloomberg Barclays US Aggregate Bond Index
Oppenheimer SteelPath MLP Select 40 Fund	Alerian MLP Index Total Return
American Century Short Duration Inflation Protection Bond Fund	Bloomberg Barclays US 1-5 TIPS Index
Oppenheimer Global Allocation Fund	60% MSCI All Country World Index / 40% Bloomberg Barclays Global Aggregate Bond Index, Hedged
T. Rowe Price Blue Chip Growth Fund	S&P 500® Index

SALES CHARGES, FEES AND EXPENSES

The Board, in its sole discretion, will establish, and may change at any time, the sales charges, fees and expenses it deems appropriate for the Plan. In the future, the Plan's fees and charges could be higher or lower than those described in this Plan Description.

Sales Charges

General

The Program Distributor has entered into distribution agent agreements with financial advisors authorizing those financial advisors to distribute the Plan to their customers. The Program Distributor compensates financial advisors in the Plan. Financial advisors who sell units of the Institutional Government Money Market Portfolio do not receive any individual or ongoing compensation. The compensation which a financial advisor receives from the Program Distributor for its services differs depending on the Unit class selected by the Account Owner. The ongoing compensation paid to the financial advisor does not increase or decrease the cost structure detailed on pages 40-42. The Plan has offered three Unit classes, each with its own sales and annual asset-based charge structure and is currently offering new Units in two Unit classes. Both Unit classes may not be available through your financial advisor. Account Owners indicate on the Enrollment Application both (i) who the financial advisor is and (ii) the applicable Unit class. If you do not choose a Unit Class, your investment will be made Class A Units. In addition to Plan fees and expenses and the operating expenses of the Underlying Investments, you may also pay a sales charge in connection with each Contribution to your Account. Sales charges that you pay are used to compensate your financial advisor for the advice and services provided to you, and your financial advisor may receive more or less depending on which Unit class you choose. A transfer from another plan within the New Mexico 529 Program to the Plan will be treated as a withdrawal from the account in the other plan and the establishment of a new Account in the Plan for purposes of determining any applicable sales and asset-based charges. **The sales charge reductions and waivers described below may be amended, changed or eliminated at any time by amendment to this Plan Description.**

Whether there is any transaction, service, administrative or other fee charged directly by a financial advisor with respect to the Account is a matter between the Account Owner and the financial advisor and is not a feature of the Plan.

When investing in the Plan, an Account Owner should consider, among other factors, when Contributions will be made to the Account, the Contribution amounts, the time Contributions will be held in the Account before withdrawals are directed, other resources expected to be available to fund the Designated Beneficiary's Qualified Higher Education Expenses, the age of the Designated Beneficiary and the limited ability to change investment options for Contributions (and any earnings thereon) that have already been invested in an Account. Due to the differing sales charge structures and differing Portfolio fee structures among the Unit classes, the net asset value of a Portfolio Unit class and the investment return on a Contribution invested in that Unit class may be more or less than it would be by investing in a different Unit class. Your financial advisor can help you determine which Unit class is best suited to your investment goals. If you hold more than one Unit class in your Account, withdrawals, transfers and rollovers will be made from the Unit class that you designate to the Program Manager.

Class A Units

Initial Sales Charge. Except as discussed below, an initial sales charge is imposed as a percentage of each Contribution to the Account. The initial sales charge that an Account Owner pays on each Contribution invested in Class A Units is based on the aggregate Contributions to Accounts he/she has established within the Plan and certain other assets as discussed below. Only the amount of the Contribution reduced by this charge is invested in the Account. A portion or all of the sales charge may be retained by the Program Distributor or paid to your financial intermediary as a concession. The sales charge may be reduced or waived for certain categories of investors or under certain circumstances.

An Account Owner may qualify for reduced sales charges when he/she purchases Class A Units through a single purchase or under a Right of Accumulation or Letter of Intent—each discussed below.

Rights of Accumulation. A Right of Accumulation permits certain Account Owners to combine the value of assets in their Accounts within the Plan (regardless of the Units Class selected) to reduce the initial sales charge applicable to the purchase of Class A Units. Account Owners are also able to count the value of assets in other advisor-sold Section 529 Plans (within or outside of New Mexico) that are managed by OFI Private Investments Inc. or its affiliates and purchases of Class A, B and C shares of mutual funds advised by OppenheimerFunds, Inc. (except Class A shares of Oppenheimer Government Money Market Fund and Oppenheimer Cash Reserves for which no initial sales charge was paid) to reduce the initial sales charge applicable to the purchase of Class A Units. The Program Manager will determine the value of 529 Plan units you currently own based on the greater of aggregate net contributions or total shares multiplied by the current Net Asset Value, and the value of mutual fund shares you currently own as described in such fund's prospectus.

The reduced initial sales charges described above resulting from Rights of Accumulation apply 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.

Letter of Intent. Under a Letter of Intent (a "Letter"), you may be able to reduce the sales charge rate that applies to your purchases of Class A Units of the Plan if you purchase Class A or Class C Units of the Plan or shares of other Oppenheimer funds. A Letter is an investor's statement in writing to the Program Distributor of his or her intention to purchase a specified value of Class A and Class C Units in all his or her Accounts in the Plan during a 13-month period (the "Letter period"), which begins on the date of the Account Owner's first share purchase following the establishment of the Letter. The sales charge on each purchase of Class A Units during the Letter period is assessed at the rate that would apply to a single lump-sum purchase of units in the amount intended to be purchased under the Letter. In submitting a Letter, the Account Owner makes no commitment to purchase Units. However, if the Account Owner does not fulfill the terms of the Letter by the end of the Letter period, he or she agrees to pay the additional initial sales charges that would have been applicable to the Class A Unit purchases that were made. The Account Owner agrees that Units equal in value to 2% of the intended purchase amount will be held in escrow by the Program Manager for that purpose, as described in "Terms of Escrow" below. It is the responsibility of the dealer of record and/or the Account Owner to advise the Program Distributor about the Letter when placing purchase orders during the Letter period.

To determine whether an investor has fulfilled the terms of a Letter, the Program Manager will count purchases of Class A and Class C during the Letter period. In addition, the Account Owner will be considered to have fulfilled the Letter if the value of the Account Owner's total holdings of Units on the last day of the Letter period, calculated at the net asset value on that day, equals or exceeds the intended purchase amount.

Investors may also count contributions to any other advisor-sold Section 529 Plans (within or outside of New Mexico) that are managed by OFI Private Investments, Inc. or its affiliates and purchases of Class A and C shares of mutual funds advised by OppenheimerFunds, Inc. (except Class A shares of Oppenheimer Money Market Fund, Inc. and Oppenheimer Cash Reserves for which no initial sales charge was paid) to purchases that qualify for a Letter. You must notify the Program Distributor or your current intermediary of any qualifying mutual fund holdings.

If the terms of the Letter are not fulfilled by the end of the Letter period, the concessions previously paid by the Program Distributor to the dealer of record for your Account and the amount of initial sales charges retained by the Program Distributor will be adjusted subsequent to the expiration of the Letter period to reflect the initial sales charge rates that apply to the actual total purchases of Units. If total eligible purchases during the Letter period exceed the intended purchase amount and exceed the amount needed

to qualify for the next sales charge rate reduction set forth in this Plan Description, the sales charges paid may be adjusted to the lower rate. That adjustment will only be made if and when the dealer returns to the Program Distributor the excess of the amount of concessions allowed or paid to the dealer over the amount of concessions that apply to the actual amount of purchases. The reduced sales charge adjustment will be made by adding to your Account(s) the number of additional Units that would have been purchased if the lower sales charge rate had been used. Those additional Units will be determined using the net asset value per share in effect on the date of such adjustment. By establishing a Letter, the Account Owner agrees to be bound by the terms of this Plan Description and the application used for a Letter, and if those terms are amended to be bound by the amended terms and that any amendments by the Program Distributor will apply automatically to existing Letters.

Terms of Escrow That Apply to Letters of Intent.

1. Out of the initial purchase, and out of subsequent purchases if necessary, the Program Manager will hold in escrow Units equal to 2% of the intended purchase amount specified in the Letter. For example, if the intended purchase amount is \$50,000, the escrow amount would be Units valued at \$1,000 (computed at the offering price for a \$50,000 Unit purchase). Escrowed Units are not eligible for either Qualified or Nonqualified Withdrawals during the Letter period unless the Account Owner terminates the Letter.
2. If the Letter applies to more than one Account, the Account Owner can designate the Account from which Units will be escrowed. If no Account is selected, the Program Manager will escrow Units in the Account that has the highest dollar balance on the date of the first purchase under the Letter. If there are not sufficient Units to cover the escrow amount, the Program Manager will escrow Units in the Account(s) with the next highest balance(s). If there are not sufficient Units in the Accounts to which the Letter applies, the Program Manager may escrow Units in other Accounts that are linked for Right of Accumulation purposes. Additionally, if there are not sufficient Units available for escrow at the time of the first purchase under the Letter, the Program Manager will escrow future purchases until the escrow amount is met.
3. If the total purchases under the Letter are less than the intended purchases specified, on the first business day after the end of the Letter period the Program Distributor will redeem escrowed Units equal in value to the difference between the dollar amount of sales charges actually paid and the amount of sales charges which would have been paid if the total purchases had been made at a single time. Any Units remaining after such redemption will be released from escrow.
4. If the terms of the Letter are fulfilled, the escrowed Units will be promptly released to the Account Owner at the end of the Letter period.
5. By signing the Letter, the investor irrevocably constitutes and appoints the Program Manager as attorney-in-fact to surrender for redemption any or all escrowed Units.

Sales Charge Waiver. The initial sales charge may be waived for certain investors:

- Present or former officers and directors, trustees and employees (and their “immediate family members”) of the Program Manager and the Program Distributor and their affiliates and any investment adviser who provides investment management services to the Plan under an Agreement with the Program Manager or Program Distributor and its affiliates. “Immediate family members” of an individual refers to such individual’s spouse, children, grandchildren, grandparents, parents, parents-in-law, brothers and sisters, sons and daughters-in-law, a sibling’s spouse, a spouse’s siblings, aunts, uncles, nieces, nephews and relatives by virtue of a remarriage (stepchildren, stepparents, etc.).
- Customers of dealers, financial advisors, banks or registered investment advisers that have entered into an agreement with the Program Distributor to offer the Plan in particular investment products made available to their clients. Those clients may be charged an advisory, consulting or transaction fee by the dealer, financial advisor, or bank or adviser for the purchase of interests in the Plan.
- Investors that participate in payroll deduction funding.
- Customers of certain dealers, Brokers, banks or registered investment advisers that have entered into a special written agreement with the Program Distributor regarding the exchange of Class C units for Class A units.
- Employees and registered representatives (and their spouses) of dealers described above that have entered into sales arrangements with such dealers (and which are identified as such to the Program Distributor) or with the Program Distributor. The purchaser must certify to the Program Distributor at the time of purchase that the purchase is for the purchaser’s own account (or for the benefit of such employee’s spouse or minor children).
- Other investors at the discretion of the Board.
- Customers of certain dealers, Brokers, banks or registered investment advisers that have entered into a special written agreement with the Program Distributor.
- Customers of certain dealers, Brokers, banks or registered investment advisers that have entered into a special written agreement with the Program Distributor who contribute to an Account by means of a rollover or transfer from another state’s Section 529 Plan may be eligible to invest in Class A Units of the Plan without an initial sales charge. This initial sales charge waiver applies only to rollover amounts representing proceeds from a withdrawal of units invested in a unit class with a sales charge (whether or not the sales charge was incurred) and received by the Program Distributor in good order. Check with your financial advisor to see if you are eligible for the waiver before initiating a rollover.

Reinstatement Privilege. If all or a part of an Account Owner’s Class A Units in the Plan or any other OppenheimerFunds-administered Section 529 Plan (including Section 529 Plans administered by affiliates of the Program Manager) that were purchased subject to an initial sales charge or on which a contingent deferred sales charge was paid, the Account Owner may reinvest an amount equal to all or a portion of the redemption proceeds in Class A Units of the same Plan Portfolio or any other Plan Portfolio at the Unit net asset value, without the imposition of an initial sales charge, next determined after receipt in good order of the Contribution, provided that such reinvestment is made within ninety (90) days of the redemption or transfer. The Reinstatement Privilege described above only applies if the Program Manager is notified that a Contribution qualifies for an initial sales charge waiver at the time the Contribution is made. The initial sales charge waiver will be granted upon confirmation of that an initial sales charge or contingent deferred sales charge was paid in connection with the redeemed amount. The Board or the Program Manager may amend, suspend or cease offering this Reinvestment Privilege at any time as to Units redeemed after the date of such amendment, suspension or cessation.

Selling Compensation. A portion of the initial sales charge may be retained by the Program Distributor or paid to your financial advisor as compensation for sales/distribution efforts. The Distributor reserves the right to pay the entire initial sales charge to financial advisors. Due to rounding, the actual sales charge for a particular transaction may be higher or lower than the rates listed below. The current sales charges and maximum payments to financial advisors are set forth below:

For all Portfolios except Senior Floating Rate Portfolio, Limited-Term Government Portfolio and Limited-Term Bond Portfolio:

Amount of Total Contribution	Initial Sales Charge as a Percentage of Contribution	Initial Sales Charge as a Percentage of Net Amount Invested in the Account	Payment to Financial Advisors or Brokers as a Percentage of Contribution
Up to \$50,000	3.50%	3.63%	3.00%
\$50,000 to \$99,999	3.00	3.09	2.50
\$100,000 to \$249,999	2.50	2.56	2.00
\$250,000 to \$499,999	2.00	2.04	1.75
\$500,000 to \$999,999	1.50	1.52	1.25
\$1,000,000 OR GREATER ¹	0.00	0.0	1.00

1. May be subject to a contingent deferred sales charge if Class A Units are redeemed within 18 months of contribution.

Amount of Total Contribution	Initial Sales Charge as a Percentage of Contribution	Initial Sales Charge as a Percentage of Net Amount Invested in the Account	Payment to Financial Advisors or Brokers as a Percentage of Contribution
Up to \$99,999	3.50%	3.63%	3.00%
\$100,000 to \$249,999	3.00	3.09	2.50
\$250,000 to \$499,999	2.00	2.04	1.75
\$500,000 to \$999,999	1.50	1.52	1.25
\$1,000,000 OR GREATER ¹	0.00	0.00	0.75

1. May be subject to a contingent deferred sales charge if Class A Units are redeemed within 18 months of contribution.

For Limited Term-Government Portfolio and Limited-Term Bond Portfolio:

Amount of Total Contribution	Initial Sales Charge as a Percentage of Contribution	Initial Sales Charge as a Percentage of Net Amount Invested in the Account	Payment to Financial Advisors or Brokers as a Percentage of Contribution
Up to \$99,999	2.25%	2.30%	2.00%
\$100,000 to \$249,999	1.75	1.78	1.50
\$250,000 to \$499,999	1.25	1.27	1.00
\$500,000 OR GREATER ¹	0.00	0.00	0.50

1. May be subject to a contingent deferred sales charge if Class A Units are redeemed within 18 months of contribution.

Contingent Deferred Sales Charge. Generally, there is no contingent deferred sales charge (CDSC) upon withdrawals from Class A Units held in your Account. A CDSC, which will be partially waived in limited circumstances, may be imposed in connection with Class A Units purchased without an initial sales charge that are redeemed within an 18-month “holding period” measured from the beginning of the calendar month of their purchase. That CDSC will be equal to 1% (0.75% for Senior Floating Rate Portfolio and 0.50% for Limited-Term Government Portfolio and Limited-Term Bond Portfolio) of the lesser of the aggregate net asset value of the redeemed Class A Units at the time of redemption or the original net asset value of the redeemed Class A Units. Solely for purposes of determining the number of months from the time of a Contribution to an Account, all Contributions made during a month are deemed to have been made on the first day of the month. The CDSC will be partially waived for Qualified Withdrawals made pursuant to a Systematic Withdrawal Election. (See “WITHDRAWALS—Procedures for Withdrawals” on page 43 for details.)

Class C Units

Initial Sales Charge. Class C Units are sold at net asset value, without an initial sales charge.

Contingent Deferred Sales Charge. If Class C Units are redeemed through a withdrawal, other than a Non-CDSC Withdrawal, or a transfer or rollover from another Section 529 Plan (or a transfer or rollover to an account in another plan within the New Mexico 529 Program) within 12 months from the date of each purchase, a CDSC of 1%, computed as described below, will be deducted from the redemption proceeds. The CDSC for Class C Units is paid to compensate the Distributor for its expenses of providing distribution-related services in connection with the sale of C Units. The Distributor compensates the financial advisor through whom you purchase Class C Units at an amount equal to 1.00% of your initial Contribution amount. The compensation paid to the financial advisor through whom you purchase Class C Units of the Capital Preservation Portfolio is 0.50% of your initial Contribution amount. The CDSC will be partially waived for Qualified Withdrawals made pursuant to a Systematic Withdrawal Election (see "WITHDRAWALS—Procedures for Withdrawals" on page 43 for details). A CDSC will not be imposed on a Non-CDSC Withdrawal from Account assets invested in Class C Units.

The CDSC is computed by multiplying the applicable percentage by the lesser of the current value or original amount of the portion of the amount of the Contribution involved which is withdrawn. Contributions are tracked separately for purposes of this charge, and the charge is determined by reference to Contributions made on a first in-first out basis. The charge does not apply to earnings, including appreciation, on any Contribution. In computing the charge, transfers or rollovers from one Account to another Account for a Designated Beneficiary who is a Member of the Family of the Designated Beneficiary of the Account from which the transfer was made are not treated as new Contributions. Contributions deriving from a transfer or rollover from an account of a Section 529 Plan of another state or from an account in another plan within the New Mexico 529 Program are treated as new Contributions. In addition to the certification as to the nature of a withdrawal to be given on each Withdrawal Request Form, the Program Manager may require substantiation of the nature of withdrawals to determine whether or not a CDSC applies. Making withdrawals from Account assets invested in Class C Units during the time in which the CDSC is assessed will diminish the overall return on your investment. The CDSC will apply to rollovers into another Section 529 Plan or a Qualified ABLE Program.

Conversion to Class A Units. Beginning February 26, 2018, Class C Units will automatically convert into Class A Units on a monthly basis at the end of the fifth year after purchase, and will thereafter be subject to the lower ongoing fees applicable to Class A Units. On February 26, 2018, any Class C Units that are older than five years will be automatically converted to Class A Units. Such conversions will not count as the Account Owner's twice-per-calendar year reallocation of prior Contributions or any earnings thereon.

Payments to Financial Intermediaries

The Program Manager or one of its affiliates, in their discretion, also may pay financial intermediaries for distribution and/or shareholder servicing activities. These payments are made out of the Program Manager or its affiliate's own resources, including from any profits derived from the Program Management Fee or Annual Asset-Based Charge the Program Manager or its affiliate receives from the Plan. These cash payments, which may be substantial, are paid to many firms having business relationships with the Program Manager or its affiliates. These payments are in addition to any other fees paid directly or indirectly by the Plan to these financial intermediaries and any commissions the Program Distributor pays to financial advisors out of the sales charges paid by Account Owners. These payments by the Program Manager or its affiliates from their own resources are not reflected in the Total Plan Fees described in the Fee Structure for each Unit Class because they are not paid by the Plan or Account Owners.

In general, these payments may be made on the basis of the average net assets of a Portfolio attributable to the Accounts of that financial intermediary and its clients. In some circumstances, these payments may create an incentive for a financial intermediary or its representatives to recommend or offer Units of the Plan to its customers. These payments also may give a financial intermediary an incentive to cooperate with the Program Distributor's marketing efforts. The Program Manager and its affiliates compensate financial intermediaries differently depending upon, among other factors, the level and/or type of marketing support provided by the financial intermediary. These payments are not expected to exceed 0.25% of the average net assets of the Plan attributable to that financial intermediary on an annual basis. Additionally, as firm support, the Program Manager or its affiliates may reimburse expenses related to educational seminars and "due diligence" or training meetings (to the extent permitted by applicable laws or the rules of the FINRA) designed to increase sales representatives' awareness about the Plan, including travel and lodging expenditures.

To the extent that financial intermediaries receiving distribution-related payments from the Program Manager or its affiliates sell more shares of the Plan or retain more Units of the Plan in their client accounts, the Program Manager and the Program Distributor benefit from the incremental management and other fees they receive with respect to those assets.

Financial advisors may charge additional fees or commissions other than those disclosed in this Plan Description. An Account Owner can ask his or her financial advisor about any payments it receives from the Program Manager and its affiliates and any services it provides, as well as about fees and/or commissions it charges.

Plan Fees and Expenses

Each Account bears certain ongoing Plan fees (including the Program Management Fee and Board Administrative Fee described below) which are charged against the assets of the Portfolios, to provide for the costs associated with the distribution, servicing and administration of the Account. These Plan fees will reduce the value of the Account as they are incurred. Accounts also will indirectly bear fees and expenses of the Underlying Investments in which the Portfolios invest.

In addition, certain Accounts will be charged an annual account maintenance fee of \$25 and may also be charged certain fees and expenses, including custodial fees, the fees of independent public accountants for conducting annual audits and other fees and expenses the Board may from time to time impose. The Board may change or add new fees at any time.

Annual Asset-based Charge and Other Fees

Underlying Investment Expenses. Each of the Underlying Investments in which a Portfolio's assets are invested has annual operating expenses, including investment advisory fees (which may be paid to the Program Manager or its affiliates), administrative and other expenses, which will be deducted by the Underlying Investments. These Underlying Investment expenses also include amounts paid to the Program Manager or its affiliates for services as described in "Administrative Services Fees." For a description of such amounts currently paid to the Program Manager and its affiliates, see footnote 3 to the Fee Structures tables below. Each Portfolio will indirectly bear its pro rata share of the fees and expenses of the Underlying Investments in which it invests. The expenses of the Underlying Investments are reflected in the net asset value of each Portfolio. The Underlying Investments purchased by the Portfolios are not subject to any sales charge or distribution fees. The manager and/or the distributor for a particular Underlying Investment may, from time to time, waive payment of a portion of its fees relating to and/or reimburse operating expenses of the applicable Underlying Investment, and may thereafter terminate such waiver without notice.

Program Management Fee. Portfolios are charged a Program Management Fee that is based on a percentage of average daily net assets and is paid on a monthly basis to the Program Manager for Plan administration and investment related services. The Program Management Fee is applied at an annual percentage rate of 0.12% on the assets under management of the Plan. OppenheimerFunds, Inc. and the Investment Managers each receive compensation directly from certain of the Underlying Investments in which the Portfolios invest for serving as the investment adviser of those mutual funds and other Underlying Investments. The Program Manager or its affiliates also receive payment from certain Underlying Investments or their investment managers or distributors for additional services as described in "Administrative Services Fees" and "Other Compensation".

Administrative Services Fees. Portfolios that invest in certain Underlying Investments are charged fees on the pro-rata portion of their assets that are invested in those investments. These Administrative Services Fees are paid to the Program Manager or its affiliate for various sub-transfer agency and other administrative services with respect to the Portfolio's position in those Underlying Investments and are included in the Underlying Investment expenses in the tables below. For a description of such amounts currently paid to the Program Manager and its affiliates, see footnote 3 to the Fee Structure tables below.

Board Administrative Fee. Portfolios are charged an Board Administrative Fee that is based on a percentage of average daily net assets for administering the Plan and paid to the Board. The fees received by the Board are used 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. The Board currently receives a Board Administrative Fee equal to 0.08% of the average daily net assets in the Plan.

Annual Account Maintenance Fee. Accounts will be assessed an Annual Maintenance Fee of \$25. This fee will be assessed in two installments (January and July) each year against all Accounts with the same Account Owner and Designated Beneficiary, except any additional Accounts that exist only to hold Class A Units that have converted from Class C Units. This fee will be waived for all Accounts that meet at least one of the following conditions as of a fee assessment date:

- A balance of \$25,000 or more
- Periodic Contributions made via the Plan's AIP (minimum of \$25/month or \$75/quarter) are being made via an automatic payment plan from the Account Owner's financial institution
- Either the Account Owner or the Designated Beneficiary is a resident of New Mexico

Annual Asset-based Charge/Ongoing Selling Compensation

Account Owners pay an annual asset-based charge, which varies based on Unit class, as a percentage of the average daily net assets of the Unit class, to the Program Distributor on a quarterly basis for providing distribution-related services, as set forth in the chart below. Financial advisors who sell Units receive ongoing compensation, which is paid by the Program Manager or one of its affiliates, as set forth in the chart below. Class A and Class C Units of Institutional Government Money Market Portfolio are not assessed an Annual Asset-based Charge and financial advisors who sell those Units do not receive ongoing compensation.

	Annual Asset-based Charge (paid by Account Owners)	Ongoing Compensation Received by Financial Advisor (paid by Program Manager or its Affiliates)
Class A Units	0.25%	0.25%
Class C Units	1.00 ²	1.00 ^{1,3}

1. Commencing 13 months following the purchase of Class C Units.
2. The Annual Asset-based Charge is 0.50% on Class C Units of the Capital Preservation Portfolio.
3. The Ongoing Compensation Received by Financial Advisors is 0.50% for Class C Units of the Capital Preservation Portfolio.

While the Program Manager or its affiliates pay ongoing compensation to the financial advisor, if the amount exceeds the annual asset-based charge for a particular unit class, the Account Owner does not pay additional fees. **The ongoing compensation paid to the financial advisor does not increase the fee structure detailed on pages 40-42 of the Plan Description.**

Total Plan Fees

Fee Structure for Class A Units							
Portfolios	Annual Account-Based Fees					Additional Investor Expenses	
	Estimated Underlying Fund Expenses ¹	Program Management Fee	Board Administrative Fee	Annual Asset-Based Charge	Total Annual Asset-Based Plan Fees ²	Maximum Initial Sales Charge ⁵	Account Fee ⁶
SE Age Based Portfolios							
Age Based Portfolio 100 ³	0.71%	0.12%	0.08%	0.25%	1.16%	3.50%	\$25
Age Based Portfolio 90 ³	0.69	0.12	0.08	0.25	1.14	3.50	25
Age Based Portfolio 80 ³	0.68	0.12	0.08	0.25	1.13	3.50	25
Age Based Portfolio 70 ³	0.68	0.12	0.08	0.25	1.13	3.50	25
Age Based Portfolio 60 ³	0.65	0.12	0.08	0.25	1.10	3.50	25
Age Based Portfolio 50 ³	0.62	0.12	0.08	0.25	1.07	3.50	25
Age Based Portfolio 40 ³	0.60	0.12	0.08	0.25	1.05	3.50	25
Age Based Portfolio 30 ³	0.58	0.12	0.08	0.25	1.03	3.50	25
Age Based Portfolio 20 ³	0.55	0.12	0.08	0.25	1.00	3.50	25
Age Based Portfolio 10 ³	0.51	0.12	0.08	0.25	0.96	3.50	25
Custom Choice Portfolios							
Portfolio 100 ³	0.71	0.12	0.08	0.25	1.16	3.50	25
Portfolio 90 ³	0.69	0.12	0.08	0.25	1.14	3.50	25
Portfolio 80 ³	0.68	0.12	0.08	0.25	1.13	3.50	25
Portfolio 70 ³	0.68	0.12	0.08	0.25	1.13	3.50	25
Portfolio 60 ³	0.65	0.12	0.08	0.25	1.10	3.50	25
Portfolio 50 ³	0.62	0.12	0.08	0.25	1.07	3.50	25
Portfolio 40 ³	0.60	0.12	0.08	0.25	1.05	3.50	25
Portfolio 30 ³	0.58	0.12	0.08	0.25	1.03	3.50	25
Portfolio 20 ³	0.55	0.12	0.08	0.25	1.00	3.50	25
Portfolio 10 ³	0.51	0.12	0.08	0.25	0.96	3.50	25
Low Duration Fixed Income Portfolio ³	0.57	0.12	0.08	0.25	1.02	3.50	25
Fixed Income Portfolio ³	0.49	0.12	0.08	0.25	0.94	3.50	25
Capital Preservation Portfolio	0.01	0.12	0.08	0.25	0.46	3.50	25
Individual Portfolio Portfolios							
T. Rowe Price Blue Chip Growth Portfolio ³	0.78	0.12	0.08	0.25	1.23	3.50	25
Global Allocation Portfolio	0.80	0.12	0.08	0.25	1.25	3.50	25
Discovery Portfolio	0.68	0.12	0.08	0.25	1.13	3.50	25
Dividend Opportunity Portfolio	0.70	0.12	0.08	0.25	1.15	3.50	25
Value Portfolio	0.52	0.12	0.08	0.25	0.97	3.50	25
Main Street Portfolio	0.50	0.12	0.08	0.25	0.95	3.50	25
Main Street Mid Cap Portfolio	0.67	0.12	0.08	0.25	1.12	3.50	25
Main Street Small Cap Portfolio	0.78	0.12	0.08	0.25	1.23	3.50	25
International Small-Mid Company Portfolio	0.97	0.12	0.08	0.25	1.42	3.50	25
Global Opportunities Portfolio	0.73	0.12	0.08	0.25	1.18	3.50	25
International Diversified Portfolio	0.89	0.12	0.08	0.25	1.34	3.50	25
International Growth Portfolio	0.70	0.12	0.08	0.25	1.15	3.50	25
Developing Markets Portfolio	0.88	0.12	0.08	0.25	1.33	3.50	25
Global Portfolio	0.70	0.12	0.08	0.25	1.15	3.50	25
Global Value Portfolio	0.86	0.12	0.08	0.25	1.31	3.50	25
Limited-Term Government Portfolio	0.48	0.12	0.08	0.25	0.93	2.25	25
Senior Floating Rate Portfolio	0.80	0.12	0.08	0.25	1.25	3.50	25

Fee Structure for Class A Units

Portfolios	Annual Account–Based Fees					Additional Investor Expenses	
	Estimated Underlying Fund Expenses ¹	Program Management Fee	Board Administrative Fee	Annual Asset-Based Charge	Total Annual Asset-Based Plan Fees ²	Maximum Initial Sales Charge ⁵	Account Fee ⁶
American Century Diversified Bond Portfolio ³	0.70	0.12	0.08	0.25	1.15	3.50	25
MainStay High Yield Corporate Bond Portfolio ³	0.70	0.12	0.08	0.25	1.15	3.50	25
Limited-Term Bond Portfolio	0.39	0.12	0.08	0.25	0.84	2.25	25
Total Return Bond Portfolio	0.40	0.12	0.08	0.25	0.85	3.50	25
American Century Short Duration Inflation Protection Bond Portfolio ³	0.77	0.12	0.08	0.25	1.22	3.50	25
Global Strategic Income Portfolio	0.59	0.12	0.08	0.25	1.04	3.50	25
International Bond Portfolio	0.59	0.12	0.08	0.25	1.04	3.50	25
Gold & Special Minerals Portfolio	0.73	0.12	0.08	0.25	1.18	3.50	25
Real Estate Portfolio	0.89	0.12	0.08	0.25	1.34	3.50	25
Capital Income Portfolio	0.60	0.12	0.08	0.25	1.05	3.50	25
SteelPath MLP Select 40 Portfolio	0.80	0.12	0.08	0.25	1.25	3.50	25
Institutional Government Money Market Portfolio ⁴	0.16	0.12	0.08	0.00	0.36	0.00	25

