

**Dan Schwartz**  
State Treasurer



STATE OF NEVADA  
OFFICE OF THE STATE TREASURER

**NOTICE OF PUBLIC MEETING**

**REVISED**

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

Thursday, March 24, 2016, 10:00 a.m.

**Meeting via videoconference at the following locations:**

Dial in access: 1-888-251-2909 Access Code 7399092

**Grant Sawyer State Office Building**  
Governor's Conference Room -Suite 5100  
555 E. Washington Avenue  
Las Vegas, NV 89101

**State Capitol Building**  
Guinn Meeting Room  
101 North Carson Street  
Carson City, NV 89701

All items listed on this agenda are for discussion and action by the Board of Trustees unless otherwise noted. Action may consist of any of the following: approve, deny, condition, hold, or table.

**AGENDA**

1. **Public Comment.** *Comments from the public are invited at this time prior to the commencement of possible action items. The Board is precluded from acting on items raised during Public Comment that are not on the agenda.*

**Consent Agenda**

*Consent Agenda - All matters in this sub-category are considered by the Board of Trustees to be routine and may be acted upon in one motion without discussion. Most agenda items are phrased for a positive action. However, the Board of Trustees may take other actions, such as hold, table, amend, etc.*

**CARSON CITY OFFICE**  
101 N. Carson Street, Suite 4  
Carson City, Nevada 89701-4786  
(775) 684-5600 Telephone  
(775) 684-5623 Fax

**STATE TREASURER PROGRAMS**  
Governor Guinn Millennium Scholarship Program  
Nevada Prepaid Tuition Program  
Unclaimed Property  
College Savings Plans of Nevada  
Nevada College Kick Start Program

**LAS VEGAS OFFICE**  
555 E. Washington Avenue, Suite 4600  
Las Vegas, Nevada 89101-1074  
(702) 486-2025 Telephone  
(702) 486-3246 Fax

2. For possible action – Board review and approval of the minutes of the College Savings Board of Trustees meeting of January 28, 2016.
3. For possible action: Board review and approval of the Ascensus program manager’s report encompassing results for Vanguard, USAA, and SSGA Upromise 529 plans for the quarter ended December 31, 2015.
4. For possible action: Board review and approval of the Putnam 529 for America advisor sold program manager’s report for the quarter ended December 31, 2015.
5. For possible action: Board review and approval of the Thomas & Thomas unaudited financial statements of the Nevada College Savings Plans compiled for the quarter ended December 31, 2015.
6. For possible action: Board review and approval of the Second Amendment to the Nevada College Savings Program SSGA Upromise 529 Operation Agreement to update the Permitted Investments and schedules A, A-1 and B to reflect changes in the Plan to be implemented as of March 31, 2016.
7. For possible action: Board review and approval of a supplement to the Vanguard 529 College Savings Plan Program Description to disclose recently enacted changes to Section 529 by the Protecting Americans from Tax Hikes Act which allows the inclusion of computers as a qualified education expense and the ability to recontribute refunds of qualified withdrawals within 60 days of distribution without incurring tax consequences.
8. For possible action: Board review and approval of a supplement to the USAA 529 College Savings Plan Program Description and Participation Agreement to disclose recently enacted changes to Section 529 by the Protecting Americans from Tax Hikes Act which allows the inclusion of computers as a qualified education expense and the ability to recontribute refunds of qualified withdrawals within 60 days of distribution without incurring tax consequences.
9. For possible action: Board consent to a contract extension of the USAA Private Label Agreement between USAA and Ascensus Broker Dealer, Inc.
10. For possible action: Board review and approval of a proposal to reduce the program management fees in the Vanguard 529 College Savings Plan effective when the Plan reaches \$12 billion in assets under management, the accompanying Amendment 9 to the Vanguard Private Label Product Agreement with Ascensus and a supplement to the Program Description necessary to disclose such fee reduction.
11. For possible action: Board review and approval of the Prepaid Tuition Investment Monitoring Report prepared by Pension Consulting Alliance, Inc. for the quarter ending December 31, 2015.

12. For possible action: Board to receive an update on “Let’s Go to College! Nevada Saves” from Amplify Relations.

### **Discussion Agenda**

13. For possible action: Board review and approval of the Nevada College Savings Plans Investment Monitoring Report prepared by Pension Consulting Alliance, Inc. for the quarter ending December 31, 2015. (Eric White – 10 min.)
14. For possible action: Board review and approval of the annual investment presentation for Vanguard 529 College Savings Plan.
  - a. Vanguard Presentation (Tom Hewitt and others –Vanguard– 20 min.)
  - b. PCA’s Commentary (Eric White, PCA – 10 min.)
15. For possible action: Board review and reaffirmation of the education and outreach budget for Fiscal Year 2016 as requested by Governor’s Finance Office.
16. For possible action: Board review and approval of a proposal to renew and enhance the Nevada College Kick Start program and its corresponding budget for FY 2017.

### **Comments**

17. Staff Notes
18. Public Comment. *The Board is precluded from acting on items raised during Public Comment that are not on the agenda*

Prior to the commencement and conclusion of a contested case or a quasi judicial proceeding that may affect the due process rights of an individual the board may refuse to consider public comment. See NRS 233B.126.

Items on the agenda may be taken out of the order presented at the discretion of the Chairman.  
Items may be combined for consideration by the public body.  
Items may be pulled or removed from the agenda at any time.

Notice of this meeting was posted at the following locations in Carson City, Nevada:

State Capitol Building, 1<sup>st</sup> & 2<sup>nd</sup> Floor & Basement, 101 North Carson Street  
Nevada Legislative Building, 401 South Carson Street  
Nevada State Library, 100 Stewart Street  
Blasdel Building, 209 East Musser Street

Notice of this meeting was posted at the following location in Las Vegas, Nevada:

Grant Sawyer State Office Building, 555 East Washington Avenue, Suite 4600, Las Vegas, Nevada  
1<sup>st</sup> Floor Capitol Police - (702) 486-2012

Notice of this meeting was posted on the following website:

[www.nevadatreasurer.gov](http://www.nevadatreasurer.gov)

We are pleased to provide members of the public supporting material for the meeting as well as make reasonable accommodations for members of the public who are disabled and would like to attend the meeting. If supporting material or special arrangements for the meeting are required, please notify Sheila Salehian with the Office of the State Treasurer, 555 E Washington, Suite 4600, Las Vegas, NV 89101 or call (702) 486-3955 or fax your request to (702) 486-3246 as soon as possible. Materials will also be available at the Office of the State Treasurer, College Savings, 555 E. Washington Suite 4600, Las Vegas, NV 89101

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 2**  
**March 24, 2016**

**Item:** Review and approve the College Savings Board minutes of January 28, 2016.

**Recommendation:**

**That the Board review and approve the minutes of the January 28, 2016, College Savings Board of Trustees meeting.**

Fiscal:  
None.

**Summary:**

The minutes of the Board have been prepared and are complete for review and approval.

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

MINUTES OF BOARD MEETING  
January 28, 2016

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Chairman Dan Schwartz, State Treasurer, called the meeting of the Board of Trustees of the College Savings Plans of Nevada to order at 10:00 a.m., on Thursday, January 28, 2016. The meeting was held by conference call from the Nevada State Capitol, 101 North Carson Street, Guinn Room, Carson City, Nevada to the Grant Sawyer Building, 555 East Washington Avenue, Suite 5100, Las Vegas, Nevada. Other attendees participated in person or by conference call.

Board members present:

Chairman Dan Schwartz – Carson City  
Jamie Hullman – Carson City  
Bob Seale – Carson City  
Janet Murphy – Carson City  
Ned Martin – Excused

Others present:

Tara Hagan, Chief Deputy Treasurer, Treasurer's Office  
Grant Hewitt, Chief of Staff, Treasurer's Office  
Linda J. English, Senior Deputy Treasurer - South  
Sheila Salehian, Deputy Treasurer for Prepaid Tuition & Financial Literacy  
Shane Chesney, Nevada Attorney General's Office  
Blanca Platt, Program Officer, Treasurer's Office  
Cherie McDowell, Management Analyst, Treasurer's Office  
Troy Watts, Marketing Coordinator, Treasurer's Office  
Ardie Hollingsworth, Ascensus College Savings  
George Makras, Ascensus College Savings  
Dan Carter, Eide Bailly

Attending via telephone:

Tom Hewitt, Vanguard  
Sue Serewicz, Ascensus College Savings  
Judy Minsk, Putnam  
James Canup, Hirschler Fleischer  
Gina Robinson-Phillips

Roll was taken, and it was determined a quorum was present. Ms. English indicated the meeting had been properly noticed and the agenda was posted in accordance with the Open Meeting Law in both Carson City and Las Vegas.

1. Public Comment

There was no public comment in Las Vegas or Carson City.

Consent Agenda

2. For possible action: Board review and approval of the College Savings Board minutes of December 17, 2015.
3. For possible action: Board review and approval of an expenditure report for the SSgA Upromise 529 Plan for the quarter ended December 31, 2015.
4. For possible action: Board review and approval of a supplement to the Putnam 529 for America Offering Statement to disclose recently enacted changes to Section 529 by the Protecting Americans from Tax Hikes Act which allows the inclusion of computers as a qualified education expense and the ability to recontribute refunds of qualified withdrawals within 60 days of distribution without incurring tax consequences.

Bob Seale motioned to approve the Consent Agenda. Janet Murphy seconded the motion.

Discussion Agenda

5. For possible action: Board review and approval of the Fiscal Year 2015 annual audit of the Nevada Prepaid Tuition Program by Eide Bailly LLP.

Dan Carter presented the findings of the audit of the financial statements of the Nevada Higher Education Tuition Trust Fund. He explained that the trust fund position increased significantly, ending with a net position of \$53,103,379. This increase is primarily due to a slight increase in investment performance and the forgiveness of the previous \$5 million loan from the College Savings Endowment account.

Based on their findings, the auditor has provided an unqualified opinion that the financial statements prepared by management fairly represent the financial position of the Trust Fund in all material respects.

Bob Seale motioned to approve Agenda Item 5. Jamie Hullman seconded the motion.

6. For possible action: Board review and approval of the Fiscal Year 2015 annual report for the Nevada Prepaid Tuition Program.

Sheila Salehian presented the 2015 annual report for the Nevada Prepaid Tuition Program. Ms. Salehian explained that the 2015 enrollment period began on December 1, 2014 and closed on February 28, 2015. The enrollment period had 1,014 new enrollees, bringing the total number of children enrolled in the program to 18,363. As of June 30, 2015, the funded ratio of the plan was 127.9%.

Bob Seale motioned to approve Agenda Item 6. Janet Murphy seconded the motion.

7. For possible action: Board review and approval of Amendment 1 to the International Association of Working Mothers contract to add \$21,000 to the contract bringing the total to \$116,000 for the Fiscal Year 2016.

Sheila Salehian explained that in the December 17, 2015 meeting, the College Savings Board approved the concept to add a second Spanish Language Financial Literacy conference in Reno. She stated that this increased the cost of the contract for Women's Money Conferences from \$95,000 per year to \$116,000 per year. Ms. Salehian explained that 286 women registered for the Latina Women Money Conferences and 3% of the attendees signed up for college savings accounts.

Jamie Hullman motioned to approve Agenda Item 7. Janet Murphy seconded the motion.

8. Public Comment

There were no public comments in Carson City or Las Vegas.

Meeting adjourned at 10:45 AM

Attest:

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Linda English, Secretary to the Board

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 3**  
**March 24, 2016**

**Item: Program Manager Report for the Quarter End  
Performance Summary**

**Recommendation:**

**That the Board review and approve the December 31, 2015,  
report from Ascensus College Savings for the direct-sold  
college savings plans, and direct staff accordingly.**

Fiscal:  
None.

Summary:

Sue Serewicz, Vice President, Relationship Management with  
Ascensus College Savings, will be available to answer questions.



**College Savings Plans of Nevada  
Board of Trustees Meeting  
March 24, 2016**

**Program Management Report  
For the Quarter Ended December 31, 2015**



# College Savings Plans of Nevada Board of Trustees Meeting

March 24, 2016

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## Executive Summary

### ■ SSGA Upromise 529 Plan

- At the end of the 4th quarter, assets in the SSGA Upromise 529 Plan totaled \$1.25B, which was a 2.27% increase from 3rd quarter and 0.32% higher than one year ago. New Funded Accounts were down by 13.26% over the previous quarter to 726 which was a 7.63% decrease compared to the same time last year. Total Funded Accounts were down 0.61% compared to the 3rd quarter of 2015 and down by 2.74% compared to the 4th quarter of 2014. There were a total of 101,113 unique account holders at the end of 4th quarter, representing a decrease of 0.64% from the 3rd quarter and a 3.23% decrease over the same period last year. Gross contributions, including transfers/rollovers-in, for the quarter equaled \$36.00M, an increase of 13.49% compared to the previous quarter and up 5.20% compared with the 4th quarter of 2014. Distributions were down 29.86% compared to the 3rd quarter 2015 with a total of \$30.30M distributed from the plan this quarter. Distributions were down 1.03% compared to the 4th quarter 2014. This resulted in net contribution of \$5.70M for this quarter, compared to \$11.48M net redemption in 3rd quarter 2015 and \$3.60M net contribution in the 4th quarter 2014.
- All tactical asset allocation accounts performed as expected for the quarter.
- RIA Total Account Contributions were \$ 7,887,747, up 1% from previous quarter. The 4Q15 Average national RIA account size was \$40,916 and the Nevada advisor average account size was \$21,843. 121% increase in SSGA Upromise 529 Plan website PDF downloads in Q4 2015 quarter over quarter, generating 4,207 PDF downloads. Obtained highest PDF Download rate from all three sites with a total of 532 PDF downloads for Q4 2015.

### • Vanguard 529® College Savings Plan

- The Vanguard 529 ended the year with \$11.8 billion in assets under management. Relative to 2014, net cash flow was up over 9% totaling \$961 million. For the year, net new accounts (31,410) were up 13% compared to 2014. Average account balance continues to be the highest in the industry at \$39,000.
- During the fourth quarter, the Interest Accumulation Portfolio placed two new traditional funding agreements totaling \$33. As a result of these placements, the portfolio's duration increased from 0.52 year on September 30 to 0.62 year on December 31, 2015, and the gross blended yield increased from 0.46% on September 30 to 0.65% on December 31, 2015.
- The equity market rebounded after a rough third quarter, netting positive returns in the fourth quarter for all equity portfolios. The bond portfolios were flat to slightly negative. The broad U.S. and international stock markets advanced modestly in the fourth quarter of 2015; bonds were mixed. For all of 2015, the broad U.S. stock and taxable bond markets were nearly flat; international stocks and bonds (unhedged for currency exposure) declined. Ending speculation, the Federal Reserve raised its short-term interest rate target in mid-December to 0.25%–0.5% and signaled that future increases were likely to be gradual.

# Executive Summary

## ■ USAA ® 529 College Savings Plan

4<sup>th</sup> quarter assets in the USAA 529 Plan totaled just over \$2.4B, representing a decrease of 4.0% from 3<sup>rd</sup> quarter and a 8.4% increase from 4<sup>th</sup> quarter in 2014. Total Funded Accounts were up 2.0% from prior quarter and up 10.8% from 4Q14. There were a total of 148,800 unique account holders at the end of 4<sup>th</sup> quarter, representing an increase of 1.8% from prior quarter (up 1.9% for Unique NV accounts) and up 9.9% from 4Q14 (11.3% for NV). Gross contributions for the quarter were \$99.96M, a increase of 7.6% from prior quarter and increase of 0.3% from 4Q14. Plan Distributions were down 22.3% from prior quarter with a total of \$42.82M. Distributions are up 18.7% from 4Q14. Net contributions for the quarter were \$56.87M, compared to \$38.05M in prior quarter. From 4Q14, net contributions are down 8.5%. **USAA Distinguished Valor Matching Grant funded \$36,230.00 into 122 qualified Matching Grant accounts.**

# Highlights This Period

		Fourth Quarter 2015				Third Quarter 2015				Fourth Quarter 2014			
		SSGA Upromise 529	The Vanguard 529 College Savings Plan	USAA 529 College Savings Plan	Total	SSgA Upromise 529	The Vanguard 529 College Savings Plan	USAA College Savings Plan	Total	SSGA Upromise 529	The Vanguard 529 College Savings Plan	USAA 529 College Savings Plan	Total
Assets under Management (Millions)		\$1,254.34	\$11,818.45	\$2,481.10	<b>\$15,553.88</b>	\$1,226.48	\$11,246.79	\$2,385.16	<b>\$14,858.43</b>	\$1,250.32	\$10,930.09	\$2,289.13	<b>\$14,469.54</b>
Total Accounts (Funded)		146,560	300,067	241,432	<b>688,059</b>	147,462	291,861	236,776	<b>676,099</b>	150,686	269,344	217,960	<b>637,990</b>
Account Owners (Unique)		101,102	171,911	148,800	<b>421,813</b>	101,750	167,019	146,236	<b>415,005</b>	104,475	153,896	135,375	<b>393,746</b>
New Accounts (Funded)		561	10,059	6,601	<b>17,221</b>	774	8,422	6,752	<b>15,948</b>	715	10,044	7,210	<b>17,969</b>
Average Account Balance		\$8,558.51	\$39,386.02	\$10,276.61	<b>\$22,605.45</b>	\$8,317.24	\$38,534.76	\$10,073.50	<b>\$21,976.71</b>	\$8,297.52	\$40,580.43	\$10,502.51	<b>\$22,679.89</b>
NV Accounts (Funded)		9,134	4,413	2,884	<b>16,431</b>	9,084	4,209	2,827	<b>16,120</b>	8,424	3,834	2,559	<b>14,817</b>
NV Account Owners (Unique)		3,301	2,540	1,746	<b>7,587</b>	3,262	2,427	1,714	<b>7,403</b>	3,016	2,199	1,569	<b>6,784</b>
NV Average Account Balances		\$4,554.17	\$30,702.70	\$9,253.43	<b>\$12,401.91</b>	\$4,283.63	\$30,416.73	\$9,100.61	<b>\$11,951.86</b>	\$4,550.13	\$32,480.54	\$9,554.45	<b>\$12,641.59</b>
NV Assets under Management (Millions)		\$41.60	\$135.49	\$26.69	<b>\$203.78</b>	\$38.91	\$128.02	\$25.73	<b>\$192.66</b>	\$38.33	\$124.53	\$24.45	<b>\$187.31</b>
Inflow (Millions)	Contribution	\$31.69	\$371.90	\$95.49	\$499.08	\$26.99	\$288.31	\$88.72	\$404.02	\$31.44	\$364.22	\$95.19	\$490.85
	Plan Transfer In	\$0.02	\$1.08	\$0.37	\$1.47	\$0.01	\$1.75	\$0.33	\$2.09	\$0.00	\$1.61	\$0.14	\$1.76
	Rollover In	\$0.57	\$41.54	\$3.83	\$45.93	\$0.28	\$34.08	\$4.09	\$38.45	\$0.97	\$40.26	\$2.84	\$44.07
	<b>Gross Contributions</b>	<b>\$32.28</b>	<b>\$414.52</b>	<b>\$99.69</b>	<b>\$546.48</b>	<b>\$27.28</b>	<b>\$324.13</b>	<b>\$93.15</b>	<b>\$444.56</b>	<b>\$32.41</b>	<b>\$406.10</b>	<b>\$98.17</b>	<b>\$536.68</b>
Outflow (Millions)	Fee	(\$0.59)	(\$0.04)	(\$4.12)	(\$4.75)	(\$0.62)	(\$0.04)	(\$0.04)	(\$0.71)	(\$0.62)	(\$0.04)	(\$3.70)	(\$4.35)
	Plan Transfer Out	(\$0.56)	(\$0.17)	(\$0.81)	(\$1.54)	(\$0.64)	(\$0.21)	(\$0.89)	(\$1.74)	(\$1.07)	(\$0.10)	(\$0.58)	(\$1.76)
	Rollover Out	(\$3.20)	(\$14.85)	(\$4.87)	(\$22.92)	(\$2.75)	(\$15.95)	(\$3.76)	(\$22.45)	(\$3.39)	(\$15.09)	(\$4.00)	(\$22.49)
	Withdrawal	(\$22.23)	(\$147.65)	(\$33.02)	(\$202.90)	(\$34.74)	(\$186.91)	(\$50.41)	(\$272.06)	(\$20.65)	(\$126.02)	(\$27.77)	(\$174.44)
	<b>Gross Distributions</b>	<b>(\$26.58)</b>	<b>(\$162.71)</b>	<b>(\$42.82)</b>	<b>(\$232.11)</b>	<b>(\$38.75)</b>	<b>(\$203.11)</b>	<b>(\$55.09)</b>	<b>(\$296.96)</b>	<b>(\$25.72)</b>	<b>(\$141.26)</b>	<b>(\$36.06)</b>	<b>(\$203.04)</b>
<b>Total Net Contributions (Millions)</b>		<b>\$5.70</b>	<b>\$251.81</b>	<b>\$56.87</b>	<b>\$314.38</b>	<b>(\$11.48)</b>	<b>\$121.02</b>	<b>\$38.05</b>	<b>\$147.60</b>	<b>\$6.68</b>	<b>\$264.84</b>	<b>\$62.12</b>	<b>\$333.64</b>
Rollovers In (Thousands)	Plan Transfer In	\$22.02	\$1,077.82	\$367.67	\$1,467.51	\$8.53	\$1,747.60	\$332.70	\$2,088.83	\$0.18	\$1,614.58	\$142.12	\$1,756.89
	Rollover In	\$565.50	\$41,543.42	\$3,825.12	\$45,934.04	\$282.52	\$34,076.17	\$4,091.89	\$38,450.58	\$965.72	\$40,262.83	\$2,839.82	\$44,068.36
	<b>Gross Rollovers In</b>	<b>\$587.51</b>	<b>\$42,621.24</b>	<b>\$4,192.79</b>	<b>\$47,401.54</b>	<b>\$291.05</b>	<b>\$35,823.77</b>	<b>\$4,424.59</b>	<b>\$40,539.41</b>	<b>\$965.90</b>	<b>\$41,877.41</b>	<b>\$2,981.94</b>	<b>\$45,825.25</b>
Rollovers Out (Thousands)	Plan Transfer Out	(\$558.31)	(\$173.10)	(\$810.58)	(\$1,541.98)	(\$637.52)	(\$211.56)	(\$890.09)	(\$1,739.17)	(\$1,068.20)	(\$104.15)	(\$584.54)	(\$1,756.89)
	Rollover Out	(\$3,203.16)	(\$14,849.31)	(\$4,870.54)	(\$22,923.01)	(\$2,754.08)	(\$15,945.09)	(\$3,755.15)	(\$22,454.32)	(\$3,389.06)	(\$15,093.82)	(\$4,003.30)	(\$22,486.19)
	<b>Gross Rollovers Out</b>	<b>(\$3,761.47)</b>	<b>(\$15,022.41)</b>	<b>(\$5,681.12)</b>	<b>(\$24,464.99)</b>	<b>(\$3,391.60)</b>	<b>(\$16,156.65)</b>	<b>(\$4,645.24)</b>	<b>(\$24,193.49)</b>	<b>(\$4,457.27)</b>	<b>(\$15,197.97)</b>	<b>(\$4,587.84)</b>	<b>(\$24,243.07)</b>
<b>Net Rollovers (Thousands)</b>		<b>(\$3,173.95)</b>	<b>\$27,598.83</b>	<b>(\$1,488.33)</b>	<b>\$22,936.55</b>	<b>(\$3,100.55)</b>	<b>\$19,667.12</b>	<b>(\$220.65)</b>	<b>\$16,345.92</b>	<b>(\$3,491.37)</b>	<b>\$26,679.44</b>	<b>(\$1,605.90)</b>	<b>\$21,582.18</b>

SSGA Upromise 529 Plan	The Vanguard® 529 College Savings Plan	USAA 529 College Savings Plan®	Total*
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**TOTAL FUNDED ACCOUNTS**

Total funded accounts at July 1, 2015

Nevada Residents	8,943	4,114	2,767	15,821
Out-of-state	139,946	281,530	229,731	651,207
<b>Total at December 31, 2015</b>	<b>148,889</b>	<b>285,664</b>	<b>232,495</b>	<b>667,028</b>

Nevada Residents	9,134	4,411	2,887	16,432
Out-of-state	137,426	295,654	238,545	671,625
	<b>146,560</b>	<b>300,065</b>	<b>241,432</b>	<b>676,097</b>

**YTD NEW ACCOUNTS**

Nevada Residents	114	143	1	132
Out-of-state	1,036	598	506	2,140
	<b>1,150</b>	<b>615</b>	<b>507</b>	<b>2,272</b>

**CLOSED ACCOUNTS**

Nevada Residents	5	3	3	11
Out-of-state	125	270	193	588
	<b>130</b>	<b>273</b>	<b>196</b>	<b>599</b>

**UPROMISE REWARDS**

Total Upromise Rewards swept since inception	\$122,270,840.28	\$14,442,203.54	\$8,424,845.67	\$145,137,889.49
Linked accounts since inception	119,375	29,631	54,473	203,479

**UGIFT**

Total Ugift contributions since inception	\$3,499,887.97	\$29,036,078.61	\$32,498,740.67	\$65,034,707.25
Number of Ugift transactions since inception	10434	23,494	77,183	111,111

# Detail By Plan

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- Section I: SSGA Upromise 529 Plan
- Section II: Vanguard 529<sup>®</sup> College Savings Plan
- Section III: USAA 529 College Savings Plan<sup>®</sup>

## Section I

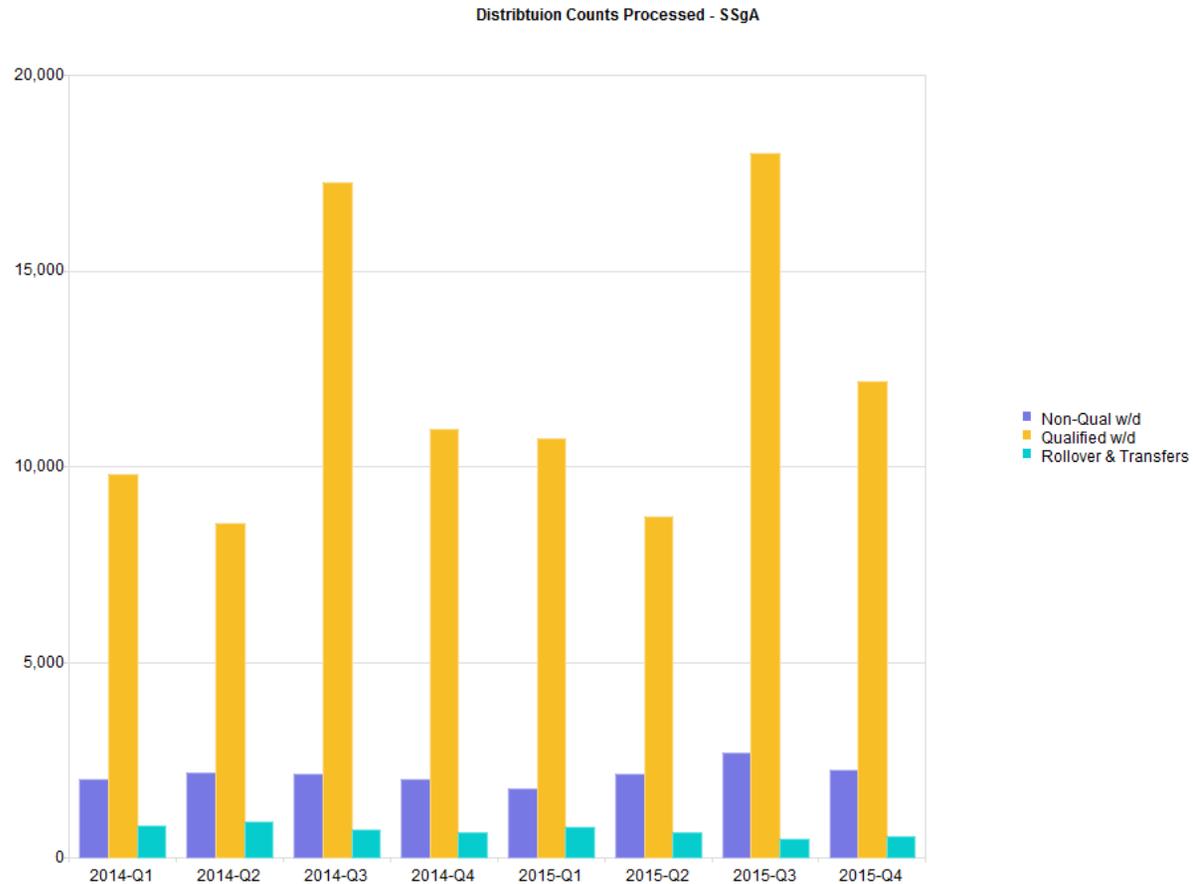
# SSGA Upromise 529 Plan Plan Detail

# Highlights This Period

		Fourth Quarter 2015	Third Quarter 2015	% Chg Q/Q	Fourth Quarter 2014	% Chg Y/Y
Assets under Management (Millions)		\$1,254.34	\$1,226.48	2.3%	\$1,250.32	0.3%
Total Accounts (Funded)		146,560	147,462	(0.6%)	150,686	(2.7%)
Account Owners (Unique)		101,102	101,750	(0.6%)	104,475	(3.2%)
New Accounts (Funded)		561	774	(27.5%)	715	(21.5%)
Average Account Balances		\$8,558.51	\$8,317.24	2.9%	\$8,297.52	3.1%
NV Accounts (Funded)		9,134	9,084	0.6%	8,424	8.4%
NV Accounts (Unique)		3,301.	3,262.	1.2%	3,016.	9.4%
NV Average Account Balances		\$4,554.17	\$4,283.63	6.3%	\$4,550.13	0.1%
NV Assets under Management (Millions)		\$41.60	\$38.91	6.9%	\$38.33	8.5%
Gross Contributions (Millions)	Contribution	\$31.69	\$26.99	17.4%	\$31.44	0.8%
	Rollover In	\$0.57	\$0.28	103.6%	\$0.97	(41.2%)
	<b>Total</b>	<b>\$32.28</b>	<b>\$27.28</b>	<b>18.3%</b>	<b>\$32.41</b>	<b>(0.4%)</b>
Gross Distributions (Millions)	Fee	(\$0.59)	(\$0.62)	(4.8%)	(\$0.62)	(4.8%)
	Plan Transfer Out	(\$0.56)	(\$0.64)	(12.5%)	(\$1.07)	(47.7%)
	Rollover Out	(\$3.20)	(\$2.75)	16.4%	(\$3.39)	(5.6%)
	Withdrawal	(\$22.23)	(\$34.74)	(36.0%)	(\$20.65)	7.7%
	<b>Total</b>	<b>(\$26.58)</b>	<b>(\$38.75)</b>	<b>(31.4%)</b>	<b>(\$25.72)</b>	<b>3.3%</b>
<b>Net Contributions (Millions)</b>		<b>\$5.70</b>	<b>(\$11.48)</b>	<b>(149.7%)</b>	<b>\$6.68</b>	<b>(14.7%)</b>
Rollovers In (Thousands)	Plan Transfer In	\$22.02	\$8.53	158.1%	\$0.18	12133.3%
	Rollover In	\$565.50	\$282.52	100.2%	\$965.72	(41.4%)
	<b>Total</b>	<b>\$587.51</b>	<b>\$291.05</b>	<b>101.9%</b>	<b>\$965.90</b>	<b>(39.2%)</b>
Rollovers Out (Thousands)	Plan Transfer Out	(\$558.31)	(\$637.52)	(12.4%)	(\$1,068.20)	(47.7%)
	Rollover Out	(\$3,203.16)	(\$2,754.08)	16.3%	(\$3,389.06)	(5.5%)
	<b>Total</b>	<b>(\$3,761.47)</b>	<b>(\$3,391.60)</b>	<b>10.9%</b>	<b>(\$4,457.27)</b>	<b>(15.6%)</b>
<b>Net Rollovers (Thousands)</b>		<b>(\$3,173.95)</b>	<b>(\$3,100.55)</b>	<b>2.4%</b>	<b>(\$3,491.37)</b>	<b>(9.1%)</b>

# Distribution Counts Processed by Type (2011-2015)

As of December 31, 2015



		2012-Q2	2012-Q3	2012-Q4	2013-Q1	2013-Q2	2013-Q3	2013-Q4	2014-Q1	2014-Q2	2014-Q3	2014-Q4	2015-Q1	2015-Q2	2015-Q3	2015-Q4
Non-Qual w/d	Total	2,452	2,529	2,328	1,954	1,991	2,444	1,986	1,979	2,182	2,143	1,999	1,765	2,152	2,685	2,243
Qualified w/d	Total	7,975	14,363	9,781	9,329	8,380	16,189	10,937	9,810	8,556	17,238	10,951	10,710	8,705	17,986	12,169
Rollover & Transfers	Total	1,022	690	737	851	780	696	767	824	925	713	652	787	659	488	534
<b>Total</b>		<b>11,449</b>	<b>17,582</b>	<b>12,846</b>	<b>12,134</b>	<b>11,151</b>	<b>19,329</b>	<b>13,690</b>	<b>12,613</b>	<b>11,663</b>	<b>20,094</b>	<b>13,602</b>	<b>13,262</b>	<b>11,516</b>	<b>21,159</b>	<b>14,946</b>

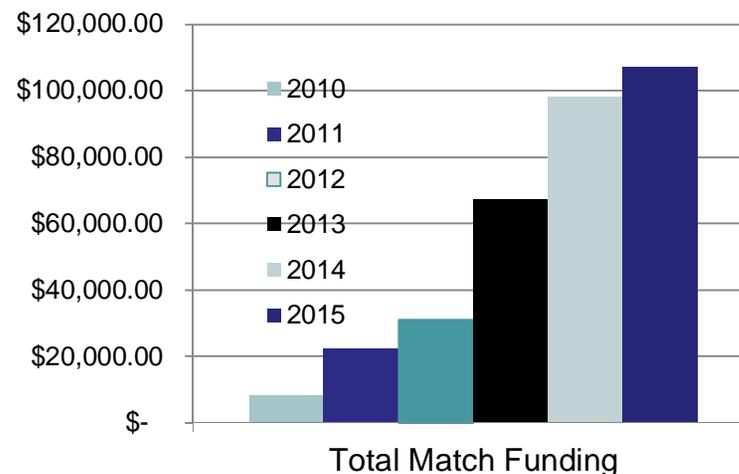
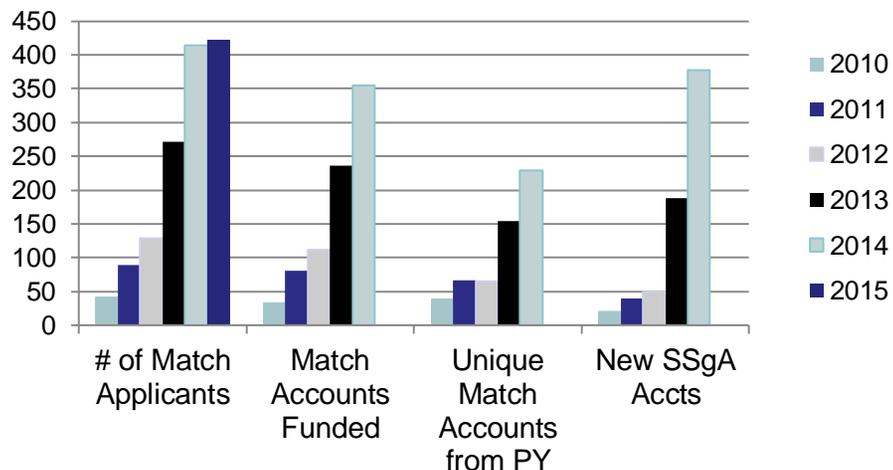
# Rollovers Out Summary

As of December 31, 2015

<b>Payee Name</b>	<b>State</b>	<b>2015-Q4</b>
New York's 529 College Savings Program Direct Plan	NY	(\$766,835.66)
Collegeamerica	VA	(\$359,191.68)
USAA College Savings Plan	NV	(\$301,980.62)
The Vanguard 529 College Savings Plan	NV	(\$256,329.05)
Bright Start Csp	IL	(\$167,706.57)
Anna Williams	N/A	(\$132,768.85)
Bright Directions Csp	IL	(\$109,895.13)
Mfs Service Center Inc	N/A	(\$87,806.14)
Connecticut Higher Education Tr	CT	(\$86,242.90)
Edward Jones	Various	(\$85,513.39)

# Silver State Matching Grant (2010-2015)

As of December 31, 2015



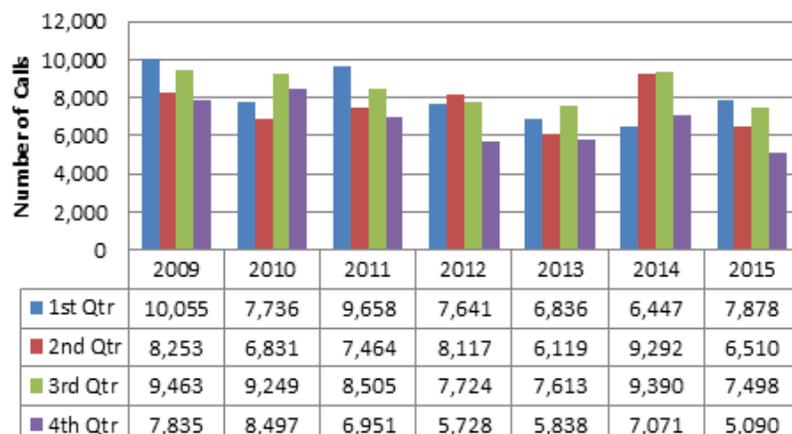
	# of Match Applicants	Y/Y Increase	Match Accts Funded	Y/Y Increase
<b>2010</b>	42		34	
<b>2011</b>	89	112.00%	80	135.00%
<b>2012</b>	128	44.00%	112	40.00%
<b>2013</b>	271	112.00%	236	111.00%
<b>2014</b>	414	52.8%	355	50.4%
<b>2015</b>	425	1.02%	383	1.08%

Funding FY	Enrollment Year	Total Match Funding	Y/Y Increase
<b>2011</b>	<b>2010</b>	\$8,363.51	
<b>2012</b>	<b>2011</b>	\$22,344.00	167.00%
<b>2013</b>	<b>2012</b>	\$30,889.47	38.25%
<b>2014</b>	<b>2013</b>	\$67,283.37	118.00%
<b>2015</b>	<b>2014</b>	\$98,024.06	45.6%
<b>2016</b>	<b>2015</b>	\$106,971.02	9.1%

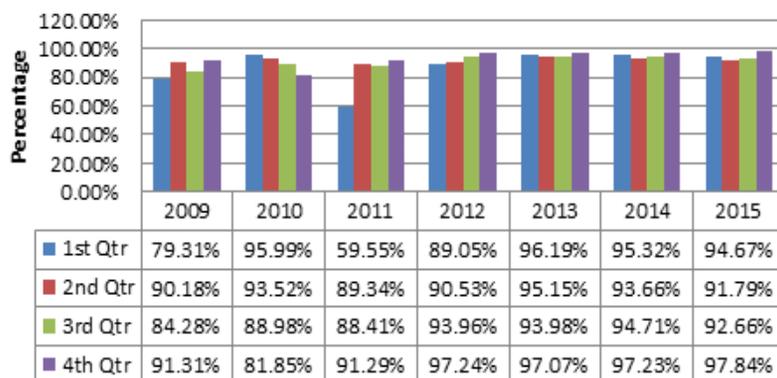
# Service Call Volumes & Stats

As of December 31, 2015

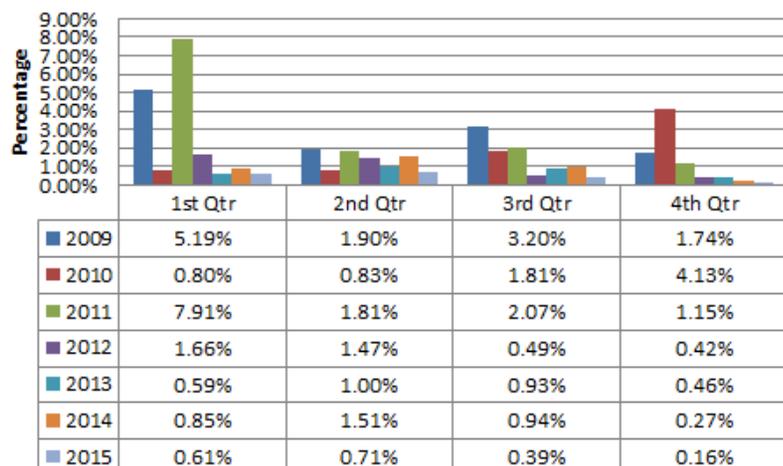
### Call Volumes by Quarter (2009-2015)



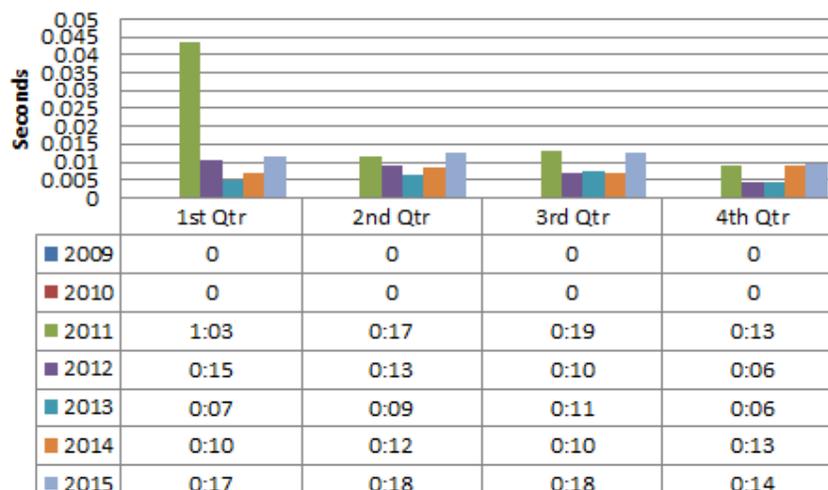
### Percentage of Calls Answered within 30 Seconds per Quarter (2009-2015)



### Abandonment Rate per Quarter (2009-2015)



### Average Speed of Answer per Quarter (2009-2015)



	<b>Service Level Agreement</b>	<b>SSgA Upromise 529 Actual 12/31/15</b>	<b>SSgA Upromise 529 Actual 11/30/15</b>	<b>SSgA Upromise 529 Actual 10/31/15</b>
<b>TRANSACTIONS</b>				
Financial sub deposits (same day)	98.00%	100%	100%	100%
Financial sub deposits (accuracy)	98.00%	100%	99.00%	98.00%
New account set up (same day)	98.00%	100%	100%	100%
New account set up (accuracy)	97.00%	92.86%	100%	80.00%
Withdrawal (same day)	98.00%	100%	100%	100%
Withdrawal (accuracy)	98.00%	96.00%	100%	98.00%
Non-financial maintenance (3 day)	98.00%	100%	100%	100%
Non-financial maintenance (accuracy)	98.00%	97.14%	81.82%	97.30
Financial correspondence (2 day)	98.00%	100%	100%	100%
Non-financial correspondence (7 day)	98.00%	100%	100%	100%
As of trading (accuracy)	98.00%	100%	100%	100%
<b>CORRESPONDENCE</b>				
Average answer time	30 seconds or less	0:14	0:14	0:14
Average abandonment rate	5% or less	.15%	.15%	.17%
Phone inquiries responded to	Within 30 seconds	1,982 (98%)	1,370 (98%)	1,738 (98%)
Email processed	Within 2 business days	96%	95%	98%
Meet licensing requirements		Yes	Yes	Yes
<b>INFORMATION DELIVERY</b>				
Marketing kits delivered	Within 3 business days	Yes	Yes	Yes
Annual statements, quarterly statements and confirms	Delivered within industry guidelines			

## Client Service Metrics –Missed SLA Explanation

### December 2015

#### **New Account set up accuracy – SLA 97% /Actual SLA 92.86%**

- 14 Enrollments were reviewed with one (1) error identified (14 out of 14 possible enrollments were reviewed)
  - Rd. was left out of the beneficiary's address – refer to case U104108468

#### **Withdrawal Accuracy – SLA 98% / Actual SLA 96.00%**

- 50 withdrawals were reviewed with two (2) errors identified
  - Beneficiary's SSN was not updated – refer to case U161670055
  - Withdrawal received the incorrect Trade Date – Refer to case U118314761

#### **Non-Financial Maintenance Accuracy - SLA 98.00% / Actual SLA 97.14%**

- 35 Maintenance Transactions were reviewed with one (1) error identified (35 out of 35 possible transactions were reviewed)
  - Address, phone number, and email address incorrect – refer to case U168099632

## Client Service Metrics –Missed SLA Explanation

**November 2015**

### **Non-Financial Maintenance Accuracy – (SLA 98.00% / Actual SLA 81.82%)**

- 22 Transactions were reviewed with four (4) errors identified (22 out of 22 possible transactions were reviewed)
  - Processor tried to NIGO Soft case to clarify address as it is illegible. Case was closed without outcall ever being made. Refer to case U141623509
  - Incorrect authorized agent was added to the account – Refer to case U141629503
  - Beneficiary SSN was not updated – Refer to case U148577047
  - Stop Mail was not placed on the account – Refer to case U147983859

## Client Service Metrics –Missed SLA Explanation

October 2015

### **New Account Set Up Accuracy – (SLA 97.00% / Actual SLA 80.00%)**

- 20 transactions were reviewed with four (4) errors identified (20 out of 20 possible transactions were reviewed)
  - Email address was entered incorrectly – Refer to case U192057115
  - The Successor Account Owner's last name was spelled incorrectly – Refer to case U182398686
  - The Beneficiary's City was entered incorrectly – refer to case U103058148
  - The Bank Account Number was entered incorrectly – refer to case U182121519

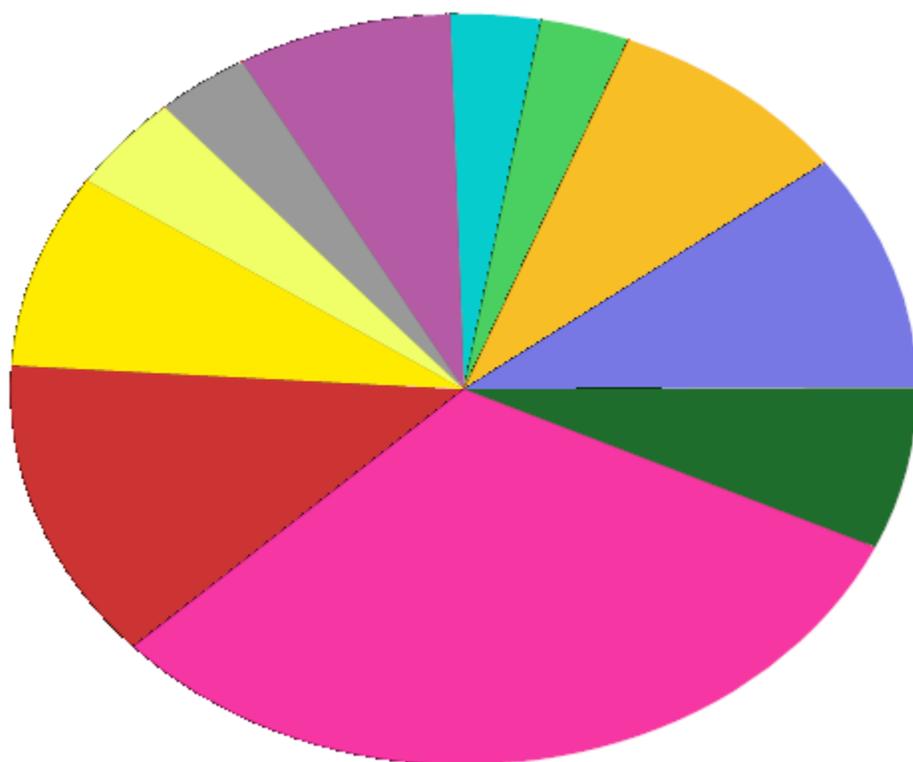
### **Non-Financial Maintenance Accuracy – (SLA 98.00% / Actual SLA 97.30%)**

- 37 Transactions were reviewed with one (1) errors identified (37 out of 37 possible transactions were reviewed)
  - Invalid Beneficiary SSN freeze was not removed from the Account after the SSN was updated – Refer to case U100876000

# New Funded Accounts by State

As of December 31, 2015

New Funded Accounts by State - SSgA



- CA
- FL
- GA
- IL
- MA
- MD
- NC
- NJ
- NV
- Other
- TX

## SSGA Upromise 529 Plan New Funded Accounts by State For the Quarter Ended December 31, 2015

State	New Funded Accounts	Total Assets
NV	73	\$1,605,209.57
VA	16	\$337,400.63
CA	58	\$308,777.41
IL	18	\$214,081.94
MD	19	\$197,525.84
FL	49	\$194,985.50
NJ	47	\$189,468.02
MA	43	\$124,687.10
MN	6	\$61,095.48
PA	17	\$59,844.05
NC	23	\$58,793.68
TX	39	\$54,833.77
WA	7	\$54,075.37
NH	6	\$52,502.95
AZ	14	\$43,771.00
MI	15	\$42,902.93
GA	18	\$31,390.68
TN	3	\$28,773.93
OR	4	\$22,550.57
OH	11	\$15,687.46
CT	13	\$11,463.41
NM	4	\$8,087.89
KS	3	\$7,226.72
IA	2	\$6,768.92
SC	3	\$5,785.81
NY	12	\$5,440.97
HI	2	\$5,109.78
WI	8	\$4,444.32
CO	3	\$3,454.41
NE	2	\$3,100.08
ID	2	\$1,658.48
ME	2	\$1,651.61
OK	2	\$1,142.15
WV	1	\$996.25
LA	5	\$923.54
AL	1	\$823.80
DC	1	\$354.82
RI	1	\$248.81
DE	1	\$98.77
MS	1	\$98.26
VT	4	\$94.03
IN	1	\$65.00
AR	1	\$49.91

# Rollovers In by Plan

For Quarter ended December 31, 2015

Rollover From Institution	State	2015-Q4
College Bound Fund Advisor	RI	\$287,349.84
TN Best Prepaid Plan	TN	\$93,924.71
College America	VA	\$40,299.15
Guaranteed Education Tuition	WA	\$9,889.75
Unknown	N/A	\$9,768.67
The Education Plan	NM	\$9,143.71
Scholar Share CSP - Direct	CA	\$8,527.96
College Save	ND	\$7,637.22
New York Direct Plan	NY	\$6,921.95
LQ 529 Direct	KS	\$6,760.83

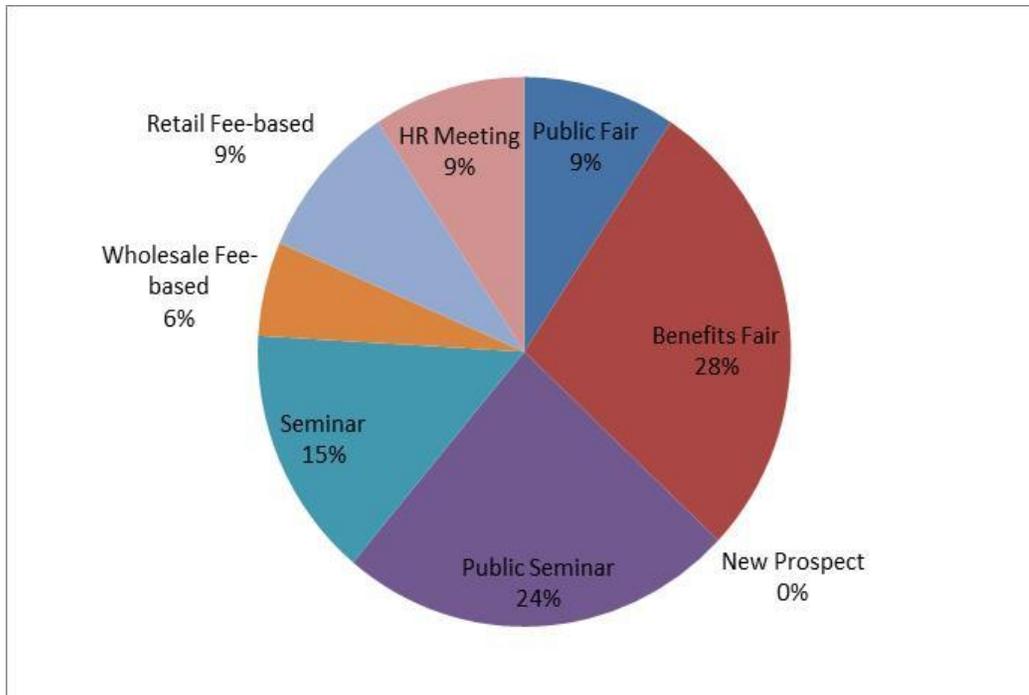
# Field Rep Activity

## October – December 2015

## FY' Q4 Employer Outreach Progress

- **Employer Leads**
  - Participated in the Benefit Fair for a new employer – Carson Valley Medical Center in Gardnerville. Good response from employees.
  - Participated in the Benefit Fair for a new employer – St. Mary's hospital in Reno. Large hospital, good response from employees
  - Participated in the Benefit Fair for Tahoe Forest Hospital in Incline Village NV, as well as their Truckee CA facility to share college savings information to employees.
  - Participated in the Northern Nevada Business Summit. This was a large business-oriented event in Reno to share college savings information as well as information on SB412 to area business leaders.
  - Participated in the employee Benefit Fair for the City of Las Vegas. This is a large 3-day event to see as many city employees as possible. Good turnout to share information with employees on college savings.
  - Participated in the employee Benefit Fair for the Southern Nevada Housing Authority – 2 facilities, over 2 days. Good response from employees
  - Participated in the Benefit Fair for a the City of Carson City. The City has been a long standing employer, good participation from employees.

