

June 12, 2019



**CollegeCounts, Alabama 529  
Savings Program  
Executive Summary  
First Quarter 2019**

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# Market Environment

## First Quarter Market Environment

### Global Economy

The U.S. economy grew at a +2.2% pace in the fourth quarter, closing the year at +2.9% for the trailing twelve months. While there is some evidence of softening, data does not suggest that a recession is around the corner as corporate fundamentals remain solid, unemployment remains low and wages are rising. Overseas, the economic picture was more worrisome due to ambiguities regarding Brexit persist, Italy falling into recession, weak manufacturing numbers in Germany and the magnitude of the slowdown in China.

- Fourth quarter real GDP growth slowed to +2.2%, due to
  - Softer consumer spending; rose 2.8% after a 4.0% gain in Q3
  - Lower government spending; edged up 0.4% after rising 2.6% in Q3
  - Slowing manufacturing; PMI down to 53.7 from 55.6 in Q3
  
- Corporate fundamentals solid, Unemployment remains low
  - After-tax profits moderated in Q4; EPS up 14% (y/y)
  - Business investment rose 6.2%, up from 2.5% in Q3; fueled by software and research department
  - Unemployment rate remained low at 3.8% in February
  - Wage growth at +3.4% (y/y) in February, fastest in a decade
  - Conference Board Consumer Confidence Index remained high
  
- Inflation remained benign
  - Headline CPI up 1.5% in February (y/y)
  - Less volatile Core CPI also rose by 2.1% as of February (y/y)
  - Headline PCE Deflator rose 1.4% as of January
  
- Housing starts drop again, led by single family homes
  - Housing starts in the US fell 8.7 percent from a month earlier, the largest decline in housing starts since last June
  
- Fed pauses the pace of rate hikes
  - Target rates unchanged at 2.25% – 2.50%
  - Fed fund futures now pricing in a 65% probability of a fed cut in 2019
  
- Euro zone
  - GDP rose just 0.2% in Q4, the slowest pace since 2Q14
  - Core inflation rate stood at +1% y-o-y as of February
  - ECB announced a new bank lending program to support growth
  - Euro zone manufacturing extended its downtrend in February; PMI at lowest level since July 2013 and German manufacturing surprisingly weak
  - ECB further lowered GDP growth forecast from +1.7% to +1.1%

- U.K. economy slowed
  - GDP growth decelerated sharply to +0.2% in Q4 from +0.7% in Q3, as Brexit uncertainty weighed on business investment
  - Delay to Brexit beyond March 2019
  - Employment growth remained robust; nominal wages continued to pick up
- Japan's economy growth revised higher
  - Economy grew at +0.5% in Q4 (+1.9% annualized), supported by rebound in household consumption and an upward revision of business spending following a series of natural disasters
- The slowdown in China's economy continued
  - GDP growth slowed to 6.6% in 2018, at 28-year low; China also lowers its growth target to 6.0% - 6.5%
  - The profits of industrial companies fell 14% in the first two months of 2019 versus one year ago, worst since 2008

## Fixed Income

In the U.S., portions of the yield curve inverted, but spread between 2- and 10-year Treasury notes remained positive. Yields fell sharply in March as the market digested unexpectedly dovish comments from the Fed. Overseas, yields across developed markets fell on weaker economic data. And local currency emerging market debt was up modestly but outpaced by USD-denominated EM debt.

- U.S. rates fell and portions of the yield curve inverted
  - 2-year U.S. Treasury Note declined 21 bps to close at 2.27%
  - 10-year Treasury Note finished at 2.41% after a 30 bps decrease
  - 30-year Treasury closed at 2.81%, down by 21 bps from Q4
  - Portions of the yield curve inverted but spread between the 2-year and 10-year Treasury note remained positive at 14 bps as of March
- Blmbg Barclays Aggregate rose 2.9% with investment grade corporates up the most
  - Bloomberg Barclays Corporate: +5.1%
- Breakeven inflation expectations up modestly
  - 10-year breakeven inflation rate up to 1.88% (3/31) from 1.71% (12/31)
  - Blmbg Barclays TIPS Index: +3.2%
- High yield corporates soared
  - Blmbg Barclays High Yield: +7.3%
  - The sector's yield-to-worst ended Q1 at 6.4% after surging to nearly 8% in Q4
- Municipal bonds helped by a favorable supply/demand backdrop
  - Blmbg Barclays Municipal Bond Index: +2.9%

- Mutual funds absorbed roughly \$24 billion in inflows, the best first quarter since data collection began in 1992
  
- Non-US developed bonds posted positive returns
  - Blmbg Barclays Global Agg ex-U.S. (unhedged): +1.5%
  - Blmbg Barclays Global Agg ex-U.S. (hedged): +3.0%
  - Interest rates in the global developed markets generally fell during the quarter
  
- Emerging market debt benefited from the reversal in risk appetite
  - JPM EMBI Global Diversified gained 7.0%; none of the index's 60+ countries delivering a negative result
  - JPM GBI EM Global Diversified rose 2.9%
    - Argentina: -10.5%
    - Turkey : -10.2%
    - Brazil: +2.3%
    - Mexico: +6.8%

## U.S. Equity

The U.S. equity market erased the pain of fourth quarter as the S&P 500 rose 13.7% with double-digit gains across market cap and style spectrums. Non-U.S. developed markets and emerging markets equities also rebounded strongly in Q1, as concerns over the China-US trade dispute eased and major central banks grew more accommodative.

- S&P 500 Index gained 13.7% in Q1
  - Rebounded strongly from prior quarter's decline; 4Q18: -13.5%
  - Volatility remains relatively low; only a few trading days seeing market movement greater than 2% in either directions
  - With the P/E for the S&P 500 at 16.4x, equity multiples are slightly above their longer-term, 20-year average of 15.8x
  - All sectors finished in positive territory and most up by double digits with exception to financials and health care
  - Technology was the top performer in Q1 (+19.9%) but second worst performer in Q4 (-17.3%)
  
- Growth outperformed Value
  - R1000 Growth: +16.1% vs. R1000 Value: +11.9%
  - R2000 Growth: +17.1% vs. R2000 Value: +11.9%
  
- Small caps modestly outperformed large caps
  - R2000: +14.6% vs. R1000: +14.0%
  
- High-flying growth stocks "FAAMG" plus Netflix

- Contribution to return: +22% (S&P 500); +33% (R1000 Growth)

	<b>1Q19</b>
Facebook	+27.2
Apple	+20.9
Amazon	+18.6
Microsoft	+16.6
Google (Alphabet A&C)	+25.9
Netflix	+33.2

## International Equity Non-U.S. Equity

- Non-U.S. developed markets also rebounded significantly
  - ACWI ex-US: +10.3%; trailed S&P 500 by 330 bps
  - As in the U.S., nearly all sectors posted double digit gains except financials, utilities and communication services
  - U.K. (+11.9%) equities rallied, led by tech and select consumer goods companies ; Italy (+14.6%) rebounded strongly after a challenging Q4
  - Germany (+6.9%) up the least due to slowing manufacturing activities
- Local currencies were mixed against the US dollar
  - British pound, Russian ruble and Chinese yuan were up
  - Japanese yen, Swiss franc, Swedish krona and Turkish lira were down
- Equities in the emerging markets underperformed developed markets peers for the quarter by 0.4%
  - MSCI EM rose 9.9% with mixed country returns
  - China (+17.7%) was the top performing country in Q1, helped by the U.S.'s decision to suspended tariff hikes on \$200 billion of Chinese goods
  - China A-shares (+33.0%) were particularly strong as MSCI announced plans to quadruple their weight in the index between May and November
  - Russia (+12.5%), Brazil (+8.1%), and India (+7.2%) were up
  - Turkey (-3.15%) posted negative returns as the government's unorthodox policy response to the country's economic problems continued

## Liquid Real Assets

Real assets of all varieties enjoyed a strong first quarter of the year. The price of WTI was up over 30% through the end of March. MLPs and other listed infrastructure assets also saw a strong start to the year, posting double digit gains. Likewise, public real estate saw positive returns both in U.S. and Non-U.S. markets.

- Brent crude oil prices closed the quarter at \$60.14/barrel, up by more than 30% since Q4
  - S&P 1200 Energy: +14.6%
  - Alerian MLP Index: +16.8%; helped by the buoyant price of oil
  
- Commodities broadly posted a more modest positive return
  - Bloomberg Commodity TR Index: +6.3%
    - Gains in Energy and Metals were offset by negative returns for Natural Gas and the Agriculture
    - Bloomberg Commodity Agriculture sub-index: -3.2%
  - GS Commodity Index: +15.0%
  - S&P Gold Spot Price Index: +1.3%
  
- Listed Infrastructure and Real Estate posted double digit gains
  - DJ-Brookfield Global Infrastructure Index: +15.7%
  - FTSE NAREIT: +16.3%
  - FTSE EPRA/NAREIT Global: +15.0%
  
- TIPS delivered a positive return
  - Bloomberg Barclays U.S. TIPS Index: +3.2%
  - 10-year breakeven inflation rate up to 1.88% (3/31) from 1.71% (12/31)

# Capital Markets Preview

**U.S. EQUITY**

Equity markets dramatically snapped back in the first quarter, driven by the Fed’s unexpected dovish comments in January, solid corporate fundamentals, and low unemployment.

**Large Cap U.S. Equity** (S&P 500: +13.6%; Russell 1000: +14.0%)

- All sectors delivered double-digit gains with the exception of Financials (+8.6%) and Health Care (+6.6%).
- Consumers remain in good shape, with household debt service as a percentage of disposable income at the lowest level in decades.
- The risk-on market was highlighted by low quality (S&P ratings B or lower) outperforming high quality (B+ or higher) by 440 basis points.
- Surprisingly, Utilities and REITs produced double-digit returns; investors sought yield in the face of a flattening yield curve and the end to rate hikes in the first quarter.

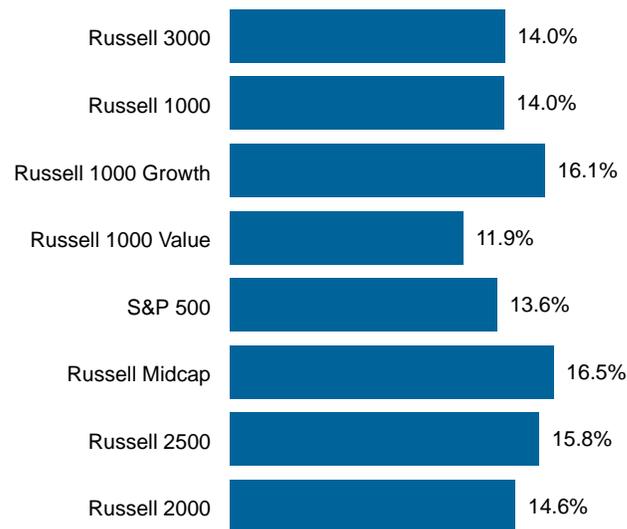
**Growth vs. Value** (Russell 1000 Growth: +16.1%; Russell 1000 Value: +11.9%)

- The sharp change in Fed rhetoric influenced the stronger performance of growth stocks over value stocks during the quarter. Investors favored companies with stronger earnings prospects to counter a softer economic environment.
- Technology produced strong results, while the outlook for Financials weakened as the yield curve flattened.

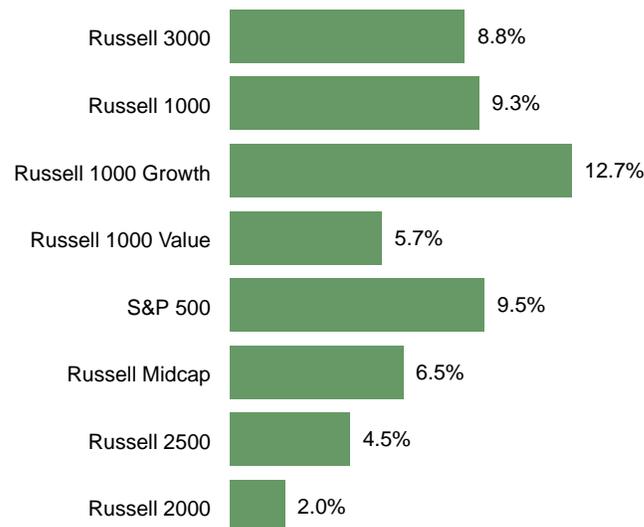
**Small Cap** (Russell 2000: +14.6%; Russell 2000 Growth: +17.1%; Russell 2000 Value: +11.9%)

- Within the Russell 2000 Growth Index, the three largest sectors (Health Care, Consumer Discretionary, and Technology) surged 19%, 17%, and 23%, respectively. Software and biotechnology both posted 25% gains in the quarter; combined they are more than 23% of the benchmark weight.
- Influenced by excessive fourth quarter tax-loss selling, the market experienced a strong “January effect”—where last year’s losers became January 2019’s winners.

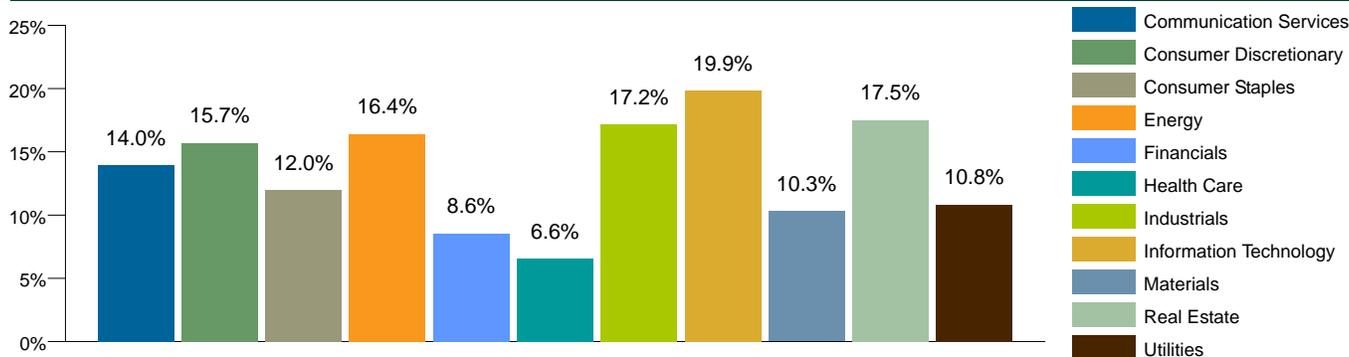
**U.S. Equity: Quarterly Returns**



**U.S. Equity: One-Year Returns**



**S&P Sector Returns, Quarter Ended March 31, 2019**



Source: Standard & Poor’s

**NON-U.S./GLOBAL EQUITY**

Global equity markets were positive in the first quarter following a sharp sell-off to end 2018. Investors resumed a risk-on outlook as central banks telegraphed more accommodative positioning. Delayed outcomes regarding U.S./China trade talks and Brexit negotiations allowed markets to stabilize, although uncertain outcomes remain a future risk.

**Global/Non-U.S. Developed** (MSCI EAFE: +10.0%; MSCI World ex USA: +10.4%; MSCI ACWI ex USA: +10.3%; MSCI Europe: +10.8%; MSCI Japan: +6.7%)

- Developed markets rallied as central banks around the world expressed more accommodative paths with interest rates and quantitative easing.
- Brexit negotiations continue and a “no-deal” Brexit remains a possibility, but with an extended deadline. The potential for investment paralysis drags on.
- European PMI continued to deteriorate, falling to 47.7 in March from 49.4.
- The currency effect was mixed as the U.S. dollar rose against the euro and yen, by 1.8% and 0.9%, but fell against the British pound by 2.3% as a delay in Brexit allowed for a temporary bounce.
- EAFE sector performance was mixed. Information Technology (+15.3%) and Materials (+13.2%) led economically sensitive sectors; Consumer Staples (+12.4%) led defensive sectors. Interest rate-sensitive Financials (+6.9%) and Utilities (+9.0%) trailed the broad index.
- Factor performance favored growth (historical and projected) while value factors were generally negative.

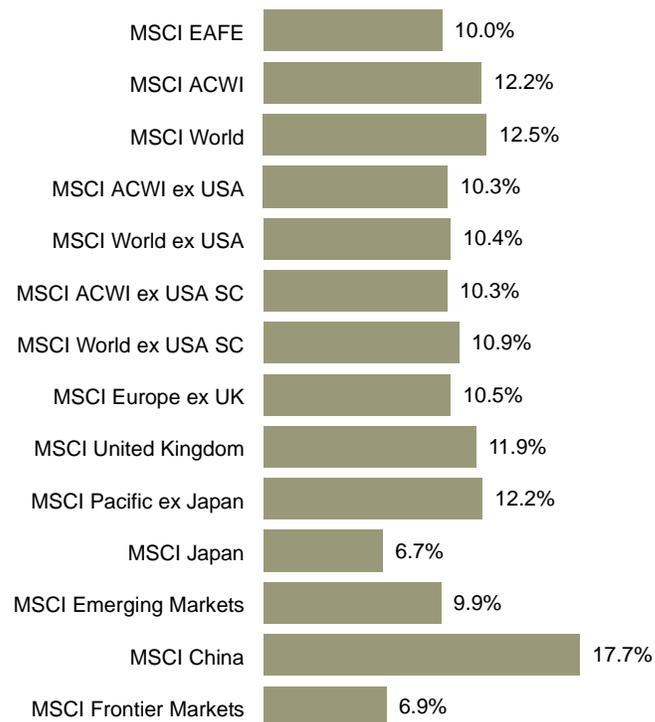
**Emerging Markets** (MSCI Emerging Markets Index: +9.9%)

- In a big reversal from the fourth quarter, China led emerging markets with MSCI China gaining 17.7% and MSCI China A up 30.9%.
- Trade talks continue but positive indications for a deal buoyed markets; uncertainty on the outcome remains.
- Asian Information Technology rebounded nicely with Chinese IT (+27.6%) leading the sector. An improving outlook on Chinese consumption positively influenced EM Consumer Discretionary (+20.8%), which was the top-performing sector.
- Growth led value with MSCI EM Growth gaining 12.0% and EM Value up 7.8%.

