Capital Cities

INSTITUTIONAL INVESTING MADE PERSONAL

CollegeBound Saver and CollegeBound 529 Program Review

June 27, 2018

Program Review

Summary of Findings and Recommendations

Investment Menus

- CollegeBound Saver (Direct Plan) and CollegeBound 529 (Advisor Plan) offer comprehensive investment menus, including Age-Based, Target Risk and Individual Portfolios.
- No changes are currently recommended to CollegeBound Saver.
- Recommendation: Continue discussions with Ascensus and Invesco regarding potential enhancements to the portfolio construction and benchmarks of the CollegeBound 529's Age-Based and Target Risk Portfolios.

Manager Due Diligence/Ongoing Monitoring

- The majority of the Portfolios offered within the Plans are in good to excellent standing from both a qualitative and quantitative perspective.
- Recommendation: Place Invesco Diversified Dividend, Invesco International Growth and Invesco Global Growth Funds on Watchlist status given short-term underperformance (see separate attachment).

Fees

- CollegeBound Saver and CollegeBound 529's fees are low relative to peers, making the Plans attractive solutions for Account Owners and Advisors.

Investment Policy Statement

- A review of the Plans' custom Investment Policy Statement (IPS) has been conducted.
- Recommendation: Amend the Program Summary section of the IPS in light of tax reform (see separate attachment).

Investment Menu Review

Investment Menu

Confirming Each Plan's Investment Menu

Are the investment menus:

- ☑ Providing an investment solution for each type of Account Owner and Advisor?
- ☑ Offering the optimal number of Portfolios that provides sufficient diversification opportunity while minimizing Account Owner confusion?
- ☑ Appropriate in light of the current industry trends and regulations?
- ☑ Meeting the Rhode Island State Investment Commission's (SIC) unique objectives and preferences?

Tax Reform

K-12 Expansion & ABLE Rollovers

Major tax changes approved by Congress in the Tax Cuts and Jobs Act became law on December 22, 2017. The following is an overview of those changes applicable to Qualified Tuition Programs:

Expanded Definition of Qualified Higher Education Expenses. Effective for distributions made after December 31, 2017, the definition of "qualified higher education expenses" under Section 529 is expanded to include expenses for tuition in connection with enrollment or attendance at an elementary or secondary public, private, or religious school (not to exceed $10,000 per tax year in the aggregate across all qualified tuition programs for a beneficiary) ("K-12 Tuition Expenses"). As such, earnings on distributions from a 529 plan account used for K-12 Tuition Expenses will be free of federal income tax. It is the account owner's responsibility to ensure that distributions for K-12 Tuition Expenses do not exceed the aggregate limit for a beneficiary.

Certain Rollovers From 529 Plans to ABLE Programs Not Subject to Federal Income Tax. Effective for periods after December 22, 2017 and prior to January 1, 2026, rollovers from a 529 plan account to an ABLE account for the same beneficiary or to another beneficiary who is a Member of the Family will be free of federal income tax, subject to the annual contribution limits for ABLE accounts. Amounts withdrawn from a 529 plan account may be treated as a rollover to an ABLE account for federal tax purposes if the amount withdrawn is re-deposited within 60 days into an ABLE account, subject to the limitations in the immediately preceding sentence. An Account Owner should consult his/her tax advisor regarding his/her individual situation, including whether to rollover to an ABLE account.

An ABLE account is an account as defined in Section 529A(e)(6) of the Code that is generally used to pay for qualified disability expenses of a designated beneficiary in accordance with a program established under Section 529A of the Code and sponsored by a state or state agency.

CollegeBound Saver Plan (Direct Plan)

Investment Menu Overview

Individual Portfolios (30% of Plan assets)	Target Risk Portfolios (13% of Plan assets)	Age-Based Portfolios (57% of Plan assets)
Capital Preservation:		
Stable Value Portfolio (Invesco Custom Stable Value Separate Account)	Conservative Growth Portfolio (Vanguard LifeStrategy Conservative Growth)	CollegeBound Today Portfolio
	Moderate Growth Portfolio (Vanguard LifeStrategy Moderate Growth)	CollegeBound 2017-2018 Portfolio
Fixed Income:		
Inflation-Protected Portfolio *(Vanguard Short-Term Infl Protected Securities Index)*	Growth Portfolio (Vanguard LifeStrategy Growth)	CollegeBound 2019-2020 Portfolio
Bond Portfolio *(Vanguard Total Bond Market Index)*		CollegeBound 2021-2022 Portfolio
		CollegeBound 2023-2024 Portfolio
Equity:		
U.S. Stock Portfolio *(Vanguard Total Stock Market Index)*		CollegeBound 2025-2026 Portfolio
Equally-Weighted S&P 500 Portfolio *(Invesco Equally-Weighted S&P 500)*		CollegeBound 2027-2028 Portfolio
Invesco Global Sustainable Equity Portfolio *(Invesco Global Sustainable Equity)*		CollegeBound 2029-2030 Portfolio
International Stock Portfolio *(Vanguard Total International Stock Index)*		CollegeBound 2031-2032 Portfolio
U.S. Small-Mid Cap Portfolio *(Vanguard Extended Market Index)*		CollegeBound 2033-2034 Portfolio
		CollegeBound 2035-2036 Portfolio

The Plan totals $244 million in assets and over 14,000 accounts.

CollegeBound 529 Plan (Advisor Plan)

Investment Menu Overview

Individual Portfolios (16% of Plan assets)	Target Risk Portfolios (20% of Plan assets)	Age-Based Portfolios (64% of Plan assets)
Capital Preservation:		
Invesco Stable Value Portfolio	Invesco Conservative College Portfolio	Invesco CollegeBound Today Portfolio
Fixed Income:	Invesco Moderate College Portfolio	Invesco CollegeBound 2017-2018 Portfolio
Invesco Short Duration Inflation-Protected Portfolio	Invesco Growth College Portfolio	Invesco CollegeBound 2019-2020 Portfolio
Invesco Core Plus Bond Portfolio		Invesco CollegeBound 2021-2022 Portfolio
Balanced:		Invesco CollegeBound 2023-2024 Portfolio
Invesco Equity and Income Portfolio		Invesco CollegeBound 2025-2026 Portfolio
Equity:		Invesco CollegeBound 2027-2028 Portfolio
Invesco Equally Weighted S&P 500 Portfolio		Invesco CollegeBound 2029-2030 Portfolio
Invesco Diversified Dividend Portfolio		Invesco CollegeBound 2031-2032 Portfolio
Invesco Global Sustainable Equity Portfolio		Invesco CollegeBound 2033-2034 Portfolio
PowerShares FTSE RAFI Developed Markets ex-US Portfolio		Invesco CollegeBound 2035-2036 Portfolio
Invesco International Growth Portfolio		
PowerShares FTSE RAFI US 1500 SM-Mid Portfolio		
Invesco Small Cap Growth Portfolio		

The Plan totals $5.8 billion in assets and nearly 224,000 accounts.

