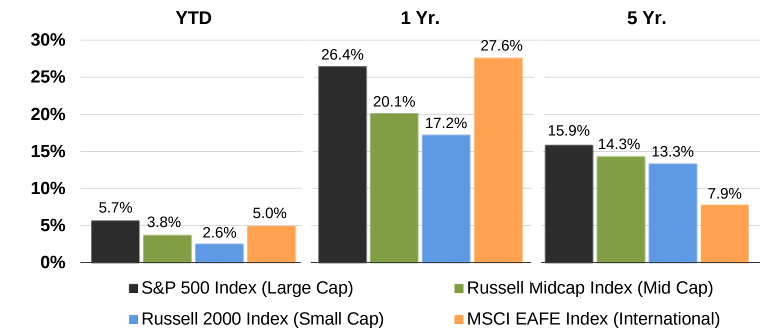
STATE FARM® MARKET RECAP

As of January 31, 2018

EQUITIES RECAP

- Global equities began the year on a positive note, supported by strengthening economic growth across several regions and the potential benefits from the recently passed tax reform bill in the U.S.
- In the U.S., large-cap stocks led the major indices, with the benchmark S&P 500® Index posting a 5.7% total return, the best opening month to start a year since January 1997.
- International equities continued their upward momentum in January, with emerging markets leading the way. For the month, the MSCI Emerging Market Index (not shown), advanced 8.3%, in U.S. dollar terms. Meanwhile, the MSCI EAFE Index, which measures international developed markets, gained 5.0% for the month.

EQUITIES MARKET PERFORMANCE Total Returns for Periods Ended January 31, 2018

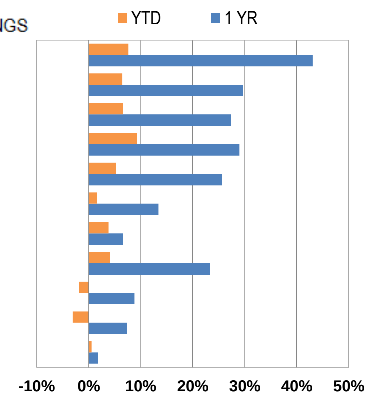


U.S. EQUITIES

- U.S. equity markets kicked-off 2018 with a strong performance, as most stocks experienced gains, and each of the major indices posted positive returns. January was the best monthly return for the S&P 500 Index since March 2016 (+6.8%), while the tech-heavy NASDAQ Composite Index (not shown) had its best monthly gain since October 2015.
- Helped by the recent passing of the tax reform bill, mid- and small-cap stocks also started the year in positive territory, with the Russell MidCap® Index and Russell 2000® Index posting total returns of 3.8% and 2.6%, respectively. With most of their revenues coming from domestic companies, mid- and small-cap stocks stand to benefit from the lower tax rates.
- In sector performance, nine of the eleven groups gained for the month. Technology stocks continued to lead the advancing sectors higher, as Netflix, Facebook and Microsoft posted better-than-expected fourth quarter earnings results. The more interest rate sensitive areas of the market struggled in January, with sectors such as Utilities, Real Estate, and Telecommunication Services underperforming the overall market.

PERFORMANCE OF THE S&P 500 INDEX Total Returns for Periods Ended January 31, 2018

SECTOR	WEIGHTINGS
Information Technology	24.2%
Financials	14.9%
Health Care	13.9%
Consumer Discretionary	12.6%
Industrials	10.3%
Consumer Staples	7.9%
Energy	6.0%
Materials	3.0%
Utilities	2.7%
Real Estate	2.7%
Telecommunications Services	1.9%



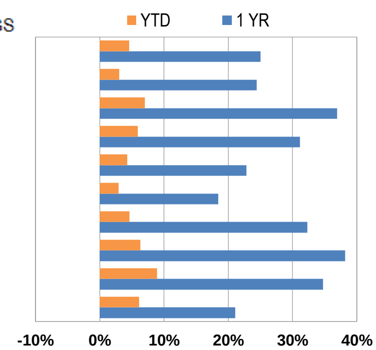
Ranked by highest to lowest index weighting.

GLOBAL EQUITIES

- International equity markets posted strong results to start the year, as the MSCI EAFE Index increased 5.0%, in U.S. dollar terms. International economic growth continued to show strength at the end of 2017, with the Eurozone posting gross domestic product (GDP) growth of 2.5% for the full year, its strongest performance since 2007. Meanwhile, emerging markets continued to benefit from positive asset flows and has been a primary beneficiary of the weaker U.S. dollar.
- One of the more notable market moves over the past month was the U.S. dollar exchange rate. The dollar declined broadly throughout the course of last year, as global growth outside the U.S. strengthened. This decline continued in the first month of this year, which has been partially attributable to the Eurozone economic recovery, consumer confidence and accommodative monetary polices by international Central Banks.

PERFORMANCE OF MSCI EAFE INDEX Total Returns for Periods Ended January 31, 2018

COUNTRY	WEIGHTINGS
Japan	24.0%
United Kingdom	17.8%
France	10.7%
Germany	9.8%
Switzerland	8.0%
Australia	6.9%
Netherlands	3.6%
Hong Kong	3.6%
Spain	3.2%
Sweden	2.7%

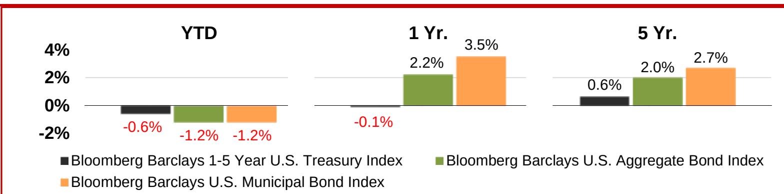


Ranked by highest to lowest country weighting.
Weightings as of 12/31/17.
Returns are in U.S. dollars with dividends reinvested.

