

**State of Illinois  
Office of the Treasurer  
College Savings Program**

Financial Audit  
Years Ended June 30, 2012 and 2011

Performed as Special Assistant Auditors  
for the Auditor General, State of Illinois

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**State of Illinois  
Office of the Treasurer  
College Savings Program**

**Treasurer's Office Officials**

Treasurer	Honorable Dan Rutherford
Chief of Staff	Mr. Kyle Ham
Executive Director of Finance	Ms. Bridget Byron (March 21, 2012 – present)
Deputy Treasurer/CFO	Mr. Edward Buckles (through December 31, 2011)
General Counsel	Ms. Maureen Lydon
Director of College Savings Program	Ms. Bridget Byron
Manager of College Savings Program	Mr. Randall Welsh (July 1, 2012 to present)
Inspector General	Mr. David Wells
Chief Internal Auditor	Ms. Barbara Ringler
Compliance and Reporting Manager - College Savings Program	Mr. Deon Perryman

The Office of the Treasurer maintains the following four office locations:

Executive Office  
State Capitol  
219 State House  
Springfield, Illinois 62706

Operational Divisions  
Illinois Business Center  
400 West Monroe  
Springfield, Illinois 62704

Unclaimed Property & Other Divisions  
Myers Building  
1 W. Old State Capitol Plaza  
Springfield, Illinois 62701

Chicago Office Legal / Programmatic  
James R. Thompson Center  
100 West Randolph Street  
Suite 15-600  
Chicago, Illinois 60601

## **FINANCIAL STATEMENT REPORT**

**Financial Statement Report**

**Summary**

The audit of the accompanying financial statements of the College Savings Program of the State of Illinois, Office of the Treasurer, was performed by McGladrey LLP as of and for the years ended June 30, 2012 and 2011.

Based on their audits, the auditors expressed unqualified opinions on the College Savings Program's financial statements.

## **Independent Auditors' Report**



## Independent Auditors' Report

The Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying Statements of Fiduciary Net Assets of the College Savings Program, a fiduciary (private-purpose trust) fund of the State of Illinois, Office of the Treasurer, as of June 30, 2012 and 2011, and the related Statements of Changes in Fiduciary Net Assets for the years then ended. These financial statements are the responsibility of management of the State of Illinois, Office of the Treasurer. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College Savings Program's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the College Savings Program of the State of Illinois, Office of the Treasurer present only this fiduciary (private-purpose trust) fund and do not purport to, and do not, present fairly the financial position of the State of Illinois, Office of the Treasurer as of June 30, 2012 and 2011, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the June 30, 2012 and 2011 financial statements referred to above present fairly, in all material respects, the financial position of the College Savings Program Fund as of June 30, 2012 and 2011, and the changes in financial position thereof, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 17, 2012, and February 22, 2012 on our consideration of the State of Illinois, Office of the Treasurer's internal control over financial reporting of the College Savings Program and our tests of the State of Illinois, Office of the Treasurer's compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of these reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Management has omitted management's discussion and analysis for the College Savings Program that accounting principles generally accepted in the United States of America requires to be presented to supplement the financial statements. Such missing information, although not a required part of the fund financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the fund financial statements in an appropriate operational, economic or historical context. Our opinion on the fund financial statements is not affected by this missing information.

Our audits were conducted for the purpose of forming an opinion on the financial statements of the College Savings Program Fund of the State of Illinois, Office of the Treasurer. The combining statements, Bright Start statements and Bright Directions statements on pages 21 through 71 are presented for purposes of additional analysis and are not a required part of the fund financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the fund financial statements. The information has been subjected to the auditing procedures applied in the audit of the fund financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the fund financial statements or to the fund financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the fund financial statements as a whole.

Our audits were conducted for the purpose of forming an opinion on the financial statements of the College Savings Program of the State of Illinois, Office of the Treasurer. The other information which includes key performance measures and the Bright Start and Bright Directions investment policies is presented for purposes of additional analysis and is not a required part of the fund financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the fund financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*McGladrey LLP*

Schaumburg, Illinois  
December 17, 2012

**State of Illinois  
Office of the Treasurer**

**College Savings Program  
Statements of Fiduciary Net Assets  
June 30, 2012 and 2011**

	<b>2012</b>	<b>2011</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 324,469,353	\$ 218,903,260
Capital shares receivable	4,897,740	4,129,592
Securities sold receivable	787,700	684,306
Dividends receivable	1,353,454	1,273,344
Mutual funds	4,214,035,424	3,907,719,754
	<hr/>	<hr/>
Total assets	\$ 4,545,543,671	\$ 4,132,710,256
	<hr/> <hr/>	<hr/> <hr/>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Payable for capital shares	\$ 3,377,245	\$ 5,656,591
Payable for securities purchased	1,809,674	1,738,153
Other liabilities	1,274,498	1,384,020
	<hr/>	<hr/>
Total liabilities	6,461,417	8,778,764
Net assets held in trust for participants	4,539,082,254	4,123,931,492
	<hr/>	<hr/>
Total liabilities and net assets	\$ 4,545,543,671	\$ 4,132,710,256
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of these statements.

**State of Illinois  
Office of the Treasurer**

**College Savings Program  
Statements of Changes in Fiduciary Net Assets  
For the Years Ended June 30, 2012 and 2011**

	<b>2012</b>	<b>2011</b>
Investment income (expense)		
Investment earnings	\$ 39,715,905	\$ 34,501,712
Net change in fair value of investments	40,548,095	594,881,143
Distribution fees	(3,049,007)	(2,880,424)
State administrative fees	(748,048)	(796,993)
Insurance fees	(264,872)	(196,970)
12b-1 fees	(2,703,176)	(2,211,451)
Management and bank custodial fees	(8,783,468)	(7,994,225)
	<u>64,715,429</u>	<u>615,302,792</u>
Net investment earnings		
	64,715,429	615,302,792
Distributions to participants		
Net investment income	(24,308)	(16,111)
	<u>(24,308)</u>	<u>(16,111)</u>
Other participant transactions		
Program contributions	1,628,541,126	1,539,502,826
Program distributions	(1,278,104,640)	(1,148,711,670)
Distributions reinvested	23,155	16,939
	<u>350,459,641</u>	<u>390,808,095</u>
Total increase from participant transactions		
	350,459,641	390,808,095
Change in net assets	415,150,762	1,006,094,776
Net assets, beginning of fiscal year	<u>4,123,931,492</u>	<u>3,117,836,716</u>
Net assets, end of fiscal year	<u>\$ 4,539,082,254</u>	<u>\$ 4,123,931,492</u>

The accompanying notes are an integral part of these statements.

**State of Illinois  
Office of the Treasurer  
College Savings Program**

**Notes to the Financial Statements  
For the Years Ended June 30, 2012 and 2011**

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Background

In May 1999, the General Assembly of the State of Illinois adopted Public Act 91-0607 authorizing the State Treasurer of the State of Illinois (the "Treasurer") to establish and administer a program designed to be a "qualified state tuition program" under Section 529 of the Internal Revenue Code of 1986, as amended. The program is known as the College Savings Program (the "Program"). Participants of the Program have a choice of two Section 529 investment programs, the Bright Start College Savings Program ("Bright Start") and the Bright Directions College Savings Program ("Bright Directions"). Bright Start commenced operations on March 27, 2000. Bright Directions commenced operations on November 18, 2005. Investors may participate in Bright Start directly (Direct-sold Plan) or through participating financial advisors (Advisor-sold Plan). Bright Directions is available through participating financial advisors only.

The Program provides an opportunity for investors residing in Illinois to invest on a tax-favored basis toward the qualified higher education expenses of a designated beneficiary (the "Beneficiary") associated with attending an Institution of Higher Education. If the investor is not an Illinois taxpayer, depending upon the laws of the investor's home state or the home state of the investor's beneficiary, favorable state tax treatment or other benefits offered by such home state for investing in Section 529 college savings plans may be available only if invested in the home state's Section 529 plan. Institutions of Higher Education generally include accredited postsecondary educational institutions offering credit toward a bachelor's degree, an associate's degree, a graduate level or professional degree, or another recognized postsecondary credential including certain proprietary, postsecondary vocational and foreign institutions. The institution must be eligible to participate in the U.S. Department of Education student aid programs. Qualified higher education expenses generally include tuition, fees, books, supplies, and equipment required for the Beneficiary's enrollment plus, subject to certain limitations, room and board expenses provided the Beneficiary is enrolled on at least a half-time basis.

Under the Program, Program participants (the "Account Owners") select investment portfolios for their accounts established for the purpose of helping Account Owners meet the qualified higher education expenses of the Beneficiaries designated on the Program accounts (the "Accounts"). Amounts contributed to the Program will be invested in the College Savings Trust (the "Trust"). As of June 30, 2012, OFI Private Investments, Inc. provided investment advisory, administrative, recordkeeping and marketing services for the Bright Start Program. As of June 30, 2012, Union Bank and Trust Company advised the Treasurer on the investment of contributions and provided administrative, recordkeeping and marketing services for the Bright Directions Program. As such, as of June 30, 2012, OFI Private Investments, Inc. and Union Bank and Trust Company acted as program managers (the "Managers") of the two investment programs. The Treasurer acts as trustee and is responsible for the overall administration of the programs.

**Note 1. Summary of Significant Accounting Policies**

Financial Reporting Entity

As described in the Illinois Comprehensive Annual Financial Report, the State of Illinois is the primary government which includes all funds, elected offices, departments and agencies of the State, as well as boards, commissions, authorities, universities and colleges over which the State's executive or legislative branches exercise legal control.

**State of Illinois  
Office of the Treasurer  
College Savings Program**

**Notes to the Financial Statements  
For the Years Ended June 30, 2012 and 2011**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

The College Savings Program is a separate legal entity from the State of Illinois, with the assets segregated into a Trust, and the Treasurer appointed as Trustee of the Trust, as established in the Declaration of Trust dated March 27, 2000. However, for financial reporting purposes, the College Savings Program is a part of the primary government. The Program is included in the Illinois Comprehensive Annual Financial Report as a private-purpose trust fund. The scope of the College Savings Program financial statements presented herein is limited to the financial position of the College Savings Program private-purpose trust fund.

Fiduciary Fund

The College Savings Fund is classified as a private-purpose trust fund. This trust fund is used to account for assets held by the Treasurer in a trustee capacity. This fund is not held in the State Treasury and is a non-appropriated fund.

Basis of Accounting and Measurement Focus

The accounts of the College Savings Program are maintained and reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place.

Cash and Cash Equivalents

Cash and cash equivalents consist of money market mutual funds and timing differences associated with the purchase of mutual fund shares and short-term, highly liquid investments readily convertible to cash, with a maturity of 90 days or less at the time of purchase.

Investment Earnings

Investment earnings are a combination of dividend income and interest income generated from mutual fund investments. Mutual fund yields are subject to market rate fluctuations.

Fair Value of Investments

Investments in the underlying funds are carried at fair value based on the closing net asset or unit value per share of each Underlying Fund on the last business day on or prior to June 30.

**State of Illinois  
Office of the Treasurer  
College Savings Program**

**Notes to the Financial Statements  
For the Years Ended June 30, 2012 and 2011**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

Management Estimates

To prepare financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make certain estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates may differ from actual results.

Presentation Changes

Certain presentations for the year ended June 30, 2011 have been changed to be consistent with the current (FY2012) presentation.

**Note 2. Investments**

Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, established standards for accounting for investments held by governmental entities. The College Savings Program has been designed as a qualified state tuition program under Section 529 of the Internal Revenue Code and reports all investments at fair value based upon quoted market value with the exception of investments in the Bright Start Principal Protection Income Portfolio which are reported at contract value.

**Bright Start College Savings Program**

Permitted Investments:

The Treasurer's Bright Start investment activities are governed by the Treasurer's published Bright Start investment policy (included in the "other information" section of this report), which was developed in accordance with the State statute. In addition, the Treasurer has adopted its own investment practices, which supplements the statutory requirements.

The Bright Start Investment Policy allows funds (contributions) to be invested in one of several Portfolios, each with a designated mix of investments that is appropriate for the investment objective of the Portfolio. Each Portfolio allocates assets in a combination of underlying investments, investing among large capitalization U.S. stocks, small capitalization U.S. stocks, international stocks, fixed-income and/or short-term investments. The asset allocation of each Portfolio is established by the Treasurer and managed by the Manager. The Treasurer may adjust the weighting in stocks, bonds and cash in each Portfolio and may change the underlying investments within the Portfolios consistent with its Investment Policy Statement and its agreement with the Manager.

**State of Illinois  
Office of the Treasurer  
College Savings Program**

**Notes to the Financial Statements  
For the Years Ended June 30, 2012 and 2011**

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**Note 2. Investments (Continued)**

Investment Options:

General Overview

The Bright Start Program offers the following investment portfolios:

Direct-sold Plan:

- Blended Age-Based Portfolios
- Blended Fixed Income Portfolio
- Blended Equity Portfolio
- Blended Balanced Portfolio
- Money Market Portfolio
- Principal Protection Income Portfolio
- Index Age-Based Portfolios
- Index Fixed Income Portfolio
- Index Equity Portfolio
- Index Balanced Portfolio

Advisor-sold Plan:

- Advisor Age-Based Portfolios
- Advisor Fixed Income Portfolio
- Advisor Equity Portfolio
- Advisor Balanced Portfolio
- Advisor Money Market Portfolio
- Principal Protection Income Portfolio

Brief Description of Investment Portfolios:

Age-Based Portfolios:

The goal of a portfolio under the Age-Based Option is to seek an asset allocation strategy consistent with the ages of the Beneficiaries of those Account Owners who have invested in that Portfolio.

Based on the age of the Beneficiary, the following Age-Based Portfolios are available:

Direct-sold Plan:

- Blended Age-Based 0-6 Years Portfolio
- Blended Age-Based 7-9 Years Portfolio
- Blended Age-Based 10-11 Years Portfolio
- Blended Age-Based 12-14 Years Portfolio
- Blended Age-Based 15-17 Years Portfolio
- Blended Age-Based 18 Years Portfolio
- Index Age-Based 0-6 Years Portfolio
- Index Age-Based 7-9 Years Portfolio
- Index Age-Based 10-11 Years Portfolio
- Index Age-Based 12-14 Years Portfolio
- Index Age-Based 15-17 Years Portfolio
- Index Age-Based 18 Years Portfolio

Advisor-sold Plan:

- Advisor Age-Based 0-6 Years Portfolio
- Advisor Age-Based 7-9 Years Portfolio
- Advisor Age-Based 10-11 Years Portfolio
- Advisor Age-Based 12-14 Years Portfolio
- Advisor Age-Based 15-17 Years Portfolio
- Advisor Age-Based 18 Years Portfolio

**State of Illinois  
Office of the Treasurer  
College Savings Program**

**Notes to the Financial Statements  
For the Years Ended June 30, 2012 and 2011**

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**Note 2. Investments (Continued)**

Account assets generally do not remain in the Age-Based Portfolio in which they are initially invested. Account assets are redeemed by the Manager when the Beneficiary attains an age that is greater than the upper limit of the age range that corresponds to a particular Portfolio, including the Portfolio in which assets were invested initially. The Manager then reinvests these assets in the Portfolio that corresponds to the age of the Beneficiary. This continues until the Beneficiary is 18 years old, or the assets are withdrawn from the Account, whichever occurs first. The asset allocation strategy for the Age-Based Portfolio becomes increasingly conservative with each successive Portfolio.

Fixed Income Portfolios:

- Blended Fixed Income Portfolio
- Advisor Fixed Income Portfolio
- Index Fixed Income Portfolio

The goal of the Fixed Income Portfolios is to seek the relatively more stable returns of a fixed income investment in exchange for giving up the long-term return potential that the stock market may offer.

Equity Portfolios:

- Blended Equity Portfolio
- Advisor Equity Portfolio
- Index Equity Portfolio

The goal of the Equity Portfolios is to seek long-term capital appreciation through investments in equity mutual funds. The Equity Portfolio is only appropriate for investors with longer time horizons, who are comfortable with an increased level of risk while seeking higher longer-term returns, or who use this investment Portfolio as part of an overall college savings strategy that includes less aggressive investments.

Balanced Portfolios:

- Blended Balanced Portfolio
- Advisor Balanced Portfolio
- Index Balanced Portfolio

The goal of the Balanced Portfolios is to seek attractive total return with reasonable safety of principal through investment in equity and fixed income securities.

Money Market Portfolios:

- Money Market Portfolio
- Advisor Money Market Portfolio

The goal of the Money Market Portfolio is to seek current income and preservation of principal.

**State of Illinois  
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**Notes to the Financial Statements  
For the Years Ended June 30, 2012 and 2011**

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**Note 2. Investments (Continued)**

Principal Protection Income Portfolio:

- Principal Protection Income Portfolio

The Principal Protection Income Portfolio attempts to significantly reduce fluctuations in the value of its assets, other than money market securities and money market fund securities, by investing in Security Backed Investment Contracts (also called Synthetic Guaranteed Investment Contracts or Synthetic GICs). Security Guaranteed Investment Contracts are comprised of two components: investment contracts (also called wrapper agreements) and an underlying portfolio of marketable fixed income securities which are held and owned by the Portfolio. The fixed income portfolio is actively managed by Galliard Capital Management.

Wrapper agreements are issued by high quality financial institutions such as an insurance company or a bank (a "Wrapper Provider") whose long-term credit rating at the time the wrapper agreement is entered into is at least a minimum of A1 by Moody's Investors Service ("Moody's"), A by Standard & Poor's ("S&P"), or A by Fitch Ratings. A wrapper agreement enables the Portfolio, regardless of market fluctuations, to value the assets of the Portfolio covered by the wrapper agreement (the "Covered Assets") at their book value. Book value generally means all Contributions allocated to the Portfolio that are invested in Covered Assets, plus all income accrued less fees or expenses at the "Crediting Rate" described below, as in effect from time to time, less the sum of withdrawals from the Covered Assets. Should the amount received from liquidating all of the Covered Assets ever be insufficient to satisfy requested withdrawals from the Portfolio that are covered by the wrapper agreements, under normal circumstances the Wrapper Provider would be obligated to pay the amount of the shortfall to the Portfolio.

It is expected that the Portfolio will value the wrapper agreements at the difference between the book value and the market value of the Covered Assets. If the market value of the Covered Assets exceeded their book value, the difference would not be reflected in the Portfolio's valuation of the Covered Assets. ING Life Insurance and Annuity Company currently serves as the Wrapper Provider.

The Treasurer has decided to terminate the Portfolio on or about June 30, 2013. This decision may have an impact to the crediting rate. The termination date is subject to change and may occur earlier than expected. Participants will be advised as to future plans regarding the Portfolio's assets as the termination date nears. In connection with its eventual termination, the Portfolio will increase its allocation to cash over time by investing in Oppenheimer Institutional Money Market Fund or cash equivalents. Such cash is not a Covered Asset under the wrapper agreement.

On February 6, 2012, the Principal Protection Income Portfolio was closed and no new contributions into the Portfolio were accepted. Account Owners are permitted to remain invested in the Principal Protection Income Portfolio until the Portfolio is either terminated or merged into a new or existing portfolio in the Program.

**State of Illinois  
Office of the Treasurer  
College Savings Program**

**Notes to the Financial Statements  
For the Years Ended June 30, 2012 and 2011**

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**Note 2. Investments (Continued)**

The "Crediting Rate" is designed to result in the accrual of income over time equal to the cumulative market return on the Covered Assets, but without the fluctuations in value typically associated with fixed-income securities. The formula for setting the Crediting Rate is provided for in the Wrapper Agreement, and is designed to generate a rate of income on the contract value of the Covered Assets that equates the contract value of the Covered Assets to their market value over a period of time approximating the duration of the Covered Assets. The Crediting Rate is generally reset quarterly. The Crediting Rate is intended to reflect movements in market interest rates, but generally lags market interest rate changes. At any time, the Crediting Rate may be more than or less than both current market interest rates and the actual return on the Covered Assets. In no event will the Crediting Rate be less than zero.

In accordance with GASB Statement No. 53, at June 30, 2012 and 2011, the Advisor and Direct-sold GICs were valued at contract value of approximately \$95.1 and \$153.5 million, respectively. At June 30, 2012 and 2011, the Advisor and Direct-sold GICs fair value was approximately \$95.5 and \$153.6 million, respectively.