## Field Rep Activity – October 1<sup>st</sup> – December 31<sup>st</sup> 2015



**Samples of what each category could represent:**

- \*Retail Fee-Based: NV Women’s Expo; Baby Expo
- \*Wholesale Fee-Based: SHRM; PTA
- \*New Prospect: Zappo’s
- \*HR Meeting: City of Las Vegas
- \*Seminar: State Agencies; City of Carson City
- \*Public Seminar: PTA Parent Night (various)
- \*Benefit Fair: State Agencies
- \*Public Fair: Middle School College Fair

Regional Breakdown	
Greater Reno Area	18
Outer Reno Area	2
Greater Las Vegas Area	32
Outer Las Vegas Area	1
Rural Nevada	0
Other	1
<b>Total Sessions</b>	<b>68</b>
<b>Total Events</b>	<b>54</b>
<b>Total Attendees</b>	<b>9100</b>

**Note:** Sessions differ from events in that one event may have multiple sessions. For example, the field rep will visit one employer, but host 2 workshops or visit one employer and spend more than 8 hours there, which would be considered 2 sessions.

*A total of 54 events and HR meetings were hosted in the 4<sup>th</sup> Quarter 2015.  
Below is a highlight of the events for the Quarter.*

<b>Event</b>	<b>Month</b>	<b>Type of Event</b>	<b>Attendees</b>
Clark County Library District Benefit Fair	October	Employer	120
City of Las Vegas Benefit Fair	October	Employer	150
Nevada Day Parade	October	Community	1100
SAGE Bus Tour	October	Community	600
Las Vegas Discovery Museum	October	Community	1100
Northern Nevada Business Summit	November	Community	300
Opportunity Village Winter Festival	December	Community	400
Boulder City Santa Train	December	Community	300
Henderson Winter Festival	December	Community	1000

## Section II

# Vanguard 529® College Savings Plan Plan Detail

## Highlights This Period

		Fourth Quarter 2015	Third Quarter 2015	% Chg Q/Q	Fourth Quarter 2014	% Chg Y/Y
Assets under Management (Millions)		\$11,818.45	\$11,246.79	5.1%	\$10,930.09	8.1%
Total Accounts (Funded)		300,067	291,861	2.8%	269,344	11.4%
Account Owners (Unique)		171,911	167,019	2.9%	153,896	11.7%
New Accounts (Funded)		10,059	8,422	19.4%	10,044	0.1%
Average Account Balances		\$39,386.02	\$38,534.76	2.2%	\$40,580.43	(2.9%)
NV Accounts (Funded)		4,413	4,209	4.8%	3,834	15.1%
NV Accounts (Unique)		2,540	2,427	4.7%	2,199	15.5%
NV Average Account Balances		\$30,702.70	\$30,416.73	0.9%	\$32,480.54	(5.5%)
NV Assets under Management (Millions)		\$135.49	\$128.02	5.8%	\$124.53	8.8%
Gross Contributions (Millions)	Contribution	\$371.90	\$288.31	29.0%	\$364.22	2.1%
	Plan Transfer In	\$1.08	\$1.75	(38.3%)	\$1.61	(32.9%)
	Rollover In	\$41.54	\$34.08	21.9%	\$40.26	3.2%
	<b>Total</b>	<b>\$414.52</b>	<b>\$324.13</b>	<b>27.9%</b>	<b>\$406.10</b>	<b>2.1%</b>
Gross Distributions (Millions)	Fee	(\$0.04)	(\$0.04)	0.0%	(\$0.04)	0.0%
	Plan Transfer Out	(\$0.17)	(\$0.21)	(19.0%)	(\$0.10)	70.0%
	Rollover Out	(\$14.85)	(\$15.95)	(6.9%)	(\$15.09)	(1.6%)
	Withdrawal	(\$147.65)	(\$186.91)	(21.0%)	(\$126.02)	17.2%
<b>Total</b>	<b>(\$162.71)</b>	<b>(\$203.11)</b>	<b>(19.9%)</b>	<b>(\$141.26)</b>	<b>15.2%</b>	
<b>Net Contributions (Millions)</b>		<b>\$251.81</b>	<b>\$121.02</b>	<b>108.1%</b>	<b>\$264.84</b>	<b>(4.9%)</b>
Rollovers In (Thousands)	Plan Transfer In	\$1,077.82	\$1,747.60	(38.3%)	\$1,614.58	(33.2%)
	Rollover In	\$41,543.42	\$34,076.17	21.9%	\$40,262.83	3.2%
	<b>Total</b>	<b>\$42,621.24</b>	<b>\$35,823.77</b>	<b>19.0%</b>	<b>\$41,877.41</b>	<b>1.8%</b>
Rollovers Out (Thousands)	Plan Transfer Out	(\$173.10)	(\$211.56)	(18.2%)	(\$104.15)	66.2%
	Rollover Out	(\$14,849.31)	(\$15,945.09)	(6.9%)	(\$15,093.82)	(1.6%)
	<b>Total</b>	<b>(\$15,022.41)</b>	<b>(\$16,156.65)</b>	<b>(7.0%)</b>	<b>(\$15,197.97)</b>	<b>(1.2%)</b>
<b>Net Rollovers (Thousands)</b>		<b>\$27,598.83</b>	<b>\$19,667.12</b>	<b>40.3%</b>	<b>\$26,679.44</b>	<b>3.4%</b>

# Rollovers Out Summary

As of December 31, 2015

Payee Name	State	2015-Q4
New York's 529 College Savings Program Direct Plan	NY	(\$2,872,486.12)
Fidelity Broker Services Llc	NH	(\$1,394,695.96)
Schwab 529 Plan	KS	(\$1,373,696.79)
College America	VA	(\$1,320,500.11)
American Funds Service Company	VA	(\$671,231.18)
Fidelity Brokerage Services Llc	NH	(\$663,763.83)
Nextgen Coll Investing Plan	ME	(\$613,952.47)
John Hancock Freedom 529	AK	(\$507,843.14)
New York'S 529 Advisor	NY	(\$495,632.96)
Uesp	UT	(\$491,050.98)

# Account Distribution by Investment Option & Age Statistics

As of December 31, 2015

		Total Assets	Percent Of Total
<b>Age-Based Options</b>	Vanguard Aggressive Age-Based Portfolio	\$3,607,456,361.88	30.52%
	Vanguard Conservative Age-Based Portfolio	\$358,192,147.26	3.03%
	Vanguard Moderate Age-Based Portfolio	\$2,120,157,245.98	17.94%
<b>Balanced Options</b>	Vanguard Conservative Growth Portfolio	\$118,384,258.77	1.00%
	Vanguard Growth Portfolio	\$299,700,008.54	2.54%
	Vanguard Moderate Growth Portfolio	\$209,838,034.71	1.78%
	Vanguard Star Portfolio	\$102,765,579.15	0.87%
<b>Bond Options</b>	Vanguard High-Yield Bond Portfolio	\$130,702,933.87	1.11%
	Vanguard Income Portfolio	\$93,667,165.51	0.79%
	Vanguard Inflation-Protected Securities Portfolio	\$109,726,515.10	0.93%
	Vanguard Total Bond Market Index Portfolio	\$221,243,199.45	1.87%
<b>Stock Options</b>	Vanguard Interest Accumulation Portfolio	\$480,792,949.52	4.07%
	Vanguard 500 Index Portfolio	\$750,994,520.70	6.35%
	Vanguard Aggressive Growth Portfolio	\$634,601,247.46	5.37%
	Vanguard Growth Index Portfolio	\$233,850,091.47	1.98%
	Vanguard Mid-Cap Index Portfolio	\$390,244,164.20	3.30%
	Vanguard Morgan Growth Portfolio	\$70,944,614.65	0.60%
	Vanguard Small-Cap Index Portfolio	\$371,405,541.77	3.14%
	Vanguard Total International Stock Index Portfolio	\$480,210,099.78	4.06%
	Vanguard Total Stock Market Index Portfolio	\$720,712,708.24	6.10%
	Vanguard Value Index Portfolio	\$215,771,252.37	1.83%
	Vanguard Windsor Portfolio	\$97,085,668.83	0.82%
<b>Total</b>		<b>\$11,818,446,309.22</b>	<b>100.00%</b>

Account Owner Age Group	Total Assets	Funded Accounts
Ages 18 years and younger	\$142,735,187	2,496
Ages 19 to 29 years	\$49,890,883	2,581
Ages 30 to 39 years	\$1,148,336,805	56,557
Ages 40 to 49 years	\$5,020,584,562	115,874
Ages 50 to 59 years	\$3,107,437,409	60,926
Ages 60 years and older	\$2,349,461,464	61,633
<b>Total</b>	<b>\$11,818,446,309</b>	<b>300,067</b>

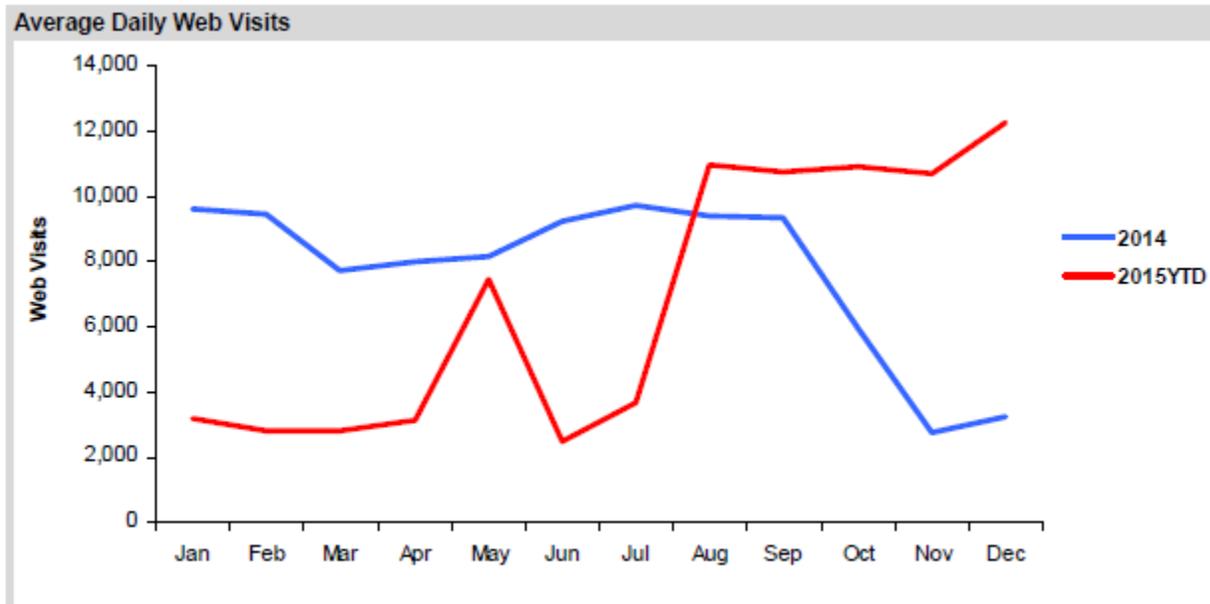
Beneficiary Age Group	Total Assets	Funded Accounts
Ages 5 years or less	\$1,604,158,134	76,654
Ages 6 to 10 years	\$3,265,467,101	81,415
Ages 11 to 15 years	\$3,901,740,086	75,502
Age 16 years	\$654,733,534	11,841
Age 17 years	\$618,320,487	10,831
Age 18 years	\$519,486,534	9,647
Age 19 years	\$382,892,356	8,388
Age 20 years	\$271,096,193	6,829
Age 21 years	\$162,016,926	5,018
Age 22 years	\$102,383,460	3,297
Ages 23 years and older	\$336,151,499	10,645
<b>Total</b>	<b>\$11,818,446,309</b>	<b>300,067</b>

college savings

# Service Statistics (Operations/Web Activity)

As of December 31, 2015

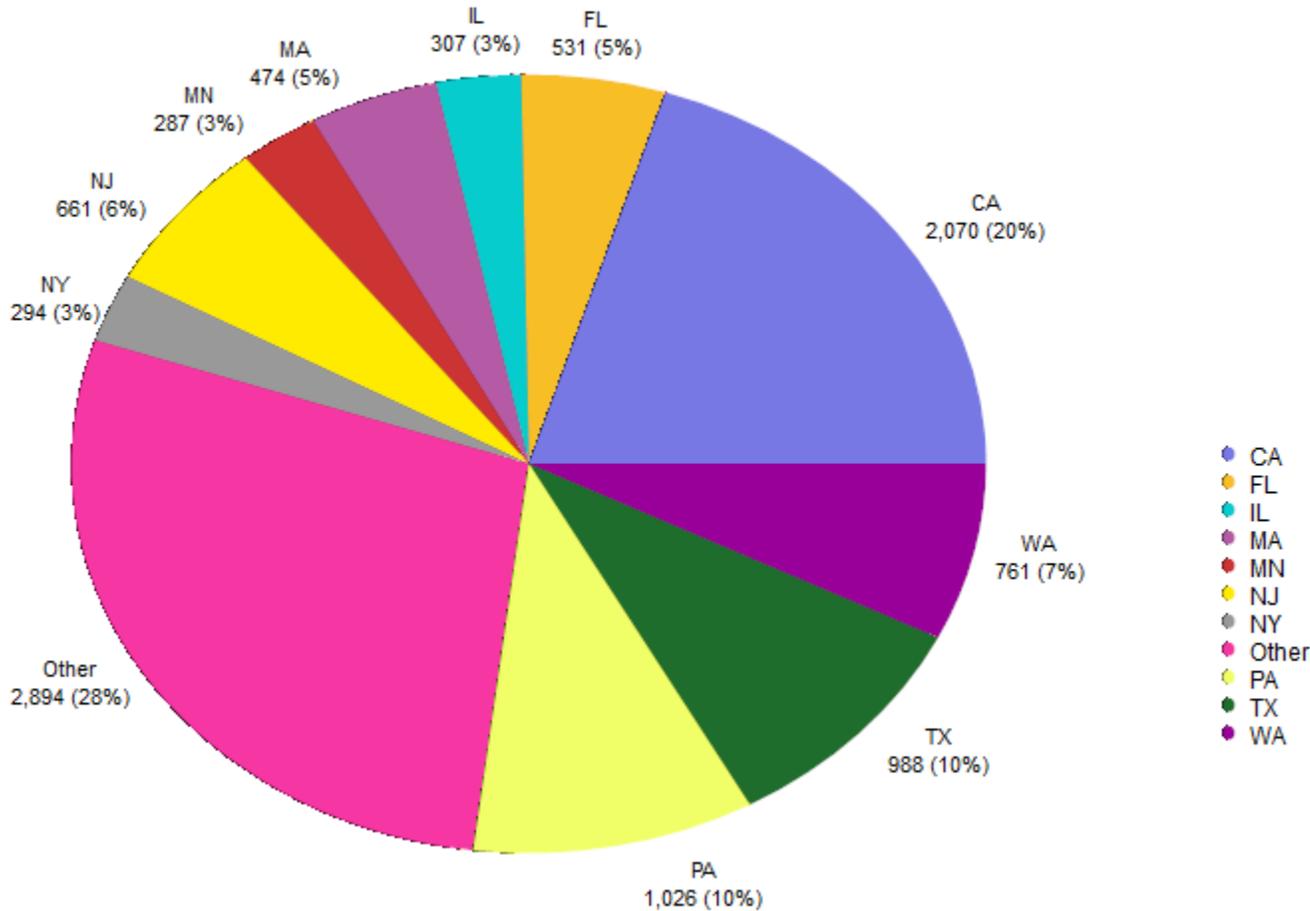
	December			Year-to-Date		
	2015	2014	2013	2015	2014	2013
<b>Calls</b>						
Calls Handled	9,059	9,023	5,945	68,647	9,023	41,386
Prospect	26%	39%	17%	25%	39%	20%
Service	74%	61%	83%	75%	61%	80%
Service Level (20 Sec)	80.7%	87.3%	89.7%	83.6%	87.3%	87.1%
Abandon Rate	4.5%	1.9%	0.7%	2.8%	1.9%	0.8%
Average Speed to Answer (Sec)	59.6	27.7	15.1	32.9	27.7	13.6
<b>Emails</b>						
Received	482	493	334	3,808	3,506	2,822
Completed	502	508	343	3,833	3,532	2,845
Service Level (48 Hrs)	19.9 hrs	19.3 hrs	14.8 hrs	18.0 hrs	19.1 hrs	27.7 hrs
<b>Web Traffic</b>						
Total Visits	380,409	100,135	244,869	2,478,750	2,813,806	2,794,270
Unique Visitors	327,436	72,083	225,963	2,198,219	2,622,855	2,640,704
New Visitors	1,845	1,409	1,232	16,793	13,357	7,541



# New Accounts by State

As of December 31, 2015

**New Funded Accounts by State Detail - Vanguard**



State	New Funded Accounts	Total Assets
CA	2070	\$34,368,658.03
TX	988	\$14,862,926.17
PA	1026	\$13,783,831.52
WA	761	\$11,299,810.43
NJ	661	\$9,727,746.76
MA	474	\$9,605,313.93
FL	531	\$7,717,747.45
IL	307	\$5,027,487.76
MN	287	\$4,058,131.08
NY	294	\$3,934,905.52
NC	256	\$3,214,642.48
TN	226	\$2,846,956.61
OR	74	\$2,657,000.43
MD	134	\$2,321,038.98
CT	118	\$2,318,867.91
NV	218	\$2,164,470.21
VA	154	\$2,004,570.67
CO	91	\$1,817,163.15
AZ	208	\$1,560,122.76
GA	120	\$1,503,412.00
KY	82	\$1,409,271.70
DC	65	\$1,287,772.23
NH	84	\$1,042,799.00
MI	96	\$1,028,496.68
AL	43	\$892,864.65
WI	56	\$883,955.27
MO	82	\$851,736.54
RI	41	\$792,874.16
NM	33	\$613,366.69
SD	27	\$584,283.29
KS	76	\$569,221.93
ME	33	\$544,100.53
OH	79	\$513,516.25
AK	47	\$509,378.24
HI	47	\$442,942.03
ID	21	\$437,322.01
MT	58	\$418,108.96
OK	28	\$358,630.30
SC	28	\$329,295.82
DE	44	\$324,807.38
NE	13	\$268,354.10
IN	36	\$264,931.81
WY	25	\$234,996.16
ND	14	\$205,813.85

## Rollovers In by Plan

For Quarter Ended December 31, 2015

Rollover From Institution	State	2015-Q4
Unknown	N/A	\$9,258,808.69
American Funds	VA	\$4,049,822.51
College America	VA	\$3,036,885.45
Fidelity Advisor 529 Plan	NH	\$1,649,914.47
NextGen CSP Select Series	ME	\$1,453,812.03
College Bound Fund Advisor	RI	\$1,898,485.03
PA 529 Investment Plan	PA	\$875,386.76
USAA College Savings Plan	NV	\$800,481.75
Fidelity Investments	NH	\$789,536.59
Scholar Share CSP - Direct	CA	\$782,682.89

## Section III

# USAA 529 College Savings Plan® Plan Detail

## Highlights This Period

		Fourth Quarter 2015	Third Quarter 2015	% Chg Q/Q	Fourth Quarter 2014	% Chg Y/Y
Assets under Management (Millions)		\$2,481.10	\$2,385.16	4.0%	\$2,289.13	8.4%
Total Accounts (Funded)		241,432	236,776	2.0%	217,960	10.8%
Account Owners (Unique)		148,800	146,236	1.8%	135,375	9.9%
New Accounts (Funded)		6,601	6,752	(2.2%)	7,210	(8.4%)
Average Account Balances		\$10,276.61	\$10,073.50	2.0%	\$10,502.51	(2.2%)
NV Accounts (Funded)		2,884	2,827	2.0%	2,559	12.7%
NV Accounts (Unique)		1,746	1,714	1.9%	1,569	11.3%
NV Average Account Balances		\$9,253.43	\$9,100.61	1.7%	\$9,554.45	(3.2%)
NV Assets under Management (Millions)		\$26.69	\$25.73	3.7%	\$24.45	9.2%
Gross Contributions (Millions)	Contribution	\$95.49	\$88.72	7.6%	\$95.19	0.3%
	Plan Transfer In	\$0.37	\$0.33	12.1%	\$0.14	164.3%
	Rollover In	\$3.83	\$4.09	(6.4%)	\$2.84	34.9%
	<b>Total</b>	<b>\$99.69</b>	<b>\$93.15</b>	<b>7.0%</b>	<b>\$98.17</b>	<b>1.5%</b>
Gross Distributions (Millions)	Fee	(\$4.12)	(\$0.04)	10200.0%	(\$3.70)	11.4%
	Plan Transfer Out	(\$0.81)	(\$0.89)	(9.0%)	(\$0.58)	39.7%
	Rollover Out	(\$4.87)	(\$3.76)	29.5%	(\$4.00)	21.8%
	Withdrawal	(\$33.02)	(\$50.41)	(34.5%)	(\$27.77)	18.9%
	<b>Total</b>	<b>(\$42.82)</b>	<b>(\$55.09)</b>	<b>(22.3%)</b>	<b>(\$36.06)</b>	<b>18.7%</b>
<b>Net Contributions (Millions)</b>	<b>\$56.87</b>	<b>\$38.05</b>	<b>49.5%</b>	<b>\$62.12</b>	<b>(8.5%)</b>	
Rollovers In (Thousands)	Plan Transfer In	\$367.67	\$332.70	10.5%	\$222.95	64.9%
	Rollover In	\$3,825.12	\$4,091.89	(6.5%)	\$4,603.78	(16.9%)
	<b>Total</b>	<b>\$4,192.79</b>	<b>\$4,424.59</b>	<b>(5.2%)</b>	<b>\$4,826.74</b>	<b>(13.1%)</b>
Rollovers Out (Thousands)	Plan Transfer Out	(\$810.58)	(\$890.09)	(8.9%)	(\$1,443.17)	(43.8%)
	Rollover Out	(\$4,870.54)	(\$3,755.15)	29.7%	(\$5,431.70)	(10.3%)
	<b>Total</b>	<b>(\$5,681.12)</b>	<b>(\$4,645.24)</b>	<b>22.3%</b>	<b>(\$6,874.86)</b>	<b>(17.4%)</b>
<b>Net Rollovers (Thousands)</b>	<b>(\$1,488.33)</b>	<b>(\$220.65)</b>	<b>574.5%</b>	<b>(\$2,048.13)</b>	<b>(27.3%)</b>	

# Rollovers Out Summary

As of December 31, 2015

Payee Name	State	2015-Q4
The Vanguard 529 College Savings Plan	NV	(\$784,305.92)
Collegeamerica	VA	(\$591,791.22)
New York's 529 College Savings Program Direct Plan	NY	(\$426,885.37)
Nextgen Coll Investing Plan	ME	(\$298,375.30)
Virginia529 Csp	VA	(\$247,603.50)
Nebraska Educational Savings Trust Direct Plan	NE	(\$225,197.78)
Future Scholar 529 Csp	SC	(\$199,962.65)
Ed Jones Frank Templeton 529	NJ	(\$159,003.97)
CollegelInvest Direct Portfolio College Savings Plan	CO	(\$150,614.78)
Ishares 529 Plan	AR	(\$138,013.16)

# Account Distribution by Investment Option & Age Statistics

As of December 31, 2015

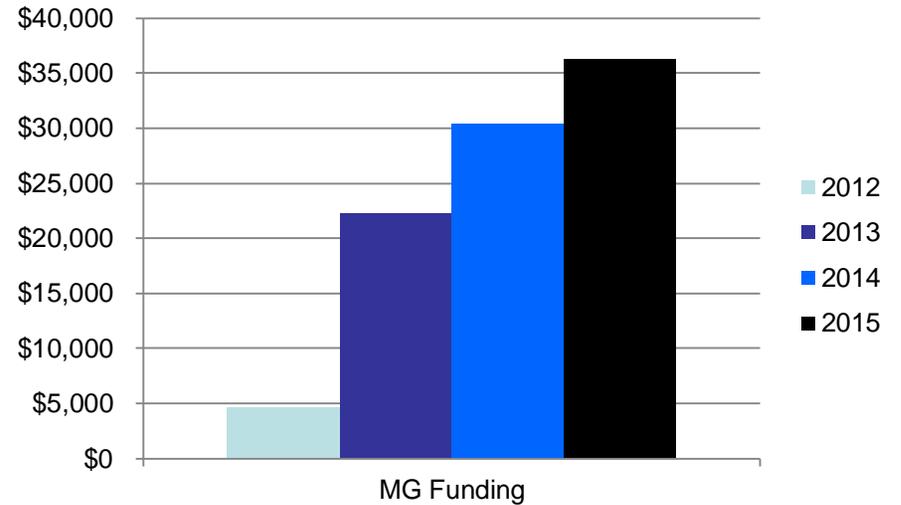
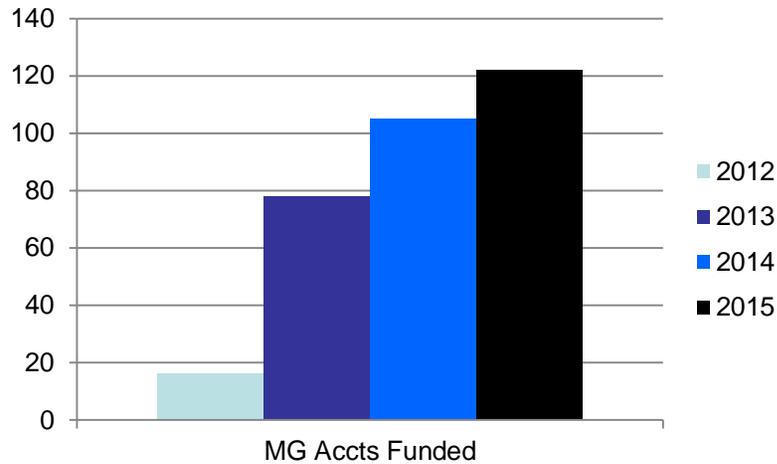
		Account Balances	Percent Of Total
<b>Age-Based Options</b>	Age-Based Option 0-2: Very Aggressive Portfolio	\$79,066,000.91	3.19%
	Age-Based Option 12-13: Moderately Conservative Portfolio	\$206,708,797.18	8.33%
	Age-Based Option 14-15: Conservative Portfolio	\$169,110,150.03	6.82%
	Age-Based Option 16-17: Very Conservative Portfolio	\$146,580,676.24	5.91%
	Age-Based Option 18+: In College Portfolio	\$135,598,921.48	5.47%
	Age-Based Option 3-4: Aggressive Growth Portfolio	\$135,810,190.76	5.47%
	Age-Based Option 5-6: Growth Portfolio	\$184,354,593.24	7.43%
	Age-Based Option 7-8: Moderately Aggressive Portfolio	\$195,242,870.03	7.87%
	Age-Based Option 9-11: Moderate Portfolio	\$332,370,754.02	13.40%
	<b>Fixed Allocation Options</b>	Aggressive Growth Portfolio	\$271,807,162.56
Conservative Portfolio		\$88,871,145.06	3.58%
Growth Portfolio		\$179,961,054.49	7.25%
In College Portfolio		\$35,700,870.06	1.44%
Moderate Portfolio		\$121,036,367.49	4.88%
Moderately Aggressive Portfolio		\$146,164,425.43	5.89%
Moderately Conservative Portfolio		\$4,955,879.34	0.20%
Very Aggressive Portfolio		\$36,143,740.11	1.46%
Very Conservative Portfolio		\$7,145,341.80	0.29%
<b>Preservation of Capital Option</b>	Preservation of Capital Portfolio	\$4,472,763.79	0.18%
<b>Total</b>		<b>\$2,481,101,704.01</b>	<b>100.00%</b>

Account Owner Age Group	Account Balances	Funded Accounts
Ages 18 years and younger	\$17,851,631	651
Ages 19 to 29 years	\$25,710,333	9,552
Ages 30 to 39 years	\$518,754,412	88,819
Ages 40 to 49 years	\$1,175,320,557	93,156
Ages 50 to 59 years	\$456,486,249	28,431
Ages 60 years and older	\$286,978,523	20,823
<b>Total</b>	<b>\$2,481,101,704</b>	<b>241,432</b>

Beneficiary Age Group	Account Balances	Funded Accounts
Ages 5 years or less	\$416,838,693	81,639
Ages 6 to 10 years	\$753,267,092	70,934
Ages 11 to 15 years	\$763,684,196	51,431
Age 16 years	\$127,478,614	7,511
Age 17 years	\$118,650,467	6,647
Age 18 years	\$98,350,166	5,484
Age 19 years	\$67,843,742	4,381
Age 20 years	\$43,710,751	3,248
Age 21 years	\$26,414,193	2,362
Age 22 years	\$13,701,962	1,393
Ages 23 years and older	\$51,161,828	6,402
<b>Total</b>	<b>\$2,481,101,704</b>	<b>241,432</b>

# Distinguished Valor Matching Grant Update

As of December 31, 2015



Year	Funded Match Accounts	Y/Y Increase	Total Match Funding	Y/Y Increase
2012	16		\$4,700.00	
2013	78	387.5%	\$22,280.00	374.00%
2014	105	34.6%	\$30,450.00	36.7%
2015	122	16.2%	\$36,230.00	19.0%

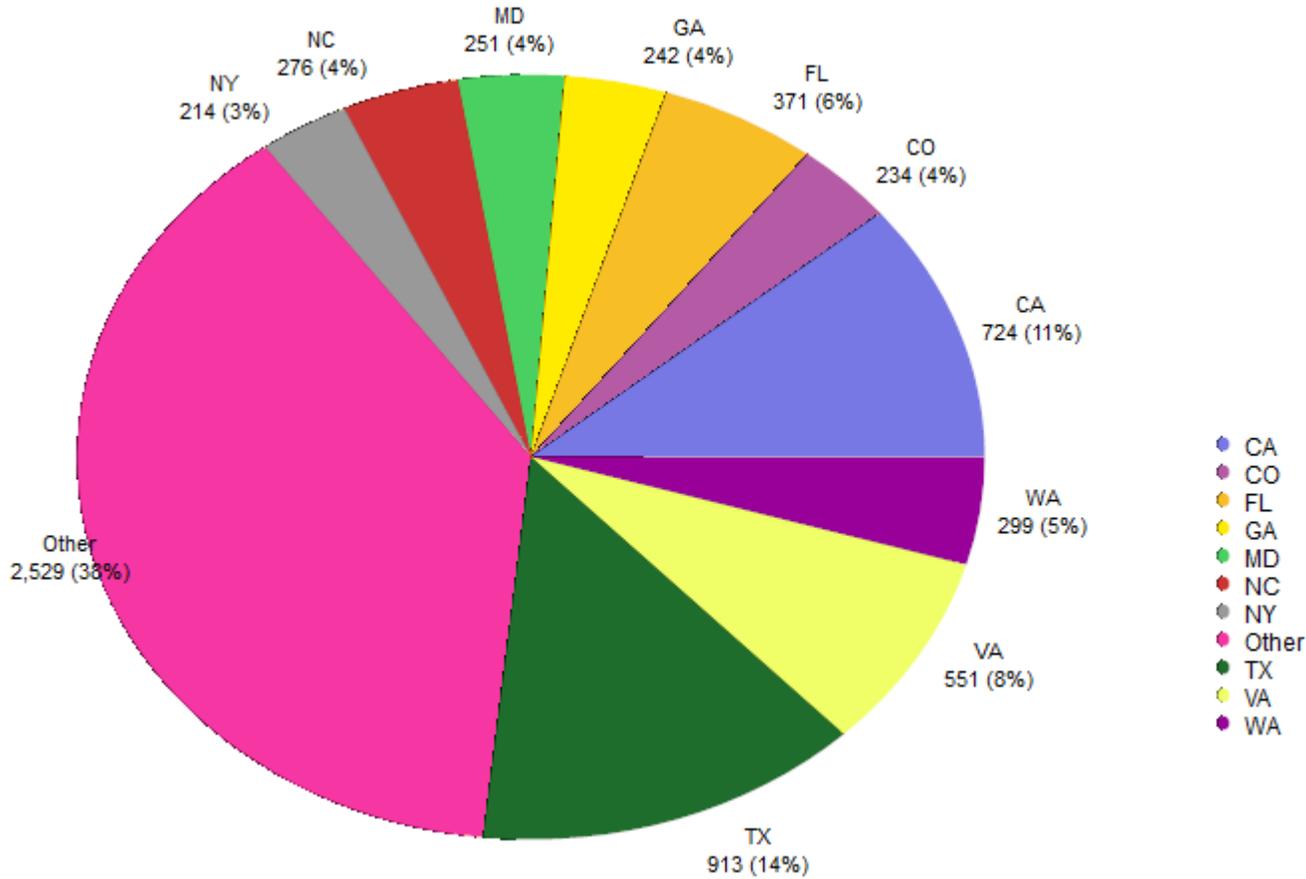


college savings

# New Accounts by State

As of December 31, 2015

New Funded Accounts by State Detail - USAA



## USAA 529 COLLEGE SAVINGS PLAN®

New Accounts by State  
For the Quarter Ended December 31, 2015

State	New Funded Accounts	Total Assets
TX	913	\$2,462,150.79
CA	724	\$2,078,311.12
WA	299	\$1,519,641.83
VA	551	\$1,320,446.83
MD	251	\$820,317.49
FL	371	\$774,810.37
PA	183	\$700,544.99
WI	71	\$668,680.73
MA	120	\$659,871.91
NJ	137	\$539,546.95
NC	276	\$434,191.87
AZ	168	\$402,993.33
CO	234	\$376,461.66
NY	214	\$371,503.73
IL	137	\$310,536.02
GA	242	\$297,660.93
MN	81	\$266,645.15
OH	107	\$241,342.90
TN	90	\$216,925.77
OK	63	\$195,284.30
CT	51	\$136,279.58
HI	91	\$136,220.95
KY	55	\$134,471.76
NM	48	\$125,877.32
AK	59	\$124,135.72
OR	66	\$121,468.69
SC	94	\$89,757.00
MO	65	\$83,312.31
DE	24	\$76,625.33
NV	64	\$76,597.18
MI	78	\$73,244.05
AL	84	\$70,103.39
MT	20	\$63,866.04
KS	71	\$63,234.03
NH	24	\$61,505.89
IN	48	\$56,047.35
IA	25	\$54,899.20
LA	61	\$47,126.40
NE	30	\$43,101.99
DC	30	\$40,683.15
ID	27	\$37,573.97
SD	22	\$26,048.96
RI	28	\$25,755.24
ME	27	\$24,938.58

# Rollovers In by Plan

## For Quarter Ended December 31, 2015

Rollover From Institution	State	2015-Q4
Unknown	N/A	\$2,214,503.77
College America	VA	\$450,524.99
SSgA Upromise 529	NV	\$301,980.62
Fidelity Advisor 529 PLAN	NH	\$294,282.36
John Hancock Freedom 529 CSP	AK	\$133,113.46
The Education Plan	NM	\$120,298.51
SB Scholar Choice	CO	\$116,160.04
The Vanguard 529 College Savings Plan	NV	\$51,383.01
Future Scholar 529 CSP	SC	\$51,167.89
Scholars Edge CSP	NM	\$45,131.48

# Marketing Activity

## Table of Contents

- Section I: SSGA Upromise 529 Plan
- Section II: Vanguard 529<sup>®</sup> College Savings Plan
- Section III: USAA 529 College Savings Plan<sup>®</sup>

## Section I

# SSGA Upromise 529 Plan Marketing Activity

## Web campaign tracking

Top Referrers	Visits Q4 2015	Visitors Q4 2015	Enrollments Q4 2015
Upromise.com	2,326	1,995	128
Nevadas529.com	1,150	839	31
NVsaves Learn	208	185	1
NVsaves Open	116	116	8
Ugift529.com	89	78	3
Ascensuscollegesavings.com	51	49	0

# Onboarding Emails – Nevada Only

Version	Delivered Count	Unique Opens	Open Rate	Clickthrough Rate	Click to Open Rate
Summary	162	88	54.32%	9.88%	18.18%
AIP	120	46	38.33%	4.17%	10.87%
Upromise	184	76	41.30%	7.06%	17.11%
Ugift	279	93	33.33%	2.51%	7.53%
E-delivery	19	2	10.53%	0%	0%



# Onboarding Emails – Total

Version	Delivered Count	Unique Opens	Open Rate	Clickthrough Rate	Click to Open Rate
Summary	537	247	46%	4.66%	10.12%
AIP	280	105	37.5%	3.21%	8.57%
Upromise	586	221	37.71%	4.95%	13.12%
Ugift	29,231	5,944	20.33%	0.77%	3.80%
E-delivery	95	27	28.42%	4.21%	14.81%



# **SSGA Upromise 529 Plan**

## **RIA Marketing & Distribution Initiatives**

## 4Q15 Sales and Marketing Highlights

### 459 leads generated in FY 2016 through direct marketing

**Google Paid Search Strategy resulted in 1,266 ad clicks in Q4 2015, a 7.6% increase from Q3 2015**

### **Increased Website activity**

- 4,207 total PDF downloads in 2015, a 121% increase from total 2014
- 2,803 Plan website page views in Q4 2015, a 4.2 % increase from Q4 2014

### **Nevada Advisors Highlights**

- Six Nevada Advisors have a total of seven accounts with \$251,412 in assets and \$204,729 in total contributions
- Average Nevada advisors plan account size has increased to \$21,843
- Nevada specific Student Debt Implications print campaign sent to 100 RIA/IBD Nevada advisors
- Fourteen Nevada Advisors typed in the specific link given in the print campaign for additional information
- To Come in Q2 2016:
  - Nevada print campaign for College Savings Conversation: A Funding Solutions Road Map
  - Advisor event in Reno with Treasurer

### **Valuable advisor engagement with marketing campaigns**

- An advisor who engaged with the Q2 2015 Facts and Fictions direct marketing campaign, opened a new account in Q4 2015 for \$17,989

## 4Q15 at a Glance

### Plan Highlights

	4Q 2015	3Q 2015
# of <u>New</u> RIA Accounts*	7	9
# of <u>New</u> Nevada Accounts	0	1
AUM	\$8,510,475	\$8,072,556
Nevada AUM	\$251,412	\$220,883
Account Contributions	\$7,887,747	\$7,771,960
Nevada Account Contributions	\$204,729	\$174,254
Total # of RIA Accounts	208	207
Total # of Nevada Accounts	7	7

### RIA Trends

	4Q15	3Q15
# of RIAs with Enrollments	96	92
# of 529 QuickView® Registrations	19	19

\*starting Q3 2015 this number is inclusive of rolled over accounts, meaning a 529 account that already existed but the account is now advisor run, so the advisor is new



## Quarterly Distribution Update

### 529 Activity Report

Date	Entertainment	Inbound Call	Outbound Call	Live Conversation	Email	Client Meeting	Seminar/Event	Sales Literature	Total
4Q15	10	2	8	22	7	16	1	1	67

Source: State Street Global Advisors Salesforce reporting

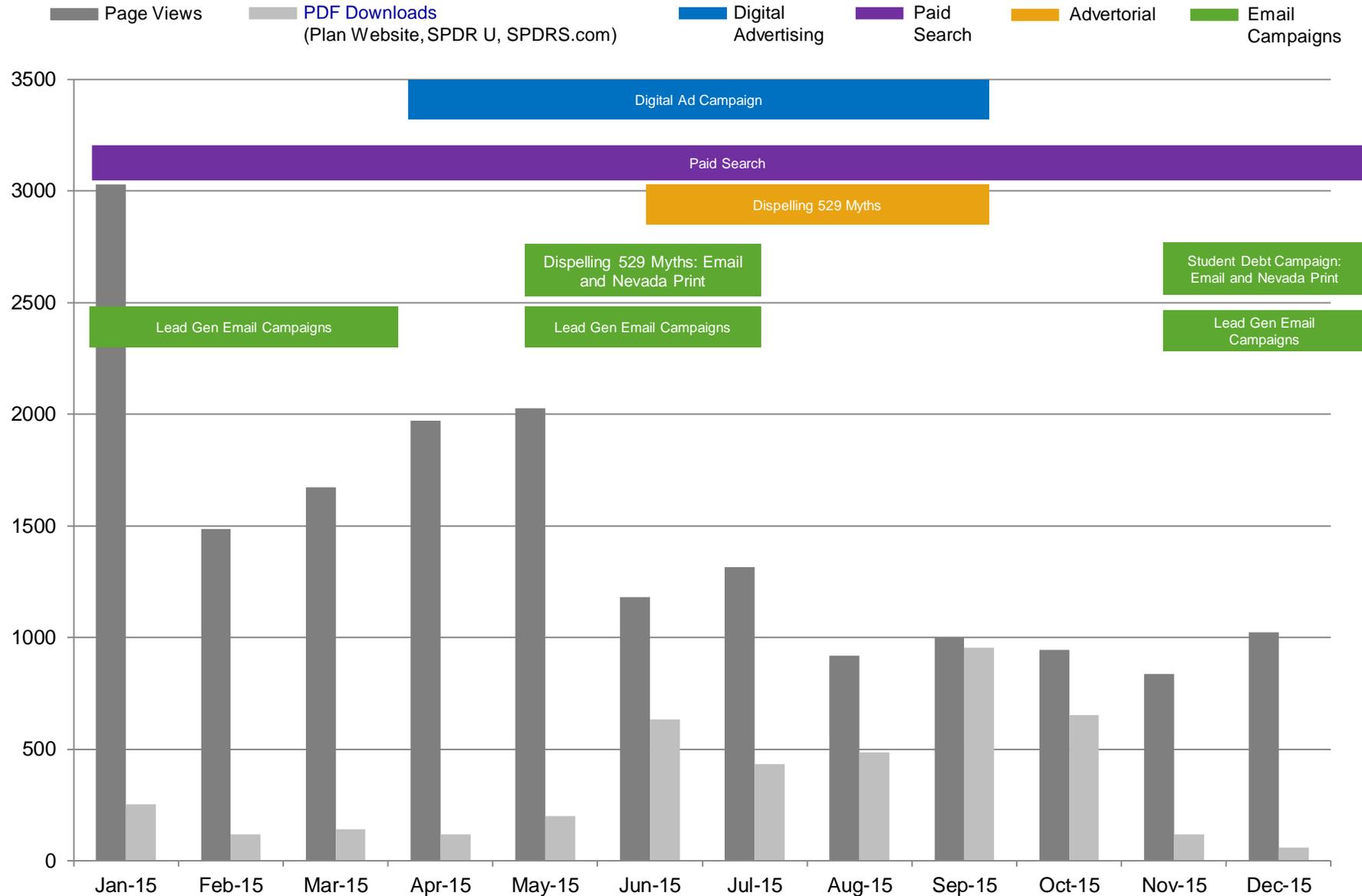
### Conference Update

- At each Conference, 529 brochures were highlighted at the booth in order to maximize breadth of outreach

4Q15	1Q16
Schwab IMPACT – Boston, MA	Fidelity Inside Track – Dallas, TX
Fidelity FLEX — TBD	TD Ameritrade Conference – Orlando, FL

Source: SSGA, Salesforce.  
 As of December 31, 2015.

## 2015 Campaign Trends



Source: Ascensus and SSGA Web Trend Data. As of December 31, 2015.  
Page views and PDF downloads reflect data from ssga.upromise529.com and spdru.com

# Lead Generation Campaign: Facts and Fiction

## November 2015

The screenshot shows the SSGA Upromise 529 Plan website. At the top, it says 'SSGA Upromise 529 Plan' and 'POWERED BY SPDR® ETFs'. It is administered by Nevada State Treasurer Dan Schwartz. A navigation bar includes 'Answer Your Clients' Questions About 529 Plans' and 'SSGA Upromise 529 Plan'. Below this, there are social media links for LinkedIn, RSS Alerts, and an 'Update Profile' button. The main content area features the article 'Separating Fact From Fiction: The Truth About 529s' with a sub-headline 'Help clients get past common misconceptions—and open their eyes to the many uses of 529 plans'. The article text discusses common myths about 529s and provides a list of three myths to dispel. A 'Download Article' button is visible at the bottom of the article.

### Summary

#### INITIAL CAMPAIGN

**Headline:** Separating Fact From Fiction: The Truth About 529s

**Highlighted:** Dispelling 529 College Savings Plan Myths

**Messaging:** Help clients get past common misconceptions – and open their eyes to the many uses of 529 plans.

#### FOLLOW-UP CAMPAIGN

**Follow-up Highlighted:**

- SSGA Upromise 529 Plan: A Guide for Wealth Managers
- Easy access to the Enrollment page with 529 Quickview

**Follow-up Messaging:** Answer Your Clients' Questions About 529 Plans

### Target

RIA and IBD targeted database (approximately 110,000 names)

### Results

Action	Engagement
<b>Initial Email:</b>	
Content downloads	152
Engagement rate	0.14%
Nevada Advisor Engagement	2
Cost per lead	\$47.81
<b>Follow-Up Email:</b>	
View Rate	30.82%
Engaged IPs	19
Engagement %	13.01%

#### Initial Email:

Content downloads	152
Engagement rate	0.14%
Nevada Advisor Engagement	2
Cost per lead	\$47.81

#### Follow-Up Email:

View Rate	30.82%
Engaged IPs	19
Engagement %	13.01%

### Conclusion

The lead generation campaign initial email results were slightly below the average of similar 529 campaigns. However, the number of engaged IPs in the follow-up email was significantly higher than other similar 529 campaigns.

# Email Campaign: Student Loan Debt

## December 2015

### Summary

#### INITIAL CAMPAIGN

- **Headline:** Help Your Clients Protect Their Children's Future
- **Highlighted:** How Advisors Can Help Stop Student Loan Debt from Creating a Lost Generation
- **Messaging:** College debt is up 84% since 2008; this whitepaper details actionable steps you can take to help prepare your clients and their children.

#### FOLLOW-UP CAMPAIGN

- **Follow-up Highlighted:** Two client-read pieces (A Parent's Guide: Making College Funding a Family Affair and Student Loan Debt is Creating a Lost Generation) and a customizable client-ready email link for advisors to email 529 content direct with just one click
- **Follow-up Messaging:** Use these client-ready materials to help your clients involve their children in the college funding process.

### Target

RIA and Independent Broker Dealer database (approximately 15,000 names)

### Results

#### Action

#### Engagement

##### Initial Email:

**Email views** 3,213  
**View Rate** 21.11%  
**Engaged IPs** 182  
**Engagement %** 1.27%

##### Follow-Up Email:

**Email views** 100  
**View Rate** 38.45%  
**Engagement %** 10.71%  
**Client-Ready Email** Customizable email for advisors to send to their clients was used 25 times, (50% of the total clicks on the email)

### Conclusion

The view rate for the initial email was strong at 21.11%. We were incredibly pleased with the follow-up email to this campaign because it generated engagement of 100 unique advisors in comparison to the average follow-up engagement of past campaigns of 56 advisors. Also, the number of advisors that used the client-ready link to send the client-ready materials was high and we will look to incorporate this type of client engagement for advisors in future campaigns.

Source: State Street Global Advisors and EMI.  
The information contained above is for illustrative purposes only.

# Print Direct Mail Campaign to Nevada

**December 2015**

**Summary**

Print mail campaign including letter to advisor highlighting our plan and two client-ready pieces

Headline: College Debt: The Crisis You Can Help Resolve

Highlighted:

- New client-ready Student Loan Debt is Creating a Lost Generation
- New client-ready Guide for Parents: Making College Funding a Family Affair

Messaging: Help your clients protect their children's future.

**Target**

Nevada specific RIA and IBD advisors (targeted 100 top advisors by AUM)

**Results**

Action	Engagement
College Debt Implications Microsite (RIAs)	5%, 5 advisors
College Debt Implications Microsite (IBDs)	9%, 9 advisors

**Conclusion**

**We were incredibly pleased with the engagement from this direct mail campaign. The engagement numbers were very positive considering the small size of this targeted distribution list and the challenge with enticing advisors to type in the web address for additional information.**

## Additional SSGA Upromise 529 Email Promotions

### November 2015

**SPDR U NEWSLETTER**  
A monthly recap of the latest information on SPDR University

**NOVEMBER 2015 HIGHLIGHT**  
[A Roadmap for a New Landscape: Managing the Transition of Wealth Across Generations](#)  
Our new research report outlines the critical role advisors can play in helping families plan wealth transfers while ensuring asset continuity within the advisory practice.

**LATEST INDUSTRY INSIGHTS**  
[Are ETFs the Futures?](#)  
Explore the impact of the new regulatory environment on the ETFs vs. futures paradigm.

**NEW ON SPDR U**  
[How Advisors Can Help Stop Student Loan Debt from Creating a Lost Generation](#)  
Educate clients on the college debt crisis by helping them project what college will really cost and reviewing how they can prepare using 529 plans.

**WHAT YOUR COLLEAGUES ARE READING**  
[Economic Cycles and Sectors: Select Your Sectors—Respond to Market Cycles with Agility and Precision](#)  
These sector strategies provide investors with a way to adjust their exposure in response to changes in the economic cycles.

**Conclusion**

**6 advisors downloaded the piece, 7% of total activity for the November SPDRU Newsletter**

### December 2015

Subject: Bi-Weekly Insights for Your Practice

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STATE STREET  
GLOBAL ADVISORS  
SPDR

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**WHAT DO YOU NEED TODAY?**

**SELECT A TOPIC BELOW TO LEARN MORE.**

- Invest in overseas opportunities
- Prepare your clients for the unexpected
- Help your clients combat the rising cost of college**

#### Help your clients combat the rising cost of college

- [How Advisors can Help Stop Student Loan Debt from Creating a Lost Generation](#) whitepaper, 5 pp.
- [A Parent's Guide: Making College Funding a Family Affair](#) client-ready article, 4 pp.
- [Student Loan Debt is Creating a Lost Generation](#) client-ready article, 2 pp.
- [College Funding Solutions: What's Best for Your Clients?](#) whitepaper, 8 pp.

**Conclusion**

**38 advisors engaged with this email promotion featuring our client-ready materials and whitepapers.**

Source: State Street Global Advisors.  
The information contained above is for illustrative purposes only.

# Google Paid Search Strategy

## October-December 2015 Results

### Objective

- Google's paid sponsored ad program to engage with RIAs for lead generation

### Methodology

- Keywords (terms that Google users might search with)
- Multiple ads (what the user sees after entering in a search term)
  - Written to maximize the relevancy for the searchers, clearly defining offer and its key benefits
  - Each topic is given multiple ads to test different copy

### Testing and Optimization:

- Each topic is given multiple text ads for testing; all ads and keywords are continuously monitored and optimized based on what words are/aren't generating clicks to maximize click activity and cost-efficiency

### Measures of Success:

- Clicks from ads through to the 529 Advisor site
- Site click activity on the 529 Advisor site, including:
  - Contact Us form submissions, Content downloads, Clicks on the various fund offerings

<b>Results</b>	<ul style="list-style-type: none"> <li>- 1,266 ad clicks</li> <li>- Advisor Education ad group generated majority impressions/click activity</li> <li>- Risk-Based ad group was the next largest in generating activity</li> <li>- College Date, Custom and Target Date were all significantly behind the other two</li> <li>- Advisor Education ad group had highest click rates</li> <li>- Our Cost-per-Click was the lowest ever in Q4, Impression volume was also higher than Q3</li> </ul>
<b>Conclusion</b>	<p>We are seeing a higher rate of efficiency across the board now that we streamlined our targeted approach. Many of the advisor search terms continue to attract activity and move up the leaderboards of most active keywords. It still appears that many of the searchers and site visitors could be personal investors, but we will continue to refine our approach through the next quarter.</p>

Ad Group (Topic)	Impressions	Clicks	Click-Through Rate	Average Position	Contact Us Submissions	PDF* Downloads	Cost per Click
Advisor Education	46,160	1,266	2.74%	3.3	0	N/A	\$2.35
College Date	464	0	0.00	2.9	0	N/A	\$0.00
Custom	239	0	0.00	1.9	0	N/A	\$0.00
Risk Based	1,393	10	0.72	2.6	0	N/A	\$7.36
Target Date	29	0	0.00	4.8	0	N/A	\$0.00
<b>TOTAL</b>	<b>48,286</b>	<b>1,276</b>	<b>2.64%</b>	<b>3.3</b>	<b>0</b>	<b>N/A</b>	<b>\$2.39</b>

Ad Group Test Examples
<a href="#">Custom 529 Plans</a> 15 options across many styles and asset classes using SPDR ETFs. <a href="http://SSga.Upromise529.com">SSga.Upromise529.com</a>
<a href="#">Custom 529 Plans</a> Create your own investment mix with 529s powered by SPDR ETFs. <a href="http://SSga.Upromise529.com">SSga.Upromise529.com</a>
<a href="#">Custom 529 Plans</a> 529s for any approach. Easy online enroll and management for advisors. <a href="http://SSga.Upromise529.com">SSga.Upromise529.com</a>

\*PDF Download Tracking was not set up during this time

## Social Media: LinkedIn

### December 2015

<b>Headlines</b>	Less than half of parents who say they want to cover the total cost of college are actually prepared to do so. Help prepare them with the resources they'll need.
<b>Content highlighted</b>	Microsite that housed all of our Student Loan Debt Materials
<b>Featured On</b>	SPDR ETF LinkedIn Group Page
<b>Target</b>	Financial Advisors on LinkedIn
<b>Results</b>	<b>9 clicks, 9.3% of all page/discussion clicks for the month</b>

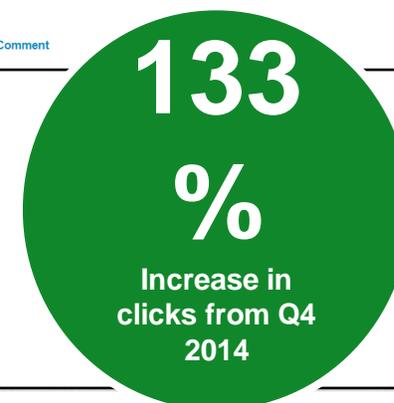


David Mazza  
Head of Research, SPDR ETFs and SSGA Funds at State Street Global A...  
OWNER

**Less than half of parents who say they want to cover the total cost of college are actually prepared to do so. Help prepare them with the resources they'll need.**

Check out our client-ready resources to help your clients' avoid the mountain of student debt that is impacting today's college graduates' to delay financial decisions such as saving for retirement, and buying their first home. Help your clients protect their children's future. <http://bit.ly/1N3nXD>

Like Comment



### December 2015

<b>Headlines</b>	Dispel 529 myths — Bring Fresh Ideas to the Advisor/Client Relationship
<b>Content highlighted</b>	Dispelling 529 College Savings Plan Myths
<b>Featured On</b>	SPDR ETF LinkedIn Company Page
<b>Target</b>	Financial Advisors on LinkedIn
<b>Results</b>	<b>12 clicks, 5 likes, 14% of all page/discussion likes for the month</b>



SPDR Exchange Traded Funds (ETFs) Understanding the ins and outs of 529 college savings plans can be daunting. Use our guide to learn more about common misconceptions about 529s and how they work. <http://bit.ly/1YNVEEY>

**529 College Savings Plans: separating fact from fiction**  
bit.ly

Like (5) · Comment · Share · 1 month ago

Ryan Bowling, MBA, FIC, Paul Reilly, Mark Blayer, Vale Development Funding Inc. and Drew Malone show less...