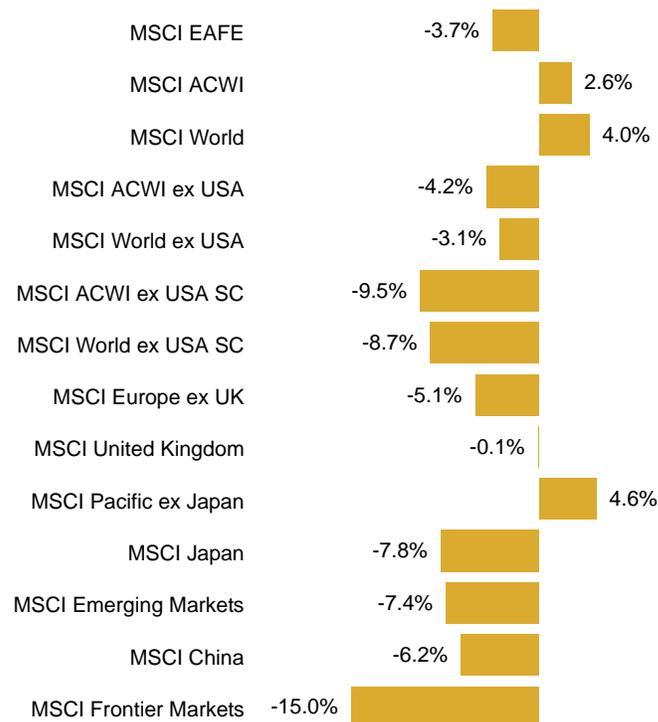
**Non-U.S. Small Cap** (MSCI World ex USA Small Cap: +10.9%; MSCI EM Small Cap: +7.8%; MSCI ACWI ex USA Small Cap: +10.3%)

- Within developed markets, small cap performed in line with large cap.
- EM Small Cap trailed EM as MSCI China Small Cap has less exposure to IT, which led the risk-on rally.

**Global Equity: Quarterly Returns**



**Global Equity: One-Year Returns**



Source: MSCI

**U.S. FIXED INCOME**

Risk markets sharply reversed from the fourth quarter sell-off supported by the Fed’s unexpected dovish comments, relatively solid U.S. economic growth data, and tempered concern over a slowing China. This quarter’s strong results recaptured most of the loss experienced in the prior quarter.

**U.S. Fixed Income** (Bloomberg Barclays US Aggregate: +2.9%)

- U.S. Treasuries rose 2.1% as the yield curve shifted lower across maturities as growth and inflation expectations declined.
- The shape of the yield curve did not materially change during the quarter. The yield differential between the 10-year and 2-year key rates remained positive and traded around a range of +12 to +20 bps. However, the front-end of the curve inverted, with the 5-year offering less yield than the 2-year.
- TIPS outperformed nominal Treasuries as the Fed’s balanced stance and unexpected wage pressures stoked higher inflation expectation.

**Investment-Grade Corporates** (Bloomberg Barclays Corporate: +5.1%)

- Credit spreads rallied on the back of a softer Fed stance, positive economic news, and better than expected corporate earnings.
- Net new corporate issuance during the first quarter of \$117 billion was roughly on par with a year ago.
- Surprisingly, Aaa-rated corporates (+5.0%) outperformed Aa- (+3.7%) and single A-rated issuers (+4.7%). BBB-rated issuers were the best performers (+5.7%).

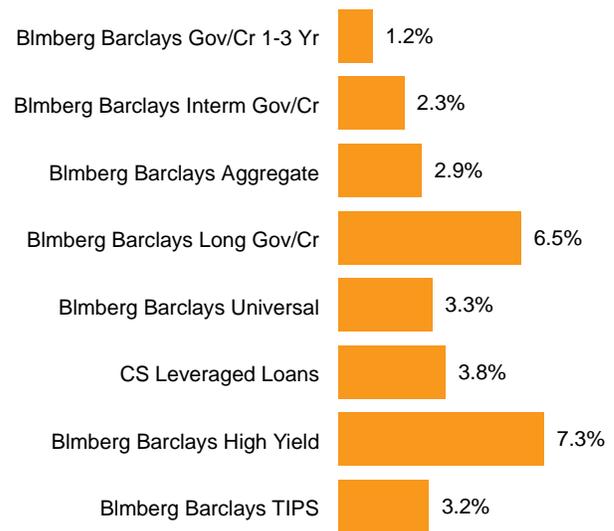
**High Yield** (Bloomberg Barclays Corporate High Yield: +7.3%)

- Given the risk-on environment, below-investment grade issuers were the best performers, aided by strong asset inflows.
- Ba/B sectors (+7.2%) marginally outpaced CCC by 6 bps; this was an unusual occurrence given that the dispersion between high-quality and low-quality is typically wide during these periods of absolute returns.

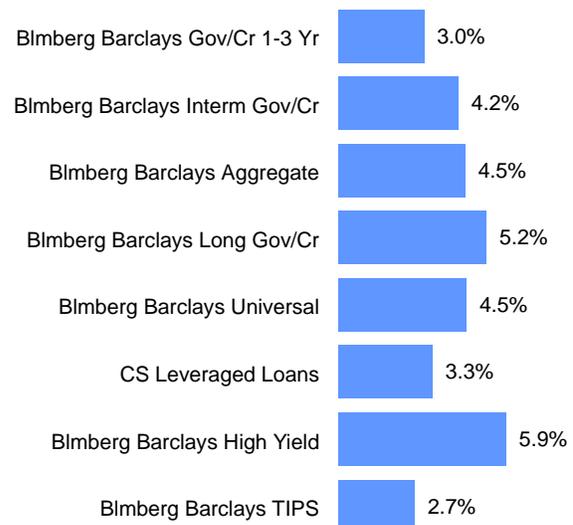
**Leveraged Loans** (Credit Suisse Leveraged Loans Index: +3.8%)

- Leveraged loans participated in the rally but lagged both longer duration investment grade and high yield corporates. The sector was negatively impacted by the Fed’s pause, retail outflows, and a slow-developing CLO pipeline.
- Bank loans have less sensitivity to interest rates but may have a similar spread duration profile to that of their high yield bond counterparts.

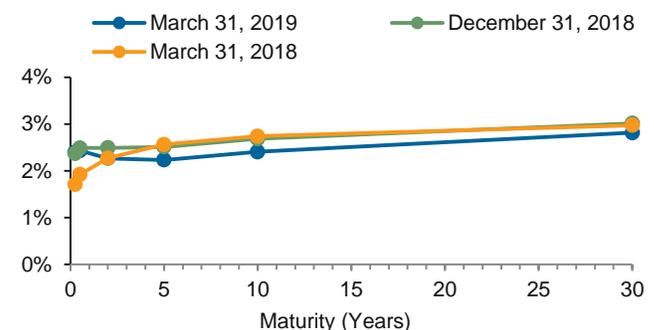
**U.S. Fixed Income: Quarterly Returns**



**U.S. Fixed Income: One-Year Returns**



**U.S. Treasury Yield Curves**



Sources: Bloomberg, Bloomberg Barclays, Credit Suisse

**NON-U.S. FIXED INCOME**

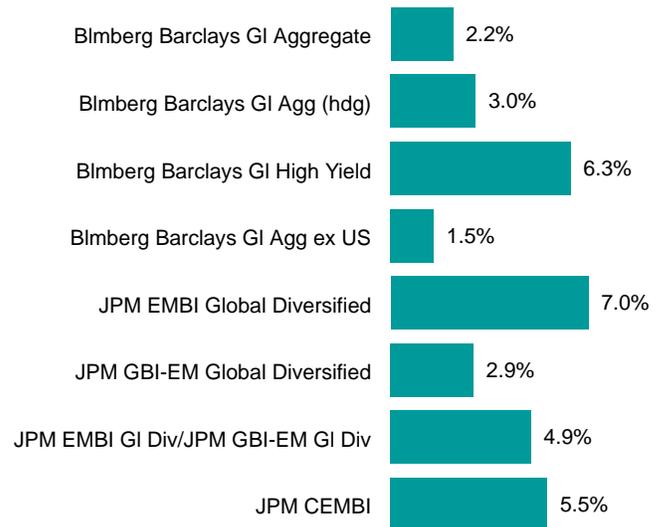
**Global Fixed Income** (Bloomberg Barclays Global Aggregate (unhedged): +2.2%)

- Developed market sovereign bonds rallied in tandem with Treasuries. The U.S. dollar appreciated modestly versus the euro and yen, but lost ground versus the British pound and Canadian dollar.

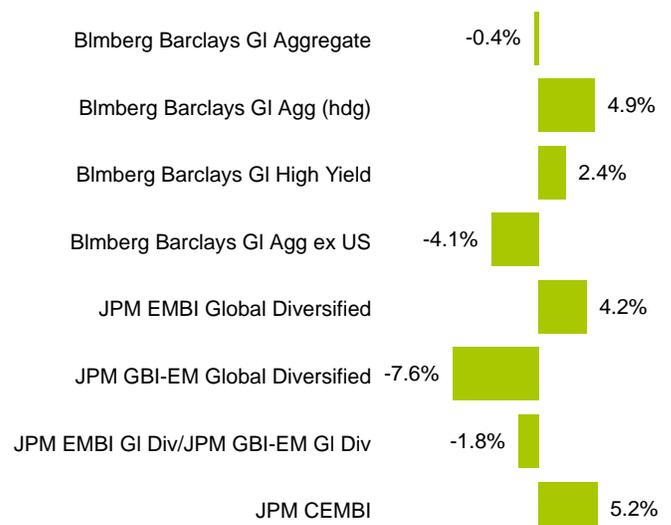
**U.S. dollar-denominated emerging market debt** (JPM EMBI Global Diversified: +7.0%), **Local currency-denominated EMD** (JPM GBI-EM Global Diversified: +2.9%)

- Country returns within the EMBI Global Diversified Index were all positive for the quarter.
- Turkey (-10.2%) and Argentina (-10.5%) were notable underperformers in the local currency index.
- Positive net inflows into the EM universe continued through quarter-end.

**Global Fixed Income: Quarterly Returns**

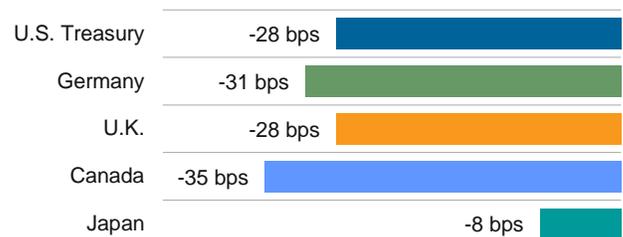


**Global Fixed Income: One-Year Returns**



**Change in 10-Year Global Government Bond Yields**

**4Q18 to 1Q19**



Sources: Bloomberg, Bloomberg Barclays, JP Morgan

## **Range of Mutual Fund Returns**

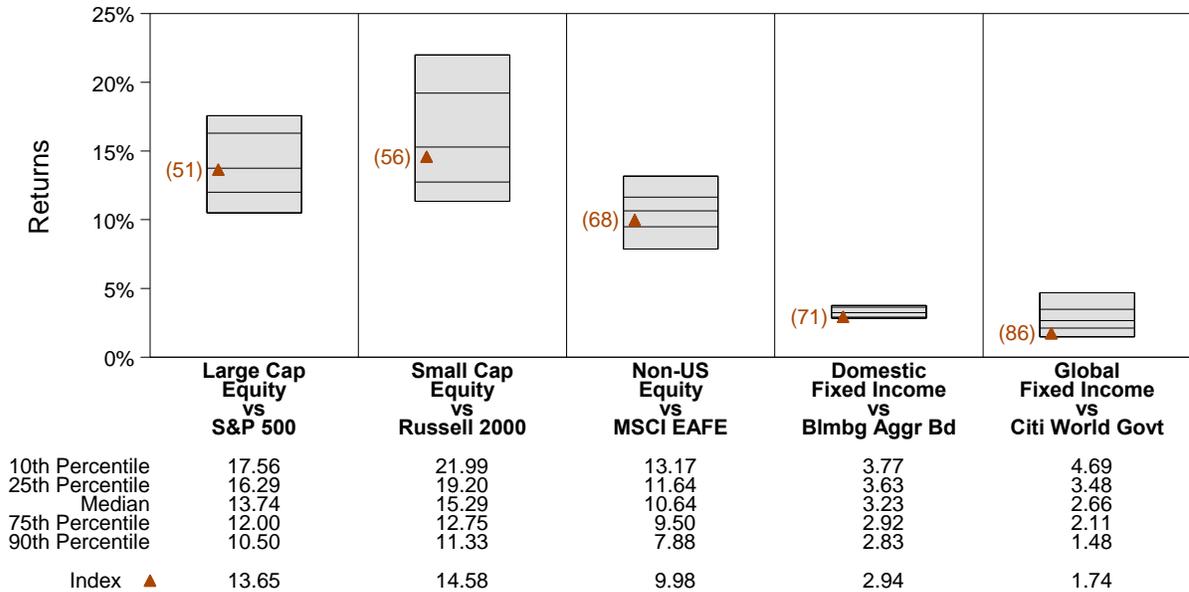
# Market Overview

## Active Management vs Index Returns

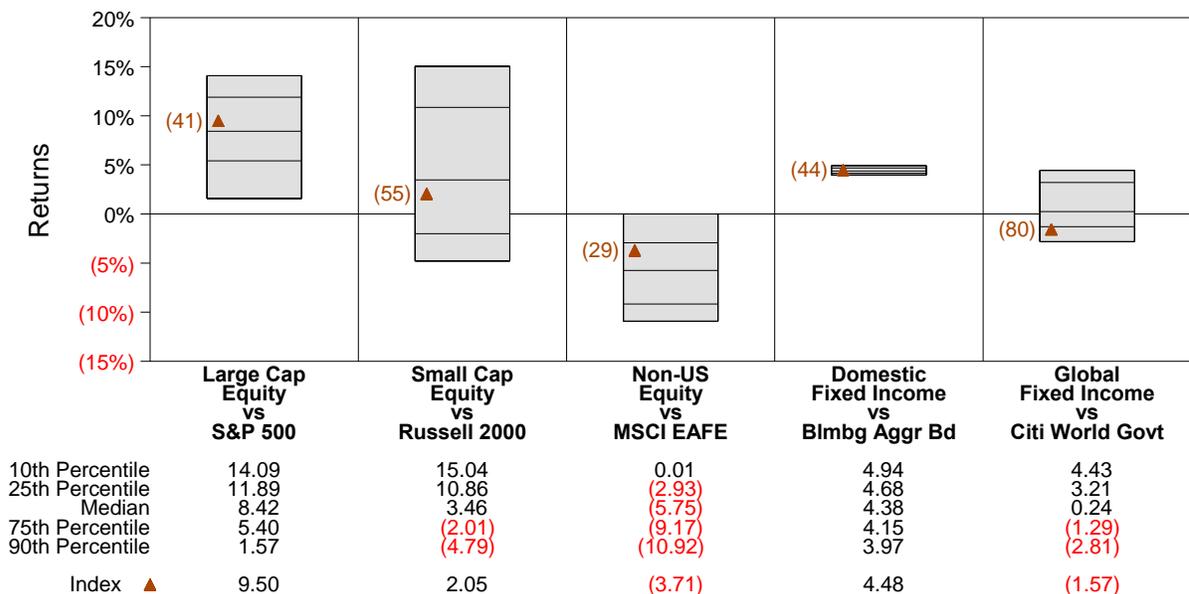
### Market Overview

The charts below will illustrate the range of returns across managers in Callan's Mutual Fund database over the most recent one quarter and one year time periods. The database is broken down by asset class to illustrate the difference in returns across those asset classes. An appropriate index is also shown for each asset class for comparison purposes. As an example, the first bar in the upper chart illustrates the range of returns for domestic equity managers over the last quarter. The triangle represents the S&P 500 return. The number next to the triangle represents the ranking of the S&P 500 in the Large Cap Equity manager database.

### Range of Mutual Fund Returns by Asset Class One Quarter Ended March 31, 2019



### Range of Mutual Fund Returns by Asset Class One Year Ended March 31, 2019

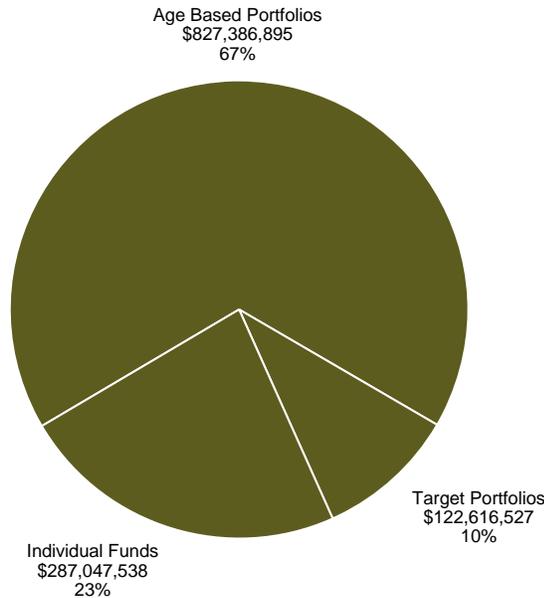


## **Advisor Plan Performance**

# Changes in Investment Fund Balances Period Ended March 31, 2019

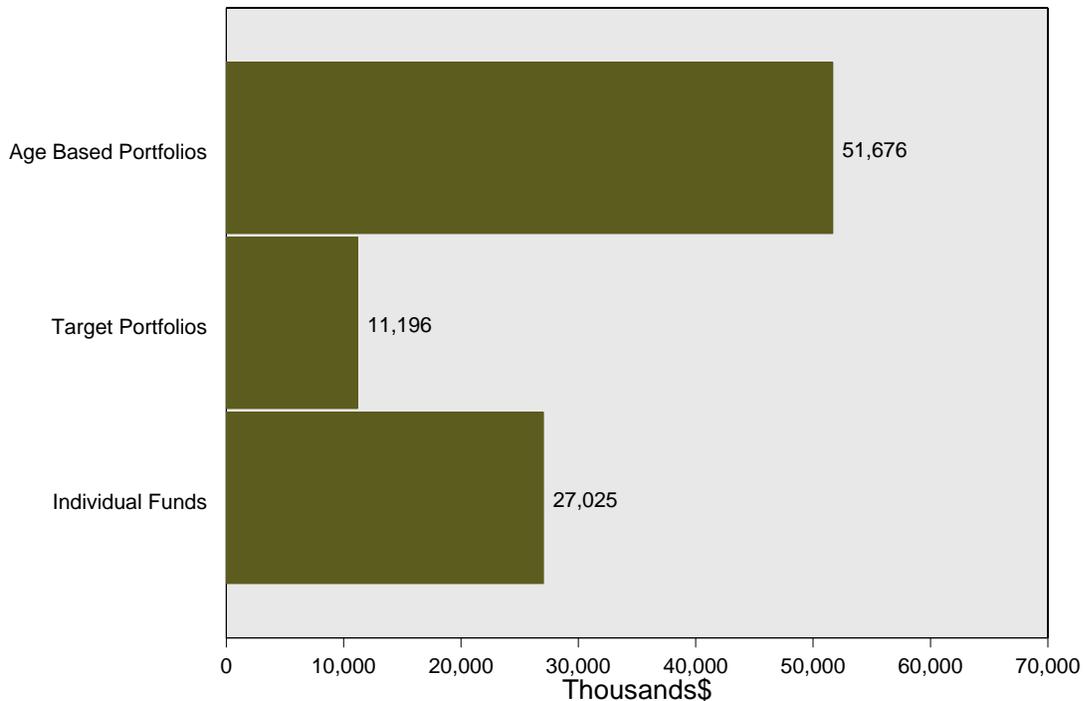
## Allocation Across Investment Options

The chart below illustrates the allocation of the aggregate fund assets across the various investment options for the quarter ended March 31, 2019.