	<u>Fair Value</u>	
	<u>2012</u>	<u>2011</u>
Fund Components		
Underlying Investments	\$ 95,531,360	\$ 153,587,236
Wrap Contracts	-	-
Total	<u>\$ 95,531,360</u>	<u>\$ 153,587,236</u>

Additional Program Information:

Additional information concerning the Bright Start College Savings Program may be obtained online at [www.brightstartsavings.com](http://www.brightstartsavings.com), [www.brightstartadvisor.com](http://www.brightstartadvisor.com) or by calling toll free 1-877-432-7444.

Investment Risk:

Interest Rate and Credit Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In its investment policy, the Treasurer has adopted a long-term total return strategy. A long-term diversified asset allocation strategy based on (1) asset classes (stocks, bonds, cash, etc.), (2) geography/country, (3) industry, and (4) maturity will be the primary method of risk control.

The investments in the Bright Start College Savings Program are not guaranteed or insured by the State of Illinois, Office of the Treasurer, the Program Manager, affiliates of the Program Manager, the FDIC, or any other party.

**State of Illinois  
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College Savings Program**

**Notes to the Financial Statements  
For the Years Ended June 30, 2012 and 2011**

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**Note 2. Investments (Continued)**

The fair values and weighted average maturities (WAM) or Duration of the money market and fixed income funds for the Bright Start Program as of June 30, 2012 are detailed in the table below. The Bright Start Program's fixed income funds are not rated.

<b>Type</b>	<b>Fair Value</b>	<b>Interest Rate Risk</b>	<b>Method</b>	<b>Credit Risk</b>	<b>Rating Service</b>
Money Market:	\$ 256,542,762	49 days	Weighted Average Maturity	AAAm	S&P
Fixed Income Funds:	1,167,616,829	4.78 yrs	Weighted Average Maturity	NR*	NA**
	<u>44,917,900</u>	5.80 yrs	Duration	NR*	NA**
	<u>\$ 1,469,077,491</u>				

\*Credit Risk of NR indicates that while the underlying securities within the funds may be rated, the mutual fund itself is not rated.

\*\*Not applicable

The fair values and weighted average maturities (WAM) of the money market and fixed income funds for the Bright Start Program as of June 30, 2011 are detailed in the table below. The Bright Start Program's money market and fixed income funds are not rated.

<b>Type</b>	<b>Fair Value</b>	<b>Interest Rate Risk</b>	<b>Method</b>	<b>Credit Risk</b>	<b>Rating Service</b>
Money Market:	\$ 159,087,664	54 days	Weighted Average Maturity	NR*	NA**
Fixed Income Funds:	<u>1,107,361,003</u>	4.75 yrs	Weighted Average Maturity	NR*	NA**
	<u>\$ 1,266,448,667</u>				

\*Credit Risk of NR indicates that while the underlying securities within the funds may be rated, the mutual fund itself is not rated.

\*\*Not applicable

**State of Illinois  
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**Notes to the Financial Statements  
For the Years Ended June 30, 2012 and 2011**

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**Note 2. Investments (Continued)**

**Bright Directions College Savings Program**

*Permitted Investments:*

The Treasurer's Bright Directions investment activities are governed by the Treasurer's published Bright Directions investment policy (included in the "other information" section of this report), which was developed in accordance with the State statute. In addition, the Treasurer has adopted its own investment practices, which supplements the statutory requirements.

Contributions will be invested in one or more of the available Underlying Portfolios, each composed of a designated mix of investments or an individual investment fund, which is appropriate for the age of the participant or the investment objective of the Portfolio. Each Underlying Portfolio may allocate assets among domestic equity, international equity, real estate, fixed-income, and/or money market investments. The asset allocation of each Underlying Portfolio will be established by the Treasurer and managed by Union Bank. The Treasurer may adjust the weighting in stocks, bonds, real estate, and cash in each Underlying Portfolio and may change the mutual funds within the Underlying Portfolios consistent with its Investment Policy Statement.

*Investment Options:*

General Overview

The Bright Directions Program offers the following investment portfolios:

- Three Age-Based Tracks, each with five portfolio options
- Seven Target Portfolios
- Twenty-Eight Individual Fund Portfolios
- Four Female & Minority Owned Portfolios

The three Age-Based portfolios are designed to reduce the account's exposure to principal loss the closer the Beneficiary reaches college age; the seven Target Portfolios maintain a constant asset allocation between equity, fixed income, and money market securities; the Individual Fund Portfolios each invest in a single mutual fund; and the Female & Minority Owned Portfolios invest in underlying investment funds which are managed by female or minority-owned investment advisors. The Age-Based, Target, Individual, and Female & Minority Owned Fund Portfolios have been designed by the Treasurer, Manager, and Wilshire Funds Management.

**State of Illinois  
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College Savings Program**

**Notes to the Financial Statements  
For the Years Ended June 30, 2012 and 2011**

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**Note 2. Investments (Continued)**

Brief Description of Investment Options:

Age-Based Portfolios:

The Age-Based Portfolios generally invest in a mix of equity, fixed income, and money market funds allocated based on the current age of the Beneficiary. The Age-Based Portfolios adjust over time so that as the Beneficiary nears college age each Age-Based Portfolio's allocation between equity, fixed income, and money market funds becomes more conservative relative to the allocation in earlier years.

Program participants may choose from the following three Age-Based Tracks:

- Age-Based Aggressive Portfolio
- Age-Based Growth Portfolio
- Age-Based Balanced Portfolio

The beneficiary age bands within each of the above portfolios include: 0-8 years, 9-12 years, 13-16 years, 17-20 years and 21 years and over.

Target Portfolios:

The Target Portfolios are asset allocation portfolios that invest in a set or "static" mix of equity, fixed income, or money market funds. The allocation between equity, fixed income, and money market investments within the Target Portfolios does not change as the Beneficiary gets older. The seven Target Portfolios, ranging from the most aggressive to conservative, are as follows:

- Fund 100
- Fund 80
- Fund 60
- Fund 40
- Fund 20
- Fund 10
- Fixed Income Fund

Individual Fund Portfolios:

The Bright Directions Program offers twenty-eight Individual Fund Portfolios. Each Individual Fund Portfolio is invested solely in shares of a single underlying mutual fund. Account balances may be allocated among one or more Individual Fund Portfolios according to the Account Owners investment objectives, investment time horizon, and risk tolerance.

The Individual Fund Portfolios offered are as follows:

- American Century Equity Growth 529 Portfolio
- American Century Growth 529 Portfolio
- American Century Value 529 Portfolio
- Artisan Emerging Markets 529 Portfolio
- BlackRock Cash Funds 529 Portfolio
- BlackRock Inflation Protected Bond 529 Portfolio

**State of Illinois  
Office of the Treasurer  
College Savings Program**

**Notes to the Financial Statements  
For the Years Ended June 30, 2012 and 2011**

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**Note 2. Investments (Continued)**

Individual Fund Portfolios (Continued)

- Calvert Equity 529 Portfolio (formerly known as Calvert Social Investment Equity 529 Portfolio)
- Delaware Small Cap Core 529 Portfolio
- Dodge & Cox International Stock 529 Portfolio
- Eagle Small Cap Growth 529 Portfolio
- ING Global Real Estate 529 Portfolio
- MFS Value 529 Portfolio
- Northern Bond Index 529 Portfolio
- Northern Institutional Equity Index 529 Portfolio
- Northern Institutional International Equity Index 529 Portfolio
- Northern Institutional Small Company Index 529 Portfolio
- Northern Small Cap Value 529 Portfolio
- Oppenheimer International Growth 529 Portfolio
- PIMCO Low Duration 529 Portfolio
- PIMCO Short-Term 529 Portfolio
- PIMCO Total Return 529 Portfolio
- T. Rowe Price Balanced 529 Portfolio
- T. Rowe Price Equity Income 529 Portfolio
- T. Rowe Price Extended Equity Market Index 529 Portfolio
- T. Rowe Price Institutional Large Cap Growth 529 Portfolio
- T. Rowe Price Real Estate 529 Portfolio
- Templeton International Bond 529 Portfolio
- William Blair Mid Cap Growth 529 Portfolio

Female & Minority Owned Portfolios:

The Bright Directions Program offers Four Female & Minority Owned Portfolios. Each portfolio is invested in funds which are managed by female and/or minority-owned investment advisors.

The Female & Minority Owned Portfolios are as follows:

- Ariel Fund 529 Portfolio
- John Hancock Small Company 529 Portfolio
- SIT Dividend Growth 529 Portfolio
- Touchstone Total Return Bond 529 Portfolio

Additional Program Information

Additional information concerning the Bright Directions College Savings Program, including a complete description of investment options, may be obtained online at [www.brightdirections.com](http://www.brightdirections.com) or by calling 1-866-722-7283.

**State of Illinois  
Office of the Treasurer  
College Savings Program**

**Notes to the Financial Statements  
For the Years Ended June 30, 2012 and 2011**

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**Note 2. Investments (Continued)**

Investment Risk:

Interest Rate and Credit Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In its investment policy the Treasurer has adopted a long-term total return strategy. A long-term diversified asset allocation strategy based on (1) asset classes (stocks, bonds, cash, etc.), (2) geography/country, (3) industry, and (4) maturity will be the primary method of risk control.

The investments in the Bright Directions College Savings Program are not guaranteed or insured by the State of Illinois, Office of the Treasurer, the Program Manager, affiliates of the Program Manager, the FDIC, or any other party.

The fair values and weighted average maturities (WAM) of the money market and fixed income funds for the Bright Directions Program as of June 30, 2012 are detailed in the table below. The Bright Direction Program's money market individual fund 529 portfolio and the Target Fixed Income Funds are not rated.

<b>Type</b>	<b>Fair Value</b>	<b>Interest Rate Risk</b>	<b>Method</b>	<b>Credit Risk</b>
Money Market:	\$ 55,639,360	46 days	Weighted Average Maturity	NR*
Fixed Income Funds:	<u>332,428,701</u>	5.02 yrs	Weighted Average Maturity	NR*
	<u>\$ 388,068,061</u>			

\*Credit Risk of NR indicates that while the underlying securities within the funds may be rated, the mutual fund itself is not rated.

**State of Illinois  
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College Savings Program**

**Notes to the Financial Statements  
For the Years Ended June 30, 2012 and 2011**

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**Note 2. Investments (Continued)**

The fair values and weighted average maturities (WAM) of the money market and fixed income funds for the Bright Directions Program as of June 30, 2011 are detailed in the table below. The Bright Directions Program's money market individual fund 529 portfolio and the Target Fixed Income Funds are not rated.

<b>Type</b>	<b>Fair Value</b>	<b>Interest Rate Risk</b>	<b>Method</b>	<b>Credit Risk</b>
Money Market:	\$ 44,425,692	50 days	Weighted Average Maturity	NR*
Fixed Income Funds:	<u>271,725,580</u>	4.73 yrs	Weighted Average Maturity	NR*
	<u>\$ 316,151,272</u>			

\*Credit Risk of NR indicates that while the underlying securities within the funds may be rated, the mutual fund itself is not rated.

**Note 3. Administrative Fees**

To administer the College Savings Program, the Treasurer has a division entitled, "The College Savings Program Division." This division had three employees as of June 30, 2012. The revenues and expenses of the division are recorded in an enterprise proprietary fund maintained by the Treasurer entitled College Savings Program Administrative Trust Fund No. 668.

The Managers of the College Savings Program receive fees for their services. The Bright Start Program Manager received an amount equal to a charge against the assets of the Trust at an annual rate of 0.15% on the blended and advisor portfolios and 0.14% on the index portfolios of the average daily balance of the net assets of the Trust. The fee is calculated daily but payable monthly. The Bright Directions Program Management fee is at an annual rate of 0.35% of the average daily net assets of each Portfolio.

The College Savings Program custodial/advisory fees paid from the Trust and the College Savings Program Administrative Trust Fund expenses are as follows:

	<u>2012</u>	<u>2011</u>
Custodial/advisory fees	\$ 8,783,468	\$ 7,994,225
Administrative Trust Fund expenses	918,593	1,204,368

**State of Illinois  
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College Savings Program**

**Notes to the Financial Statements  
For the Years Ended June 30, 2012 and 2011**

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**Note 4. Settlement**

In late January 2009, the Treasurer launched an investigation of OppenheimerFunds, Inc. through the Illinois Attorney General's Office. The nature of the investigation related to the investment performance of the OFII Core Plus Fixed Income Strategy and whether mismanagement of the underlying investment led to its underperformance in 2008. A formal settlement agreement was reached on December 18, 2009 and OppenheimerFunds, Inc. agreed to pay \$77.23 million into a settlement account from which 100% of the proceeds would be distributed to eligible participants (i.e., there is no deduction from the settlement proceeds for administrative or other expenses). As of June 30, 2012, 95% of settlement proceeds had been distributed to eligible participants by way of deposits into a Bright Start account or check disbursement. The settlement distribution process is scheduled for one more disbursement before the remaining unclaimed funds are to be turned over to State of Illinois Unclaimed Property.

## **SUPPLEMENTARY INFORMATION**

State of Illinois  
Office of the Treasurer

College Savings Program  
Combining Statements of Fiduciary Net Assets  
June 30, 2012 and 2011

	Bright Start		Bright Directions		Totals	
	2012	2011	2012	2011	2012	2011
<b>Assets</b>						
Cash and cash equivalents	\$ 267,332,371	\$ 174,205,201	\$ 57,136,982	\$ 44,698,059	\$ 324,469,353	\$ 218,903,260
Capital shares receivable	4,897,740	4,129,592	-	-	4,897,740	4,129,592
Securities sold receivable	787,700	684,306	-	-	787,700	684,306
Dividends receivable	776,870	747,267	576,584	526,077	1,353,454	1,273,344
Mutual funds	3,305,454,952	3,120,712,946	908,580,472	787,006,808	4,214,035,424	3,907,719,754
Total assets	<u>\$ 3,579,249,633</u>	<u>\$ 3,300,479,312</u>	<u>\$ 966,294,038</u>	<u>\$ 832,230,944</u>	<u>\$ 4,545,543,671</u>	<u>\$ 4,132,710,256</u>
<b>Liabilities and Net Assets</b>						
Liabilities						
Payable for capital shares	\$ 3,377,245	\$ 5,656,591	\$ -	\$ -	\$ 3,377,245	\$ 5,656,591
Payable for securities purchased	1,809,674	1,738,153	-	-	1,809,674	1,738,153
Other liabilities	75,166	103,535	1,199,332	1,280,485	1,274,498	1,384,020
Total liabilities	5,262,085	7,498,279	1,199,332	1,280,485	6,461,417	8,778,764
Net assets held in trust for participants	3,573,987,548	3,292,981,033	965,094,706	830,950,459	4,539,082,254	4,123,931,492
Total liabilities and net assets	<u>\$ 3,579,249,633</u>	<u>\$ 3,300,479,312</u>	<u>\$ 966,294,038</u>	<u>\$ 832,230,944</u>	<u>\$ 4,545,543,671</u>	<u>\$ 4,132,710,256</u>

**State of Illinois**  
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**College Savings Program**  
**Combining Statements of Changes in Fiduciary Net Assets**  
**For the Years Ended June 30, 2012 and 2011**

	Bright Start		Bright Directions		Totals	
	2012	2011	2012	2011	2012	2011
Investment income (expense)						
Investment earnings	\$ 23,011,063	\$ 18,440,028	\$ 16,704,842	\$ 16,061,684	\$ 39,715,905	\$ 34,501,712
Net change in fair value of investments	52,752,430	484,097,620	(12,204,335)	110,783,523	40,548,095	594,881,143
Distribution fees	(3,049,007)	(2,880,424)	-	-	(3,049,007)	(2,880,424)
State administrative fees	(748,048)	(796,993)	-	-	(748,048)	(796,993)
Insurance fees	(264,872)	(196,970)	-	-	(264,872)	(196,970)
12b-1 fees	-	-	(2,703,176)	(2,211,451)	(2,703,176)	(2,211,451)
Management and bank custodial fees	(5,279,363)	(4,868,789)	(3,504,105)	(3,125,436)	(8,783,468)	(7,994,225)
Net investment earnings (loss)	66,422,203	493,794,472	(1,706,774)	121,508,320	64,715,429	615,302,792
Distributions to participants						
Net investment income	-	-	(24,308)	(16,111)	(24,308)	(16,111)
Other participant transactions						
Program contributions	1,259,615,771	1,206,246,912	368,925,355	333,255,914	1,628,541,126	1,539,502,826
Program distributions	(1,045,031,459)	(956,661,193)	(233,073,181)	(192,050,477)	(1,278,104,640)	(1,148,711,670)
Distributions reinvested	-	-	23,155	16,939	23,155	16,939
Total increase from participant transactions	214,584,312	249,585,719	135,875,329	141,222,376	350,459,641	390,808,095
Change in net assets	281,006,515	743,380,191	134,144,247	262,714,585	415,150,762	1,006,094,776
Net assets, beginning of fiscal year	3,292,981,033	2,549,600,842	830,950,459	568,235,874	4,123,931,492	3,117,836,716
Net assets, end of fiscal year	\$ 3,573,987,548	\$ 3,292,981,033	\$ 965,094,706	\$ 830,950,459	\$ 4,539,082,254	\$ 4,123,931,492

State of Illinois  
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Bright Start College Savings Program  
Statement of Fiduciary Net Assets by Portfolio  
June 30, 2012

	Bright Start Advisor Age Based 0-6 years	Bright Start Advisor Age Based 7-9 years	Bright Start Advisor Age Based 10-11 years	Bright Start Advisor Age Based 12-14 years	Bright Start Advisor Age Based 15-17 years	Bright Start Advisor Age Based 18 years
<b>Assets</b>						
Cash and cash equivalents	\$ 175,986	\$ 476,047	\$ 219,555	\$ 240,907	\$ 24,242,063	\$ 37,924,980
Capital shares receivable	180,325	237,424	228,045	525,137	203,488	295,392
Securities sold receivable	139,789	-	201,304	92,127	-	-
Dividends receivable	4,554	17,442	20,658	36,974	51,422	24,045
Mutual funds	119,920,741	156,613,679	139,326,706	203,321,297	170,353,485	113,392,839
Total assets	<u>\$ 120,421,395</u>	<u>\$ 157,344,592</u>	<u>\$ 139,996,268</u>	<u>\$ 204,216,442</u>	<u>\$ 194,850,458</u>	<u>\$ 151,637,256</u>
<b>Liabilities and Net Assets</b>						
Liabilities						
Payable for capital shares	\$ 87,686	\$ 166,732	\$ 434,314	\$ 161,245	\$ 186,152	\$ 222,751
Payable for securities purchased	4,555	83,235	20,658	36,974	138,278	64,858
Other liabilities	-	-	-	-	-	-
Total liabilities	<u>92,241</u>	<u>249,967</u>	<u>454,972</u>	<u>198,219</u>	<u>324,430</u>	<u>287,609</u>
Net assets held in trust for participants	<u>120,329,154</u>	<u>157,094,625</u>	<u>139,541,296</u>	<u>204,018,223</u>	<u>194,526,028</u>	<u>151,349,647</u>
Total liabilities and net assets	<u>\$ 120,421,395</u>	<u>\$ 157,344,592</u>	<u>\$ 139,996,268</u>	<u>\$ 204,216,442</u>	<u>\$ 194,850,458</u>	<u>\$ 151,637,256</u>

(Continued)

State of Illinois  
Office of the Treasurer

Bright Start College Savings Program  
Statement of Fiduciary Net Assets by Portfolio (Continued)  
June 30, 2012