CollegeBound Saver's Individual Portfolios

Individual Portfolios' Menu

Basic Building Blocks	CollegeBound Saver	Asset Class Coverage
Capital Preservation	**Stable Value Portfolio (Invesco Custom Stable Value Separate**	✓
Fixed Income	**Bond Portfolio** ***(Vanguard Total Bond Market Index)***	✓
U.S. Equity	**U.S. Stock Portfolio** ***(Vanguard Total Stock Market Index)***	✓
International Equity	**International Stock Portfolio** ***(Vanguard Total International Stock Index)***	✓
Specialty Styles:		
Inflation-Protected Index	**Inflation-Protected Portfolio** ***(Vanguard Short-Term Infl Protected Securities***	✓
Equally-Weighted S&P 500 Equity	**Equally-Weighted S&P 500 Portfolio** ***(Invesco Equally-Weighted S&P 500)***	Not Required
Socially Responsible Equity	**Invesco Global Sustainable Equity Portfolio** ***(Invesco Global Sustainable Equity)***	Not Required
Small/Mid Cap Equity Index	**U.S. Small-Mid Cap Portfolio** ***(Vanguard Extended Market Index)***	Not Required

Upcoming Change: The "Invesco Global Sustainable Equity Portfolio" will be renamed "Global Sustainable Equity Portfolio" to follow the naming convention of the other Portfolios effective July 13th, as previously approved by the SIC.

CollegeBound 529's Individual Portfolios

Individual Portfolios' Menu

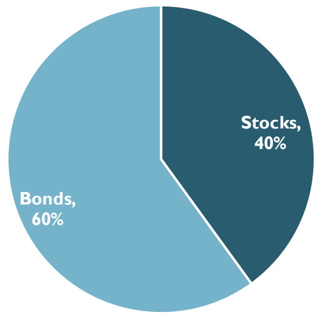
Basic Building Blocks	CollegeBound 529	Asset Class Coverage
Capital Preservation	Invesco Stable Value Portfolio	✓
Fixed Income	Invesco Core Plus Bond Portfolio	✓
U.S. Equity	Invesco Equally Weighted S&P 500 Portfolio	✓
	PowerShares FTSE RAFI US 1500 SM-Mid Portfolio	
International Equity	PowerShares FTSE RAFI Developed Markets ex-US Portfolio	✓
Specialty Styles:		
Inflation-Protected Index	Invesco Short Duration Inflation-Protected Portfolio	✓
Balanced	Invesco Equity and Income Portfolio	Not Required
Large Cap Value	Invesco Diversified Dividend Portfolio	Not Required
Socially Responsible Equity	Invesco Global Sustainable Equity Portfolio	Not Required
International Growth	Invesco International Growth Portfolio	Not Required
Small Cap Growth	Invesco Small Cap Growth Portfolio	Not Required

Target Risk Portfolios

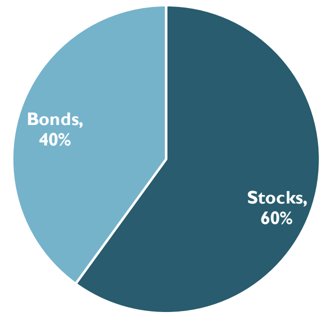
Target Risk Portfolios’ Menu

CollegeBound Saver: (Direct)

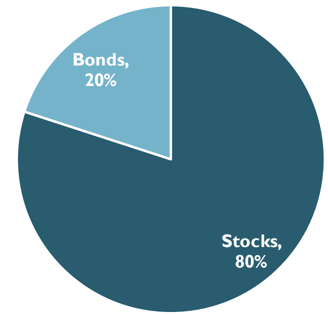
Conservative Growth Portfolio
(Vang LifeStrategy Cons Growth)



Moderate Growth Portfolio
(Vang LifeStrategy Moderate Growth)

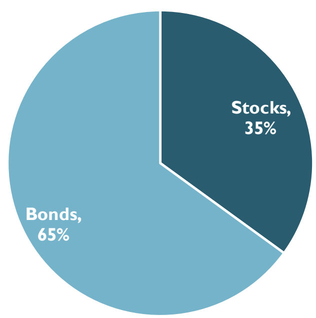


Growth Portfolio
(Vanguard LifeStrategy Growth)

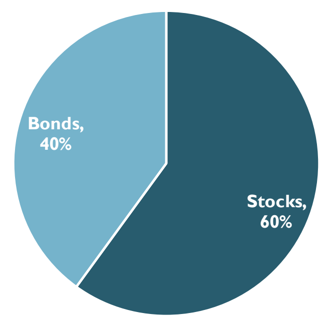


CollegeBound 529: (Advisor)

