

CollegeCounts 529 Fund

Morningstar Analyst Rating

Bronze

Morningstar Pillars

Process	Positive
Performance	Neutral
People	Positive
Parent	Positive
Price	Neutral

Analyst Rating Spectrum



Analysis by Jeff Holt, CFA 2014-10-20

Alabama's CollegeCounts 529 Fund hits the mark for its residents and nonresident do-it-yourselfers.

This direct-sold plan's three age-based tracks travel sensible paths. The Moderate track's equity exposure periodically aligns with the industry average, but for the most part the portfolios have a higher stake in stocks than the typical peer (up to 16 percentage points at times). The Aggressive and Conservative tracks' equity exposure run 20 percentage points above or below the Moderate track, respectively.

The age-based options and six static balanced portfolios invest in straightforward, high-quality strategies. They hold seven passively managed Vanguard strategies, five of which earn a medal from Morningstar analysts--a reflection of analysts' confidence in the fund's future prospects. The two underlying strategies that Morningstar does not rate are relatively tame investments. Using passive strategies helps to keep costs down, though investors can find similar age-based options available for less elsewhere.

In addition to the plan's packaged portfolios, it offers an exceptional selection of individual options for investors to create customized portfolios. The lineup includes a mix of 26 passive and active strategies managed by well-regarded investment firms. Vanguard runs low-cost passive options across myriad asset classes, while T. Rowe Price, DFA, and Dodge & Cox are available on the active side. At the beginning of October 2014, the Vanguard Total Bond Market Index replaced PIMCO Total Return in response to veteran portfolio manager Bill Gross' departure from PIMCO.

Investors can be confident in the plan's oversight. Program manager Union Bank & Trust enlists global consulting firm Wilshire Associates to design and select investments for the plan. Alabama also employs a consultant (Pension Consulting Alliance) to provide another perspective. Furthermore, Alabama's disclosure of all board meeting materials on its Treasury Department's website provides ample transparency to investors.

Alabamans' \$5,000 (single) or \$10,000 (joint) income tax deduction on contributions and waiver of the \$12 annual maintenance fee leave residents little reason to look elsewhere. The plan also deserves a look from nonresidents, particularly do-it-yourselfers.

Web Address	www.collegecounts529.com
Program Manager	Union Bank & Trust Company (Lincoln, NE)
Trustee	Board of Trustees of CollCounts 529 Fund
Advisor Sold	—
Direct Sold	Resident and non-resident
Fee Range (Age-based)	0.32-0.34
Minimum Initial Investment	\$0
Annual State Tax Deduction (per Taxpayer)	Single filing up to \$5,000 Joint filing up to \$10,000

