

# NextGen 529™ Client Select Series Investment Guide

Age-based Portfolios | Diversified Portfolios | Single Fund Portfolios | Stable Principal Portfolios



# NextGen 529™ Client Select Series Investment Guide

NextGen 529™ is a Section 529 plan that offers you a tax-advantaged way to invest for a child's education expenses.<sup>1</sup> The NextGen 529 Client Select Series gives you the ability to customize your investments among a broad array of portfolio options offered by several investment managers. This Investment Guide can help you better understand the types of portfolios available.

## Age-based Portfolios - Page 3

- These portfolios offer an investment strategy based on your child's age and when you'll need the assets to pay for his or her education.
- When your child is younger, the funds are invested most aggressively and as your child gets closer to college age, the strategy automatically shifts to invest in more conservative investments.

**When to consider:** If you don't want to actively manage your investments.

**Available investment managers:**

BlackRock, iShares, Franklin Templeton and MFS.

## Diversified Portfolios - Page 4

- These portfolios have a specific investment objective, such as growth or income, and their allocation does not automatically change over time.

**When to consider:** If you'd like to build a strategy aligned to your specific investment needs.

**Available investment managers:**

BlackRock, iShares, Franklin Templeton and MFS.

## Single Fund Portfolios - Page 8

- These portfolios invest in one underlying investment, allowing you to customize your allocations based on the range of underlying investments.

**When to consider:** If you want to customize your asset allocation with the selected investment portfolios.

**Available investment managers:**

American Century, BlackRock, iShares, Franklin Templeton, Lord Abbett, Mainstay, MFS and Neuberger Berman.

## Stable Principal Portfolios - Page 9

- These portfolios seek to retain your principal.

**When to consider:** If you have a lower risk tolerance or are nearing the time you need to pay for qualified higher-education expenses. These portfolios are designed as an option for investors whose primary objective is protection of principal.

**Available portfolios:** Principal Plus and NextGen Savings.

NextGen 529 can play an important role in helping you and your family invest more for a higher education. To learn more, call your Maine Distribution Agent or visit [nextgenforme.com](http://nextgenforme.com).

**There can be no assurance that the strategy of any portfolio will be successful.**

This brochure provides general information about portfolios offered by the sub-advisors to the plan. The portfolio target allocations listed in this brochure are current as of October 28, 2019, and are subject to change.



# Age-based Portfolios

The target age for these funds is the approximate date when an investor plans to start withdrawing the assets from their account. The principal value of these funds is not guaranteed at any time, including at the target date. These funds are designed to become more conservative over time as the target date approaches. Asset allocation and diversification do not ensure a profit or protect against loss in declining markets.

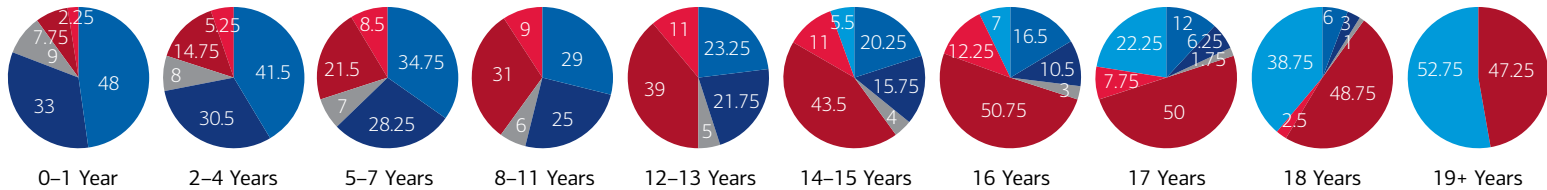
The pie charts on this page show the percentage of the portfolio invested in each category (i.e. Domestic Equity).