	Bright Start Advisor Choice Based Equity	Bright Start Advisor Choice Based Balanced	Bright Start Advisor Choice Based Fixed Income	Bright Start Principal Protection Income	Bright Start Index Age Based 0-6 years	Bright Start Index Age Based 7-9 years
<b>Assets</b>						
Cash and cash equivalents	\$ 462,710	\$ 7,268,358	\$ 5,840,089	\$ 48,595,939	\$ 238,816	\$ 8,685,746
Capital shares receivable	134,883	132,390	52,250	-	311,382	84,831
Securities sold receivable	3,001	-	-	-	-	-
Dividends receivable	-	953	9,863	5,380	40,586	41,377
Mutual funds	327,324,827	46,980,256	19,976,989	95,050,014	163,197,882	74,499,548
Total assets	<u>\$ 327,925,421</u>	<u>\$ 54,381,957</u>	<u>\$ 25,879,191</u>	<u>\$ 143,651,333</u>	<u>\$ 163,788,666</u>	<u>\$ 83,311,502</u>
<b>Liabilities and Net Assets</b>						
Liabilities						
Payable for capital shares	\$ 122,204	\$ 31,810	\$ 78,054	\$ 100,285	\$ 32,798	\$ 7,328
Payable for securities purchased	-	5,729	18,296	5,436	150,340	54,295
Other liabilities	-	1,835	-	73,331	-	-
Total liabilities	<u>122,204</u>	<u>39,374</u>	<u>96,350</u>	<u>179,052</u>	<u>183,138</u>	<u>61,623</u>
Net assets held in trust for participants	<u>327,803,217</u>	<u>54,342,583</u>	<u>25,782,841</u>	<u>143,472,281</u>	<u>163,605,528</u>	<u>83,249,879</u>
Total liabilities and net assets	<u>\$ 327,925,421</u>	<u>\$ 54,381,957</u>	<u>\$ 25,879,191</u>	<u>\$ 143,651,333</u>	<u>\$ 163,788,666</u>	<u>\$ 83,311,502</u>

(Continued)

State of Illinois  
Office of the Treasurer

Bright Start College Savings Program  
Statement of Fiduciary Net Assets by Portfolio (Continued)  
June 30, 2012

	Bright Start Index Age Based 10-11 years	Bright Start Index Age Based 12-14 years	Bright Start Index Age Based 15-17 years	Bright Start Index Age Based 18 years	Bright Start Index Choice Based Equity	Bright Start Index Choice Based Balanced
<b>Assets</b>						
Cash and cash equivalents	\$ 5,824,420	\$ 9,013,333	\$ 16,139,394	\$ 9,867,206	\$ 302,139	\$ 7,230,871
Capital shares receivable	38,888	54,025	51,169	21,336	170,870	53,848
Securities sold receivable	-	-	65,059	-	-	41,234
Dividends receivable	40,518	84,505	98,160	80,675	-	69,645
Mutual funds	48,684,149	77,715,805	64,167,129	39,171,676	233,247,231	63,929,044
Total assets	<u>\$ 54,587,975</u>	<u>\$ 86,867,668</u>	<u>\$ 80,520,911</u>	<u>\$ 49,140,893</u>	<u>\$ 233,720,240</u>	<u>\$ 71,324,642</u>
<b>Liabilities and Net Assets</b>						
Liabilities						
Payable for capital shares	\$ 23,751	\$ 14,010	\$ 3,095	\$ 17,900	\$ 190	\$ 7,717
Payable for securities purchased	55,529	190,677	95,066	240,851	50,985	67,426
Other liabilities	-	-	-	-	-	-
Total liabilities	<u>79,280</u>	<u>204,687</u>	<u>98,161</u>	<u>258,751</u>	<u>51,175</u>	<u>75,143</u>
Net assets held in trust for participants	<u>54,508,695</u>	<u>86,662,981</u>	<u>80,422,750</u>	<u>48,882,142</u>	<u>233,669,065</u>	<u>71,249,499</u>
Total liabilities and net assets	<u>\$ 54,587,975</u>	<u>\$ 86,867,668</u>	<u>\$ 80,520,911</u>	<u>\$ 49,140,893</u>	<u>\$ 233,720,240</u>	<u>\$ 71,324,642</u>

(Continued)

State of Illinois  
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Bright Start College Savings Program  
Statement of Fiduciary Net Assets by Portfolio (Continued)  
June 30, 2012

	Bright Start Index Choice Based Fixed Income	Bright Start Blended Age Based 0-6 years	Bright Start Blended Age Based 7-9 years	Bright Start Blended Age Based 10-11 years	Bright Start Blended Age Based 12-14 years	Bright Start Blended Age Based 15-17 years
<b>Assets</b>						
Cash and cash equivalents	\$ 14,549,999	\$ 234,054	\$ 951,589	\$ 227,569	\$ 875,668	\$ 17,572,917
Capital shares receivable	113,114	182,426	276,072	378,287	363,462	267,941
Securities sold receivable	3,433	81,497	-	123,801	-	19,395
Dividends receivable	140,682	-	-	-	-	2,461
Mutual funds	59,439,451	118,706,672	169,410,906	136,451,810	165,469,046	124,817,628
Total assets	<u>\$ 74,246,679</u>	<u>\$ 119,204,649</u>	<u>\$ 170,638,567</u>	<u>\$ 137,181,467</u>	<u>\$ 166,708,176</u>	<u>\$ 142,680,342</u>
<b>Liabilities and Net Assets</b>						
Liabilities						
Payable for capital shares	\$ -	\$ 224,812	\$ 344,358	\$ 341,281	\$ 345,623	\$ 210,816
Payable for securities purchased	136,194	-	47,198	-	302,355	2,485
Other liabilities	-	-	-	-	-	-
Total liabilities	<u>136,194</u>	<u>224,812</u>	<u>391,556</u>	<u>341,281</u>	<u>647,978</u>	<u>213,301</u>
Net assets held in trust for participants	<u>74,110,485</u>	<u>118,979,837</u>	<u>170,247,011</u>	<u>136,840,186</u>	<u>166,060,198</u>	<u>142,467,041</u>
Total liabilities and net assets	<u>\$ 74,246,679</u>	<u>\$ 119,204,649</u>	<u>\$ 170,638,567</u>	<u>\$ 137,181,467</u>	<u>\$ 166,708,176</u>	<u>\$ 142,680,342</u>

(Continued)

State of Illinois  
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Bright Start College Savings Program  
Statement of Fiduciary Net Assets by Portfolio (Continued)  
June 30, 2012

	Bright Start Blended Age Based 18 years	Bright Start Blended Choice Based Equity	Bright Start Blended Choice Based Fixed Income	Bright Start Blended Choice Based Balanced	Bright Start Money Market	Total
<b>Assets</b>						
Cash and cash equivalents	\$ 24,934,194	\$ 368,323	\$ 5,169,691	\$ 4,947,787	\$ 14,752,021	\$ 267,332,371
Capital shares receivable	245,392	106,432	18,681	37,361	132,889	4,897,740
Securities sold receivable	12,527	-	4,533	-	-	787,700
Dividends receivable	4,484	-	518	421	1,547	776,870
Mutual funds	74,208,077	250,926,185	17,830,889	31,320,991	-	3,305,454,952
Total assets	\$ 99,404,674	\$ 251,400,940	\$ 23,024,312	\$ 36,306,560	\$ 14,886,457	\$ 3,579,249,633
<b>Liabilities and Net Assets</b>						
Liabilities						
Payable for capital shares	\$ 84,857	\$ 10,133	\$ 5,000	\$ 72,635	\$ 39,708	\$ 3,377,245
Payable for securities purchased	4,530	24,323	523	7,321	1,557	1,809,674
Other liabilities	-	-	-	-	-	75,166
Total liabilities	89,387	34,456	5,523	79,956	41,265	5,262,085
Net assets held in trust for participants	99,315,287	251,366,484	23,018,789	36,226,604	14,845,192	3,573,987,548
Total liabilities and net assets	\$ 99,404,674	\$ 251,400,940	\$ 23,024,312	\$ 36,306,560	\$ 14,886,457	\$ 3,579,249,633

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Bright Start College Savings Program  
Statement of Fiduciary Net Assets by Portfolio  
June 30, 2011

	Bright Start Advisor Age Based 0-6 years	Bright Start Advisor Age Based 7-9 years	Bright Start Advisor Age Based 10-11 years	Bright Start Advisor Age Based 12-14 years	Bright Start Advisor Age Based 15-17 years	Bright Start Advisor Age Based 18 years
<b>Assets</b>						
Cash and cash equivalents	\$ 501,614	\$ 487,727	\$ 502,365	\$ 472,046	\$ 21,245,429	\$ 32,527,403
Capital shares receivable	137,681	234,141	142,113	207,312	64,746	444,028
Securities sold receivable	163,490	9,821	-	-	32	145,665
Dividends receivable	4,626	17,092	18,450	30,643	42,799	19,416
Mutual funds	134,466,463	167,595,099	136,342,112	180,994,981	154,280,686	100,522,261
Total assets	<u>\$ 135,273,874</u>	<u>\$ 168,343,880</u>	<u>\$ 137,005,040</u>	<u>\$ 181,704,982</u>	<u>\$ 175,633,692</u>	<u>\$ 133,658,773</u>
<b>Liabilities and Net Assets</b>						
Liabilities						
Payable for capital shares	\$ 167,458	\$ 166,940	\$ 261,025	\$ 155,599	\$ 624,233	\$ 306,638
Payable for securities purchased	4,626	17,093	183,406	143,697	42,777	19,389
Other liabilities	-	-	-	-	-	-
Total liabilities	<u>172,084</u>	<u>184,033</u>	<u>444,431</u>	<u>299,296</u>	<u>667,010</u>	<u>326,027</u>
Net assets held in trust for participants	<u>135,101,790</u>	<u>168,159,847</u>	<u>136,560,609</u>	<u>181,405,686</u>	<u>174,966,682</u>	<u>133,332,746</u>
Total liabilities and net assets	<u>\$ 135,273,874</u>	<u>\$ 168,343,880</u>	<u>\$ 137,005,040</u>	<u>\$ 181,704,982</u>	<u>\$ 175,633,692</u>	<u>\$ 133,658,773</u>

(Continued)

State of Illinois  
Office of the Treasurer

Bright Start College Savings Program  
Statement of Fiduciary Net Assets by Portfolio (Continued)  
June 30, 2011

	Bright Start Advisor Choice Based Equity	Bright Start Advisor Choice Based Balanced	Bright Start Advisor Choice Based Fixed Income	Bright Start Principal Protection Income	Bright Start Index Age Based 0-6 years	Bright Start Index Age Based 7-9 years
<b>Assets</b>						
Cash and cash equivalents	\$ 359,643	\$ 6,499,001	\$ 4,925,833	\$ 6,529,979	\$ 272,511	\$ 7,048,251
Capital shares receivable	79,793	97,777	5,708	401,387	346,117	155,411
Securities sold receivable	-	3,423	22,021	-	-	-
Dividends receivable	-	568	7,660	88,092	38,200	37,504
Mutual funds	356,612,811	43,368,507	16,755,256	153,495,227	135,758,533	59,791,591
Total assets	<u>\$ 357,052,247</u>	<u>\$ 49,969,276</u>	<u>\$ 21,716,478</u>	<u>\$ 160,514,685</u>	<u>\$ 136,415,361</u>	<u>\$ 67,032,757</u>
<b>Liabilities and Net Assets</b>						
Liabilities						
Payable for capital shares	\$ 1,907,496	\$ 17,886	\$ 64,753	\$ 331,835	\$ 152,192	\$ 61,313
Payable for securities purchased	9,646	560	7,646	-	111,254	103,686
Other liabilities	-	-	-	101,635	1,900	-
Total liabilities	<u>1,917,142</u>	<u>18,446</u>	<u>72,399</u>	<u>433,470</u>	<u>265,346</u>	<u>164,999</u>
Net assets held in trust for participants	<u>355,135,105</u>	<u>49,950,830</u>	<u>21,644,079</u>	<u>160,081,215</u>	<u>136,150,015</u>	<u>66,867,758</u>
Total liabilities and net assets	<u>\$ 357,052,247</u>	<u>\$ 49,969,276</u>	<u>\$ 21,716,478</u>	<u>\$ 160,514,685</u>	<u>\$ 136,415,361</u>	<u>\$ 67,032,757</u>

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Bright Start College Savings Program  
Statement of Fiduciary Net Assets by Portfolio (Continued)  
June 30, 2011

	Bright Start Index Age Based 10-11 years	Bright Start Index Age Based 12-14 years	Bright Start Index Age Based 15-17 years	Bright Start Index Age Based 18 years	Bright Start Index Choice Based Equity	Bright Start Index Choice Based Balanced
<b>Assets</b>						
Cash and cash equivalents	\$ 4,791,598	\$ 6,663,717	\$ 11,874,380	\$ 6,528,131	\$ 417,522	\$ 5,839,325
Capital shares receivable	82,072	138,486	188,606	21,365	217,581	140,575
Securities sold receivable	-	41,925	-	10,668	-	-
Dividends receivable	37,125	72,947	81,938	61,688	-	62,167
Mutual funds	39,753,533	58,081,928	47,301,708	25,883,063	199,217,358	50,107,815
Total assets	<u>\$ 44,664,328</u>	<u>\$ 64,999,003</u>	<u>\$ 59,446,632</u>	<u>\$ 32,504,915</u>	<u>\$ 199,852,461</u>	<u>\$ 56,149,882</u>
<b>Liabilities and Net Assets</b>						
Liabilities						
Payable for capital shares	\$ 124,113	\$ 177,846	\$ -	\$ 12,879	\$ 3,843	\$ 6,706
Payable for securities purchased	37,909	72,945	214,191	61,617	128,468	129,772
Other liabilities	-	-	-	-	-	-
Total liabilities	<u>162,022</u>	<u>250,791</u>	<u>214,191</u>	<u>74,496</u>	<u>132,311</u>	<u>136,478</u>
Net assets held in trust for participants	<u>44,502,306</u>	<u>64,748,212</u>	<u>59,232,441</u>	<u>32,430,419</u>	<u>199,720,150</u>	<u>56,013,404</u>
Total liabilities and net assets	<u>\$ 44,664,328</u>	<u>\$ 64,999,003</u>	<u>\$ 59,446,632</u>	<u>\$ 32,504,915</u>	<u>\$ 199,852,461</u>	<u>\$ 56,149,882</u>

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Bright Start College Savings Program  
Statement of Fiduciary Net Assets by Portfolio (Continued)  
June 30, 2011

	Bright Start Index Choice Based Fixed Income	Bright Start Blended Age Based 0-6 years	Bright Start Blended Age Based 7-9 years	Bright Start Blended Age Based 10-11 years	Bright Start Blended Age Based 12-14 years	Bright Start Blended Age Based 15-17 years
<b>Assets</b>						
Cash and cash equivalents	\$ 11,266,058	\$ 280,906	\$ 317,407	\$ 187,106	\$ 405,629	\$ 15,033,365
Capital shares receivable	26,667	84,829	180,522	82,947	165,874	123,171
Securities sold receivable	-	113,609	95,961	-	-	-
Dividends receivable	121,920	-	-	-	-	1,392
Mutual funds	43,838,058	133,443,036	167,240,419	118,823,806	139,637,388	107,785,748
Total assets	<u>\$ 55,252,703</u>	<u>\$ 133,922,380</u>	<u>\$ 167,834,309</u>	<u>\$ 119,093,859</u>	<u>\$ 140,208,891</u>	<u>\$ 122,943,676</u>
<b>Liabilities and Net Assets</b>						
Liabilities						
Payable for capital shares	\$ 81,961	\$ 142,646	\$ 64,228	\$ 146,436	\$ 111,740	\$ 257,185
Payable for securities purchased	164,700	-	-	10,738	128,628	130,927
Other liabilities	-	-	-	-	-	-
Total liabilities	<u>246,661</u>	<u>142,646</u>	<u>64,228</u>	<u>157,174</u>	<u>240,368</u>	<u>388,112</u>
Net assets held in trust for participants	<u>55,006,042</u>	<u>133,779,734</u>	<u>167,770,081</u>	<u>118,936,685</u>	<u>139,968,523</u>	<u>122,555,564</u>
Total liabilities and net assets	<u>\$ 55,252,703</u>	<u>\$ 133,922,380</u>	<u>\$ 167,834,309</u>	<u>\$ 119,093,859</u>	<u>\$ 140,208,891</u>	<u>\$ 122,943,676</u>

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Bright Start College Savings Program  
Statement of Fiduciary Net Assets by Portfolio (Continued)  
June 30, 2011

	Bright Start Blended Age Based 18 years	Bright Start Blended Choice Based Equity	Bright Start Blended Choice Based Fixed Income	Bright Start Blended Choice Based Balanced	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 20,296,036	\$ 205,160	\$ 4,423,211	\$ 4,303,848	\$ 174,205,201
Capital shares receivable	279,137	55,144	7,761	18,641	4,129,592
Securities sold receivable	42,937	34,754	-	-	684,306
Dividends receivable	2,517	-	287	236	747,267
Mutual funds	62,705,645	245,393,982	14,700,491	26,815,441	3,120,712,946
Total assets	<u>\$ 83,326,272</u>	<u>\$ 245,689,040</u>	<u>\$ 19,131,750</u>	<u>\$ 31,138,166</u>	<u>\$ 3,300,479,312</u>
<b>Liabilities and Net Assets</b>					
Liabilities					
Payable for capital shares	\$ 250,981	\$ 45,048	\$ 8,921	\$ 4,690	\$ 5,656,591
Payable for securities purchased	2,483	-	5,253	6,742	1,738,153
Other liabilities	-	-	-	-	103,535
Total liabilities	<u>253,464</u>	<u>45,048</u>	<u>14,174</u>	<u>11,432</u>	<u>7,498,279</u>
Net assets held in trust for participants	<u>83,072,808</u>	<u>245,643,992</u>	<u>19,117,576</u>	<u>31,126,734</u>	<u>3,292,981,033</u>
Total liabilities and net assets	<u>\$ 83,326,272</u>	<u>\$ 245,689,040</u>	<u>\$ 19,131,750</u>	<u>\$ 31,138,166</u>	<u>\$ 3,300,479,312</u>

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Bright Directions College Savings Program  
Statement of Fiduciary Net Assets by Portfolio  
June 30, 2012

	American Century Equity Growth 529 Portfolio	American Century Growth 529 Portfolio	American Century Value 529 Portfolio	Ariel 529 Portfolio	Artisan Emerging Markets 529 Portfolio	BlackRock Cash Funds 529 Portfolio
<b>Assets</b>						
Cash and cash equivalents	\$ 19,241	\$ -	\$ 13,675	\$ -	\$ -	\$ 23,738,502
Dividends receivable	-	-	-	-	-	4,410
Mutual funds	6,161,543	3,213,055	5,169,050	3,892,733	2,743,174	-
Total assets	<u>\$ 6,180,784</u>	<u>\$ 3,213,055</u>	<u>\$ 5,182,725</u>	<u>\$ 3,892,733</u>	<u>\$ 2,743,174</u>	<u>\$ 23,742,912</u>
<b>Liabilities and Net Assets</b>						
Liabilities						
Other liabilities	\$ 6,116	\$ 4,096	\$ 5,226	\$ 5,036	\$ 3,835	\$ 3,436
Total liabilities	<u>6,116</u>	<u>4,096</u>	<u>5,226</u>	<u>5,036</u>	<u>3,835</u>	<u>3,436</u>
Net assets held in trust for participants	<u>6,174,668</u>	<u>3,208,959</u>	<u>5,177,499</u>	<u>3,887,697</u>	<u>2,739,339</u>	<u>23,739,476</u>
Total liabilities and net assets	<u>\$ 6,180,784</u>	<u>\$ 3,213,055</u>	<u>\$ 5,182,725</u>	<u>\$ 3,892,733</u>	<u>\$ 2,743,174</u>	<u>\$ 23,742,912</u>

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Bright Directions College Savings Program  
Statement of Fiduciary Net Assets by Portfolio (Continued)  
June 30, 2012

	BlackRock Inflation Protected Bond 529 Portfolio	Calvert Equity 529 Portfolio	Delaware Small Cap Core 529 Portfolio	Dodge & Cox International Stock 529 Portfolio	Eagle Small Cap Growth 529 Portfolio	Eaton Vance Large-Cap Value 529 Portfolio
<b>Assets</b>						
Cash and cash equivalents	\$ 11,169	\$ -	\$ 20,188	\$ 15,197	\$ -	\$ 4,468
Dividends receivable	29,082	-	-	-	-	-
Mutual funds	9,396,972	3,187,251	4,925,428	10,479,183	6,475,611	-
Total assets	<u>\$ 9,437,223</u>	<u>\$ 3,187,251</u>	<u>\$ 4,945,616</u>	<u>\$ 10,494,380</u>	<u>\$ 6,475,611</u>	<u>\$ 4,468</u>
<b>Liabilities and Net Assets</b>						
Liabilities						
Other liabilities	\$ 9,291	\$ 11,086	\$ 5,047	\$ 12,315	\$ 9,706	\$ 4,898
Total liabilities	<u>9,291</u>	<u>11,086</u>	<u>5,047</u>	<u>12,315</u>	<u>9,706</u>	<u>4,898</u>
Net assets held in trust for participants	<u>9,427,932</u>	<u>3,176,165</u>	<u>4,940,569</u>	<u>10,482,065</u>	<u>6,465,905</u>	<u>(430)</u>
Total liabilities and net assets	<u>\$ 9,437,223</u>	<u>\$ 3,187,251</u>	<u>\$ 4,945,616</u>	<u>\$ 10,494,380</u>	<u>\$ 6,475,611</u>	<u>\$ 4,468</u>

