

COLLEGE SAVINGS PLANS OF NEVADA

**Investment Policy Statement and
Comprehensive Investment Plan**

for the

NEVADA COLLEGE SAVINGS PROGRAM

Board of Trustees
College Savings Plans of Nevada

May 19, 2011

A. PLAN PURPOSE

The Nevada College Savings Program (the "College Savings Program") is administered by the Board of Trustees (the "Board") of the College Savings Plans of Nevada, which was established under the Nevada Revised Statutes ("NRS") Chapter 353B, and Section 529 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"). There are four distinct 529 plans (the "Plans") operating under the College Savings Program: the Vanguard 529 College Savings Plan, the Upromise College Fund 529 Plan, the USAA College Savings Plan, and the Putnam 529 for America plan. The College Savings Program was established to provide families with an opportunity to invest toward future qualified higher education expenses, and is administered separately from the Nevada Higher Education Prepaid Tuition Program ("Prepaid Program"), which is also a part of the collective College Savings Plans of Nevada.

This investment policy statement is intended to:

1. Articulate the objectives of the College Savings Program;
2. Identify the roles of specific entities having program management and fiduciary responsibilities in administering the College Savings Program;
3. Include policies regarding permitted investments, benchmarks, asset allocation strategies, etc;
4. Establish the reporting requirements mandated by the Board;
5. Establish objectives for the process of prudently monitoring and evaluating the performance of investments and of contractors that provide investment management services to the College Savings Program;
6. Establish objectives for structuring investment options offered in the College Savings Program; and,
7. Formulate policies for selecting appropriate investment managers and the use of specific investment vehicles ("Underlying Investments") in the Portfolios within the framework of the structure as stated in this Policy.

B. ESTABLISHMENT AND AUTHORITY

NRS Chapter 353B establishes the College Savings Plans, which includes the College Savings Program. At the Board's discretion, the administration of the College Savings Program can be delegated to the State Treasurer, per NRS 353B.310 and NRS 353B.320. NRS 353B.370 grants the Board latitude in dictating how College Savings Program assets are to be invested, which may include the selection of an Investment Manager(s) and/or mutual funds, and the selection of a Program Administrator(s). The Program Administrator, who may contract directly with Investment Manager(s), shall report directly to the State Treasurer in the administration of the College Savings Trust Fund, but otherwise to the Board in the administration of the College Savings Program as a whole.

To the extent that there is any conflict between i) this Investment Policy Statement (including any attached documents) and ii) any contractual relationships among any Program Administrator, any Investment Manager, and/or the Board, such contractual relationship(s) will take precedence.

At the discretion of the Program Administrator and with the approval and consent of the Board, College Savings Program investments may be sold directly to account owners, or indirectly through financial advisors, or both.

C. RESPONSIBILITIES

1. Board: The Board will operate the College Savings Program in compliance with the Code, NRS, and, where more restrictive, any Investment Policy(ies). The Board will also ensure that the Program Administrator and Investment Manager(s) (both described below) are similarly in compliance with the Code, NRS, and any Investment Policy(ies). The Board will:

1. Implement a comprehensive investment plan for the College Savings Program;
2. Establish criteria and select an Investment Manager(s), mutual funds, or other such entities or vehicles for investing College Savings Program assets;
3. Employ personnel and contract for goods and services necessary for the effective operation of the College Savings Program;
4. Review, approve, and/or modify the Program Administrator's annual investment review;
5. Review the investment performance of the Investment Manager(s) or equivalent, and review any changes in benchmarking;
6. Develop appropriate college savings investment options and programs for account owners/beneficiaries;
7. At its option, create and empower a monitoring and compliance committee or equivalent which shall report to the Board and serve as a Board designee, in the sole discretion of the Board; and
8. No less frequently than annually, approve or disapprove all investment vehicles.

2. State Treasurer (which may include other members of the State Treasurer's Office, as delegated by the State Treasurer): The State Treasurer will administer the College Savings Program, establish accounts as needed, and accept and expend on behalf of the College Savings Program any monies provided for expenses. The State Treasurer will:

1. Conduct reviews of proposed actions and requests from the Program Administrator and Investment Manager(s) (or equivalent), and present recommendations to the Board;
2. Review Investment Manager(s) (or equivalent) reports with a special consideration of benchmarking (i.e., performance relative to benchmarks and the appropriateness of the benchmarks); and
3. Report to the Board on any underlying investment options available to account owners / beneficiaries which have been determined to be on "Watch" status (as described below), or removed from "Watch" status.

3. Investment Consultant: The Board has determined that it is necessary and reasonable to retain a professional investment consultant (the "Investment Consultant") to advise the Board with regard to the investments of the Trust. Under this policy, the Investment Consultant will generally be responsible for the following:

1. Providing general investment advice to the Board and State Treasurer;
2. Develop and maintain criteria for the determination of "Watch" status in conjunction with the State Treasurer;
3. Make recommendations on investment options, policies, objectives, and strategies, including asset allocation and compliance monitoring, all consistent with the objectives of the College Savings Program;

4. Review and provide recommendations regarding any items being presented to the Board by the Program Administrator or Investment Manager with respect to asset allocation, age bands, underlying funds, benchmarks, etc.;
5. Monitor the Program Manager and portfolio and underlying investment fund or vehicle performance as detailed in Monitoring Procedures and Criteria;
6. Determine when any investment will be placed on or removed from "Watch" status, using criteria detailed in Monitoring Procedures and Criteria;
7. Maintain the list of investments on "Watch" status and provide updated reports to the State Treasurer and the Board no less frequently than quarterly;
8. As quickly as reasonably possible, notify the State Treasurer and the Board of any adverse changes in "Watch" status to any of the investments; and,
9. Monitor the Investment Manager(s), their investment performance, and their adherence to the requirements imposed by the NRS, the Board, and any relevant policies which shall have been made fully available to the Investment Managers(s).

