Invesco CollegeBound 529

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The opinions expressed are those of the author, are based on current market conditions and are subject to change without notice. These opinions may differ from those of other Invesco investment professionals.

Rebalance Overview and Rationale

Invesco Global Solutions' investment process includes periodic reviews of :

- Portfolio returns (absolute and relative)
- Risk
- Asset class allocations (adherence with guidelines)
- Factor exposures (intended and unintended)

The most recent review of Invesco CollegeBound 529 suggested the potential benefit of:

- Our updated research platform
- A growing menu of potential underlying investments

The goals of the current rebalance includes:

- Capture updates in our Capital Market Assumptions
- Broader universe of ETFs available in the selection process
- Leverage enhanced research and portfolio construction tools
- Revisit factor exposures across glide path
- Address performance challenges and manager concentration with broader portfolio diversification.

In addition to the Team's independent review process, periodic reviews are also conducted with the State of Rhode Island and Capital Cities.

Invesco CollegeBound 529
Summary of Changes

Asset allocation

- Broadly unchanged (equities vs. fixed income)
- Updated sub-asset classes along glide path based on updated Capital Market Assumptions (CMAs)
- Increased International exposure
- Adjustments to fixed income allocation

Manager selection

- Accommodate request to exclude any new active equity managers and reduce current positions
- Goal of providing access to full range of diversified equity factors
- New funds included
  - Invesco S&P 500 Pure Growth ETF
  - Invesco S&P 500 Low Volatility ETF
  - Invesco S&P Midcap Low Volatility ETF
  - Invesco S&P International Developed Low Volatility ETF

Portfolio construction changes

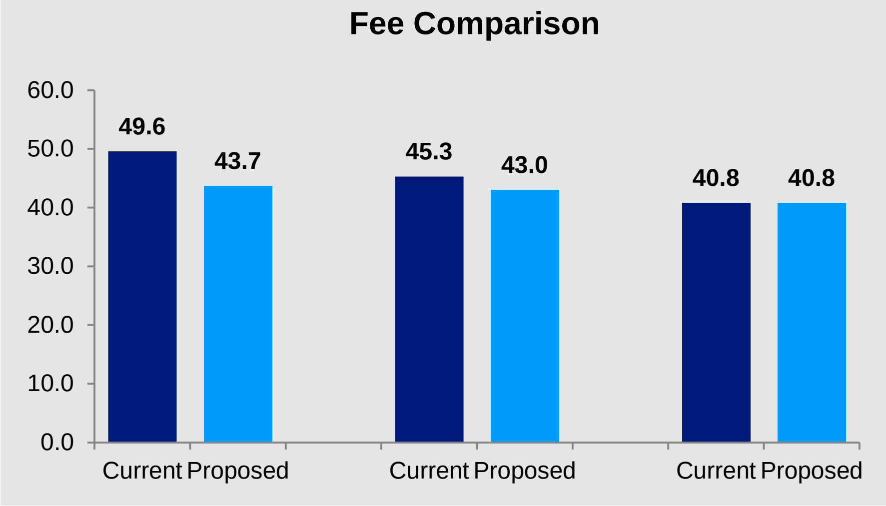
- Factor-first approach to equity allocation
- Invesco Diversified Dividend Fund and Invesco Global Growth Fund set to half of current position
- Realigned fixed income allocation to bring duration closer to target levels while seeking to control credit exposure

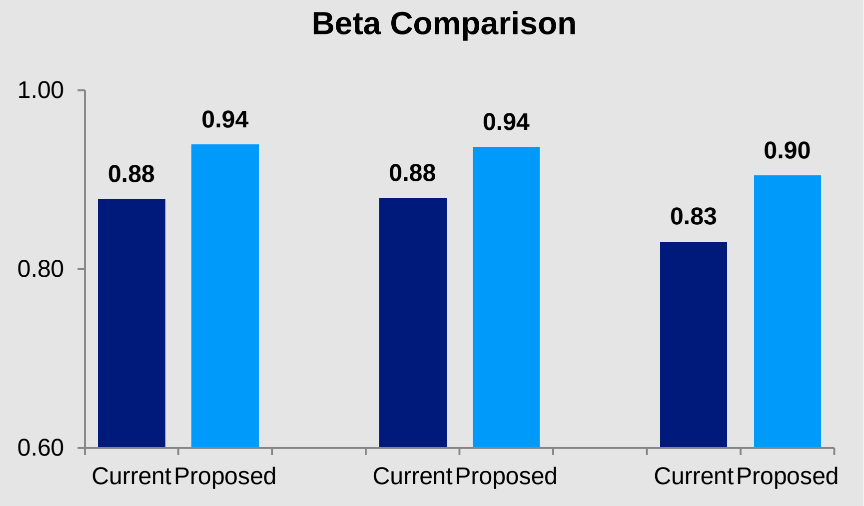
Impact on glide path and portfolios

- **Reduced manager concentration**
- **More balanced factor exposures**
- **Beta potentially closer to market**
- **Lower fees**