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Bright Directions College Savings Program  
Statement of Fiduciary Net Assets by Portfolio (Continued)  
June 30, 2012

	ING Global Real Estate 529 Portfolio	John Hancock Small Company 529 Portfolio	MFS Value 529 Portfolio	Northern Bond Index 529 Portfolio	Northern Institutional Equity Index 529 Portfolio	Northern Institutional International Equity Index 529 Portfolio
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,233	\$ 45,811	\$ 814
Dividends receivable	-	-	-	1,317	-	-
Mutual funds	1,966,584	791,884	11,692,053	4,163,607	7,493,552	4,489,281
Total assets	<u>\$ 1,966,584</u>	<u>\$ 791,884</u>	<u>\$ 11,692,053</u>	<u>\$ 4,166,157</u>	<u>\$ 7,539,363</u>	<u>\$ 4,490,095</u>
<b>Liabilities and Net Assets</b>						
Liabilities						
Other liabilities	\$ 4,842	\$ 982	\$ 11,668	\$ 5,603	\$ 7,374	\$ 4,215
Total liabilities	<u>4,842</u>	<u>982</u>	<u>11,668</u>	<u>5,603</u>	<u>7,374</u>	<u>4,215</u>
Net assets held in trust for participants	<u>1,961,742</u>	<u>790,902</u>	<u>11,680,385</u>	<u>4,160,554</u>	<u>7,531,989</u>	<u>4,485,880</u>
Total liabilities and net assets	<u>\$ 1,966,584</u>	<u>\$ 791,884</u>	<u>\$ 11,692,053</u>	<u>\$ 4,166,157</u>	<u>\$ 7,539,363</u>	<u>\$ 4,490,095</u>

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Bright Directions College Savings Program  
Statement of Fiduciary Net Assets by Portfolio (Continued)  
June 30, 2012

	Northern Institutional Small Company Index 529 Portfolio	Northern Small Cap Value 529 Portfolio	Oppenheimer International Growth 529 Portfolio	Pimco Low Duration 529 Portfolio	Pimco Short-Term 529 Portfolio	Pimco Total Return 529 Portfolio
<b>Assets</b>						
Cash and cash equivalents	\$ 968	\$ 896	\$ -	\$ 38,475	\$ 2,524	\$ 54,737
Dividends receivable	-	-	-	26,429	6,150	104,216
Mutual funds	2,519,525	4,994,861	12,473,854	12,097,174	7,289,425	37,523,207
Total assets	<u>\$ 2,520,493</u>	<u>\$ 4,995,757</u>	<u>\$ 12,473,854</u>	<u>\$ 12,162,078</u>	<u>\$ 7,298,099</u>	<u>\$ 37,682,160</u>
<b>Liabilities and Net Assets</b>						
Liabilities						
Other liabilities	\$ 2,511	\$ 4,640	\$ 14,503	\$ 11,767	\$ 8,144	\$ 39,768
Total liabilities	<u>2,511</u>	<u>4,640</u>	<u>14,503</u>	<u>11,767</u>	<u>8,144</u>	<u>39,768</u>
Net assets held in trust for participants	<u>2,517,982</u>	<u>4,991,117</u>	<u>12,459,351</u>	<u>12,150,311</u>	<u>7,289,955</u>	<u>37,642,392</u>
Total liabilities and net assets	<u>\$ 2,520,493</u>	<u>\$ 4,995,757</u>	<u>\$ 12,473,854</u>	<u>\$ 12,162,078</u>	<u>\$ 7,298,099</u>	<u>\$ 37,682,160</u>

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Bright Directions College Savings Program  
Statement of Fiduciary Net Assets by Portfolio (Continued)  
June 30, 2012

	SIT Dividend Growth 529 Portfolio	T.Rowe Price Extended Equity Market Index 529 Portfolio	T.Rowe Price Balanced 529 Portfolio	T.Rowe Price Equity Income 529 Portfolio	T.Rowe Price Institutional Large Cap Growth 529 Portfolio	T.Rowe Price Real Estate 529 Portfolio
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ 35,695	\$ -	\$ 3,832	\$ 2,580
Dividends receivable	-	-	-	-	-	-
Mutual funds	4,090,669	6,212,940	10,797,254	13,310,163	13,041,686	5,139,383
Total assets	<u>\$ 4,090,669</u>	<u>\$ 6,212,940</u>	<u>\$ 10,832,949</u>	<u>\$ 13,310,163</u>	<u>\$ 13,045,518</u>	<u>\$ 5,141,963</u>
<b>Liabilities and Net Assets</b>						
Liabilities						
Other liabilities	\$ 6,468	\$ 8,130	\$ 12,419	\$ 15,189	\$ 13,335	\$ 5,034
Total liabilities	<u>6,468</u>	<u>8,130</u>	<u>12,419</u>	<u>15,189</u>	<u>13,335</u>	<u>5,034</u>
Net assets held in trust for participants	<u>4,084,201</u>	<u>6,204,810</u>	<u>10,820,530</u>	<u>13,294,974</u>	<u>13,032,183</u>	<u>5,136,929</u>
Total liabilities and net assets	<u>\$ 4,090,669</u>	<u>\$ 6,212,940</u>	<u>\$ 10,832,949</u>	<u>\$ 13,310,163</u>	<u>\$ 13,045,518</u>	<u>\$ 5,141,963</u>

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Bright Directions College Savings Program  
Statement of Fiduciary Net Assets by Portfolio (Continued)  
June 30, 2012

	Templeton International Bond 529 Portfolio	Touchstone Total Return Bond 529 Portfolio	William Blair Mid Cap Growth 529 Portfolio	William Blair Small Cap Growth 529 Portfolio	Fixed Income Fund	Fund 10
<b>Assets</b>						
Cash and cash equivalents	\$ 1,790	\$ 121	\$ -	\$ 2,930	\$ 4,482,685	\$ 12,423,417
Dividends receivable	-	-	-	-	7,976	28,299
Mutual funds	3,332,452	715,603	5,505,845	-	4,481,688	18,528,026
Total assets	<u>\$ 3,334,242</u>	<u>\$ 715,724</u>	<u>\$ 5,505,845</u>	<u>\$ 2,930</u>	<u>\$ 8,972,349</u>	<u>\$ 30,979,742</u>
<b>Liabilities and Net Assets</b>						
Liabilities						
Other liabilities	\$ 3,243	\$ 580	\$ 6,892	\$ 2,811	\$ 10,796	\$ 37,358
Total liabilities	<u>3,243</u>	<u>580</u>	<u>6,892</u>	<u>2,811</u>	<u>10,796</u>	<u>37,358</u>
Net assets held in trust for participants	<u>3,330,999</u>	<u>715,144</u>	<u>5,498,953</u>	<u>119</u>	<u>8,961,553</u>	<u>30,942,384</u>
Total liabilities and net assets	<u>\$ 3,334,242</u>	<u>\$ 715,724</u>	<u>\$ 5,505,845</u>	<u>\$ 2,930</u>	<u>\$ 8,972,349</u>	<u>\$ 30,979,742</u>

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Bright Directions College Savings Program  
Statement of Fiduciary Net Assets by Portfolio (Continued)  
June 30, 2012

	Fund 20	Fund 40	Fund 60	Fund 80	Fund 100	Total
<b>Assets</b>						
Cash and cash equivalents	\$ 15,097,277	\$ 508,923	\$ 181,452	\$ 331,815	\$ 96,567	\$ 57,136,982
Dividends receivable	77,438	124,064	119,755	47,448	-	576,584
Mutual funds	60,389,108	127,715,000	164,162,815	198,026,703	109,992,130	908,580,472
Total assets	<u>\$ 75,563,823</u>	<u>\$ 128,347,987</u>	<u>\$ 164,464,022</u>	<u>\$ 198,405,966</u>	<u>\$ 110,088,697</u>	<u>\$ 966,294,038</u>
<b>Liabilities and Net Assets</b>						
Liabilities						
Other liabilities	\$ 218,110	\$ 147,386	\$ 185,387	\$ 212,731	\$ 117,358	\$ 1,199,332
Total liabilities	<u>218,110</u>	<u>147,386</u>	<u>185,387</u>	<u>212,731</u>	<u>117,358</u>	<u>1,199,332</u>
Net assets held in trust for participants	<u>75,345,713</u>	<u>128,200,601</u>	<u>164,278,635</u>	<u>198,193,235</u>	<u>109,971,339</u>	<u>965,094,706</u>
Total liabilities and net assets	<u>\$ 75,563,823</u>	<u>\$ 128,347,987</u>	<u>\$ 164,464,022</u>	<u>\$ 198,405,966</u>	<u>\$ 110,088,697</u>	<u>\$ 966,294,038</u>

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Statement of Fiduciary Net Assets by Portfolio  
June 30, 2011

	American Century Equity Growth 529 Portfolio	American Century Growth 529 Portfolio	American Century Value 529 Portfolio	Ariel 529 Portfolio	Artisan Emerging Markets 529 Portfolio	BlackRock Cash Funds 529 Portfolio
<b>Assets</b>						
Cash and cash equivalents	\$ 20	\$ 3,832	\$ -	\$ -	\$ -	\$ 19,969,080
Dividends receivable	-	-	-	-	-	2,339
Mutual funds	5,518,155	2,091,246	4,110,358	4,226,828	1,831,546	-
Total assets	<u>\$ 5,518,175</u>	<u>\$ 2,095,078</u>	<u>\$ 4,110,358</u>	<u>\$ 4,226,828</u>	<u>\$ 1,831,546</u>	<u>\$ 19,971,419</u>
<b>Liabilities and Net Assets</b>						
Liabilities						
Other liabilities	\$ 5,533	\$ 2,189	\$ 4,639	\$ 4,820	\$ 1,394	\$ 1,972
Total liabilities	<u>5,533</u>	<u>2,189</u>	<u>4,639</u>	<u>4,820</u>	<u>1,394</u>	<u>1,972</u>
Net assets held in trust for participants	<u>5,512,642</u>	<u>2,092,889</u>	<u>4,105,719</u>	<u>4,222,008</u>	<u>1,830,152</u>	<u>19,969,447</u>
Total liabilities and net assets	<u>\$ 5,518,175</u>	<u>\$ 2,095,078</u>	<u>\$ 4,110,358</u>	<u>\$ 4,226,828</u>	<u>\$ 1,831,546</u>	<u>\$ 19,971,419</u>

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Bright Directions College Savings Program  
Statement of Fiduciary Net Assets by Portfolio (Continued)  
June 30, 2011

	BlackRock Inflation Protected Bond 529 Portfolio	Calvert Equity 529 Portfolio	Delaware Small Cap Core 529 Portfolio	Dodge & Cox International Stock 529 Portfolio	Earnest Partners Fixed Income 529 Portfolio
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ -	\$ 2,487	\$ 5,044	\$ -
Dividends receivable	32,152	-	-	-	549
Mutual funds	5,354,886	2,938,988	4,217,438	10,872,537	208,356
Total assets	<u>\$ 5,387,038</u>	<u>\$ 2,938,988</u>	<u>\$ 4,219,925</u>	<u>\$ 10,877,581</u>	<u>\$ 208,905</u>
<b>Liabilities and Net Assets</b>					
Liabilities					
Other liabilities	\$ 8,699	\$ 3,906	\$ 4,434	\$ 12,936	\$ 198
Total liabilities	<u>8,699</u>	<u>3,906</u>	<u>4,434</u>	<u>12,936</u>	<u>198</u>
Net assets held in trust for participants	<u>5,378,339</u>	<u>2,935,082</u>	<u>4,215,491</u>	<u>10,864,645</u>	<u>208,707</u>
Total liabilities and net assets	<u>\$ 5,387,038</u>	<u>\$ 2,938,988</u>	<u>\$ 4,219,925</u>	<u>\$ 10,877,581</u>	<u>\$ 208,905</u>

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Bright Directions College Savings Program  
Statement of Fiduciary Net Assets by Portfolio (Continued)  
June 30, 2011

	Eaton Vance Large-Cap Value 529 Portfolio	ING Global Real Estate 529 Portfolio	John Hancock Small Company 529 Portfolio	NCM Capital Mid-Cap Growth 529 Portfolio	Northern Bond Index 529 Portfolio	Northern Institutional Equity Index 529 Portfolio
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ 4,108	\$ 2	\$ 3	\$ -	\$ -
Dividends receivable	-	-	-	-	2,386	-
Mutual funds	12,635,717	1,235,797	838,077	287,591	3,941,747	7,451,269
Total assets	<u>\$ 12,635,717</u>	<u>\$ 1,239,905</u>	<u>\$ 838,079</u>	<u>\$ 287,594</u>	<u>\$ 3,944,133</u>	<u>\$ 7,451,269</u>
<b>Liabilities and Net Assets</b>						
Liabilities						
Other liabilities	\$ 22,857	\$ 1,188	\$ 636	\$ 273	\$ 6,720	\$ 160,540
Total liabilities	<u>22,857</u>	<u>1,188</u>	<u>636</u>	<u>273</u>	<u>6,720</u>	<u>160,540</u>
Net assets held in trust for participants	<u>12,612,860</u>	<u>1,238,717</u>	<u>837,443</u>	<u>287,321</u>	<u>3,937,413</u>	<u>7,290,729</u>
Total liabilities and net assets	<u>\$ 12,635,717</u>	<u>\$ 1,239,905</u>	<u>\$ 838,079</u>	<u>\$ 287,594</u>	<u>\$ 3,944,133</u>	<u>\$ 7,451,269</u>

(Continued)

State of Illinois  
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Bright Directions College Savings Program  
Statement of Fiduciary Net Assets by Portfolio (Continued)  
June 30, 2011

	Northern Institutional International Equity Index 529 Portfolio	Northern Institutional Small Company Index 529 Portfolio	Northern Small Cap Value 529 Portfolio	Oppenheimer International Growth 529 Portfolio	Pimco Low Duration 529 Portfolio	Pimco Short-Term 529 Portfolio
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ 3,820	\$ 1,826	\$ -	\$ 618
Dividends receivable	-	-	-	-	16,456	7,055
Mutual funds	5,684,862	2,601,294	4,767,043	12,709,888	9,588,735	6,805,466
Total assets	<u>\$ 5,684,862</u>	<u>\$ 2,601,294</u>	<u>\$ 4,770,863</u>	<u>\$ 12,711,714</u>	<u>\$ 9,605,191</u>	<u>\$ 6,813,139</u>
<b>Liabilities and Net Assets</b>						
Liabilities						
Other liabilities	\$ 75,176	\$ 32,710	\$ 4,499	\$ 13,123	\$ 34,021	\$ 7,877
Total liabilities	<u>75,176</u>	<u>32,710</u>	<u>4,499</u>	<u>13,123</u>	<u>34,021</u>	<u>7,877</u>
Net assets held in trust for participants	<u>5,609,686</u>	<u>2,568,584</u>	<u>4,766,364</u>	<u>12,698,591</u>	<u>9,571,170</u>	<u>6,805,262</u>
Total liabilities and net assets	<u>\$ 5,684,862</u>	<u>\$ 2,601,294</u>	<u>\$ 4,770,863</u>	<u>\$ 12,711,714</u>	<u>\$ 9,605,191</u>	<u>\$ 6,813,139</u>

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Bright Directions College Savings Program  
Statement of Fiduciary Net Assets by Portfolio (Continued)  
June 30, 2011

	Pimco Total Return 529 Portfolio	SIT Dividend Growth 529 Portfolio	T.Rowe Price Extended Equity Market Index 529 Portfolio	T.Rowe Price Balanced 529 Portfolio	T.Rowe Price Equity Income 529 Portfolio	T.Rowe Price Institutional Large Cap Growth 529 Portfolio
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ 2,627	\$ 14,730	\$ 4,540	\$ 3,424
Dividends receivable	85,038	-	-	-	-	-
Mutual funds	31,085,774	1,724,656	5,673,379	9,294,789	10,836,148	10,549,718
Total assets	<u>\$ 31,170,812</u>	<u>\$ 1,724,656</u>	<u>\$ 5,676,006</u>	<u>\$ 9,309,519</u>	<u>\$ 10,840,688</u>	<u>\$ 10,553,142</u>
<b>Liabilities and Net Assets</b>						
Liabilities						
Other liabilities	\$ 68,544	\$ 1,359	\$ 5,470	\$ 11,287	\$ 12,080	\$ 10,592
Total liabilities	<u>68,544</u>	<u>1,359</u>	<u>5,470</u>	<u>11,287</u>	<u>12,080</u>	<u>10,592</u>
Net assets held in trust for participants	<u>31,102,268</u>	<u>1,723,297</u>	<u>5,670,536</u>	<u>9,298,232</u>	<u>10,828,608</u>	<u>10,542,550</u>
Total liabilities and net assets	<u>\$ 31,170,812</u>	<u>\$ 1,724,656</u>	<u>\$ 5,676,006</u>	<u>\$ 9,309,519</u>	<u>\$ 10,840,688</u>	<u>\$ 10,553,142</u>

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Bright Directions College Savings Program  
Statement of Fiduciary Net Assets by Portfolio (Continued)  
June 30, 2011

	T.Rowe Price Real Estate 529 Portfolio	Templeton International Bond 529 Portfolio	William Blair Mid Cap Growth 529 Portfolio	William Blair Small Cap Growth 529 Portfolio	Fixed Income Fund	Fund 10
<b>Assets</b>						
Cash and cash equivalents	\$ 845	\$ -	\$ 343	\$ 2,463	\$ 3,072,870	\$ 9,690,086
Dividends receivable	-	-	-	-	7,038	28,474
Mutual funds	4,255,021	1,473,061	4,098,928	6,924,891	3,072,870	14,535,130
Total assets	<u>\$ 4,255,866</u>	<u>\$ 1,473,061</u>	<u>\$ 4,099,271</u>	<u>\$ 6,927,354</u>	<u>\$ 6,152,778</u>	<u>\$ 24,253,690</u>
<b>Liabilities and Net Assets</b>						
Liabilities						
Other liabilities	\$ 4,453	\$ 1,291	\$ 4,369	\$ 6,539	\$ 11,785	\$ 30,993
Total liabilities	<u>4,453</u>	<u>1,291</u>	<u>4,369</u>	<u>6,539</u>	<u>11,785</u>	<u>30,993</u>
Net assets held in trust for participants	<u>4,251,413</u>	<u>1,471,770</u>	<u>4,094,902</u>	<u>6,920,815</u>	<u>6,140,993</u>	<u>24,222,697</u>
Total liabilities and net assets	<u>\$ 4,255,866</u>	<u>\$ 1,473,061</u>	<u>\$ 4,099,271</u>	<u>\$ 6,927,354</u>	<u>\$ 6,152,778</u>	<u>\$ 24,253,690</u>

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Bright Directions College Savings Program  
Statement of Fiduciary Net Assets by Portfolio (Continued)  
June 30, 2011

	Fund 20	Fund 40	Fund 60	Fund 80	Fund 100	Total
<b>Assets</b>						
Cash and cash equivalents	\$ 11,693,656	\$ 110,404	\$ 38,186	\$ 73,045	\$ -	\$ 44,698,059
Dividends receivable	71,528	119,356	106,296	47,410	-	526,077
Mutual funds	46,774,624	103,034,601	140,877,649	177,672,495	105,205,250	787,006,808
Total assets	<u>\$ 58,539,808</u>	<u>\$ 103,264,361</u>	<u>\$ 141,022,131</u>	<u>\$ 177,792,950</u>	<u>\$ 105,205,250</u>	<u>\$ 832,230,944</u>
<b>Liabilities and Net Assets</b>						
Liabilities						
Other liabilities	\$ 91,407	\$ 126,090	\$ 165,419	\$ 198,829	\$ 119,638	\$ 1,280,485
Total liabilities	<u>91,407</u>	<u>126,090</u>	<u>165,419</u>	<u>198,829</u>	<u>119,638</u>	<u>1,280,485</u>
Net assets held in trust for participants	<u>58,448,401</u>	<u>103,138,271</u>	<u>140,856,712</u>	<u>177,594,121</u>	<u>105,085,612</u>	<u>830,950,459</u>
Total liabilities and net assets	<u>\$ 58,539,808</u>	<u>\$ 103,264,361</u>	<u>\$ 141,022,131</u>	<u>\$ 177,792,950</u>	<u>\$ 105,205,250</u>	<u>\$ 832,230,944</u>

