



The Trust Savings Program: Investment Policy and Risk Disclosures

Updated November 10th, 2017

Investment Policy

Prime Trust, LLC (“**Prime Trust**”) is trustee (the “**Trustee**”) of, and therefore fiduciary for, each trust set up as part of our Trust Savings Program (each such Trust, as established by a particular settlor or settlors (the “**Grantor**”), and is referred to as the “**Trust**”). Prime Trust shall manage the assets of the Trust, including investing them in participating interests in various common trust funds (**Business Trusts**”), each, a “**Portfolio**”, collectively referred to as “Portfolios”) managed by Prime Trust collectively for all the Trusts, including those that are part of the Trust Savings Program, including but not limited to irrevocable college savings trusts and irrevocable personal savings trusts. Our systems, both automated and manual, will make investment decisions by taking into consideration the investment objectives and preferences (collectively, “**investment preferences**”) of the Trust, as provided by Grantor on behalf of the Trust’s beneficiary/beneficiaries (the “**Beneficiary**”). These preferences are decided upon and set by the Grantor during the process of establishing the Trust, and may be modified by Grantor and/or its authorized representatives in the Trust dashboard (“**Dashboard**”), which is accessible by logging onto the Grantor’s account on www.CollegeTrust.com or www.PrimeTrust.com or via Prime Trust’s mobile app(s) if and when available.

Goal

The general goal of the Trust is to protect the assets of the Trust and to achieve long-term growth in account value, and/or income, if desired, and to aid in planning for future education-related expenses and/or personal living expenses, as may be appropriate for the goals and objectives of the Trust and its Beneficiary, with respect to the investment preferences established by Grantor for each Trust. Additional details on the operations of the Trust and on the Portfolios are provided on the websites of, and in Grantors Dashboard on at www.CollegeTrust.com and www.PrimeTrust.com, as well as via Trustee’s mobile app(s), if and when available, some of the details of which are public and some which are only accessible in a Grantor’s Dashboard.

Risk Disclosures

Before setting up a Trust, each Grantor should consider the risks described in this document, along with all of the other information provided and/or available to the Grantor, including the information provided on the program and found on www.primetrust.com, www.collegetrust.com, and on any Prime Trust mobile apps. The risk disclosures provided below do not describe all of the risks associated with the investment of assets in a Trust but are intended to highlight certain non-exhaustive risks associated with our activities in general as well as each Portfolio specifically. Prime Trust encourages each potential Grantor to discuss any and all risks related to the Trust Savings program, and whether the Trust is an appropriate savings tool for the Grantor on behalf of the Beneficiary, with his or her financial advisors. The Grantor should also consider the risks specifically associated with each Portfolio in which the Trust places assets, which are provided in this document.

Risk of Loss. Each Trust may hold cash in risk-free FDIC-insured accounts and/or may invest its assets in one or more Portfolios, which invest in various securities and other assets based on the Portfolio’s particular investment strategies. Investments held by the Portfolios are only rarely FDIC-



insured and as such they are subject to risk of loss. A Trust may, based on its investments in the Portfolios, experience a loss of all or part of the value of its assets in those Portfolios.

Risks Associated with Management of Trust Assets and Portfolios. Certain risks are associated with management of the Trust and the Portfolios, including but not limited to the following:

Investment Decisions - In accordance with the agreement for the Trust (“**Trust Agreement**”) and all applicable laws and regulations, Trustee has full discretion as to all investment decisions regarding the Trust. This includes, but is not limited to, the authority to buy, invest in, hold, redeem, sell (long or short), exchange, trade in, lend, pledge, and deliver assets and to otherwise act for the Trust, and to exercise, in Trustee’s discretion, all rights, powers, privileges and other incidents of ownership, including without limitation voting, with respect to investments of the Trust. In acting on behalf of the Trust, Trustee will generally take into consideration the investment preferences of the Trust then in effect, as selected by Grantor and as may be modified from time to time by Grantor at its discretion via the Grantor’s online Dashboard tools for the Trust.

The Grantor is responsible for understanding and agrees to each of the following statements: (A) Trustee does not guarantee the performance of the Trust, or any investments therein, and is not responsible to Grantor or Beneficiary for any losses of income or principal; (B) there are significant risks associated with most types of investments that can be made using Trust assets, which risk is required in order to potentially achieve any desired growth of the Trust property; (C) the target yields or past performance of any Portfolio or other investment product does not indicate its future performance, and future transactions will be made, directly or indirectly, in different investments than in the past and in different economic environments; (D) no interest will be paid on uninvested cash, so Trustee will endeavor to promptly invest any new contributions, income or other cash received by the Trust except as may be held in FDIC-insured cash to respect the Trust’s investment preferences or for any amounts needed for near-term disbursements; (E) Grantor has not relied on any statements made by Prime Trust or its representatives with respect to forming the Trust and contributing assets to it, but rather has formed the Trust after having time and opportunity to consult with Grantors financial advisor(s); (F) Grantor has had the time and opportunity to discuss the investment preferences with Grantors financial advisor(s) and the Trustee is entitled to rely that such investment preferences are suitable for the Trust and its Beneficiary in exercising its fiduciary duties; and, (F) Trustee will cause the Trust to invest in participating interests in Portfolios to generally respect the current desired allocations among FDIC-insured cash and the non-FDIC-insured Portfolios as provided by the Trust’s then in effect investment preferences, although Trustee may at any time in its sole discretion determine that deviations from these allocations are in the best interests of the Trust in order to achieve its goals.

There is no guarantee that Prime Trust’s judgment or investment decisions about any particular investment held by a Portfolio will produce the intended results. Prime Trust’s judgment may prove to be incorrect, and the Portfolios and/or the Trust might not achieve their desired investment objectives. Prime Trust also may, in the future, make changes to the investing strategies and algorithms it uses and the management services it provides, which may affect future returns. Prime Trust and its representatives are not responsible to any Trust for losses unless caused by Prime Trust’s gross negligence or bad faith.

Investment Preferences – The Trustee will endeavor to manage Trust assets with respect to the investment preferences set by Grantor at the origination of the Trust and as may be modified from time to time at Grantor’s discretion. In the absence of any such investment preferences, then funds will be held risk-free in 100% FDIC-insured accounts, with no interest or other income paid or



accruing to the Trust. The investment preferences are used to articulate the Grantor's risk tolerances, time horizon and liquidity preferences, upon which the Trustee then bases investment decisions. There is a risk that Grantor's investment preferences may lead to the Trust not performing as desired or as expected. In some cases, the Chief Trust Officer of the Trustee may change or ignore the Trust's investment preferences, for instance, in an extreme market event such as a market shock, or to meet anticipated liquidity needs. In such a case, it is possible that the new allocations will not match the investment preferences of the Grantor or achieve the same returns that the Grantor's investment preferences would have achieved. Prime Trust is not responsible for reimbursing any losses or lower relative returns that may result from the changes made by Trustee or the Chief Trust Officer.

During the signup process, Grantors are asked to set their investment preferences to gauge the Grantors' desired risk tolerances, time horizon and liquidity goals for the Trust. Otherwise, the personal financial situation of the Trust and its Beneficiary is not taken into account, including any debt outstanding, monthly income needs, and investments held outside Prime Trust. Thus, the investment decisions of the Trust may not be optimal for the Beneficiary given his or her full financial picture.

Portfolio Management - Prime Trust shall be the manager of all Portfolios in which Trust assets may be invested. Prime Trust will manage each Portfolio in accordance with specific investment objectives, which may not necessarily be the same as those of the Trust. Although Prime Trust may invest the assets of the Trust across a variety of Portfolios based on the investment preferences of the Trust, Prime Trust will not actively manage Trust assets based on any overarching investment objectives, but will instead indirectly manage the assets of each Trust through its management of each Portfolio.

Third Party Service Providers - Prime Trust may, at a Portfolio's expense, engage third parties to provide specific services for the Trust and the Portfolios, including but not limited to accounting, tax preparation, asset management and valuation services. Although Prime Trust will seek to ensure that these third parties provide services effectively and efficiently, Prime Trust does not have control over any such third parties, and there is no guarantee that they will provide their services in the most effective, efficient or productive way possible.

Portfolio Valuation - The assets of each Portfolio will be valued by the Portfolio's administrator, as selected by Prime Trust and using a methodology acceptable to Prime Trust, subject to the administrator's processes and protocols. Generally, valuation of the Portfolios will be based on the assets held by each Portfolio, which will in turn be based on the current market value of an asset or, if no such value is available, its cost; or, in certain circumstances, a good faith determination by the Trustee or other Portfolio administrator. Valuations are estimates and not an exact reflection of value. Market values may change, and the valuations displayed on the Trust's then-current account statement or even the original cost of an asset may not reflect the price a Portfolio could currently receive for the asset. For participating interests in Portfolios that are highly illiquid (and for which the Trustee is most likely to provide good faith determinations, if any), valuations are difficult to generate and may prove to be significantly different from the actual price eventually received for an asset. As many investments in Portfolios may be in private securities or directly held assets (such as real estate), and as there may be significant market volatility and/or few or no liquid markets for some investments, valuation of the assets held by the Portfolios and of the Portfolios that hold those assets may, at many times, be imprecise. Participating interests are undivided interests in the aggregate assets of a Portfolio, and no Trust shall own or have any rights to any particular asset held by any Portfolio. The liquidated or realized value of any investment may be significantly more or less than the valuations provided. The Trustee is entitled to rely upon the valuation analysis, advice and



guidance provided by such third-party administrator(s) when exercising its responsibility and fiduciary duties as Trustee as well as the advice, guidance and recommendations of other third-party advisors, if any.