More aggressive investment style

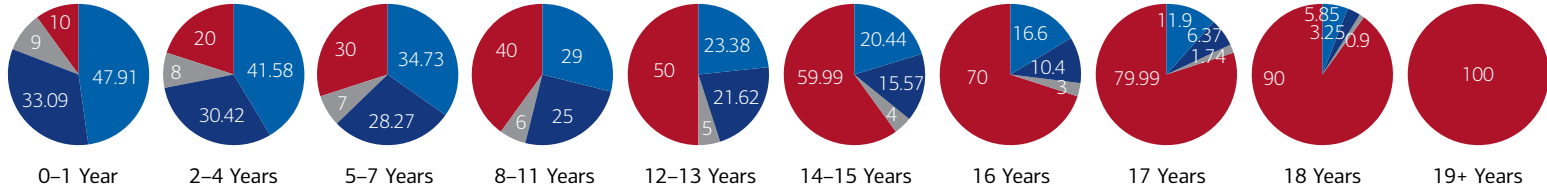
Risk

More conservative investment style

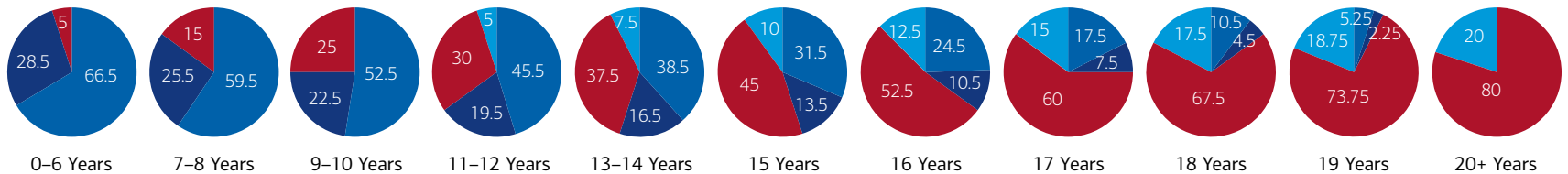
BLACKROCK®



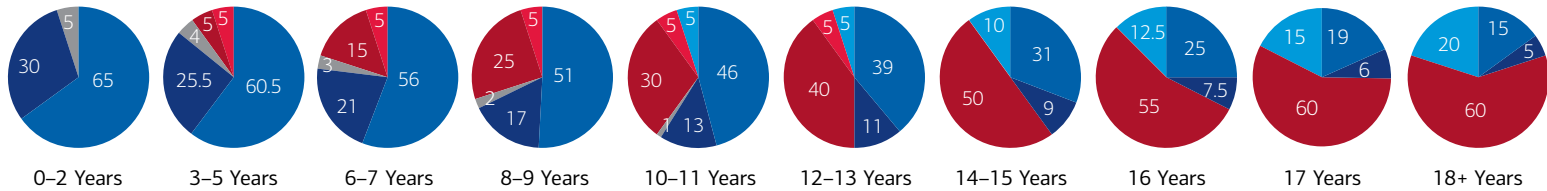
iShares®  
by BLACKROCK®



FRANKLIN TEMPLETON INVESTMENTS



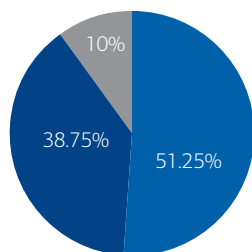
MFS®



■ Domestic Equity (%) ■ International Equity (%) ■ Alternative Investment (%) ■ Investment Grade Fixed Income (%) ■ Non-Investment Grade Fixed Income (%) ■ Cash Allocation Account (%)

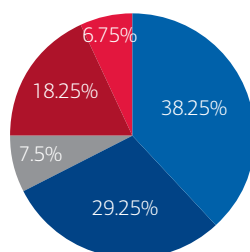


# BlackRock Diversified Portfolios



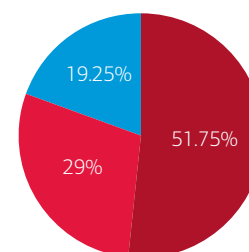
## 100% Equity

- 51.25% Domestic Equity
- 38.75% International Equity
- 10% Alternative Investment