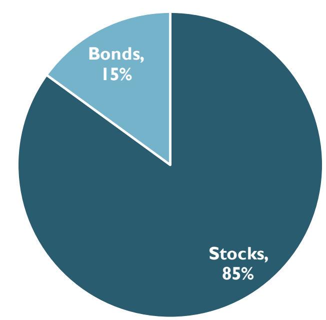
Invesco Conservative College Portfolio



Invesco Moderate College Portfolio



Invesco Growth College Portfolio



Age-Based Portfolios

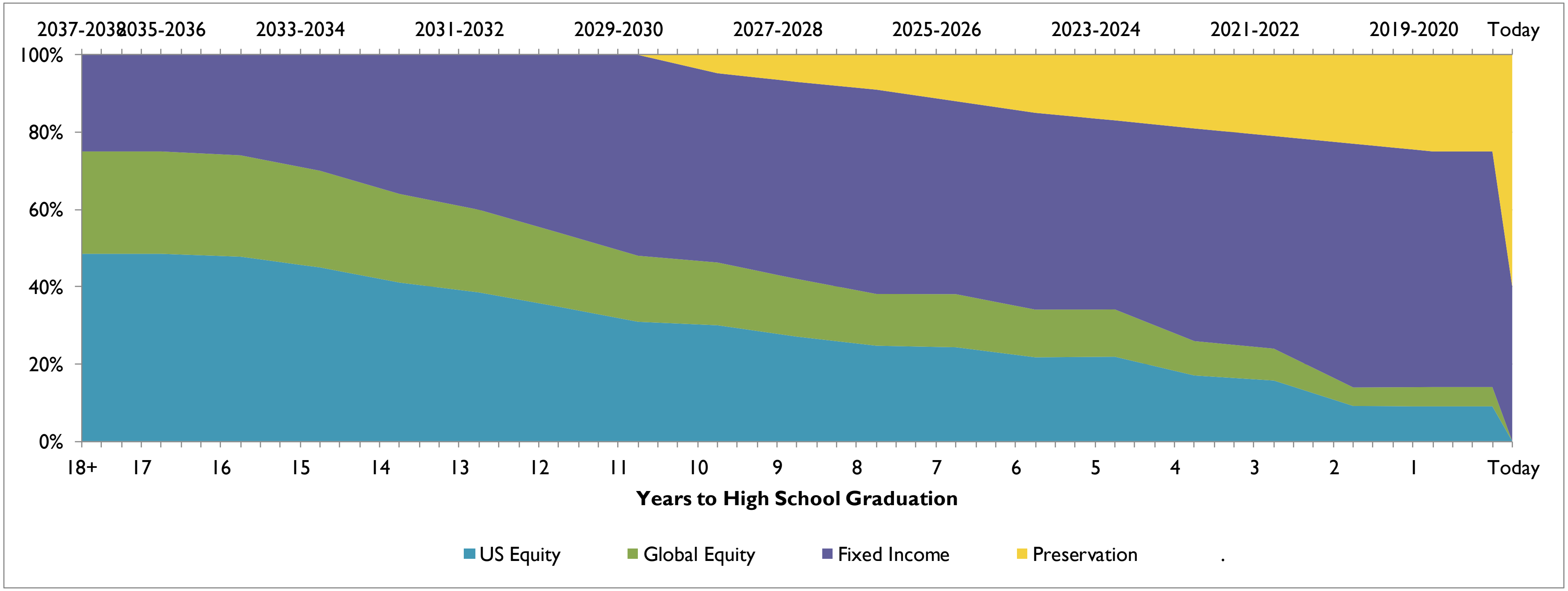
Age-Based Portfolios' Menu

CollegeBound Saver (Direct) Age-Based Portfolios	CollegeBound 529 (Advisor) Age-Based Portfolios
CollegeBound Today Portfolio	Invesco CollegeBound Today Portfolio
CollegeBound 2017-2018 Portfolio	Invesco CollegeBound 2017-2018 Portfolio
CollegeBound 2019-2020 Portfolio	Invesco CollegeBound 2019-2020 Portfolio
CollegeBound 2021-2022 Portfolio	Invesco CollegeBound 2021-2022 Portfolio
CollegeBound 2023-2024 Portfolio	Invesco CollegeBound 2023-2024 Portfolio
CollegeBound 2025-2026 Portfolio	Invesco CollegeBound 2025-2026 Portfolio
CollegeBound 2027-2028 Portfolio	Invesco CollegeBound 2027-2028 Portfolio
CollegeBound 2029-2030 Portfolio	Invesco CollegeBound 2029-2030 Portfolio
CollegeBound 2031-2032 Portfolio	Invesco CollegeBound 2031-2032 Portfolio
CollegeBound 2033-2034 Portfolio	Invesco CollegeBound 2033-2034 Portfolio
CollegeBound 2035-2036 Portfolio	Invesco CollegeBound 2035-2036 Portfolio

Upcoming Changes: In keeping with the Age-Based Portfolios' philosophy/process, the 2017-2018 Portfolios will "roll" into the Today Portfolios, while 2037-2038 Portfolios will be introduced, on July 13, 2018.

