

## FRS Investment Plan Detailed Fund Operations

### *ING Index Plus Large Cap Fund (\$15)*

<b>Asset Class and Objective</b>	Core broad U.S. stock fund, focusing on the large capitalization sector
<b>Fund Benchmark</b>	S&P 500 Index
<b>Investment Manager</b>	Aeltus Investment Management, Inc., 10 State House Square, Hartford, CT 06103-3602
<b>Marketing Company</b>	ING
<b>Restrictions on Transfers</b>	None
<b>How fees work</b>	<p>On an annual basis, marketing companies estimate the fees that FRS Investment Plan participants will pay as a percentage of their mutual fund account assets; e.g., 0.50% per year. These figures reflect any rebates or reductions negotiated by the State Board of Administration and are published in the <i>Fund Profiles</i> and other plan materials.</p> <p>However, the actual fees you would pay as an investor in a mutual fund are not guaranteed and will vary over time when expressed as a percent of asset values. Mutual fund boards of directors can change fees without the FRS's permission. Changes occur throughout the year in the day-to-day expenditures made by mutual funds to cover their operating expenses and these changes are passed through to shareholders. The amount of assets under management changes from period to period and so fees expressed as a ratio of assets will vary, even if the actual dollar expenditures do not. Also, some mutual funds have fees that can rise or fall depending on performance compared to a benchmark.</p> <p>The actual expenses paid for mutual funds included in the FRS Investment Plan are detailed in their annual or semi-annual reports for previous periods. These reports are available free of charge by calling the MyFRS Financial Guidance Line (1-866-466-9377). Please note that these reports will not reflect any rebates or reductions negotiated by the State Board of Administration.</p>
<b>Investment Philosophy</b>	ING Index Plus Large Cap Fund (Index Plus Large Cap) seeks to outperform the total return performance of the Standard & Poor's 500 Composite Index (S&P 500), while maintaining a market level of risk.
<b>Research Process</b>	
<b>Security Selection</b>	<p>Index Plus Large Cap invests at least 80% of its net assets in stocks included in the S&amp;P 500. The S&amp;P 500 is a stock market index comprised of common stocks of 500 of the largest companies traded in the U.S. and selected by Standard &amp; Poor's Corporation.</p> <p>In managing Index Plus Large Cap, the investment adviser attempts to achieve the Fund's objective by overweighting those stocks in the S&amp;P 500 that the investment adviser believes will outperform the Index, and underweighting (or avoiding altogether) those stocks that the investment adviser believes will underperform the Index. In determining stock weightings, the investment adviser uses internally developed quantitative computer models to evaluate various criteria, such as the financial strength of each company and its potential for strong, sustained earnings growth. At any one time, the investment adviser generally includes in the Index Plus Large Cap portfolio approximately 400 of the stocks included in the S&amp;P 500. Although the Fund will not hold all the stocks in the S&amp;P 500, the investment adviser expects that there will be a close correlation between the performance of Index Plus Large Cap and that of the S&amp;P 500 in both rising and falling markets, as the Fund is designed to have risk characteristics (e.g., price-to-earnings ratio, dividend yield, volatility) which approximate those of the S&amp;P 500.</p>
<b>Portfolio Construction</b>	(1) The Fund will not make short sales of securities, other than short sales "against the box," or purchase securities on margin except for short-term credits necessary for clearance of portfolio transactions, provided that this restriction will not be applied to limit the use of options, futures contracts and related options, in the manner otherwise permitted by the investment restrictions, policies and investment programs of the Fund.



**IMPORTANT NOTE: The information on investment philosophy, research process, security selection, portfolio construction, sell discipline and personnel was provided to the FRS by product marketing companies or investment managers. The FRS has taken this information as given for the purposes of this document.**

	<p>(2) The Fund will not invest more than 25% of its total assets in securities or obligations of foreign issuers, including marketable securities of, or guaranteed by, foreign governments (or any instrumentality or subdivision thereof).</p> <p>(3) The Fund will not invest in companies for the purpose of exercising control or management.</p> <p>(4) The Fund will not purchase interests in oil, gas or other mineral exploration programs; however, this limitation will not prohibit the acquisition of securities of companies engaged in the production or transmission of oil, gas, or other minerals.</p> <p>(5) The Fund will not invest more than 10% of its net assets in illiquid securities. Illiquid securities are securities that are not readily marketable or cannot be disposed of promptly within seven days and in the usual course of business without taking a materially reduced price. Such securities include, but are not limited to, time deposits and repurchase agreements with maturities longer than seven days. Securities that may be resold under Rule 144A under, or securities offered pursuant to Section 4(2) of the 1933 Act, shall not be deemed illiquid solely by reason of being unregistered. The investment adviser shall determine whether a particular security is deemed to be liquid based on the trading markets for the specific security and other factors.</p> <p>(6) The Fund will not invest more than 10% of the total value of its assets in high-yield bonds (securities rated below BBB- by Standard &amp; Poor's Corporation (S&amp;P) or Baa3 by Moody's Investors Service, Inc. (Moody's), or, if unrated, considered by the investment adviser to be of comparable quality).</p> <p><b>Options, Futures, and Other Derivative Instruments</b> The Fund may use certain derivative instruments as a means of achieving its investment objective. For purposes other than hedging, a Fund will invest no more than 5% of its assets in derivatives that at the time of purchase are considered by management to involve high risk to the Fund, such as inverse floaters and interest-only and principal-only debt instruments. The Fund may use the derivative instruments described below and in the Prospectus. Derivatives that may be used by a Fund include forward contracts, swaps, structured notes, futures and options. The Fund may invest up to 30% of its assets in lower risk derivatives for hedging purposes, or to gain additional exposure to certain markets for investment purposes while maintaining liquidity to meet shareholder redemptions and minimizing trading costs. Mortgage-related and asset-backed securities other than those described in the preceding paragraph, STRIPS (Separate Trading of Registered Interest and Principal of Securities) and forward exchange contracts are not subject to this 30% limitation.</p> <p><b>Sector Weightings</b> The maximum sector weighting permitted is two times the benchmark weighting. The minimum weighting is one half the benchmark sector weighting.</p>	
<b>Sell Discipline</b>		
<b>Portfolio Manager(s)</b>	<b>Investment Experience</b>	<b>Investment Experience</b>
Hugh T. M. Whelan	14 years	Co-manager since March 2001. Quantitative analyst since 1999 and previously a fixed income portfolio manager



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