Limited Investment Direction by the Grantor and Beneficiary – Neither the Grantor nor the Beneficiary may directly control the investments of the Trust. All ongoing investment management is the responsibility of the Trustee. The only manner in which the Grantor can potentially affect decisions regarding the investment of Trust assets is by changing the investment preference settings in its account for the Trust, which the Trustee will take under advisement, provided, however, that all investment decisions for the Trust remain solely within the discretion of the Trustee. Further, the Grantor has no ability to remove Prime Trust as Trustee. To the extent that Grantor is dissatisfied with the management of the Trust’s assets, he or she will have little if any recourse.

Voting – No Trust, Beneficiary or Grantor will have the right to vote for any matter with respect to the Portfolios, or with respect to any securities held by the Portfolios. Prime Trust, in its role as trustee to the Portfolios, has responsibility for voting proxies for Portfolio securities consistent with the best economic interests of the Portfolios in which they are held. This may at times be different than what would be most beneficial for any other trust, including the Grantor’s Trust.

Reliance on Key Personnel – Prime Trust will have all rights and powers to manage the Trust’s and the Portfolios’ business and affairs. Accordingly, the Trust will be particularly dependent upon the efforts, experience, contacts and skills of the principals, agents and employees of Prime Trust. The loss of any such individual could have a material, adverse effect on the Trust, and such loss could occur at any time due to death, disability, resignation or other reasons. Moreover, the principals and employees of Prime Trust will not be required to devote their time and attention exclusively to the Trust, any Portfolio, or any particular Trust, but instead shall devote so much of their time and efforts as may in Prime Trusts sole discretion is reasonable to exercise its responsibilities and obligations to each of the Trust and Portfolios.

Any prior experience that principals and employees of Prime Trust may have in managing Trust assets or any other investments necessarily was obtained under different market conditions. There can be no assurance that principals or employees of Prime Trust will be able to duplicate prior levels of success. There can be no assurances or guarantees that (i) any Portfolio’s investment objectives will prove successful, or (ii) the Trust will not lose all of its invested assets in a Portfolio.

Fees

General - Returns experienced by the Trust based on investments in the Portfolios, if any, will be reduced by fees and expenses charged to the Trust and the Portfolios. Each Portfolio may incur accounting, administration and other expenses related to its operation that will reduce any returns. Furthermore, Prime Trust earns fees for managing each Portfolio, as stated in the Portfolio-specific disclosures attached hereto (the “Fee”). Prime Trust may also charge acquisition or other types of fees on any real property that it purchases for the Real Estate Portfolio. All such fees and expenses are incorporated into the operation of each Portfolio (that is, these are fees that are charged to the Portfolio, not to your Trust) and netted out against net asset value reports with respect to a Trust’s interests in the Portfolios, and thus will be fully disclosed on reports for the Portfolios rather than on reports for the Trust itself. Prime Trust may take its fees as cash, which could require some redemptions of assets in a Portfolio, and/or as interests in the Portfolio. Other than as a potential holder of Portfolio interests, Prime Trust does not share in any losses or reimburse previously earned Fees against any losses.



Cybersecurity Risk - Any online transaction, communication or digitally stored data has an inherent risk of a data breach and cyber-attack. Cyber incidents can result from deliberate attacks or unintentional events. There is an increased level of attention focused on cyber-attacks that include, but are not limited to, gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks are a growing trend which tend to target financial institutions ranging from multi-national corporations to several branches of the US government. Failures or breaches of the electronic systems of Prime Trust and any other service providers or the issuers of securities in which the Portfolios invest have the ability to cause disruptions and negatively impact Prime Trust's and the Portfolios' business operations, potentially resulting in financial losses to the Trusts. While Prime Trust may establish business continuity plans and risk management systems seeking to address system breaches or failures, there are inherent limitations in such plans and systems. Furthermore, Prime Trust cannot control the cybersecurity plans and systems of service providers or the issuers of securities in which the Portfolios invest.

Regulatory Risks

Limited Protection under the Securities Laws - Although the Trust is established under Nevada trust law, and the Portfolios are established under Nevada trust law, interests in the Trusts and the Portfolios are not registered under the Securities Act of 1933, and the Trusts and the Portfolios will not otherwise be subject to most provisions of the state or federal securities laws, including the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, or comparable state laws. As a result, investors will not receive the protections that might otherwise be provided by those laws. In the future, it is possible that the Trust and/or the Portfolios could become subject to one or more of the federal or state securities laws. Any registration or compliance required would increase the costs associated with maintaining and managing the Trust and the Portfolios, and may negatively affect the returns of the Trust and/or cause Prime Trust to end the Real Estate Portfolio in particular, and even the Trust Savings program in general.

No Fiduciary Relationships with Grantor - Prime Trust is Trustee to the Trust, and in that capacity as fiduciary to the Trust and the Beneficiary. Prime Trust is not a fiduciary to the Grantor. As a result, Prime Trust has an obligation to act in the best interest of the Trust and the Beneficiary, and not in the best interest of the Grantor, in determining the investments of the Trust in the Portfolios. Prime Trust may make decisions on behalf of the Trust that are not necessarily in the best interest of the Grantor.

Prime Trust as Fiduciary to Portfolios - Prime Trust is also trustee to the Portfolios and as a result has an obligation to act in the best interest of the Portfolios. The interests of the Trusts may not always coincide with the interests of the Portfolios, and in managing the Portfolios, Prime Trust will not necessarily make decisions that are in the best interest of any individual Trust.

Prevention of Money Laundering - As part of Prime Trust's responsibility for the prevention of money laundering under the Uniting and Strengthening America by Providing Appropriate Tools Required to Interrupt and Obstruct Terrorism Act of 2001 (the "**PATRIOT Act**"), Prime Trust may require a detailed verification of the identity of a Beneficiary, Grantor or any other contributor to the Trust and the source of prospective contributions to the Trust. In the event of delay or failure to produce any such information required for verification purposes, Prime Trust may refuse to create a Trust or accept contributions to it. In addition, each prospective Grantor or other contributor to the Trust may be required to represent and warrant to Prime Trust, among other things, that (a) proposed contributions will not directly or indirectly contravene U.S. federal, state, international or other laws



or regulations, including the PATRIOT Act, (b) no contribution will be derived from any illegal or illegitimate activities, (c) a prospective Grantor, contributor or Beneficiary is not a country, territory, person or entity named on a list promulgated by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") prohibiting, among other things, the engagement in transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals, nor is such prospective contributor or any of its affiliates a natural person or entity with whom dealings are prohibited under any OFAC regulations and (d) such prospective Grantor, contributor or Beneficiary is not otherwise prohibited from contributing assets to or receiving assets from the Fund pursuant to other applicable U.S. anti-money laundering, anti-terrorist and foreign asset control laws, regulations, rules or orders. Each Grantor, Beneficiary and contributor will be required to promptly notify Prime Trust if any of the foregoing will cease to be true with respect to such person.

As a result of the above-described money laundering regulations, Prime Trust may from time to time request, and the Grantor, Beneficiary and other contributors will be obligated to provide upon such request, additional information as from time to time may be required for Prime Trust to satisfy its obligations under these and other laws that may be adopted in the future. Also, Prime Trust may from time to time be obligated to file reports with various jurisdictions with regard to, among other things, the identity of the Trust's contributors, Grantor and Beneficiary and any suspicious activities involving a Trust.

In the event it is determined that the Grantor, any contributor, any Beneficiary or any direct or indirect parties of any such person is a person identified in any of these laws as a prohibited person, or is otherwise engaged in activities of the type prohibited under these laws, Prime Trust may be obligated, among other actions to be taken, to withhold distributions of any funds otherwise owing to a Beneficiary or to cause the Trust to be terminated, which could occur without a distribution of Trust assets if the distribution is prevented by regulation.

Risks Associated with Assets to Be Held by the Portfolios.

There are many types of risks to consider based on the particular types of assets that will be held by the Portfolios through which Prime Trust will manage the Trust's assets. These include, but are not limited to, the following:

Market Risk - The price or value of any investment or the value of an entire Portfolio can decline for a variety of reasons outside of Prime Trust's control, including, but not limited to, changes in the local or macroeconomic environments, market sentiment, forecasted or unforeseen economic developments, interest rates, regulatory changes, and domestic or foreign political, demographic, natural or man-made disasters, or social events.