## 75% Equity

- 38.25% Domestic Equity
- 29.25% International Equity
- 7.5% Alternative Investment
- 18.25% Investment Grade Fixed Income
- 6.75% Non-Investment Grade Fixed Income



## Fixed Income

- 51.75% Investment Grade Fixed Income
- 29% Non-Investment Grade Fixed Income
- 19.25% Cash Allocation Account

<b>Domestic Equity</b>	<b>51.25</b>
Basic Value Fund	5.75
Capital Appreciation Fund	5.25
Equity Dividend Fund	10.5
Large Cap Growth Fund	11
iShares S&P 500 Index Fund <sup>2</sup>	14.75
Small Cap Core Fund	3.25
Small Cap Growth Fund	0.75
<b>International Equity</b>	<b>38.75</b>
International Fund	9.75
Advantage International Fund	9.75
iShares MSCI Total International Index Fund	19.25
<b>Alternative Investment</b>	<b>10</b>
Real Estate Securities Fund	10

<b>Domestic Equity</b>	<b>38.25</b>
Basic Value Fund	4.25
Capital Appreciation Fund	4
Equity Dividend Fund	8
Large Cap Growth Fund	8.25
iShares S&P 500 Index Fund <sup>2</sup>	11
Small Cap Core Fund	2.25
Small Cap Growth Fund	0.5
<b>International Equity</b>	<b>29.25</b>
International Fund	7.25
Advantage International Fund	7.25
iShares MSCI Total International Index Fund	14.75
<b>Alternative Investment</b>	<b>7.5</b>
Real Estate Securities Fund	7.5
<b>Investment Grade Fixed Income</b>	<b>18.25</b>
Inflation Protected Bond Fund	2.75
Low Duration Bond Portfolio	9
Total Return Fund	6.5
<b>Non-Investment Grade Fixed Income</b>	<b>6.75</b>
High Yield Bond Portfolio	4.5
Strategic Income Opportunities Portfolio	2.25

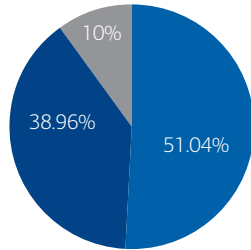
<b>Investment Grade Fixed Income</b>	<b>51.75</b>
Inflation Protected Bond Fund	5.5
Low Duration Bond Fund	19
Total Return Fund	27.25
<b>Non-Investment Grade Fixed Income</b>	<b>29</b>
High Yield Bond Portfolio	20
Strategic Income Opportunities Portfolio	9
<b>Cash Allocation Account</b>	<b>19.25</b>

# BLACKROCK®

Asset allocation and diversification do not ensure a profit or protect against loss in declining markets.



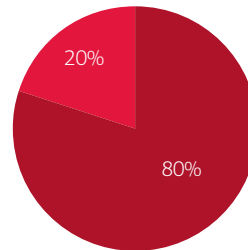
# iShares® by BlackRock Diversified Portfolios



## Equity

- 51.04% Domestic Equity
- 38.96% International Equity
- 10% Alternative Investment

Category	Percentage
<b>Domestic Equity</b>	<b>51.04</b>
iShares Core S&P Total U.S. Stock Market ETF	51.04
<b>International Equity</b>	<b>38.96</b>
iShares Core MSCI Total International Stock ETF	38.96
<b>Alternative Investment</b>	<b>10</b>
iShares Cohen & Steers REIT ETF	10



## Fixed Income

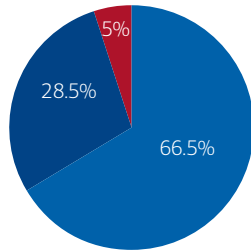
- 80% Investment Grade Fixed Income
- 20% Non-Investment Grade Fixed Income