## Changes in Fund Values

The chart below shows the net change in fund values across the various investment options for the quarter ended March 31, 2019. The change in value for each fund is the result of a combination of 3 factors: 1) market movements; 2) contributions or disbursements into or out of the funds by the participants (and any matching done by the company); and 3) transfers between funds by the participants.



## Investment Fund Balances

The table below compares the fund's investment fund balances as of March 31, 2019 with that of December 31, 2018. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

### Asset Distribution Across Investment Funds

	March 31, 2019				December 31, 2018	
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
<b>Age Based Portfolios</b>	<b>\$827,386,895</b>	<b>66.88%</b>	<b>\$1,457,871</b>	<b>\$50,217,873</b>	<b>\$775,711,151</b>	<b>67.62%</b>
<b>Aggressive</b>	<b>\$438,975,920</b>	<b>35.49%</b>	<b>\$(135,127)</b>	<b>\$29,544,378</b>	<b>\$409,566,669</b>	<b>35.70%</b>
0-2 years (Fund 100)	9,121,337	0.74%	224,380	979,421	7,917,536	0.69%
3-5 years (Fund 90)	24,550,640	1.98%	112,764	2,459,604	21,978,272	1.92%
6-8 years (Fund 80)	35,987,699	2.91%	(297,677)	3,372,003	32,913,373	2.87%
9-10 years (Fund 70)	33,582,579	2.71%	(753,469)	2,883,461	31,452,587	2.74%
11-12 years (Fund 60)	52,160,290	4.22%	(1,225,719)	4,085,162	49,300,847	4.30%
13-14 years (Fund 50)	70,740,469	5.72%	(2,305,356)	5,073,949	67,971,876	5.93%
15-16 years (Fund 40)	87,103,721	7.04%	(517,208)	5,246,388	82,374,541	7.18%
17-18 years (Fund 30)	68,271,605	5.52%	2,259,402	3,300,978	62,711,225	5.47%
19+ years (Fund 20)	57,457,580	4.64%	2,367,756	2,143,412	52,946,412	4.62%
<b>Moderate</b>	<b>\$356,170,335</b>	<b>28.79%</b>	<b>\$1,969,314</b>	<b>\$19,582,744</b>	<b>\$334,618,277</b>	<b>29.17%</b>
0-2 years (Fund 90)	6,037,914	0.49%	372,701	583,411	5,081,802	0.44%
3-5 years (Fund 80)	15,226,028	1.23%	(378,347)	1,453,499	14,150,876	1.23%
6-8 years (Fund 70)	29,950,079	2.42%	471,329	2,509,252	26,969,498	2.35%
9-10 years (Fund 60)	27,099,551	2.19%	(731,098)	2,114,459	25,716,190	2.24%
11-12 years (Fund 50)	36,197,717	2.93%	534,507	2,496,886	33,166,324	2.89%
13-14 years (Fund 40)	47,398,240	3.83%	(3,377,044)	3,022,626	47,752,658	4.16%
15-16 years (Fund 30)	69,224,347	5.60%	(1,126,840)	3,458,558	66,892,629	5.83%
17-18 years (Fund 20)	62,337,874	5.04%	3,962,371	2,305,881	56,069,622	4.89%
19+ years (Fund 10)	62,698,585	5.07%	2,241,735	1,638,172	58,818,678	5.13%
<b>Conservative</b>	<b>\$32,240,640</b>	<b>2.61%</b>	<b>\$(376,316)</b>	<b>\$1,090,751</b>	<b>\$31,526,205</b>	<b>2.75%</b>
0-2 years (Fund 80)	356,944	0.03%	16,333	32,557	308,054	0.03%
3-5 years (Fund 70)	687,354	0.06%	4,163	57,786	625,405	0.05%
6-8 years (Fund 60)	1,323,044	0.11%	(193,930)	116,261	1,400,713	0.12%
9-10 years (Fund 50)	1,080,996	0.09%	(58,031)	78,614	1,060,413	0.09%
11-12 years (Fund 40)	2,243,519	0.18%	(83,707)	129,914	2,197,312	0.19%
13-14 years (Fund 30)	3,569,849	0.29%	29,733	178,591	3,361,525	0.29%
15-16 years (Fund 20)	5,458,136	0.44%	(158,209)	212,763	5,403,582	0.47%
17-18 years (Fund 10)	6,202,434	0.50%	166,705	161,263	5,874,466	0.51%
19+ years (F.I.)	11,318,364	0.91%	(99,373)	123,002	11,294,735	0.98%
<b>Target Portfolios</b>	<b>\$122,616,527</b>	<b>9.91%</b>	<b>\$(113,626)</b>	<b>\$11,309,834</b>	<b>\$111,420,319</b>	<b>9.71%</b>
Target Fund 100 Portfolio	56,377,464	4.56%	(588,378)	6,036,204	50,929,638	4.44%
Target Fund 80 Portfolio	34,413,359	2.78%	(228,774)	3,216,420	31,425,713	2.74%
Target Fund 60 Portfolio	19,784,221	1.60%	135,174	1,506,843	18,142,204	1.58%
Target Fund 40 Portfolio	6,853,380	0.55%	288,016	404,590	6,160,774	0.54%
Target Fund 20 Portfolio	3,581,248	0.29%	304,222	128,318	3,148,708	0.27%
Target Fund Fixed Income Portfolio	1,606,855	0.13%	(23,886)	17,459	1,613,282	0.14%

Market values provided by Union Bank & Trust.

## Investment Fund Balances

The table below compares the fund's investment fund balances as of March 31, 2019 with that of December 31, 2018. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

### Asset Distribution Across Investment Funds

Individual Funds	March 31, 2019		Net New Inv.	Inv. Return	December 31, 2018	
	Market Value	Weight			Market Value	Weight
<b>Individual Funds</b>	<b>\$287,047,538</b>	<b>23.20%</b>	<b>\$1,530,435</b>	<b>\$25,494,821</b>	<b>\$260,022,281</b>	<b>22.67%</b>
<b>Money Market</b>	<b>\$18,925,551</b>	<b>1.53%</b>	<b>\$822,010</b>	<b>\$0</b>	<b>\$18,103,541</b>	<b>1.58%</b>
State Street US Govt MM	18,925,551	1.53%	822,010	0	18,103,541	1.58%
<b>Fixed Income</b>	<b>\$38,844,077</b>	<b>3.14%</b>	<b>\$894,163</b>	<b>\$836,689</b>	<b>\$37,113,225</b>	<b>3.24%</b>
PIMCO Short-Term	14,256,649	1.15%	17,412	99,126	14,140,110	1.23%
Amer Cent Short Dur Infl Prot Bond	2,133,712	0.17%	(53,059)	37,663	2,149,108	0.19%
BlackRock Infl Protected Bond	2,136,788	0.17%	(2,295)	62,824	2,076,259	0.18%
Fidelity Investment Grade Bond	2,251,526	0.18%	425,286	72,630	1,753,610	0.15%
Northern Funds Bond Index	12,455,841	1.01%	111,659	373,988	11,970,194	1.04%
MainStay Total Return Bond	1,907,153	0.15%	331,027	20,887	1,555,239	0.14%
Touchstone High Yield	2,402,412	0.19%	39,626	168,695	2,194,092	0.19%
Templeton International Bond	1,299,996	0.11%	24,507	875	1,274,613	0.11%
<b>Balanced</b>	<b>\$48,768,245</b>	<b>3.94%</b>	<b>\$(772,607)</b>	<b>\$4,242,383</b>	<b>\$45,298,469</b>	<b>3.95%</b>
T. Rowe Price Balanced	48,768,245	3.94%	(772,607)	4,242,383	45,298,469	3.95%
<b>Domestic Equity</b>	<b>\$145,502,597</b>	<b>11.76%</b>	<b>\$483,337</b>	<b>\$17,152,353</b>	<b>\$127,866,907</b>	<b>11.15%</b>
T. Rowe Large Cap Growth	32,640,096	2.64%	600	4,195,198	28,444,298	2.48%
American Century Equity Growth	6,427,138	0.52%	107,660	787,965	5,531,513	0.48%
Northern Stock Index	25,224,594	2.04%	(51,061)	2,956,642	22,319,014	1.95%
DFA US Large Cap Value	32,723,913	2.65%	(35,676)	3,160,335	29,599,253	2.58%
Northern Mid-Cap Index	24,447,295	1.98%	173,255	3,040,928	21,233,112	1.85%
T. Rowe Price QM Small Cap Growth	6,304,755	0.51%	62,712	923,668	5,318,375	0.46%
Northern Small Cap Index	6,959,137	0.56%	278,817	849,659	5,830,661	0.51%
William Blair Small Cap Value	10,775,670	0.87%	(52,970)	1,237,959	9,590,681	0.84%
<b>International Equity</b>	<b>\$29,879,356</b>	<b>2.42%</b>	<b>\$188,320</b>	<b>\$2,619,326</b>	<b>\$27,071,710</b>	<b>2.36%</b>
Northern Int'l Equity Index	9,493,797	0.77%	(92,330)	835,623	8,750,504	0.76%
Neuberger Berman Int'l Lrg Cp	10,126,187	0.82%	40,634	1,063,637	9,021,916	0.79%
DFA Int'l Small Company	2,582,871	0.21%	15,306	203,786	2,363,779	0.21%
Lazard Emerging Markets	7,676,501	0.62%	224,710	516,281	6,935,510	0.60%
<b>Real Estate</b>	<b>\$4,244,096</b>	<b>0.34%</b>	<b>\$(92,322)</b>	<b>\$592,818</b>	<b>\$3,743,600</b>	<b>0.33%</b>
Voya Global Real Estate	745,455	0.06%	(147,752)	103,243	789,964	0.07%
T. Rowe Price Real Estate	3,498,641	0.28%	55,430	489,575	2,953,636	0.26%
<b>Commodities</b>	<b>\$883,616</b>	<b>0.07%</b>	<b>\$7,534</b>	<b>\$51,253</b>	<b>\$824,829</b>	<b>0.07%</b>
Credit Suisse Commodities	883,616	0.07%	7,534	51,253	824,829	0.07%
<b>Total Plan</b>	<b>\$1,237,050,960</b>	<b>100.0%</b>	<b>\$2,874,680</b>	<b>\$87,022,528</b>	<b>\$1,147,153,751</b>	<b>100.0%</b>

Market values provided by Union Bank & Trust.

## Investment Fund Returns and Peer Group Rankings

The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods ended March 31, 2019. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns and Rankings for Periods Ended March 31, 2019

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years					
<b>Target Portfolios</b>										
<b>Target Fund 100</b>										
Target Fund 100 Portfolio	12.21%	15	1.26%	85	10.42%	17	6.35%	40	8.64%	25
Target Fund 100 Blended Benchmark	12.59%	9	3.58%	34	10.87%	11	7.05%	17	9.26%	13
MS 529 Static Alloc 70-85	10.54%		3.25%		9.13%		6.08%		8.04%	
Aggressive Age Based 0-2 yrs (Fd 100)	12.21%	50	1.26%	90	-	-	-	-	-	-
Target Fund 100 Blended Benchmark	12.59%	31	3.58%	29	10.87%	33	7.05%	41	9.26%	40
MS 529 Age 0-6 High Equit	12.21%		2.83%		10.40%		6.80%		9.14%	
<b>Target Fund 90</b>										
Aggressive Age Based 3-5 yrs (Fd 90)	11.30%	76	1.79%	82	-	-	-	-	-	-
Target Fund 90 Blended Benchmark	11.57%	71	3.44%	30	10.03%	64	6.57%	60	8.76%	59
MS 529 Age 0-6 High Equit	12.21%		2.83%		10.40%		6.80%		9.14%	
Moderate Age Based 0-2 yrs (Fd 90)	11.30%	15	1.79%	83	-	-	-	-	-	-
Target Fund 90 Blended Benchmark	11.57%	9	3.44%	39	10.03%	13	6.57%	25	8.76%	13
MS 529 Age 0-6 Medium Equ	10.20%		3.03%		8.50%		5.81%		7.67%	
<b>Target Fund 80</b>										
Target Fund 80 Portfolio	10.38%	57	1.99%	73	9.13%	50	5.60%	67	7.42%	71
Target Fund 80 Blended Benchmark	10.54%	49	3.59%	34	9.17%	49	6.04%	51	7.82%	60
MS 529 Static Alloc 70-85	10.54%		3.25%		9.13%		6.08%		8.04%	
Aggressive Age Based 6-8 yrs (Fd 80)	10.38%	32	1.99%	88	-	-	-	-	-	-
Target Fund 80 Blended Benchmark	10.54%	28	3.59%	31	9.17%	22	6.04%	33	7.82%	28
MS 529 Age 7-12 High Equi	9.97%		3.20%		8.33%		5.50%		7.14%	
Moderate Age Based 3-5 yrs (Fd 80)	10.38%	44	1.99%	80	-	-	-	-	-	-
Target Fund 80 Blended Benchmark	10.54%	39	3.59%	34	9.17%	32	6.04%	43	7.82%	43
MS 529 Age 0-6 Medium Equ	10.20%		3.03%		8.50%		5.81%		7.67%	
Conserv. Age Based 0-2 yrs (Fd 80)	10.38%	7	1.99%	94	-	-	-	-	-	-
Target Fund 80 Blended Benchmark	10.54%	5	3.59%	47	9.17%	6	6.04%	11	7.82%	6
MS 529 Age 0-6 Low Equity	8.72%		3.42%		7.05%		4.98%		6.07%	
<b>Target Fund 70</b>										
Aggressive Age Based 9-10 yrs (Fd 70)	9.35%	66	2.15%	84	-	-	-	-	-	-
Target Fund 70 Blended Benchmark	9.78%	54	3.95%	24	8.35%	48	5.84%	37	7.50%	39
MS 529 Age 7-12 High Equi	9.97%		3.20%		8.33%		5.50%		7.14%	
Moderate Age Based 6-8 yrs (Fd 70)	9.35%	16	2.15%	80	-	-	-	-	-	-
Target Fund 70 Blended Benchmark	9.78%	10	3.95%	28	8.35%	15	5.84%	16	7.50%	18
MS 529 Age 7-12 Medium Eq	8.04%		3.21%		6.84%		4.96%		6.32%	
Conserv. Age Based 3-5 yrs (Fd 70)	9.35%	30	2.15%	91	-	-	-	-	-	-
Target Fund 70 Blended Benchmark	9.78%	25	3.95%	28	8.35%	14	5.84%	13	7.50%	8
MS 529 Age 0-6 Low Equity	8.72%		3.42%		7.05%		4.98%		6.07%	

Performance is net of all fees, including 529 program management fees (32 bps) and state administration fees (10 bps).  
Performance figures provided by Union Bank & Trust.

## Investment Fund Returns and Peer Group Rankings

The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods ended March 31, 2019. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns and Rankings for Periods Ended March 31, 2019

	Last Quarter		Last Year		Last 3 Years		Last 5 Years		Last 7 Years	
<b>Target Fund 60</b>										
Target Fund 60 Portfolio	8.43%	73	2.41%	71	7.44%	53	4.67%	70	6.07%	75
Target Fund 60 Blended Benchmark	8.50%	70	3.71%	41	7.43%	53	5.05%	57	6.38%	66
MS 529 Static Alloc 50-70	9.10%		3.40%		7.55%		5.25%		6.73%	
Aggressive Age Based 11-12 yrs (Fd 60)	8.43%	80	2.41%	77	-		-		-	
Target Fund 60 Blended Benchmark	8.50%	80	3.71%	27	7.43%	69	5.05%	66	6.38%	67
MS 529 Age 7-12 High Equi	9.97%		3.20%		8.33%		5.50%		7.14%	
Moderate Age Based 9-10 yrs (Fd 60)	8.43%	42	2.41%	74	-		-		-	
Target Fund 60 Blended Benchmark	8.50%	40	3.71%	36	7.43%	35	5.05%	44	6.38%	49
MS 529 Age 7-12 Medium Eq	8.04%		3.21%		6.84%		4.96%		6.32%	
Conserv. Age Based 6-8 yrs (Fd 60)	8.43%	3	2.41%	85	-		-		-	
Target Fund 60 Blended Benchmark	8.50%	3	3.71%	42	7.43%	5	5.05%	17	6.38%	6
MS 529 Age 7-12 Low Equit	6.35%		3.46%		4.93%		3.96%		3.99%	
<b>Target Fund 50</b>										
Aggressive Age Based 13-14 yrs (Fd 50)	7.59%	51	2.94%	63	-		-		-	
Target Fund 50 Blended Benchmark	7.77%	40	4.07%	32	6.91%	36	5.00%	35	6.16%	26
MS 529 Age 13-18 High Equi	7.62%		3.43%		6.49%		4.63%		5.29%	
Moderate Age Based 11-12 yrs (Fd 50)	7.59%	61	2.94%	58	-		-		-	
Target Fund 50 Blended Benchmark	7.77%	55	4.07%	25	6.91%	50	5.00%	49	6.16%	54
MS 529 Age 7-12 Medium Eq	8.04%		3.21%		6.84%		4.96%		6.32%	
Conserv. Age Based 9-10 yrs (Fd 50)	7.59%	12	2.94%	65	-		-		-	
Target Fund 50 Blended Benchmark	7.77%	11	4.07%	30	6.91%	11	5.00%	18	6.16%	7
MS 529 Age 7-12 Low Equit	6.35%		3.46%		4.93%		3.96%		3.99%	
<b>Target Fund 40</b>										
Target Fund 40 Portfolio	6.51%	67	3.08%	63	5.92%	46	3.97%	55	4.84%	64
Target Fund 40 Blended Benchmark	6.49%	68	4.08%	32	5.73%	52	4.18%	49	5.00%	55
MS 529 Static Alloc 30-50	7.19%		3.53%		5.87%		4.16%		5.21%	
Aggressive Age Based 15-16 yrs (Fd 40)	6.51%	74	3.08%	60	-		-		-	
Target Fund 40 Blended Benchmark	6.49%	75	4.08%	32	5.73%	77	4.18%	62	5.00%	58
MS 529 Age 13-18 High Equi	7.62%		3.43%		6.49%		4.63%		5.29%	
Moderate Age Based 13-14 yrs (Fd 40)	6.51%	25	3.08%	60	-		-		-	
Target Fund 40 Blended Benchmark	6.49%	25	4.08%	25	5.73%	28	4.18%	28	5.00%	36
MS 529 Age 13-18 Medium E	5.48%		3.38%		4.79%		3.61%		4.63%	
Conserv. Age Based 11-12 yrs (Fd 40)	6.51%	42	3.08%	61	-		-		-	
Target Fund 40 Blended Benchmark	6.49%	43	4.08%	30	5.73%	32	4.18%	44	5.00%	32
MS 529 Age 7-12 Low Equit	6.35%		3.46%		4.93%		3.96%		3.99%	
<b>Target Fund 30</b>										
Aggressive Age Based 17-18 yrs (Fd 30)	5.30%	88	2.87%	67	-		-		-	
Target Fund 30 Blended Benchmark	5.38%	88	3.69%	46	4.87%	94	3.61%	72	4.23%	82
MS 529 Age 13-18 High Equi	7.62%		3.43%		6.49%		4.63%		5.29%	
Moderate Age Based 15-16 yrs (Fd 30)	5.30%	57	2.87%	66	-		-		-	
Target Fund 30 Blended Benchmark	5.38%	52	3.69%	37	4.87%	47	3.61%	50	4.23%	62
MS 529 Age 13-18 Medium E	5.48%		3.38%		4.79%		3.61%		4.63%	
Conserv. Age Based 13-14 yrs (Fd 30)	5.30%	10	2.87%	59	-		-		-	
Target Fund 30 Blended Benchmark	5.38%	8	3.69%	24	4.87%	13	3.61%	16	4.23%	12
MS 529 Age 13-18 Low Equi	3.56%		3.05%		3.42%		2.61%		3.06%	

Performance is net of all fees, including 529 program management fees (32 bps) and state administration fees (10 bps). Performance figures provided by Union Bank & Trust.