4. Program Administrator: The Board has determined that it is necessary and reasonable to retain professional program administrators to manage the College Savings Program and contract with Investment Managers with the consent of the Board. Under the College Savings Program, a Program Administrator and/or Investment Manager has certain fiduciary responsibilities as defined by its management contract with the Board and by law. A Program Administrator (which may by current contract be referred to as "Program Manager") and any of its affiliates (taken as a whole) will:

1. No less frequently than annually, in concert with each Investment Manager independently, prepare an audited accounting and investment review, which shall include an asset allocation review and any proposed changes to the underlying investments, benchmarks, etc.;
2. Inform the Board of any changes to any benchmarks or material changes in objectives by any underlying mutual funds of which it is aware, ETFs or separate accounts in the College Savings Program that are not directly voted on by the Board, in a reasonable time after the Program Administrator learns of such changes;
3. No less frequently than quarterly, along with each Investment Manager, collect performance data for the investments and present a performance report of individual plans available to account owners/beneficiaries, in a format acceptable to the Board;
4. No less frequently than monthly, if requested by the Board and State Treasurer, provide reports as permitted by the contractual relationship and in a format acceptable to the Board and reasonably agreed to by the Program Administrator;
5. No less frequently than quarterly, provide reports to the Board and State Treasurer, all as contemplated by the contractual relationship and in a format acceptable to the Board and reasonably agreed to by the Program Administrator;
6. Coordinate, manage, and oversee the Investment Manager relationship(s), which will include performing due diligence and advising the Board of issues and concerns;
7. Review, analyze, and develop guidelines in the College Savings Program, relating to asset mix, age bands, etc., and recommend changes (if any) in individual plans for the Board's review and approval, no less frequently than annually;
8. Provide any additional customized reports as contractually permitted and as reasonably requested by the Board or State Treasurer in consultation with the Program Administrator and relevant Investment Manager(s);

9. Employ qualified Investment Manager(s) to manage investments in the College Savings Trust Fund;
10. Review investment proposals from the Investment Manager(s) to ensure compliance with contractual obligations as well as Code, NRS, and any Investment Policy-related constraints;
11. Monitor ongoing adherence to Code, NRS, and any Investment Policy-related constraints;
12. Develop appropriate college savings investment options and programs for account owners/beneficiaries for consideration by the Board, and manage those programs as directed by the Board; and
13. Take action as directed by the Board to modify the College Savings Program, which may include (but not be limited to) the termination or hiring of an Investment Manager or the elimination or addition of an investment option, all consistent with constraints imposed by the Code, NRS, any contractual relationship(s) with the Program Administrator, any relevant policy(ies), and/or any contractual relationship between the Program Administrator and the Investment Manager(s).

5. Investment Manager(s) (if any): The Investment Manager will manage assets of the College Savings Trust Fund, on a non-commingled basis across various individual College Savings Program plans, in a manner consistent with Code, NRS, and/or any relevant policy(ies). This will include:

1. Providing a range of investment options for account owners and beneficiaries, and also provide support relating to administration, distribution and customer service, per the terms of any contracts with the Program Administrator and as approved by the Board;
2. Managing College Savings Trust Fund assets in a manner consistent with criteria established by the Board;
3. Investing, monitoring, and rebalancing College Savings Trust Fund assets as needed to ensure adherence to any target allocations;
4. Providing performance reports to the Board no less frequently than quarterly or as requested by the Board;
5. Developing proprietary policies for reviewing, monitoring, and refining investment performance to meet Board objectives; and
6. Employing qualified fund managers, securities custodians, and investment advisors.

D. INVESTMENT OBJECTIVES

The primary goal of the College Savings Program is to provide eligible participants with a range of investment options for accounts held in the College Savings Trust Fund, and to employ a qualified Investment Manager(s) to administer the investments. The investment options made available to beneficiaries and account owners shall be selected and managed in accordance with the contracts between the Investment Manager(s) and/or Program Administrator and the Board, the Code, NRS, and any applicable policies. As such, the College Savings Program taken as a whole shall seek to achieve the following objectives:

1. Meet the various educational savings needs of account owners and beneficiaries;
2. Provide at least one Direct Plan and one Advisor Plan to accommodate account owners' different preferences for either managing their own investments or using a financial advisor to manage their account;

3. Provide investment options which, first and foremost, are consistent with the objectives of the College Savings Program, and within that constraint, encompass a range of expected risk and return opportunities, to allow for an expected rate of return commensurate with an expected level of risk to meet the investment goals of account owners and beneficiaries;
4. Provide a range of investment options and College Savings Program flexibility that take into consideration risk tolerances, investment objectives, the age of the account owner, the age of the beneficiary, etc.;
5. Strive to include "low-cost" funds within the Program, and in general assess the relative operating costs of a fund against the relative benefit of utilizing that specific fund in the College Savings Program;
6. Consider and potentially include investment vehicles which are not mutual funds; and
7. Strive to be competitive with alternative investment options, and with terms and investment choices which are easily communicated to, and understood by, account owners.