# Website Statistics

**4,207 total PDF downloads in 2015, a 121% increase from total 2014**

## Plan website:

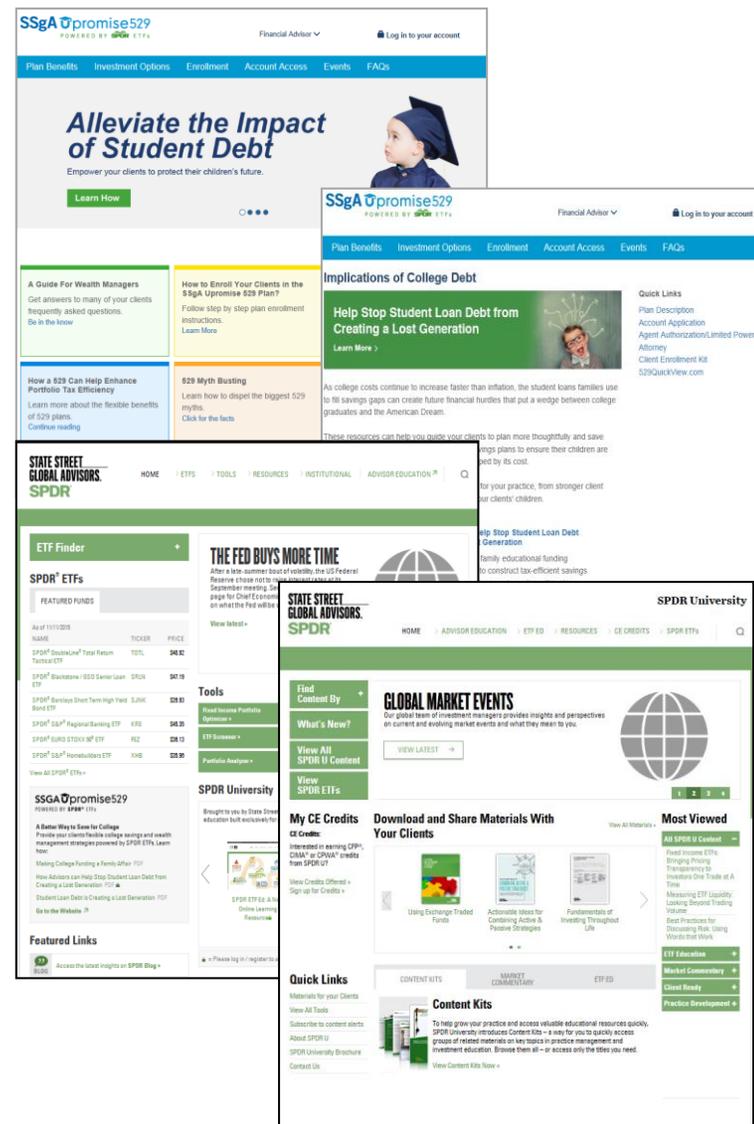
- Webpage generated 2,803 views in Q4 2015, which is a 4.2% increase from Q4 2014
- Most visited webpage in Q4 continues to be Account Access with 912 views and the Investment Options webpage was close behind with 660 views
- Obtained highest PDF Download rate from all three sites with a total of 532 PDF downloads for Q4 2015
- Most downloaded pieces were the “Advisor Tool Kit” (73), “A Guide for Wealth Managers” (45) and “How a 529 Plan Can Help Enhance Overall Portfolio Tax Efficiency” (45)

## SPDR® U (www.spdru.com):

- PDF downloads totaled 75 for Q4 2015
- Most downloaded pieces were “College Savings Options: A Quick Comparison Guide” (27) and “Resources for Separating Fact from Fiction” (10)

## SPDRs.com:

- PDF downloads totaled 225 for Q4 2015
- Most downloaded PDF was “Parent’s Guide: Making College Funding a Family Affair” (95) which was one of our new pieces in Q4 2015



## Looking Ahead — 2Q2016

### **College Savings Conversation: A Funding Solutions Road Map strategies for Q2-Q4 2016:**

- Email campaign
- Targeted Nevada print campaign
- Media and advertising campaigns

### **eBlast Lead Generation Campaign (Facts and Fiction/College Savings Conversation Guide) — May**

### **Advisor Event with Treasurer in Reno — Q2 2016**

### **Paid Search Program Results**

### **Sales Tools & Client Ready Material Development**

- College Costs by Age Comparison

# **APPENDIX: IMPORTANT DISCLOSURES**

## Important Disclosures

### FOR PUBLIC USE.

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Information represented in this piece does not constitute legal, tax, or investment advice. Investors should consult their legal, tax, and financial advisors before making any financial decisions.

Investing involves risk including the risk of loss of principal. Investment returns will vary depending upon the performance of the Portfolios you choose. Except to the extent of FDIC insurance available for the Savings Portfolio, you could lose all or a portion of your money by investing in the Plan, depending on market conditions. Account Owners assume all investment risks as well as responsibility for any federal and state tax consequences.

ETFs trade like stocks, fluctuate in market value and may trade at prices above or below the ETFs' net asset value. Brokerage commissions and ETF expenses will reduce returns.

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The SSGA Upromise 529 Plan (the "Plan") is administered by the Board of Trustees of the College Savings Plans of Nevada (the "Board"), chaired by Nevada State Treasurer. Ascensus Broker Dealer Services, Inc. (ABD) serves as the Program Manager. ABD has overall responsibility for the day-to-day operations, including distribution of the Plan and provision of certain marketing services. State Street Global Advisors (SSGA) serves as Investment Manager for the Plan except for the Savings Portfolio, which is managed by Sallie Mae Bank, and also provides or arranges for certain marketing services for the Plan. The Plan's Portfolios invest in either (i) Exchange Traded Funds and mutual funds offered or managed by SSGA or its affiliates; or (ii) a Federal Deposit Insurance

Corporation (FDIC)- insured omnibus savings account held in trust by the Board at Sallie Mae Bank. Except for the Savings Portfolio, investments in the Plan are not insured by the FDIC. Units of the Portfolios are municipal securities and the value of units will vary with market conditions.

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**For more information about the SSGA Upromise 529 Plan ("the Plan") download the Plan Description and Participation Agreement or request one by calling 1-800-587-7305. Investment objectives, risks, charges, expenses, and other important information are included in the Plan Description; read and consider it carefully before investing. Ascensus Broker Dealer Services, Inc. ("ABD") is distributor of the Plan.**

**Before investing in the Plan, you should consider whether your client or the client's beneficiary's home state offers a 529 plan that provides its taxpayers with favorable state tax and other benefits that are only available through investment in the home state's 529 plan.**

All material has been obtained from sources believed to be reliable. There is no representation or warranty as to the accuracy of the information and State Street shall have no liability for decisions based on such information.

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Expiration Date: 04/20/2016

## Section II

# Vanguard 529® College Savings Plan Marketing Activity



# Vanguard 529 College Savings Plan

## Marketing & Communication Plan – 1K min Nevada resident campaign

<b>Goals</b>	Increase Vanguard 529 Plan accounts within the state of Nevada
<b>Objective/Audience</b>	Encourage Vanguard account owners who reside in Nevada to open a Vanguard 529 account with a minimum balance of \$1,000
<b>Eligible Population</b>	41,002 after exclusions <ul style="list-style-type: none"> <li>• Targeting all residents not just parents</li> <li>• Vanguard clients living in NV who do not have a Vanguard 529</li> </ul>
<b>Client Segments</b>	CO, VY, VS, FL
<b>Channels</b>	Deck player and web offers (interact web zones: account maintenance, log off and secure overview with link to freshness articles)
<b>Deliverables</b>	Web offers; Freshness articles; Deck player on secure overview page with links to articles; Facebook (mobile news feed)
<b>Offer Start Date</b>	11/18/2015
<b>Offer End Date</b>	12/31/2015
<b>Call to Action</b>	Open an account online



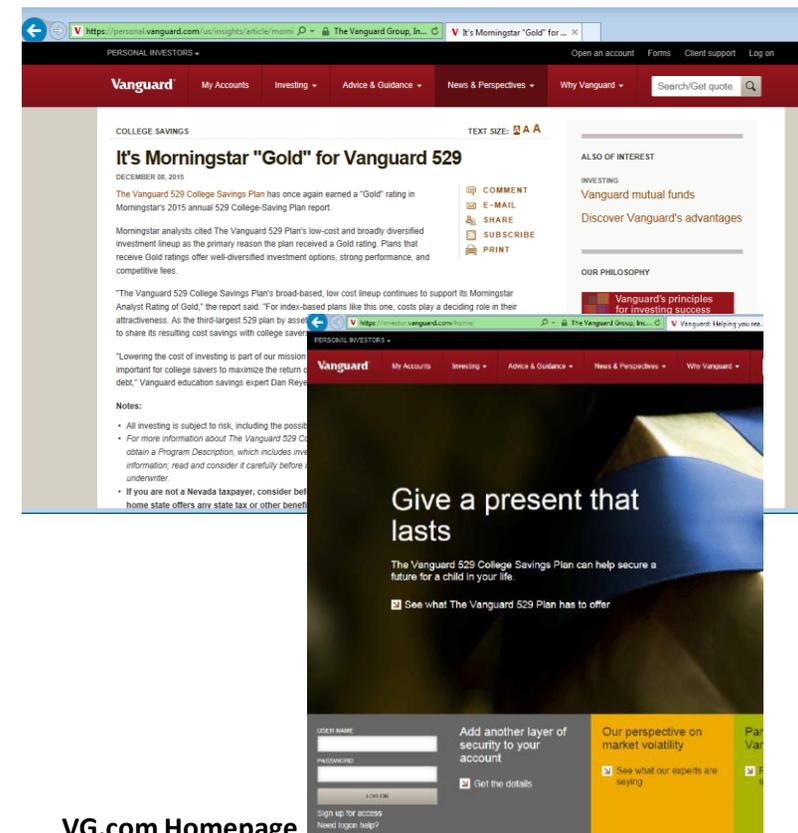
### 2015 campaign performance summary

- Out of an eligible population of 41,176, 7,236 clients logged on and were presented the web offer.
- The campaign generated **311 clicks from the 41,176 clients** who were presented the offer (with 130,148 impressions), resulting in a **4.30% click rate** (VG OOTW benchmark of 0.68% click rate and Vanguard 529 OOTW benchmark of 0.76%)
- 7 new accounts and \$46,683.88 in new assets.
  - Conversion rate was 0.17%

# Vanguard.com college savings Helping clients fulfill education dreams

Helping a beloved person attain a college degree is a goal many Vanguard clients share. In a variety of ways, including the 529 college savings plans we manage, Vanguard supports clients' efforts to make that goal a reality. Education—about the vehicles available to help, prudent investment management principles, student debt containment, and ways to manage multiple financial goals—plays a key role in that process. This report highlights the education shared through the News and Perspectives area of Vanguard's website as a **summary of all published articles in 2015.**

Title	Vg.com clicks since elevation	Month released
It's Morningstar "Gold" for Vanguard 529	7,140	December
How 529 savers manage investment risk	710	Sept
To-do list before sending investments risk	52	August
How covering college costs with retirement savings can hurt	764	August
How 529 college savers invest	296	June
Student loan debt: How much is too much	469	April (also ran in Jan)
College savings: A gift that can last a life time	761	Feb
5 myths about 529s	481	January
Give the gift of college	687	January (and Dec)
529 accounts, not just for kids	369	January



VG.com Homepage



# Vanguard 529 College Savings Plan

## Marketing & Communication Plan – 529 Connection

### Relevant 529 information to existing VG529

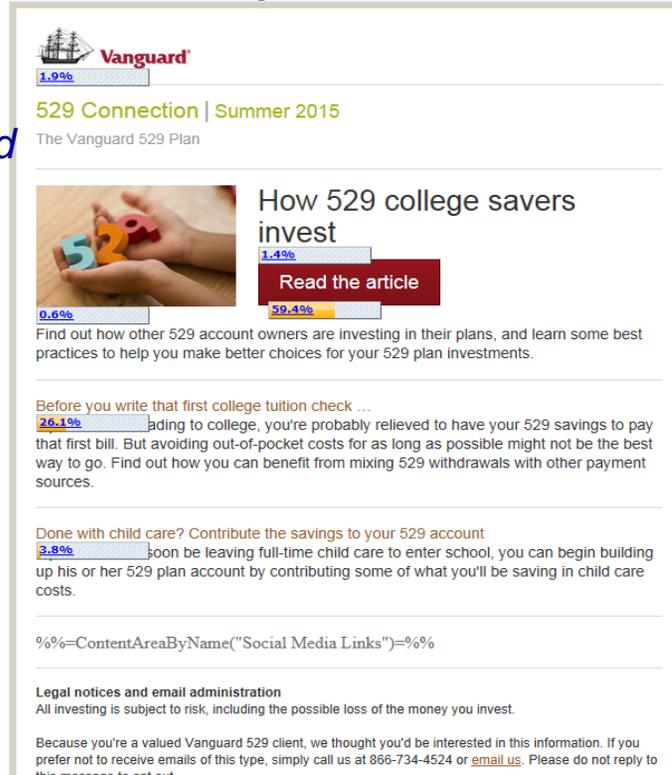
owners

- July 2015

*Summer edition deployed*

- November 2015

*Fall edition deployed*



**Vanguard**  
1.9%

529 Connection | Summer 2015  
The Vanguard 529 Plan

**How 529 college savers invest**  
1.4%  
Read the article  
59.4%

0.6%

Find out how other 529 account owners are investing in their plans, and learn some best practices to help you make better choices for your 529 plan investments.

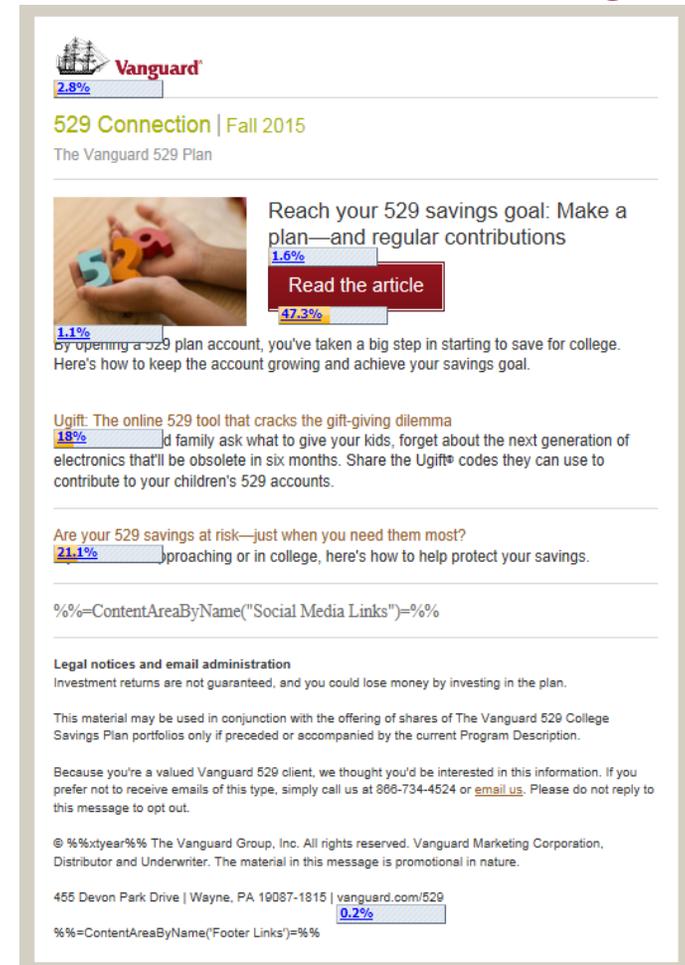
Before you write that first college tuition check ...  
26.1%

Done with child care? Contribute the savings to your 529 account  
3.8%

%%=ContentAreaByName("Social Media Links")=%%

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**Vanguard**  
2.8%

529 Connection | Fall 2015  
The Vanguard 529 Plan

Reach your 529 savings goal: Make a plan—and regular contributions  
1.6%  
Read the article  
47.3%

1.1%

Ugift: The online 529 tool that cracks the gift-giving dilemma  
18%

Are your 529 savings at risk—just when you need them most?  
21.1%

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455 Devon Park Drive | Wayne, PA 19087-1815 | [vanguard.com/529](#)  
0.2%

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Results	Email sent	Month released	E-mail open rate	E-mail open click rate
November edition	32,103	December	34%	2.4%
July Edition	33,695	Sept	38%	5.5%

**Notes:** Vanguard's e-mail open rate average is 24%  
Vanguard's e-mail open click rate average is 8.5. %

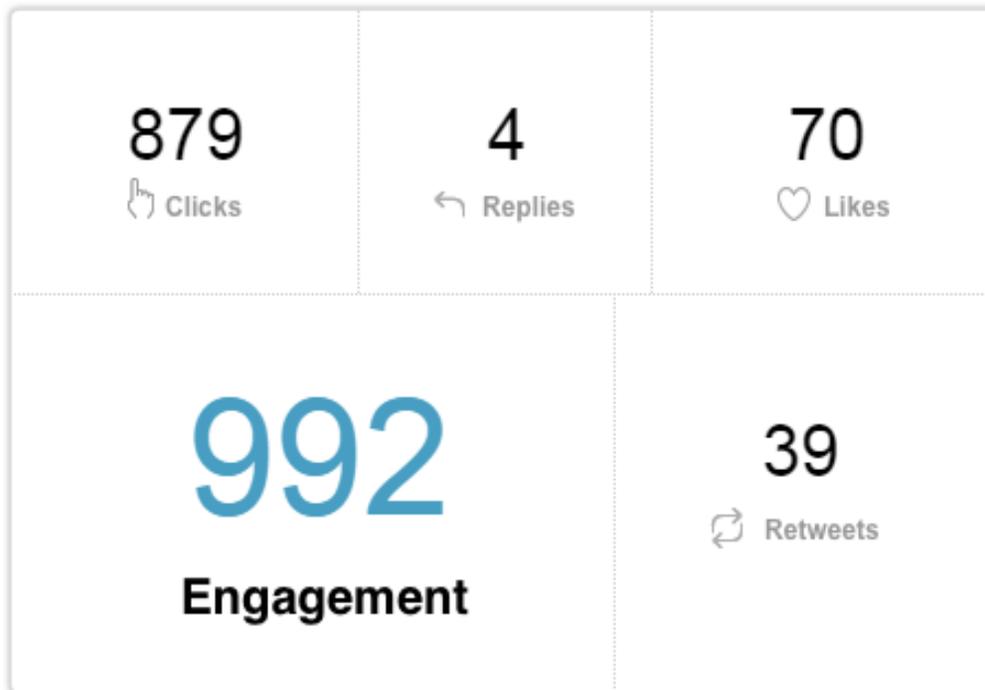


# Vanguard 529 College Savings Plan

## Marketing & Communication Plan – Social Media

### Q4

We focused on end-of-year contributions and the gift of education during the final months of the year.



**15 tweets with end-of-year messages.**

Below: The most popular tweet from Vanguard. 122 clicks.



Useful info about 529 plans, including the potential tax advantages of making a contribution before year-end: [vgi.vg/22wRCbn](http://vgi.vg/22wRCbn)

## Section III

# USAA 529 College Savings Plan® Marketing Activity

# USAA 529 College Savings Plan

## 4<sup>th</sup> Quarter Marketing Initiatives

- **Digital and email marketing of the USAA 529 Plan**
- **529 Gifting marketing campaign**
- **November email in support of the USAA Distinguished Matching Grant Program**

# College Savings Plans of Nevada Performance Reports

## Table of Contents

- Section I: SSGA Upromise 529 Plan
- Section II: Vanguard 529<sup>®</sup> College Savings Plan
- Section III: USAA College Savings Plan<sup>®</sup>

## **Section I**

# **SSGA Upromise 529 Plan Performance Reports**

## SSGA Upromise 529 Account Performance Commentary 4Q2015

---

### Asset Allocation detracted from value:

- The biggest detractor from value was high yield, which was the worst performing asset class and we maintained an overweight position in the period
- Our underweight position to US large cap stocks hurt the portfolio as the asset class was one of the best performing in the period
- Our underweight position to both US core fixed income and TIPS added value to the portfolio as the asset classes sold off

Source: SSGA.  
Past performance is not a guarantee of future results.  
As of December 31, 2015.

**SSGA** Upromise529

POWERED BY SPDR® ETFs

# SSGA Upromise 529 Account Portfolio Performance (as of December 31, 2015)

Name	APY as of 01/26/2016	Average annual total returns as of 12/31/2015					Inception date
		1 year	3 year	5 year	10 year	Since Inception**	
SSgA College 2033 Portfolio	—	—	—	—	—	1.10%	09/24/2015
SSgA College 2030 Portfolio	—	-1.49%	7.58%	—	—	7.91%	04/16/2012
SSgA College 2027 Portfolio	—	-0.98%	7.24%	—	—	7.58%	04/16/2012
SSgA College 2024 Portfolio	—	-0.63%	6.18%	—	—	6.53%	04/16/2012
SSgA College 2021 Portfolio	—	-0.58%	4.79%	—	—	5.18%	04/16/2012
SSgA College 2018 Portfolio	—	-0.35%	2.84%	—	—	3.35%	04/16/2012
SSgA College 2015 Portfolio	—	-0.29%	0.26%	—	—	0.80%	04/16/2012
SSgA College Today Portfolio	—	-0.39%	0.03%	—	—	0.27%	04/16/2012
SSgA Aggressive Portfolio	—	-1.93%	8.71%	—	—	8.91%	04/16/2012
SSgA Moderate Portfolio	—	-0.80%	5.47%	—	—	5.82%	04/16/2012
SSgA Conservative Portfolio	—	-0.39%	0.23%	—	—	0.51%	04/16/2012
SPDR S&P 500® ETF Trust Portfolio	—	0.90%	14.22%	—	—	12.81%	04/16/2012
SPDR S&P MidCap 400® ETF Trust Portfolio	—	-2.66%	11.72%	—	—	10.83%	04/16/2012
SPDR S&P 600® Small Cap ETF Portfolio	—	-2.32%	12.66%	—	—	11.82%	04/16/2012
SPDR S&P® World ex-US ETF Portfolio	—	-2.00%	2.97%	—	—	4.47%	04/16/2012
SPDR S&P International Small Cap ETF Portfolio	—	5.67%	5.51%	—	—	5.30%	04/16/2012
SPDR S&P Emerging Markets ETF Portfolio	—	-14.85%	-6.16%	—	—	-3.81%	04/16/2012
SPDR S&P Emerging Markets Small Cap ETF Portfolio	—	-12.32%	-4.47%	—	—	-2.08%	04/16/2012
SPDR Dow Jones REIT ETF Portfolio	—	3.85%	10.86%	—	—	10.09%	04/16/2012
SPDR Dow Jones International Real Estate ETF Portfolio	—	-3.31%	1.48%	—	—	5.68%	04/16/2012
SPDR Barclays Aggregate Bond ETF Portfolio	—	0.00%	1.10%	—	—	1.51%	04/16/2012
Savings Portfolio	0.61% <sup>1</sup>	0.68%	0.62%	0.67%	—	0.66%	10/18/2010
SPDR Barclays TIPS ETF Portfolio	—	-2.46%	-2.81%	—	—	-1.29%	04/17/2012
SPDR DB International Government Inflation-Protected Bond ETF Portfolio	—	-10.49%	-5.71%	—	—	-2.92%	04/16/2012
SPDR Barclays High Yield Bond ETF Portfolio	—	-6.82%	-0.46%	—	—	1.74%	04/16/2012
SPDR Barclays Short Term Corporate Bond ETF Portfolio	—	0.49%	0.65%	—	—	0.85%	04/16/2012
SPDR Barclays 1-3 Month T-Bill ETF Portfolio	—	-0.41%	-0.47%	—	—	-0.49%	04/16/2012

Source: <https://www.ssga.upromise529.com/ucftpl/fund/quarterEndPerformanceAlt.cs>

As of December 31, 2015. The performance data shown represents past performance. **Past performance - especially short-term past performance - is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' units, when sold, may be worth more or less than their original cost. Current performance may be higher or lower than the performance data cited.** For SSGA Upromise 529 Portfolio performance data current to the most recent month-end visit our website at [www.ssga.upromise529.com](http://www.ssga.upromise529.com)

**SSGA** Upromise529

POWERED BY SPDR® ETFs

# SSGA Upromise 529 Account Performance: College-Date & Risk-Based Options (as of December 31, 2015)

## SSGA Upromise 529 Plan

	One Month	Three Months	Year to Date	Last 12 Months	Three Years	Five Years	Inception
SSGA College Today							Apr/2012
Gross Returns	-0.30%	-0.14%	-0.04%	-0.04%	0.37%	N/A	0.58%
Custom Blended Index	-0.07	-0.04	0.44	0.44	0.55	N/A	0.71
<b>Difference</b>	<b>-0.23</b>	<b>-0.10</b>	<b>-0.47</b>	<b>-0.47</b>	<b>-0.19</b>	<b>N/A</b>	<b>-0.13</b>
SSGA College 2015							Apr/2012
Gross Returns	-0.30	-0.21	-0.01	-0.01	0.56	N/A	1.10
Custom Blended Index	-0.12	-0.15	0.55	0.55	0.78	N/A	1.32
<b>Difference</b>	<b>-0.17</b>	<b>-0.06</b>	<b>-0.57</b>	<b>-0.57</b>	<b>-0.23</b>	<b>N/A</b>	<b>-0.21</b>
SSGA College 2018							Apr/2012
Gross Returns	-0.35	-0.37	-0.05	-0.05	3.16	N/A	3.69
Custom Blended Index	-0.26	-0.35	0.44	0.44	3.06	N/A	3.57
<b>Difference</b>	<b>-0.08</b>	<b>-0.02</b>	<b>-0.49</b>	<b>-0.49</b>	<b>0.11</b>	<b>N/A</b>	<b>0.12</b>
SSGA College 2021							Apr/2012
Gross Returns	-0.75	1.25	-0.24	-0.24	5.13	N/A	5.54
Custom Blended Index	-0.60	1.56	0.47	0.47	5.04	N/A	5.41
<b>Difference</b>	<b>-0.15</b>	<b>-0.32</b>	<b>-0.71</b>	<b>-0.71</b>	<b>0.08</b>	<b>N/A</b>	<b>0.12</b>
SSGA College 2024							Apr/2012
Gross Returns	-0.98	1.97	-0.29	-0.29	6.51	N/A	6.86
Custom Blended Index	-0.84	2.39	0.22	0.22	6.43	N/A	6.73
<b>Difference</b>	<b>-0.15</b>	<b>-0.42</b>	<b>-0.52</b>	<b>-0.52</b>	<b>0.08</b>	<b>N/A</b>	<b>0.13</b>
SSGA College 2027							Apr/2012
Gross Returns	-1.25	2.69	-0.63	-0.63	7.61	N/A	7.94
Custom Blended Index	-1.06	3.25	-0.02	-0.02	7.66	N/A	7.89
<b>Difference</b>	<b>-0.20</b>	<b>-0.56</b>	<b>-0.60</b>	<b>-0.60</b>	<b>-0.05</b>	<b>N/A</b>	<b>0.05</b>

The calculation method for value added returns may show rounding differences. Source: SSGA. Performance data source is SSGA for applicable separately managed account or underlying ETFs. The underlying ETF's performance reflects the expenses of managing the ETF, including brokerage and advisory expenses. **The performance data shown represents past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited.** For SSGA Upromise 529 Portfolio performance data current to the most recent month-end visit our website at [www.ssga.upromise529.com](http://www.ssga.upromise529.com). Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided on a gross of fees basis and do not reflect the deduction of advisory or other fees which could reduce the return. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

# SSGA Upromise 529 Account Performance: College-Date & Risk-Based Options (as of December 31, 2015) (continued)

## SSGA Upromise 529 Plan

	One Month	Three Months	Year to Date	Last 12 Months	Three Years	Five Years	Inception
<b>SSGA 2030</b>							<b>Apr/2012</b>
Gross Returns	-1.51%	3.33%	-1.17%	-1.17%	7.91%	N/A	8.25%
Custom Blended Index	-1.26	4.06	-0.45	-0.45	8.09	N/A	8.30
<b>Difference</b>	<b>-0.26</b>	<b>-0.73</b>	<b>-0.72</b>	<b>-0.72</b>	<b>-0.18</b>	<b>N/A</b>	<b>-0.05</b>
<b>SSGA Aggressive</b>							<b>Apr/2012</b>
Gross Returns	-1.83	4.45	-1.61	-1.61	9.06	N/A	9.26
Custom Blended Index	-1.56	5.45	-1.10	-1.10	9.57	N/A	9.63
<b>Difference</b>	<b>-0.27</b>	<b>-1.00</b>	<b>-0.52</b>	<b>-0.52</b>	<b>-0.51</b>	<b>N/A</b>	<b>-0.38</b>
<b>SSGA Moderate</b>							<b>Apr/2012</b>
Gross Returns	-1.08	2.16	-0.43	-0.43	5.79	N/A	6.16
Custom Blended Index	-0.91	2.66	0.13	0.13	5.69	N/A	6.01
<b>Difference</b>	<b>-0.17</b>	<b>-0.50</b>	<b>-0.56</b>	<b>-0.56</b>	<b>0.10</b>	<b>N/A</b>	<b>0.15</b>
<b>SSGA Conservative</b>							<b>Apr/2012</b>
Gross Returns	-0.29	-0.19	-0.07	-0.07	0.53	N/A	0.80
Custom Blended Index	-0.12	-0.15	0.49	0.49	0.77	N/A	1.01
<b>Difference</b>	<b>-0.16</b>	<b>-0.04</b>	<b>-0.56</b>	<b>-0.56</b>	<b>-0.25</b>	<b>N/A</b>	<b>-0.21</b>

The calculation method for value added returns may show rounding differences. Source: SSGA. Performance data source is SSGA for applicable separately managed account or underlying ETFs. The underlying ETF's performance reflects the expenses of managing the ETF, including brokerage and advisory expenses. **The performance data shown represents past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited.** For SSGA Upromise 529 Portfolio performance data current to the most recent month-end visit our website at [www.ssga.upromise529.com](http://www.ssga.upromise529.com). Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided on a gross of fees basis and do not reflect the deduction of advisory or other fees which could reduce the return. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

## Section II

# Vanguard 529® College Savings Plan Performance

## Vanguard 529 Portfolio Performance

*The performance data shown represents past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end visit our website at [www.vanguard.com/performance](http://www.vanguard.com/performance).*

529 Portfolios and Corresponding Index	1 Mo	3 Mo	YTD	1 Yr	Annualized				Since Inception
					3 Yr	5 Yr	10 Yr		
<b>Vanguard 500 Index (12/17/2002)</b>	-1.58	7.01	1.19	1.19	14.87	12.31	6.96	8.20	
S&P 500 Index	-1.58	7.04	1.38	1.38	15.13	12.57	7.31	8.67	
<i>Fund performance relative to benchmark</i>	<i>0.00</i>	<i>-0.03</i>	<i>-0.19</i>	<i>-0.19</i>	<i>-0.26</i>	<i>-0.26</i>	<i>-0.35</i>	<i>-0.47</i>	
<b>Vanguard Aggressive Growth (12/12/2002)</b>	-2.03	4.73	-1.47	-1.47	10.43	8.65	5.77	8.05	
Vanguard 529 Aggressive Growth Composite	-1.83	5.12	-1.20	-1.20	10.88	9.01	6.13	8.58	
<i>Fund performance relative to benchmark</i>	<i>-0.20</i>	<i>-0.39</i>	<i>-0.27</i>	<i>-0.27</i>	<i>-0.45</i>	<i>-0.36</i>	<i>-0.36</i>	<i>-0.53</i>	
<b>Vanguard Conservative Growth (12/16/2002)</b>	-0.89	0.65	-0.05	-0.05	3.57	4.57	4.92	5.52	
Vanguard 529 Conservative Growth Composite	-0.71	0.83	0.24	0.24	3.83	4.90	5.28	5.91	
<i>Fund performance relative to benchmark</i>	<i>-0.18</i>	<i>-0.18</i>	<i>-0.29</i>	<i>-0.29</i>	<i>-0.26</i>	<i>-0.33</i>	<i>-0.36</i>	<i>-0.39</i>	
<b>Vanguard Growth (12/16/2002)</b>	-1.63	3.34	-0.90	-0.90	8.23	7.47	5.62	6.98	
Vanguard 529 Growth Composite	-1.45	3.70	-0.59	-0.59	8.58	7.79	5.92	7.38	
<i>Fund performance relative to benchmark</i>	<i>-0.18</i>	<i>-0.36</i>	<i>-0.31</i>	<i>-0.31</i>	<i>-0.35</i>	<i>-0.32</i>	<i>-0.30</i>	<i>-0.40</i>	
<b>Vanguard Growth Index (12/17/2002)</b>	-2.41	6.47	3.10	3.10	15.59	12.88	8.10	8.77	
Spliced Growth Index	-2.39	6.52	3.38	3.38	15.90	13.21	8.51	9.17	
<i>Fund performance relative to benchmark</i>	<i>-0.02</i>	<i>-0.05</i>	<i>-0.28</i>	<i>-0.28</i>	<i>-0.31</i>	<i>-0.33</i>	<i>-0.41</i>	<i>-0.40</i>	

## Vanguard 529 Portfolio Performance

The performance data shown represents past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end visit our website at [www.vanguard.com/performance](http://www.vanguard.com/performance).

529 Portfolios and Corresponding Index	Annualized							Since Inception
	1 Mo	3 Mo	YTD	1 Yr	3 Yr	5 Yr	10 Yr	
<b>Vanguard High Yield Bond Portfolio (12/11/2002)</b>	-1.74	-0.48	-1.48	-1.48	2.41	5.57	5.78	6.45
High-Yield Corporate Composite Index	-2.05	-0.99	-2.53	-2.53	2.17	5.23	6.41	--
<i>Fund performance relative to benchmark</i>	<i>0.31</i>	<i>0.51</i>	<i>1.05</i>	<i>1.05</i>	<i>0.24</i>	<i>0.34</i>	<i>-0.63</i>	<i>--</i>
<b>Vanguard Income (12/16/2002)</b>	-0.32	-0.39	-0.13	-0.13	0.06	2.13	3.34	3.40
Vanguard 529 Income Composite	-0.22	-0.32	0.05	0.05	0.22	2.36	3.63	3.74
<i>Fund performance relative to benchmark</i>	<i>-0.10</i>	<i>-0.07</i>	<i>-0.18</i>	<i>-0.18</i>	<i>-0.16</i>	<i>-0.23</i>	<i>-0.29</i>	<i>-0.34</i>
<b>Vanguard Inflation-Protected Securities (12/11/2002)</b>	-0.88	-0.82	-1.86	-1.86	-2.51	2.25	3.48	4.12
Barclays US Treasury Inflation Protected Index	-0.79	-0.64	-1.44	-1.44	-2.27	2.55	3.93	4.67
<i>Fund performance relative to benchmark</i>	<i>-0.09</i>	<i>-0.18</i>	<i>-0.42</i>	<i>-0.42</i>	<i>-0.24</i>	<i>-0.30</i>	<i>-0.45</i>	<i>-0.55</i>
<b>Vanguard Interest Accumulation Portfolio (10/15/2004)</b>	0.08	0.17	0.25	0.25	0.17	0.22	1.46	1.59
Interest Accumulation Composite	0.02	0.04	0.12	0.12	0.12	0.20	1.48	1.63
<i>Fund performance relative to benchmark</i>	<i>0.06</i>	<i>0.13</i>	<i>0.13</i>	<i>0.13</i>	<i>0.05</i>	<i>0.02</i>	<i>-0.02</i>	<i>-0.04</i>
<b>Vanguard Mid-Cap Index (12/17/2002)</b>	-2.68	3.40	-1.50	-1.50	14.69	11.31	7.58	10.65
Spliced Mid Cap Index	-2.65	3.46	-1.28	-1.28	14.96	11.58	7.94	10.99
<i>Fund performance relative to benchmark</i>	<i>-0.03</i>	<i>-0.06</i>	<i>-0.22</i>	<i>-0.22</i>	<i>-0.27</i>	<i>-0.27</i>	<i>-0.36</i>	<i>-0.34</i>

## Vanguard 529 Portfolio Performance

The performance data shown represents past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end visit our website at [www.vanguard.com/performance](http://www.vanguard.com/performance).

529 Portfolios and Corresponding Index	Annualized							Since Inception
	1 Mo	3 Mo	YTD	1 Yr	3 Yr	5 Yr	10 Yr	
<b>Vanguard Moderate Growth (12/11/2002)</b>	-1.25	1.98	-0.36	-0.36	5.95	6.11	5.41	6.28
Vanguard 529 Moderate Growth Composite	-1.07	2.27	-0.11	-0.11	6.23	6.42	5.70	6.66
<i>Fund performance relative to benchmark</i>	-0.18	-0.29	-0.25	-0.25	-0.28	-0.31	-0.29	-0.38
<b>Vanguard Morgan Growth (12/1/2006)</b>	-1.65	6.94	6.63	6.63	16.77	12.27	--	7.01
Russell 3000 Growth Index	-1.72	7.09	5.09	5.09	16.62	13.30	--	8.39
<i>Fund performance relative to benchmark</i>	0.07	-0.15	1.54	1.54	0.15	-1.03	--	-1.38
<b>Vanguard Small-Cap Index (12/16/2002)</b>	-4.21	3.05	-3.85	-3.85	12.36	10.21	7.61	10.67
Spliced Small Cap Index	-4.19	3.10	-3.68	-3.68	12.58	10.40	7.87	11.22
<i>Fund performance relative to benchmark</i>	-0.02	-0.05	-0.17	-0.17	-0.22	-0.19	-0.26	-0.55
<b>Vanguard STAR Portfolio (12/1/2006)</b>	-1.56	3.41	-0.32	-0.32	7.89	7.48	--	5.13
STAR Composite Index	-1.33	3.21	-0.20	-0.20	7.39	7.00	--	5.30
<i>Fund performance relative to benchmark</i>	-0.23	0.20	-0.12	-0.12	0.50	0.48	--	-0.17

## Vanguard 529 Portfolio Performance

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529 Portfolios and Corresponding Index	1 Mo	3 Mo	YTD	1 Yr	Annualized			Since Inception
					3 Yr	5 Yr	10 Yr	
<b>Vanguard Total International Stock Index (12/11/2002)</b>	-2.03	2.66	-4.49	-4.49	1.55	0.98	2.49	7.16
Spliced Total International Stock Index	-1.59	3.61	-4.29	-4.29	2.29	1.43	2.95	7.76
<i>Fund performance relative to benchmark</i>	-0.44	-0.95	-0.20	-0.20	-0.74	-0.45	-0.46	-0.60
<b>Vanguard Total Stock Market Index (12/11/2002)</b>	-2.01	6.25	0.27	0.27	14.54	11.99	7.21	8.71
Spliced Institutional Total Stock Market Index	-2.03	6.25	0.40	0.40	14.73	12.19	7.52	9.24
<i>Fund performance relative to benchmark</i>	0.02	0.00	-0.13	-0.13	-0.19	-0.20	-0.31	-0.53
<b>Vanguard Total Bond Market Index (12/16/2002)</b>	-0.42	-0.66	0.18	0.18	1.14	2.94	4.11	3.92
Spliced Barclays US Aggregate Float Adjusted Index	-0.35	-0.61	0.44	0.44	1.39	3.25	4.52	4.40
<i>Fund performance relative to benchmark</i>	-0.07	-0.05	-0.26	-0.26	-0.25	-0.31	-0.41	-0.48
<b>Vanguard Value Index (12/11/2002)</b>	-1.00	6.91	-1.07	-1.07	14.04	11.46	6.12	8.39
Spliced Value Index	-0.99	6.97	-0.86	-0.86	14.36	11.77	6.49	8.86
<i>Fund performance relative to benchmark</i>	-0.01	-0.06	-0.21	-0.21	-0.32	-0.31	-0.37	-0.47
<b>Vanguard Windsor Portfolio (12/1/2006)</b>	-3.31	4.56	-3.37	-3.37	13.61	11.16	--	4.49
Russell 1000 Value Index	-2.15	5.64	-3.83	-3.83	13.08	11.27	--	4.73
<i>Fund performance relative to benchmark</i>	-1.16	-1.08	0.46	0.46	0.53	-0.11	--	-0.24

## Notice

*For more information about Vanguard funds, visit [www.vanguard.com](http://www.vanguard.com), or call 866-734-4530, to obtain a prospectus. Investment objectives, risks, charges, expenses, and other important information about a fund are contained in the prospectus; read and consider it carefully before investing.*

The Vanguard Income Portfolio and Vanguard Interest Accumulation Portfolio both invest in the Vanguard Short-Term Reserves Account which, in turn, invests in Vanguard Prime Money Market Fund. The Vanguard Short-Term Reserves Account's investment in the Vanguard Prime Money Market Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of the investment at \$1 per share, it is possible that the Vanguard Short-Term Reserves Account may lose money by investing in the Fund.

To obtain more information about the investment adviser, Vanguard Advisers, Inc. ("VAI"), and its business, including advisory services and fees, types of investments advised on, methods of analysis, and investment strategies, among other information, please contact your relationship manager, Stewart Duffield, at 1-800-662-0106, extension 16272 and request a copy of VAI's Form ADV Part II.

Investments are subject to risk. Prices of mid- and small-cap stocks often fluctuate more than those of large-company stocks. Stocks of relatively narrow market sectors face the risk of higher share-price volatility. Foreign investing involves additional risks including currency fluctuations and political uncertainty. Stocks of companies in emerging markets are generally more risky than stocks of companies in developed countries. Investments in bonds are subject to interest rate, credit, and inflation risk. Because high-yield bonds are considered speculative, investors should be prepared to assume a substantially greater level of credit risk than with other types of bonds.

Diversification does not ensure a profit or protect against a loss in a declining market.

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## Section III

# USAA 529 College Savings Plan® Performance

Investments provided by USAA Investment Management Company and USAA Financial Advisors Inc., both registered broker dealers.

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## Quarterly Returns as of December 31, 2015

Portfolio	One Year	Three Year	Five Year	Ten Year	Since Inception	Inception Date	Total Annual Fees*
Very Aggressive <b>Ages: 0-2</b>	N/A %	N/A %	N/A %	N/A %	(4.70) %	03/27/2015	1.14 %
Aggressive Growth <b>Ages: 3-4</b>	(2.42) %	6.34 %	5.81 %	4.73 %	5.60 %	06/03/2002	1.07 %
Growth <b>Ages: 5-6</b>	(2.34) %	5.70 %	5.58 %	4.88 %	5.72 %	06/03/2002	1.02 %
Moderately Aggressive <b>Ages: 7-8</b>	(2.27) %	4.88 %	5.19 %	5.15 %	5.81 %	06/03/2002	0.96 %
Moderate <b>Ages: 9-11</b>	(2.23) %	4.15 %	4.71 %	5.14 %	5.47 %	06/03/2002	0.90 %
Moderately Conservative <b>Ages: 12-13</b>	N/A %	N/A %	N/A %	N/A %	(3.70) %	03/27/2015	0.85 %
Conservative <b>Ages: 14-15</b>	(2.57) %	1.32 %	2.55 %	4.06 %	4.17 %	06/03/2002	0.79 %
Very Conservative <b>Ages: 16-17</b>	N/A %	N/A %	N/A %	N/A %	(1.00) %	03/27/2015	0.70 %
In College <b>Ages: 18+</b>	0.25 %	2.01 %	2.75 %	3.86 %	3.54 %	06/03/2002	0.69 %
Preservation of Capital	0.00 %	0.00 %	0.00 %	N/A %	0.02 %	09/01/2009	0.65 %

Annual  
pre  
Cul

shares, when redeemed, may be worth more or less than their original cost. For the most recent month-end performance, please click on the name of the fund, above.  
 \*This total represents the portfolio expense limit, as reported in the current plan description, and is assessed against assets over the course of the year and does not include the annual state account maintenance fee or the annual USAA minimum-balance fee. If as determined periodically by USAA, a portfolio's underlying fund expenses exceed the portfolio expense limit, USAA has voluntarily agreed to make payments to the portfolio to the extent of such excess. USAA may discontinue these payments at any time without notice. The 3 month number is not annualized.

PERIOD ENDING: December 31, 2015				Average Annual Returns				
Fund / Market Index	Expense Ratio	After Reimbursement	Current Month Return	1 Year	3 Year	5 Year	10 Year	Since Fund Inception
USAA Emerging Markets Fund MSCI Emerging Markets Index - Gross Dividends	1.52%	n/a	-3.02% -2.17%	-14.12% -14.60%	-7.37% -6.42%	-7.37% -4.47%	1.57% 3.95%	3.52%
USAA Growth Fund Russell 1000 Growth Index	1.12%	1.00%	-1.26% -1.47%	5.63% 5.67%	18.04% 16.83%	13.71% 13.53%	6.31% 8.53%	6.50%
USAA Growth & Income Fund Russell 3000 Index	0.94%	n/a	-2.64% -2.05%	-0.53% 0.48%	14.56% 14.74%	10.52% 12.18%	5.91% 7.35%	7.78%
USAA High Income Fund Credit Suisse High Yield Index II	0.89%	n/a	-3.50% -2.95%	-8.56% -4.93%	0.89% 1.36%	4.17% 4.73%	6.00% 6.54%	6.34%
USAA Income Fund Barclay US Aggregate Bond Index	0.59%	n/a	-0.92% -0.32%	-1.11% 0.55%	1.49% 1.44%	3.63% 3.25%	4.86% 4.51%	8.14%
USAA Income Stock Fund Russell 1000 Value Index	0.80%	n/a	-1.72% -2.15%	-3.26% -3.83%	12.33% 13.08%	10.64% 11.27%	4.93% 6.16%	8.11%
USAA Intermediate-Term Bond Fund Barclay US Aggregate Bond Index	0.70%	0.65%	-1.25% -0.32%	-2.28% 0.55%	1.54% 1.44%	4.36% 3.25%	5.38% 4.51%	5.65%
USAA International Fund MSCI EAFE Index - Net Dividends	1.16%	n/a	-1.69% -1.35%	0.56% -0.81%	4.05% 5.02%	4.40% 3.60%	4.94% 3.03%	7.22%
USAA Money Market Fund US T-Bill 3 Month Index	0.63%	n/a	0.00% 0.02%	0.01% 0.05%	0.01% 0.05%	0.01% 0.06%	1.31% 1.09%	4.69%
USAA Precious Metals & Minerals Philadelphia Gold and Silver Index (XAU)	1.24%	n/a	0.00% -1.80%	-26.53% -33.42%	-31.03% -34.09%	-25.29% -26.39%	-3.11% -8.73%	2.28%
USAA Short-Term Bond Fund Barclay 1-3 Year US Government Credit Index	0.63%	n/a	-0.40% -0.13%	0.03% 0.65%	0.90% 0.69%	1.84% 0.98%	3.51% 2.74%	4.06%
USAA Small Cap Stock Fund Russell 2000 Index	1.15%	n/a	-5.03% -5.02%	-5.31% -4.41%	10.20% 11.65%	8.51% 9.19%	6.03% 6.80%	6.24%
USAA Real Return Fund Barclay US TIPS Index	1.15%	0.89%	-1.53% -0.79%	-7.75% -1.44%	-2.71% -2.27%	0.88% 2.55%	- 3.93%	1.02%
USAA Value Fund Russell 3000 Value Index	1.11%	1.15%	-3.20% -2.40%	-3.49% -4.13%	12.43% 12.76%	10.14% 10.98%	6.39% 6.11%	7.34%

\*Expense ratios are after fund reimbursement. The performance data quoted represents past performance and is no guarantee of future results. Current performance may be higher or lower than the performance data quoted. The return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. For performance data current to month-end, visit usaa.com.

Represents the total annual operating expenses (which includes acquired fund fees and expenses (AFFE), if any), before reductions of any expenses paid indirectly, as reported in the fund's most current prospectus. It is calculated as a percentage of average net assets (ANA).

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THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 4**  
**March 24, 2016**

**Item: Putnam 529 for America Program Manager Report  
for the Quarter End Performance Summary**

**Recommendation:**

**That the Board review and approve the Putnam 529 for  
America Quarterly Report and Performance Summary as of  
December 31, 2015, and direct staff accordingly.**

Fiscal:  
None.

**Summary:**

Judy Minsk, Senior Product Marketing Manager with Putnam  
Investments will be available to answer questions.

# College Savings Plans of Nevada Board of Trustees Meeting

**Putnam 529 for America<sup>SM</sup>**  
**Quarterly Report**

October 1–December 31, 2015

# Putnam 529 for America

## Commentary as of 12/31/15

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### Plan update

- Putnam announced changes to its equity investment management team:
  - Nick Thakore, who had been portfolio manager of Putnam Voyager Fund, left the firm as of February 16, 2016. The fund will be managed by Rob Brookby, a member of Putnam’s U.S. Equity team. There will be no changes to the investment objective of the fund.
  - Putnam International Capital Opportunities Fund will now be managed by Robert Schoen and Brett Risser. There will be no changes to the investment objective of the fund.
- Putnam 529 for America plan assets were \$386M as of 12/31/15
  - Plan assets increased 2.9% quarter over quarter:
  - Average account balance is \$19,482 nationally; \$18,231 for Nevada residents
  - Savingforcollege.com ranked Putnam 529 for America the #6 performing advisor-sold plan for one-year performance, #2 for three-year, and #3 for five-year, at NAV as of December 31, 2015

### Quarterly campaign

- Posted gift-giving-themed home page banners to advisor and public sites
- Invited 529 producers and prospects to year-end planning Wealth Management call: over 1,000 attendees
- Published Wealth Management blog post including promotion of year-end gifting as tax-smart move
- Conducted email campaign to provide alternative solution for 529 plan manager change
- Equipped wholesalers with college savings content to share with their social networks

# Putnam 529 for America

## Highlights as of 12/31/15

Highlights this period	4th quarter 2015	3rd quarter 2015	% change QvQ	4th quarter 2014	% change y/y
<b>Assets under management</b>	\$385,682,136	\$374,979,923	2.85%	\$381,149,272	1.19%
<b>Total funded accounts</b>	19,797	19,617	0.92%	18,980	4.30%
<b>Total # unique customers</b>	11,628	11,540	0.76%	11,212	3.71%
<b>New accounts</b>	472	544	-13.24%	632	-25.32%
<b>Average customer balance</b>	\$19,482	\$19,115	1.92%	\$20,082	-2.99%
<b>Nevada total assets</b>	\$8,039,707	\$7,802,415	3.04%	\$7,451,410	7.90%
<b>Nevada funded accounts</b>	441	433	1.85%	422	4.50%
<b>Nevada average customer balance</b>	\$18,231	\$18,019	1.17%	\$17,657	3.25%
<b>New Nevada accounts</b>	10	14	-28.57%	9	11.11%
<b>Total gross contributions</b>	\$9,900,837	\$10,549,459	-6.15%	\$12,272,278	-19.32%
<b>Total distributions</b>	\$8,745,110	\$13,283,224	-34.16%	\$8,073,223	8.32%
<b>Net contributions</b>	\$1,155,727	(\$2,733,766)	142.28%	\$4,199,055	-72.48%
<b>Rollovers in</b>	\$1,060,867	\$1,190,184	-10.87%	\$1,813,134	-41.49%
<b>Rollovers out</b>	\$1,832,977	\$2,951,683	-37.90%	\$1,932,714	-5.16%
<b>Net rollovers</b>	(\$772,110)	(\$1,761,499)	56.17%	(\$119,580)	545.69%
<b>% of funded accounts with systematic investments</b>	29.90%	29.70%	0.67%	28.70%	4.18%

Accounts defined as a unique owner/beneficiary combination.

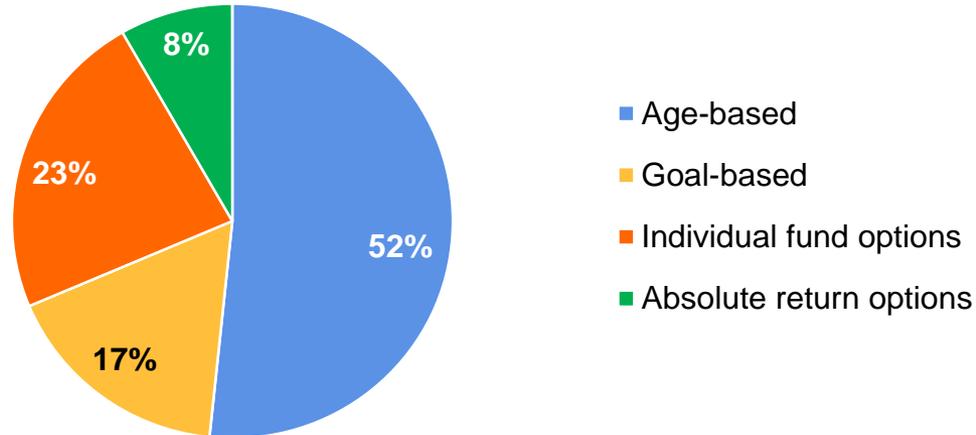
Average account balance defined as total assets divided by the number of unique owner/beneficiary combinations.

