

Wisconsin Deferred Compensation Program

Investment Spectrum



The Wisconsin Deferred Compensation (WDC) Program Investment Spectrum offers you a broad range of options.

The Board has designed it to meet your retirement investing needs, no matter if you're a novice or an experienced investor.

The Spectrum is divided into four tiers:

- Tier 1: Lifecycle Funds
- Tier 2: Passive Index Funds
- Tier 3: Actively Managed Funds
- Tier 4: Self-Directed Brokerage Account (SDBA)



As you're deciding what funds may be right for you, the WDC encourages you to read and understand each fund's prospectus. Also, keep in mind there is no guarantee the objective of any fund will be achieved.

The Deferred Compensation Board monitors the performance of the funds in Tiers 1, 2 and 3, and may replace them if they fail to meet established performance standards.

If you choose to invest through Tier 4, the self-directed brokerage account, you assume the responsibility for monitoring the performance of your investments.

Tier 1: Lifecycle Funds

Set it and forget it! If you're looking for a set-it-and-forget-it investment option, you might consider the Vanguard Target Retirement Funds. These are lifecycle funds that adjust your exposure to risk over time. The fund manager adjusts the fund's mix of stocks and bonds so that it becomes more conservative as the targeted year—your retirement year—approaches.

Here's how it works—You choose the fund that most closely matches the year you plan to retire. If your retirement date falls halfway between two portfolio dates—for example, the year 2020, Vanguard suggests that you round up. The 2025 Fund would be the appropriate choice.

Of course, if you'd rather be more aggressive or conservative than the suggested fund, you may select the one that suits your investment style.

Tier 2: Passive Index Funds

An easy way to invest! Some WDC participants prefer to invest in certain asset classes, rather than specific funds. Tier 2 offers five index funds—passively managed investments that are designed to match the performance of a particular market index. By selecting an index option, your investments will correlate to a particular segment of the market. For example, if you invest in the S&P 500 Index Fund, the performance of your investment will correlate to the large capitalized stock market sector.

The WDC's index funds include one mutual fund and four commingled options. A Commingled fund pools assets from several institutional type investors seeking the same investment objective. The Board chose to offer commingled funds, in addition to mutual funds, because of their considerable lower cost and excellent correlation to the associated index. Information on commingled options, including performance and share price, can only be obtained from the WDC via the telephone or Web site: www.wdc457.org.

Although you won't be able to find specific information about the WDC Commingled funds from other investor resources, performance of the corresponding index can be tracked in the financial news from newspapers, magazines and television. Remember that the performance of the corresponding index does not reflect fees or charges of the fund or the WDC, and that individuals can't invest directly in an index.

Tier 3: Eleven Actively Managed Fund Choices

More effort for potentially enhanced returns. This tier is comprised of 11 actively managed options ranging from conservative to aggressive investments. Conservative options include an FDIC bank option, stable value fund and a money market fund. Eight actively managed bond and stock mutual funds provide moderate-to-aggressive investment choices.

Each option is managed according to a set investment objective which is detailed in the fund's prospectus and other material. The goal of many actively managed funds is to outperform an index or benchmark, instead of trying to match it. But remember: there's no guarantee that a fund's objective will be achieved—that fact is known as market risk. If you'd like to know more about market risk and how to manage it, contact the WDC and ask to speak with a plan representative.

Tier 4: Self-Directed Brokerage Account (SDBA)

Choices are yours... invest at your own risk! More than 3,000 additional mutual funds are available through a self-directed brokerage account (SDBA), which is currently offered through the Charles Schwab Personal Choice Retirement Account. The SDBA is designed for individuals who seek more flexibility, increased diversification and a greater role in managing their retirement savings.

The SDBA is for knowledgeable investors who understand the risks associated with many of the investment choices available through the SDBA and who are committed to staying invested for the long-term.

