

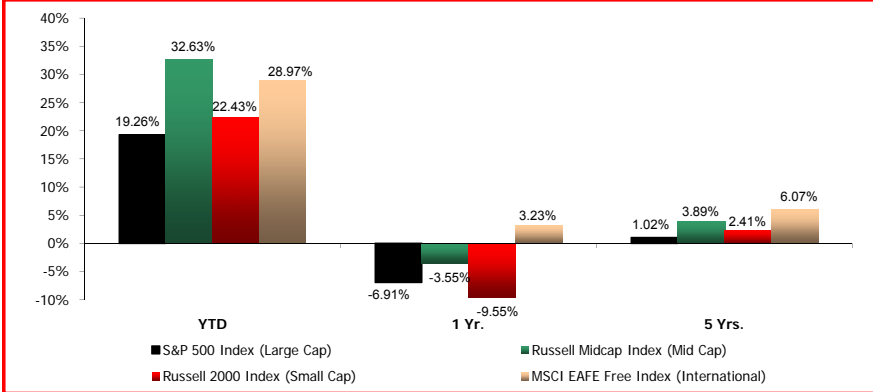
State Farm® Market Recap

As of September 30, 2009

Equities Recap

- Global equity markets extended their rally in September, fueled by low interest rates, low inflation pressures, and improving economic data.
- In the U.S., small-cap stocks, as represented by the Russell 2000 Index, led all domestic equity markets higher during September with a gain of 5.77%. Mid-cap stocks (as represented by the Russell Midcap Index) and large cap stocks (as represented by the S&P 500 index) also produced solid gains of 5.67% and 3.73% for the month, respectively. Growth stocks outperformed Value stocks across all market capitalizations during September.
- International stocks (as measured by the MSCI EAFE Free Index) also advanced, gaining 3.8% for the month; while emerging markets stocks (as measured by the MSCI Emerging Markets Index) finished up 9.1% for the month as commodities and energy prices climbed.

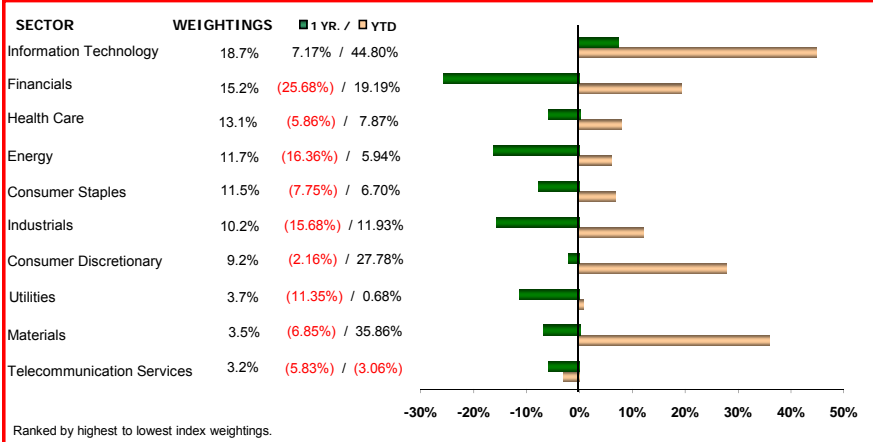
Equities Market Performance Total Returns for Periods Ended September 30, 2009



U.S. Stocks

- U.S. stocks continued to climb during September with all ten sectors within the S&P 500 Index posting positive returns for the month.
- The Industrials sector outperformed all others during the month, climbing over 6.5%, as manufacturing activity improved and airline stocks benefited from an anticipated increase in travel. Consumer Discretionary stocks also posted strong results, rising 5.2% as consumer spending ticked up during the month. Energy, Materials, and Information Technology stocks also outperformed the broader market during September.
- Health Care was the weakest sector, rising 0.9% for the month as Congress continued to debate health care reform. Financials stocks took a breather after two solid months and lagged the broader market, rising 1.9% for the month. More defensive sectors, such as Utilities and Consumer Staples, also lagged the broader market during the month, climbing 1.1% and 3.3%, respectively.