Dollars in millions except average account balances.

# Putnam 529 for America

## Assets by investment category as of 12/31/15

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Category	12/31/15 assets	Percentage of grand total
Age-based	\$199,239,372	51.66%
Goal-based	\$65,357,101	16.95%
Individual fund options	\$89,056,881	23.09%
Absolute return options	\$32,028,782	8.30%
<b>Grand total</b>	<b>\$385,682,136</b>	<b>100.00%</b>

Excludes seed transactions.

# Putnam 529 for America

## Assets by investment option as of 12/31/15

Category	Fund	12/31/15 assets	Percentage of grand total
<b>Age-based</b>	<b>Total</b>	<b>\$199,239,372</b>	<b>51.66%</b>
<b>Goal-based</b>	<b>Total</b>	<b>\$65,357,101</b>	<b>16.95%</b>
	Goal-based balanced	\$22,892,743	5.94%
	Goal-based growth	\$25,389,662	6.58%
	Goal-based aggressive growth	\$17,074,697	4.43%
<b>Individual fund options</b>	<b>Total</b>	<b>\$89,056,881</b>	<b>23.09%</b>
	Putnam Equity Income	\$16,054,248	4.16%
	Putnam International Capital Opportunities	\$5,270,076	1.37%
	Putnam Voyager	\$13,152,907	3.41%
	Putnam Small Cap Value	\$4,717,112	1.22%
	MFS Institutional International Equity	\$5,192,416	1.35%
	Principal MidCap Blend	\$16,980,876	4.40%
	Putnam 529 SSgA S&P 500	\$7,290,735	1.89%
	Putnam High Yield Trust	\$4,351,731	1.13%
	Putnam Income	\$6,109,930	1.58%
	Federated U.S. Gov. Securities 2–5 years	\$1,137,355	0.29%
	Putnam Money Market	\$8,799,494	2.28%
<b>Absolute return</b>	<b>Total</b>	<b>\$32,028,782</b>	<b>8.30%</b>
	Absolute 100	\$1,596,323	0.41%
	Absolute 300	\$4,970,800	1.29%
	Absolute 500	\$11,958,155	3.10%
	Absolute 700	\$13,503,505	3.50%
	<b>Grand total</b>	<b>\$385,682,136</b>	<b>100.00%</b>

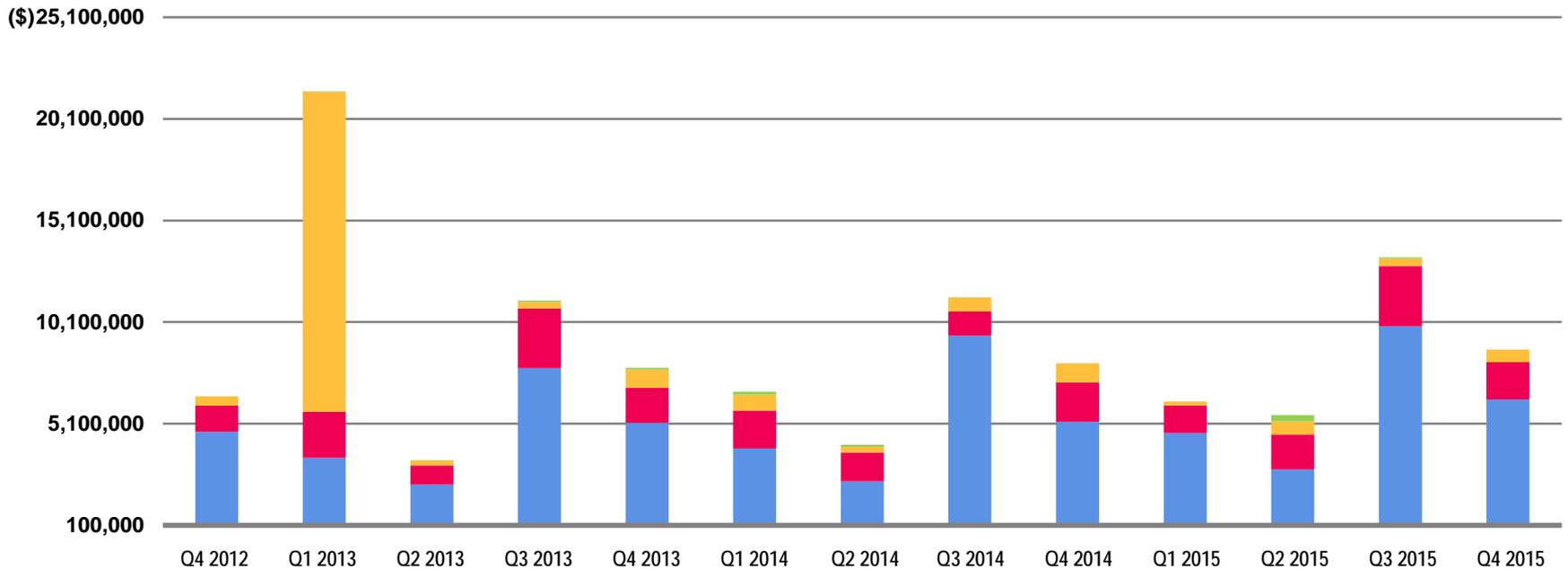
# Putnam 529 for America

## Contributions by type as of 12/31/15

Sales	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015
NV sales	\$184,797	\$358,632	\$412,975	\$167,875	\$229,236	\$235,233	\$385,362	\$200,857	\$114,144	\$273,713	\$216,257	\$177,238	\$107,716
National sales	14,310,352	10,157,003	8,723,868	9,854,155	12,136,097	13,097,873	12,488,175	13,054,976	12,158,134	11,756,070	8,882,407	10,372,221	\$9,793,121
<b>Gross</b>	14,495,149	10,515,636	9,136,844	10,022,030	12,365,332	13,333,106	12,873,537	13,255,833	12,272,278	12,029,783	9,098,663	10,549,459	\$9,900,837
NV net	113,655	270,942	367,821	39,542	203,283	99,759	305,541	2,645	69,868	165,371	117,214	21,752	\$19,809
National net	7,958,427	(11,215,080)	5,467,723	(1,172,755)	4,316,554	6,564,155	8,504,922	1,922,907	4,129,187	5,664,202	3,466,629	(2,755,518)	\$1,135,919
<b>Net</b>	8,072,062	(10,944,138)	5,835,544	(1,133,213)	4,519,838	6,663,914	8,810,462	1,925,552	4,199,055	5,829,573	3,583,843	(2,733,766)	\$1,155,727
<b>New or existing account contributions</b>	7,814,178	6,054,932	4,854,277	5,451,986	8,246,570	8,652,524	8,483,072	7,917,847	8,222,386	7,346,943	5,913,812	6,906,167	\$6,346,924
<b>Total rollovers</b>	4,902,705	2,685,750	2,452,362	2,658,867	2,168,806	2,675,330	2,321,566	3,196,751	1,813,134	2,403,195	862,580	1,190,184	\$1,060,867
<b>Systematic investments</b>	1,778,266	1,774,953	1,830,204	1,911,177	1,949,957	2,005,253	2,068,899	2,141,235	2,236,759	2,279,645	2,322,271	2,453,107	\$2,493,046
<b>Systematics as % of sales</b>	12.27%	17%	20%	19.07%	15.76%	15.03%	16.07%	16.15%	18.22%	18.95%	25.52%	23.25%	25.18%
<b>Total rollovers</b>	N/A	135	112	108	84	73	95	81	88	70	71	48	47

# Putnam 529 for America

## Distributions by category as of 12/31/15



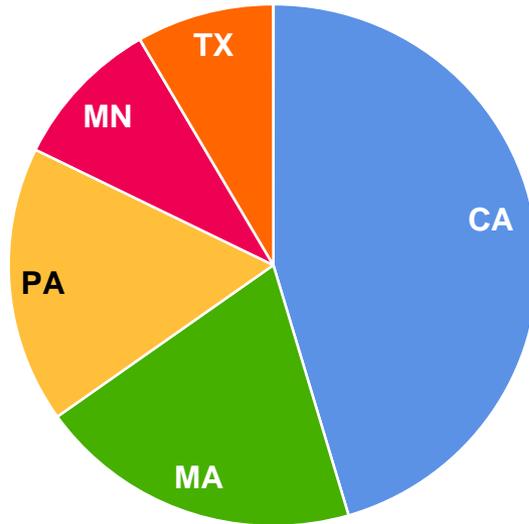
	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015
<b>Qualified distributions</b>	\$4,703,249	\$3,415,294	\$2,101,513	\$7,831,508	\$5,137,321	\$3,884,477	\$2,276,200	\$9,432,216	\$5,198,288	\$4,631,785	\$2,842,270	\$9,897,896	\$6,294,664
<b>Rollovers out</b>	1,282,655	2,279,663	937,786	2,945,186	1,722,776	1,859,982	1,403,402	1,188,604	1,932,714	1,369,914	1,719,410	2,951,683	1,832,977
<b>Non-qualified distributions</b>	440,977	15,735,312	258,988	313,964	897,950	783,761	286,305	685,028	942,222	178,614	651,006	380,989	617,469
<b>In-plan transfers</b>	3,794	29,504	3,012	64,585	87,449	140,972	97,169	24,433	0	19,898	302,134	52,657	0
<b>Total distributions</b>	\$6,430,674	\$21,459,773	\$3,301,299	\$11,155,243	\$5,137,321	\$6,669,192	\$4,063,075	\$11,330,281	\$8,073,223	\$6,200,210	\$5,514,821	\$13,283,224	\$8,745,110

# Putnam 529 for America

## Sales by state as of 12/31/15

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**Top-selling states during Q4 2015**



<b>State</b>	<b>Q4 2015 Sales</b>
CA	\$2,808,377
MA	\$1,221,884
PA	\$1,059,891
MN	\$575,744
TX	\$520,048
MI	\$462,673
FL	\$425,626
IL	\$346,928
NJ	\$306,744
KS	\$293,727

# Putnam 529 for America

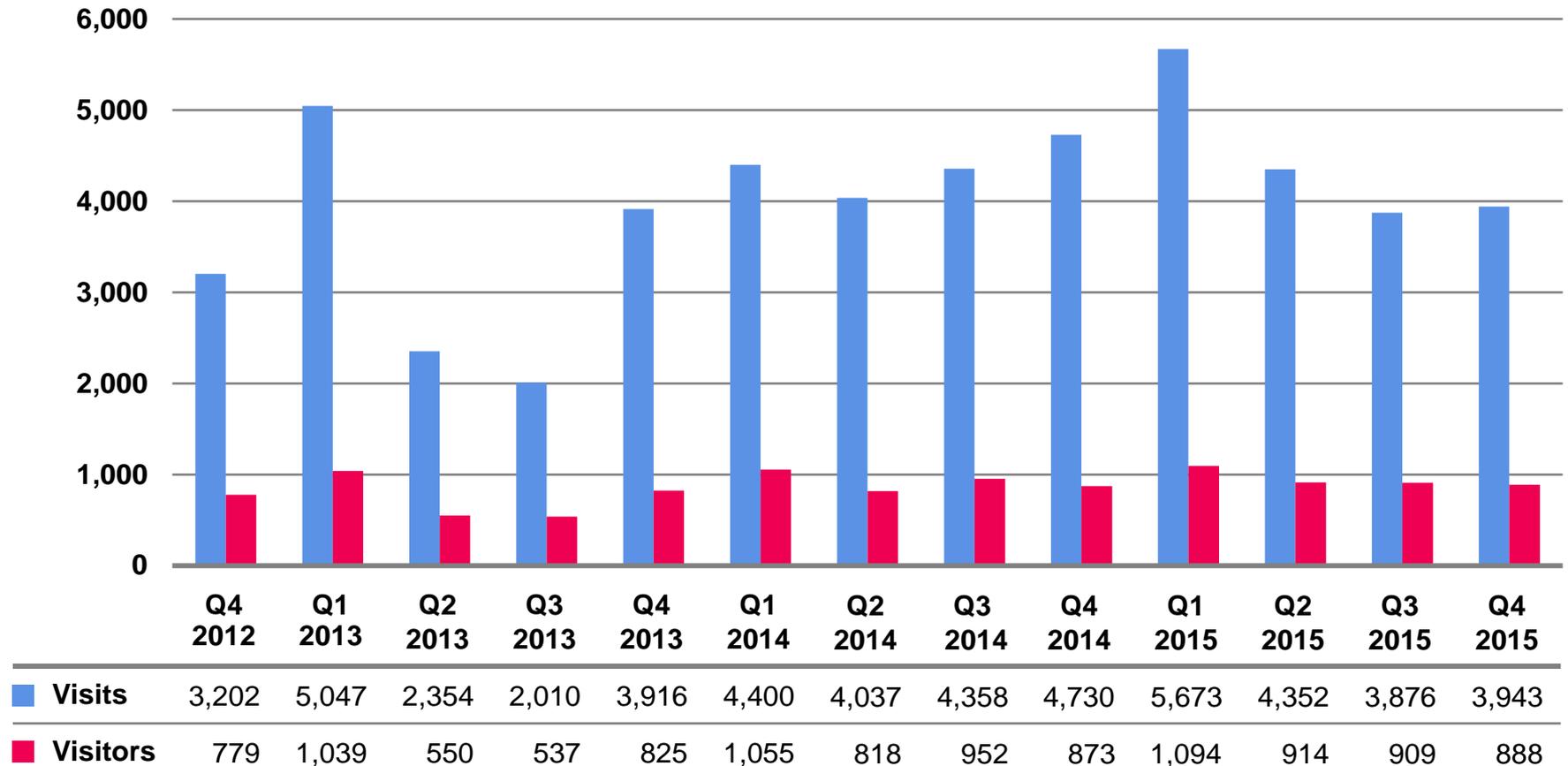
## Client Services metrics as of 12/31/15

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<b>CRITERIA</b>	<b>SERVICE LEVEL</b>
<b>Transactions</b>	98.7%
<ul style="list-style-type: none"><li>• 96% of all financial and non-financial transactions processed error free</li></ul>	
<b>Telephone service</b>	88.9%
<ul style="list-style-type: none"><li>• 80% of calls answered within 20 seconds</li></ul>	
<b>Mail service</b>	
<ul style="list-style-type: none"><li>• Transaction confirmations<ul style="list-style-type: none"><li>– 99% of confirmations and checks mailed within 2 business days of any transaction</li></ul></li></ul>	100%
<ul style="list-style-type: none"><li>• Quarterly statements<ul style="list-style-type: none"><li>– 97% of customers receive quarterly statements within 5 business days of the end of each quarter</li></ul></li></ul>	100%

# Putnam 529 for America

Web usage by customers as of 12/31/15



# Seasonal campaign

## Gift-giving and year-end planning

- Posted banners on advisor and shareholder sites
- Promoted gifting to 529 accounts as tax-smart move
  - Invited producers to year-end planning Wealth Management call
  - Published Wealth Management blog post
- Launched email campaign for year-end planning and to provide alternatives for upcoming program manager transitions
- Equipped wholesalers with post-ready college savings content to share with their networks

**Forms**

- Mutual Fund Account Application (PDF)
- Designation of Beneficiary (PDF)
- IRA forms and applications

[More](#)

**FundVisualizer™**

Import fund data from your spreadsheets, analyze funds, ETFs, and custom portfolios, and share customized client proposals.

[Get started](#)

**Advisor Tech Tips™**

- Getting better search results from your LinkedIn Profile
- Let disruptive technology advance your business

[More](#)

Help your clients think outside the toy box.

**Putnam 529 for America™** is the perfect holiday gift.

**This year, think outside the toy box.**

Learn why **Putnam 529 for America™** makes the perfect holiday gift.

**Tax-smart planning strategies for year-end**

Consider strategies like gifting and required minimum distributions in year-end planning.

[Read more](#)

**Putnam 529 for America™**

With gift-giving season just around the corner, we want to share some ideas and resources on financial planning strategies with our year-end planning call.

Date: Tuesday, November 17, 2015

Time: 1:15 p.m. ET

Web: 800-850-0123

Facilitator: Putnam

Location: Class, 1014  
Director of Wealth Management Programs for Putnam

Once used, this will be deleted from your account. You may wish to save this information for future reference.

Use and MI will discuss the most important strategies, wealth transfer techniques, and other timely topics such as year-end Congressional action and their potential implications for investors.

Use a 529 plan for year-end gifting strategies.

Remember clients, both as practitioners, but for annual gifting, but for 2015 to \$14,000, and that a special 120-hour exclusion allows for year-end gifts of up to \$10,000 or \$14,000 for married couples. While the number of gifts provided for each gift is made after the year-end plan.

Consider Putnam 529 for America™ for your clients:

- Investment choices: A range of age-based, goal-based, and individual fund options from Putnam, and other government fund families, as well as our widely diversified suite of domestic stock portfolios.
- Performance: Samplepage.com ranked Putnam 529 for America 4C for one- and three-year performance of equity stock plans as of June 30, 2015.
- Customer service: Putnam's award-winning customer service is available 24/7 via our 24-hour toll-free helpline.

Thank you for attending our discussion of your clients' financial plan. We are excited to see you in action with the new information in Putnam 529 for America and our Wealth Management Center for more insight.

Help your clients think outside the toy box. Putnam 529 for America

As you discuss gifting strategies and college savings plans, please consider Putnam 529 for America. Given recently announced plan changes, clients invested in Rhode Island's CollegeSaverFund may be particularly interested in considering opportunities.

**Putnam 529 for America offers:**

- Strong performance: Samplepage.com ranked Putnam 529 for America 4C of all advisor-rated plans for one- and three-year performance as of 6/30/15.
- Investment choices: A range of age-based, goal-based, and individual fund options from Putnam and other fund families, as well as our widely diversified suite of domestic stock portfolios.
- Special pricing: Putnam offers a \$10 basis point payout on NAV redemptions from any other 529 plan.
- Easy transitions: Our advisor specialists will assist with paperwork and tracking rollovers from other providers.

Putnam's Year-End Planning call with wealth management experts Bill Cass and Chris Hennessy highlighted a range of topics to help guide year-end planning conversations, including college savings and 529 plans, gifting, and tax and estate planning strategies. For your convenience, a copy of the call is now available.

We hope you find these resources useful. Log on to our [advisor website](#) and our [Wealth Management Center](#) for more information and resources. For 800 toll-free thinking, you can also connect with Tom on LinkedIn.

Let me know if you have any questions or if there are additional ways I may be of assistance.

**Your Wholesaler**  
Tom Cass  
800-850-0123  
tom\_cass@putnam.com

**Your Internal Wholesaler**  
Chris Hennessy  
800-850-0123  
chris\_hennessy@putnam.com

**Brian O'Connor**  
Senior Regional Marketing Director at Putnam Investments

Planning areas like taxes or saving for college resonate across generations. Try these four ideas to bridge the discussion between generations.

**Planning discussions to have with the next generation**  
putnam.com · Planning topics to engage the next...

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See all updates >

**Jerry W. Boucher**  
Regional Marketing Director at Putnam Investments

The federal financial aid process can be complicated. Here's four strategies that may help parents optimize their child's aid eligibility.

**Planning strategies for federal college aid**  
putnam.com · Understanding federal financial aid for...

Like · Comment · Share · 1 | 1 | 1

Gerard Donahue: Thanks for sharing, Jerry. This is invaluable for any parent like me who has a son or daughter as a Junior in High School.

Add a comment...

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**Wealth Management**

Weekly insights from financial-planning experts Bill Cass and Chris Hennessy.

Help your clients with complex financial planning matters.

See all >

**Your end-of-year tax and estate planning call**  
Receive webinars

Your end-of-year planning issues including changes to planning Social Security benefits and the latest news on the DOL's fiduciary rule. Listen to the replay.

# Marketing and brand awareness

## As of 12/31/15

- Continued promotion of New Ways of Thinking® campaign
- Introduced “Mobile Markets,” a new quarterly segment providing capital markets insights, trends, and opportunities
- Educated advisors about potential impact of DOL fiduciary rule
- Gained brand visibility through LinkedIn influencer posts and wholesaler content sharing
- Leveraged sports affiliations to broaden brand exposure
- Provided corporate support of non-profit causes

Putnam INVESTMENTS

For markets with changing dynamics, add a strategy with the flexibility to adapt.

- Navigate rates
- Expand short-term options
- Maneuver in markets
- Pursue growth

Learn more at [Putnam.com/advisor](http://Putnam.com/advisor)

All investing involves risk, including the loss of principal. Your clients should carefully consider the investment objectives, risks, charges, and expenses of a fund before investing. For a prospectus or a summary prospectus, if available, containing this and other information for any Putnam fund or product, call Putnam Dealer Marketing Services at 1-800-354-4000. Your clients should read the prospectus carefully before investing.

Putnam Investments @PutnamToday · 2 Nov 2015

Introducing, #MobileMarkets. NEW quarterly segment will bring you capital markets insights, trends, & opportunities.

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Putnam's current market views  
Capital markets never stand still. Putnam keeps you in the flow with insights about trends, opportunities, and risks.

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Putnam Absolute Return 300 Fund

Putnam Short Duration Income Fund

Putnam Dynamic Asset Allocation Funds

Putnam Equity Spectrum Fund

Explore Flexible Strategies driven by New Ways of Thinking.™

Putnam INVESTMENTS

What's next for DOL fiduciary rule?

8:48 hr

Putnam Investments @PutnamToday · 10 Nov 2015

Estate benefits could be lost if not used by year end.

Some estate-planning benefits may be lost if not used. Investors may want to explore gifting and other estate-planning strategies to take advantage of tax benefits that may be limited.

10/16/2015

To understand why there is a proliferation of alternative strategies, review Putnam's study comparing performance

Alternatives in action: A guide to...

[www.putnam.com](http://www.putnam.com)

4 Posts

1.8 Average Engagement

Risk takes Move the World Forward. Do You?

Putnam Investments @PutnamToday · 6 Oct 2015

Quarterback, party planner – some of the many roles a #financialadvisor plays with clients' families. [bit.ly/1YRmAm2](http://bit.ly/1YRmAm2)

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# Performance commentary

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<b>Fund</b>	<b>Assets as of 12/31/15</b>	<b>% of plan</b>
Putnam International Capital Opportunities	\$5,270,076	1.37%
Putnam Income Fund	\$6,109,930	1.58%

# Putnam International Capital Opportunities

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As of the end of the fourth calendar quarter of 2015, Putnam International Capital Opportunities Fund underperformed its benchmark, the S&P Developed ex-U.S. SmallCap Index, 3.14% vs. 5.21%.\*

- Stock selection effects dragged on returns. Sector and country allocation effects, a residual of the investment process, added value.
- Results from the energy, consumer discretionary, and health-care sectors contributed most to performance. Stock selection effects were strongest within the consumer discretionary sector. Results from the information technology, financials, and industrials sectors detracted most from performance. Stock selection effects were weakest within the information technology sector.
- From a country perspective, results from South Korea, France, and Japan contributed most to performance. Stock selection effects were strongest within France. Results from Taiwan, Australia, and Sweden detracted most from performance. Stock selection effects were weakest within Taiwan.

\* Performance figures reflect Y-share returns of underlying funds.

# Putnam Income Fund

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- During the fourth calendar quarter of 2015, Putnam Income Fund underperformed its benchmark, the Barclays U.S. Aggregate Bond Index, -0.46% vs. -0.57%.\*
- Among all of our strategies, the fund benefited the most from term structure positioning, also known as interest rate and yield curve strategies. We maintained a relative short duration position during the period, which helped performance throughout the quarter, but did so most significantly in December when the Fed raised interest rates for the first time in nearly a decade.
- The fund's mortgage credit position detracted modestly from performance — primarily its holdings in non-agency residential mortgage-backed securities [RMBS] and commercial mortgage-backed securities [CMBS] mezzanine securities. Prepayment strategies also were somewhat negative for the period, specifically in our interest-only collateralized mortgage obligation bonds [IO CMOs]. These securities lagged early in the period when investors were concerned that the low-rate environment could continue and that any potential drop could cause an increase in the prepayment speeds of these bonds. Additionally, the risk-averse market sentiment had an adverse effect on prices.
- Corporate credit did not affect net relative performance during Q4, as the spread tightening we saw in both investment-grade and high-yield bonds during the first half of the period was offset by the spread widening experienced during the second half of the quarter, as investor sentiment turned noticeably risk-off.
- There is reason to be optimistic about many factors, including the U.S. economy, the performance of the U.S. dollar, and market opportunities. We think that the U.S. economy will grow between 1.5% and 2.0% over the next year, and expect that the Fed will raise interest rates in 2016. We are optimistic about the dollar's future, especially given our outlook for U.S. economic growth and the divergent path in monetary policy between the Fed and other major central banks. If the Fed continues to raise interest rates while the European Central Bank and the Bank of Japan continue to ease, this should provide the dollar with a solid pillar of support.
- The team expects to continue to find attractive investment opportunities in credit (both corporate and mortgage), prepayment, and liquidity risk in the quarters ahead, while de-emphasizing interest-rate risk.

\* Performance figures reflect Y-share returns of underlying funds.

# Putnam 529 for America

## Performance as of 12/31/15

PORTFOLIOS	INCEPTION DATE	3 MONTHS		1 YEAR		3 YEARS		5 YEARS		SINCE INCEPTION		TOTAL EXPENSE RATIO
		BEFORE SALES CHARGE	AFTER SALES CHARGE									
<b>AGE-BASED PORTFOLIOS</b>												
Graduate	10/1/2010	0.09%	-5.67%	-0.35%	-6.08%	2.07%	0.07%	2.18%	0.98%	2.27%	1.12%	0.96%
Graduate Index		0.76		0.22		2.36		2.56		2.69		
1995	10/1/2010	0.16	-5.60	-0.24	-5.98	3.40	1.38	3.75	2.53	4.12	2.95	0.98
1995 Index		0.26		0.16		3.31		3.92		4.34		
1996	10/1/2010	0.39	-5.38	-0.08	-5.82	4.08	2.04	4.28	3.06	4.72	3.55	1.00
1996 Index		0.39		0.19		3.89		4.42		4.91		
1997	10/1/2010	0.54	-5.24	-0.15	-5.89	4.71	2.66	4.81	3.57	5.28	4.10	1.03
1997 Index		0.55		0.23		4.47		4.92		5.47		
1998	10/1/2010	0.75	-5.05	-0.07	-5.82	5.35	3.29	5.29	4.05	5.84	4.65	1.04
1998 Index		0.75		0.25		5.04		5.39		6.01		
1999	10/1/2010	1.02	-4.79	0.00	-5.75	6.03	3.96	5.78	4.53	6.39	5.20	1.07
1999 Index		1.00		0.28		5.64		5.86		6.55		
2000	10/1/2010	1.36	-4.47	0.07	-5.68	6.70	4.61	6.26	5.01	6.91	5.71	1.08
2000 Index		1.27		0.31		6.22		6.29		7.04		
2001	10/1/2010	1.68	-4.17	0.14	-5.62	7.39	5.29	6.67	5.41	7.39	6.19	1.09
2001 Index		1.59		0.33		6.80		6.68		7.50		
2002	10/1/2010	2.13	-3.74	0.20	-5.56	8.00	5.89	7.04	5.78	7.81	6.60	1.10
2002 Index		1.94		0.35		7.33		7.04		7.92		
2003	10/1/2010	2.51	-3.38	0.20	-5.56	8.50	6.38	7.35	6.08	8.18	6.97	1.11
2003 Index		2.31		0.35		7.79		7.36		8.30		
2004	10/1/2010	2.95	-2.97	0.26	-5.50	9.00	6.87	7.64	6.37	8.52	7.31	1.12
2004 Index		2.69		0.30		8.19		7.62		8.62		

Performance for periods of less than one year is not annualized.

# Putnam 529 for America

## Performance as of 12/31/15

PORTFOLIOS	INCEPTION DATE	3 MONTHS		1 YEAR		3 YEARS		5 YEARS		SINCE INCEPTION		TOTAL EXPENSE RATIO
		BEFORE SALES CHARGE	AFTER SALES CHARGE									
<b>AGE-BASED PORTFOLIOS</b>												
2005	10/1/2010	3.33%	-2.61%	0.13%	-5.63%	9.37%	7.23%	7.82%	6.55%	8.75%	7.53%	1.13%
2005 Index		3.02		0.21		8.54		7.83		8.88		
2006	10/1/2010	3.56	-2.39	0.06	-5.69	9.72	7.57	7.98	6.71	8.96	7.74	1.13
2006 Index		3.24		0.12		8.85		8.01		9.12		
2007	10/1/2010	3.87	-2.10	0.06	-5.69	10.05	7.90	8.11	6.84	9.13	7.91	1.13
2007 Index		3.45		0.02		9.12		8.18		9.32		
2008	10/1/2010	4.11	-1.87	0.00	-5.75	10.29	8.13	8.25	6.98	9.31	8.08	1.14
2008 Index		3.65		-0.09		9.33		8.30		9.48		
2009	10/1/2010	4.35	-1.65	-0.12	-5.87	10.48	8.32	8.38	7.10	9.45	8.22	1.14
2009 Index		3.83		-0.23		9.49		8.40		9.61		
2010	10/1/2010	4.53	-1.48	-0.25	-5.98	10.63	8.47	8.49	7.21	9.55	8.32	1.14
2010 Index		4.00		-0.36		9.63		8.47		9.70		
2011	1/3/2011	4.79	-1.24	-0.26	-6.00	10.76	8.60	8.61	7.33	8.61	7.33	1.15
2011 Index		4.14		-0.47		9.75		8.55		8.55		
2012	1/3/2012	4.93	-1.10	-0.32	-6.05	10.90	8.73	-	-	12.00	10.36	1.15
2012 Index		4.26		-0.55		9.87		-	-	11.20		
2013	1/2/2013	4.99	-1.04	-0.36	-6.09	10.98	8.81	-	-	10.98	8.81	1.15
2013 Index		4.40		-0.57		9.96		-	-	9.96		
2014	1/2/2014	5.10	-0.94	-0.36	-6.09	-	-	-	-	4.50	1.45	1.16
2014 Index		4.50		-0.58		-	-	-	-	3.48		
2015	1/2/2015	5.05	-0.99	-0.20	-5.94	-	-	-	-	-0.20	-5.94	1.16
2015 Index		4.58		-0.59		-	-	-	-	-0.59		

Performance for periods of less than one year is not annualized.

# Putnam 529 for America

## Performance as of 12/31/15

PORTFOLIOS	INCEPTION DATE	3 MONTHS		1 YEAR		3 YEARS		5 YEARS		SINCE INCEPTION		TOTAL EXPENSE RATIO
		BEFORE SALES CHARGE	AFTER SALES CHARGE									
<b>GOAL-BASED PORTFOLIOS</b>												
Balanced	10/1/2010	3.60%	-2.35%	0.13%	-5.63%	9.02%	6.89%	7.69%	6.43%	8.36%	7.14%	1.12%
Balanced Index		3.31		0.17		8.17		7.63		8.43		
Growth	10/1/2010	5.15	-0.89	-0.43	-6.15	11.00	8.83	8.72	7.44	9.80	8.56	1.16
Growth Index		4.63		-0.59		10.04		8.74		9.98		
Aggressive Growth	10/1/2010	5.69	-0.39	-0.69	-6.40	12.33	10.14	9.71	8.42	10.99	9.74	1.18
Growth Index		5.64		-0.66		11.54		9.53		11.04		
<b>INDIVIDUAL OPTIONS</b>												
Putnam Equity Income Fund	10/1/2010	3.94	-2.03	-3.31	-8.87	12.53	10.33	11.47	10.16	12.68	11.42	1.12
Russell 1000 Value Index		5.64		-3.83		13.08		11.27		12.72		
Putnam International Capital Opportunities Fund	10/1/2010	2.98	-2.94	2.09	-3.78	2.95	0.93	0.93	-0.26	3.12	1.96	1.44
S&P Developed Ex U.S. SmallCap Index		5.21		5.92		8.85		5.51		7.31		
Putnam Voyager Fund	10/1/2010	6.68	0.55	-6.35	-11.74	13.70	11.48	6.65	5.40	8.48	7.27	1.10
Russell 1000 Growth Index		7.32		5.67		16.83		13.53		15.23		
Putnam Small Cap Value Fund	9/12/2014	1.87	-3.99	-4.02	-9.53	-	-	-	-	-1.54	-5.92	1.32
Russell 2000 Value Index		2.88		-7.47		-		-		-3.31		
MFS Institutional International Equity Fund	10/1/2010	2.73	-3.18	-0.38	-6.11	3.91	1.87	4.22	2.99	5.39	4.21	1.10
MSCI EAFE Index (ND)		4.71		-0.81		5.01		3.60		4.61		
Principal MidCap Fund	10/1/2010	4.50	-1.51	1.00	-4.80	14.63	12.38	13.91	12.56	15.32	14.03	1.12
Russell Mid Cap Index		3.62		-2.44		14.18		11.44		13.42		

Performance for periods of less than one year is not annualized.

# Putnam 529 for America

## Performance as of 12/31/15

PORTFOLIOS	INCEPTION DATE	3 MONTHS		1 YEAR		3 YEARS		5 YEARS		SINCE INCEPTION		TOTAL EXPENSE RATIO
		BEFORE SALES CHARGE	AFTER SALES CHARGE									
<b>INDIVIDUAL OPTIONS</b>												
SSGA S&P 500 Index	6/27/2012	6.93%	0.78%	0.93%	-4.87%	14.47%	12.23%	–	–	14.73%	12.81%	0.54%
S&P 500 Index		7.04		1.38		15.13		–		15.40		
Putnam High Yield Trust	10/1/2010	-2.33	-6.24	-5.21	-9.00	1.14	-0.23	3.91%	3.06%	4.42	3.61	1.18
JPMorgan Developed High Yield Index		-2.56		-4.53		1.88		5.45		5.80		
Putnam Income Fund	10/1/2010	-0.58	-4.55	-1.87	-5.79	1.62	0.25	3.98	3.13	3.67	2.86	0.99
Barclays U.S. Aggregate Bond Index		-0.57		0.55		1.44		3.25		2.83		
Federated U.S. Government Securities Fund	10/1/2010	-0.88	-4.84	-0.20	-4.19	-0.68	-2.02	0.58	-0.24	0.30	-0.47	0.97
BofA Merrill Lynch 3–5 Year Treasury Index		-0.97		1.59		0.93		2.10		1.69		
Putnam Money Market Fund	10/1/2010	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.88
Lipper Money Market Funds Average		0.00		0.01		0.01		0.01		0.02		
<b>ABSOLUTE RETURN OPTIONS</b>												
Absolute Return 100 Fund	10/1/2010	-0.10	-1.10	-0.68	-1.67	0.49	0.15	0.39	0.19	0.55	0.35	0.78
BofA Merrill Lynch U.S. Treasury Bill Index		0.00		0.09		0.08		0.10		0.10		
Absolute Return 300 Fund	10/1/2010	-0.09	-1.09	-2.03	-3.01	1.16	0.82	0.85	0.65	1.15	0.96	0.95
BofA Merrill Lynch U.S. Treasury Bill Index		0.00		0.09		0.08		0.10		0.10		
Absolute Return 500 Fund	10/1/2010	-0.59	-6.31	-0.76	-6.47	2.41	0.41	2.89	1.68	3.14	1.98	1.24
BofA Merrill Lynch U.S. Treasury Bill Index		0.00		0.09		0.08		0.10		0.10		
Absolute Return 700 Fund	10/1/2010	-0.98	-6.67	-1.78	-7.43	3.19	1.17	3.47	2.25	3.75	2.58	1.38
BofA Merrill Lynch U.S. Treasury Bill Index		0.00		0.09		0.08		0.10		0.10		

Performance for periods of less than one year is not annualized.

# Putnam 529 for America

## Underlying performance as of 12/31/15

	QUARTER	YEAR TO DATE	1 YR	3 YRS	5 YRS	10 YRS	SINCE INCEPTION
Putnam GAA All Equity Portfolio (9/29/2010)	5.85%	-0.28%	-0.28%	12.83%	10.17%	–	11.52%
Putnam Equity Blended Index	5.64	-0.66	-0.66	11.54	9.53	–	11.06
Lipper Multi-Cap Core Funds average	4.47	-2.17	-2.17	12.85	10.14	–	11.84
Putnam GAA Growth Portfolio (9/29/2010)	5.05	0.00	0.00	11.00	8.85	–	9.92
Putnam Growth Blended Benchmark	4.30	-0.58	-0.58	9.54	8.47	–	9.64
Lipper Mixed-Asset Target Allocation Growth Funds average	3.16	-1.63	-1.63	7.79	6.81	–	7.93
Putnam GAA Balanced Portfolio (9/29/2010)	3.65	0.63	0.63	9.77	8.54	–	9.24
Putnam Balanced Blended Benchmark	3.30	0.35	0.35	8.46	8.00	–	8.78
Lipper Mixed-Asset Target Allocation Moderate Funds average	2.22	-2.22	-2.22	5.48	5.51	–	6.31
Putnam GAA Conservative Portfolio (9/29/2010)	1.47	0.36	0.36	5.82	6.25	–	6.38
Putnam Conservative Blended Benchmark	1.32	0.41	0.41	4.97	5.74	–	5.93
Lipper Mixed-Asset Target Allocation Conserv. Funds average	0.87	-1.82	-1.82	3.05	4.11	–	4.50
Federated US Government Sec Fund: 2-5 Years Instl (2/18/1983)	-0.86	0.13	0.13	-0.30	0.97	3.19%	5.95
BofA Merrill Lynch 3-5 Year Treasury Index	-0.97	1.59	1.59	0.93	2.10	4.04	–
Lipper Short-Intermediate U.S. Government Funds average	-0.77	0.18	0.18	0.05	1.02	2.89	5.95
Putnam Small Cap Value Y (4/12/1999)	1.95	-3.63	-3.63	11.39	9.07	4.66	9.35
Russell 2000 Value Index	2.88	-7.47	-7.47	9.06	7.67	5.57	9.05
Lipper Small-Cap Core Funds average	2.19	-6.99	-6.99	9.19	7.62	6.11	10.35
Principal MidCap Blend Fund Instl (3/1/2001)	4.67	1.47	1.47	15.17	14.48	10.35	10.25
Russell Mid Cap Index	3.62	-2.44	-2.44	14.18	11.44	8.00	8.59
Lipper Multi-Cap Core Funds average	4.47	-2.17	-2.17	12.85	10.14	6.18	5.72
SSgA S&P 500 Index Fund (12/30/1992)	7.02	1.28	1.28	14.95	12.42	7.17	8.91
S&P 500 Index	7.04	1.38	1.38	15.13	12.57	7.31	9.06
Lipper S&P 500 Index Objective Funds average	6.83	0.86	0.86	14.49	11.93	6.78	8.68
Putnam Equity Income Fund Y (6/15/1977)	4.09	-2.93	-2.93	13.02	11.94	7.99	10.20
Russell 1000 Value Index	5.64	-3.83	-3.83	13.08	11.27	6.16	–
Lipper Equity Income Funds average	4.54	-3.69	-3.69	10.54	9.24	6.29	10.55
Putnam International Capital Opportunities Fund Y (12/28/1995)	3.14	2.57	2.57	3.37	1.33	4.08	9.50
S&P Developed ex U.S. SmallCap Index	5.21	5.92	5.92	8.85	5.51	5.33	6.94
Lipper International Small/Mid-Cap Core average	3.91	3.12	3.12	6.66	3.62	4.05	9.11

Performance for periods of less than one year is not annualized.

# Putnam 529 for America

## Underlying performance as of 12/31/15

	QUARTER	YEAR TO DATE	1 YR	3 YRS	5 YRS	10 YRS	SINCE INCEPTION
Putnam Income Fund Y (11/1/1954)	-0.46%	-1.51%	-1.51%	2.03%	4.42%	5.62%	7.68%
Barclays U.S. Aggregate Bond Index	-0.57	0.55	0.55	1.44	3.25	4.51	–
Lipper Core Bond Funds A Rated average	-0.63	-0.11	-0.11	1.07	3.14	4.03	–
Putnam High Yield Trust Y (2/14/1978)	-2.28	-4.86	-4.86	1.54	4.34	6.03	8.36
JPMorgan Developed High Yield Index	-2.56	-4.53	-4.53	1.88	5.45	7.14	–
Lipper High Yield Funds average	-1.90	-4.09	-4.09	1.20	4.08	5.58	8.07
Putnam Money Market Fund A (10/1/1976)	0.00	0.01	0.01	0.01	0.01	1.26	4.99
Lipper Money Market Funds average	0.00	0.01	0.01	0.01	0.01	1.12	5.10
Putnam Voyager Fund Y (4/1/1969)	6.81	-6.00	-6.00	14.20	7.09	7.02	10.67
Russell 1000 Growth Index	7.32	5.67	5.67	16.83	13.53	8.53	–
Lipper Large-Cap Growth Funds average	7.49	5.26	5.26	16.17	12.26	7.54	9.81
MFS Instl International Equity Fund (1/30/1996)	2.87	0.02	0.02	4.34	4.72	5.38	7.62
MSCI EAFE Index (ND)	4.71	-0.81	-0.81	5.01	3.60	3.03	4.42
Lipper International Large-Cap Growth average	4.02	-0.67	-0.67	3.99	3.29	3.95	7.01
Putnam Absolute Return 100 Fund Y (12/23/2008)	0.04	-0.26	-0.26	0.90	0.79	–	1.38
BofA Merrill Lynch U.S. Treasury Bill Index	0.00	0.09	0.09	0.08	0.10	–	0.14
Lipper Absolute Return Funds average	0.47	-2.12	-2.12	1.75	1.52	–	3.09
Putnam Absolute Return 300 Fund Y (12/23/2008)	-0.08	-1.72	-1.72	1.52	1.23	–	2.53
BofA Merrill Lynch U.S. Treasury Bill Index	0.00	0.09	0.09	0.08	0.10	–	0.14
Lipper Absolute Return Funds average	0.47	-2.12	-2.12	1.75	1.52	–	3.09
Putnam Absolute Return 500 Fund Y (12/23/2008)	-0.49	-0.40	-0.40	2.83	3.30	–	4.19
BofA Merrill Lynch U.S. Treasury Bill Index	0.00	0.09	0.09	0.08	0.10	–	0.14
Lipper Absolute Return Funds average	0.47	-2.12	-2.12	1.75	1.52	–	3.09
Putnam Absolute Return 700 Fund Y (12/23/2008)	-0.85	-1.42	-1.42	3.61	3.88	–	5.32
BofA Merrill Lynch U.S. Treasury Bill Index	0.00	0.09	0.09	0.08	0.10	–	0.14
Lipper Absolute Return Funds average	0.47	-2.12	-2.12	1.75	1.52	–	3.09

Performance for periods of less than one year is not annualized.

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THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 5**  
**March 24, 2016**

**Item: Quarterly Compiled Unaudited Financial  
Statements for Nevada 529 Plans**

**Recommendation:**

**That the Board review and approve the unaudited financial statements for the quarter ended December 31, 2015, for the 529 College Savings Plans managed by Ascensus College Savings and Putnam 529 for America.**

Fiscal:

None.

Summary:

Thomas & Thomas LLP, Certified Public Accountants have been retained to provide the Board with quarterly unaudited compiled financial statements and schedules of the College Savings Plans of Nevada that are managed by Ascensus College Savings. These plans include the USAA 529 College Savings Plan, The Vanguard 529 College Savings Plan, and the SSgA Upromise 529 Plan. In addition, Putnam Investments has provided data for inclusion from the advisor-sold plan – Putnam 529 for America.

The statement compiles the net assets, changes in net assets, and the fees from the plans, during the quarter ended December 31, 2015.

Pattie Weed, representing Thomas & Thomas, will be available via conference call to answer any questions.



## **College Savings Plans of Nevada**

**Compiled Financial Statements  
and  
Supplemental Schedule**

**December 31, 2015**

# College Savings Plans of Nevada

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## ACCOUNTANT'S COMPILATION REPORT

Members of the Board of Trustees  
College Savings Plans of Nevada

The accompanying financial statements present the statements of fiduciary net position as of December 31, 2015, of USAA 529 College Savings Plan®, The Vanguard® 529 College Savings Plan, SSgA Upromise 529 Plan and Putnam 529 for America (collectively, "the College Savings Plans of Nevada") and the statements of changes in fiduciary net position for the three months and six months ended December 31, 2015, in accordance with accounting principles generally accepted in the United States of America. The College Savings Plans of Nevada are college savings options available through the Nevada College Savings Trust and are included in the reporting entity of the state of Nevada as private purpose trust funds. Ascensus Broker Dealer Services, Inc. is responsible for administration of USAA 529 College Savings Plan®, The Vanguard® 529 College Savings Plan and SSgA Upromise 529 Plan. Putnam Investments is responsible for administration of Putnam 529 for America. Collectively, Ascensus Broker Dealer Services, Inc. and Putnam Investments are referred to as "Management" of the College Savings Plans of Nevada.

Management is responsible for the accompanying financial statements. We have performed a compilation engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by Management. Accordingly, we do not express an opinion or a conclusion on the financial statements, nor do we provide any form of assurance on the financial statements.

The summarized comparative totals as of December 31, 2014, and for the three and six months then ended, have been derived from the December 31, 2014 financial statements of the College Savings Plans of Nevada, on which we issued an accountant's compilation report dated February 13, 2015.

The accompanying compiled financial statements do not include any balances or transactions attributable to the Nevada Prepaid Tuition Program, which is another college savings option offered through the Nevada College Savings Trust. Therefore, these financial statements do not and are not intended to represent a complete presentation of the fiduciary net position of the Nevada College Savings Trust or the changes therein.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the financial position and changes therein of one or more of the College Savings Plans of Nevada. Accordingly, the financial statements are not designed for those who are not informed about such matters. In addition, management has elected to omit management's discussion and analysis that accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB), require to supplement

Members of the Board of Trustees  
College Savings Plans of Nevada

the basic financial statements. Although not a required part of the financial statements, management's discussion and analysis is considered by the GASB to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context.

The supplemental schedules of fee information are presented for purposes of additional analysis and are not a required part of the financial statements. The information in these schedules is the representation of Management. The information in these schedules was subject to our compilation engagement, however, we have not audited or reviewed the information in these schedules and, accordingly, do not express an opinion or a conclusion on the information in the schedules, nor do we provide any form of assurance on such information.

*Thomas & Thomas LLP*

Certified Public Accountants

February 29, 2016  
Little Rock, Arkansas

# COLLEGE SAVINGS PLANS OF NEVADA

## STATEMENTS OF FIDUCIARY NET POSITION

As of December 31, 2015

(With summarized comparative totals as of December 31, 2014)

	USAA 529 College Savings Plan®	The Vanguard® 529 College Savings Plan	SSgA Upromise 529 Plan	Putnam 529 for America	Total December 31, 2015	Total December 31, 2014
<b>ASSETS</b>						
Investments, at fair value	\$ 2,496,778,342	\$ 11,808,261,135	\$ 1,249,115,834	\$ 385,960,189	\$ 15,940,115,500	\$ 14,831,297,357
Cash and cash equivalents	2,407,831	25,213,880	5,020,331	130,156	32,772,198	36,158,004
Receivables for investment sales	-	1,740,697	40,935	214,275	1,995,907	953,158
Accrued investment income	-	-	2,899,961	2,083	2,902,044	5,210,304
<b>Total Assets</b>	<u>2,499,186,173</u>	<u>11,835,215,712</u>	<u>1,257,077,061</u>	<u>386,306,703</u>	<u>15,977,785,649</u>	<u>14,873,618,823</u>
<b>LIABILITIES</b>						
Payables for investment purchases	17,247,243	10,667,885	1,526,123	130,657	29,571,908	15,233,180
Withdrawals payable	837,226	4,282,890	723,626	213,975	6,057,717	4,948,809
Accrued fees	-	1,818,628	491,367	225,022	2,535,017	2,275,512
<b>Total Liabilities</b>	<u>18,084,469</u>	<u>16,769,403</u>	<u>2,741,116</u>	<u>569,654</u>	<u>38,164,642</u>	<u>22,457,501</u>
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES</b>						
	<u>\$ 2,481,101,704</u>	<u>\$ 11,818,446,309</u>	<u>\$ 1,254,335,945</u>	<u>\$ 385,737,049</u>	<u>\$ 15,939,621,007</u>	<u>\$ 14,851,161,322</u>

See Accountant's Compilation Report.

# COLLEGE SAVINGS PLANS OF NEVADA

## STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

For the Three Months Ended December 31, 2015

(With summarized comparative totals for the three months ended December 31, 2014)

	USAA 529 College Savings Plan®	The Vanguard® 529 College Savings Plan	SSgA Upromise 529 Plan	Putnam 529 for America Plan	Total Three Months Ended December 31, 2015	Total Three Months Ended December 31, 2014
<b>ADDITIONS AND NET INVESTMENT INCOME</b>						
Contributions	\$ 99,820,068	\$ 415,378,740	\$ 32,313,901	\$ 9,953,459	\$ 557,466,168	\$ 549,459,888
Investment income:						
Dividends and interest	19,948,790	90,757,437	9,057,579	5,235,693	124,999,499	126,933,712
Net appreciation in fair value of investments	19,058,890	233,378,360	14,088,632	4,857,333	271,383,215	189,573,967
Net investment income	39,007,680	324,135,797	23,146,211	10,093,026	396,382,714	316,507,679
<b>Total Additions and Net Investment Income</b>	<b>138,827,748</b>	<b>739,514,537</b>	<b>55,460,112</b>	<b>20,046,485</b>	<b>953,848,882</b>	<b>865,967,567</b>
<b>DEDUCTIONS</b>						
Withdrawals	38,770,635	162,669,988	26,008,507	8,928,874	236,378,004	207,307,272
Account fees	4,118,211	42,198	586,996	31,821	4,779,226	4,390,787
Asset-based fees	-	5,150,323	1,005,922	476,400	6,632,645	5,761,567
<b>Total Deductions</b>	<b>42,888,846</b>	<b>167,862,509</b>	<b>27,601,425</b>	<b>9,437,095</b>	<b>247,789,875</b>	<b>217,459,626</b>
<b>NET INCREASE</b>	<b>95,938,902</b>	<b>571,652,028</b>	<b>27,858,687</b>	<b>10,609,390</b>	<b>706,059,007</b>	<b>648,507,941</b>
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF PERIOD</b>	<b>2,385,162,802</b>	<b>11,246,794,281</b>	<b>1,226,477,258</b>	<b>375,127,659</b>	<b>15,233,562,000</b>	<b>14,202,653,381</b>
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF PERIOD</b>	<b>\$ 2,481,101,704</b>	<b>\$ 11,818,446,309</b>	<b>\$ 1,254,335,945</b>	<b>\$ 385,737,049</b>	<b>\$ 15,939,621,007</b>	<b>\$ 14,851,161,322</b>

See Accountant's Compilation Report.

Quarter

# COLLEGE SAVINGS PLANS OF NEVADA

## STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

For the Six Months Ended December 31, 2015

(With summarized comparative totals for the six months ended December 31, 2014)

	USAA 529 College Savings Plan®	The Vanguard® 529 College Savings Plan	SSgA Uprromise 529 Plan	Putnam 529 for America	Total Six Months Ended December 31, 2015	Total Six Months Ended December 31, 2014
<b>ADDITIONS AND NET INVESTMENT INCOME (LOSS)</b>						
Contributions	\$ 192,853,273	\$ 739,501,275	\$ 59,505,923	\$ 20,503,050	\$ 1,012,363,521	\$ 962,997,791
Investment income (loss):						
Dividends and interest	29,723,426	150,492,792	14,098,173	5,459,180	199,773,571	186,338,285
Net depreciation in fair value of investments	(123,017,774)	(412,395,578)	(28,298,496)	(14,204,894)	(577,916,742)	(31,166,137)
Net investment income (loss)	(93,294,348)	(261,902,786)	(14,200,323)	(8,745,714)	(378,143,171)	155,172,148
<b>Total Additions and Net Investment Income (Loss)</b>	<u>99,558,925</u>	<u>477,598,489</u>	<u>45,305,600</u>	<u>11,757,336</u>	<u>634,220,350</u>	<u>1,118,169,939</u>
<b>DEDUCTIONS</b>						
Withdrawals	93,823,957	365,739,181	64,143,448	22,215,444	545,922,030	483,891,142
Account fees	4,160,222	85,627	1,206,930	65,714	5,518,493	5,120,391
Asset-based fees	-	10,300,372	2,011,095	951,728	13,263,195	11,743,334
<b>Total Deductions</b>	<u>97,984,179</u>	<u>376,125,180</u>	<u>67,361,473</u>	<u>23,232,886</u>	<u>564,703,718</u>	<u>500,754,867</u>
<b>NET INCREASE (DECREASE)</b>	1,574,746	101,473,309	(22,055,873)	(11,475,550)	69,516,632	617,415,072
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF PERIOD</b>	<u>2,479,526,958</u>	<u>11,716,973,000</u>	<u>1,276,391,818</u>	<u>397,212,599</u>	<u>15,870,104,375</u>	<u>14,233,746,250</u>
<b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF PERIOD</b>	<u>\$ 2,481,101,704</u>	<u>\$ 11,818,446,309</u>	<u>\$ 1,254,335,945</u>	<u>\$ 385,737,049</u>	<u>\$ 15,939,621,007</u>	<u>\$ 14,851,161,322</u>

See Accountant's Compilation Report.