E. PERMITTED INVESTMENTS

The underlying investments in the College Savings Trust Fund shall draw from the following broad asset classes:

1. Short-term marketable debt securities
2. Fixed-income securities
3. U.S. equity securities
4. International equity securities
5. Bank certificates of deposit
6. Stable value investments

The underlying investment vehicles of the College Savings Trust Fund shall be limited to mutual funds, exchange-traded funds, stable value investments, direct holdings of bank certificates of deposit, FDIC-insured savings accounts, or in separately managed accounts with similar investment strategies. Investment instruments or asset classes which differ materially from these broad categories would necessitate a revision to this Policy. The Board may establish guidelines for the development and structuring of the College Savings Program investment alternatives, which may include specific prohibitions on certain investments, limits on asset class exposures, various risk constraints, benchmarks, and investment return objectives.

There will be no categorical prohibition against the use of derivatives and/or other forms of leverage in mutual funds or exchange-traded funds. However the Board will consider a particular fund's policies and activities in these areas as part of a more general screening and surveillance of mutual funds. Similarly, "funds of funds" and short-selling will not be categorically prohibited. To the extent that less conventional activities or instruments or techniques are permitted in the College Savings Trust Fund, the Board in its discretion will apply special surveillance to protect against abuse, all in the interest of ensuring a continuing appropriateness for College Savings Program objectives.

F. PERFORMANCE MONITORING

The Board determined it is necessary and reasonable to develop an investment monitoring program and has delegated such a role to the State Treasurer and Investment Consultant to

advise the Board with regard to investment and compliance issues. The Investment Consultant is charged with the goal of monitoring and reporting to the State Treasurer on issues directly affecting the prudent administration of the College Savings Program, on behalf of the Board and other College Savings Program stakeholders, and will perform in a manner consistent with generally accepted standards of fiduciary responsibility.

The investment options will be selected and monitored with the skill, care, and diligence of a prudent person acting in a like capacity, familiar with such matters and in accordance with all applicable laws and policies of the Board. All decisions made on behalf of the College Savings Program will be for the sole benefit of the account owners and beneficiaries. The Investment Consultant will monitor the investments and may make informal recommendations to add, remove, or change the investment options to the State Treasurer as may be appropriate, and as detailed in Section A above, and the Monitoring Procedures and Criteria.

1. Benchmarks

The Board shall evaluate investment performance relative to an assigned benchmark. The Program Administrator shall at all times seek to provide performance consistent with performance criteria as shown in the Monitoring Procedures and Criteria. When evaluating investment performance, a benchmark will be used to provide relative results with the following stipulations:

1. Evaluations shall be against an industry standard benchmark;
2. Program Investment Portfolios are to be displayed against an appropriate benchmark or policy benchmark as outlined in the College Savings Plans of Nevada Monitoring Procedures and Criteria; and,
3. All Underlying Investments and Investment Portfolios shall be considered against their respective benchmarks over an identical time period.

Each of the benchmarks to be utilized in performance evaluation are identified in the Monitoring Procedures and Criteria.

2. Investment Status Report

The Investment Consultant shall prepare a separate evaluation, no less frequently than quarterly, which shall review the performance and status of all underlying investment options and multi-fund portfolios. The quarterly investment reports provided by the Investment Consultant will rate all individual fund portfolios and every multi-fund portfolio as either Positive, Acceptable, Caution or Watch. Additionally, the Investment Consultant may determine that an Investment Manager, across the College Savings Program, merits "Watch" status. The quarterly status report will also recommend changes in "Watch" status, and will include the timing of any status change and the reason for the change. Any investment or Investment Manager on "Watch" status may have unique reporting requirements while it is on "Watch" status as reasonably requested by the Board. This "Watch" status reporting shall be provided to the Board.

The Investment Consultant and State Treasurer have jointly determined the criteria for an investment fund or Investment Manager to be placed on, or removed from, "Watch" status as detailed in a separate document entitled the Monitoring Procedures and Criteria for the Nevada College Savings Program.

G. ANNUAL INVESTMENT REVIEW

The Investment Manager(s) and the Program Administrator will jointly present investment reviews for each of the Investment Manager's segment of the College Savings Program, on an annual basis or more frequently as requested by the Board, in accordance with contractual requirements, if all parties consider it to be prudent and reasonable. These reviews will include any proposed (by any party) changes to approved benchmarks, the investment menu, asset mix, fees, etc. Proposed changes will be reviewed by the Investment Consultant and the State Treasurer prior to presentation to the Board, and this review may result in changes to the presentation, any proposals, etc. However the Board will retain the final decision-making authority to accept, reject, request modification, or defer any recommendations. Updates to all disclosure and customer documents to reflect approved changes will be reviewed and approved as appropriate by the State Treasurer or designee.

H. ADOPTION AND REVIEW OF POLICY

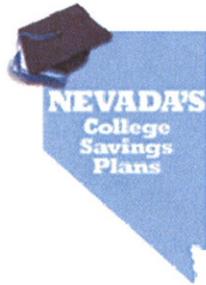
The Board will review this Policy at least once every two years. Changes to this policy can be made at any time to the extent such changes would be in the best interest of the account owners and beneficiaries; however, changes are expected to be infrequent, as they will reflect long-term considerations, rather than short-term changes in the financial markets. The State Treasurer's Office will communicate any proposed modifications in writing on a timely basis to interested parties, including the Program Administrator and Investment Managers, who shall have a reasonable amount of time to respond to such proposals.

Adopted this 19th day of May, 2011

BOARD OF TRUSTEES, COLLEGE SAVINGS PLANS OF NEVADA



Kate Marshall, Chair



COLLEGE SAVINGS PLANS OF NEVADA

Monitoring Procedures and Criteria

for the

NEVADA COLLEGE SAVINGS PROGRAM

Board of Trustees
College Savings Plans of Nevada

May 19, 2011

The Nevada College Savings Program ("College Savings Program") was created as part of the College Savings Plans of Nevada. The College Savings Program is a vehicle for families to save for higher education on a tax-advantaged basis. Under federal law, participants in 529 plans cannot directly control investments, instead investments are held in state trusts. As the administrator of the Plans, Board of Trustees (the "Board") of the College Savings Plans of Nevada directs investments and has a fiduciary responsibility for the assets invested by the Plan's participants.