Category	Percentage
<b>Investment Grade Fixed Income</b>	<b>80</b>
iShares Core U.S. Aggregate Bond ETF	36.15
iShares Short Treasury Bond ETF	19.31
iShares 1-3 Year Treasury Bond ETF	19.12
iShares TIPS Bond ETF	5.42
<b>Non-Investment Grade Fixed Income</b>	<b>20</b>
iShares iBoxx \$ High Yield Corporate Bond ETF	20



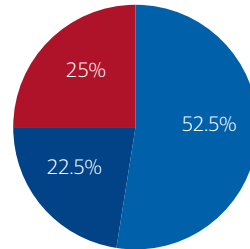


# Franklin Templeton Diversified Portfolios



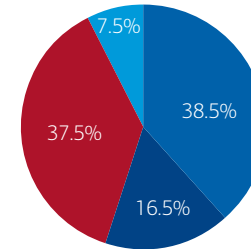
## Growth

- 66.5% Domestic Equity
- 28.5% International Equity
- 5% Investment Grade Fixed Income



## Growth and Income

- 52.5% Domestic Equity
- 22.5% International Equity
- 25% Investment Grade Fixed Income



## Balanced

- 38.5% Domestic Equity
- 16.5% International Equity
- 37.5% Investment Grade Fixed Income
- 7.5% Cash Allocation Account

Domestic Equity	66.5
Franklin Growth Fund	18
Franklin Growth Opportunities Fund	15.25
Franklin Mutual Shares Fund	9
Franklin Rising Dividends Fund	15.25
Franklin Small Cap Value Fund	9
International Equity	28.5
Franklin Mutual European Fund	8.5
Templeton Foreign Fund	8.5
Franklin International Growth Fund	8.5
Templeton Developing EM Fund	3
Investment Grade Fixed Income	5
Franklin Total Return Fund	5

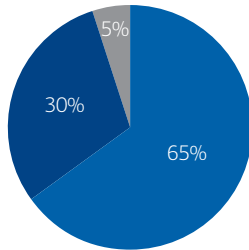
Domestic Equity	52.5
Franklin Growth Fund	16
Franklin Growth Opportunities Fund	10.25
Franklin Mutual Shares Fund	6.75
Franklin Rising Dividends Fund	13
Franklin Small Cap Value Fund	6.5
International Equity	22.5
Franklin Mutual European Fund	6.75
Templeton Foreign Fund	6.75
Franklin International Growth Fund	7
Templeton Developing EM Fund	2
Investment Grade Fixed Income	25
Franklin Low Duration Total Return Fund	3.5
Franklin U.S. Government Securities Fund	7.5
Franklin Total Return Fund	10
Templeton Global Total Return Fund	4

Domestic Equity	38.5
Franklin Growth Fund	13
Franklin Growth Opportunities Fund	6.25
Franklin Mutual Shares Fund	4.75
Franklin Rising Dividends Fund	10.5
Franklin Small Cap Value Fund	4
International Equity	16.5
Franklin Mutual European Fund	5.5
Templeton Foreign Fund	5.5
Franklin International Growth Fund	5.5
Investment Grade Fixed Income	37.5
Franklin Low Duration Total Return Fund	4.5
Franklin U.S. Government Securities Fund	12
Franklin Total Return Fund	15
Templeton Global Total Return Fund	6
Cash Allocation Account	7.5





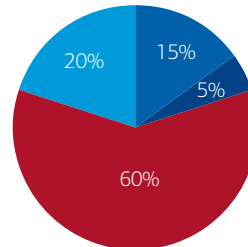
# MFS Diversified Portfolios



## Equity

- 65% Domestic Equity
- 30% International Equity
- 5% Alternative Investment

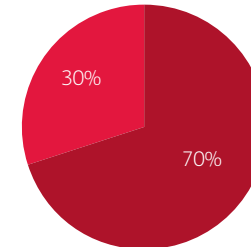
Domestic Equity	65
MFS Blended Research Core Equity Fund	8
MFS Blended Research Growth Equity Fund	6
MFS Blended Research Mid Cap Equity Fund	10
MFS Blended Research Small Cap Equity Fund	5
MFS Blended Research Value Equity Fund	6
Massachusetts Investors Growth Stock Fund	6
Massachusetts Investors Trust	8
MFS Mid Cap Growth Fund	5
MFS Mid Cap Value Fund	5
MFS Value Fund	6
International Equity	30
MFS Blended Research International Equity Fund	12
MFS International New Discovery Fund	6
MFS Research International Fund	12
Alternative Investment	5
MFS Global Real Estate Fund	5