Portfolio Comparison at 16, 10 and 4 Years
Key Statistics

The updated portfolio allocation potentially provides reduced fees and portfolio beta more in-line with the market





	16 Years		10 Years		4 Years	
Additional Characteristics	Current	Proposed	Current	Proposed	Current	Proposed
Yield	2.8%	2.7%	2.8%	2.8%	2.6%	2.6%
Volatility	7.2%	8.0%	3.1%	3.4%	1.1%	1.2%
Tracking Error	3.6%	1.6%	1.7%	0.9%	1.2%	1.0%
% Active Equity	43.5%	21.7%	21.0%	10.5%	8.0%	4.0%
% Factor-Weighted Equity	30.5%	52.3%	25.3%	35.7%	17.9%	21.8%
% Fixed Income	26.0%	26.0%	53.8%	53.8%	74.1%	74.0%
Number of Funds	11	15	14	18	14	15

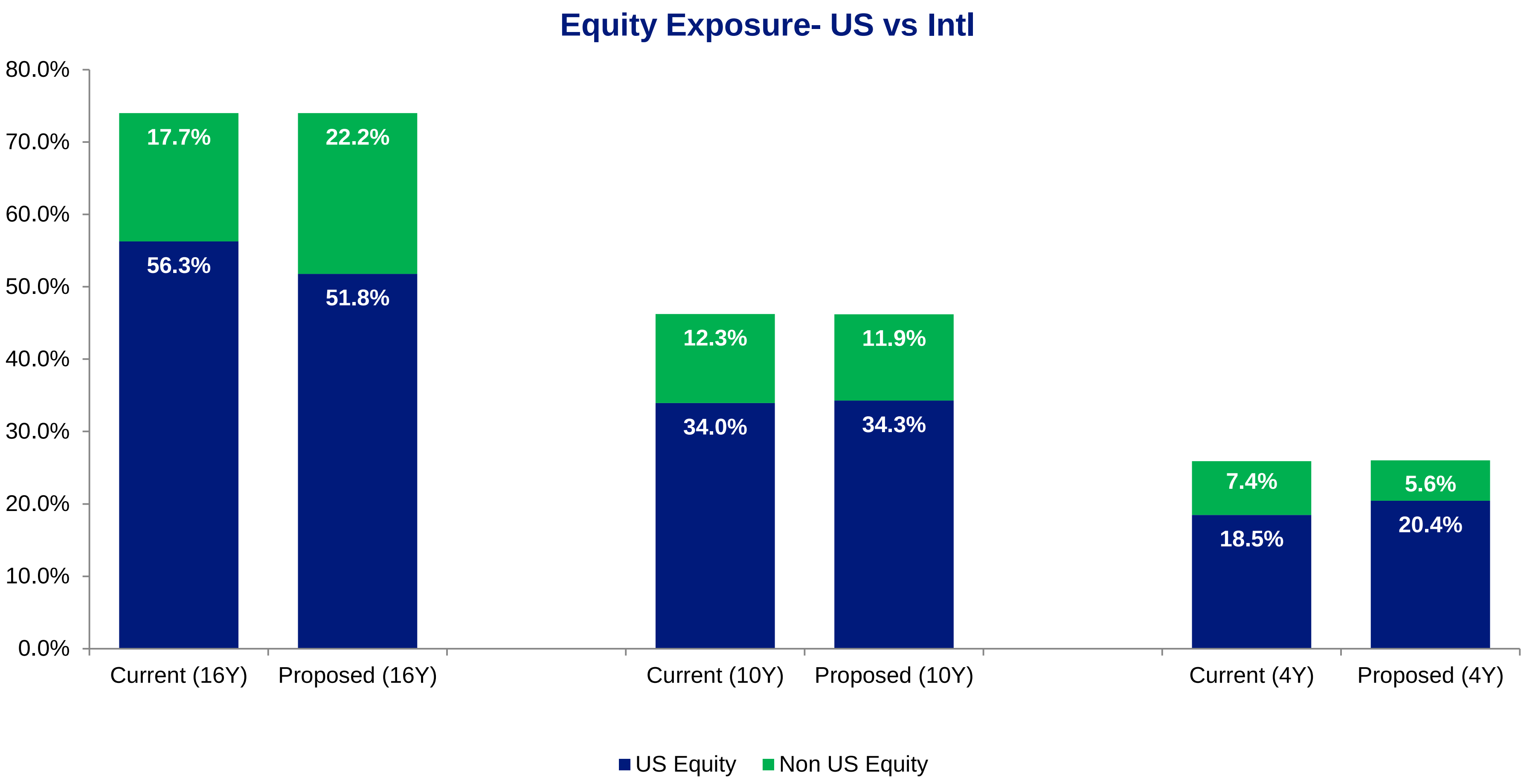
Source: Bloomberg L.P., Factset Research Systems, and Invesco, as of September 2018.