Fee Structure for Class C Units

Portfolios	Annual Account–Based Fees					Additional Investor Expenses	
	Estimated Underlying Fund Expenses ¹	Program Management Fee	Board Administrative Fee	Annual Asset-Based Charge	Total Annual Asset-Based Plan Fees ²	Maximum Deferred Sales Charge ⁷	Account Fee ⁶
Age Based Portfolios							
Age Based Portfolio 100 ³	0.71%	0.12%	0.08%	1.00%	1.91%	1.00%	\$25
Age Based Portfolio 90 ³	0.69	0.12	0.08	1.00	1.89	1.00	25
Age Based Portfolio 80 ³	0.68	0.12	0.08	1.00	1.88	1.00	25
Age Based Portfolio 70 ³	0.68	0.12	0.08	1.00	1.88	1.00	25
Age Based Portfolio 60 ³	0.65	0.12	0.08	1.00	1.85	1.00	25
Age Based Portfolio 50 ³	0.62	0.12	0.08	1.00	1.82	1.00	25
Age Based Portfolio 40 ³	0.60	0.12	0.08	1.00	1.80	1.00	25
Age Based Portfolio 30 ³	0.58	0.12	0.08	1.00	1.78	1.00	25
Age Based Portfolio 20 ³	0.55	0.12	0.08	1.00	1.75	1.00	25
Age Based Portfolio 10 ³	0.51	0.12	0.08	1.00	1.71	1.00	25
Custom Choice Portfolios							
Portfolio 100 ³	0.71	0.12	0.08	1.00	1.91	1.00	25
Portfolio 90 ³	0.69	0.12	0.08	1.00	1.89	1.00	25
Portfolio 80 ³	0.68	0.12	0.08	1.00	1.88	1.00	25
Portfolio 70 ³	0.68	0.12	0.08	1.00	1.88	1.00	25
Portfolio 60 ³	0.65	0.12	0.08	1.00	1.85	1.00	25
Portfolio 50 ³	0.62	0.12	0.08	1.00	1.82	1.00	25
Portfolio 40 ³	0.60	0.12	0.08	1.00	1.80	1.00	25
Portfolio 30 ³	0.58	0.12	0.08	1.00	1.78	1.00	25
Portfolio 20 ³	0.55	0.12	0.08	1.00	1.75	1.00	25
Portfolio 10 ³	0.51	0.12	0.08	1.00	1.71	1.00	25
Low Duration Fixed Income Portfolio ³	0.57	0.12	0.08	1.00	1.77	1.00	25
Fixed Income Portfolio ³	0.49	0.12	0.08	1.00	1.69	1.00	25
Capital Preservation Portfolio	0.01	0.12	0.08	0.50	0.71	1.00	25
Individual Fund Portfolios							
T. Rowe Price Blue Chip Growth Portfolio ³	0.78	0.12	0.08	1.00	1.98	1.00	25

Fee Structure for Class C Units

Portfolios	Annual Account-Based Fees					Additional Investor Expenses	
	Estimated Underlying Fund Expenses ¹	Program Management Fee	Board Administrative Fee	Annual Asset-Based Charge	Total Annual Asset-Based Plan Fees ²	Maximum Deferred Sales Charge ⁷	Account Fee ⁶
Global Allocation Portfolio	0.80	0.12	0.08	1.00	2.00	1.00	25
Discovery Portfolio	0.68	0.12	0.08	1.00	1.88	1.00	25
Dividend Opportunity Portfolio	0.70	0.12	0.08	1.00	1.90	1.00	25
Value Portfolio	0.52	0.12	0.08	1.00	1.72	1.00	25
Main Street Portfolio	0.50	0.12	0.08	1.00	1.70	1.00	25
Main Street Mid Cap Portfolio	0.67	0.12	0.08	1.00	1.87	1.00	25
Main Street Small Cap Portfolio	0.78	0.12	0.08	1.00	1.98	1.00	25
International Small-Mid Company Portfolio	0.97	0.12	0.08	1.00	2.17	1.00	25
Global Opportunities Portfolio	0.73	0.12	0.08	1.00	1.93	1.00	25
International Diversified Portfolio	0.89	0.12	0.08	1.00	2.09	1.00	25
International Growth Portfolio	0.70	0.12	0.08	1.00	1.90	1.00	25
Developing Markets Portfolio	0.88	0.12	0.08	1.00	2.08	1.00	25
Global Portfolio	0.70	0.12	0.08	1.00	1.90	1.00	25
Global Value Portfolio	0.86	0.12	0.08	1.00	2.06	1.00	25
Limited-Term Government Portfolio	0.48	0.12	0.08	1.00	1.68	1.00	25
Senior Floating Rate Portfolio	0.80	0.12	0.08	1.00	2.00	1.00	25
American Century Diversified Bond Portfolio ³	0.70	0.12	0.08	1.00	1.90	1.00	25
MainStay High Yield Corporate Bond Portfolio ³	0.70	0.12	0.08	1.00	1.90	1.00	25
Limited-Term Bond Portfolio	0.39	0.12	0.08	1.00	1.59	1.00	25
Total Return Bond Portfolio	0.40	0.12	0.08	1.00	1.60	1.00	25
American Century Short Duration Inflation Protection Bond Portfolio ³	0.77	0.12	0.08	1.00	1.97	1.00	25
Global Strategic Income Portfolio	0.59	0.12	0.08	1.00	1.79	1.00	25
International Bond Portfolio	0.59	0.12	0.08	1.00	1.79	1.00	25
Gold & Special Minerals Portfolio	0.73	0.12	0.08	1.00	1.93	1.00	25
Real Estate Portfolio	0.89	0.12	0.08	1.00	2.09	1.00	25
Capital Income Portfolio	0.60	0.12	0.08	1.00	1.80	1.00	25
SteelPath MLP Select 40 Portfolio	0.80	0.12	0.08	1.00	2.00	1.00	25
Institutional Government Money Market Portfolio ⁴	0.16	0.12	0.08	0.00	0.36	0.00	25

- For Portfolios that invest in more than one Underlying Investment, based on an estimated weighted average of each Underlying Investment's expense ratio, in accordance with the Portfolio's target asset allocation, as of November 30, 2017; and for Portfolios that invest in one Underlying Investment, based on the most recent expense ratio for the Underlying Investment as of November 30, 2017. Expense ratios of the Underlying Investments include acquired fund fees and expenses, if any. Underlying Investment expenses include investment advisory fees, which may be paid to the Program Manager or its affiliates, American Century, T. Rowe Price, and Mainstay, administrative and other expenses. Underlying Investment expenses may change at any time.
- Total Annual Asset-based Plan Fees are subject to change at any time and are assessed against assets over the course of the year. See "Investment Cost Chart" for the approximate cost of investing in each of the Plan's Portfolios over 1-, 3-, 5-, and 10-year periods.
- The Portfolios that invest in the funds listed below are charged additional administrative services fees listed below on the pro-rata portion of their assets that are invested in those funds. Such fees are paid to the Plan Manager or its affiliates.

	Portfolio Type	
	Age Based/Custom Choice	Individual Fund Portfolios
American Century Diversified Bond Fund	0.30%	0.30%
American Century Short Duration Inflation Protection Bond Fund	0.30%	0.30%
T. Rowe Price Blue Chip Growth Fund	0.20%	0.20%

- The Program Manager and the Board have agreed to voluntarily waive the Program Management Fee and Board Administrative Fee, respectively (but in neither case, below zero) and/or reimburse expenses to the extent necessary to assist the Institutional Government Money Market Portfolio in attempting to maintain at least a 0.00% return. There is no guarantee that the Institutional Government Money Market Portfolio will maintain this return. This undertaking may be amended or withdrawn at any time.

5. Payable at the time of the Contribution. Lower initial sales charges available for larger aggregate Contributions. Waived for certain Account Owners. A maximum contingent deferred sales charge of 1.00% may be charged, and partially waived in limited circumstances for Contributions not subject to an initial sales charge that are withdrawn, transferred or rolled over from an Account within 18 months of the Contribution. (See "Sales Charges - Class A Units" of the Plan Description for more details.)
6. A \$25 Annual Account Maintenance Fee is charged semi-annually; waived for certain Account Owners. (See "Annual Account Maintenance Fee" for more details.)
7. Payable with respect to each Contribution if you direct a withdrawal, transfer or rollover from your account within one year of a Contribution. Partially waived in limited circumstances. (See "Sales Charges - Class C Units - Contingent Deferred Sales Charge" in the Plan Description for more details.)

Other Fees and Charges

Other fees that may be charged to your Account include a returned deposit (check, AIP debit, EFT or telephone purchase) fee, a wire transfer fee, a wire transfer (international) fee, an overnight delivery fee, an overnight delivery (Saturday) fee, an overnight delivery (international) fee, a request for historical statement fee and a rollover to another Section 529 Plan or Qualified ABL Program fee. These fees and charges are subject to change without notice. For more information about these fees, please contact the Program Manager at www.scholaredge529.com or by calling **1.866.529.SAVE (1.866.529.7283)**.

Other Compensation

The Program Manager or its affiliates may receive certain payments from certain Underlying Investments or their investment managers or distributors from the Underlying Investment's, investment manager's or distributor's own resources for a variety of services with respect to Plan assets invested in the Underlying Investments. The Program Manager provides various sub-transfer agency and other related administrative services with respect to Underlying Investments positions. These services include, for example, processing purchases, redemptions, and exchanges, dividend reinvestments, consolidated statements, tax reporting, and other recordkeeping. In consideration for these services, the Program Manager or its affiliates receive compensation from the Underlying Investments or their investment managers or distributors of up to 0.30% of the average annual amount invested by the Portfolios in the Underlying Investments. These amounts are not charged to the Portfolios.

INVESTMENT COST CHART

- The following table compares the approximate cost of investing in the Plan over different periods of time. Your actual costs may be higher or lower. The examples assume:
 - A \$10,000 investment invested for the time periods shown
 - A 5% annually compounded rate of return on the amount invested throughout the time periods shown
 - The table does not consider the impact of any potential state or federal taxes on the redemption.
 - Total Annual Asset-Based Plan Fees (including the weighted average expense ratio of the Underlying Investments) remain the same as those shown on pages 37-40.
 - The \$25 Annual Maintenance Fee, which is waived in certain circumstances, is excluded from the examples of investment costs
 - Account Owner pays the applicable maximum initial sales charge (without regard to possible breakpoints) for Class A Units and any contingent deferred sales charges applicable to Class C Units invested for the applicable periods
 - The table does not consider the impact of conversions from Class C to Class A Units.

Cost of a \$10,000 Investment in each Portfolio

Portfolios	1 Year		3 Years		5 Years		10 Years	
	A	C	A	C	A	C	A	C
Age Based Portfolios								
Age Based Portfolio 100 ¹	\$465	\$196	\$708	\$606	\$969	\$1,041	\$1,717	\$2,254
Age Based Portfolio 100 (redeemed) ²	\$465	\$296	\$708	\$606	\$969	\$1,041	\$1,717	\$2,254
Age Based Portfolio 90 ¹	\$463	\$194	\$702	\$599	\$959	\$1,031	\$1,695	\$2,232
Age Based Portfolio 90 (redeemed) ²	\$463	\$294	\$702	\$599	\$959	\$1,031	\$1,695	\$2,232
Age Based Portfolio 80 ¹	\$462	\$193	\$698	\$596	\$954	\$1,026	\$1,684	\$2,221
Age Based Portfolio 80 (redeemed) ²	\$462	\$293	\$698	\$596	\$954	\$1,026	\$1,684	\$2,221
Age Based Portfolio 70 ¹	\$462	\$193	\$698	\$596	\$954	\$1,026	\$1,684	\$2,221
Age Based Portfolio 70 (redeemed) ²	\$462	\$293	\$698	\$596	\$954	\$1,026	\$1,684	\$2,221
Age Based Portfolio 60 ¹	\$459	\$190	\$689	\$587	\$938	\$1,010	\$1,650	\$2,189
Age Based Portfolio 60 (redeemed) ²	\$459	\$290	\$689	\$587	\$938	\$1,010	\$1,650	\$2,189
Age Based Portfolio 50 ¹	\$456	\$187	\$680	\$578	\$922	\$994	\$1,617	\$2,156
Age Based Portfolio 50 (redeemed) ²	\$456	\$287	\$680	\$578	\$922	\$994	\$1,617	\$2,156
Age Based Portfolio 40 ¹	\$454	\$185	\$674	\$571	\$912	\$983	\$1,594	\$2,135
Age Based Portfolio 40 (redeemed) ²	\$454	\$285	\$674	\$571	\$912	\$983	\$1,594	\$2,135

Portfolios	1 Year		3 Years		5 Years		10 Years	
	A	C	A	C	A	C	A	C
Age Based Portfolio 30 ¹	\$452	\$182	\$668	\$565	\$901	\$973	\$1,571	\$2,113
Age Based Portfolio 30 (redeemed) ²	\$452	\$282	\$668	\$565	\$901	\$973	\$1,571	\$2,113
Age Based Portfolio 20 ¹	\$449	\$179	\$659	\$556	\$886	\$957	\$1,538	\$2,080
Age Based Portfolio 20 (redeemed) ²	\$449	\$279	\$659	\$556	\$886	\$957	\$1,538	\$2,080
Age Based Portfolio 10 ¹	\$445	\$175	\$647	\$543	\$865	\$936	\$1,492	\$2,036
Age Based Portfolio 10 (redeemed) ²	\$445	\$275	\$647	\$543	\$865	\$936	\$1,492	\$2,036
Custom Choice Portfolios								
Portfolio 100 ¹	\$465	\$196	\$708	\$606	\$969	\$1,041	\$1,717	\$2,254
Portfolio 100 (redeemed) ²	\$465	\$296	\$708	\$606	\$969	\$1,041	\$1,717	\$2,254
Portfolio 90 ¹	\$463	\$194	\$702	\$599	\$959	\$1,031	\$1,695	\$2,232
Portfolio 90 (redeemed) ²	\$463	\$294	\$702	\$599	\$959	\$1,031	\$1,695	\$2,232
Portfolio 80 ¹	\$462	\$193	\$698	\$596	\$954	\$1,026	\$1,684	\$2,221
Portfolio 80 (redeemed) ²	\$462	\$293	\$698	\$596	\$954	\$1,026	\$1,684	\$2,221
Portfolio 70 ¹	\$462	\$193	\$698	\$596	\$954	\$1,026	\$1,684	\$2,221
Portfolio 70 (redeemed) ²	\$462	\$293	\$698	\$596	\$954	\$1,026	\$1,684	\$2,221
Portfolio 60 ¹	\$459	\$190	\$689	\$587	\$938	\$1,010	\$1,650	\$2,189
Portfolio 60 (redeemed) ²	\$459	\$290	\$689	\$587	\$938	\$1,010	\$1,650	\$2,189
Portfolio 50 ¹	\$456	\$187	\$680	\$578	\$922	\$994	\$1,617	\$2,156
Portfolio 50 (redeemed) ²	\$456	\$287	\$680	\$578	\$922	\$994	\$1,617	\$2,156
Portfolio 40 ¹	\$454	\$185	\$674	\$571	\$912	\$983	\$1,594	\$2,135
Portfolio 40 (redeemed) ²	\$454	\$285	\$674	\$571	\$912	\$983	\$1,594	\$2,135
Portfolio 30 ¹	\$452	\$182	\$668	\$565	\$901	\$973	\$1,571	\$2,113
Portfolio 30 (redeemed) ²	\$452	\$282	\$668	\$565	\$901	\$973	\$1,571	\$2,113
Portfolio 20 ¹	\$449	\$179	\$659	\$556	\$886	\$957	\$1,538	\$2,080
Portfolio 20 (redeemed) ²	\$449	\$279	\$659	\$556	\$886	\$957	\$1,538	\$2,080
Portfolio 10 ¹	\$445	\$175	\$647	\$543	\$865	\$936	\$1,492	\$2,036
Portfolio 10 (redeemed) ²	\$445	\$275	\$647	\$543	\$865	\$936	\$1,492	\$2,036
Low Duration Fixed Income Portfolio ¹	\$451	\$181	\$665	\$562	\$896	\$968	\$1,560	\$2,102
Low Duration Fixed Income Portfolio (redeemed) ²	\$451	\$281	\$665	\$562	\$896	\$968	\$1,560	\$2,102
Fixed Income Portfolio ¹	\$443	\$173	\$640	\$537	\$854	\$925	\$1,469	\$2,014
Fixed Income Portfolio (redeemed) ²	\$443	\$273	\$640	\$537	\$854	\$925	\$1,469	\$2,014
Capital Preservation Portfolio ¹	\$396	\$73	\$493	\$228	\$599	\$396	\$910	\$886
Capital Preservation Portfolio (redeemed) ²	\$396	\$173	\$493	\$228	\$599	\$396	\$910	\$886
Individual Fund Portfolios								
T. Rowe Price Blue Chip Growth Portfolio ¹	\$472	\$203	\$729	\$627	\$1,006	\$1,078	\$1,795	\$2,329
T. Rowe Price Blue Chip Growth Portfolio (redeemed) ²	\$472	\$303	\$729	\$627	\$1,006	\$1,078	\$1,795	\$2,329
Global Allocation Portfolio ¹	\$474	\$205	\$735	\$634	\$1,016	\$1,088	\$1,817	\$2,350
Global Allocation Portfolio (redeemed) ²	\$474	\$305	\$735	\$634	\$1,016	\$1,088	\$1,817	\$2,350
Discovery Portfolio ¹	\$462	\$193	\$698	\$596	\$954	\$1,026	\$1,684	\$2,221
Discovery Portfolio (redeemed) ²	\$462	\$293	\$698	\$596	\$954	\$1,026	\$1,684	\$2,221
Dividend Opportunity Portfolio ¹	\$464	\$195	\$705	\$603	\$964	\$1,036	\$1,706	\$2,243
Dividend Opportunity Portfolio (redeemed) ²	\$464	\$295	\$705	\$603	\$964	\$1,036	\$1,706	\$2,243
Value Portfolio ¹	\$446	\$176	\$650	\$546	\$870	\$941	\$1,504	\$2,047
Value Portfolio (redeemed) ²	\$446	\$276	\$650	\$546	\$870	\$941	\$1,504	\$2,047
Main Street Portfolio ¹	\$444	\$174	\$643	\$540	\$859	\$931	\$1,481	\$2,025
Main Street Portfolio (redeemed) ²	\$444	\$274	\$643	\$540	\$859	\$931	\$1,481	\$2,025
Main Street Mid Cap Portfolio ¹	\$461	\$192	\$695	\$593	\$949	\$1,020	\$1,673	\$2,211
Main Street Mid Cap Portfolio (redeemed) ²	\$461	\$292	\$695	\$593	\$949	\$1,020	\$1,673	\$2,211
Main Street Small Cap Portfolio ¹	\$472	\$203	\$729	\$627	\$1,006	\$1,078	\$1,795	\$2,329
Main Street Small Cap Portfolio (redeemed) ²	\$472	\$303	\$729	\$627	\$1,006	\$1,078	\$1,795	\$2,329
International Small-Mid Company Portfolio ¹	\$490	\$222	\$787	\$686	\$1,104	\$1,177	\$2,004	\$2,530
International Small-Mid Company Portfolio (redeemed) ²	\$490	\$322	\$787	\$686	\$1,104	\$1,177	\$2,004	\$2,530
Global Opportunities Portfolio ¹	\$467	\$198	\$714	\$612	\$980	\$1,052	\$1,740	\$2,275
Global Opportunities Portfolio (redeemed) ²	\$467	\$298	\$714	\$612	\$980	\$1,052	\$1,740	\$2,275

Portfolios	1 Year		3 Years		5 Years		10 Years	
	A	C	A	C	A	C	A	C
International Diversified Portfolio ¹	\$483	\$214	\$762	\$662	\$1,063	\$1,135	\$1,916	\$2,446
International Diversified Portfolio (redeemed) ²	\$483	\$314	\$762	\$662	\$1,063	\$1,135	\$1,916	\$2,446
International Growth Portfolio ¹	\$464	\$195	\$705	\$603	\$964	\$1,036	\$1,706	\$2,243
International Growth Portfolio (redeemed) ²	\$464	\$295	\$705	\$603	\$964	\$1,036	\$1,706	\$2,243
Developing Markets Portfolio ¹	\$482	\$213	\$759	\$658	\$1,058	\$1,130	\$1,905	\$2,435
Developing Markets Portfolio (redeemed) ²	\$482	\$313	\$759	\$658	\$1,058	\$1,130	\$1,905	\$2,435
Global Portfolio ¹	\$464	\$195	\$705	\$603	\$964	\$1,036	\$1,706	\$2,243
Global Portfolio (redeemed) ²	\$464	\$295	\$705	\$603	\$964	\$1,036	\$1,706	\$2,243
Global Value Portfolio ¹	\$480	\$211	\$753	\$652	\$1,048	\$1,120	\$1,884	\$2,414
Global Value Portfolio (redeemed) ²	\$480	\$311	\$753	\$652	\$1,048	\$1,120	\$1,884	\$2,414
Limited-Term Government Portfolio ¹	\$318	\$172	\$516	\$534	\$730	\$920	\$1,347	\$2,003
Limited-Term Government Portfolio (redeemed) ²	\$318	\$272	\$516	\$534	\$730	\$920	\$1,347	\$2,003
Senior Floating Rate Portfolio ¹	\$474	\$205	\$735	\$634	\$1,016	\$1,088	\$1,817	\$2,350
Senior Floating Rate Portfolio (redeemed) ²	\$474	\$305	\$735	\$634	\$1,016	\$1,088	\$1,817	\$2,350
American Century Diversified Bond Portfolio ¹	\$464	\$195	\$705	\$603	\$964	\$1,036	\$1,706	\$2,243
American Century Diversified Bond Portfolio (redeemed) ²	\$464	\$295	\$705	\$603	\$964	\$1,036	\$1,706	\$2,243
MainStay High Yield Corporate Bond Portfolio ¹	\$464	\$195	\$705	\$603	\$964	\$1,036	\$1,706	\$2,243
MainStay High Yield Corporate Bond Portfolio (redeemed) ²	\$464	\$295	\$705	\$603	\$964	\$1,036	\$1,706	\$2,243
Limited-Term Bond Portfolio ¹	\$309	\$163	\$488	\$506	\$682	\$872	\$1,243	\$1,904
Limited-Term Bond Portfolio (redeemed) ²	\$309	\$263	\$488	\$506	\$682	\$872	\$1,243	\$1,904
Total Return Bond Portfolio ¹	\$434	\$164	\$613	\$509	\$807	\$878	\$1,366	\$1,915
Total Return Bond Portfolio (redeemed) ²	\$434	\$264	\$613	\$509	\$807	\$878	\$1,366	\$1,915
American Century Short Duration Inflation Protection Bond Portfolio ¹	\$471	\$202	\$726	\$624	\$1,001	\$1,073	\$1,784	\$2,318
American Century Short Duration Inflation Protection Bond Portfolio (redeemed) ²	\$471	\$302	\$726	\$624	\$1,001	\$1,073	\$1,784	\$2,318
Global Strategic Income Portfolio ¹	\$453	\$183	\$671	\$568	\$907	\$978	\$1,583	\$2,124
Global Strategic Income Portfolio (redeemed) ²	\$453	\$283	\$671	\$568	\$907	\$978	\$1,583	\$2,124
International Bond Portfolio ¹	\$453	\$183	\$671	\$568	\$907	\$978	\$1,583	\$2,124
International Bond Portfolio (redeemed) ²	\$453	\$283	\$671	\$568	\$907	\$978	\$1,583	\$2,124
Gold & Special Minerals Portfolio ¹	\$467	\$198	\$714	\$612	\$980	\$1,052	\$1,740	\$2,275
Gold & Special Minerals Portfolio (redeemed) ²	\$467	\$298	\$714	\$612	\$980	\$1,052	\$1,740	\$2,275
Real Estate Portfolio ¹	\$483	\$214	\$762	\$662	\$1,063	\$1,135	\$1,916	\$2,446
Real Estate Portfolio (redeemed) ²	\$483	\$314	\$762	\$662	\$1,063	\$1,135	\$1,916	\$2,446
Capital Income Portfolio ¹	\$454	\$185	\$674	\$571	\$912	\$983	\$1,594	\$2,135
Capital Income Portfolio (redeemed) ²	\$454	\$285	\$674	\$571	\$912	\$983	\$1,594	\$2,135
SteelPath MLP Select 40 Portfolio ¹	\$474	\$205	\$735	\$634	\$1,016	\$1,088	\$1,817	\$2,350
SteelPath MLP Select 40 Portfolio (redeemed) ²	\$474	\$305	\$735	\$634	\$1,016	\$1,088	\$1,817	\$2,350
Institutional Government Money Market Portfolio ¹	\$37	\$37	\$116	\$116	\$202	\$202	\$456	\$456
Institutional Government Money Market Portfolio (redeemed) ²	\$37	\$37	\$116	\$116	\$202	\$202	\$456	\$456

1. Assumes no redemption at the end of the period.

2. Assumes redemption at the end of the period.

CHANGING THE DESIGNATED BENEFICIARY

Section 529 of the Code generally allows for changes of the Designated Beneficiary without federal income tax consequences, as long as the new Designated Beneficiary is a Member of the Family of the current Designated Beneficiary. Special rules apply to Accounts established by UGMA/UTMA custodians. In addition, Section 529 provides that no federal gift tax or GST tax will result provided the new Designated Beneficiary is a Member of the Family of the current Designated Beneficiary and is assigned to the same generation as or a higher generation than the current Designated Beneficiary. If the new Designated Beneficiary is assigned to a lower generation than the old Designated Beneficiary, the proposed regulations under Section 529 provide that the change will be treated as a taxable gift from the old Designated Beneficiary to the new Designated Beneficiary. If the new Designated Beneficiary is assigned to a generation which is two or more levels lower than the old Designated Beneficiary, the proposed regulations provide that the change will be subject to GST tax. Any change of the Designated Beneficiary to a person who is not a Member of the Family of the current Designated Beneficiary will be treated as a Nonqualified Withdrawal subject to applicable federal and state income taxes as well as the additional 10% federal tax on earnings (discussed on page 45) and the recapture of all previous New Mexico tax deductions taken for Contributions

to the Account (discussed on page 45), followed by a new Contribution for the new Designated Beneficiary for federal gift and GST tax purposes. **The Plan does not permit a change of the Designated Beneficiary to a person who is not a Member of the Family of the current Designated Beneficiary.**

To initiate a change of Designated Beneficiary, the Account Owner must complete and submit an Account Maintenance Form (and any additional required documentation) to the financial advisor through whom the Account is opened who will forward the documents to the Program Manager. The change will be made upon the Program Manager's acceptance of a properly completed form. There is no fee or charge for changing a Designated Beneficiary.

An Account Owner may choose to reinvest amounts currently held in an Account to any of the available Portfolio(s) when changing the Designated Beneficiary for an Account. Account Owners who have chosen the Age Based Approach should note that the Program Manager will change the particular Portfolio the Account is invested in upon a change in the Designated Beneficiary unless the new Designated Beneficiary is in the same age bracket as the original Designated Beneficiary. This Portfolio change will be made by the Program Manager so that the Portfolio is appropriate for the age of the new Designated Beneficiary.

Member of the Family

For purposes of changing the Designated Beneficiary, the definition of a "Member of the Family" of the Designated Beneficiary is:

- a son or daughter, or a descendant of either
- a stepson or stepdaughter
- a brother, sister, stepbrother or stepsister
- the father or mother, or an ancestor of either
- a stepfather or stepmother
- a son or daughter of a brother or sister
- brother or sister of the father or mother
- a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law or sister-in-law
- the spouse of the Designated Beneficiary or any of the foregoing individuals or
- a first cousin

For purposes of determining who is a "Member of the Family," a legally adopted child of an individual shall be treated as the child of such individual by blood. The terms "brother" and "sister" include half-brothers and half-sisters.

If a change in Designated Beneficiary would cause a violation of the Maximum Account Balance (as discussed on page 14) with respect to the new Designated Beneficiary, the change will not be permitted.

WITHDRAWALS

Account Owners may make withdrawals from their Accounts or terminate their participation in the Plan at any time by notifying the Program Manager at **www.scholarsedge529.com** or by calling **1.866.529.SAVE (1.866.529.7283)** or the financial advisor through whom the Account is opened, although by federal law the earnings portion of Nonqualified Withdrawals will be subject to an additional 10% federal tax on earnings (discussed on page 45), in addition to federal and any applicable state taxes and any applicable contingent deferred sales charges that may otherwise be due.

Nonqualified Withdrawals are subject to the recapture of all previous New Mexico tax deductions taken for Contributions (discussed on page 45). In the event of a withdrawal or termination, the net asset value of the withdrawal is calculated at the next close of business of the NYSE after the Program Manager's receipt of a written request received in good order.

Procedures for Withdrawals

You may request a withdrawal from your Account by completing and submitting the appropriate form available from the Program Distributor at **www.scholarsedge529.com** or by calling **1.866.529.SAVE (1.866.529.7283)**. However, the Plan reserves the right, subject to applicable law, to prohibit withdrawals of those funds (or their equivalent) for up to 10 calendar days. Distributions from the Plan will not be processed without valid TINs.

Payments upon withdrawal will generally be made to the Account Owner or the Designated Beneficiary or Eligible Educational Institution (if designated by the Account Owner) in the form of a check mailed promptly following the receipt of redemption proceeds by the Trust from the Underlying Investments. (See "WITHDRAWALS—Qualified Withdrawals" on page 44 for details). Checks will be sent only to the address of record of the Account Owner or Designated Beneficiary (if designated by the Account Owner), except in the case of direct payment by the Trust to an Eligible Educational Institution.

If any withdrawal check is returned as undeliverable, efforts will be made to locate the Account Owner or Designated Beneficiary based on information available to the Trust.

A signature guarantee may be required for all withdrawal requests above \$100,000. You can obtain a signature guarantee from a bank, securities dealer, securities Broker, credit union, savings and loan association, national securities exchange or registered securities association. A notary public seal will not be acceptable.

Systematic Withdrawal Feature

The Plan permits Account Owners to make systematic withdrawals from their Account(s). An Account Owner must have at least \$1,000 invested in the originating Portfolio from which a systematic withdrawal is to be made at the time of the withdrawal. If the Unit class from which the withdrawal will be made is subject to a contingent deferred sales charge at the time of the systematic withdrawal, the Plan will waive the contingent deferred sales charge on 10% of such units that are subject to a contingent deferred sales charge.

Qualified Withdrawals

In general, a Qualified Withdrawal is any distribution that is used to pay for the Qualified Higher Education Expenses of a Designated Beneficiary. If a Designated Beneficiary or an Account Owner receives a refund from an Eligible Educational Institution, or otherwise, of amounts paid from an Account, any such refund will generally be a Nonqualified Withdrawal unless: (i) it is used for the Designated Beneficiary's Qualified Higher Education Expenses in the same taxable year; (ii) the refunded amount is rolled over to an Account for another Designated Beneficiary who is a member of the family of the original Designated Beneficiary within 60 days of the withdrawal, or to an account in another Section 529 Plan in accordance with Section 529 of the Code; or (iii) it satisfies the conditions required for a recontribution described below.

If a withdrawal is made to pay for Qualified Higher Education Expenses for a Designated Beneficiary and the Designated Beneficiary receives a refund from the Eligible Educational Institution, the amount withdrawn will not be treated as a Nonqualified Withdrawal to the extent that amounts are recontributed to a Section 529 plan account for that Designated Beneficiary no more than 60 days after the date of the refund and the recontributed amount does not exceed the amount of the refund. The Account Owner is responsible for identifying to the Program Manager any contribution to an Account that qualifies for the treatment described in this paragraph and for certifying to the Program Manager that the conditions for such treatment have been satisfied.

Procedures for Qualified Withdrawals

To make a Qualified Withdrawal from an Account, the Account Owner must complete and submit a Withdrawal Request Form to his or her financial advisor or the Program Manager by mail or via the internet at www.scholarsedge529.com or by calling **1.866.529.SAVE (1.866.529.7283)**.

You may request a withdrawal at any time (subject to a 5 business day hold following each Contribution). A separate withdrawal form must be submitted for each withdrawal.