## Investment Fund Returns and Peer Group Rankings

The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods ended March 31, 2019. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns and Rankings for Periods Ended March 31, 2019

	Last Quarter		Last Year		Last 3 Years		Last 5 Years		Last 7 Years	
<b>Target Fund 20</b>										
Target Fund 20 Portfolio	4.16%	78	3.10%	61	4.07%	42	2.88%	62	3.30%	58
Target Fund 20 Blended Benchmark	4.12%	81	3.74%	48	3.88%	52	2.97%	56	3.36%	57
MS 529 Static Alloc 15-30	4.69%		3.68%		3.91%		3.06%		3.48%	
Aggressive Age Based 19+ yrs (Fd 20)	4.16%	25	3.10%	35	-		-		-	
Target Fund 20 Blended Benchmark	4.12%	27	3.74%	23	3.88%	46	2.97%	37	3.36%	36
MS 529 Age 19+ High Equit	3.90%		2.93%		3.79%		2.87%		3.26%	
Moderate Age Based 17-18 yrs (Fd 20)	4.16%	81	3.10%	59	-		-		-	
Target Fund 20 Blended Benchmark	4.12%	82	3.74%	36	3.88%	74	2.97%	70	3.36%	83
MS 529 Age 13-18 Medium E	5.48%		3.38%		4.79%		3.61%		4.63%	
Conserv. Age Based 15-16 yrs (Fd 20)	4.16%	30	3.10%	48	-		-		-	
Target Fund 20 Blended Benchmark	4.12%	33	3.74%	23	3.88%	33	2.97%	31	3.36%	36
MS 529 Age 13-18 Low Equi	3.56%		3.05%		3.42%		2.61%		3.06%	
<b>Target Fund 10</b>										
Moderate Age Based 19+ yrs (Fd 10)	2.90%	55	2.81%	46	-		-		-	
Target Fund 10 Blended Benchmark	2.82%	59	3.18%	30	2.77%	52	2.22%	46	2.30%	47
MS 529 Age 19+ Medium Equ	3.05%		2.73%		2.81%		2.06%		2.16%	
Conserv. Age Based 17-18 yrs (Fd 10)	2.90%	70	2.81%	62	-		-		-	
Target Fund 10 Blended Benchmark	2.82%	70	3.18%	44	2.77%	79	2.22%	68	2.30%	78
MS 529 Age 13-18 Low Equi	3.56%		3.05%		3.42%		2.61%		3.06%	
<b>Target Fund Fixed Income</b>										
Target Fund Fixed Income Portfolio	1.19%	77	2.05%	71	1.18%	72	0.77%	74	0.68%	79
Target Fund F.I. Blended Benchmark	0.91%	86	2.30%	59	1.28%	69	0.92%	67	0.78%	75
MS 529 Static Short-Term	1.73%		2.58%		1.84%		1.23%		1.39%	
Conserv. Age Based 19+ yrs (F.I.)	1.19%	74	2.05%	67	-		-		-	
Target Fund F.I. Blended Benchmark	0.91%	84	2.30%	54	1.28%	57	0.92%	60	0.78%	54
MS 529 Age 19+ Low Equity	1.50%		2.39%		1.43%		1.19%		0.96%	

Performance is net of all fees, including 529 program management fees (32 bps) and state administration fees (10 bps). Performance figures provided by Union Bank & Trust.

## Investment Fund Returns and Peer Group Rankings

The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods ended March 31, 2019. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns and Rankings for Periods Ended March 31, 2019

	Last Quarter		Last Year		Last 3 Years		Last 5 Years		Last 7 Years	
<b>Individual Funds Portfolios</b>										
<b>Money Market Funds</b>										
State Street US Govt MM (net all)*	0.51%	77	1.71%	80	-	-	-	-	-	-
State Street US Govt MM (net mgr)	0.58%	37	2.00%	38	1.10%	37	0.67%	37	0.48%	36
3 Month Treasury Bill	0.60%	35	2.12%	30	1.19%	30	0.74%	28	0.56%	25
Callan Money Market Funds	0.55%		1.91%		1.00%		0.60%		0.43%	
<b>Fixed Income Funds</b>										
PIMCO Short-Term (net all)*	0.90%	97	1.91%	96	2.21%	14	1.46%	56	1.39%	59
PIMCO Short-Term (net mgr)	1.06%	83	2.31%	86	2.63%	8	1.87%	13	1.80%	30
3 Month T-Bills	0.60%	99	2.11%	95	1.17%	84	0.72%	96	0.53%	96
Blmbg Aggregate 1-3 Index	1.22%	74	3.05%	54	1.34%	76	1.24%	72	1.15%	72
Callan Short Term FI MFs	1.45%		3.07%		1.81%		1.53%		1.51%	
Amer Cent Short Dur Infl Prot (net all)*	1.80%	93	1.59%	93	1.10%	94	0.50%	93	-	-
Amer Cent Short Dur Infl Prot (net mgr)	1.90%	90	1.98%	80	1.50%	74	0.91%	87	0.60%	83
Blmbg US TIPS 0-5 Index	1.66%	97	2.04%	74	1.37%	84	0.91%	87	0.60%	83
Callan TIPS MFs	3.28%		2.40%		1.71%		1.58%		1.01%	
BlackRock Infl Protected Bond (net all)	3.05%	69	1.37%	96	1.15%	94	0.97%	86	0.43%	96
BlackRock Infl Protected Bond (net mgr)	3.23%	56	1.86%	85	1.60%	64	1.41%	59	0.86%	60
Blmbg US TIPS Index	3.19%	60	2.70%	17	1.70%	52	1.94%	22	1.21%	29
Callan TIPS MFs	3.28%		2.40%		1.71%		1.58%		1.01%	
Fidelity Investment Grade Bond (net all)	3.49%	32	4.24%	64	2.66%	26	2.43%	89	-	-
Fidelity Investment Grade Bond (net mgr)	3.61%	26	4.73%	24	3.07%	14	2.83%	29	2.80%	27
Blmbg Aggregate Index	2.94%	71	4.48%	44	2.03%	85	2.74%	38	2.48%	74
Callan Core Bond MFs	3.23%		4.38%		2.33%		2.69%		2.61%	
Northern Funds Bond Index (net all)*	2.81%	90	3.78%	92	1.39%	99	2.15%	98	1.90%	99
Northern Funds Bond Index (net mgr)	2.90%	78	4.32%	57	1.85%	91	2.60%	68	2.33%	85
Blmbg Aggregate Index	2.94%	71	4.48%	44	2.03%	85	2.74%	38	2.48%	74
Callan Core Bond MFs	3.23%		4.38%		2.33%		2.69%		2.61%	
MainStay Total Return Bond (net all)*	3.32%	68	3.51%	91	2.44%	78	-	-	-	-
MainStay Total Return Bond (net mgr)	3.40%	66	3.91%	68	2.83%	53	2.45%	91	2.86%	74
Blmbg Aggregate Index	2.94%	86	4.48%	38	2.03%	95	2.74%	71	2.48%	94
Callan Core Plus MFs	3.58%		4.34%		2.99%		2.97%		3.22%	
Touchstone High Yield (net all)*	7.71%	22	5.50%	35	6.72%	80	3.04%	90	-	-
Touchstone High Yield (net mgr)	7.84%	14	5.99%	19	7.16%	57	3.46%	78	4.96%	91
High Yield II Index	7.40%	37	5.94%	21	8.69%	11	4.70%	11	6.26%	13
Callan High Yield MFs	7.26%		5.10%		7.40%		3.87%		5.56%	
Templeton International Bond (net all)*	2.13%	63	2.51%	36	3.69%	32	0.44%	65	-	-
Templeton International Bond (net mgr)	2.21%	56	2.96%	32	4.13%	19	0.88%	50	1.89%	47
FTSE WGBI Non-US Index	1.52%	94	(4.55%)	72	0.87%	82	(0.06%)	78	(0.01%)	79
Intl Income MFs	2.52%		(0.77%)		2.02%		0.88%		1.82%	
<b>Balanced Funds</b>										
T. Rowe Price Balanced (net all)	9.53%	43	3.92%	65	8.72%	42	6.16%	52	7.72%	58
T. Rowe Price Balanced (net mgr)	9.54%	43	4.19%	64	9.02%	33	6.50%	46	8.10%	50
Balanced Fund Blended Benchmark	9.42%	45	6.44%	31	8.79%	41	7.05%	30	8.37%	36
Callan Dom Balanced MFs	9.24%		5.02%		8.30%		6.32%		8.12%	
<b>Domestic Equity Funds</b>										
T. Rowe Large Cap Growth (net all)*	14.56%	85	13.52%	31	21.45%	3	14.75%	9	15.87%	8
T. Rowe Large Cap Growth (net mgr)	14.68%	84	13.98%	25	21.92%	2	15.19%	4	16.34%	2
Russell 1000 Growth Index	16.10%	62	12.75%	44	16.53%	52	13.50%	33	14.34%	28
Callan Large Cap Grwth MF	16.51%		12.23%		16.80%		12.82%		13.63%	
American Century Equity Growth (net all)	14.16%	26	6.35%	57	12.43%	54	8.51%	71	11.08%	69
American Century Equity Growth (net mgr)	14.24%	20	6.74%	49	12.88%	45	9.00%	60	11.59%	52
S&P 500	13.65%	31	9.50%	24	13.51%	22	10.91%	17	12.85%	9
Callan Large Cap Core MFs	13.13%		6.72%		12.57%		9.37%		11.63%	
Northern Stock Index (net all)*	13.51%	33	8.93%	32	12.93%	42	10.33%	22	12.28%	30
Northern Stock Index (net mgr)	13.62%	31	9.38%	25	13.39%	24	10.79%	20	12.73%	11
S&P 500	13.65%	31	9.50%	24	13.51%	22	10.91%	17	12.85%	9
Callan Large Cap Core MFs	13.13%		6.72%		12.57%		9.37%		11.63%	

(net all) indicates performance is net of all fees, including 529 program management fees (32 bps) and state administration fees (10 bps). (net all) performance figures provided by Union Bank & Trust.

(net mgr) indicates performance is net of manager fees.

\* Indicates fund is held in the Age Based and Target Fund Portfolios.

## Investment Fund Returns and Peer Group Rankings

The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods ended March 31, 2019. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns and Rankings for Periods Ended March 31, 2019

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
DFA US Large Cap Value (net all)*	10.69%	68	(0.09%)	88	-
DFA US Large Cap Value (net mgr)	10.79%	67	0.24%	87	11.41%
Russell 1000 Value Index	11.93%	41	5.67%	41	10.45%
Callan Lg Cap Value MF	11.86%		4.31%		10.77%
Northern Mid Cap Index (net all)*	14.29%	75	1.94%	66	10.60%
Northern Mid Cap Index (net mgr)	14.40%	74	2.38%	66	11.04%
S&P Mid Cap 400 Index	14.49%	74	2.59%	66	11.24%
Callan Mid Cap MFs	16.04%		5.78%		12.18%
T Rowe Price QM Sm Cap Growth (net all)*	17.22%	37	6.78%	41	-
T Rowe Price QM Sm Cap Growth (net mgr)	17.27%	37	7.19%	37	-
Russell 2000 Growth Index	17.14%	37	3.85%	50	14.87%
Callan Small Cap MFs	15.29%		3.46%		12.38%
Northern Small Cap Index (net all)	14.44%	56	1.49%	57	12.35%
Northern Small Cap Index (net mgr)	14.58%	56	1.97%	55	12.82%
Russell 2000 Index	14.58%	56	2.05%	55	12.92%
Callan Small Cap MFs	15.29%		3.46%		12.38%
William Blair Small Cap Value (net all)	13.08%	39	(0.98%)	53	7.49%
William Blair Small Cap Value (net mgr)	13.16%	39	(0.51%)	44	7.95%
Russell 2000 Value Index	11.93%	67	0.17%	36	10.86%
Callan Sm Cap Value MF	12.71%		(0.80%)		9.63%
<b>International Equity</b>					
Northern Int'l Equity Index (net all)*	10.16%	63	(4.40%)	35	6.92%
Northern Int'l Equity Index (net mgr)	10.22%	61	(4.04%)	33	7.36%
MSCI EAFE Index	9.98%	68	(3.71%)	29	7.27%
Callan Non US Equity MFs	10.64%		(5.75%)		6.50%
Neuberger Berman Int'l Lrg Cp (net all)*	11.54%	30	(5.16%)	46	5.90%
Neuberger Berman Int'l Lrg Cp (net mgr)	11.63%	27	(4.80%)	41	6.32%
MSCI EAFE Index	9.98%	68	(3.71%)	29	7.27%
Callan Non US Equity MFs	10.64%		(5.75%)		6.50%
DFA Int'l Small Company (net all)*	9.88%	68	(11.47%)	55	6.27%
DFA Int'l Small Company (net mgr)	9.92%	68	(11.09%)	53	6.73%
MSCI World Small Cap ex US	10.93%	50	(8.66%)	30	7.28%
Callan Intl Small Cap MFs	10.93%		(10.86%)		6.90%
Lazard Emerging Markets (net all)*	7.43%	88	(14.01%)	94	7.31%
Lazard Emerging Markets (net mgr)	7.53%	86	(13.69%)	93	7.72%
MSCI Emerging Markets	9.93%	70	(7.40%)	37	10.68%
Callan Emerging Equity MF	10.64%		(9.20%)		10.66%
<b>Real Estate</b>					
Voya Global Real Estate (net all)*	14.95%	57	9.82%	71	3.33%
Voya Global Real Estate (net mgr)	15.10%	46	10.16%	69	3.75%
FTSE EPRA/NAREIT Dev REIT	14.59%	65	13.27%	28	5.68%
Callan Gbl Real Estate MF	15.06%		11.30%		6.47%
T. Rowe Price Real Estate (net all)	16.06%	63	13.61%	87	3.61%
T. Rowe Price Real Estate (net mgr)	16.15%	60	13.90%	86	3.93%
Morgan Stanley REIT Index	16.27%	58	20.72%	9	6.00%
Callan Real Estate MFs	16.52%		17.61%		5.55%
<b>Commodities</b>					
Credit Suisse Commodities (net all)*	6.14%	65	(5.97%)	65	1.80%
Credit Suisse Commodities (net mgr)	6.30%	62	(5.53%)	54	2.19%
Bloomberg Commodity Total Return	6.32%	60	(5.25%)	42	2.22%
Callan Cmtdies Genl MF	6.83%		(5.38%)		2.85%

(net all) indicates performance is net of all fees, including 529 program management fees (32 bps) and state administration fees (10 bps). (net all) performance figures provided by Union Bank & Trust.

(net mgr) indicates performance is net of manager fees.

\* Indicates fund is held in the Age Based and Target Fund Portfolios.

**Alabama CollegeCounts Advisor Plan, Executive Summary**  
**Investment Manager Performance Monitoring Summary Report**  
**March 31, 2019**

Investment Manager	Last Quarter Return	Last Year Return	3 Year Return	5 Year Return	7 Year Return	7 Year Risk Quadrant	7 Year Return Consistency	7 Year Excess Rtn Ratio	7 Year Sharpe Ratio
<b>Money Market Funds</b>									
<b>State Street US Govt MM</b> Callan Money Market Funds 3 Month Treasury Bill	0.6 37	2.0 38	1.1 37	0.7 37	0.5 36			-3.1 96	-0.2 36
	0.6 35	2.1 30	1.2 30	0.7 28	0.6 25				0.0 25
<b>Fixed Income Funds</b>									
<b>PIMCO Short-Term</b> Callan Defensive FI MFs 3 Month T-Bills	1.1 83	2.3 86	2.6 8	1.9 13	1.8 30			1.3 21	1.3 16
	0.6 99	2.1 95	1.2 84	0.7 96	0.5 96				-0.1 96
<b>Amer Cent Short Dur Infl Prot Bond</b> Callan TIPS MFs Blmbg US TIPS 0-5 Index	1.9 90	2.0 80	1.5 74	0.9 87	0.6 83			0.0 83	0.0 77
	1.7 97	2.0 74	1.4 84	0.9 87	0.6 83				0.0 76
<b>BlackRock Infl Protected Bond</b> Callan TIPS MFs Blmbg US TIPS Index	3.2 56	1.9 85	1.6 64	1.4 59	0.9 60			-0.6 77	0.1 60
	3.2 60	2.7 17	1.7 52	1.9 22	1.2 29				0.1 22
<b>Fidelity Investment Grade Bond</b> Callan Core Bond MFs Blmbg Aggregate Index	3.6 26	4.7 24	3.1 14	2.8 29	2.8 27			0.3 34	0.7 52
	2.9 71	4.5 44	2.0 85	2.7 38	2.5 74				0.6 68
<b>Northern Funds Bond Index (i)</b> Callan Core Bond MFs Blmbg Aggregate Index	2.9 78	4.3 57	1.8 91	2.6 68	2.3 85			-1.6 100	0.6 92
	2.9 71	4.5 44	2.0 85	2.7 38	2.5 74				0.6 68
<b>MainStay Total Return Bond</b> Callan Core Plus MFs Blmbg Aggregate Index	3.4 66	3.9 68	2.8 53	2.5 91	2.9 74			0.3 77	0.7 79
	2.9 86	4.5 38	2.0 95	2.7 71	2.5 94				0.6 89
<b>Touchstone High Yield</b> Callan High Yield MFs High Yield II Index	7.8 14	6.0 19	7.2 57	3.5 78	5.0 91			-1.2 91	0.8 84
	7.4 37	5.9 21	8.7 11	4.7 11	6.3 13				1.0 36
<b>Templeton International Bond</b> Intl Income MFs FTSE WGBI Non-US Index	2.2 56	3.0 32	4.1 19	0.9 50	1.9 47			0.2 71	0.2 49
	1.5 94	-4.5 72	0.9 82	-0.1 78	-0.0 79				-0.1 79

Returns:  
■ above median  
■ third quartile  
■ fourth quartile

Risk Quadrant:  


Return Consistency:  
■ above median  
■ third quartile  
■ fourth quartile

Excess Return Ratio:  
■ above median  
■ third quartile  
■ fourth quartile

Sharpe Ratio:  
■ above median  
■ third quartile  
■ fourth quartile

(i) - Indexed scoring method used. Green: manager & index ranking differ by <= +/- 10%tile. Yellow: manager & index ranking differ by <= +/- 20%tile. Red: manager & index ranking differ by > +/- 20%tile.