Portfolio Comparison
16 Years, 10 years and 4 years

Fund		Fee	Yield	Effective Duration	Credit	16 Years Current	16 Years Prop.	10 Years Current	10 Years Prop.	4 Years Current	4 Years Prop.
US Equities											
Invesco S&P 500 Pure Growth ETF	ETF	35	0.47			0.0%	15.0%	0.0%	11.0%	0.0%	7.0%
Invesco Equally Weighted S&P 500 Fund Class R6	MF	16	1.68			13.0%	10.5%	10.0%	8.0%	10.0%	9.0%
Invesco Diversified Dividend Fund Class R6	MF	40	2.34			26.3%	13.0%	13.0%	6.5%	5.0%	2.5%
Invesco S&P 500 Low Volatility ETF	ETF	25	2.11			0.0%	0.0%	0.0%	2.5%	0.0%	1.0%
Invesco S&P Midcap Low Volatility ETF	ETF	25	2.12			0.0%	2.5%	0.0%	1.5%	0.0%	0.0%
Invesco FTSE RAFI US 1500 Small-Mid ETF	ETF	39	0.96			8.5%	6.5%	7.0%	2.8%	2.0%	0.0%
Global/International Equities											
Invesco Global Growth Fund Class R6	MF	90	1.36			17.3%	8.7%	8.0%	4.0%	3.0%	1.5%
Invesco FTSE RAFI Developed Markets ex-U.S. ETF	ETF	45	3.05			3.6%	7.5%	5.0%	4.5%	4.0%	2.5%
Invesco Global Real Estate Income Fund Class R6	MF	82	4.16			2.3%	2.3%	1.4%	1.4%	0.8%	0.8%
Invesco FTSE RAFI Emerging Markets ETF	ETF	49	2.93			1.4%	2.0%	0.9%	1.0%	0.5%	0.5%
Invesco S&P Emerging Markets Low Volatility ETF	ETF	29	2.85			1.7%	2.5%	1.0%	1.0%	0.6%	0.0%
Invesco S&P International Developed Low Volatility ETF	ETF	25	3.29			0.0%	3.5%	0.0%	2.0%	0.0%	1.0%
Fixed Income											
Invesco Core Plus Bond Fund Class R6	MF	48	4.54	6.33	A-	19.0%	17.5%	21.0%	22.0%	17.3%	19.5%
Invesco Short Term Bond Fund Class R6	MF	42	3.69	1.82	BBB+	0.0%	3.5%	5.0%	10.0%	11.5%	13.0%
Invesco Floating Rate Fund Class R6	MF	75	4.43	0.12	B+	5.0%	3.0%	9.0%	8.5%	9.8%	11.0%
Invesco Short Duration Inflation Protected Fund Class R6	MF	30	2.71	3.06	AA+	2.0%	2.0%	14.0%	8.5%	16.5%	11.5%
Cash											
Invesco Stable Value Fund	MF	35	0.10			0.0%	0.0%	3.3%	3.3%	12.7%	12.8%
Invesco Short Term Gov & Agency	MF	16	0.96			0.0%	0.0%	1.5%	1.5%	6.4%	6.3%
						100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Invesco as of September 30, 2018. Ratings source: Standard & Poor's.

