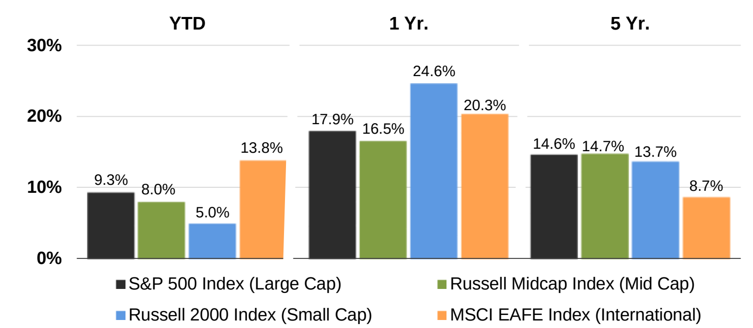
STATE FARM® MARKET RECAP

As of June 30, 2017

EQUITIES RECAP

- Global equity markets continued their upward momentum in June, closing out a strong first six months of 2017.
- In the U.S., equities rallied in June led by small- and mid-cap stocks, which have been relative laggards during the first part of the year. For the month, the Russell 2000® Index (small-cap stocks) gained 3.5%, while the Russell Midcap® Index (mid-cap stocks) and S&P 500® Index (large-cap stocks), advanced 1.0% and 0.6%, respectively.
- International equity markets posted mixed results in June with the MSCI EAFE Index, representing international developed markets, declining -0.2%, in U.S. dollar terms, while the MSCI Emerging Markets Index (not shown) gained 1.0%.

EQUITIES MARKET PERFORMANCE Total Returns for Periods Ended June 30, 2017

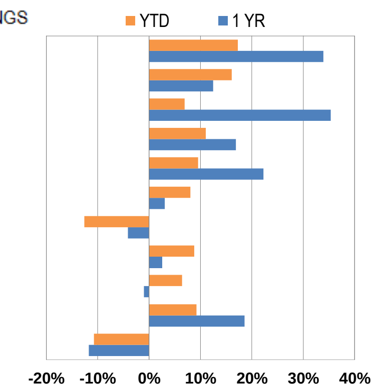


U.S. EQUITIES

- U.S. equity markets closed-out the first half of the year on a positive note, as the S&P 500 Index moved modestly higher in June, setting four new closing highs and posting a 0.6% total return. The large-cap index recorded its seventh consecutive quarterly gain, up 3.1% with dividends, and finished the first half of the year outpacing mid- and small-cap stocks by posting a 9.3% total return.
- For sector performance, the Financial sector was the top performer for the month, up 6.4%, helped by a strong rally in mega-cap banks. Health Care also closed the month in positive territory, gaining 4.6% for the month and 16.1% year-to-date. Information Technology led the declining sectors lower for the month, losing -2.7% but remained the best performing sector year-to-date posting a 17.2% total return.
- For the first half of the year, nine of the eleven S&P sectors advanced with Information Technology, Health Care and Consumer Discretionary posting double-digit total returns. The two declining sectors—Energy and Telecommunication Services—posted double-digit losses, down -12.6% and -10.7%, respectively.

PERFORMANCE OF THE S&P 500 INDEX Total Returns for Periods Ended June 30, 2017

SECTOR	WEIGHTINGS
Information Technology	22.3%
Health Care	14.5%
Financials	14.5%
Consumer Discretionary	12.3%
Industrials	10.3%
Consumer Staples	9.0%
Energy	6.0%
Utilities	3.2%
Real Estate	2.9%
Materials	2.8%
Telecommunications Services	2.1%



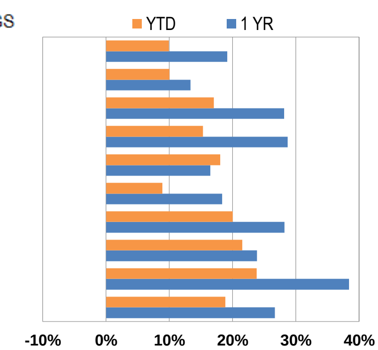
Ranked by highest to lowest index weighting.