The following monitoring procedures are designed to enable the Board to monitor performance and help it achieve consistent long-term investment success for its Participants. In addition, it provides the Board with a road map for action if it is not satisfied with specific aspects of a fund's activities and/or investment performance.

A. Monitoring Procedures

The Board's monitoring procedures are designed to provide qualitative and quantitative information to the Board on investment performance to aid it in making the best decisions on behalf of account owners and beneficiaries. Specifically, the procedures outline what will be monitored, how it will be monitored, and when it will be monitored; what is acceptable and unacceptable performance; and how underperformance may be addressed.

There are two major groups of monitoring activities: Ongoing Monitoring and Periodic Monitoring.

1. Ongoing Monitoring Activities

Ongoing monitoring activities include measurement and assessment of investment performance and related investment activities. The differences in the structures for individual fund portfolios and multi-fund portfolios require different monitoring procedures as outlined below. Both the Program Manager(s) and independent Investment Consultant will provide quarterly monitoring reports.

a. Portfolio Construction

Individual Fund Portfolios Investment Performance – Performance of each individual fund portfolio (each portfolio is made up of a single fund or other vehicle) is monitored relative to its benchmarks for a specific time period. Monitoring criteria can be found in Section D, Investment Performance Criteria Schedules.

Multi-Fund Portfolios (Age-Based and Goal-Based) Investment Performance – Performance monitoring of portfolios containing multiple funds or other vehicles will occur at the aggregate portfolio level. Each multi-fund (or multi-vehicle) portfolio will have its asset-weighted composite of underlying funds or other vehicle performance compared to its custom benchmark. Specific monitoring criteria for each asset class can be found in Section D of these Monitoring Procedures and Criteria.

b. Quarterly Investment Performance Review by Program Manager

As part of the ongoing reporting process, the Program Manager will report calendar quarter and trailing annualized performance of the funds to the Board, the State Treasurer's Office, and the Investment Consultant on at least a quarterly basis. The Program Manager will also provide to the Board quarterly performance reports for each portfolio and underlying fund used by the Program against its respective benchmark. In addition, the Program Manager is responsible for providing: i) an explanation of investment activities that caused under- or out-performance each quarter, ii) any major changes in the investment related to personnel, organization and/or investment approach/strategy, and iii) any other reporting as required by law.

c. Quarterly Investment Performance Evaluation by the Investment Consultant

Using the data provided by the Program Manager, the Investment Consultant will provide a quarterly report for the Board comparing each individual fund portfolio and multi-fund portfolio with its respective benchmark according to the investment performance criteria found in the Section D of these Monitoring Procedures and Criteria. The quarterly monitoring report compares each individual fund portfolio to a benchmark and each asset class of each multi-fund portfolio against a custom asset-weighted benchmark. Performance for each individual fund portfolio or multi-fund portfolio is then categorized as Positive, Acceptable, Caution, or Watch using the criteria listed in the Investment Status Schedule as detailed in Section B.

2. Periodic Monitoring Activities

As part of its ongoing fiduciary responsibilities, the Investment Consultant will regularly (annually or more often if needed) review and report to the State Treasurer's Office several qualitative aspects of the Program Manager's practices and underlying investment funds. Key factors may include, but are not limited to a review of:

1. Fund investment guidelines to ensure they are consistent with the Board's mandate for the fund
2. Fund investment strategy and style, especially the buy/sell disciplines
3. Fund investment performance versus peer group
4. Portfolio activity, specifically the turnover rate, number of holdings, and execution costs
5. Risk profile relative to the fund's benchmark
6. Organizational structure
7. Stability of fund personnel and organization
8. Contractual obligations to Board
9. Multi-fund portfolios against an appropriate custom asset-weighted benchmark
10. Efficacy of active versus passive management in the age-based portfolios

B. Investment Status

1. Investment Status Schedule

The quarterly investment reports provided by the Investment Consultant will rate all individual fund portfolios and every multi-fund portfolio as either Positive, Acceptable, Caution, or Watch as detailed in the table below. These ratings will serve to summarize performance for each fund or asset class.

Investment Status Schedule

Performance Category	Actively Managed Portfolios	Passively Managed Portfolios
Positive	<ul style="list-style-type: none"> ▪ Performance exceeds the benchmark 	<ul style="list-style-type: none"> ▪ Performance exceeds the benchmark (first 1-12 month period), or ▪ Tracking error is within the allowable range¹ (short, medium and long time periods)
Acceptable	<ul style="list-style-type: none"> ▪ Performance meets or is under the benchmark and is within the allowable range¹ 	<ul style="list-style-type: none"> ▪ Performance does not exceed the benchmark but is within the allowable range (first 1-12 month period only)
Caution	<ul style="list-style-type: none"> • Performance is below allowable range, but for less than six consecutive months² 	<ul style="list-style-type: none"> ▪ Tracking error falls outside of the allowable range, but for less than six consecutive months
Watch	<ul style="list-style-type: none"> ▪ Performance is below allowable range for more than six consecutive months and the Investment Consultant has recommended placing the individual fund or portfolio on Watch status ▪ The Investment Consultant has recommended placing the individual fund or portfolio on Watch status due to non-investment performance related reasons (i.e., qualitative issues). 	<ul style="list-style-type: none"> ▪ Tracking error falls outside of the allowable range for more than six consecutive months and the Investment Consultant has formally recommended placing the individual fund or portfolio on Watch status