**Alabama CollegeCounts Advisor Plan, Executive Summary**  
**Investment Manager Performance Monitoring Summary Report**  
**March 31, 2019**

Investment Manager	Last Quarter Return	Last Year Return	3 Year Return	5 Year Return	7 Year Return	7 Year Risk Quadrant	7 Year Return Consistency	7 Year Excess Rtn Ratio	7 Year Sharpe Ratio
<b>Balanced Funds</b>									
<b>T. Rowe Price Balanced</b> Callan Dom Balanced MFs	9.5 43	4.2 64	9.0 33	6.5 46	8.1 50			-0.2 76	1.0 63
Balanced Fund Blended Benchmark	9.4 45	6.4 31	8.8 41	7.0 30	8.4 36				1.2 41
<b>Domestic Equity Funds</b>									
<b>T. Rowe Large Cap Growth</b> Callan Large Cap Grwth MF	14.7 84	14.0 25	21.9 2	15.2 4	16.3 2			0.4 5	1.2 9
Russell 1000 Growth Index	16.1 62	12.7 44	16.5 52	13.5 33	14.3 28				1.2 15
<b>American Century Equity Growth</b> Callan Large Cap Core MFs	14.2 20	6.7 49	12.9 45	9.0 60	11.6 52			-0.7 65	1.0 57
S&P 500	13.6 31	9.5 24	13.5 22	10.9 17	12.8 9				1.2 9
<b>Northern Stock Index (i)</b> Callan Large Cap Core MFs	13.6 31	9.4 25	13.4 24	10.8 20	12.7 11			-4.1 100	1.1 11
S&P 500	13.6 31	9.5 24	13.5 22	10.9 17	12.8 9				1.2 9
<b>DFA US Large Cap Value</b> Callan Lg Cap Value MF	10.8 67	0.2 87	11.4 35	7.7 40	12.1 14			0.3 11	1.0 38
Russell 1000 Value Index	11.9 41	5.7 41	10.5 58	7.7 38	11.1 33				1.0 29
<b>Northern Funds Mid Cap Index (i)</b> Callan Mid Cap MFs	14.4 74	2.4 66	11.0 53	8.1 51	11.2 41			-2.9 100	0.9 28
S&P Mid Cap 400 Index	14.5 74	2.6 66	11.2 52	8.3 47	11.4 35				0.9 24
<b>T Rowe Price QM Small Cap Growth</b> Callan Small Cap MFs	17.3 37	7.2 37							
Russell 2000 Growth Index	17.1 37	3.9 50	14.9 39	8.4 38	11.8 33				0.7 40
<b>Northern Small Cap Index (i)</b> Callan Small Cap MFs	14.6 56	2.0 55	12.8 47	6.9 52	10.6 51			-1.8 99	0.7 46
Russell 2000 Index	14.6 56	2.0 55	12.9 47	7.1 50	10.7 48				0.7 45
<b>William Blair Small Cap Value</b> Callan Sm Cap Value MF	13.2 39	-0.5 44	7.9 78	4.9 61	9.1 65			-0.2 69	0.6 54
Russell 2000 Value Index	11.9 67	0.2 36	10.9 28	5.6 48	9.6 48				0.6 46

Returns:  
■ above median  
■ third quartile  
■ fourth quartile

Risk Quadrant:  


Return Consistency:  
■ above median  
■ third quartile  
■ fourth quartile

Excess Return Ratio:  
■ above median  
■ third quartile  
■ fourth quartile

Sharpe Ratio:  
■ above median  
■ third quartile  
■ fourth quartile

(i) - Indexed scoring method used. Green: manager & index ranking differ by <= +/- 10%tile. Yellow: manager & index ranking differ by <= +/- 20%tile. Red: manager & index ranking differ by > +/- 20%tile.

**Alabama CollegeCounts Advisor Plan, Executive Summary**  
**Investment Manager Performance Monitoring Summary Report**  
**March 31, 2019**

Investment Manager	Last Quarter Return	Last Year Return	3 Year Return	5 Year Return	7 Year Return	7 Year Risk Quadrant	7 Year Return Consistency	7 Year Excess Rtn Ratio	7 Year Sharpe Ratio
<b>International Equity Funds</b>									
<b>Northern Int'l Equity Index</b> Callan Non US Equity MFs	10.2 61	-4.0 33	7.4 34	2.2 49	5.5 44			-0.1 51	0.4 44
MSCI EAFE Index	10.0 68	-3.7 29	7.3 36	2.3 49	5.6 43				0.4 41
<b>Neuberger Berman Int'l Lrg Cp</b> Callan Non US Equity MFs	11.6 27	-4.8 41	6.3 55	3.0 36	5.5 45			-0.1 45	0.4 46
MSCI EAFE Index	10.0 68	-3.7 29	7.3 36	2.3 49	5.6 43				0.4 41
<b>DFA Int'l Small Company</b> Callan Intl Small Cap MFs	9.9 68	-11.1 53	6.7 55	3.1 49	7.0 51			-0.0 57	0.5 49
MSCI World Small Cap ex US	10.9 50	-8.7 30	7.3 43	3.7 39	7.0 49				0.5 48
<b>Lazard Emerging Markets</b> Callan Emerging Equity MF	7.5 86	-13.7 93	7.7 86	0.9 93	1.1 93			-0.4 90	0.0 93
MSCI Emerging Markets	9.9 70	-7.4 37	10.7 50	3.7 59	2.7 51				0.2 50
<b>Real Estate Funds</b>									
<b>Voya Global Real Estate</b> Callan Gbl Real Estate MF	15.1 46	10.2 69	3.7 96	4.8 85	6.2 91			-0.8 99	0.6 89
FTSE EPRA/NAREIT Dev REIT	14.6 65	13.3 28	5.7 75	6.4 53	7.6 59				0.7 65
<b>T Rowe Price Real Estate</b> Callan Real Estate MFs	16.1 60	13.9 86	3.9 93	7.7 77	8.0 77			-0.5 72	0.6 79
Morgan Stanley REIT Index	16.3 58	20.7 9	6.0 44	9.0 42	9.1 27				0.7 47
<b>Commodity Funds</b>									
<b>Credit Suisse Commodities</b> Callan Cmtties Genl MF	6.3 62	-5.5 54	2.2 63	-8.8 71	-7.3 67			-0.3 79	-0.6 76
Bloomberg Commodity Total Return	6.3 60	-5.3 42	2.2 62	-8.9 73	-7.1 62				-0.6 70
<b>Underlying Funds</b>									
<b>Northern Small Cap Value</b> Callan Sm Cap Value MF	11.9 67	-0.5 44	8.5 67	5.7 47	9.5 54			-0.1 59	0.7 40
Russell 2000 Value Index	11.9 67	0.2 36	10.9 28	5.6 48	9.6 48				0.6 46

Returns:  
■ above median  
■ third quartile  
■ fourth quartile

Risk Quadrant:  


Return Consistency:  
■ above median  
■ third quartile  
■ fourth quartile

Excess Return Ratio:  
■ above median  
■ third quartile  
■ fourth quartile

Sharpe Ratio:  
■ above median  
■ third quartile  
■ fourth quartile

## Morningstar Ratings and Rankings

Plan 1 - Advisor - Fund Name	Morningstar Category	Ticker	Morningstar Rating	Market Value*
American Century Equity Growth	Large Blend	AMEIX	3	\$6,431,799
American Century Short Duration Inflation Protection Bond	Inflation-Protected Bond	APISX	3	\$73,231,192
BlackRock Inflation-Protected Bond	Inflation-Protected Bond	BPRIX	3	\$2,134,979
Credit Suisse Commodity Return Strategy	Commodities Broad Basket	CRSOX	4	\$14,927,056
DFA International Small Company	Foreign Small/Mid Blend	DFISX	3	\$13,539,438
DFA U.S. Large Cap Value	Large Value	DFLVX	4	\$95,355,562
Fidelity Advisor Investment Grade Bond	Intermediate-Term Bond	FGBPX	4	\$2,660,984
Lazard Emerging Markets	Diversified Emerging Markets	LZEMX	3	\$25,357,846
MainStay Total Return Bond	Intermediate-Term Bond	MTMIX	3	\$97,365,845
Neuberger Berman Int'l Large Cap	Foreign Large Blend	NILIX	3	\$74,076,746
Northern Funds Bond Index	Intermediate-Term Bond	NOBOX	2	\$96,629,928
Northern International Equity Index	Foreign Large Blend	NOINX	3	\$56,762,253
Northern Mid-Cap Index	Mid-Cap Blend	NOMIX	4	\$67,976,395
Northern Small Cap Index	Small Blend	NSIDX	3	\$6,966,458
Northern Small Cap Value (underlying fund)	Small Value	NOSGX	3	\$12,591,330
Northern Stock Index	Large Blend	NOSIX	4	\$111,305,994
PIMCO Short-Term	Ultrashort Bond	PTSHX	5	\$146,199,047
State Street US Govt. Money Market	Money Market	GVMXX	-	\$52,738,255
T. Rowe Price Balanced	Moderate Allocation	RPBAX	4	\$54,467,888
T. Rowe Price Large Cap Growth	Large Growth	TRLGX	5	\$102,817,739
T. Rowe Price Real Estate Fund	Real Estate	TRREX	3	\$3,512,620
T. Rowe Price QM Small Cap Growth	Small Cap Growth	TQAIX	3	\$19,106,835
Templeton International Bond	World Bond	FIBZX	3	\$42,213,363
Touchstone High Yield	High Yield Bond	THIYX	3	\$43,684,868
Voya Global Real Estate	Global Real Estate	IGLIX	2	\$21,397,471
William Blair Small Cap Value	Small Blend	BVDIX	2	\$10,786,601

\*Asset totals include age based, target portfolio assets, advisor and direct plans where applicable.

## Summary of Fund Performance Status

Plan 1 - Advisor - Fund Name	Prior Quarter Status	Current Quarter Status	Market Value*
American Century Equity Growth	Watch	Watch	\$6,431,799
American Century Short Duration Inflation Protection Bond	Positive	Positive	\$73,231,192
BlackRock Inflation-Protected Bond	Watch	Watch	\$2,134,979
Credit Suisse Commodity Return Strategy	Positive	Positive	\$14,927,056
DFA International Small Company	Positive	Positive	\$13,539,438
DFA U.S. Large Cap Value	Positive	Positive	\$95,355,562
Fidelity Advisor Investment Grade Bond	Positive	Positive	\$2,660,984
Lazard Emerging Markets	To be Terminated	To be Terminated	\$25,357,846
MainStay Total Return Bond	Positive	Positive	\$97,365,845
Neuberger Berman Int'l Large Cap	Positive	Positive	\$74,076,746
Northern Funds Bond Index	Positive	Positive	\$96,629,928
Northern International Equity Index	Positive	Positive	\$56,762,253
Northern Mid-Cap Index	Positive	Positive	\$67,976,395
Northern Small Cap Index	Positive	Positive	\$6,966,458
Northern Small Cap Value (underlying fund)	Positive	Positive	\$12,591,330
Northern Stock Index	Positive	Positive	\$111,305,994
PIMCO Short-Term	Positive	Positive	\$146,199,047
State Street US Govt. Money Market	Positive	Positive	\$52,738,255
T. Rowe Price Balanced	Positive	Positive	\$54,467,888
T. Rowe Price Large Cap Growth	Positive	Positive	\$102,817,739
T. Rowe Price Real Estate Fund	Positive	To be Terminated	\$3,512,620
T. Rowe QM Small Cap Growth	Positive	Positive	\$19,106,835
Templeton International Bond	Positive	Positive	\$42,213,363
Touchstone High Yield	Watch	Watch	\$43,684,868
Voya Global Real Estate	To be Terminated	To be Terminated	\$21,397,471
William Blair Small Cap Value	Watch	Watch	\$10,786,601

\*Asset totals include age based, target portfolio assets, advisor and direct plans where applicable.

- Funds identified as “Currently on Watch” are those whose Watch status has been approved by the CollegeCounts Board.
- Watch list status based on Watch List guidelines defined in the Investment Policy Statement.

## **Direct Plan Performance**

## Investment Fund Balances

The table below compares the fund's investment fund balances as of March 31, 2019 with that of December 31, 2018. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

### Asset Distribution Across Investment Funds

	March 31, 2019			December 31, 2018		
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
<b>Age Based Portfolios</b>	<b>\$324,654,881</b>	<b>62.07%</b>	<b>\$9,001,991</b>	<b>\$23,255,190</b>	<b>\$292,397,700</b>	<b>62.78%</b>
<b>Aggressive</b>	<b>\$178,803,402</b>	<b>34.19%</b>	<b>\$4,406,529</b>	<b>\$14,138,894</b>	<b>\$160,257,979</b>	<b>34.41%</b>
0-2 years (Fund 100)	8,361,018	1.60%	290,463	948,329	7,122,225	1.53%
3-5 years (Fund 90)	21,912,661	4.19%	253,366	2,305,551	19,353,744	4.16%
6-8 years (Fund 80)	28,919,265	5.53%	(353,346)	2,872,279	26,400,332	5.67%
9-10 years (Fund 70)	22,290,314	4.26%	(114,903)	2,018,021	20,387,196	4.38%
11-12 years (Fund 60)	23,166,663	4.43%	1,379,361	1,755,718	20,031,583	4.30%
13-14 years (Fund 50)	21,946,894	4.20%	1,089,564	1,514,134	19,343,196	4.15%
15-16 years (Fund 40)	21,433,980	4.10%	(616,087)	1,355,464	20,694,603	4.44%
17-18 years (Fund 30)	17,377,747	3.32%	1,825,878	836,651	14,715,219	3.16%
19+ years (Fund 20)	13,394,861	2.56%	652,233	532,747	12,209,881	2.62%
<b>Moderate</b>	<b>\$129,858,944</b>	<b>24.83%</b>	<b>\$4,173,249</b>	<b>\$8,432,796</b>	<b>\$117,252,899</b>	<b>25.17%</b>
0-2 years (Fund 90)	4,749,026	0.91%	160,549	501,794	4,086,683	0.88%
3-5 years (Fund 80)	12,192,633	2.33%	187,119	1,179,824	10,825,690	2.32%
6-8 years (Fund 70)	19,313,859	3.69%	455,858	1,710,853	17,147,147	3.68%
9-10 years (Fund 60)	13,172,677	2.52%	463,298	1,026,796	11,682,583	2.51%
11-12 years (Fund 50)	15,111,662	2.89%	209,664	1,064,157	13,837,840	2.97%
13-14 years (Fund 40)	16,636,706	3.18%	623,927	988,591	15,024,188	3.23%
15-16 years (Fund 30)	17,078,474	3.27%	448,138	881,968	15,748,368	3.38%
17-18 years (Fund 20)	17,043,408	3.26%	1,162,790	675,657	15,204,961	3.26%
19+ years (Fund 10)	14,560,500	2.78%	461,906	403,157	13,695,437	2.94%
<b>Conservative</b>	<b>\$15,992,535</b>	<b>3.06%</b>	<b>\$422,213</b>	<b>\$683,499</b>	<b>\$14,886,823</b>	<b>3.20%</b>
0-2 years (Fund 80)	229,653	0.04%	24,574	21,100	183,979	0.04%
3-5 years (Fund 70)	805,809	0.15%	104,209	65,933	635,667	0.14%
6-8 years (Fund 60)	806,888	0.15%	(132,455)	75,121	864,222	0.19%
9-10 years (Fund 50)	1,105,470	0.21%	(152,541)	84,236	1,173,775	0.25%
11-12 years (Fund 40)	2,064,014	0.39%	296,424	114,097	1,653,493	0.36%
13-14 years (Fund 30)	1,090,791	0.21%	(50,412)	59,219	1,081,983	0.23%
15-16 years (Fund 20)	2,860,705	0.55%	(231,765)	127,390	2,965,081	0.64%
17-18 years (Fund 10)	3,219,431	0.62%	198,472	91,334	2,929,626	0.63%
19+ years (F.I.)	3,809,774	0.73%	365,707	45,069	3,398,997	0.73%
<b>Target Portfolios</b>	<b>\$54,854,346</b>	<b>10.49%</b>	<b>\$857,138</b>	<b>\$5,293,864</b>	<b>\$48,703,344</b>	<b>10.46%</b>
Target Fund 100 Portfolio	27,620,686	5.28%	218,542	3,143,440	24,258,704	5.21%
Target Fund 80 Portfolio	13,037,593	2.49%	236,106	1,265,680	11,535,807	2.48%
Target Fund 60 Portfolio	7,414,943	1.42%	(79,682)	595,932	6,898,693	1.48%
Target Fund 40 Portfolio	3,241,106	0.62%	78,127	193,063	2,969,916	0.64%
Target Fund 20 Portfolio	2,164,952	0.41%	322,915	78,692	1,763,344	0.38%
Target Fund Fixed Income Portfolio	1,375,066	0.26%	81,130	17,056	1,276,880	0.27%

Market values provided by Union Bank & Trust.