At the Account Owner's request, Qualified Withdrawals may be paid to the Account Owner, the Designated Beneficiary or an Eligible Educational Institution or other ways as determined by the Board. Under the Plan, at the direction of the Account Owner, Qualified Withdrawals may be paid in one of three ways: (1) directly to the Eligible Educational Institution; (2) directly to the Account Owner or Designated Beneficiary if the Account Owner or Designated Beneficiary has paid the Qualified Higher Education Expenses and is seeking reimbursement; or (3) directly to the Account Owner or Designated Beneficiary in expectation of payment of Qualified Higher Education Expenses by the Account Owner or Designated Beneficiary.

Please contact your financial professional when you are ready to request a Qualified Withdrawal and to make arrangements for how it will be paid.

Qualified Higher Education Expenses

Qualified Higher Education Expenses currently include tuition, fees, books, supplies and equipment required for the enrollment or attendance of a Designated Beneficiary at an Eligible Educational Institution, as well as expenses for special needs services in the case of a special needs Designated Beneficiary who incurs such expenses in connection with enrollment or attendance at an Eligible Educational Institution. Also included is an amount for the room and board incurred by a Designated Beneficiary while attending an Eligible Educational Institution at least half-time. The limit for annual room and board expense for on and off campus housing is the allowance included in the "cost of attendance" at the Eligible Educational Institution, or, if greater, the actual amount charged by the Eligible Educational Institution for room and board costs for the applicable period.

Designated Beneficiaries will be considered to be enrolled at least half-time if they are enrolled for at least half the full-time academic workload for the course of study being pursued as determined under the standards of the Eligible Educational Institution where they are enrolled. The institution's standard for a full-time workload must equal or exceed a standard established by the United States Department of Education under the Higher Education Act of 1965, as in effect on June 7, 2001. A Designated Beneficiary need not be enrolled at least half-time to use a Qualified Withdrawal to pay for expenses relating to tuition, fees, books, supplies, equipment and special needs services.

Qualified Higher Education Expenses also include expenses for the purchase of computer and any related peripheral equipment, computer software, or Internet access and related services, if such equipment, software, or services are to be used primarily by the Designated Beneficiary during any of the years the Designated Beneficiary is enrolled at an Eligible Educational Institution regardless of whether such technology or equipment is required by the Eligible Educational Institution. Computer software means any program designed to cause a computer to perform a desired function. Such term does not include any database or similar item unless the database or item is in the public domain and is incidental to the operation of otherwise qualifying computer software. Computer software designed for sports, games, or hobbies is not included unless this software is predominantly educational in nature.

As a result of federal tax law changes signed into law on December 22, 2017, the definition of Qualified Higher Education Expenses has been expanded to include tuition expenses for K-12 Schools. K-12 Schools are elementary or secondary public, private, or religious schools. Effective January 1, 2018, this expansion of Qualified Higher Education Expenses permits Account owners to withdraw up to \$10,000 for tuition expenses from a 529 college savings account for K-12 Schools free of federal income taxes. This limitation applies on a per-student basis, rather than a per-account basis. Although an individual may be the designated beneficiary of multiple accounts, that individual may receive a maximum of \$10,000 in distributions free of federal tax, regardless of whether the funds are distributed from multiple accounts. Before using the Plan to save for tuition expenses at K-12 Schools, or making withdrawals from the Plan for tuition expenses at K-12 Schools, Account Owners should consider that the Investment Portfolios within the Plan were designed for college savers (e.g., persons saving for undergraduate and graduate school) not saving for tuition expenses at K-12 Schools, and therefore Account Owners should take into account their investment horizon before making contributions to the Plan

Under current New Mexico tax law, contributions to the New Mexico 529 plans by a New Mexico individual taxpayer may be deducted for New Mexico individual income tax purposes. In certain circumstances, the amounts deducted may be recaptured in subsequent years. Despite the new federal law changes for tuition expenses for K-12 Schools, it is possible that such K-12 tuition expenses will not constitute Qualified Higher Education Expenses under the New Mexico tax code, thereby resulting in a recapture of any deduction related to amounts distributed for such K-12 tuition expenses. In addition, 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 making withdrawals from a New Mexico 529 plan for K-12 tuition expenses or transferring funds from a New Mexico 529 Plan to a Qualified ABLE Program.

As of the date of this Plan Description, the IRS has not issued regulations on the recent tax law changes. Therefore, the information presented is based on a good faith interpretation of the statutory language. If, and when, material updates become available we will update the Plan's website and this Plan Description. The Account Owner, not the Plan or the Program Manager, will be responsible for any losses or taxes arising from the use of the Plan for tuition expenses at K-12 Schools. Please consult with your tax advisor for more information.

The definition of Qualified Higher Education Expenses may change from time to time if there are changes in the Code or in regulations or regulatory interpretations under the Code. Please contact your legal or tax advisor to determine whether particular expenses are Qualified Higher Education Expenses.

Eligible Educational Institution

Generally, Eligible Educational Institution include accredited post-secondary educational institutions offering credit toward an associate's degree, a bachelor's degree, a graduate level or professional degree, or another recognized post-secondary credential, and certain post-secondary vocational and proprietary institutions. Such institutions must be eligible to participate in United States Department of Education student financial aid programs. The definition of an Eligible Educational Institution may change from time to time if there are changes in the Code or in regulations or regulatory interpretations under the Code. Please contact your legal or tax advisor to determine whether a particular institution is an Eligible Educational Institution.

Education Credits

The use of a Hope Scholarship tax credit (also known as the American Opportunity tax credit for 2012) or Lifetime Learning tax credit (together, "Education Tax Credits") by an Account Owner or Designated Beneficiary will not affect receipt of benefits from an Account as long as any Qualified Withdrawal from the Account is not used for the same expenses for which the Education Tax Credit was claimed.

Nonqualified Withdrawals

A rollover or transfer to any Account for a Designated Beneficiary who is not a "Member of the Family" of the current Designated Beneficiary will be deemed to be a Nonqualified Withdrawal followed by a new Contribution for the new Designated Beneficiary for federal gift and other tax purposes.

In accordance with Section 529 of the Code, the earnings portion of Nonqualified Withdrawals is treated as income to the distributee and is subject to federal and applicable state income tax as well as an additional 10% federal tax on earnings. For these purposes, the distributee is considered to be the Designated Beneficiary, if the withdrawal is paid to the Designated Beneficiary or to an Eligible Educational Institution on behalf of the Designated Beneficiary, or in all other cases, the Account Owner. Nonqualified Withdrawals are subject to the recapture of all previous New Mexico tax deductions taken for Contributions to the Account. Although the Program Manager, on behalf of the Board, will report the earnings portion of all distributions as required under federal tax law, it is the responsibility of the Account Owner to determine whether the withdrawal is qualified and to calculate and report any resulting tax liability.

Procedures for Nonqualified Withdrawals

To make a Nonqualified Withdrawal from an Account, the Account Owner must complete and submit a Withdrawal Request Form (and any additional required documentation) to his or her financial advisor or the Program Manager by mail or via the internet at www.scholarsedge529.com or by calling **1.866.529.SAVE (1.866.529.7283)**. Upon acceptance of a properly

completed Withdrawal Request Form, the Program Manager will generally process the withdrawal within 3 business days of its acceptance of the request. Payment of the withdrawal may be made by check or by through automated clearing house transfer.

You may request a withdrawal at any time (subject to a 5 business day hold following each Contribution). A separate withdrawal form must be submitted for each withdrawal.

Other Withdrawals

Death of Designated Beneficiary

In the event of the death of the Designated Beneficiary, the Account Owner may authorize a change in the Designated Beneficiary for the Account or request a withdrawal of all or a portion of the Account balance. A distribution on account of the death of the Designated Beneficiary if paid to the estate of the Designated Beneficiary will not be subject to the additional 10% federal tax on earnings, but earnings will be subject to federal and any applicable state income tax. A withdrawal of amounts in the Account, if not paid to the Designated Beneficiary's estate, may constitute a Nonqualified Withdrawal, subject to applicable federal and state income taxes at the distributee's tax rate, the additional 10% federal tax on earnings and the recapture of all previous New Mexico tax deductions taken for Contributions related to Nonqualified Withdrawals. Special rules apply to Accounts established by UGMA/UTMA custodians.

Disability of Designated Beneficiary

If the Designated Beneficiary becomes disabled within the meaning of Section 72(m)(7) of the Code, the Account Owner may authorize a change in the Designated Beneficiary for the Account or request a withdrawal of all or a portion of the Account balance. A distribution on account of the disability of the Designated Beneficiary will not be subject to the additional 10% federal tax on earnings, but earnings will be subject to federal and any applicable state income tax at the distributee's tax rate. Special rules apply to Accounts established by UGMA/UTMA custodians.

Receipt of Scholarship

If the Designated Beneficiary receives a qualified scholarship, Account assets up to the amount of the scholarship may be withdrawn without imposition of the additional 10% federal tax on earnings. Special rules apply to Accounts established by UGMA/UTMA custodians. 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 the withdrawal is subject to federal and any applicable state income tax at the distributee's tax rate.

Appointment at Certain Specified Military Academies

If the Designated Beneficiary attends the United States Military Academy, the United States Naval Academy, the United States Air Force Academy, the United States Coast Guard Academy, or the United States Merchant Marine Academy, the Account Owner may withdraw an amount up to an amount equal to the costs of advanced education attributable to the Designated Beneficiary's attendance at the institution without incurring the additional 10% federal tax on earnings. The earnings portion of the withdrawal is subject to federal and any applicable state income tax at the distributee's tax rate.

Use of Education Tax Credits

Taxpayers paying Qualified Higher Education Expenses from an Account will not be able to claim Education Tax Credits for the same expenses. Furthermore, expenses used in determining the allowed Education Tax Credits will reduce the amount of a Designated Beneficiary's Qualified Higher Education Expenses to be paid from an Account as a Qualified Withdrawal and may result in taxable withdrawals. Such withdrawals will not be subject to the additional 10% federal tax on earnings.

Rollover Distributions to Another State's Section 529 Plan or a Qualified ABLE Program

An Account Owner may roll over all or part of the balance of an Account to another state's Section 529 Plan or to a Qualified ABLE Program without adverse federal tax consequences so long as the amount withdrawn is transferred to the other plan account within 60 days of the withdrawal, and the beneficiary of the new account is (1) a Member of the Family of the Designated Beneficiary of the originating Account or (2) the same Designated Beneficiary as for the originating Account, and in the case of a Section 529 Plan, provided no other transfers have occurred with respect to that Designated Beneficiary within the immediately preceding 12-month period. (See "TAX TREATMENT OF INVESTMENTS AND WITHDRAWALS—Rollovers between Section 529 Plans and to a Qualified ABLE Program" on page 49 for details.) In certain cases, at the Account Owner's direction, the Plan may directly transfer a Rollover Distribution to another Account or another state's Section 529 plan or a Qualified ABLE Program. Special rules apply to Accounts established by UGMA/UTMA custodians.

All previous New Mexico tax deductions taken relating to amounts rolled over to another Section 529 Plan may be included in gross income for New Mexico taxpayers.

Exchanges to Another Plan Within the New Mexico 529 Program

A transfer between the Plan and another plan within the New Mexico 529 Program is treated as an investment reallocation, which is allowed twice per calendar year, or upon a change in Designated Beneficiary.

Records Retention

You and/or the Designated Beneficiary should obtain and retain records, receipts, invoices or other documentation that is adequate to substantiate: (i) expenses which you claim are Qualified Higher Education Expenses; (ii) the death or qualified disability of the Designated Beneficiary; (iii) the receipt by the Designated Beneficiary of a qualified scholarship; (iv) the appointment of the Designated Beneficiary to certain specified military academies; (v) the use of Education Tax Credits; and (vi) that you are entitled to favorable state tax treatment. The Plan is not responsible for determining whether a withdrawal is a Qualified Withdrawal or Nonqualified Withdrawal.

RESIDUAL ACCOUNT BALANCES

If the Designated Beneficiary no longer needs funds for current Qualified Higher Education Expenses, the Account Owner may:

- Request that any remaining funds (including earnings) be paid to the Account Owner or another distributee as described above in “WITHDRAWALS – Procedures for Withdrawals” on page 43, and treated as a Nonqualified Withdrawal. Earnings will be subject to any federal and applicable state income tax and an additional 10% federal tax.
- Authorize a change of Designated Beneficiary for the Account to a “Member of the Family” of the current Designated Beneficiary. Special rules apply to Accounts established by UGMA/UTMA custodians (See “CHANGING THE DESIGNATED BENEFICIARY” on page 42 for details.).
- Keep the funds in the Account to pay future Qualified Higher Education Expenses (such as graduate or professional school expenses) of the Designated Beneficiary.

TAX TREATMENT OF INVESTMENTS AND WITHDRAWALS

This discussion was written to support the promotion or marketing of the transactions or matters addressed herein. It is not intended or written to be used, and it cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on a taxpayer. A taxpayer should seek advice based on the taxpayer’s particular circumstances from an independent tax advisor.

General

The following section is a summary of certain aspects of federal and state income tax and estate, gift and GST taxation of Contributions to and withdrawals from Section 529 Plans. Any tax and legal information in the Plan Description is merely a summary of our understanding and interpretation of some of the current tax rules and guidance and is not exhaustive. Account Owners must consult their tax advisors or legal counsel for advice and information concerning their particular situations. None of the Program Parties or any of their respective representatives may give legal or tax advice.

The tax and legal description contained herein is based on relevant provisions of the Code, regulations proposed under Section 529, IRS notices, IRS rulings, legislative history and interpretations of applicable federal and New Mexico law existing on the date of this Plan Description. It is possible that Congress, the Treasury Department, the IRS or the courts may take action that will affect Section 529 and the proposed regulations thereunder. Because the proposed regulations do not reflect changes made to Section 529 after their promulgation or interpretations of Section 529 reflected in published guidance from the IRS, it is likely that the final regulations, when issued, will differ significantly from the proposed regulations. (See “PLAN AND PORTFOLIO RISKS—Plan Risks—Status of Federal and State Law and Regulations Governing the Plan” on page 51 for details.) Account Owners should consult a qualified tax advisor about the applicability of such changes to their Accounts. State legislation may also affect the state tax treatment of the Plan and Account Owners and Designated Beneficiaries.

In 2008, the IRS issued an Advance Notice of Proposed Rulemaking (the “Notice”), which detailed issues on which the IRS intended to issue new proposed regulations under Section 529 of the Code (the “Proposed Regulations”), including an anti-abuse rule intended to deny the favorable federal tax treatment provided by Section 529 to the extent that transactions involving an account were inconsistent with the education-savings purpose of Section 529 (for example, use of an account to avoid gift or generation-skipping transfer taxes, as a retirement plan, or for other purposes inconsistent with the intent of Section 529). The Notice also indicated that the Proposed Regulations would change certain of the tax consequences described in this Plan Description and that the anti-abuse rule might be applied retroactively. However, the Proposed Regulations have still not been issued, and when and whether these provisions become applicable is uncertain. The following discussion relates to current law and does not further discuss the Notice or the Proposed Regulations.

As a result of federal tax law changes signed into law on December 22, 2017, the definition of Qualified Higher Education Expenses has been expanded to include tuition expenses for K-12 Schools. K-12 Schools are elementary or secondary public, private, or religious schools. Effective January 1, 2018, this expansion of Qualified Higher Education Expenses, permits Account owners to withdraw up to \$10,000 for tuition expenses from a 529 college savings account for K-12 Schools free of federal income taxes. This limitation applies on a per-student basis, rather than a per-account basis. Although an individual may be the designated beneficiary of multiple accounts, that individual may receive a maximum of \$10,000 in distributions free of federal tax, regardless of whether the funds are distributed from multiple accounts. Before using the Plan to save for tuition expenses at K-12 Schools, or making withdrawals from the Plan for tuition expenses at K-12 Schools, Account Owners should consider that the Investment Portfolios within the Plan were designed for college savers (e.g., persons saving for undergraduate and graduate school) not saving for tuition expenses at K-12 Schools, and therefore Account Owners should take into account their investment horizon before making contributions to the Plan.

Under current New Mexico tax law, contributions to the New Mexico 529 plans by a New Mexico individual taxpayer may be deducted for New Mexico individual income tax purposes. In certain circumstances, the amounts deducted may be recaptured in subsequent years. Despite the new federal law changes for tuition expenses for K-12 Schools, it is possible that such K-12 tuition expenses will not constitute Qualified Higher Education Expenses under the New Mexico tax code, thereby resulting in a recapture of any deduction related to amounts distributed for such K-12 tuition expenses. In addition, 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 making withdrawals from a New Mexico 529 plan for K-12 tuition expenses or transferring funds from a New Mexico 529 Plan to a Qualified ABLE Program.

The recent federal tax law changes also permit transfers from a 529 account to an account in a Qualified ABLE Program made before January 1, 2026, without subjecting the transferred amount to federal income tax on earnings, provided certain conditions are met. ABLE accounts are subject to an annual contribution limit (currently \$15,000). Transfers from a 529 account that cause the ABLE account to exceed the \$15,000 limit will be subject to federal tax. This provision applies to 529 to ABLE transfers made after December 22, 2017.

As of the date of this Plan Description, the IRS has not issued regulations on the recent tax law changes. Therefore, the information presented is based on a good faith interpretation of the statutory language. If, and when, material updates become available we will update the Plan's website and this Plan Description. The Account Owner, not the Plan or the Program Manager, will be responsible for any losses or taxes arising from the use of the Plan for tuition expenses at K-12 Schools. Please consult with your tax advisor for more information. New Mexico state laws and the federal tax laws are subject to change, and none of The Education Trust Board of New Mexico ("Board" or, when applicable, the "Trustee"), the Trust, OFI Private Investments Inc., a subsidiary of OppenheimerFunds, Inc. (the "Program Manager") or its affiliates makes any representations that such state laws or federal tax laws will not be changed or repealed.

Federal Taxation of Contributions to and Withdrawals from Section 529 Plans

Contributions to Section 529 Plans are not deductible for federal income tax purposes. However, any earnings on Contributions are generally not subject to federal income tax until assets are withdrawn. Qualified Withdrawals may be made federal income tax free. The earnings portion of Nonqualified Withdrawals from Section 529 Plans will be subject to federal and any applicable state income tax, including an additional 10% federal tax.

There are five types of withdrawals not subject to the additional 10% federal tax on earnings required under Section 529: (i) withdrawals due to the Designated Beneficiary's death (if paid to the Designated Beneficiary's estate) or disability (as defined in Section 72(m)(7) of the Code); (ii) withdrawals due to a scholarship received by the Designated Beneficiary (to the extent the withdrawal does not exceed the amount of the scholarship); (iii) withdrawals made on account of the Designated Beneficiary's attendance at certain specified military academies (up to the costs of advanced education as defined by section 2005(e) of Title 10 of the Code); (iv) withdrawals used to pay expenses that would be Qualified Higher Education Expenses but for the use of Education Tax Credits by the Designated Beneficiary; and (v) qualified rollovers. (See "Rollovers Between Section 529 Plans and to a Qualified ABLE Program" on page 49 for more details.)

The Program Manager will issue an IRS Form 1099-Q in the event of a withdrawal from or trustee-to-trustee rollover from an Account. This form sets forth the total amount of the withdrawal and identifies the earnings portion and the Contribution portion of any such withdrawal. All Accounts for the benefit of a single Beneficiary and having the same Account Owner, including any accounts in other New Mexico Section 529 plans, will be treated as a single account for purposes of calculating the earnings portion of each withdrawal. Thus, if more than one Account is established for a Beneficiary that has the same Account Owner and a Non-Qualified Withdrawal is made from one or more Accounts, the amount to be included in taxable income must be calculated based on the earnings portion of all Accounts. Thus, the amount withdrawn from an Account may carry with it a greater or lesser amount of income than the earnings portion of that Account alone, depending on the earnings portion of other accounts for that Beneficiary. In the case of a Non-Qualified Withdrawal or other taxable distribution, this aggregation rule may result in an Account Owner being taxed upon more or less income than that directly attributable to the earnings portion of the Account from which the withdrawal was made. It is the responsibility of the recipient of the 1099-Q to determine whether a withdrawal is a Qualified Withdrawal or a Non-Qualified Withdrawal and whether any income tax, the 10% additional federal tax and/or the recapture of any previous New Mexico tax deductions may apply.

Recent amendments to Section 529 of the Code have impacted the aggregation requirements applicable to Section 529 plan accounts for purposes of calculating the earnings portion of withdrawals made from such accounts after December 31, 2014. Although the implementation of these amendments is not entirely certain, the earnings portion of any Non-Qualified Withdrawal or other taxable distribution will be continue to be calculated as described above. Implementation of the new aggregation requirements is subject to such future guidance as may be issued by the IRS. In the event that future IRS guidance conflicts with the implementation of the aggregation requirements as described above, there may be a need for the Program Manager to issue amended Form 1099-Qs to recipients of such forms.

Rollovers Between Section 529 Plans and to a Qualified ABLE Program

An Account Owner may roll over all or part of the balance of an account to another state's Section 529 Plan, or to a Qualified ABLE Program made before January 1, 2026, that accepts rollovers without subjecting the rollover amount to the federal income tax on earnings provided certain conditions are met. To do this, the amount withdrawn must be transferred directly to the other Section 529 Plan or Qualified ABLE Program, or placed in the other plan within 60 days of the withdrawal. The Account Owner must provide any information or documentation required by the other Section 529 Plan or Qualified ABLE Program. In general, the amount rolled over must be placed in either an account for a different Designated Beneficiary who is a "Member of the Family" of the current Designated Beneficiary, or in the case of a rollover to another state's Section 529 Plan an account for the same Designated Beneficiary if no other rollover transfers have occurred with respect to such beneficiary within the past twelve months. ABLE accounts are subject to an annual contribution limit (currently \$15,000). Transfers from a 529 account that cause the ABLE account to exceed the \$15,000 limit will be subject to federal tax. This provision applies to 529 to ABLE transfers made after December 22, 2017. Any rollovers would be subject to the recapture of previous New Mexico tax deductions taken for Contributions to the Account. Moving Account balances among the Plan and other plans within the New Mexico 529 Program counts as one of the Account Owner's twice-per-calendar-year reallocation of prior Contributions and is not treated as a rollover among Section 529 Plans.

Rollovers from Coverdell ESAs

Amounts contributed to a Section 529 Plan account from a Coverdell ESA will be considered a qualified distribution from such Coverdell ESA and will not be subject to federal income tax or penalty. An individual may make Contributions to and withdrawals from both a Section 529 Plan and a Coverdell ESA in the same year without penalty. However, withdrawals from a Section 529 Plan and a Coverdell ESA in the same year must be used for different expenses in order to be treated as Qualified Withdrawals. To the extent that total withdrawals from a Section 529 Plan and a Coverdell ESA exceed the amount of Qualified Higher Education Expenses under Section 529 of the Code, the recipient must allocate the expenses between the two accounts in order to determine what portion of each withdrawal is tax free.

Rollovers from Series EE and Series I Bonds

Interest on Series EE Bonds issued after December 31, 1989, as well as interest on all Series I Bonds, may be completely or partially excluded from federal income tax if bond proceeds are used to pay certain Qualified Higher Education Expenses at an Eligible Educational Institution or are contributed to a Section 529 Plan account or a Coverdell ESA in the same calendar year the bonds are redeemed. For this purpose, qualifying expenses do not include the cost of books, room and board. The amount of Qualified Higher Education Expenses taken into account in calculating the interest excludable from income is reduced by any scholarships, fellowships, employer-provided educational assistance and other forms of tuition reduction, including a payment or reimbursement of Qualified Higher Education Expenses under a Section 529 Plan. Certain income limitations apply. Provided appropriate documentation is received by the Section 529 Plan receiving the proceeds of the sale of Series EE or Series I bonds, the original purchase price of the bonds redeemed and contributed to the Section 529 Plan will be added to the Contributions portion of the receiving account, with the interest added to earnings.

Hope Scholarship and Lifetime Learning Tax Credits

The use of Education Tax Credits will not affect participation in or receipt of benefits from Section 529 Plans, so long as the distribution from the Section 529 Plan is not used for the same expenses for which an Education Tax Credit was claimed.

Coordination of Benefits

A number of education tax benefits are available in addition to participation in Section 529 Plans. The tax laws provide a number of special rules intended to coordinate these plans and avoid duplication of benefits. Any Account Owner or Designated Beneficiary who intends to utilize more than one of these tax benefits should consult his or her tax advisor or legal counsel for advice on how these special rules may apply to his or her situation.

Federal Gift and Estate Taxes

Contributions (including certain rollover contributions or contributions of funds already held in a UGMA/UTMA account or a trust) to a Section 529 Plan are completed gifts to the Designated Beneficiary that qualify for the \$15,000 (or \$30,000 for a couple) annual gift and GST tax exclusions. Except in the situations described in the following paragraphs, if the Account Owner were to die while assets remain in a Section 529 Plan account, the value of the account would not be included in the Account Owner's estate. In cases where Contributions to a Section 529 Plan exceed \$15,000 annually, the contributor may elect to prorate the Contributions against the annual exclusion equally over a five-year period. For example, a contributor who makes a \$75,000 Contribution in one calendar year, and makes no other gifts to the Designated Beneficiary during that calendar year or the next four calendar years, would not incur a federal gift or GST tax. This option is applicable only for Contributions up to \$75,000 in a particular year (or \$150,000 for spouses electing to split gifts). Any excess during a particular year will be treated as an additional gift in the calendar year of the Contribution. However, any excess gifts may be applied against the contributor's lifetime gift tax exemption and/or the lifetime GST exemption (if applicable). To effect the five-year lump sum Contribution, the contributor must complete an IRS Form 709.

If the Account Owner makes a five-year election and dies before the first day of the fifth calendar year, the portion of the Contribution allocable to the years remaining in the five-year period (beginning with the calendar year after the Account Owner's death) would be included in the Account Owner's estate for federal estate tax purposes.

If the Designated Beneficiary for a Section 529 Plan account is changed or amounts in an account are rolled over, resulting in a new Designated Beneficiary who is in the same generation as, and is a "Member of the Family" of, the current Designated Beneficiary, there are no gift or GST tax consequences. If the new Designated Beneficiary is of a younger generation than the current Designated Beneficiary (even if the new Designated Beneficiary is a "Member of the Family" of the current Designated Beneficiary), the change of beneficiary is treated under the proposed regulations under Section 529 as a gift from the current Designated Beneficiary to the new Designated Beneficiary for federal gift and GST tax purposes.

The current Designated Beneficiary could apply his or her gift and GST tax annual exclusion to any such deemed transfer, and could make the five-year averaging election discussed above.

If the Account Owner dies, no portion of the account is included in the Account Owner's estate for federal estate tax purposes (except with respect to Contributions attributed to future years by reason of a five-year election). However, if the Designated Beneficiary dies, the proposed regulations provide that the Designated Beneficiary's interest in a Section 529 account is included in the Designated Beneficiary's gross estate.

Potential Account Owners should consult a qualified tax advisor regarding the specific application of these rules to their particular circumstances.

State Tax Treatment for New Mexico Taxpayers

Contributions to the Plan by a New Mexico individual taxpayer may be deducted from net income for New Mexico individual income tax purposes. The total payments made on behalf of any one Designated Beneficiary that may be deducted shall not exceed the cost of attendance at the applicable Eligible Educational Institution, as determined by the Board. All earnings of an Account Owner or Designated Beneficiary from an investment in the Plan are exempt from New Mexico individual income taxes; however, Nonqualified Withdrawals and refunds to an Account Owner from the Plan are subject to New Mexico individual income tax and the recapture of all previous New Mexico tax deductions taken for Contributions related to such withdrawal.

Despite the new federal law changes to expand the definition of Qualified Higher Education Expenses to include tuition expenses for K-12 Schools, it is possible that such K-12 tuition expenses will not constitute Qualified Higher Education Expenses under the New Mexico tax code, thereby resulting in a recapture of any deduction related to amounts distributed for such K-12 tuition expenses. In addition, 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 making withdrawals from a New Mexico 529 plan for K-12 tuition expenses or transferring funds from a New Mexico 529 Plan to another state's Section 529 Plan or Qualified ABLE Program.

Account Owners should consider the potential impact of income taxes that may be imposed by states where they and their Designated Beneficiaries reside. State or local taxes may apply to withdrawals from and/or accumulated earnings within the Plan, depending on the residency or domicile of the Account Owner or the Designated Beneficiary. Account Owners and Designated Beneficiaries should consult their tax advisors about the applicability, if at all, of state or local taxes.

Treatment by Other States

The consequences to an Account Owner or Designated Beneficiary of an investment in the Plan may vary depending on their state of residence. State tax features vary by Section 529 Plan and the Account Owner's or the Designated Beneficiary's home state may offer favorable state tax treatment or other benefits, such as financial aid, scholarship funds, and protection from creditors that are only available for investments in the home state's qualified tuition program. Any state-based benefit offered with respect to a particular Section 529 Plan should be one of the many appropriately weighted factors to be considered in making an investment decision. An investor should consult with his or her financial, tax or other adviser to learn more about how state based benefits (including any limitations) would apply to his or her specific circumstances and may also wish to contact his or her home state or any other Section 529 Plan to learn more about the features, benefits and limitations of that state's Section 529 Plan.

PLAN AND PORTFOLIO RISKS

Prospective Account Owners should carefully consider the information in this section, as well as the information in the rest of this Plan Description and the accompanying Plan materials, before making any decisions to establish an Account or make Contributions. This Plan Description should not be construed to be legal, financial or tax advice. Prospective Account Owners should consult an attorney or financial or tax advisor with any legal, business or tax questions they may have.

The Plan is an investment vehicle. Accounts in the Plan are subject to certain risks. In addition, certain Portfolios carry more or different risks than others. Account Owners should weigh such risks with the understanding that they could arise at any time during the life of an Account.

Plan Risks

No Guarantee of Income or Principal; No Insurance. Investments are subject to standard investment risks, including (but not limited to) market and interest rate risk, and you could lose money by investing in the Plan. The value of an Account may increase or decrease over time based on the performance of the Portfolio(s). This may result in the value of the Account

being more or less than the amount contributed. None of the Program Parties or financial advisors or any of their affiliates makes any guarantee of, nor has any legal obligations to ensure, the ultimate payout of any amount, including a return of Contributions made to an Account. There is no guarantee that the future Account value will be sufficient to cover Qualified Higher Education Expenses at the time of withdrawal. In addition, no level of investment return is guaranteed by any of the Program Parties. Under New Mexico law, neither the New Mexico 529 Program, the Plan, the Board, any member of the Board or the State of New Mexico insures any Account or guarantees any rate of return or any interest rate on any Contribution, and neither the New Mexico 529 Program, the Plan, the Board, any member of the Board or the State of New Mexico is liable for any loss incurred by any person as a result of participating in the New Mexico 529 Program.

Limited Liquidity. The circumstances under which Account assets may be withdrawn without a penalty or adverse tax consequences are limited. This reduces the liquidity of an investment in the Account. Amounts invested in an Account may not be pledged, assigned or otherwise be used as collateral or security for a loan.

Limited Investment Direction. In general, an Account Owner or contributor may not direct the investment of an Account. However, once an investment selection has been made at the time an Account is established, an Account Owner may only change how previous Contributions (and any earnings thereon) have been allocated among the available Portfolios for all Accounts for the same Designated Beneficiary twice per calendar year or upon a change of the Designated Beneficiary. A Portfolio's assets are to be invested by the Program Manager in accordance with an investment policy that is established by the Board, which may change the investment policy for the Portfolio at any time.