## Conservative Mixed Asset

- 15% Domestic Equity
- 5% International Equity
- 60% Investment Grade Fixed Income
- 20% Cash Allocation Account

Domestic Equity	15
MFS Blended Research Core Equity Fund	3
MFS Blended Research Growth Equity Fund	1.5
MFS Blended Research Mid Cap Equity Fund	1
MFS Blended Research Small Cap Equity Fund	1
MFS Blended Research Value Equity Fund	1.5
Massachusetts Investors Growth Stock Fund	1.5
Massachusetts Investors Trust	3
MFS Mid Cap Growth Fund	0.5
MFS Mid Cap Value Fund	0.5
MFS Value Fund	1.5
International Equity	5
MFS Blended Research International Equity Fund	2.5
MFS Research International Fund	2.5
Investment Grade Fixed Income	60
MFS Limited Maturity	20
MFS Government Securities Fund	15
MFS Total Return Bond Fund	25
Cash Allocation Account	20



## Fixed Income







- 70% Investment Grade Fixed Income
- 30% Non-Investment Grade Fixed Income

Investment Grade Fixed Income	70
MFS Government Securities Fund	30
MFS Total Return Bond Fund	40
Non-Investment Grade Fixed Income	30
MFS Global High Yield Fund	30





# Single Fund Portfolios

Investment Manager	Portfolio Name	Investment Allocation			
		Domestic Equity	International Equity	Mixed Asset*	Investment Grade Fixed Income
	Inflation-Adjusted Bond	—	—	—	100%
<b>BLACKROCK®</b>	Equity Dividend	100%	—	—	—
	Global Allocation	—	—	100%	—
	Advantage Large Cap Core	100%	—	—	—
	Advantage Large Cap Growth	100%	—	—	—
<b>iShares®</b> by BLACKROCK®	Core Conservative Allocation	—	—	100%	—
	Core Growth Allocation	—	—	100%	—
	Core Moderate Allocation	—	—	100%	—
	Core MSCI EAFE	—	100%	—	—
	Core MSCI EM	—	100%	—	—
	MSCI USA ESG Select	100%	—	—	—
	TIPS Bond	—	—	—	100%
 FRANKLIN TEMPLETON INVESTMENTS	Global Bond	—	—	—	100%
	Mutual Shares	100%	—	—	—
	Small Cap Value	100%	—	—	—
	Small-Mid Cap Growth	100%	—	—	—
 LORD ABBETT®	Total Return	—	—	—	100%
 MainStay INVESTMENTS™	Large Cap Growth	100%	—	—	—
 MFS™	Global Equity	—	—	100%	—
	Research International	—	100%	—	—
	Value	100%	—	—	—
 NEUBERGER BERMAN	International Equity	—	100%	—	—

As there are no other forms or types of investments in this option, the value of the fund stands on its own. Because this option is a single fund investment, it may carry more risk than the other investment options depending on the fund's overall diversification and asset allocation.





# Stable Principal Portfolios

You may want to consider Stable Principal Portfolios if you have a lower risk tolerance or are nearing the time you need to pay for qualified higher-education expenses.

## Principal Plus Portfolio

The Principal Plus Portfolio is currently invested in only a guaranteed interest account,<sup>3</sup> although it may also invest in corporate fixed income investments and/or similar instruments.

## NextGen Savings Portfolio

This portfolio is comprised exclusively of an interest-bearing FDIC-insured bank account (the “Bank Deposit Account”) at Bank of America, N.A. (the “Bank”).