## Investment Fund Balances

The table below compares the fund's investment fund balances as of March 31, 2019 with that of December 31, 2018. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

### Asset Distribution Across Investment Funds

Individual Funds	March 31, 2019			December 31, 2018		
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
<b>Individual Funds</b>	<b>\$143,526,816</b>	<b>27.44%</b>	<b>\$4,635,086</b>	<b>\$14,226,618</b>	<b>\$124,665,111</b>	<b>26.77%</b>
<b>Money Market</b>	<b>\$13,294,306</b>	<b>2.54%</b>	<b>\$1,248,753</b>	<b>\$3,567</b>	<b>\$12,041,986</b>	<b>2.59%</b>
Vanguard Prime Money Market	13,294,306	2.54%	1,248,753	3,567	12,041,986	2.59%
<b>Fixed Income</b>	<b>\$17,127,256</b>	<b>3.27%</b>	<b>\$405,380</b>	<b>\$412,762</b>	<b>\$16,309,114</b>	<b>3.50%</b>
PIMCO Short-Term	2,224,867	0.43%	(29,880)	21,230	2,233,517	0.48%
Vanguard Short Infl Protected	506,801	0.10%	28,204	7,722	470,875	0.10%
Vanguard Short Term Bond	1,675,539	0.32%	84,247	26,226	1,565,066	0.34%
Vanguard Infl Prot Securities	1,276,680	0.24%	9,769	38,069	1,228,843	0.26%
Fidelity Investment Grade Bond	440,384	0.08%	116,118	13,598	310,668	0.07%
Vanguard Total Bond Index	10,729,406	2.05%	169,843	297,405	10,262,159	2.20%
MainStay Total Return Bond	273,579	0.05%	27,079	8,513	237,988	0.05%
<b>Balanced</b>	<b>\$5,673,366</b>	<b>1.08%</b>	<b>\$17,819</b>	<b>\$493,558</b>	<b>\$5,161,988</b>	<b>1.11%</b>
T. Rowe Price Balanced	5,673,366	1.08%	17,819	493,558	5,161,988	1.11%
<b>Domestic Equity</b>	<b>\$92,782,274</b>	<b>17.74%</b>	<b>\$2,546,834</b>	<b>\$11,770,415</b>	<b>\$78,465,026</b>	<b>16.85%</b>
T. Rowe Large Cap Growth	7,521,973	1.44%	273,363	953,541	6,295,068	1.35%
Vanguard Growth Index	12,029,954	2.30%	308,433	1,711,338	10,010,183	2.15%
Vanguard Total Stock Index	15,552,861	2.97%	550,658	1,862,168	13,140,034	2.82%
Vanguard 500 Index	25,050,238	4.79%	486,229	2,963,363	21,600,647	4.64%
DFA US Large Cap Value	1,151,296	0.22%	63,685	106,960	980,650	0.21%
Vanguard Value Index	5,217,356	1.00%	192,413	489,952	4,534,991	0.97%
Vanguard Extended Market Index	1,874,271	0.36%	41,710	252,944	1,579,618	0.34%
Vanguard Mid Cap Index	8,313,720	1.59%	202,749	1,171,067	6,939,904	1.49%
Vanguard Explorer	1,787,255	0.34%	77,610	256,154	1,453,491	0.31%
Vanguard Small Cap Growth Index	6,444,677	1.23%	213,595	1,024,565	5,206,516	1.12%
Vanguard Small Cap Index	3,675,326	0.70%	93,215	504,430	3,077,680	0.66%
DFA US Small Cap Value	729,104	0.14%	40,632	70,968	617,504	0.13%
Vanguard Small Cap Value Index	3,434,245	0.66%	2,540	402,965	3,028,739	0.65%
<b>International Equity</b>	<b>\$10,693,672</b>	<b>2.04%</b>	<b>\$312,004</b>	<b>\$973,404</b>	<b>\$9,408,265</b>	<b>2.02%</b>
Dodge & Cox Int'l Stock	1,766,840	0.34%	125,705	146,638	1,494,497	0.32%
Vanguard Int'l Stock Index	8,926,832	1.71%	186,300	826,765	7,913,767	1.70%
<b>Real Estate</b>	<b>\$3,955,942</b>	<b>0.76%</b>	<b>\$104,296</b>	<b>\$572,913</b>	<b>\$3,278,733</b>	<b>0.70%</b>
Vanguard REIT Index	3,955,942	0.76%	104,296	572,913	3,278,733	0.70%
<b>Total Direct Plan</b>	<b>\$523,036,043</b>	<b>100.0%</b>	<b>\$14,494,215</b>	<b>\$42,775,672</b>	<b>\$465,766,156</b>	<b>100.0%</b>

Market values provided by Union Bank & Trust.

## Investment Fund Returns and Peer Group Rankings

The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods ended March 31, 2019. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns and Rankings for Periods Ended March 31, 2019

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years					
<b>Target Portfolios</b>										
<b>Target Fund 100</b>										
Target Fund 100 Portfolio	12.88%	6	4.23%	23	10.76%	13	7.32%	13	9.45%	12
Target Fund 100 Blended Benchmark	12.87%	7	4.76%	13	11.13%	9	7.64%	8	9.92%	6
MS 529 Static Alloc 70-85	10.54%		3.25%		9.13%		6.08%		8.04%	
Aggressive Age Based 0-2 yrs (Fd 100)	12.88%	20	4.23%	18	-	-	-	-	-	-
Target Fund 100 Blended Benchmark	12.87%	20	4.76%	10	11.13%	22	7.64%	18	9.92%	18
MS 529 Age 0-6 High Equit	12.21%		2.83%		10.40%		6.80%		9.14%	
<b>Target Fund 90</b>										
Aggressive Age Based 3-5 yrs (Fd 90)	11.83%	67	4.51%	12	-	-	-	-	-	-
Target Fund 90 Blended Benchmark	11.91%	64	4.96%	9	10.33%	55	7.25%	33	9.13%	50
MS 529 Age 0-6 High Equit	12.21%		2.83%		10.40%		6.80%		9.14%	
Moderate Age Based 0-2 yrs (Fd 90)	11.83%	7	4.51%	16	-	-	-	-	-	-
Target Fund 90 Blended Benchmark	11.91%	6	4.96%	7	10.33%	10	7.25%	6	9.13%	6
MS 529 Age 0-6 Medium Equ	10.20%		3.03%		8.50%		5.81%		7.67%	
<b>Target Fund 80</b>										
Target Fund 80 Portfolio	10.80%	46	4.52%	19	9.22%	48	6.47%	37	8.09%	50
Target Fund 80 Blended Benchmark	10.80%	46	4.80%	13	9.39%	41	6.66%	27	8.41%	35
MS 529 Static Alloc 70-85	10.54%		3.25%		9.13%		6.08%		8.04%	
Aggressive Age Based 6-8 yrs (Fd 80)	10.80%	25	4.52%	20	-	-	-	-	-	-
Target Fund 80 Blended Benchmark	10.80%	25	4.80%	12	9.39%	18	6.66%	16	8.41%	17
MS 529 Age 7-12 High Equi	9.97%		3.20%		8.33%		5.50%		7.14%	
Moderate Age Based 3-5 yrs (Fd 80)	10.80%	30	4.52%	16	-	-	-	-	-	-
Target Fund 80 Blended Benchmark	10.80%	30	4.80%	9	9.39%	27	6.66%	22	8.41%	25
MS 529 Age 0-6 Medium Equ	10.20%		3.03%		8.50%		5.81%		7.67%	
Conserv. Age Based 0-2 yrs (Fd 80)	10.80%	2	4.52%	12	-	-	-	-	-	-
Target Fund 80 Blended Benchmark	10.80%	2	4.80%	7	9.39%	1	6.66%	3	8.41%	3
MS 529 Age 0-6 Low Equity	8.72%		3.42%		7.05%		4.98%		6.07%	
<b>Target Fund 70</b>										
Aggressive Age Based 9-10 yrs (Fd 70)	9.86%	54	4.76%	12	-	-	-	-	-	-
Target Fund 70 Blended Benchmark	9.90%	52	5.31%	6	8.35%	48	6.22%	25	7.57%	38
MS 529 Age 7-12 High Equi	9.97%		3.20%		8.33%		5.50%		7.14%	
Moderate Age Based 6-8 yrs (Fd 70)	9.86%	9	4.76%	11	-	-	-	-	-	-
Target Fund 70 Blended Benchmark	9.90%	8	5.31%	3	8.35%	15	6.22%	6	7.57%	17
MS 529 Age 7-12 Medium Eq	8.04%		3.21%		6.84%		4.96%		6.32%	
Conserv. Age Based 3-5 yrs (Fd 70)	9.86%	24	4.76%	7	-	-	-	-	-	-
Target Fund 70 Blended Benchmark	9.90%	23	5.31%	1	8.35%	14	6.22%	9	7.57%	8
MS 529 Age 0-6 Low Equity	8.72%		3.42%		7.05%		4.98%		6.07%	

Performance is net of all fees, including 529 program management fees (25 bps). Performance figures provided by Union Bank & Trust.

## Investment Fund Returns and Peer Group Rankings

The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods ended March 31, 2019. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns and Rankings for Periods Ended March 31, 2019

	Last Quarter		Last Year		Last 3 Years		Last 5 Years		Last 7 Years	
<b>Target Fund 60</b>										
Target Fund 60 Portfolio	8.68%	60	4.67%	16	7.25%	58	5.33%	46	6.52%	61
Target Fund 60 Blended Benchmark	8.71%	58	4.73%	16	7.60%	49	5.63%	40	6.88%	45
MS 529 Static Alloc 50-70	9.10%		3.40%		7.55%		5.25%		6.73%	
Aggressive Age Based 11-12 yrs (Fd 60)	8.68%	78	4.67%	15	-	-	-	-	-	-
Target Fund 60 Blended Benchmark	8.71%	78	4.73%	13	7.60%	66	5.63%	47	6.88%	61
MS 529 Age 7-12 High Equi	9.97%		3.20%		8.33%		5.50%		7.14%	
Moderate Age Based 9-10 yrs (Fd 60)	8.68%	33	4.67%	13	-	-	-	-	-	-
Target Fund 60 Blended Benchmark	8.71%	31	4.73%	12	7.60%	31	5.63%	25	6.88%	38
MS 529 Age 7-12 Medium Eq	8.04%		3.21%		6.84%		4.96%		6.32%	
Conserv. Age Based 6-8 yrs (Fd 60)	8.68%	3	4.67%	9	-	-	-	-	-	-
Target Fund 60 Blended Benchmark	8.71%	3	4.73%	7	7.60%	4	5.63%	8	6.88%	4
MS 529 Age 7-12 Low Equit	6.35%		3.46%		4.93%		3.96%		3.99%	
<b>Target Fund 50</b>										
Aggressive Age Based 13-14 yrs (Fd 50)	7.58%	52	4.54%	21	-	-	-	-	-	-
Target Fund 50 Blended Benchmark	7.83%	38	5.15%	7	6.76%	41	5.30%	22	6.23%	25
MS 529 Age 13-18 High Equi	7.62%		3.43%		6.49%		4.63%		5.29%	
Moderate Age Based 11-12 yrs (Fd 50)	7.58%	61	4.54%	15	-	-	-	-	-	-
Target Fund 50 Blended Benchmark	7.83%	55	5.15%	4	6.76%	53	5.30%	35	6.23%	52
MS 529 Age 7-12 Medium Eq	8.04%		3.21%		6.84%		4.96%		6.32%	
Conserv. Age Based 9-10 yrs (Fd 50)	7.58%	12	4.54%	12	-	-	-	-	-	-
Target Fund 50 Blended Benchmark	7.83%	10	5.15%	1	6.76%	12	5.30%	12	6.23%	6
MS 529 Age 7-12 Low Equit	6.35%		3.46%		4.93%		3.96%		3.99%	
<b>Target Fund 40</b>										
Target Fund 40 Portfolio	6.58%	66	4.47%	21	5.43%	64	4.40%	41	5.11%	52
Target Fund 40 Blended Benchmark	6.75%	58	5.00%	12	5.90%	48	4.78%	31	5.52%	41
MS 529 Static Alloc 30-50	7.19%		3.53%		5.87%		4.16%		5.21%	
Aggressive Age Based 15-16 yrs (Fd 40)	6.58%	70	4.47%	22	-	-	-	-	-	-
Target Fund 40 Blended Benchmark	6.75%	69	5.00%	10	5.90%	72	4.78%	41	5.52%	41
MS 529 Age 13-18 High Equi	7.62%		3.43%		6.49%		4.63%		5.29%	
Moderate Age Based 13-14 yrs (Fd 40)	6.58%	23	4.47%	10	-	-	-	-	-	-
Target Fund 40 Blended Benchmark	6.75%	19	5.00%	2	5.90%	27	4.78%	12	5.52%	25
MS 529 Age 13-18 Medium E	5.48%		3.38%		4.79%		3.61%		4.63%	
Conserv. Age Based 11-12 yrs (Fd 40)	6.58%	36	4.47%	13	-	-	-	-	-	-
Target Fund 40 Blended Benchmark	6.75%	24	5.00%	1	5.90%	27	4.78%	20	5.52%	10
MS 529 Age 7-12 Low Equit	6.35%		3.46%		4.93%		3.96%		3.99%	
<b>Target Fund 30</b>										
Aggressive Age Based 17-18 yrs (Fd 30)	5.47%	87	4.47%	22	-	-	-	-	-	-
Target Fund 30 Blended Benchmark	5.60%	87	4.85%	13	4.69%	96	3.99%	66	4.42%	78
MS 529 Age 13-18 High Equi	7.62%		3.43%		6.49%		4.63%		5.29%	
Moderate Age Based 15-16 yrs (Fd 30)	5.47%	51	4.47%	10	-	-	-	-	-	-
Target Fund 30 Blended Benchmark	5.60%	47	4.85%	3	4.69%	52	3.99%	34	4.42%	55
MS 529 Age 13-18 Medium E	5.48%		3.38%		4.79%		3.61%		4.63%	
Conserv. Age Based 13-14 yrs (Fd 30)	5.47%	7	4.47%	8	-	-	-	-	-	-
Target Fund 30 Blended Benchmark	5.60%	7	4.85%	1	4.69%	14	3.99%	6	4.42%	9
MS 529 Age 13-18 Low Equi	3.56%		3.05%		3.42%		2.61%		3.06%	

Performance is net of all fees, including 529 program management fees (25 bps). Performance figures provided by Union Bank & Trust.

## Investment Fund Returns and Peer Group Rankings

The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods ended March 31, 2019. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns and Rankings for Periods Ended March 31, 2019

	Last Quarter		Last Year		Last 3 Years		Last 5 Years		Last 7 Years	
<b>Target Fund 20</b>										
Target Fund 20 Portfolio	4.33%	70	4.42%	17	3.42%	84	3.00%	54	3.26%	61
Target Fund 20 Blended Benchmark	4.32%	71	4.39%	24	3.87%	53	3.35%	39	3.62%	43
MS 529 Static Alloc 15-30	4.69%		3.68%		3.91%		3.06%		3.48%	
Aggressive Age Based 19+ yrs (Fd 20)	4.33%	19	4.42%	7	-	-	-	-	-	-
Target Fund 20 Blended Benchmark	4.32%	19	4.39%	8	3.87%	46	3.35%	19	3.62%	28
MS 529 Age 19+ High Equit	3.90%		2.93%		3.79%		2.87%		3.26%	
Moderate Age Based 17-18 yrs (Fd 20)	4.33%	79	4.42%	12	-	-	-	-	-	-
Target Fund 20 Blended Benchmark	4.32%	79	4.39%	13	3.87%	74	3.35%	59	3.62%	78
MS 529 Age 13-18 Medium E	5.48%		3.38%		4.79%		3.61%		4.63%	
Conserv. Age Based 15-16 yrs (Fd 20)	4.33%	25	4.42%	10	-	-	-	-	-	-
Target Fund 20 Blended Benchmark	4.32%	25	4.39%	11	3.87%	33	3.35%	23	3.62%	29
MS 529 Age 13-18 Low Equi	3.56%		3.05%		3.42%		2.61%		3.06%	
<b>Target Fund 10</b>										
Moderate Age Based 19+ yrs (Fd 10)	2.93%	54	3.54%	24	-	-	-	-	-	-
Target Fund 10 Blended Benchmark	3.01%	52	3.82%	13	2.62%	55	2.41%	41	2.41%	44
MS 529 Age 19+ Medium Equ	3.05%		2.73%		2.81%		2.06%		2.16%	
Conserv. Age Based 17-18 yrs (Fd 10)	2.93%	69	3.54%	30	-	-	-	-	-	-
Target Fund 10 Blended Benchmark	3.01%	67	3.82%	19	2.62%	81	2.41%	59	2.41%	76
MS 529 Age 13-18 Low Equi	3.56%		3.05%		3.42%		2.61%		3.06%	
<b>Target Fund Fixed Income</b>										
Target Fund Fixed Income Portfolio	1.28%	74	2.50%	53	1.18%	73	0.97%	63	0.76%	78
Target Fund F.I. Blended Benchmark	1.22%	76	2.73%	42	1.35%	65	1.17%	54	0.98%	67
MS 529 Static Short-Term	1.73%		2.58%		1.84%		1.23%		1.39%	
Conserv. Age Based 19+ yrs (F.I.)	1.28%	69	2.50%	48	-	-	-	-	-	-
Target Fund F.I. Blended Benchmark	1.22%	73	2.73%	37	1.35%	53	1.17%	51	0.98%	49
MS 529 Age 19+ Low Equity	1.50%		2.39%		1.43%		1.19%		0.96%	

Performance is net of all fees, including 529 program management fees (25 bps). Performance figures provided by Union Bank & Trust.