2. Caution Status

Individual fund portfolios or multi-fund or vehicle portfolios that meet the criteria in the Investment Status Schedule for Caution will be identified in the quarterly monitoring report. The Investment Consultant will provide a heightened level of monitoring for the funds meeting the criteria for Caution and report to the State Treasurer's Office if conditions do not

¹ Ranges are shown in the Investment Performance Criteria Schedules, Section D

² The amount of time generally required before an investment is put on Watch

improve. In some cases, certain funds may exhibit underperformance, but don't meet the Watch status criteria (i.e., for less than 6 consecutive months). Such funds require a higher level of scrutiny and monitoring, but to a slightly lesser degree than those exhibiting a clear trend of underperformance. In these cases, the Investment Consultant will provide regular updates via the quarterly monitoring report of such funds and report to State Treasurer's Office if performance conditions do not improve.

3. Watch Status

On at least a quarterly basis, the Investment Consultant will provide a report to the State Treasurer's Office detailing those funds that have exhibited a clear path of declining performance results, as defined in the Investment Status Schedule, and qualifying for Watch status. The State Treasurer's Office will then determine the funds to be officially placed on Watch status after reviewing this report. Once on Watch status, the individual fund portfolio or multi-fund or vehicle portfolio will receive continual monitoring by the Investment Consultant. 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 or multi-fund portfolio carefully and provide additional reports as necessary. This heightened level of monitoring continues during the Watch status period until the individual fund portfolio or multi-fund portfolio no longer meets the Watch status criteria or if other corrective measures are taken as detailed in the following sections.

Generally, once an individual fund portfolio or multi-fund portfolio is placed on Watch status, it should be able to exhibit improvement within a time frame of 9 to 18 months. However, extenuating circumstances may require the action sooner (or later) than 9 to 18 months. Regardless, an individual fund portfolio or multi-fund portfolio will remain on Watch status until the Investment Consultant provides details of its improvement to the State Treasurer's Office, and, based on conditions stated in the following section, the State Treasurer's Office releases the fund from Watch status.

4. Improvement Occurs – Release from Watch Status

If an individual fund portfolio or multi-fund portfolio shows indications of improvement in one or more of the factors that caused it to be placed on Watch status, the Investment Consultant will provide updated details to the State Treasurer's Office. Examples of improvements warranting a change in status are:

1. Improved investment performance;
2. Investment style and/or risk characteristics return to, and remain at, levels originally agreed upon; or,
3. Other factors such as organizational structure stabilizes, personnel adjustments, compliance requirements, etc. are met/satisfied.

The Investment Consultant will provide reports on at least a quarterly basis to the State Treasurer's Office on any individual fund portfolio or multi-fund asset class on Watch status. These reports will highlight the original reasons for placing the individual fund or multi-fund portfolio on Watch status and discuss how these issues have been addressed. If improvement occurs in an appropriate amount of time (generally 9 to 18 months) the Investment Consultant may make a recommendation to the State Treasurer's Office to release the individual fund/vehicle portfolio or multi-fund/vehicle portfolio from Watch status.

The State Treasurer's Office will then make the determination to release the individual fund portfolio or multi-fund portfolio from Watch status.

C. Corrective Measures

1. Improvement Does Not Occur – Corrective Measures

If the individual fund portfolio or multi-fund portfolio is not released from Watch status within an appropriate period (generally 9 to 18 months), corrective action may be necessary. Differences in structure between the individual fund portfolios and the multi-fund portfolio mean that corrective action will take different forms as explained below.

a. Individual Fund Portfolios

If the quantitative and/or qualitative performance of an individual fund portfolio does not improve, the Investment Consultant will conduct an analysis and provide the Board with options and a recommendation for action. Options include:

1. Giving the fund more time,
2. Closing it to new investment, or
3. Replacing it (replacement specifics are outlined below).

If the Board decides that funds must be replaced the process is outlined in Section C.2. below.

b. Multi-Fund Portfolios

In a multi-fund portfolio, it may not be feasible to replace an entire asset class of fund offerings. However, the procedures outlined in this document are structured to bring attention to the particular funds that are the cause(s) for the under- or outperformance of an asset class. If the asset class is not released from Watch status within a period of 9 to 18 months, the Investment Consultant may recommend to the Board that the Program Manager replace one or more of the underlying funds. Because there are multiple funds in each of the multi-fund portfolios, replacing funds does not require the same caution as with the individual fund portfolios.

2. Fund Replacement

The Board may replace funds on Watch status as part of its fiduciary responsibility to monitor and take corrective action if required. If a fund replacement is necessary, the Program Manager will provide the Board with one or more recommended replacement funds. The Investment Consultant will also provide the Board with its opinion of the Program Manager's recommendation.

For individual fund portfolios, if the Board determines that a fund must be removed, generally it will direct the Program Manager to provide appropriate advance notice to all account owners and financial advisors. This notice will be provided within a reasonable time frame, or upon a shorter time frame as directed by the Board, but in any event shall be in compliance with applicable law. The notice will provide information regarding the upcoming actions, the steps that will occur, and the timing of the removal, addition, and/or replacement of the fund(s). In normal conditions the fund will be removed, added, and/or replaced within

a 60-90 day time frame to allow for adequate advance notice to investors and financial advisors.

For multi-fund/vehicle portfolios, if the Board determines that a fund must be removed, it will work with the Investment Consultant and Program Manager on a case-by-case basis to consider removal of the fund/vehicle from the portfolio's fund/vehicle allocation. A new investment in a multi-fund portfolio must have more competitive performance characteristics than the fund that is being replaced while also maintaining (or enhancing) the integrity and expected results of the asset allocation processes used to construct the portfolio.

