

Morningstar Analysis Jon Hale, Sr. Consultant 1-15-2010

Portfolio Manager

Michael L. Avery, since January 1997. BS Univ. of Missouri, MBA Saint Louis Univ. Avery has been in the investment industry since 1978. He joined the firm in 1981. Ryan Caldwell, since January 2007. BBA Southwest Texas State. Caldwell joined the firm in 2000.

Basic Characteristics

This fund is a fund of funds that invests in other Waddell & Reed funds. The managers can adjust the fund's stake in those funds such that its position in equity funds ranges from 40% to 80% of assets, with the remainder in bond and income-producing funds. The managers adjust the split between bond and equity funds and the stakes in the particular funds depending on what areas they think are more attractive. In keeping with the fund's medium-term growth orientation, it is intended for investors who do not expect to incur higher education expenses for at least two to three years. Because it invests in funds that are themselves well diversified, this is a broadly diversified fund.

Strengths

This fund offers a one-stop option for well-diversified medium-term investing for higher education. The managers are experienced and Avery has been in charge since the fund's inception. Returns since inception and trailing period returns are very competitive with the moderate allocation category and Morningstar risk is low. Most of the underlying Waddell & Reed funds have competitive records.

Issues

The manager's ability to significantly vary the fund's equity stake could result in greater risk or lagging returns in the future.

This Fund Report is only approved for use by investors purchasing shares of the Fund in connection with the InvestEd Program. It is not approved for any other use. This Fund Report has been provided by Morningstar Associates, LLC. Please note that Morningstar is paid a fee based partly on assets invested in the InvestEd Program.

Investors should consider the investment objectives, risks, charges and expenses associated with the InvestEd Plan carefully before investing. This and other information is found in the InvestEd Program Overview Account Application and prospectus, all of which can be obtained from your financial advisor. Please read these materials carefully before investing.

A fund's Morningstar category assignment is based on averaging its portfolios for the preceding three years.

Portfolio information is subject to change and is not intended to represent any past or future investment recommendations.

Investment style reflects most-recent portfolio and may differ from historical style. A fund's Morningstar category assignment is based on averaging its portfolios for the preceding three years.

Morningstar Category

Moderate Allocation

Benchmark Index

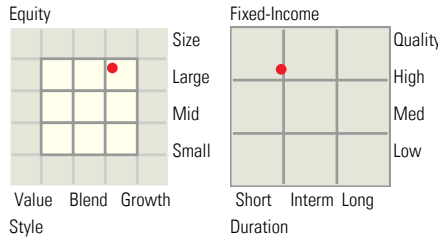
Standard & Poor's 500 (1)
Citigroup BIG (2)

Fund Inception Date

A: 10-01-2001

Portfolio Profile as of 12-31-2009

Current Investment Style



Composition



Morningstar Sectors

	12-31	Rel Cat
Information	22.7	1.1
Software	2.6	0.7
Hardware	13.6	1.6
Media	1.5	0.6
Telecommunication	5.0	0.9
Service	41.9	1.0
Healthcare	7.9	0.7
Consumer Services	11.0	1.4
Business Services	6.1	1.4
Financial Services	17.0	1.0
Manufacturing	35.4	0.9
Consumer Goods	13.7	1.3
Industrial Goods	9.8	0.8
Energy	11.4	1.0
Utilities	0.6	0.2

Portfolio Statistics

Equity		Rel
	12-31	Cat
Price/Earnings Ratio	18.7	1.2
Price/Book Ratio	2.2	1.1
Price/Cash Ratio	9.0	1.1
Geo Avg Mk Cap \$mil	29,401	0.9
Fixed-Income	12-31	Cat
Avg Credit Quality	AA	A
Avg Eff Maturity Years	4.9	0.9
Avg Eff Duration Years	3.3	0.8
Total Stocks	0	Turnover Ratio % 33.0
Total Bonds	0	

Performance as of 12-31-2009

	3 Mo	YTD	1 Yr	3 Yr	5 Yr	Incept
A (NAV)	4.47	17.95	17.95	2.14	4.84	5.31
A (Load-adj)	-1.54	11.17	11.17	0.14	3.60	4.55
Category	3.79	24.13	24.13	-1.97	1.98	3.58
Index (1)	6.04	26.46	26.46	-5.63	0.42	2.60
Index (2)	0.02	5.06	5.06	6.43	5.22	5.22

Risk Measures

	12-31	Index(1)	Index(2)	Cat
Std Deviation 3 Yr	9.50	19.91	4.50	14.83
Std Deviation 5 Yr	7.96	16.04	3.94	11.90

Standard deviation is a measure of how volatile a fund's returns are.

Fund Expense Ratio

1.07

Data quoted is past performance and current performance may be higher or lower. Past performance is no guarantee of future results. Investment return and principal value of an investment will fluctuate, and shares, when redeemed, may be worth more or less than their original cost. Please visit www.invested529.com for the most recent month-end performance. Performance at net asset value does not include the effect of sales charges. Class A and Class E share performance, including sales charges, reflects the maximum applicable sales charge of 5.75%.

Shares are offered as part of the Arizona Family College Savings Fund, a 529 plan administered by the Arizona Commission for Postsecondary Education (the "Program"). Accounts are held in trust for the benefit of the Arizona Commission for Postsecondary Education in its capacity as Trustee of the Family College Savings Program Trust Fund (the "Trust"). An investment in the Program constitutes a purchase of an interest in the Trust, a municipal fund security. Accounts are not insured by the State of Arizona, the Trust, the Arizona Commission for Postsecondary Education, or any other governmental entity, the InvestEd Program, or any affiliated or related party, and neither the principal deposited nor the investment return is guaranteed by any of the above referenced parties.