Menu of Investment Options

Tier 1

- Vanguard Target Retirement Income Fund
- Vanguard Target Retirement 2015 Fund
- Vanguard Target Retirement 2025 Fund
- Vanguard Target Retirement 2035 Fund
- Vanguard Target Retirement 2045 Fund

Risk/Return	Conservative		Moderate		Aggressive
Asset Class	Fixed Income/ Cash	Bonds	Large Cap Stocks	Mid/Small Cap Stocks ⁵	International Stocks ⁴
Tier 2 Passive Index Funds (The manager attempts to correlate to or match an index.) Commingled Funds Tier 2 Passive Index Fund (The manager attempts to correlate to or match an index.) Mutual Fund		US Debt Index Fund [Lehman Brothers Aggregate Bond Index] ¹	Vanguard Institutional Index Plus Fund [S&P 500 Index]	Small Cap Equity Index Fund ¹ Mid Cap Equity Index Fund ¹	EAFE Equity Index Fund ¹
Tier 3 Active Funds (The manager of many of these funds tries to outperform an index.)	FDIC Bank Option Stable Value Fund Vanguard Admiral Treasury Money Market Fund ³	Federated US Government Securities Fund 2-5 Years (Instl) Vanguard Long- term Investment- Grade Fund (Admiral Shares)	Vanguard Wellington Fund (Admiral Shares) Fidelity Contrafund Calvert Social Investment Fund Equity Portfolio (Class I) ²	T. Rowe Price Mid Cap Growth Fund DFA US Micro Cap Portfolio	American EuroPacific Growth Fund (Class R5)
Tier 4 Self-directed brokerage account (SDBA) ⁶	**For the Knowledgeable Investor** Charles Schwab Personal Choice Retirement Account (PCRA)				

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How to obtain a prospectus – Prospectuses can be obtained by calling the WDC at 608-256-6200 in Madison or 800-257-4457 toll-free or through the Web site at www.wdc457.org. Before investing, carefully consider the fund's investment objectives, risks, and charges and expenses. The prospectuses contain this and other important information. Read the prospectuses carefully before investing.

Tier 1 includes the Vanguard Target Retirement Funds. The smaller the year of the fund's title, the more conservative the fund manager invests.

The options in Tiers 2 and 3 of the Investment Spectrum range from conservative investments on the left to aggressive investments on the right. The funds on the far left are the least volatile and have less risk to loss of principal investment. If you invest through Tier 4, the self-directed brokerage account, you assume responsibility for researching the asset classes of any fund you're considering.

The Federal Deposit Insurance Corporation (FDIC) option and the Stable Value Fund have been designed specifically for the WDC. Information about these options can be obtained through the WDC Administrator.

As you move to the right across the Investment Spectrum, the investment options become more aggressive with greater risk of loss in exchange for potentially higher returns. International investing has additional inherent risks relating to currency fluctuations, economic and political factors.

Many of the funds listed in the chart have footnotes. The WDC encourages you to read and understand each following footnote before investing. If you have any questions, contact the WDC.

¹ These options are indexed, commingled funds managed by Barclays Global Investors. They are NOT mutual funds. They are not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. They are subject to market risk and may experience a loss to the principal investment. Commingled funds are typically only available to qualified plans and certain governmental 457 plans through banks or trust companies. Unlike mutual funds, which must register with the U. S. Securities and Exchange Commission, Commingled funds are considered trusts subject to regulation by federal banking authorities and state trust law.

You will find performance and other information regarding these options on the WDC Web site at www.wdc457.org, or by calling the

WDC in Madison at 800-257-4457. Because these are not mutual funds, you will not find information about these options in the newspaper or any other investor resource material.

² This option is offered to provide a socially responsible investment alternative. The Board reviews this fund's performance compared to its peer group of socially responsible funds. Performance may fall short of conventional growth/large cap stock fund benchmarks.

³ Money Market Funds: An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other federal government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.

⁴ International/Emerging Markets Funds: Investing internationally involves risks not associated with investing solely in the U.S., such as currency fluctuation, political risk, differences in accounting and the limited availability of information.

⁵ Small Company Funds: Stocks of small or emerging companies may have less liquidity than those of larger, established companies and may be subject to greater price volatility and risk than the overall stock market.

⁶ Brokerage services for the Self-Directed Brokerage Account (SDBA) are provided by Charles Schwab & Co., Inc.

About market timing and excessive trading

Excessive trading or market timing in your WDC account disrupts management of investment options, increases expenses and negatively affects performance to the detriment of other investors. Many investment providers to the WDC have adopted underlying restrictions and limitations with respect to transfers into and withdrawals from their investment options.

All participant and beneficiary accounts are subject to such restrictions or limitations. If an investment provider identifies a participant or beneficiary account in violation, the Department of Employee Trust Funds shall direct the WDC Administrator to take the appropriate action to cause this practice to cease.