# COLLEGE SAVINGS PLANS OF NEVADA

## SUPPLEMENTAL SCHEDULE OF FEE INFORMATION

For the Three Months Ended December 31, 2015

(With summarized comparative totals for the three months ended December 31, 2014)

	USAA 529 College Savings Plan®	The Vanguard® 529 College Savings Plan	SSgA Upromise 529 Plan	Putnam 529 for America Plan	Total Three Months Ended December 31, 2015	Total Three Months Ended December 31, 2014
<b>ASSET-BASED FEES</b>						
Investment Manager	\$ -	\$ 3,305,667	\$ 239,464	\$ 378,301	\$ 3,923,432	\$ 3,264,157
Program Manager	-	1,844,656	702,937	-	2,547,593	2,340,807
State	-	-	63,521	98,099	161,620	156,603
<b>Total Asset-Based Fees</b>	<u>\$ -</u>	<u>\$ 5,150,323</u>	<u>\$ 1,005,922</u>	<u>\$ 476,400</u>	<u>\$ 6,632,645</u>	<u>\$ 5,761,567</u>
<b>ACCOUNT FEES</b>						
Investment Manager	\$ 614,550	\$ 42,198	\$ -	\$ -	\$ 656,748	\$ 578,898
Program Manager	37,582	-	586,996	31,821	656,399	694,455
State	3,466,079	-	-	-	3,466,079	3,117,434
<b>Total Account Fees</b>	<u>\$ 4,118,211</u>	<u>\$ 42,198</u>	<u>\$ 586,996</u>	<u>\$ 31,821</u>	<u>\$ 4,779,226</u>	<u>\$ 4,390,787</u>

Note: See fee descriptions on pages 7 - 8.

See Accountant's Compilation Report.

Quarter

# COLLEGE SAVINGS PLANS OF NEVADA

## SUPPLEMENTAL SCHEDULE OF FEE INFORMATION

For the Six Months Ended December 31, 2015

(With summarized comparative totals for the six months ended December 31, 2014)

	USAA 529 College Savings Plan®	The Vanguard® 529 College Savings Plan	SSgA Upromise 529 Plan	Putnam 529 for America	Total Six Months Ended December 31, 2015	Total Six Months Ended December 31, 2014
<b>ASSET-BASED FEES</b>						
Investment Manager	\$ -	\$ 6,652,224 <sup>(4)</sup>	\$ 479,624 <sup>(6)</sup>	\$ 755,324 <sup>(10)</sup>	\$ 7,887,172	\$ 6,825,536
Program Manager	-	3,648,148 <sup>(4)</sup>	1,404,526 <sup>(7)</sup>	-	5,052,674	4,637,341
State	-	-	126,945 <sup>(8)</sup>	196,404 <sup>(11)</sup>	323,349	280,457
<b>Total Asset-Based Fees</b>	<b>\$ -</b>	<b>\$ 10,300,372</b>	<b>\$ 2,011,095</b>	<b>\$ 951,728</b>	<b>\$ 13,263,195</b>	<b>\$ 11,743,334</b>
<b>ACCOUNT FEES</b>						
Investment Manager	\$ 614,550 <sup>(1)</sup>	\$ 85,627 <sup>(5)</sup>	\$ -	\$ -	\$ 700,177	\$ 615,986
Program Manager	79,593 <sup>(2)</sup>	-	1,206,930 <sup>(9)</sup>	65,714 <sup>(12)</sup>	1,352,237	1,386,971
State	3,466,079 <sup>(3)</sup>	-	-	-	3,466,079	3,117,434
<b>Total Account Fees</b>	<b>\$ 4,160,222</b>	<b>\$ 85,627</b>	<b>\$ 1,206,930</b>	<b>\$ 65,714</b>	<b>\$ 5,518,493</b>	<b>\$ 5,120,391</b>

<sup>(1)</sup> Minimum Balance Fees of \$15 are charged annually in October to all Plan accounts with a balance of less than \$5,000 that do not have an active automatic investment plan, direct deposits from payroll or investment through a systematic withdrawal plan from a USAA mutual fund. This fee is not charged for matching grant accounts. See page 40 in the Plan Description and Participation Agreement.

<sup>(2)</sup> Transaction Fees are charged for certain transactions, including returned checks, overnight delivery, wire transfer withdrawals, requests for historical statements and rejected automatic investment plan or telephone purchases. See page 43 in the Plan Description and Participation Agreement.

<sup>(3)</sup> State Account Maintenance Fees of \$15 are charged annually in October to each Plan account. This fee is waived if the Plan account is owned by a Nevada resident or the designated beneficiary is a Nevada resident. This fee is not charged for matching grant accounts. See page 40 in the Plan Description and Participation Agreement.

<sup>(4)</sup> The Program Management Fee includes fees for administrative and investment management services. These fees range from 0.11% to 0.27%. Vanguard and Ascensus have agreed to a specific formula for the allocation of the Program Management Fee. See page 23 in the Program Description.

<sup>(5)</sup> Includes both Low Balance Fees and Transaction Fees. Low Balance Fees of \$20 are charged annually in the anniversary month of the month in which the account was opened if the account balance is less than \$3,000. Transaction Fees are charged to Plan accounts for certain transactions, including a request for a withdrawal by express delivery service or when a check, automatic investment payment or electronic bank transfer is returned unpaid by the financial institution upon which it is drawn. See page 24 in the Program Description.

(Continued)

See Accountant's Compilation Report.

Year-to-Date

# COLLEGE SAVINGS PLANS OF NEVADA

## SUPPLEMENTAL SCHEDULE OF FEE INFORMATION

For the Six Months Ended December 31, 2015

(With summarized comparative totals for the six months ended December 31, 2014)

- <sup>(6)</sup> Tactical Asset Allocation Fees of 0.09% are charged for the College Date Portfolio Options and the Risk-Based Portfolio Options. See pages 2-3 in the Supplement dated July 2015 to the Plan Description and Participation Agreement.
- <sup>(7)</sup> Program Management Fees are charged for providing administration and program management services. These fees are 0.22%, except for the Savings Portfolio, which is 0.27%. See pages 2-3 in the Supplement dated July 2015 to the Plan Description and Participation Agreement.
- <sup>(8)</sup> State Fees are charged to pay for expenses related to oversight and administration of the Plan. These fees are 0.02%. See pages 2-3 in the Supplement dated July 2015 to the Plan Description and Participation Agreement.
- <sup>(9)</sup> Includes both Annual Account Maintenance Fees and Transaction Fees. Annual Account Maintenance Fees of \$20 are charged annually in the anniversary month of the month in which the account was opened, unless the Plan account is owned by a Nevada resident or the designated beneficiary is a Nevada resident. See pages 2-3 in the Supplement dated February 2015 to the Plan Description and Participation Agreement. Transaction Fees are charged for certain transactions, including fees for returned checks, overnight delivery, requests for historical statements, rollovers from the Plan and rejected automatic investment plan and EFT purchases. See page 24 in the Plan Description and Participation Agreement.
- <sup>(10)</sup> Administration Fees are charged for the administrative services provided to the Plan. These fees range from 0.25% to 1.00% depending on share class. See page 12 in the Offering Statement.
- <sup>(11)</sup> Board Fees are charged to cover expenses incurred by the Board in administration of the Plan. These fees are 0.10%. See page 13 in the Offering Statement. Effective October 1, 2015, Putnam is responsible for the payment of Board Fees attributable to each account whose account owner or beneficiary is a resident of the state of Nevada. Putnam may either pay the Board Fee directly to the Board without charging the accounts of Nevada residents, or Putnam may continue to charge the accounts and then reimburse the amounts charged. The fees presented in this schedule include fees assessed against accounts that will be reimbursed at some point in the future; however the exact amount of such fees is not readily available.
- <sup>(12)</sup> Annual Maintenance Fees of \$15 are charged to each Plan account, unless the account owner or designated beneficiary is a Nevada resident, the aggregate Plan account balance or net contributions to all accounts with the same account owner exceeds \$25,000, the account owner chooses to make periodic contributions by automatic transfers from their bank account or through payroll deduction in minimum periodic amounts of \$100, or the account owner participates in particular types of corporate payroll deduction plans and affinity programs. See page 13 in the Offering Statement.

See Accountant's Compilation Report.

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 6**  
**March 24, 2016**

**Item: Second Amendment to the Nevada College Savings Program SSGA Upromise 529 Operational Agreement**

**Recommendation:**

**That the Board review and approve the Second Amendment to the Nevada College Savings Program SSGA Upromise 529 Operational Agreement and/or direct staff.**

Fiscal Impact:  
None by this action.

Summary:  
The Second Amendment to the Nevada College Savings Program SSGA Upromise 529 Operational Agreement updates the Permitted Investments and schedules A, A-1, and B to reflect changes in the Plan implemented as of March 31, 2016.

Sue Serewicz of Ascensus will be available to answer questions.

**Second Amendment to the Nevada College Savings Program  
SSgA Upromise 529 Operational Agreement**

This Second Amendment dated as of \_\_\_\_\_, 2016 (“**Amendment**”), by and among Ascensus Broker Dealer Services, Inc. (f/k/a Upromise Investments, Inc.), a Delaware corporation (“**ABD**”), Ascensus Investment Advisors, LLC (f/k/a Upromise Investment Advisors, LLC), a Delaware limited liability company (“**AIA**”), Ascensus College Savings Recordkeeping Services, LLC (f/k/a Upromise Investments Recordkeeping Services, LLC), a Delaware limited liability company (“**ACSR**”, and collectively with ABD and AIA, the “**Ascensus College Savings Parties**”), State Street Global Advisors, a division of State Street Bank and Trust Company (“**SSgA**”) a Massachusetts corporation with a principal place of business in Boston, Massachusetts and the Board of Trustees of the College Savings Plans of Nevada (the “**Board**”), acting through the State Treasurer as Administrator (the “**Treasurer**”), is made to the Nevada College Savings Program SSgA Upromise 529 Operational Agreement dated as of January 26, 2012, as amended (the “**Agreement**”).

**WHEREAS**, the parties wish to amend the Agreement; and

**WHEREAS**, the parties wish to update the Agreement to reflect changes to the Permitted Investments.

**NOW, THEREFORE**, in consideration of the mutual promises contained herein, the parties agree as follows:

1. General Terms. This Amendment is intended to amend, and operate in conjunction with, the Agreement, and together this Amendment and the Agreement constitute the complete and exclusive statement of the agreement between the parties with respect to the matters addressed herein and therein. Except as amended hereunder, the Agreement remains in full force and effect. Unless otherwise defined herein, capitalized terms used in this Amendment shall have the meaning assigned to them in the Agreement. In the event of a conflict between the terms of the Agreement and the terms of this Amendment, the terms of this Amendment shall control.
2. Amendments.
  - a. Effective as of March 31, 2016, Schedule A to the Agreement shall be deleted in its entirety and replaced with the Schedule A attached to this Amendment.
  - b. Effective as of March 31, 2016, Schedule A-1 to the Agreement shall be deleted in its entirety and replaced with the Schedule A-1 attached to this Amendment.
  - c. Effective as of March 31, 2016, Schedule B to the Agreement shall be deleted in its entirety and replaced with the Schedule B attached to this Amendment.

3. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. This Amendment shall become binding when any two or more counterparts, individually or taken together, bear the signatures of all parties hereto. For purposes hereof, a facsimile copy of this Amendment, including the signature pages hereto, shall be deemed an original.

*[Remainder of page intentionally blank]*

**IN WITNESS WHEREOF**, each of the Parties hereto has caused this Amendment to the Nevada College Savings Program SSgA Upromise 529 Operational Agreement to be executed in its name and on its behalf by its duly authorized representative as of the date specified below.

ASCENSUS BROKER DEALER SERVICES, INC.

By its authorized officer

By: \_\_\_\_\_

Title:

Date:

ASCENSUS INVESTMENT ADVISORS, LLC

By its authorized officer

By: \_\_\_\_\_

Title:

Date:

ASCENSUS COLLEGE SAVINGS  
RECORDKEEPING SERVICES, LLC

By its authorized officer

By: \_\_\_\_\_

Title:

Date:

STATE STREET GLOBAL ADVISORS,  
A DIVISION OF STATE STREET BANK &  
TRUST COMPANY

By its authorized officer

By: \_\_\_\_\_

Title:

Date:

THE BOARD OF TRUSTEES  
OF THE COLLEGE SAVINGS PLANS  
OF NEVADA

By: \_\_\_\_\_

Title: Chair, Board of Trustees  
College Savings Plans of Nevada

Date:

APPROVED BY BOARD OF EXAMINERS

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Signature – Board of Examiners

Date:

Approved as to form by:

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Deputy Attorney General for Attorney General

Date:

SCHEDULE A

Plan Investment Options: Designated Portfolios and Permitted Investments  
As of the Effective Date \_\_\_\_\_

Strategic Allocations for Proposed College Date Portfolios

Ticker	Permitted Investment	College 2033	College 2030	College 2027	College 2024	College 2021	College 2018	College 2015	College 2012	College Today
<del>SPYS</del>	<del>SPDR State Street Equity S&amp;P500 ETF Index Fund - Class K</del>	<del>37.0037</del>	<del>34.9537</del>	<del>29.8435</del>	<del>22.8031</del>	<del>14.1424</del>	<del>17.000</del>	0.00%	<del>0.00%</del>	0.00%
<del>SSYX</del>	<del>SPDR S&amp;P Midcap 400 ETF</del>	<del>3.92</del>	<del>3.34</del>	<del>2.38</del>	<del>1.63</del>	<del>0.84</del>	<del>0.0010</del>	0.00%	<del>0.00%</del>	0.00%
MDY	SPDR S&P Midcap 400 ETF	3.92	3.34	2.38	1.63	0.84	0.0010	0.00%	0.00%	0.00%
SLY	SPDR S&P 600 Small Cap ETF	3.92	3.34	2.38	1.63	0.84	0.0010	0.00%	0.00%	0.00%
	<b>Total US Equity</b>	<b>44.8445</b>	<b>41.6345</b>	<b>34.6042</b>	<b>26.0636</b>	<b>15.8227</b>	<b>0.0019</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
		<del>25%</del>	<del>25%</del>	<del>75%</del>	<del>00%</del>	<del>50%</del>	<del>00%</del>			
RWR	SPDR Dow Jones REIT ETF	7.00%	6.8470	5.8670	5.1360	3.7652	0.0045	0.00%	0.00%	0.00%
			0%	0%	0%	5%	0%			
RWX	SPDR Dow Jones REIT International Real Estate ETF	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	<b>Total REIT</b>	<b>7.00%</b>	<b>6.8470</b>	<b>5.8670</b>	<b>5.1360</b>	<b>3.7652</b>	<b>0.0045</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
			0%	0%	0%	5%	0%			
GWL	SPDR S&P World Ex-US ETF	18.6649	16.3249	12.3447	8.3443	4.1690	0.0050	0.00%	0.00%	0.00%
		00%	00%	00%	00%	0%	0%			
GWX	SPDR S&P International Small Cap ETF	0.75%	0.7107	0.5007	0.4605	0.2105	0.0002	0.00%	0.00%	0.00%
			5%	5%	0%	0%	5%			
<del>SSKE</del>	<del>State Street SPDR S&amp;P Emerging Markets Equity Index Fund - Class K ETF</del>	<del>7.9280</del>	<del>7.0080</del>	<del>4.2275</del>	<del>2.5145</del>	<del>1.0527</del>	<del>0.0012</del>	0.00%	<del>0.00%</del>	0.00%
<del>XGMM</del>	<del>SPDR S&amp;P Emerging Markets Equity Index Fund - Class K ETF</del>	<del>0%</del>	<del>0%</del>	<del>0%</del>	<del>0%</del>	<del>5%</del>	<del>5%</del>			

EWX	SPDR S&P Emerging Markets Small Cap ETF	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	<b>Total International &amp; EM Equity</b>	<del>27.3327</del> <b>27.3327</b>	<del>24.0327</del> <b>24.0327</b>	<del>17.0625</del> <b>17.0625</b>	<del>11.3118</del> <b>11.3118</b>	<del>5.4212</del> <b>5.4212</b>	<del>0.0065</del> <b>0.0065</b>	<b>0.00%</b>	<del>0.00%</del> <b>0.00%</b>	<b>0.00%</b>
	<b>Total Equity &amp; Real Estate</b>	<del>79.1780</del> <b>79.1780</b>	<del>72.5080</del> <b>72.5080</b>	<del>57.5275</del> <b>57.5275</b>	<del>42.5060</del> <b>42.5060</b>	<del>25.0045</del> <b>25.0045</b>	<del>0.0030</del> <b>0.0030</b>	<b>0.00%</b>	<del>0.00%</del> <b>0.00%</b>	<b>0.00%</b>
<del>LAG</del> <del>BNDS</del>	SPDR Barclays Capital Aggregate Bond ETF	<del>14.3313</del> <b>14.3313</b>	<del>20.5013</del> <b>20.5013</b>	<del>31.9218</del> <b>31.9218</b>	<del>39.1730</del> <b>39.1730</b>	<del>41.1339</del> <b>41.1339</b>	<del>43.3439</del> <b>43.3439</b>	<del>10.0048</del> <b>10.0048</b>	<del>20.00%</del> <b>20.00%</b>	0.00%
IPE	SPDR Barclays Capital-TIPS ETF	5.00%	<del>5.5850</del> <b>5.5850</b>	<del>8.7450</del> <b>8.7450</b>	<del>10.0085</del> <b>10.0085</b>	<del>9.1810</del> <b>9.1810</b>	<del>4.1610</del> <b>4.1610</b>	<del>0.0050</del> <b>0.0050</b>	<del>0.00%</del> <b>0.00%</b>	0.00%
WIP	SPDR <del>DB-Citi</del> Int'l Gov't Inflation-Protected Bond ETF	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	<del>0.00%</del> <b>0.00%</b>	0.00%
JNK	SPDR Barclays Capital-High Yield Bond ETF	1.50%	<del>1.4215</del> <b>1.4215</b>	<del>0.9615</del> <b>0.9615</b>	<del>0.6710</del> <b>0.6710</b>	<del>0.2107</del> <b>0.2107</b>	<del>0.0002</del> <b>0.0002</b>	0.00%	<del>0.00%</del> <b>0.00%</b>	0.00%
SCPB	SPDR Barclays Capital-Short Term Corporate Bond ETF	0.00%	0.00%	0.00%	<del>1.6600</del> <b>1.6600</b>	<del>13.9000</del> <b>13.9000</b>	<del>33.7410</del> <b>33.7410</b>	<del>37.5033</del> <b>37.5033</b>	<del>35.00%</del> <b>35.00%</b>	40.00%
	<b>Total Fixed Income</b>	<del>20.8320</del> <b>20.8320</b>	<del>27.5020</del> <b>27.5020</b>	<del>41.6225</del> <b>41.6225</b>	<del>51.5040</del> <b>51.5040</b>	<del>64.4249</del> <b>64.4249</b>	<del>81.2460</del> <b>81.2460</b>	<del>47.5086</del> <b>47.5086</b>	<del>55.00%</del> <b>55.00%</b>	<b>40.00%</b>
SSIXX	State Street Inst'l Liquid Reserves Mutual-Fund	0.00%	0.00%	<del>0.8600</del> <b>0.8600</b>	<del>6.0000</del> <b>6.0000</b>	<del>10.5850</del> <b>10.5850</b>	<del>18.7610</del> <b>18.7610</b>	<del>52.5013</del> <b>52.5013</b>	<del>45.00%</del> <b>45.00%</b>	60.00%
	<b>Total Cash Money Market</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.8600</b>	<b>6.0000</b>	<b>10.5850</b>	<b>18.7610</b>	<b>52.5013</b>	<b>45.00%</b>	<b>60.00%</b>
	<b>Total Portfolio</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>						

(Note: Allocations will change as each dated portfolio moves closer to the then-current date)

Ticker	Permitted Investment	Aggressive	Moderate	Conservative
<del>SSSY</del> <del>XSPY</del>	<del>State Street</del> <del>Equity SPDR</del> <del>S&amp;P</del> <del>500 Index Fund</del> <del>- Class K-ETF</del>	<u>45.00%</u>	<u>25.50%</u>	<u>0.00%</u>
MDY	SPDR S&P Midcap 400 ETF	<u>5.00%</u>	<u>2.00%</u>	<u>0.00%</u>
SLY	SPDR S&P 600 Small Cap ETF	<u>5.00%</u>	<u>2.00%</u>	<u>0.00%</u>
	<b>Total US Equity</b>	<u>55.00%</u>	<u>29.50%</u>	<u>0.00%</u>
RWR	SPDR Dow Jones REIT ETF	<u>8.00%</u>	<u>5.50%</u>	<u>0.00%</u>
RWX	SPDR Dow Jones REIT International Real Estate ETF	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
	<b>Total REIT</b>	<u>8.00%</u>	<u>5.50%</u>	<u>0.00%</u>
GWL	SPDR S&P World Ex-US ETF	<u>24.00%</u>	<u>11.00%</u>	<u>0.00%</u>
GWX	SPDR S&P International Small Cap ETF	<u>1.00%</u>	<u>0.50%</u>	<u>0.00%</u>
<del>SSKE</del> <del>XGM</del> <del>M</del>	<del>State Street</del> <del>SPDR S&amp;P</del> <del>Emerging</del> <del>Markets Equity</del> <del>Index Fund -</del> <del>Class K-ETF</del>	<u>12.00%</u>	<u>3.50%</u>	<u>0.00%</u>
EWX	SPDR S&P Emerging Markets Small Cap ETF	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
	<b>Total International &amp;EM Equity</b>	<u>37.00%</u>	<u>15.00%</u>	<u>0.00%</u>
	<b>Total Equity &amp;Real</b>	<u>100.00%</u>	<u>50.00%</u>	<u>0.00%</u>

<del>LAG</del> <del>BNDS</del>	<b>Estate</b> SPDR Barclays <del>Capital</del> Aggregate Bond ETF	<u>0.00%</u>	<u>35.25%</u>	<u>20.00%</u>
IPE	SPDR Barclays <del>Capital</del> TIPS ETF	<u>0.00%</u>	<u>10.00%</u>	<u>0.00%</u>
WIP	SPDR <del>DB-Citi</del> Int'l Gov't Inflation- Protected Bond ETF	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
JNK	SPDR Barclays <del>Capital</del> High Yield Bond ETF	<u>0.00%</u>	<u>0.75%</u>	<u>0.00%</u>
SCPB	SPDR Barclays <del>Capital</del> Short Term Corporate Bond ETF	<u>0.00%</u>	<u>0.00%</u>	<u>35.00%</u>
	<b>Total Fixed Income</b>	<u>0.00%</u>	<u>46.00%</u>	<u>55.00%</u>
SSIXX	State Street Inst'l Liquid Reserves <del>Mutual</del> Fund	<u>0.00%</u>	<u>4.00%</u>	<u>45.00%</u>
	<b>Total Cash</b>	<u>0.00%</u>	<u>4.00%</u>	<u>45.00%</u>
	<b>Total Portfolio</b>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

## STATIC PORTFOLIOS

<u>UNDERLYING INVESTMENT TICKER</u>	<u>DESIGNATED PORTFOLIOS</u>
<u>SPY</u>	<u>SPDR S&amp;P 500 ETF Portfolio</u>
<u>MDY</u>	<u>SPDR S&amp;P Midcap 400 <del>ETF</del> Portfolio</u>
<u>SLY</u>	<u>SPDR S&amp;P 600 Small Cap ETF Portfolio</u>
<u>GWL</u>	<u>SPDR S&amp;P World ex-US ETF Portfolio</u>
<u>GWX</u>	<u>SPDR S&amp;P International Small Cap ETF Portfolio</u>
<u>GMM</u>	<u>SPDR S&amp;P Emerging Markets ETF Portfolio</u>
<u>EWX</u>	<u>SPDR S&amp;P Emerging Markets Small Cap ETF Portfolio</u>
<u>RWR</u>	<u>SPDR Dow Jones REIT ETF Portfolio</u>
<u>RWX</u>	<u>SPDR Dow Jones REIT International Real Estate ETF Portfolio</u>
<u>LAGBND</u>	<u>SPDR Barclays <del>Capital</del> Aggregate Bond ETF Portfolio</u>
<u>IPE</u>	<u>SPDR Barclays <del>Capital</del> TIPS ETF Portfolio</u>
<u>WIP</u>	<u>SPDR <del>DB-Citi</del> International Government-Inflation-Protected Bond ETF Portfolio</u>
<u>JNK</u>	<u>SPDR Barclays <del>Capital</del> High Yield Bond ETF Portfolio</u>
<u>SCP</u>	<u>SPDR Barclays <del>Capital</del> Short Term Corporate Bond ETF Portfolio</u>
<u>BIL</u>	<u>SPDR 1-3 Month T-Bill ETF Portfolio</u>

**SCHEDULE A-1**  
**Tactical Allocation Ranges for Multi-Fund Designated Portfolios**

**College Date Portfolios**

(Note: Allocations will change as each dated portfolio moves closer to the then-current date)

Ticker	Permitted Investment	College 2033	College 2030	College 2027	College 2024	College 2021	College 2018	College 2015	College 2012	College Today
<del>SSSY</del> <del>XSPY</del>	<del>State Street Equity SPDR S&amp;P 500 Index Fund - Class KETF</del>	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	N/A	<del>N/A</del>	N/A
MDY	SPDR S&P Midcap 400 ETF	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	N/A	<del>N/A</del>	N/A
SLY	SPDR S&P 600 Small Cap ETF	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	N/A	<del>N/A</del>	N/A
GWL	SPDR S&P World ex-US ETF	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	N/A	<del>N/A</del>	N/A
GWX	SPDR S&P International Small Cap ETF	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	N/A	<del>N/A</del>	N/A
<del>SKE</del> <del>XGM</del> <del>M</del>	<del>State Street SPDR S&amp;P Emerging Markets Equity Index Fund - Class KETF</del>	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	N/A	<del>N/A</del>	N/A
EWX	SPDR S&P Emerging Markets Small Cap ETF	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	N/A	<del>N/A</del>	N/A
RWR	SPDR Dow Jones REIT ETF	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	N/A	<del>N/A</del>	N/A
RWX	SPDR Dow Jones REIT International Real Estate ETF	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	N/A	<del>N/A</del>	N/A
<del>LAG</del>	<del>SPDR Barclays Capital</del>	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	<del>+/-10%</del>	+/-10%

<u>BNDS</u>		Aggregate Bond ETF									
IPE	SPDR Barclays <del>Capital</del> TIPS ETF	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	<del>+/-10%</del>	+/-10%
WIP	SPDR <del>DB-Citi</del> International Government- Inflation- Protected Bond ETF	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	<del>+/-5%</del>	+/-5%
JNK	SPDR Barclays <del>Capital</del> High Yield Bond ETF	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	<del>+/-10%</del>	+/-10%
SCPB	SPDR Barclays <del>Capital</del> Short Term Corporate Bond ETF	+/-15%	+/-15%	+/-15%	+/-15%	+/-15%	+/-15%	+/-15%	+/-15%	<del>+/-15%</del>	+/-15%
SSIXX	State Street Institutional Liquid Reserves <del>Mutual</del> Fund	+/-15%	+/-15%	+/-15%	+/-15%	+/-15%	+/-15%	+/-15%	+/-15%	<del>+/-15%</del>	+/-15%

**Asset Allocation Portfolios**

<b>Ticker</b>	<b>Permitted Investment</b>	<b>Aggressive Portfolio</b>	<b>Moderate Portfolio</b>	<b>Conservative Portfolio</b>
<del>SSSY</del> <del>XSPY</del>	<del>State Street Equity SPDR S&amp;P-500 Index Fund - Class KETF</del>	+/-10%	+/-10%	N/A
MDY	SPDR S&P Midcap 400 ETF	+/-10%	+/-10%	<u>0.00%</u>
SLY	SPDR S&P 600 Small Cap ETF	+/-10%	+/-10%	<u>0.00%</u>
GWL	SPDR S&P World ex-US ETF	+/-10%	+/-10%	<u>N/A</u>
GWX	SPDR S&P International Small Cap ETF	+/-5%	+/-5%	<u>N/A</u>
<del>SSKE</del> <del>XGM</del> <del>M</del>	<del>State Street SPDR S&amp;P Emerging Markets Equity Index Fund - Class KETF</del>	+/-10%	+/-10%	<u>N/A</u>
EWX	SPDR S&P Emerging Markets Small Cap <u>ETF</u>	+/-5%	+/-5%	<u>N/A</u>
RWR	SPDR Dow Jones REIT ETF	+/-5%	+/-5%	<u>N/A</u>
RWX	SPDR Dow Jones REIT International Real Estate ETF	+/-5%	+/-5%	<u>N/A</u>
<del>BNDS</del> <del>LAG</del>	<del>SPDR Barclays <del>Capital</del> Aggregate Bond ETF</del>	+/-10%	+/-10%	+/-10%
IPE	SPDR Barclays <del>Capital</del> TIPS ETF	+/-10%	+/-10%	+/-10%
WIP	SPDR <del>DB-Citi</del> International Government-Inflation-Protected Bond ETF	+/-5%	+/-5%	+/-5%
JNK	SPDR Barclays <del>Capital</del> High Yield Bond ETF	+/-10%	+/-10%	+/-10%
SCPB	SPDR Barclays <del>Capital</del> Short Term Corporate Bond ETF	+/-15%	+/-15%	+/-15%
SSIXX	State Street Institutional Liquid Reserves <del>Mutual</del> Fund	+/-15%	+/-15%	+/-15%

**SCHEDULE B**

**Pricing and Payment Arrangements Among the Parties for the Plan.**

<b>Portfolio</b>	<b>Underlying Fund Expenses*</b>	<b>Program Management Fee</b>	<b>Tactical Asset Allocation Fee</b>	<b>State Fee</b>	<b>Total Annual Asset-Based Fees</b>
SSgA Aggressive Portfolio	0.24%	0.22%	0. <del>09</del> 07%	0.02%	0. <del>57</del> 55%
SSgA Moderate Portfolio	0.18%	0.22%	0. <del>09</del> 07%	0.02%	0. <del>51</del> 49%
SSgA Conservative Portfolio	0.12%	0.22%	0. <del>09</del> 07%	0.02%	0. <del>45</del> 43%
SSgA College 2033 Portfolio	0.22%	0.22%	0. <del>09</del> 07%	0.02%	0. <del>55</del> 53%
SSgA College 2030 Portfolio	0.22%	0.22%	0. <del>09</del> 07%	0.02%	0. <del>55</del> 53%
SSgA College 2027 Portfolio	0.21%	0.22%	0. <del>09</del> 07%	0.02%	0. <del>54</del> 52%
SSgA College 2024 Portfolio	0.19%	0.22%	0. <del>09</del> 07%	0.02%	0. <del>52</del> 50%
SSgA College 2021 Portfolio	0.17%	0.22%	0. <del>09</del> 07%	0.02%	0. <del>50</del> 48%
SSgA College 2018 Portfolio	0.15%	0.22%	0. <del>09</del> 07%	0.02%	0. <del>48</del> 46%
SSgA College 2015 Portfolio	0.13%	0.22%	0. <del>09</del> 07%	0.02%	0. <del>46</del> 44%
<del>SSgA College 2012 Portfolio</del>	<del>0.12%</del>	<del>0.22%</del>	<del>0.09%</del>	<del>0.02%</del>	<del>0.45%</del>
SSgA College Today Portfolio	0.12%	0.22%	0. <del>09</del> 07%	0.02%	0.4 <del>3</del> 5%

\*Underlying Fund Expenses may vary

<b>Individual Portfolio</b>	<b>Underlying Fund Expenses*</b>	<b>Program Management Fee</b>	<b>State Fee</b>	<b>Total Annual Asset-Based Fees</b>
<del>State Street SPDR S&amp;P 500 Equity 500 Index Fund - Class K ETF</del> Portfolio	0.09%	0.22%	0.02%	0.33%
SPDR S&P Midcap 400 ETF Portfolio	0.25%	0.22%	0.02%	0.49%
SPDR S&P 600 Small Cap ETF Portfolio	0.20%	0.22%	0.02%	0.44%
SPDR S&P World ex-US ETF Portfolio	0.34%	0.22%	0.02%	0.58%
SPDR S&P International Small Cap ETF Portfolio	0.59%	0.22%	0.02%	0.83%
<del>State Street SPDR S&amp;P Emerging Market Equity Index Fund - Class K ETF</del> Portfolio	0.59%	0.22%	0.02%	0.83%
SPDR S&P Emerging Market Small Cap ETF Portfolio	0.65%	0.22%	0.02%	0.89%

SPDR Dow Jones REIT ETF Portfolio	0.25%	0.22%	0.02%	0.49%
SPDR Dow Jones International Real Estate ETF Portfolio	0.59%	0.22%	0.02%	0.83%
SPDR Barclays <del>Capital</del> ETF Aggregate Bond <del>ETF</del> Portfolio	0.17%	0.22%	0.02%	0.42%
SPDR Barclays <del>Capital</del> TIPS ETF <del>Bond</del> Portfolio	0.18%	0.22%	0.02%	0.45%
SPDR <del>DB-Citi</del> International Government-Inflation-Protected Bond ETF <del>Portfolio</del>	0.50%	0.22%	0.02%	0.74%
SPDR Barclays <del>Capital</del> High Yield Bond ETF <del>Portfolio</del>	0.40%	0.22%	0.02%	0.64%
SPDR Barclays <del>Capital</del> Short Term Corporate Bond ETF <del>Portfolio</del>	0.12%	0.22%	0.02%	0.36%
SPDR Barclays <del>Capital</del> 1-3 Month T-Bill ETF Portfolio	0.13%	0.22%	0.02%	0.37%
Savings Portfolio	0.00	0.27%	0.02%	0.29%

\*Underlying Fund Expenses may vary

#### **Allocation of Total Annual Asset-Based Fees**

- During the term of this Agreement, ABD will be entitled to receive as compensation under this Agreement the full Program Management Fee as set forth in the then-current Disclosure Document.
- During the term of this Agreement, SSgA will be entitled to receive as compensation under this Agreement a Tactical Asset Allocation Fee as set forth in the then-current Disclosure Document. The Parties acknowledge that such compensation shall be in addition to any fees paid to SSgA or its Affiliates for services provided to the Underlying Investments.
- During the term of this Agreement, the Board will be entitled to receive as compensation under this Agreement a State Fee as set forth in the then-current Disclosure Document.

#### **Fee Accrual and Payment**

For purposes of determining payment of any applicable asset-based fee set forth in the Disclosure Document such fee will be calculated by ABD, or its designee, based on the Designated Portfolio's daily total assets. The asset-based fees shall be paid by Ascensus College Savings Parties monthly in arrears, and shall be accrued daily for each Designated Portfolio by determining the product of (a) the Total Annual Asset-Based Fee divided by the number of days per applicable calendar year, multiplied by (b) the daily market value of all assets invested in the Designated Portfolio during the applicable calendar month.

#### **Administrative Services Fee**

- During the Term, AIA will be entitled to receive as compensation under the Agreement an annual fee payable monthly by SSgA for AIA 's provision of certain administrative services related to the

Designated Portfolios ("Administrative Services Fee") and such fee shall be calculated as described below. The portion of the Administrative Services Fee payable each month shall be 1/2 of the total amount payable over a Contract Year (as defined below) as described below.

The Administrative Services Fee for the first Contract Year shall be \$600,000. SSgA shall make an initial payment in the amount of \$50,000 on the first Monday following the month that SSgA first provides investment management services for the Plan under this Agreement (e.g. if the Conversion begins on Friday, April 13, 2012, payment will be due on Monday, May 14, 2012). Subsequent payments shall be due by the 15<sup>th</sup> calendar day of each month.

For each Contract Year subsequent to the first Contract Year, beginning with the May payment, the amount of the Administrative Services Fee shall increase or decrease to the extent that Average Assets (as defined below) fluctuate from year to year (e.g. if Average Assets increase 10% from April 16, 2012 to April 15, 2013 (assuming a Plan launch date of April 16, 2012), the Administrative Services Fee for the second Contract Year shall be \$660,000 with monthly payments of \$55,000, and if Average Assets subsequently decrease by 5% from April 16, 2013 through April 15, 2014, the Administrative Services Fee for the third Contract Year shall be \$627,000 with monthly payments of \$52,250). In no event shall the Administrative Services Fee for any Contract Year exceed \$1,000,000, regardless of Plan asset fluctuations.

"Average Assets" shall mean the average amount of total assets in the Designated Portfolios over a Contract Year.

"Contract Year" shall mean a twelve-month period of the Term, beginning at the Plan launch date (e.g. the first Contract Year shall begin on April 16, 2012 (assuming a Plan launch date of April 16, 2012) and go through April 15, 2013 and the second Contract Year shall begin on April 16, 2013 and go through April 15, 2014).

### **Marketing Credit**

On an annualized basis, beginning the first Contract Year, SSgA shall provide AIA a \$25,000 credit which shall be used to pay in full AIA's foundation and fulfillment expenses for provision of materials to RIAs which occur on behalf of SSgA's marketing efforts ("Marketing Credit").

SSgA shall pay the Marketing Credit for the first Contract Year in full by the Monday following the launch date of the Plan. SSgA shall pay the Marketing Credit for each subsequent Contract Year in full prior to the start of such Contract Year.

The Parties agree that there are no other sums payable to the Parties for the services rendered hereunder. All other fees established in the Management Agreement between the Board and ABD will remain in effect.

**Second Amendment to the Nevada College Savings Program  
SSgA Upromise 529 Operational Agreement**

This Second Amendment dated as of March 11, 2016 (“**Amendment**”), by and among Ascensus Broker Dealer Services, Inc. (f/k/a Upromise Investments, Inc.), a Delaware corporation (“**ABD**”), Ascensus Investment Advisors, LLC (f/k/a Upromise Investment Advisors, LLC), a Delaware limited liability company (“**AIA**”), Ascensus College Savings Recordkeeping Services, LLC (f/k/a Upromise Investments Recordkeeping Services, LLC), a Delaware limited liability company (“**ACSR**”, and collectively with ABD and AIA, the “**Ascensus College Savings Parties**”), State Street Global Advisors, a division of State Street Bank and Trust Company (“**SSgA**”) a Massachusetts corporation with a principal place of business in Boston, Massachusetts and the Board of Trustees of the College Savings Plans of Nevada (the “**Board**”), acting through the State Treasurer as Administrator (the “**Treasurer**”), is made to the Nevada College Savings Program SSgA Upromise 529 Operational Agreement dated as of January 26, 2012, as amended (the “**Agreement**”).

**WHEREAS**, the parties wish to amend the Agreement; and

**WHEREAS**, the parties wish to update the Agreement to reflect changes to the Permitted Investments.

**NOW, THEREFORE**, in consideration of the mutual promises contained herein, the parties agree as follows:

1. General Terms. This Amendment is intended to amend, and operate in conjunction with, the Agreement, and together this Amendment and the Agreement constitute the complete and exclusive statement of the agreement between the parties with respect to the matters addressed herein and therein. Except as amended hereunder, the Agreement remains in full force and effect. Unless otherwise defined herein, capitalized terms used in this Amendment shall have the meaning assigned to them in the Agreement. In the event of a conflict between the terms of the Agreement and the terms of this Amendment, the terms of this Amendment shall control.
2. Amendments.
  - a. Effective as of March 31, 2016, Schedule A to the Agreement shall be deleted in its entirety and replaced with the Schedule A attached to this Amendment.
  - b. Effective as of March 31, 2016, Schedule A-1 to the Agreement shall be deleted in its entirety and replaced with the Schedule A-1 attached to this Amendment.
  - c. Effective as of March 31, 2016, Schedule B to the Agreement shall be deleted in its entirety and replaced with the Schedule B attached to this Amendment.

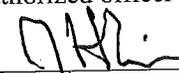
3. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. This Amendment shall become binding when any two or more counterparts, individually or taken together, bear the signatures of all parties hereto. For purposes hereof, a facsimile copy of this Amendment, including the signature pages hereto, shall be deemed an original.

*[Remainder of page intentionally blank]*

**IN WITNESS WHEREOF**, each of the Parties hereto has caused this Amendment to the Nevada College Savings Program SSgA Uprmise 529 Operational Agreement to be executed in its name and on its behalf by its duly authorized representative as of the date specified below.

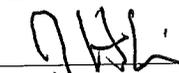
ASCENSUS BROKER DEALER SERVICES, INC.

By its authorized officer

By:   
Title: President + CEO  
Date: 3/11/16

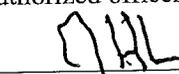
ASCENSUS INVESTMENT ADVISORS, LLC

By its authorized officer

By:   
Title: President + CEO  
Date: 3/11/16

ASCENSUS COLLEGE SAVINGS  
RECORDKEEPING SERVICES, LLC

By its authorized officer

By:   
Title: President + CEO  
Date: 3/11/16

STATE STREET GLOBAL ADVISORS,  
A DIVISION OF STATE STREET BANK &  
TRUST COMPANY

By its authorized officer

By:   
Title: Managing Director  
Date: 3/16/16

THE BOARD OF TRUSTEES  
OF THE COLLEGE SAVINGS PLANS  
OF NEVADA

By: \_\_\_\_\_  
Title: Chair, Board of Trustees  
College Savings Plans of Nevada  
Date:

APPROVED BY BOARD OF EXAMINERS

\_\_\_\_\_  
Signature – Board of Examiners

Date:

Approved as to form by:

\_\_\_\_\_  
Deputy Attorney General for Attorney General

Date:

SCHEDULE A

Plan Investment Options: Designated Portfolios and Permitted Investments  
As of the Effective Date \_\_\_\_\_

Strategic Allocations for Proposed College Date Portfolios

Ticker	Permitted Investment	College 2033	College 2030	College 2027	College 2024	College 2021	College 2018	College 2015	College Today
SSSYX	State Street Equity 500 Index Fund - Class K	37.00%	34.95%	29.84%	22.80%	14.14%	0.00%	0.00%	0.00%
MDY	SPDR S&P Midcap 400 ETF	3.92 %	3.34 %	2.38 %	1.63 %	0.84 %	0.00%	0.00%	0.00%
SLY	SPDR S&P 600 Small Cap ETF	3.92 %	3.34 %	2.38 %	1.63 %	0.84 %	0.00%	0.00%	0.00%
	<b>Total US Equity</b>	<b>44.84%</b>	<b>41.63%</b>	<b>34.60%</b>	<b>26.06%</b>	<b>15.82%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
RWR	SPDR Dow Jones REIT ETF	7.00%	6.84%	5.86%	5.13%	3.76%	0.00%	0.00%	0.00%
RWX	SPDR Dow Jones REIT International Real Estate ETF	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	<b>Total REIT</b>	<b>7.00%</b>	<b>6.84%</b>	<b>5.86%</b>	<b>5.13%</b>	<b>3.76%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
GWL	SPDR S&P World Ex-US ETF	18.66%	16.32%	12.34%	8.34%	4.16%	0.00%	0.00%	0.00%
GWX	SPDR S&P International Small Cap ETF	0.75%	0.71%	0.50%	0.46%	0.21%	0.00%	0.00%	0.00%
SSKEX	State Street Emerging Markets Equity Index Fund - Class K	7.92%	7.00%	4.22%	2.51%	1.05%	0.00%	0.00%	0.00%
EWX	SPDR S&P Emerging Markets Small Cap ETF	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

	<b>Total International &amp; EM Equity</b>	<b>27.33%</b>	<b>24.03%</b>	<b>17.06%</b>	<b>11.31%</b>	<b>5.42%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
	<b>Total Equity &amp; Real Estate</b>	<b>79.17%</b>	<b>72.50%</b>	<b>57.52%</b>	<b>42.50%</b>	<b>25.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
BNDS	SPDR Barclays Aggregate Bond ETF	14.33%	20.50%	31.92%	39.17%	41.13%	43.34%	10.00%	0.00%
IPE	SPDR Barclays TIPS ETF	5.00%	5.58%	8.74%	10.00%	9.18%	4.16%	0.00%	0.00%
WIP	SPDR Citi Int'l Gov't Inflation-Protected Bond ETF	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
JNK	SPDR Barclays High Yield Bond ETF	1.50%	1.42%	0.96%	0.67%	0.21%	0.00%	0.00%	0.00%
SCPB	SPDR Barclays Short Term Corporate Bond ETF	0.00%	0.00%	0.00%	1.66%	13.90%	33.74%	37.50%	40.00%
	<b>Total Fixed Income</b>	<b>20.83%</b>	<b>27.50%</b>	<b>41.62%</b>	<b>51.50%</b>	<b>64.42%</b>	<b>81.24%</b>	<b>47.50%</b>	<b>40.00%</b>
SSIXX	State Street Inst'l Liquid Reserves Fund	0.00%	0.00%	0.86%	6.00%	10.58%	18.76%	52.50%	60.00%
	<b>Total Money Market</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.86%</b>	<b>6.00%</b>	<b>10.58%</b>	<b>18.76%</b>	<b>52.50%</b>	<b>60.00%</b>
	<b>Total Portfolio</b>	<b>100.00%</b>							

(Note: Allocations will change as each dated portfolio moves closer to the then-current date)

<b>Ticker</b>	<b>Permitted Investment</b>	<b>Aggressive</b>	<b>Moderate</b>	<b>Conservative</b>
SSSYX	State Street Equity 500 Index Fund - Class K	<u>45.00%</u>	<u>25.50%</u>	<u>0.00%</u>
MDY	SPDR S&P Midcap 400 ETF	<u>5.00%</u>	<u>2.00%</u>	<u>0.00%</u>
SLY	SPDR S&P 600 Small Cap ETF	<u>5.00%</u>	<u>2.00%</u>	<u>0.00%</u>
	<b>Total US Equity</b>	<u>55.00%</u>	<u>29.50%</u>	<u>0.00%</u>
RWR	SPDR Dow Jones REIT ETF	<u>8.00%</u>	<u>5.50%</u>	<u>0.00%</u>
RWX	SPDR Dow Jones REIT International Real Estate ETF	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
	<b>Total REIT</b>	<u>8.00%</u>	<u>5.50%</u>	<u>0.00%</u>
GWL	SPDR S&P World Ex-US ETF	<u>24.00%</u>	<u>11.00%</u>	<u>0.00%</u>
GWX	SPDR S&P International Small Cap ETF	<u>1.00%</u>	<u>0.50%</u>	<u>0.00%</u>
SSKEX	State Street Emerging Markets Equity Index Fund - Class K	<u>12.00%</u>	<u>3.50%</u>	<u>0.00%</u>
EWX	SPDR S&P Emerging Markets Small Cap ETF	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
	<b>Total International &amp; EM Equity</b>	<u>37.00%</u>	<u>15.00%</u>	<u>0.00%</u>
	<b>Total Equity &amp; Real Estate</b>	<u>100.00%</u>	<u>50.00%</u>	<u>0.00%</u>

BNDS	SPDR Barclays Aggregate Bond ETF	<u>0.00%</u>	<u>35.25%</u>	<u>20.00%</u>
IPE	SPDR Barclays TIPS ETF	<u>0.00%</u>	<u>10.00%</u>	<u>0.00%</u>
WIP	SPDR Citi Int'l Gov't Inflation- Protected Bond ETF	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
JNK	SPDR Barclays High Yield Bond ETF	<u>0.00%</u>	<u>0.75%</u>	<u>0.00%</u>
SCPB	SPDR Barclays Short Term Corporate Bond ETF	<u>0.00%</u>	<u>0.00%</u>	<u>35.00%</u>
	<b>Total Fixed Income</b>	<u>0.00%</u>	<u>46.00%</u>	<u>55.00%</u>
SSIXX	State Street Inst'l Liquid Reserves Fund	<u>0.00%</u>	<u>4.00%</u>	<u>45.00%</u>
	<b>Total Cash</b>	<u>0.00%</u>	<u>4.00%</u>	<u>45.00%</u>
	<b>Total Portfolio</b>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

## STATIC PORTFOLIOS

<u>UNDERLYING INVESTMENT TICKER</u>	<u>DESIGNATED PORTFOLIOS</u>
<u>SPY</u>	<u>SPDR S&amp;P 500 ETF Portfolio</u>
<u>MDY</u>	<u>SPDR S&amp;P Midcap 400 Portfolio</u>
<u>SLY</u>	<u>SPDR S&amp;P 600 Small Cap ETF Portfolio</u>
<u>GWL</u>	<u>SPDR S&amp;P World ex-US ETF Portfolio</u>
<u>GWX</u>	<u>SPDR S&amp;P International Small Cap ETF Portfolio</u>
<u>GMM</u>	<u>SPDR S&amp;P Emerging Markets ETF Portfolio</u>
<u>EWX</u>	<u>SPDR S&amp;P Emerging Markets Small Cap ETF Portfolio</u>
<u>RWR</u>	<u>SPDR Dow Jones REIT ETF Portfolio</u>
<u>RWX</u>	<u>SPDR Dow Jones REIT International Real Estate ETF Portfolio</u>
<u>BNDS</u>	<u>SPDR Barclays Aggregate Bond ETF Portfolio</u>
<u>IPE</u>	<u>SPDR Barclays TIPS ETF Portfolio</u>
<u>WIP</u>	<u>SPDR Citi International Government-Inflation-Protected Bond ETF Portfolio</u>
<u>JNK</u>	<u>SPDR Barclays High Yield Bond ETF Portfolio</u>
<u>SCPB</u>	<u>SPDR Barclays Short Term Corporate Bond ETF Portfolio</u>
<u>BIL</u>	<u>SPDR 1-3 Month T-Bill ETF Portfolio</u>

**SCHEDULE A-1**  
**Tactical Allocation Ranges for Multi-Fund Designated Portfolios**

**College Date Portfolios**

(Note: Allocations will change as each dated portfolio moves closer to the then-current date)

<b>Ticker</b>	<b>Permitted Investment</b>	<b>College 2033</b>	<b>College 2030</b>	<b>College 2027</b>	<b>College 2024</b>	<b>College 2021</b>	<b>College 2018</b>	<b>College 2015</b>	<b>College Today</b>
SSSYX	State Street Equity 500 Index Fund - Class K	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	N/A	N/A
MDY	SPDR S&P Midcap 400	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	N/A	N/A
SLY	SPDR S&P 600 Small Cap ETF	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	N/A	N/A
GWL	SPDR S&P World ex-US ETF	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	N/A	N/A
GWX	SPDR S&P International Small Cap ETF	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	N/A	N/A
SSKEX	State Street Emerging Markets Equity Index Fund - Class K	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	N/A	N/A
EWX	SPDR S&P Emerging Markets Small Cap ETF	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	N/A	N/A
RWR	SPDR Dow Jones REIT ETF	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	N/A	N/A
RWX	SPDR Dow Jones REIT International Real Estate ETF	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	N/A	N/A
BNDS	SPDR Barclays Aggregate Bond ETF	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%
IPE	SPDR Barclays TIPS ETF	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%

WIP	SPDR Citi International Government- Inflation- Protected Bond ETF	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%	+/-5%
JNK	SPDR Barclays High Yield Bond ETF	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%	+/-10%
SCPB	SPDR Barclays Short Term Corporate Bond ETF	+/-15%	+/-15%	+/-15%	+/-15%	+/-15%	+/-15%	+/-15%	+/-15%
SSIXX	State Street Institutional Liquid Reserves Fund	+/-15%	+/-15%	+/-15%	+/-15%	+/-15%	+/-15%	+/-15%	+/-15%

**Asset Allocation Portfolios**

<b>Ticker</b>	<b>Permitted Investment</b>	<b>Aggressive Portfolio</b>	<b>Moderate Portfolio</b>	<b>Conservative Portfolio</b>
SSSYX	State Street Equity 500 Index Fund - Class K	+/-10%	+/-10%	N/A
MDY	SPDR S&P Midcap 400 ETF	+/-10%	+/-10%	0.00%
SLY	SPDR S&P 600 Small Cap ETF	+/-10%	+/-10%	0.00%
GWL	SPDR S&P World ex-US ETF	+/-10%	+/-10%	<u>N/A</u>
GWX	SPDR S&P International Small Cap ETF	+/-5%	+/-5%	<u>N/A</u>
SSKEX	State Street Emerging Markets Equity Index Fund - Class K	+/-10%	+/-10%	<u>N/A</u>
EWX	SPDR S&P Emerging Markets Small Cap ETF	+/-5%	+/-5%	<u>N/A</u>
RWR	SPDR Dow Jones REIT ETF	+/-5%	+/-5%	<u>N/A</u>
RWX	SPDR Dow Jones REIT International Real Estate ETF	+/-5%	+/-5%	<u>N/A</u>
BNDS	SPDR Barclays Aggregate Bond ETF	+/-10%	+/-10%	+/-10%
IPE	SPDR Barclays TIPS ETF	+/-10%	+/-10%	+/-10%
WIP	SPDR Citi International Government-Inflation-Protected Bond ETF	+/-5%	+/-5%	+/-5%
JNK	SPDR Barclays High Yield Bond ETF	+/-10%	+/-10%	+/-10%
SCPB	SPDR Barclays Short Term Corporate Bond ETF	+/-15%	+/-15%	+/-15%
SSLXX	State Street Institutional Liquid Reserves Fund	+/-15%	+/-15%	+/-15%

**SCHEDULE B**

**Pricing and Payment Arrangements Among the Parties for the Plan.**

<b>Portfolio</b>	<b>Underlying Fund Expenses*</b>	<b>Program Management Fee</b>	<b>Tactical Asset Allocation Fee</b>	<b>State Fee</b>	<b>Total Annual Asset-Based Fees</b>
SSgA Aggressive Portfolio	0.24%	0.22%	0.07%	0.02%	0.55%
SSgA Moderate Portfolio	0.18%	0.22%	0.07%	0.02%	0.49%
SSgA Conservative Portfolio	0.12%	0.22%	0.07%	0.02%	0.43%
SSgA College 2033 Portfolio	0.22%	0.22%	0.07%	0.02%	0.53%
SSgA College 2030 Portfolio	0.22%	0.22%	0.07%	0.02%	0.53%
SSgA College 2027 Portfolio	0.21%	0.22%	0.07%	0.02%	0.52%
SSgA College 2024 Portfolio	0.19%	0.22%	0.07%	0.02%	0.50%
SSgA College 2021 Portfolio	0.17%	0.22%	0.07%	0.02%	0.48%
SSgA College 2018 Portfolio	0.15%	0.22%	0.07%	0.02%	0.46%
SSgA College 2015 Portfolio	0.13%	0.22%	0.07%	0.02%	0.44%
SSgA College Today Portfolio	0.12%	0.22%	0.07%	0.02%	0.43%

\*Underlying Fund Expenses may vary

<b>Individual Portfolio</b>	<b>Underlying Fund Expenses*</b>	<b>Program Management Fee</b>	<b>State Fee</b>	<b>Total Annual Asset-Based Fees</b>
State Street Equity 500 Index Fund - Class K Portfolio	0.09%	0.22%	0.02%	0.33%
SPDR S&P Midcap 400 ETF Portfolio	0.25%	0.22%	0.02%	0.49%
SPDR S&P 600 Small Cap ETF Portfolio	0.20%	0.22%	0.02%	0.44%
SPDR S&P World ex-US ETF Portfolio	0.34%	0.22%	0.02%	0.58%
SPDR S&P International Small Cap ETF Portfolio	0.59%	0.22%	0.02%	0.83%
State Street Emerging Market Equity Index Fund - Class K Portfolio	0.59%	0.22%	0.02%	0.83%
SPDR S&P Emerging Market Small Cap ETF Portfolio	0.65%	0.22%	0.02%	0.89%
SPDR Dow Jones REIT ETF Portfolio	0.25%	0.22%	0.02%	0.49%

SPDR Dow Jones International Real Estate ETF Portfolio	0.59%	0.22%	0.02%	0.83%
SPDR Barclays Aggregate Bond ETF Portfolio	0.17%	0.22%	0.02%	0.42%
SPDR Barclays TIPS ETF Portfolio	0.18%	0.22%	0.02%	0.45%
SPDR Citi International Government-Inflation-Protected Bond ETF Portfolio	0.50%	0.22%	0.02%	0.74%
SPDR Barclays High Yield Bond ETF Portfolio	0.40%	0.22%	0.02%	0.64%
SPDR Barclays Short Term Corporate Bond ETF Portfolio	0.12%	0.22%	0.02%	0.36%
SPDR Barclays Capital 1-3 Month T-Bill ETF Portfolio	0.13%	0.22%	0.02%	0.37%
Savings Portfolio	0.00	0.27%	0.02%	0.29%

\*Underlying Fund Expenses may vary

#### **Allocation of Total Annual Asset-Based Fees**

- During the term of this Agreement, ABD will be entitled to receive as compensation under this Agreement the full Program Management Fee as set forth in the then-current Disclosure Document.
- During the term of this Agreement, SSgA will be entitled to receive as compensation under this Agreement a Tactical Asset Allocation Fee as set forth in the then-current Disclosure Document. The Parties acknowledge that such compensation shall be in addition to any fees paid to SSgA or its Affiliates for services provided to the Underlying Investments.
- During the term of this Agreement, the Board will be entitled to receive as compensation under this Agreement a State Fee as set forth in the then-current Disclosure Document.