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Bright Start College Savings Program  
Statement of Changes in Fiduciary Net Assets by Portfolio  
Year Ended June 30, 2012

	Bright Start Advisor Age Based 0-6 years	Bright Start Advisor Age Based 7-9 years	Bright Start Advisor Age Based 10-11 years	Bright Start Advisor Age Based 12-14 years	Bright Start Advisor Age Based 15-17 years	Bright Start Advisor Age Based 18 years
Investment income (expense)						
Investment earnings	\$ 193,921	\$ 394,441	\$ 400,978	\$ 634,791	\$ 788,394	\$ 339,230
Net change in fair value of investments	(1,332,166)	615,529	1,702,418	3,494,531	3,585,816	2,001,359
Distribution fees	(349,329)	(339,373)	(296,653)	(411,194)	(394,807)	(279,142)
State administrative fees	(37,030)	(47,656)	(41,108)	(56,304)	(54,960)	(40,438)
Insurance fees	-	-	-	-	-	-
Management fees	(185,148)	(238,286)	(205,542)	(281,529)	(274,796)	(202,186)
Net investment earnings (loss)	(1,709,752)	384,655	1,560,093	3,380,295	3,649,647	1,818,823
Participant transactions						
Program contributions	32,525,171	59,045,084	77,061,018	91,652,576	83,368,011	72,981,729
Program distributions	(45,588,055)	(70,494,961)	(75,640,424)	(72,420,334)	(67,458,312)	(56,783,651)
Total increase (decrease) from participant transactions	(13,062,884)	(11,449,877)	1,420,594	19,232,242	15,909,699	16,198,078
Change in net assets	(14,772,636)	(11,065,222)	2,980,687	22,612,537	19,559,346	18,016,901
Net assets, beginning of fiscal year	135,101,790	168,159,847	136,560,609	181,405,686	174,966,682	133,332,746
Net assets, end of fiscal year	\$ 120,329,154	\$ 157,094,625	\$ 139,541,296	\$ 204,018,223	\$ 194,526,028	\$ 151,349,647

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Bright Start College Savings Program  
Statement of Changes in Fiduciary Net Assets by Portfolio (Continued)  
Year Ended June 30, 2012

	Bright Start Advisor Choice Based Equity	Bright Start Advisor Choice Based Balanced	Bright Start Advisor Choice Based Fixed Income	Bright Start Principal Protection Income	Bright Start Index Age Based 0-6 years	Bright Start Index Age Based 7-9 years
Investment income (expense)						
Investment earnings	\$ 406,702	\$ 42,018	\$ 134,184	\$ 1,459,651	\$ 3,406,149	\$ 1,623,520
Net change in fair value of investments	(8,116,796)	981,060	436,269	-	334,789	875,852
Distribution fees	(685,238)	(134,486)	(56,219)	(102,566)	-	-
State administrative fees	(98,095)	(15,080)	(6,925)	(28,194)	-	-
Insurance fees	-	-	-	(264,872)	-	-
Management fees	(490,476)	(75,402)	(34,622)	(577,947)	(203,674)	(102,032)
Net investment earnings (loss)	(8,983,903)	798,110	472,687	486,072	3,537,264	2,397,340
Participant transactions						
Program contributions	30,432,731	14,818,211	9,368,101	40,942,963	49,876,833	39,152,060
Program distributions	(48,780,716)	(11,224,568)	(5,702,026)	(58,037,969)	(25,958,584)	(25,167,279)
Total increase (decrease) from participant transactions	(18,347,985)	3,593,643	3,666,075	(17,095,006)	23,918,249	13,984,781
Change in net assets	(27,331,888)	4,391,753	4,138,762	(16,608,934)	27,455,513	16,382,121
Net assets, beginning of fiscal year	355,135,105	49,950,830	21,644,079	160,081,215	136,150,015	66,867,758
Net assets, end of fiscal year	\$ 327,803,217	\$ 54,342,583	\$ 25,782,841	\$ 143,472,281	\$ 163,605,528	\$ 83,249,879

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State of Illinois  
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Bright Start College Savings Program  
Statement of Changes in Fiduciary Net Assets by Portfolio (Continued)  
Year Ended June 30, 2012

	Bright Start Index Age Based 10-11 years	Bright Start Index Age Based 12-14 years	Bright Start Index Age Based 15-17 years	Bright Start Index Age Based 18 years	Bright Start Index Choice Based Equity	Bright Start Index Choice Based Balanced
Investment income (expense)						
Investment earnings	\$ 1,120,878	\$ 1,777,210	\$ 1,548,550	\$ 896,320	\$ 4,722,654	\$ 1,468,409
Net change in fair value of investments	945,715	1,899,264	1,843,815	1,197,598	(1,552,464)	1,426,077
Distribution fees	-	-	-	-	-	-
State administrative fees	-	-	-	-	-	-
Insurance fees	-	-	-	-	-	-
Management fees	(68,544)	(104,535)	(97,049)	(53,113)	(291,661)	(86,667)
Net investment earnings (loss)	1,998,049	3,571,939	3,295,316	2,040,805	2,878,529	2,807,819
Participant transactions						
Program contributions	34,082,238	42,561,856	38,518,718	28,676,866	50,000,375	20,945,155
Program distributions	(26,073,898)	(24,219,026)	(20,623,725)	(14,265,948)	(18,929,989)	(8,516,879)
Total increase (decrease) from participant transactions	8,008,340	18,342,830	17,894,993	14,410,918	31,070,386	12,428,276
Change in net assets	10,006,389	21,914,769	21,190,309	16,451,723	33,948,915	15,236,095
Net assets, beginning of fiscal year	44,502,306	64,748,212	59,232,441	32,430,419	199,720,150	56,013,404
Net assets, end of fiscal year	\$ 54,508,695	\$ 86,662,981	\$ 80,422,750	\$ 48,882,142	\$ 233,669,065	\$ 71,249,499

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State of Illinois  
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Bright Start College Savings Program  
Statement of Changes in Fiduciary Net Assets by Portfolio (Continued)  
Year Ended June 30, 2012

	Bright Start Index Choice Based Fixed Income	Bright Start Blended Age Based 0-6 years	Bright Start Blended Age Based 7-9 years	Bright Start Blended Age Based 10-11 years	Bright Start Blended Age Based 12-14 years	Bright Start Blended Age Based 15-17 years
Investment income (expense)						
Investment earnings	\$ 1,568,467	\$ 173	\$ 228	\$ 163	\$ 193	\$ 25,256
Net change in fair value of investments	2,076,971	3,411,245	7,588,378	5,858,463	6,991,830	4,939,734
Distribution fees	-	-	-	-	-	-
State administrative fees	-	(36,472)	(50,397)	(37,431)	(45,022)	(39,368)
Insurance fees	-	-	-	-	-	-
Management fees	(90,445)	(182,364)	(251,988)	(187,152)	(225,112)	(196,844)
Net investment earnings (loss)	3,554,993	3,192,582	7,286,221	5,634,043	6,721,889	4,728,778
Participant transactions						
Program contributions	29,104,271	30,190,911	62,745,705	74,459,584	73,853,939	62,318,376
Program distributions	(13,554,821)	(48,183,390)	(67,554,996)	(62,190,126)	(54,484,153)	(47,135,677)
Total increase (decrease) from participant transactions	15,549,450	(17,992,479)	(4,809,291)	12,269,458	19,369,786	15,182,699
Change in net assets	19,104,443	(14,799,897)	2,476,930	17,903,501	26,091,675	19,911,477
Net assets, beginning of fiscal year	55,006,042	133,779,734	167,770,081	118,936,685	139,968,523	122,555,564
Net assets, end of fiscal year	\$ 74,110,485	\$ 118,979,837	\$ 170,247,011	\$ 136,840,186	\$ 166,060,198	\$ 142,467,041

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State of Illinois  
Office of the Treasurer

Bright Start College Savings Program  
Statement of Changes in Fiduciary Net Assets by Portfolio (Continued)  
Year Ended June 30, 2012

	Bright Start Blended Age Based 18 years	Bright Start Blended Choice Based Equity	Bright Start Blended Choice Based Fixed Income	Bright Start Blended Choice Based Balanced	Bright Start Money Market	Total
Investment income (expense)						
Investment earnings	\$ 44,098	\$ 300	\$ 5,295	\$ 4,167	\$ 4,723	\$ 23,011,063
Net change in fair value of investments	1,982,818	6,631,470	1,198,285	1,734,570	-	52,752,430
Distribution fees	-	-	-	-	-	(3,049,007)
State administrative fees	(25,910)	(71,666)	(6,228)	(9,764)	-	(748,048)
Insurance fees	-	-	-	-	-	(264,872)
Management fees	(129,549)	(358,331)	(31,144)	(48,823)	(4,402)	(5,279,363)
Net investment earnings (loss)	1,871,457	6,201,773	1,166,208	1,680,150	321	66,422,203
Participant transactions						
Program contributions	52,066,456	27,718,619	6,127,598	8,531,248	16,489,368	1,259,615,771
Program distributions	(37,695,434)	(28,197,900)	(3,392,593)	(5,111,528)	(1,644,497)	(1,045,031,459)
Total increase (decrease) from participant transactions	14,371,022	(479,281)	2,735,005	3,419,720	14,844,871	214,584,312
Change in net assets	16,242,479	5,722,492	3,901,213	5,099,870	14,845,192	281,006,515
Net assets, beginning of fiscal year	83,072,808	245,643,992	19,117,576	31,126,734	-	3,292,981,033
Net assets, end of fiscal year	\$ 99,315,287	\$ 251,366,484	\$ 23,018,789	\$ 36,226,604	\$ 14,845,192	\$ 3,573,987,548

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Bright Start College Savings Program  
Statement of Changes in Fiduciary Net Assets by Portfolio  
Year Ended June 30, 2011

	Bright Start Advisor Age Based 0-6 years	Bright Start Advisor Age Based 7-9 years	Bright Start Advisor Age Based 10-11 years	Bright Start Advisor Age Based 12-14 years	Bright Start Advisor Age Based 15-17 years	Bright Start Advisor Age Based 18 years
Investment income (expense)						
Investment earnings	\$ 81,211	\$ 227,365	\$ 222,335	\$ 364,585	\$ 515,123	\$ 231,310
Net change in fair value of investments	32,769,534	32,305,676	21,184,137	24,819,025	16,512,151	5,222,418
Distribution fees	(338,449)	(336,260)	(262,305)	(349,955)	(337,743)	(236,154)
State administrative fees	(39,638)	(48,098)	(36,650)	(49,124)	(48,456)	(35,166)
Insurance fees	-	-	-	-	-	-
Management fees	(198,197)	(240,497)	(183,252)	(245,628)	(242,288)	(175,834)
Net investment earnings	32,274,461	31,908,186	20,924,265	24,538,903	16,398,787	5,006,574
Participant transactions						
Program contributions	36,351,481	68,396,374	79,626,899	80,868,570	78,586,356	67,960,597
Program distributions	(51,477,077)	(74,396,718)	(63,892,073)	(65,625,560)	(63,556,032)	(50,971,284)
Total increase (decrease) from participant transactions	(15,125,596)	(6,000,344)	15,734,826	15,243,010	15,030,324	16,989,313
Change in net assets	17,148,865	25,907,842	36,659,091	39,781,913	31,429,111	21,995,887
Net assets, beginning of fiscal year	117,952,925	142,252,005	99,901,518	141,623,773	143,537,571	111,336,859
Net assets, end of fiscal year	\$ 135,101,790	\$ 168,159,847	\$ 136,560,609	\$ 181,405,686	\$ 174,966,682	\$ 133,332,746

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State of Illinois  
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Bright Start College Savings Program  
Statement of Changes in Fiduciary Net Assets by Portfolio (Continued)  
Year Ended June 30, 2011

	Bright Start Advisor Choice Based Equity	Bright Start Advisor Choice Based Balanced	Bright Start Advisor Choice Based Fixed Income	Bright Start Principal Protection Income	Bright Start Index Age Based 0-6 years	Bright Start Index Age Based 7-9 years
Investment income (expense)						
Investment earnings	\$ 79,409	\$ 15,003	\$ 99,156	\$ 2,994,716	\$ 2,492,423	\$ 1,205,029
Net change in fair value of investments	88,295,720	6,050,361	494,493	-	23,462,814	9,331,570
Distribution fees	(694,836)	(110,090)	(50,268)	(164,364)	-	-
State administrative fees	(99,229)	(12,722)	(6,350)	(127,220)	-	-
Insurance fees	-	-	-	(196,970)	-	-
Management fees	(496,156)	(63,611)	(31,750)	(594,556)	(158,297)	(78,562)
Net investment earnings	87,084,908	5,878,941	505,281	1,911,606	25,796,940	10,458,037
Participant transactions						
Program contributions	39,093,876	17,681,841	7,561,743	61,539,955	48,157,701	33,971,831
Program distributions	(52,861,421)	(8,647,351)	(6,006,488)	(52,486,527)	(22,165,163)	(20,605,343)
Total increase (decrease) from participant transactions	(13,767,545)	9,034,490	1,555,255	9,053,428	25,992,538	13,366,488
Change in net assets	73,317,363	14,913,431	2,060,536	10,965,034	51,789,478	23,824,525
Net assets, beginning of fiscal year	281,817,742	35,037,399	19,583,543	149,116,181	84,360,537	43,043,233
Net assets, end of fiscal year	\$ 355,135,105	\$ 49,950,830	\$ 21,644,079	\$ 160,081,215	\$ 136,150,015	\$ 66,867,758

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State of Illinois  
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Bright Start College Savings Program  
Statement of Changes in Fiduciary Net Assets by Portfolio (Continued)  
Year Ended June 30, 2011

	Bright Start Index Age Based 10-11 years	Bright Start Index Age Based 12-14 years	Bright Start Index Age Based 15-17 years	Bright Start Index Age Based 18 years	Bright Start Index Choice Based Equity	Bright Start Index Choice Based Balanced
Investment income (expense)						
Investment earnings	\$ 831,561	\$ 1,355,682	\$ 1,131,697	\$ 635,084	\$ 3,360,034	\$ 1,092,558
Net change in fair value of investments	5,197,153	6,839,948	3,524,031	655,813	36,550,096	5,407,696
Distribution fees	-	-	-	-	-	-
State administrative fees	-	-	-	-	-	-
Insurance fees	-	-	-	-	-	-
Management fees	(51,106)	(78,768)	(67,020)	(34,153)	(226,841)	(63,469)
Net investment earnings	5,977,608	8,116,862	4,588,708	1,256,744	39,683,289	6,436,785
Participant transactions						
Program contributions	29,218,699	33,289,896	33,095,801	20,434,281	55,789,128	20,128,378
Program distributions	(19,859,060)	(21,739,199)	(15,401,414)	(10,034,753)	(12,708,968)	(6,013,675)
Total increase (decrease) from participant transactions	9,359,639	11,550,697	17,694,387	10,399,528	43,080,160	14,114,703
Change in net assets	15,337,247	19,667,559	22,283,095	11,656,272	82,763,449	20,551,488
Net assets, beginning of fiscal year	29,165,059	45,080,653	36,949,346	20,774,147	116,956,701	35,461,916
Net assets, end of fiscal year	\$ 44,502,306	\$ 64,748,212	\$ 59,232,441	\$ 32,430,419	\$ 199,720,150	\$ 56,013,404

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State of Illinois  
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Bright Start College Savings Program  
Statement of Changes in Fiduciary Net Assets by Portfolio (Continued)  
Year Ended June 30, 2011

	Bright Start Index Choice Based Fixed Income	Bright Start Blended Age Based 0-6 years	Bright Start Blended Age Based 7-9 years	Bright Start Blended Age Based 10-11 years	Bright Start Blended Age Based 12-14 years	Bright Start Blended Age Based 15-17 years
Investment income (expense)						
Investment earnings	\$ 1,422,895	\$ 129	\$ 150	\$ 97	\$ 120	\$ 26,130
Net change in fair value of investments	51,364	31,305,427	29,696,437	16,127,913	17,500,347	9,869,185
Distribution fees	-	-	-	-	-	-
State administrative fees	-	(40,611)	(47,706)	(30,988)	(38,224)	(33,224)
Insurance fees	-	-	-	-	-	-
Management fees	(73,080)	(233,013)	(267,452)	(166,090)	(197,814)	(173,085)
Net investment earnings	1,401,179	31,031,932	29,381,429	15,930,932	17,264,429	9,689,006
Participant transactions						
Program contributions	20,581,714	32,885,283	64,477,483	70,052,635	60,828,298	55,346,564
Program distributions	(15,908,101)	(51,907,162)	(65,635,362)	(49,547,042)	(47,404,827)	(40,228,593)
Total increase (decrease) from participant transactions	4,673,613	(19,021,879)	(1,157,879)	20,505,593	13,423,471	15,117,971
Change in net assets	6,074,792	12,010,053	28,223,550	36,436,525	30,687,900	24,806,977
Net assets, beginning of fiscal year	48,931,250	121,769,681	139,546,531	82,500,160	109,280,623	97,748,587
Net assets, end of fiscal year	\$ 55,006,042	\$ 133,779,734	\$ 167,770,081	\$ 118,936,685	\$ 139,968,523	\$ 122,555,564

(Continued)

**State of Illinois  
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**Bright Start College Savings Program  
Statement of Changes in Fiduciary Net Assets by Portfolio (Continued)  
Year Ended June 30, 2011**

	<b>Bright Start Blended Age Based 18 years</b>	<b>Bright Start Blended Choice Based Equity</b>	<b>Bright Start Blended Choice Based Fixed Income</b>	<b>Bright Start Blended Choice Based Balanced</b>	<b>Total</b>
Investment income (expense)					
Investment earnings	\$ 45,570	\$ 214	\$ 6,033	\$ 4,409	\$ 18,440,028
Net change in fair value of investments	2,682,918	53,835,138	512,493	3,893,762	484,097,620
Distribution fees	-	-	-	-	(2,880,424)
State administrative fees	(21,609)	(67,823)	(5,645)	(8,510)	(796,993)
Insurance fees	-	-	-	-	(196,970)
Management fees	(110,904)	(345,243)	(28,224)	(43,899)	(4,868,789)
Net investment earnings	2,595,975	53,422,286	484,657	3,845,762	493,794,472
Participant transactions					
Program contributions	44,727,917	32,602,021	4,879,461	8,112,129	1,206,246,912
Program distributions	(32,062,020)	(25,335,263)	(4,791,356)	(5,393,361)	(956,661,193)
Total increase (decrease) from participant transactions	12,665,897	7,266,758	88,105	2,718,768	249,585,719
Change in net assets	15,261,872	60,689,044	572,762	6,564,530	743,380,191
Net assets, beginning of fiscal year	67,810,936	184,954,948	18,544,814	24,562,204	2,549,600,842
Net assets, end of fiscal year	\$ 83,072,808	\$ 245,643,992	\$ 19,117,576	\$ 31,126,734	\$ 3,292,981,033

**State of Illinois  
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**Bright Directions College Savings Program  
Statement of Changes in Fiduciary Net Assets by Portfolio  
Year Ended June 30, 2012**

