

A QUICK GUIDE to the Investment Funds YOU can choose

		FOR A \$1,000 INVESTMENT					
	PRODUCT CATEGORY	Annual Fees	Long-Term Fees	Average Result in 10 Years	Downside Result in 10 Years	Upside Result in 10 Years	
BALANCED FUNDS							
	FRS Select Moderate Balanced Fund (A20) A	Balanced	\$0.42	\$13	\$1,500	\$900	\$2,400
	FRS Select Aggressive Balanced Fund (A30) A	Balanced	\$0.47	\$14	\$1,600	\$800	\$2,900
	FRS Select Conservative Balanced Fund (A10) A	Balanced	\$0.56	\$17	\$1,300	\$1,000	\$1,600
MONEY MARKET FUND							
	FRS Select Yield Plus Money Market Active Fund (M10) A	Cash	\$0.58	\$18	\$1,200	\$1,000	\$1,200
INFLATION-PROTECTED SECURITIES FUND							
	FRS Select U.S. Treasury Inflation-Protected Securities Index Fund (T10) P	TIPS	\$0.20	\$6	\$1,200	\$900	\$1,500
BOND FUNDS							
	FRS Select U.S. Bond Enhanced Index Fund (B15) A	Broad Bonds	\$0.50	\$15	\$1,300	\$900	\$1,600
	Pyramis Intermediate Duration Pool Fund (B35) A	Intermediate Bonds	\$1.08	\$33	\$1,300	\$1,000	\$1,500
	FRS Select High Yield Fund (B50) A	High Yield	\$4.60	\$148	\$1,300	\$800	\$2,000
	PIMCO Total Return Fund (B20) A	Broad Bonds	\$5.70	\$187	\$1,300	\$900	\$1,600
U.S. STOCK FUNDS							
	FRS Select U.S. Stock Market Index Fund (S10) P	Broad U.S. Stocks	\$0.20	\$6	\$1,700	\$700	\$3,800
	FRS Select U.S. Large Value Stock Active Fund (S25) A	Large-Cap Value	\$1.93	\$60	\$1,700	\$700	\$3,600
	FRS Select U.S. Large Growth Stock Active Fund (S30) A	Large-Cap Growth	\$3.23	\$102	\$1,600	\$600	\$4,000
	Prudential Mid-Cap Quantitative Core Equity Fund (S40) A	Broad Small/Mid-Cap	\$3.50	\$111	\$1,700	\$600	\$4,200
	Fidelity Growth Company Fund (S80) A	All-Cap Growth	\$6.50	\$216	\$1,600	\$500	\$4,300
	American Beacon Small-Cap Value Fund (S99) A	Small-Value	\$9.20	\$320	\$1,600	\$600	\$3,900
	T. Rowe Price Small-Cap Stock Fund (S97) A	Broad Small/Mid-Cap	\$9.20	\$320	\$1,600	\$600	\$4,100
FOREIGN AND GLOBAL STOCK FUNDS							
	FRS Select Foreign Stock Index Fund (F10) P	Broad Foreign	\$0.20	\$6	\$1,700	\$600	\$3,900
	American Funds EuroPacific Growth Fund (F20) A	Broad Foreign	\$5.00	\$162	\$1,600	\$700	\$3,500
	American Funds New Perspective Fund (F40) A	Broad Global	\$5.30	\$173	\$1,600	\$700	\$3,500

DEFINITIONS

Annual Fees are the current fees the fund charges to cover its management, operating, and marketing expenses. The table shows the fees that would apply to a \$1,000 account (divide the annual fees shown by 1,000 to put them on a percentage basis). Actual fees are proportional to the amount you invest in that fund. For example, if the annual fee for a \$1,000 investment in a fund is \$0.20 but you invest \$10,000, you would be charged $(\$10,000 \div \$1,000) \times \$0.20$, or \$2 for a year. Fees may change in the future. Fees and expenses are only one of several factors that you should consider when making investment decisions.

Long-Term Fees* are the value in today's dollars of the total fees that would be charged over 30 years, assuming a \$1,000 initial investment.

Average Result* is an estimate in today's dollars of what an investment of \$1,000 today might grow to over a 10-year period. There is a 50% chance that \$1,000 would grow to this amount or more in 10 years.

Downside Result* is an estimate in today's dollars of how poorly an investment of \$1,000 today might do over a 10-year period. There is a 5% chance that \$1,000 would decline to this amount or less in 10 years.

Upside Result* is an estimate in today's dollars of how well an investment of \$1,000 today might do over a 10-year period. There is a 5% chance that \$1,000 would grow to this amount or more in 10 years.

* These figures are shown in today's dollars so that you can make a realistic comparison of the different funds in terms of what you could buy with the results today, rather than in the future when inflation will decrease the value of your account. These estimates are described in more detail on page 2 in the box labeled "About Financial Engines and Their 10-Year Estimates of Investment Fund Results."

P *Passively Managed* (or index) funds are designed to produce the same level and pattern of investment returns generated in a market index. These funds carry a very low fee.

A *Actively Managed* funds try to predict market changes in order to beat a market index. These funds carry a higher fee.

What Is an ASSET CLASS?

Learning about and effectively using asset classes is a good way to simplify investing and improve the odds of meeting your retirement goals. Asset classes are groups of similar investments whose values react to changes in the economy in the same basic way. Making investment decisions based on asset class selection (instead of focusing on individual stock or bond funds) may be easier and more effective. Investing in a mix of asset classes (also called “diversifying”) helps you control your risk, because the different asset classes typically react to market volatility in different ways. Experts say that 90% of your investment success results from choosing the right mix of investments in your retirement savings. This Quick Guide describes the five Investment Plan single asset classes (money market, inflation-protected securities, bond funds, U.S. stock funds, and foreign and global stock funds) and a special class, balanced funds, which provides a diversified mixture of various asset classes. You should also review the Fund Profiles and the Annual Fee Disclosure Statement posted in the “Investment Funds” section at MyFRS.com before you select any investment funds or make an election.