#### **Fee Accrual and Payment**

For purposes of determining payment of any applicable asset-based fee set forth in the Disclosure Document such fee will be calculated by ABD, or its designee, based on the Designated Portfolio's daily total assets. The asset-based fees shall be paid by Ascensus College Savings Parties monthly in arrears, and shall be accrued daily for each Designated Portfolio by determining the product of (a) the Total Annual Asset-Based Fee divided by the number of days per applicable calendar year, multiplied by (b) the daily market value of all assets invested in the Designated Portfolio during the applicable calendar month.

#### **Administrative Services Fee**

- During the Term, AIA will be entitled to receive as compensation under the Agreement an annual fee payable monthly by SSgA for AIA 's provision of certain administrative services related to the Designated Portfolios ("Administrative Services Fee") and such fee shall be calculated as

described below. The portion of the Administrative Services Fee payable each month shall be 1/2 of the total amount payable over a Contract Year (as defined below) as described below.

The Administrative Services Fee for the first Contract Year shall be \$600,000. SSgA shall make an initial payment in the amount of \$50,000 on the first Monday following the month that SSgA first provides investment management services for the Plan under this Agreement (e.g. if the Conversion begins on Friday, April 13, 2012, payment will be due on Monday, May 14, 2012). Subsequent payments shall be due by the 15<sup>th</sup> calendar day of each month.

For each Contract Year subsequent to the first Contract Year, beginning with the May payment, the amount of the Administrative Services Fee shall increase or decrease to the extent that Average Assets (as defined below) fluctuate from year to year (e.g. if Average Assets increase 10% from April 16, 2012 to April 15, 2013 (assuming a Plan launch date of April 16, 2012), the Administrative Services Fee for the second Contract Year shall be \$660,000 with monthly payments of \$55,000, and if Average Assets subsequently decrease by 5% from April 16, 2013 through April 15, 2014, the Administrative Services Fee for the third Contract Year shall be \$627,000 with monthly payments of \$52,250). In no event shall the Administrative Services Fee for any Contract Year exceed \$1,000,000, regardless of Plan asset fluctuations.

"Average Assets" shall mean the average amount of total assets in the Designated Portfolios over a Contract Year.

"Contract Year" shall mean a twelve-month period of the Term, beginning at the Plan launch date (e.g. the first Contract Year shall begin on April 16, 2012 (assuming a Plan launch date of April 16, 2012) and go through April 15, 2013 and the second Contract Year shall begin on April 16, 2013 and go through April 15, 2014).

#### **Marketing Credit**

On an annualized basis, beginning the first Contract Year, SSgA shall provide AIA a \$25,000 credit which shall be used to pay in full AIA's foundation and fulfillment expenses for provision of materials to RIAs which occur on behalf of SSgA's marketing efforts ("Marketing Credit").

SSgA shall pay the Marketing Credit for the first Contract Year in full by the Monday following the launch date of the Plan. SSgA shall pay the Marketing Credit for each subsequent Contract Year in full prior to the start of such Contract Year.

The Parties agree that there are no other sums payable to the Parties for the services rendered hereunder. All other fees established in the Management Agreement between the Board and ABD will remain in effect.

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 7**  
**March 24, 2016**

**Item: Supplement to the Vanguard 529 College Savings  
Plan Program Description**

**Recommendation:**

**That the Board review and approve a supplement to the Vanguard 529 College Savings Plan Program Description per NRS 353B.370; or direct staff as appropriate.**

Fiscal Impact:  
None.

**Summary:**

Under NRS 353B.370 the Board must approve all marketing materials for each plan within the Nevada College Savings Program.

This supplement to the Vanguard 529 College Savings Plan, dated November 2014, notifies current and prospective participants on recently enacted changes to Section 529 by the Protecting Americans from Tax Hikes Act which allows the inclusion of computers as a qualified education expense and the ability to recontribute refunds of qualified withdrawals within 60 days of distribution without incurring tax consequences.

Tom Hewitt, with Vanguard, will be available to answer questions.



## SUPPLEMENT DATED APRIL 2016 TO THE VANGUARD 529 COLLEGE SAVINGS PLAN PROGRAM DESCRIPTION DATED NOVEMBER 2014

**Please keep this Supplement, which describes important changes, with your other Vanguard 529 College Savings Plan documents.**

### **Protecting Americans from Tax Hikes (PATH) Act of 2015**

On December 18, 2015, the "Protecting Americans from Tax Hikes (PATH) Act of 2015," or "PATH Act," was signed into law. The PATH Act introduces various improvements to 529 plan tax treatment, effective for tax years beginning after December 31, 2014, including, but not limited to, the following:

#### **Computers as qualified expenses**

Expenses for the purchase of computer or peripheral equipment (e.g., printers), computer software, or internet access and related services that are to be used primarily by the beneficiary during any of the years the beneficiary is enrolled at an eligible educational institution are now included in the definition of qualified higher-education expenses. A distribution from a 529 account to pay for these expenses generally will not be subject to federal income tax.

#### **Recontribution of refunded qualified higher-education expenses**

A refund from an eligible educational institution of amounts paid out of the beneficiary's 529 plan account for qualified higher-education expenses will not be included in the beneficiary's gross income if the refunded amounts are recontributed to a 529 plan account of the same beneficiary within 60 days of the refund. The recontributed amount can't exceed the amount of the refund. It's the responsibility of the account owner to keep all records of the refunds and subsequent redeposits.

#### **Withdrawal calculations**

The PATH Act also eliminated a recordkeeping requirement relating to a 529 plan's calculation of the earnings portion of distributions. Previously, multiple 529 plan accounts with the same account owner and beneficiary within a state's program were combined for purposes of calculating the earnings portion of a distribution made during a year, even where the accounts were in different 529 plans within the program. Going forward, the earnings portion of a withdrawal will generally be calculated on an account-by-account basis.

Account owners are encouraged to consult their tax advisors about the impact of these and other 529 plan-related changes made by the PATH Act on their individual situations.

### **Program Description changes related to the PATH Act**

*The following replaces the "Qualified Withdrawals" section on page 3 of the Program Description:*

Assets in your Plan account can be used to pay for tuition, room and board (with limitations), books, supplies, fees, and equipment required for enrollment or attendance at any eligible postsecondary school in the U.S. or abroad, as well as for computer or certain peripheral equipment, certain computer software, or internet access and related services that are to be used primarily by the Beneficiary during any of the years the Beneficiary is enrolled at any eligible postsecondary school in the U.S. or abroad.

See **Part 7. Other Information About Your Account—Withdrawals, page 30.**

*The following is added as an additional bullet point to the "Qualified Higher-Education Expenses" section on page 31 of the Program Description:*

- Expenses for the purchase of computer or peripheral equipment (as defined in Section 168(i)(2)(B) of the Internal Revenue Code), computer software (as defined in Section 197(e)(3)(B) of the Internal Revenue Code), or internet access and related services, if such equipment, software, or services are to be used primarily by the Beneficiary during any of the years the Beneficiary is enrolled at an Eligible Educational Institution. Expenses for computer software designed for sports, games, or hobbies do not qualify as qualified higher-education expenses unless the software is predominantly educational in nature.

*The following replaces the third sentence in the first paragraph of the section entitled "529 Plan Contributions and Withdrawals" on page 34 of the Program Description:*

Qualified Withdrawals (i.e., withdrawals to pay for the Qualified Higher Education Expenses of a Beneficiary), qualified rollovers, and refunds from Eligible Educational Institutions that are recontributed to a 529 Plan within 60 days of the date of the refund are generally not subject to federal income taxation.

*The following replaces the second paragraph of the section titled "529 Plan Contributions and Withdrawals" on page 34 of the Program Description:*

The additional 10% federal penalty tax does not apply to certain withdrawals made because of: (1) the death or disability of the Beneficiary, (2) a qualified rollover, as described below, (3) attendance at certain specified U.S. military academies, (4) a scholarship, allowance, or similar payment made to the Beneficiary, but only to the extent of such payment, or (5) a refund from an Eligible Educational Institution of Qualified Higher-Education Expenses that is recontributed to a 529 Plan account for the same Beneficiary within 60 days of the date of the refund.

*The following replaces the last paragraph of the section entitled "529 Plan Contributions and Withdrawals" on page 34 of the Program Description:*

The earnings portion of a withdrawal will generally be calculated on an account-by-account basis. An Account Owner may only open one account in the Vanguard Plan for the same Beneficiary. If you don't select a specific investment option(s) from which to take a withdrawal, the withdrawal will be taken proportionally from all the investment options in the account. If you request that a withdrawal be taken from one or more specific investment option(s), the earnings, for tax reporting purposes, will be calculated based on the earnings of all the investment options in your account.

*The following is added as an additional paragraph to the "Other Contributions and Transfers" section on page 35 of the Program Description:*

In the event the Beneficiary receives from an Eligible Educational Institution a refund of money withdrawn from an account to pay for Qualified Higher-Education Expenses, such money will not be subject to federal income tax or the additional 10% federal penalty tax on earnings, provided that the money is recontributed to the same or another 529 Plan account for the same Beneficiary within 60 days of the refund. The recontributed amount may not exceed the amount of the refund. For tax purposes, please maintain proper documentation evidencing the refund from the Eligible Educational Institution.

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 8**  
**March 24, 2016**

**Item: Supplement to the USAA 529 College Savings Plan  
Program Description**

**Recommendation:**

**That the Board review and approve a supplement to the  
USAA 529 College Savings Plan Program Description per NRS  
353B.370; or direct staff as appropriate.**

Fiscal Impact:  
None.

**Summary:**

Under NRS 353B.370 the Board must approve all marketing materials for each plan within the Nevada College Savings Program.

This supplement to the USAA 529 College Savings Plan, dated January 2016, notifies current and prospective participants on recently enacted changes to Section 529 by the Protecting Americans from Tax Hikes Act which allows the inclusion of computers as a qualified education expense and the ability to recontribute refunds of qualified withdrawals within 60 days of distribution without incurring tax consequences.

Caroline Tucker, with USAA, will be available to answer questions.



**SUPPLEMENT DATED MARCH 2016  
TO THE  
USAA 529 COLLEGE SAVINGS PLAN™  
PLAN DESCRIPTION AND PARTICIPATION AGREEMENT  
DATED JANUARY 2016**

Please file this Supplement to the USAA 529 COLLEGE SAVINGS PLAN™ Plan Description and Participation Agreement (Plan Description) with your records. All defined terms used in this Supplement have the same meanings as in the Plan Description, unless otherwise specified.

As a result of recent changes in federal law pursuant to the Protecting Americans from Tax Hikes Act of 2015 (the PATH Act), which was signed into law December, 18, 2015, the Plan Description will be amended as follows:

**1. Qualified Higher Education Expenses Expanded to Include Computer Technology and Equipment:**

*Pursuant to recent changes in federal law, the list of Qualified Higher Education Expenses has been expanded to include computer and related equipment, software and services, with a retroactive effective date of January 1, 2015.*

*Accordingly, the following question and answer on page (i) is deleted in its entirety and replaced with the following:*

**What are some examples of qualified distributions?**

You may take distributions from your account to pay for Qualified Higher Education Expenses including tuition, fees, supplies, and equipment required for enrollment by the designated beneficiary and certain room and board expenses at any eligible school or attendance in the United States or abroad, including certain expenses for special needs services requested by a special needs beneficiary and incurred in connection with such attendance. Qualified Higher Education Expenses also include expenses for the purchase of certain computer or peripheral equipment, computer software, or Internet access and related services, if such equipment, software, or services are to be used primarily by the designated beneficiary during any of the years the designated beneficiary is enrolled at an Eligible Institution of Higher Education.

*Accordingly, the following is added after the first sentence of the first paragraph of the subsection titled “Qualified Higher Education Expenses” on page 38 of the Plan Description:*

Qualified Higher Education Expenses also include expenses for the purchase of computer or peripheral equipment (as defined in section 168(i)(2)(B) of the Code), computer software (as defined in section 197(e)(3)(B) of the Code), or Internet access and related services, if such equipment, software, or services are to be used primarily by the designated beneficiary during any of the years the designated beneficiary is enrolled at an Eligible Institution of Higher Education. Expenses for computer software designed for sports, games, or hobbies do not qualify as Qualified Higher Education Expenses unless the software is predominantly educational in nature.

**2. Refunds from Eligible Institutions of Higher Education can be Recontributed:**

*Pursuant to recent changes in federal law, a designated beneficiary who receives a refund of any Qualified Higher Education Expenses from an Eligible Institution of Higher Education may retribute to a 529 plan account for the same designated beneficiary amounts originally withdrawn from a 529 plan up to the refunded amount within 60 days after the date of the refund without being subject to federal income tax or the additional 10% federal tax penalty on earnings. This change is retroactively effective January 1, 2015. This change also allowed for such refunds received after December 31, 2014, and before December 18, 2015, to be recontributed up to and including February 16, 2016.*

**Accordingly, the following section is added after the section entitled “Rollovers” on page 13 of the Plan Description:**

**Recontribution of Refunds from Eligible Institutions of Higher Education.** In the event the designated beneficiary receives from an **Eligible Institution of Higher Education** refund of amounts originally withdrawn

from an Account to pay for Qualified Higher Education Expenses, such amounts may be recontributed to a 529 plan account for the same designated beneficiary up to the amount of the refund provided that the re-contribution is made within 60 days of the date of the refund. Such amounts also will not be subject to federal income tax or the additional 10% federal tax penalty on earnings. For tax purposes, please maintain proper documentation evidencing the refund from the Eligible Institution of Higher Education. For refunds received after December 31, 2014, and before December 18, 2015, recontributions must have been made by February 16, 2016.

**Accordingly, the following replaces the section entitled “Refunds” on page 39 of the Plan Description:**

#### ***Refunds***

A refund to the Account Owner by an Eligible Institution of Higher Education of all or part of a qualified distribution may be re-contributed to an Account, and will be treated as a new contribution to such Account. Any refund which is not (a) subsequently used to pay for Qualified Higher Education Expenses of the designated beneficiary within a reasonable amount of time, (b) rolled over within the Plan to the Account of another designated beneficiary, (c) rolled over to another state’s 529 plan (see page 14), (d) re-contributed to an Account or an account in another 529 plan for the same designated beneficiary up to the amount of the refund provided that the re-contribution is made within 60 days of the date of the refund, or (e) which relates to a distribution that does not fall within any of the types of distributions exempt from the 10 percent additional federal tax penalty, *i.e.*, death, disability, receipt of a scholarship by the designated beneficiary, appointment at certain specified military academies (see page 41) or the use of American Opportunity and Lifetime Learning education tax credits (Education Tax Credits), will be considered a non-qualified distribution, subject to all applicable federal and state taxes including the additional 10 percent federal tax penalty on earnings on non-qualified distributions.

**Accordingly, the following replaces the fifth and sixth numbered paragraphs in the section titled “Federal Taxation of Section 529 —Plan Contributions and Distributions” on page 48 of the Plan Description:**

5) amounts not treated as qualified distributions due to the use of Education Tax Credits;

6) qualified rollovers; and

7) amounts received by the designated beneficiary from an Eligible Institution of Higher Education refunded where such amounts were originally withdrawn from a 529 plan account and were recontributed to a 529 plan account for the same designated beneficiary up to the amount of the refund provided that the re-contribution is made within 60 days of the date of the refund (for refunds received after December 31, 2014, and before December 18, 2015, recontributions must have been made by February 16, 2016).

**Accordingly, the following replaces the section titled “Records Retention” on page 42 of the Plan Description:**

#### **Records Retention**

Under current federal tax law, Account Owners are responsible for obtaining and retaining records, invoices, or other documentation relating to your Account, including records adequate to substantiate, among other things, the following: (i) expenses which you claim are Qualified Higher Education Expenses, (ii) the death or disability of a designated beneficiary, (iii) the receipt by a designated beneficiary of a qualified scholarship or Educational Assistance, (iv) the attendance by a designated beneficiary at certain specified military academies, or (v) a refund from an Eligible Institution of Higher Education that is recontributed to a 529 plan account for the same designated beneficiary within 60 days of the date of the refund.

### **3. Removal of Aggregation Requirement for 529 Plan Distributions:**

*Pursuant to the PATH Act, changes were made to Section 529 of the Code, which removed the aggregation requirement for 529 plan distributions made after December 31, 2014. The provision eliminated a burdensome recordkeeping requirement providing that section 529 plan accounts with the same account owner and designated beneficiary within a 529 program (e.g. all such 529 plan accounts within the Nevada College Savings Plans) must be aggregated for purposes of calculating the amount of a distribution that is included in a taxpayer’s income. Because the PATH Act was passed so late in 2015, the Internal Revenue Service is not requiring 529 plans to re-issue 2015 Forms 1099-Q using the new earnings calculation.*

Therefore, starting with the 2016 tax year, the Plan will no longer aggregate Plan Accounts with accounts in other section 529 plans within the Nevada College Savings Plans.

Accordingly, the last paragraph under the subsection titled “Federal Taxation of Section 529 – Plan Contributions and Distributions” on page 48 is deleted in its entirety and replaced with the following:

The earnings portion of a withdrawal will generally be calculated on an Account-by-Account basis. An Account Owner may only open one account in the Plan for the same designated beneficiary. If you don’t select a specific investment option(s) from which to take a distribution, the distribution will be taken proportionally from all the investment options in the Account. If you request that a distribution be taken from one or more specific investment option(s), the earnings, for tax reporting purposes, will be calculated based on the earnings of all the investment options in your Account.

The tables shown under the Example of Investment Costs found on pages 53 and 54 of the Plan Description are hereby deleted and replaced in their entirety with the following:

**Accounts Other than Nevada Resident**

Investment Options	1 Year	3 Years	5 Years	10 Years
Very Aggressive	\$116	\$362	\$628	\$1,386
Aggressive Growth	\$109	\$340	\$590	\$1,306
Growth	\$104	\$325	\$563	\$1,248
Moderately Aggressive	\$98	\$306	\$531	\$1,178
Moderate	\$92	\$287	\$498	\$1,108
Moderately Conservative	\$87	\$271	\$471	\$1,049
Conservative	\$81	\$252	\$439	\$978
Very Conservative	\$72	\$224	\$390	\$871
In College	\$70	\$221	\$384	\$859
Preservation of Capital	\$66	\$208	\$362	\$810

**Nevada Resident Accounts**

Investment Options	1 Year	3 Years	5 Years	10 Years
Very Aggressive	\$116	\$362	\$628	\$1,386
Aggressive Growth	\$109	\$340	\$590	\$1,306
Growth	\$104	\$325	\$563	\$1,248
Moderately Aggressive	\$98	\$306	\$531	\$1,178
Moderate	\$92	\$287	\$498	\$1,108
Moderately Conservative	\$87	\$271	\$471	\$1,049
Conservative	\$81	\$252	\$439	\$978
Very Conservative	\$72	\$224	\$390	\$871
In College	\$70	\$221	\$384	\$859
Preservation of Capital	\$66	\$208	\$362	\$810

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 9**  
**March 24, 2016**

**Item: Consent to Amendment 14 to the USAA Private  
Label Product Agreement with Ascensus**

**Recommendation:**

**That the Board consent to Amendment 14 to the USAA  
Private Label Product Agreement, with Ascensus.**

Fiscal:  
None by this action.

Summary:

This Amendment 14 to the USAA Private Label Product Agreement extends the current expiration date of the agreement from March 31, 2016 to June 30, 2016 to allow the parties more time to finalize the agreement.

Sue Serewicz of Ascensus and Caroline Tucker of USAA will be available to answer questions.

**14<sup>th</sup> Amendment to the  
PRIVATE LABEL PRODUCT AGREEMENT**

THIS 14<sup>th</sup> AMENDMENT is entered into as of 14 March 2016 and modifies the PRIVATE LABEL PRODUCT AGREEMENT (the "Agreement") made and entered into as of August 13, 2004, (as amended from time to time) among Ascensus Broker Dealer Services, Inc. (f/k/a Upromise Investments, Inc., a Delaware corporation) ("ABD"), Ascensus Investment Advisors, LLC (f/k/a Upromise Investment Advisors, LLC) a Delaware limited liability company) ("AIA"), and Ascensus College Savings Recordkeeping Services, LLC (f/k/a Upromise Investments Recordkeeping Services, LLC) a Delaware limited liability company ("ACSR" and collectively with ABD and AIA "Ascensus"); and USAA Investment Management Company, a Delaware corporation ("USAA IMCO"), (Ascensus and USAA IMCO collectively referred to as the "Parties").

WHEREAS the current term of the Agreement (the Initial Renewal Term) is scheduled to expire on March 31, 2016; and

WHEREAS the Parties are engaged in ongoing discussions to amend the Agreement in order to extend the term of the Agreement and to make certain other updates; and

WHEREAS the Parties wish to extend the term of the Agreement until such time as it is expected the updates to the Agreement will be finalized.

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Parties, the Parties agree as follows:

1. The term of the Agreement is hereby extended through June 30, 2016.
2. Except as provided herein, the Agreement remains unchanged and in full force and effect. All defined terms will have the same meaning ascribed to them in the Agreement, unless otherwise defined herein.

IN WITNESS WHEREOF, each of the Parties hereto has caused this 14<sup>th</sup> Amendment to the Agreement to be executed on its behalf by a duly authorized representative.

**ASCENSUS BROKER DEALER SERVICES,  
INC.**

By: [Signature]  
Name: Jeff Hawkins  
Title: President + CEO  
Date: 3-14-16

**ASCENSUS COLLEGE SAVINGS  
RECORDKEEPING SERVICES, LLC.**

By: [Signature]  
Name: Jeff Hawkins  
Title: President + CEO  
Date: 3-14-16

**ASCENSUS INVESTMENT ADVISORS, LLC.**

By: [Signature]  
Name: Jeff Hawkins  
Title: President + CEO  
Date: 3-14-16

**USAA INVESTMENT MANAGEMENT  
COMPANY**

By: [Signature]  
Name: Travis Cox  
Title: Authorized Signatory  
Date: 14 March 2016

**CONSENT OF BOARD OF TRUSTEES**

USAA Private Label Product Agreement

**Consent of State of Nevada  
Board of Trustees of the College Savings Plans of Nevada**

The State of Nevada Board of Trustees of the College Savings Plans of Nevada, acting by and through its Administrator, the State Treasurer of the State of Nevada (“State”), hereby consents, pursuant to Section 2.2 of the Direct Program Management Agreement attached as Attachment A to the Contract for Services of Independent Contractor between the State and Ascensus Broker Dealer Services, Inc. (formerly known as Upromise Investments, Inc.), to the execution, delivery, performance of, and compliance with Amendment #14 to the USAA Private Label Product Agreement attached hereto among Ascensus Broker Dealer Services, Inc., Ascensus Investment Advisors, LLC, Ascensus College Savings Recordkeeping Services, LLC, and USAA Investment Management Company.

Dated: March 24, 2016

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

By: \_\_\_\_\_  
Chair of the Board  
State Treasurer

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 10**  
**March 24, 2016**

**Item: Proposed Fee Reduction for the Vanguard 529 Plan**

**Recommendation:**

**Board review and approval of a proposal to reduce the program management fees in the Vanguard 529 College Savings Plan effective when the Plan reaches \$12 billion in assets under management, the accompanying Amendment 9 to the Vanguard Private Label Product Agreement with Ascensus and a supplement to the Program Description necessary to disclose such fee reduction; and/or provide direction, if appropriate.**

Fiscal:  
None.

**Summary:**

Pursuit to Section II. Service Fee of Amendment 5 to the Vanguard 529 College Savings Plan Private Label Agreement with Ascensus, Vanguard shall lower its program management fee when the plan reaches certain asset levels. The plan is expected to reach \$12 billion in assets under management before the next regularly scheduled Board meeting and as such, Vanguard seeks the Board's prior approval to set fees for the Plan portfolios as indicated here:

As soon as operationally practical after the Plan reaches \$12 billion in assets, Vanguard will lower the total annual asset-based fee (the expense ratio) for the Portfolios used in the Age-Based Options will decrease from 0.19% to 0.17%. In addition, at the same time, the total annual asset-based fees (the expense ratios) for the Individual

Options will decrease from the current range of 0.19% to 0.49% to a range of 0.17% to 0.45%.

Should the Board move to approve the proposed fee reduction, the accompanying Amendment 9 to the Vanguard Private Label Product Agreement with Ascensus and a supplement to the Vanguard 529 College Savings Plan Program Description included in this agenda item are necessary to implement the reduction and disclose such fee reduction to participants.

Tom Hewitt of Vanguard will be available to answer questions.

# Price Reduction



This will be the eighth voluntary price reduction in the Vanguard 529 Plan

1. 2004: Individual Portfolios reduced to 65bps
2. 2005: Age-Based Portfolios reduced to 60bps
3. 2006: Age-Based Portfolios reduced to 50bps
4. 2009: Age-Based Portfolios reduced to 44bps
  - Individual Portfolios reduced 6bps
5. 2010: Age-Based Portfolios reduced to 25bps
  - Individual Portfolios reduced to 25bps – 55bps
6. 2013 Age-Based Portfolios reduced to 21bps
  - Individual Portfolios reduced to 21bps – 50bps
7. 2014 Age-Based Portfolios reduced to 19 bps
  - Individual Portfolios reduced to 19 bps – 49bps
8. **2016 Age Based Portfolios reduced to 17 bps**
  - **Individual Portfolios reduced to 17 bps – 45 bps**

# Vanguard 529 Fee Reduction



	CURRENT FEES	FEES EFFECTIVE when AUM reaches \$12.0 billion
	Total Annual Asset-Based Fee	Total Annual Asset-Based Fee
<b>Multi-Fund Portfolios Used in Age-Based Options</b>		
Vanguard Aggressive Growth Portfolio	0.19%	0.17%
Vanguard Growth Portfolio	0.19%	0.17%
Vanguard Moderate Growth Portfolio	0.19%	0.17%
Vanguard Conservative Growth Portfolio	0.19%	0.17%
Vanguard Income Portfolio	0.19%	0.17%
Vanguard Interest Accumulation Portfolio	0.19%	0.17%
<b>Individual Portfolios</b>		
Vanguard Total Stock Market Index Portfolio	0.21%	0.19%
Vanguard 500 Index Portfolio	0.21%	0.19%
Vanguard Total Bond Market Index Portfolio	0.24%	0.22%
Vanguard Growth Index Portfolio	0.28%	0.26%
Vanguard Value Index Portfolio	0.28%	0.26%
Vanguard Mid-Cap Index Portfolio	0.26%	0.24%
Vanguard Small-Cap Index Portfolio	0.26%	0.24%
Vanguard Inflation-Protected Securities Portfolio	0.27%	0.25%
Vanguard High-Yield Bond Portfolio	0.34%	0.32%
Vanguard Windsor Portfolio	0.46%	0.44%
Vanguard Morgan Growth Portfolio	0.47%	0.45%
Vanguard Total International Stock Index Portfolio	0.37%	0.35%
Vanguard STAR Portfolio	0.49%	0.45%

**AMENDMENT #9 TO  
VANGUARD PRIVATE LABEL PRODUCT AGREEMENT**

This Amendment #9 to Vanguard Private Label Product Agreement (this "Amendment") is made effective as of March 24, 2016 (the "Amendment Effective Date"), by and between Ascensus Broker Dealer Services, Inc., a Delaware corporation ("ABDS"), Ascensus Investment Advisors, LLC, a Delaware limited liability company ("AIA," and together with ABDS, "Ascensus College Savings"), Ascensus College Savings Recordkeeping Services, LLC ("ACSR"), The Vanguard Group, Inc. ("Vanguard"), a Pennsylvania corporation and Vanguard Marketing Corporation ("VMC" and collectively with Vanguard, the "Vanguard Parties"), a Pennsylvania corporation.

WHEREAS, Ascensus College Savings and the Vanguard Parties are parties to the Vanguard Private Label Product Agreement dated as of September 17, 2002, as amended (the "Agreement"); and

WHEREAS, the parties wish to amend certain provisions of the Agreement as set forth in this Amendment; and

WHEREAS, ABDS desires to assign to its affiliate, ACSR, and ACSR desires to assume from ABDS, all of ABDS's right, title and interest with respect to ABDS's recordkeeping services, including processing services and other administrative services to support the recordkeeping services ("Recordkeeping Services") (the "Proposed Assignment and Assumption").

NOW, THEREFORE, in consideration of the mutual agreements herein contained, and intending to be legally bound, the parties hereby covenant and agree as follows:

1. General Terms. This Amendment is intended to amend, and operate in conjunction with, the Agreement, and together this Amendment and the Agreement constitute the complete and exclusive statement of the agreement between the parties with respect to the matters addressed herein and therein. Except as amended hereunder, the Agreement remains in full force and effect. Unless otherwise defined herein, capitalized terms used in this Amendment shall have the meaning assigned to them in the Agreement. In the event of a conflict between the terms of the Agreement and the terms of this Amendment, the terms of this Amendment shall control.

2. Addition of Ascensus College Savings Recordkeeping Services, LLC. The Vanguard Parties, ABDS, and AIA agree that, as of the Amendment Effective Date, ACSR shall be added as an additional party to the Agreement assuming the Recordkeeping Services, Processing Services and other related administrative services. ACSR agrees that, as of the date of this Amendment, it shall be bound by all representations, warranties, covenants, agreements, liabilities and obligations applicable to ACSR or the Ascensus Parties under the Agreement, as modified by this Amendment. Upon execution of this Amendment, all references in the Agreement to "Ascensus College Savings" shall refer to ABDS, AIA, and ACSR.

3. Amendment of Certain References. Each reference in the Agreement to the defined term “UII Parties” is hereby deleted and replaced with “Ascensus College Savings”.

4. Amendment to Section 10.1. The second sentence of Section 10.1 of the Agreement is hereby deleted in its entirety and replaced with the following:

“Unless sooner terminated as provided herein, this Agreement shall continue in effect until December 31, 2020 (the “Initial Term”).”

5. Amendment to Schedule B. Effective as of the Fee Reduction Date (as defined in the attached Schedule B), Schedule B to the Agreement shall be deleted in its entirety and replaced with Schedule B attached to this Amendment.

6. The Board shall consent to this Amendment substantially in the form attached hereto as Attachment 1.

**Schedule B**

**Pricing Structure and Fees on Assets Under Management**

Vanguard and Ascensus College Savings agree to the following compensation arrangements:

**I. State Fee**

- A. Payment. The State shall have the right to receive an annual fee (the “**State Fee**”) in the amount of \$1,500,000, which payment shall be funded in equal portions of \$750,000 by Vanguard and Ascensus College Savings and shall be calculated as provided in Section I(B) below. Vanguard shall pay its portion of each State Fee to ABDS by the tenth (10<sup>th</sup>) Business Day of January each year. Ascensus College Savings shall pay the full amount (including its half) of the State Fee to the Trust by January 31 of each year, which will represent the State Fee for the period from December 1 of the prior year to November 30 of the year in which the payment is due.
- B. State Fee Calculation. The amount of each payment of the State Fee shall be calculated as follows: (i) the amount of the State Fee on the immediately preceding State Fee payment date, multiplied by (ii) the sum of (a) one, plus (b) the result of dividing (I) the result of subtracting (A) the annual “Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average for all items, 1982-84 =100”, as published by the Bureau of Labor Statistics of the U.S. Department of Labor (“CPI”), as published in the October immediately-preceding State Fee payment date, from (B) CPI, as published in October prior to the then-current State Fee payment date, by (II) CPI, as published in October prior to the immediately-preceding State Fee payment date. Such calculation is expressed below:

Previous Year State Fee = F1

Current Year State Fee = F2

Previous Year CPI = C1

Current Year CPI = C2

$$F2 = (F1) (1+((C2-C1)/C1))$$

## II. Service Fee

Service Fee Determination. In consideration of the services to be provided by Vanguard under this Agreement, effective as soon as operationally practicable following the occurrence of the the first date on which the aggregate amount of assets in all Funded Accounts (as defined below) is greater than or equal to \$12,000,000,000.00 (\$12 billion) (the “Fee Reduction Date”), (a) each Designated Portfolio shall pay to Vanguard on a monthly basis a combined annual service fee (“Service Fee”) of between 0.17% and 0.45% of the assets invested in each Designated Portfolio, inclusive of the fees applicable to any Underlying Funds of the Designated Portfolios, as set forth in the Fee Table below; (b) Vanguard shall be entitled to keep for itself the Fees described in such Fee Table; and (c) Vanguard shall pay ACSR a fee based on the number of Funded Accounts as set forth in III. Ascensus College Savings Fee, below. The Service Fee for the Age-Based Portfolios and Custom Portfolios (listed on Schedule A) will be kept at a constant 0.17% while the Service Fee for the Static Portfolios (listed on Schedule A), other than the Custom Portfolios, may vary with changes in the Underlying Fund expenses, subject to State approval and appropriate disclosure.

Service Fee Accrual and Payment. The Service Fee shall be paid monthly and shall be accrued daily for each Designated Portfolio by determining the product of (a) the annual Service Fee divided by the number of days per applicable calendar year, multiplied by (b) the daily market value of all assets invested in the Designated Portfolio during the applicable calendar month.

### Fee Table

As of the Fee Reduction Date

Vanguard Portfolios	Estimated Underlying Fund Expenses as of December 31, 2015	State Fee**	Program Management Fee	Service Fee / (Total Annual Asset-Based Fee)
Vanguard Aggressive Growth Portfolio	0.04%	None	0.13%	0.17%
Vanguard Growth Portfolio	0.04%	None	0.13%	0.17%
Vanguard Moderate Growth Portfolio	0.05%	None	0.12%	0.17%
Vanguard Conservative Growth Portfolio	0.05%	None	0.12%	0.17%
Vanguard Income Portfolio	0.06%	None	0.11%	0.17%
Vanguard Interest Accumulation Portfolio	0.08%	None	0.09%	0.17%
Vanguard Total Stock Market Index Portfolio	0.02%	None	0.17%	0.19%*
Vanguard Total International Stock Index Portfolio	0.07%	None	0.28%	0.35%*
Vanguard Total Bond Market Index Portfolio	0.05%	None	0.17%	0.22%*
Vanguard 500 Index Portfolio	0.02%	None	0.17%	0.19%*
Vanguard Morgan Growth Portfolio	0.27%	None	0.18%	0.45%*
Vanguard Windsor Portfolio	0.29%	None	0.15%	0.44%*
Vanguard Growth Index Portfolio	0.08%	None	0.18%	0.26%*
Vanguard Value Index Portfolio	0.08%	None	0.18%	0.26%*
Vanguard Mid-Cap Index Portfolio	0.06%	None	0.18%	0.24%*
Vanguard Small-Cap Index Portfolio	0.06%	None	0.18%	0.24%*
Vanguard STAR Portfolio	0.34%	None	0.11%	0.45%*
Vanguard Inflation-Protected Securities Portfolio	0.07%	None	0.18%	0.25%*
Vanguard High-Yield Bond Portfolio	0.13%	None	0.19%	0.32%*

\* The Service Fee may vary with changes in the Underlying Funds’ expenses, subject to State approval and appropriate disclosure.

\*\* See I. State Fee above.

### **III. Ascensus College Savings Fee**

Vanguard will pay Ascensus College Savings a flat fee based on the number of Funded Accounts (“Ascensus College Savings Fee”). The Ascensus College Savings Fee will be at an annual rate of \$21 at a rate of \$1.75 per Funded Account paid by the end of each month, using the average number of Funded Accounts from the immediately preceding month. A “Funded Account” is defined as a separate account established, funded, and maintained with a balance greater than zero for a Designated Beneficiary of each Participant under this Agreement.

**ATTACHMENT 1**

**CONSENT OF BOARD OF TRUSTEES**

Vanguard Private Label Agreement

**Consent of State of Nevada  
Board of Trustees of the College Savings Plans of Nevada**

The State of Nevada Board of Trustees of the College Savings Plans of Nevada, acting by and through its Administrator, the State Treasurer of the State of Nevada (“State”), hereby consents, pursuant to Section 2.2 of the Direct Program Management Agreement attached as Attachment A to the Contract for Services of Independent Contractor between the State and Ascensus Broker Dealer Services, Inc., to the execution, delivery, performance of, and compliance with Amendment #9 to Vanguard Private Label Product Agreement attached hereto between Ascensus Broker Dealer Services, Inc., Ascensus College Savings Recordkeeping Services, LLC, Ascensus Investment Advisors, LLC, The Vanguard Group, Inc., and Vanguard Marketing Corporation.

Dated: March 24, 2016

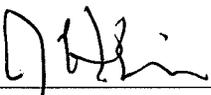
THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

By: \_\_\_\_\_  
Chairman of the Board  
State Treasurer

IN WITNESS WHEREOF, the parties hereto have executed this Amendment #9 to Vanguard Private Label Product Agreement as of the Amendment Effective Date.

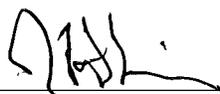
ASCENSUS BROKER DEALER SERVICES,  
INC.

By its authorized officer

By:   
Title: President and CEO

ASCENSUS COLLEGE SAVINGS  
RECORDKEEPING SERVICES, LLC

By its authorized officer

By:   
Title: President and CEO

ASCENSUS INVESTMENT ADVISORS, LLC

By its authorized officer

By:   
Title: President and CEO

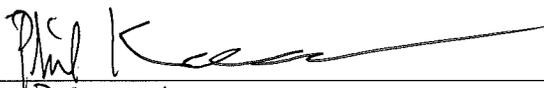
THE VANGUARD GROUP, INC.

By its authorized officer

By:   
Title: Principal

VANGUARD MARKETING CORPORATION

By its authorized officer

By:   
Title: Principal



**SUPPLEMENT DATED [Insert Effective Date] TO  
THE VANGUARD 529 COLLEGE SAVINGS PLAN  
PROGRAM DESCRIPTION DATED NOVEMBER 2014**

**Please keep this Supplement, which describes important changes, with your other Vanguard 529 College Savings Plan documents.**

**Reduction in Total Annual Asset-Based Fees**

Effective [Insert Effective Date], the total annual asset-based fee (the expense ratio) for the Portfolios used in the Age-Based Options will decrease from 0.19% to 0.17%. Accordingly, all references in the Program Description to the total annual asset-based fee for those Portfolios should be changed from 0.19% to 0.17%.

In addition, effective [Insert Effective Date], the total annual asset-based fees (the expense ratios) for the Individual Options will decrease from the current range of 0.19% to 0.49% to a range of 0.17% to 0.45%. Accordingly, all references in the Program Description to the total annual asset-based fees for the Individual Options should be changed as outlined in the table below.

*Effective [Insert Effective Date], the following replaces the fee table on page 23 of the Program Description:*

Portfolio	Estimated Underlying Fund Expenses <sup>1</sup>	State Fee <sup>2</sup>	Program Management Fee <sup>3</sup>	Total Annual Asset-Based Fee
Vanguard Aggressive Growth Portfolio	0.04%	None	0.13%	0.17%
Vanguard Growth Portfolio	0.04	None	0.13	0.17
Vanguard Moderate Growth Portfolio	0.05	None	0.12	0.17
Vanguard Conservative Growth Portfolio	0.05	None	0.12	0.17
Vanguard Income Portfolio	0.06	None	0.11	0.17
Vanguard Interest Accumulation Portfolio	0.08	None	0.09	0.17
Vanguard Total Stock Market Index Portfolio	0.02	None	0.17	0.19
Vanguard 500 Index Portfolio	0.02	None	0.17	0.19
Vanguard Total International Stock Index Portfolio	0.07	None	0.28	0.35
Vanguard Morgan Growth Portfolio	0.27	None	0.18	0.45
Vanguard Windsor Portfolio	0.29	None	0.15	0.44
Vanguard Growth Index Portfolio	0.08	None	0.18	0.26
Vanguard Value Index Portfolio	0.08	None	0.18	0.26
Vanguard Mid-Cap Index Portfolio	0.06	None	0.18	0.24

Vanguard Small-Cap Index Portfolio	0.06	None	0.18	0.24
Vanguard STAR Portfolio	0.34	None	0.11	0.45
Vanguard Total Bond Market Index Portfolio	0.05	None	0.17	0.22
Vanguard Inflation-Protected Securities Portfolio	0.07	None	0.18	0.25
Vanguard High Yield Bond Portfolio	0.13	None	0.19	0.32

<sup>1</sup> Expenses for multiple-fund Portfolios represent a weighted average of the expenses of the Portfolio's Underlying Funds. Expense ratios have been derived from each Underlying Fund's most recent prospectus as of February 25, 2016. The fees and expenses of the Underlying Funds may change.

<sup>2</sup> As described in the "State Annual Payment" section, Vanguard and Ascensus College Savings provide an annual payment to the State of Nevada's Treasurer's Office for oversight of Nevada's 529 Plans.

<sup>3</sup>Vanguard and Ascensus College Savings have agreed to a specific formula for the allocation of the Program management fee.

Effective *[Insert Effective Date]*, the following replaces the investment cost example table on page 24 of the Program Description.

Portfolio	1 Year	3 Years	5 Years	10 Years
Vanguard Aggressive Growth Portfolio	\$17.41	\$54.80	\$95.88	\$217.26
Vanguard Growth Portfolio	\$17.41	\$54.80	\$95.88	\$217.26
Vanguard Moderate Growth Portfolio	\$17.41	\$54.80	\$95.88	\$217.26
Vanguard Conservative Growth Portfolio	\$17.41	\$54.80	\$95.88	\$217.26
Vanguard Income Portfolio	\$17.41	\$54.80	\$95.88	\$217.26
Vanguard Interest Accumulation Portfolio	\$17.41	\$54.80	\$95.88	\$217.26
Vanguard Total Stock Market Index Portfolio	\$19.46	\$61.22	\$107.10	\$242.57
Vanguard 500 Index Portfolio	\$19.46	\$61.22	\$107.10	\$242.57
Vanguard Total International Stock Index Portfolio	\$35.81	\$112.51	\$196.51	\$443.17
Vanguard Morgan Growth Portfolio	\$46.02	\$144.45	\$252.03	\$566.87
Vanguard Windsor Portfolio	\$45.00	\$141.26	\$246.49	\$554.55
Vanguard Growth Index Portfolio	\$26.62	\$83.69	\$146.31	\$330.74
Vanguard Value Index Portfolio	\$26.62	\$83.69	\$146.31	\$330.74
Vanguard Mid-Cap Index Portfolio	\$24.57	\$77.28	\$135.12	\$305.61
Vanguard Small-Cap Index Portfolio	\$24.57	\$77.28	\$135.12	\$305.61
Vanguard STAR Portfolio	\$46.02	\$144.45	\$252.03	\$566.87
Vanguard Total Bond Market Index Portfolio	\$22.53	\$70.86	\$123.92	\$280.43
Vanguard Inflation-Protected Securities Portfolio	\$25.59	\$80.49	\$140.72	\$318.18
Vanguard High Yield Bond Portfolio	\$32.75	\$102.92	\$179.80	\$405.81

These examples do not represent actual expenses or performance from the past or for the future. Actual future expenses may be higher or lower than those shown.

Effective *[Insert Effective Date]* the following replaces the Performance table on page 22 of the Program Description:

Portfolio	Average Annual Total Returns as of 12/31/2015					Inception Date
	1 Year	3 Years	5 years	10 years	Since Inception	
Vanguard Aggressive Growth Portfolio	-1.47%	10.43%	8.65%	5.77%	8.05%	12/12/2002
Vanguard Growth Portfolio	-0.90	8.23	7.47	5.62	6.98	12/16/2002
Vanguard Moderate Growth Portfolio	-0.36	5.95	6.11	5.41	6.28	12/11/2002
Vanguard Conservative Growth Portfolio	-0.05	3.57	4.57	4.92	5.52	12/16/2002
Vanguard Income Portfolio	-0.13	0.06	2.13	3.34	3.40	12/16/2002
Vanguard Total Stock Market Index Portfolio	0.27	14.54	11.99	7.21	8.71	12/11/2002
Vanguard Total International Stock Index Portfolio	-4.49	1.55	0.98	2.49	7.16	12/11/2002
Vanguard 500 Index Portfolio	1.19	14.87	12.31	6.96	8.20	12/17/2002
Vanguard Morgan Growth Portfolio	6.63	16.77	12.27	--	7.01	12/1/2006
Vanguard Windsor Portfolio	-3.37	13.61	11.16	--	4.49	12/1/2006
Vanguard Growth Index Portfolio	3.10	15.59	12.88	8.10	8.77	12/17/2002
Vanguard Value Index Portfolio	-1.07	14.04	11.46	6.12	8.39	12/11/2002
Vanguard Mid-Cap Index Portfolio	-1.50	14.69	11.31	7.58	10.65	12/17/2002
Vanguard Small-Cap Index Portfolio	-3.85	12.36	10.21	7.61	10.67	12/16/2002
Vanguard STAR Portfolio	-0.32	7.89	7.48	--	5.13	12/1/2006
Vanguard Total Bond Market Index Portfolio	0.18	1.14	2.94	4.11	3.92	12/16/2002
Vanguard Inflation-Protected Securities Portfolio	-1.86	-2.51	2.25	3.48	4.12	12/11/2002
Vanguard High-Yield Bond Portfolio	-1.48	2.41	5.57	5.78	6.45	12/11/2002
Vanguard Interest Accumulation Portfolio	0.25	0.17	0.22	1.46	1.59	10/15/2004

The performance data shown represents past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' portfolio units, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit [vanguard.com/performance](http://vanguard.com/performance).

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 11**  
**March 24, 2016**

**Item: Prepaid Tuition/Higher Education Trust Fund  
Investment Performance Review for the Quarter  
End Performance Summary**

**Recommendation:**

**That the Board review and approve the Nevada Higher Education Trust Fund quarterly review of investment performance by Pension Consulting Alliance for the quarter ending December 31, 2015, and direct staff as appropriate.**

Fiscal:  
None.

Summary:

In October 2011, the Board approved the Amended Investment Policy Statement and Comprehensive Investment Plan for the Nevada Higher Education Prepaid Tuition Trust Fund outlining the criteria for investment monitoring and analysis, including the establishment of a "Watch List" process.

In October of 2014 the Board approved a contract with Pension Consulting Alliance (PCA) to perform investment review services of the Nevada Prepaid Tuition/Higher Education Trust Fund (formerly performed by Callan Associates). These services include an independent quarterly review of investment performance and fund monitoring of each underlying fund or separate account. Attached is PCA's report for the quarter ending December 31, 2015.

Eric White from PCA will be available should there be any questions from the Board.

4Q

2015

## Nevada Higher Education Prepaid Tuition Program

QUARTERLY REPORT



This report is solely for the use of client personnel. No part of it may be circulated, quoted, or reproduced for distribution outside the client organization without prior written approval from Pension Consulting Alliance, LLC

Nothing herein is intended to serve as investment advice, a recommendation of any particular investment or type of investment, a suggestion of the merits of purchasing or selling securities, or an invitation or inducement to engage in investment activity.

## INTRODUCTION

The Nevada Prepaid Tuition Plan Portfolio had an aggregate value of \$211.6 million as of December 31, 2015. During the latest quarter, the Total Portfolio increased in value by \$8.8 million, and over the latest year the Total Portfolio increased by \$10.2 million. US GDP growth for the fourth quarter (advanced estimate) has slowed since the third quarter, falling from 2.0% to 0.7%. GDP growth during the fourth quarter was driven mostly by consumer spending in healthcare, which was partly offset by an increase in imports, which is a subtraction in the GDP calculation. The unemployment rate dropped to 5.0% as of the quarter end, continuing its downward trend over the last 2+ years. After decreasing by 0.4 percent last quarter, the Consumer Price Index for All Urban Consumers increased by 0.5% in the quarter. Commodities continued to decrease, as they returned (10.5%) for the quarter. The US dollar appreciated against the Euro, British Pound, and the Yen this quarter. After floundering in the third quarter, US Equities were able to rebound strongly as they posted positive returns across the board. Global Equities performed well for the quarter, but a strong quarter was not enough to establish positive returns for the trailing 1-year period. The BC Universal Index returned (0.6%) during the quarter, but performance in the 1-year period managed to stay slightly positive at 0.4%.

**Asset Allocation Trends**

With respect to policy targets, the Total Portfolio ended the latest quarter slightly underweight Equities and Covered Calls, while overweight Fixed Income.

**Recent Investment Performance**

The Total Portfolio outperformed its policy benchmark by 80 basis points over the most recent Quarter, and outperformed the benchmark over the 1-, 3-, and 5-year periods by 80, 70, and 110 basis points, respectively.