	<b>American Century Equity Growth 529 Portfolio</b>	<b>American Century Growth 529 Portfolio</b>	<b>American Century Value 529 Portfolio</b>	<b>Ariel 529 Portfolio</b>	<b>Artisan Emerging Markets 529 Portfolio</b>	<b>BlackRock Cash Funds 529 Portfolio</b>
Investment income (expense)						
Investment earnings	\$ 95,922	\$ 89,773	\$ 85,255	\$ 7,744	\$ 15,378	\$ 41,306
Net change in fair value of investments	253,765	10,782	127,825	(391,886)	(493,279)	-
12b-1 fees	(15,342)	(7,144)	(12,605)	(10,868)	(3,843)	-
Management fees	(22,849)	(10,151)	(18,603)	(15,414)	(8,924)	(17,219)
<b>Net investment earnings (loss)</b>	<b>311,496</b>	<b>83,260</b>	<b>181,872</b>	<b>(410,424)</b>	<b>(490,668)</b>	<b>24,087</b>
Distributions to participants						
Net investment income	-	-	-	-	-	(24,308)
Other participant transactions						
Program contributions	1,422,013	1,449,082	1,723,386	584,269	1,646,268	20,484,848
Program distributions	(1,071,483)	(416,272)	(833,478)	(508,156)	(246,413)	(16,737,753)
Distributions reinvested	-	-	-	-	-	23,155
<b>Total increase (decrease) from participant transactions</b>	<b>350,530</b>	<b>1,032,810</b>	<b>889,908</b>	<b>76,113</b>	<b>1,399,855</b>	<b>3,770,250</b>
<b>Change in net assets</b>	<b>662,026</b>	<b>1,116,070</b>	<b>1,071,780</b>	<b>(334,311)</b>	<b>909,187</b>	<b>3,770,029</b>
<b>Net assets, beginning of fiscal year</b>	<b>5,512,642</b>	<b>2,092,889</b>	<b>4,105,719</b>	<b>4,222,008</b>	<b>1,830,152</b>	<b>19,969,447</b>
<b>Net assets, end of fiscal year</b>	<b>\$ 6,174,668</b>	<b>\$ 3,208,959</b>	<b>\$ 5,177,499</b>	<b>\$ 3,887,697</b>	<b>\$ 2,739,339</b>	<b>\$ 23,739,476</b>

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Bright Directions College Savings Program  
Statement of Changes in Fiduciary Net Assets by Portfolio (Continued)  
Year Ended June 30, 2012

	BlackRock Inflation Protected Bond 529 Portfolio	Calvert Equity 529 Portfolio	Delaware Small Cap Core 529 Portfolio	Dodge & Cox International Stock 529 Portfolio	Eagle Small Cap Growth 529 Portfolio	Eaton Vance Large-Cap Value 529 Portfolio
Investment income (expense)						
Investment earnings	\$ 207,879	\$ 123,438	\$ 1	\$ 232,422	\$ -	\$ 170,647
Net change in fair value of investments	493,134	(136,460)	18,192	(1,953,665)	98,965	(645,867)
12b-1 fees	(20,749)	(9,257)	(12,689)	(27,969)	(1,291)	(26,608)
Management fees	(30,228)	(12,091)	(17,519)	(41,290)	(1,995)	(44,308)
Net investment earnings (loss)	650,036	(34,370)	(12,015)	(1,790,502)	95,679	(546,136)
Distributions to participants						
Net investment income	-	-	-	-	-	-
Other participant transactions						
Program contributions	4,451,391	634,054	1,281,897	2,896,360	6,422,338	1,793,751
Program distributions	(1,051,834)	(358,601)	(544,804)	(1,488,438)	(52,112)	(13,860,905)
Distributions reinvested	-	-	-	-	-	-
Total increase (decrease) from participant transactions	3,399,557	275,453	737,093	1,407,922	6,370,226	(12,067,154)
Change in net assets	4,049,593	241,083	725,078	(382,580)	6,465,905	(12,613,290)
Net assets, beginning of fiscal year	5,378,339	2,935,082	4,215,491	10,864,645	-	12,612,860
Net assets, end of fiscal year	\$ 9,427,932	\$ 3,176,165	\$ 4,940,569	\$ 10,482,065	\$ 6,465,905	\$ (430)

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Bright Directions College Savings Program  
Statement of Changes in Fiduciary Net Assets by Portfolio (Continued)  
Year Ended June 30, 2012

	ING Global Real Estate 529 Portfolio	John Hancock Small Company 529 Portfolio	MFS Value 529 Portfolio	NCM Capital Mid-Cap Growth 529 Portfolio	Northern Bond Index 529 Portfolio	Northern Institutional Equity Index 529 Portfolio
Investment income (expense)						
Investment earnings	\$ 32,800	\$ 1,604	\$ 63,194	\$ 4,980	\$ 145,513	\$ 132,727
Net change in fair value of investments	6,703	(50,592)	374,032	(8,690)	152,103	170,730
12b-1 fees	(3,952)	(1,364)	(2,287)	(485)	(11,915)	(17,560)
Management fees	(5,816)	(3,338)	(3,607)	(782)	(17,307)	(28,175)
Net investment earnings (loss)	29,735	(53,690)	431,332	(4,977)	268,394	257,722
Distributions to participants						
Net investment income	-	-	-	-	-	-
Other participant transactions						
Program contributions	828,692	247,912	11,428,340	63,595	1,346,767	2,035,480
Program distributions	(135,402)	(240,763)	(179,287)	(345,939)	(1,392,020)	(2,051,942)
Distributions reinvested	-	-	-	-	-	-
Total increase (decrease) from participant transactions	693,290	7,149	11,249,053	(282,344)	(45,253)	(16,462)
Change in net assets	723,025	(46,541)	11,680,385	(287,321)	223,141	241,260
Net assets, beginning of fiscal year	1,238,717	837,443	-	287,321	3,937,413	7,290,729
Net assets, end of fiscal year	\$ 1,961,742	\$ 790,902	\$ 11,680,385	\$ -	\$ 4,160,554	\$ 7,531,989

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**State of Illinois  
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**Bright Directions College Savings Program  
Statement of Changes in Fiduciary Net Assets by Portfolio (Continued)  
Year Ended June 30, 2012**

	<b>Northern Institutional International Equity Index 529 Portfolio</b>	<b>Northern Institutional Small Company Index 529 Portfolio</b>	<b>Northern Small Cap Value 529 Portfolio</b>	<b>Oppenheimer International Growth 529 Portfolio</b>	<b>Pimco Low Duration 529 Portfolio</b>	<b>Pimco Short-Term 529 Portfolio</b>
Investment income (expense)						
Investment earnings	\$ 113,978	\$ 21,640	\$ 37,518	\$ 139,077	\$ 307,173	\$ 137,174
Net change in fair value of investments	(891,578)	(75,112)	(26,608)	(1,234,552)	5,402	(56,839)
12b-1 fees	(11,410)	(6,260)	(6,665)	(33,409)	(28,581)	(22,033)
Management fees	(19,400)	(9,745)	(24,531)	(49,345)	(43,424)	(27,770)
Net investment earnings (loss)	(808,410)	(69,477)	(20,286)	(1,178,229)	240,570	30,532
Distributions to participants						
Net investment income	-	-	-	-	-	-
Other participant transactions						
Program contributions	945,128	522,246	929,585	2,695,408	4,479,946	2,418,479
Program distributions	(1,260,524)	(503,371)	(684,546)	(1,756,419)	(2,141,375)	(1,964,318)
Distributions reinvested	-	-	-	-	-	-
Total increase (decrease) from participant transactions	(315,396)	18,875	245,039	938,989	2,338,571	454,161
Change in net assets	(1,123,806)	(50,602)	224,753	(239,240)	2,579,141	484,693
Net assets, beginning of fiscal year	5,609,686	2,568,584	4,766,364	12,698,591	9,571,170	6,805,262
Net assets, end of fiscal year	\$ 4,485,880	\$ 2,517,982	\$ 4,991,117	\$ 12,459,351	\$ 12,150,311	\$ 7,289,955

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Bright Directions College Savings Program  
Statement of Changes in Fiduciary Net Assets by Portfolio (Continued)  
Year Ended June 30, 2012

	Pimco Total Return 529 Portfolio	SIT Dividend Growth 529 Portfolio	T.Rowe Price Extended Equit Market Index 529 Portfolio	T.Rowe Price Balanced 529 Portfolio	T.Rowe Price Equity Income 529 Portfolio	T.Rowe Price Institutional Large Cap Growth 529 Portfolio
Investment income (expense)						
Investment earnings	\$ 1,294,292	\$ 53,382	\$ 37,197	\$ 273,049	\$ 255,944	\$ 19,110
Net change in fair value of investments	993,752	150,041	(161,110)	(28,624)	150,238	503,008
12b-1 fees	(101,895)	(6,413)	(13,878)	(33,544)	(35,174)	(31,752)
Management fees	(136,557)	(11,418)	(23,247)	(39,987)	(47,152)	(47,027)
Net investment earnings (loss)	2,049,592	185,592	(161,038)	170,894	323,856	443,339
Distributions to participants						
Net investment income	-	-	-	-	-	-
Other participant transactions						
Program contributions	10,712,896	2,354,995	1,244,784	2,833,064	3,575,091	3,802,019
Program distributions	(6,222,364)	(179,683)	(549,472)	(1,481,660)	(1,432,581)	(1,755,725)
Distributions reinvested	-	-	-	-	-	-
Total increase (decrease) from participant transactions	4,490,532	2,175,312	695,312	1,351,404	2,142,510	2,046,294
Change in net assets	6,540,124	2,360,904	534,274	1,522,298	2,466,366	2,489,633
Net assets, beginning of fiscal year	31,102,268	1,723,297	5,670,536	9,298,232	10,828,608	10,542,550
Net assets, end of fiscal year	\$ 37,642,392	\$ 4,084,201	\$ 6,204,810	\$ 10,820,530	\$ 13,294,974	\$ 13,032,183

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Bright Directions College Savings Program  
Statement of Changes in Fiduciary Net Assets by Portfolio (Continued)  
Year Ended June 30, 2012

	T.Rowe Price Real Estate 529 Portfolio	Templeton International Bond 529 Portfolio	Touchstone Total Return Bond 529 Portfolio	William Blair Mid Cap Growth 529 Portfolio	William Blair Small Cap Growth 529 Portfolio	Fixed Income Fund
Investment income (expense)						
Investment earnings	\$ 99,406	\$ 100,419	\$ 14,973	\$ 328,544	\$ -	\$ 92,116
Net change in fair value of investments	436,409	(90,314)	15,441	(424,502)	(648,897)	36,905
12b-1 fees	(12,443)	(6,127)	(1,119)	(13,049)	(14,446)	(27,691)
Management fees	(18,069)	(9,118)	(1,733)	(19,096)	(23,980)	(29,081)
Net investment earnings (loss)	505,303	(5,140)	27,562	(128,103)	(687,323)	72,249
Distributions to participants						
Net investment income	-	-	-	-	-	-
Other participant transactions						
Program contributions	1,009,038	2,026,846	504,354	2,290,911	1,144,700	5,928,732
Program distributions	(628,825)	(162,477)	(25,479)	(758,757)	(7,378,073)	(3,180,421)
Distributions reinvested	-	-	-	-	-	-
Total increase (decrease) from participant transactions	380,213	1,864,369	478,875	1,532,154	(6,233,373)	2,748,311
Change in net assets	885,516	1,859,229	506,437	1,404,051	(6,920,696)	2,820,560
Net assets, beginning of fiscal year	4,251,413	1,471,770	208,707	4,094,902	6,920,815	6,140,993
Net assets, end of fiscal year	\$ 5,136,929	\$ 3,330,999	\$ 715,144	\$ 5,498,953	\$ 119	\$ 8,961,553

(Continued)

State of Illinois  
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Bright Directions College Savings Program  
Statement of Changes in Fiduciary Net Assets by Portfolio (Continued)  
Year Ended June 30, 2012

	Fund 10	Fund 20	Fund 40	Fund 60	Fund 80	Fund 100	Total
Investment income (expense)							
Investment earnings	\$ 380,971	\$ 1,276,251	\$ 2,500,484	\$ 3,141,244	\$ 3,288,916	\$ 1,341,401	\$ 16,704,842
Net change in fair value of investments	147,510	512,351	37,088	(1,427,112)	(4,105,228)	(4,047,796)	(12,204,335)
12b-1 fees	(99,867)	(242,498)	(393,605)	(495,374)	(561,667)	(318,348)	(2,703,176)
Management fees	(109,127)	(270,301)	(464,674)	(607,915)	(746,139)	(425,653)	(3,504,105)
Net investment earnings (loss)	319,487	1,275,803	1,679,293	610,843	(2,124,118)	(3,450,396)	(1,706,774)
Distributions to participants							
Net investment income	-	-	-	-	-	-	(24,308)
Other participant transactions							
Program contributions	17,816,610	38,207,777	55,672,566	63,484,320	58,770,226	24,815,191	368,925,355
Program distributions	(11,416,410)	(22,586,268)	(32,289,529)	(40,673,240)	(36,046,994)	(16,479,068)	(233,073,181)
Distributions reinvested	-	-	-	-	-	-	23,155
Total increase (decrease) from participant transactions	6,400,200	15,621,509	23,383,037	22,811,080	22,723,232	8,336,123	135,875,329
Change in net assets	6,719,687	16,897,312	25,062,330	23,421,923	20,599,114	4,885,727	134,144,247
Net assets, beginning of fiscal year	24,222,697	58,448,401	103,138,271	140,856,712	177,594,121	105,085,612	830,950,459
Net assets, end of fiscal year	\$ 30,942,384	\$ 75,345,713	\$ 128,200,601	\$ 164,278,635	\$ 198,193,235	\$ 109,971,339	\$ 965,094,706

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Bright Directions College Savings Program  
Statement of Changes in Fiduciary Net Assets by Portfolio  
Year Ended June 30, 2011

	AllianceBernstein International Value 529 Portfolio	American Century Equity Growth 529 Portfolio	American Century Growth 529 Portfolio	American Century Value 529 Portfolio	Ariel 529 Portfolio	Artisan Emerging Markets 529 Portfolio
Investment income (expense)						
Investment earnings	\$ -	\$ 74,607	\$ 6,304	\$ 85,101	\$ 335	\$ 2,430
Net change in fair value of investments	1,604,192	1,313,382	303,864	679,390	1,255,593	(56,085)
12b-1 fees	(7,395)	(12,924)	(4,244)	(9,831)	(10,706)	(1,221)
Management fees	(12,036)	(23,390)	(5,942)	(16,623)	(17,271)	(3,604)
Net investment earnings (loss)	1,584,761	1,351,675	299,982	738,037	1,227,951	(58,480)
Distributions to participants						
Net investment income	-	-	-	-	-	-
Other participant transactions						
Program contributions	513,324	1,178,651	1,504,093	1,169,917	825,009	1,957,207
Program distributions	(9,106,457)	(1,396,523)	(420,390)	(698,152)	(715,885)	(68,575)
Distributions reinvested	-	-	-	-	-	-
Total increase (decrease) from participant transactions	(8,593,133)	(217,872)	1,083,703	471,765	109,124	1,888,632
Change in net assets	(7,008,372)	1,133,803	1,383,685	1,209,802	1,337,075	1,830,152
Net assets, beginning of fiscal year	7,008,372	4,378,839	709,204	2,895,917	2,884,933	-
Net assets, end of fiscal year	\$ -	\$ 5,512,642	\$ 2,092,889	\$ 4,105,719	\$ 4,222,008	\$ 1,830,152

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State of Illinois  
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Bright Directions College Savings Program  
Statement of Changes in Fiduciary Net Assets by Portfolio (Continued)  
Year Ended June 30, 2011

	BlackRock Cash Funds 529 Portfolio	BlackRock Inflation Protected Bond 529 Portfolio	Calvert Income 529 Portfolio	Calvert Equity 529 Portfolio	Delaware Small Cap Core 529 Portfolio	Dodge & Cox International Stock 529 Portfolio
Investment income (expense)						
Investment earnings	\$ 40,977	\$ 254,205	\$ 62,369	\$ -	\$ 19,585	\$ 126,105
Net change in fair value of investments	-	2,259	92,533	692,978	1,078,431	443,526
12b-1 fees	-	(10,809)	(4,050)	(7,640)	(9,241)	(17,947)
Management fees	(25,409)	(16,311)	(7,006)	(10,935)	(14,887)	(29,465)
Net investment earnings (loss)	15,568	229,344	143,846	674,403	1,073,888	522,219
Distributions to participants						
Net investment income	(16,111)	-	-	-	-	-
Other participant transactions						
Program contributions	13,161,148	3,469,052	376,602	847,877	1,052,586	11,426,952
Program distributions	(11,679,188)	(621,894)	(5,050,326)	(323,740)	(345,863)	(1,084,526)
Distributions reinvested	16,939	-	-	-	-	-
Total increase (decrease) from participant transactions	1,498,899	2,847,158	(4,673,724)	524,137	706,723	10,342,426
Change in net assets	1,498,356	3,076,502	(4,529,878)	1,198,540	1,780,611	10,864,645
Net assets, beginning of fiscal year	18,471,091	2,301,837	4,529,878	1,736,542	2,434,880	-
Net assets, end of fiscal year	\$ 19,969,447	\$ 5,378,339	\$ -	\$ 2,935,082	\$ 4,215,491	\$ 10,864,645

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Bright Directions College Savings Program  
Statement of Changes in Fiduciary Net Assets by Portfolio (Continued)  
Year Ended June 30, 2011

	Earnest Partners Fixed Income 529 Portfolio	Eaton Vance Large-Cap Value 529 Portfolio	Female & Minority Owned Growth 529 Portfolio	Forward Small Cap Equity 529 Portfolio	ING Global Real Estate 529 Portfolio	John Hancock Small Company 529 Portfolio
Investment income (expense)						
Investment earnings	\$ 3,131	\$ 156,680	\$ 30	\$ -	\$ 28,463	\$ -
Net change in fair value of investments	493	2,272,605	872	35,175	162,658	199,965
12b-1 fees	(253)	(27,817)	(4)	(327)	(2,154)	(1,189)
Management fees	(333)	(54,231)	(8)	(453)	(3,657)	(3,392)
Net investment earnings (loss)	3,038	2,347,237	890	34,395	185,310	195,384
Distributions to participants						
Net investment income	-	-	-	-	-	-
Other participant transactions						
Program contributions	187,992	2,855,050	8	24,064	661,775	350,922
Program distributions	(17,358)	(2,944,969)	(6,103)	(167,309)	(101,464)	(315,914)
Distributions reinvested	-	-	-	-	-	-
Total increase (decrease) from participant transactions	170,634	(89,919)	(6,095)	(143,245)	560,311	35,008
Change in net assets	173,672	2,257,318	(5,205)	(108,850)	745,621	230,392
Net assets, beginning of fiscal year	35,035	10,355,542	5,205	108,850	493,096	607,051
Net assets, end of fiscal year	\$ 208,707	\$ 12,612,860	\$ -	\$ -	\$ 1,238,717	\$ 837,443

(Continued)

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Bright Directions College Savings Program  
Statement of Changes in Fiduciary Net Assets by Portfolio (Continued)  
Year Ended June 30, 2011

	NCM Capital Mid-Cap Growth 529 Portfolio	Northern Bond Index 529 Portfolio	Northern Institutional Equity Index 529 Portfolio	Northern Institutional International Equity Index 529 Portfolio	Northern Small Company Index 529 Portfolio	Northern Small Cap Value 529 Portfolio
Investment income (expense)						
Investment earnings	\$ -	\$ 121,609	\$ 124,742	\$ 113,240	\$ 23,479	\$ 28,713
Net change in fair value of investments	47,406	(98,377)	1,541,713	1,271,396	607,163	1,103,718
12b-1 fees	(499)	(7,577)	(13,875)	(11,284)	(4,748)	(9,671)
Management fees	(855)	(12,769)	(30,126)	(24,244)	(9,674)	(18,517)
Net investment earnings (loss)	46,052	2,886	1,622,454	1,349,108	616,220	1,104,243
Distributions to participants						
Net investment income	-	-	-	-	-	-
Other participant transactions						
Program contributions	166,649	5,393,408	1,462,053	1,044,125	715,430	1,006,779
Program distributions	(17,562)	(1,520,430)	(1,230,683)	(1,211,998)	(426,914)	(704,940)
Distributions reinvested	-	-	-	-	-	-
Total increase (decrease) from participant transactions	149,087	3,872,978	231,370	(167,873)	288,516	301,839
Change in net assets	195,139	3,875,864	1,853,824	1,181,235	904,736	1,406,082
Net assets, beginning of fiscal year	92,182	61,549	5,436,905	4,428,451	1,663,848	3,360,282
Net assets, end of fiscal year	\$ 287,321	\$ 3,937,413	\$ 7,290,729	\$ 5,609,686	\$ 2,568,584	\$ 4,766,364

(Continued)

State of Illinois  
Office of the Treasurer

Bright Directions College Savings Program  
Statement of Changes in Fiduciary Net Assets by Portfolio (Continued)  
Year Ended June 30, 2011

