

February 20, 2019



**CollegeCounts, Alabama 529
Savings Program
Executive Summary
Fourth Quarter 2018**

Prepared by

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Market Environment

Fourth Quarter Market Environment

Global Economy

The U.S. economy slowed in the third quarter, recording +3.4% real GDP growth. While optimistic about a strong labor market and elevated consumer confidence, investors are also concerned over tighter monetary policy, unresolved trade disputes, and falling oil prices. Overseas, the economy picture was less bright with uncertainty over Brexit deal, the magnitude of the slowdown in China, and numerous geopolitical worries.

- Third quarter GDP growth at 3.4%, powered by
 - Consumer spending; rose 4% fueled by plentiful jobs
 - Government spending; up 3.1% after a 2.5% gain in Q2

- Labor market strong and consumer confidence elevated
 - Unemployment rate remained near a 50-year low at 3.7% in November
 - Job gains averaged just over 250,000/month in Q4
 - Wage growth at 3.2% y-o-y in November, highest since April 2009
 - Conference Board Consumer Confidence Index remained high
 - Holiday sales at six-year high

- Inflation remained benign
 - Headline and Core CPI both up 2.2% in November (y/y)
 - Recent declines in energy prices to be reflected in inflation measures in coming months
 - Headline PCE Deflator rose 1.8% over the trailing year

- Housing market has softened
 - Pending home sales fell to a four-year low
 - Spending on building and improvements also weakened

- The Fed raised rates as expected but signaled fewer hikes in 2019
 - A 25 bp hike in December brought target to 2.25% –2.50%
 - Year-end fed funds futures indicated almost zero Fed hikes in 2019; fewer than its forecast two months ago

- Euro zone
 - GDP rose only 0.2% in Q3; lowest in more than four years
 - Core inflation rate at 1% y-o-y in November
 - ECB discontinued its monthly bond purchases at end of December 2018 but will continue to reinvest maturities
 - Euro zone manufacturing extended its downtrend in December; PMI at weakest rate since February 2016 due to contractions in Italy and France
 - Politics and fiscal turmoil in Italy and protests in France weighed on markets
 - ECB further lowered 2018 growth forecast to 1.9% from 2.0%

- U.K. faces the prospect of a “no deal” Brexit in March 2019
 - Annual inflation rate at 20-month low in November
 - GDP grew strongly in Q3, fastest economic upturn since late 2016 but with hints of tougher times ahead
- Japan’s economy contracted 0.6% in Q3 (-2.5% annualized); the most in over four years
 - Due to several natural disasters and a decline in exports
- Impact of China / U.S. trade tariffs continue
 - China manufacturing index fell below 50; signaled a contraction
 - Retail sales in November grew at the slowest rate in 15 years

Fixed Income

Fixed income markets benefited from a tumultuous equity market and concerns over slowing growth. In the U.S., yields fell and portions of the yield curve inverted. Outside of the U.S., yields also generally fell but U.S. dollar strength detracted from unhedged non-U.S. returns. Local currency emerging market debt posted gains.

- U.S. rates fell and portions of the yield curve inverted
 - 2-year U.S. Treasury Note declined 33 bps to close at 2.48%
 - 10-year Treasury dropped 55 bps from a multi-year high of 3.24%
 - 30-year Treasury down 17 bps from Q3
 - Portions of the yield curve inverted but spread between the 2-year and 10-year Treasury note remained positive at 21 bps as of December
- Blmbg Barclays Aggregate was positive (Q4: +1.6%, 2018: 0.0%) with U.S. Treasuries leading the pack
 - Blmbg Barclays U.S. Treasury: Q4: +2.6%; 2018: +0.9%
- Breakeven inflation expectations fell sharply
 - 10-year breakeven inflation rate down to 1.71% (12/31) from 2.14% (9/30)
 - Blmbg Barclays TIPS Index: Q4: -0.4%; 2018: -1.3%
- High yield corporates down sharply
 - Blmbg Barclays High Yield: Q4: -4.5%; 2018: -2.1%
 - Demand and liquidity evaporated against the volatile equity backdrop
 - No high yield bond supply in December for the first time in 10 years
- Municipal bonds fared reasonably well
 - Blmbg Barclays Municipal Bond Index: Q4: +1.7%; 2018: +1.3%
- Non-US developed bonds posted positive returns
 - Blmbg Barclays Global Agg ex-U.S. (unhedged): Q4: +0.9%; 2018: -2.1%
 - Blmbg Barclays Global Agg ex-U.S. (hedged): Q4: +1.9%; 2018: +3.2%

- U.S. dollar appreciated versus most currencies in Q4 with the notable exception being the yen
- Emerging market debt was a relatively bright spot in spite of risk-off environment
 - JPM EMBI Global Diversified: Q4: -1.3%; 2018: -4.3%
 - JPM GBI EM Global Diversified: Q4: +2.1%; 2018: -6.2%
 - Argentina: Q4: +16.7%; 2018: -52.45%
 - Turkey : Q4: +29.8%; 2018: -29.3%
 - Brazil: Q4: +11.4%; 2018: -3.7%
 - Mexico: Q4: -6.5%; 2018: +2.2%

U.S. Equity

The U.S. equity market posted losses in the fourth quarter fueled by a government shutdown, continued worries over trade rhetoric, and broad-based risk aversion. The S&P 500 Index fell 13.5% for the quarter and more than erased its gains for the year. Non-U.S. developed markets outperformed the U.S. for the quarter but trailed for the full year by a wide margin. Emerging markets posted mixed results, outperforming developed markets for the quarter but trailed for the year.

- S&P 500 Index fell 13.5% in Q4
 - 2018: -4.4%; first negative calendar year since 2008
 - Gained/lost more than 1% a day 10 times in December alone and fell nearly 20% from its high in only 11 weeks
 - Almost all sectors were negative except Utilities (+1.4%)
 - Worst performing sectors
 - Energy: -23.8% (driven by falling oil prices)
 - Technology: -17.3% (Apple -29.9%)
 - Industrials: -17.3%
 - Consumer Discretionary: -16.4% (Amazon -25%)
- Value outperformed Growth, but underperformed in 2018
 - R1000 Value: Q4: -11.7%; 2018: -8.3%
 - R1000 Growth: Q4: -15.9%; 2018: -1.5%
- Large caps outperformed small caps, leading in 2018
 - R1000: Q4: -13.8%; 2018: -4.8%
 - R2000: Q4: -20.2%; 2018: -11.0%
- High-flying growth stocks “FAAMG” plus Netflix

	4Q18	2018
Facebook	-20.3	-25.7
Apple	-29.9	-5.4

Amazon	-11.2	20.3
Microsoft	-11.2	20.3
Google (Alphabet A&C)	-26.7	-1.8
Netflix	-28.5	39.4

International Equity Non-U.S. Equity

- Non-U.S. developed market outperformed U.S. by 2% in Q4 but trailed by a wide margin for the year
 - ACWI ex-US: Q4: -11.5%; 2018: -14.2%
 - As in the U.S., Utilities (+0.5%) was the only positive sector in Q4
 - Japan was a top performer in Q3 but down 14.2% in Q4, bringing total return for 2018 down to -12.9%
 - France (Q4: -15.1%; 2018: -12.8%) was hurt by protests
 - U.K. (Q4: -11.8%; 2018: -14.2%) and Italy (Q4: -11.8%; 2018: -17.8%) hurt by political turmoil but both outperformed most of Europe in Q4
- Dollar was mixed for the quarter but strong for the year
 - Up versus the euro, British pound, Australian dollar and Canadian dollar
 - Down versus the Japanese yen and Indian Rupee
 - Essentially flat versus the Swiss franc and Chinese yuan
- Emerging markets outperformed developed for the quarter but trailed for the year
 - MSCI EM: Q4: -7.5%; 2018: -14.6%
 - EM performance was mixed in Q4
 - Brazil (+13.4%), Turkey (+4.8%), and India (+2.5%) were up
 - China (-10.7%) and Russia (-9.0%) underperformed the broad index; Mexico (-18.8%) was the worst performer

Liquid Real Assets

With the exception of gold, liquid real assets posted broad-based negative returns in the fourth quarter. Oil prices fell in the quarter, down from a 4-year peak. MLPs posted losses and REITs were down both abroad and in the U.S.

- Brent crude oil prices closed the quarter at \$45.33/barrel, down from a 4-year peak on concerns over both supply and waning demand
 - S&P 1200 Energy: Q4: -20.6%; 2018: -14.0%
 - Alerian MLP Index: Q4: -17.3%; 2018: -12.4%

- Commodities mixed
 - Bloomberg Commodity TR Index: Q4: -9.4%; 2018: -11.2%
 - GS Commodity Index: Q4: -22.9%; 2018: -13.8%
 - Deviation from Bloomberg Commodity Index due to the plummeting price of oil
 - S&P Gold Spot Price Index: Q4: +7.1%; 2018: -2.1%

- Listed Infrastructure and Real Estate suffered a decline
 - DJ-Brookfield Global Infrastructure Index: Q4: -5.9%; 2018: -7.8%
 - FTSE NAREIT: Q4: -6.3%; 2018: -4.6%

- TIPS delivered a negative return
 - Bloomberg Barclays U.S. TIPS Index: Q4: -0.4%; 2018: -1.3%
 - 10-yr Breakeven Inflation Rate at 1.71% (12/31), down from 2.14% as of 9/30

Capital Markets Preview

U.S. EQUITY

Large Cap U.S. Equity (S&P 500: -13.5%; Russell 1000: -13.8%)

- Equity markets fell drastically in the fourth quarter, with all sectors, save Utilities (+1.4%), in negative territory.
- The decline was driven by broad-based de-risking.
- Contributing factors included escalated trade tensions, rising interest rates, concern over slowing GDP/earnings growth, low oil prices, and the U.S. government shutdown.
- Anecdotal evidence suggests there was increased selling pressure to fulfill year-end tax loss harvesting goals and to meet hedge funds' redemption requests.
- Markets nosedived following Fed Chairman Jerome Powell's October comments, which noted that monetary policy is a long way from neutral.
- Defensive sectors (Utilities: +1.4%; Real Estate: -3.8%; Consumer Staples: -5.2%) fared best.
- Cyclical sectors (Energy: -23.8%; Tech: -17.3%; Industrials: -17.3%) fared the worst on end-of-cycle fears.
- 2018 marked the first time in 70 years that the S&P 500 Index finished the year in the red after rising in the first three quarters; the Index fell nearly 20% from its September peak.
- On the positive side, volatility was welcomed by active managers seeking better valuation entry points; the S&P 500 forward P/E went from 16.8 on Sept. 30 to 14.4 on Dec. 31.

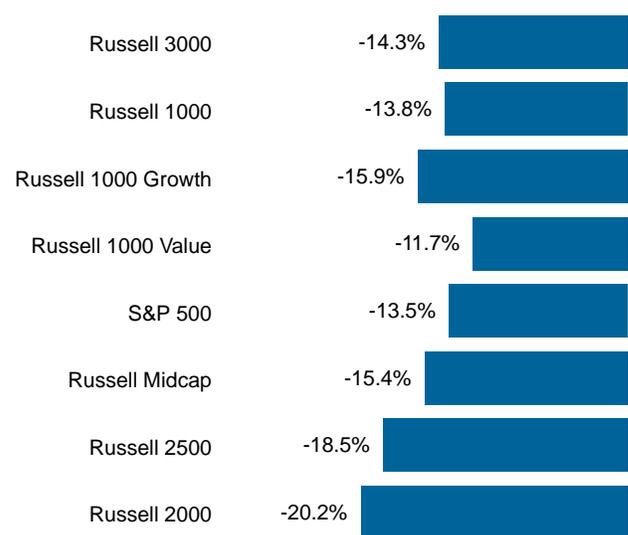
Small Cap (Russell 2000: -20.2%; Russell 2000 Growth: -21.7%; Russell 2000 Value: -18.7%)

- Small cap stocks were hardest hit as margin pressure, excess leverage, slowing growth, and earnings expectations concerned investors.
- The Russell 2000 Index fell over 22% from its Aug. 31 peak.

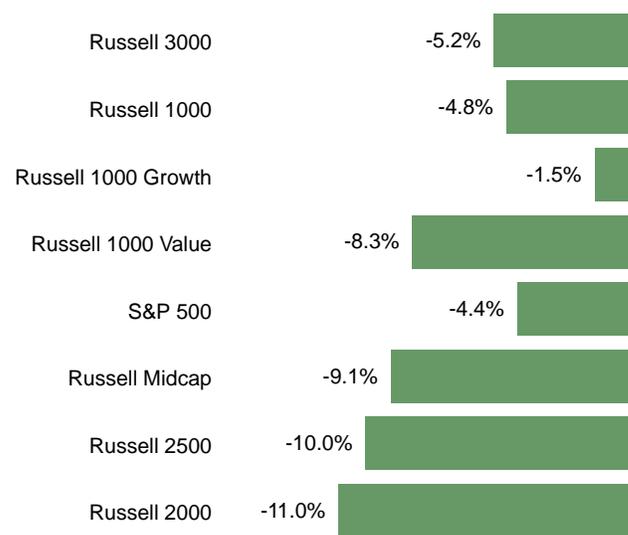
Growth vs. Value (Russell 1000 Growth: -15.9%; Russell 1000 Value: -11.7%)

- Growth fell further than value within both large and small cap due to its larger weightings in poor-performing sectors.

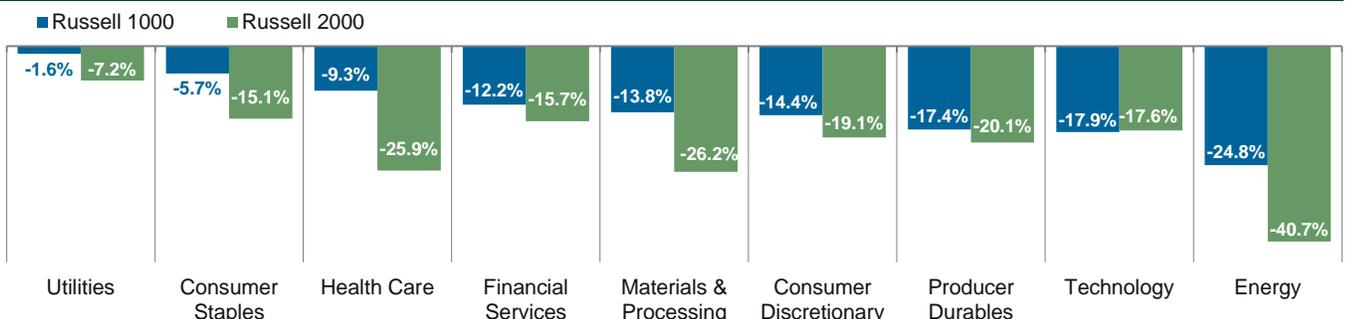
U.S. Equity: Quarterly Returns



U.S. Equity: One-Year Returns



Russell Sector Returns, Quarter ended December 31, 2018



Sources: FTSE Russell, Standard & Poor's

NON-U.S./GLOBAL EQUITY

Global/Non-U.S. Developed (MSCI EAFE: -12.5%; MSCI Europe: -12.7%; MSCI World ex USA: -12.8%)

- Economic deceleration fueled by the global trade dispute and Brexit impasse drove markets down.
- The dollar rallied against the euro by 1.6% on weak growth and fears of euro zone economic contraction.
- The yen gained against the dollar by 3.5% as investors sought safe haven.
- All sectors were in negative territory. Defensive sectors fared better than cyclicals given the risk-off environment.
- Utilities, Real Estate, and Communication Services fared best.
- Global growth concerns and falling oil prices challenged economically sensitive sectors.
- Energy, Information Technology, and Materials trailed.
- Value and quality outperformed growth and volatility factors as the market rewarded clear earners and stable businesses.

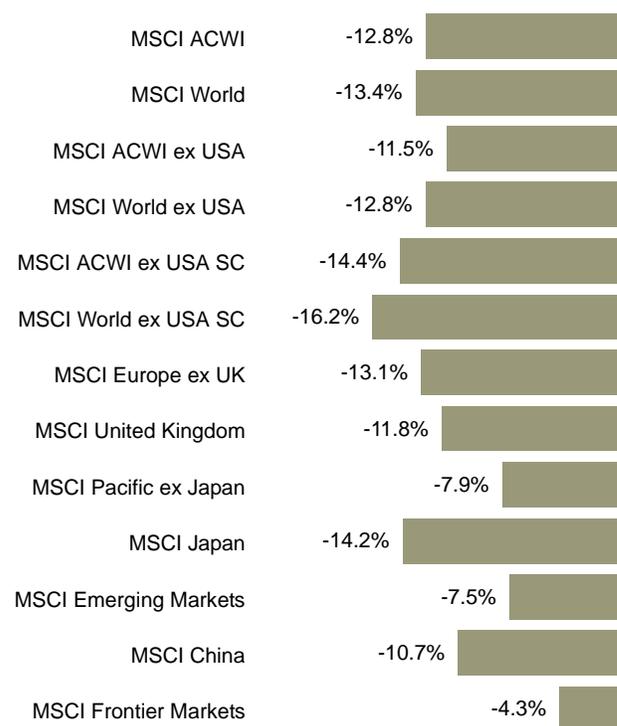
Emerging Markets (MSCI Emerging Markets Index: -7.5%)

- China (-10.7%) posted its worst quarter since 2015 on the rising dollar, U.S.-China trade tension, and the slowing economy.
- China reported GDP growth of 6.5%, the slowest since 2009.
- Brazil (+13.4%) was the best performer on shifting growth and pension reform sentiment after its presidential election.
- The Asian Tech sector faces heightened regulation and concerns of a consumption slowdown.
- Soft demand challenged Taiwan Semiconductor and Samsung Electronics.
- Defensively oriented Utilities fared best while Health Care, Discretionary, and Tech faltered on fears of a China slowdown.
- Value outpaced growth and volatility factors.