## Investment Fund Returns and Peer Group Rankings

The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods ended March 31, 2019. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns and Rankings for Periods Ended March 31, 2019

	Last Quarter		Last Year		Last 3 Years		Last 5 Years		Last 7 Years	
<b>Individual Funds Portfolios</b>										
<b>Money Market Funds</b>										
Vanguard Prime Money Market (net all)*	0.57%	39	1.99%	39	1.15%	32	0.71%	29	0.52%	28
Vanguard Prime Money Market (net mgr)	0.62%	27	2.25%	20	1.39%	19	0.88%	20	0.65%	18
3-Month Treasury Bill	0.60%	35	2.12%	30	1.19%	30	0.74%	28	0.56%	25
Callan Money Market Funds	0.55%		1.91%		1.00%		0.60%		0.43%	
<b>Fixed Income Funds</b>										
PIMCO Short-Term (net all)	0.97%	90	2.08%	95	2.40%	10	1.62%	39	1.56%	47
PIMCO Short-Term (net mgr)	1.06%	83	2.31%	86	2.63%	8	1.87%	13	1.80%	30
3 Month T-Bills	0.60%	99	2.11%	95	1.17%	84	0.72%	96	0.53%	96
Blmbg Aggregate 1-3 Index	1.22%	74	3.05%	54	1.34%	76	1.24%	72	1.15%	72
Callan Short Term FI MFs	1.45%		3.07%		1.81%		1.53%		1.51%	
Vanguard Short Infl Protected (net all)*	1.58%	99	1.79%	88	1.09%	95	0.61%	93	-	
Vanguard Short Infl Protected (net mgr)	1.71%	95	2.10%	73	1.35%	84	0.87%	88	-	
Blmbg US TIPS 0-5 Index	1.66%	97	2.04%	74	1.37%	84	0.91%	87	0.60%	83
Callan TIPS MFs	3.28%		2.40%		1.71%		1.58%		1.01%	
Vanguard Short Term Bond (net all)*	1.62%	53	3.30%	41	1.12%	93	1.27%	77	-	
Vanguard Short Term Bond (net mgr)	1.64%	50	3.56%	20	1.37%	84	1.51%	66	1.40%	70
Blmbg Govt/Credit 1-5 Float	1.62%	53	3.54%	22	1.41%	83	1.57%	56	1.46%	65
Callan Short Inv Grade MF	1.64%		3.19%		1.89%		1.63%		1.77%	
Vanguard Infl Prot Securities (net all)	3.09%	67	2.39%	53	1.27%	86	1.62%	49	0.90%	58
Vanguard Infl Prot Securities (net mgr)	3.19%	61	2.67%	19	1.57%	65	1.87%	25	1.14%	32
Blmbg US TIPS Index	3.19%	60	2.70%	17	1.70%	52	1.94%	22	1.21%	29
Callan TIPS MFs	3.28%		2.40%		1.71%		1.58%		1.01%	
Fidelity Investment Grade Bond (net all)	3.53%	29	4.47%	45	2.80%	19	2.58%	69	-	
Fidelity Investment Grade Bond (net mgr)	3.61%	26	4.73%	24	3.07%	14	2.83%	29	2.80%	27
Blmbg Aggregate Index	2.94%	71	4.48%	44	2.03%	85	2.74%	38	2.48%	74
Callan Core Bond MFs	3.23%		4.38%		2.33%		2.69%		2.61%	
Vanguard Total Bond Index (net all)*	2.87%	89	4.23%	64	1.73%	97	2.43%	89	2.17%	94
Vanguard Total Bond Index (net mgr)	2.95%	70	4.47%	45	2.00%	85	2.68%	53	2.43%	77
Blmbg Aggregate Index	2.94%	71	4.48%	44	2.03%	85	2.74%	38	2.48%	74
Callan Core Bond MFs	3.23%		4.38%		2.33%		2.69%		2.61%	
MainStay Total Return Bond (net all)	3.29%	71	3.68%	84	2.55%	75	-	-	-	
MainStay Total Return Bond (net mgr)	3.40%	66	3.91%	68	2.83%	53	2.45%	91	2.86%	74
Blmbg Aggregate Index	2.94%	86	4.48%	38	2.03%	95	2.74%	71	2.48%	94
Callan Core Plus MFs	3.58%		4.34%		2.99%		2.97%		3.22%	
<b>Balanced Funds</b>										
T. Rowe Price Balanced (net all)	9.52%	43	4.04%	64	8.87%	39	6.30%	50	7.87%	52
T. Rowe Price Balanced (net mgr)	9.54%	43	4.19%	64	9.02%	33	6.50%	46	8.10%	50
Balanced Fund Blended Benchmark	9.42%	45	6.44%	31	8.79%	41	7.05%	30	8.37%	36
Callan Dom Balanced MFs	9.24%		5.02%		8.30%		6.32%		8.12%	
<b>Domestic Equity Funds</b>										
T. Rowe Large Cap Growth (net all)	14.56%	85	13.63%	31	21.54%	3	-	4	-	2
T. Rowe Large Cap Growth (net mgr)	14.68%	84	13.98%	25	21.92%	2	15.19%	33	16.34%	28
Russell 1000 Growth Index	16.10%	62	12.75%	44	16.53%	52	13.50%	33	14.34%	28
Callan Large Cap Grwth MF	16.51%		12.23%		16.80%		12.82%		13.63%	
Vanguard Growth Index (net all)	16.82%	43	11.43%	65	14.87%	75	12.01%	68	13.16%	62
Vanguard Growth Index (net mgr)	16.88%	41	11.66%	60	15.16%	72	12.28%	64	13.44%	58
U.S. Large Cap Growth Benchmark	16.92%	39	11.68%	60	15.19%	71	12.33%	64	13.51%	58
Russell 1000 Growth Index	16.10%	62	12.75%	44	16.53%	52	13.50%	33	14.34%	28
Callan Large Cap Grwth MF	16.51%		12.23%		16.80%		12.82%		13.63%	
Vanguard Total Stock Index (net all)*	13.99%	28	8.62%	33	13.25%	32	10.07%	28	12.33%	25
Vanguard Total Stock Index (net mgr)	14.04%	27	8.81%	33	13.52%	22	10.34%	22	12.61%	15
U.S. Total Market Benchmark	14.06%	27	8.82%	33	13.53%	22	10.35%	22	12.62%	14
Russell 3000 Index	14.04%	27	8.77%	33	13.48%	23	10.36%	22	12.63%	14
Callan Large Cap Core MFs	13.13%		6.72%		12.57%		9.37%		11.63%	

(net all) indicates performance is net of all fees, including 529 program management fees (25 bps).

(net mgr) performance figures provided by Union Bank & Trust.

(net mgr) indicates performance is net of manager fees.

\* Indicates fund is held in the Age Based and Target Fund Portfolios.

## Investment Fund Returns and Peer Group Rankings

The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods ended March 31, 2019. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

### Returns and Rankings for Periods Ended March 31, 2019

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years					
Vanguard 500 Index (net all)	13.56%	32	9.18%	30	13.18%	34	10.60%	21	12.51%	18
Vanguard 500 Index (net mgr)	13.65%	31	9.47%	24	13.48%	23	10.88%	19	12.82%	9
S&P 500 Index	13.65%	31	9.50%	24	13.51%	22	10.91%	17	12.85%	9
Callan Large Cap Core MFs	13.13%		6.72%		12.57%		9.37%		11.63%	
DFA US Large Cap Value (net all)	10.78%	67	0.07%	88	11.12%	44	-		-	
DFA US Large Cap Value (net mgr)	10.79%	67	0.24%	87	11.41%	35	7.68%	40	12.12%	14
Russell 1000 Value Index	11.93%	41	5.67%	41	10.45%	58	7.72%	38	11.14%	33
Callan Lg Cap Value MF	11.86%		4.31%		10.77%		7.44%		10.66%	
Vanguard Value Index (net all)	10.69%	68	6.97%	29	11.89%	26	9.11%	15	11.84%	16
Vanguard Value Index (net mgr)	10.76%	67	7.23%	26	12.15%	23	9.37%	14	12.14%	13
U.S. Large Cap Value Benchmark	10.76%	67	7.23%	26	12.19%	23	9.41%	13	12.19%	13
Russell 1000 Value Index	11.93%	41	5.67%	41	10.45%	58	7.72%	38	11.14%	33
Callan Lg Cap Value MF	11.86%		4.31%		10.77%		7.44%		10.66%	
Vanguard Extended Market Index (net all)	15.87%	52	4.77%	53	13.06%	43	7.66%	51	11.28%	36
Vanguard Extended Market Index (net mgr)	15.97%	51	4.95%	52	13.29%	41	7.86%	51	11.55%	31
S&P Completion Index	15.99%	50	4.76%	53	13.17%	42	7.75%	51	11.45%	32
Callan Mid Cap MFs	16.04%		5.78%		12.18%		8.18%		10.81%	
Vanguard Mid Cap Index (net all)	16.73%	43	5.72%	50	11.31%	52	8.58%	43	11.52%	32
Vanguard Mid Cap Index (net mgr)	16.77%	43	5.98%	49	11.59%	51	8.85%	41	11.78%	27
U.S. Mid Cap Benchmark	16.79%	43	5.99%	49	11.63%	51	8.89%	41	11.83%	25
Russell MidCap Index	16.54%	44	6.47%	49	11.82%	51	8.81%	41	11.99%	21
Callan Mid Cap MFs	16.04%		5.78%		12.18%		8.18%		10.81%	
Vanguard Explorer (net all)	17.49%	67	9.64%	58	16.92%	58	-		-	
Vanguard Explorer (net mgr)	17.55%	65	10.15%	54	17.14%	58	9.45%	47	12.69%	40
Russell 2500 Growth Index	18.99%	57	7.54%	72	15.60%	71	9.72%	40	12.56%	46
Callan Sm Cap Growth MF	19.34%		10.71%		18.15%		9.27%		12.53%	
Vanguard Small Cap Growth (net all)	19.44%	49	10.22%	53	15.51%	72	8.48%	63	11.68%	63
Vanguard Small Cap Growth (net mgr)	19.50%	47	10.40%	53	15.77%	67	8.72%	58	11.96%	60
U.S. Small Cap Growth Benchmark	19.52%	46	10.41%	53	15.74%	68	8.67%	59	11.95%	60
Russell 2000 Growth Index	17.14%	70	3.85%	87	14.87%	79	8.41%	63	11.79%	62
Callan Sm Cap Growth MF	19.34%		10.71%		18.15%		9.27%		12.53%	
Vanguard Small Cap Index (net all)	16.09%	40	5.41%	44	12.55%	47	7.64%	45	11.39%	39
Vanguard Small Cap Index (net mgr)	16.18%	39	5.58%	44	12.78%	47	7.91%	44	11.67%	33
U.S. Small Cap Benchmark	16.21%	39	5.61%	44	12.77%	47	7.89%	44	11.66%	33
Russell 2000 Index	14.58%	56	2.05%	55	12.92%	47	7.05%	50	10.74%	48
Callan Small Cap MFs	15.29%		3.46%		12.38%		7.00%		10.67%	
DFA US Small Cap Value (net all)	11.40%	77	(3.48%)	70	8.02%	77	-		-	
DFA US Small Cap Value (net mgr)	11.43%	76	(3.15%)	66	8.39%	71	4.16%	70	9.57%	49
Russell 2000 Value Index	11.93%	67	0.17%	36	10.86%	28	5.59%	48	9.61%	48
Callan Sm Cap Value MF	12.71%		(0.80%)		9.63%		5.49%		9.55%	
Vanguard Small Cap Value Index (net all)	13.31%	38	1.36%	24	9.95%	48	6.89%	21	11.00%	17
Vanguard Small Cap Value Index (net mgr)	13.36%	38	1.60%	21	10.28%	37	7.18%	18	11.30%	7
U.S. Small Cap Value Benchmark	13.39%	38	1.60%	21	10.29%	37	7.20%	17	11.34%	7
Russell 2000 Value Index	11.93%	67	0.17%	36	10.86%	28	5.59%	48	9.61%	48
Callan Sm Cap Value MF	12.71%		(0.80%)		9.63%		5.49%		9.55%	
<b>International Equity</b>										
Dodge & Cox Int'l Stock (net all)	9.63%	74	(8.24%)	73	7.56%	33	-		-	
Dodge & Cox Int'l Stock (net mgr)	9.78%	72	(8.00%)	73	7.87%	30	0.85%	88	5.49%	44
MSCI EAFE Index	9.98%	68	(3.71%)	29	7.27%	36	2.33%	49	5.63%	43
MSCI ACWI ex US	10.31%	53	(4.21%)	35	8.09%	29	2.57%	47	4.73%	75
Callan Non US Equity MFs	10.64%		(5.75%)		6.50%		2.17%		5.25%	
Vanguard Int'l Stock Index (net all)*	10.17%	62	(5.56%)	48	7.67%	32	2.46%	48	4.69%	76
Vanguard Int'l Stock Index (net mgr)	10.26%	56	(5.18%)	46	8.08%	29	2.79%	42	5.00%	63
Total Int'l Stock Benchmark	10.21%	61	(4.81%)	41	7.99%	29	2.84%	41	5.02%	62
Callan Non US Equity MFs	10.64%		(5.75%)		6.50%		2.17%		5.25%	
<b>Real Estate</b>										
Vanguard REIT Index (net all)*	17.27%	21	19.77%	15	5.49%	54	8.50%	54	8.70%	48
Vanguard REIT Index (net mgr)	17.28%	20	20.01%	12	5.74%	48	8.80%	46	8.98%	36
MSCI US IMI Real Estate 25/50	17.27%	21	19.17%	28	5.54%	51	8.72%	46	8.94%	37
NAREIT All Equity Index	17.17%	27	20.46%	10	7.84%	9	10.00%	12	9.99%	9
Callan Real Estate MFs	16.52%		17.61%		5.55%		8.57%		8.67%	

(net all) indicates performance is net of all fees, including 529 program management fees (25 bps).

(net mgr) performance figures provided by Union Bank & Trust.

(net mgr) indicates performance is net of manager fees.

\* Indicates fund is held in the Age Based and Target Fund Portfolios.

**Alabama CollegeCounts Direct Plan, Executive Summary**  
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Investment Manager	Last Quarter Return	Last Year Return	3 Year Return	5 Year Return	7 Year Return	7 Year Risk Quadrant	7 Year Return Consistency	7 Year Excess Rtn Ratio	7 Year Sharpe Ratio
<b>Money Market Funds</b>									
<b>Vanguard Prime Money Market</b> Callan Money Market Funds	0.6 27	2.3 20	1.4 19	0.9 20	0.7 18			1.6 6	0.2 18
3-Month Treasury Bill	0.6 35	2.1 30	1.2 30	0.7 28	0.6 25				0.0 25
<b>Fixed Income Funds</b>									
<b>PIMCO Short-Term</b> Callan Defensive FI MFs	1.1 83	2.3 86	2.6 8	1.9 13	1.8 30			1.3 21	1.3 16
3 Month T-Bills	0.6 99	2.1 95	1.2 84	0.7 96	0.5 96				-0.1 96
<b>Vanguard Short Infl-Protected (i)</b> Callan TIPS MFs	1.7 95	2.1 73	1.4 84	0.9 88					
Blmbg US TIPS 0-5 Idx	1.7 97	2.0 74	1.4 84	0.9 87	0.6 83				0.0 76
<b>Vanguard Short Term Bond (i)</b> Callan Short Inv Grade MF	1.6 50	3.6 20	1.4 84	1.5 66	1.4 70			-0.8 94	0.6 72
Blmbg Govt/Cred 1-5 Float Adj	1.6 53	3.5 22	1.4 83	1.6 56	1.5 65				0.7 68
<b>Vanguard Infl Prot Securities</b> Callan TIPS MFs	3.2 61	2.7 19	1.6 65	1.9 25	1.1 32			-0.2 63	0.1 38
Blmbg US TIPS Index	3.2 60	2.7 17	1.7 52	1.9 22	1.2 29				0.1 22
<b>Fidelity Investment Grade Bond</b> Callan Core Bond MFs	3.6 26	4.7 24	3.1 14	2.8 29	2.8 27			0.3 34	0.7 52
Blmbg Aggregate Index	2.9 71	4.5 44	2.0 85	2.7 38	2.5 74				0.6 68
<b>Vanguard Total Bond Market Index (i)</b> Callan Core Bond MFs	2.9 70	4.5 45	2.0 85	2.7 53	2.4 77			-0.3 91	0.6 83
Blmbg Aggregate Index	2.9 71	4.5 44	2.0 85	2.7 38	2.5 74				0.6 68
<b>MainStay Total Return Bond</b> Callan Core Plus MFs	3.4 66	3.9 68	2.8 53	2.5 91	2.9 74			0.3 77	0.7 79
Blmbg Aggregate Index	2.9 86	4.5 38	2.0 95	2.7 71	2.5 94				0.6 89
<b>Balanced Funds</b>									

Returns:  
■ above median  
■ third quartile  
■ fourth quartile

Risk Quadrant:  


Return Consistency:  
■ above median  
■ third quartile  
■ fourth quartile

Excess Return Ratio:  
■ above median  
■ third quartile  
■ fourth quartile

Sharpe Ratio:  
■ above median  
■ third quartile  
■ fourth quartile

(i) - Indexed scoring method used. Green: manager & index ranking differ by <= +/- 10%tile. Yellow: manager & index ranking differ by <= +/- 20%tile. Red: manager & index ranking differ by > +/- 20%tile.

**Alabama CollegeCounts Direct Plan, Executive Summary**  
**Investment Manager Performance Monitoring Summary Report**  
**March 31, 2019**

Investment Manager	Last Quarter Return	Last Year Return	3 Year Return	5 Year Return	7 Year Return	7 Year Risk Quadrant	7 Year Return Consistency	7 Year Excess Rtn Ratio	7 Year Sharpe Ratio
<b>T. Rowe Price Balanced</b> Callan Dom Balanced MFs Balanced Fund Blended Benchmark	9.5 43	4.2 64	9.0 33	6.5 46	8.1 50			-0.2 76	1.0 63
<b>Domestic Equity</b>									
<b>T. Rowe Large Cap Growth</b> Callan Large Cap Grwth MF Russell 1000 Growth Index	14.7 84	14.0 25	21.9 2	15.2 4	16.3 2			0.4 5	1.2 9
<b>Vanguard Growth Index (i)</b> Callan Large Cap Grwth MF U.S. Large Cap Growth Benchmark	16.9 41	11.7 60	15.2 72	12.3 64	13.4 58			-1.9 99	1.0 61
<b>Vanguard Total Stock Index (i)</b> Callan Large Cap Core MFs U.S. Total Market Benchmark	14.0 27	8.8 33	13.5 22	10.3 22	12.6 15			-0.4 77	1.1 33
<b>Vanguard 500 Index (i)</b> Callan Large Cap Core MFs S&P 500 Index	13.7 31	9.5 24	13.5 23	10.9 19	12.8 9			-3.1 100	1.2 10
<b>DFA US Large Cap Value</b> Callan Lg Cap Value MF Russell 1000 Value Index	10.8 67	0.2 87	11.4 35	7.7 40	12.1 14			0.3 11	1.0 38
<b>Vanguard Value Index (i)</b> Callan Lg Cap Value MF U.S. Large Cap Value Benchmark	10.8 67	7.2 26	12.2 23	9.4 14	12.1 13			-1.5 99	1.2 18
<b>Vanguard Extended Market Index (i)</b> Callan Mid Cap MFs S&P Completion Index	16.0 51	5.0 52	13.3 41	7.9 51	11.5 31			1.4 1	0.8 38
<b>Vanguard Mid Cap Index (i)</b> Callan Mid Cap MFs U.S. Mid Cap Benchmark	16.8 43	6.0 49	11.6 51	8.8 41	11.8 27			-2.0 100	0.9 25

Returns:  
■ above median  
■ third quartile  
■ fourth quartile

Risk Quadrant:

Return Consistency:  
■ above median  
■ third quartile  
■ fourth quartile

Excess Return Ratio:  
■ above median  
■ third quartile  
■ fourth quartile

Sharpe Ratio:  
■ above median  
■ third quartile  
■ fourth quartile

(i) - Indexed scoring method used. Green: manager & index ranking differ by <= +/- 10%tile. Yellow: manager & index ranking differ by <= +/- 20%tile. Red: manager & index ranking differ by > +/- 20%tile.