	Oppenheimer International Growth 529 Portfolio	Payden US Growth Leaders 529 Portfolio	Pimco Low Duration 529 Portfolio	Pimco Short-Term 529 Portfolio	Pimco Total Return 529 Portfolio	SIT Dividend Growth 529 Portfolio
Investment income (expense)						
Investment earnings	\$ 107,680	\$ 309	\$ 315,912	\$ 100,745	\$ 2,310,829	\$ 8,379
Net change in fair value of investments	2,914,547	44,586	16,277	25,025	(702,485)	150,971
12b-1 fees	(28,300)	(482)	(20,092)	(19,938)	(87,736)	(2,002)
Management fees	(49,236)	(625)	(35,369)	(27,802)	(129,224)	(3,562)
Net investment earnings (loss)	2,944,691	43,788	276,728	78,030	1,391,384	153,786
Distributions to participants						
Net investment income	-	-	-	-	-	-
Other participant transactions						
Program contributions	2,958,866	32,089	4,465,508	2,955,568	10,502,532	1,304,288
Program distributions	(1,725,618)	(216,362)	(1,676,113)	(2,077,891)	(6,543,535)	(55,086)
Distributions reinvested	-	-	-	-	-	-
Total increase (decrease) from participant transactions	1,233,248	(184,273)	2,789,395	877,677	3,958,997	1,249,202
Change in net assets	4,177,939	(140,485)	3,066,123	955,707	5,350,381	1,402,988
Net assets, beginning of fiscal year	8,520,652	140,485	6,505,047	5,849,555	25,751,887	320,309
Net assets, end of fiscal year	\$ 12,698,591	\$ -	\$ 9,571,170	\$ 6,805,262	\$ 31,102,268	\$ 1,723,297

(Continued)

State of Illinois  
Office of the Treasurer

Bright Directions College Savings Program  
Statement of Changes in Fiduciary Net Assets by Portfolio (Continued)  
Year Ended June 30, 2011

	T.Rowe Price Extended Equity Market Index 529 Portfolio	T.Rowe Price Balanced 529 Portfolio	T.Rowe Price Equity Income 529 Portfolio	T.Rowe Price Institutional Large Cap Growth 529 Portfolio	T.Rowe Price Real Estate 529 Portfolio	Templeton International Bond 529 Portfolio
Investment income (expense)						
Investment earnings	\$ 35,698	\$ 180,442	\$ 179,208	\$ 21,032	\$ 84,706	\$ 19,922
Net change in fair value of investments	1,450,926	1,284,934	1,828,262	2,283,145	997,609	25,894
12b-1 fees	(11,768)	(27,350)	(28,463)	(21,751)	(10,125)	(1,246)
Management fees	(21,691)	(34,804)	(41,198)	(38,933)	(16,547)	(2,286)
Net investment earnings (loss)	1,453,165	1,403,222	1,937,809	2,243,493	1,055,643	42,284
Distributions to participants						
Net investment income	-	-	-	-	-	-
Other participant transactions						
Program contributions	1,528,780	2,856,949	3,516,140	3,475,853	960,146	1,467,298
Program distributions	(996,011)	(1,191,135)	(1,515,941)	(1,549,526)	(577,670)	(37,812)
Distributions reinvested	-	-	-	-	-	-
Total increase (decrease) from participant transactions	532,769	1,665,814	2,000,199	1,926,327	382,476	1,429,486
Change in net assets	1,985,934	3,069,036	3,938,008	4,169,820	1,438,119	1,471,770
Net assets, beginning of fiscal year	3,684,602	6,229,196	6,890,600	6,372,730	2,813,294	-
Net assets, end of fiscal year	\$ 5,670,536	\$ 9,298,232	\$ 10,828,608	\$ 10,542,550	\$ 4,251,413	\$ 1,471,770

(Continued)

State of Illinois  
Office of the Treasurer

Bright Directions College Savings Program  
Statement of Changes in Fiduciary Net Assets by Portfolio (Continued)  
Year Ended June 30, 2011

	William Blair Mid Cap Growth 529 Portfolio	William Blair Small Cap Growth 529 Portfolio	Fixed Income Fund	Fund 10	Fund 20	Fund 40
Investment income (expense)						
Investment earnings	\$ -	\$ -	\$ 94,201	\$ 395,256	\$ 1,252,896	\$ 2,432,887
Net change in fair value of investments	1,040,724	1,200,853	1,915	602,974	2,543,359	9,045,045
12b-1 fees	(7,733)	(15,136)	(21,159)	(80,482)	(179,349)	(312,193)
Management fees	(14,011)	(27,934)	(24,016)	(94,260)	(215,932)	(387,758)
Net investment earnings (loss)	1,018,980	1,157,783	50,941	823,488	3,400,974	10,777,981
Distributions to participants						
Net investment income	-	-	-	-	-	-
Other participant transactions						
Program contributions	1,466,284	1,573,513	4,404,893	15,051,196	31,434,571	48,092,515
Program distributions	(636,612)	(1,002,006)	(3,377,772)	(9,628,774)	(17,172,973)	(25,538,571)
Distributions reinvested	-	-	-	-	-	-
Total increase (decrease) from participant transactions	829,672	571,507	1,027,121	5,422,422	14,261,598	22,553,944
Change in net assets	1,848,652	1,729,290	1,078,062	6,245,910	17,662,572	33,331,925
Net assets, beginning of fiscal year	2,246,250	5,191,525	5,062,931	17,976,787	40,785,829	69,806,346
Net assets, end of fiscal year	\$ 4,094,902	\$ 6,920,815	\$ 6,140,993	\$ 24,222,697	\$ 58,448,401	\$ 103,138,271

(Continued)

**State of Illinois  
Office of the Treasurer**

**Bright Directions College Savings Program  
Statement of Changes in Fiduciary Net Assets by Portfolio (Continued)  
Year Ended June 30, 2011**

	Fund 60	Fund 80	Fund 100	Total
Investment income (expense)				
Investment earnings	\$ 3,162,447	\$ 3,036,973	\$ 1,050,057	\$ 16,061,684
Net change in fair value of investments	18,239,977	30,497,358	22,736,777	110,783,523
12b-1 fees	(402,201)	(476,564)	(281,975)	(2,211,451)
Management fees	(535,525)	(677,661)	(405,924)	(3,125,436)
Net investment earnings (loss)	20,464,698	32,380,106	23,098,935	121,508,320
Distributions to participants				
Net investment income	-	-	-	(16,111)
Other participant transactions				
Program contributions	59,484,790	58,313,053	26,060,409	333,255,914
Program distributions	(33,285,369)	(29,516,285)	(13,552,252)	(192,050,477)
Distributions reinvested	-	-	-	16,939
Total increase (decrease) from participant transactions	26,199,421	28,796,768	12,508,157	141,222,376
Change in net assets	46,664,119	61,176,874	35,607,092	262,714,585
Net assets, beginning of fiscal year	94,192,593	116,417,247	69,478,520	568,235,874
Net assets, end of fiscal year	\$ 140,856,712	\$ 177,594,121	\$ 105,085,612	\$ 830,950,459

## **OTHER INFORMATION**

**State of Illinois  
Office of the Treasurer**

**College Savings Program  
Key Performance Measures  
As of June 30, 2012 and 2011  
(Unaudited)**

	<u>Illinois</u>		<u>Out of State</u>		<u>Total</u>	
	2012	2011	2012	2011	2012	2011
<b>Bright Start</b>						
Number of Participant Accounts	185,233	172,332	52,248	48,986	237,481	221,318
Assets	\$2,773,394,993	\$ 2,550,670,139	\$ 797,398,213	\$ 742,260,699	\$ 3,570,793,206	\$ 3,292,930,838

Notes:

There may be a difference between the assets presented above and the information presented in the statements. Two systems are used to calculate the information and the reports from each system are run at different times.

"Participant Accounts" is defined as the total number of investment portfolios.

**State of Illinois  
Office of the Treasurer**

**College Savings Program  
Key Performance Measures  
As of June 30, 2012 and 2011  
(Unaudited)**

	<u>Illinois</u>		<u>Out of State</u>		<u>Total</u>	
	2012	2011	2012	2011	2012	2011
<b>Bright Directions</b>						
Number of Participant Accounts	62,445	55,504	5,521	4,050	67,966	59,554
Market Value	\$ 875,905,528	\$ 765,733,522	\$ 89,200,497	\$ 65,660,105	\$ 965,106,025	\$ 831,393,627

Notes:

There may be a difference between the Market Value presented above and the information presented in the statements. Two systems are used to calculate the information and each uses a different level of decimal rounding.

"Participant Accounts" is defined as the number of unique relationships between an account owner and a beneficiary.

### **Investment Policies (Unaudited)**

Included in this section are the investment policies of the Bright Start Program and the Bright Directions Program.

# **Bright Start College Savings Program Investment Policy Statement**

**Effective February 3, 2012**

## **I. Statement of Purpose of Investment Policy**

The purpose of this Statement is to assist contractors retained by the Treasurer to provide services related to the management of the assets of the Bright Start College Savings Program (the “Program”) and to assist the Treasurer’s Office in evaluating the performance of such contractors by:

- Describing the Treasurer’s investment objectives;
- Providing general guidelines for the investment of assets of the Program;
- Describing the Treasurer’s long-term investment strategy;
- Describing the process of evaluating the performance of contractors that provide investment management services to the Program; and
- Specifying the responsibilities of any contractors that provide investment management services to the Program.

This is the official Investment Policy Statement of the Program. Deviation from this Policy is not permitted without prior, explicit, written permission from the Treasurer.

## **II. Establishment and Authority of Entity**

The Program has been established as a “qualified tuition program” in accordance with Section 529 of the Internal Revenue Code of 1986, as amended. It was established to provide families with a new opportunity to invest toward future college education expenses.

## **III. Investment Philosophy**

The Treasurer has adopted a long-term total return strategy regarding the Program and its investments. In order to achieve the Program’s objectives, investments shall be diversified so as to minimize the risk of loss. While some asset classes may experience short-term and intermediate-term volatility, their long-term return assumptions justify their inclusion. A long-term focus on investment results as well as prudent diversification across financial markets will be the primary risk control mechanisms.

In its investment strategy, the Treasurer has relied on prevailing financial theory, which currently utilizes a long-term diversified asset allocation strategy. A prudently allocated investment program possesses a significant level of diversification, which produces risk reduction. In terms of impact, diversification shall be considered along the following lines: (1) asset classes (Money Market Instruments, Domestic Fixed Income, International Fixed Income, Domestic Equity, and International Equity,), (2) geography/country, (3) sector, (4) maturity, and (5) duration.

Contributions to the Program will be directed to one of several portfolios (the “Portfolios”), each with a designated mix of investments. The determination of the investment parameters of each Portfolio shall be made by the Treasurer and shall take into account the financial characteristics of the investments in the Program. The investment parameters will also give due consideration to the fact that the investment horizon for Account Owners will vary from a few months to over 18 years.

The Treasurer will review the investment performance of each Portfolio at least quarterly and shall review this Investment Policy Statement at least annually.

The holdings of the Program and the Portfolios may be divided into the following broad asset classes:

- A. Money Market Instruments
- B. Domestic Fixed Income
- C. International Fixed Income
- D. Domestic Equity
- E. International Equity

The Treasurer will establish reasonable guidelines for each Portfolio, specifying (as applicable) limits on asset and asset class exposures. While the investment parameters offered under the Program are developed by the Treasurer, Account Owners bear the risk of investment results. Individual Account Owners who seek investments materially different from those offered may wish to select an investment alternative outside of the Program.

The administration and offering of the Program should not be relied upon as a guarantee to Account Owners. Each Account Owner should seek appropriate advice, as he or she deems necessary.

#### **IV. Investment Objectives**

The overall investment program for the Program and, as applicable, the individual Portfolios provided to the Account Owners shall seek to achieve the following long-term investment objectives:

- A. A long-term competitive rate of return on investments that is equal to or exceeds a return of the applicable benchmarks shown in Section VII hereof, and a long term rate of return on investments that is competitive with each investment’s peer group.
- B. A long-term competitive rate of return on investments through indexed fund portfolios that approximately equal the applicable benchmarks shown in Section VII hereof.

- C. An investment program flexible enough to meet the needs of Account Owners based upon their age or investment objective or the age of the beneficiary and which provides each individual with the ability to invest in a diversified portfolio to meet his or her long-term investment goals.

## **V. Investment Responsibilities**

The Treasurer is responsible for the investment policy, the direction of investments and administration of the assets of the Program. In order to properly carry out his or her responsibilities, the Treasurer may rely on one or more contractors to assist in the administration of the Program. The Treasurer has engaged, and plans to rely heavily on, OFI Private Investments Inc. (the “*Manager*”) for various investment management and related administrative services. The Treasurer also plans to rely heavily on an external investment consultant for investment advisory services. Among the current responsibilities of the Manager is the implementation of the investment strategy outlined in this Policy and the rebalancing (as described in Section VI) of the Portfolios when market movement and/or cash flows cause an asset class to be outside its policy allocation bands. The Treasurer's Office and the Manager shall meet quarterly to review portfolio performance as compared to the applicable benchmarks and peer group performance.

In managing the investments of the Program and the Portfolios, the Manager agrees that it will act with the skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like objectives.

## **VI. Investment Parameters**

Contributions will be invested in one of several Portfolios, each with a designated mix of investments that is appropriate for the investment objective of the Portfolio. Each Portfolio allocates assets in a combination of underlying investments investing among Money Market Instruments, Domestic Fixed Income, International Fixed Income, Domestic Equity, and International Equity. The asset allocation of each Portfolio will be established by the Treasurer and managed by the Manager. The Treasurer may adjust the weighting in these asset classes in each Portfolio and may change the underlying investments within the Portfolios consistent with this Investment Policy Statement and its agreement with the Manager.

The policy target asset allocations and benchmarks for the underlying investments within the Portfolios are shown below. Under normal market conditions, there is a permissible range of plus or minus a 10% deviation from the target allocation for each asset class. However, during periods of extreme volatility or market crisis, the actual asset allocations for each underlying investment may exceed plus or minus 10% of the target allocations, and any rebalancing will occur quarterly.

**VII.**

**Direct Plan: Blended Age Based Portfolios**

<b>Asset Class</b>	<b>Benchmark*</b>	<b>#1 Portfolio (0-6 yrs)</b>	<b>#2 Portfolio (7-9 yrs)</b>	<b>#3 Portfolio (10-11 yrs)</b>	<b>#4 Portfolio (12-14 yrs)</b>	<b>#5 Portfolio (15-17 yrs)</b>	<b>#6 Portfolio (18+ yrs)</b>
Domestic Equity	S&P 500 Index	63%	49%	42%	35%	21%	7%
	Russell 2500 Index	9%	7%	6%	5%	3%	1%
International Equity	MSCI EAFE Index	18%	14%	12%	10%	6%	2%
Domestic Fixed Income	Barclays Capital Aggregate Bond Index	10%	25%	25%	25%	20%	15%
	Barclays Capital 1-5 Yr. Government Index	0%	5%	15%	25%	35%	35%
Money Market Instruments	iMoney Net First Tier Institutional Money Market Index	0%	0%	0%	0%	15%	40%

**Direct Plan: Index Age Based Portfolios**

<b>Asset Class</b>	<b>Benchmark*</b>	<b>#1 Portfolio (0-6 yrs)</b>	<b>#2 Portfolio (7-9 yrs)</b>	<b>#3 Portfolio (10-11 yrs)</b>	<b>#4 Portfolio (12-14 yrs)</b>	<b>#5 Portfolio (15-17 yrs)</b>	<b>#6 Portfolio (18+ yrs)</b>
Domestic Equity	S&P 500 Index	63%	49%	42%	35%	21%	7%
	S&P Completion Index	9%	7%	6%	5%	3%	1%
International Equity	MSCI EAFE Index	18%	14%	12%	10%	6%	2%
Domestic Fixed Income	Barclays Capital Aggregate Bond Index	10%	20%	30%	40%	50%	70%
Money Market Instruments	iMoney Net First Tier Institutional Money Market Index	0%	10%	10%	10%	20%	20%

**Direct Plan: Blended Fixed Income, Equity, Balanced or Money Market Options**

<b>Asset Class</b>	<b>Benchmark*</b>	<b>Fixed Inc Portfolio</b>	<b>Equity Portfolio</b>	<b>Balanced Portfolio</b>	<b>Money Market Portfolio</b>
Domestic Equity	S&P 500 Index	0%	70%	35%	0%
	Russell 2500 Index	0%	10%	5%	
International Equity	MSCI EAFE Index	0%	20%	10%	0%
Domestic Fixed Income	Barclays Capital Aggregate Bond Index	80%	0%	40%	0%
Money Market Instruments	iMoney Net First Tier Institutional Money Market Index	20%	0%	10%	100%

**Direct Plan: Index Fixed Income, Equity or Balanced Options**

<b>Asset Class</b>	<b>Benchmark*</b>	<b>Fixed Inc Portfolio</b>	<b>Equity Portfolio</b>	<b>Balanced Portfolio</b>
Domestic Equity	S&P 500 Index	0%	70%	35%
	S&P Completion Index	0%	10%	5%
International Equity	MSCI EAFE Index	0%	20%	10%
Domestic Fixed Income	Barclays Capital Aggregate Bond Index	80%	0%	40%
Money Market Instruments	iMoney Net First Tier Institutional Money Market Index	20%	0%	10%

### Advisor Plan: Active Age Based Portfolios

Asset Class	Benchmark*	#1 Portfolio (0-6 yrs)	#2 Portfolio (7-9 yrs)	#3 Portfolio (10-11 yrs)	#4 Portfolio (12-14 yrs)	#5 Portfolio (15-17 yrs)	#6 Portfolio (18+ yrs)
Domestic Equity	Russell 1000 Index	25%	21%	18%	15%	9%	3%
	Russell 1000 Value Index	16%	12%	10%	8.5%	5%	2%
	Russell 1000 Growth Index	16%	12%	10%	8.5%	5%	2%
	Russell 2500 Index	15%	11%	10%	8%	5%	1%
International Equity	MSCI EAFE Index	13%	10%	8.5%	7%	4.5%	1.5%
	MSCI Emerging Markets Index	5%	4%	3.5%	3%	1.5%	0.5%
Domestic Fixed Income	Barclays Capital Aggregate Bond Index	9%	15%	20%	22.5%	25%	16%
	Barclays Capital 1-3 Yr. Government Index	0%	12%	16%	22.5%	28%	55%
International Fixed Income	Citi World Government Bond Index (ex-U.S.)	1%	3%	4%	5%	7%	4%
Money Market Instruments	iMoney Net First Tier Institutional Money Market Index	0%	0%	0%	0%	10%	15%

### Advisor Plan: Active Fixed Income, Equity, Balanced or Money Market Options

Asset Class	Benchmark*	Fixed Inc Portfolio	Equity Portfolio	Balanced Portfolio	Money Market Portfolio
Domestic Equity	Russell 1000 Index	0%	25%	15%	0%
	Russell 1000 Value Index	0%	19.5%	9%	0%
	Russell 1000 Growth Index	0%	19.5%	9%	0%
	Russell 2500 Index	0%	16%	7%	0%
International Equity	MSCI EAFE Index	0%	14%	7%	0%
	MSCI EMG Mkts. Index	0%	6%	3%	0%
Domestic Fixed Income	Barclays Capital Aggregate Bond Index	30%	0%	25%	0%
	Barclays Capital 1-3 Yr Government Index	35%	0%	10%	0%
International Fixed Income	Citi World Government Bond Index (ex-U.S.)	10%	0%	0%	0%
Money Market Instruments	iMoney Net First Tier Institutional Money Market Index	25%	0%	15%	100%

\*Benchmarks are subject to change as mutually agreed by the Treasurer and Manager in order to ensure that they remain appropriate for each underlying investment and consistent with industry standards.

Each active underlying investment's return objective is to equal or exceed, over a three-year rolling period, the annualized return of the applicable benchmark. Volatility, measured by the standard deviation of returns, is expected to be similar to the benchmark. Each underlying investment is also expected to perform favorably relative to its peer group.

To the extent that the assets of a Portfolio are invested in one or more underlying investments approved by the Treasurer having investment objectives consistent with the above-noted asset allocation categories, the above-noted percentage guidelines shall be deemed satisfied. This shall be the case even if such an underlying investment's assets may not be entirely invested in the asset class in which such underlying investment has been placed.