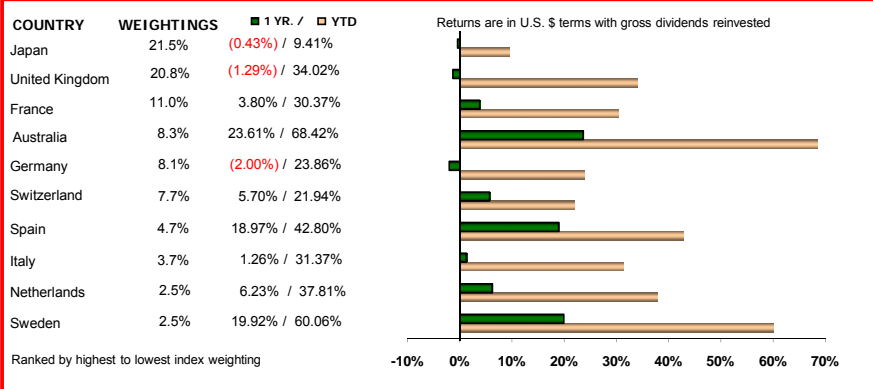
Performance of S&P 500 Index Total Returns for Periods Ended September 30, 2009



Global Equities

- European equity markets posted gains of 4.6% in U.S. dollar terms during September amid signs of economic growth and tame inflation data. Among European markets, Greece and Norway gained the most during the month, climbing 11.6% and 11.3%, respectively. Sweden was the weakest European equity market, but still posted a gain of 0.9% for the month. From a currency perspective, the euro gained against the U.S. dollar while the British pound sterling weakened by nearly 2% for the month.
- Japanese stocks declined -1.7% in U.S. dollar terms amid uncertainty surrounding new political leadership and how it would confront a sluggish economy and a rising yen. The Japanese yen gained 3.6% against the U.S. dollar during the month, putting further pressure on several export-focused stocks.

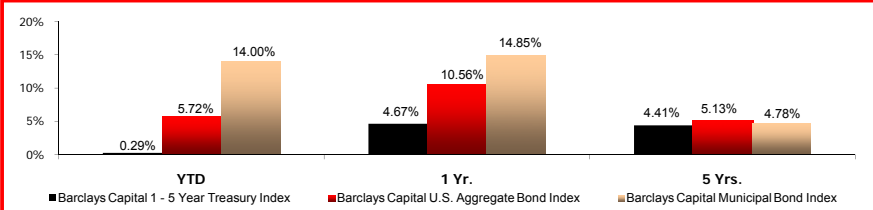
Performance of MSCI EAFE Index Total Returns for Periods Ended September 30, 2009



Fixed Income Recap

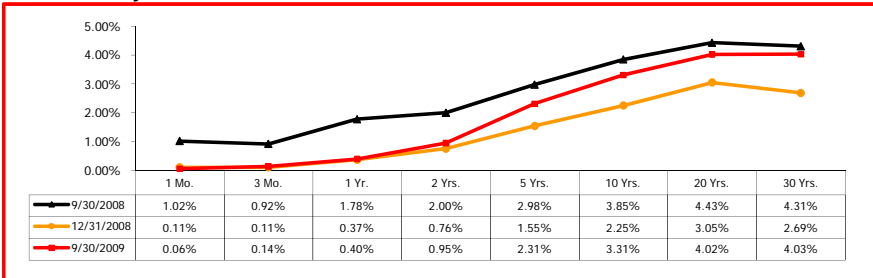
- In the U.S. fixed income markets, bonds gained ground as inflation remained subdued despite improving economic data.
- Corporate bonds continued to perform well in response to stabilization of the economy and positive news in the financial sector. U.S. Treasuries gained ground and yields fell slightly across the yield curve. Municipal bonds posted a gain for the month due to increased confidence among investors. In September, the Barclays Capital U.S. Aggregate Bond Index gained over 1.0% and the Barclays Capital High Yield Index climbed 5.7%. Municipal bonds posted strong results in September as the Barclays Capital Municipal Bond Index increased by 3.6%.

U.S. Bond Market Performance Total Returns for Periods Ended September 30, 2009



- For the month, yields decreased across the U.S. Treasury yield curve with yields on long-term bonds losing more ground than shorter-term issues. Benchmark short-term Treasury interest rates still remained anchored by the Fed's near-zero interest rate policy.

U.S. Treasury Yield Curves



Market Commentary - Fall 2009

With football season kicking into full gear across the country we're reminded of a study some years back that noted the average person spends more time watching television on Super Bowl Sunday than the time they spend planning for their financial future the remainder of the year. Scary but true. Much of the conversation recently related to personal finance has been focused on the trade-off of saving versus spending.

From a macro perspective, it's been widely noted that 70% of the U.S. economy is driven by consumer spending. And what's the job of a consumer? To consume - of course - and we in America do it better than anybody else. That spending, or over-spending for that matter, is right at the heart of what got our economy into its most recent mess. Similarly, too much savings and a lack of spending is not good either. Extremes in society, it often seems, don't work very well over the long-term. Finding balance is most often prudent.

Economist John Maynard Keynes noted the emotional connection between individuals and what he termed the circular flow of money. He noted that when individuals were employed and confident, they were also likely to spend more money. However, when individuals become worried and concerned about their economic prosperity, they rein in spending and save more. With an unemployment rate today of 9.7%, the highest in 26 years, U.S. households have drastically cut back on spending and boosted savings.