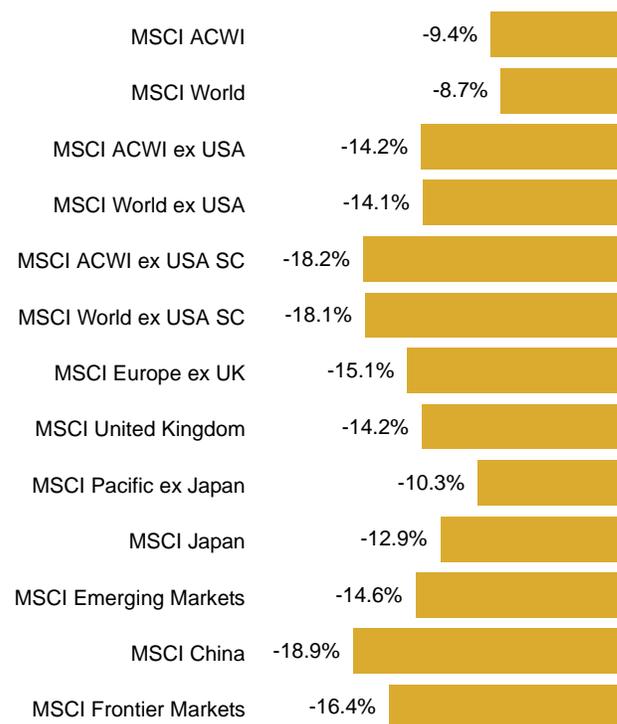
International Small Cap (MSCI World ex USA Small Cap: -16.2%; MSCI EM Small Cap: -7.2%)

- Non-U.S. developed small cap was also negatively impacted by U.S.-China trade tension and global growth fears.
- All sectors declined, with Energy, Tech, and Industrials faring the worst on falling oil prices and the risk-off environment.
- Emerging market small cap slightly outperformed EM large cap due to Utilities, coupled with the Asian large cap tech sell-off.
- Value outpaced growth.

Global Equity: Quarterly Returns



Global Equity: One-Year Returns



Source: MSCI

U.S. FIXED INCOME

Market volatility rose in the last quarter of the year as investors grew increasingly concerned over slowing global economic growth, geo-political uncertainty, and hawkish Fed policy. Safe-haven securities, such as U.S. Treasuries and other developed market sovereign bonds, rallied while risk assets sold off.

U.S. Fixed Income (Bloomberg Barclays US Aggregate: +1.6%)

- A flight to quality lowered the bellwether 10-year Treasury yield to a level not seen since January 2018; the yield fell from a multi-year high of 3.24% in November to end the quarter at 2.69%.
- U.S. Treasuries returned 2.6%.
- The yield curve continued to flatten with long-term rates declining faster than short-term rates; the spread between the 2-year and 10-year key rates remained positive though slightly tighter than a quarter ago.
- A portion of the yield curve (two year to five year) inverted for a few weeks during the quarter.
- TIPS underperformed nominal Treasuries as inflation expectations decreased.

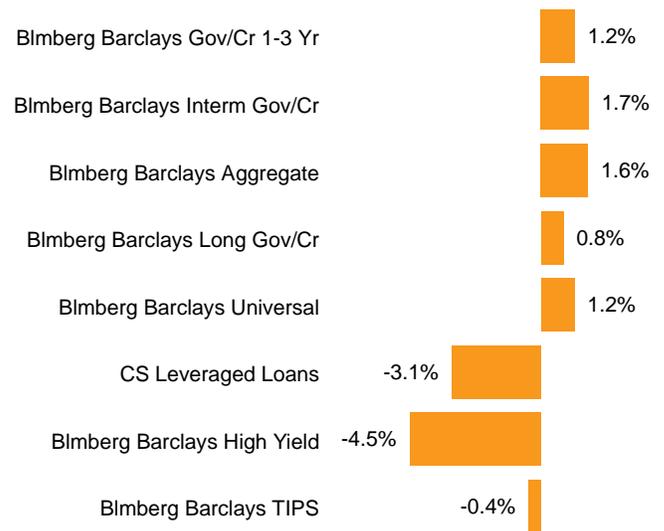
Investment-Grade Corporates (Bloomberg Barclays Corporate: -0.2%)

- Prices on investment-grade corporate bonds sank amid concerns over elevated debt leverage.
- Headline risk increased on the growing size of the BBB-rated market and the potential implications from ratings downgrades should economic growth slow.
- More than 50% of new issuance came from BBB-rated issuers in 2018.
- Investment-grade spreads widened to +153 bps, a level not seen since July 2016, as a lack of new issuance supply could not offset a lack of demand.

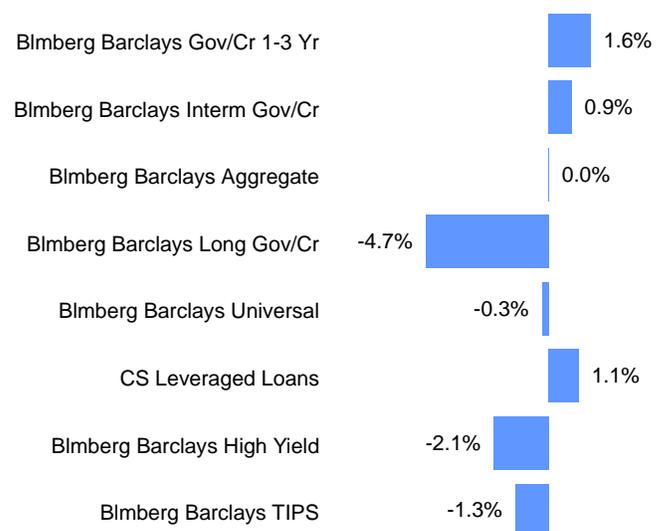
High Yield (Bloomberg Barclays Corporate High Yield: -4.5%)

- High yield bond funds experienced \$20 billion in outflows as market volatility increased.
- High yield's average yield-to-worst approached 8%.
- The Energy sector led the selloff amid volatile oil prices in the fourth quarter; the sector makes up approximately 15% of the Index.
- This was the first December in 10 years in which there was no high yield bond issuance; year-over-year, new issuance was down 40% in 2018.

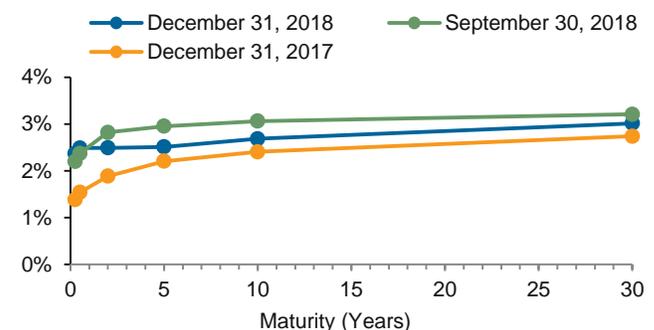
U.S. Fixed Income: Quarterly Returns



U.S. Fixed Income: One-Year Returns



U.S. Treasury Yield Curves



Sources: Bloomberg, Bloomberg Barclays, Credit Suisse

U.S. FIXED INCOME (continued)

Leveraged Loans (S&P/LSTA U.S. Leveraged Loan: -3.5%)

- Leveraged loans experienced retail outflows (\$17 billion) as changing interest rate projections caused the floating rate feature to be less attractive.
- December was the worst monthly performance in seven years and worst December since 2008, with the Index returning -2.6%.
- Demand was weaker than earlier in the year as CLO formation decreased in December.

NON-U.S. FIXED INCOME

Global Fixed Income (Bloomberg Barclays Global Aggregate: +1.2%; Global Aggregate (hdg): +1.7%)

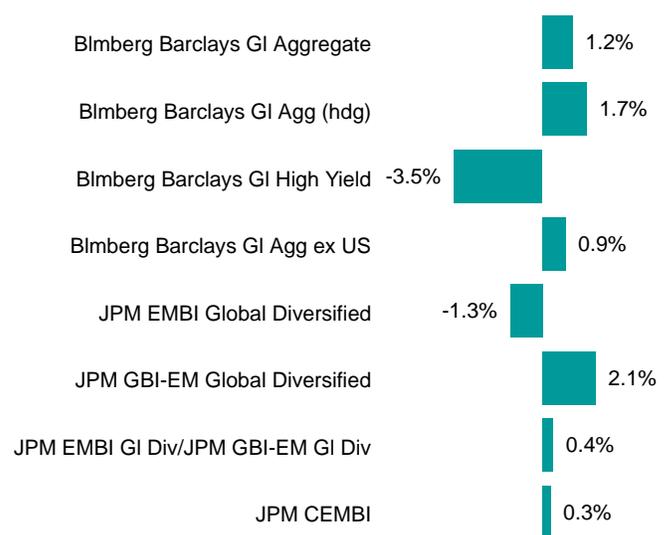
- Other developed market sovereign bonds rallied in tandem with the rally in Treasuries, though the strength in the U.S. dollar proved to be a headwind for unhedged non-U.S. developed assets.

U.S dollar-denominated emerging market debt (EMD) (JPM EMBI Global Diversified: -1.3%), **Local**

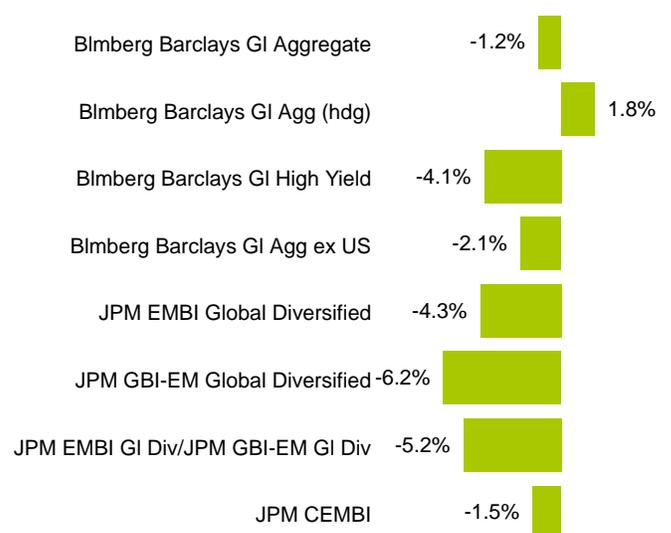
Currency-denominated EMD (JPM GBI-EM Global Diversified: +2.1%)

- Various higher-yielding emerging market currencies (Turkey, Argentina, Brazil) appreciated against the greenback, adding to a solid quarter for local emerging market debt.
- Performance was mixed across the EMBI's 60+ countries.

Global Fixed Income: Quarterly Returns

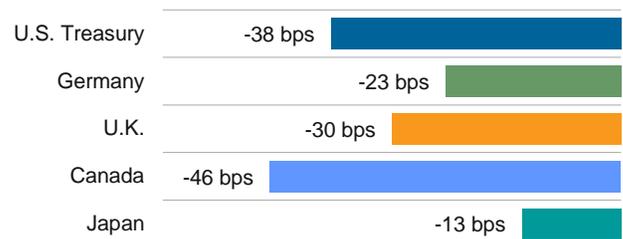


Global Fixed Income: One-Year Returns



Change in 10-Year Global Government Bond Yields

3Q18 to 4Q18



Sources: Bloomberg, Bloomberg Barclays, JP Morgan

Range of Mutual Fund Returns

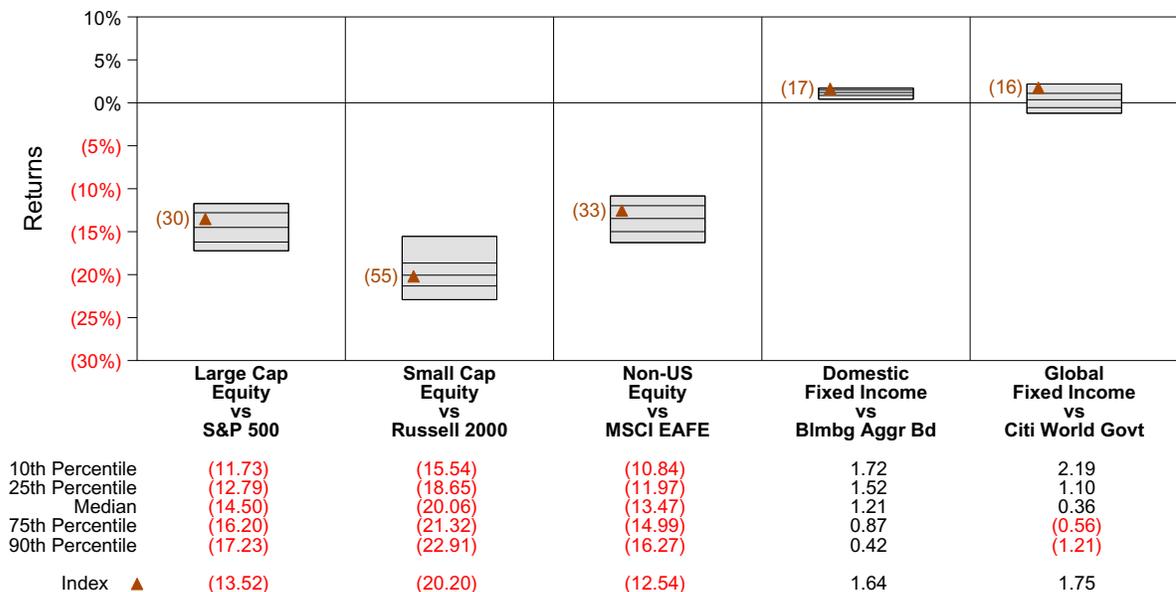
Market Overview

Active Management vs Index Returns

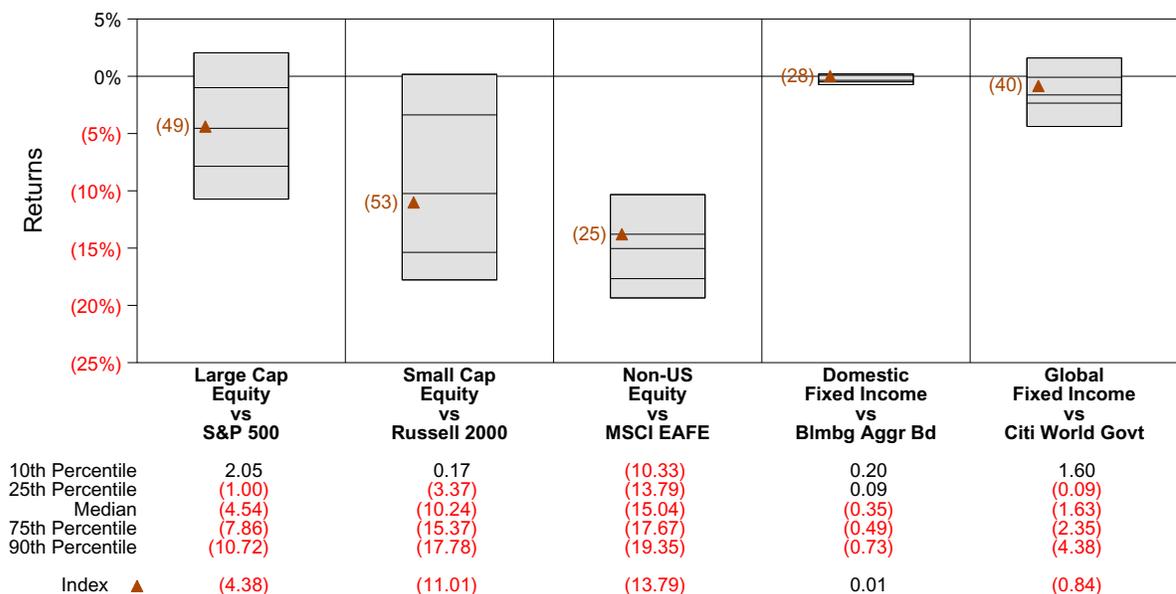
Market Overview

The charts below 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 December 31, 2018



Range of Mutual Fund Returns by Asset Class One Year Ended December 31, 2018

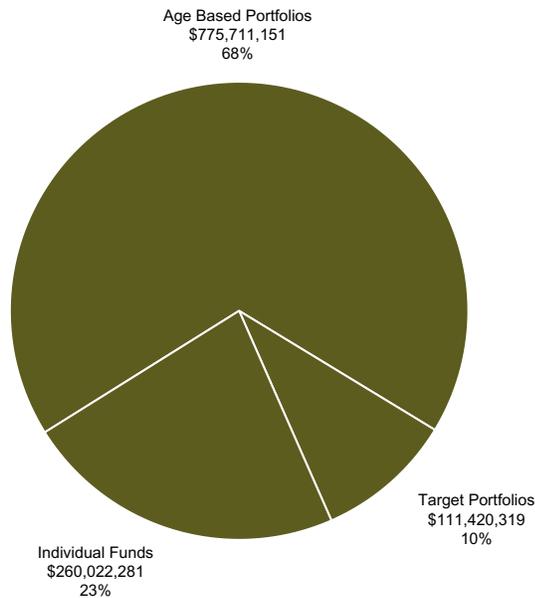


Advisor Plan Performance

Changes in Investment Fund Balances Period Ended December 31, 2018

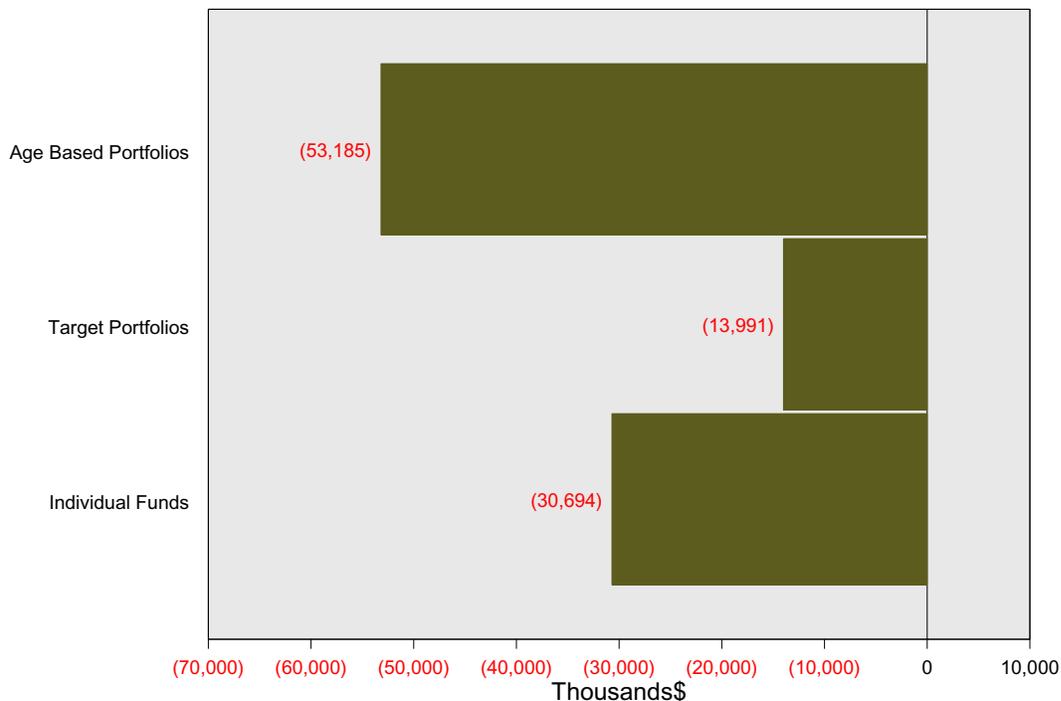
Allocation Across Investment Options

The chart below illustrates the allocation of the aggregate fund assets across the various investment options for the quarter ended December 31, 2018.