Potential Plan Adjustments. The Board may, during the life of the Plan, make enhancements to the Plan, such as inclusion of additional Portfolios. There are no plans to discontinue or suspend offering the Plan. Account Owners who have established Accounts prior to the time an enhancement is made available may be required by the Board to participate in such changes, or, conversely, may be limited in their ability to participate in such enhancements under federal tax law, unless they open a new Account. For instance, if the Board makes changes to the Underlying Investments or allocations of a Portfolio, an Account Owner who has already made the permitted twice-per-calendar year investment direction cannot change Investment Options until the following calendar year without incurring taxes and penalties. OFI Private Investments Inc. may not continue as Program Manager and one or more of the current Investment Managers may not continue as investment managers for the Underlying Investments for the entire period an Account is open. OFI Private Investments Inc.'s term under its contract with the Board extends to June 30, 2020, subject to earlier termination in certain circumstances. The Board, at its sole discretion, may hire new or additional program managers or investment managers in the future to manage all or part of the Plan's assets.

The term of each Investment Manager's subcontract with the Program Manager extends indefinitely until it is terminated. The Portfolios and the Underlying Investments may be changed at any time, without notice to or consent by Account Owners. Keep in mind that if the investments selected for the Portfolios change in the future, the risks associated with investing in the Trust may change. During a transition from investment in one Underlying Investment to investment in another Underlying Investment, a Portfolio may be temporarily uninvested and lack market exposure to such asset class, and the transaction costs associated with such 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 such Portfolio. The Plan may offer different investment approaches under a successor program manager, and investment results achieved by a successor investment manager may be different than those achieved by the current Investment Managers. There is no assurance that the Plan fees and charges or the other terms and conditions of the Participation Agreement will continue without material change.

Status of Federal and State Law and Regulations Governing the Plan. Federal and New Mexico law and regulations governing the administration of Section 529 Plans could change in the future. In addition, state and federal laws, or court decisions, regarding the funding of Qualified Higher Education Expenses, treatment of financial aid, and tax matters are subject to frequent change and may be retroactive. It is unknown what effect these kinds of changes could have on an Account. Because the regulations proposed under Section 529 of the Code do not reflect changes to Section 529 after their promulgation, it is likely that the final regulations, when issued, will differ significantly from the proposed regulations. Changes in the law governing the federal and/or state tax consequences described above might necessitate material changes to the Plan for the anticipated federal tax consequences to apply.

Suitability. None of the Program Parties makes any representation regarding the suitability or appropriateness of any Portfolio within the Plan. Other types of investments may be more appropriate depending upon the financial status, tax situation (including state tax benefits that may be provided by Section 529 Plans offered by the Account Owner's or Designated Beneficiary's home state), risk tolerance, age, investment goals, savings needs and investment time horizons of the Account Owner or the Designated Beneficiary. Anyone considering investing in the Plan should consult a tax or investment adviser to seek advice concerning the appropriateness of this investment.

Limited Operating History. Certain of the Portfolios are relatively new and do not have significant operating or investment performance history.

No Guarantee of Performance. Past performance information for Portfolios are not indicative of the future performance of any particular Portfolio. The investment results of any Portfolio for any period cannot be expected to be similar to its investment performance for any prior period. In addition, in view of the anticipated periodic determinations of such investment

allocations and selection of Underlying Investments for each Portfolio, the future investment results of any Portfolio cannot be expected, for any period, to be similar to the past performance of any other Portfolios or Underlying Investments. Portfolio performance information will be made available on the Plan's website at www.scholaredge529.com.

Treatment for Federal, State and Institutional Financial Aid Purposes. The treatment of Account assets may have a material adverse effect on the Designated Beneficiary's eligibility to receive assistance under various federal, state, and institutional financial aid programs. For federal financial aid purposes, Account assets will be considered (i) assets of a student's parent, if the student is a dependent student and the owner of the account is the parent or the student, or (ii) assets of the student, if the student is the owner of the account and not a dependent student. For purposes of financial aid programs offered by states and educational institutions, the treatment of Account assets may follow or differ from the treatment described above for federal financial aid purposes. For example, based on current New Mexico law, benefits received under Section 529 plans are excluded from any calculation of a beneficiary's eligibility for financial aid from the State. The federal and state financial aid program treatments of Section 529 Plan accounts are subject to change at any time. Account Owners and Designated Beneficiaries are advised to consult a financial aid professional and/or the state or educational institution offering a particular financial aid program, to determine how assets held in an Account may affect eligibility for financial aid.

Inflation and Qualified Higher Education Expenses. Contributions to an Account are limited and the balance in an Account(s) maintained for a Designated Beneficiary may or may not be adequate to cover the Qualified Higher Education Expenses of that Designated Beneficiary even if Contributions are made in the maximum allowable amount. The rate of future inflation in Qualified Higher Education Expenses is uncertain and could exceed the rate of investment return earned by any or all of the Plan's Portfolios over the corresponding periods.

No Guarantees by an Educational Institution. There is no guarantee that a Designated Beneficiary will (a) be admitted to any educational institution; (b) be permitted to continue to attend such institution; (c) graduate or receive a degree from such an institution; (d) be treated as a state resident of any state for tuition or any other purpose; or (e) receive any particular treatment under applicable federal or state financial aid programs.

Alternative Education Savings and Investments. Other Section 529 Plans, including The Education Plan® within the New Mexico 529 Program, and other education savings and investment programs are currently available to prospective Account Owners. These alternative education savings and investment programs may (a) offer benefits, including state tax benefits, that are not available under the Plan, (b) offer different investment options, and (c) involve different tax consequences, risks, sales charges, fees, expenses and other features than the Plan. Prospective Account Owners should consider other savings and investment alternatives before establishing an Account in the Plan. **Prospective Account Owners who are not New Mexico residents should consider a Section 529 Plan established and maintained by their own state.**

Medicaid and Other Federal and State Non-Educational Benefits. An Account Owner or a Designated Beneficiary may seek eligibility for Medicaid, and the impact of the existence of an Account in the name of an Account Owner on behalf of a Designated Beneficiary is not clear. There is no assurance that an Account will not be treated as a "countable resource" in determining the financial eligibility of either an Account Owner or a Designated Beneficiary for Medicaid. In addition, withdrawals from an Account, whether a Qualified Withdrawal or a Non-Qualified Withdrawal, may delay Medicaid payments to an Account Owner or a Designated Beneficiary, as the case may be. Account Owners and Designated Beneficiaries should consult their own qualified advisors as to the impact that an Account and withdrawals from an Account may have on Medicaid eligibility and the timing of Medicaid payments.

Management Risk. The risk that the asset allocation strategy approved by the Board and described in this Plan Description may fail to produce the intended results.

Principal Investment Risks of the Underlying Investments

The risks of investing in the Plan also include the risks of investing in the Underlying Investments. The board of trustees and/or investment manager for a particular Underlying Investment, and not the Program Manager, or the Board, manage and operate and determine the investment policies of the Underlying Investment. Please see Appendix A to determine which risks are applicable to each of the Underlying Investments.

Principal Investment Risks of the Oppenheimer funds

Risks of Non-Diversification. The Underlying Investment is classified as a "non-diversified" Underlying Investment under the Investment Company Act of 1940. Accordingly, the Underlying Investment may invest a greater portion of its assets in the securities of a single issuer than if it were a "diversified" fund. To the extent that the Underlying Investment invests a higher percentage of its assets in the securities of a single issuer, the Underlying Investment is more subject to the risks associated with and developments affecting that issuer than a fund that invests more widely.

Risks of Investing in Stocks. The value of the Underlying Investment's portfolio may be affected by changes in the stock markets. Stock markets may experience significant short-term volatility and may fall sharply at times. Adverse events in any part of the equity or fixed-income markets may have unexpected negative effects on other market segments. Different stock markets may behave differently from each other and U.S. stock markets may move in the opposite direction from one or more foreign stock markets.

The prices of individual stocks generally do not all move in the same direction at the same time. A variety of factors can negatively affect the price of a particular company's stock. These factors may include, but are not limited to: poor earnings reports, a loss of customers, litigation against the company, general unfavorable performance of the company's sector

or industry, or changes in government regulations affecting the company or its industry. To the extent that securities of a particular type are emphasized, (for example foreign stocks, stocks of small- or mid-cap companies, growth or value stocks, or stocks of companies in a particular industry), fund share values may fluctuate more in response to events affecting the market for those types of securities.

Risks of Derivative Investments. Derivatives may involve significant risks. Derivatives may be more volatile than other types of investments, may require the payment of premiums, may increase portfolio turnover, may be illiquid, and may not perform as expected. Derivatives are subject to counterparty risk and the Underlying Investment may lose money on a derivative investment if the issuer or counterparty fails to pay the amount due. Some derivatives have the potential for unlimited loss, regardless of the size of the Underlying Investment's initial investment. As a result of these risks, the Underlying Investment could realize little or no income or lose money from its investment, or a hedge might be unsuccessful. In addition, under new rules enacted and currently being implemented under financial reform legislation, certain over-the-counter derivatives are (or soon will be) required to be executed on a regulated market and/or cleared through a clearinghouse. It is unclear how these regulatory changes will affect counterparty risk, and entering into a derivative transaction with a clearinghouse may entail further risks and costs.

Risks of Investing in Debt Securities. Debt securities may be subject to interest rate risk, duration risk, credit risk, credit spread risk, extension risk, reinvestment risk, prepayment risk and event risk. Interest rate risk is the risk that when prevailing interest rates fall, the values of already-issued debt securities generally rise; and when prevailing interest rates rise, the values of already-issued debt securities generally fall, and therefore, those debt securities may be worth less than the amount the Underlying Investment paid for them or valued them. When interest rates change, the values of longer-term debt securities usually change more than the values of shorter-term debt securities. Risks associated with rising interest rates are heightened given that interest rates in the U.S. are near historic lows. Duration is a measure of the price sensitivity of a debt security or portfolio to interest rate changes. Duration risk is the risk that longer-duration debt securities will be more volatile and thus more likely to decline in price, and to a greater extent, in a rising interest rate environment than shorter-duration debt securities. Credit risk is the risk that the issuer of a security might not make interest and principal payments on the security as they become due. If an issuer fails to pay interest or repay principal, the Underlying Investment's income or share value might be reduced. Adverse news about an issuer or a downgrade in an issuer's credit rating, for any reason, can also reduce the market value of the issuer's securities. "Credit spread" is the difference in yield between securities that is due to differences in their credit quality. There is a risk that credit spreads may increase when the market expects lower-grade bonds to default more frequently. Widening credit spreads may quickly reduce the market values of the Underlying Investment's lower-rated and unrated securities. Some unrated securities may not have an active trading market or may trade less actively than rated securities, which means that the Underlying Investment might have difficulty selling them promptly at an acceptable price. Extension risk is the risk that an increase in interest rates could cause prepayments on a debt security to occur at a slower rate than expected. Extension risk is particularly prevalent for a callable security where an increase in interest rates could result in the issuer of that security choosing not to redeem the security as anticipated on the security's call date. Such a decision by the issuer could have the effect of lengthening the debt security's expected maturity, making it more vulnerable to interest rate risk and reducing its market value. Reinvestment risk is the risk that when interest rates fall the Underlying Investment may be required to reinvest the proceeds from a security's sale or redemption at a lower interest rate. Callable bonds are generally subject to greater reinvestment risk than non-callable bonds. Prepayment risk is the risk that the issuer may redeem the security prior to the expected maturity or that borrowers may repay the loans that underlie these securities more quickly than expected, thereby causing the issuer of the security to repay the principal prior to the expected maturity. The Underlying Investment may need to reinvest the proceeds at a lower interest rate, reducing its income. Event risk is the risk that an issuer could be subject to an event, such as a buyout or debt restructuring, that interferes with its ability to make timely interest and principal payments and cause the value of its debt securities to fall.

Fixed-Income Market Risks. The fixed-income securities market can be susceptible to increases in volatility and decreases in liquidity. Liquidity may decline unpredictably in response to overall economic conditions or credit tightening. During times of reduced market liquidity, the Underlying Investment may not be able to readily sell bonds at the prices at which they are carried on the Underlying Investment's books and could experience a loss. If the Underlying Investment needed to sell large blocks of bonds to meet shareholder redemption requests or to raise cash, those sales could further reduce the bonds' prices, particularly for lower-rated and unrated securities. An unexpected increase in redemptions by Underlying Investment shareholders (including requests from shareholders who may own a significant percentage of the Underlying Investment's shares), which may be triggered by general market turmoil or an increase in interest rates, as well as other adverse market and economic developments, could cause the Underlying Investment to sell its holdings at a loss or at undesirable prices and adversely affect the Underlying Investment's share price and increase the Underlying Investment's liquidity risk, Underlying Investment expenses and/or taxable distributions. As of the date of the Underlying Investment's prospectus, interest rates in the U.S. are near historically low levels, increasing the exposure of bond investors to the risks associated with rising interest rates.

Economic and other market developments can adversely affect fixed-income securities markets in the United States, Europe and elsewhere. At times, participants in debt securities markets may develop concerns about the ability of certain issuers of debt securities to make timely principal and interest payments, or they may develop concerns about the ability of financial institutions that make markets in certain debt securities to facilitate an orderly market. Those concerns may impact the market price or value of those debt securities and may cause increased volatility in those debt securities or debt securities markets.

Under some circumstances, those concerns may cause reduced liquidity in certain debt securities markets, reducing the willingness of some lenders to extend credit, and making it more difficult for borrowers to obtain financing on attractive terms (or at all). A lack of liquidity or other adverse credit market conditions may hamper the Underlying Investment's ability to sell the debt securities in which it invests or to find and purchase suitable debt instruments.

Although the Underlying Investment invests in securities that are issued or guaranteed by the U.S. government or its agencies or instrumentalities, the Underlying Investment also invests in securities issued by private issuers, which do not have any government guarantees. While the Underlying Investment's investments in U.S. government securities may be subject to little credit risk, the Underlying Investment's other investments in debt securities are subject to risks of default.

Risks of Below-Investment-Grade Securities. As compared to investment-grade debt securities, below-investment-grade debt securities (also referred to as "junk" bonds), whether rated or unrated, may be subject to greater price fluctuations and increased credit risk, as the issuer might not be able to pay interest and principal when due, especially during times of weakening economic conditions or rising interest rates. Credit rating downgrades of a single issuer or related similar issuers whose securities the Underlying Investment holds in significant amounts could substantially and unexpectedly increase the Underlying Investment's exposure to below-investment-grade securities and the risks associated with them, especially liquidity and default risk. The market for below-investment-grade securities may be less liquid and therefore these securities may be harder to value or sell at an acceptable price, especially during times of market volatility or decline.

Risks of Growth Investing. If a growth company's earnings or stock price fails to increase as anticipated, or if its business plans do not produce the expected results, its securities may decline sharply. Growth companies may be newer or smaller companies that may experience greater stock price fluctuations and risks of loss than larger, more established companies. Newer growth companies tend to retain a large part of their earnings for research, development or investments in capital assets. Therefore, they may not pay any dividends for some time. Growth investing has gone in and out of favor during past market cycles and is likely to continue to do so. During periods when growth investing is out of favor or when markets are unstable, it may be more difficult to sell growth company securities at an acceptable price. Growth stocks may also be more volatile than other securities because of investor speculation.

Risks of Value Investing. Value investing entails the risk that if the market does not recognize that the Underlying Investment's securities are undervalued, the prices of those securities might not appreciate as anticipated. A value approach could also result in fewer investments that increase rapidly during times of market gains and could cause the Underlying Investment to underperform funds that use a growth or non-value approach to investing. Value investing has gone in and out of favor during past market cycles and when value investing is out of favor or when markets are unstable, the securities of "value" companies may underperform the securities of "growth" companies.

Risks of Small- and Mid-Cap Companies. Small-cap companies may be either established or newer companies, including "unseasoned" companies that have typically been in operation for less than three years. Mid-cap companies are generally companies that have completed their initial start-up cycle, and in many cases have established markets and developed seasoned market teams. While smaller companies might offer greater opportunities for gain than larger companies, they may also involve greater risk of loss. They may be more sensitive to changes in a company's earnings expectations and may experience more abrupt and erratic price movements. Small- and mid-cap companies' securities may trade in lower volumes and it might be harder for the Underlying Investment to dispose of its holdings at an acceptable price when it wants to sell them. Small- and mid-cap companies may not have established markets for their products or services and may have fewer customers and product lines. They may have more limited access to financial resources and may not have the financial strength to sustain them through business downturns or adverse market conditions. Since small- and mid-cap companies typically reinvest a high proportion of their earnings in their business, they may not pay dividends for some time, particularly if they are newer companies. Small- and mid-cap companies may have unseasoned management or less depth in management skill than larger, more established companies. They may be more reliant on the efforts of particular members of their management team and management changes may pose a greater risk to the success of the business. It may take a substantial period of time before the fund realizes a gain on an investment in a small- or mid-cap company, if it realizes any gain at all.

Risks of Foreign Investing. Foreign securities are subject to special risks. Securities traded in foreign markets may be less liquid and more volatile than those traded in U.S. markets. Foreign issuers are usually not subject to the same accounting and disclosure requirements that U.S. companies are subject to, which may make it difficult for the Underlying Investment to evaluate a foreign company's operations or financial condition. A change in the value of a foreign currency against the U.S. dollar will result in a change in the U.S. dollar value of investments denominated in that foreign currency and in the value of any income or distributions the Underlying Investment may receive on those investments. The value of foreign investments may be affected by exchange control regulations, foreign taxes, higher transaction and other costs, delays in the settlement of transactions, changes in economic or monetary policy in the United States or abroad, expropriation or nationalization of a company's assets, or other political and economic factors. In addition, due to the inter-relationship of global economies and financial markets, changes in political and economic factors in one country or region could adversely affect conditions in another country or region. Investments in foreign securities may also expose the Underlying Investment to time-zone arbitrage risk. Foreign securities may trade on weekends or other days when the Underlying Investment does not price its shares. As a result, the value of the Underlying Investment's net assets may change on days when you will not be able to purchase or redeem the Underlying Investment's shares. At times, the Underlying Investment may emphasize investments

in a particular country or region and may be subject to greater risks from adverse events that occur in that country or region. Foreign securities and foreign currencies held in foreign banks and securities depositories may be subject to only limited or no regulatory oversight.

Risks of Developing and Emerging Markets. Investments in developing and emerging markets are subject to all the risks associated with foreign investing; however, these risks may be magnified in developing and emerging markets. Developing or emerging market countries may have less well-developed securities markets and exchanges that may be substantially less liquid than those of more developed markets. Settlement procedures in developing or emerging markets may differ from those of more established securities markets, and settlement delays may result in the inability to invest assets or to dispose of portfolio securities in a timely manner. Securities prices in developing or emerging markets may be significantly more volatile than is the case in more developed nations of the world, and governments of developing or emerging market countries may also be more unstable than the governments of more developed countries. Such countries' economies may be more dependent on relatively few industries or investors that may be highly vulnerable to local and global changes. Developing or emerging market countries also may be subject to social, political or economic instability. The value of developing or emerging market countries' currencies may fluctuate more than the currencies of countries with more mature markets. Investments in developing or emerging market countries may be subject to greater risks of government restrictions, including confiscatory taxation, expropriation or nationalization of a company's assets, restrictions on foreign ownership of local companies, restrictions on withdrawing assets from the country, protectionist measures, and practices such as share blocking. In addition, the ability of foreign entities to participate in privatization programs of certain developing or emerging market countries may be limited by local law. Investments in securities of issuers in developing or emerging market countries may be considered speculative.

Risks of Sovereign Debt. Sovereign debt instruments are subject to the risk that a governmental entity may delay or refuse, or otherwise be unable, to pay interest or repay principal on its sovereign debt. If a governmental entity defaults, it may ask for more time in which to pay or for further loans. There is no legal process for collecting sovereign debt that a government does not pay nor are there bankruptcy proceedings through which all or part of such sovereign debt may be collected. A restructuring or default of sovereign debt may also cause additional impacts to the financial markets, such as downgrades to credit ratings, a flight to quality debt instruments, disruptions in common trading markets or unions, reduced liquidity, increased volatility, and heightened financial sector, foreign securities and currency risk, among others.

Sector Allocation Risk. In allocating investments among its three principal market sectors, the Underlying Investment seeks to take advantage of the potential lack of performance correlation between those sectors. There is the risk that the evaluations regarding the sectors' relative performance may be incorrect and those sectors may all perform in a similar manner under certain market conditions.

Risks of Commodity-Linked Investments. Commodity-linked investments are considered speculative and have substantial risks, including the risk of loss of a significant portion of their principal value. Prices of commodities and commodity-linked investments may fluctuate significantly over short periods due to a variety of factors, including for example agricultural, economic and regulatory developments. These risks may make commodity-linked investments more volatile than other types of investments. Commodity-linked investments entail the risk that the Underlying Investment might not qualify as a "regulated investment company" under the Internal Revenue Code and its income may be subject to income taxes, reducing returns to shareholders.

Risks of Investments in the Underlying Investment's Wholly-Owned Subsidiary. The subsidiary of the Underlying Investment is not registered under the Investment Company Act of 1940 and is not subject to its investor protections (except as otherwise noted in the Underlying Investment's prospectus). As an investor in the subsidiary, the Underlying Investment does not have all of the protections offered to investors by the Investment Company Act of 1940. However, the subsidiary is wholly-owned and controlled by the Underlying Investment and managed by the Underlying Investment's Manager and the sub-adviser. Therefore, the Underlying Investment's ownership and control of the subsidiary make it unlikely that the subsidiary would take actions contrary to the interests of the Underlying Investment or its shareholders. In addition, changes in the laws of the United States and/or the Cayman Islands could result in the inability of the Underlying Investment and/or the subsidiary to operate as described in the Underlying Investment's prospectus and Statement of Additional Information and could adversely affect the Underlying Investment. Changes in the laws of the United States and/or the Cayman Islands could adversely affect the performance of the Underlying Investment and/or the subsidiary. For example, the Cayman Islands currently does not impose certain taxes on exempted companies like the subsidiary, including income and capital gains tax, among others. If Cayman Islands laws were changed to require such entities to pay Cayman Islands taxes, the investment returns of the Underlying Investment would likely decrease.

Risks of Senior Loans and Other Loans. The Underlying Investment may invest in loans, and in particular, in floating rate loans (sometimes referred to as "adjustable rate loans") that hold (or in the judgment of the investment adviser, hold) a senior position in the capital structure of U.S. and foreign corporations, partnerships or other business entities that, under normal circumstances, allow them to have priority of claim ahead of (or at least as high as) other obligations of a borrower in the event of liquidation. These investments are referred to as "Senior Loans." Loans may be collateralized or uncollateralized. They typically pay interest at rates that are reset periodically based on a reference benchmark that reflects current interest rates, plus a margin or premium. In addition to the risks typically associated with debt securities, such as credit and interest rate risk, senior loans are also subject to the risk that a court could subordinate a senior loan, which typically holds a senior

position in the capital structure of a borrower, to presently existing or future indebtedness or take other action detrimental to the holders of senior loans. Loans usually have mandatory and optional prepayment provisions. If a borrower prepays a loan, the Fund will have to reinvest the proceeds in other loans or financial assets that may pay lower rates of return.

Loans are subject to the risk that the value of the collateral, if any, securing a loan may decline, be insufficient to meet the obligations of the borrower, or be difficult to liquidate. In the event of a default, the Fund may have difficulty collecting on any collateral and would not have the ability to collect on any collateral for an uncollateralized loan. In addition, the lenders' security interest or their enforcement of their security under the loan agreement may be found by a court to be invalid or the collateral may be used to pay other outstanding obligations of the borrower. The Underlying Investment's access to collateral, if any, may be limited by bankruptcy, other insolvency laws, or by the type of loan the Underlying Investment has purchased. As a result, a collateralized loan may not be fully collateralized and can decline significantly in value.

Loan investments are often issued in connection with highly leveraged transactions. Such transactions include leveraged buyout loans, leveraged recapitalization loans, and other types of acquisition financing. These obligations are subject to greater credit risks than other investments including a greater possibility that the borrower may default or enter bankruptcy.

Due to restrictions on transfers in loan agreements and the nature of the private syndication of loans including, for example, the lack of publicly-available information, some loans are not as easily purchased or sold as publicly-traded securities. Some loans are illiquid, which may make it difficult for the Underlying Investment to value them or dispose of them at an acceptable price when it wants to. The market price of investments in floating rate loans is expected to be less affected by changes in interest rates than fixed-rate investments because floating rate loans pay a floating rate of interest that will fluctuate as market interest rates do and therefore should more closely track market movements in interest rates.

Compared to securities and to certain other types of financial assets, purchases and sales of loans take relatively longer to settle. This extended settlement process can (i) increase the counterparty credit risk borne by the Underlying Investment; (ii) leave the Underlying Investment unable to timely vote, or otherwise act with respect to, loans it has agreed to purchase; (iii) delay the Underlying Investment from realizing the proceeds of a sale of a loan; (iv) inhibit the Underlying Investment's ability to re-sell a loan that it has agreed to purchase if conditions change (leaving the Underlying Investment more exposed to price fluctuations); (v) prevent the Underlying Investment from timely collecting principal and interest payments; and (vi) expose the Underlying Investment to adverse tax or regulatory consequences.

To the extent the extended loan settlement process gives rise to short-term liquidity needs, such as the need to satisfy redemption requests, the Underlying Investment may hold cash, sell investments or temporarily borrow from banks or other lenders.

If the Underlying Investment invests in a loan via a participation, the Underlying Investment will be exposed to the ongoing counterparty risk of the entity providing exposure to the loan (and, in certain circumstances, such entity's credit risk), in addition to the exposure the Underlying Investment has to the creditworthiness of the borrower.

In certain circumstances, loans may not be deemed to be securities, and in the event of fraud or misrepresentation by a borrower or an arranger, lenders will not have the protection of the anti-fraud provisions of the federal securities laws, as would be the case for bonds or stocks. Instead, in such cases, lenders generally rely on the contractual provisions in the loan agreement itself, and common-law fraud protections under applicable state law.

Risks of Borrowing and Leverage. The Underlying Investment can borrow up to one-third of the value of its total assets (including the amount borrowed) from banks, as permitted by the Investment Company Act of 1940. It can use those borrowings for a number of purposes, including for purchasing Senior Loans or other securities, which can create "leverage." In that case, changes in the value of the Underlying Investment's investments will have a larger effect on its share price than if it did not borrow. Borrowing results in interest payments to the lenders and related expenses. Borrowing for investment purposes might reduce the Underlying Investment's return if the yield on the investments purchased is less than those borrowing costs. The Underlying Investment may also borrow to meet redemption obligations or for temporary and emergency purposes. The Underlying Investment currently participates in a line of credit with certain banks as lenders.

Risks of Concentration in Financial Securities. The Underlying Investment will not concentrate its investments in issuers in any one industry, except that the Underlying Investment may invest without limit in instruments of the group of industries in the financial securities sector. Financial securities industries may be more susceptible to particular economic and regulatory events such as volatility in the financial markets and interest rates, changes in domestic and foreign monetary policy, and changes in industry regulations.

Risks of Mid-Cap Companies. Mid-cap companies generally involve greater risk of loss than larger companies. The prices of securities issued by mid-sized companies may be more volatile and their securities may be less liquid and more difficult to sell than those of larger companies. They may have less established markets, fewer customers and product lines, less management depth and more limited access to financial resources. Mid-cap companies may not pay dividends for some time, if at all.

Investing in Special Situations. At times, the Underlying Investment may seek to benefit from what are considered to be "special situations," such as mergers, reorganizations, restructurings or other unusual events that are expected to affect a particular issuer. There is a risk that the anticipated change or event might not occur, which could cause the price of the security to fall, perhaps sharply. In that case, the investment might not produce the expected gains or might cause a loss. This is an aggressive investment technique that may be considered speculative.

Cyclical Opportunities. At times, the Underlying Investment might seek to take advantage of short-term market movements or changes in the business cycle by investing in companies or industries that are sensitive to those changes. For example, when the economy is expanding, companies in consumer durables and the technology sector might benefit. There is a risk that, if a cyclical event does not have the anticipated effect or when the issuer or industry is out of phase in the business cycle, the value of the Underlying Investment's investment could fall.

Risks of Investing in the Underlying Mutual Funds. Each of the Underlying Investment's underlying mutual funds has its own investment risks, and those risks can affect the value of the Underlying Investment's investments and therefore the value of the Underlying Investment's shares. To the extent that the Underlying Investment invests more of its assets in one underlying mutual fund than in another, it will have greater exposure to the risks of that underlying mutual fund. The investment objective and principal investment strategies of each of the Underlying Funds are described in the section "More Information About the Underlying Funds" the Underlying Investment's prospectus. There is no guarantee that the Underlying Investment or any underlying mutual fund will achieve its investment objective. The underlying mutual funds will each pursue their investment objectives and policies without the approval of the Underlying Investment. If an underlying mutual fund were to change its investment objective or policies, the Underlying Investment may be forced to sell its shares of that underlying mutual fund at a disadvantageous time.

Affiliated Portfolio Risk. In managing the Underlying Investment, the manager and the sub-adviser will have authority to select and substitute underlying funds. The manager and sub-adviser may be subject to potential conflicts of interest in selecting underlying funds because the fees paid to each by some underlying funds for its advisory services are higher than the fees paid by other underlying funds. However, the manager and sub-adviser monitor the investment process to seek to identify, address and resolve any potential issues.

Dividend Risk. There is no guarantee that the issuers of the stocks held by the Underlying Investment will declare dividends in the future or that, if dividends are declared, they will remain at their current levels or increase over time. Depending on market conditions, dividend paying stocks that also meet the Underlying Investment's investment criteria may not be widely available for purchase by the Underlying Investment. This may increase the volatility of the Underlying Investment's returns and may limit the ability of the Underlying Investment to produce current income while remaining fully diversified. High-dividend stocks may not experience high earnings growth or capital appreciation. The Underlying Investment's performance during a broad market advance could suffer because dividend paying stocks may not experience the same capital appreciation as non-dividend paying stocks.

Risks of Leverage. Leverage may be created when an investment exposes the Underlying Investment to a risk of loss that exceeds the amount invested. Certain derivatives and other investments provide the potential for investment gain or loss that may be several times greater than the value of the underlying security, index or other investment.

Risks of Mining & Metal Industry Securities. Investments in mining and metal industry companies may be speculative and may be subject to greater price volatility than investments in other types of companies. The special risks of mining and metal industry investments include:

- changes in international monetary policies or economic and political conditions can affect the supply of gold and precious metals and consequently the value of mining and metal company investments;
- the United States or foreign governments may pass laws or regulations limiting metal investments for strategic or other policy reasons;
- the principal supplies of gold are concentrated in only five countries or territories: Australia, Canada, Russia and certain other former Soviet Union countries, South Africa and the United States, the governments of which may pass laws or regulations limiting metal investments for strategic or other policy reasons; and
- increased environmental or labor costs may depress the value of mining and metal investments.

Risks of Investing in Gold Bullion. To the extent the Underlying Investment invests in gold bullion, appreciation in the market price is the sole manner in which the Underlying Investment can realize gains, and such investments may incur higher storage and custody costs as compared to purchasing, holding and selling more traditional investments.

Investments in metals entail the risk that the Underlying Investment might not qualify as a "regulated investment company" under the Internal Revenue Code, and its income might become subject to federal income taxes, reducing returns to shareholders.

Risks of Investing in Gold ETFs. An exchange-traded Underlying Investment that invests in gold bullion ("Gold ETF") is a publicly-traded investment entity that acquires and physically holds gold bullion, the shares of which are intended to reflect the price performance of gold bullion. A Gold ETF will sell gold from time to time to pay expenses, which will reduce the amount of gold represented by each ETF share. Investment in a Gold ETF is subject to the same risks of investing directly in gold bullion, including tax risk. The market value of Gold ETF shares may differ from their net asset value because the supply and demand of Gold ETF shares may be different from the supply and demand for the underlying asset. The Underlying Investment will indirectly bear its proportionate share of the management fees associated with Gold ETFs. It is possible that a Gold ETF in which the Underlying Investment invests may have to liquidate its holdings at a time when the price of gold is falling.