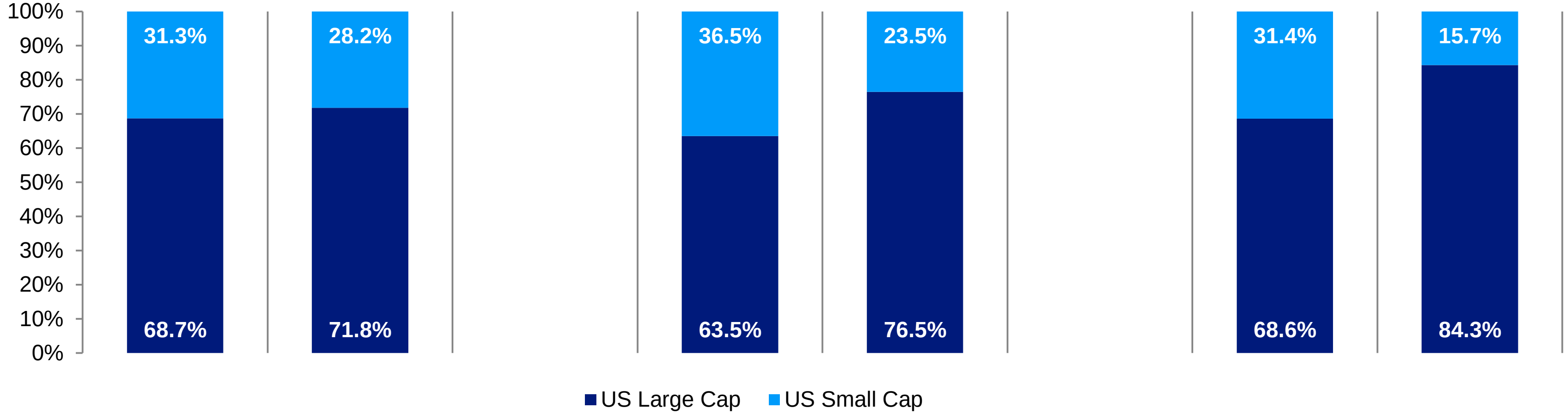
Equity Allocation
16 Year, 10 Year and 4 Year



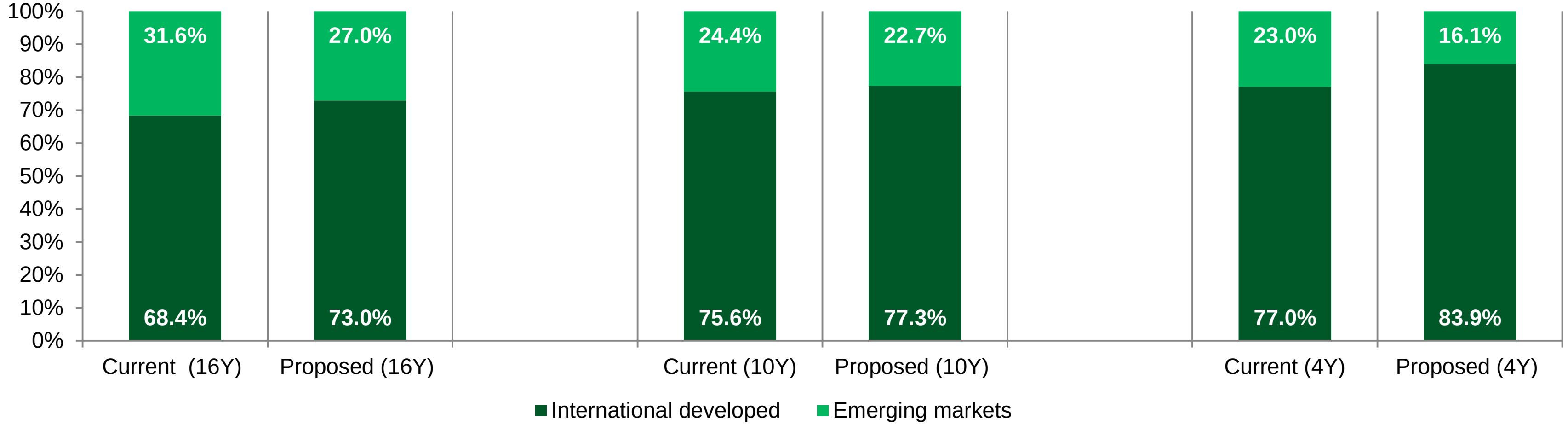
Source: Invesco as of September 2018. Asset class exposures are calculated through bottom-up analysis of the holdings of the underlying funds.