Changes in Fund Values

The chart below shows the net change in fund values across the various investment options for the quarter ended December 31, 2018. 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 December 31, 2018 with that of September 30, 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

	December 31, 2018				September 30, 2018	
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Age Based Portfolios	\$775,711,151	67.62%	\$(3,259,961)	\$(49,925,394)	\$828,896,506	66.58%
Aggressive	\$409,566,669	35.70%	\$(879,871)	\$(30,564,648)	\$441,011,188	35.42%
0-2 years (Fund 100)	7,917,536	0.69%	765,263	(1,142,837)	8,295,110	0.67%
3-5 years (Fund 90)	21,978,272	1.92%	(459,095)	(3,120,961)	25,558,328	2.05%
6-8 years (Fund 80)	32,913,373	2.87%	551,662	(4,077,456)	36,439,167	2.93%
9-10 years (Fund 70)	31,452,587	2.74%	(951,036)	(3,362,399)	35,766,022	2.87%
11-12 years (Fund 60)	49,300,847	4.30%	(986,313)	(4,479,889)	54,767,049	4.40%
13-14 years (Fund 50)	67,971,876	5.93%	(4,119,572)	(5,286,372)	77,377,820	6.21%
15-16 years (Fund 40)	82,374,541	7.18%	2,787,535	(4,764,365)	84,351,371	6.78%
17-18 years (Fund 30)	62,711,225	5.47%	(235,745)	(2,822,574)	65,769,544	5.28%
19+ years (Fund 20)	52,946,412	4.62%	1,767,430	(1,507,795)	52,686,777	4.23%
Moderate	\$334,618,277	29.17%	\$(1,582,121)	\$(18,531,628)	\$354,732,026	28.49%
0-2 years (Fund 90)	5,081,802	0.44%	(197,272)	(700,013)	5,979,087	0.48%
3-5 years (Fund 80)	14,150,876	1.23%	(323,512)	(1,776,947)	16,251,335	1.31%
6-8 years (Fund 70)	26,969,498	2.35%	244,156	(2,859,249)	29,584,591	2.38%
9-10 years (Fund 60)	25,716,190	2.24%	(655,404)	(2,357,628)	28,729,222	2.31%
11-12 years (Fund 50)	33,166,324	2.89%	(349,869)	(2,511,413)	36,027,606	2.89%
13-14 years (Fund 40)	47,752,658	4.16%	(4,505,251)	(2,958,169)	55,216,078	4.43%
15-16 years (Fund 30)	66,892,629	5.83%	3,707,823	(2,873,869)	66,058,675	5.31%
17-18 years (Fund 20)	56,069,622	4.89%	(536,275)	(1,639,936)	58,245,833	4.68%
19+ years (Fund 10)	58,818,678	5.13%	1,033,483	(854,404)	58,639,599	4.71%
Conservative	\$31,526,205	2.75%	\$(797,969)	\$(829,118)	\$33,153,292	2.66%
0-2 years (Fund 80)	308,054	0.03%	1,424	(38,543)	345,173	0.03%
3-5 years (Fund 70)	625,405	0.05%	13,458	(65,958)	677,905	0.05%
6-8 years (Fund 60)	1,400,713	0.12%	(32,030)	(127,147)	1,559,890	0.13%
9-10 years (Fund 50)	1,060,413	0.09%	(43,417)	(77,877)	1,181,707	0.09%
11-12 years (Fund 40)	2,197,312	0.19%	(260,288)	(142,310)	2,599,910	0.21%
13-14 years (Fund 30)	3,361,525	0.29%	(243,345)	(159,565)	3,764,435	0.30%
15-16 years (Fund 20)	5,403,582	0.47%	885,903	(146,052)	4,663,731	0.37%
17-18 years (Fund 10)	5,874,466	0.51%	(149,346)	(86,647)	6,110,459	0.49%
19+ years (F.I.)	11,294,735	0.98%	(970,328)	14,981	12,250,082	0.98%
Target Portfolios	\$111,420,319	9.71%	\$148,948	\$(14,140,050)	\$125,411,421	10.07%
Target Fund 100 Portfolio	50,929,638	4.44%	(514,065)	(8,124,961)	59,568,664	4.78%
Target Fund 80 Portfolio	31,425,713	2.74%	708,302	(3,900,960)	34,618,371	2.78%
Target Fund 60 Portfolio	18,142,204	1.58%	1,490	(1,651,241)	19,791,955	1.59%
Target Fund 40 Portfolio	6,160,774	0.54%	(101,316)	(371,101)	6,633,191	0.53%
Target Fund 20 Portfolio	3,148,708	0.27%	576	(94,159)	3,242,291	0.26%
Target Fund Fixed Income Portfolio	1,613,282	0.14%	53,961	2,372	1,556,949	0.13%

Market values provided by Union Bank & Trust.

Investment Fund Balances

The table below compares the fund's investment fund balances as of December 31, 2018 with that of September 30, 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

	December 31, 2018		Net New Inv.	Inv. Return	September 30, 2018	
	Market Value	Weight			Market Value	Weight
Individual Funds	\$260,022,281	22.67%	\$1,188,167	\$(31,882,420)	\$290,716,534	23.35%
Money Market	\$18,103,541	1.58%	\$2,001,373	\$(0)	\$16,102,168	1.29%
State Street US Govt MM	18,103,541	1.58%	2,001,373	(0)	16,102,168	1.29%
Fixed Income	\$37,113,225	3.24%	\$248,234	\$(7,891)	\$36,872,882	2.96%
PIMCO Short-Term	14,140,110	1.23%	1,870,123	(74,933)	12,344,921	0.99%
Amer Cent Short Dur Infl Prot Bond	2,149,108	0.19%	791,896	(11,557)	1,368,769	0.11%
BlackRock Infl Protected Bond	2,076,259	0.18%	16,916	(21,037)	2,080,380	0.17%
Fidelity Investment Grade Bond	1,753,610	0.15%	10,773	18,030	1,724,807	0.14%
Northern Funds Bond Index	11,970,194	1.04%	(700,814)	162,153	12,508,855	1.00%
MainStay Total Return Bond	1,555,239	0.14%	(1,056,444)	1,228	2,610,455	0.21%
Touchstone High Yield	2,194,092	0.19%	(455,649)	(108,792)	2,758,532	0.22%
Templeton International Bond	1,274,613	0.11%	(228,567)	27,017	1,476,163	0.12%
Balanced	\$45,298,469	3.95%	\$(755,389)	\$(4,128,267)	\$50,182,125	4.03%
T. Rowe Price Balanced	45,298,469	3.95%	(755,389)	(4,128,267)	50,182,125	4.03%
Domestic Equity	\$127,866,907	11.15%	\$(175,954)	\$(23,660,616)	\$151,703,477	12.18%
T. Rowe Large Cap Growth	28,444,298	2.48%	271,569	(4,256,343)	32,429,072	2.60%
American Century Equity Growth	5,531,513	0.48%	(98,101)	(995,231)	6,624,845	0.53%
Northern Stock Index	22,319,014	1.95%	262,904	(3,526,006)	25,582,116	2.05%
DFA US Large Cap Value	29,599,253	2.58%	(166,481)	(5,207,968)	34,973,703	2.81%
Northern Mid-Cap Index	21,233,112	1.85%	(334,726)	(4,542,237)	26,110,076	2.10%
T. Rowe Price QM Small Cap Growth	5,318,375	0.46%	(12,476)	(1,288,702)	6,619,553	0.53%
Northern Small Cap Index	5,830,661	0.51%	21,445	(1,493,825)	7,303,041	0.59%
William Blair Small Cap Value	9,590,681	0.84%	(120,087)	(2,350,303)	12,061,071	0.97%
International Equity	\$27,071,710	2.36%	\$(46,331)	\$(3,654,437)	\$30,772,478	2.47%
Northern Int'l Equity Index	8,750,504	0.76%	135,863	(1,266,897)	9,881,539	0.79%
Neuberger Berman Int'l Lrg Cp	9,021,916	0.79%	(254,745)	(1,497,712)	10,774,373	0.87%
DFA Int'l Small Company	2,363,779	0.21%	60,028	(469,679)	2,773,430	0.22%
Lazard Emerging Markets	6,935,510	0.60%	12,523	(420,149)	7,343,136	0.59%
Real Estate	\$3,743,600	0.33%	\$(69,302)	\$(341,768)	\$4,154,670	0.33%
Voya Global Real Estate	789,964	0.07%	(80,867)	(57,164)	927,995	0.07%
T. Rowe Price Real Estate	2,953,636	0.26%	11,565	(284,604)	3,226,675	0.26%
Commodities	\$824,829	0.07%	\$(14,464)	\$(89,440)	\$928,734	0.07%
Credit Suisse Commodities	824,829	0.07%	(14,464)	(89,440)	928,734	0.07%
Total Plan	\$1,147,153,751	100.0%	\$(1,922,846)	\$(95,947,864)	\$1,245,024,461	100.0%

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 December 31, 2018. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns and Rankings for Periods Ended December 31, 2018

	Last Quarter		Last Year		Last 3 Years		Last 5 Years		Last 7 Years	
Target Portfolios										
Target Fund 100										
Target Fund 100 Portfolio	(13.58%)	91	(9.97%)	87	6.09%	36	4.26%	51	8.81%	23
Target Fund 100 Blended Benchmark	(13.12%)	87	(8.84%)	73	6.79%	12	4.90%	25	9.24%	13
MS 529 Static Alloc 70-85	(10.88%)		(7.57%)		5.71%		4.27%		7.97%	
Aggressive Age Based 0-2 yrs (Fd 100)	(13.58%)	76	(9.97%)	90	-	-	-	-	-	-
Target Fund 100 Blended Benchmark	(13.12%)	53	(8.84%)	56	6.79%	35	4.90%	48	9.24%	47
MS 529 Age 0-6 High Equit	(12.87%)		(8.47%)		6.38%		4.81%		9.11%	
Target Fund 90										
Aggressive Age Based 3-5 yrs (Fd 90)	(12.35%)	30	(8.76%)	55	-	-	-	-	-	-
Target Fund 90 Blended Benchmark	(12.15%)	26	(8.09%)	38	6.37%	50	4.64%	52	8.69%	67
MS 529 Age 0-6 High Equit	(12.87%)		(8.47%)		6.38%		4.81%		9.11%	
Moderate Age Based 0-2 yrs (Fd 90)	(12.35%)	85	(8.76%)	86	-	-	-	-	-	-
Target Fund 90 Blended Benchmark	(12.15%)	84	(8.09%)	77	6.37%	16	4.64%	31	8.69%	18
MS 529 Age 0-6 Medium Equ	(10.22%)		(6.87%)		5.43%		4.33%		7.94%	
Target Fund 80										
Target Fund 80 Portfolio	(11.09%)	55	(7.84%)	56	5.64%	52	3.85%	62	7.50%	67
Target Fund 80 Blended Benchmark	(10.36%)	40	(7.04%)	39	5.99%	38	4.31%	49	7.73%	62
MS 529 Static Alloc 70-85	(10.88%)		(7.57%)		5.71%		4.27%		7.97%	
Aggressive Age Based 6-8 yrs (Fd 80)	(11.09%)	84	(7.84%)	89	-	-	-	-	-	-
Target Fund 80 Blended Benchmark	(10.36%)	72	(7.04%)	75	5.99%	18	4.31%	33	7.73%	31
MS 529 Age 7-12 High Equi	(9.52%)		(6.08%)		5.08%		3.86%		7.21%	
Moderate Age Based 3-5 yrs (Fd 80)	(11.09%)	67	(7.84%)	74	-	-	-	-	-	-
Target Fund 80 Blended Benchmark	(10.36%)	54	(7.04%)	54	5.99%	30	4.31%	51	7.73%	57
MS 529 Age 0-6 Medium Equ	(10.22%)		(6.87%)		5.43%		4.33%		7.94%	
Conserv. Age Based 0-2 yrs (Fd 80)	(11.09%)	96	(7.84%)	90	-	-	-	-	-	-
Target Fund 80 Blended Benchmark	(10.36%)	91	(7.04%)	77	5.99%	5	4.31%	23	7.73%	6
MS 529 Age 0-6 Low Equity	(7.97%)		(5.88%)		4.56%		3.66%		5.93%	
Target Fund 70										
Aggressive Age Based 9-10 yrs (Fd 70)	(9.53%)	51	(6.91%)	70	-	-	-	-	-	-
Target Fund 70 Blended Benchmark	(9.13%)	38	(6.09%)	50	5.58%	30	4.25%	35	7.39%	46
MS 529 Age 7-12 High Equi	(9.52%)		(6.08%)		5.08%		3.86%		7.21%	
Moderate Age Based 6-8 yrs (Fd 70)	(9.53%)	88	(6.91%)	89	-	-	-	-	-	-
Target Fund 70 Blended Benchmark	(9.13%)	83	(6.09%)	79	5.58%	12	4.25%	23	7.39%	24
MS 529 Age 7-12 Medium Eq	(7.19%)		(4.86%)		4.52%		3.71%		6.52%	
Conserv. Age Based 3-5 yrs (Fd 70)	(9.53%)	84	(6.91%)	76	-	-	-	-	-	-
Target Fund 70 Blended Benchmark	(9.13%)	69	(6.09%)	55	5.58%	14	4.25%	32	7.39%	10
MS 529 Age 0-6 Low Equity	(7.97%)		(5.88%)		4.56%		3.66%		5.93%	

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 December 31, 2018. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns and Rankings for Periods Ended December 31, 2018

