SUPPLEMENT NO. 1 DATED MARCH 31, 2023

TO THE LOUISIANA START K12 PROGRAM
DISCLOSURE BOOKLET AND PARTICIPATION AGREEMENT
DATED MARCH 31, 2023

This Supplement No. 1 (this "Supplement") amends, updates, and supersedes anything to the contrary contained in the November 15, 2018, Disclosure Booklet and Participation Agreement (the "Disclosure Booklet"). This Supplement does not update any information contained in the Disclosure Booklet except as specifically described herein. It should be read in conjunction with the Disclosure Booklet complete information about the START K12 program. Capitalized terms used in this Supplement and not otherwise defined will have the same meaning as used in the Disclosure Booklet.

I. *Replace the Section entitled* **Investments** *of the Disclosure Booklet in its entirety with the following:*

48. This section of the Disclosure Booklet describes the seven (7) funds that are currently available to Account Owners establishing START K12 Accounts. The State Treasurer routinely monitors these funds. Based on its evaluation of the funds, the State Treasurer may change the current funds offered in the future. The funds include a federal money market fund, two bond index funds, two stock market index funds, and two age-based track funds.

49. All investments for the START K12 Program are managed by The Vanguard Group (the Underlying Vanguard Funds). The particular Vanguard fund or funds are selected by the Louisiana State Treasurer and may change over time. As an Account Owner, you will own an interest in the START K12 Program, but you will not own shares of the Underlying Vanguard Fund(s).

50. Investments in these funds are not guaranteed, and the Account Owner may lose some or all the money invested. Neither the State of Louisiana, LATTA, LOSFA, the START K12 Program, nor the Louisiana State Treasurer are responsible for any losses resulting from investments in these funds. Read the entirety of this document for additional disclaimers.

51. **Vanguard Federal Money Market Fund (VMFXX)**

- **Investment Objective:** The Fund seeks to provide current income while maintaining liquidity and a stable share price of $1.
- **Investment Strategy:** The Fund invests primarily in high-quality, short-term money market instruments. Under normal circumstances, at least 80% of the Fund's assets are invested in securities issued by the U.S. government and its agencies and instrumentalities. Although these securities are high-quality, most of the securities held by the Fund are neither guaranteed by the U.S. Treasury nor supported by the full faith and credit of the U.S. government. To be considered high quality, a security must be determined by Vanguard to present minimal credit risk based in part on a consideration

of maturity, portfolio diversification, portfolio liquidity, and credit quality. The Fund maintains a dollar-weighted average maturity of 60 days or less and a dollar-weighted average life of 120 days or less.

Under the new money market reforms, government money market funds are required to invest at least 99.5% of their total assets in cash, government securities, and/or repurchase agreements that are collateralized solely by government securities or cash (collectively, government securities). The Fund generally invests 100% of its assets in government securities and therefore will satisfy the 99.5% requirement for designation as a government money market fund.

52. **Vanguard Short-Term Bond Index Fund Admiral Shares (VBIRX)**

- **Investment Objective:** The Fund seeks to track the performance of a market-weighted bond index with a short-term dollar-weighted average maturity.
- **Investment Strategy:** The Fund employs an indexing investment approach designed to track the performance of the Bloomberg Barclays U.S. 1-5 Year Government/Credit Float Adjusted Index. This Index includes all medium and larger issues of U.S. government, investment-grade corporate, and investment-grade international dollar-denominated bonds that have maturities between 1 and 5 years and are publicly issued. The Fund invests by sampling the Index, meaning that it holds a range of securities that, in the aggregate, approximates the full Index in terms of key risk factors and other characteristics. All of the Fund's investments will be selected through the sampling process, and at least 80% of the Fund's assets will be invested in bonds held in the Index. The Fund maintains a dollar-weighted average maturity consistent with that of the Index, which generally does not exceed 3 years.