Equity Allocation
16 Years, 10 Years and 4 Years

US Equites: Large Cap vs. Small Cap Exposures



Global/International Equities: Developed vs. Emerging Markets

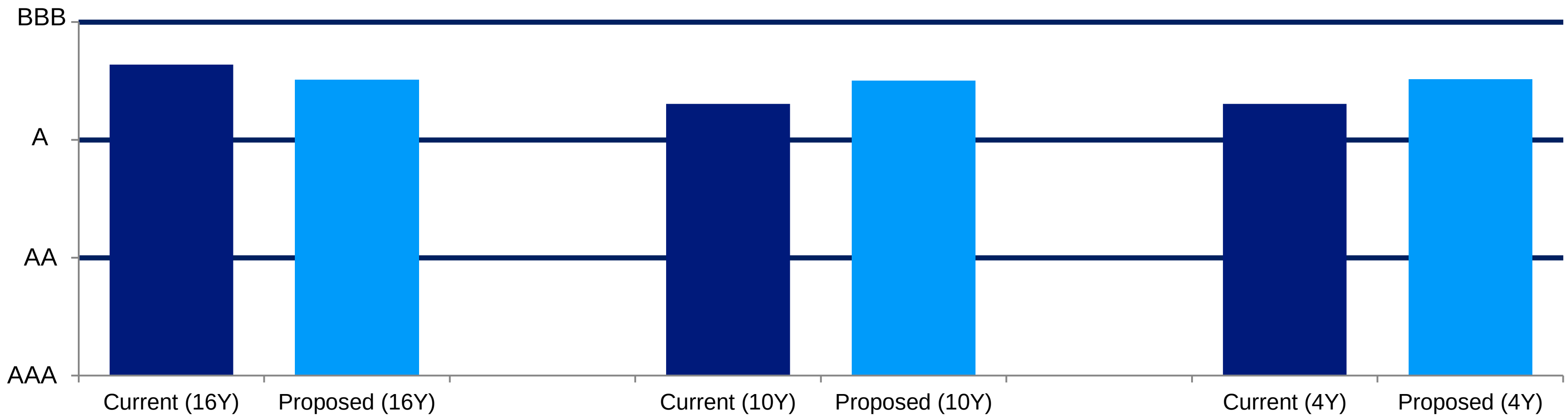


Source: Invesco as of September 2018. Asset class exposures are calculated through bottom-up analysis of the holdings of the underlying funds.

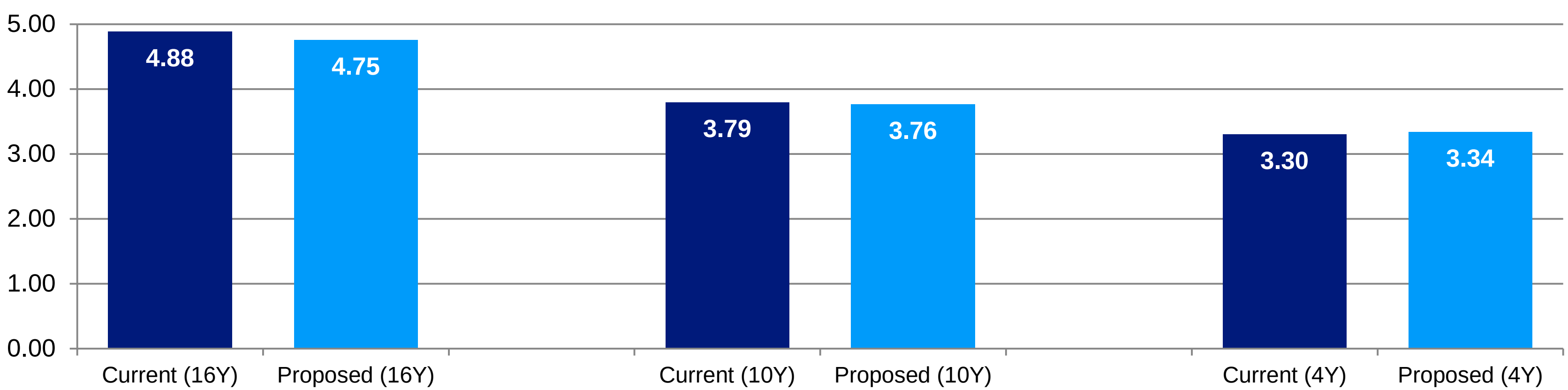
Fixed Income Characteristics
16 Years, 10 Years and 4 Years

Underlying Funds experienced changes in duration and/or credit exposure over the past year. Realignment brings duration exposure closer to the desired level while simultaneously seeking to control credit exposure.