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years					
Target Fund 60										
Target Fund 60 Portfolio	(8.23%)	45	(5.87%)	46	4.77%	51	3.30%	70	6.07%	71
Target Fund 60 Blended Benchmark	(7.63%)	26	(5.14%)	26	5.04%	42	3.71%	56	6.23%	68
MS 529 Static Alloc 50-70	(8.32%)		(6.19%)		4.78%		3.88%		6.85%	
Aggressive Age Based 11-12 yrs (Fd 60)										
Target Fund 60 Blended Benchmark	(8.23%)	25	(5.87%)	40	-	-	-	-	-	-
MS 529 Age 7-12 High Equi	(7.63%)	21	(5.14%)	24	5.04%	51	3.71%	56	6.23%	82
	(9.52%)		(6.08%)		5.08%		3.86%		7.21%	
Moderate Age Based 9-10 yrs (Fd 60)										
Target Fund 60 Blended Benchmark	(8.23%)	69	(5.87%)	73	-	-	-	-	-	-
MS 529 Age 7-12 Medium Eq	(7.63%)	58	(5.14%)	57	5.04%	32	3.71%	50	6.23%	59
	(7.19%)		(4.86%)		4.52%		3.71%		6.52%	
Conserv. Age Based 6-8 yrs (Fd 60)										
Target Fund 60 Blended Benchmark	(8.23%)	97	(5.87%)	100	-	-	-	-	-	-
MS 529 Age 7-12 Low Equit	(7.63%)	92	(5.14%)	90	5.04%	16	3.71%	25	6.23%	6
	(4.82%)		(3.17%)		3.71%		3.30%		3.73%	
Target Fund 50										
Aggressive Age Based 13-14 yrs (Fd 50)										
Target Fund 50 Blended Benchmark	(6.89%)	58	(4.74%)	66	-	-	-	-	-	-
MS 529 Age 13-18 High Equi	(6.44%)	42	(4.02%)	40	4.93%	18	3.78%	27	6.00%	21
	(6.75%)		(4.38%)		4.18%		2.92%		5.00%	
Moderate Age Based 11-12 yrs (Fd 50)										
Target Fund 50 Blended Benchmark	(6.89%)	44	(4.74%)	46	-	-	-	-	-	-
MS 529 Age 7-12 Medium Eq	(6.44%)	35	(4.02%)	30	4.93%	35	3.78%	45	6.00%	65
	(7.19%)		(4.86%)		4.52%		3.71%		6.52%	
Conserv. Age Based 9-10 yrs (Fd 50)										
Target Fund 50 Blended Benchmark	(6.89%)	85	(4.74%)	81	-	-	-	-	-	-
MS 529 Age 7-12 Low Equit	(6.44%)	81	(4.02%)	68	4.93%	17	3.78%	20	6.00%	7
	(4.82%)		(3.17%)		3.71%		3.30%		3.73%	
Target Fund 40										
Target Fund 40 Portfolio										
Target Fund 40 Blended Benchmark	(5.46%)	46	(3.65%)	35	4.11%	42	2.94%	52	4.77%	61
MS 529 Static Alloc 30-50	(4.78%)	28	(2.99%)	21	4.14%	41	3.21%	44	4.80%	59
	(5.72%)		(4.12%)		3.88%		3.02%		4.99%	
Aggressive Age Based 15-16 yrs (Fd 40)										
Target Fund 40 Blended Benchmark	(5.46%)	24	(3.65%)	26	-	-	-	-	-	-
MS 529 Age 13-18 High Equi	(4.78%)	14	(2.99%)	17	4.14%	51	3.21%	41	4.80%	54
	(6.75%)		(4.38%)		4.18%		2.92%		5.00%	
Moderate Age Based 13-14 yrs (Fd 40)										
Target Fund 40 Blended Benchmark	(5.46%)	78	(3.65%)	78	-	-	-	-	-	-
MS 529 Age 13-18 Medium E	(4.78%)	67	(2.99%)	59	4.14%	23	3.21%	31	4.80%	49
	(4.07%)		(2.76%)		3.44%		2.87%		4.77%	
Conserv. Age Based 11-12 yrs (Fd 40)										
Target Fund 40 Blended Benchmark	(5.46%)	66	(3.65%)	59	-	-	-	-	-	-
MS 529 Age 7-12 Low Equit	(4.78%)	49	(2.99%)	42	4.14%	31	3.21%	51	4.80%	32
	(4.82%)		(3.17%)		3.71%		3.30%		3.73%	
Target Fund 30										
Aggressive Age Based 17-18 yrs (Fd 30)										
Target Fund 30 Blended Benchmark	(4.17%)	8	(2.67%)	9	-	-	-	-	-	-
MS 529 Age 13-18 High Equi	(3.65%)	3	(2.01%)	2	3.66%	67	2.80%	57	4.06%	83
	(6.75%)		(4.38%)		4.18%		2.92%		5.00%	
Moderate Age Based 15-16 yrs (Fd 30)										
Target Fund 30 Blended Benchmark	(4.17%)	54	(2.67%)	48	-	-	-	-	-	-
MS 529 Age 13-18 Medium E	(3.65%)	39	(2.01%)	28	3.66%	40	2.80%	53	4.06%	67
	(4.07%)		(2.76%)		3.44%		2.87%		4.77%	
Conserv. Age Based 13-14 yrs (Fd 30)										
Target Fund 30 Blended Benchmark	(4.17%)	94	(2.67%)	89	-	-	-	-	-	-
MS 529 Age 13-18 Low Equi	(3.65%)	88	(2.01%)	77	3.66%	8	2.80%	20	4.06%	6
	(1.94%)		(1.07%)		2.71%		2.08%		2.88%	

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 December 31, 2018. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns and Rankings for Periods Ended December 31, 2018

	Last Quarter		Last Year		Last 3 Years		Last 5 Years		Last 7 Years	
Target Fund 20										
Target Fund 20 Portfolio	(2.74%)	5	(1.38%)	3	3.00%	81	2.26%	80	3.21%	91
Target Fund 20 Blended Benchmark	(2.23%)	2	(0.80%)	2	3.01%	81	2.39%	75	3.15%	91
MS 529 Static Alloc 30-50	(5.72%)		(4.12%)		3.88%		3.02%		4.99%	
Aggressive Age Based 19+ yrs (Fd 20)										
Target Fund 20 Blended Benchmark	(2.23%)	12	(0.80%)	10	3.01%	28	2.39%	28	3.15%	33
MS 529 Age 19+ High Equit	(2.74%)		(1.41%)		2.68%		2.13%		2.99%	
Moderate Age Based 17-18 yrs (Fd 20)										
Target Fund 20 Blended Benchmark	(2.23%)	13	(0.80%)	6	3.01%	69	2.39%	70	3.15%	88
MS 529 Age 13-18 Medium E	(4.07%)		(2.76%)		3.44%		2.87%		4.77%	
Conserv. Age Based 15-16 yrs (Fd 20)										
Target Fund 20 Blended Benchmark	(2.23%)	56	(0.80%)	41	3.01%	29	2.39%	33	3.15%	38
MS 529 Age 13-18 Low Equi	(1.94%)		(1.07%)		2.71%		2.08%		2.88%	
Target Fund 10										
Moderate Age Based 19+ yrs (Fd 10)										
Target Fund 10 Blended Benchmark	(0.85%)	34	0.19%	18	2.32%	46	1.83%	43	2.13%	50
MS 529 Age 19+ Medium Equ	(1.27%)		(0.73%)		2.20%		1.63%		2.18%	
Conserv. Age Based 17-18 yrs (Fd 10)										
Target Fund 10 Blended Benchmark	(0.85%)	26	0.19%	18	2.32%	69	1.83%	63	2.13%	83
MS 529 Age 13-18 Low Equi	(1.94%)		(1.07%)		2.71%		2.08%		2.88%	
Target Fund Fixed Income										
Target Fund Fixed Income Portfolio	0.19%	58	0.74%	40	0.91%	80	0.58%	71	0.61%	79
Target Fund F.I. Blended Benchmark	0.56%	40	1.57%	11	1.14%	66	0.77%	62	0.68%	78
MS 529 Static Short-Term	0.37%		0.41%		1.58%		1.08%		1.42%	
Conserv. Age Based 19+ yrs (F.I.)										
Target Fund F.I. Blended Benchmark	0.56%	44	1.57%	11	1.14%	54	0.77%	53	0.68%	49
MS 529 Age 19+ Low Equity	0.46%		0.68%		1.23%		0.91%		0.67%	

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 December 31, 2018. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns and Rankings for Periods Ended December 31, 2018

	Last Quarter		Last Year		Last 3 Years		Last 5 Years		Last 7 Years	
Individual Funds Portfolios										
Money Market Funds										
State Street US Govt MM (net all)*	0.44%	70	1.45%	74	-	-	-	-	-	-
State Street US Govt MM (net mgr)	0.54%	19	1.74%	31	0.92%	35	0.55%	36	0.40%	35
3 Month Treasury Bill	0.56%	9	1.87%	17	1.02%	29	0.63%	28	0.47%	24
Callan Money Market Funds	0.49%		1.61%		0.82%		0.49%		0.35%	
Fixed Income Funds										
PIMCO Short-Term (net all)*	(0.45%)	99	1.09%	71	1.78%	27	1.36%	39	1.47%	50
PIMCO Short-Term (net mgr)	(0.35%)	96	1.51%	25	2.17%	8	1.76%	9	1.87%	28
3 Month T-Bills	0.57%	56	1.86%	14	0.99%	89	0.60%	95	0.45%	95
Blmbg Aggregate 1-3 Index	1.18%	7	1.60%	21	1.26%	69	1.05%	70	1.03%	74
Callan Short Term FI MFs	0.65%		1.28%		1.56%		1.30%		1.45%	
Amer Cent Short Dur Infl Prot (net all)*	(0.60%)	37	(0.00%)	11	1.15%	96	0.16%	93	-	-
Amer Cent Short Dur Infl Prot (net mgr)	(0.49%)	31	0.37%	4	1.57%	77	0.57%	87	0.60%	60
Blmbg US TIPS 0-5 Index	(0.22%)	14	0.59%	2	1.42%	87	0.62%	86	0.55%	64
Callan TIPS MFs	(0.83%)		(1.53%)		1.96%		1.26%		0.71%	
BlackRock Infl Protected Bond (net all)	(0.87%)	53	(2.30%)	88	1.31%	93	0.71%	84	0.15%	96
BlackRock Infl Protected Bond (net mgr)	(0.75%)	45	(1.86%)	60	1.75%	68	1.14%	58	0.56%	62
Blmbg US TIPS Index	(0.42%)	25	(1.26%)	38	2.11%	42	1.69%	20	0.88%	29
Callan TIPS MFs	(0.83%)		(1.53%)		1.96%		1.26%		0.71%	
Fidelity Investment Grade Bond (net all)	1.11%	59	(0.82%)	91	2.48%	28	2.14%	89	-	-
Fidelity Investment Grade Bond (net mgr)	1.19%	54	(0.42%)	60	2.88%	11	2.53%	35	2.41%	39
Blmbg Aggregate Index	1.64%	17	0.01%	28	2.06%	68	2.52%	36	2.10%	80
Callan Core Bond MFs	1.21%		(0.35%)		2.21%		2.41%		2.35%	
Northern Funds Bond Index (net all)*	1.38%	40	(0.68%)	90	1.40%	99	1.95%	92	1.54%	97
Northern Funds Bond Index (net mgr)	1.64%	16	(0.16%)	31	1.87%	88	2.39%	52	1.94%	90
Blmbg Aggregate Index	1.64%	17	0.01%	28	2.06%	68	2.52%	36	2.10%	80
Callan Core Bond MFs	1.21%		(0.35%)		2.21%		2.41%		2.35%	
MainStay Total Return Bond (net all)*	0.58%	60	(1.68%)	89	2.28%	75	-	-	-	-
MainStay Total Return Bond (net mgr)	0.68%	55	(1.23%)	79	2.70%	45	2.26%	80	2.62%	76
Blmbg Aggregate Index	1.64%	8	0.01%	12	2.06%	81	2.52%	64	2.10%	96
Callan Core Plus MFs	0.77%		(0.68%)		2.63%		2.76%		2.93%	
Touchstone High Yield (net all)*	(4.32%)	32	(3.24%)	70	4.78%	87	2.08%	94	-	-
Touchstone High Yield (net mgr)	(4.25%)	31	(2.81%)	39	5.20%	78	2.51%	86	-	-
High Yield II Index	(4.67%)	46	(2.26%)	23	7.27%	9	3.82%	15	5.94%	20
Callan High Yield MFs	(4.86%)		(2.93%)		5.69%		3.09%		5.28%	
Templeton International Bond (net all)*	1.97%	20	1.65%	23	3.45%	44	0.21%	72	-	-
Templeton International Bond (net mgr)	2.13%	16	2.07%	17	3.91%	27	0.65%	58	2.28%	40
FTSE WGBI Non-US Index	1.31%	33	(1.82%)	49	3.32%	56	0.28%	70	(0.26%)	79
Intl Income MFs	0.90%		(2.12%)		3.35%		0.87%		1.94%	
Balanced Funds										
T. Rowe Price Balanced (net all)	(8.16%)	36	(5.21%)	57	5.61%	44	4.50%	58	7.69%	52
T. Rowe Price Balanced (net mgr)	(8.06%)	33	(4.92%)	53	5.92%	33	4.85%	51	8.08%	48
Balanced Fund Blended Benchmark	(8.09%)	34	(3.81%)	41	6.05%	32	5.49%	33	8.18%	47
Callan Dom Balanced MFs	(8.79%)		(4.62%)		5.12%		4.89%		7.87%	
Domestic Equity Funds										
T. Rowe Large Cap Growth (net all)*	(12.96%)	14	3.90%	6	13.49%	2	11.66%	6	16.55%	3
T. Rowe Large Cap Growth (net mgr)	(12.85%)	14	4.32%	5	13.93%	2	12.09%	2	17.02%	2
Russell 1000 Growth Index	(15.89%)	47	(1.51%)	67	11.15%	21	10.40%	18	14.14%	34
Callan Large Cap Grwth MF	(15.99%)		(0.86%)		9.78%		9.44%		13.61%	
American Century Equity Growth (net all)	(15.03%)	65	(6.48%)	55	7.66%	59	6.12%	74	10.95%	72
American Century Equity Growth (net mgr)	(14.94%)	60	(6.11%)	50	8.11%	42	6.61%	62	11.47%	61
S&P 500	(13.52%)	38	(4.38%)	27	9.26%	10	8.49%	14	12.70%	15
Callan Large Cap Core MFs	(14.10%)		(6.11%)		7.94%		7.00%		11.80%	
Northern Stock Index (net all)*	(13.64%)	39	(4.89%)	33	8.70%	27	7.94%	22	12.14%	36
Northern Stock Index (net mgr)	(13.54%)	38	(4.50%)	28	9.15%	11	8.38%	16	12.58%	18
S&P 500	(13.52%)	38	(4.38%)	27	9.26%	10	8.49%	14	12.70%	15
Callan Large Cap Core MFs	(14.10%)		(6.11%)		7.94%		7.00%		11.80%	

(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 December 31, 2018. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns and Rankings for Periods Ended December 31, 2018

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
DFA US Large Cap Value (net all)*	(14.81%)	78	-	-	-
DFA US Large Cap Value (net mgr)	(14.72%)	77	(11.65%)	7.71%	5.83%
Russell 1000 Value Index	(11.72%)	16	(8.27%)	6.95%	5.95%
Callan Lg Cap Value MF	(13.57%)		(8.46%)	7.06%	5.82%
Northern Mid Cap Index (net all)*	(17.38%)	68	(11.58%)	7.07%	5.42%
Northern Mid Cap Index (net mgr)	(17.28%)	67	(11.20%)	7.50%	5.86%
S&P Mid Cap 400 Index	(17.28%)	66	(11.08%)	7.66%	6.03%
Callan Mid Cap MFs	(16.54%)		(8.04%)	5.88%	5.15%
T Rowe Price QM Sm Cap Growth (net all)*	(19.40%)	37	(7.17%)	-	-
T Rowe Price QM Sm Cap Growth (net mgr)	(19.30%)	33	(6.72%)	-	-
Russell 2000 Growth Index	(21.65%)	77	(9.31%)	7.24%	5.13%
Callan Small Cap MFs	(20.06%)		(10.24%)	7.16%	4.40%
Northern Small Cap Index (net all)	(20.33%)	56	(11.53%)	6.83%	3.86%
Northern Small Cap Index (net mgr)	(20.22%)	55	(11.14%)	7.25%	4.27%
Russell 2000 Index	(20.20%)	55	(11.01%)	7.36%	4.41%
Callan Small Cap MFs	(20.06%)		(10.24%)	7.16%	4.40%
William Blair Small Cap Value (net all)	(19.56%)	63	(16.16%)	4.30%	2.18%
William Blair Small Cap Value (net mgr)	(19.43%)	60	(15.74%)	4.75%	2.62%
Russell 2000 Value Index	(18.67%)	40	(12.86%)	7.37%	3.61%
Callan Sm Cap Value MF	(19.12%)		(13.96%)	5.67%	3.39%
International Equity					
Northern Int'l Equity Index (net all)*	(12.72%)	41	(14.10%)	2.56%	(0.01%)
Northern Int'l Equity Index (net mgr)	(12.60%)	35	(13.75%)	2.99%	0.39%
MSCI EAFE Index	(12.54%)	33	(13.79%)	2.87%	0.53%
Callan Non US Equity MFs	(13.47%)		(15.04%)	2.23%	0.23%
Neuberger Berman Int'l Lrg Cp (net all)*	(13.80%)	54	(15.13%)	2.05%	0.52%
Neuberger Berman Int'l Lrg Cp (net mgr)	(13.73%)	53	(14.79%)	2.46%	0.94%
MSCI EAFE Index	(12.54%)	33	(13.79%)	2.87%	0.53%
Callan Non US Equity MFs	(13.47%)		(15.04%)	2.23%	0.23%
DFA Int'l Small Company (net all)*	(16.65%)	50	(19.82%)	3.08%	1.49%
DFA Int'l Small Company (net mgr)	(16.54%)	45	(19.42%)	3.55%	1.96%
MSCI World Small Cap ex US	(16.16%)	40	(18.07%)	3.85%	2.25%
Callan Intl Small Cap MFs	(16.66%)		(19.38%)	2.74%	1.48%
Lazard Emerging Markets (net all)*	(5.60%)	14	(18.36%)	7.69%	(1.08%)
Lazard Emerging Markets (net mgr)	(5.55%)	14	(18.09%)	8.11%	(0.67%)
MSCI Emerging Markets	(7.46%)	46	(14.57%)	9.25%	1.65%
Callan Emerging Equity MF	(7.76%)		(16.91%)	8.23%	1.28%
Real Estate					
Voya Global Real Estate (net all)*	(6.17%)	60	(8.97%)	(0.03%)	2.10%
Voya Global Real Estate (net mgr)	(6.18%)	62	(8.72%)	0.40%	2.55%
FTSE EPRA/NAREIT Dev REIT	(5.69%)	38	(5.63%)	2.72%	4.34%
Callan Gbl Real Estate MF	(5.87%)		(5.95%)	3.16%	4.22%
T. Rowe Price Real Estate (net all)	(8.85%)	86	(9.25%)	(0.07%)	6.10%
T. Rowe Price Real Estate (net mgr)	(8.81%)	86	(8.99%)	0.25%	6.50%
Morgan Stanley REIT Index	(6.71%)	48	(4.57%)	2.88%	7.80%
Callan Real Estate MFs	(6.80%)		(6.03%)	2.13%	7.32%
Commodities					
Credit Suisse Commodities (net all)*	(9.40%)	33	(12.01%)	(0.01%)	(9.20%)
Credit Suisse Commodities (net mgr)	(9.38%)	32	(11.65%)	0.35%	(8.82%)
Bloomberg Commodity Total Return	(9.41%)	34	(11.25%)	0.30%	(8.80%)
Callan Cmtdies Genl MF	(10.68%)		(11.83%)	0.72%	(8.07%)