Concentration Risk. Concentration risk is the risk that the Underlying Investment's investments in the securities of companies in one industry will cause the Underlying Investment to be more exposed to developments affecting a single industry or market sector than a more broadly diversified Underlying Investment would be.

Because the Underlying Investment invests primarily in mining and metals, the Underlying Investment may perform poorly during a downturn in that industry.

Real Estate Market Risks. The Underlying Investment's performance is closely linked to the performance of the real estate markets. Property values or revenues from real estate investments may fall due to many different factors, including: market disruptions, increased vacancies or declining rents, negative economic developments affecting businesses or individuals, increased real estate operating costs, low demand, oversupply, obsolescence, competition, uninsured casualty losses, condemnation losses, environmental liabilities, the failure of borrowers to repay loans in a timely manner, changes in prevailing interest rates or rates of inflation, lack of available credit or changes in federal or state taxation policies affecting real estate. The price of a real estate company's securities may also drop because of dividend reductions, lowered credit ratings, poor company management, or other factors that affect companies in general. Real estate companies, including REITs, tend to be small- and mid-cap companies and their shares may be more volatile and less liquid.

Smaller Real Estate Company Risks. Smaller companies are typically subject to greater risk of loss than larger companies. They may be more sensitive to changes in a company's earnings expectations and may experience more price volatility. Smaller companies' securities often trade in lower volumes and may be harder to sell at an acceptable price. Buy and sell transactions in a smaller company's stock could impact the stock's price more than it would a larger company's stock. Smaller real estate companies may have limited access to financial and other resources and lack liquidity in a declining market. They may have unseasoned management and may be more sensitive to changes in management or depth of management skill than larger, more established companies.

Risks of Investing in REITs. Investment in REITs is closely linked to the performance of the real estate markets. Property values or revenues from real estate investments may fall due to a number of factors, including but not limited to disruptions in real estate markets, increased vacancies or declining rents, increased property taxes and other operating costs, low demand or oversupply, the failure of borrowers to repay loans in a timely manner, changes in tax and regulatory requirements and changes in interest rates or rates of inflation. Mortgage REITs are particularly subject to interest rate risks.

REITs are dependent upon the quality of their management and may not be diversified geographically or by property type. REITs whose underlying properties are concentrated in a particular industry or geographic region are subject to risks affecting such industries and regions. REITs generally tend to be small- to mid-cap stocks and are subject to risks of investing in those securities, including limited financial resources and dependency on heavy cash flow. REITs must satisfy certain requirements in order to qualify for favorable tax treatment under applicable tax laws, and a failure to qualify could adversely affect the value of the REIT. By investing in REITs through the Underlying Investment, a shareholder will bear expenses of the REITs in addition to expenses of the Underlying Investment.

Risks of Money Market Instruments. Money market instruments may be subject to interest rate risk, credit risk, extension risk, reinvestment risk, prepayment risk, and event risk. Interest rate risk is the risk that when prevailing interest rates fall, the values of already-issued debt securities generally rise; and when prevailing interest rates rise, the values of already-issued debt securities generally fall, and they may be worth less than the amount the Underlying Investment paid for them. When interest rates change, the values of longer-term debt securities usually change more than the values of shorter-term debt securities. Risks associated with rising interest rates are heightened given that interest rates in the U.S. are near historic lows. Credit risk is the risk that the issuer of a security might not make interest and principal payments on the security as they become due. If an issuer fails to pay interest or repay principal, the Underlying Investment's income or share value might be reduced. Adverse news about an issuer or a downgrade in an issuer's credit rating, for any reason, can also reduce the market value of the issuer's securities. Extension risk is the risk that an increase in interest rates could cause principal payments on a debt security to be repaid at a slower rate than expected. Extension risk is particularly prevalent for a callable security where an increase in interest rates could result in the issuer of that security choosing not to redeem the security as anticipated on the security's call date. Such a decision by the issuer could have the effect of lengthening the debt security's expected maturity, making it more vulnerable to interest rate risk and reducing its market value. Reinvestment risk is the risk that when interest rates fall the Underlying Investment may be required to reinvest the proceeds from a security's sale or redemption at a lower interest rate. Callable bonds are generally subject to greater reinvestment risk than non-callable bonds. Prepayment risk is the risk that the issuer may redeem the security prior to the expected maturity or that borrowers may repay the loans that underlie these securities more quickly than expected, thereby causing the issuer of the security to repay the principal prior to the expected maturity. The Underlying Investment may need to reinvest the proceeds at a lower interest rate, reducing its income. Event risk is the risk that an issuer could be subject to an event, such as a buyout or debt restructuring, that interferes with its ability to make timely interest and principal payments and cause the value of its debt securities to fall.

Asset-Backed Securities Risk. The Underlying Investment can buy asset-backed securities, which are fractional interests in pools of loans and are collateralized by the loans, other assets or receivables. They are typically issued by trusts and special purpose corporations that pass the income from the underlying pool to the purchasers. These securities are subject to the risk of default by the issuer as well as by the borrowers of the underlying loans in the pool, and to interest rate and prepayment risks.

Risks of Repurchase Agreements. In a repurchase transaction, the Underlying Investment buys a security and simultaneously sells it back to the vendor for delivery at a future date. If the seller fails to pay the repurchase price on the delivery date, the Underlying Investment may incur costs in disposing of the collateral and may experience losses if there is any delay in its ability to do so. If the default on the part of the seller is due to its bankruptcy, the Underlying Investment's ability to liquidate the collateral may be delayed or limited.

Risks Relating to Investments By Other Oppenheimer Funds. Other Oppenheimer funds may invest all or a portion of their uninvested cash in shares of the Underlying Investment and may own a significant portion of the Underlying Investment's shares. These Oppenheimer funds may increase or reduce the amount of their investments in the Underlying Investment frequently, particularly under volatile market conditions, and in certain circumstances, such activity could require the Underlying Investment to purchase or sell portfolio securities, which may increase the Underlying Investment's transaction costs and/or reduce its performance.

Regulatory Risk. Changes to the monetary policy by the Federal Reserve or other regulatory actions could impact the Underlying Investment's operations, universe of potential investment options, and return potential.

Yield Risk. During periods of extremely low short-term interest rates, the Underlying Investment may not be able to maintain a positive yield. The rate of the Underlying Investment's income will vary from day to day, generally reflecting changes in short-term interest rates and in the fixed-income securities market. There is no assurance that the Underlying Investment will achieve its investment objective.

Risks of Investing in the China Fund. The China Fund is not registered under the Investment Company Act of 1940. As an investor in the China Fund, the Underlying Investment does not have all of the protections offered to investors by the Investment Company Act of 1940. However, the China Fund is controlled by the Underlying Investment and managed by OppenheimerFunds, Inc., which also serves as the Underlying Investment's sub-adviser. Investments in Chinese companies involve certain risks and special considerations not typically associated with investments in U.S. companies, such as greater government control over the economy, political and legal uncertainty, currency fluctuations or blockage, the risk that the Chinese government may decide not to continue to support economic reform programs and the risk of nationalization or expropriation of assets. Additionally, the Chinese securities markets are emerging markets subject to the special risks applicable to developing and emerging market countries described elsewhere in the Underlying Investment's prospectus. Further, the China Fund may invest substantially all of its assets in a limited number of issuers or a single issuer. To the extent that it does so, the China Fund is more subject to the risks associated with and developments affecting such issuers than an Underlying Investment that invests more widely.

Industry and Sector Focus. At times the Underlying Investment may increase the relative emphasis of its investments in a particular industry or sector. The prices of stocks of issuers in a particular industry or sector may go up and down in response to changes in economic conditions, government regulations, availability of basic resources or supplies, or other events that affect that industry or sector more than others. To the extent that the Underlying Investment increases the relative emphasis of its investments in a particular industry or sector, its share values may fluctuate in response to events affecting that industry or sector. To some extent that risk may be limited by the Underlying Investment's policy of not concentrating its investments in any one industry.

Risks of Mortgage-Related Securities. The Underlying Investment can buy interests in pools of residential or commercial mortgages in the form of "pass-through" mortgage securities. They may be issued or guaranteed by the U.S. government, or its agencies and instrumentalities, or by private issuers. The prices and yields on mortgage-related securities are determined, in part, by assumptions about the rate of payments of the underlying mortgages and are subject to the risks of unanticipated prepayment and extension risks. Mortgage-backed securities are also subject to interest rate risk, and the market for mortgage-backed securities may be volatile at times and may be less liquid than the markets for other types of securities. Mortgage-related securities issued by private issuers are not U.S. government securities, and are subject to greater credit risks than mortgage-related securities that are U.S. government securities. In addition, a substantial portion of the Underlying Investments assets may be subject to "forward roll" transactions (also referred to as "mortgage dollar rolls") at any given time, which subject the Underlying Investment to the risk that market value of the mortgage-related securities involved might decline, and that the counterparty might default in its obligations.

Eurozone Investment Risks. Certain of the regions in which the Underlying Investment may invest, including the European Union (EU), currently experience significant financial difficulties. Following the recent global economic crisis that began in 2008, some of these countries have depended on, and may continue to be dependent on, the assistance from others such as the European Central Bank (ECB) or other governments or institutions, and failure to implement reforms as a condition of assistance could have a significant adverse effect on the value of investments in those and other European countries. In addition, countries that have adopted the euro are subject to fiscal and monetary controls that could limit the ability to implement their own economic policies, and could voluntarily abandon, or be forced out of, the euro. Such events could impact the market values of Eurozone and various other securities and currencies, cause redenomination of certain securities into less valuable local currencies, and create more volatile and illiquid markets. Additionally, the United Kingdom's intended departure from the EU, commonly known as "Brexit," may have significant political and financial consequences for Eurozone markets, including greater market volatility and illiquidity, currency fluctuations, deterioration in economic activity, a decrease in business confidence and an increased likelihood of a recession in the United Kingdom.

Risks of Other Equity Securities. Most convertible securities are subject to the risks and price fluctuations of the underlying stock. They may be subject to the risk that the issuer will not be able to pay interest or dividends when due and their market value may change based on changes in the issuer's credit rating or the market's perception of the issuer's creditworthiness. Some convertible preferred stocks have a conversion or call feature that allows the issuer to redeem the stock before the conversion date, which could diminish the potential for capital appreciation on the investment. The fixed dividend rate of preferred stocks may cause their prices to behave more like those of debt securities. If interest rates rise, the value of preferred stock having a fixed dividend rate tends to fall. Preferred stock generally ranks behind debt securities in claims for dividends and assets of the issuer in a liquidation or bankruptcy. The price of a warrant does not necessarily move parallel to the price of the underlying security and is generally more volatile than that of the underlying security. Rights are similar to warrants, but normally have a shorter duration. The market for rights or warrants may be very limited and it may be difficult to sell them promptly at an acceptable price. Rights and warrants have no voting rights, receive no dividends and have no rights with respect to the assets of the issuer.

Risks of Small-Cap Companies. Small-cap companies may be either established or newer companies, including "unseasoned" companies that have typically been in operation for less than three years. While smaller companies might offer greater opportunities for gain than larger companies, they also involve greater risk of loss. They may be more sensitive to changes in a company's earnings expectations and may experience more abrupt and erratic price movements. Smaller companies' securities often trade in lower volumes and it might be harder for the Underlying Investment to dispose of its holdings at an acceptable price when it wants to sell them. Small-cap companies may not have established markets for their products or services and may have fewer customers and product lines. They may have more limited access to financial resources and may not have the financial strength to sustain them through business downturns or adverse market conditions. Since small-cap companies typically reinvest a high proportion of their earnings in their business, they may not pay dividends for some time, particularly if they are newer companies. Small-cap companies may have unseasoned management or less depth in management skill than larger, more established companies. They may be more reliant on the efforts of particular members of their management team and management changes may pose a greater risk to the success of the business. It may take a substantial period of time before the Underlying Investment realizes a gain on an investment in a small-sized company, if it realizes any gain at all.

Risks of Investing in Regulation S Securities. Regulation S securities may be less liquid than publicly traded securities and may not be subject to the disclosure and other investor protection requirements that would be applicable if they were publicly traded. Accordingly, Regulation S securities may involve a high degree of business and financial risk and may result in substantial losses.

Large Shareholder Transactions Risk. Large transactions by shareholders can impact the Underlying Investment's expense ratio, yield and potentially its net asset value. A large redemption of Underlying Investment shares by a large shareholder may have a negative effect on the Underlying Investment's net asset value and yield, as the Underlying Investment may be forced to sell a large portion of its portfolio holdings at an inopportune time. A large redemption of Underlying Investment shares may also result in an increase in the Underlying Investment's expense ratio, since a large redemption may result in the Underlying Investment's current expenses being allocated over a smaller asset base. In order to be able to meet reasonably foreseeable requests for redemptions of Underlying Investment shares, the Underlying Investment may be required to consider factors that could affect the Underlying Investment's liquidity needs, including characteristics of the Underlying Investment's investors and their likely redemptions. This may require the Underlying Investment to maintain sufficiently liquid assets in lower-yielding securities that are easier to sell, which may have a negative impact on the Underlying Investment's yield. Similarly, a large purchase of Underlying Investment shares by a large shareholder may have a negative effect on the Underlying Investment's yield, as the Underlying Investment may be unable to deploy a larger cash position into new investments as quickly as it could with a smaller cash position. Large transactions may also increase transaction costs.

Government Securities Risk. The Underlying Investment invests in securities issued or guaranteed by the U.S. government or its agencies and instrumentalities (such as securities issued by the Government National Mortgage Association ("Ginnie Mae"), the Federal National Mortgage Association ("Fannie Mae"), the Federal Home Loan Mortgage Corporation ("Freddie Mac") or other Government Sponsored Enterprises (GSEs)). U.S. government securities are subject to market risk, interest rate risk and credit risk. U.S. government securities include zero coupon securities, which tend to be subject to greater market risk than interest-paying securities of similar maturities.

Cash Risk. As a government money market fund, the Underlying Investment will likely hold some of its assets in cash, which may negatively affect the Underlying Investment's performance. Maintaining cash positions may also subject the Underlying Investment to additional risks and costs, such as increased exposure to the custodian bank holding the assets and any fees imposed for large cash balances.

Risk of Investing in Floating and Variable Rate Obligations. Some fixed-income securities have variable or floating interest rates that provide for a periodic adjustment in the interest rate paid on the securities. The rate adjustment intervals may be regular and range from daily up to annually, or may be based on an event, such as a change in the stated prevailing market rate. Floating and variable rate securities may be subject to greater liquidity risk than other debt securities, meaning that there may be limitations on the Underlying Investment's ability to sell the securities at any given time. Such securities also may lose value.

Allocation Risk. The Underlying Investment's ability to achieve its investment objective depends largely upon selecting the best mix of Underlying Investments. There is the risk that portfolio manager evaluations and assumptions regarding the Underlying Investments' prospects may be incorrect in view of actual market conditions.

Net Asset Value Risk. There is no assurance that the Underlying Investment will maintain a net asset value of \$1.00 per share on a continuous basis. Additionally, there can be no assurance that the Underlying Investment's affiliates will purchase distressed assets from the Underlying Asset, make capital infusions, enter into capital support agreements or take other actions to ensure that the Underlying Investment maintains a net asset value of \$1.00 per share. The failure of any money market fund to maintain a stable net asset value could place increased redemption pressure on other money market funds, including the Underlying Investment.

Risks of Master Limited Partnerships. Investments in securities of master limited partnerships ("MLPs") involve risks that differ from investments in common stock, including risks related to the following: a common unit holder's limited control and limited rights to vote on matters affecting the MLP; potential conflicts of interest between the MLP and the MLP's general partner; cash flow; dilution; and the general partner's right to require unit holders to sell their common units at an undesirable time or price. MLP common unit holders may not elect the general partner or its directors and have limited ability to remove an MLP's general partner. MLPs may issue additional common units without unit holder approval, which could dilute the ownership interests of investors holding MLP common units. MLP common units, like other equity securities, can be affected by macro-economic and other factors affecting the stock market in general, expectations of interest rates, investor sentiment towards an issuer or certain market sector, changes in a particular issuer's financial condition, or unfavorable or unanticipated poor performance of a particular issuer. Prices of common units of individual MLPs, like prices of other equity securities, also can be affected by fundamentals unique to the partnership or company, including earnings power and coverage ratios. A holder of MLP common units typically would not be shielded to the same extent that a shareholder of a corporation would be. In certain circumstances, creditors of an MLP would have the right to seek return of capital distributed to a limited partner, which would continue after an investor sold its investment in the MLP. The value of an MLP security may decline for reasons that directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer's products or services.

MLPs currently do not pay U.S. federal income tax at the partnership level. A change in current tax law, or a change in the underlying business mix of a given MLP, could result in an MLP being treated as a corporation for U.S. federal income tax purposes, which could result in a requirement to pay federal income tax on its taxable income and have the effect of reducing the amount of cash available for distribution by the MLP, resulting in a reduction of the value of the common unit holder's investment. Changes in the laws, regulations or related interpretations relating to the Underlying Investment's investments in MLPs could increase the fund's expenses, reduce its cash distributions, negatively impact the value of an investment in an MLP, or otherwise impact the Underlying Investment's ability to implement its investment strategy. Due to the heavy state and federal regulations that an MLP's assets may be subject to, an MLP's profitability could be adversely impacted by changes in the regulatory environment.

Generally, the securities markets may move down, sometimes rapidly and unpredictably, based on overall economic conditions and other factors. The market value of a security may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. A security's market value also may decline because of factors that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry.

Risks of Energy Infrastructure and Energy-Related Assets or Activities. Energy infrastructure MLPs are subject to risks specific to the energy and energy-related industries, including, but not limited to: fluctuations in commodity prices may impact the volume of energy commodities transported, processed, stored or distributed; reduced volumes of natural gas or other energy commodities available for transporting, processing, storing or distributing may affect the profitability of an MLP; slowdowns in new construction and acquisitions can limit growth potential; reduced demand for oil, natural gas and petroleum products, particularly for a sustained period of time, could adversely affect MLP revenues and cash flows; depletion of natural gas reserves or other commodities, if not replaced, could impact an MLP's ability to make distributions; changes in the regulatory environment could adversely affect the profitability of MLPs; extreme weather and environmental hazards could impact the value of MLP securities; rising interest rates could result in higher costs of capital and drive investors into other investment opportunities; and threats of attack by terrorists on energy assets could impact the market for MLPs.

Concentration Risk -SteelPath. Concentration risk is the risk that the Underlying Investment's investments in the securities of companies in one industry or market sector will cause the Underlying Investment to be more exposed to developments affecting a single industry or market sector than a more broadly diversified fund would be.

Because the Underlying Investment invests primarily in securities of issuers in the energy industry or sector, it could experience greater volatility or may perform poorly during a downturn in that industry or sector because it is more susceptible to the economic, environmental and regulatory risks associated with that industry or sector than an Underlying Investment that invests more broadly.

Liquidity Risks. Securities that are difficult to value or to sell promptly at an acceptable price are generally referred to as “illiquid” securities. If it is required to sell securities quickly or at a particular time (including sales to meet redemption requests) the Underlying Investment could realize a loss on illiquid investments.

Liquidity Risks of MLP Securities. Although MLPs trade publicly, certain MLP securities may trade less frequently than those of larger companies due to their smaller capitalizations. When certain MLP securities experience limited trading volumes, they may experience abrupt or erratic price movements at times. Investments in securities that are less actively traded or over time experience decreased trading volume may restrict the Underlying Investment’s ability to take advantage of other market opportunities or to dispose of securities, which may affect adversely its ability to make dividend distributions.

Risks of Deferred Tax Liability. The Underlying Investment is classified for federal tax purposes as a taxable regular corporation (also referred to as a “C corporation”) subject to U.S. federal income tax on its taxable income at the rates applicable to corporations, as well as state and local income taxes. Election to be taxed as a C corporation rather than a regulated investment company is a relatively recent strategy for open-end registered investment companies. This strategy involves complicated accounting, tax, net asset value and share valuation aspects that cause the Underlying Investment to differ significantly from most other open-end registered investment companies, which could result in unexpected and potentially significant accounting, tax and valuation consequences for the Underlying Investment and shareholders. Additionally, accounting, tax and valuation practices in this area are still developing, and there may not always be clear agreement among industry participants on the most appropriate approach. This could result in changes over time in the practices applied by the Underlying Investment, which in turn could have significant adverse consequences on the Underlying Investment and shareholders.

As a C corporation the Underlying Investment accrues deferred income taxes for any future tax liability, reflected each day in the Underlying Investment’s NAV, associated with its investments in MLPs. Current and deferred tax liabilities, if any, will depend upon net investment gains and losses and realized and unrealized gains and losses on investments, and therefore may vary greatly from year to year and day to day depending on the nature and performance of the Underlying Investment’s investments and the general market conditions. The Underlying Investment will rely to some extent on information provided by the MLPs, which may not be timely, to estimate deferred tax liability and/or asset balances, subject to the Underlying Investment’s modification of those estimates or assumptions as new information becomes available. The daily estimate of the Underlying Investment’s deferred tax liability and/or asset balances used to calculate its NAV may vary dramatically from the Underlying Investment’s actual tax liability. Actual income tax expense, if any, will be incurred over many years depending upon whether and when investment gains and losses are realized, the then-current basis of the Underlying Investment’s assets, prevailing tax rates, and other factors. Upon the sale of an MLP security, the Underlying Investment will be liable for previously deferred taxes, if any. As a result, the Underlying Investment’s actual tax liability could have a material impact on the Underlying Investment’s NAV to the extent that its actual tax liability differs from the estimated deferred tax liability.

Regulatory Risks – SteelPath. Changes in the laws, regulations or related interpretations relating to the Underlying Investment’s tax treatment as a C corporation, or its investments in MLPs or other instruments, could increase the Underlying Investment’s expenses, reduce its cash distributions, negatively impact the value of an investment in an MLP, or otherwise impact the Underlying Investment’s ability to implement its investment strategy. As discussed above, a change in current tax law, or a change in the underlying business mix of a given MLP, could result in the MLP itself being treated as a corporation for U.S. federal income tax purposes, which could result in a requirement to pay federal income tax on its taxable income and have the effect of reducing the amount of cash available for distribution or the value of the Fund’s investment. Due to the heavy state and federal regulations that an MLP’s assets may be subject to, an MLP’s profitability could be adversely impacted by changes in the regulatory environment.

Asset Allocation Risk. Because the Underlying Investment typically invests in a combination of securities, the Underlying Investment’s ability to achieve its investment objective depends largely upon selecting the best mix of investments. There is the risk that the portfolio manager’s evaluations and assumptions regarding market conditions may be incorrect. During periods of rapidly rising stock prices, the Underlying Investment might not achieve growth in its share prices to the same degree as funds focusing only on stocks. The Underlying Investment’s investments in stocks may make it more difficult to preserve principal during periods of stock market volatility. The Underlying Investment’s use of a particular investment style might not be successful when that style is out of favor and the Underlying Investment’s performance may be adversely affected by the asset allocation decisions.

Risks of Investments in Other Investment Companies. As an investor in another investment company, the Underlying Investment would be subject to the risks of that investment company’s portfolio. Investing in another investment company may also involve paying a premium above the value of that investment company’s portfolio securities and is subject to a ratable share of that investment company’s expenses, including its advisory and administration expenses. The Underlying Investment does not intend to invest in other investment companies unless it is believed that the potential benefits of the investment justify the payment of any premiums, expenses or sales charges. The Investment Company Act of 1940 also imposes limitations on mutual funds’ investments in other investment companies.

The Underlying Investment may also invest in exchange traded funds (“ETFs”), which are subject to all the risks of investing in investment companies as described above. Because ETFs are listed on national stock exchanges and are traded like stocks listed on an exchange, shares of ETFs potentially may trade at a discount or a premium to their net asset value. Investments in ETFs are also subject to brokerage and other trading costs, which could result in greater expenses to the Fund.

Risks of Alternative Investment Strategies. The Underlying Investment utilizes alternative investment strategies, which are strategies that the portfolio managers expect to result in investment performance that does not correlate with the performance of traditional asset classes, such as equity and fixed-income investments. The Underlying Investment also seeks to utilize a diverse mix of alternative investment strategies, in the hope that individual strategies yield low performance correlation to other alternative investment strategies used by the Underlying Investment. However, alternative investments may be more volatile or illiquid, particularly during periods of market instability, and the Underlying Investment cannot guarantee that diverse alternative investment strategies will yield uncorrelated performance under all market conditions. In addition, the particular mix of alternative investments in the Underlying Investment’s portfolio may not be sufficiently diversified. The Underlying Investment is subject to the risk that its alternative investments may undergo a correlation shift, resulting in returns that are correlated with the broader market and/or with the Underlying Investment’s other alternative investments.

Risks of Event-Linked Securities. Event-linked securities (including “catastrophe” bonds and other insurance-linked securities) are fixed income securities for which the return of principal and payment of interest is contingent on the non-occurrence of a trigger event, such as a hurricane, earthquake, or other catastrophe or series of catastrophe events that leads to physical or economic loss(es). If the trigger event occurs prior to maturity, the Underlying Investment may lose all or a portion of its principal and additional interest. Event-linked securities may expose the Underlying Investment to certain other risks, including issuer default, adverse regulatory or jurisdictional interpretations, liquidity risk and adverse tax consequences.

Risks of Hedging. The Underlying Investment may engage in “hedging” strategies, including short sales, futures and other derivatives in an effort to protect assets from losses due to declines in the value of the Underlying Investment’s portfolio. There are risks in the use of these investment and trading strategies. There can be no assurance that the hedging strategies used will be successful in avoiding losses, and hedged positions may perform less favorably in generally rising markets than unhedged positions. If the Underlying Investment uses a hedging strategy at the wrong time or judges market conditions incorrectly, the strategy could reduce the Underlying Investment’s return. In some cases, derivatives or other investments may be unavailable, or the investment adviser may choose not to use them under market conditions when their use, in hindsight, may be determined to have been beneficial to the Underlying Investment. No assurance can be given that the investment adviser will employ hedging strategies with respect to all or any portion of the Underlying Investment’s assets.

Principal Investment Risks of the American Century Funds

Interest Rate Risk. Investments in debt securities are sensitive to interest rate changes. Generally, the value of debt securities and the funds that hold them decline as interest rates rise. The American Century Underlying Investment’s investments are designed to reduce this risk. Interest rate risk, however, is generally higher for the American Century Underlying Investment than for funds that have shorter-weighted maturities, such as money market funds and short-term bond funds. A period of rising interest rates may negatively affect the American Century Underlying Investment’s performance.

Credit Risk. Debt securities, even investment-grade debt securities, are subject to credit risk. Credit risk is the risk that the inability or perceived inability of the issuer to make interest and principal payments will cause the value of the securities to decrease. As a result the American Century Underlying Investment’s share price could also decrease. Changes in the credit rating of a debt security held by the American Century Underlying Investment could have a similar effect.

Prepayment Risk. The American Century Underlying Investment may invest in debt securities backed by mortgages or other assets. If these underlying assets are prepaid, the American Century Underlying Investment may benefit less from declining interest rates than funds of similar maturity that invest less heavily in mortgage- and asset-backed securities.

Foreign Securities Risk. Foreign securities have certain unique risks, such as currency risk, social, political and economic risk, and foreign market and trading risk. Securities of foreign issuers may be less liquid, more volatile and harder to value than United States securities.

Derivative Risk. The use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional instruments. Derivatives are subject to a number of risks, including liquidity, interest rate, market, credit and correlation risk.

Liquidity Risk. The American Century Underlying Investment may also be subject to liquidity risk. During periods of market turbulence or unusually low trading activity, in order to meet redemptions it may be necessary for the American Century Underlying Investment to sell securities at prices that could have an adverse effect on the American Century Underlying Investment’s share price.

Principal Loss. At any given time your shares may be worth less than the price you paid for them. In other words, it is possible to lose money by investing in the American Century Underlying Investment.

Market Risk. The value of the securities owned by the American Century Underlying Investment may go up and down, sometimes rapidly and unpredictably.

High-Yield Risk. Issuers of high-yield securities are more vulnerable to real or perceived economic changes (such as an economic downturn or a prolonged period of rising interest rates), political changes or adverse developments specific to an issuer. These factors may be more likely to cause an issuer of low quality bonds to default on its obligations.

Redemption Risk. The Underlying Investment may need to sell securities at times it would not otherwise do so to meet shareholder redemption requests. Selling securities to meet such redemptions may cause the fund to experience a loss, increase the fund's transaction costs or have tax consequences. To the extent that a large shareholder (including a fund of funds or 529 college savings plan) invests in the Underlying Investment, the Underlying Investment may experience relatively large redemptions as such shareholder reallocates its assets.

Principal Investment Risks of the MainStay High Yield Corporate Bond Fund

You can lose money by investing in the MainStay Underlying Investment. An investment in the MainStay Underlying Investment is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency. The investments selected by the MainStay Underlying Investment's Subadvisor may underperform the market or other investments. The MainStay Underlying Investment may receive large purchase or redemption orders which may have adverse effects on performance if the MainStay Underlying Investment were required to sell securities, invest cash or hold cash at times when it would not otherwise do so. The principal risks of investing in the MainStay Underlying Investment are summarized below.

Market Risk: The value of the MainStay Underlying Investment's investments may fluctuate because of changes in the markets in which the MainStay Underlying Investment invests, which could cause the MainStay Underlying Investment to underperform other options with similar objectives. Changes in these markets 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. Such conditions may add significantly to the risk of volatility in the net asset value of the MainStay Underlying Investment's shares.

Portfolio Management Risk: The investment strategies, practices and risk analysis used by the Subadvisor may not produce the desired results. In addition, the MainStay Underlying Investment may not achieve its investment objective, including during a period 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 MainStay Underlying Investment will achieve or maintain any particular level of yield.

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); and (v) call risk, e.g., during a period of falling interest rates, the issuer may redeem a security by repaying it early, which may reduce the MainStay Underlying Investment's income if the proceeds are reinvested at lower interest rates.

Interest rates in the United States are near historic lows, which may increase the MainStay Underlying Investment's exposure to risks associated with rising interest rates. Interest rates may rise significantly and/or rapidly. Rising interest rates or lack of market participants may lead to decreased liquidity and increased volatility in the bond markets, making it more difficult for the MainStay Underlying Investment to sell its bond holdings at a time when the Subadvisor might wish to sell. Decreased liquidity in the bond markets also may make it more difficult to value some or all of the MainStay Underlying Investment's bond holdings.

Additional risks associated with an investment in the MainStay Underlying Investment include the following: (i) not all U.S. government securities are insured or 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; and (ii) the MainStay Underlying Investment's yield will fluctuate with changes in short-term interest rates.

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: Securities purchased by the MainStay Underlying Investment 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 MainStay Underlying Investment 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 MainStay Underlying Investment shares or receive less than the market value when selling MainStay Underlying Investment shares. This could affect the proceeds of any redemption or the number of shares an investor receives upon purchase. Liquidity risk may also refer to the risk that the MainStay Underlying Investment may not be able to pay redemption proceeds within the allowable time period because of unusual market conditions, unusually high volume of redemptions, or other reasons. To meet redemption requests or to raise cash to pursue other investment opportunities, the MainStay Underlying Investment may be forced to sell securities at an unfavorable time and/or under unfavorable conditions, which may adversely affect the MainStay Underlying Investment.

Loan Participation Interest Risk: There may not be a readily available market for loan participation interests, which in some cases could result in the MainStay Underlying Investment disposing of such a security at a substantial discount from face value or holding such a security until maturity. In addition, there is also the credit risk of the underlying corporate borrower as well as the lending institution or other participant from whom the MainStay Underlying Investment purchased the loan participation interests.