53. **Vanguard Intermediate-Term Bond Index Fund Admiral Shares (VBILX)**

- **Investment Objective:** The Fund seeks to track the performance of a market-weighted bond index with an intermediate-term dollar-weighted average maturity.
- **Investment Strategy:** The Fund employs an indexing investment approach designed to track the performance of the Bloomberg Barclays U.S. 5-10 Year Government/Credit Float Adjusted Index. This Index includes all medium and larger issues of U.S. government, investment-grade corporate, and investment-grade international dollar-denominated bonds that have maturities between 5 and 10 years and are publicly issued. The Fund invests by sampling the Index, meaning that it holds a range of securities that, in the aggregate, approximate the full index in terms of key risk factors and other characteristics. All of the Fund's investments will be selected through the sampling process, and at least 80% of the Fund's assets will be invested in bonds held in the Index. The Fund maintains a dollar-weighted average maturity consistent with that of the Index, which generally ranges between 5 and 10 years. The Fund also maintains an average duration consistent with that of the Index.

54. **Vanguard Total Stock Market Index Fund, Institutional Shares (VITPX) (Variable Earnings).** This Fund invests its assets in one (1) or more Underlying Vanguard Funds. **As an Account Owner, you will own an interest in the START K12 Program, but you will not own shares of the Underlying Vanguard Funds.**

- **Investment Objective.** The Fund seeks to track the performance of a benchmark index that measures the investment return of the overall stock market.
- **Primary Investment Strategies.** The Fund employs an indexing investment approach designed to track the performance of the CRSP US Total Market Index, which represents approximately 100% of the investable U.S. stock market and includes large-, mid-, small-, and micro-cap stocks regularly traded on the New York Stock Exchange and NASDAQ. The Fund invests by sampling the Index, meaning that it holds a broadly diversified collection of securities that, in the aggregate, approximates the full Index in terms of key characteristics. These key characteristics include industry weightings and market capitalization, as well as certain financial measures, such as price/earnings ratio and dividend yield.
- **Primary Risks**. See *Investment Risks* section below.

55. **Vanguard Total International Stock Index Fund, Institutional Shares (VTSNX) (Variable Earnings).** This Fund invests its assets in one (1) or more Underlying Vanguard Funds. **As an Account Owner, you will own an interest in the START K12 Program, but you will not own shares of the Underlying Vanguard Funds.**

- **Investment Objective.** The Fund seeks to track the performance of a benchmark index that measures the investment return of stocks issued by companies located in developed and emerging markets, excluding the United States.
- **Primary Investment Strategies.** The Fund employs an indexing investment approach designed to track the performance of the FTSE Global All Cap ex US Index, a float-adjusted, market-capitalization-weighted index designed to measure equity market performance of companies located in developed and emerging markets, excluding the United States. The Fund invests all, or substantially all, of its assets in the common stocks included in its target index.
- **Primary Risks**. See *Investment Risks* section below.

56. **Age-Based Growth Track Fund (Variable Earnings and Fixed Earnings).** This Track invests its assets in one (1) or more Underlying Vanguard Funds. **As an Account Owner, you will own an interest in the START K12 Program, but you will not own shares of the Underlying Vanguard Funds.** Somewhat more aggressive than the Moderate Track, the Growth Track initially invests in the Vanguard LifeStrategy Growth Fund (VASGX), which seeks to provide capital appreciation and some current income. When the Beneficiary reaches six (6) years of age, the Growth Track transitions to the Vanguard LifeStrategy Moderate Growth Fund (VSMGX). When the Beneficiary reaches eleven (11) years of age, the Growth Track transitions to the Vanguard LifeStrategy Conservative Growth Fund (VSCGX), which seeks to provide current income and low to moderate capital appreciation. When the Beneficiary reaches sixteen (16) years of age, all monies invested in the Growth Track move to the Louisiana Principal Protection Fund (See description, above). IT IS POSSIBLE THAT MONEYS INVESTED IN THIS FUND WILL LOSE VALUE.