**Recent Investment Performance (Gross of Fees)<sup>2</sup>**

	Quarter	1 Year	3 Year	5 Year
Total Portfolio (Gross of Fees)	4.5	2.4	9.7	9.7
<i>Policy Benchmark<sup>1</sup></i>	<i>3.7</i>	<i>1.6</i>	<i>9.0</i>	<i>8.6</i>
<b>Excess Return</b>	<b>0.8</b>	<b>0.8</b>	<b>0.7</b>	<b>1.1</b>

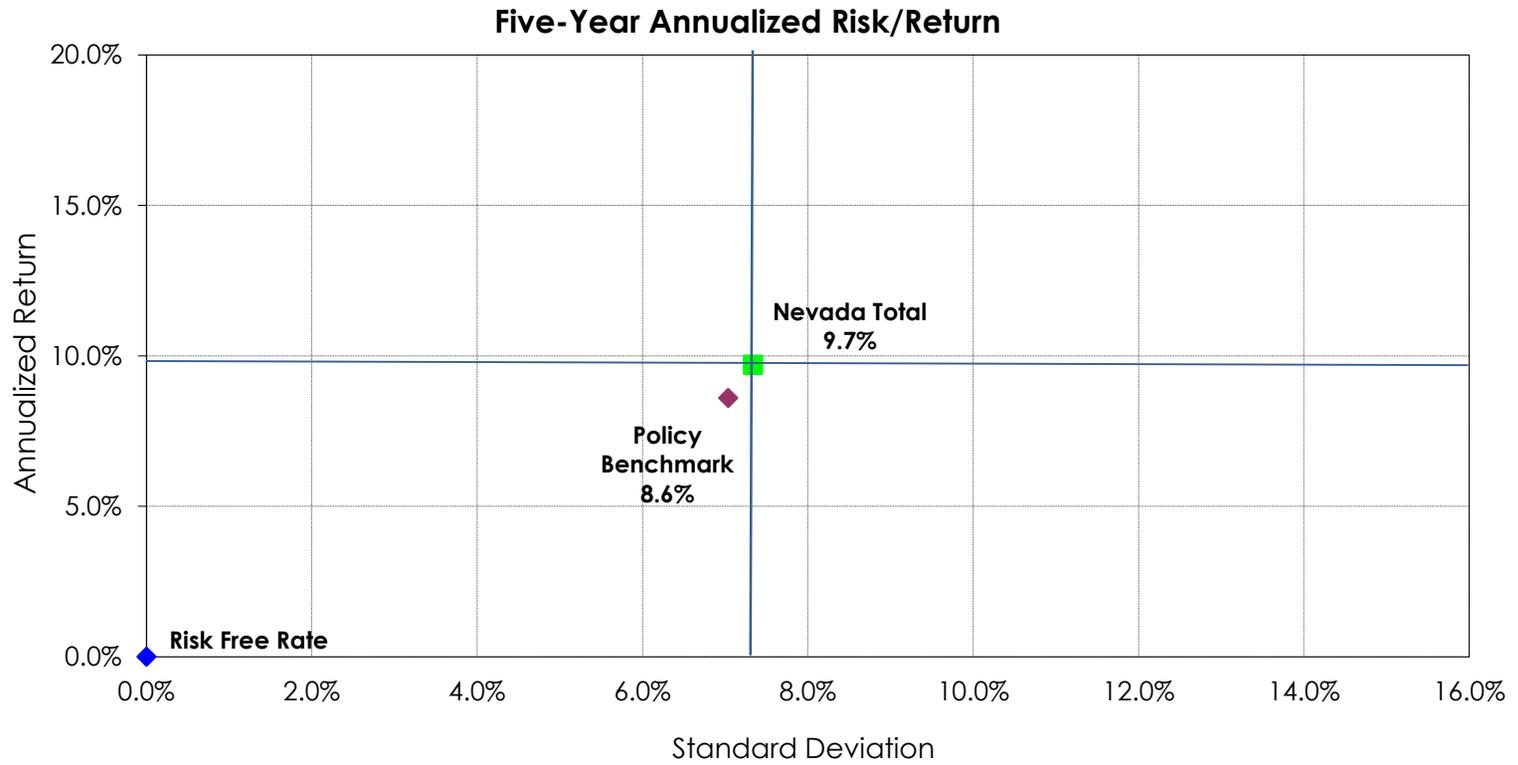
<sup>1</sup> Policy Benchmark consists of 39% S&P 500 Index, 30% Barclays US Aggregate Bond Index, 20% CBOE BXM Index, 7% S&P Midcap 400 Index, 4% S&P Smallcap 600 Index as of 9/30/2014. Prior to 9/30/2014 Policy Benchmark consisted of 45% S&P 500 Index, 43% Barclays US Aggregate Bond Index, 8% S&P Midcap 400 Index, 4% S&P Small cap 600 Index

<sup>2</sup> Gross of fee returns for the Vanguard equity funds calculated using the following fee schedule: Vanguard Institutional = 4 basis points, Vanguard Mid Cap = 8 bps, Vanguard Small Cap = 8 bps, Glenmede Secured Options = 84 bps

NEVADA PREPAID PORTFOLIO REVIEW

**Nevada Prepaid Tuition Plan RISK/RETURN ANALYSIS**

*Period ending December 31, 2015*



**ASSET ALLOCATION**

**Actual vs. Target Allocations**

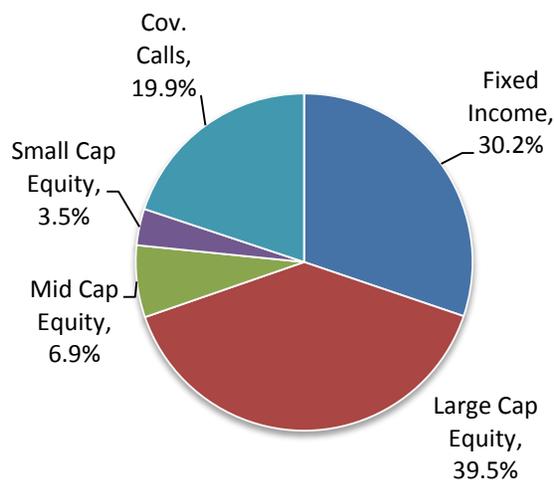
With respect to policy targets, the Total Portfolio ended the latest quarter slightly underweight Equities and Covered Calls, while Fixed Income was overweight its target allocation. Within Domestic Equity, Both Mid cap and Small cap allocations were underweight their target allocations, while Large Cap equity was 0.5% overweight its 39% target allocation. Fixed Income was only 0.2% above its target and the Covered Calls asset class is currently (0.1%) underweight its 20% target allocation.

**Asset Allocation - As of December 31, 2015** (This chart does not represent performance)

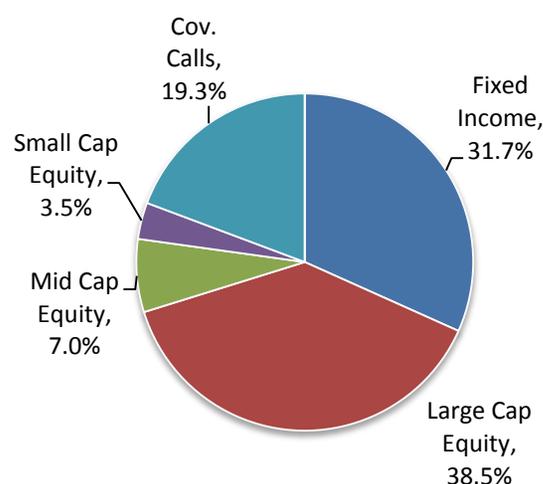
Rebalancing Triggers

Segment	Actual \$(000)	Actual %	Target %*	Policy Minimum	Policy Maximum	Acceptable Variance
<b>Total Portfolio</b>	<b>211,591</b>	<b>100%</b>	<b>100%</b>	---	---	
<b>Domestic Equity</b>	<b>105,684</b>	<b>49.9%</b>	<b>50.0%</b>	<b>45%</b>	<b>55%</b>	✓
Large Cap	83,659	39.5%	39.0%	36.5%	41.5%	✓
Mid Cap	14,592	6.9%	7.0%	4.5%	9.5%	✓
Small Cap	7,432	3.5%	4.0%	2.5%	5.5%	✓
<b>Covered Calls</b>	<b>42,107</b>	<b>19.9%</b>	<b>20.0%</b>	<b>15%</b>	<b>25%</b>	✓
<b>Total Fixed Income</b>	<b>63,801</b>	<b>30.2%</b>	<b>30.0%</b>	<b>25%</b>	<b>35%</b>	✓

**December 31, 2015**



**September 30, 2015**



### Asset Class Performance

The **Domestic Equity** asset class components (Large cap, Mid cap, and Small Cap) all tracked their respective benchmarks over the recent quarter and 1-year periods. Over the 3-year period, each of the Large cap, Small cap, and Mid cap components outperformed their respective benchmarks by 10 basis points. Over the 5-year period, Large cap and Small cap equity outperformed by 110 and 20 basis points, respectively, while Mid cap equity underperformed by (20) basis points.

The **Fixed Income** asset class underperformed its benchmark over the quarter by (10) basis points, but outperformed over the most recent 1-year period by 30 basis points. Over both the 3- and 5-year periods, the fixed income asset class underperformed by (20) basis points.

The **Covered Calls** asset class returned 8.0% over the quarter, outperforming its benchmark by 4.0%. Over the 1-year period, the Covered Calls asset class outperformed by 2.5%, gross of fees.

#### Periods ending December 31, 2015 (Gross of Fees)\*

Asset Class	Quarter	1 Year	3 Year	5 Year
<b>Total Portfolio</b>	<b>4.5</b>	<b>2.4</b>	<b>9.7</b>	<b>9.7</b>
<b>Policy Benchmark<sup>^</sup></b>	<b>3.7</b>	<b>1.6</b>	<b>9.0</b>	<b>8.6</b>
Large Cap Equity	7.1	1.4	15.2	13.5
<i>S&amp;P 500 Index</i>	<i>7.0</i>	<i>1.4</i>	<i>15.1</i>	<i>12.6</i>
Mid Cap Equity	2.6	-2.1	12.9	10.5
<i>S&amp;P Mid Cap 400 Index</i>	<i>2.6</i>	<i>-2.2</i>	<i>12.8</i>	<i>10.7</i>
Small Cap Equity	3.7	-1.9	13.7	11.7
<i>S&amp;P Small Cap 600 Index</i>	<i>3.7</i>	<i>-2.0</i>	<i>13.6</i>	<i>11.5</i>
Covered Calls	8.0	7.9	---	---
<i>CBOE BXM Index</i>	<i>4.0</i>	<i>5.2</i>	---	---
Total Fixed Income	-0.7	0.9	1.2	3.1
<i>Barclays US Agg. Index</i>	<i>-0.6</i>	<i>0.6</i>	<i>1.4</i>	<i>3.3</i>

<sup>^</sup> Policy Benchmark consists of 39% S&P 500 Index, 30% Barclays US Aggregate Bond Index, 20% CBOE BXM Index, 7% S&P Midcap 400 Index, 4% S&P Smallcap 600 Index as of 9/30/2014. Prior to 9/30/2014 Policy Benchmark consisted of 45% S&P 500 Index, 43% Barclays US Aggregate Bond Index, 8% S&P Midcap 400 Index, 4% S&P Small cap 600 Index

\* Gross of fee returns for the Mutual funds calculated using the following fee schedule: Vanguard Institutional = 4 basis points, Vanguard Mid Cap = 8 bps, Vanguard Small Cap = 8 bps, Glenmede Secured Options = 84 bps

**MANAGER PERFORMANCE****Manager Performance – Periods ending December 31, 2015** (Gross of Fees)

Manager	Mkt Value (\$000)	Asset Class	Management Style	Quarter	1 YR	3 YR	5 YR	Estimated Annual Fee (bps)
<b>Vanguard Institutional Fund</b>	83,659	Large Cap Equity	Passive	7.1	1.4	---	---	4
<i>S&amp;P 500 Index</i>	---	---	---	7.0	1.4	---	---	---
<b>Vanguard S&amp;P Mid Cap</b>	14,592	Mid Cap Equity	Passive	2.6	-2.1	---	---	8
<i>S&amp;P Mid Cap 400</i>	---	---	---	2.6	-2.2	---	---	---
<b>Vanguard S&amp;P Small Cap</b>	7,432	Small Cap Equity	Passive	3.7	-1.9	---	---	8
<i>S&amp;P Small Cap 600</i>	---	---	---	3.7	-2.0	---	---	---
<b>Glenmede</b>	42,107	Covered Calls	Active	8.0	7.9	---	---	84
<i>CBOE BXM</i>	---	---	---	4.0	5.2	---	---	---
<b>Chicago Equity Partners</b>	63,801	Fixed Income	Active	-0.7	0.9	1.2	3.1	22
<i>Barclays US Aggregate</i>	---	---	---	-0.6	0.6	1.4	3.3	---

**Vanguard:**

The three passive Vanguard equity funds all performed roughly in line with their benchmarks. This performance is within expectations for passive mandates.

**Glenmede:**

The Plan's Covered Calls manager returned 8.0% during the most recent quarter, doubling its benchmark return of 4.0%. Over the 1-year period, the Covered Calls manager outperformed the benchmark by 2.7%.

**Chicago Equity Partners:**

The Plan's Fixed Income manager underperformed its index, the Barclays US Aggregate Bond Index, over the quarter by (10) basis points. Over the 1-year period, Chicago Equity Partners returned 0.9%, beating the benchmark by 30 basis points. Over the 3- and 5-year periods, the fund returned 1.2% and 3.1%, underperforming its benchmark by (20) basis points over both periods.

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THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 12**  
**March 24, 2016**

**Item: Amplify Relations Education and Outreach Update**

**Recommendation:**

**That the Board receive an update on education and outreach activities and results from Amplify Relations.**

Fiscal Impact:  
None.

Summary:

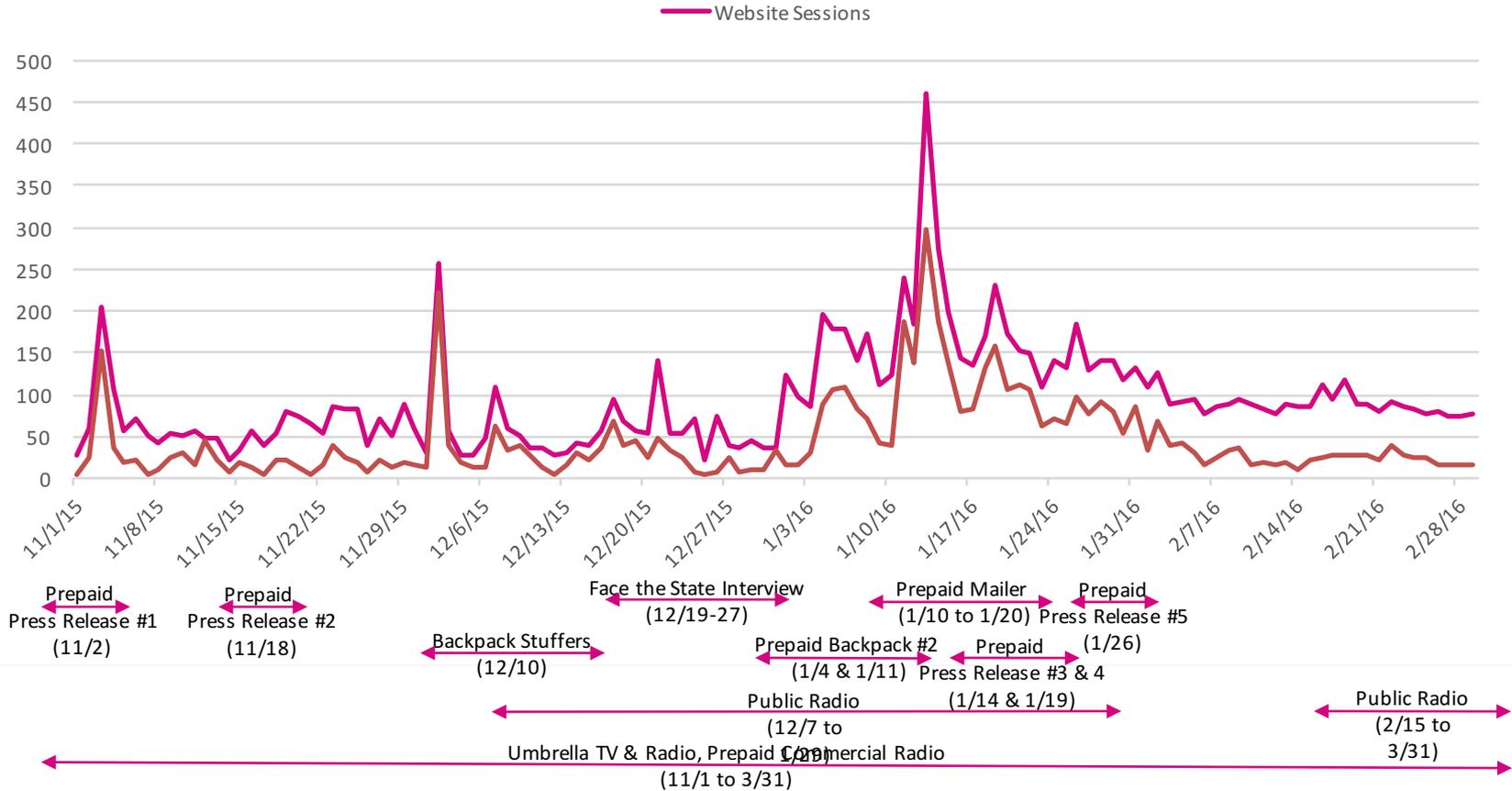
Megan Bedera, Vice President, Amplify Relations, will be available to answer any questions.



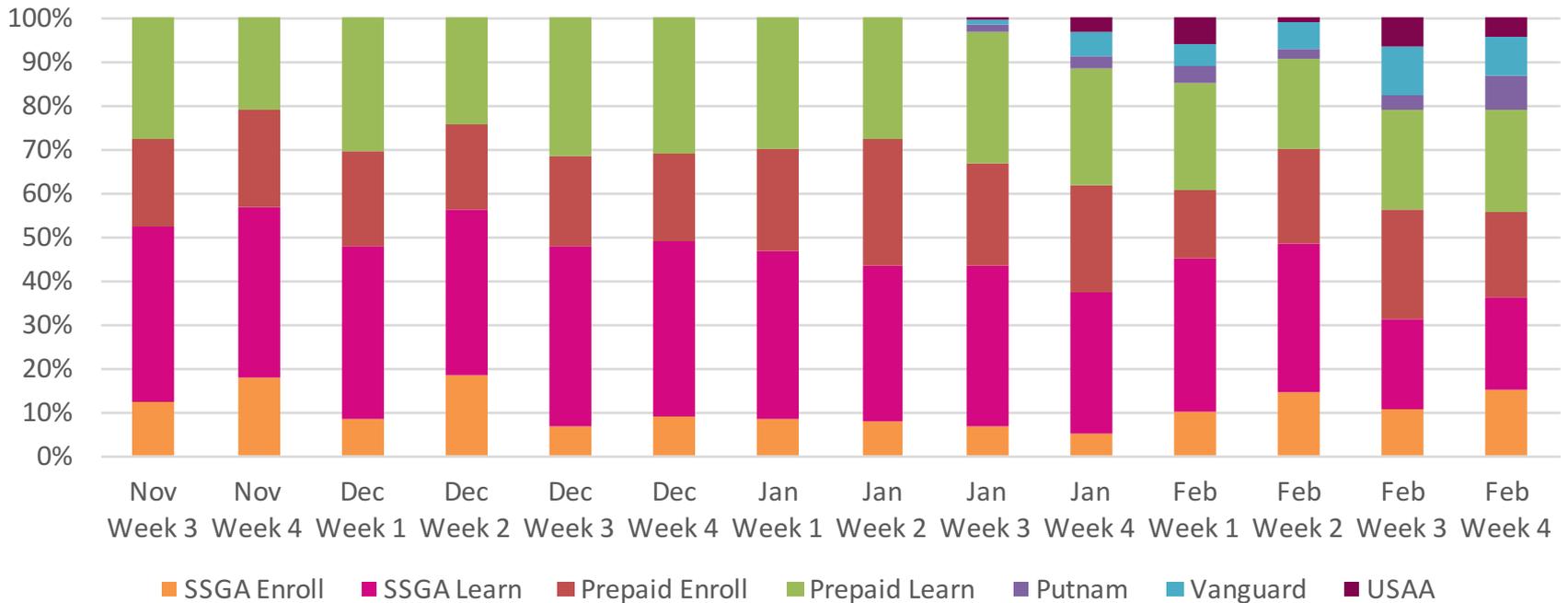
# “Let’s Go to College: Nevada Saves” Campaign

Report to the  
Board of Trustees of the  
College Savings Plans of Nevada

# Web traffic - daily



# Distribution of website exit clicks





# Distribution of website clicks - totals



	SSGA Enroll Now	SSGA Learn More	Prepaid Enroll Now	Prepaid Learn More	Putnam	Vanguard	USAA	Total by Week
Nov Week 3	12	39	20	27				<b>114</b>
Nov Week 4	31	68	38	37				<b>186</b>
Dec Week 1	32	149	83	117				<b>394</b>
Dec Week 2	28	57	29	37				<b>164</b>
Dec Week 3	21	126	62	97				<b>327</b>
Dec Week 4	15	68	33	53				<b>196</b>
Jan Week 1	37	172	105	135				<b>485</b>
Jan Week 2	74	343	274	269				<b>992</b>
Jan Week 3	53	296	188	243	15	7	6	<b>859</b>
Jan Week 4	41	252	193	211	23	43	27	<b>917</b>
Feb Week 1	26	89	40	63	10	13	16	<b>276</b>
<b>Feb Week 2</b>	<b>21</b>	<b>50</b>	<b>32</b>	<b>30</b>	<b>3</b>	<b>9</b>	<b>2</b>	<b>147</b>
<b>Feb Week 3</b>	<b>17</b>	<b>33</b>	<b>40</b>	<b>36</b>	<b>6</b>	<b>17</b>	<b>11</b>	<b>160</b>
<b>Feb Week 4</b>	<b>24</b>	<b>34</b>	<b>31</b>	<b>37</b>	<b>13</b>	<b>14</b>	<b>7</b>	<b>160</b>
<b>Total by Exit</b>	<b>432</b>	<b>1776</b>	<b>1168</b>	<b>1392</b>	<b>70</b>	<b>103</b>	<b>69</b>	<b>5377</b>

\*Due to a bug in the tracking codes, Putnam, Vanguard and USAA began tracking in early January



# Actual Enrollments

VS.

# Enroll Now Exit Clicks



	SSGA New Enrollments	SSGA Enroll Now Clicks	Conversion Rate
Nov Week 3	7	12	58.33%
Nov Week 4	3	31	9.68%
Dec Week 1	12	32	37.50%
Dec Week 2	15	28	53.57%
Dec Week 3	8	21	38.10%
Dec Week 4	11	15	73.33%
Jan Week 1	18	37	48.65%
Jan Week 2	21	74	28.38%
Jan Week 3	22	53	41.51%
Jan Week 4	21	41	51.22%
Feb Week 1	20	26	76.92%
Feb Week 2	10	21	47.62%
Feb Week 3	8	17	47.06%
Feb Week 4	18	24	75%
<b>Totals</b>	<b>194</b>	<b>432</b>	<b>44.90%</b>

	Prepaid New Enrollments	Prepaid Enroll Now Clicks	Conversion Rate
Nov Week 3	16	20	80.00%
Nov Week 4	12	38	31.58%
Dec Week 1	13	83	15.66%
Dec Week 2	13	29	44.83%
Dec Week 3	21	62	33.87%
Dec Week 4	27	33	81.82%
Jan Week 1	36	105	34.29%
Jan Week 2	32	274	11.68%
Jan Week 3	51	188	27.13%
Jan Week 4	127	193	65.80%
Feb Week 1	20	40	47.50%
Feb Week 2	26	32	81.25%
Feb Week 3	15	40	37.50%
Feb Week 4	23	31	74.19%
<b>Totals</b>	<b>432</b>	<b>1168</b>	<b>36.98%</b>

\*Data before the third week of November is inconsistent due to new website bugs and tracking challenges across platforms



# Emails by Event



Event	Total Leads	Intro 1 Opens	Intro 2 Opens	Intro 3 Opens	Total Opens	Total Clicks	Unsubscribes
Doral Academy of Nevada Parent Information Night	18	14	7		21	1	
College Savings Information Night - Dawson College Bound	19	9	6		15		
College Savings Information Night – The Adelson School	6	5	4		9		
Northwest Reno Library – Morning Storytime Event	1	0	0		0		
Wynn Elementary Parent Meeting	8	0	0		0		
Wynn Las Vegas Financial Wellness Fair	39	16	9		25	1	
<b>Totals</b>	<b>91</b>	<b>44</b>	<b>26</b>		<b>70</b>	<b>2</b>	<b>0</b>

Leads collected within the last 3-4 weeks were sent a 3-email introduction series before being added to the ongoing email campaign.



# Ongoing Emails



Event	Total Emails	Delivered	Bounced	Unique Opens	Total Clicks	Unsubscribes
February (Sent 2/29/16)	1,198	826 (69%)	186 (15.53%) – Hard 186 (15.53%) – Soft	216 (26%)	31 (2%)	7 (1%)
March (to be sent 3/16/16)						
Averages	1,198	69%	31%	26%	2%	1%

Hard bounces are bad email addresses that cannot be emailed and will be removed from the system. Soft bounces are temporary issues with the inbox (full or incorrect settings) and will be emailed several times to try to achieve a delivery before they are removed from the system.

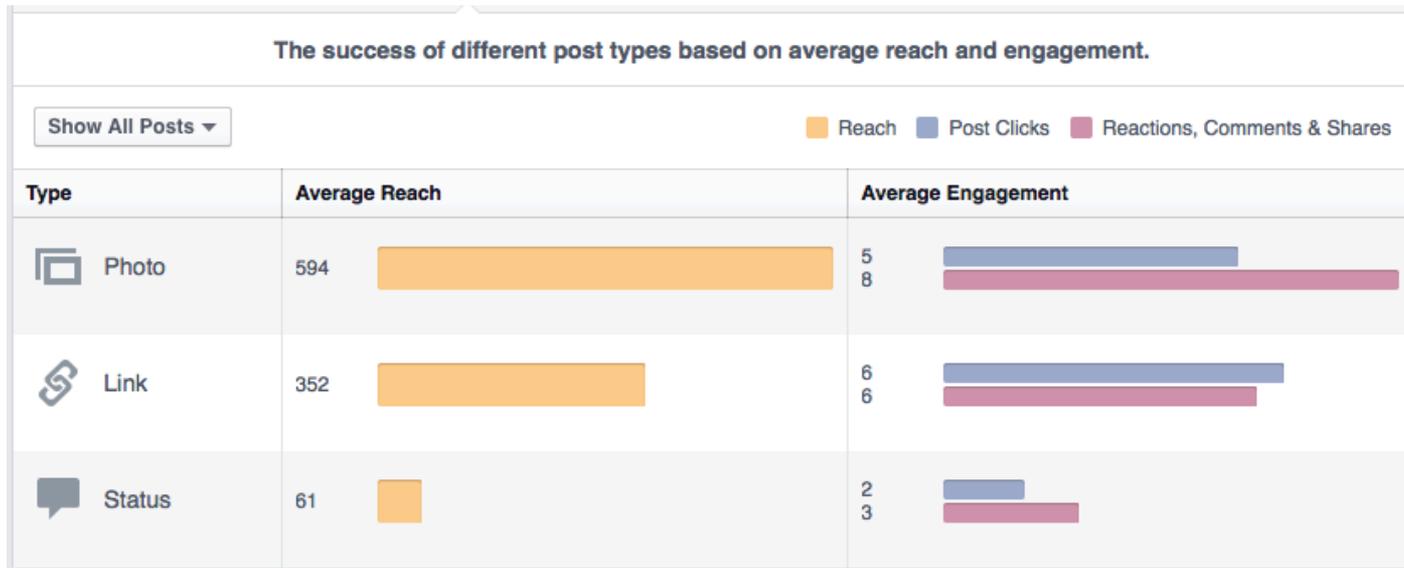
# Media Coverage



- Guest column placements:
  - Mesquite Local News
  - Nevada Appeal
  - Pahrump Valley Times
  - Ely Times
  - Elko Daily Free Press
  - Eureka Sentinel
  - Humboldt Sun
  - Battle Mountain Bugle
  - Lovelock Review-Miner
- Interviews
  - KTNV “Morning Blend” in Las Vegas
  - KTVN “Face the State” in Reno
  - This is Reno Podcast
  - KRNV in Reno
- Press Releases:
  - Prepaid Tuition: Nov. 2, Prepaid Tuition: Nov. 2, Nov. 18, Jan. 14, Jan. 26 and Mar. 14
  - Umbrella: Nov. 24, Jan. 19, Feb. 7, Mar. 21, Mar. 28

## Between Dec. 1 and Feb. 28

- 29 organic likes
- Post impressions of 55,050
- Post reach of 25,903
- 345 link clicks from posts



# Top Messages



Post Details Reported stats may be delayed from what appears on posts

**Nevada College Savings Plans**  
Published by Nevada State Treasurer's Office (?) · December 28, 2015 ·

What a fun, creative way to help students understand a complex concept. The best part, you can apply it at home!  
<http://www.wimp.com/lego-math-teacher-kids-students-alyci.../>

**To Help Her Students Learn Fractions, This Teacher Comes Up With A Creative Method Using LEGO**  
She deserves a lot of credit for this.  
WIMP.COM | BY HERBERT COLLIER

1,751 people reached Boost Post

Rebecca Jackson, Bryce Alexander Keil, Ron Bedera and 11 others · 1 Share

Like Comment Share

<b>1,751</b> People Reached
<b>55</b> Likes, Comments & Shares
<b>43</b> Likes   <b>14</b> On Post
<b>1</b> Comments   <b>0</b> On Post
<b>11</b> Shares   <b>2</b> On Post
<b>23</b> Post Clicks
<b>0</b> Photo Views   <b>14</b> Link Clicks
<b>NEGATIVE FEEDBACK</b>
<b>0</b> Hide Post   <b>0</b> Hide
<b>0</b> Report as Spam   <b>0</b> Unlike

Post Details Reported stats may be delayed from what appears on posts

**Nevada College Savings Plans**  
Published by Nevada State Treasurer's Office (?) · February 7 ·

Happy #SuperBowlSunday everyone! Did your favorite team make it to the big game this year?

**NV529.ORG**

1,202 people reached Boost Post

Dawn Hewitt, Ron Bedera, Terence Williams and 2 others · 2 Shares

Like Comment Share

<b>1,202</b> People Reached
<b>16</b> Likes, Comments & Shares
<b>12</b> Likes   <b>5</b> On Post   <b>7</b> On Shares
<b>0</b> Comments   <b>0</b> On Post   <b>0</b> On Shares
<b>4</b> Shares   <b>3</b> On Post   <b>1</b> On Shares
<b>15</b> Post Clicks
<b>5</b> Photo Views   <b>0</b> Link Clicks   <b>10</b> Other Clicks
<b>NEGATIVE FEEDBACK</b>
<b>0</b> Hide Post   <b>0</b> Hide All Posts
<b>0</b> Report as Spam   <b>0</b> Unlike Page



# Educator Outreach



Month	# of Schools Contacted	# of Teachers Reached	# of Curriculum Distributed	# of Students Reached	# of Students Impacted
October	26	427	427	6,831	
January	14	85	115		1,170
February	10	261	323	430	980
TOTAL	40	773	865	7,261	2,150

## Noteworthy Contacts

- WCSD Kindergarten Program Coordinator
- WCSD K-6 Literacy Program Coordinator
- WCSD School Counseling Program Services Coordinator

## What we plan to do

- Continue contacting schools statewide
- Deliver curriculum and meeting with educators and/or students



# What we have done - Events



Month	# of Events	# of Leads
July 2015	12	27
August	28	62
September	27	88
October	61	285
November	29	131
December	27	159
January 2016	27	222
February	41	309
<b>TOTAL</b>	<b>227</b>	<b>1,105</b>
<b>Average per Month</b>	<b>28.4</b>	<b>138.1</b>



# Major Marketing Events



Event	Date(s)	Location	Attendance	Staff	Leads
Reno Aces Baseball Game	7/24/15	Reno Aces Field, Reno	50	Alex, Amairani, Lisa	7
Ascensus Sponsorship - Discovery Children's Museum Event	10/10/15	Discovery Children's Museum, Las Vegas (Bus Tour)	75	Amplify Staff, Lisa, Ardie, Troy	40
Washoe County School District - Run for Education	10/18/15	Scheels – Sparks (Bus Tour)	40	Amplify Staff, Lisa, Tara	
Henderson Winterfest	12/11-12/15	Henderson	125	Troy, Ardie	78
Dawson College Bound Parent Info Night	1/13/16	Las Vegas	30	Sheila, Linda	20
NvSCA Conference	1/29/16	Aliante Casino, N Las Vegas	100	Troy, Amplify Staff	62
Financial Wellness Fair	2/10-12/16	Wynn/Encore, Las Vegas	110	Troy, Ardie	88
		TOTAL	530		295



# What we plan to do - Events



Month	Events Scheduled
March	22
April	15
May	4
June	2
Total	43
Average per Month	10.75



## What we have done – Media Umbrella & SSGA



- Ongoing Umbrella Television & Commercial Radio
  - TV (Q1 & Q2, Q3 projections)
    - Las Vegas = 6662 spots
    - North = 6332 spots
  - Radio (Q1 & Q2\*)
    - Las Vegas = 3810 spots
- North = 3170 spots
- \*Awaiting Q3 PSA counts
- Ongoing SSGA Radio
  - Radio (Q1 & Q2, Q3 projections)
    - Las Vegas = 276 spots
    - North = 258 spots



## What we have done – media Prepaid Tuition



- Prepaid Backpack Stuffers
  - 653,566 brochures delivered (2 deliveries)
- Prepaid Mailer #1
  - 18,613 households with annual income of \$90,000 to \$125,000
- Online Ads
  - Display and Pandora ads targeted to households with income of \$90,000 to \$250,000
  - 464,183 impressions, 231 clicks to website
- *Desert Companion* Print Ad (January)
- Prepaid Commercial Radio
  - (Nov 1 – Mar 31\*)
  - Las Vegas = 477 spots
  - Reno = 708 spots
- Prepaid Public Radio
  - KUNR (Reno) = 230 spots
  - KNPR (Las Vegas) = 252 spots



# Prepaid Tuition referral sources



Source	Count	Percentage
Friends/Relatives	157	36.26%
School Flyer/Banner	89	20.55%
Prepaid Website	49	11.32%
TV	29	6.70%
Other	27	6.24%
Employer	20	4.62%
Public Radio	19	4.39%
Radio/TV	18	4.16%
Community Event	14	3.23%
Print (Magazine, Newspaper, Etc.)	8	1.85%
Online Banner	3	0.69%



- Finish Umbrella Television & Commercial Radio Strategy
  - Expected TV
    - Las Vegas = 2673 spots
    - North = 2270 spots
  - Expected Radio
    - Not yet completed due to leveraging PSA time
  - Launch Ad #4
- Launch Email Campaign
  - Goal to convert awareness into leads
  - 3-part welcome series (upon sign up at events)
  - Ongoing updates timed to important notifications
  - Periodic educator emails to maintain interest and participation

## What we plan to do – media continued



- Silver State Matching Grant Mailer
  - Approx. 4,000 current and former participants
  - Count pending for households with annual income under \$75,000
- Silver State Matching Grant Online Ads
  - Pending analysis of Prepaid ads
- Umbrella Mailer
  - 30,000 households with annual income over \$75,000
- Kick Start Mailers
  - 33,000 kindergarten welcome letters
  - 99,000 annual account summary



## What we plan to do – media Prepaid Tuition



- Prepaid Commercial Radio Reduced / Public Radio Increased
  - Exact spot count pending
- 2<sup>nd</sup> Prepaid Mailer
  - Same universe of 18,613 households with annual income of \$90,000 to \$250,000 less accounts opened since previous mailer
- Finish Prepaid Online Ads
  - Expected Results
    - 464,183 impressions (928,366 impressions total)
    - 231 clicks to website (462 clicks total)

# What's Working



- Improved flow from awareness to leads to conversions
- Awareness is growing – visible at events
- New enrollments report referral from multiple sources – the mix is working
- Established benchmark to measure future success

# Next Year



- Greater budget for media due to reduced need for TV production budget
- Increase number of 15 second PSA-eligible TV spots
- Develop a strategic, 12-month plan based on lessons learned
- Continue to build on flow - awareness to leads to conversions
- Earlier start on campaign elements, including email campaign

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 13**  
**March 24, 2016**

**Item: PCA Investment Monitoring Report**

**Recommendation:**

**That the Board review and approve the Nevada College Savings Plans Investment Monitoring Report prepared by Pension Consulting Alliance, Inc. for the quarter ending December 31, 2015.**

Fiscal:  
None.

**Summary:**

In December of 2010 the Board hired Pension Consulting Alliance (PCA) to perform investment review services of the Nevada College Savings Plans. These services include an independent quarterly review of investment performance and fund monitoring of each underlying fund or portfolio within each of the four college savings plans.

In May of 2011, the Board adopted the 2011 Comprehensive Investment Policies for College Savings outlining the criteria for investment monitoring and analysis, including the establishment of a "Watch List" process. Attached is the quarterly report for the quarter ended December 31, 2015. In their report and memorandum regarding funds on "Watch" status, PCA is recommending the following changes to "Watch" status:

4Q

2015

NEVADA COLLEGE SAVINGS PROGRAMS  
INVESTMENT PERFORMANCE STATUS REPORT



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Nothing herein is intended to serve as investment advice, a recommendation of any particular investment or type of investment, a suggestion of the merits of purchasing or selling securities, or an invitation or inducement to engage in investment activity.

## AGENDA ITEMS

<u>Section</u>	<u>Tab</u>
Summary of Fund Performance and Watch Status	1
Age-based Risk / Return Analysis	2
<u>Underlying Fund Analysis:</u>	
Vanguard 529 Plan	3
Upromise 529 College Savings Program	4
USAA 529 College Savings Program	5
Putnam 529 for America Program	6

## SECTION 1

## SUMMARY OF FUND PERFORMANCE STATUS

## SUMMARY OF FUND PERFORMANCE STATUS

### *Vanguard 529 Plan*

#### SUMMARY OF FUND PERFORMANCE STATUS

Portfolios	Prior Quarter Status	Current Quarter Status
<b><i>Passively Managed Funds</i></b>		
Vanguard 500 Index Fund	Positive	Positive
Vanguard Ttl Stock Mkt Indx Fund	Positive	Positive
Vanguard Value Index Fund	Positive	Positive
Vanguard Growth Index Fund	Positive	Positive
Vanguard Mid-Cap Index Fund	Positive	Positive
Vanguard Small Cap Index Fund	Positive	Positive
Vanguard Ttl Intl Stock Index Fund	Positive	Positive
Vanguard Total Bond Market Fund	Positive	Positive
Vanguard Ttl Bond Market II Fund	Positive	Positive
<b><i>Actively Managed Funds</i></b>		
Vanguard Morgan Growth Fund	Positive	Positive
Vanguard Windsor Fund	Positive	Positive
Vanguard STAR	Positive	Positive
Vanguard Infl-Protected Securities	Acceptable	Positive
Vanguard High-Yield Bond Fund	Acceptable	Positive

- Current status is based on evaluation results from short-term (rolling 12-months), medium-term (rolling 36-month) analysis.
- According to the Investment Status Schedule, the portfolio's overall "Current Status" equals the lowest status as achieved by one or more of the criteria during the quarter (see page Appendix for details.)

## SUMMARY OF FUND PERFORMANCE STATUS

### *Vanguard 529 Plan*

#### SUMMARY OF WATCH STATUS

Portfolios	Currently on Watch?	Qualifies for Watch?
<b><i>Passively Managed Funds</i></b>		
Vanguard 500 Index Fund	NO	NO
Vanguard Ttl Stock Mkt Indx Fund	NO	NO
Vanguard Value Index Fund	NO	NO
Vanguard Growth Index Fund	NO	NO
Vanguard Mid-Cap Index Fund	NO	NO
Vanguard Small Cap Index Fund	NO	NO
Vanguard Ttl Intl Stock Index Fund	NO	NO
Vanguard Total Bond Market Fund	NO	NO
Vanguard Ttl Bond Market II Fund	NO	NO
<b><i>Actively Managed Funds</i></b>		
Vanguard Morgan Growth Fund	NO	NO
Vanguard Windsor Fund	NO	NO
Vanguard STAR	NO	NO
Vanguard Infl-Protected Securities	NO	NO
Vanguard High-Yield Bond Fund	NO	NO

- Funds identified as “Currently on Watch” are those whose Watch status has been approved by the State Treasurer’s Office.
- Funds identified as “Qualifying for Watch” have not necessarily been approved as being on Watch by the State Treasurer’s Office, but qualify for Watch according to the approved Monitoring Criteria (see Appendix for details).

## SUMMARY OF FUND PERFORMANCE STATUS

### *SSgA Upromise 529 Plan*

#### SUMMARY OF FUND PERFORMANCE STATUS

Portfolios	Prior Quarter Status	Current Quarter Status
<i>Passively Managed Funds</i>		
SPDR S&P 500 ETF Trust	Positive	Positive
SPDR S&P Mid-Cap 400 ETF Trust	Positive	Positive
SPDR S&P 600 Small Cap ETF	Positive	Positive
SPDR Dow Jones REIT ETF	Positive	Positive
SPDR Dow Jones International Real Estate ETF	Positive	Positive
SPDR S&P World ex-US ETF	Positive	Positive
SPDR S&P International Small-Cap ETF	Positive	Positive
SPDR S&P Emerging Markets ETF	Positive	Positive
SPDR S&P Emerging Markets Small-Cap	Positive	Positive
SPDR BarCap Aggregate Bond ETF	Positive	Positive
SPDR BarCap TIPS ETF	Positive	Positive
SPDR DB Intl Govt Infl-Protected Bond ETF	Positive	Positive
SPDR BarCap High Yield Bond ETF	Positive	Positive
SPDR BarCap Short-Term Corp Bond ETF	Positive	Positive
SPDR BarCap 1-3 Month T-Bill ETF	Positive	Positive

- Current status is based on evaluation results from short-term (rolling 12-months), medium-term (rolling 36-month) analysis.
- According to the Investment Status Schedule, the portfolio's overall "Current Status" equals the lowest status as achieved by one or more of the criteria during the quarter (see page Appendix for details.)

## SUMMARY OF FUND PERFORMANCE STATUS

### *SSgA Upromise 529 Plan*

#### SUMMARY OF WATCH STATUS

Portfolios	Currently on Watch?	Qualifies for Watch?
<b><i>Passively Managed Funds</i></b>		
SPDR S&P 500 ETF Trust	NO	NO
SPDR S&P Mid-Cap 400 ETF Trust	NO	NO
SPDR S&P 600 Small Cap ETF	NO	NO
SPDR Dow Jones REIT ETF	NO	NO
SPDR Dow Jones International Real Estate ETF	NO	NO
SDPR S&P World ex-US ETF	NO	NO
SPDR S&P International Small-Cap ETF	NO	NO
SPDR S&P Emerging Markets ETF	NO	NO
SPDR S&P Emerging Markets Small-Cap	NO	NO
SPDR BarCap Aggregate Bond ETF	NO	NO
SPDR BarCap TIPS ETF	NO	NO
SPDR DB Intl Govt Infl-Protected Bond ETF	NO	NO
SPDR BarCap High Yield Bond ETF	NO	NO
SPDR BarCap Short-Term Corp Bond ETF	NO	NO
SPDR BarCap 1-3 Month T-Bill ETF	NO	NO

- Funds identified as “Currently on Watch” are those whose Watch status has been approved by the State Treasurer’s Office.
- Funds identified as “Qualifying for Watch” have not necessarily been approved as being on Watch by the State Treasurer’s Office, but qualify for Watch according to the approved Monitoring Criteria (see Appendix for details).

## SUMMARY OF FUND PERFORMANCE STATUS

### *USAA529 Plan*

#### SUMMARY OF FUND PERFORMANCE STATUS

Portfolios	Prior Quarter Status	Current Quarter Status
USAA Growth Fund	Positive	Positive
USAA Growth & Income Fund	Acceptable	Acceptable
USAA Value Fund	Positive	Positive
USAA Income Stock Fund	On Watch	Acceptable
USAA Small Cap Stock Fund	Acceptable	Acceptable
USAA International Fund	Positive	Acceptable
USAA Emerging Markets Fund	On Watch	On Watch
USAA Income Fund	Caution	Caution
USAA Intermediate-Term Bond	Caution	On Watch
USAA High Income Fund	Acceptable	Acceptable
USAA Short -Term Bond Fund	Acceptable	Acceptable
USAA Precious Metals & Minerals	Positive	Positive
USAA Real Return	On Watch	On Watch

- Current status is based on evaluation results from short-term (rolling 12-months), medium-term (rolling 36-month) analysis.
- According to the Investment Status Schedule, the portfolio's overall "Current Status" equals the lowest status as achieved by one or more of the criteria during the quarter (see page Appendix for details.)

## SUMMARY OF FUND PERFORMANCE STATUS

### *USAA529 Plan*

#### SUMMARY OF WATCH STATUS

Portfolios	Currently On Watch?	Qualifies for Watch?
USAA Growth Fund	NO	NO
USAA Growth & Income Fund	NO	NO
USAA Value Fund	NO	NO
USAA Income Stock Fund	NO	NO
USAA Small Cap Stock Fund	NO	NO
USAA International Fund	NO	NO
USAA Emerging Markets Fund	<b>YES</b>	NO
USAA Income Fund	NO	Short-Term
USAA Intermediate-Term Bond	<b>YES</b>	Short-Term
USAA High Income Fund	NO	NO
USAA Short -Term Bond Fund	NO	NO
USAA Precious Metals & Minerals	NO	NO
USAA Real Return	<b>YES</b>	Short-Term

- Funds identified as “Currently on Watch” are those whose Watch status has been approved by the State Treasurer’s Office.
- Funds identified as “Qualifying for Watch” have not necessarily been approved as being on Watch by the State Treasurer’s Office, but qualify for Watch according to the approved Monitoring Criteria (see Appendix for details).

## SUMMARY OF FUND PERFORMANCE STATUS

### *Putnam 529 for America Plan* SUMMARY OF FUND PERFORMANCE STATUS

Portfolios	Prior Quarter Status	Current Quarter Status
<b><i>Portfolios for Age/Goal Based</i></b>		
GAA All Equity	Positive	Positive
GAA Growth	Positive	Positive
GAA Balanced	Positive	Positive
GAA Conservative	Positive	Positive
<b><i>Individual Fund Options</i></b>		
SPDR S&P 500 ETF Trust	Positive	Positive
Putnam Equity Income	Positive	Positive
Putnam Voyager	Caution	Caution
Principal MidCap Blend	Positive	Positive
MFS Inst. International Equity	Positive	Positive
Putnam International Cap Opps	On Watch	On Watch
Putnam Income	On Watch	On Watch
Federated US Govt Sec: 2-5 Years*	Caution	Caution
Putnam High Yield Trust	Acceptable	Acceptable
<b><i>Absolute Return Funds</i></b>		
Putnam Absolute Return 100*	Caution	Caution
Putnam Absolute Return 300*	Caution	Caution
Putnam Absolute Return 500*	Caution	Caution
Putnam Absolute Return 700*	Caution	Caution

\* Fund has been excluded from Watch status but remains below watch criteria

- Current status is based on evaluation results from short-term (rolling 12-months), medium-term (rolling 36-month) analysis.
- According to the Investment Status Schedule, the portfolio's overall "Current Status" equals the lowest status as achieved by one or more of the criteria during the quarter (see page Appendix for details.)

## SUMMARY OF FUND PERFORMANCE STATUS

### *Putnam 529 for America Plan*

#### SUMMARY OF WATCH STATUS

Portfolios	Currently on Watch?	Qualifies for Watch?
<b><i>Portfolios for Age/Goal Based</i></b>		
GAA All Equity	NO	NO
GAA Growth	NO	NO
GAA Balanced	NO	NO
GAA Conservative	NO	NO
<b><i>Individual Fund Options</i></b>		
SPDR S&P 500 ETF Trust	NO	NO
Putnam Equity Income	NO	NO
Putnam Voyager	NO	Short-Term
Principal MidCap Blend	NO	NO
MFS Inst. International Equity	NO	NO
Putnam International Cap Opps	<b>YES</b>	Medium-Term
Putnam Income	<b>YES</b>	Short-Term
Federated US Govt Sec: 2-5 Years*	NO	Short-Term Medium-Term
Putnam High Yield Trust	NO	NO

\* Fund has been removed from Watch status but remains below watch criteria

- Funds identified as “Currently on Watch” are those whose Watch status has been approved by the State Treasurer’s Office.
- Funds identified as “Qualifying for Watch” have not necessarily been approved as being on Watch by the State Treasurer’s Office, but qualify for Watch according to the approved Monitoring Criteria (see Appendix for details).

## SUMMARY OF FUND PERFORMANCE STATUS

### *Putnam 529 for America Plan* SUMMARY OF WATCH STATUS

Portfolios	Currently on Watch?	Qualifies for Watch?
<b><i>Absolute Return Funds</i></b>		
Putnam Absolute Return 100*	NO	Short-Term
Putnam Absolute Return 300*	NO	Short-Term Medium-Term
Putnam Absolute Return 500	NO	Medium-Term
Putnam Absolute Return 700*	NO	Medium-Term

\* Fund has been excluded from Watch status but remains below watch criteria

- Funds identified as “Currently on Watch” are those whose Watch status has been approved by the State Treasurer’s Office.
- Funds identified as “Qualifying for Watch” have not necessarily been approved as being on Watch by the State Treasurer’s Office, but qualify for Watch according to the approved Monitoring Criteria (see Appendix for details).

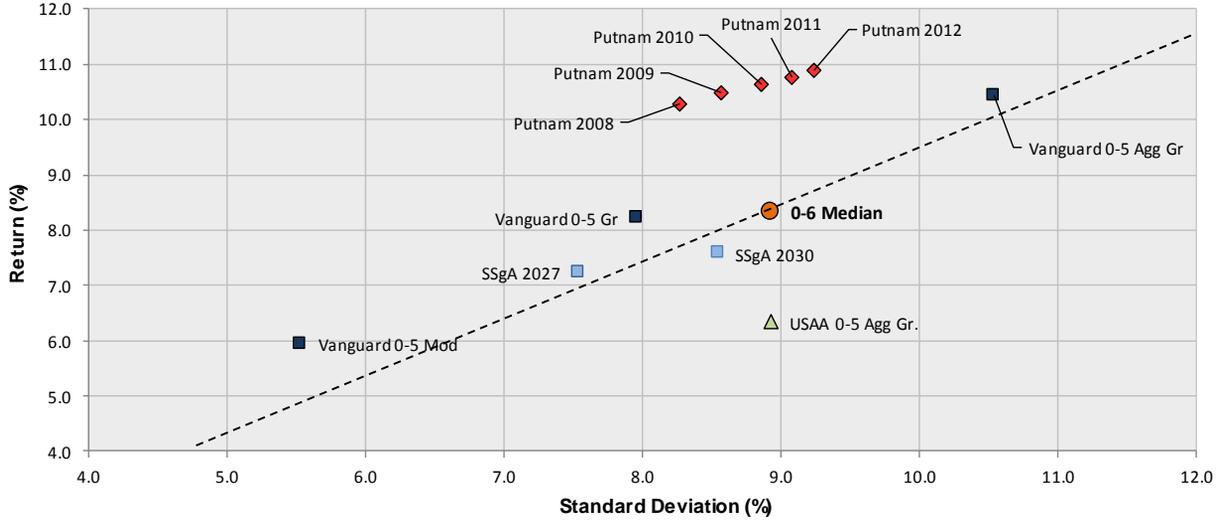
## SECTION 2

## AGE-BASED RISK / RETURN CHARTS

# AGE-BASED RISK / RETURN CHARTS

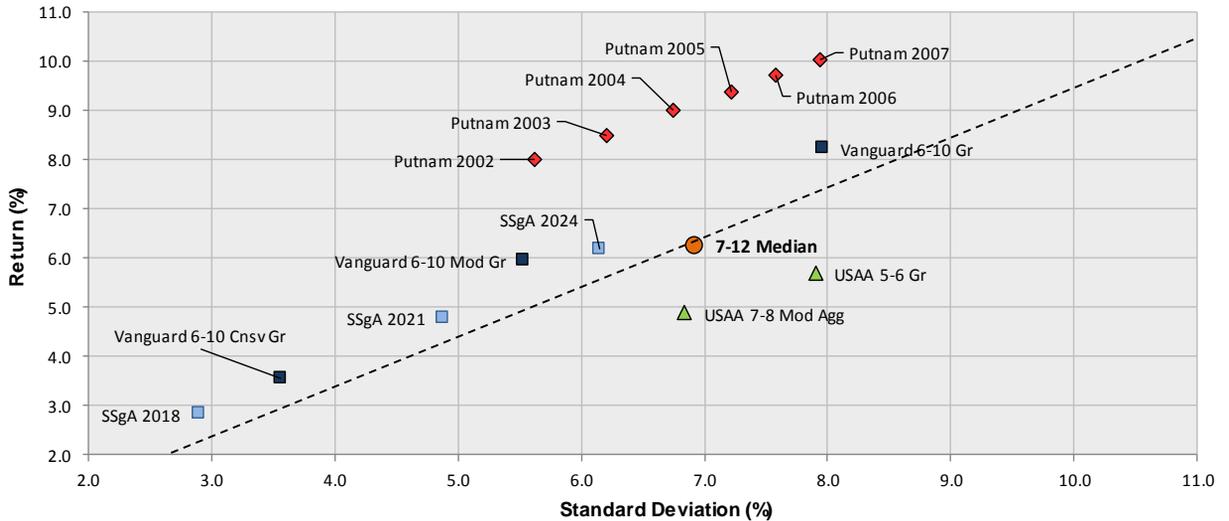
## Age 0-6

3-year (as of December 31, 2015)



## Age 7-12

3-year (as of December 31, 2015)

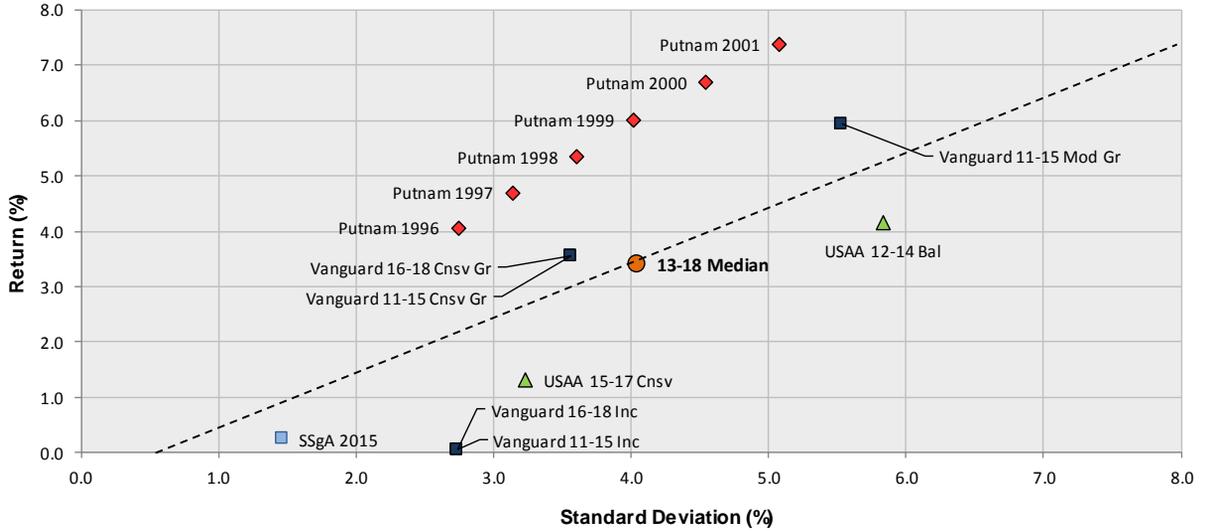


Source: MorningStar

# AGE-BASED RISK / RETURN CHARTS

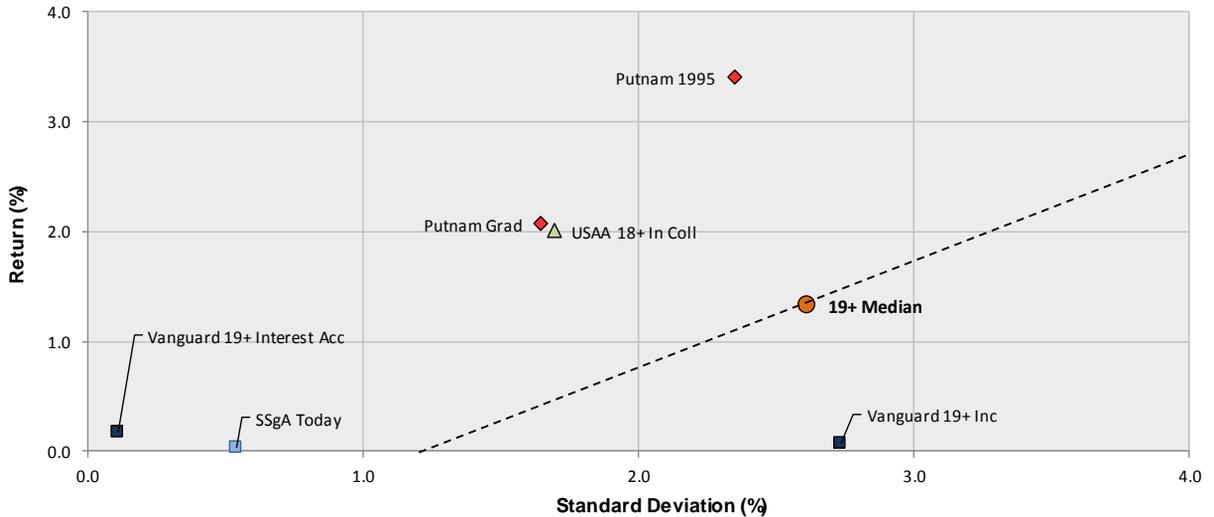
## Age 13-18

3-year (as of December 31, 2015)



## Age 19+

3-year (as of December 31, 2015)



Source: MorningStar



## UNDERLYING FUND PERFORMANCE

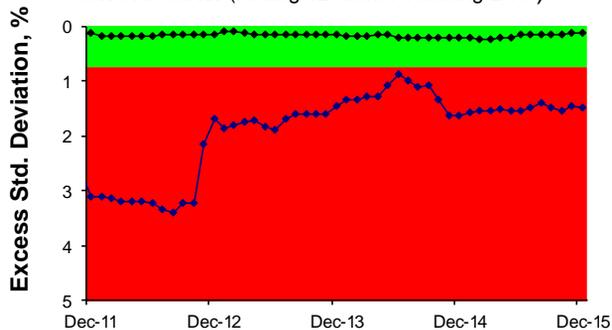
## SECTION 3

## REVIEW OF FUNDS – VANGUARD 529 PLAN

VANGUARD FUNDS – PASSIVELY MANAGED

# VANGUARD TOTAL INTERNATIONAL STOCK INDEX

## Short-term (Rolling 12-Month Tracking Error)

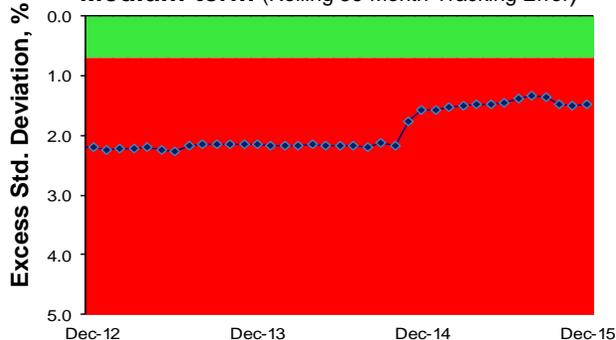


← actual tracking error with FMV removed

← probationary performance band  
0.75%

- Increased tracking error is due primarily to the Vanguard Total International Stock Index Fund's "fair market value" (FMV) adjustment procedures, which increases or decreases the Fund's actual closing price to compensate for pricing differences between international markets. This results in increased tracking error during periods of high volatility. This chart also shows the actual performance for the Total International Stock Index Fund's since March 2010.