(net all) indicates performance is net of all fees, including 529 program management fees (32 bps) and state administration fees (10 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 Advisor 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
Money Market Funds									
State Street US Govt MM Callan Money Market Funds	0.5 19	1.7 31	0.9 35	0.6 36	0.4 35			-3.0 97	-0.2 35
3 Month Treasury Bill	0.6 9	1.9 17	1.0 29	0.6 28	0.5 24				0.0 24
Fixed Income Funds									
PIMCO Short-Term Callan Defensive FI MFs	-0.3 96	1.5 25	2.2 8	1.8 9	1.9 28			1.3 19	1.4 19
3 Month T-Bills	0.6 56	1.9 14	1.0 89	0.6 95	0.4 95				-0.1 96
Amer Cent Short Dur Infl Prot Bond Callan TIPS MFs	-0.5 31	0.4 4	1.6 77	0.6 87	0.6 60			0.1 34	0.1 48
Blmbg US TIPS 0-5 Index	-0.2 14	0.6 2	1.4 87	0.6 86	0.6 64				0.0 54
BlackRock Infl Protected Bond Callan TIPS MFs	-0.7 45	-1.9 60	1.7 68	1.1 58	0.6 62			-0.5 73	0.0 62
Blmbg US TIPS Index	-0.4 25	-1.3 38	2.1 42	1.7 20	0.9 29				0.1 19
Fidelity Investment Grade Bond Callan Core Bond MFs	1.2 54	-0.4 60	2.9 11	2.5 35	2.4 39			0.3 52	0.6 59
Blmbg Aggregate Index	1.6 17	0.0 28	2.1 68	2.5 36	2.1 80				0.6 82
Northern Funds Bond Index (i) Callan Core Bond MFs	1.6 16	-0.2 31	1.9 88	2.4 52	1.9 90			-1.6 99	0.5 89
Blmbg Aggregate Index	1.6 17	0.0 28	2.1 68	2.5 36	2.1 80				0.6 82
MainStay Total Return Bond Callan Core Plus MFs	0.7 55	-1.2 79	2.7 45	2.3 80	2.6 76			0.4 77	0.7 85
Blmbg Aggregate Index	1.6 8	0.0 12	2.1 81	2.5 64	2.1 96				0.6 91
Touchstone High Yield Callan High Yield MFs	-4.2 31	-2.8 39	5.2 78	2.5 86					
High Yield II Index	-4.7 46	-2.3 23	7.3 9	3.8 15	5.9 20				1.0 37
Templeton International Bond Intl Income MFs	2.1 16	2.1 17	3.9 27	0.7 58	2.3 40			0.3 71	0.3 41
FTSE WGBI Non-US Index	1.3 33	-1.8 49	3.3 56	0.3 70	-0.3 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
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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
Balanced Funds									
T. Rowe Price Balanced Callan Dom Balanced MFs	-8.1 33	-4.9 53	5.9 33	4.9 51	8.1 48	Green	Green	-0.1 72	1.0 63
Balanced Fund Blended Benchmark	-8.1 34	-3.8 41	6.0 32	5.5 33	8.2 47	Green	Green		1.2 39
Domestic Equity Funds									
T. Rowe Large Cap Growth Callan Large Cap Grwth MF	-12.8 14	4.3 5	13.9 2	12.1 2	17.0 2	Green	Green	0.6 4	1.2 9
Russell 1000 Growth Index	-15.9 47	-1.5 67	11.1 21	10.4 18	14.1 34	Green	Green		1.2 15
American Century Equity Growth Callan Large Cap Core MFs	-14.9 60	-6.1 50	8.1 42	6.6 62	11.5 61	Red	Green	-0.6 67	1.0 57
S&P 500	-13.5 38	-4.4 27	9.3 10	8.5 14	12.7 15	Green	Green		1.2 9
Northern Stock Index (i) Callan Large Cap Core MFs	-13.5 38	-4.5 28	9.1 11	8.4 16	12.6 18	Green	Green	-4.0 100	1.2 11
S&P 500	-13.5 38	-4.4 27	9.3 10	8.5 14	12.7 15	Green	Green		1.2 9
DFA US Large Cap Value Callan Lg Cap Value MF	-14.7 77	-11.7 81	7.7 33	5.8 50	12.4 8	Green	Green	0.5 6	1.0 37
Russell 1000 Value Index	-11.7 16	-8.3 48	7.0 55	5.9 47	11.0 40	Green	Green		1.0 29
Northern Funds Mid Cap Index (i) Callan Mid Cap MFs	-17.3 67	-11.2 62	7.5 31	5.9 34	11.1 31	Green	Green	-2.5 100	0.9 29
S&P Mid Cap 400 Index	-17.3 66	-11.1 62	7.7 28	6.0 30	11.2 25	Green	Green		0.9 25
T Rowe Price QM Small Cap Growth Callan Small Cap MFs	-19.3 33	-6.7 44				Green	Green		
Russell 2000 Growth Index	-21.7 77	-9.3 49	7.2 48	5.1 35	11.3 31	Green	Green		0.7 42
Northern Small Cap Index (i) Callan Small Cap MFs	-20.2 55	-11.1 53	7.3 48	4.3 54	10.3 55	Green	Green	-1.6 99	0.7 43
Russell 2000 Index	-20.2 55	-11.0 53	7.4 47	4.4 50	10.4 52	Green	Green		0.7 43
William Blair Small Cap Value Callan Sm Cap Value MF	-19.4 60	-15.7 67	4.7 71	2.6 66	8.6 70	Green	Green	-0.3 77	0.6 62
Russell 2000 Value Index	-18.7 40	-12.9 34	7.4 28	3.6 45	9.6 46	Green	Green		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
December 31, 2018

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
International Equity Funds									
Northern Int'l Equity Index Callan Non US Equity MFs	-12.6 35	-13.7 24	3.0 39	0.4 44	5.7 47			-0.1 54	0.4 43
MSCI EAFE Index	-12.5 33	-13.8 25	2.9 40	0.5 41	5.8 44				0.4 42
Neuberger Berman Int'l Lrg Cp Callan Non US Equity MFs	-13.7 53	-14.8 43	2.5 46	0.9 37	5.2 64			-0.2 69	0.4 55
MSCI EAFE Index	-12.5 33	-13.8 25	2.9 40	0.5 41	5.8 44				0.4 42
DFA Int'l Small Company Callan Intl Small Cap MFs	-16.5 45	-19.4 51	3.6 37	2.0 38	7.6 54			0.1 38	0.5 49
MSCI World Small Cap ex US	-16.2 40	-18.1 38	3.8 30	2.3 33	7.4 58				0.5 51
Lazard Emerging Markets Callan Emerging Equity MF	-5.6 14	-18.1 62	8.1 59	-0.7 93	2.3 77			-0.2 67	0.1 81
MSCI Emerging Markets	-7.5 46	-14.6 23	9.3 26	1.6 43	3.2 52				0.2 51
Real Estate Funds									
Voya Global Real Estate Callan Gbl Real Estate MF	-6.2 62	-8.7 85	0.4 95	2.5 82	5.8 93			-0.9 99	0.6 91
FTSE EPRA/NAREIT Dev REIT	-5.7 38	-5.6 47	2.7 65	4.3 49	7.3 57				0.7 65
T Rowe Price Real Estate Callan Real Estate MFs	-8.8 86	-9.0 88	0.3 94	6.5 72	7.5 72			-0.3 66	0.6 76
Morgan Stanley REIT Index	-6.7 48	-4.6 35	2.9 31	7.8 34	8.4 28				0.7 48
Commodity Funds									
Credit Suisse Commodities Callan Cmties Genl MF	-9.4 32	-11.7 47	0.3 58	-8.8 63	-8.0 64			-0.3 80	-0.6 77
Bloomberg Commodity Total Return	-9.4 34	-11.2 31	0.3 64	-8.8 62	-7.8 59				-0.6 69
Underlying Funds									
Northern Small Cap Value Callan Sm Cap Value MF	-17.8 28	-13.7 46	5.5 52	3.7 43	9.3 58			-0.1 64	0.7 42
Russell 2000 Value Index	-18.7 40	-12.9 34	7.4 28	3.6 45	9.6 46				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	\$5,529,375
American Century Short Duration Inflation Protection Bond	Inflation-Protected Bond	APISX	3	\$70,281,530
BlackRock Inflation-Protected Bond	Inflation-Protected Bond	BPRIX	3	\$2,049,050
Credit Suisse Commodity Return Strategy	Commodities Broad Basket	CRSOX	4	\$13,727,288
DFA International Small Company	Foreign Small/Mid Blend	DFISX	3	\$12,267,493
DFA U.S. Large Cap Value	Large Value	DFLVX	4	\$87,056,365
Fidelity Advisor Investment Grade Bond	Intermediate-Term Bond	FGBPX	4	\$2,065,338
Lazard Emerging Markets	Diversified Emerging Markets	LZEMX	3	\$23,700,502
MainStay Total Return Bond	Intermediate-Term Bond	MTMIX	3	\$92,764,016
Neuberger Berman Int'l Large Cap	Foreign Large Blend	NILIX	3	\$68,029,819
Northern Funds Bond Index	Intermediate-Term Bond	NOBOX	3	\$92,331,042
Northern International Equity Index	Foreign Large Blend	NOINX	3	\$52,427,771
Northern Mid-Cap Index	Mid-Cap Blend	NOMIX	4	\$60,169,056
Northern Small Cap Index	Small Blend	NSIDX	3	\$5,807,924
Northern Small Cap Value (underlying fund)	Small Value	NOSGX	3	\$11,079,365
Northern Stock Index	Large Blend	NOSIX	4	\$101,017,104
PIMCO Short-Term	Ultrashort Bond	PTSHX	5	\$138,869,910
State Street US Govt. Money Market	Money Market	GVMXX	-	\$50,113,361
T. Rowe Price Balanced	Moderate Allocation	RPBAX	4	\$50,465,218
T. Rowe Price Large Cap Growth	Large Growth	TRLGX	5	\$91,886,067
T. Rowe Price Real Estate Fund	Real Estate	TRREX	3	\$2,937,205
T. Rowe Price QM Small Cap Growth	Small Cap Growth	TQAIX	4	\$16,410,072
Templeton International Bond	World Bond	FIBZX	3	\$41,032,614
Touchstone High Yield	High Yield Bond	THIYX	3	\$41,197,363
Voya Global Real Estate	Global Real Estate	IGLIX	2	\$19,351,271
William Blair Small Cap Value	Small Blend	BVDIX	2	\$9,612,354

*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	\$5,529,375
American Century Short Duration Inflation Protection Bond	Positive	Positive	\$70,281,530
BlackRock Inflation-Protected Bond	Watch	Watch	\$2,049,050
Credit Suisse Commodity Return Strategy	Positive	Positive	\$13,727,288
DFA International Small Company	Positive	Positive	\$12,267,493
DFA U.S. Large Cap Value	Positive	Positive	\$87,056,365
Fidelity Advisor Investment Grade Bond	Positive	Positive	\$2,065,338
Lazard Emerging Markets	Watch	To be Terminated	\$23,700,502
MainStay Total Return Bond	Positive	Positive	\$92,764,016
Neuberger Berman Int'l Large Cap	Positive	Positive	\$68,029,819
Northern Funds Bond Index	Positive	Positive	\$92,331,042
Northern International Equity Index	Positive	Positive	\$52,427,771
Northern Mid-Cap Index	Positive	Positive	\$60,169,056
Northern Small Cap Index	Positive	Positive	\$5,807,924
Northern Small Cap Value (underlying fund)	Positive	Positive	\$11,079,365
Northern Stock Index	Positive	Positive	\$101,017,104
PIMCO Short-Term	Positive	Positive	\$138,869,910
State Street US Govt. Money Market	Positive	Positive	\$50,113,361
T. Rowe Price Balanced	Positive	Positive	\$50,465,218
T. Rowe Price Large Cap Growth	Positive	Positive	\$91,886,067
T. Rowe Price Real Estate Fund	Positive	Positive	\$2,937,205
T. Rowe QM Small Cap Growth	Positive	Positive	\$16,410,072
Templeton International Bond	Positive	Positive	\$41,032,614
Touchstone High Yield	Watch	Watch	\$41,197,363
Voya Global Real Estate	Watch	To be Terminated	\$19,351,271
William Blair Small Cap Value	Watch	Watch	\$9,612,354

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

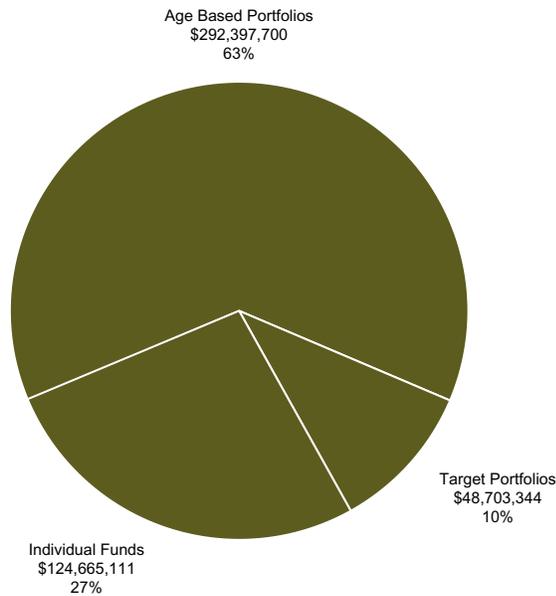
- Funds identified as “Currently on Watch” are those whose Watch status has been approved by the CollegeCounts Board.
- Watch list status based on Watch List guidelines defined in the Investment Policy Statement.

Direct Plan Performance

Changes in Investment Fund Balances Period Ended December 31, 2018

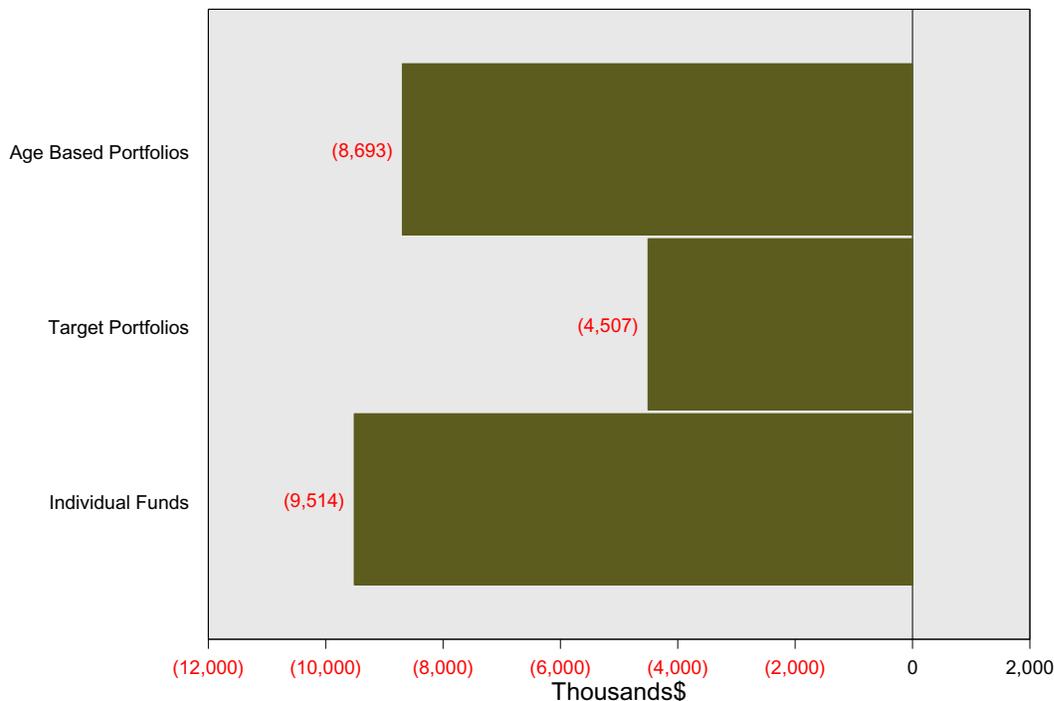
Allocation Across Investment Options

The chart below illustrates the allocation of the aggregate fund assets across the various investment options for the quarter ended December 31, 2018.