**Alabama CollegeCounts Direct Plan, Executive Summary**  
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Investment Manager	Last Quarter Return	Last Year Return	3 Year Return	5 Year Return	7 Year Return	7 Year Risk Quadrant	7 Year Return Consistency	7 Year Excess Rtn Ratio	7 Year Sharpe Ratio
<b>Vanguard Explorer</b> Callan Sm Cap Growth MF Russell 2500 Growth Index	17.6 <sup>65</sup>	10.1 <sup>54</sup>	17.1 <sup>58</sup>	9.4 <sup>47</sup>	12.7 <sup>40</sup>			0.1 <sup>36</sup>	0.8 <sup>22</sup>
<b>Vanguard Small Cap Growth Index (i)</b> Callan Sm Cap Growth MF U.S. Small Cap Growth Benchmark	19.0 <sup>57</sup>	7.5 <sup>72</sup>	15.6 <sup>71</sup>	9.7 <sup>40</sup>	12.6 <sup>46</sup>			0.0 <sup>78</sup>	0.8 <sup>22</sup>
<b>Vanguard Small Cap Index (i)</b> Callan Small Cap MFs U.S. Small Cap Benchmark	19.5 <sup>47</sup>	10.4 <sup>53</sup>	15.8 <sup>67</sup>	8.7 <sup>58</sup>	12.0 <sup>60</sup>			0.2 <sup>34</sup>	0.8 <sup>48</sup>
<b>DFA US Small Cap Value</b> Callan Sm Cap Value MF Russell 2000 Value Index	16.2 <sup>39</sup>	5.6 <sup>44</sup>	12.8 <sup>47</sup>	7.9 <sup>44</sup>	11.7 <sup>33</sup>			0.2 <sup>34</sup>	0.8 <sup>25</sup>
<b>DFA US Small Cap Value</b> Callan Sm Cap Value MF Russell 2000 Value Index	11.4 <sup>76</sup>	-3.2 <sup>66</sup>	8.4 <sup>71</sup>	4.2 <sup>70</sup>	9.6 <sup>49</sup>			-0.0 <sup>49</sup>	0.6 <sup>59</sup>
<b>Vanguard Small Cap Value Index (i)</b> Callan Sm Cap Value MF U.S. Small Cap Value Benchmark	11.9 <sup>67</sup>	0.2 <sup>36</sup>	10.9 <sup>28</sup>	5.6 <sup>48</sup>	9.6 <sup>48</sup>			-1.0 <sup>93</sup>	0.6 <sup>46</sup>
<b>Vanguard Small Cap Value Index (i)</b> Callan Sm Cap Value MF U.S. Small Cap Value Benchmark	13.4 <sup>38</sup>	1.6 <sup>21</sup>	10.3 <sup>37</sup>	7.2 <sup>18</sup>	11.3 <sup>7</sup>			-1.0 <sup>93</sup>	0.8 <sup>16</sup>
<b>International Equity</b>									
<b>Dodge &amp; Cox Int'l Stock</b> Callan Non US Equity MFs MSCI EAFE Index	9.8 <sup>72</sup>	-8.0 <sup>73</sup>	7.9 <sup>30</sup>	0.8 <sup>88</sup>	5.5 <sup>44</sup>			-0.0 <sup>44</sup>	0.4 <sup>62</sup>
<b>Dodge &amp; Cox Int'l Stock</b> Callan Non US Equity MFs MSCI EAFE Index	10.0 <sup>68</sup>	-3.7 <sup>29</sup>	7.3 <sup>36</sup>	2.3 <sup>49</sup>	5.6 <sup>43</sup>			-0.0 <sup>44</sup>	0.4 <sup>41</sup>
<b>Vanguard Int'l Stock Index (i)</b> Callan Non US Equity MFs Total Int'l Stock Benchmark	10.3 <sup>56</sup>	-5.2 <sup>46</sup>	8.1 <sup>29</sup>	2.8 <sup>42</sup>	5.0 <sup>63</sup>			-0.0 <sup>89</sup>	0.4 <sup>83</sup>
<b>Vanguard Int'l Stock Index (i)</b> Callan Non US Equity MFs Total Int'l Stock Benchmark	10.2 <sup>61</sup>	-4.8 <sup>41</sup>	8.0 <sup>29</sup>	2.8 <sup>41</sup>	5.0 <sup>62</sup>			-0.0 <sup>89</sup>	0.4 <sup>83</sup>
<b>Real Estate Funds</b>									
<b>Vanguard REIT Index (i)</b> Callan Real Estate MFs MSCI US IMI Real Estate 25/50	17.3 <sup>20</sup>	20.0 <sup>12</sup>	5.7 <sup>48</sup>	8.8 <sup>46</sup>	9.0 <sup>36</sup>			0.2 <sup>73</sup>	0.7 <sup>90</sup>
<b>Vanguard REIT Index (i)</b> Callan Real Estate MFs MSCI US IMI Real Estate 25/50	17.3 <sup>21</sup>	19.2 <sup>28</sup>	5.5 <sup>51</sup>	8.7 <sup>46</sup>	8.9 <sup>37</sup>			0.2 <sup>73</sup>	0.7 <sup>91</sup>

Returns:  
■ above median  
■ third quartile  
■ fourth quartile

Risk Quadrant:  


Return Consistency:  
■ above median  
■ third quartile  
■ fourth quartile

Excess Return Ratio:  
■ above median  
■ third quartile  
■ fourth quartile

Sharpe Ratio:  
■ above median  
■ third quartile  
■ fourth quartile

(i) - Indexed scoring method used. Green: manager & index ranking differ by <= +/- 10%tile. Yellow: manager & index ranking differ by <= +/- 20%tile. Red: manager & index ranking differ by > +/- 20%tile.

## Morningstar Ratings and Rankings

Plan 2 - Direct - Fund Name	Morningstar Category	Ticker	Morningstar Rating	Market Value*
DFA U.S. Large Cap Value	Large Value	DFLVX	4	\$95,355,562
DFA U.S. Small Cap Value	Small Value	DFSVX	3	\$727,872
Dodge & Cox International Stock	Foreign Blend	DODFX	4	\$1,767,144
Fidelity Advisor Investment Grade Bond	Intermediate-Term Bond	FGBPX	4	\$2,660,984
Mainstay Total Return Bond	Intermediate-Term Bond	MTMIX	3	\$97,365,845
PIMCO Short-Term	Ultrashort Bond	PTSHX	5	\$146,199,047
T. Rowe Price Balanced	Moderate Allocation	RPBAX	4	\$54,467,888
T. Rowe Price Large-Cap Growth	Large Growth	TRLGX	5	\$102,817,739
Vanguard 500 Index	Large Blend	VINIX	5	\$25,054,043
Vanguard Explorer	Small Growth	VEXRX	4	\$1,787,210
Vanguard Extended Market Index	Mid-Cap Blend	VEXAX	4	\$1,873,491
Vanguard Growth Index	Large Growth	VIGAX	4	\$12,025,189
Vanguard Inflation-Protected Securities	Inflation-Protected Bond	VAIPX	4	\$1,276,575
Vanguard Mid-Cap Index	Mid-Cap Blend	VIMAX	5	\$8,313,379
Vanguard Prime Money Market	Taxable Money Market	VMRXX	N/A	\$23,107,760
Vanguard Real Estate Index (REIT Index)	Real Estate	VGSNX	4	\$21,207,520
Vanguard Short Term Bond	Short-Term Bond	VBITX	3	\$42,616,542
Vanguard Short-Term Infl-Protected	Inflation-Protected Bond	VTSPX	2	\$23,257,778
Vanguard Small-Cap Growth Index	Small Growth	VSGAX	3	\$6,420,536
Vanguard Small-Cap Index	Small Blend	VSMAX	5	\$3,676,284
Vanguard Small-Cap Value Index	Small Value	VSIAX	5	\$3,433,693
Vanguard Total Bond Market Index	Intermediate-Term Bond	VBPIX	3	100,094,450
Vanguard Total International Stock Index	Foreign Large Blend	VTSNX	4	\$77,578,967
Vanguard Total Stock Market Index	Large Blend	VITSX	5	\$145,821,310
Vanguard Value Index	Large Value	VVIAX	4	\$5,162,441

\*Asset totals include age based, target portfolio assets, advisor and direct plans where applicable.

## Summary of Fund Performance Status

Plan 2 - Direct - Fund Name	Prior Quarter Status	Current Quarter Status	Market Value*
DFA U.S. Large Cap Value	Positive	Positive	\$95,355,562
DFA U.S. Small Cap Value	Watch	Watch	\$727,872
Dodge & Cox International Stock	Watch	Watch	\$1,767,144
Fidelity Advisor Investment Grade Bond	Positive	Positive	\$2,660,984
Mainstay Total Return Bond	Positive	Positive	\$97,365,845
PIMCO Short-Term	Positive	Positive	\$146,199,047
T. Rowe Price Balanced	Positive	Positive	\$54,467,888
T. Rowe Price Large-Cap Growth	Positive	Positive	\$102,817,739
Vanguard 500 Index	Positive	Positive	\$25,054,043
Vanguard Explorer	Positive	Positive	\$1,787,210
Vanguard Extended Market Index	Positive	Positive	\$1,873,491
Vanguard Growth Index	Positive	Positive	\$12,025,189
Vanguard Inflation-Protected Securities	Positive	Positive	\$1,276,575
Vanguard Mid-Cap Index	Positive	Positive	\$8,313,379
Vanguard Prime Money Market	Positive	Positive	\$23,107,760
Vanguard Real Estate Index(REIT Index)	Positive	Positive	\$21,207,520
Vanguard Short Term Bond	Positive	Positive	\$42,616,542
Vanguard Short-Term Infl-Protected	Positive	Positive	\$23,257,778
Vanguard Small-Cap Growth Index	Positive	Positive	\$6,420,536
Vanguard Small-Cap Index	Positive	Positive	\$3,676,284
Vanguard Small-Cap Value Index	Positive	Positive	\$3,433,693
Vanguard Total Bond Market Index	Positive	Positive	100,094,450
Vanguard Total International Stock Index	Positive	Positive	\$77,578,967
Vanguard Total Stock Market Index	Positive	Positive	\$145,821,310
Vanguard Value Index	Positive	Positive	\$5,162,441

\*Asset totals include age based, target portfolio assets, advisor and direct plans where applicable.

- Funds identified as “Currently on Watch” are those whose Watch status has been approved by the CollegeCounts Board.
- Watch list status based on Watch List guidelines defined in the Investment Policy Statement.

## **Manager/Product Updates**

## Manager/Product Updates

### ***Vanguard***

On March 25, 2019, Vanguard filed updates to the prospectus for Vanguard Growth Index Fund and Vanguard Mega Cap Growth Index Fund. Under SEC rules, the funds are now classified as non-diversified. This follows the recent rebalancing of the funds' underlying benchmarks, the CRSP US Large Cap Growth Index and the CRSP Mega Cap Growth Index. Vanguard has stated that these changes will not affect the investment objective or strategies of either fund.

### ***Global Manager Research Opinion***

As passive products, both the Growth Index Fund and Mega Cap Growth Index funds track their respective benchmark. CRSP benchmarks are used for both of these strategies. As a reminder, CRSP does not employ a count-based methodology when creating indices. Instead, CRSP bases its indices on cumulative market capitalization and defines break points based on a market-cap range. Indices are rebalanced on a quarterly basis.

Following the first quarter 2019 rebalance of the US Large Cap Growth Index and the Mega Cap Growth Index, both of the Vanguard funds were reclassified as "non-diversified" under SEC rules. As each strategy seeks to closely track its respective index, both funds held more than 25% of the fund's total assets in holdings that represented 5% of the fund's total assets following the index rebalance. This highlights the potential concentration risk that can exist in the large/mega cap space, even in passive products.

## Watch List

## Watch List

*The following Fund is recommended to be added to the Watch List:*

*None at this time.*

*The following Fund is recommended to be removed from the Watch List:*

*None at this time.*

*The following Funds are recommended to remain on the Watch List:*

### **The BlackRock Inflation-protected Bond Fund (Advisor Plan)**

<b>Availability:</b>	This fund is an individual option.
<b>Issue:</b>	During the first quarter, the fund showed improvement posting a return of 3.23% vs. the -3.19% return of the benchmark. Longer term performance lags the benchmark and median peer over the 3 and 5-year periods.
<b>Analysis:</b>	N/A
<b>Recommendation:</b>	Watch list
<b>Date on Watch:</b>	August 2015
<b>Plan Assets:</b>	\$2,134,979

### **DFA U.S. Small Cap Value (Direct Plan)**

<b>Availability:</b>	This fund is an individual option.
<b>Issue:</b>	DFA U.S. Small Cap Value was added to the Watch List due to performance issues.
<b>Analysis:</b>	Over the trailing three-year period the fund ranks in the 71 <sup>st</sup> percentile of peers and underperformed the Russell 2000 Value index by 2.47%. The one year period lags the Russell 2000 Value index by 3.32%. The fund posted a first quarter return of 11.43% trailing the benchmark return of 11.93%
<b>Recommendation:</b>	Watch list
<b>Date on Watch:</b>	December 2018
<b>Plan Assets:</b>	\$727,872

### **Dodge & Cox International Stock Fund (Direct Plan)**

<b>Availability:</b>	This fund is an individual option.
<b>Issue:</b>	The Dodge & Cox International Stock Fund was added to the Watch List due to performance issues.
<b>Analysis:</b>	Over the trailing three-year period the fund ranks in the 30 <sup>th</sup> percentile of peers and beat the MSCI EAFE index by 0.60%. The one year period lags the MSCI EAFE index by 4.29% and ranks in the 73 <sup>rd</sup> percentile of peers. This quarter the fund posted a return of 9.87% trailing the 9.98% return of the benchmark.

**Recommendation:** Watch list  
**Date on Watch:** August 2018  
**Plan Assets:** \$1,767,144

#### **Touchstone High Yield Fund (Advisor Plan)**

**Availability:** This fund is offered as an individual option and an underlying fund.  
**Issue:** Underperformance  
**Analysis:** The Fund lagged the benchmark by 1.53% for the last 3 years and ranks in the 57<sup>th</sup> percentile among peers. This quarter, the Fund outperformed the High Yield II Index by 0.44% and ranked in the 14<sup>th</sup> percentile of Callan High Yield Mutual Fund peer group.  
**Recommendation:** Watch list  
**Date on Watch:** August 10, 2016  
**Plan Assets:** \$43,684,868

#### **American Century Equity Growth Fund (Advisor Plan)**

**Availability:** This fund is offered as an individual option  
**Issue:** Underperformance  
**Analysis:** The Fund lags the S&P 500 Index by 1.91% for the last 5 years and by 0.63% for the last 3 years. The Fund ranks in the 45<sup>th</sup> percentile among peers for the three-year time-period. The Fund underperformed the S&P 500 for the one year period and ranks in the 49<sup>th</sup> percentile of peers. This quarter the Fund outperformed the S&P 500 Index by 0.59% and ranked in the 20<sup>th</sup> percentile of its peer group. The longer-term underperformance is driven by the significant underperformance in 2015 and first half of 2016.  
**Recommendation:** Watch list  
**Date on Watch:** August 10, 2016  
**Plan Assets:** \$6,431,799

#### **Voya Global Real Estate Fund (Advisor Plan)**

**Availability:** This fund is offered as an individual option and an underlying fund.  
**Issue:** Underperformance  
**Analysis:** The Fund lags the benchmark by 1.93% for the last 3 years and ranks in the 96<sup>th</sup> percentile among peers over that period. For the one year period, the fund lags the benchmark by 3.11% and ranks in the 69<sup>th</sup> percentile. This quarter the Fund underperformed the benchmark by 0.47% and ranked in the 65<sup>th</sup> percentile of the peer group.  
**Recommendation:** To be Terminated  
**Date on Watch:** August 10, 2016  
**Plan Assets:** \$21,397,471 Combined Assets

#### **Lazard Emerging Markets (Advisor Plan)**

**Availability:** This fund is offered as an individual option  
**Issue:** Underperformance

**Analysis:** During the first quarter the Fund had a return of 7.53% which underperformed the benchmark by 2.40% and ranked in the 86<sup>th</sup> percentile of Callan's Emerging Markets Mutual Fund peer group. For the trailing one year period, the Fund lagged the benchmark by 6.56% and ranked in the 93<sup>d</sup> percentile of peers. The recent underperformance has resulted in 5-year cumulative returns that are below the benchmark and median peer. The 3-year return trails the benchmark by 2.96% and ranks in the 86<sup>th</sup> percentile of peers.

**Recommendation:** To be Terminated

**Date on Watch:** August 16, 2017

**Plan Assets:** \$15,357,846

#### **William Blair Small Cap Value (Advisor Plan)**

**Availability:** This fund is offered as an individual option

**Original Issue:** Underperformance

**Analysis:** During the first quarter the Fund had a return of 13.16% which outperformed the benchmark by 1.23% and ranked in the 39<sup>th</sup> percentile of Callan's Small Cap Value Mutual Fund peer group. For the three year period, the Fund lags the benchmark by 2.91% and ranks in the 78<sup>th</sup> percentile of peers. The 5-year return trails the benchmark by 0.66% and ranks in the 61<sup>st</sup> percentile of peers.

**Recommendation:** Watch list

**Date on Watch:** May 16, 2018

**Plan Assets:** \$10,786,601

## **Watch List Criteria**

## Watch List Criteria

### Performance Objectives

The Board shall evaluate investment performance on a quarterly basis relative to an assigned benchmark and peer group. Each individual fund portfolio will have an assigned benchmark and peer group and the multi-fund portfolios will have a blended benchmark.

### Passive Options:

The objective of an index fund is to match the performance of its benchmark with minimal tracking error. As a result, the evaluation of index funds will focus on their ability to match the return of the benchmark on a gross-of-fee basis and to do so with minimal tracking error.

### Active Options:

The objective of an actively managed fund is to outperform its benchmark over longer periods on a net-of-fee basis. Longer periods will be defined as 3 to 5 years or a full market cycle for measuring purposes. The specific objectives are as follows:

- Outperform its benchmark and rank in the top half of its peer group over the trailing 3 to 5 years or a full market cycle.
- Demonstrate percentile risk-adjusted performance above the 75<sup>th</sup> percentile as measured against its peer group over the trailing 3 to 5 years or a full market cycle.

### Multi-Fund Options:

Since it is not feasible to replace the entire suit of multi-fund offerings, performance evaluation will focus on the underlying funds that are causing the under- or outperformance of the overall portfolio.

### Watch List Standards

A number of factors may contribute to a portfolio's over- or under-performance at any given time, including market dynamics, investment skill, chance or a combination thereof. Because a portfolio's performance might be attributable to factors that do not reflect deficiencies in skills, strategy or investment philosophy/process, it may be unwise to recommend termination solely because a portfolio performs below expectations for a certain period of time. A "Watch List" will be utilized to identify those portfolios whose performance or other factors are cause for further assessment, possible termination, or other action by the Board.

A portfolio may be placed on Watch and an appropriate review and analysis of the investment manager may be conducted, when one or more of the following events occur:

- The portfolio fails to meet the performance objectives outlined in this Statement;
- There is a change in the investment manager's organization, investment philosophy and/or personnel;
- There is a significant change in the investment manager's assets under management in the product or firm-wide;
- There is an indication that the investment manager is deviating from his/her stated style and/or strategy;

- There is a significant increase in the portfolio's fees or expenses;
- There are legal, SEC and/or other regulatory agency proceedings affecting the manager; and/or
- Any issue or event deemed relevant by the Board.

The Board may decide to take no action or it may vote to place the individual fund portfolio on Watch. In making this decision, the Board may use quantitative or qualitative information or a combination of both. Once on Watch, the individual fund portfolio will be monitored closely. Specifically, the Program Manager will provide a quarterly report explaining causes of underperformance or improvement. Additionally, the Investment Consultant will monitor the individual fund portfolio carefully and provide additional reports as necessary. This increased level of monitoring continues quarter-by-quarter until the Board releases the individual fund portfolio from Watch or takes other corrective actions.