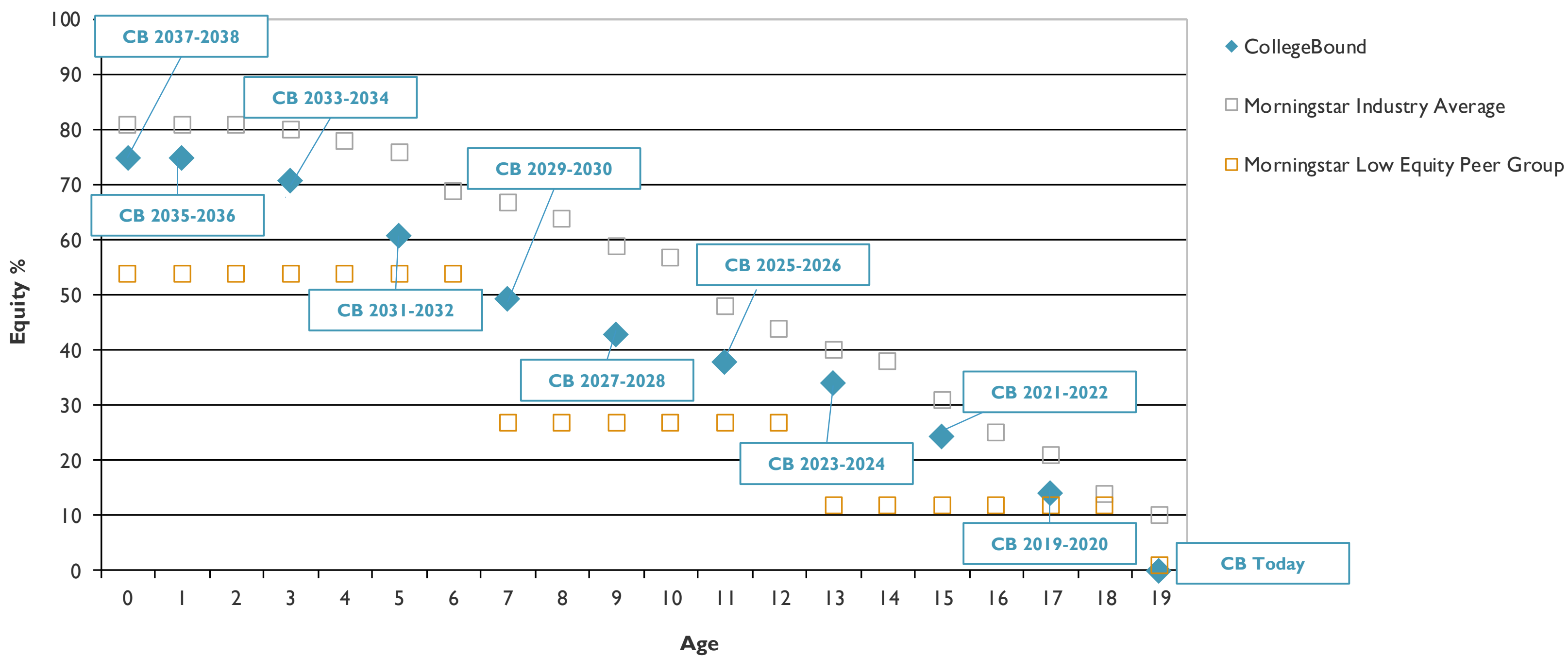
Age-Based Portfolios' Glide Path

Glide Path Approach



Age-Based Portfolios' Glide Path

Glide Path Peer Comparison



*CollegeBound glide path is as of July 13, 2018.

CollegeBound Saver's Age-Based Portfolios

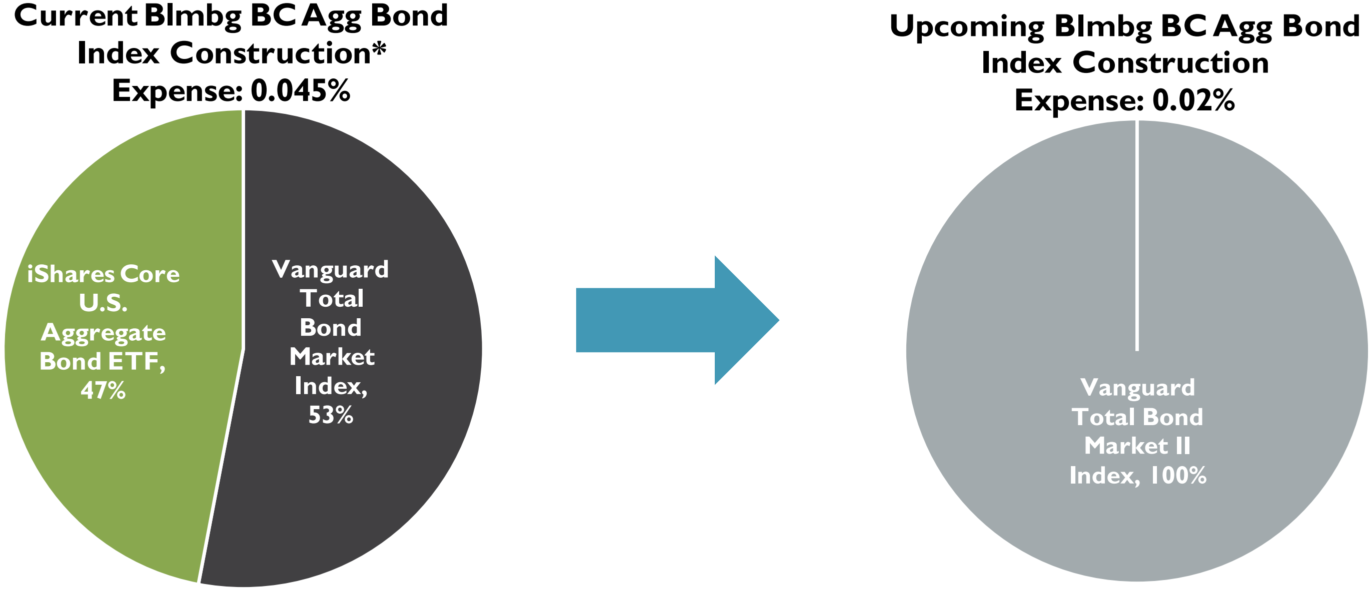
Components

	2037-2038 Portfolio	2035-2036 Portfolio	2033-2034 Portfolio	2031-2032 Portfolio	2029-2030 Portfolio	2027-2028 Portfolio	2025-2026 Portfolio	2023-2024 Portfolio	2021-2022 Portfolio	2019-2020 Portfolio	College Today Portfolio
US Equities	**50.0%**	**50.0%**	**47.2%**	**40.7%**	**33.0%**	**28.7%**	**25.3%**	**22.7%**	**16.3%**	**9.3%**	**0.0%**
iShares Core S&P 500 Equity	33.3%	33.3%	31.4%	27.1%	22.0%	19.1%	16.9%	15.1%	10.9%	6.2%	0.0%
Invesco Equally-Weighted S&P 500 Portfolio	16.7%	16.7%	15.7%	13.6%	11.0%	9.6%	8.4%	7.6%	5.4%	3.1%	0.0%
International Equities	**25.0%**	**25.0%**	**23.6%**	**20.3%**	**16.5%**	**14.3%**	**12.7%**	**11.3%**	**8.2%**	**4.7%**	**0.0%**
Vanguard Total Intl Stock Idx	15.1%	15.1%	14.2%	12.3%	10.0%	8.7%	7.6%	6.8%	4.9%	2.8%	0.0%
PowerShares FTSE RAFI Dev Mkts ex-US ETF	7.5%	7.5%	7.1%	6.1%	5.0%	4.3%	3.8%	3.4%	2.5%	1.4%	0.0%
Vanguard Glbl X-US Re Est Index-IL	2.4%	2.4%	2.3%	1.9%	1.6%	1.4%	1.2%	1.1%	0.8%	0.4%	0.0%
Fixed Income	**25.0%**	**25.0%**	**29.3%**	**39.0%**	**50.5%**	**50.5%**	**50.8%**	**49.5%**	**55.0%**	**61.5%**	**40.0%**
Vanguard Short Term Infl-Prot Sec	2.0%	2.0%	5.0%	9.8%	13.5%	14.8%	15.3%	15.3%	16.0%	18.3%	12.0%
Vanguard Shrt Inv Grade-IL	2.0%	2.0%	4.8%	6.8%	8.8%	9.0%	9.0%	9.0%	13.5%	17.5%	12.0%
Vanguard Total Bond Market II Index	21.0%	21.0%	19.5%	22.5%	28.3%	26.8%	26.5%	25.3%	25.5%	25.8%	16.0%
Capital Preservation	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**6.5%**	**11.3%**	**16.5%**	**20.5%**	**24.5%**	**60.0%**
Government & Agency Portfolio	0.0%	0.0%	0.0%	0.0%	0.0%	6.5%	11.3%	16.5%	20.5%	24.5%	60.0%

*The asset allocation of the Age-Based Portfolios is as of July 13, 2018.