Changes in Fund Values

The chart below shows the net change in fund values across the various investment options for the quarter ended December 31, 2018. 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 December 31, 2018 with that of September 30, 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

	December 31, 2018			September 30, 2018		
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Age Based Portfolios	\$292,397,700	62.78%	\$10,733,038	\$(19,425,783)	\$301,090,446	61.64%
Aggressive	\$160,257,979	34.41%	\$5,023,524	\$(12,663,469)	\$167,897,924	34.37%
0-2 years (Fund 100)	7,122,225	1.53%	384,993	(999,630)	7,736,862	1.58%
3-5 years (Fund 90)	19,353,744	4.16%	1,004,741	(2,407,176)	20,756,180	4.25%
6-8 years (Fund 80)	26,400,332	5.67%	408,457	(2,990,143)	28,982,018	5.93%
9-10 years (Fund 70)	20,387,196	4.38%	1,036,602	(1,863,272)	21,213,866	4.34%
11-12 years (Fund 60)	20,031,583	4.30%	(384,845)	(1,578,680)	21,995,108	4.50%
13-14 years (Fund 50)	19,343,196	4.15%	432,378	(1,215,032)	20,125,850	4.12%
15-16 years (Fund 40)	20,694,603	4.44%	1,085,470	(949,144)	20,558,278	4.21%
17-18 years (Fund 30)	14,715,219	3.16%	(541,399)	(485,813)	15,742,431	3.22%
19+ years (Fund 20)	12,209,881	2.62%	1,597,128	(174,578)	10,787,331	2.21%
Moderate	\$117,252,899	25.17%	\$5,135,685	\$(6,410,590)	\$118,527,804	24.26%
0-2 years (Fund 90)	4,086,683	0.88%	445,470	(478,359)	4,119,572	0.84%
3-5 years (Fund 80)	10,825,690	2.32%	151,165	(1,207,383)	11,881,909	2.43%
6-8 years (Fund 70)	17,147,147	3.68%	1,226,146	(1,542,168)	17,463,169	3.58%
9-10 years (Fund 60)	11,682,583	2.51%	(153,562)	(905,111)	12,741,256	2.61%
11-12 years (Fund 50)	13,837,840	2.97%	879,221	(856,502)	13,815,121	2.83%
13-14 years (Fund 40)	15,024,188	3.23%	1,256,238	(641,518)	14,409,468	2.95%
15-16 years (Fund 30)	15,748,368	3.38%	1,236,877	(459,441)	14,970,932	3.06%
17-18 years (Fund 20)	15,204,961	3.26%	(596,152)	(259,408)	16,060,521	3.29%
19+ years (Fund 10)	13,695,437	2.94%	690,281	(60,700)	13,065,856	2.67%
Conservative	\$14,886,823	3.20%	\$573,829	\$(351,724)	\$14,664,718	3.00%
0-2 years (Fund 80)	183,979	0.04%	43,292	(17,213)	157,900	0.03%
3-5 years (Fund 70)	635,667	0.14%	28,075	(57,609)	665,201	0.14%
6-8 years (Fund 60)	864,222	0.19%	(29,823)	(64,054)	958,099	0.20%
9-10 years (Fund 50)	1,173,775	0.25%	131,906	(70,369)	1,112,238	0.23%
11-12 years (Fund 40)	1,653,493	0.36%	201,031	(70,606)	1,523,068	0.31%
13-14 years (Fund 30)	1,081,983	0.23%	(594,796)	(49,328)	1,726,107	0.35%
15-16 years (Fund 20)	2,965,081	0.64%	582,570	(38,795)	2,421,306	0.50%
17-18 years (Fund 10)	2,929,626	0.63%	485,873	(9,606)	2,453,359	0.50%
19+ years (F.I.)	3,398,997	0.73%	(274,299)	25,856	3,647,440	0.75%
Target Portfolios	\$48,703,344	10.46%	\$961,859	\$(5,468,534)	\$53,210,019	10.89%
Target Fund 100 Portfolio	24,258,704	5.21%	597,239	(3,475,926)	27,137,391	5.56%
Target Fund 80 Portfolio	11,535,807	2.48%	118,311	(1,293,325)	12,710,821	2.60%
Target Fund 60 Portfolio	6,898,693	1.48%	269,000	(529,675)	7,159,368	1.47%
Target Fund 40 Portfolio	2,969,916	0.64%	(262,522)	(150,325)	3,382,763	0.69%
Target Fund 20 Portfolio	1,763,344	0.38%	103,635	(27,869)	1,687,578	0.35%
Target Fund Fixed Income Portfolio	1,276,880	0.27%	136,196	8,586	1,132,098	0.23%

Market values provided by Union Bank & Trust.

Investment Fund Balances

The table below compares the fund's investment fund balances as of December 31, 2018 with that of September 30, 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	December 31, 2018		Net New Inv.	Inv. Return	September 30, 2018	
	Market Value	Weight			Market Value	Weight
Individual Funds	\$124,665,111	26.77%	\$5,831,316	\$(15,345,291)	\$134,179,087	27.47%
Money Market	\$12,041,986	2.59%	\$2,069,874	\$1,260	\$9,970,852	2.04%
Vanguard Prime Money Market	12,041,986	2.59%	2,069,874	1,260	9,970,852	2.04%
Fixed Income	\$16,309,114	3.50%	\$545,952	\$171,551	\$15,591,610	3.19%
PIMCO Short-Term	2,233,517	0.48%	279,051	(7,594)	1,962,059	0.40%
Vanguard Short Infl Protected	470,875	0.10%	10,204	(1,345)	462,016	0.09%
Vanguard Short Term Bond	1,565,066	0.34%	88,591	20,867	1,455,608	0.30%
Vanguard Infl Prot Securities	1,228,843	0.26%	44,504	(6,487)	1,190,826	0.24%
Fidelity Investment Grade Bond	310,668	0.07%	17,985	3,452	289,230	0.06%
Vanguard Total Bond Index	10,262,159	2.20%	126,937	161,178	9,974,044	2.04%
MainStay Total Return Bond	237,988	0.05%	(21,320)	1,480	257,828	0.05%
Balanced	\$5,161,988	1.11%	\$262,052	\$(442,675)	\$5,342,611	1.09%
T. Rowe Price Balanced	5,161,988	1.11%	262,052	(442,675)	5,342,611	1.09%
Domestic Equity	\$78,465,026	16.85%	\$3,706,185	\$(13,580,401)	\$88,339,241	18.08%
T. Rowe Large Cap Growth	6,295,068	1.35%	455,014	(919,129)	6,759,183	1.38%
Vanguard Growth Index	10,010,183	2.15%	523,362	(1,923,760)	11,410,581	2.34%
Vanguard Total Stock Index	13,140,034	2.82%	829,383	(2,111,708)	14,422,360	2.95%
Vanguard 500 Index	21,600,647	4.64%	793,169	(3,313,242)	24,120,719	4.94%
DFA US Large Cap Value	980,650	0.21%	37,054	(135,914)	1,079,511	0.22%
Vanguard Value Index	4,534,991	0.97%	115,726	(553,358)	4,972,623	1.02%
Vanguard Extended Market Index	1,579,618	0.34%	41,547	(345,286)	1,883,358	0.39%
Vanguard Mid Cap Index	6,939,904	1.49%	118,100	(1,257,869)	8,079,672	1.65%
Vanguard Explorer	1,453,491	0.31%	231,425	(327,180)	1,549,246	0.32%
Vanguard Small Cap Growth Index	5,206,516	1.12%	346,583	(1,204,764)	6,064,698	1.24%
Vanguard Small Cap Index	3,077,680	0.66%	219,023	(661,898)	3,520,556	0.72%
DFA US Small Cap Value	617,504	0.13%	64,351	(176,459)	729,613	0.15%
Vanguard Small Cap Value Index	3,028,739	0.65%	(68,551)	(649,833)	3,747,123	0.77%
International Equity	\$9,408,265	2.02%	\$(792,737)	\$(1,266,711)	\$11,467,712	2.35%
Dodge & Cox Int'l Stock	1,494,497	0.32%	62,256	(204,279)	1,636,520	0.34%
Vanguard Int'l Stock Index	7,913,767	1.70%	(854,993)	(1,062,432)	9,831,192	2.01%
Real Estate	\$3,278,733	0.70%	\$39,989	\$(228,316)	\$3,467,060	0.71%
Vanguard REIT Index	3,278,733	0.70%	39,989	(228,316)	3,467,060	0.71%
Total Direct Plan	\$465,766,156	100.0%	\$17,526,212	\$(40,239,608)	\$488,479,552	100.0%

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 December 31, 2018. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns and Rankings for Periods Ended December 31, 2018

	Last Quarter		Last Year		Last 3 Years		Last 5 Years		Last 7 Years	
Target Portfolios										
Target Fund 100										
Target Fund 100 Portfolio	(12.77%)	83	(8.74%)	70	6.67%	15	5.19%	16	9.42%	9
Target Fund 100 Blended Benchmark	(12.87%)	84	(8.40%)	65	7.05%	9	5.52%	10	9.84%	7
MS 529 Static Alloc 70-85	(10.88%)		(7.57%)		5.71%		4.27%		7.97%	
Aggressive Age Based 0-2 yrs (Fd 100)	(12.77%)	46	(8.74%)	55	-	-	-	-	-	-
Target Fund 100 Blended Benchmark	(12.87%)	50	(8.40%)	48	7.05%	26	5.52%	20	9.84%	24
MS 529 Age 0-6 High Equit	(12.87%)		(8.47%)		6.38%		4.81%		9.11%	
Target Fund 90										
Aggressive Age Based 3-5 yrs (Fd 90)	(11.58%)	23	(7.56%)	28	-	-	-	-	-	-
Target Fund 90 Blended Benchmark	(11.55%)	22	(7.36%)	24	6.65%	38	5.29%	32	9.02%	54
MS 529 Age 0-6 High Equit	(12.87%)		(8.47%)		6.38%		4.81%		9.11%	
Moderate Age Based 0-2 yrs (Fd 90)	(11.58%)	76	(7.56%)	67	-	-	-	-	-	-
Target Fund 90 Blended Benchmark	(11.55%)	74	(7.36%)	63	6.65%	6	5.29%	6	9.02%	8
MS 529 Age 0-6 Medium Equ	(10.22%)		(6.87%)		5.43%		4.33%		7.94%	
Target Fund 80										
Target Fund 80 Portfolio	(10.22%)	36	(6.66%)	28	5.99%	38	4.71%	33	7.98%	49
Target Fund 80 Blended Benchmark	(10.10%)	32	(6.57%)	25	6.14%	32	4.91%	24	8.27%	38
MS 529 Static Alloc 70-85	(10.88%)		(7.57%)		5.71%		4.27%		7.97%	
Aggressive Age Based 6-8 yrs (Fd 80)	(10.22%)	68	(6.66%)	64	-	-	-	-	-	-
Target Fund 80 Blended Benchmark	(10.10%)	66	(6.57%)	59	6.14%	15	4.91%	14	8.27%	21
MS 529 Age 7-12 High Equi	(9.52%)		(6.08%)		5.08%		3.86%		7.21%	
Moderate Age Based 3-5 yrs (Fd 80)	(10.22%)	50	(6.66%)	48	-	-	-	-	-	-
Target Fund 80 Blended Benchmark	(10.10%)	48	(6.57%)	47	6.14%	24	4.91%	19	8.27%	36
MS 529 Age 0-6 Medium Equ	(10.22%)		(6.87%)		5.43%		4.33%		7.94%	
Conserv. Age Based 0-2 yrs (Fd 80)	(10.22%)	90	(6.66%)	71	-	-	-	-	-	-
Target Fund 80 Blended Benchmark	(10.10%)	90	(6.57%)	67	6.14%	1	4.91%	5	8.27%	2
MS 529 Age 0-6 Low Equity	(7.97%)		(5.88%)		4.56%		3.66%		5.93%	
Target Fund 70										
Aggressive Age Based 9-10 yrs (Fd 70)	(8.66%)	31	(5.80%)	37	-	-	-	-	-	-
Target Fund 70 Blended Benchmark	(8.51%)	30	(5.49%)	31	5.54%	32	4.68%	17	7.40%	46
MS 529 Age 7-12 High Equi	(9.52%)		(6.08%)		5.08%		3.86%		7.21%	
Moderate Age Based 6-8 yrs (Fd 70)	(8.66%)	77	(5.80%)	71	-	-	-	-	-	-
Target Fund 70 Blended Benchmark	(8.51%)	76	(5.49%)	64	5.54%	13	4.68%	6	7.40%	24
MS 529 Age 7-12 Medium Eq	(7.19%)		(4.86%)		4.52%		3.71%		6.52%	
Conserv. Age Based 3-5 yrs (Fd 70)	(8.66%)	61	(5.80%)	46	-	-	-	-	-	-
Target Fund 70 Blended Benchmark	(8.51%)	59	(5.49%)	43	5.54%	15	4.68%	10	7.40%	9
MS 529 Age 0-6 Low Equity	(7.97%)		(5.88%)		4.56%		3.66%		5.93%	

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 December 31, 2018. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns and Rankings for Periods Ended December 31, 2018

	Last Quarter		Last Year		Last 3 Years		Last 5 Years		Last 7 Years	
Target Fund 60										
Target Fund 60 Portfolio	(7.28%)	17	(4.78%)	21	4.86%	49	3.94%	48	6.34%	67
Target Fund 60 Blended Benchmark	(7.29%)	17	(4.74%)	20	5.17%	40	4.26%	39	6.70%	54
MS 529 Static Alloc 50-70	(8.32%)		(6.19%)		4.78%		3.88%		6.85%	
Aggressive Age Based 11-12 yrs (Fd 60)	(7.28%)	19	(4.78%)	19	-		-		-	
Target Fund 60 Blended Benchmark	(7.29%)	20	(4.74%)	18	5.17%	48	4.26%	35	6.70%	70
MS 529 Age 7-12 High Equi	(9.52%)		(6.08%)		5.08%		3.86%		7.21%	
Moderate Age Based 9-10 yrs (Fd 60)	(7.28%)	51	(4.78%)	49	-		-		-	
Target Fund 60 Blended Benchmark	(7.29%)	52	(4.74%)	46	5.17%	26	4.26%	23	6.70%	46
MS 529 Age 7-12 Medium Eq	(7.19%)		(4.86%)		4.52%		3.71%		6.52%	
Conserv. Age Based 6-8 yrs (Fd 60)	(7.28%)	89	(4.78%)	82	-		-		-	
Target Fund 60 Blended Benchmark	(7.29%)	89	(4.74%)	81	5.17%	14	4.26%	14	6.70%	4
MS 529 Age 7-12 Low Equit	(4.82%)		(3.17%)		3.71%		3.30%		3.73%	
Target Fund 50										
Aggressive Age Based 13-14 yrs (Fd 50)	(5.99%)	36	(3.87%)	36	-		-		-	
Target Fund 50 Blended Benchmark	(5.84%)	33	(3.61%)	25	4.74%	22	4.09%	16	6.02%	21
MS 529 Age 13-18 High Equi	(6.75%)		(4.38%)		4.18%		2.92%		5.00%	
Moderate Age Based 11-12 yrs (Fd 50)	(5.99%)	28	(3.87%)	28	-		-		-	
Target Fund 50 Blended Benchmark	(5.84%)	27	(3.61%)	24	4.74%	41	4.09%	32	6.02%	64
MS 529 Age 7-12 Medium Eq	(7.19%)		(4.86%)		4.52%		3.71%		6.52%	
Conserv. Age Based 9-10 yrs (Fd 50)	(5.99%)	76	(3.87%)	64	-		-		-	
Target Fund 50 Blended Benchmark	(5.84%)	73	(3.61%)	59	4.74%	19	4.09%	15	6.02%	7
MS 529 Age 7-12 Low Equit	(4.82%)		(3.17%)		3.71%		3.30%		3.73%	
Target Fund 40										
Target Fund 40 Portfolio	(4.53%)	19	(2.96%)	19	3.91%	48	3.41%	39	4.90%	55
Target Fund 40 Blended Benchmark	(4.52%)	18	(2.66%)	15	4.27%	37	3.76%	29	5.28%	44
MS 529 Static Alloc 30-50	(5.72%)		(4.12%)		3.88%		3.02%		4.99%	
Aggressive Age Based 15-16 yrs (Fd 40)	(4.53%)	12	(2.96%)	16	-		-		-	
Target Fund 40 Blended Benchmark	(4.52%)	11	(2.66%)	9	4.27%	48	3.76%	28	5.28%	38
MS 529 Age 13-18 High Equi	(6.75%)		(4.38%)		4.18%		2.92%		5.00%	
Moderate Age Based 13-14 yrs (Fd 40)	(4.53%)	64	(2.96%)	58	-		-		-	
Target Fund 40 Blended Benchmark	(4.52%)	63	(2.66%)	48	4.27%	20	3.76%	10	5.28%	36
MS 529 Age 13-18 Medium E	(4.07%)		(2.76%)		3.44%		2.87%		4.77%	
Conserv. Age Based 11-12 yrs (Fd 40)	(4.53%)	42	(2.96%)	40	-		-		-	
Target Fund 40 Blended Benchmark	(4.52%)	41	(2.66%)	29	4.27%	29	3.76%	21	5.28%	11
MS 529 Age 7-12 Low Equit	(4.82%)		(3.17%)		3.71%		3.30%		3.73%	
Target Fund 30										
Aggressive Age Based 17-18 yrs (Fd 30)	(3.07%)	2	(1.98%)	1	-		-		-	
Target Fund 30 Blended Benchmark	(3.01%)	2	(1.74%)	1	3.50%	77	3.17%	41	4.21%	82
MS 529 Age 13-18 High Equi	(6.75%)		(4.38%)		4.18%		2.92%		5.00%	
Moderate Age Based 15-16 yrs (Fd 30)	(3.07%)	29	(1.98%)	27	-		-		-	
Target Fund 30 Blended Benchmark	(3.01%)	28	(1.74%)	21	3.50%	47	3.17%	31	4.21%	64
MS 529 Age 13-18 Medium E	(4.07%)		(2.76%)		3.44%		2.87%		4.77%	
Conserv. Age Based 13-14 yrs (Fd 30)	(3.07%)	80	(1.98%)	76	-		-		-	
Target Fund 30 Blended Benchmark	(3.01%)	80	(1.74%)	70	3.50%	11	3.17%	6	4.21%	5
MS 529 Age 13-18 Low Equi	(1.94%)		(1.07%)		2.71%		2.08%		2.88%	