57. **Age-Based Moderate Track Fund (Variable Earnings and Fixed Earnings).** This Track invests its assets in one (1) or more Underlying Vanguard Funds. **As an Account Owner, you will own an interest in the START K12 Program, but you will not own**

shares of the Underlying Vanguard Funds. The Moderate Track represents the least aggressive track of the three Age-Based Investment Tracks and may be appropriate for Account Owners who are comfortable sacrificing the potential for greater returns in exchange for the potential for less risk. This track initially invests in the Vanguard LifeStrategy Moderate Growth Fund (VSMGX), which seeks to provide capital appreciation and a low to moderate level of current income. The LifeStrategy Moderate Growth Fund seeks to provide capital appreciation and a low to moderate level of current income. When the Beneficiary reaches six (6) years of age, the Moderate Track transitions to the Vanguard LifeStrategy Conservative Growth Fund (VSCGX). When the Beneficiary reaches eleven (11) years of age, the Moderate Track transitions to the Vanguard LifeStrategy Income Fund (VASIX). When the Beneficiary reaches sixteen (16) years of age, all monies invested in the Moderate Track move to the Louisiana Principal Protection Fund (See description, above). IT IS POSSIBLE THAT MONEYS INVESTED IN THIS FUND WILL LOSE VALUE.

II. Replace the Section entitled **Investment Risks** *of the Disclosure Booklet in its entirety with the following:*

59. Neither The Vanguard Group nor any government agency, including the FDIC, Federal Reserve, the State of Louisiana, the START K12 Program, the State Treasurer, LOSFA nor LATTA insures moneys invested in Mutual Funds.

60. **Funds May Not Meet Objectives.** There is no guarantee that the underlying Mutual Funds for Variable Earnings funds (See 48-57 above) will meet their objectives. Mutual Fund shares are not deposits or obligations of, or guaranteed by, any depository institution.

61. Primary risks associated with Vanguard mutual funds are described in Sections 51-57.

62. **Vanguard Federal Money Market Fund (VMFXX)**
The Fund is designed for investors with a low tolerance for risk; however, the Fund is subject to the following risks, which could affect the Fund's performance:

- **Income risk:** The chance that the Fund's income will decline because of falling interest rates. Because the Fund's income is based on short-term interest rates—which can fluctuate significantly over short periods—income risk is expected to be high.
- **Manager risk:** The chance that poor security selection will cause the Fund to underperform relevant benchmarks or other funds with a similar investment objective.
- **Credit risk:** The chance that the issuer of a security will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer's ability to make such payments will cause the price of that security to decline. Credit risk should be very low for the Fund because it invests primarily in securities that are considered to be of high quality.

You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not insured or guaranteed by the FDIC or any other government agency. The Fund's sponsor has no legal obligation to provide financial

support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

63. **Vanguard Short-Term Bond Index Fund Admiral Shares (VBIRX)**
The Fund is designed for investors with a low tolerance for risk, but you could still lose money by investing in it. The Fund is subject to the following risks, which could affect the Fund's performance:

- **Interest rate risk:** The chance that bond prices will decline because of rising interest rates. Interest rate risk should be low for the Fund because it invests primarily in short-term bonds, whose prices are less sensitive to interest rate changes than are the prices of longer-term bonds.
- **Income risk:** The chance that the Fund's income will decline because of falling interest rates. Income risk is generally high for short-term bond funds, so investors should expect the Fund's monthly income to fluctuate.
- **Credit risk:** The chance that a bond issuer will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline. Credit risk should be low for the Fund because it purchases only bonds that are of investment-grade quality.
- **Index sampling risk:** The chance that the securities selected for the Fund, in the aggregate, will not provide investment performance matching that of the Fund's target index. Index sampling risk for the Fund is expected to be low.
- **Liquidity risk:** The chance that the Fund may not be able to sell a security in a timely manner at a desired price.

An investment in the Fund is not a deposit of a bank and is not insured or guaranteed by the FDIC or any other government agency.

64. **Vanguard Intermediate-Term Bond Index Fund Admiral Shares (VBILX)**
An investment in the Fund could lose money over short or long periods of time. You should expect the Fund's share price and total return to fluctuate within a wide range. The Fund is subject to the following risks, which could affect the Fund's performance:

- **Interest rate risk**: The chance that bond prices will decline because of rising interest rates. Interest rate risk should be moderate for the Fund because it invests primarily in intermediate-term bonds, whose prices are less sensitive to interest rate changes than are the prices of long-term bonds.
- **Income risk:** The chance that the Fund's income will decline because of falling interest rates. Income risk is generally moderate for intermediate-term bond funds, so investors should expect the Fund's monthly income to fluctuate accordingly.
- **Credit risk:** The chance that a bond issuer will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline. Credit risk is expected to be low for the Fund because it purchases only bonds that are of investment-grade quality.
- **Index sampling risk:** The chance that the securities selected for the Fund, in the aggregate, will not provide investment performance matching that of the Fund's target index. Index sampling risk for the Fund should be low.