GLOBAL EQUITIES

- International markets posted mixed results in June, with emerging markets advancing while developed markets declined. From an emerging market country standpoint, Chinese equities rallied after index provider MSCI announced a phase-in plan for China A-shares equities into the broader MSCI Emerging Markets Index. For the month, the MSCI Emerging Market Index (not shown) advanced 1.0% in U.S. dollar terms.
- At the half way point of 2017, international equities have outpaced the U.S. equity market benefitting from accelerating economic data, earnings growth, as well as a boost from strengthening local currencies vs the U.S. dollar. Year-to-date, emerging markets (not shown) retuned 18.4%, in U.S. dollars, followed by international developed markets, gaining 13.8%, respectively. This compares to the U.S. benchmark S&P 500 Index, which has gained 9.3% year-to-date.

PERFORMANCE OF MSCI EAFE INDEX Total Returns for Periods Ended June 30, 2017

COUNTRY	WEIGHTINGS
Japan	23.1%
United Kingdom	17.9%
France	10.6%
Germany	9.6%
Switzerland	8.9%
Australia	6.8%
Netherlands	3.5%
Hong Kong	3.5%
Spain	3.5%
Sweden	2.9%

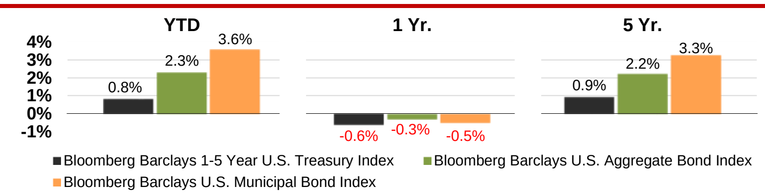


Ranked by highest to lowest country weighting.
Weightings as of 05/31/17.
Returns are in U.S. dollars with dividends reinvested.

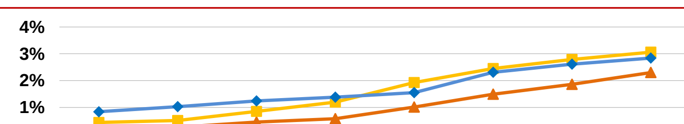
FIXED INCOME RECAP

- The U.S. fixed income markets fell into negative territory in June, after the Federal Reserve raised the Fed Fund rate by 25 basis points and laid out detail plans to reduce its balance sheet. For the month, the Bloomberg Barclays U.S. Aggregate Bond Index posted a -0.1% total return and lowered its year-to-date gain to 2.3%. Over the longer 1- and 5-year time periods, investment grade bonds recorded annualized total returns of -0.3% and 2.2%, respectively.
- U.S. municipal bonds declined in June, breaking the streak of six consecutive months of positive gains. For the month, the Bloomberg Barclays U.S. Municipal Bond Index posted a -0.4% total return. Over the longer 1- and 5-year time periods, municipal bonds recorded annualized total returns of -0.5% and 3.3%, respectively.
- In June, the U.S. Treasury yield curve flattened, with the 3-month and 10-Year Treasury yields increasing by 5 and 10 basis points to 1.03% and 2.31%, respectively. Meanwhile, the yield on the longer term 30-Year Treasury Bond fell 3 basis points to close the month at 2.84%.

U.S. BOND MARKET PERFORMANCE Total Returns for Periods Ended June 30, 2017



U.S. TREASURY YIELD CURVES



	1 Mo.	3 Mo.	1 Yr.	2 Yrs.	5 Yrs.	10 Yrs.	20 Yrs.	30 Yrs.
6/30/2016	0.20%	0.26%	0.45%	0.58%	1.01%	1.49%	1.86%	2.30%
12/31/2016	0.44%	0.51%	0.85%	1.20%	1.93%	2.45%	2.79%	3.06%
6/30/2017	0.84%	1.03%	1.24%	1.38%	1.55%	2.31%	2.61%	2.84%

MARKET COMMENTARY - Tax Reform May Provide Potential Tailwind for Financial Markets

Overall, investors should feel good about the stock market's performance through the halfway point of 2017. During the first six months of the year, the Dow Jones Industrial Average® reached the 20,000 milestone mark in late January, then climbed above 21,000 about a month later. In mid-March, the S&P 500® Index celebrated its eighth consecutive year without a 20% decline, in the process becoming the second longest bull-market in U.S. history. In addition, the tech-heavy Nasdaq Composite Index® surpassed the 6,000 threshold for the first time in late April. By the end of June, the S&P 500 Index was up 9.3% year-to-date with dividends, with 2017 shaping up to be yet another good year U.S. stocks.