No Guarantee of Principal or Earnings on Investments - Although all uninvested cash in the Trust is insured by the Federal Deposit Insurance Corporation ("FDIC"), and although Prime Trust carries a \$5 million per account financial institution bond (which protects accounts against criminal acts of its employees), there is no insurance on most investments held in the Portfolios (although in some cases, some assets held in a Portfolio may be FDIC or government-insured, as will be disclosed in the list of investments-held if and as published by and for any particular Portfolio). The Trust's investment in a Portfolio is not a bank deposit and is not insured or guaranteed by the **FDIC** or any other governmental agency, entity or person. The value of the Trust may increase or decrease over time based upon the performance of the Portfolios that the Trust is invested in. It is possible that, at any given time, the Trust value may be more or less than the total amount contributed. None of Prime Trust or any of our third-party providers is an insurer of, makes any guarantee of, or has any legal

obligations to ensure any particular level of investment return. A Trust could gain value or it could lose all or a portion of the value of its assets, depending upon market conditions and the risks discussed herein.

Foreign Investing and Emerging Markets Risk - Foreign investing involves risks not typically associated with domestic investments, and the risks may be exacerbated further in emerging market countries. These risks may include, among others, adverse fluctuations in foreign currency values, as well as adverse political, social and economic developments affecting one or more foreign countries. In addition, foreign investing may involve less publicly available information and more volatile or less liquid securities markets, particularly in markets that trade a small number of securities, have unstable governments, or involve limited industry. Investments in foreign countries could be affected by factors not present in the U.S., such as restrictions on receiving the investment proceeds from a foreign country, foreign tax laws or tax withholding requirements, unique trade clearance or settlement procedures, risk of expropriation or confiscatory taxation or other changes in law, and potential difficulties in enforcing contractual obligations or other legal rules that jeopardize shareholder protection. Foreign accounting may be less transparent than U.S. accounting practices and foreign regulation may be inadequate or irregular. Finally, non-U.S. securities markets may have different characteristics related to reporting standards, disclosures, and government supervision and regulation.

Inflation, Currency, and Interest Rate Risks - A Trust's returns may vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less than current dollars and may reduce the purchasing power of a Trust's future interest payments and principal. Inflation also generally leads to higher interest rates, which in turn may cause the value of many types of fixed income investments to decline. In addition, the relative value of the U.S. dollar-denominated assets primarily managed by Prime Trust may be affected by the risk that currency devaluations affect Trust or Portfolio purchasing power.

Liquidity Risk - Lack of liquidity may affect the ability of a Portfolio to dispose of certain assets at a time and in a manner that Prime Trust believes will result in the best returns, and may negatively affect returns. Liquidity risk may result from the lack of an active market for an asset; legal or contractual restrictions on resale; or a reduced number and capacity of market participants to make a market in the asset. Market prices for less liquid or illiquid holdings may be volatile, and reduced liquidity may have an adverse impact on the market price of such holdings. Additionally, the sale of less liquid or illiquid holdings may involve substantial delays (including delays in settlement) and additional costs, and a Portfolio may be unable to sell holdings when necessary to meet its liquidity needs. Investments in certain directly held assets (e.g. real estate), notes, private securities and lightly-traded securities are less liquid than other types of investments. A Trust's investment in any Portfolio is a "participating interest" and, as such, it represents an undivided interest in the aggregate assets of a Portfolio and cannot be tied directly to any particular asset held by a Portfolio. If a Trust has a high allocation of assets in a particular Portfolio, then meeting the Trust's liquidity needs will not be instantaneous and in fact may present significant challenges. Changing the investment preferences of a Trust, or responding to a need for liquidity, cannot be done dynamically by the Portfolio manager as interests in Portfolios with marketable securities may take several days to liquidate, and those with private or other illiquid securities (e.g., the Real Estate Portfolio) can take months or even years to liquidate, and at unpredictable prices. As such it is generally impossible to immediately or dynamically accommodate desired changes in a Trust's asset and investment allocations.

Hedging Transactions - The Portfolios may engage in certain hedging transactions. A hedging transaction could involve such instruments as forward foreign currency exchange contracts or

currency rate swaps. While a Portfolio may benefit from the use of hedging transactions, they involve additional costs and expenses, which may adversely affect overall performance. Moreover, it may not be possible to hedge against a currency exchange rate fluctuation that is so generally anticipated that the Fund is not able to enter into a hedging transaction at a price sufficient to protect it from the decline in value of the position anticipated as a result of the fluctuation. The success of hedging transactions may be subject to the ability of Prime Trust to correctly predict movements in and the direction of currency exchange rates or other factors. There can be no assurance that a Portfolio will engage in hedging transactions at any given time or from time to time, or that these transactions, if available, will be effective.

Allocation Risk - If a Trust has a high allocation of assets in a particular Portfolio, overall performance may be negatively affected if the Portfolio underperforms relative to other market assets. Conversely, a low allocation to a particular Portfolio that outperforms other Portfolios in a particular period will cause a Trust to underperform relative to the overall market.

Concentration Risk – A Portfolio may be susceptible to an increased risk of loss, including losses due to adverse events that affect the Portfolio’s investments more than the market as a whole, to the extent that the Fund’s investments are concentrated in the securities of a particular issuer or issuers, country, group of countries, region, market, industry, group of industries, sector or asset class.

Geographic Risk - A natural or other disaster could occur in a geographic region in which a Portfolio invests, which could affect the economy or particular business operations of companies in the specific geographic region, causing an adverse impact on the Portfolio’s investments in the affected region.

Risks Associated with the Structure of the Trusts and Portfolios

Deliverability – The Trust’s assets will be held in the Portfolios and in various bank and/or brokerage accounts of the Trustee, and interests in the Portfolios cannot be transferred to any person or entity other than the Trust. As a result, in the event of termination of a Trust, all of the Trust’s investments in the Portfolios must be liquidated rather than transferred to another Trust, investment vehicle, or any other person or entity. This means the Portfolio must generate the cash necessary to liquidate the Trust’s interests in the Portfolio, which may be difficult to effect, depending upon the liquidity of the assets held in the Portfolio. In addition, even if it is possible to liquidate a Trust’s interests in a Portfolio, the Trust could experience losses based on the sale and may not achieve the returns that are otherwise anticipated by the Trustee.

Liquidity and Access to Trust Assets - Neither the Grantor nor the Beneficiary can transfer or sell the Trust, and the Trust may not be terminated by the Grantor. Under the Trust Agreement, although the Grantor may place assets into the Trust to replace other assets (that is, Portfolio interests) of the same value, assets may otherwise only be withdrawn from the Trust by the Beneficiary (or, as applicable and in very limited cases, to any alternative beneficiaries or certain other parties) upon the Beneficiary incurring approved college-related expenses or reaching the age of ascension. Accordingly, the Grantor will not have any ability to receive assets deposited into the Trust once they are deposited.

Exculpation and Indemnification - The Grantor, the Trust and the Beneficiary will be relying on the good-faith integrity of Prime Trust. Although Prime Trust is accountable to the Trust and the Beneficiary as a fiduciary, the Trust Agreement and the declaration of trust for the Portfolios, each grant Prime Trust broad discretion as to many matters and contains provisions that relieve Prime Trust and its officers, directors, employees and agents of liability as long as it acts in good faith and without



gross negligence. Moreover, the Trust will indemnify, defend and hold harmless Prime Trust and its officers, directors, employees and agents from and against all liabilities other than those arising out of acts made as a result of bad faith or gross negligence. In addition, under the declaration of trust for each Portfolio, the Trust must indemnify and hold harmless Prime Trust for all liabilities other than those arising out of bad faith or gross negligence. These indemnification obligations could result in significant costs to the Trust.

Risks Associated with the Use of Trust Assets for Educational Expenses.

No Guarantee That Investments Returns Will Cover Educational Expenses - There is no guarantee that the investment returns on assets in the Trust will be sufficient to cover any, let alone all of a Beneficiary's desired or anticipated educational expenses, even if contributions are made in accordance with anticipated compounding yields. In addition, the costs of the Beneficiary's education may vary considerably depending on the institution he or she attends, how long he or she is in school, or other factors. Furthermore, the future rate of increase in future educational expenses is uncertain and could exceed the rate of investment return earned by the Trust over the relevant period of time.

No Guarantee of Admittance - Prime Trust cannot and does not guarantee or otherwise provide any type of commitment that a Beneficiary will be admitted to, allowed to continue to attend, or receive a degree from any particular educational institution.

Suitability and Education Savings Alternatives - Prime Trust makes absolutely no representations regarding the suitability or appropriateness of the Trust or any of the Portfolios for any particular Grantor or Beneficiary. Other types of investments or savings mechanisms may be more appropriate depending upon the financial status, tax situation, risk tolerance, age, investment goals, savings needs, and investment time horizons of the Beneficiary. There are programs and investment options other than the Trust available as education and/or personal investment alternatives. They may entail tax and other fee or expense consequences and features different from the Trust including, for example, different tax consequences, investments, and levels of control. Anyone considering opening a Trust should consider these alternatives prior to creating the Trust, or in addition to creating the Trust, and is advised to discuss the Prime Trust Savings program and trust account with their financial, tax and legal advisors.