To the extent possible, and with the exception of changes that require immediate action, all changes to individual fund/vehicle portfolios and/or multi-fund/vehicle portfolios shall be made in conjunction with the Program Manager's annual review to the Board.

D. Investment Performance Criteria Schedules

The Vanguard 529 College Savings Plan Schedules

Table 1a: Passively Managed Individual Stand Alone Funds
(Based on net of fee³ fund performance)

Asset Class	Short-Term (rolling 12-month periods)	Medium-term (rolling 36-month periods)	Long-term (rolling 60-month periods)
Domestic Equity	Tracking Error > 0.30% for 6 consecutive months	Tracking Error > 0.25% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.30% for 6 consecutive months
Domestic Equity – Large Cap Value	Tracking Error > 0.30% for 6 consecutive months	Tracking Error > 0.25% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.30% for 6 consecutive months
Domestic Equity – Large Cap Growth	Tracking Error > 0.20% for 6 consecutive months	Tracking Error > 0.15% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.25% for 6 consecutive months
Domestic Equity – Mid Cap	Tracking Error > 0.30% for 6 consecutive months	Tracking Error > 0.25% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.50% for 6 consecutive months
Domestic Equity – Small Cap	Tracking Error > 0.40% for 6 consecutive months	Tracking Error > 0.35% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.60% for 6 consecutive months
International Equity	Tracking Error > 0.75% for 6 consecutive months	Tracking Error > 0.70% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.30% for 6 consecutive months
Fixed Income	Tracking Error > 0.40% for 6 consecutive months	Tracking Error > 0.55% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.35% for 6 consecutive months

Monitors:

<u>Fund</u>	<u>Asset Class</u>	<u>Benchmark</u>
Vanguard 500 Index Fund	Domestic Equity	S&P 500 Index
Vanguard Total Stock Market Index Fund	Domestic Equity	MSCI US Broad Market Index
Vanguard Value Index Fund	Domestic Equity – Large Cap Value	MSCI US Prime Market Value Index
Vanguard Growth Index Fund	Domestic Equity – Large Cap Growth	MSCI US Prime Market Growth Index
Vanguard Mid-Cap Index Fund	Domestic Equity – Mid Cap	MSCI US Mid Cap 450 Index
Vanguard Small Cap Index Fund	Domestic Equity – Small Cap	MSCI US Small Cap 1750 Index
Vanguard Total Intl Stock Index Fund	International Equity	MSCI ACWI xUS Index
Vanguard Total Bond Market	Fixed Income	BC US Agg Float Adj Bond Index
Vanguard Total Bond Market II	Fixed Income	BC US Agg Float Adj Bond Index

³ Net of underlying mutual fund fees, but not net of the State's Administrative Fee or Program Manager Fee

Table 1b: Actively Managed Individual Stand Alone Funds
(Based on net of fee⁴ fund performance)

Asset Class	Short-Term (rolling 12-month periods)	Medium-term (rolling 36-month periods)	Long-term (> 60-months)
Domestic Equity	Fd return < bench return -2.75% for 6 consecutive months	Fd annlzd return < bench annlzd return -1.5% for 6 consecutive months	VRR < 0.97 for 6 consecutive months
International Equity	Fd return < bench return -4.5% for 6 consecutive months	Fd annlzd return < bench annlzd return -2.0% for 6 consecutive months	VRR < 0.97 for 6 consecutive months
Fixed Income	Fd return < bench return -0.75% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.5% for 6 consecutive months	VRR < 0.98 for 6 consecutive months
High Yield	Fd return < bench return -6.5% for 6 consecutive months	Fd annlzd return < bench annlzd return -3.25% for 6 consecutive months	VRR < 0.96 for 6 consecutive months
Short-Term	Fd return < bench return -0.7% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.2% for 6 consecutive months	VRR < 0.99 for 6 consecutive months

Annualized return is the average annual return of either the fund or its benchmark.
VRR – Value Relative Ratio – is calculated as: fund cumulative return / benchmark cumulative return.

Monitors:

<u>Fund</u>	<u>Asset Class</u>	<u>Benchmark</u>
Vanguard Morgan Growth	Domestic Equity	Russell 3000 Growth Index
Vanguard Windsor	Domestic Equity	Russell 1000 Value Index
Vanguard STAR	Blend*	Composite*
Vanguard Inflation-Protected Securities	Fixed Income	BC US TIPS Index
Vanguard High Yield Bond	High Yield	BC US Corporate High Yield Index

*43.75% MSCI US Broad Market Index, 25% BC US Agg Bond Index, 12.5% BC US 1-5 Year Cr Bond Index, and 18.75% MSCI ACWI ex USA

⁴ Net of underlying mutual fund fees, but not net of the State's Administrative Fee or Program Manager Fee

Upromise College Fund 529 Plan Schedules

Table 2a: Passively Managed Underlying Fund/Individual Stand Alone Funds
(Based on net-of-fee⁵ fund performance)

Asset Class	Short-Term (rolling 12-month periods)	Medium-term (rolling 36-month periods)	Long-term (rolling 60-month periods)
Domestic Equity	Tracking Error > 0.30% for 6 consecutive months	Tracking Error > 0.25% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.30% for 6 consecutive months
International Equity	Tracking Error > 0.75% for 6 consecutive months	Tracking Error > 0.70% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.30% for 6 consecutive months
Fixed Income	Tracking Error > 0.40% for 6 consecutive months	Tracking Error > 0.55% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.35% for 6 consecutive months

Monitors:

Fund

Vanguard 500 Index Fund
Vanguard Total Stock Market Index Fund
Vanguard Total Intl Stock Index Fund
Vanguard Total Bond Market
Vanguard Total Bond Market II

Asset Class

Domestic Equity
Domestic Equity
International Equity
Fixed Income
Fixed Income

Benchmark

S&P 500 Index
MSCI US Broad Market Index
MSCI ACWI xUS Index
BC US Agg Float Adj Bond Index
BC US Agg Float Adj Bond Index

⁵ Net of underlying mutual fund fees, but not net of the State's Administrative Fee or Program Manager Fee

Table 2b: Actively Managed Individual Stand Alone Funds
 (Based on net-of-fee⁶ fund performance)

Asset Class	Short-Term (rolling 12-month periods)	Medium-term (rolling 36-month periods)	Long-term (> 60-months)
Fixed Income	Fd return < bench return -0.75% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.5% for 6 consecutive months	VRR < 0.98 for 6 consecutive months

Annualized return is the average annual return of either the fund or its benchmark.

VRR – Value Relative Ratio – is calculated as: fund cumulative return / benchmark cumulative return.

Monitors:

<u>Fund</u>	<u>Asset Class</u>	<u>Benchmark</u>
Vanguard Inflation Protected Securities	Fixed Income	BC US TIPS Index

⁶ Net of underlying mutual fund fees, but not net of the State’s Administrative Fee or Program Manager Fee

USAA College Savings Plan Schedules

Table 3a: Actively Managed Individual Stand Alone Funds
(Based on net-of-fee⁷ fund performance)

Asset Class	Short-Term (rolling 12-month periods)	Medium-term (rolling 36-month periods)	Long-term (> 60-months)
Domestic Equity	Fd return < bench return -2.75% for 6 consecutive months	Fd annlzd return < bench annlzd return -1.5% for 6 consecutive months	VRR < 0.97 for 6 consecutive months
International Equity	Fd return < bench return -4.5% for 6 consecutive months	Fd annlzd return < bench annlzd return -2.0% for 6 consecutive months	VRR < 0.97 for 6 consecutive months
Emerging Markets Equity	Fd return < bench return -4.5% for 6 consecutive months	Fd annlzd return < bench annlzd return -2.75% for 6 consecutive months	VRR < 0.97 for 6 consecutive months
Fixed Income	Fd return < bench return -0.75% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.5% for 6 consecutive months	VRR < 0.98 for 6 consecutive months
High Yield	Fd return < bench return -6.5% for 6 consecutive months	Fd annlzd return < bench annlzd return -3.25% for 6 consecutive months	VRR < 0.96 for 6 consecutive months
Precious Metals	Fd return < bench return -6.5% for 6 consecutive months	Fd annlzd return < bench annlzd return -3.25% for 6 consecutive months	VRR < 0.96 for 6 consecutive months
Short-Term	Fd return < bench return -0.7% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.2% for 6 consecutive months	VRR < 0.99 for 6 consecutive months

Annualized return is the average annual return of either the fund or its benchmark.

VRR – Value Relative Ratio – is calculated as: fund cumulative return / benchmark cumulative return.

Monitors:

Fund

USAA Aggressive Growth Fund
USAA Growth Fund
USAA Growth & Income
USAA Value Funds
USAA Income Stock Fund
USAA Small Cap Stock Fund
USAA International Fund
USAA Emerging Markets Fund
USAA Income Fund
USAA Intermediate-Term Bond Fund
USAA High Yield Opportunities Fund
USAA Short-Term Bond Fund
USAA Precious Metals & Minerals

Asset Class

Domestic Equity
Domestic Equity
Domestic Equity
Domestic Equity
Domestic Equity
Domestic Equity
International Equity
Emerging Markets Equity
Fixed Income
Fixed Income
High Yield
Short-Term
Precious Metals

Benchmark

Russell 1000 Growth Index
Russell 1000 Growth Index
Russell 3000 Growth Index
Russell 3000 Value Index
Russell 1000 Value Index
Russell 2000 Index
MSCI EAFE Index
MSCI Emerging Markets Index
BC US Aggregate Bond Index
BC Interm Govt/Credit Bond Index
BC High Yield Bond Index
BC 1-3 Year Treasury Bond Index
PHLX Gold & Silver Index

⁷ Net of underlying mutual fund fees, but not net of the State's Administrative Fee or Program Manager Fee

Putnam 529 for America Plan Schedules

Table 4a: Age/Goal Based Portfolio
(Based on net-of-fee⁸ fund performance)

Asset Class	1st 12-months (rolling 3-month periods)	Short-Term (rolling 12-month periods)	Medium-term (rolling 36-month periods)	Long-term (> 60-months)
Domestic Equity	Fd return < bench return -2.0% for 6 consecutive months	Fd return < bench return -2.75% for 6 consecutive months	Fd annlzd return < bench annlzd return -1.5% for 6 consecutive months	VRR < 0.97 for 6 consecutive months
International Equity	Fd return < bench return -3.0% for 6 consecutive months	Fd return < bench return -4.5% for 6 consecutive months	Fd annlzd return < bench annlzd return -2.0% for 6 consecutive months	VRR < 0.97 for 6 consecutive months
Fixed Income	Fd return < bench return -1.0% for 6 consecutive months	Fd return < bench return -0.75% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.5% for 6 consecutive months	VRR < 0.98 for 6 consecutive months
High Yield	Fd return < bench return -4.0% for 6 consecutive months	Fd return < bench return -6.5% for 6 consecutive months	Fd annlzd return < bench annlzd return -3.25% for 6 consecutive months	VRR < 0.96 for 6 consecutive months
Short-Term	Fd return < bench return -0.60% for 6 consecutive months	Fd return < bench return -0.7% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.2% for 6 consecutive months	VRR < 0.99 for 6 consecutive months

1st 1-12 month performance criteria is not annualized; all other criteria is on an annualized basis.
Annualized return is the average annual return of either the fund or its benchmark.
VRR – Value Relative Ratio – is calculated as: fund cumulative return / benchmark cumulative return.