Looking ahead to the remainder of the year, a potential tailwind for the financial markets is a possible reduction in the corporate tax rate. President Trump's stated desire to lower corporate tax rate—from the current 35% level to the proposed 15% rate—would be a historical cut not only in size but also because it would represent be the first such decrease since 1988. If implemented, this reduction could have a meaningful impact on businesses, including helping to increase their earnings per share (EPS) growth over the next couple of years.

For investors, such a tax-savings boost to EPS may come at just the right time. As the accompanying chart shows, the collective companies that make up the S&P 500 exited a prolonged earnings recession in the third quarter of 2016, steadily posting gains each quarter thereafter. However, given an environment in which the Federal Reserve has been tightening its monetary policy and the economy continues to muster only modest growth, that upward trend in companies' bottom-line results may be threatened. As U.S. equities trade near the higher end of their long-term price-to-earnings (P/E) valuation range, P/E multiple expansion—paying more for a stock given each dollar of earnings—may grow more challenging through the remainder of the year and into 2018.

Source: FactSet, Thomson Reuters

A reduction in the corporate tax rate may help propel the stock market for the remainder of the year and beyond, but until any legislation is finalized the markets may experience varying levels of volatility. With this in mind, investors should keep short-term market turbulence in perspective, invest over the long-term, and avoid making quick decisions based upon political and legislative developments.

Securities, insurance and annuity products are not FDIC insured, are not bank guaranteed and are subject to investment risk, including possible loss of principal.

Past performance is no guarantee of future results.

It is not possible to invest directly in an index.

Diversification, Automatic Investment Plans and Asset Allocation do not assure a profit or protect against loss.

Investing involves risk, including potential for loss. Current and future portfolio holdings are also subject to risk.

Bonds are subject to interest rate risk and may decline in value due to an increase in interest rates.

The stocks of small companies are more volatile than the stocks of larger, more established companies.

Foreign investments involve greater risks than U.S. investments, including political and economic risks and the risk of currency fluctuations.

Emerging markets involve greater risks than U.S. investments due to lower trading volume, political and economic instability, and other governmental limitations on foreign investment policy.

The S&P 500® Index tracks the common stock performance of 500 large U.S. companies.

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The Standard & Poor's Growth Index is comprised of the growth companies within the S&P 500 Index.

The Russell Midcap® Index measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index.

The Russell 2000® Index tracks the common stock performance of the 2,000 smallest U.S. companies in the Russell 3000 Index.

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The Dow Jones Industrial Average® is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The NASDAQ Composite Index® is the market capitalization-weighted index of approximately 3,000 common equities listed on the Nasdaq stock exchange.

The Morgan Stanley Capital International (MSCI EAFE) Index captures large and mid cap representation across Developed Markets countries around the world, excluding the U.S. and Canada.

The MSCI Emerging Markets Index captures large- and mid-cap representation across 23 Emerging Markets (EM) countries.

The MSCI Japan Index is designed to measure the performance of the large- and mid-cap segments of the Japanese stock market.

The Bloomberg Barclays 1-5 Year U.S. Treasury Index measures the performance of short-term U.S. Treasury Securities maturing within one to five years.

The Bloomberg Barclays U.S. Aggregate Bond Index represents debt securities in the U.S. investment grade fixed rate bond market.

The Bloomberg Barclays Municipal Bond Index is an unmanaged index representative of the tax-exempt bond market .

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Before Investing, consider the funds' investment objectives, risks, charges and expenses. Contact VP Management Corp (1-800-447-4930) for a prospectus or summary prospectus containing this and other information. Read it carefully.

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