Other General Risks

Recently Formed Entity - Prime Trust is a recently chartered Nevada trust company, and a recently formed entity, and the Trust Savings programs are recently created programs with limited performance records. Past performance of previous investments managed by Prime Trust or any of its principals or employees should not be viewed as an indication of the future returns of any Portfolio or Trust. Further, Prime Trust is pursuing a new, untested model for educational and college savings through its College Savings program. There is no guarantee that the program, the Trust or Prime Trust will be successful or achieve any targeted returns. Finally, if Prime Trust is not successful at attracting sufficient interest in the Trusts, it may not have sufficient funds to manage the Portfolios in the manner it sees as appropriate, which may negatively affect returns.

Legislative and Tax Risk - Performance may be directly or indirectly affected by government legislation or regulation, including but not limited to changes in the law or regulation (including interpretations thereof) of trusts, investment advisers, investment companies, securities trading, or other substantive issues, as well as changes in the U.S. government's guarantee of ultimate payment of principal and interest on certain government securities, and changes in the tax code that could affect interest income, income characterization and/or tax reporting obligations.



Additional Risks - The preceding list of risk factors does not purport to be complete, and it may not describe all of the risks and conflicts of interests relating to the Trust and the Trust Savings program. Some of the other risks of creating a Trust are described elsewhere in the materials provided to potential Grantors, including in the Trust Agreement and through the website describing the Trust Savings program. Potential Grantors should read all of these materials and consult with their own legal and financial advisors before creating a Trust for the Beneficiary's Trust Savings goals.

Tax Matters

The following discussion describes certain U.S. federal income tax considerations relating to an investment in a Portfolio. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), the Treasury regulations promulgated thereunder, published rulings and pronouncements of the Internal Revenue Service ("IRS") and judicial decisions, all as in effect on the date of this Memorandum. These authorities are subject to change, perhaps with retroactive effect, which may result in U.S. federal income tax consequences different from those described below. This discussion is general and may not apply to all categories of Beneficiaries, some of which, such as banks, thrifts, insurance companies, dealers and other Beneficiaries that do not own their Interests as capital assets and non-U.S. persons, may be subject to special rules. This discussion does not address all potential U.S. federal income tax consequences that may apply to a particular Beneficiary and does not address any state or local tax considerations or any other U.S. federal tax laws, such as the estate and gift tax laws. This discussion does not constitute tax advice and is not intended to substitute for tax planning. In addition, no ruling has been requested from the IRS or any other federal, state or local agency with respect to the U.S. tax matters discussed below; nor has the General Partner asked its counsel to render any legal opinions regarding any of the matters discussed below. This summary does not in any way either bind the IRS or the courts or constitute an assurance that the income tax consequences discussed in this Memorandum will be accepted by the IRS, any other federal, state or local agency or the courts.

Prospective Beneficiaries should consult their own tax advisors concerning the U.S. federal, state and local income tax consequences of the purchase, ownership and disposition of an Interest, in light of their particular circumstances, as well as any consequences under the laws of any other taxing jurisdiction.

Trustee intends to operate each Portfolio in manner to qualify as a "common trust fund" for purposes of Section 584 of the Code. As a result, it is expected that no Portfolio will be subject to federal income tax. Instead, each Trust beneficiary will have their share of Portfolio income (or loss) passed through to the Trust Beneficiary as though such income (or loss) had been derived directly and without regard to whether any cash is distributed by the Portfolio reporting such income (or loss).

Conflicts of Interest

Prime Trust will manage the Trusts and the Portfolios. Prime Trust's activities managing each may raise certain conflicts of interest, which potential Grantors should consider prior to forming a Trust.

Prime Trust and its affiliates, directors, officers and/or employees (the "**Prime Trust Affiliates**") may be engaged in other businesses and activities, including exercising investment advisory and management responsibility and buying, selling or otherwise dealing with investments for their own accounts, for the accounts of family members, and for the accounts of other trusts or other vehicles other than the Trust. These activities may involve some of the types of investments that Prime Trust



will purchase or sell on behalf of the Trust. Prime Trust and the Prime Trust Affiliates may give advice and take action in the performance of their duties to their other clients that could differ from the timing and nature of action taken with respect to the Trust. Neither Prime Trust nor any Prime Trust Affiliate will have any obligation to purchase or sell for any Trust or any Portfolio any security or other asset that it purchases or sells or recommends for purchase or sale for its own account or the account of any other person. No Trust or Beneficiary will have any right of first refusal, co-investment or other right in respect of the investments made by Prime Trust or the Prime Trust Affiliates for other persons, or in any fees, profits or other income earned or otherwise derived from them.

If a determination is made that multiple Trusts should purchase or sell their interests in Portfolios at the same time, Prime Trust will allocate these purchases and sales as it considers equitable to each. A Trust will not have any right to participate in any manner in any profits or income earned or derived by or accruing to Prime Trust or the Prime Trust Affiliates from the conduct of any business (other than the business of the Trust) or from any transaction in investments effected by Prime Trust or the Prime Trust Affiliates for any person or account other than that of the Trust.

Prime Trust and the Prime Trust Affiliates will devote the time it deems, in its sole discretion, reasonable to manage the Trust and the Portfolios in accordance with its regulatory obligations.

Government Securities Portfolio: Investment Policy and Specific Risk Disclosures

Investment Policy

Prime Trust's Government Securities Business Trust ("Government Securities Portfolio") will invest in government-insured investments, including those insured by the FDIC (e.g., certificates of deposit and money market accounts) and instruments guaranteed by the U.S. Government and its agencies (e.g. Treasuries). The Government Securities Portfolio may also invest in mortgage instruments issued and guaranteed by the Federal National Mortgage Association ("**Fannie Mae**") or the Federal Home Loan Mortgage Corporation ("**Freddie Mac**"), or an agency of the U.S. Government, such as the Government National Mortgage Association ("**Ginnie Mae**"). The goal of the Government Securities Portfolio is to provide the security and liquidity, and to avoid, as much as possible, interest rate risk and the risk of loss of principal. It is expected that the Government Securities Portfolio will result in relatively low yields (generally less than the rate of inflation).

Risk Disclosures

In addition to the general risks provided above for the Trusts and the Trust Savings program, risks specific to the Government Securities Portfolio include, but are not limited to, the following:

Income Risk. Because the Government Securities Portfolio can only distribute what it earns, the Government Securities Portfolio's distributions to the Trusts as holders of its interests may decline if prevailing interest rates fall. The Government Securities Portfolio's income would naturally decline during periods of falling interest rates, and increase during periods of rising interest rates, because the Government Securities Portfolio must reinvest the proceeds it receives from existing investments (for example, upon their maturity) at the then-current market rate of interest or return. A low interest rate environment poses additional risks to the Government Securities Portfolio, because low yields on Government Securities Portfolio holdings may have an adverse impact on the Government Securities Portfolio's ability to provide a positive yield to holders of its interests. A rising interest rate



environment poses additional risks to the Government Securities Portfolio because it means lower bond prices, which could affect principal if liquidity is needed and securities must be sold instead of held to maturity, and it means that Government Securities Portfolio income would be at a lower rate than the current market due to securities held which were purchased during a lower rate environment. Given the historically low interest rate environment of the current economy, there is heightened risk of rising rates.

Credit Risk. U.S. government securities, such as U.S. Treasuries and agency obligations, generally have lower credit risk relative to other debt securities, but they are not completely free of such risk. For example, the value of U.S. government securities may be affected by changes in the credit rating of the U.S. government. While U.S. Treasuries are backed by the full faith and credit of the U.S. government, guarantees of principal and interest do not apply to market prices, yields or the value of the Government Securities Portfolio's interests. Obligations of U.S. government agencies and authorities (such as the Fannie Mae and Freddie Mac) are supported by varying degrees of credit but generally are not backed by the full faith and credit of the U.S. government. No assurance can be given that the U.S. government will provide financial support to its agencies and authorities if it is not obligated by law to do so.

Bank Instruments Risk. The Government Securities Portfolio may invest in bank instruments, which include certificates of deposit, fixed time deposits, bankers' acceptances, and other debt and deposit-type obligations issued by banks. Changes in economic, regulatory or political conditions or other events that affect the banking industry may have an adverse effect on bank instruments or banking institutions that serve as counterparties in transactions with the Government Securities Portfolio.

Cash/Cash Equivalents Risk. The Government Securities Portfolio may invest in cash or cash equivalents as defensive strategies, which may lower returns and result in potential lost opportunities to participate in market appreciation and/or greater income possibilities. These opportunity costs could negatively impact the Government Securities Portfolio's performance and ability to achieve its investment objective.

Concentration Risk. Because the Government Securities Portfolio will invest in government-insured investments, it should be regarded as being 100% concentrated and does not represent a diverse set of holdings of Trust assets.