CollegeBound Saver's Age-Based Portfolios

Bloomberg Barclays Aggregate Bond Index Component



<u>Upcoming Change</u>: The Vanguard Total Bond Market Index (VBTIX) and iShares Core U.S. Aggregate Bond ETF (AGG) will be replaced by the Vanguard Total Bond Market II Index (VTBNX) within the Plan's Age-Based Portfolios on July 1, 2018, as previously approved by the SIC.

*Represents the average exposure across the Age-Based Portfolios.

CollegeBound 529's Age-Based Portfolios

Components

	2037-2038 Portfolio	2035-2036 Portfolio	2033-2034 Portfolio	2031-2032 Portfolio	2029-2030 Portfolio	2027-2028 Portfolio	2025-2026 Portfolio	2023-2024 Portfolio	2021-2022 Portfolio	2019-2020 Portfolio	College Today Portfolio
US Equities	**48.5%**	**48.5%**	**45.6%**	**39.1%**	**31.9%**	**27.8%**	**24.4%**	**21.8%**	**16.0%**	**9.0%**	**0.0%**
Invesco Equally-Weighted S&P 500 Fund	13.0%	13.0%	12.5%	11.3%	9.8%	9.3%	10.3%	9.9%	9.4%	5.9%	0.0%
Invesco Diversified Dividend Fund	27.0%	27.0%	25.0%	19.9%	15.6%	12.1%	9.4%	8.1%	4.7%	2.9%	0.0%
PowerShares FTSE RAFI US 1500 Sm-Mid ETF	8.5%	8.5%	8.1%	8.0%	6.5%	6.5%	4.7%	3.9%	1.9%	0.3%	0.0%
Global/International Equities	**26.5%**	**26.5%**	**25.4%**	**21.8%**	**17.6%**	**15.3%**	**13.7%**	**12.3%**	**8.4%**	**5.0%**	**0.0%**
PowerShares FTSE RAFI Dev Mkts ex-US ETF	3.5%	3.5%	3.5%	4.6%	4.1%	4.6%	4.8%	4.5%	3.8%	2.8%	0.0%
Invesco Global Growth	17.5%	17.5%	16.6%	12.8%	9.9%	7.5%	6.1%	5.4%	2.9%	1.9%	0.0%
Invesco Global Real Estate Income	2.4%	2.4%	2.2%	1.9%	1.6%	1.4%	1.2%	1.0%	0.8%	0.1%	0.0%
PowerShares FTSE RAFI Emerging Mkts ETF	1.4%	1.4%	1.3%	1.1%	0.9%	0.8%	0.7%	0.6%	0.5%	0.1%	0.0%
PowerShares S&P Em Mkts Low Volatility ETF	1.8%	1.8%	1.7%	1.4%	1.1%	1.0%	0.9%	0.8%	0.6%	0.1%	0.0%
Fixed Income	**25.0%**	**25.0%**	**29.0%**	**39.1%**	**50.5%**	**50.6%**	**50.7%**	**49.5%**	**55.1%**	**61.6%**	**40.0%**
Invesco Short Duration Inflation Protected Fund	2.0%	2.0%	5.0%	9.8%	12.8%	15.0%	15.2%	14.8%	16.5%	18.5%	12.0%
Invesco Floating Rate Fund	4.0%	4.0%	5.0%	6.0%	8.8%	9.1%	9.0%	8.8%	9.8%	11.0%	7.1%
Invesco Core Plus Bond Fund	19.0%	19.0%	19.0%	21.8%	26.3%	21.3%	19.2%	18.1%	17.3%	16.9%	10.4%
Invesco Short Term Bond Fund	0.0%	0.0%	0.0%	1.6%	2.8%	5.3%	7.2%	7.7%	11.5%	15.3%	10.4%
Capital Preservation	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**6.4%**	**11.3%**	**16.5%**	**20.5%**	**24.5%**	**60.0%**
Invesco Stable Value Portfolio	0.0%	0.0%	0.0%	0.0%	0.0%	4.3%	7.5%	11.0%	13.7%	16.3%	40.0%
Government & Agency Portfolio	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%	3.8%	5.5%	6.8%	8.2%	20.0%

Recommendation: Continue discussions with Ascensus and Invesco regarding potential enhancements to the portfolio construction and benchmarks of the CollegeBound 529's Age-Based and Target Risk Portfolios.

*The asset allocation of the Age-Based Portfolios is as of July 13, 2018.

Manager Due Diligence/Ongoing Monitoring

Investment Manager Reviews

Comprehensive Ongoing Monitoring

Underlying Investment Managers

Quantitative Factors Evaluated

- Manager returns and risk compared to client objective, market indexes and peer groups over various time periods
- Fees relative to client preferences and peers

Qualitative Factors Evaluated

- Manager's adherence to client-specific guidelines
- An evaluation of each manager's organization, investment philosophy, product dynamics and people

When Evaluation Leads to Action

A manager should be replaced when an extraordinary event or a pattern of performance suggests that the manager has a low probability of delivering the expected style or performance in the future.

Reasons to replace:

- Long-term underperformance
- Ownership changes
- Key people leave firm
- Change in original strategy
- Material litigation or fraud
- Material client-servicing problems
- Change in firm's financial condition
- Extreme short-term performance volatility

Actions Taken

- Further Review conducted
- Manager Alert issued; if necessary

Recommendation

- Retain
- Watchlist
- Terminate

Manager Due Diligence

Stoplight Grid Summary

College Bound Saver (Direct)

Criteria	CollegeBound Age-Based Portfolios	Growth Portfolio	Moderate Growth Portfolio	Conservative Growth Portfolio
Qualitative Review	🟢	🟢	🟢	🟢
Long Term Performance (5-Yr)	--	🟢	🟢	🟢
Short Term Performance (3-Yr)	--	🟢	🟢	🟢

Legend	
🟢	Everything is good to excellent in this area
🟡	Caution is warranted but action is not required at this time
WL	Watchlist Status
🔴	Action is required or is being taken
	White background indicates a Change in Status