Floating Rate Loans Risk: The floating rate loans in which the MainStay Underlying Investment 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 securities. Moreover, such securities 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 MainStay Underlying Investment's investments in floating rate loans are more likely to decline. The secondary market for floating rate loans is limited and, thus, the MainStay Underlying Investment'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 MainStay Underlying Investment 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 MainStay Underlying Investment may not have the protection of the anti-fraud provisions of the federal securities laws. In such cases, the MainStay Underlying Investment generally must rely on the contractual provisions in the loan agreement and common-law fraud protections under applicable state law.

Convertible Securities Risk: Convertible securities may be subordinate to other securities. 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 MainStay Underlying Investment could lose its entire investment.

Foreign Securities Risk: Investments in foreign 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 MainStay Underlying Investment's investments in foreign securities. Foreign securities may also subject the MainStay Underlying Investment's investments to changes in currency rates. 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.

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 MainStay Underlying Investment to greater risk and often involve leverage, which may exaggerate a loss, potentially causing the MainStay Underlying Investment to lose more money than it would have lost had it invested directly in the underlying instrument. 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 MainStay Underlying Investment. 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 MainStay Underlying Investment may not be able to profitably exercise an option and may lose its entire investment in an option. Derivatives may also increase the expenses of the MainStay Underlying Investment.

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 MainStay Underlying Investment's holdings. Opportunity for greater gain often comes with greater risk of loss.

Money Market/Short-Term Securities Risk: To the extent the MainStay Underlying Investment holds cash or invests in money market or short-term securities, the MainStay Underlying Investment may be less likely to achieve its investment objective. In addition, it is possible that the MainStay Underlying Investment's investments in these instruments could lose money.

Principal Investment Risks of the T. Rowe Price Fund

Active management risks. The investment adviser's judgments about the attractiveness, value, or potential appreciation of the Underlying Investment's investments may prove to be incorrect. If the investments selected and strategies employed by the Underlying Investment fail to produce the intended results, the Underlying Investment could underperform in comparison to other Underlying Investments with similar objectives and investment strategies.

Risks of U.S. stock investing. Stocks generally fluctuate in value more than bonds and may decline significantly over short time periods. There is a chance that stock prices overall will decline because stock markets tend to move in cycles, with periods of rising and falling prices. The value of a stock in which the Underlying Investment invests may decline due to general weakness in the U.S. stock market, such as when the U.S. financial markets decline, or because of factors that affect a particular company or industry.

Investment style risks. Different investment styles tend to shift in and out of favor depending on market conditions and investor sentiment. The Underlying Investment's growth approach to investing could cause it to underperform other stock funds that employ a different investment style. Growth stocks tend to be more volatile than certain other types of stocks, and their prices may fluctuate more dramatically than the overall stock market. A stock with growth characteristics can have sharp price declines due to decreases in current or expected earnings and may lack dividends that can help cushion its share price in a declining market.

Market capitalization risks. The Underlying Investment's focus on large and medium-sized companies subjects the Underlying Investment to the risks that larger companies may not be able to attain the high growth rates of successful smaller companies, especially during strong economic periods, and that they may be less capable of responding quickly to competitive challenges and industry changes. Because the Underlying Investment focuses on large and medium sized companies, its share price could be more volatile than a Underlying Investment that invests only in large companies. Medium-sized companies typically have less experienced management, narrower product lines, more limited financial resources, and less publicly available information than larger companies.

Industry risks. To the extent the Underlying Investment invests in specific industries or sectors, it may be more susceptible to developments affecting those industries and sectors. For example, the Underlying Investment may at times have significant investments in technology companies, which could result in the Underlying Investment performing poorly during a downturn in one or more of the industries that heavily impact technology companies. Technology companies can be adversely affected by, among other things, intense competition, earnings disappointments, and rapid obsolescence of products and services due to technological innovations or changing consumer preferences.

Foreign investing risks. The Underlying Investment's investments in foreign securities may be adversely affected by local, political, social, and economic conditions overseas, greater volatility, reduced liquidity, or decreases in foreign currency values relative to the U.S. dollar. These risks are heightened for the Underlying Investment's investments in emerging markets, which are more susceptible to governmental interference, less efficient trading markets, and the imposition of local taxes or restrictions on gaining access to sales proceeds for foreign investors.

Principal Risks Associated with an Investment in the Capital Preservation Portfolio

Industry Concentration Risk and Issuer Default Risk. The risk that the Capital Preservation Portfolio concentrates its investments in investment contracts ("Contracts") that are issued by one or only a few issuers and the further risk that the issuer may default on its obligations to pay interest under the Contract(s). The Capital Preservation Portfolio may primarily consist of Contracts of one issuer, and that issuer may be an affiliate of a person providing services to the Plan. Financial obligations of the issuer under a Contract are obligations of the issuer to the Trust. These obligations are not securitized, and are not supported by identifiable assets against which the Trust has an exclusive claim. A Contract is backed solely by the financial strength of the Contract issuer. The possibility exists that an issuer could fail to meet its financial obligations under a Contract and a Capital Preservation Portfolio may lose value if an issuer of a Contract held in the Portfolio is unable to make interest payments when due. Issuer default risk is further intensified if the Capital Preservation Portfolio consists primarily of Contracts from one issuer.

Interest Rate Risk. The risk that the interest rate payable under a Contract held in the Capital Preservation Portfolio may be lower than prevailing interest rates or lower than interest rates payable under investment contracts issued by other issuers. In addition, a Contract may permit the issuer of the Contract, under certain circumstances that cause a material adverse financial, legal or administrative impact on the issuer, to continue to administer the Contract as if such circumstances had not occurred or, with the Board of Trustees' consent, to reduce the contractual interest rate in effect under the Contract. Such circumstances may include, but are not limited to a change in the Plan that adversely impacts the issuer of the Contract by materially altering the amount of Contributions or withdrawals to the Capital Preservation Portfolio, altering the investment options or their investment guidelines, or the frequency of exchanges permitted among the investment options.

Money Market Fund Risk. To the extent that the Capital Preservation Portfolio invests in a money market fund, the Portfolio is subject to the risk that the fund will be unable to maintain the value of its shares at \$1.00 per share. An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government

agency. A money market fund is subject to Interest Rate Risk, which is the risk that when interest rates increase, securities held by the fund will decline in value, and also subject to Credit/Default Risk, which is the risk that an issuer of fixed-income securities held by the fund may default on its obligation to pay interest and repay principal.

Termination Risk. The risk that the Trust might incur a penalty upon an early termination of a Contract. A Contract may be terminable by the Trust if the issuer of the Contract breaches its material obligations to the Trust and that breach is not cured within a specified period of time, or upon occurrence of certain other events. In the event of such a termination, the issuer of the Contract would remit the assets held under the Contract to the Trust, without penalty. However, a Contract may permit the Trust and the issuer of the Contract, under certain circumstances, to agree to terminate the Contract and determine a repayment schedule that might include a penalty.

Because of the foregoing risks, and Account Owner could suffer a loss and/or experience a significant delay in collecting his or her balances held in the Capital Preservation Portfolio.

ADDITIONAL INFORMATION

The Board

The Education Trust Act of 1997, as amended, 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. 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 four members, respectively.

Administrative Services

Under the Management Agreement, the Program Manager or its designee performs certain administrative services to the Plan and investment services with respect to the Investment of Portfolio assets. The Program Manager will invest Portfolio assets subject to the overall supervision of the Board. Under the Management Agreement, the Program Manager may subcontract for the performance of services required to be performed by the Program Manager.

Custody Accounts

Citibank, N.A. acts as custodian of the Plan's cash balances. The Program Manager is not affiliated with Citibank, N.A. The respective SEC-registered transfer agents for the Underlying Investments that are mutual funds record the Portfolio's positions in mutual fund shares.

Auditors for the Trust

Each year, if directed by the Board, the Program Manager will work with an independent public accountant or firm selected by the Board to audit the Portfolios in the Trust. The Board may also conduct additional audits of the Trust.

Securities Laws Applicable to the Trust

Interests in the Trust have not been registered as securities under the Securities Act of 1933, as amended, pursuant to an exemption from registration available for obligations issued by a public instrumentality of a state. Similarly, interests in the Trust have not been registered with the securities commissions of any state where applicable exemptions from registration are available. Neither the Trust nor the Portfolios have been registered as investment companies under the Investment Company Act of 1940, as amended, since the provisions of that Act exclude from registration any instrumentality of a state. The Program Distributor is a registered broker-dealer, and a member of the Financial Industry Regulatory Authority, Inc. (FINRA), the Municipal Securities Rulemaking Board (MSRB) and the Securities Investor Protection Corporation (SIPC).

Underlying Investments

Each Portfolio invests in the institutional (Class I) shares for Oppenheimer funds, Class I shares for MainStay and T. Rowe Price funds, and the Institutional class for the American Century funds, except that the Portfolios invest in the L class of shares of the Oppenheimer Institutional Government Money Market Fund.

For more complete information concerning any Underlying Investment, including risks, management fees and expenses, or for a copy of its current prospectus, statement of additional information or most recent semiannual or annual report, see Appendix A for the websites and phone numbers of the Investment Managers.

Continuing Disclosure

Under Rule 15c2-12(b)(5) (the "Rule") of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), certain information must be provided to Account Owners on a periodic basis. To comply with this Rule, the Board has executed a Continuing Disclosure Undertaking for the benefit of Account Owners (the "Undertaking"). Under the Undertaking, certain financial information and operating data relating to the Trust will be provided to appropriate parties, as will notices of the occurrence of certain events identified in the Undertaking, if material.

Account Statements

The Plan maintains records for each Account and will deliver to the Account Owner quarterly account statements. In addition, an Account Owner will receive written confirmation of each new contribution (excluding any AIPs) made into an Account and an acknowledgement of any changes made to Account information.

Method of Offering

Participation Agreements and Plan interests are offered by registered financial advisors and each financial advisor's registered sales agents. These sales agents receive compensation in connection with the sale of Participation Agreements and Plan interests as described above. Account Owners whose Accounts are established as a result of an offer by a particular financial advisor or sales agent will be considered broker-dealer customers of such financial advisor or sales agent to the extent required by law.

How to Participate

If you are enrolling through the assistance of a financial advisor, your financial advisor will provide you with the necessary forms. When you wish to open an Account, you must complete and sign the Enrollment Application (by signing the Enrollment Application, you acknowledge that you have read and consent to the Participation Agreement and this Plan Description, and, if you elect to invest in one or more Individual Fund Portfolios, that you have read the prospectus of the mutual fund underlying each of the Individual Fund Portfolios you have selected), designate a Designated Beneficiary and mail (or deliver to your financial advisor for mailing) the completed form and a check for your initial Contribution (if you are not making your Contributions via electronic transfer from another financial institution) to the following address: **Scholar's Edge, P.O. Box 173691, Denver, CO 80217**.

Participation Agreement

Each Account will be established based upon the Account Owner's statements, agreements, representations and warranties set forth in the Participation Agreement and Enrollment Application. Any such misstatement, misrepresentation, breach or failure by the Account Owner may deprive the Designated Beneficiary of benefits under the Plan. Any alteration or modification to the terms of the Participation Agreement (including this document) by you or by any person other than the Trust or its agents is void and has no effect.

The Participation Agreement or this Plan Description will automatically be amended without any action on the part of Account Owners or Designated Beneficiaries upon any amendments to the New Mexico legislation authorizing the Plan or the Trust, or regulations adopted by the federal government or the State of New Mexico in each case relating to the Trust or the Plan. The Program Manager will promptly notify Account Owners of any such changes in the Participation Agreement or this Plan Description. The terms of this document, as amended and in effect from time to time, form a part of the Participation Agreement, and you are bound by the most recent terms whether or not you have received actual notice of any changes.

Tax Reporting

The Program Manager, on behalf of the Board, will report withdrawals and other matters to the IRS, Account Owners and other persons, if any, to the extent required pursuant to federal, state or local law, regulation or ruling. Under federal law, the Program Manager, on behalf of the Board, will file a separate return with the IRS reporting distributions from an Account to each distributee reflecting, among other information, the earnings portion of Account withdrawals during the calendar year to which the report pertains. For these purposes, the distributee is considered to be the Designated Beneficiary if the withdrawal is paid to the Designated Beneficiary or to an educational institution on behalf of the Designated Beneficiary, or in all other cases, the Account Owner.

Controversies Involving Your Account

All controversies that may arise between you or the Designated Beneficiary and the Program Manager involving your Account(s) will be determined by court proceedings. Any controversies that may arise between you or the Designated Beneficiary and the Board involving any transaction in your Account(s) may be determined by arbitration or court proceedings, as determined by the Board in its sole discretion.

Miscellaneous

Account Owners should keep the most recent version of the Plan Description and all supplements and the Participation Agreement for future reference. These documents provide important information about the Plan, including information about the investment objectives, sales charges, fees, expenses and investment risks.

Contact Information

You may contact us in writing at Scholar's Edge, **P.O. Box 173691, Denver, CO 80217** or by calling **1.866.529.SAVE (1.866.529.7283)** or by visiting the Plan's website at **www.scholarsedge529.com**.

Requesting Additional Information

For answers to your questions or to request an Enrollment Application or other materials, please contact your financial advisor or call the Program Distributor's Customer Service Team toll free at **1.866.529.SAVE (1.866.529.7283)**.

Learn more about Scholar's Edge by visiting the Scholar's Edge website: **www.scholarsedge529.com**.

UNDERLYING INVESTMENTS' INVESTMENT OBJECTIVES

Set forth below are the investment objective, current investment focus and principal risks of the various Underlying Investments within the Plan's Portfolios. For more complete information of each Underlying Investment, read its prospectus prior to investing. Please see the discussions appearing under the section titled "Principal Investment Risks of the Underlying Investments" on page 52 for more information concerning the principal risks associated with each Underlying Investment.

For more information, including performance information, on the underlying Oppenheimer funds in which the Portfolios invest, please visit www.oppenheimerfunds.com or call OppenheimerFunds at **1.800.525.7048** and obtain a free prospectus or Annual or Semi-Annual Report. For more information, including performance information, on the underlying MainStay funds in which the Portfolios invest, please visit www.mainstayinvestments.com or call MainStay at **1.800.MAINSTAY (1.800.624.6782)** and obtain a free prospectus or Annual or Semi-Annual Report. For more information, including performance information, on the underlying American Century fund in which the Portfolios invest, please visit www.americancentury.com or call American Century at **1.800.345.6488** and obtain a free prospectus or Annual or Semi-Annual Report. For information, including performance information, on the underlying T. Rowe Price fund in which the Portfolios invest, please visit www.troweprice.com or call T. Rowe Price at **1.800.638.2587** and obtain a free prospectus or Annual or Semi-Annual Report for any T. Rowe Price fund used in connection with the Plan.

American Century Diversified Bond Fund

Investment Objective

The fund seeks a high level of income by investing in non-money market debt securities.

Principal Investment Strategy

Under normal market conditions, the fund invests at least 80% of its assets in high- and medium-grade non-money market debt securities. These securities, which may be payable in United States or foreign currencies, may include corporate bonds and notes, government securities and securities backed by mortgages or other assets. Shorter-term debt securities round out the portfolio.

The fund invests most of its assets in investment-grade securities. An investment-grade security is one that has been rated in its top four credit quality categories or determined by American Century to be of comparable credit quality. However, up to 15% of the fund's assets may be invested in securities rated in the fifth highest category by an independent rating agency, or determined to be of comparable quality by American Century. The weighted average maturity of the fund's portfolio must be three and one-half years or longer.

The fund may invest in securities issued or guaranteed by the United States Treasury and certain United States government agencies or instrumentalities such as the Government National Mortgage Association (Ginnie Mae). Ginnie Mae is supported by the full faith and credit of the United States government. Securities issued or guaranteed by other United States government agencies or instrumentalities, such as the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), and the Federal Home Loan Bank (FHLB) are not guaranteed by the United States Treasury or supported by the full faith and credit of the United States government. However, they are authorized to borrow from the United States Treasury to meet their obligations.

The fund may also invest in derivative instruments such as options, futures contracts, options on futures contracts, and swap agreements (including, but not limited to, credit default swap agreements), or in mortgage- or asset-backed securities, provided that such investments are in keeping with the fund's investment objective.

To determine whether to buy or sell a security, American Century's portfolio managers consider among other things, various fund requirements and standards, along with economic conditions, alternative investments and interest rates.

Principal Risks

The primary risks of investing in this fund are: Interest Rate Risk, Credit Risk, Prepayment Risk, Foreign Securities Risk, Derivative Risk, Liquidity Risk, Principal Loss and Market Risk.

American Century Short Duration Inflation Protection Bond Fund

Investment Objective

The Fund pursues total return using a strategy that seeks to protect against U.S. inflation.

Investment Process

Under normal market conditions, the fund invests at least 80% of its net assets in inflation-linked debt securities. These securities include inflation-linked U.S. Treasury securities, inflation-linked securities issued by U.S. government agencies and instrumentalities other than the U.S. Treasury, and inflation-linked securities issued by other entities such as domestic and foreign corporations and governments. Inflation-linked securities are designed to protect the future purchasing power of the money invested in them.

The fund may invest in securities issued or guaranteed by the U.S. Treasury and certain U.S. government agencies or instrumentalities such as the Government National Mortgage Association (Ginnie Mae). Ginnie Mae is supported by the full faith and credit of the U.S. government. Securities issued or guaranteed by other U.S. government agencies or instrumentalities,

such as the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), and the Federal Home Loan Bank (FHLB) are not guaranteed by the U.S. Treasury or supported by the full faith and credit of the U.S. government. However, they are authorized to borrow from the U.S. Treasury to meet their obligations.

The fund also may invest a portion of its net assets in fixed-income securities that are not linked to inflation. These securities may include other debt securities, including mortgage- and asset-backed securities, whether issued by the U.S. government, its agencies or instrumentalities, corporations or other non- governmental issuers.

The fund may invest up to 20% of its total assets in securities denominated in foreign currencies and may invest beyond this limit in U.S. dollar denominated securities of foreign issuers. The fund invests primarily in investment-grade securities, but may also invest a portion of its assets in high-yield securities, or junk bonds.

The fund also may invest in derivative instruments such as options, futures contracts, options on futures contracts, and swap agreements (including, but not limited to, credit default swap agreements), or in mortgage- or asset-backed securities, provided that such instruments are in keeping with the fund's investment objective.

The weighted average duration of the fund's portfolio must be five years or shorter. Duration is an indication of the relative sensitivity of a security's market value to changes in interest rates. The longer the weighted average duration of the fund's portfolio, the more sensitive its market value is to interest rate fluctuations.

Duration is different from maturity in that it attempts to measure the interest rate sensitivity of a security, as opposed to its expected final maturity.

To determine whether to buy or sell a security, the portfolio managers consider, among other things, various fund requirements and standards, along with economic conditions, alternative investments and interest rates.

Principal Risks

The principal risks of investing in this fund are: Interest Rate Risk, Credit Risk, High-Yield Risk, Liquidity Risk, Prepayment Risk, Derivatives Risk, Foreign Securities Risk, Market Risk, Redemption Risk and Principal Loss.

MainStay High Yield Corporate Bond Fund

Investment Objective

The fund's investment objective is to seek 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 Rating 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 lower rating for purposes of determining the security's credit quality.

The fund's high-yield investments may also include convertible corporate securities 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 United States 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 through analyzing individual companies and evaluates each company's competitive position, financial condition, and business prospects. The fund only invests 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, meaningful changes in the issuer's financial condition and competitiveness.

Primary Risks:

The primary risks of investing in this fund are: 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 and Money Market/Short-Term Securities Risk.

T. Rowe Price Blue Chip Growth Fund

Investment Objective

The fund seeks to provide long-term capital growth. Income is a secondary objective.

Principal Investment Strategies

The fund will normally invest at least 80% of its net assets (including any borrowings for investment purposes) in the common stocks of large and medium-sized blue chip growth companies. These are firms that, in the investment adviser's view, are well established in their industries and have the potential for above-average earnings growth. The fund focuses on companies with leading market positions, seasoned management, and strong financial fundamentals.

The fund's investment approach reflects the adviser's belief that solid company fundamentals (with an emphasis on the potential for strong growth in earnings per share or operating cash flow) combined with a positive outlook for a company's industry will ultimately reward investors with strong investment performance. Some of the companies the adviser targets for the fund should have good prospects for dividend growth, and the fund may at times invest significantly in stocks of technology companies.

In pursuing its investment objective, the fund has the discretion to deviate from its normal investment criteria. These situations might arise when the fund's adviser believes a security could increase in value for a variety of reasons, including an extraordinary corporate event, a new product introduction or innovation, a favorable competitive development, or a change in management. While most assets will typically be invested in U.S. common stocks, the fund may invest in foreign stocks in keeping with the fund's objectives.

The fund may sell securities for a variety of reasons, such as to secure gains, limit losses, or redeploy assets into more promising opportunities.

Principal Risks

The principal risks of investing in this fund are: Active management risks, Risks of U.S. stock investing, Investment style risks, Market capitalization risks, Industry risks, Foreign investing risks.

Oppenheimer Capital Income Fund

Investment Objective

The fund seeks total return.

Principal Investment Strategies

The fund invests in equity, debt and other securities of domestic and foreign issuers in different capitalization ranges and in developed or developing countries. Under normal market conditions, the fund invests at least 65% of its total assets in equity and debt securities that are expected to generate income. The percentages of equity and debt securities the fund holds may vary from time to time. There is no limit on the fund's investments in foreign securities. The fund employs multiple strategies: an equity/equity-like strategy, which may include common stocks, convertible bonds, preferred stocks, structured notes and other derivatives like options and futures on equities and equity indices; a high grade fixed income strategy, which may include corporate bonds, government bonds, mortgage-related securities and structured products; and an opportunistic strategy, which seeks asymmetric risk/reward opportunities where the portfolio managers believe the return profile has a low correlation to traditional investment strategies, as well as opportunistically selecting positions to seek total return, income, or capital appreciation. The opportunistic strategy may include convertible bonds, corporate bonds, asset-backed securities, derivatives, such as currency and commodity-linked derivatives, cash and other securities. The opportunistic strategy may also include floating rate loans (sometimes referred to as "adjustable rate loans") that hold a senior position in the capital structure of U.S. and foreign corporations, partnerships or other business entities that, under normal circumstances, allow them to have priority of claim ahead of other obligations of a borrower in the event of liquidation. These investments are referred to as "Senior Loans." Senior Loans may be collateralized or uncollateralized. They typically pay interest at rates that are reset periodically based on a reference benchmark that reflects current interest rates, plus a margin or premium.

Equity Securities. In selecting equity securities, the portfolio managers mainly use a value-oriented investing style. A security may be undervalued because the market does not yet recognize its potential or the issuer is temporarily out of favor. The fund seeks to realize gains when other investors recognize the real or prospective worth of the security. Value securities may offer higher than average dividends and the fund may invest in equity securities to seek both current income and capital growth. The fund may also invest in equity securities solely for the purpose of seeking dividend yields, which may include engaging in dividend capture strategies, in which the portfolio managers purchase securities prior to the record date for a dividend and sell them within a short time thereafter. The portfolio manager typically looks for securities that can deliver attractive risk-adjusted returns, which may include securities that: have high current income, are believed to have substantial earnings possibilities, have low price/earnings ratios, or have a low price relative to the underlying value of the issuer's assets, earnings, cash flow or other factors.

Debt Securities. In connection with the high grade fixed income strategy, the portfolio managers look for high current yields and typically search for corporate and government debt securities that offer: attractive relative value, more income than U.S. treasury obligations, a balance of risk and return, high income potential and portfolio diversification. The fund may also invest in zero-coupon and stripped securities. In connection with the opportunistic strategy, the portfolio managers look for high yield, below-investment-grade securities, senior loans and asset-backed securities, among other debt securities, that may offer attractive returns on a risk-adjusted basis, with lower interest rate sensitivity. The fund can invest up to 40% of its total assets in below-investment-grade securities, also referred to as "junk bonds."

The fund's debt securities may be rated by a nationally recognized statistical rating organization or may be unrated. "Investment grade" securities are rated in one of the top four rating categories.

Other Securities. In pursuing its strategies, the fund may also use derivative instruments, including to seek income or returns, or to try to manage market or other investment risks. These derivatives may include options, futures, swaps, "structured" notes, mortgage-related securities, equity-linked debt securities and commodity-linked derivatives. The fund may also invest in convertible bonds, asset-backed securities, Senior Loans, participation interests in loans, pooled investment entities that invest in loans and currency derivatives, among other types of investments.

The fund may sell securities that no longer meet the above criteria.

The fund's holdings may at times differ significantly from the weightings of the indices comprising its reference index (the "Reference Index"). The fund's Reference Index is a customized weighted index currently comprised of the following underlying broad-based security indices: 65% of the Bloomberg Barclays U.S. Aggregate Bond Index and 35% of the Russell 3000 Index. The fund is not managed to be invested in the same percentages as those indices comprising the Reference Index.

The fund has established a Cayman Islands company that is wholly-owned and controlled by the fund (the "Subsidiary"). The fund may invest up to 25% of its total assets in the Subsidiary. The Subsidiary invests primarily in commodity-linked derivatives (including commodity futures, financial futures, options and swap contracts) and exchange-traded funds related to gold or other special minerals ("Gold ETFs"). The Subsidiary may also invest in certain fixed-income securities and other investments that may serve as margin or collateral for its derivatives positions. Investments in the Subsidiary are intended to provide the fund with exposure to commodities market returns within the limitations of the federal tax requirements that apply to the fund. The fund applies its investment restrictions and compliance policies and procedures, on a look-through basis, to the Subsidiary. The fund's investment in the Subsidiary may vary based on the portfolio manager's use of different types of commodity-linked derivatives, fixed-income securities, Gold ETFs, and other investments. Since the fund may invest a substantial portion of its assets in the Subsidiary, which may hold certain of the investments described in the fund's prospectus, the fund may be considered to be investing indirectly in those investments through its Subsidiary. Therefore, references in this summary information to investments by the fund also may be deemed to include the fund's indirect investments through the Subsidiary.

Principal Risks

The principal risks of investing in this fund are: Risks of Investing in Stocks, Risks of Value Investing, Risks of Investing in Debt Securities, Fixed-Income Market Risks, Risks of Below-Investment-Grade Securities, Risks of Senior Loans and Other Loans, Risks of Mortgage-Related Securities, Asset-Backed Securities Risk, Risks of Foreign Investing, Risks of Developing and Emerging Markets, Eurozone Investment Risks, Risks of Small- and Mid-Cap Companies, Risks of Commodity-Linked Investments, Risks of Investments in the Underlying Investment's Wholly-Owned Subsidiary, Risks of Derivative Investments and Risks of Leverage.

Oppenheimer Developing Markets Fund

Investment Objective

The fund seeks capital appreciation.

Investment Process

The fund mainly invests in common stocks of issuers in developing and emerging markets throughout the world and at times it may invest up to 100% of its total assets in foreign securities. Under normal market conditions, the fund will invest at least 80% of its net assets, plus borrowings for investment purposes, in equity securities of issuers whose principal activities are in a developing market, i.e. are in a developing market or are economically tied to a developing market country. The fund will invest in at least three developing markets. The fund focuses on companies with above-average earnings growth.

In general, countries may be considered developing or emerging markets if they are included in any one of the Morgan Stanley Capital International ("MSCI") emerging markets indices, classified as a developing or emerging market, or classified under a similar or corresponding classification, by organizations such as the World Bank and the International Monetary Fund, or have economies, industries and stock markets with similar characteristics. For purposes of the fund's investments, a determination that an issuer is economically tied to a developing market country is based on factors including, but not limited to, geographic location of its primary trading markets, location of its assets, its domicile or its principal offices, or whether it receives revenues from a developing market. Such a determination can also be based, in whole or in part, on inclusion of an issuer or its securities in an Index representative of developing or emerging markets.

In seeking exposure to class A-shares of Chinese companies ("China A Shares"), the fund may invest in OFI Global China Fund, LLC (the "China Fund"), a private investment vehicle organized under the laws of Delaware that intends to invest significantly in China A Shares. The China A Shares market is an active Chinese market that includes a large

number of Chinese equities as well as smaller or emerging Chinese companies that may not list shares elsewhere. The fund's investment in the China Fund may vary based on the portfolio manager's use of different types of investments that provide exposure to Chinese securities. Since the fund may invest a portion of its assets in the China Fund, which may hold certain of the investments described in the fund's prospectus, the fund may be considered to be investing indirectly in those investments through the China Fund. Therefore, references in the fund's prospectus to investments by the fund also may be deemed to include the fund's indirect investments through the China Fund.

In selecting investments for the fund, the portfolio manager evaluates investment opportunities on a company-by-company basis. This approach includes fundamental analysis of a company's financial statements, management record, and capital structure, operations, product development, and competitive position in its industry. The portfolio manager also looks for newer or established businesses that are entering into a growth cycle, have the potential for accelerating earnings growth or cash flow, and possess reasonable valuations. The portfolio manager considers the effect of worldwide trends on the growth of particular business sectors and looks for companies that may benefit from those trends and seeks a diverse mix of industries and countries to help reduce the risks of foreign investing, such as currency fluctuations and stock market volatility. The portfolio manager may invest in growth companies of different capitalization ranges in any developing market country. The portfolio manager monitors individual issuers for changes in the factors above, which may trigger a decision to sell a security.

Principal Risks

The principal risks of investing in this fund are: Risks of Investing in Stocks, Industry and Sector Focus, Risks of Investing in the China Fund, Risks of Foreign Investing, Risks of Developing and Emerging Markets, Eurozone Investment Risks, Risks of Small- and Mid-Cap Companies and Risks of Growth Investing.

Oppenheimer Discovery Fund

Investment Objective

The fund seeks capital appreciation.

Investment Process

The fund mainly invests in common stocks of U.S. companies that the portfolio managers believe have favorable growth prospects. The fund emphasizes stocks of small-capitalization (or "small-cap") companies, which are defined as those issuers that are at the time of purchase within the range of market capitalizations of the Russell 2000 Growth Index. A company's "market capitalization" is the value of its outstanding common stock and the determination whether the company is small-, mid- or large-cap is based on the company's market capitalization relative to that of other companies.

The portfolio managers look for companies with high growth potential. This approach includes fundamental analysis of a company's financial statements and management structure and consideration of the company's operations and product development, as well as its position in its industry. The portfolio managers also evaluate research on particular industries, market trends and general economic conditions.

The portfolio managers currently seek companies with proven management records that are able to handle rapid growth, companies with innovative products or services, and companies that have above average growth profiles and have what the portfolio managers believe are sustainable growth rates. These criteria can vary.

Principal Risks

The principal risks of investing in this fund are: Risks of Investing in Stocks, Industry and Sector Focus, Risks of Small- and Mid-Cap Companies, Risks of Growth Investing, and Cyclical Opportunities.

Oppenheimer Dividend Opportunity Fund

Investment Objective

The fund seeks total return.

Investment Process

Under normal market conditions, the fund invests at least 80% of its net assets (plus borrowings for investment purposes) in dividend paying stocks. The fund invests primarily in common stocks of U.S. companies that the portfolio manager believes are undervalued. The fund may invest up to 35% of its total assets in equity securities of foreign issuers and may invest up to 10% of its total assets in equity securities of companies located in developing or emerging market countries. The fund may buy securities issued by companies of any size or market capitalization range and at times might increase its emphasis on securities of issuers in a particular capitalization range.

The portfolio manager uses a value investing style to seek securities that are undervalued in the marketplace. Value investing uses fundamental analysis to seek companies whose intrinsic value is greater than the current price of their securities. A security may be undervalued because the market is not aware of the issuer's intrinsic value, does not yet recognize its future potential, or the issuer may be temporarily out of favor. The fund seeks to realize gains in the prices of those securities when other investors recognize their real or prospective worth.