According to a 2008 Retirement survey conducted by the Investment Company Institute (ICI), while most U.S. households were eligible to make contributions, only 14% of households contributed to an IRA in tax-year 2007. Interestingly, even before the financial market decline of 2008, 63% of those households proclaimed they recognized the need to save more.

So why the disconnect? How do we close the gap?

Recognize that 75% of consumers switch investment advisors within 15 years of retirement with over 80% choosing to invest with a company they already do business with (according to the ICI). With \$6 trillion dollars expected in 401(k) rollovers in the next few years, trusted relationships and a plan of action are of vital importance. As they say, having a plan without action is nothing more than a daydream, while action without a plan - especially in the investment business - often results in a nightmare. Your registered State Farm agent can help you - based on your goals and objectives, timeframes and risk tolerance - strike the right balance between savings and investment today in order to enjoy the potential fruits of your labor tomorrow.

The performance data quoted represents past performance and does not guarantee future results.

It is not possible to invest directly in an index.

It is important to note that there is market risk involved when investing in mutual funds, including possible loss of principal.

It is important to note all bonds are subject to interest rate risk, including those issued by the U.S. Government. There is risk that the bonds a fund holds 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.

Investing in foreign securities involves risks not normally associated with investing in the U.S. including higher trading and custody costs, less stringent accounting, legal and reporting practices, potential for political and economic instability, and the fluctuation and potential regulation of currency exchange and exchange rates.

Investing in emerging markets involves risks not normally associated with investing in developed countries including, but not limited to, greater market volatility, lower trading volume, political and economic instability, greater risk of market shut down and more governmental limitations on foreign investment policy than those typically found in a developed country.

The Dow Jones Industrial Average is an unmanaged average of 30 actively traded stocks (primarily industrial) and assumes reinvestment of dividends.

The NASDAQ Composite is an unmanaged market capitalization-weighted index that is designed to represent the performance of the National Market System, which includes over 5,000 stocks traded only over-the-counter and not on an exchange. Its return is based on price change only and does not include income.

The S&P 500 Index tracks the common stock performance of large U.S. companies among various industries. In total, the S&P 500 is comprised of 500 common stocks.

The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap Index is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap Index represents approximately 31% of the total market capitalization of the Russell 1000 companies.

The Russell 2000 Index tracks the common stock performance of the 2,000 smallest U.S. companies in the Russell 3000 Index, which represents approximately 10% of the total capitalization of the Russell 3000 Index.

The Morgan Stanley Capital International Europe, Australasia and Far East Free (EAFE Free) Index currently measures the performance of stock markets of Europe, Australia, New Zealand, and the Far East and takes into account local market restrictions on share ownership by foreigners. EAFE Free is meant to reflect actual opportunities for foreign investors in a local market. Returns are measured in U.S. dollars.

The Nikkei 225 Index is a price-weighted index comprised of Japan's top 225 blue-chip companies on the Tokyo Stock Exchange.

The Barclays Capital 1-5 Year U.S. Treasury Index measures the performance of short-term U.S. Treasury Securities maturing within one to five years. Returns of the Barclays Capital 1-5 Year U.S. Treasury Index do not reflect any deductions for taxes.

The Barclays Capital U.S. Aggregate Bond Index represents debt securities in the U.S. investment grade fixed rate bond market, including government and corporate debt securities, mortgage pass-through debt securities and asset-backed debt securities with maturities greater than one year.

The Barclays Capital Municipal Bond Index is an unmanaged index representative of the tax-exempt bond market and is made up of investment grade municipal bonds issued after December 31, 1990, having a remaining maturity of at least one year.

The Barclays Capital High Yield Index includes all fixed income securities having a maximum quality rating from Moody's Investor Service of Ba1, a minimum amount outstanding of \$100 million, and at least one year to maturity.

An automatic investment plan does not assure a profit and does not protect against loss in declining markets. An automatic investment plan involves continuous investment in securities regardless of fluctuating prices. You should consider your financial ability to continue purchases through periods of high or low price levels.

This recap has been prepared by State Farm VP Management Corp. for informational purposes. The information contained herein has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. Any opinions discussed herein reflect our judgment as of the date of publication and are subject to change without notice. This material should not be considered a recommendation to purchase or sell any security.

State Farm Mutual Funds® are offered through prospectus by State Farm VP Management Corp., One State Farm Plaza, Bloomington, Illinois 61710, 1-800-447-4930. Please read the Prospectus and consider the investment objectives, risks, charges and expenses and other information it contains about State Farm Mutual Funds carefully before investing.

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