- **Liquidity risk:** The chance that the Fund may not be able to sell a security in a timely manner at a desired price.

An investment in the Fund is not a deposit in a bank and is not insured or guaranteed by the FDIC or any other government agency.

65. **Vanguard Total Stock Market Index Fund, Institutional Plus Shares (VITPX).** An investment in the Fund could lose money over short or long periods of time. You should expect the Fund's share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. The Fund's performance could be hurt by:

- **Stock market risk:** The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices. In addition, the Fund's target index may, at times, become focused in stocks of a particular market sector, which would subject the Fund to proportionately higher exposure to the risks of that sector.
- **Index sampling risk:** The chance that the securities selected for the Fund, in the aggregate, will not provide investment performance matching that of the Fund's target index. Index sampling risk for the Fund is expected to be low.

An investment in the Fund is not a deposit in a bank and is not insured or guaranteed by the FDIC or any other government agency.

66. **Vanguard Total International Stock Index Fund, Institutional Shares (VTSNX).** An investment in the Fund could lose money over short or long periods of time. You should expect the Fund's share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. The Fund is subject to the following risks, which could affect the Fund's performance:

- **Stock market risk:** The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices. The Fund's investments in foreign stocks can be riskier than U.S. stock investments. Foreign stocks tend to be more volatile and less liquid than U.S. stocks. The prices of foreign stocks and the prices of U.S. stocks may move in opposite directions. In addition, the Fund's target index may, at times, become focused in stocks of a particular sector, which would subject the Fund to proportionately higher exposure to the risks of that sector.
- **Country/regional risk:** The chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value of securities issued by companies in foreign countries or regions. Because the Fund may invest a large portion of its assets in securities of companies located in any one country or region, its performance may be hurt disproportionately by the poor performance of its investments in that area. Country/regional risk is especially high in emerging markets.
- **Currency risk**, which is the chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates. Currency risk is especially high in emerging markets.
- **Investment style risk:** The chance that returns from non-U.S. small- and mid-capitalization stocks will trail returns from global stock markets. Historically, these

stocks have been more volatile in price than the large-cap stocks that dominate the global markets, and they often perform quite differently.

- **Emerging markets risk:** The chance that stocks of companies located in emerging markets will be substantially more volatile, and substantially less liquid, than the stocks of companies located in more developed foreign markets because, among other factors, emerging markets can have greater custodial and operational risks; less developed legal, tax, regulatory, and accounting systems; and greater political, social, and economic instability than developed markets.

An investment in the Fund is not a deposit in a bank and is not insured or guaranteed by the FDIC or any other government agency.

67. **Vanguard LifeStrategy Growth Fund, VASGX (Growth Track and Aggressive Track).** The Fund is subject to the risks associated with the stock and bond markets, any of which could cause an investor to lose money. However, because stocks usually are more volatile than bonds, and because the Fund invests most of its assets in stocks, the Fund's overall level of risk should be moderate to high.

- With a target allocation of approximately 80% of its assets in stocks, the Fund is proportionately subject to **stock market risk**, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The Fund is also subject to the following risks associated with investments in foreign stocks: **currency risk**, which is the chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates; and **country risk**, which is the chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value of securities issued by companies in foreign countries.
- With a target allocation of approximately 20% of its assets in bonds, the Fund is proportionately subject to bond risks, including: **interest rate risk**, which is the chance that bond prices overall will decline because of rising interest rates; **credit risk**, which is the chance that the issuer of a security will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that security to decline, thus reducing the underlying fund's return; and **income risk**, which is the chance that an underlying fund's income will decline because of falling interest rates. If an underlying fund holds securities that are callable, the underlying fund's income may decline because of **call risk**, which is the chance that during periods of falling interest rates, issuers of callable bonds may call (repay) securities with higher coupons or interest rates before their maturity dates. An underlying fund would then lose potential price appreciation and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the underlying fund's income. For mortgage-backed securities, this risk is known as **prepayment risk**.
- The Fund is also subject to **manager risk**, which is the chance that poor security selection or focus on securities in a particular sector, category, or group of companies will cause the Fund's actively managed underlying funds—and, thus, the Fund itself—to underperform relevant benchmarks or other funds with a similar investment objective.