Criteria	U.S. Stock Portfolio	Equally-Weighted S&P 500 Portfolio	U.S. Small-Mid Cap Portfolio	Global Sustainable Equity Portfolio	International Stock Portfolio	Bond Portfolio	Inflation-Protected Bond Portfolio	Stable Value Portfolio
Qualitative Review	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢
Long Term Performance (5-Yr)	🟢	🟢	🟢	--	🟢	🟢	--	--
Short Term Performance (3-Yr)	🟢	🟢	🟢	--	🟢	🟢	🟢	--

College Bound Saver (Advisor)

Criteria	Invesco CollegeBound Age-Based Portfolios	Invesco CollegeBound Today Portfolio	Invesco Growth College Portfolio	Invesco Moderate College Portfolio	Invesco Conservative College Portfolio
Qualitative Review	🟢	🟢	🟢	🟢	🟢
Long Term Performance (5-Yr)	--	--	--	--	--
Short Term Performance (3-Yr)	--	--	--	--	--

Criteria	Invesco Diversified Dividend Portfolio	PowerShares FTSE RAFI US 1500 Small-Mid Portfolio	Invesco Small Cap Growth Portfolio	Invesco Global Sustainable Equity Portfolio	PowerShares FTSE RAFI Dev Mkts ex-U.S. Portfolio	Invesco International Growth Portfolio	Invesco Equity and Income Portfolio	Invesco Core Plus Bond Portfolio	Invesco Short Duration Infl Protected Portfolio	Invesco Stable Value Portfolio
Qualitative Review	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢
Long Term Performance (5-Yr)	🟢	🟢	🟢	--	🟢	🟢	🟢	🟢	🟢	--
Short Term Performance (3-Yr)	*WL*	🟢	🟢	--	🟢	*WL*	🟢	🟢	🟢	--

<u>Recommendation</u>: Place Invesco Diversified Dividend, Invesco International Growth and Invesco Global Growth Funds on Watchlist status given short-term underperformance (see separate attachment).

Notes: Portfolios with a July, 2016 inception are denoted with a "–" for performance given the limited track record. Invesco Global Growth is an underlying component of CollegeBound 529's Age-Based and Target Risk Portfolios (not offered as an Individual Portfolio).

Independent Oversight

Timeline

August 2017	September 2017	October 2017	November 2017	December 2017	January 2018
• Aug 7: Monthly Investments' Call • Aug 23: SIC Meeting • Aug 31: 2Q17 Performance & Evaluation Report	• Sept 5: Monthly Investments' Call • Sept 5: Morningstar Interviews • Sept 27: SIC Meeting	• Oct 2: iShares Core S&P 500 ETF replaced iShares Core S&P Total U.S. Stock Market ETF within the Direct Plan's Age-Based Portfolios • Oct 10: Monthly Investments' Call • Oct 25: SIC Meeting • Oct 26: Stable Value Onsite Meeting and Due Diligence	• Nov 6: Monthly Investments' Call • Nov 9: Rhode Island Onsite Visit at Invesco • Nov 29: Age-Based Portfolios, Invesco Diversified Dividend and Invesco International Growth Due Diligence	• Dec 4: Monthly Investments' Call • Dec 6: SIC Meeting: Stable Value Onsite Visit Due Diligence and 3Q17 Performance & Evaluation Report	• Jan 3: Monthly Investments' Call • Jan 10: Invesco Global Sustainable Equity Due Diligence Call • Jan 24: SIC Meeting
February 2018	**March 2018**	**April 2018**	**May 2018**	**June 2018**	***July 2018***
• Feb 5: Monthly Investments' Call • Feb 22: Direct Plan Passive Exposure Analysis/Discussion • Feb 28: SIC Meeting	• March 1: Annual Program Review Kickoff Call • March 2: Invesco Global Gr Due Diligence Call • March 5: Monthly Investments' Call • March 14: Distribution of 4Q17 Performance & Evaluation Report • March 23: Rhode Island Conducted Onsite Visit at Capital Cities • March 26: Age-Based & Target Risk Performance Attribution Discussion • March 28: SIC Meeting: SIC Approved the new Blmbg BC Agg Exposure to Reduce the Direct Plan's Age-Based Portfolios' Fees	• April 2: Monthly Investments' Call • April 11: Age-Based & Target Risk Performance Attribution Discussion • April 18: Initial Annual Program Review Discussion with General Treasurer • April 19 & 30: Age-Based & Target Risk Construction Discussion	• May 7: Monthly Investments' Call • May 7: Program Review Discussion with General Treasurer • May 22: Invesco Diversified Dividend Due Diligence Meeting • May 23: Omni Meeting with the General Treasurer	• June 4: Monthly Investments' Call • June 27: SIC Meeting: Annual Program Review Presentation (Investment Menus, Manager Due Diligence, Fees and IPS) and 1Q18 Performance & Evaluation Report	• *July 2: Monthly Investments' Call* • *July 13: "Invesco Global Sustainable Equity Portfolio" will be renamed "Global Sustainable Equity Portfolio." 2017-2018 Portfolios will "roll" into the Today Portfolios, while 2037-2038 Portfolios will be introduced. New Blmbg BC Agg Exposure to Reduce the Direct Plan's Age-Based Portfolios' fees.*

Note: Timeline provided above is not inclusive of all meetings/calls and due diligence conducted by Capital Cities.

Fee Review

CollegeBound Saver (Direct)

Rhode Island Residents' Fee Overview

RHODE ISLAND RESIDENT ACCOUNTS:							
Age-Based Portfolios	**Program Management Fee**	**Estimated Underlying Fund Fee**	**Total Annual Asset-Based Fee**	**Rhode Island Straight Average Fee**	**Morningstar Straight Average Peers**	**Rhode Island Asset-Weighted Fee**	**Morningstar Asset-Weighted Peers***
CollegeBound Portfolios	0.00%	0.08%-0.11%	0.08%-0.11%	0.09%	0.32%**	0.09%	0.26%
Target Risk Portfolios							
Conservative Growth Portfolio	0.00%	0.12%	0.12%	0.13%	0.36%*	0.13%	0.23%
Moderate Growth Portfolio	0.00%	0.13%	0.13%				
Growth Portfolio	0.00%	0.14%	0.14%				
Individual Portfolios							
Stable Value Portfolio	0.00%	0.35%	0.35%	0.48%	0.76%*	0.35%	0.87%
Invesco Global Sustainable Equity Portfolio	0.00%	0.60%	0.60%				
Bond Portfolio	0.00%	0.04%	0.04%	0.07%	0.36%*	0.06%	0.23%
Inflation Protected Bond Portfolio	0.00%	0.04%	0.04%				
U.S. Stock Portfolio	0.00%	0.035%	0.035%				
Equally-Weighted S&P 500 Portfolio	0.00%	0.16%	0.16%				
U.S. Small-Mid Cap Portfolio	0.00%	0.06%	0.06%				
International Stock Portfolio	0.00%	0.09%	0.09%				