Balanced Funds are particularly good for “one-stop shopping.” They seek favorable long-term returns by keeping costs low and investing across multiple asset classes to diversify and control risks. They invest in various investment funds in different proportions to keep their overall level of risk relatively steady over time. The proportions and specific funds included in each balanced fund may change over time. Financial Engines®, a federally registered investment advisor and fiduciary to the FRS, will periodically provide the FRS with updated investment fund mixes that they believe will provide the best balance between expected risk and return.

Money Market Funds invest in short-term securities (financial instruments or obligations) that are high-quality and can be sold quickly with little loss of value. The funds have limited risk of declining in value; however, over the long term, the returns may be modest, basically keeping pace with inflation. Money market funds are not FDIC-insured or guaranteed.

Inflation-Protected Securities Funds invest in United States Treasury inflation-protected securities (TIPS). TIPS provide two types of return. First, there’s a fixed interest rate that’s been around 1% to 4% since TIPS were first issued in 1997. Second, there’s a return of principal on the underlying TIPS securities (the starting amount of your initial investment) and interest (the additional earnings you get over time) that is “protected,” or indexed to inflation. As inflation rises, so does the amount of principal and interest you receive. So, if the fixed rate is 3% and

inflation is 3%, you receive a total interest rate of about 6%. The day-to-day value of inflation-protected securities varies with changes in inflation and interest rates. You could lose money over short or long periods by investing in this fund. The fund’s price and return will vary over a wide range, similar to the fluctuations of the bond market. But these funds generally offer a promise of keeping up with inflation, which is unique to this type of investment.

Bond Funds invest primarily in bonds, which are like IOUs: a company or government agency borrows money and pays it back with interest to the bondholder (the entity making the loan). The quality of a bond is reflected in the credit rating of the company or agency that issues the bond. The short-term risk of bond funds is relatively low; however, over time, the value of a bond is affected by interest rates, inflation, and other factors. When inflation or interest rates go up, the value of bonds goes down because they pay a fixed rate of interest (the market sees other investments as being more attractive). Therefore, bonds and bond funds don’t always protect the value of your retirement savings against inflation.

U.S. Stock Funds invest primarily in equity shares or stocks issued by U.S. companies. The short-term risk of investing in stocks has been much higher than bonds. However, over long periods of time, stocks have generally done better than bonds, which is one of the main reasons that stocks are typically recommended for retirement investing. Some risk is necessary to achieve long-term investment growth.

Foreign and Global Stock Funds

invest primarily in stocks issued by foreign companies. Foreign stocks are affected by additional risk factors, such as foreign laws and regulations, differences in accounting practices, political risk (foreign governments are sometimes unstable), and currency risks (differences in the relative value of domestic and foreign money). Over the long term, foreign stocks have provided additional diversification benefits.

ABOUT FINANCIAL ENGINES AND THEIR 10-YEAR ESTIMATES OF INVESTMENT FUND RESULTS

Financial Engines is a registered trademark of Financial Engines, Inc. Advisory services provided through Financial Engines Advisors L.L.C., a federally registered investment advisor and wholly owned subsidiary of Financial Engines, Inc. Financial Engines is held to high standards of independence, expertise, and conduct on behalf of members in both FRS retirement plans. You can read more about their responsibilities in the Financial Guidance and Advice Policy available at MyFRS.com or through the toll-free MyFRS Financial Guidance Line. Their services are based on the work of Nobel Prize winner Professor Bill Sharpe. More information about Financial Engines can be found in the Financial Engines Disclosure Statement that is included in the legal documents mailed to you, or in Financial Engines Form ADV, Part II, available from Financial Engines by writing to Financial Engines at 1804 Embarcadero Road, Palo Alto, CA 94303, Attn: Investor Support. Financial Engines does not guarantee future results.

The average result, downside result, and upside result assume a hypothetical investment of \$1,000, net of any applicable fees or charges. The average result, downside result, and upside result are not guarantees of future results, but are only reasonable estimates based upon forward-looking models of the economy and securities markets, which use such data as historical returns, historical correlations, expected growth rates, and calculated-risk premiums. Since past performance is not always an accurate predictor of the future, and reliance on historical and current data necessarily involves certain inherent limitations, you must understand that the future performance estimates are only a tool to be used in evaluating your portfolio and are not a substitute for your informed judgment. Fees and styles may change.

This Quick Guide is intended for use in connection with the FRS Investment Plan, pursuant to Florida law, and is not intended for use by other investors. Sections 121.4501(8)(b)4 and 121.4501(15)(b), Florida Statutes, incorporate the federal law concept of participant control, established by regulations of the U.S. Department of Labor under Section 404(c) of the Employee Retirement Income Security Act of 1974. If you exercise control over the assets in your Investment Plan account, pursuant to Section 404(c) regulations and all applicable laws governing the operation of the Investment Plan, no program fiduciary shall be liable for any loss to your account that results from your exercise of control.

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- Free guidance and in-depth information about all investment funds offered under the FRS Investment Plan is available and is updated regularly. This information includes descriptions of the fees, performance, investment strategies, and other factors that may significantly affect the funds’ performance.
- The status of investment funds under the investment manager monitoring guidelines.
- The Excessive Fund Trading Policy, including transfer restrictions.