An investment in the Fund is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

68. **Vanguard LifeStrategy Moderate Growth Fund, VSMGX (All Age-Based Tracks).** The Fund is subject to the risks associated with the stock and bond markets, any of which could cause an investor to lose money. However, because bonds usually are less volatile than stocks, and because the Fund invests a significant portion of its assets in bonds, the Fund's overall level of risk should be moderate.

- With a target allocation of approximately 60% of its assets in stocks, the Fund is proportionately subject to **stock market risk**, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The Fund is also subject to the following risks associated with investments in foreign stocks: **currency risk**, which is the chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates; and **country risk**, which is the chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value of securities issued by companies in foreign countries.
- With a target allocation of approximately 40% of its assets in bonds, the Fund is proportionately subject to bond risks, including: **interest rate risk**, which is the chance that bond prices overall will decline because of rising interest rates; **credit risk**, which is the chance that the issuer of a security will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that security to decline, thus reducing the underlying fund's return; and **income risk**, which is the chance that an underlying fund's income will decline because of falling interest rates. If an underlying fund holds securities that are callable, the underlying fund's income may decline because of **call risk**, which is the chance that during periods of falling interest rates, issuers of callable bonds may call (repay) securities with higher coupons or interest rates before their maturity dates. An underlying fund would then lose potential price appreciation and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the underlying fund's income. For mortgage-backed securities, this risk is known as **prepayment risk**.
- The Fund is also subject to **manager risk**, which is the chance that poor security selection or focus on securities in a particular sector, category, or group of companies will cause the Fund's actively managed underlying funds—and, thus, the Fund itself—to underperform relevant benchmarks or other funds with a similar investment objective.

An investment in the Fund is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

69. **Vanguard LifeStrategy Conservative Growth Fund, VSCGX (All Age-Based Tracks).** The Fund is subject to the risks associated with the stock and bond markets, any of which could cause an investor to lose money. However, because bonds usually are less volatile than stocks, and because the Fund invests more than half of its assets in fixed income securities, the Fund's overall level of risk should be low to moderate.

- With a target allocation of approximately 60% of its assets in bonds and short-term fixed income investments, the Fund is proportionately subject to bond risks, including: interest rate risk, which is the chance that bond prices overall will decline because of rising interest rates; credit risk, which is the chance that the issuer of a security will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that security to decline, thus reducing the underlying fund’s return; and income risk, which is the chance that an underlying fund’s income will decline because of falling interest rates. If an underlying fund holds securities that are callable, the underlying fund’s income may decline because of call risk, which is the chance that during periods of falling interest rates, issuers of callable bonds may call (repay) securities with higher coupons or interest rates before their maturity dates. An underlying fund would then lose potential price appreciation and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the underlying fund’s income. For mortgage-backed securities, this risk is known as prepayment risk.

- With a target allocation of approximately 40% of its assets in stocks, the Fund is proportionately subject to stock market risk, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.
- The Fund is also subject to manager risk, which is the chance that poor security selection or focus on securities in a particular sector, category, or group of companies will cause one or more of the Fund’s actively managed underlying funds—and, thus, the Fund itself—to underperform relevant benchmarks or other funds with a similar investment objective.

An investment in the Fund is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

70. **Vanguard LifeStrategy Income Fund, VASIX (Moderate Track).** The Fund is subject to the risks associated with the stock and bond markets, any of which could cause an investor to lose money. However, because bonds usually are less volatile than stocks, and because the Fund invests most of its assets in fixed income securities, the Fund’s overall level of risk should be relatively low.