*Morningstar 529 College-Savings Plan Landscape, May 26, 2016
**What's new with 529 Plans, Leo Acheson of Morningstar, May 25, 2017

CollegeBound Saver (Direct)

Non-Rhode Island Residents' Fee Overview

RHODE ISLAND NON-RESIDENT ACCOUNTS:							
Age-Based Portfolios	**Program Management Fee**	**Estimated Underlying Fund Fee**	**Total Annual Asset-Based Fee**	**Rhode Island Straight Average Fee**	**Morningstar Straight Average Peers**	**Rhode Island Asset-Weighted Fee**	**Morningstar Asset-Weighted Peers***
CollegeBound Portfolios	0.25%	0.08%-0.11%	0.33%-0.36%	0.34%	0.32%**	0.34%	0.26%
Target Risk Portfolios							
Conservative Growth Portfolio	0.25%	0.12%	0.37%	0.38%	0.36%*	0.38%	0.23%
Moderate Growth Portfolio	0.25%	0.13%	0.38%				
Growth Portfolio	0.25%	0.14%	0.39%				
Individual Portfolios							
Stable Value Portfolio	0.25%	0.35%	0.60%	0.73%	0.76%*	0.61%	0.87%
Invesco Global Sustainable Equity Portfolio	0.25%	0.60%	0.85%				
Bond Portfolio	0.25%	0.04%	0.29%	0.32%	0.36%*	0.33%	0.23%
Inflation Protected Bond Portfolio	0.25%	0.04%	0.29%				
U.S. Stock Portfolio	0.25%	0.035%	0.285%				
Equally-Weighted S&P 500 Portfolio	0.25%	0.16%	0.41%				
U.S. Small-Mid Cap Portfolio	0.25%	0.06%	0.31%				
International Stock Portfolio	0.25%	0.09%	0.34%				

*Morningstar 529 College-Savings Plan Landscape, May 26, 2016
**What's new with 529 Plans, Leo Acheson of Morningstar, May 25, 2017

CollegeBound 529 (Advisor)

Rhode Island Residents' Fee Overview

CLASS RA UNITS - RHODE ISLAND RESIDENT ACCOUNTS:									
Age-Based Portfolios	**Program Management Fee**	**Estimated Underlying Fund Fee**	**Distribution and Service Fee**	**Administrative Fee**	**Total Annual Asset-Based Fee**	**Rhode Island Straight Average Total Asset-Based Fee**	**Morningstar Straight Average Peers**	**Rhode Island Asset-Weighted Fee**	**Morningstar Straight Asset-Weighted Peers***
Invesco CollegeBound Portfolios	0.00%	0.19%	0.25%	0.00%	0.44%	0.44%	0.97%**	0.44%	1.22%
Target Risk Portfolios									
Invesco Conservative Growth Portfolio	0.00%	0.43%	0.25%	0.00%	0.68%	0.71%	1.41%*	0.73%	1.23%
Invesco Moderate Growth Portfolio	0.00%	0.47%	0.25%	0.00%	0.72%				
Invesco Growth Portfolio	0.00%	0.49%	0.25%	0.00%	0.74%				
Individual Portfolios									
Invesco Stable Value Portfolio	0.00%	0.35%	0.25%	0.00%	0.60%	0.77%	1.44%*	0.64%	1.07%
Invesco Short Duration Inflation Protected Portfolio	0.00%	0.29%	0.25%	0.00%	0.54%				
Invesco Core Plus Bond Portfolio	0.00%	0.49%	0.25%	0.00%	0.74%				
Invesco Small Cap Growth Portfolio	0.00%	0.74%	0.25%	0.00%	0.99%				
Invesco International Growth Portfolio	0.00%	0.90%	0.25%	0.00%	1.15%				
Invesco Diversified Dividend Portfolio	0.00%	0.42%	0.25%	0.00%	0.67%				
Invesco Equity and Income Portfolio	0.00%	0.39%	0.25%	0.00%	0.64%				
Invesco Global Sustainable Equity Portfolio	0.00%	0.60%	0.25%	0.00%	0.85%				
Invesco Equally-Weighted S&P 500 Portfolio	0.00%	0.16%	0.25%	0.00%	0.41%	0.58%	0.91%*	0.60%	0.92%
PowerShares FTSE RAFI US 1500 Small-Mid Portfolio	0.00%	0.39%	0.25%	0.00%	0.64%				
PowerShares FTSE RAFI Develped Markets ex-U.S. Portfolio	0.00%	0.45%	0.25%	0.00%	0.70%				

*Morningstar 529 College-Savings Plan Landscape, May 26, 2016
**What's new with 529 Plans, Leo Acheson of Morningstar, May 25, 2017

CollegeBound 529 (Advisor)