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 December 31, 2018. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns and Rankings for Periods Ended December 31, 2018

	Last Quarter		Last Year		Last 3 Years		Last 5 Years		Last 7 Years	
Target Fund 20										
Target Fund 20 Portfolio	(1.62%)	1	(0.88%)	2	2.60%	91	2.37%	76	3.03%	92
Target Fund 20 Blended Benchmark	(1.80%)	1	(0.65%)	2	3.03%	81	2.72%	63	3.39%	90
MS 529 Static Alloc 30-50	(5.72%)		(4.12%)		3.88%		3.02%		4.99%	
Aggressive Age Based 19+ yrs (Fd 20)	(1.62%)	7	(0.88%)	15	-		-		-	
Target Fund 20 Blended Benchmark	(1.80%)	9	(0.65%)	4	3.03%	28	2.72%	21	3.39%	25
MS 529 Age 19+ High Equit	(2.74%)		(1.41%)		2.68%		2.13%		2.99%	
Moderate Age Based 17-18 yrs (Fd 20)	(1.62%)	7	(0.88%)	7	-		-		-	
Target Fund 20 Blended Benchmark	(1.80%)	8	(0.65%)	4	3.03%	68	2.72%	60	3.39%	84
MS 529 Age 13-18 Medium E	(4.07%)		(2.76%)		3.44%		2.87%		4.77%	
Conserv. Age Based 15-16 yrs (Fd 20)	(1.62%)	44	(0.88%)	44	-		-		-	
Target Fund 20 Blended Benchmark	(1.80%)	46	(0.65%)	37	3.03%	29	2.72%	23	3.39%	30
MS 529 Age 13-18 Low Equi	(1.94%)		(1.07%)		2.71%		2.08%		2.88%	
Target Fund 10										
Moderate Age Based 19+ yrs (Fd 10)	(0.48%)	26	(0.09%)	29	-		-		-	
Target Fund 10 Blended Benchmark	(0.39%)	24	0.18%	18	2.19%	50	1.99%	39	2.22%	49
MS 529 Age 19+ Medium Equ	(1.27%)		(0.73%)		2.20%		1.63%		2.18%	
Conserv. Age Based 17-18 yrs (Fd 10)	(0.48%)	23	(0.09%)	24	-		-		-	
Target Fund 10 Blended Benchmark	(0.39%)	22	0.18%	18	2.19%	77	1.99%	56	2.22%	81
MS 529 Age 13-18 Low Equi	(1.94%)		(1.07%)		2.71%		2.08%		2.88%	
Target Fund Fixed Income										
Target Fund Fixed Income Portfolio	0.74%	29	1.11%	21	1.06%	72	0.75%	64	0.59%	80
Target Fund F.I. Blended Benchmark	0.82%	24	1.43%	12	1.27%	62	0.98%	54	0.83%	71
MS 529 Static Short-Term	0.37%		0.41%		1.58%		1.08%		1.42%	
Conserv. Age Based 19+ yrs (F.I.)	0.74%	30	1.11%	19	-		-		-	
Target Fund F.I. Blended Benchmark	0.82%	24	1.43%	12	1.27%	47	0.98%	44	0.83%	46
MS 529 Age 19+ Low Equity	0.46%		0.68%		1.23%		0.91%		0.67%	

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 December 31, 2018. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns and Rankings for Periods Ended December 31, 2018

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years					
Individual Funds Portfolios										
Money Market Funds										
Vanguard Prime Money Market (net all)*	0.48%	57	1.73%	31	0.97%	30	0.60%	29	0.43%	29
Vanguard Prime Money Market (net mgr)	0.59%	6	2.01%	7	1.21%	20	0.76%	19	0.57%	18
3-Month Treasury Bill	0.56%	9	1.87%	17	1.02%	29	0.63%	28	0.47%	24
Callan Money Market Funds	0.49%		1.61%		0.82%		0.49%		0.35%	
Fixed Income Funds										
PIMCO Short-Term (net all)	(0.35%)	96	1.27%	51	1.94%	17	1.54%	24	1.64%	45
PIMCO Short-Term (net mgr)	(0.35%)	96	1.51%	25	2.17%	8	1.76%	9	1.87%	28
3 Month T-Bills	0.57%	56	1.86%	14	0.99%	89	0.60%	95	0.45%	95
Blmbg Aggregate 1-3 Index	1.18%	7	1.60%	21	1.26%	69	1.05%	70	1.03%	74
Callan Short Term FI MFs	0.65%		1.28%		1.56%		1.30%		1.45%	
Vanguard Short Infl Protected (net all)*	(0.29%)	21	0.41%	3	1.14%	96	0.32%	92	-	
Vanguard Short Infl Protected (net mgr)	(0.25%)	18	0.59%	2	1.39%	88	0.57%	87	-	
Blmbg US TIPS 0-5 Index	(0.22%)	14	0.59%	2	1.42%	87	0.62%	86	0.55%	64
Callan TIPS MFs	(0.83%)		(1.53%)		1.96%		1.26%		0.71%	
Vanguard Short Term Bond (net all)*	1.35%	3	1.06%	63	1.11%	89	1.00%	81	-	
Vanguard Short Term Bond (net mgr)	1.45%	3	1.37%	40	1.36%	76	1.26%	67	1.23%	79
Blmbg Govt/Credit 1-3 Float	1.46%	3	1.38%	39	1.40%	73	1.32%	62	1.30%	70
Callan Short Inv Grade MF	0.58%		1.19%		1.70%		1.42%		1.74%	
Vanguard Infl Prot Securities (net all)	(0.59%)	37	(1.65%)	54	1.73%	69	1.42%	40	0.57%	62
Vanguard Infl Prot Securities (net mgr)	(0.50%)	31	(1.39%)	46	2.02%	48	1.65%	21	0.80%	41
Blmbg US TIPS Index	(0.42%)	25	(1.26%)	38	2.11%	42	1.69%	20	0.88%	29
Callan TIPS MFs	(0.83%)		(1.53%)		1.96%		1.26%		0.71%	
Fidelity Investment Grade Bond (net all)	1.10%	59	(0.63%)	88	2.60%	20	2.28%	87	-	
Fidelity Investment Grade Bond (net mgr)	1.19%	54	(0.42%)	60	2.88%	11	2.53%	35	2.41%	39
Blmbg Aggregate Index	1.64%	17	0.01%	28	2.06%	68	2.52%	36	2.10%	80
Callan Core Bond MFs	1.21%		(0.35%)		2.21%		2.41%		2.35%	
Vanguard Total Bond Index (net all)*	1.58%	22	(0.24%)	34	1.78%	93	2.23%	88	1.79%	94
Vanguard Total Bond Index (net mgr)	1.62%	20	(0.01%)	29	2.04%	70	2.47%	39	2.04%	86
Blmbg Aggregate Index	1.64%	17	0.01%	28	2.06%	68	2.52%	36	2.10%	80
Callan Core Bond MFs	1.21%		(0.35%)		2.21%		2.41%		2.35%	
MainStay Total Return Bond (net all)	0.66%	58	(1.38%)	82	2.47%	57	-		-	
MainStay Total Return Bond (net mgr)	0.68%	55	(1.23%)	79	2.70%	45	2.26%	80	2.62%	76
Blmbg Aggregate Index	1.64%	8	0.01%	12	2.06%	81	2.52%	64	2.10%	96
Callan Core Plus MFs	0.77%		(0.68%)		2.63%		2.76%		2.93%	
Balanced Funds										
T. Rowe Price Balanced (net all)	(8.10%)	35	(5.10%)	56	5.78%	34	4.65%	56	7.84%	50
T. Rowe Price Balanced (net mgr)	(8.06%)	33	(4.92%)	53	5.92%	33	4.85%	51	8.08%	48
Balanced Fund Blended Benchmark	(8.09%)	34	(3.81%)	41	6.05%	32	5.49%	33	8.18%	47
Callan Dom Balanced MFs	(8.79%)		(4.62%)		5.12%		4.89%		7.87%	
Domestic Equity Funds										
T. Rowe Large Cap Growth (net all)	(12.88%)	14	3.92%	6	13.56%	2	-	2	-	2
T. Rowe Large Cap Growth (net mgr)	(12.85%)	14	4.32%	5	13.93%	2	12.09%	2	17.02%	2
Russell 1000 Growth Index	(15.89%)	47	(1.51%)	67	11.15%	21	10.40%	18	14.14%	34
Callan Large Cap Grwth MF	(15.99%)		(0.86%)		9.78%		9.44%		13.61%	
Vanguard Growth Index (net all)	(16.33%)	59	(3.55%)	81	9.17%	61	8.73%	66	12.91%	68
Vanguard Growth Index (net mgr)	(16.30%)	59	(3.34%)	79	9.45%	58	9.00%	62	13.21%	61
U.S. Large Cap Growth Benchmark	(16.32%)	59	(3.34%)	79	9.47%	58	9.05%	62	13.28%	60
Russell 1000 Growth Index	(15.89%)	47	(1.51%)	67	11.15%	21	10.40%	18	14.14%	34
Callan Large Cap Grwth MF	(15.99%)		(0.86%)		9.78%		9.44%		13.61%	
Vanguard Total Stock Index (net all)*	(14.26%)	53	(5.34%)	37	8.73%	26	7.66%	33	12.18%	35
Vanguard Total Stock Index (net mgr)	(14.26%)	53	(5.16%)	35	8.99%	14	7.91%	22	12.46%	19
U.S. Total Market Benchmark	(14.26%)	53	(5.17%)	35	9.00%	14	7.92%	22	12.46%	19
Russell 3000 Index	(14.30%)	53	(5.24%)	36	8.97%	14	7.91%	22	12.46%	19
Callan Large Cap Core MFs	(14.10%)		(6.11%)		7.94%		7.00%		11.80%	

(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 December 31, 2018. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns and Rankings for Periods Ended December 31, 2018

	Last Quarter		Last Year		Last 3 Years		Last 5 Years		Last 7 Years	
Vanguard 500 Index (net all)	(13.56%)	38	(4.65%)	31	8.95%	15	8.19%	17	12.35%	27
Vanguard 500 Index (net mgr)	(13.53%)	38	(4.42%)	27	9.22%	11	8.46%	15	12.66%	16
S&P 500 Index	(13.52%)	38	(4.38%)	27	9.26%	10	8.49%	14	12.70%	15
Callan Large Cap Core MFs	(14.10%)		(6.11%)		7.94%		7.00%		11.80%	
DFA US Large Cap Value (net all)	(14.79%)	78	(11.83%)	81	7.43%	43	-	-	-	-
DFA US Large Cap Value (net mgr)	(14.72%)	77	(11.65%)	81	7.71%	33	5.83%	50	12.45%	8
Russell 1000 Value Index	(11.72%)	16	(8.27%)	48	6.95%	55	5.95%	47	11.02%	40
Callan Lg Cap Value MF	(13.57%)		(8.46%)		7.06%		5.82%		10.67%	
Vanguard Value Index (net all)	(10.97%)	6	(5.64%)	17	8.73%	15	7.49%	13	11.82%	18
Vanguard Value Index (net mgr)	(10.93%)	6	(5.43%)	13	8.98%	14	7.75%	11	12.11%	13
U.S. Large Cap Value Benchmark	(10.91%)	6	(5.40%)	12	9.02%	14	7.80%	10	12.17%	12
Russell 1000 Value Index	(11.72%)	16	(8.27%)	48	6.95%	55	5.95%	47	11.02%	40
Callan Lg Cap Value MF	(13.57%)		(8.46%)		7.06%		5.82%		10.67%	
Vanguard Extended Market Index (net all)	(18.23%)	78	(9.48%)	54	7.33%	32	5.07%	52	11.02%	32
Vanguard Extended Market Index (net mgr)	(18.18%)	78	(9.36%)	53	7.53%	30	5.28%	47	11.34%	25
S&P Completion Index	(18.28%)	79	(9.57%)	54	7.39%	32	5.17%	48	11.23%	26
Callan Mid Cap MFs	(16.54%)		(8.04%)		5.88%		5.15%		10.53%	
Vanguard Mid Cap Index (net all)	(15.53%)	36	(9.48%)	54	6.10%	47	5.93%	32	11.02%	32
Vanguard Mid Cap Index (net mgr)	(15.46%)	35	(9.23%)	53	6.38%	44	6.21%	25	11.32%	25
U.S. Mid Cap Benchmark	(15.46%)	35	(9.22%)	53	6.40%	44	6.24%	24	11.37%	24
Russell MidCap Index	(15.37%)	34	(9.06%)	53	7.04%	36	6.26%	24	11.49%	24
Callan Mid Cap MFs	(16.54%)		(8.04%)		5.88%		5.15%		10.53%	
Vanguard Explorer (net all)	(19.58%)	24	(2.83%)	39	10.36%	33	-	-	-	-
Vanguard Explorer (net mgr)	(19.51%)	23	(2.39%)	38	10.56%	31	6.14%	34	12.22%	31
Russell 2500 Growth Index	(20.08%)	30	(7.47%)	80	8.11%	53	6.19%	33	11.96%	39
Callan Sm Cap Growth MF	(21.01%)		(4.12%)		8.62%		5.39%		11.67%	
Vanguard Small Cap Growth (net all)	(19.33%)	16	(5.85%)	74	8.16%	53	5.02%	60	10.88%	69
Vanguard Small Cap Growth (net mgr)	(19.30%)	16	(5.68%)	73	8.39%	52	5.24%	52	11.18%	62
U.S. Small Cap Growth Benchmark	(19.30%)	16	(5.68%)	73	8.35%	52	5.19%	53	11.16%	62
Russell 2000 Growth Index	(21.65%)	61	(9.31%)	85	7.24%	67	5.13%	53	11.25%	61
Callan Sm Cap Growth MF	(21.01%)		(4.12%)		8.62%		5.39%		11.67%	
Vanguard Small Cap Index (net all)	(18.30%)	18	(9.47%)	49	7.40%	46	4.99%	40	10.93%	39
Vanguard Small Cap Index (net mgr)	(18.33%)	19	(9.31%)	49	7.64%	42	5.25%	34	11.22%	31
U.S. Small Cap Benchmark	(18.33%)	19	(9.33%)	49	7.62%	42	5.24%	34	11.21%	31
Russell 2000 Index	(20.20%)	55	(11.01%)	53	7.36%	47	4.41%	50	10.44%	52
Callan Small Cap MFs	(20.06%)		(10.24%)		7.16%		4.40%		10.49%	
DFA US Small Cap Value (net all)	(20.41%)	81	(15.43%)	66	4.82%	71	-	-	-	-
DFA US Small Cap Value (net mgr)	(20.28%)	79	(15.13%)	63	5.29%	61	2.17%	76	9.85%	41
Russell 2000 Value Index	(18.67%)	40	(12.86%)	34	7.37%	28	3.61%	45	9.57%	46
Callan Sm Cap Value MF	(19.12%)		(13.96%)		5.67%		3.39%		9.54%	
Vanguard Small Cap Value Index (net all)	(17.59%)	27	(12.46%)	32	6.67%	40	4.95%	14	10.80%	14
Vanguard Small Cap Value Index (net mgr)	(17.49%)	27	(12.23%)	28	6.98%	38	5.23%	10	11.13%	9
U.S. Small Cap Value Benchmark	(17.51%)	27	(12.27%)	28	6.99%	37	5.26%	10	11.16%	9
Russell 2000 Value Index	(18.67%)	40	(12.86%)	34	7.37%	28	3.61%	45	9.57%	46
Callan Sm Cap Value MF	(19.12%)		(13.96%)		5.67%		3.39%		9.54%	
International Equity										
Dodge & Cox Int'l Stock (net all)	(12.36%)	32	(18.22%)	84	2.98%	39	-	-	-	-
Dodge & Cox Int'l Stock (net mgr)	(12.39%)	32	(17.98%)	83	3.24%	36	(0.48%)	71	5.89%	40
MSCI EAFE Index	(12.54%)	33	(13.79%)	25	2.87%	40	0.53%	41	5.75%	44
MSCI ACWI ex US	(11.46%)	19	(14.20%)	33	4.48%	15	0.68%	40	4.85%	77
Callan Non US Equity MFs	(13.47%)		(15.04%)		2.23%		0.23%		5.66%	
Vanguard Int'l Stock Index (net all)*	(11.84%)	21	(14.72%)	43	4.19%	20	0.66%	40	4.94%	75
Vanguard Int'l Stock Index (net mgr)	(11.66%)	20	(14.39%)	35	4.56%	13	0.97%	37	5.23%	64
Total Int'l Stock Benchmark	(11.79%)	21	(14.61%)	40	4.44%	16	1.05%	35	5.21%	65
Callan Non US Equity MFs	(13.47%)		(15.04%)		2.23%		0.23%		5.66%	
Real Estate										
Vanguard REIT Index (net all)*	(6.56%)	36	(6.21%)	52	2.06%	52	7.10%	56	7.79%	53
Vanguard REIT Index (net mgr)	(6.46%)	33	(5.93%)	49	2.31%	41	7.41%	45	8.09%	34
MSCI US IMI Real Estate 25/50	(6.44%)	32	(6.60%)	61	2.14%	47	7.33%	49	8.05%	39
NAREIT All Equity Index	(5.72%)	15	(4.04%)	24	4.24%	11	8.32%	17	9.07%	10
Callan Real Estate MFs	(6.80%)		(6.03%)		2.13%		7.32%		7.84%	

(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
Investment Manager Performance Monitoring Summary Report
December 31, 2018