### **Principal Protection Income Portfolio**

The Principal Protection Income Portfolio attempts to reduce significantly under normal circumstances fluctuations in the value of its assets, other than money market securities and money market fund securities, by investing in Security Backed Investment Contracts (also called Synthetic Guaranteed Investment Contracts or Synthetic GICs). Security Backed Investment Contracts are comprised of two components: investment contracts (also called "Wrapper Agreements) and an underlying portfolio of marketable fixed income securities which are held and owned by the Portfolio on behalf of investors.

Wrapper Agreements are issued by high quality financial institutions such as an insurance company or a bank (a "Wrapper Provider") whose long-term credit rating at the time the Wrapper Agreement is entered into must be a minimum of A1 by Moody's, A by S&P, or A by Fitch. A Wrapper Agreement enables the Portfolio, regardless of market fluctuations, to value the assets of the Portfolio covered by the Wrapper Agreement (the "Covered Assets") at their book value. Book value generally means all Contributions allocated to the Portfolio that are invested in Covered Assets, plus all income accrued at the "Crediting Rate", as in effect from time to time, less the sum of withdrawals from the Covered Assets. Should the amount received from liquidating all of the Covered Assets ever be insufficient to satisfy requested withdrawals from the Portfolio that are covered by the Wrapper Agreements, under normal circumstances the Wrapper Provider would be obligated to pay the amount of the shortfall to the Portfolio. It is expected that the Portfolio will value the Wrapper Agreements at the difference between the book value and the market value of the Covered Assets. If the market value of the Covered Assets exceeded their book value, the difference would not be reflected in the Portfolio's valuation of the Covered Assets. The Treasurer has approved Galliard Capital Management, Inc. ("Galliard") to manage the assets of the Portfolio and acknowledges

that neither OFI nor any of its affiliates are liable to the Portfolio for impairments to Book Value as described in the Wrapper Agreement.

The Treasurer has elected to terminate the Principal Protection Income Portfolio before June 30, 2013, and has instructed Galliard to manage the underlying assets to effectively converge the Portfolio's market and book value as soon as reasonably practicable. Upon further instruction from the Treasurer, Galliard and OFI, or one of its affiliates, will liquidate the Portfolio's remaining assets and invest them as directed by the Treasurer. In anticipation of this Portfolio's termination, the Program will be adding new money market options, the Money Market Portfolio and Advisor Money Market Portfolio to the Plans. Beginning February 6, 2012, the Principal Protection Income Portfolio will be closed to new contributions. Any contributions received for the Principal Protection Income Portfolio on or after February 6, 2012 will be automatically redirected into the appropriate money market portfolio. In connection with the closure of the Principal Protection Income Portfolio, beginning February 6, 2012, the annual asset based sales charge associated with units of that Portfolio will be eliminated and ongoing compensation will no longer be paid to financial advisors and brokers.

State of Illinois  
Office of the Treasurer

BRIGHT DIRECTIONS COLLEGE SAVINGS PROGRAM

INVESTMENT POLICY STATEMENT

Effective December 2011

**1.0 Statement of Purpose of Investment Policy:** The purpose of this Statement is to assist contractors retained by the Treasurer to provide services related to the management of the assets of the Illinois College Savings Pool that are contributed to the Bright Directions College Savings Program (the “Program”) and to assist the Treasurer’s Office in evaluating the performance of such contractors by:

- Describing the Treasurer’s investment objectives;
- Providing general guidelines for the investment of assets of the Program;
- Describing the Treasurer’s long-term investment strategy;
- Describing the process of evaluating the performance of employees or contractors that provide investment management services to the Program; and
- Specifying the responsibilities of any contractors that provide investment management services to the Program.

This is the official Investment Policy Statement of the Program. Deviation from this Policy is not permitted without prior, explicit, written permission from the Treasurer.

**2.0 Establishment and Authority of Entity:** The Bright Directions College Savings Program has been established as part of the Illinois College Savings Pool, and is intended to qualify as a qualified tuition program in accordance with Section 529 of the Internal Revenue Code of 1986, as amended. The Program is sold through financial advisors and was established to compliment the existing Bright Start College Savings Program by allowing families to utilize a financial advisor to assist them with investing toward future college education expenses.

**3.0 Participating Financial Institution:** Accounts in the Program will be distributed through registered broker-dealers and financial institutions that have entered into a Selling Agent Agreement with Northern Trust Securities, Inc., acting as distributor for the Program. All new accounts in the Program will be processed through Union Bank & Trust Company (“Union Bank”) as a participating financial institution. Union Bank has elected not to accept deposits in the Program as provided in Illinois Public Act 91-0607.

**4.0 Investment Philosophy:** The Treasurer has adopted a long-term total return strategy regarding the Program and its investments. In order to achieve the Program’s objectives, investments shall be diversified so as to minimize the risk of loss. While some asset classes may experience short-term and intermediate-term volatility, their long-term return assumptions justify their inclusion. A long-term focus on investment results as well as prudent diversification across public security markets will be the primary risk control mechanisms.

BRIGHT DIRECTIONS COLLEGE SAVINGS PROGRAM  
INVESTMENT POLICY STATEMENT

Effective December 2011

In its investment strategy, the Treasurer has relied on prevailing financial theory, which currently utilizes a long-term diversified asset allocation strategy. A prudently allocated investment program possesses a significant level of diversification, which produces risk reduction. In terms of impact, diversification shall be considered along the following lines: (1) asset classes (stocks, bonds, cash, etc.), (2) geography/country, (3) industry, and (4) maturity.

Contributions to the Program will be directed to one or more of the available underlying portfolios (the "Underlying Portfolios"), each composed of a designated mix of investments or an individual investment fund. The determination of the investment parameters of each Underlying Portfolio shall be made by the Treasurer and shall take into account the financial characteristics of the investments in the Program. The investment parameters will also give due consideration to the fact that the investment horizon for participants will vary from a few months to over 18 years.

The Treasurer will review the investment performance of each Underlying Portfolio at least quarterly and shall review this Investment Policy Statement at least annually.

The holdings of the Program and the Underlying Portfolios are divided into the following broad asset categories:

- A. Short Term Investments
- B. Fixed Income Investments
- C. Real Estate Investments
- D. Domestic Equity Investments
- E. International Equity Investments

The Treasurer will establish reasonable guidelines for each Underlying Portfolio, specifying (as applicable) limits on asset and asset class exposures, risk constraints and investment return objectives. While the investment parameters offered under the Program are developed by the Treasurer, participants bear the risk of investment results. Individual participants who seek investments materially different from those offered may wish to select an investment alternative outside of the Program.

The administration and offering of the Program should not be relied upon as a guarantee to participants. Each participant should seek appropriate advice as he or she deems necessary.

**5.0 Investment Objectives:** The overall investment program for the Program and, as applicable, the individual Underlying Portfolios provided to the participants shall seek to achieve the following long-term investment objectives:

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- A long-term competitive rate of return on investments that is equal to or exceeds a return of the applicable benchmarks shown in Section VII hereof.
- An investment program flexible enough to meet the needs of participants based upon their age or investment objective and which provides each individual with the ability to invest in a diversified portfolio to meet his or her long-term investment goals.

**6.0 Investment Responsibilities:** The Treasurer is responsible for the investment policy, the direction of investments and administration of the assets of the Program. In order to properly carry out his responsibilities, the Treasurer may rely on one or more contractors to assist in the administration of the Program. The Treasurer has engaged, and plans to rely heavily on Union Bank for administrative services and on Union Bank and its investment advisor, Wilshire Funds Management, the investment management business unit of Wilshire Associates Incorporated, for investment management services. The Treasurer also plans to rely heavily on an external investment consultant for investment advisory services. Among the current responsibilities of Union Bank is the implementation of the investment strategy outlined in this Policy and the rebalancing of the Underlying Portfolios when market movement and/or cash flows cause an asset class to be outside its policy allocation bands. With the Treasurer's approval, Union Bank has retained Wilshire Funds Management to provide it with portfolio design, due diligence and ongoing monitoring services with respect to the Underlying Portfolios and the implementation of the investment strategy outlined in this policy. The Treasurer's Office and Union Bank shall meet quarterly to review portfolio performance as compared to the applicable benchmarks and peer group performance.

In managing the investments of the Program and the Underlying Portfolios, Union Bank agrees that it will act with the skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like objectives.

**7.0 Investment Parameters:** Contributions will be invested in one or more of the available Underlying Portfolios, each composed of a designated mix of investments or an individual investment fund, which is appropriate for the age of the participant or the investment objective of the Portfolio. Each Underlying Portfolio may allocate assets among domestic equity, international equity, real estate, fixed-income, and/or money market investments. The asset allocation of each Underlying Portfolio will be established by the Treasurer and managed by Union Bank. The Treasurer may adjust the weighting in stocks, bonds, real estate, and cash in each Underlying Portfolio and may change the mutual funds within the Underlying Portfolios consistent with this Investment Policy Statement.

The policy target asset allocations and benchmarks for the mutual funds within the Age-Based and Target Portfolios are shown below. There is a permissible range of plus or minus 10% of the target allocation for each mutual fund.

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**Age-Based Aggressive**

**Age of Beneficiary**

	<b>Benchmark</b>		<b>0 - 8 yrs</b>	<b>9 - 12 yrs</b>	<b>13 - 16 yrs</b>	<b>17 - 20 yrs</b>	<b>21+ yrs</b>
Large Cap Value	Russell 1000 Value		19.00%	15.00%	11.00%	7.00%	3.50%
Large Cap Blend	S&P 500		19.00%	15.00%	11.50%	7.00%	3.50%
Large Cap Growth	Russell 1000 Growth		19.00%	15.00%	11.00%	7.00%	3.50%
Small Cap Value	Russell 2000 Value		3.50%	3.00%	2.00%	2.00%	1.00%
Small Cap Blend	Russell 2000		4.00%	3.00%	2.00%	2.00%	1.00%
Small Cap Growth	Russell 2000 Growth		3.50%	3.00%	2.00%	2.00%	1.00%
Global Real Estate	FTSE EPRA/NAREIT Global		3.00%	2.00%	2.00%	2.00%	1.50%
Foreign Stock	MSCI EAFE		25.00%	21.00%	16.50%	10.00%	5.00%
	MSCI Emerging Markets		4.00%	3.00%	2.00%	1.00%	0.00%
Money Market	3-month T-Bills		0.00%	0.00%	0.00%	0.00%	20.00%
Ultra-Short Bond	3-month T-Bills		0.00%	0.00%	0.00%	20.00%	23.00%
Short Bond	ML 1-3 yr Treasury		0.00%	0.00%	20.00%	19.00%	17.00%
Intermediate Bond	Barclays U.S. Aggregate Bond		0.00%	16.00%	14.00%	12.00%	12.00%
Foreign Bonds	Citigroup World Gov't Bond		0.00%	4.00%	3.00%	2.00%	0.00%
U.S. TIPS	Barclays U.S. TIPS		0.00%	0.00%	3.00%	7.00%	8.00%

**Age-Based Growth**

**Age of Beneficiary**

	<b>Benchmark</b>		<b>0 - 8 yrs</b>	<b>9 - 12 yrs</b>	<b>13 - 16 yrs</b>	<b>17 - 20 yrs</b>	<b>21+ yrs</b>
Large Cap Value	Russell 1000 Value		15.00%	11.00%	7.00%	3.50%	2.00%
Large Cap Blend	S&P 500		15.00%	11.50%	7.00%	3.50%	2.00%
Large Cap Growth	Russell 1000 Growth		15.00%	11.00%	7.00%	3.50%	2.00%
Small Cap Value	Russell 2000 Value		3.00%	2.00%	2.00%	1.00%	0.50%
Small Cap Blend	Russell 2000		3.00%	2.00%	2.00%	1.00%	0.50%
Small Cap Growth	Russell 2000 Growth		3.00%	2.00%	2.00%	1.00%	0.50%
Global Real Estate	FTSE EPRA/NAREIT Global		2.00%	2.00%	2.00%	1.50%	0.00%
Foreign Stock	MSCI EAFE		21.00%	16.50%	10.00%	5.00%	2.50%
	MSCI Emerging Markets		3.00%	2.00%	1.00%	0.00%	0.00%
Money Market	3-month T-Bills		0.00%	0.00%	0.00%	20.00%	40.00%
Ultra-Short Bond	3-month T-Bills		0.00%	0.00%	20.00%	23.00%	25.00%
Short Bond	ML 1-3 yr Treasury		0.00%	20.00%	19.00%	17.00%	15.00%
Intermediate Bond	Barclays U.S. Aggregate Bond		16.00%	14.00%	12.00%	12.00%	0.00%
Foreign Bonds	Citigroup World Gov't Bond		4.00%	3.00%	2.00%	0.00%	0.00%
U.S. TIPS	Barclays U.S. TIPS		0.00%	3.00%	7.00%	8.00%	10.00%

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**Age-Based Balanced**

**Age of Beneficiary**

	<b>Benchmark</b>	<b>0 - 8 yrs</b>	<b>9 - 12 yrs</b>	<b>13 - 16 yrs</b>	<b>17 - 20 yrs</b>	<b>21+ yrs</b>
Large Cap Value	Russell 1000 Value	11.00%	7.00%	3.50%	2.00%	0.00%
Large Cap Blend	S&P 500	11.50%	7.00%	3.50%	2.00%	0.00%
Large Cap Growth	Russell 1000 Growth	11.00%	7.00%	3.50%	2.00%	0.00%
Small Cap Value	Russell 2000 Value	2.00%	2.00%	1.00%	0.50%	0.00%
Small Cap Blend	Russell 2000	2.00%	2.00%	1.00%	0.50%	0.00%
Small Cap Growth	Russell 2000 Growth	2.00%	2.00%	1.00%	0.50%	0.00%
Global Real Estate	FTSE EPRA/NAREIT Global	2.00%	2.00%	1.50%	0.00%	0.00%
Foreign Stock	MSCI EAFE	16.50%	10.00%	5.00%	2.50%	0.00%
	MSCI Emerging Markets	2.00%	1.00%	0.00%	0.00%	0.00%
Money Market	3-month T-Bills	0.00%	0.00%	20.00%	40.00%	50.00%
Ultra-Short Bond	3-month T-Bills	0.00%	20.00%	23.00%	25.00%	28.00%
Short Bond	ML 1-3 yr Treasury	20.00%	19.00%	17.00%	15.00%	12.00%
Intermediate Bond	Barclays U.S. Aggregate Bond	14.00%	12.00%	12.00%	0.00%	0.00%
Foreign Bonds	Citigroup World Gov't Bond	3.00%	2.00%	0.00%	0.00%	0.00%
U.S. TIPS	Barclays U.S. TIPS	3.00%	7.00%	8.00%	10.00%	10.00%

**Target Portfolios**

	<b>Benchmark</b>	<b>Fund 100</b>	<b>Fund 80</b>	<b>Fund 60</b>	<b>Fund 40</b>	<b>Fund 20</b>	<b>Fund 10</b>	<b>Fixed Income</b>
Large Cap Value	Russell 1000 Value	19.00%	15.00%	11.00%	7.00%	3.50%	2.00%	0.00%
Large Cap Blend	S&P 500	19.00%	15.00%	11.50%	7.00%	3.50%	2.00%	0.00%
Large Cap Growth	Russell 1000 Growth	19.00%	15.00%	11.00%	7.00%	3.50%	2.00%	0.00%
Small Cap Value	Russell 2000 Value	3.50%	3.00%	2.00%	2.00%	1.00%	0.50%	0.00%
Small Cap Blend	Russell 2000	4.00%	3.00%	2.00%	2.00%	1.00%	0.50%	0.00%
Small Cap Growth	Russell 2000 Growth	3.50%	3.00%	2.00%	2.00%	1.00%	0.50%	0.00%
Global Real Estate	FTSE EPRA/NAREIT Global	3.00%	2.00%	2.00%	2.00%	1.50%	0.00%	0.00%
Foreign Stock	MSCI EAFE	25.00%	21.00%	16.50%	10.00%	5.00%	2.50%	0.00%
	MSCI Emerging Markets	4.00%	3.00%	2.00%	1.00%	0.00%	0.00%	0.00%
Money Market	3-month T-Bills	0.00%	0.00%	0.00%	0.00%	20.00%	40.00%	50.00%
Ultra-Short Bond	3-month T-Bills	0.00%	0.00%	0.00%	20.00%	23.00%	25.00%	28.00%
Short Bond	ML 1-3 yr Treasury	0.00%	0.00%	20.00%	19.00%	17.00%	15.00%	12.00%
Intermediate Bond	Barclays U.S. Aggregate Bond	0.00%	16.00%	14.00%	12.00%	12.00%	0.00%	0.00%
Foreign Bonds	Citigroup World Gov't Bond	0.00%	4.00%	3.00%	2.00%	0.00%	0.00%	0.00%
U.S. TIPS	Barclays U.S. TIPS	0.00%	0.00%	3.00%	7.00%	8.00%	10.00%	10.00%

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**Individual Fund Portfolios**

Participants in the Program open their Accounts through registered broker-dealers and other financial advisors. As a result, the Treasurer deems it appropriate to offer individual mutual funds as separate Underlying Portfolios in the Program. The individual mutual funds the Treasurer selects will be described in the Program's current Program Disclosure Statement and may include the following asset classes:

<b><u>Asset Class</u></b>	<b><u>Benchmark</u></b>
Money Market/Ultra Short Bond	3 Month T-Bill
Low Duration	ML 1-3 Treasury Index
Corporate Bond	Barclays U.S. Credit Index
Intermediate Bond	Barclays U.S. Aggregate Bond Index
Foreign Bonds	Citigroup World Government Bond Index
U.S. TIPS	Barclays U.S. TIPS Index
Balanced	Barclays U.S. Aggregate Bond Index; S&P 500; MSCI EAFE
Large Cap Value	Russell 3000 Value, Russell 1000 Value
Large Cap Growth	Russell 1000 Growth
Large Cap Blend	Russell 1000, S&P 500
Mid-Cap Value	Russell 2500 Value
Mid-Cap Growth	Russell Mid-Cap Growth
Mid-Cap Blend	Wilshire 4500 Index
Small-Cap Value	Russell 2000 Value
Small-Cap Growth	Russell 2000 Growth
Small-Cap Blend	Russell 2000
Foreign Stock	MSCI EAFE and MSCI Emerging Markets
Socially Responsible	S&P 500
Real Estate	DJ Wilshire Real Estate Securities
Global Real Estate	FTSE EPRA/NAREIT Global Index

**7.0 Investment Parameters – Continued**

Each mutual fund's return objective is to equal or exceed, over a three-year rolling period, the return of the applicable benchmark. Volatility, measured by the standard deviation of quarterly returns over that period, is expected to be similar to the benchmark. Each mutual fund is also expected to perform favorably relative to its peer group.

To the extent that the assets of an Underlying Portfolio are invested in one or more mutual funds approved by the Treasurer having investment objectives consistent with the above-noted asset

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allocation categories, the above-noted percentage guidelines shall be deemed satisfied. This shall be the case even if such a mutual fund's underlying assets may not be entirely invested in the asset class in which such fund has been placed.

**8.0 Female- and Minority-Owned Portfolios**

The Program has included the Female- and Minority-Owned Individual Fund Portfolios for participants who would like to have a more diverse set of fund options. The female and minority owned funds utilized in the program were screened on three initial criteria: 1) firms with at least 50% female and/or racial minority ownership or 2) funds that have a female and/or racial minority investment manager that makes the portfolio management decisions (i.e. a minority owned subadvisor), and 3) funds that delivered above median returns over a 3-year and/or 5-year time period. The mutual fund options provided in the program include relatively high scoring female and minority owned investment managers representing a diverse set of asset classes.

Contributions will be invested in one or more of the available Underlying Portfolios, each composed of an individual investment fund, which is appropriate for the investment objective of the Portfolio. The Treasurer may change the mutual funds within the Female- and Minority-Owned Portfolios consistent with this Investment Policy Statement.

## **Independent Auditors' Report**



**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the College Savings Program, a fiduciary (private purpose trust) fund of the State of Illinois, Office of the Treasurer, as of and for the year ended June 30, 2012 and have issued our report thereon dated December 17, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of the State of Illinois, Office of the Treasurer is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the College Savings Program's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College Savings Program's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College Savings Program's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the College Savings Program's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the State of Illinois, Office of the Treasurer, and the College Savings Program's management, and is not intended to be and should not be used by anyone other than these specified parties.

*McGladrey LLP*

Schaumburg, Illinois  
December 17, 2012