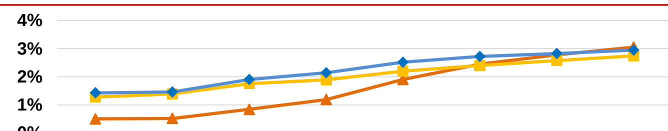
FIXED INCOME RECAP

- In the U.S. fixed income markets, investment grade bonds experienced modest declines in January, after the Federal Reserve announced it would leave interest rates unchanged in the range of 1.25% to 1.50%. For the month, the Bloomberg Barclays U.S. Aggregate Bond Index posted a -1.2% total return. Over the longer 1- and 5-year time periods, investment grade bonds recorded annualized total returns of 2.2% and 2.0%, respectively.
- U.S. municipal bond flows slowed in January as investors sold off assets due to changes in the tax laws. For the month, the Bloomberg Barclays U.S. Municipal Bond Index posted a -1.2% total return. Over the longer 1- and 5-year time periods, municipal bonds recorded annualized total returns of 3.5% and 2.7%, respectively.
- In January, U.S. Treasury yields shifted upward across the curve. For the month, the 2-year Treasury yield increased 25 basis points (a basis point is equal to one hundredth of one percent) to 2.14%. Meanwhile, the yields for 10-Year Treasury Notes and 30-Year Treasury Bonds closed the month at 2.72% and 2.95%, rising 32 and 21 basis points, respectively.

U.S. BOND MARKET PERFORMANCE Total Returns for Periods Ended January 31, 2018



U.S. TREASURY YIELD CURVES

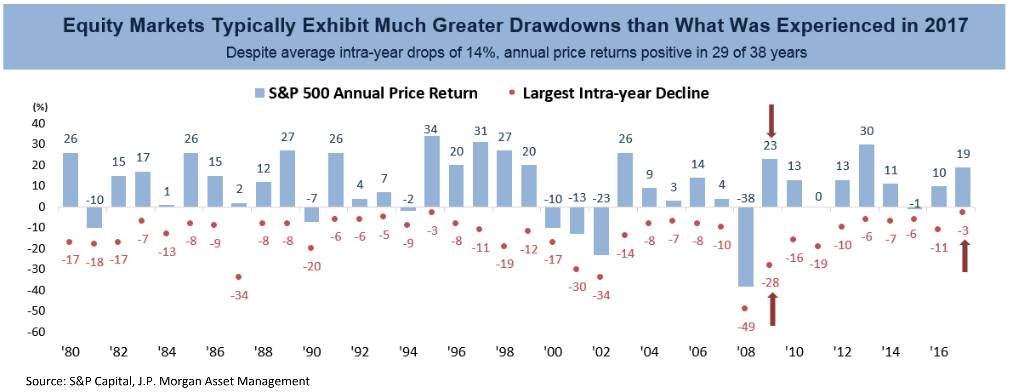


	1 Mo.	3 Mo.	1 Yr.	2 Yrs.	5 Yrs.	10 Yrs.	20 Yrs.	30 Yrs.
1/31/2017	0.50%	0.52%	0.84%	1.19%	1.90%	2.45%	2.78%	3.05%
12/31/2017	1.28%	1.39%	1.76%	1.89%	2.20%	2.40%	2.58%	2.74%
1/31/2018	1.43%	1.46%	1.90%	2.14%	2.52%	2.72%	2.83%	2.95%

MARKET COMMENTARY - Don't Overreact to Short-Term Market Changes

2017 was another banner year for the U.S. stock market, with the benchmark S&P 500® Index gaining 19.4% (21.8% with dividends) and extending the second longest bull market in U.S. history. But while the percent age gains were significant. But what was uncommon about 2017 was the consistency of price appreciation and the absence of volatility (ups and downs) throughout the year. In fact, during the year, the S&P 500 Index gained or loss more than one percent on just eight trading days (4 to the upside and 4 to the downside) and the lowest level the market declined was just -3%.

While the S&P experienced historic low levels of volatility in 2017, investors shouldn't expect that trend to continue. The chart shows the annualized return for the S&P 500 Index from 1980-2017. During this time period, the average intra-year decline (or maximum drawdown) was -14%, well below the -3% the market experienced in 2017. Even during years when the stock market recorded positive annual returns, periods of sharp declines can appear throughout the year. For example, in 2009 the market experienced a price return of 23%, while that same year the year's largest decline was -28%.



While intra-year declines are common, investors should keep market volatility in perspective and stay focused on their long-term goals. Trying to time market swings—knowing when to invest and when to retreat is difficult, if not impossible. Investing to achieve retirement goals requires a long-term focus and maintaining a disciplined, unemotional investment approach may be your most prudent strategy. State Farm® is here to help you with these and other financial or insurance needs you may have.

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.

Russell Investments is the owner of trademarks, service marks, and copy rights related to its respective indexes.

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 .

Neither State Farm nor its agents provide tax or legal advice.

You could lose money by investing in the Money Market Fund. Although the Fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not a deposit of a bank and is not guaranteed by the Federal Deposit Insurance Corporation ("FDIC") or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

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State Farm VP Management Corp.,
One State Farm Plaza, Bloomington, IL 61710-
1-800-447-4930