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
Money Market Funds									
Vanguard Prime Money Market Callan Money Market Funds	0.6 6	2.0 7	1.2 20	0.8 19	0.6 18			1.6 6	0.3 18
3-Month Treasury Bill	0.6 9	1.9 17	1.0 29	0.6 28	0.5 24				0.0 24
Fixed Income Funds									
PIMCO Short-Term Callan Defensive FI MFs	-0.3 96	1.5 25	2.2 8	1.8 9	1.9 28			1.3 19	1.4 19
3 Month T-Bills	0.6 56	1.9 14	1.0 89	0.6 95	0.4 95				-0.1 96
Vanguard Short Infl-Protected (i) Callan TIPS MFs	-0.2 18	0.6 2	1.4 88	0.6 87					
Blmbg US TIPS 0-5 Idx	-0.2 14	0.6 2	1.4 87	0.6 86	0.6 64				0.0 54
Vanguard Short Term Bond (i) Callan Short Inv Grade MF	1.4 3	1.4 40	1.4 76	1.3 67	1.2 79			-1.0 98	0.6 78
Blmbg Govt/Cred 1-5 Float Adj	1.5 3	1.4 39	1.4 73	1.3 62	1.3 70				0.7 72
Vanguard Infl Prot Securities Callan TIPS MFs	-0.5 31	-1.4 46	2.0 48	1.6 21	0.8 41			-0.3 63	0.1 40
Blmbg US TIPS Index	-0.4 25	-1.3 38	2.1 42	1.7 20	0.9 29				0.1 19
Fidelity Investment Grade Bond Callan Core Bond MFs	1.2 54	-0.4 60	2.9 11	2.5 35	2.4 39			0.3 52	0.6 59
Blmbg Aggregate Index	1.6 17	0.0 28	2.1 68	2.5 36	2.1 80				0.6 82
Vanguard Total Bond Market Index (i) Callan Core Bond MFs	1.6 20	-0.0 29	2.0 70	2.5 39	2.0 86			-0.4 93	0.5 86
Blmbg Aggregate Index	1.6 17	0.0 28	2.1 68	2.5 36	2.1 80				0.6 82
MainStay Total Return Bond Callan Core Plus MFs	0.7 55	-1.2 79	2.7 45	2.3 80	2.6 76			0.4 77	0.7 85
Blmbg Aggregate Index	1.6 8	0.0 12	2.1 81	2.5 64	2.1 96				0.6 91
Balanced Funds									

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
December 31, 2018

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
T. Rowe Price Balanced Callan Dom Balanced MFs Balanced Fund Blended Benchmark	-8.1 33	-4.9 53	5.9 33	4.9 51	8.1 48			-0.1 72	1.0 63
Domestic Equity									
T. Rowe Large Cap Growth Callan Large Cap Grwth MF Russell 1000 Growth Index	-12.8 14	4.3 5	13.9 2	12.1 2	17.0 2			0.6 4	1.2 9
Vanguard Growth Index (i) Callan Large Cap Grwth MF U.S. Large Cap Growth Benchmark	-16.3 59	-3.3 79	9.4 58	9.0 62	13.2 61			-1.9 99	1.1 60
Vanguard Total Stock Index (i) Callan Large Cap Core MFs U.S. Total Market Benchmark	-14.3 53	-5.2 35	9.0 14	7.9 22	12.5 19			-0.4 72	1.1 32
Vanguard 500 Index (i) Callan Large Cap Core MFs S&P 500 Index	-13.5 38	-4.4 27	9.2 11	8.5 15	12.7 16			-3.8 100	1.2 9
DFA US Large Cap Value Callan Lg Cap Value MF Russell 1000 Value Index	-14.7 77	-11.7 81	7.7 33	5.8 50	12.4 8			0.5 6	1.0 37
Vanguard Value Index (i) Callan Lg Cap Value MF U.S. Large Cap Value Benchmark	-10.9 6	-5.4 13	9.0 14	7.8 11	12.1 13			-1.6 100	1.2 18
Vanguard Extended Market Index (i) Callan Mid Cap MFs S&P Completion Index	-18.2 78	-9.4 53	7.5 30	5.3 47	11.3 25			1.5 1	0.8 37
Vanguard Mid Cap Index (i) Callan Mid Cap MFs U.S. Mid Cap Benchmark	-15.5 35	-9.2 53	6.4 44	6.2 25	11.3 25			-2.0 100	1.0 26

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

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Alabama CollegeCounts Direct Plan, Executive Summary
Investment Manager Performance Monitoring Summary Report
December 31, 2018

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
Vanguard Explorer Callan Sm Cap Growth MF Russell 2500 Growth Index	-19.5 23	-2.4 38	10.6 31	6.1 34	12.2 31			0.1 24	0.8 20
Vanguard Small Cap Growth Index (i) Callan Sm Cap Growth MF U.S. Small Cap Growth Benchmark	-19.3 16	-5.7 73	8.4 52	5.2 52	11.2 62			0.1 74	0.8 49
Vanguard Small Cap Index (i) Callan Small Cap MFs U.S. Small Cap Benchmark	-18.3 19	-9.3 49	7.6 42	5.3 34	11.2 31			0.4 11	0.8 24
DFA US Small Cap Value Callan Sm Cap Value MF Russell 2000 Value Index	-20.3 79	-15.1 63	5.3 61	2.2 76	9.8 41			0.1 38	0.6 54
Vanguard Small Cap Value Index (i) Callan Sm Cap Value MF U.S. Small Cap Value Benchmark	-17.5 27	-12.2 28	7.0 38	5.2 10	11.1 9			-0.9 91	0.8 15
International Equity									
Dodge & Cox Int'l Stock Callan Non US Equity MFs MSCI EAFE Index	-12.4 32	-18.0 83	3.2 36	-0.5 71	5.9 40			0.0 40	0.4 62
Vanguard Int'l Stock Index (i) Callan Non US Equity MFs Total Int'l Stock Benchmark	-11.7 20	-14.4 35	4.6 13	1.0 37	5.2 64			0.0 90	0.4 85
Real Estate Funds									
Vanguard REIT Index (i) Callan Real Estate MFs MSCI US IMI Real Estate 25/50	-6.5 33	-5.9 49	2.3 41	7.4 45	8.1 34			0.1 76	0.7 92

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

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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	\$87,056,365
DFA U.S. Small Cap Value	Small Value	DFSVX	3	\$613,186
Dodge & Cox International Stock	Foreign Blend	DODFX	4	\$1,489,708
Fidelity Advisor Investment Grade Bond	Intermediate-Term Bond	FGBPX	4	\$2,065,338
Mainstay Total Return Bond	Intermediate-Term Bond	MTMIX	3	\$92,764,016
PIMCO Short-Term	Ultrashort Bond	PTSHX	5	\$138,869,910
T. Rowe Price Balanced	Moderate Allocation	RPBAX	4	\$50,465,218
T. Rowe Price Large-Cap Growth	Large Growth	TRLGX	5	\$91,886,067
Vanguard 500 Index	Large Blend	VINIX	4	\$21,488,917
Vanguard Explorer	Small Growth	VEXRX	4	\$1,435,657
Vanguard Extended Market Index	Mid-Cap Blend	VEXAX	4	\$1,555,709
Vanguard Growth Index	Large Growth	VIGAX	4	\$10,032,150
Vanguard Inflation-Protected Securities	Inflation-Protected Bond	VAIPX	4	\$1,229,725
Vanguard Mid-Cap Index	Mid-Cap Blend	VIMAX	4	\$6,924,313
Vanguard Prime Money Market	Taxable Money Market	VMRXX	N/A	\$20,991,424
Vanguard Real Estate Index (REIT Index)	Real Estate	VGSNX	3	\$18,056,911
Vanguard Short Term Bond	Short-Term Bond	VBITX	3	\$39,106,307
Vanguard Short-Term Infl-Protected	Inflation-Protected Bond	VTSPX	2	\$21,256,538
Vanguard Small-Cap Growth Index	Small Growth	VSGAX	3	\$5,178,580
Vanguard Small-Cap Index	Small Blend	VSMAX	5	\$3,000,181
Vanguard Small-Cap Value Index	Small Value	VSIAX	5	\$3,031,452
Vanguard Total Bond Market Index	Intermediate-Term Bond	VBPIX	3	\$91,621,375
Vanguard Total International Stock Index	Foreign Large Blend	VTSNX	4	\$68,507,855
Vanguard Total Stock Market Index	Large Blend	VITSX	4	\$127,671,865
Vanguard Value Index	Large Value	VVIAX	4	\$4,509,733

*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	\$87,056,365
DFA U.S. Small Cap Value	Positive	Watch	\$613,186
Dodge & Cox International Stock	Watch	Watch	\$1,489,708
Fidelity Advisor Investment Grade Bond	Positive	Positive	\$2,065,338
Mainstay Total Return Bond	Positive	Positive	\$92,764,016
PIMCO Short-Term	Positive	Positive	\$138,869,910
T. Rowe Price Balanced	Positive	Positive	\$50,465,218
T. Rowe Price Large-Cap Growth	Positive	Positive	\$91,886,067
Vanguard 500 Index	Positive	Positive	\$21,488,917
Vanguard Explorer	Positive	Positive	\$1,435,657
Vanguard Extended Market Index	Positive	Positive	\$1,555,709
Vanguard Growth Index	Positive	Positive	\$10,032,150
Vanguard Inflation-Protected Securities	Positive	Positive	\$1,229,725
Vanguard Mid-Cap Index	Positive	Positive	\$6,924,313
Vanguard Prime Money Market	Positive	Positive	\$20,991,424
Vanguard Real Estate Index(REIT Index)	Positive	Positive	\$18,056,911
Vanguard Short Term Bond	Positive	Positive	\$39,106,307
Vanguard Short-Term Infl-Protected	Positive	Positive	\$21,256,538
Vanguard Small-Cap Growth Index	Positive	Positive	\$5,178,580
Vanguard Small-Cap Index	Positive	Positive	\$3,000,181
Vanguard Small-Cap Value Index	Positive	Positive	\$3,031,452
Vanguard Total Bond Market Index	Positive	Positive	\$91,621,375
Vanguard Total International Stock Index	Positive	Positive	\$68,507,855
Vanguard Total Stock Market Index	Positive	Positive	\$127,671,865
Vanguard Value Index	Positive	Positive	\$4,509,733

*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

Several Vanguard Index Funds to Add China A-Shares in 2019

FTSE Russell (FTSE) has announced plans to include China A-shares in its global and international indexes in a phased timeline, beginning in June 2019. The announcement was within expectations as another index provider, MSCI, already implemented the partial inclusion of China A-shares in various MSCI indexes in 2018.

It is notable that several Vanguard mutual funds will be adding China A-shares to portfolios in response to index changes announced by FTSE. Vanguard Total International Stock (Admiral Shares: VTIAAX) is expected to increase exposure to China by 1.2%. Other Vanguard funds that will be affected include Vanguard Total World Stock (+0.6%), Vanguard FTSE All-World ex-US (+1.2%), Vanguard FTSE All-World ex-US Small-Cap (+1.4%), Vanguard International High Dividend Yield (+2.5%), and Vanguard ESG International Stock ETF (TBD). Given that the changes will be relatively muted, we expect to see less meaningful impact in the coming year, yet investors should stay mindful of the difference in China A-shares exposure between the MSCI and FTSE.

Current Assessment

MSCI's approach to China A-shares inclusion versus that of FTSE:

- Timing
 - MSCI: initial step in June 2018
 - FTSE: first tranche in June 2019
- Universe
 - Both MSCI and FTSE are focusing on securities accessible through the Shanghai and Shenzhen Stock Connect programs
- Size
 - MSCI: large-cap companies only
 - FTSE: large-/mid-/small-cap companies
- Suspensions
 - MSCI: excludes companies suspended at least 50 consecutive days in the past 12 months, or suspended on the day prior to implementation date
 - FTSE: proposing to exclude new securities if the company has been suspended for 60 days or more in the past 12 months
- Portion of A-shares being added
 - MSCI: 5% of investible market cap
 - FTSE: 25% of investible market cap

By August 2019, MSCI will include **249** companies limited to large-cap only, while the FTSE indexes will include up to **1,250** large-, mid-, and small-cap companies. Investors should remain aware of the distinct market capitalization distributions available through each index provider, suspension rules, as well as the portion of the A-shares market being included in the indices. We will continue to monitor the impact of these changes and their implications on the international equity universe.

Wellington

Wellington announced that lead portfolio manager responsibilities for Small Cap Opportunities and SMID Cap Opportunities (Vanguard Explorer Fund allocation) will transition to DJ Fitzpatrick from Kenny Abrams effective January 1, 2020. In the interim, both Abrams and Fitzpatrick will serve as co-PMs on the strategies. Abrams (late 50s) is not retiring and will continue to be lead PM on the Global Perspectives strategy and will maintain his industry coverage (Aerospace and Defense, Consumer, Healthcare) on Small and SMID Cap Opportunities in perpetuity.

Additional Insights:

- Wellington cited succession planning as the reason for the announcement. Abrams was involved in making this decision. This is a Wellington driven decision, not a Vanguard driven decision.
- Fitzpatrick joined the Small Cap Opportunities team in 1998 and has been working with Abrams ever since. The philosophy and process of the strategy is not expected to change much given the two PMs' alignment in approach and long history working together. Fitzpatrick has been ramping up his PM responsibilities over the past couple of years.
- SMID Cap Opportunities is run in the same manner and by the same team as Small Cap Opportunities except with a different opportunity set/market cap range. SMID Cap Opportunities is dedicated to the Vanguard Explorer Fund and is closed to other investors. There is about 60-65% overlap between the Small and SMID Cap Opportunities portfolios.
- Going forward, Wellington is not expected to name a backup PM for the strategies and will not be making any additional hires. Danielle Williams and Paul Elia continue to serve as dedicated analysts on the products and their roles are not expected to change.
- The Global Perspectives strategy is run by Kenny Abrams but has separate dedicated resources compared to Small and SMID Cap Opportunities. Abrams historically split his time between Small and SMID Cap Opportunities and Global Perspectives equally but will focus purely on Global Perspectives from a PM standpoint in 2020 and beyond. There is roughly 30-40% overlap between the global product and Small Cap Opportunities.

Watch List

Watch List

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

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

Availability:	This fund is an individual option.
Issue:	DFA U.S. Small Cap Value is recommended to be added to the Watch List due to performance issues.
Analysis:	Over the trailing three-year period the fund ranks in the 61 st percentile of peers and underperformed the Russell 2000 Value index by 2.08%. The one year period lags the Russell 2000 Value index by 1.61%.
Recommendation:	Watch list
Date on Watch:	December 2018
Plan Assets:	\$613,186

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)

Availability:	This fund is an individual option.
Issue:	During the fourth quarter, the fund continued the pattern of underperformance posting a return of -0.75% vs. the -0.42% return of the benchmark. Longer term performance lags the benchmark and median peer over the 3 and 5-year periods.
Analysis:	N/A
Recommendation:	Watch list
Date on Watch:	August 2015
Plan Assets:	\$2,049,050

Dodge & Cox International Stock Fund (Direct Plan)

Availability:	This fund is an individual option.
Issue:	The Dodge & Cox International Stock Fund was added to the Watch List due to performance issues.
Analysis:	Over the trailing three-year period the fund ranks in the 36 th percentile of peers and beat the MSCI EAFE index by 0.37%. The one year period lags the MSCI EAFE index by 4.19% and ranks in the 83 rd percentile of peers.
Recommendation:	Watch list
Date on Watch:	August 2018
Plan Assets:	\$1,489,708

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 2.07% for the last 3 years and ranks in the 78th percentile among peers. This quarter, the Fund outperformed the High Yield II Index by 0.42% and ranked in the 31st percentile of Callan High Yield Mutual Fund peer group.
Recommendation: Watch list
Date on Watch: August 10, 2016
Plan Assets: \$41,197,363

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 1.88% for the last 5 years and by 1.15% for the last 3 years. The Fund ranks in the 42nd 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 50th percentile of peers. This quarter the Fund underperformed the S&P 500 Index by 1.42% and ranked in the 60th 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: \$5,529,375

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 0.44% for the last 3 years and ranks in the 65th percentile among peers over that period. For the one year period, the fund lags the benchmark by 3.09% and ranks in the 85th percentile. This quarter the Fund underperformed the benchmark by 0.49% and ranked in the 62nd percentile of the peer group.
Recommendation: To be Terminated
Date on Watch: August 10, 2016
Plan Assets: \$19,351,271 Combined Assets

Lazard Emerging Markets (Advisor Plan)

Availability: This fund is offered as an individual option
Issue: Underperformance
Analysis: During the fourth quarter the Fund had a return of -5.55% which beat the benchmark by 1.91% and ranked in the 14th percentile of Callan's Emerging Markets Mutual Fund peer group. For the trailing one year period, the Fund lagged the benchmark by 3.52% and ranked in the 62nd 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 1.14% and ranks in the 59th percentile of peers.

Recommendation: To be Terminated
Date on Watch: August 16, 2017
Plan Assets: \$23,700,502

William Blair Small Cap Value (Advisor Plan)

Availability: This fund is offered as an individual option

Original Issue: Underperformance

Analysis: During the fourth quarter the Fund had a return of -19.43% which underperformed the benchmark by 0.76% and ranked in the 60th percentile of Callan's Small Cap Value Mutual Fund peer group. For the three year period, the Fund lags the benchmark by 2.62% and ranks in the 71st percentile of peers. The 5-year return trails the benchmark by 0.99% and ranks in the 66th percentile of peers.

Recommendation: Watch list
Date on Watch: May 16, 2018
Plan Assets: \$9,612,354

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 75th 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.