Prepayment Risk. Government issuers of certain bonds and loans (most notably, MBSs issued by Fannie Mae, Freddie Mac, and Ginnie Mae) may repay principal in advance. For most bonds, this is most likely when yields fall. In the case of MBSs, it will occur when the borrower on the original mortgage loans prepays. Changes in the rate at which prepayments occur can affect the return on investment of these securities. When debt obligations are prepaid or when securities are called, the Government Securities Portfolio may be forced to reinvest in securities with a lower yield.

Risks of Portfolio Fees and Expenses. Returns experienced by the Trust based on this Portfolio will be reduced by fees and expenses charged to the Portfolio. The Portfolio will incur expenses related to its operation that will reduce any returns including, but not limited to, legal, accounting, administration, tax preparation, brokerage, banking and other fees and expenses. Prime Trust also charges a 0.5% (one-half percent) fee for managing the Portfolio. This fee is computed based upon the total AUM of the Portfolio, multiplying AUM by the fee amount and then dividing by 360 days, which provides a daily fee amount that the Trustee may receive from the Portfolio at any time at its discretion. All such fees and expenses are incorporated into the operation of the Portfolio (that is, these are charged to the Portfolio) and netted out against net asset value reports with respect to



interests in the Portfolios. Prime Trust may take its fees as cash, which could require some redemptions of assets in a Portfolio, and/or as interests in the Portfolio.

Risks Associated with MBSs Issued by Fannie Mae, Freddie Mac and Ginnie Mae. In general, the risk factors described in the section of this document devoted to the Real Estate Portfolio pertaining to mortgage loans and MBSs apply to MBSs issued by Fannie Mae, Freddie Mac and Ginnie Mae. In addition, the federal conservatorship of Fannie Mae and Freddie Mac and related efforts, along with any changes in laws and regulations affecting the relationship between Fannie Mae and Freddie Mac and the U.S. Government, may materially adversely affect the Government Securities Portfolio. The payments of principal and interest received on MBSs issued by these agencies depend directly upon payments on the mortgages underlying those securities and are guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae. Fannie Mae and Freddie Mac are U.S. Government-sponsored entities (“GSEs”), but their guarantees are not backed by the full faith and credit of the United States. Ginnie Mae is part of a U.S. Government agency and its guarantees are backed by the full faith and credit of the United States.

Although the U.S. Government has undertaken several measures to support the positive net worth of Fannie Mae and Freddie Mac since the financial crisis of 2007-2008, there is no guarantee of continuing capital support if such support were to become necessary. These uncertainties lead to questions about the availability of, and trading market for, securities issued by these agencies. Despite the steps taken by the U.S. Government, Fannie Mae and Freddie Mac could default on their guarantee obligations which would materially and adversely affect the value of the securities held by the Government Securities Portfolio. Accordingly, if these government actions are inadequate in the future and the GSEs were to suffer losses, be significantly reformed, or cease to exist, the Government Securities Portfolio could be materially and adversely affected.

Future legislation could, among other things, reform the GSEs and their functions, or nationalize, privatize, or eliminate them entirely. Any law affecting the GSEs may create market uncertainty and have the effect of reducing the actual or perceived credit quality of securities issued or guaranteed by Fannie Mae or Freddie Mac. As a result, such laws could increase the risk of loss on investments in securities guaranteed by Fannie Mae and/or Freddie Mac. It also is possible that such laws could adversely impact the market for such securities and the spreads at which they trade.

Corporate Bond Portfolio: Investment Policy and Specific Risk Disclosures

Investment Policy

Prime Trust’s Corporate Bonds Business Trust (“Corporate Bond Portfolio”) will invest in investment-grade corporate bonds of, at time of purchase, cash-flow-positive entities, as determined by the most recently published financials, with a general investment goal of keeping the assets of the Portfolio relatively safe while growing at yields that are potentially high enough to exceed inflation, while also maintaining liquidity. All listed corporate bonds will have a grade of BBB or higher or the equivalent from a nationally recognized statistical rating organization. All private, non-listed bonds will most likely not have a credit rating and thus be subject to the review and discretion of our portfolio management team. Bonds may continue to be held even if an issuer becomes cash-flow negative or has their credit rating lowered subsequent to the date of original purchase.

Risk Disclosures



In addition to the general risks provided above for the Trusts and the Trust Savings program, risks specific to the Corporate Bond Portfolio include, but are not limited to, the following:

Corporate Bonds Generally. Corporate debt securities are subject to the risk of an issuer's inability to meet principal and/or interest payments on the obligation and may also be subject to price volatility due to factors such as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity. When interest rates rise, the value of corporate debt securities can be expected to decline. Debt securities with longer durations tend to be more sensitive to interest rate movements than those with shorter durations.

Credit Risk. Credit risk is the risk of loss caused by borrowers, bond obligors, guarantors, or counterparties failing to fulfil their obligations or the risk of such parties' credit quality deteriorating. Debt issuers and other counterparties may be unable or unwilling to make timely interest and/or principal payments when due or otherwise honor their obligations.

Income Risk. The Corporate Bond Portfolio's income may decline when interest rates fall. This decline can occur because the Portfolio may subsequently invest in lower yielding bonds as bonds it holds mature, are near maturity or are called, or the Portfolio otherwise needs to purchase additional bonds.

Interest Rate Risk. An increase in interest rates may cause the value of securities held by the Corporate Bond Portfolio to decline, may lead to heightened volatility in the fixed-income markets and may adversely affect the liquidity of certain fixed-income investments. Falling interest rates may cause an issuer to redeem, call or refinance a debt security before its stated maturity, which may result in the Portfolio having to reinvest the proceeds in lower yielding securities. The current, historically low interest rate environment increases the risk associated with rising interest rates, including the potential for periods of volatility and increased redemptions. This may cause the Corporate Bond Portfolio to face a heightened level of interest rate risk, especially because the Federal Reserve Board has ended its quantitative easing program and has begun to raise rates. The Portfolio may also be subject to heightened liquidity risks due to the lack of an active market and the reduced number and capacity of traditional market participants to make a market in fixed-income securities. Longer maturity debt securities generally have greater sensitivity to changes in interest rates and may be subject to greater price fluctuations than shorter maturity debt securities.

Risks of Portfolio Fees and Expenses. Returns experienced by the Trust based on this Portfolio will be reduced by fees and expenses charged to the Portfolio. The Portfolio will incur expenses related to its operation that will reduce any returns including, but not limited to, legal, accounting, administration, tax preparation, brokerage, banking and other fees and expenses. Prime Trust also charges a 1% (one-percent) fee for managing the Portfolio. This fee is computed based upon the total AUM of the Portfolio, multiplying AUM by the fee amount and then dividing by 360 days, which provides a daily fee amount that the Trustee may receive from the Portfolio at any time at its discretion. All such fees and expenses are incorporated into the operation of the Portfolio (that is, these are charged to the Portfolio) and netted out against net asset value reports with respect to interests in the Portfolios. Prime Trust may take its fees as cash, which could require some redemptions of assets in a Portfolio, and/or as interests in the Portfolio.

Call Risk. During periods of falling interest rates, an issuer of a callable bond held by the Corporate Bond Portfolio may "call" or repay the security before its stated maturity, and the Portfolio may have to reinvest the proceeds in securities with lower yields, which would result in a decline in income, or in securities with greater risks or with other less favorable features.

Extension Risk. During periods of rising interest rates, certain debt obligations may be paid off substantially more slowly than originally anticipated, and the value of those securities may fall sharply, resulting in a decline in the Corporate Bond Portfolio's income and potentially in the value of its investments.

Financials Sector Risk. Performance of companies in the financial sector may be adversely impacted by many factors, including, among others, government regulations, economic conditions, credit rating downgrades, changes in interest rates, and decreased liquidity in credit markets. The impact of more stringent capital requirements, recent or future regulation of any individual financial company or of the financial sector as a whole cannot be predicted. In recent years, cyberattacks and technology malfunctions and failures have become increasingly frequent in this sector and have caused significant losses to companies in this sector, which may negatively impact the Portfolio.

Real Estate Portfolio: Investment Policy and Specific Risk Disclosures

Investment Policy

Prime Trust's RE Business Trust ("Real Estate Portfolio") invests in a diversified range of real estate and real estate related assets primarily in the United States. The goal of the Real Estate Portfolio is to seek risk-adjusted income and/or appreciation without undue exposure to losses of investment principal. Most real estate assets are illiquid, but the portfolio may endeavor to maintain a certain amount of liquidity to honor anticipated redemptions by trust customers via a mix of cash reserves and/or short-term investments, as well as projected cash in-flows from new participating interests in the Portfolio. The Real Estate Portfolio consists of investments in four primary strategies, each of which is summarized below:

- 1) Core investments that target existing income-producing properties (typically stabilized at the time of acquisition) located principally in economically diversified metropolitan areas; asset types typically include office, retail, industrial, multifamily residential, manufactured housing and hotels as well as alternative asset types included in the benchmark.
- 2) Value-add investments that generally have expected returns and levels of risk greater than those of a typical core investment. These properties and/or investment strategies require specialized acquisition and management expertise or skill to mitigate business and leasing risks associated with the investment strategy.
- 3) Opportunistic investments that seek to capitalize on tactical opportunities, mispricing, or distress in the real estate and capital markets and are willing to assume additional risk. Investments include direct real estate assets in office, retail, industrial, residential, or specialized property types, as well as forms of investment such as land plays, operating companies, distressed debt/properties, and other specialized investments (e.g. brownfields).
- 4) Public investments that may be comprised of investments in both U.S. and non-U.S. publicly traded REITs and companies operating in the real estate space, which may include technology and service providers to the real estate industry. They may also include investments in ETFs, funds, or similar public investment vehicles. It is expected to enhance the performance and liquidity of the total Real Estate Portfolio, as well as contributing to the portfolio's diversification.