Monitors:

<u>Fund</u>	<u>Asset Class</u>	<u>Benchmark</u>
GAA All Equity	Blend	Custom AA Equity Index*
GAA Growth	Blend	Custom AA Global Growth Index**
GAA Balanced	Blend	Custom AA Global Balanced Index***
GAA Conservative	Blend	Custom AA Global Conservative Index****

*75% Russell 3000, 19% MSCI EAFE, 6% MSCI EM

**60% Russell 3000, 15% MSCI EAFE, 5% MSCI EM, 15% BC Aggregate Bond, 5% JP Morgan Developed High Yield Index

***50% Russell 3000, 10% MSCI EAFE, 35% BC Aggregate Bond, 5% JP Morgan Developed High Yield Index

****25% Russell 3000, 5% MSCI EAFE, 65% BC Aggregate Bond, 5% JP Morgan Developed High Yield Index

⁸ Net of underlying mutual fund/vehicle fees, but not net of the State's Administrative Fee or Program Manager Fee

Table 4b: Actively Managed Individual Stand Alone Funds
(Based on net-of-fee⁹ fund performance)

Asset Class	1 st 12-months (rolling 3-month periods)	Short-Term (rolling 12-month periods)	Medium-term (rolling 36-month periods)	Long-term (> 60-months)
Domestic Equity	Fd return < bench return -2.0% for 6 consecutive months	Fd return < bench return -2.75% for 6 consecutive months	Fd annlzd return < bench annlzd return -1.5% for 6 consecutive months	VRR < 0.97 for 6 consecutive months
International Equity	Fd return < bench return -3.0% for 6 consecutive months	Fd return < bench return -4.5% for 6 consecutive months	Fd annlzd return < bench annlzd return -2.0% for 6 consecutive months	VRR < 0.97 for 6 consecutive months
Fixed Income	Fd return < bench return -1.0% for 6 consecutive months	Fd return < bench return -0.75% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.5% for 6 consecutive months	VRR < 0.98 for 6 consecutive months
High Yield	Fd return < bench return -4.0% for 6 consecutive months	Fd return < bench return -6.5% for 6 consecutive months	Fd annlzd return < bench annlzd return -3.25% for 6 consecutive months	VRR < 0.96 for 6 consecutive months
Short-Term	Fd return < bench return -0.60% for 6 consecutive months	Fd return < bench return -0.7% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.2% for 6 consecutive months	VRR < 0.99 for 6 consecutive months

1st 1-12 month performance criteria is not annualized; all other criteria is on an annualized basis.
Annualized return is the average annual return of either the fund or its benchmark.
VRR – Value Relative Ratio – is calculated as: fund cumulative return / benchmark cumulative return.

Monitors:

<u>Fund</u>	<u>Asset Class</u>	<u>Benchmark</u>
The Hartford Capital Appreciation Fund	Domestic Equity	Russell 3000 Index
Putnam Equity Income Fund	Domestic Equity	Russell 1000 Value Index
Putnam Voyager Fund	Domestic Equity	Russell 1000 Growth Index
Principal MidCap Blend Fund	Domestic Equity	Russell MidCap Index
Fidelity Advisor Small Cap Fund	Domestic Equity	Russell 2000 Index
MFS Institutional International Equity Fund	International Equity	MSCI EAFE GD Index
Putnam International Cap Opportunities Fund	International Equity	S&P Developed xUS Small Cap Index
Putnam Income Fund	Fixed Income	BC US Aggregate Bond Index
Federated U.S. Govt Securities: 2-5 Years	Short-Term	BofA ML 3-5 Year Treasury Index
Putnam High Yield Trust	High Yield	JP Morgan Developed High Yield Index

⁹ Net of underlying mutual fund/vehicle fees, but not net of the State's Administrative Fee or Program Manager Fee

Table 4c: Absolute Return Individual Stand Alone Funds
 (Based on net-of-fee¹⁰ fund performance)

Asset Class	1st 12-months (rolling 3-month periods)	Short-Term (rolling 12-month periods)	Medium-term (rolling 36-month periods)	Long-term (rolling 60-month periods)
Absolute Return	Fd return < 0.0% for 6 consecutive months	Fd return < 0.0% for 6 consecutive months	Fd annlzd return < bench annlzd return for 6 consecutive months	Fd annlzd return < bench annlzd return for 6 consecutive months

1st 1-12 month performance criteria is not annualized; all other criteria is on an annualized basis.
 Annualized return is the average annual return of either the fund or its benchmark.
 VRR – Value Relative Ratio – is calculated as: fund cumulative return / benchmark cumulative return.

Monitors:

<u>Fund</u>	<u>Asset Class</u>	<u>Benchmark</u>
Putnam Absolute Return 100 Fund	Absolute Return	BofA ML US Treasury Bill Index + 1.0%
Putnam Absolute Return 300 Fund	Absolute Return	BofA ML US Treasury Bill Index + 3.0%
Putnam Absolute Return 500 Fund	Absolute Return	BofA ML US Treasury Bill Index + 5.0%
Putnam Absolute Return 700 Fund	Absolute Return	BofA ML US Treasury Bill Index + 7.0%

¹⁰ Net of underlying mutual fund fees, but not net of the State's Administrative Fee or Program Manager Fee