Plan Options

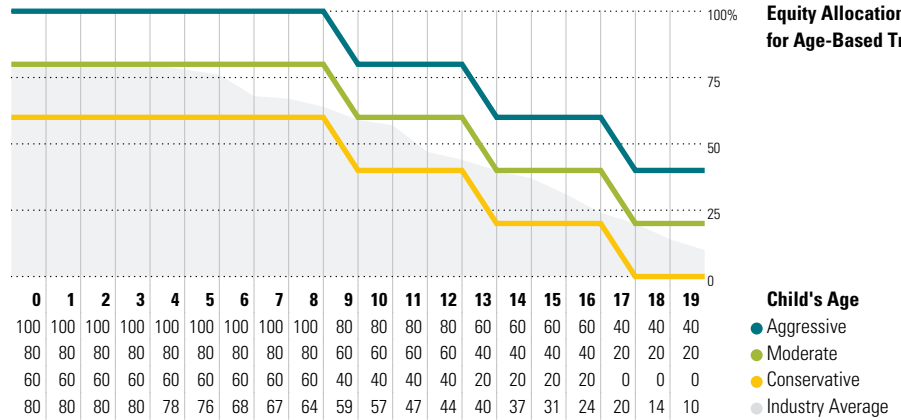
Age-Based Tracks: 3

Static Portfolios/Funds: 26

Issuing State

Alabama

Equity Allocation % for Age-Based Tracks



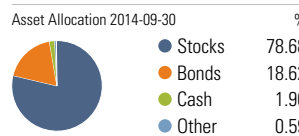
Plan Option Overview 2014-09-30

Option Name	Overall Star Rating	Current Equity %	Total Fees %	Fee Level	YTD Total Rtn %	Cat Rank %	3-Year		5-Year	
							Total Rtn %	Cat Rank %	Total Rtn %	Cat Rank %
Aggressive										
AL CollCounts Age-Based Agg 0-8	★★★★	98.66	0.32	- Avg	4.84	10	18.87	58	—	—
AL CollCounts Age-Based Agg 9-12	★★★★	78.68	0.32	- Avg	4.42	14	15.40	44	—	—
AL CollCounts Age-Based Agg 13-16	★★★★	58.87	0.32	- Avg	3.94	23	11.99	26	—	—
AL CollCounts Age-Based Agg 17-20	★★★	39.10	0.32	- Avg	3.77	26	8.71	82	—	—
AL CollCounts Age-Based Agg 21+	★★★★★	19.64	0.32	- Avg	2.69	10	5.02	38	—	—
Moderate										
AL CollCounts Age-Based Mod 0-8	★★★★	78.68	0.32	- Avg	4.42	24	15.40	57	—	—
AL CollCounts Age-Based Mod 9-12	★★★★	58.87	0.32	- Avg	3.94	35	11.99	63	—	—
AL CollCounts Age-Based Mod 13-16	★★★★	39.10	0.32	- Avg	3.77	21	8.71	50	—	—
AL CollCounts Age-Based Mod 17-20	★	19.64	0.32	- Avg	2.69	56	5.02	94	—	—
AL CollCounts Age-Based Mod 21+	★	0.00	0.33	Avg	0.48	93	0.51	98	—	—
Conservative										
AL CollCounts Age-Based Con 0-8	★	58.87	0.32	- Avg	3.94	36	11.99	97	—	—
AL CollCounts Age-Based Con 9-12	★	39.10	0.32	- Avg	3.77	40	8.71	96	—	—
AL CollCounts Age-Based Con 13-16	★★★★	19.64	0.32	- Avg	2.69	33	5.02	40	—	—
AL CollCounts Age-Based Con 17-20	★	0.00	0.33	Avg	0.48	93	0.51	95	—	—
AL CollCounts Age-Based Con 21+	★★	0.00	0.34	Avg	0.02	90	0.04	79	—	—
AL CollCounts Fund 80	★★★★	78.68	0.32	- Avg	4.42	28	15.40	71	—	—
AL CollCounts Fund 100	★★★★★	98.66	0.32	- Avg	4.84	13	18.87	14	—	—
AL CollCounts Fund 60	★★★★	58.87	0.32	- Avg	3.94	37	11.99	65	—	—
AL CollCounts Fund 40	★★★★	39.10	0.32	- Avg	3.77	27	8.71	37	—	—
AL CollCounts Fund 20	★★	19.64	0.32	- Avg	2.69	51	5.02	81	—	—
AL CollCounts Vanguard 500 Index	★★★★★	99.78	0.29	- Avg	8.08	11	22.60	23	—	—
AL CollCounts Fixed Income	★	0.00	0.33	- Avg	0.48	96	0.51	96	—	—
AL CollCounts Vanguard Total Stk Mkt Idx	★★★★★	99.62	0.29	- Avg	6.82	35	22.73	16	—	—

Current Equity % is as-of the most recent portfolio date available. For Category Rank %, 1 = highest rank, 100 = lowest rank.

Moderate Highlights 2014-09-30

AL CollegeCounts 529 Age-Based Modera

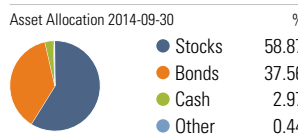


Top Asset Managers	%
Vanguard	100.00

529 Category
Age 0-6 Medium Equity

Return vs Category	Average
Risk vs Category	Below Average

AL CollegeCounts 529 Age-Based Modera

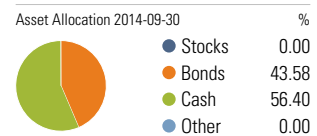


Top Asset Managers	%
Vanguard	100.00

529 Category
Age 7-12 Medium Equity

Return vs Category	Average
Risk vs Category	Average

AL CollegeCounts 529 Age-Based Modera



Top Asset Managers	%
Vanguard	100.00

529 Category
Age 19+ Medium Equity

Return vs Category	Low
Risk vs Category	Low