The fund uses fundamental analysis of individual issuers to construct a portfolio of securities based on company-level considerations. This is called a "bottom-up approach." The portfolio manager currently focuses on the following factors:

- analysis of a company's ability to establish, maintain, or grow its dividend,

- analysis of a company's financial statements,
- analysis of future earnings potential,
- the current value of company assets,
- estimates of borrowing requirements and debt maturity schedules,
- present and anticipated cash flows and allocation of capital,
- new product or business line developments,
- supply and demand conditions for key products,
- long-term sales potential,
- operations and industry position, and
- management structure and expertise.

The portfolio manager also monitors individual issuers for changes in their business fundamentals or prospects that could trigger a decision to sell a security. The portfolio manager may consider selling a stock for one or more of the following reasons:

- the stock is approaching its price target,
- the company's fundamentals are deteriorating, or
- alternative investment opportunities are more attractive.

These factors may change over time and not all factors are relevant for every purchase or sale of an individual security.

Principal Risks

The principal risks of investing in this fund are: Risk of Investing in Stock, Industry and Sector Focus, Dividend Risk, Risks of Small- and Mid-Cap Companies, Risks of Value Investing, Risks of Foreign Investing and Risks of Developing and Emerging Markets.

Oppenheimer Global Fund

Investment Objective

The fund seeks capital appreciation.

Investment Process

The fund invests mainly in common stock of U.S. and foreign companies. The fund can invest without limit in foreign securities and can invest in any country, including countries with developing or emerging markets. However, the fund currently emphasizes its investments in developed markets such as the United States, Western European countries and Japan. The fund does not limit its investments to companies in a particular capitalization range, but primarily invests in mid- and large-cap companies.

The fund normally will invest in at least three countries (one of which may be the United States). Typically, the fund invests in a number of different countries. The fund is not required to allocate its investments in any set percentages in any particular countries.

The portfolio managers primarily look for quality companies, regardless of domicile, that have sustainable growth. Their investment approach combines a thematic approach to idea generation with bottom-up, fundamental company analysis. The portfolio managers seek to identify secular changes in the world and look for pockets of durable change that they believe will drive global growth for the next decade. These large scale structural themes are referred to collectively as MANTRA®: Mass Affluence, New Technology, Restructuring, and Aging. The portfolio managers do not target a fixed allocation with regard to any particular theme, and may choose to focus on various sub-themes within each theme. Within each sub-theme, the portfolio managers employ fundamental company analysis to select investments for the fund's portfolio. The economic characteristics they seek include a combination of high return on invested capital, good cash flow characteristics, high barriers to entry, dominant market share, a strong competitive position, talented management, and balance sheet strength that the portfolio managers believe will enable the company to fund its own growth. These criteria may vary. The portfolio managers also consider how industry dynamics, market trends and general economic conditions may affect a company's earnings outlook.

The portfolio managers have a long-term investment horizon of typically three to five years. They also have a contrarian buy discipline; they buy high quality companies that fit their investment criteria when their valuations underestimate their long-term earnings potential. For example, a company's stock price may dislocate from its fundamental outlook due to a short-term earnings glitch or negative, short-term market sentiment, which can give rise to an investment opportunity. The portfolio managers monitor individual issuers for changes in earnings potential or other effects of changing market conditions that may trigger a decision to sell a security, but do not require a decision to do so.

Principal Risks

The principal risks of investing in this fund are: Risks of Investing in Stocks, Industry and Sector Focus, Risks of Growth Investing, Risks of Foreign Investing, Risks of Developing and Emerging Markets, Eurozone Investment Risk, Risks of Small- and Mid-Cap Companies and Investing in Special Situations.

Oppenheimer Global Opportunities Fund

Investment Objective

The fund seeks capital appreciation.

Investment Process

The fund invests mainly in equity securities of issuers in the U.S. and foreign countries. The portfolio manager expects some of those securities to pay dividends, which would produce income for the fund. The fund currently emphasizes investments in equities, but it may also invest in debt securities and may invest up to 25% of its assets in “below-investment-grade” securities, commonly known as “junk bonds.” The fund is not required to allocate any set percentage of its assets to any particular country or allocate any set percentage to seek capital appreciation or income.

Typically, the fund invests in a number of different countries and can invest in any country, including countries with developing or emerging markets. However, the fund currently emphasizes its investments in developed markets. The fund normally will invest in at least four countries, including the United States.

The fund does not limit its investments to companies in a particular capitalization range, but currently invests a substantial portion of its assets in small- and mid-sized companies (currently, those having a market capitalization less than \$10 billion).

The portfolio manager invests in companies that he believes will gain a greater share of global GDP and that have long-term economic drivers that should serve as tailwinds for enduring growth. At the highest level, we categorize these structural themes into the rubric MANTRA[®]: Mass Affluence, New Technology, Restructuring and Aging. Sub-themes are concentrated in 21st century industries and favor intellectual property-based areas of the market. Fundamental analysis guides the bottom-up approach to security selection. The portfolio manager invests in companies he believes have above-average earnings potential due to unique product offerings, typically protected by a patent, that are trading at levels that underestimate their long-term growth potential. The fund may also invest in securities of issuers in “special situations,” such as mergers, reorganizations, restructurings or other special events. Aimed to provide stability, the portfolio manager also invests a portion of the fund in more defensive positions, which are larger in market capitalization, highly cash generative, have healthy balance sheets and may pay a dividend. The portfolio manager does not invest any fixed amount of the fund’s assets according to these criteria and the sub-themes that are considered may change over time. The portfolio manager monitors individual issuers for changes in these factors which may trigger a decision to sell a security, but does not require a decision to do so.

Principal Risks

The principal risks of investing in this fund are: Risks of Investing in Stocks, Industry and Sector Focus, Risks of Investing in Debt Securities, Fixed-Income Market Risks, Risks of Below-Investment-Grade Securities, Risks of Growth Investing, Risks of Small- and Mid-Cap Companies, Risks of Foreign Investing, Risks of Developing and Emerging Markets, Eurozone Investment Risks and Investing in Special Situations.

Oppenheimer Global Strategic Income Fund

Investment Objective

The fund seeks total return.

Investment Process

The fund invests mainly in debt securities in three market sectors: Foreign governments and issuers, U.S. government securities, and lower-grade, high-yield securities of U.S. and foreign issuers (commonly referred to as “junk bonds”). A debt security is a security representing money borrowed by the issuer that must be repaid. The terms of a debt security specify the amount of principal, the interest rate or discount, and the time or times at which payments are due.

Under normal market conditions, the fund invests in each of the three market sectors. However, it is not required to invest in all three sectors at all times, and the amount of its assets in each of the three sectors will vary. The fund can invest up to 100% of its assets in any one sector at any time, which means that it may have 100% of its assets invested in junk bonds. Under normal market conditions, the fund will invest a substantial portion of its assets in a number of different countries, including the U.S. The fund is not required to allocate its investments in any set percentages in any particular countries. The fund may also invest in securities outside of these three market sectors, as further described in the fund’s prospectus and the fund’s Statement of Additional Information. The fund’s foreign investments may include debt securities of issuers in both developed and emerging markets. The fund has no limitations regarding the range of maturities of the debt securities it can buy or the market capitalization of the issuers of those securities.

The fund’s investments typically include foreign and U.S. government bonds and notes, collateralized mortgage obligations (CMOs), other mortgage-related securities, corporate debt obligations, including lower-grade, high-yield domestic and foreign corporate debt obligations, “structured” notes, participation interests in loans, investments in pooled investment entities (including those that invest in loans), asset-backed securities and “zero coupon” and “stripped” securities.

The fund can invest in investment grade or lower-grade, high-yield debt securities. “Investment grade” debt securities are rated in one of the top four rating categories by nationally recognized statistical rating organizations such as Moody’s Investors Service or S&P Global Ratings (“S&P”). The fund may also invest in unrated securities, in which case the fund’s sub-adviser, OppenheimerFunds, Inc., may internally assign ratings to certain of those securities, after assessing their credit quality, in investment-grade or below-investment-grade categories similar to those of nationally recognized

statistical rating organizations. There can be no assurance, nor is it intended, that the sub-adviser's credit analysis is consistent or comparable with the credit analysis process used by a nationally recognized statistical rating organization. Although the fund normally invests a substantial portion of its assets in lower-grade, high-yield debt securities, it can buy investment-grade debt securities without limit.

The fund may also use derivatives for investment purposes or hedging, including options, futures, forward contracts, swaps and "structured" notes. The fund actively manages foreign currency exposure, both to reduce risk and to seek to enhance return. To do so, the fund may invest in foreign exchange derivatives, including forwards and options that reference foreign currencies, including currencies of developing and emerging market countries.

The portfolio managers analyze the overall investment opportunities and risks among the three market sectors in which the fund invests and seek to moderate the special risks of investing in lower-grade, high-yield debt instruments and foreign securities by building a broadly diversified portfolio. The fund's diversification strategies are intended to help reduce share price volatility while seeking current income. The portfolio managers currently focus on securities offering a balance of income and total return, securities whose market prices tend to move in different directions (to seek overall portfolio diversification), and relative values among the three market sectors in which the fund invests. These factors may vary in particular cases and may change over time. The fund may sell securities that the portfolio managers believe are no longer favorable with regard to these factors.

The fund has established a Cayman Islands exempted company that is wholly-owned and controlled by the fund (the "subsidiary"). The fund may invest up to 25% of its total assets in the subsidiary. The subsidiary invests primarily in Regulation S securities. Regulation S securities are securities of U.S. and non-U.S. issuers that are issued through private offerings without registration with the Securities and Exchange Commission pursuant to Regulation S under the Securities Act of 1933. The fund applies its investment restrictions and compliance policies and procedures, on a look-through basis, to the subsidiary. Since the fund may invest a substantial portion of its assets in the subsidiary, which may hold certain of the investments described in the fund's prospectus, the fund may be considered to be investing indirectly in those investments through its subsidiary. Therefore, references in the fund's prospectus to investments by the fund also may be deemed to include the fund's indirect investments through the subsidiary.

Principal Risks

The principal risks of investing in this fund are: Risks of Investing in Debt Securities, Fixed-Income Market Risks, Risks of Below-Investment-Grade Securities, Risks of Sovereign Debt, Risks of Mortgage-Related Securities, Sector Allocation Risk, Risks of Foreign Investing, Risks of Developing and Emerging Markets, Eurozone Investment Risks, Risks of Derivative Investments, Risks of Investments in the Underlying Investment's Wholly-Owned Subsidiary and Risks of Investing in Regulation S Securities.

Oppenheimer Global Value Fund

Investment Objective

The fund seeks capital appreciation.

Principal Investment Strategies

The fund invests mainly in common stocks of U.S. and foreign companies that the fund's sub-adviser, OppenheimerFunds, Inc. (the "Sub-Adviser") believes are undervalued. The fund can invest without limit in foreign securities in any country, including countries with developed or emerging markets. Typically, the fund will invest a substantial portion of its assets in issuers in a number of different foreign countries. The fund does not limit its investments to companies in a particular capitalization range or region.

In selecting investments for the fund's portfolio, the portfolio manager looks primarily for companies he believes are undervalued by the market. A security may be undervalued because the market is not fully pricing an issuer's current intrinsic value, the market does not properly assess the company's assets, the market does not yet recognize its future potential, or the issuer may be temporarily out of favor. The fund seeks to realize gains in the prices of those securities if and when other investors recognize their real or prospective worth. The portfolio manager combines a "top-down" approach to idea generation with a "bottom-up" approach to stock selection based on fundamental, company research. He uses the top-down approach to understand structural economic and demographic shifts in the global landscape and to identify pockets of opportunity for investors. In the bottom-up approach to portfolio construction, the portfolio manager seeks to identify individual companies that may benefit from these broad structural shifts by analyzing a company's financial statements, operations, business strategy, product development, strategic assets and industry position as well as reviewing its management structure, among other things. The portfolio manager monitors individual issuers for changes in the factors above, which may trigger a decision to sell a security, but does not require such a decision. The portfolio manager may also consider selling a security if its share price is approaching its targeted price or if alternative investment ideas have been developed.

Principal Risks

The principal risks of investing in this fund are: Risks of Investing in Stocks, Industry and Sector Focus, Risks of Foreign Investing, Risks of Developing and Emerging Markets, Eurozone Investment Risks, Risks of Value Investing and Risks of Small- and Mid-Cap Companies.

Oppenheimer Gold & Special Minerals Fund

Investment Objective

The fund seeks capital appreciation.

Investment Process

The fund invests mainly in common stocks of companies that are involved in mining, processing or dealing in gold or other metals or minerals, gold bullion, other physical metals, and precious metals-related ETFs and may invest all of its assets in those securities. Under normal market conditions, at least 80% of the fund's net assets, plus any borrowings for investment purposes, will be invested in those securities.

The fund may invest up to 20% of its total assets in gold or silver bullion, in other precious metals, in metals naturally occurring with precious metals, in certificates representing an ownership interest in those metals, and in gold or silver coins. The fund's investment in Gold ETFs is subject to this investment restriction.

The fund may invest in U.S. or foreign companies, including companies in developing or emerging markets. The fund has no limit on its foreign investments. The fund may buy securities issued by companies of any size or market capitalization range and at times might increase its emphasis on securities of issuers in a particular capitalization range.

The fund relies primarily on evaluations of a company's fundamentals. It also uses a proprietary model that is designed to assess a company's financial statements and management structure, as well as the company's operations and new developments. To arrive at buy and sell decisions, the fund considers the growth potential and the valuations of the stocks of particular companies, and ranks the companies that have been reviewed by the model.

The fund can also invest up to 25% of its total assets in the Oppenheimer Gold & Special Minerals Fund (Cayman) Ltd., which is a wholly-owned and controlled subsidiary of the fund (the "subsidiary"). The subsidiary will invest primarily in gold bullion and other precious metals, shares of exchange-traded funds that invest in gold bullion ("Gold ETFs"), commodity-linked derivatives related to gold or other special minerals (including commodity futures, financial futures, options and swap contracts), and certain fixed-income securities and other investments that may serve as margin or collateral for its derivatives positions. Investments in the subsidiary are intended to provide the fund with exposure to minerals commodities market returns within the limitations of the federal tax requirements that apply to the fund. The subsidiary will be subject to the same investment restrictions and guidelines, and follow the same compliance policies and procedures, as the fund. The fund applies its investment restrictions and compliance policies and procedures, on a look-through basis, to the subsidiary.

The fund's investment in the subsidiary may vary based on the portfolio manager's use of gold bullion and other precious metals, Gold ETFs, different types of commodity-linked derivatives, fixed-income securities and other investments. Since the fund may invest a substantial portion of its assets in the subsidiary, which may hold certain of the investments described the fund's prospectus, the fund may be considered to be investing indirectly in those investments through its subsidiary. Therefore, references in the fund's prospectus to investments by the fund include the fund's indirect investments through the subsidiary.

Principal Risks

The principal risks of investing in this fund are: Risks of Investing in Stocks, Risks of Mining and Metal Industry Securities, Risks of Investing in Gold Bullion, Risks of Investing in Gold ETFs, Concentration Risk, Risks of Non-Diversification, Risks of Growth Investing, Risks of Foreign Investing, Risks of Developing and Emerging Markets, Risks of Derivative Investments, Risks of Commodity-Linked Investments, Risks of Small- and Mid-Cap Companies and Risks of Investments in the Underlying Investment's Wholly-Owned Subsidiary.

Oppenheimer Institutional Government Money Market Fund

Investment Objective

The fund seeks income consistent with stability of principal.

Investment Process

The fund is a money market fund that intends to qualify as a "government money market fund," in accordance with Rule 2a-7 under the Investment Company Act of 1940, as amended. As a government money market fund, the fund must invest at least 99.5% of its total assets in cash, government securities and/or repurchase agreements that are "collateralized fully" (i.e., backed by cash or government securities). The securities in which the fund invests may have fixed, floating or variable interest rates. The fund may also invest in affiliated and unaffiliated government money market funds. Additionally, as a government money market fund, the fund is not required to impose a liquidity fee and/or temporary redemption gate if the fund's weekly liquid assets fall below 30% of its total assets. While the fund's Board may elect to subject the fund to liquidity fee and gate requirements in the future, it has not elected to do so at this time.

Under normal market conditions, the fund invests at least 80% of its net assets (plus borrowings, if any, for investment purposes) in government securities and repurchase agreements that are collateralized by government securities. The 80% investment policy is a non-fundamental investment policy and will not be changed without 60 days' advance notice to shareholders.

Principal Risks

All investments carry risks to some degree. The fund's investments are subject to changes in their value from a number of factors. However, the fund's investments must meet the special rules under Federal law for money market funds. Those requirements include maintaining high credit quality, a short average maturity and diversification of the fund's investments among issuers. Those provisions are designed to help minimize credit risks, to reduce the effects of changes in prevailing interest rates and to reduce the effect on the fund's portfolio of a default by any one issuer. Since income on short-term securities tends to be lower than income on longer-term debt securities, the fund's yield will likely be lower than the yield on longer-term fixed-income funds.

Even so, there are risks that an issuer of an obligation that the fund holds might have its credit rating downgraded or might default on its obligations, or that interest rates might rise sharply, causing the value of the fund's investments to fall. Also, there is the risk that the value of your investment could be eroded over time by the effects of inflation, or that poor security selection could cause the fund to underperform other funds that have a similar objective. If there is an unexpectedly high demand for the redemption of fund shares, the fund might need to sell portfolio securities prior to their maturity, possibly at a loss. As a result, there is a risk that the fund's shares could fall below \$1.00 per share.

You could lose money by investing in the fund. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

The principal risks of investing in this fund are: Government Securities Risk, Risks of Repurchase Agreements, Risks of Money Market Instruments, Fixed-Income Market Risks, Net Asset Value Risk, Risks Relating to Investments by Other Oppenheimer Funds, Regulatory Risk, Yield Risk, Cash Risk, Risk of Investing in Floating and Variable Rate Obligations and Large Shareholder Transactions Risk.

Oppenheimer International Bond Fund

Investment Objective

The fund seeks total return.

Investment Process

The fund invests mainly in debt securities of foreign government and corporate issuers. A debt security is a security representing money borrowed by the issuer that must be repaid. The terms of a debt security specify the amount of principal, the interest rate or discount, and the time or times at which payments are due. The fund can invest in various types of debt securities, generally referred to as "bonds," including government bonds, corporate debt obligations, "structured" notes, participation interests in loans, "zero coupon" or "stripped" securities, certain mortgage-related securities or asset-backed securities and other debt obligations.

Under normal market conditions, the fund invests at least 80% of its net assets (plus borrowings for investment purposes) in debt securities. The fund typically invests in at least three countries other than the United States. The fund invests in debt securities of issuers in both developed and emerging markets throughout the world.

The fund may buy securities issued by companies of any size or market capitalization range and at times might emphasize securities of issuers in a particular capitalization range. It can invest in debt securities having short, intermediate or long maturities.

The fund does not limit its investments to a particular credit quality or rating category and can invest without limit in securities rated below investment grade (commonly called "junk bonds"). "Investment grade" debt securities are rated in one of the top four categories by nationally recognized statistical rating organizations such as Moody's Investors Service or S&P Global Ratings ("S&P"). The fund may also invest in unrated securities, in which case the fund's investment sub-adviser, OppenheimerFunds, Inc., may internally assign ratings to certain of those securities, after assessing their credit quality, in investment-grade or below-investment-grade categories similar to those of nationally recognized statistical rating organizations. There can be no assurance, nor is it intended, that the sub-adviser's credit analysis is consistent or comparable with the credit analysis process used by a nationally recognized statistical rating organization.

The fund may also use derivatives to seek increased returns or to try to manage investment risks, including, for example, options, forward contracts, futures contracts, swaps and "structured" notes. The fund actively manages foreign currency exposure, both to reduce risk and to seek to enhance return. To do so, the fund may invest in foreign exchange derivatives, including forwards and options that reference foreign currencies, including currencies of developing and emerging market countries.

In selecting securities, the portfolio managers evaluate the overall investment opportunities and risks in individual national economies. The portfolio managers analyze the business cycle, political and macro-economic factors that affect exchange rates and interest rates in both emerging market and developing countries. The portfolio managers currently focus on investment opportunities for higher yields than are available in U.S. markets and opportunities in investments denominated in foreign currencies that compare favorably to the U.S. dollar. These factors may vary in particular cases and may change over time.

The fund's holdings may at times differ significantly from the weightings of the indices comprising its reference index (the "Reference Index"). The fund's Reference Index is a customized weighted index currently comprised of 50% of the Citigroup Non-U.S. Dollar World Government Bond Index, 30% of the JPMorgan Government Bond Index – Emerging Markets Global Diversified, and 20% of the JPMorgan Emerging Markets Bond Index Global Diversified. From January 1, 2003 through December 31, 2011, the underlying index weights were 70% Citigroup Non-U.S. Dollar World Government Bond Index, 20% JPMorgan Government Bond Index – Emerging Markets Global Diversified and 10% JPMorgan Emerging Markets Bond Index Global Diversified. The Reference Index returns reflect the weightings in effect for the time periods for which fund returns are disclosed, and weightings prior to January 1, 2012 are not restated. The fund is not managed to be invested in the same percentages as those indices comprising the Reference Index.

The Fund has established a Cayman Islands exempted company that is wholly-owned and controlled by the fund (the "subsidiary"). The fund may invest up to 25% of its total assets in the subsidiary. The subsidiary invests primarily in Regulation S securities. Regulation S securities are securities of U.S. and non-U.S. issuers that are issued through private offerings without registration with the Securities and Exchange Commission pursuant to Regulation S under the Securities Act of 1933. The fund applies its investment restrictions and compliance policies and procedures, on a look-through basis, to the subsidiary. The fund's investment in the subsidiary may vary based on the portfolio managers' use of different types of foreign securities and other investments. Since the fund may invest a substantial portion of its assets in the subsidiary, which may hold certain of the investments described in the fund's prospectus, the fund may be considered to be investing indirectly in those investments through its subsidiary. Therefore, references in the fund's prospectus to investments by the fund also may be deemed to include the fund's indirect investments through the subsidiary.

Principal Risks

The principal risks of investing in this fund are: Risks of Investing in Debt Securities, Fixed-Income Market Risks, Risks of Below-Investment-Grade Securities, Risks of Sovereign Debt, Risks of Foreign Investing, Risks of Developing and Emerging Markets, Eurozone Investment Risks, Risks of Small- and Mid-Cap Companies, Risks of Derivative Investments, Risks of Non-Diversification, Risks of Investing in Regulation S Securities and Risks of Investments in the Fund's Wholly-Owned Subsidiary.

Oppenheimer International Diversified Fund

Investment Objective

The fund seeks capital appreciation.

Investment Process

The fund is a special type of mutual fund known as a "fund of funds" because it primarily invests in other mutual funds. Those funds are referred to as the "underlying funds." The underlying funds mainly invest in foreign equity securities, which are securities of companies organized under the laws of a foreign country, or with a substantial portion of their operations, assets, revenue or profits from businesses, investments or sales outside the United States or securities traded primarily in foreign securities markets. Certain underlying funds may invest 100% of their assets in securities of foreign companies. Some underlying funds may invest in emerging or developing markets as well as in developed markets throughout the world. From time to time an underlying fund may place greater emphasis on investing in one or more particular industry or region. Under normal market conditions, the fund will invest in shares of some or all of the following Oppenheimer global or international funds that were chosen based on the fund's sub-adviser's determination that they could provide capital appreciation:

- Oppenheimer Developing Markets Fund
- Oppenheimer International Growth Fund
- Oppenheimer International Small-Mid Company Fund
- Oppenheimer International Equity Fund

The fund will typically invest in a minimum of three of the underlying funds and will not invest more than 50% of its net assets in any single underlying fund. The fund's sub-adviser may change the weightings in the underlying funds at any time, without prior approval from or notice to shareholders. "Normal market conditions" are when securities markets and economic conditions are not unstable or adverse, in the judgment of the fund's sub-adviser.

The fund's sub-adviser will monitor the markets and allocate assets among the underlying funds based on changing market or economic conditions and investment opportunities. In determining how much of the fund's assets to invest in an underlying fund, the fund's sub-adviser will seek to diversify the fund's investments internationally and among different investment styles, larger and smaller market capitalizations and between developed and emerging markets. The fund may also change its allocations based on the fund's sub-adviser's evaluation of the economic factors that it believes are not reflected in particular markets in which one or more of the underlying funds invest or on current or anticipated changes in currency valuations. The sub-adviser monitors the underlying fund selections and in response to changing market or economic conditions, the sub-adviser may change any or all of the underlying funds, including using funds that may be created in the future, without prior approval from or notice to shareholders. Although the term "underlying funds"

refers to Oppenheimer Developing Markets Fund, Oppenheimer International Growth Fund, Oppenheimer International Small-Mid Company Fund, and Oppenheimer International Equity Fund, for ease of reference, the fund also uses the term “underlying funds” to refer to underlying funds that may be used in the future.

The fund may hold a portion of its assets in cash, money market securities or other similar, liquid investments, including in shares of money market mutual funds in the Oppenheimer family of funds. This will generally occur at times when the fund is unable to immediately invest funds received from purchases of fund shares or from redemptions of other investments or to maintain liquidity.

Principal Risks

The principal risks of investing in this fund are: Risks of Investing in the Underlying Mutual Funds, Allocation Risk, Risks of Foreign Investing, Risks of Developing and Emerging Markets, Eurozone Investment Risks, Risks of Investing in Stocks and Affiliated Portfolio Risk.

Oppenheimer International Growth Fund

Investment Objective

The fund seeks capital appreciation.

Principal Investment Strategies

The fund mainly invests in the common stock of growth companies that are domiciled or have their primary operations outside of the United States. It may invest 100% of its assets in securities of foreign companies. The fund may invest in emerging markets as well as in developed markets throughout the world. From time to time it may place greater emphasis on investing in one or more particular regions such as Asia, Europe or Latin America. Under normal market conditions the fund will:

- invest at least 65% of its total assets in common and preferred stocks of issuers in at least three different countries outside of the United States, and
- emphasize investments in common stocks of issuers that the portfolio managers consider to be “growth” companies.

The fund does not limit its investments to issuers within a specific market capitalization range and at times may invest a substantial portion of its assets in one or more particular capitalization ranges. The fund can also buy securities convertible into common stock and other securities having equity features.

In selecting investments for the fund’s portfolio, the portfolio managers evaluate investment opportunities on a company-by-company basis. The portfolio managers look primarily for foreign companies with high growth potential using a “bottom up” investment approach, that is, by looking at the investment performance of individual stocks before considering the impact of general or industry-specific economic trends. This approach includes fundamental analysis of a company’s financial statements and management structure and consideration of the company’s operations, product development, and industry position.

The portfolio managers currently focus on the following factors, which may vary in particular cases and may change over time:

- companies that enjoy a strong competitive position and high demand for their products or services;
- companies with accelerating earnings growth and cash flow; and
- diversity among companies, industries and countries to help reduce the risks of foreign investing, such as currency fluctuations and stock market volatility.

The portfolio managers also consider the effect of worldwide trends on the growth of particular business sectors and look for companies that may benefit from those trends. The trends currently considered include: mass affluence, new technologies, restructuring and aging. The portfolio managers do not invest any fixed amount of the fund’s assets according to these criteria and the trends that are considered may change over time. The portfolio managers monitor individual issuers for changes in the factors above, which may trigger a decision to sell a security, but does not require a decision to do so.

Principal Risks

The principal risks of investing in this fund are: Risks of Investing in Stocks, Industry and Sector Focus, Risks of Foreign Investing, Eurozone Investment Risks, Risks of Developing and Emerging Markets, Risks of Small- and Mid-Cap Companies and Risks of Growth Investing.

Oppenheimer International Small-Mid Company Fund

Investment Objective

The fund seeks capital appreciation.

Principal Investment Strategies

The Fund invests mainly in common stock of small- and mid-cap companies that are domiciled, or have their primary operations, outside the United States.

Under normal market conditions, the fund will invest at least 80% of its net assets, plus borrowings for investment purposes, in equity securities of small- and mid-cap companies. The fund considers small- and mid-cap companies to be those having a market capitalization in the range of the MSCI All Country World (ACWI) ex-U.S. SMID Index. The capitalization range of the index is subject to change at any time due to market activity or changes in its composition. The range of the index generally widens over time and is reconstituted periodically to preserve its market cap characteristics.

The fund measures a company's capitalization at the time the fund buys a security and is not required to sell a security if the company's capitalization moves outside of the fund's capitalization definition. The fund will invest at least 65% of its total assets in foreign securities.

The fund's portfolio manager evaluates investment opportunities on a company-by-company basis. This approach includes fundamental analysis of a company's financial statements, management record and structure, operations, product development and industry competitive position. The portfolio manager also looks for companies with the ability to take advantage of business opportunities, and companies that are anticipated to have a positive cash flow in the future, although current cash flow may be negative. These factors may vary in particular cases and may change over time.

The portfolio manager considers the effect of worldwide trends on the growth of particular business sectors and looks for companies that may benefit from those trends. The portfolio manager monitors individual issuers for changes in the factors above, which may trigger a decision to sell a security.

Principal Risks

The principal risks of investing in this fund are: Risks of Investing in Stocks, Industry and Sector Focus, Risks of Small- and Mid-Cap Companies, Risks of Growth Investing, Risks of Foreign Investing, Eurozone Investment Risks, and Risks of Developing and Emerging Marketing.

Oppenheimer Limited-Term Bond Fund

Investment Objective

The fund seeks income.

Principal Investment Strategies

The fund invests primarily in corporate debt securities and U.S. government securities. Under normal market conditions, the fund will invest at least 80% of its net assets, plus borrowings for investment purposes, in debt securities (generally referred to as "bonds").

A debt security is a security representing money borrowed by the issuer that must be repaid. The terms of a debt security specify the amount of principal, the interest rate or discount, and the time or times at which payments are due. Debt securities can include:

- Domestic and foreign corporate debt obligations;
- Domestic and foreign government debt obligations, including U.S. government securities;
- Mortgage-related securities;
- Asset-backed securities; and
- Other debt obligations.

The portfolio manager's overall strategy is to build a diversified portfolio of corporate and government bonds. The fund's investments in U.S. government securities may include securities issued or guaranteed by the U.S. government or its agencies or federally-chartered entities referred to as "instrumentalities." There is no required allocation of the fund's assets among the above classes of securities, but the fund focuses mainly on U.S. government securities and corporate debt securities. When market conditions change, the portfolio manager might change the fund's relative asset allocation.

The fund can invest up to 35% of its total assets in lower-grade, high-yield debt securities that are below investment-grade (commonly referred to as "junk bonds"). "Investment-grade" debt securities are rated in one of the top four rating categories by nationally recognized statistical rating organizations such as Moody's or S&P Global Ratings ("S&P"). The fund may also invest in unrated securities, in which case the fund's sub-adviser, OppenheimerFunds, Inc., may internally assign ratings to certain of those securities, after assessing their credit quality, in investment-grade or below-investment-grade or below-investment-grade categories similar to those of nationally recognized statistical rating organizations. There can be no assurance, nor is it intended, that the sub-adviser's credit analysis is consistent or comparable with the credit analysis process used by a nationally recognized statistical rating organization.

The fund has no limitations on the range of maturities of the debt securities in which it can invest and may hold securities with short-, medium- or long-term maturities. The maturity of a security differs from its effective duration, which attempts to measure the expected volatility of a security's price to interest rate changes. For example, if a bond has an effective duration of three years, a 1% increase in general interest rates would be expected to cause the bond's value to decrease about 3%. To try to decrease volatility, the fund seeks to maintain a weighted average effective portfolio duration of one to three and a half years, measured on a dollar-weighted basis using the effective duration of the securities included in the portfolio and the amount invested in each of those securities. However, the duration of the portfolio might not meet that target due to market events or interest rate changes that cause debt securities to be repaid more rapidly or more slowly than expected.