Non-Rhode Island Residents' Fee Overview

CLASS A UNITS - NON-RHODE ISLAND RESIDENT ACCOUNTS:									
Age-Based Portfolios	**Program Management Fee**	**Estimated Underlying Fund Fee**	**Distribution and Service Fee**	**Administrative Fee**	**Total Annual Asset-Based Fee**	**Rhode Island Straight Average Total Asset-Based Fee**	**Morningstar Straight Average Peers**	**Rhode Island Asset-Weighted Fee**	**Morningstar Straight Asset-Weighted Peers***
Invesco CollegeBound Portfolios	0.15%	0.39%-0.50%	0.25%	0.02%	0.81%-0.92%	0.87%	0.97%**	0.84%	1.22%
Target Risk Portfolios									
Invesco Conservative Growth Portfolio	0.15%	0.44%	0.25%	0.02%	0.86%	0.89%	1.41%*	0.90%	1.23%
Invesco Moderate Growth Portfolio	0.15%	0.47%	0.25%	0.02%	0.89%				
Invesco Growth Portfolio	0.15%	0.49%	0.25%	0.02%	0.91%				
Individual Portfolios									
Invesco Stable Value Portfolio	0.15%	0.44%	0.25%	0.02%	0.86%	0.95%	1.44%*	0.87%	1.07%
Invesco Short Duration Inflation Protected Portfolio	0.15%	0.29%	0.25%	0.02%	0.71%				
Invesco Core Plus Bond Portfolio	0.15%	0.49%	0.25%	0.02%	0.91%				
Invesco Small Cap Growth Portfolio	0.15%	0.74%	0.25%	0.02%	1.16%				
Invesco International Growth Portfolio	0.15%	0.90%	0.25%	0.02%	1.32%				
Invesco Diversified Dividend Portfolio	0.15%	0.42%	0.25%	0.02%	0.84%				
Invesco Equity and Income Portfolio	0.15%	0.39%	0.25%	0.02%	0.81%				
Invesco Global Sustainable Equity Portfolio	0.15%	0.60%	0.25%	0.02%	1.02%				
Invesco Equally-Weighted S&P 500 Portfolio	0.15%	0.16%	0.25%	0.02%	0.58%	0.75%	0.91%*	0.77%	0.92%
PowerShares FTSE RAFI US 1500 Small-Mid Portfolio	0.15%	0.39%	0.25%	0.02%	0.81%				
PowerShares FTSE RAFI Develped Markets ex-U.S. Portfolio	0.15%	0.45%	0.25%	0.02%	0.87%				

*Morningstar 529 College-Savings Plan Landscape, May 26, 2016
**What's new with 529 Plans, Leo Acheson of Morningstar, May 25, 2017

CollegeBound 529 (Advisor)

Other Fees & Minimum Contributions

Maximum Initial Sales Charge:

Five Largest 529 Advisor Programs Age-Based Portfolios	Maximum Initial Sales Charge
CollegeAmerica (VA) <$100k	4.25%
NextGen College Investing Program (ME) <$400k	0% (C shares)*
CollegeBound 529 (RI) <$500k	**4.00%**
Advisor Guided College Savings Program (NY) <$50k	5.25%
Fidelity Advisor 529 Plan (NH) <$50k	5.75%

Minimum Initial & Subsequent Contributions:

Five Largest 529 Advisor Programs	Minimum Initial Contribution	Minimum Subsequent Contributions
CollegeAmerica (VA)	$250	$50
NextGen College Investing Program (ME)	None AIP / $25	$25
CollegeBound 529 (RI)	**None**	**None**
Advisor Guided College Savings Program (NY)	$1,000	$25
Fidelity Advisor 529 Plan (NH)	$50 AIP / $1,000	$50

- The Plan charges an annual account fee of $20; however, Account Owners have many opportunities to have this fee waived (e.g., account > $25k, recurring contribution, payroll direct deposit).
- The Plan also implements a C share conversion to A shares at NAV after five years, which mitigates risk of Account Owners paying excessive fees.

*See Program Description.

Investment Policy Statement Review

Investment Policy Statement

IPS Review

An Investment Policy Statement fulfills the most important function a Fiduciary performs.

To set investment policy and implementation guidelines.

Additional Benefits of an IPS

- Supports the "Paper Trail" and Provides the Best Defense in Litigation
- Negates "Monday Morning Quarterbacking" and Provides Continuity During Personnel Turnover
- Keeps Investment Process Intact During Periods of Market Upheaval
- Reassures Account Owners and Advisors of Investment Stewardship

Sections of a Well-Written IPS

1. Purpose
2. Program Summary
3. Statement of Objectives
4. Responsibilities
5. Guidelines and Investment Policy
6. Securities Guidelines
7. Selection of Investment Managers
8. Control Procedures
9. Monitoring of Investment Managers
10. Signatures
11. Appendix with Key Detail

Recommendation: Amend the Program Summary section of the IPS in light of tax reform (see separate attachment).

Appendix

CollegeBound 529 Target Risk Portfolios

Construction

	Growth College Portfolio	Moderate College Portfolio	Conservative College Portfolio
Equities	**85.0%**	**60.0%**	**34.0%**
Invesco Equally-Weighted S&P 500 Fund	15.0%	11.5%	10.0%
Invesco Diversified Dividend Fund	30.0%	19.0%	8.0%
PowerShares FTSE RAFI US 1500 Sm-Mid ETF	10.0%	8.0%	4.0%
PowerShares FTSE RAFI Dev Mkts ex-US ETF	4.0%	5.0%	4.0%
Invesco Global Growth	19.0%	12.0%	5.0%
Invesco Global Real Estate Income	3.0%	1.9%	3.0%
PowerShares FTSE RAFI Emerging Mkts ETF	2.0%	1.3%	0.0%
PowerShares S&P Em Mkts Low Volatility ETF	2.0%	1.3%	0.0%
Fixed Income	**15.0%**	**40.0%**	**51.0%**
Invesco Short Duration Inflation Protected Fund	4.0%	10.0%	15.0%
Invesco Floating Rate Fund	3.0%	6.0%	9.0%
Invesco Core Plus Bond Fund	8.0%	22.0%	19.0%
Invesco Short Term Bond Fund	0.0%	2.0%	8.0%
Capital Preservation	**0.0%**	**0.0%**	**15.0%**
Invesco Stable Value Portfolio	0.0%	0.0%	10.0%
Government & Agency Portfolio	0.0%	0.0%	5.0%

CollegeBound Saver Target Risk Portfolios

Construction

	Growth Vanguard LifeStrategy Growth Fund	**Moderate** Vanguard LifeStrategy Moderate Growth Fund	**Conservative** Vanguard LifeStrategy Conservative Growth Fund
Equities	**80.0%**	**60.0%**	**40.0%**
Vanguard Total Stock Market Index	48%	36%	24%
Vanguard International Stock Index	32%	24%	16%
Fixed Income	**20.0%**	**40.0%**	**60.0%**
Vanguard Total Bond Market II Index	14%	28%	42%
Vanguard Total International Bond Index	6%	12%	18%

Morningstar Rating

Analysis dated October 24, 2017

	CollegeBound Saver (Direct)	CollegeBound 529 (Advisor)
Overall	*Silver*	*Bronze*
Process	Positive	Positive
Performance	Neutral	Neutral
People	Positive	Neutral
Parent	Neutral	Neutral
Price	Positive	Positive