- With a target allocation of approximately 80% of its assets in bonds and short-term fixed income investments, the Fund is proportionately subject to bond risks, including: interest rate risk, which is the chance that bond prices overall will decline because of rising interest rates; credit risk, which is the chance that the issuer of a security will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer’s ability to make such payments will cause the price of that security to decline, thus reducing the underlying fund’s return; and income risk, which is the chance that an underlying fund’s income will decline because of falling interest rates. If an underlying fund holds securities that are callable, the underlying fund’s income may decline because of call risk, which is the chance that during periods of falling interest rates, issuers of callable bonds may call (repay) securities with higher coupons or interest rates before their maturity dates. An underlying fund would then lose potential price appreciation and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the underlying fund’s income. For mortgage-backed securities, this risk is known as prepayment risk.
- With a target allocation of approximately 20% of its assets in stocks, the Fund is proportionately subject to stock market risk, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.

- The Fund is also subject to manager risk, which is the chance that poor security selection or focus on securities in a particular sector, category, or group of companies will cause one or more of the Fund's actively managed underlying funds—and, thus, the Fund itself—to underperform relevant benchmarks or other funds with a similar investment objective.

An investment in the Fund is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

71. **Other Risks to Consider.** Since the Vanguard Funds include various stocks, bonds and other investments, there are other factors that may impose additional risks. An investment in a particular mutual fund could lose money over short long periods of time. It is possible that certain funds' share price and total return will fluctuate over time. Some general risks to consider are described in Sections 70-76.

72. **International Risks.** Funds that invest overseas generally carry more risk than funds that invest strictly in U.S. assets. The specific risk profile of an international fund varies with its investment style, geographic focus, and whether it invests in developed markets, emerging markets, or both. Funds investing in a single country or limited geographic region tend to be riskier than more diversified funds. Risks can result from varying stages of economic and political development, differing regulatory environments, trading days, accounting standards, and higher transaction costs of non-U.S. markets. Investments outside the United States could be subject to governmental actions such as capital or currency controls, nationalization of a company or industry, expropriation of assets, or imposition of high taxes. International funds are also subject to currency risk. This refers to a decline in the value of a foreign currency versus the U.S. dollar, which reduces the dollar value of securities denominated in that currency. The overall impact on a fund's holdings can be significant and long-lasting depending on the currencies represented in the portfolio, how each one appreciates or depreciates in relation to the U.S. dollar, and whether currency positions are hedged. Further, exchange rate movements are unpredictable, and it is not possible to effectively hedge the currency risks of many developing countries.

73. **Growth Investing.** Growth stocks can be volatile for several reasons. Since these companies usually invest a high portion of earnings in their businesses, they may lack the dividends of value stocks that can cushion stock prices in a falling market. Also, earnings disappointments often lead to sharply falling prices because investors buy growth stocks in anticipation of superior earnings growth.

74. **Value Investing.** Investors seek to invest in companies whose stock prices are low in relation to their real worth or future prospects. By identifying companies whose stocks are currently out of favor or misunderstood, value investors hope to realize significant appreciation as other investors recognize the stock's intrinsic value and the price rises accordingly. The value approach carries the risk that the market will not recognize a security's intrinsic value for a long time or that a stock judged to be undervalued may actually be priced appropriately.

75. **Money Market Fund Risk.** An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency. Although a money market fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in the fund.

76. **Interest Rate and Credit Risk.** Bond prices may decline in response to a rise in interest rates. Longer-maturity bonds typically decline more than those with shorter maturities, resulting in a lesser rate of return. In the event that a bond's credit rating is downgraded or a bond issuer defaults (fails to make timely payments of interest or principal), the fund's income level and share price could decline dramatically.

77. **High-Yield Investing Risks.** Investing in high-yield corporate bonds, often called "junk bonds," could have greater price declines than funds that invest primarily in high-quality bonds. Companies issuing high-yield bonds are not as strong financially as those with higher credit ratings, so the bonds are usually considered speculative investments. These companies are more vulnerable to financial setbacks and recession than more creditworthy companies, which may impair their ability to make interest and principal payments. In addition, the entire junk bond market can experience sudden and sharp price swings due to a variety of factors, including changes in economic forecasts, stock market activity, large sustained sales by major investors, a high-profile default, or a change in the market's psychology.

78. **Extension Risk.** In the event that a rise in interest rates accompanied by a drop in mortgage prepayments causes a fund's average maturity to lengthen unexpectedly, that fund's sensitivity to rising rates and its potential for price declines could be dramatically increased.