In addition to the general risks provided above for the Trusts and the Trust Savings program, risks specific to the Real Estate Portfolio include, but are not limited to, the following:

Risks of Investing in Real Estate-Related Assets. Investments in commercial real estate assets and real estate-related investments are subject to various risks associated with the real estate industry generally, including adverse changes in the financial conditions of tenants, buyers, and sellers of properties; the availability of financing; real estate taxes, interest rates and other operating expenses; insurance; environmental laws and regulations, zoning laws, and other governmental rules and fiscal policies; the relative demand for certain property types and locations; and the availability of certain construction materials. Developments in local financial and real estate markets over the past few years, and new developments in those markets, if they occur, may result in reductions in the value of real property interests. Real estate assets may be or become non-performing after acquisition for a wide variety of reasons. Such non-performing real estate investments may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial write-down of such loans or assets.

Redevelopment, Development and Construction Risk. Investments into real-estate related assets that require redevelopment, development or construction are associated with various development risks. Inability to obtain, or experiencing delays in obtaining, necessary zoning, occupancy, or other required governmental or third-party permits and authorizations could result in increased costs or the delay or abandonment of opportunities. Costs could be incurred that exceed original estimates due to increased material, labor or other costs, such as litigation. Inability to complete construction and lease-up of an investment on schedule could result in increased construction and financing costs and a decrease in expected rental revenues. Occupancy rates and rents at an investment may fail to meet expectations for a number of reasons, including changes in market and economic conditions and the development of competing investments. Inability to obtain financing with favorable terms, or at all, may cause delay or abandonment of an opportunity. Liabilities may be incurred to third parties during the redevelopment or development process. Unexpected events or circumstances may arise during the redevelopment or development process that affect the timing of completion and the cost and profitability of the redevelopment or development.

Risk Due to Illiquidity of Real Estate Assets. Real estate investments are relatively illiquid and cannot always be sold quickly. Thus, the Real Estate Portfolio may not be able to sell investments promptly in response to changes in economic or other market conditions, or to accommodate changes to the investment preferences of any Trust. The ability to dispose of real estate assets in the future will depend on prevailing economic and market conditions, including the cost and availability of financing. This could have a material adverse effect on the returns of the Real Estate Portfolio.

Economic Recession and Decrease in Real Estate Values. Investments in real estate-related assets may be susceptible to economic slowdowns or recessions, which could lead to financial losses with respect to an investment and a decrease in revenues, net income and/or asset values. An economic slowdown or recession, in addition to other non-economic factors such as an excess supply of properties, could have a material negative impact on the values of commercial real estate. Declining real estate values will likely reduce the availability of certain new real estate assets such as loans, since borrowers often use increases in the value of their existing properties to support the purchase or investment in additional properties. Borrowers may also be less able to pay principal and interest on loans if the real estate economy weakens. Further, declining real estate values significantly increase the likelihood that investors will incur losses on their loans in the event of default because the value

of the collateral may be insufficient to cover the costs on loans. Any sustained period of increased payment delinquencies, foreclosures or losses could adversely affect both net interest income from loans in the Real Estate Portfolio as well as the Real Estate Portfolio's ability to sell loans, which would significantly harm its returns.

Private Market Risks. Some of the real estate-related assets held by the Real Estate Portfolio may be acquired privately. The values of such investments are particularly susceptible to fluctuations based on market trends. The Real Estate Portfolio may have difficulty disposing of such investments at a price and on terms that are attractive.

Risk Associated with a Lack of Current Valuation. Investments held by the Portfolio are not generally valued on any periodic basis by disinterested third-parties, and the Portfolio does not generally, and has no obligation to, engage anyone to perform periodic valuations of any holdings. In certain cases, the Trustee may value particular assets and/or receive valuations from the sponsor of an asset, in which case the Trustee will use that valuation. The fact that the Trustee may do some from time to time with respect to any specific holding, or even with respect to the entire set of assets held by the Portfolio, should not be viewed as creating any obligation to solicit or perform post-acquisition or post-investment valuations of assets. Generally, this means that the NAV of the Portfolio, as calculated at any particular point in time, will be based on the acquisition prices of most or all of the assets held in the Portfolio, and will not reflect any actual market-value increases or decreases of those assets, other than as calculated for accrued interest, rents or current remittances due. Importantly, any liquidation of interests in the Portfolio prior to an asset being sold or otherwise disposed of will be at the stated NAV as of the time of such liquidation (in the case of most assets, based on acquisition costs), which may be above or below the then-current market value of the assets held. Trusts that hold interests in the Portfolio and liquidate those interests do not have any rights to, nor obligation of, any unrealized gains or losses of the non-liquidated assets of the Portfolio.

Non-Diversification. The Real Estate Portfolio's assets are not subject to any geographic, diversification or concentration limitations. Accordingly, its investment portfolio may be concentrated by geography, asset, property type and/or borrower, which may increase risk of loss if the particular concentration in the Real Estate Portfolio is subject to greater risks or is undergoing adverse developments. In addition, adverse conditions in the areas where the properties securing or otherwise underlying investments are located (including business layoffs or downsizing, industry slowdowns, changing demographics and other factors) and local real estate conditions (such as oversupply or reduced demand) may have an adverse effect on the value of investments. A material decline in the demand for real estate in these areas may materially and adversely affect the Real Estate Portfolio. Lack of diversification can increase the correlation of non-performance and foreclosure risks to these investments.

Risks of Environmental Liabilities. Under various laws, ordinances, and regulations, an owner or operator of real property may become liable for the costs of removal or remediation of certain hazardous substances and other environmental pollutants (including, without limitation, petroleum products, asbestos, and polychlorinated biphenyls) released on, about, under, or in the property. Environmental laws often impose this liability without regard to whether the owner or operator knew of, or was responsible for, the release of hazardous substances or other environmental pollutants. The presence of hazardous substances or other environmental pollutants, or the failure to remediate hazardous substances or other environmental pollutants properly, may adversely affect the owner's ability to sell or use real estate or to borrow outside funds using real estate as collateral. Environmental liabilities with respect to a specific real estate asset may exceed the value of such asset.

General - The value of commercial mortgage loans and the underlying real estate will be influenced by the historical rate of commercial mortgage loan delinquencies and defaults and by the severity of resulting losses. Commercial mortgage loans are generally viewed as exposing a lender to a greater risk of loss through delinquency and foreclosure than lending on the security of single-family residences. The ability of a borrower to repay a loan secured by income-producing property typically is dependent primarily upon the successful operation and operating income of such property rather than upon the borrower's other income or assets, as most commercial mortgage loans provide recourse only to the property itself.

Servicing - Certain mortgages may be purchased together with related mortgage servicing rights. In such a case the Real Estate Portfolio will rely on third-party servicers to service and manage the mortgages underlying the loans. The ultimate returns generated by these investments may depend on the quality of the servicer. If a servicer is not vigilant in seeing that borrowers make their required monthly payments, borrowers may be less likely to make these payments, resulting in a higher frequency of default. If a servicer takes longer to liquidate non-performing mortgages, losses related to those loans may be higher than originally anticipated. Any failure by servicers to service these mortgages and/or to competently manage and dispose of properties could negatively impact the value of these investments and the portfolio's financial performance. In addition, the Real Estate Portfolio may be ultimately responsible, vis-à-vis borrowers and state and federal regulators, for ensuring that loans are serviced in accordance with the terms of the related notes and mortgages and applicable law and regulation. Such exposure could be significant.

Foreclosure - The foreclosure process for a non-performing loan can be lengthy and expensive, and delays and costs involved in completing a foreclosure, and then subsequently liquidating the property through sale, may materially increase any related loss. In addition, if and when title is taken to a foreclosed property, it may require more extensive rehabilitation than estimated at acquisition. Thus, a material amount of foreclosed mortgage loans could result in significant losses for the Real Estate Portfolio.

Risks Associated with Corporate Debt. Corporate bonds issued by builders and other companies engaged in businesses related to real estate and development are subject to many of the risks above, and also at risk of falling prices due to the deterioration of the credit quality, financial condition and business outlook of the issuer of the bonds. Developments in global financial markets over the past few years and new developments in global and local markets, if they occur, may adversely impact the ability of the holder of those investments to dispose of investments at their expected returns. Additional information about the types of risks associated with corporate bonds is provided in the section of this document devoted to the Corporate Bond Portfolio.