Credit



Duration



Source: Invesco as of September 2018. Asset class exposures are calculated through bottom-up analysis of the holdings of the underlying funds.

Full Glide Path Breakdown- Proposed portfolio

Invesco

Fund	Ticker	18yrs	17yrs	16yrs	15yrs	14yrs	13yrs	12yrs	11yrs	10yrs	9yrs	8yrs	7yrs	6yrs	5yrs	4yrs	3yrs	2yrs	1yr	Today
US Equities																				
Invesco Diversified Dividend Fund Class R6	LCEFX	13.5%	13.5%	13.0%	11.8%	10.7%	9.5%	8.5%	7.5%	6.5%	5.8%	5.2%	4.5%	3.8%	3.2%	2.5%	2.2%	1.8%	1.5%	0.0%
Invesco Equally Weighted S&P 500 Fund Class R6	VADFX	10.5%	10.5%	10.5%	10.0%	9.5%	9.0%	8.7%	8.3%	8.0%	8.5%	9.0%	9.5%	9.3%	9.2%	9.0%	7.7%	6.3%	5.0%	0.0%
Invesco S&P 500® Pure Growth ETF	RPG	15.0%	15.0%	15.0%	14.5%	14.0%	13.5%	12.7%	11.8%	11.0%	10.5%	10.0%	9.5%	8.7%	8.0%	7.2%	6.1%	5.1%	4.0%	0.0%
Invesco S&P 500 Low Volatility ETF	SPLV	0.0%	0.0%	0.0%	0.5%	1.0%	1.5%	1.8%	2.2%	2.5%	2.5%	2.5%	2.5%	2.0%	1.5%	1.0%	0.7%	0.3%	0.0%	0.0%
Invesco S&P MidCap Low Volatility ETF	XMLV	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.2%	1.8%	1.5%	1.5%	1.5%	1.5%	1.0%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Invesco FTSE RAFI US 1500 Small-Mid ETF	PRFZ	6.5%	6.5%	6.5%	5.8%	5.2%	4.5%	3.9%	3.4%	2.8%	1.9%	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Global/ Intl Equities																				
Invesco Global Growth Fund Class R6	AGGFX	8.8%	8.8%	8.7%	7.8%	6.9%	6.0%	5.3%	4.7%	4.0%	3.7%	3.3%	3.0%	2.5%	2.0%	1.5%	1.3%	1.2%	1.0%	0.0%
Invesco FTSE RAFI Developed Markets ex-U.S. ETF	PXF	7.0%	7.0%	7.5%	6.8%	6.2%	5.5%	5.2%	4.8%	4.5%	4.2%	3.8%	3.5%	3.2%	2.8%	2.5%	2.2%	1.8%	1.5%	0.0%
Invesco S&P International Developed Low Volatility ETF	IDLV	3.9%	3.9%	3.5%	3.3%	3.2%	3.0%	2.7%	2.3%	2.0%	1.9%	1.9%	1.8%	1.5%	1.3%	1.0%	1.0%	1.0%	1.0%	0.0%
Invesco Global Real Estate Income Fund Class R6	ASRFX	2.4%	2.4%	2.3%	2.2%	2.0%	1.9%	1.7%	1.6%	1.4%	1.3%	1.3%	1.2%	1.1%	0.9%	0.8%	0.5%	0.3%	0.0%	0.0%
Invesco FTSE RAFI Emerging Markets ETF	PXH	2.5%	2.5%	2.0%	1.8%	1.7%	1.5%	1.3%	1.2%	1.0%	0.8%	0.7%	0.5%	0.5%	0.5%	0.5%	0.3%	0.2%	0.0%	0.0%
Invesco S&P Emerging Markets Low Volatility ETF	EELV	2.6%	2.6%	2.5%	2.2%	1.9%	1.6%	1.4%	1.2%	1.0%	0.8%	0.7%	0.5%	0.3%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Fixed Income																				
Invesco Core Plus Bond Fund Class R6	CPBFX	17.5%	17.5%	17.5%	19.2%	20.8%	22.5%	22.3%	22.2%	22.0%	21.3%	20.7%	20.0%	19.8%	19.7%	19.5%	19.3%	19.2%	19.0%	12.5%
Invesco Short Term Bond Fund Class R6	ISTFX	3.5%	3.5%	3.5%	4.7%	5.8%	7.0%	8.0%	9.0%	10.0%	10.3%	10.7%	11.0%	11.7%	12.3%	13.0%	13.7%	14.3%	15.0%	10.0%
Invesco Floating Rate Fund Class R6	AFRFX	2.0%	2.0%	3.0%	3.8%	4.7%	5.5%	6.5%	7.5%	8.5%	8.7%	8.8%	9.0%	9.7%	10.3%	11.0%	11.7%	12.3%	13.0%	8.5%
Invesco Short Duration Inflation Protected Fund Class R6	SDPSX	2.0%	2.0%	2.0%	3.0%	4.0%	5.0%	6.2%	7.3%	8.5%	9.0%	9.5%	10.0%	10.5%	11.0%	11.5%	12.3%	13.2%	14.0%	9.0%
Invesco Stable Value Portfolio	STBVAL	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%	2.2%	3.3%	4.9%	6.4%	8.0%	9.6%	11.2%	12.8%	14.1%	15.4%	16.7%	40.0%
Invesco Short Term Gov & Agency Portfolio	AGPXX	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	1.0%	1.5%	2.3%	3.2%	4.0%	4.8%	5.5%	6.3%	6.9%	7.6%	8.3%	20.0%