The fund may invest a portion of its assets in foreign debt securities, including securities issued by foreign governments or companies in both developed and emerging markets. The fund may not invest more than 20% of its net assets in foreign debt securities.

The fund may also use derivatives including treasury futures, to seek increased returns, to try to manage investment risk or for hedging purposes. Futures, swaps and "structured" notes are examples of some of the types of derivatives the fund can use.

In selecting investments for the fund, the portfolio manager analyzes the overall investment opportunities and risks in different sectors of the debt securities markets by focusing on business cycle analysis and relative values between the corporate and government sectors. The fund mainly seeks income earnings on the fund's investments, consistent with preservation of capital, that may arise from decreases in interest rates, from improving credit fundamentals for a particular sector or security or from other investment techniques.

The fund may sell securities that the portfolio manager believes no longer meet the above criteria.

Principal Risks

The principal risks of investing in this fund are: Risks of Investing in Debt Securities, Fixed-Income Market Risks, Risks of Below-Investment-Grade Securities, Risks of Derivative Investments, Risks of Foreign Investing, Risks of Developing and Emerging Markets and Risks of Sovereign Debt.

Oppenheimer Limited-Term Government Fund

Investment Objective

The fund seeks income.

Investment Process

Under normal market conditions, as a non-fundamental policy, the fund invests at least 80% of its net assets (plus borrowings for investment purposes) in debt securities issued by the U.S. government, its agencies and instrumentalities, repurchase agreements on those securities and hedging instruments approved by its Board of Trustees.

The fund may invest up to 20% of its net assets in mortgage-backed securities that are not issued or guaranteed by the U.S. government, its agencies or instrumentalities, asset-backed securities, investment grade corporate debt obligations (having a rating at the time of acquisition by the fund of at least "BBB" by S&P Global Ratings ("S&P") or "Baa" by Moody's Investors Service or a comparable rating by another nationally recognized securities rating organization; or, if unrated, deemed by the fund's sub-adviser to have a comparable rating) and certain other high quality debt obligations.

U.S. government securities are debt securities issued or guaranteed by the U.S. Treasury, such as Treasury bills, notes or bonds, and securities issued or guaranteed by U.S. government agencies or federally-chartered entities that are referred to as "instrumentalities" of the U.S. government. The fund invests significant amounts of its assets in mortgage-related derivative securities, such as collateralized mortgage obligations ("CMOs") and mortgage participation certificates. They include mortgage-related securities issued or guaranteed by instrumentalities of the U.S. government, such as the Government National Mortgage Association. The fund also may enter into forward roll transactions.

Not all of the U.S. government securities the fund buys are issued or guaranteed by the U.S. government as to payment of interest and repayment of principal. Some are backed by the right of the issuer to borrow from the U.S. Treasury. Others are backed only by the credit of the instrumentality. The securities the fund buys may pay interest at fixed, floating, or variable rates, or may be "stripped" securities whose interest coupons have been separated from the security and sold separately.

The fund seeks to maintain an average effective portfolio duration of not more than three years (measured on a dollar-weighted basis) to try to reduce the volatility of the value of its securities portfolio. However, the fund can invest in securities that have short-, medium- or long-term maturities and may use derivative investments to try to reduce interest rate risks. The duration of the portfolio might not meet that target at all times due to interest rates changes and other market events.

The fund may also use derivatives to seek to increase its investment return or for hedging purposes. Options, futures, CMOs, total returns swaps and credit default swaps are examples of derivatives the fund can use.

The portfolio manager employs a "top-down," or global, macroeconomic analysis of the fixed income markets, then sets strategic targets to guide decisions on interest rate sensitivity and sector allocations. The portfolio manager then pairs these targets with "bottom-up," or security-by-security, fundamental research to make individual investment decisions and help manage risks within each bond sector.

The fund's portfolio manager compares the yields, relative values and risks of different types of U.S. government securities and government agency securities to provide portfolio diversity to help preserve principal. The portfolio manager currently focuses on sectors of the U.S. government debt market that he believes offer good relative values, securities that have relatively high income potential, and securities that help reduce exposure to changes in interest rates to help preserve principal and help the fund meet its duration target. These factors may vary in particular cases and may change over time. The fund may sell securities that the portfolio manager believes are no longer favorable with regard to these factors.

The fund's share prices and distributions are not backed or guaranteed by the U.S. government.

Principal Risks

The principal risks of investing in this fund are: Risks of Investing in Debt Securities, Fixed-Income Market Risks, and Risks of Derivative Investments.

Oppenheimer Main Street Fund®

Investment Objectives

The fund seeks capital appreciation.

Investment Process

The fund mainly invests in common stocks of U.S. companies of different capitalization ranges. The fund currently focuses on “larger capitalization” issuers, which are considered to be companies with market capitalizations equal to the companies in the Russell 1000 Index. The portfolio managers use fundamental research and quantitative models to select securities for the fund’s portfolio, which is comprised of both growth and value stocks. While the process may change over time or vary in particular cases, in general the selection process currently uses:

- a fundamental approach in analyzing issuers on factors such as a company’s financial performance and prospects, industry position, and business model and management strength. Industry outlook, market trends and general economic conditions may also be considered.
- quantitative models to rank securities within each sector to identify potential buy and sell candidates for further fundamental analysis. A number of company-specific factors are analyzed in constructing the models, including valuation, fundamentals and momentum.

The portfolio is constructed and regularly monitored based upon several analytical tools, including quantitative investment models. The fund aims to maintain a broadly diversified portfolio across major economic sectors by applying investment parameters for both sector and position size. The portfolio managers use the following sell criteria: the stock price is approaching its target, deterioration in the company’s competitive position, poor execution by the company’s management, or identification of more attractive alternative investment ideas.

Principal Risks

The principal risks of investing in this fund are: Risks of Investing in Stocks, Industry and Sector Focus Risk and Risks of Small- and Mid-Cap Companies.

Oppenheimer Main Street Mid Cap Fund®

Investment Objective

The fund seeks capital appreciation.

Investment Process

Under normal market conditions, the fund will invest at least 80% of its net assets, including any borrowings for investment purposes, in securities of “mid cap” companies. A company’s “market capitalization” is the value of its outstanding common stock. The fund considers mid cap companies to be those having a market capitalization in the range of the Russell Midcap® Index, a measure of mid cap issuers. The capitalization range of the index is subject to change at any time due to market activity or changes in the composition of the index. The range of the Russell Midcap® Index generally widens over time and is reconstituted annually to preserve its mid cap characteristic. The fund measures a company’s capitalization at the time the fund buys a security and is not required to sell a security if the company’s capitalization moves outside of the fund’s capitalization definition.

The portfolio managers use both fundamental research and quantitative models to identify investment opportunities. While the process may change over time or vary in particular cases, in general the selection process currently:

- aims to maintain broad diversification across all major economic sectors;
- uses quantitative models, including sector-specific factors, to rank securities within each economic sector;
- uses a fundamental approach to analyze issuers based on factors such as a company’s financial performance, competitive strength, industry position, business practices and management; and
- considers market trends, current industry outlooks and general economic conditions.

In constructing the portfolio, the fund seeks to limit exposure to so-called “top-down” or “macro” risks, such as overall stock market movements, economic cycles, and interest rate or currency fluctuations. Instead, the portfolio managers seek to add value by selecting individual securities with superior company-specific fundamental attributes or relative valuations that they expect to outperform their industry and sector peers. This is commonly referred to as a “bottom-up” approach to portfolio construction.

The portfolio managers consider stock rankings, benchmark weightings and capitalization outlooks in determining security weightings for individual issuers. Although the fund mainly invests in U.S. companies, it can invest in securities issued by companies or governments in any country. The fund primarily invests in common stock but may also invest in other types of securities, such as units of master limited partnerships or other securities that are consistent with its investment objective.

The portfolio managers might sell a security if the price is approaching their price target, if the company's competitive position has deteriorated or the company's management has performed poorly, or if they have identified more attractive investment prospects.

Principal Risks

The principal risks of investing in this fund are: Risks of Investing in Stocks, Risks of Mid-Cap Companies, and Industry and Sector Focus Risk.

Oppenheimer Main Street Small Cap Fund

Investment Objective

The fund seeks capital appreciation.

Principal Investment Strategies

Under normal market conditions, the fund will invest at least 80% of its net assets, including any borrowings for investment purposes, in securities of "small-cap" companies. A company's "market capitalization" is the value of its outstanding common stock. The fund considers small-cap companies to be those having a market capitalization in the range of the Russell 2000® Index. The capitalization range of that index is subject to change at any time due to market activity or changes in the composition of the index. The range of the Russell 2000® Index generally widens over time and it is reconstituted annually to preserve its market cap characteristics. The fund measures a company's capitalization at the time the fund buys a security and is not required to sell a security if the company's capitalization moves outside of the fund's capitalization definition.

Although the fund mainly invests in U.S. companies, it can invest in securities issued by companies or governments in any country. The fund primarily invests in common stock but may also invest in other types of securities that are consistent with its investment objective.

The portfolio managers use both fundamental research and quantitative models to identify investment opportunities. While the process may change over time or vary in particular cases, in general the selection process currently:

- aims to maintain broad diversification across all major economic sectors;
- uses quantitative models, including sector-specific factors, to rank securities within each economic sector;
- uses a fundamental approach to analyze issuers based on factors such as a company's financial performance, competitive strength, industry position, business practices and management; and
- considers market trends, current industry outlooks and general economic conditions.

In constructing the portfolio, the fund seeks to limit exposure to so-called "top-down" or "macro" risks, such as overall stock market movements, economic cycles, and interest rate or currency fluctuations. Instead, the portfolio managers seek to add value by selecting individual securities with superior company-specific fundamental attributes or relative valuations that they expect to outperform their industry and sector peers. This is commonly referred to as a "bottom-up" approach to portfolio construction.

The portfolio managers consider stock rankings, benchmark weightings and capitalization outlooks in determining security weightings for individual issuers.

The portfolio managers might sell a security if the price is approaching their price target, if the company's competitive position has deteriorated or the company's management has performed poorly, or if they have identified more attractive investment prospects.

Principal Risks

The principal risks of investing in this fund are: Risks of Investing in Stocks, Industry and Sector Focus and Risks of Small-Cap Companies.

Oppenheimer Real Estate Fund

Investment Objective

The fund seeks total return.

Investment Process

Under normal market conditions, the fund invests at least 80% of its net assets (including borrowings for investment purposes) in common stocks and other equity securities of real estate companies. The fund considers a real estate company to be one that derives at least 50% of its revenues from, or invests at least 50% of its assets in, the ownership, construction, financing, management or sale of commercial, industrial or residential real estate. The fund primarily invests in real estate investment trusts ("REITs") but may also invest in real estate operating companies ("REOCs") and other real estate related securities. REOCs are real estate companies that have not elected to be taxed as REITs and therefore are not required to distribute taxable income and have fewer restrictions on what they can invest in. The assets of the REITs that the fund invests in are primarily land and buildings, although the fund may invest in REITs that hold mortgages or a combination of investment types.

The portfolio manager employs both top-down and bottom-up methods in selecting securities for the fund.

Top-Down Analysis. The fund's portfolio manager is employed by the fund's sub-sub-adviser, Barings LLC (the "sub-sub-adviser"), which has in-house real estate specialists who can provide field observations regarding local, regional and national real estate trends and fundamentals in support of the top-down analysis. The sub-sub-adviser also has comprehensive property databases that track the real estate markets by property type, geographic metro area and company portfolio. This allows the portfolio manager to use proprietary models to analyze markets at various levels, including Standard Industrial Classification code, zip code and Metropolitan Statistical Area, resulting in comprehensive industry databases.

The fund's top-down portfolio weightings are determined by a national, regional and metro area market analysis of the following factors:

- Projected growth in supply and demand factors specifically related to the commercial property markets.
- Projected growth in new commercial space by tracking construction in process and building permit activity.
- Expected growth in supply and demand for hotels.
- Projected growth in Gross Domestic Product and airline travel.
- Anticipated growth in new construction and building permit activity of all classes of business, leisure and resort hotels.
- Anticipated growth in supply and demand factors affecting residential real estate.
- Expected growth in population, employment, personal income, household formations and propensity to own versus rent.
- Current affordability of the single-family residential real estate market.

Bottom-Up Analysis. The portfolio manager's bottom-up analysis uses traditional equity analysis to assess an individual real estate company's portfolio, current business strategy, capital structure and management track record. Specifically, the portfolio manager looks for companies with the following characteristics:

- Capacity for predictable and sustainable growth in revenue and earnings per share.
- Dominant owner/operator in its property types and geographic markets.
- Property holdings poised for potentially higher growth due to management's strategic positioning or due to geographic locations in markets where land suitable for development is scarce.
- Strong capital structure and access to capital that may help to effect long-term business strategies.
- Experienced senior management with a strong track record and a wide spectrum of industry-specific skills.
- Attractive valuation relative to other companies and to historical valuations in the real estate market.

The fund may buy securities issued by companies of any size or market capitalization range and at times might increase its emphasis on securities of issuers in a particular capitalization range.

Principal Risks

The principal risks of investing in this fund are: Real Estate Market Risks, Risks of Investing in REITs, Smaller Real Estate Company Risks, Risks of Investing in Stocks, Concentration Risk and Risks of Non-Diversification.

Oppenheimer Senior Floating Rate Fund

Investment Objective

The fund seeks income.

Investment Process

The fund invests mainly in floating rate loans (sometimes referred to as "adjustable rate loans") that hold (or in the judgment of the investment adviser, hold) a senior position in the capital structure of U.S. and foreign corporations, partnerships or other business entities that, under normal circumstances, allow them to have priority of claim ahead of (or at least as high as) other obligations of a borrower in the event of liquidation. These investments are referred to as "Senior Loans." Senior Loans may be collateralized or uncollateralized. They typically pay interest at rates that float above, or are adjusted periodically based on, a benchmark that reflects current interest rates.

Under normal market conditions, the fund will invest at least 80% of its net assets (plus the amount of any borrowings for investment purposes) in Senior Loans. The fund may invest in Senior Loans directly as an original lender, or by assignment from a lender, or it may invest indirectly through loan participation agreements. While most of these Senior Loans will be collateralized, the fund can also invest up to 10% of its net assets (plus the amount of borrowings for investment purposes) in uncollateralized Senior Loans. The fund can invest up to 20% of its total assets in cash or other loans, securities and other investments, including but not limited to: secured or unsecured fixed-rate loans, fixed or floating rate notes or bonds, securities issued or guaranteed by the U.S. government or its agencies or instrumentalities, investment-grade short-term debt obligations, common stock and other equity securities and derivatives. The fund also may invest in Senior Loans made in connection with highly leveraged transactions, including but not limited to, operating loans, leveraged buyout loans, and leveraged capitalization loans. The fund can invest 25% or more of its total assets in securities of the group of industries in the financial securities sector.

The fund can invest in investment-grade or below-investment grade debt instruments (sometimes referred to as “high yield” or “junk” securities). The fund can invest up to 100% of its assets in debt instruments rated below investment-grade, and will normally invest a substantial portion of its assets in those securities. The Senior Loans, other loans, and subordinated debt that the fund invests in are typically rated “B” (below-investment-grade) or higher by one or more of the rating organizations, or if unrated, are determined by the fund’s sub-adviser, OppenheimerFunds, Inc. (the “sub-adviser”), to be of comparable quality. “Investment grade” debt instruments are rated in one of the four highest rating categories by nationally recognized statistical rating organizations such as Moody’s or S&P Global Ratings (“S&P”) (or, in the case of unrated securities, determined by the sub-adviser to be comparable to securities rated investment-grade). The fund may also invest in unrated instruments, in which case the fund’s sub-adviser internally assigns ratings to those instruments, after assessing their credit quality and other factors, in investment-grade or below-investment-grade categories similar to those of nationally recognized statistical rating organizations. There can be no assurance, nor is it intended, that the sub-adviser’s credit analysis is consistent or comparable with the credit analysis process used by a nationally recognized statistical rating organization.

The fund may invest in securities of U.S. and foreign issuers. The fund can invest up to 20% of its total assets in Senior Loans or other securities issued by foreign entities. The fund’s foreign Senior Loans must be dollar-denominated, and interest and principal payments must be payable in U.S. dollars, which may reduce the risks of currency fluctuations.

The fund has no requirements as to the range of maturities of the debt instruments it can buy or as to the market capitalization of the issuers of those instruments. The fund can borrow up to one-third of the fund’s assets (including the amount borrowed) and use other techniques to manage its cash flow, to redeem shares, or to purchase assets, a technique referred to as “leverage.” The fund may also use certain types of derivative investments to try to enhance income or to try to manage (“hedge”) investment risks, including, but not limited to, options, futures contracts, swaps, and “structured” notes.

In selecting investments for the fund, the portfolio managers evaluate overall investment opportunities and risks among the types of investments the fund can hold. They analyze the credit standing and risks of borrowers whose loans or debt securities they are considering for the fund’s portfolio. They evaluate information about borrowers from their own research or research supplied by rating organizations, agent banks or other sources and select only those loans that they believe are likely to pay the interest and repay the principal when it becomes due. The portfolio managers consider many factors, including, among others:

- the borrower’s past and expected future financial performance
- the experience and depth of the borrower’s management
- the status of the borrower’s industry and its position in that industry
- the collateral for the loan or other debt security
- the borrower’s assets and cash flows
- the credit quality of the debt obligations of the bank servicing the loan and other intermediaries imposed between the borrower and the fund.

There can be no assurance that the fund’s analysis will identify all of the factors that may impair the value of a Senior Loan or other investment.

Principal Risks

The principal risks of investing in this fund are: Risks of Investing in Debt Securities, Fixed-Income Market Risks, Risks of Below-Investment-Grade Securities, Risks of Senior Loans and Other Loans, Risks of Borrowing and Leverage, Risks of Foreign Investing, Risks of Derivative Investments and Risks of Concentration in Financial Securities.

Oppenheimer Value Fund

Investment Objective

The fund seeks capital appreciation.

Investment Process

The fund mainly invests in common stocks of companies that the portfolio manager believes are undervalued. The fund may also invest in other equity securities, such as preferred stock, rights, warrants and securities convertible into common stock. The fund may buy securities issued by companies of any size or market capitalization range and at times might increase its emphasis on securities of issuers in a particular capitalization range. While the fund does not limit its investments to issuers in a particular capitalization range, the portfolio manager currently focuses on securities of larger-size companies.

The fund may invest up to 25% of its total assets in foreign securities of companies or governments in any country, including in developed and emerging market countries. The fund may invest up to 10% of its net assets in debt securities.

In selecting investments for the fund’s portfolio, the portfolio manager looks for companies he believes have been undervalued by the market. A security may be undervalued because the market is not aware of the issuer’s intrinsic value, does not yet recognize its future potential, or the issuer may be temporarily out of favor. The fund seeks to realize gains in the prices of those securities when other investors recognize their real or prospective worth. The portfolio manager uses a “bottom up” approach to select securities one at a time before considering industry trends. The portfolio manager uses fundamental analysis to select securities based on factors such as a company’s long-term earnings and growth potential. The portfolio manager currently focuses on companies with the following characteristics, which may vary in particular cases and may change over time:

- Attractive valuation,
- Future supply/demand conditions for its key products,
- Product cycles,
- Quality of management,
- Competitive position in the market place,
- Reinvestment plans for cash generated, and
- Better-than-expected earnings reports.

The portfolio manager also monitors individual issuers for changes in their business fundamentals or prospects that may trigger a decision to sell a security, but does not require a decision to do so. The portfolio manager may consider selling a stock for one or more of the following reasons:

- The stock price is approaching its price target,
- The company's fundamentals are deteriorating, or
- Alternative investment ideas have been developed.

Principal Risks

The principal risks of investing in this fund are: Risks of Investing in Stocks, Risks of Other Equity Securities, Industry and Sector Focus, Risks of Small- and Mid-Cap Companies, Risks of Value Investing and Risks of Foreign Investing.

Oppenheimer Total Return Bond Fund

Investment Objective

The fund seeks total return.

Investment Process

Under normal market conditions, the fund invests at least 80% of its net assets, plus borrowings for investment purposes, in investment-grade debt securities (generally referred to as "bonds"). A debt security is a security representing money borrowed by the issuer that must be repaid. The terms of a debt security specify the amount of principal, the interest rate or discount, and the time or times at which payments are due. Debt securities can include:

- Domestic and foreign corporate debt obligations;
- Domestic and foreign government debt obligations, including U.S. government securities;
- Mortgage-related securities;
- Asset-backed securities; and
- Other debt obligations.

The portfolio managers' overall strategy is to build a diversified portfolio of corporate and government bonds. The fund's investments in U.S. government securities may include securities issued or guaranteed by the U.S. government or its agencies or federally-chartered entities referred to as "instrumentalities." There is no required allocation of the fund's assets among the above classes of securities, but the fund focuses mainly on U.S. government securities and investment-grade corporate debt securities. When market conditions change, the portfolio managers might change the fund's relative asset allocation.

The fund can invest up to 20% of its total assets in lower-grade, high-yield debt securities that are below investment-grade (commonly referred to as "junk bonds"). "Investment-grade" debt securities are rated in one of the top four rating categories by nationally recognized statistical rating organizations such as Moody's or S&P Global ("S&P"). The fund may also invest in unrated securities, in which case the fund's sub-adviser, OppenheimerFunds, Inc. (the "Sub-Adviser"), may internally assign ratings to certain of those securities, after assessing their credit quality, in investment-grade or below-investment-grade categories similar to those of nationally recognized statistical rating organizations. There can be no assurance, nor is it intended, that the Sub-Adviser's credit analysis is consistent or comparable with the credit analysis process used by a nationally recognized statistical rating organization.

The fund has no limitations on the range of maturities of the debt securities in which it can invest and may hold securities with short-, medium- or long- term maturities. The maturity of a security differs from its effective duration, which attempts to measure the expected volatility of a security's price to interest rate changes. For example, if a bond has an effective duration of three years, a 1% increase in general interest rates would be expected to cause the bond's value to decrease about 3%. To try to decrease volatility, the fund seeks to maintain a weighted average effective portfolio duration of three to six years, measured on a dollar-weighted basis using the effective duration of the securities included in the portfolio and the amount invested in each of those securities. However, the duration of the portfolio might not meet that target due to market events or interest rate changes that cause debt securities to be repaid more rapidly or more slowly than expected.

The fund may invest a portion of its assets in foreign debt securities, including securities issued by foreign governments or companies in both developed and emerging markets. The fund may not invest more than 20% of its net assets in foreign debt securities.

The fund may also use derivatives to seek increased returns or to try to manage investment risks. Futures, swaps and “structured” notes are examples of some of the types of derivatives the fund can use.

In selecting investments for the fund, the portfolio managers analyze the overall investment opportunities and risks in different sectors of the debt securities markets by focusing on business cycle analysis and relative values between the corporate and government sectors. The fund mainly seeks income earnings on the fund’s investments plus capital appreciation that may arise from decreases in interest rates, from improving credit fundamentals for a particular sector or security or from other investment techniques.

The fund may sell securities that the portfolio managers believe no longer meet the above criteria.

Principal Risks

The principal risks of investing in this fund are: Risks of Investing in Debt Securities, Fixed-Income Market Risks, Risks of Below-Investment-Grade Securities, Risks of Foreign Investing, Risks of Developing and Emerging Markets, and Risks of Derivative Instruments

Oppenheimer SteelPath MLP Select 40 Fund

Investment Objective

The fund seeks total return.

Investment Process

Under normal circumstances, the fund invests at least 80% of its net assets (plus the amount of any borrowings for investment purposes) of master limited partnership (“MLPs”) investments that are engaged in the transportation, storage, processing, refining, marketing, exploration, production, and mining of minerals and natural resources. The fund’s MLP investments may include, but are not limited to: MLPs structured as limited partnerships (“LPs”) or limited liability companies (“LLCs”); MLPs that are taxed as “C” corporations; businesses that operate and have the economic characteristics of MLPs but are organized and taxed as “C” corporations; securities issued by MLP affiliates; and private investments in public equities (“PIPEs”) issued by MLPs.

The fund seeks to achieve its investment objective by normally investing substantially all of its net assets in the equity securities of a minimum of 40 MLP investments. The fund invests in MLP investments that primarily derive their revenue from the following: (i) businesses engaged in the gathering, processing, transporting, terminalling, storing, distributing, or marketing of natural gas, natural gas liquids, crude oil, refined products (including non-hydrocarbon based products) or other hydrocarbons (“Midstream MLP investments”); (ii) businesses engaging in or supporting the acquisition, exploration and development, or extraction of crude oil, condensate, natural gas, natural gas liquids, or other hydrocarbons (“Upstream MLP investments”); and (iii) businesses engaging in the processing, treating, or refining of crude oil, natural gas liquids or other hydrocarbons (“Downstream MLP investments”). The fund may invest in MLP investments in all market capitalization ranges. In addition, as a non-principal investment strategy, the fund may invest in securities issued by open- and closed-end investment companies, including money market funds and the retail shares of actively-managed and index exchange traded funds (“ETFs”), as well as cash and cash equivalents. The fund may also purchase or sell derivatives, including swap agreements, structured notes, forward contracts, futures contracts and options, for hedging purposes or to collateralize cash.

The fund’s manager relies on its disciplined investment process in determining investment selection and weightings. This process includes a comparison of quantitative and qualitative value factors that are developed through the fund’s manager’s proprietary analysis and valuation models. To determine whether an investment meets its criteria, the fund’s manager generally will perform a detailed fundamental analysis of the underlying businesses owned and operated by potential MLP portfolio companies. The fund’s manager seeks to invest in MLPs which have, among other characteristics, sound business fundamentals, a strong record of cash flow growth, distribution continuity, a solid business strategy, a respected management team and which are not overly exposed to changes in commodity prices. The fund’s manager will sell investments if it determines that any of the above-mentioned characteristics have changed materially from its initial analysis, or that quantitative or qualitative value factors indicate that an investment is no longer earning a return commensurate with its risk.

Principal Risks

The principal risks of investing in this fund are: Risks of Master Limited Partnerships, Risks of Energy Infrastructure and Energy-Related Assets or Activities, Concentration Risk –SteelPath, Liquidity Risks, Liquidity Risks of MLP Securities, Risks of Deferred Tax Liability and Regulatory Risks – SteelPath.

Oppenheimer Global Allocation Fund

Investment Objective

The fund seeks total return.

Investment Process

The fund seeks to achieve its investment objective by allocating its assets among equity securities, fixed-income securities, and various other types of investments, from all over the world. The fund will attempt to take advantage of long- and short-term fluctuations in the global markets by allocating its assets across a variety of asset classes. Such

allocations may vary significantly from time to time. The fund may invest in any market that the portfolio managers believe may offer an attractive investment opportunity. This investment flexibility is intended to allow the fund to respond to, and seek to benefit from, changes in the global economic, political, and social landscape. The portfolio managers will analyze the overall investment opportunities and risks in the global markets and across asset classes in making investment decisions.

Generally, there are no geographic restrictions on where the fund may invest and no restrictions on the amount of the fund's assets that can be invested in either U.S. or foreign securities, including securities of issuers in developing and emerging markets. Generally, during normal market conditions, the fund will include a mix of equity securities, fixed-income securities, and various other types of investments. At any given time, however, the fund may emphasize fixed-income securities, equity securities or other types of investments.

The fund may invest in all types of equity securities, including common stock, preferred stock, convertible securities, rights and warrants, and other securities or instruments whose prices are linked to the value of common stock. The fund does not limit its investments to issuers in a particular market capitalization range and at times may invest a substantial portion of its assets in one or more particular market capitalization ranges.

The fund may invest in debt securities of any kind and of varying duration and maturities. Examples include, but are not limited to, securities that pay a fixed or fluctuating rate of interest, securities convertible into equity securities, securities issued or guaranteed by the U.S. federal and state governments or by their agencies and instrumentalities, securities issued or guaranteed by foreign governments, international agencies or supra-national entities, securities issued or guaranteed by domestic or foreign private issuers, mortgage-backed or other asset-backed securities, inflation-indexed bonds, structured notes, loan assignments and loan participations.

The fund may invest in below-investment-grade debt securities (commonly referred to as "junk bonds"), including distressed securities. Investment-grade debt securities are rated in one of the top four categories by nationally recognized statistical rating organizations such as Moody's Investors Service ("Moody's") or S&P Global Ratings ("S&P"). The Fund may also invest in unrated securities, in which case the Fund's Sub-Adviser, OppenheimerFunds, Inc., may internally assign ratings to certain of those securities, after assessing their credit quality, in investment-grade or below-investment-grade categories similar to those of nationally recognized statistical rating organizations. There can be no assurance, nor is it intended, that the Sub-Adviser's credit analysis is consistent or comparable with the credit analysis process used by a nationally recognized statistical rating organization.

The portfolio managers may seek to adjust exposures, enhance investment returns, and hedge market risks through the use of short sales and a variety of derivative instruments including, but not limited to, futures, options, forward contracts and swaps. The fund may invest in the securities of other investment companies, including exchange-traded funds (ETFs), as well as other entities sponsored and/or advised by the Manager or an affiliate; subject to the limits of the Investment Company Act of 1940, as amended or any exemptive relief therefrom. In addition, the fund may invest in other types of investments including, but not limited to, commodity futures, event-linked securities, currency-related investments, real estate-related investments and precious metals-related investments.

The fund has established a Cayman Islands exempted company that is wholly-owned and controlled by the fund (the "Subsidiary"). The fund may invest up to 25% of its total assets in the Subsidiary. The Subsidiary invests primarily in commodity-linked derivatives (including commodity futures, financial futures, options and swap contracts) and exchange traded funds related to gold or other special minerals ("Gold ETFs"). The Subsidiary may also invest in certain fixed-income securities and other investments that may serve as margin or collateral for its derivatives positions. Investments in the Subsidiary are intended to provide the fund with exposure to commodities market returns within the limitations of the federal tax requirements that apply to the fund. The Subsidiary is subject to the same investment restrictions and guidelines, and follows the same compliance policies and procedures, as the Fund. The Fund's investment in the Subsidiary may vary based on the portfolio managers' use of different types of commodity-linked derivatives, fixed-income securities, Gold ETFs, and other investments. Since the fund may invest a substantial portion of its assets in the Subsidiary, which may hold certain of the investments described in the fund's prospectus, the fund may be considered to be investing indirectly in those investments through its Subsidiary. Therefore, references in the fund's prospectus to investments by the fund also may be deemed to include the fund's indirect investments through the Subsidiary.

The fund's holdings may at times differ significantly from the weightings of the indices comprising its reference index (the "Reference Index"). The fund's Reference Index is a customized weighted index currently comprised of the following underlying broad-based security indices: 60% of the MSCI All Country World Index and 40% of the Barclays Global Aggregate Bond Index, Hedged. The fund is not managed to be invested in the same percentages as those indices comprising the Reference Index.

Principal Risks

The principal risks of investing in this fund are: Asset Allocation Risk, Risks of Investing in Stocks, Risks of Other Equity Securities, Industry and Sector Focus, Risks of Small- and Mid-Cap Companies, Risks of Investments in Other Investment Companies, Risks of Investing in Debt Securities, Fixed-Income Market Risks, Risks of Below-Investment-Grade Securities, Risks of Foreign Investing, Risks of Developing and Emerging Markets, Eurozone Investment Risks, Risks of Alternative Investment Strategies, Risks of Event-Linked Securities, Risks of Derivative Investments, Risks of Hedging, Risks of Commodity-Linked Investments and Risks of Investments in the Fund's Wholly-Owned Securities.

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