Risks Related to Portfolio Fees and Expenses. Returns experienced by the Trust based on this Portfolio will be reduced by fees and expenses charged to the Portfolio. The Portfolio will incur expenses related to its operation that will reduce any returns including, but not limited to, legal, accounting, administration, tax preparation, brokerage, banking and other fees and expenses. Prime Trust also charges a 2.5% (two-and-one-half-percent) fee for managing the Portfolio. This fee is computed based upon the total assets under management ("AUM") of the Portfolio, multiplying AUM by the fee amount and then dividing by 360 days, which provides a daily fee amount that the Trustee may receive from the Portfolio at any time at its discretion. Prime Trust may also charge acquisition or other types of fees on any real property that it purchases for the Real Estate Portfolio. All such fees and expenses are incorporated into the operation of the Portfolio (that is, these are charged to the



Portfolio) and netted out against net asset value reports with respect to interests in the Portfolios. Prime Trust may take its fees as cash, which could require some redemptions of assets in a Portfolio, and/or as interests in the Portfolio.

Investing in MBSs. In general, the risk factors described above pertaining to mortgage loans also similarly apply to MBSs. In addition, in a rising interest rate environment, the value of MBSs may be adversely affected when repayments on underlying mortgage loans do not occur as anticipated, resulting in the extension of the security's effective maturity and the related increase in interest rate sensitivity of a longer-term instrument. The prices of lower credit quality securities are generally less sensitive to interest rate changes than more highly rated assets but more sensitive to adverse economic downturns or individual issuer developments. A projection of an economic downturn, for example, could cause a decline in the price of lower credit quality securities because the ability of obligors of mortgages underlying MBSs to make principal and interest payments or to refinance may be impaired. In this case, existing credit support in the securitization structure may be insufficient to protect the Real Estate Portfolio against loss of principal on these securities. The value of MBSs also may change due to shifts in the market's perception of issuers and regulatory or tax changes adversely affecting the mortgage securities markets as a whole. In addition, MBSs are subject to the credit risk associated with the performance of the underlying mortgage properties.

MBSs are also subject to several risks created through the securitization process. Certain subordinate MBS are paid interest only to the extent that there are funds available to make payments. To the extent the collateral pool includes a large percentage of delinquent loans, there is a risk that interest payment on subordinate MBS will not be fully paid. Subordinate securities of MBS are also subject to greater risk than those MBS that are more highly rated.

Investing in Mezzanine Loans. The Real Estate Portfolio may invest in mezzanine loans that take the form of subordinated loans secured by a pledge of the ownership interests of either the entity owning the real property or an entity that owns (directly or indirectly) the interest in the entity owning the real property. These types of investments may involve a higher degree of risk than long-term senior mortgage lending secured by income-producing real property, because in the event of a bankruptcy of the entity providing the pledge of its ownership interests as security, the assets of the entity may not be sufficient to satisfy the mezzanine loan. If a borrower defaults on a mezzanine loan or debt senior to a loan, or in the event of a borrower bankruptcy, the mezzanine loan will be satisfied only after the senior debt. As a result, the Real Estate Portfolio may not recover some or all of its investment. In addition, mezzanine loans may have higher LTV ratios than conventional mortgage loans, resulting in less equity in the real property and increasing the risk of loss of principal.

Investing in CDOs. The Real Estate Portfolio may invest in CDOs, which are multiple class debt securities, or bonds, secured by pools of assets, such as mortgage-backed securities, B-Notes, mezzanine loans, debt in real estate investment trusts or other real-estate companies, and credit default swaps. Like typical securities structures, in a CDO, the assets are pledged to a trustee for the benefit of the holders of the bonds. Like MBSs, CDOs are affected by payments, defaults, delinquencies and losses on the underlying commercial real estate loans. CDOs often have reinvestment periods that typically last for five years during which proceeds from the sale of a collateral asset may be invested in substitute collateral. Upon termination of the reinvestment period, the static pool functions similarly to a MBS securitization, where repayment of principal allows for redemption of bonds sequentially. To the extent the Real Estate Portfolio invests in the equity securities of a CDO, it will be entitled to all of the income generated by the CDO after the CDO pays all of the interest due on the senior debt securities and its expenses. However, there will be little or no income or principal available to the CDO equity if defaults or losses on the underlying collateral exceed a certain amount.



In that event, the value of its investment in any equity class of a CDO could decrease substantially. In addition, the equity securities of CDOs are generally illiquid. Because they represent a leveraged investment in the CDO's assets, the value of the equity securities will generally have greater fluctuations than the values of the underlying collateral.

Risks of Investing in REITs and Other Real Estate Companies. Investing in REITs and in securities of other companies (wherever organized) principally engaged in the real estate industry subject the Real Estate Portfolio to, among other things, risks similar to those of direct investments in real estate and the real estate industry in general. These include risks related to general and local economic conditions, possible lack of availability of financing and changes in interest rates or property values. REITs and other real estate companies are entities that either own properties or make construction or mortgage loans, and also may include operating or finance companies. The value of interests in these companies may be affected by, among other factors, changes in the value of the underlying properties owned by the company, changes in the prospect for earnings and/or cash flow growth of the company itself, defaults by borrowers or tenants, market saturation, decreases in market rates for rents, and other economic, political, or regulatory matters affecting the real estate industry, including REITs and other real-estate companies. REITs and similar non-U.S. entities depend upon specialized management skills, may have limited financial resources, may have less trading volume in their securities, and may be subject to more abrupt or erratic price movements than the overall securities markets. REITs are in particular also subject to the risk of failing to qualify for favorable tax treatment under the Code. Some REITs (especially mortgage REITs) and similar companies are affected by risks similar to those associated with investments in debt securities including changes in interest rates and the quality of credit extended. Because the value of REITs and other real estate-related companies may fluctuate widely in response to changes in factors affecting the real estate markets, the value of an investment in the Portfolio may be more volatile than the value of an investment in a fund that is invested in a more diverse range of market sectors. Further, because REITs and other real estate companies are typically pooled investment vehicles that have their own expenses, the Portfolio will indirectly bear its proportionate share of those expenses.

Some REITs may fail to qualify for an exemption from the definition of an investment under the Investment Company Act of 1940 (the "1940 Act"). As a result, the REIT may have to register as an investment company and comply with regulations and investment restrictions, which would impede its ability to pursue its business objective effectively.

ETF Portfolio: Investment Policy and Specific Risk Disclosures

Investment Policy

Prime Trust's ETF Business Trust ("ETF Portfolio") invests in two exchange-traded funds ("ETFs"): The SPDR® S&P 500® ETF ("SPY"), which is a diversified large cap U.S. index that holds companies across sectors and is sponsored by State Street Global Advisors, and the iShares iBoxx \$ Investment Grade Corporate Bond ETF ("LQD"), which invests in broad-based U.S. investment-grade corporate bonds and is sponsored by BlackRock. The ETF Portfolio follows an asset allocation strategy that periodically rebalances its relative holdings of these two ETFs based on a quantitative evaluation of the risk return trade-offs of the equity and investment-grade bond markets. Among the factors included in this evaluation are equity prices and dividends, bond returns, economic growth projections and current volatility levels. The goal of the ETF Portfolio is to deliver potentially higher returns than other diversified stock and bond portfolios. It is possible that additional ETFs will be



included in the ETF Portfolio in the future. If so, this document will be revised to add any additional risks, and will be provided to Grantors through their online Trust Savings program account.

Risk Disclosures

In addition to the general risks provided above for the Trusts and the Trust Savings program, risks specific to the ETF Portfolio include, but are not limited to, the following:

General ETF Risk. Investing in an ETF exposes the ETF Portfolio to all of the risks of that ETF's investments and subjects it to a *pro rata* portion of the ETF's fees and expenses. As a result, the cost of investing in an ETF's shares may exceed the costs of investing directly in its underlying investments. ETF shares trade on an exchange at a market price that may vary from the ETF's net asset value. The ETF Portfolio may purchase ETFs at prices that exceed the net asset value of their underlying investments and may sell ETF investments at prices below that net asset value. Because the market price of ETF shares depends on the demand in the market for them, the market price of an ETF may be more volatile than the underlying portfolio of securities the ETF is designed to track, and the ETF Portfolio may not be able to liquidate ETF Portfolio holdings at the time and price desired, which may impact performance.

Use of Leverage. The ETF Portfolio may incur leverage. Leverage may have important adverse consequences to the ETF Portfolio. The amount of the ETF Portfolio's borrowings and the interest rates on those borrowings, which may fluctuate from time to time, as well as the fees and other costs of borrowing, may have a marked effect on the ETF Portfolio's performance. The ETF Portfolio will be subject to increased exposure to adverse economic factors such as significant rise in interest rates or a severe downturn in the economy.