The NextGen Savings Portfolio offers FDIC insurance<sup>4</sup> combined with the flexibility and benefits of a tax-advantaged Section 529 account.

Investing in stable value products is typically more involved than investing in other diversified fund offerings. Such investments are typically subject to plan level withdrawal restrictions that may limit liquidity. A Stable Value investment option is not a mutual fund registered under the Investment Company Act of 1940, a prospectus is not available and shares are not publicly traded on exchanges. The designation ‘stable value’ does not suggest this investment option will maintain a constant net asset value.



**Please remember there's always the potential of losing money when you invest in securities.**

**NextGen 529 is a Section 529 plan administered by the Finance Authority of Maine (FAME). Before you invest in NextGen 529, request a NextGen 529 Program Description from your Maine Distribution Agent or financial advisor, or call FAME at 1.800.228.3734 and read it carefully. The Program Description contains more complete information, including investment objectives, charges, expenses and risks of investing in NextGen 529, which you should carefully consider before investing. You also should consider whether your home state or your designated beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in such state's 529 plan. Merrill Lynch, Pierce, Fenner & Smith Incorporated, a registered broker-dealer, Member SIPC, is the program manager and underwriter.**

Section 529 Qualified Tuition Programs are intended to be used only to save for qualified higher education expenses. None of the Finance Authority of Maine, any Sub-Advisor, or any Maine Distribution Agent, nor any of their affiliates provide legal, tax or accounting advice. You should consult your own legal and/or tax advisors before making any financial decisions.

<sup>1</sup> To be eligible for favorable tax treatment afforded to any earnings portion of withdrawals from Section 529 accounts, such withdrawals must be used for "qualified higher-education expenses," as defined in the Internal Revenue Code. Any earnings withdrawn that are not used for such expenses are subject to federal income tax and may be subject to a 10% additional federal tax as well as state and local income taxes. For distributions after December 31, 2017 "qualified higher-education expenses" include tuition in connection with enrollment or attendance at an elementary or secondary public, private, or religious school. These distributions are limited to \$10,000 per calendar year, across all 529 accounts for the same beneficiary. State tax treatment may vary.

<sup>2</sup> S&P 500® is a registered trademark of The McGraw-Hill Companies. It is not possible to invest directly in an index.

<sup>3</sup> Guarantees are subject to the claims-paying ability of the issuers of the underlying instruments.


<sup>4</sup> The portion of the underlying deposits in the Bank Deposit Account that is attributable to the Units held by a Participant in the NextGen Savings Portfolio is (a) eligible for FDIC insurance coverage of up to \$250,000 per Participant (calculated on a basis which aggregates that portion of the underlying deposits attributable to the Units held by the Participant in the NextGen Savings Portfolio with all FDIC-insured assets held by the Participant at the Bank) and (b) for purposes of FDIC insurance coverage only, considered to be held in the same ownership capacity as a Participant's other single ownership accounts held at the Bank. However, Units of the NextGen Savings Portfolio are not insured or guaranteed by the FDIC or any other agency of state or federal government, FAME, the Bank or the Program Manager, nor does a Participant have a direct beneficial interest or the rights of an owner in the underlying deposits in the Bank Deposit Account. Participants are responsible for monitoring the aggregated value of the portion of the underlying deposits of the NextGen Savings Portfolio attributable to the Units of such Portfolio held by a Participant plus their other deposits held directly with the Bank, for purposes of the \$250,000 FDIC insurance coverage limit. Deposits held in different ownership capacities, as provided in the FDIC rules, are insured separately. UGMA/UTMA Accounts are generally treated as assets of the Designated Beneficiary, and other types of trust Accounts may be treated as assets of the trustee, for purposes of the FDIC limit. Custodians of UGMA/UTMA Accounts and trustees of trust Accounts should consider how these assets will be treated for purposes of the FDIC limit. For more information, please visit [www.fdic.gov](http://www.fdic.gov).

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Clients should review any planned financial transactions or arrangements that may have tax, accounting or legal implications with their personal professional advisors.

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