Source: Invesco as of September 30, 2018.

Target Risk Portfolio Asset Allocations

Fund	Ticker	Growth Portfolio		Moderate Portfolio		Conservative Portfolio	
		Current (2016)	Proposed (2018)	Current (2016)	Proposed (2018)	Current (2016)	Proposed (2018)
US Equities							
Invesco Diversified Dividend Class R6	LCEFX	29.8%	15.0%	18.8%	9.5%	8.0%	4.0%
Invesco Equally Weighted S&P 500 Fund Class R6	VADFX	15.0%	11.5%	11.5%	9.1%	10.0%	9.0%
Invesco FTSE RAFI US 1500 Small-Mid ETF	PRFZ	9.9%	7.0%	7.9%	4.5%	4.0%	0.0%
Invesco S&P 500® Pure Growth ETF	RPG	0.0%	18.0%	0.0%	13.5%	0.0%	8.0%
Invesco FTSE RAFI US 1000 ETF	PRF	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Invesco S&P 500 Low Volatility ETF	SPLV	0.0%	0.0%	0.0%	1.5%	0.0%	2.0%
Invesco S&P Midcap Low Volatility ETF	XMLV	0.0%	3.0%	0.0%	2.5%	0.0%	1.0%
International Equities							
Invesco Global Growth Class R6	AGGFX	19.1%	9.5%	12.0%	6.0%	5.0%	2.5%
Invesco FTSE RAFI Developed Markets ex-U.S. ETF	PXF	4.0%	8.0%	5.0%	5.5%	4.0%	3.0%
Invesco Global Real Estate Income Fund Class R6	ASRFX	3.0%	3.0%	1.9%	1.9%	3.0%	3.0%
Invesco FTSE RAFI Emerging Markets ETF	PXH	2.1%	3.0%	1.1%	1.5%	0.0%	0.0%
Invesco S&P Emerging Markets Low Volatility ETF	EELV	2.1%	3.0%	1.6%	1.5%	0.0%	0.0%
Invesco S&P International Developed Low Volatility ETF	IDLV	0.0%	4.0%	0.0%	3.0%	0.0%	1.5%
Fixed Income							
Invesco Core Plus Bond Class R6	CPBFX	8.0%	8.0%	22.0%	22.5%	19.1%	20.0%
Invesco Short Term Bond Class R6	ISTFX	0.0%	2.0%	2.0%	7.0%	8.0%	11.5%
Invesco Floating Rate Class R6	AFRFX	3.1%	1.0%	6.0%	5.5%	9.0%	9.5%
Invesco Short Duration Inflation Protected Fund Class R6	SDPSX	4.0%	4.0%	10.0%	5.0%	15.0%	10.5%
Invesco Stable Value Fund	STBVAL	0.0%	0.0%	0.0%	0.0%	10.0%	9.5%
Invesco Short Term Gov & Agency	AGPXX	0.0%	0.0%	0.0%	0.0%	5.0%	5.0%

Source: Invesco as of Sept. 30, 2018.