Net Asset Value Risk. The net asset value of an ETF will fluctuate. Disruptions to creations and redemptions, the existence of extreme market volatility or potential lack of an active trading market for shares may result in an ETF's shares trading at a significant premium or discount to net asset value. If the ETF Portfolio purchases shares at a time when the market price is at a premium to the NAV or sells shares at a time when the market price is at a discount to net asset value, the ETF Portfolio may sustain losses. In addition, disruptions to creations and redemptions, or during periods of significant market volatility, may result in trading prices for shares of an ETF that differ significantly from its net asset value.

If the ETF Portfolio purchases shares of an ETF in the secondary market, it may pay brokerage commissions or other charges imposed by brokers. Brokerage commissions are often a fixed amount and may be a significant proportional cost for investors seeking to buy or sell relatively small amounts of interests in an ETF. In addition, secondary market investors will incur the cost of the difference between the price that an investor is willing to pay (the "bid" price) and the price at which an investor is willing to sell (the "ask" price). This difference is often referred to as the "spread" or "bid/ask spread." The bid/ask spread varies over time for an ETF's interests based on trading volume and market liquidity, and is generally lower if the ETF's interests have more trading volume and market liquidity and higher if the ETF's interests have little trading volume and market liquidity. Further, increased market volatility may cause increased bid/ask spreads. Due to the costs of buying or selling ETF interests, including bid/ask spreads, frequent trading may significantly reduce investment results.

Risks of Portfolio Fees and Expenses. Returns experienced by the Trust based on this Portfolio will be reduced by fees and expenses charged to the Portfolio. The Portfolio will incur expenses related to its operation that will reduce any returns including, but not limited to, legal, accounting, administration, tax preparation, brokerage, banking and other fees and expenses. Prime Trust also



charges a 1% (one-percent) fee for managing the Portfolio. This fee is computed based upon the total AUM of the Portfolio, multiplying AUM by the fee amount and then dividing by 360 days, which provides a daily fee amount that the Trustee may receive from the Portfolio at any time at its discretion. All such fees and expenses are incorporated into the operation of the Portfolio (that is, these are charged to the Portfolio) and netted out against net asset value reports with respect to interests in the Portfolios. Prime Trust may take its fees as cash, which could require some redemptions of assets in a Portfolio, and/or as interests in the Portfolio.

Trading Issues Risk. Trading in exchanges on which an ETF's shares are listed may be halted due to market conditions or for reasons that, in the view of the exchange, make trading inadvisable. In addition, exchange trading is subject to trading halts caused by extraordinary market volatility pursuant to "circuit breaker" or other rules. There can be no assurance that an ETF will meet or continue to meet the requirements of an exchange necessary to maintain its listing, or that those requirements will not change in a way that is adverse to an ETF.

Unlike individual stocks or closed-end funds, which usually have a fixed supply of shares in circulation on the secondary market, ETFs are open-ended investment vehicles. This means that ETFs are able to issue or withdraw shares on the secondary market, according to investor supply and demand (a process known as creation and redemption). These shares may be listed or traded on U.S. and non-U.S. stock exchanges other than the U.S. stock exchange where the ETF's primary listing is maintained. There can be no assurance that an ETF's shares will continue to trade on any particular stock exchange or will continue to meet the requirements for listing or trading on any exchange or in any market. An ETF's shares may be less actively traded in certain markets than in others, and the ETF Portfolio is subject to the execution and settlement risks and market standards of the market where it executes any trades. Certain information available to investors who trade an ETF's shares on a U.S. stock exchange during regular U.S. market hours may not be available to investors who trade in other markets, which may result in secondary market prices in those markets being less efficient.

Index Risk. SPY and LQD hold securities represented by the S&P 500 Index and the Markit iBoxx USD Liquid Investment Grade Index, respectively. An ETF that is linked to an index will be negatively affected by general declines in the securities and asset classes represented in its index. In addition, because index-based ETFs are not actively managed, unless a specific security is removed from an index, an ETF generally would not sell a security because the security's issuer is in financial trouble. Market disruptions and regulatory restrictions could have an adverse effect on an ETF's ability to adjust its exposure to the required levels in order to track the index. An index-based ETF also will not attempt to take defensive positions under any market conditions, including declining markets. Therefore, an index-based ETF's performance could be lower than funds that may actively shift their portfolio assets to take advantage of market opportunities or to lessen the impact of a market decline or a decline in the value of one or more issuers. In addition, an ETF's return may not match or achieve a high degree of correlation with the return of an index it tracks due to its expenses and transaction costs and/or the unavailability of certain securities held by the index in the secondary market or due to other extraordinary circumstances (e.g., if trading in a security has been halted).

Tracking Error Risk. Tracking error is the divergence of an ETF's performance from that of the underlying index. Tracking error may occur because of differences between the securities and other instruments held in the ETF's portfolio and those included in the index, pricing differences, transaction costs, the ETF's holding of uninvested cash, differences in timing of the accrual of distributions, tax gains or losses, changes to the underlying index or the costs of complying with various new or existing regulatory requirements. This risk may be heightened during times of increased market volatility or other unusual market conditions.



Model Risk. Prime Trust will use a model to determine the size of its relative holdings in SPY and LQD. This type of quantitative model can expose the ETF Portfolio to potential risks. For example, the model used by Prime Trust is predictive in nature and based on historical data supplied by third parties. As a result, the success of relying on the model may depend heavily on the accuracy and reliability of the historical data on which it is based. In addition, the calculations used by the model may prove to be inaccurate or ineffective at predicting the future.

Additional Risks Associated with SPY

Equity Investing Risk - An investment in SPY involves risks similar to those of investing in any fund of equity securities. Those risks include market fluctuations caused by such factors as economic and political developments, changes in interest rates and changes to perceived trends in securities prices. In addition, the ETF Portfolio's investment in SPY is subject to the risk that the general level of stock prices may decline, thereby adversely affecting the value of the investment. The value of securities held SPY may fluctuate in accordance with changes in the financial condition of their issuers, the value of common stocks generally and other factors. The identity and weighting of securities held by SPY may change from time to time. The financial condition of issuers may become impaired or the general condition of the stock market may deteriorate, either of which may cause a decrease in the value of the ETF Portfolio's investments in SPY.

Common stocks such as those held by SPY are particularly susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. These investor perceptions are based on various and unpredictable factors including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction, and global or regional political, economic and banking crises. Holders of common stocks of any given issuer incur more risk than holders of preferred stocks and debt obligations of the issuer because the rights of common stockholders, as owners of the issuer, generally are subordinate to the rights of creditors of, or holders of debt obligations or preferred stocks issued by, that issuer. Further, unlike debt securities that typically have a stated principal amount payable at maturity, or preferred stocks that typically have a liquidation preference and may have stated optional or mandatory redemption provisions, common stocks have neither a fixed principal amount nor a maturity. Common stock values are subject to market fluctuations as long as the common stock remains outstanding.

Trading Market Risk - A liquid trading market for securities held by SPY may not exist. Although all of the securities held in SPY are listed on a national securities exchange, the existence of a liquid trading market for certain securities may depend on whether dealers will make a market in such stocks. There can be no assurance that a market will be made or maintained for any particular securities, or that any such market will be or remain liquid. The price at which securities may be sold and the value of the securities held by SPY will be adversely affected if trading markets for those securities are limited or absent.

Large Cap Risk - The securities held in SPY generally consist of equity securities of large-capitalization U.S. issuers. Returns on investments in stocks of large U.S. companies could trail the returns on investments in stocks of smaller and mid-sized companies.

For additional information about SPY, please review the materials provided by its manager at <https://us.spdrs.com/en/etf/spdr-sp-500-etf-SPY?fundSeoName=spdr-sp-500-etf-SPY>. Prime Trust and its affiliates are not responsible for any information provided by any third party with respect to SPY.

Corporate Debt Investments - Investments in ETFs that hold corporate debt are subject to interest rate risk and credit risk. Investments in debt securities typically decrease in value when interest rates rise. This risk is greater for longer-term securities. Corporate bond ETFs are also at risk of falling prices due to the deterioration of the credit quality of the underlying bonds. Additional information about these risks is provided in the section of this document devoted to the Corporate Bond Portfolio.

Securities Lending Risk. LQD may engage in securities lending. Securities lending involves the risk that LQD may lose money because the borrower of the loaned securities fails to return the securities in a timely manner or at all. LQD could also lose money in the event of a decline in the value of collateral provided for loaned securities or a decline in the value of any investments made with cash collateral. These events could also trigger adverse tax consequences for LQD.

For additional information about LQD, please review the materials provided by its manager at

https://www.ishares.com/us/products/239566/LQD?cid=ppc:ishares_us:google:LQD&gclid=Cj0KEQjwg47KBRDk7LSu4LTD8eEBEiQAO4O6r9FR4zExpkSY7Z-8Ab5zrjNE7OckMyF5QhZVXapLZ2waAk2y8P8HAQ&gclidsrc=aw.ds . **Prime Trust and its affiliates are not responsible for any information provided by any third party with respect to LQD.**