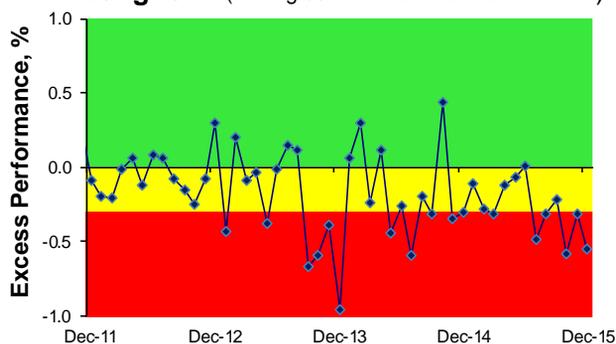
## Medium-term (Rolling 36-Month Tracking Error)



← probationary performance band  
0.70%

- Medium-term tracking error remains in the Caution range, but is due to the FMV adjustment

## Long-term (Rolling 60-Month Excess Performance)



← probationary performance band  
-0.30%

- Long-term performance dropped back into the Caution range

## Annualized Performance Results (Net of management fees)

	Qtr.	1 Year	3 Year	5 Year	Inc. (12/17/2002)
Vanguard Total Intl Stock Index	2.68	-4.37	1.75	1.24	7.53
FTSE Global All Cap ex US TR	3.65	-4.03	2.52	1.78	---

■ Positive  
■ Acceptable  
■ Caution or Watch

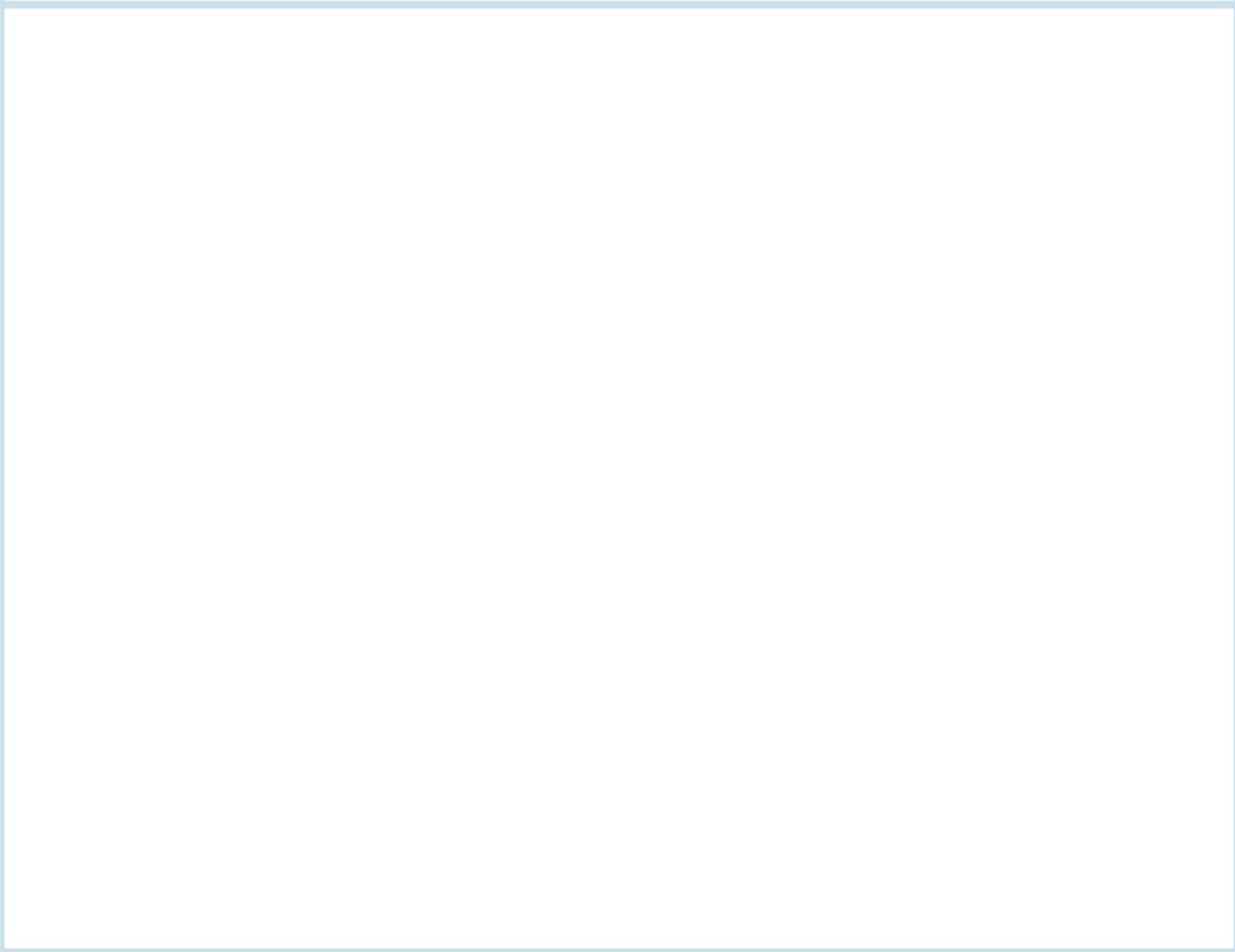
**Current Status**

**Positive**

Source: Vanguard

## SECTION 4

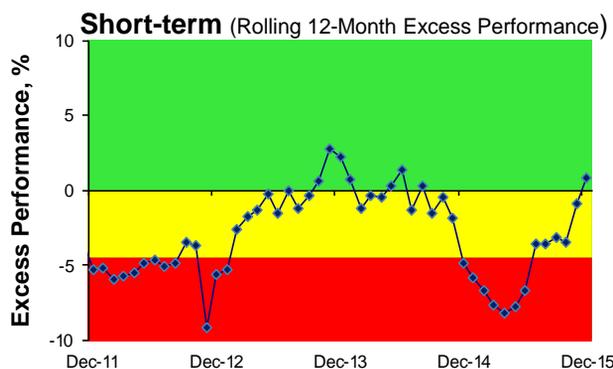
## REVIEW OF FUNDS – UPROMISE COLLEGE FUND 529 PLAN



**SECTION 5**

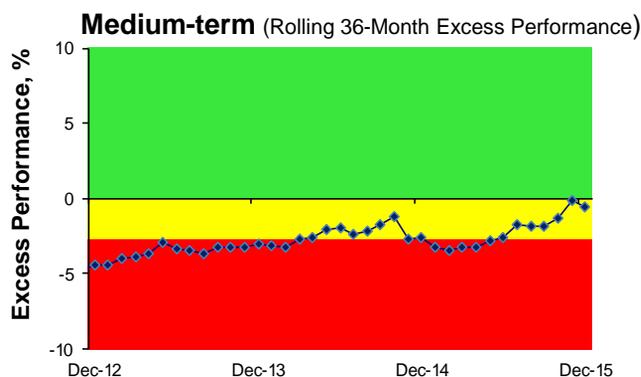
**REVIEW OF FUNDS – USAA 529 PLAN**

# USAA EMERGING MARKETS FUND



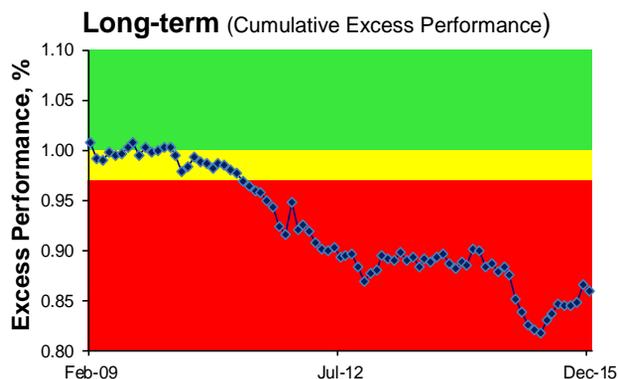
- Short-term performance moved into the Positive range

← probationary performance band -4.50%



- Medium-term performance remained in the Acceptable range

← probationary performance band -2.75%



- Long-term performance remains in the Caution range

← probationary performance band > 0.97

## Annualized Performance Results (Net of management fees)

	Qtr.	1 Year	3 Year	5 Year	Inc. (2/1/2009)
USAA Emerging Markets	2.49	-14.12	-7.37	-7.37	-3.70
MSCI EM NR	0.66	-14.92	-6.76	-4.81	-1.54
Peer Rank (Percentile)	26	52	62	91	87

■ Positive  
■ Acceptable  
■ Caution or Watch

**Current Status**

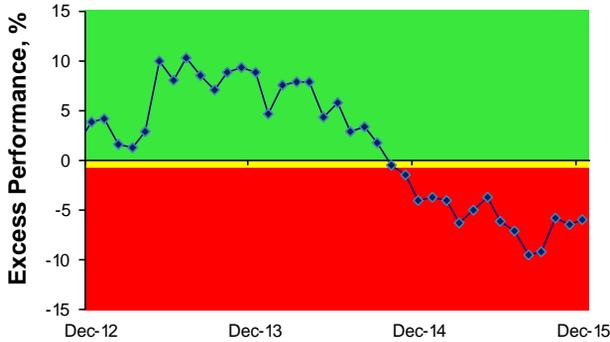
**On Watch**

Source: Morningstar Direct

Peer Group = US OE Diversified Emerging Markets

# USAA REAL RETURN FUND

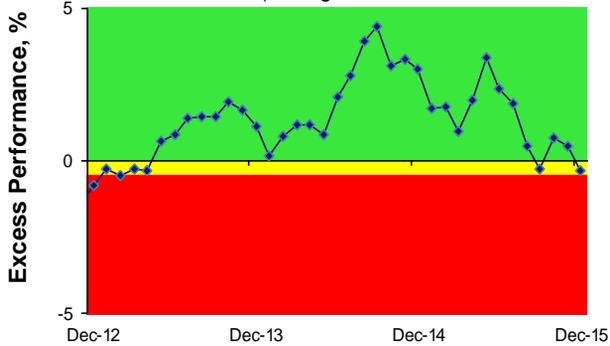
## Short-term (Rolling 12-Month Excess Performance)



- Short-term performance remained in the Caution range

← probationary performance band -0.75%

## Medium-term (Rolling 36-Month Excess Performance)



- Medium-term performance remains Positive for the period

← probationary performance band -0.50%

- Long-term criteria to take effect 2Q 2017

## Annualized Performance Results (Net of management fees)

	Qtr.	1 Year	3 Year	5 Year	Inc. (2/1/2012)
USAA Real Return	-0.14	-7.75	-2.71	0.88	-0.28
Barclays US Govt Infl Lkd TR	-0.63	-1.72	-2.37	2.63	-0.62
Peer Rank (Percentile)	89	95	95	95	93

■ Positive  
■ Acceptable  
■ Caution or Watch

**Current Status**

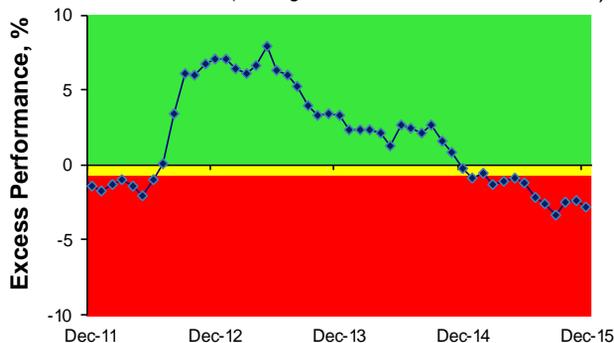
**On Watch**

Source: Morningstar Direct

Peer Group = US OE Conservative Allocation

# USAA INTERMEDIATE-TERM BOND FUND

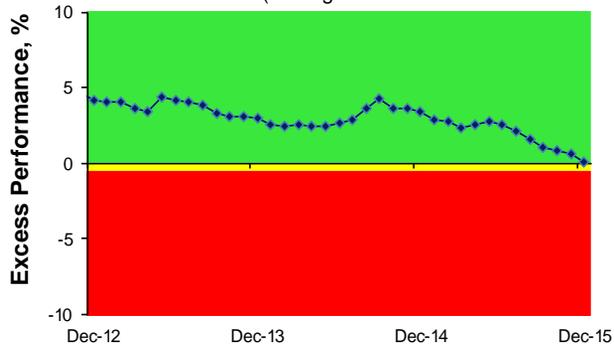
## Short-term (Rolling 12-Month Excess Performance)



- Short-term performance remained in the Caution range

← probationary performance band  
-0.75%

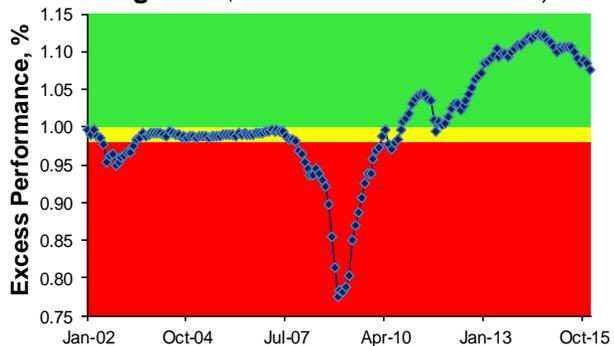
## Medium-term (Rolling 36-Month Excess Performance)



- Medium-term performance remains in the Positive range

← probationary performance band  
-0.50%

## Long-term (Cumulative Excess Performance)



- Long-term performance remains in the Positive range

← probationary performance band  
> 0.98

## Annualized Performance Results (Net of management fees)

	Qtr.	1 Year	3 Year	5 Year	Inc. (1/1/2002)
USAA Intermediate-Term Bond	-1.43	-2.29	1.53	4.36	4.90
BC US Agg Bond Index	-0.57	0.55	1.44	3.25	4.72
Peer Rank (Percentile)	97	94	27	8	15

■ Positive  
■ Acceptable  
■ Caution or Watch

**Current Status**

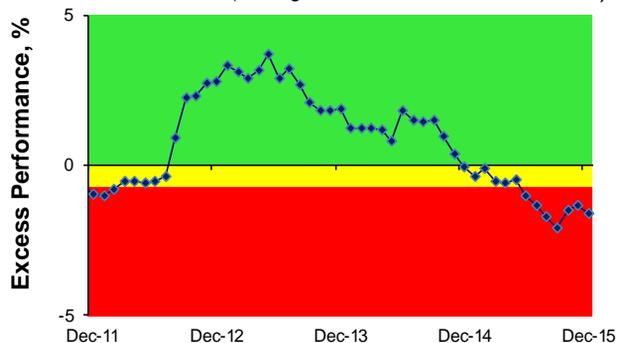
**On Watch**

Source: Morningstar Direct

Peer Group = US OE Intermediate-Term Bond

# USAA INCOME FUND

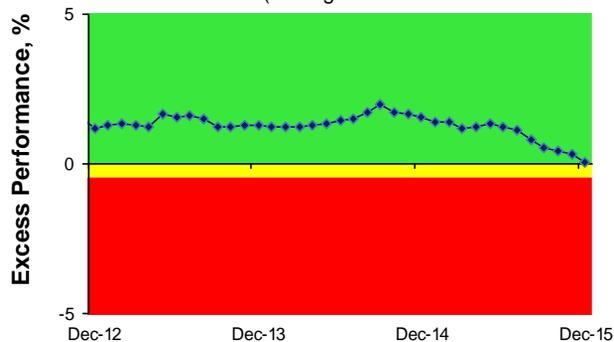
## Short-term (Rolling 12-Month Excess Performance)



- Short-term performance remained in the Caution range

← probationary performance band  
-0.75%

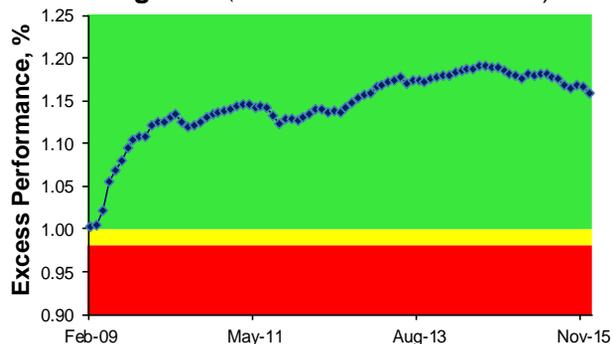
## Medium-term (Rolling 36-Month Excess Performance)



- Medium-term performance remains in the Positive range

← probationary performance band  
-1.50%

## Long-term (Cumulative Excess Performance)



- Long-term performance remains in the Positive range

← probationary performance band  
> 0.97

## Annualized Performance Results (Net of management fees)

	Qtr.	1 Year	3 Year	5 Year	Inc. (2/1/2009)
USAA Income Fund	-0.97	-1.11	1.49	3.63	4.77
BC US Agg Bond Index	-0.57	0.55	1.44	3.25	4.06
Peer Rank (Percentile)	88	81	31	29	21

■ Positive  
■ Acceptable  
■ Caution or Watch

**Current Status**

**Caution**

Source: Morningstar Direct

Peer Group = US OE Intermediate-Term Bond

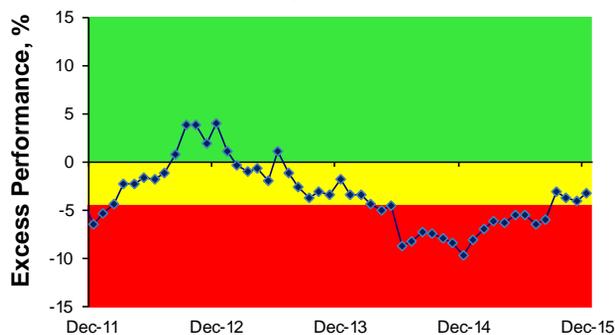
## SECTION 6

## REVIEW OF FUNDS – PUTNAM 529 FOR AMERICA PLAN

PUTNAM – INDIVIDUAL FUND OPTIONS

# PUTNAM INTL. CAPITAL OPPS FUND

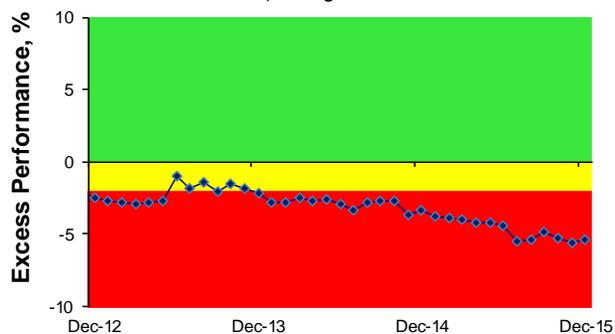
## Short-term (Rolling 12-Month Excess Performance)



- Short-term performance remained in the Acceptable range

← probationary performance band -4.50%

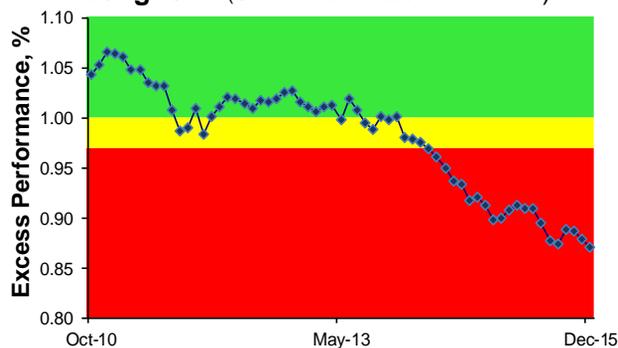
## Medium-term (Rolling 36-Month Excess Performance)



- Medium-term performance remained in the Caution range

← probationary performance band -2.00%

## Long-term (Cumulative Excess Performance)



- Long-term performance remains in the Caution range

← probationary performance band 0.97

## Annualized Performance Results (Net of management fees)

	Qtr.	1 Year	3 Year	5 Year	Inc. (10/1/2010)
Putnam Intl Capital Opportunities	3.14	2.57	3.37	1.33	3.69
S&P Dev xUS Small TR	5.21	5.92	8.85	5.51	7.43
Peer Rank (Percentile)	54	48	78	70	64

■ Positive  
■ Acceptable  
■ Caution or Watch

**Current Status**

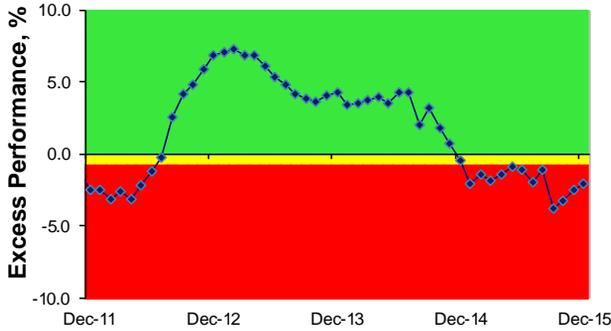
**On Watch**

Source: Morningstar Direct

Peer Group = US OE Foreign Small/Mid Value

# PUTNAM INCOME FUND

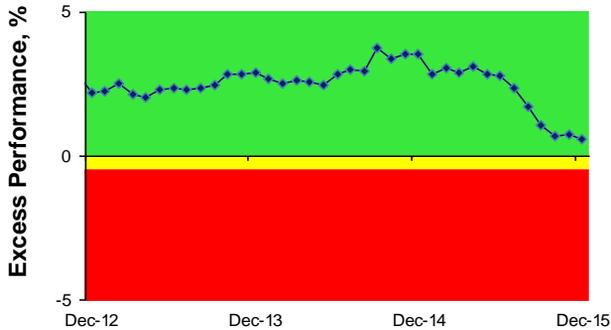
## Short-term (Rolling 12-Month Excess Performance)



- Short-term performance remains in the Caution range

← probationary performance band  
-0.75%

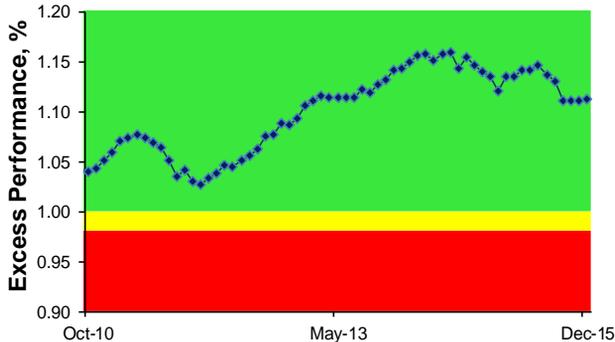
## Medium-term (Rolling 36-Month Excess Performance)



- Medium-term performance remains in the Positive range

← probationary performance band  
-0.50%

## Long-term (Cumulative Excess Performance)



- Long-term performance remains in the Positive range

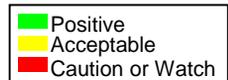
← probationary performance band  
0.98

## Annualized Performance Results (Net of management fees)

	Qtr.	1 Year	3 Year	5 Year	Inc. (10/1/2010)
Putnam Income Fund	-0.46	-1.51	2.03	4.42	4.09
BarCap US Agg Bond TR	-0.57	0.55	1.44	3.25	2.83
Peer Rank (Percentile)	28	89	12	8	8

Source: Morningstar Direct

Peer Group = US OE Intermediate Term Bond

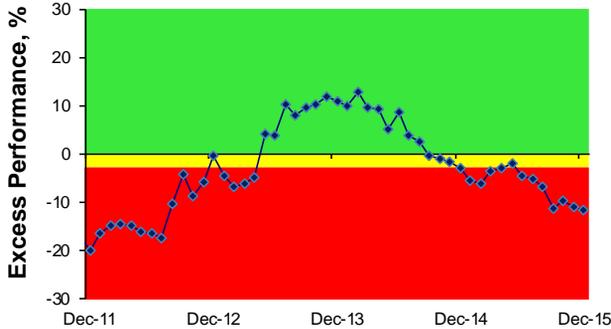


**Current Status**

**On Watch**

# PUTNAM VOYAGER FUND

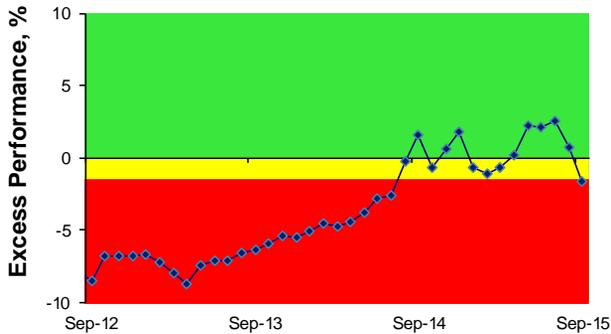
## Short-term (Rolling 12-Month Excess Performance)



- Short-term performance remained in the Caution range

← probationary performance band -2.75%

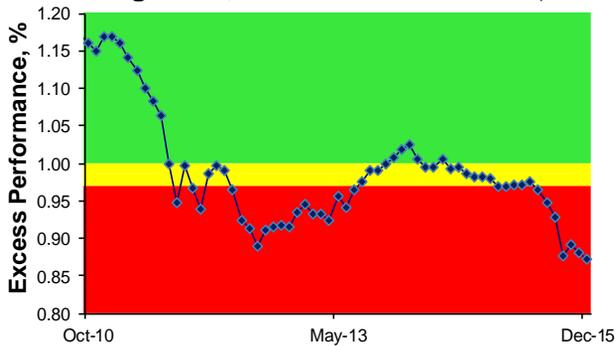
## Medium-term (Rolling 36-Month Excess Performance)



- Medium-term performance remained Positive for the period

← probationary performance band -1.50%

## Long-term (Cumulative Excess Performance)



- Long-term performance remains in the Caution range

← probationary performance band 0.97

## Annualized Performance Results (Net of management fees)

	Qtr.	1 Year	3 Year	5 Year	Inc. (10/1/2010)
Putnam Voyager Fund	6.81	-6.00	14.20	7.09	9.00
Russell 1000 Growth TR	7.32	5.67	16.83	13.53	15.28
Peer Rank (Percentile)	50	97	70	98	98

■ Positive  
■ Acceptable  
■ Caution or Watch

**Current Status**

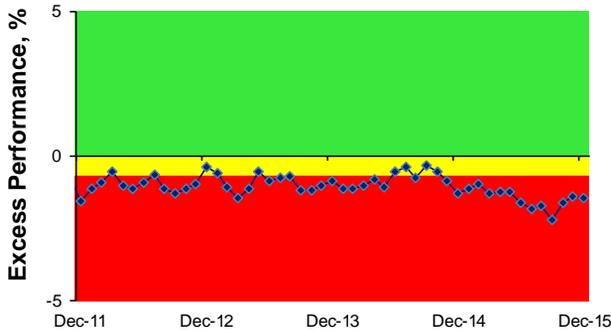
**Caution**

Source: Morningstar Direct

Peer Group = US OE Large Growth

# FEDERATED U.S. GOVT SEC: 2-5 YEARS FUND

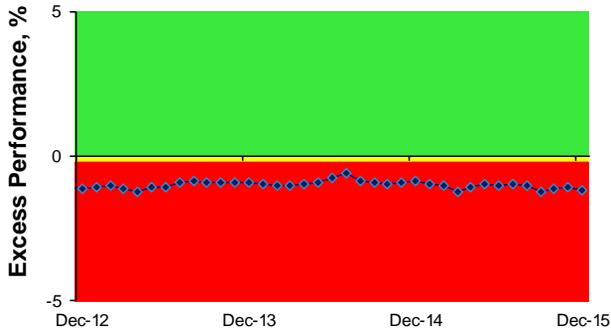
## Short-term (Rolling 12-Month Excess Performance)



- Short-term performance remains in the Caution range

← probationary performance band  
-0.70%

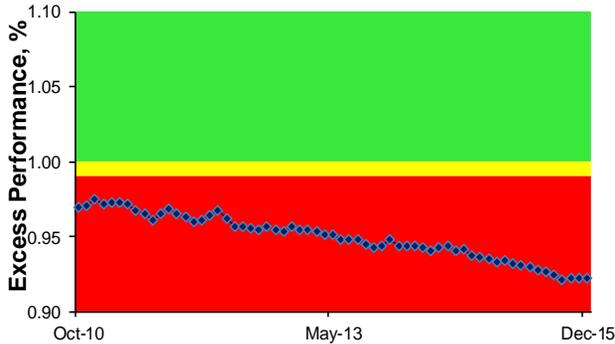
## Medium-term (Rolling 36-Month Excess Performance)



- Medium-term performance remains in the Caution range

← probationary performance band  
-0.20%

## Long-term (Cumulative Excess Performance)



- Long-term performance remains in the Caution range

← probationary performance band  
0.99

## Annualized Performance Results (Net of management fees)

	Qtr.	1 Year	3 Year	5 Year	Inc. (10/1/2010)
Federated US Govt 2-5	-0.86	0.13	-0.30	0.97	0.69
BofA ML US Treas 3-5 YR	-0.97	1.59	0.93	2.10	1.69
Peer Rank (Percentile)	90	55	82	37	48

■ Positive  
■ Acceptable  
■ Caution or Watch

**Current Status**

**Caution**

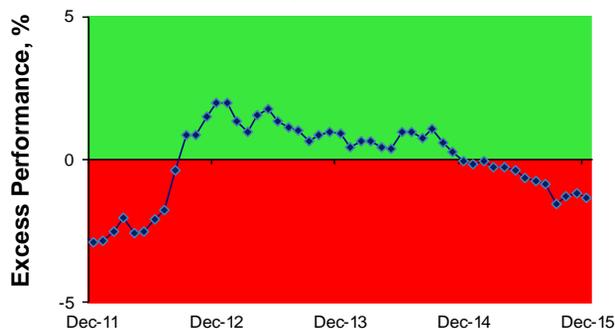
Source: Morningstar Direct

Peer Group = US OE Short Government

PUTNAM – ABSOLUTE RETURN FUNDS

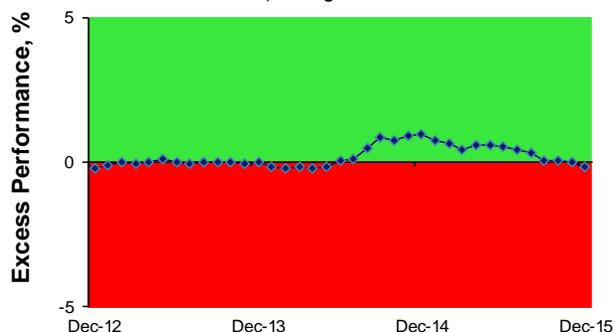
# PUTNAM ABSOLUTE RETURN 100 FUND

## Short-term (Rolling 12-Month Performance)



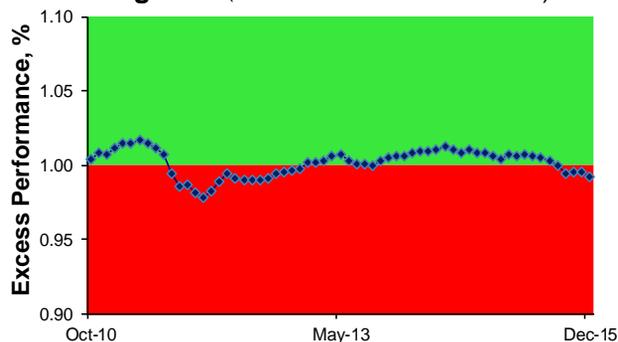
- Short-term performance remains in the Caution range

## Medium-term (Rolling 36-Month Excess Performance)



- Medium-term performance remains Positive for the period

## Long-term (Cumulative Excess Performance)



- Long-term performance dropped into the Caution range

## Annualized Performance Results (Net of management fees)

	Qtr.	1 Year	3 Year	5 Year	Inc. (10/1/2010)
Putnam Abs Ret 100	0.04	-0.26	0.90	0.79	0.95
BofA ML Tbill + 1.0%	0.25	1.10	1.08	1.11	1.05
Peer Rank (Percentile)	42	32	37	85	83

■ Positive  
■ Acceptable  
■ Caution or Watch

**Current Status**

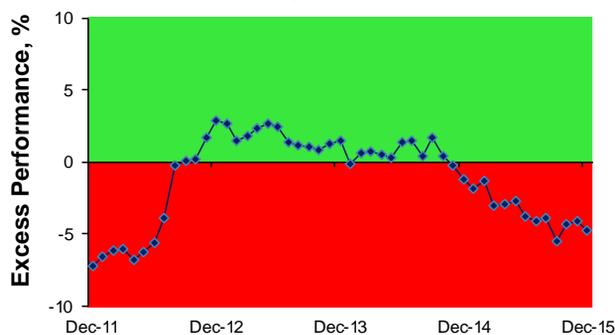
**Caution**

Source: Morningstar Direct

Peer Group = US OE Nontraditional Bond

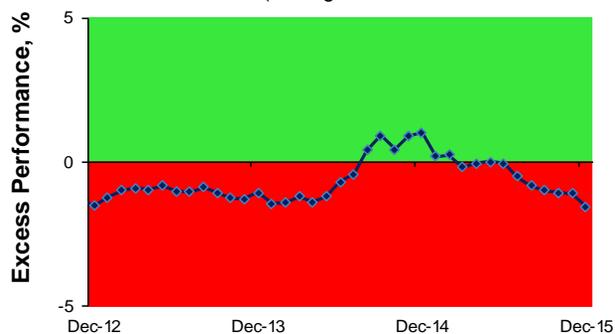
# PUTNAM ABSOLUTE RETURN 300 FUND

## Short-term (Rolling 12-Month Performance)



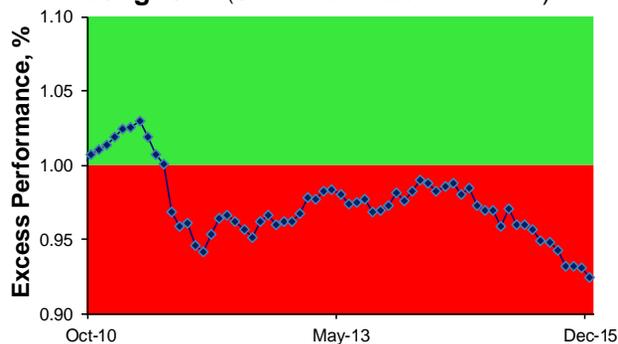
- Short-term performance remains in the Caution range

## Medium-term (Rolling 36-Month Excess Performance)



- Medium-term performance remains in the Caution range

## Long-term (Cumulative Excess Performance)



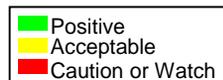
- Long-term performance remains in the Caution range

## Annualized Performance Results (Net of management fees)

	Qtr.	1 Year	3 Year	5 Year	Inc. (10/1/2010)
Putnam Abs Ret 300	-0.08	-1.72	1.52	1.23	1.57
BofA ML Tbill + 3.0%	0.74	3.11	3.09	3.11	2.96
Peer Rank (Percentile)	48	61	21	74	66

Source: Morningstar Direct

Peer Group = US OE Nontraditional Bond

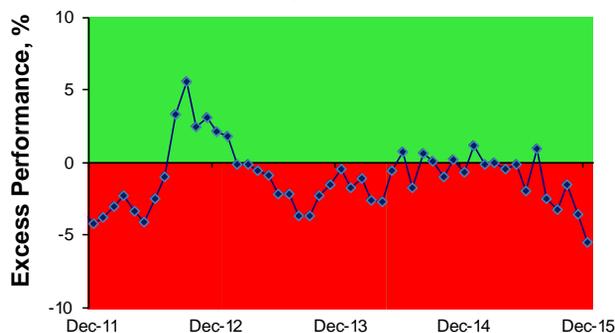


**Current Status**

**Caution**

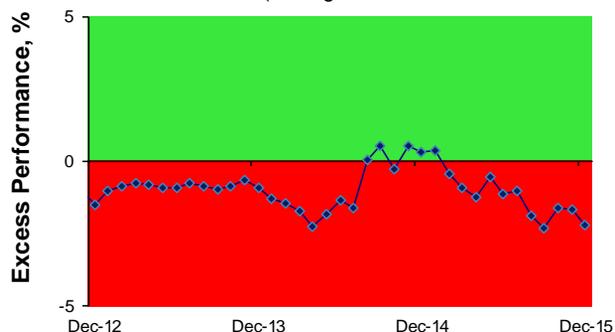
# PUTNAM ABSOLUTE RETURN 500 FUND

## Short-term (Rolling 12-Month Performance)



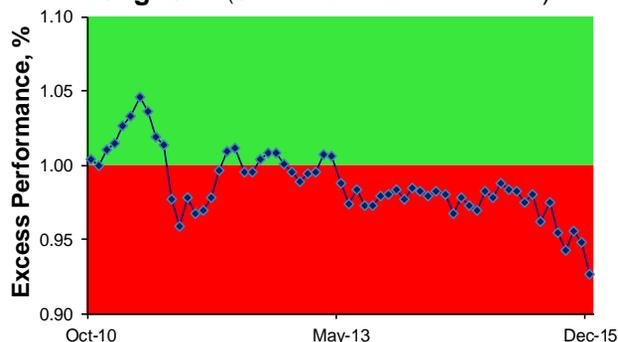
- Short-term performance dropped into the Caution range

## Medium-term (Rolling 36-Month Excess Performance)



- Medium-term performance remains in the Caution range

## Long-term (Cumulative Excess Performance)



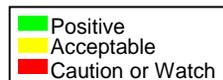
- Long-term performance remains in the Caution range

## Annualized Performance Results (Net of management fees)

	Qtr.	1 Year	3 Year	5 Year	Inc. (10/1/2010)
Putnam Abs Ret 500	-0.49	-0.40	2.83	3.30	3.59
BofA ML Tbill + 5.0%	1.23	5.10	5.08	5.10	4.85
Peer Rank (Percentile)	61	21	31	26	31

Source: Morningstar Direct

Peer Group = US OE Multialternative

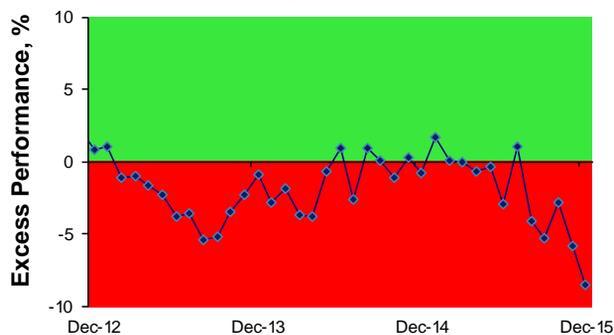


**Current Status**

**Caution**

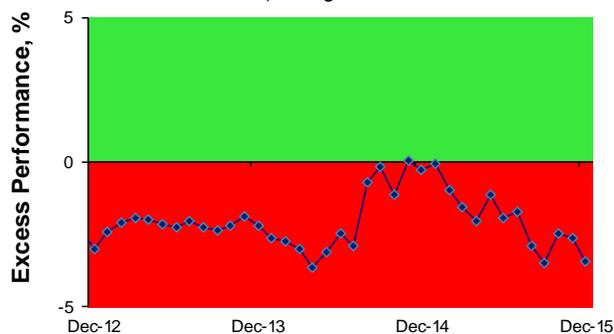
# PUTNAM ABSOLUTE RETURN 700 FUND

## Short-term (Rolling 12-Month Performance)



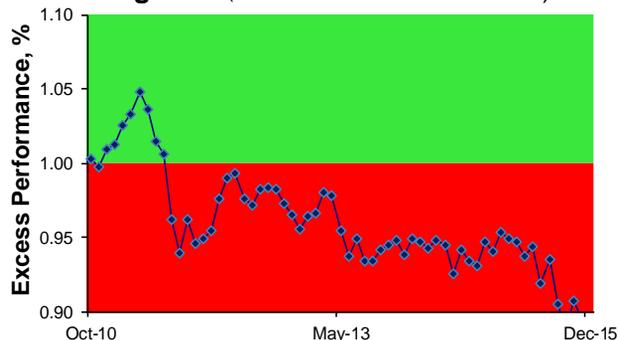
- Short-term performance dropped into the Caution range

## Medium-term (Rolling 36-Month Excess Performance)



- Medium-term performance remains in the Caution range

## Long-term (Cumulative Excess Performance)



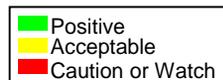
- Long-term performance remains in the Caution range

## Annualized Performance Results (Net of management fees)

	Qtr.	1 Year	3 Year	5 Year	Inc. (10/1/2010)
Putnam Abs Ret 700	-0.85	-1.42	3.61	3.88	4.21
BofA ML Tbill + 7.0%	1.70	7.10	7.08	7.11	6.75
Peer Rank (Percentile)	67	32	19	16	20

Source: Morningstar Direct

Peer Group = US OE Multialternative



**Current Status**

**Caution**

## Disclosures

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#### Removal from Watch Status

- USAA Emerging Markets Fund

#### Initial Placement on Watch Status

- USAA Income Fund
- Putnam Voyager

Eric White of PCA will be in attendance to answer any questions or provide further information to the Board.

**Date:** March 24, 2016  
**To:** Nevada College Savings Plans  
**From:** Pension Consulting Alliance, LLC (PCA)  
**CC:** Eric White, CFA – PCA  
Kay Ceserani – PCA  
Sean Copus – PCA  
**RE:** Review of Portfolios Qualifying for “Watch” Status

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### Summary

PCA has conducted a review of the underlying funds in the Nevada College Savings Plans for the period ending December 31, 2015.

Currently, three funds from the **USAA** Program remain on “Watch” with one additional fund qualifying for “Watch.”

- USAA Emerging Markets
- USAA Real Return
- USAA Intermediate-Term Bond
- USAA Income (*Qualifies for “Watch”*)

In the **Putnam** 529 for America Program, there are two funds currently on “Watch” with one additional fund qualifying for “Watch.”

- Putnam International Capital Opportunities
- Putnam Income
- Putnam Voyager (*Qualifies for “Watch”*)

The **Vanguard** 529 Program has no funds that either qualify for “Watch,” or are currently on “Watch.”

The **SSgA** Upromise 529 College Savings Plan has no funds that either qualify for “Watch,” or are currently on “Watch.”

USAA 529 Plan

**Summary of Watch Status**

Portfolios	On Watch	Criteria Utilized for Watch Status			
		1-12 months	Short-term	Medium-term	Long-term
USAA Emerging Markets	YES	N/A	---	---	N/A
USAA Real Return	YES	N/A	✓	---	N/A
USAA Intermediate-term Bond	YES	N/A	✓	---	N/A
USAA Income	NO	N/A	✓	---	N/A

N/A Watch status not applicable for time period due to fund inception date

✓ Indicates eligible for Watch status as a result of performance

--- Indicates not eligible for Watch status as a result of performance

**Performance of Funds Currently on Watch Status**

Funds on Watch Status	Board Action Date	Watch Status Start Date	No. Months Since Watch Began	Excess Return Since Watch
USAA Emerging Markets	9/24/2015	7/1/2015	6	2.3%
USAA Real Return	9/24/2015	7/1/2015	6	-4.5%
USAA Intermediate-term Bond	12/17/2015	10/1/2015	3	-0.9%

**Funds Currently on “Watch”**

USAA Emerging Markets (4Q Combined Status Report – Page 23)

Since being placed on “Watch” status 6 months ago, the USAA Emerging Markets fund has outperformed its benchmark, the MSCI EM index, by 2.3%, placing the fund in the 28<sup>th</sup> percentile of its Diversified Emerging Markets peer group. The fund has continued to benefit from very strong stock selection as the portfolio's holdings in nearly all sectors have outperformed their respective sector benchmarks; especially in the Technology, Industrials, and Communication Services sectors. On a regional basis, the fund's strong stock selection in Emerging Asia, which has a 37% weighting in the portfolio, was the main driver of performance over the past 3-month period. After moving into the Acceptable range last quarter, the fund's Short-term performance is now in the Positive range while Medium-term performance remains in the Acceptable range and is trending upward. Due to the USAA Emerging Markets improvement in performance, it no longer qualifies for “Watch” status. **PCA, therefore, recommends the USAA Emerging Markets fund be removed from “Watch” status.**

USAA Real Return (4Q Combined Status Report – Page 24)

Since being placed on “Watch” status 6 months ago, the USAA Real Return fund has underperformed its benchmark, the Barclays U.S. Government Inflation-linked Bond index, by (4.5%). Over the latest 3-month period, the fund outperformed its benchmark by 49 basis points, placing it in the 89<sup>th</sup> percentile of its Conservative Allocation peer group. The fund continues to be hampered by the ongoing downward pressure on commodity prices which is mostly to blame for the fund's (6.0%) overall underperformance during the 2015 calendar year. It should be kept in mind that the lack of direct commodities exposure in the USAA Real Return's benchmark will make the fund's benchmark-relative excess returns look poor during times of extended commodity market dislocation. The fund's diversified holdings across equity, commodity, and fixed income markets also helps to explain the fund's consistently poor peer group percentile rankings as the vast majority of funds in the Conservative Allocation peer group

are more fixed income-focused in nature and thus have mostly avoided the recent disruptions in commodities markets. However PCA remains confident that the fund continues to play an important role within the portfolio (as an inflation hedge) and has provided consistent capital market exposure consistent with its mandate. **PCA, therefore, recommends the USAA Real Return fund remain on “Watch” status.**

USAA Intermediate-term Bond (4Q Combined Status Report – Page 25)

Since being placed on “Watch” status 3-months ago, the USAA Intermediate-term Bond fund has underperformed its benchmark, the Barclays US Aggregate Bond index, by (87) basis points, placing the fund in the 97<sup>th</sup> percentile of its Intermediate-term Bond peer group. PCA previously discussed how the fund's relative performance was hurt by certain market trends over the past year, namely the fund's lower duration during a period of rising bond prices and a heavier exposure to credit during a period of widening credit spreads. Over the most recent quarter, the fund continued to be hampered by its holdings in bonds related to the exploration, mining, and production of commodities. Fund management did trim some of its exposure to these areas over the course of the quarter, but they continue to see long-term return potential in these industries. **PCA, therefore, recommends the USAA Intermediate-Term Bond fund be remain on “Watch” status.**

**Funds Qualifying for “Watch”**

USAA Income (4Q Combined Status Report – Page 26)

The USAA Income fund qualifies for “Watch” status by having a rolling 12-month excess return below (0.75%) for 6 or more consecutive months. Over the past 12-month period, the fund has underperformed its benchmark, the Barclays US Aggregate Bond index, by (1.7%), placing it in the 81<sup>st</sup> percentile of its Intermediate-term Bond peer group. The USAA Income fund's recent troubles mirror those of the USAA Intermediate-term Bond fund as the ongoing weakness in oil and commodities prices have had an adverse effect on many of the fund's holdings. More specifically, allocations to the metals and mining and energy sectors, as well as subordinated debt holdings of pipeline companies, have detracted from returns. The similarity between the USAA Income fund's recent underperformance with that of the USAA Intermediate-term bond fund is no coincidence, as both funds have similar objectives and are managed by the same management team consisting of Julianne Bass, Matthew Freund, and Brian Smith. Both Bass and Freund have been with the fund since July 2012, while Smith joined the team at the end of 2013. Much like the USAA Intermediate-term bond fund, the USAA Income fund has performed well over the long run, outperforming its benchmark by an annualized 71 basis points since its addition to the fund lineup in February 2009. **PCA, therefore, recommends the USAA Income fund be placed on “Watch” status and monitored over the coming periods.**

Putnam 529 for America Plan

**Summary of Watch Status**

Portfolios	On Watch	Criteria Utilized for Watch Status			
		1-12 months	Short-term	Medium-term	Long-term
Putnam International Cap. Opps.	Yes	N/A	---	✓	N/A
Putnam Income	Yes	N/A	✓	---	N/A
Putnam Voyager	NO	N/A	✓	---	N/A

**Performance of Funds Currently on Watch Status**

Funds on Watch Status	Board Action Date	Watch Status Start Date	No. Months Since Watch Began	Excess Return Since Watch
Putnam International Cap. Opps.	9/9/2014	7/1/2014	18	-5.5%
Putnam Income	9/24/2015	7/1/2015	6	-1.6%

Putnam International Capital Opportunities (4Q Combined Status Report – Page 29)

Since being placed on “Watch” status 18 months ago, the Putnam International Capital Opportunities fund has trailed its benchmark, the S&P Developed ex U.S. Small Cap index, by (5.5%). The fund continued to underperform over the most recent quarter as it trailed its benchmark by (2.1%), placing the fund in the 54<sup>th</sup> percentile of its Foreign Small/Mid Value peer group. Recent underperformance can be attributed to poor stock selection in the Technology and Financial Services sectors. On a regional basis, investments in Developed Asia and the Eurozone did the most to undermine excess returns. It should also be noted that after the end of the most recent quarter it was announced that there would be a change to the fund’s management as former portfolio manager John McLanahan left the management team in February 2016. As of March 2016, the fund will now be managed by Brett Risser, formerly a Quantitative Research Associate, and Robert Schoen, who is the Co-Head of the Global Asset Allocation group at Putnam.

Given the fund's ongoing performance difficulties and recent manager changes, PCA believes that a search for an alternative to the Putnam International Capital Opportunities fund is warranted and we will be working with Putnam to develop a list of alternatives for the Board’s consideration. **PCA, therefore, recommends the Putnam International Capital Opportunities fund remain on “Watch” status while a possible replacement for the fund is considered.**

Putnam Income (4Q Combined Status Report – Page 30)

Since being placed on “Watch” status 6 months ago, the Putnam Income fund has underperformed its benchmark, the Barclays US Aggregate Bond index, by (1.6%). Fund performance improved over the most recent quarter, as it outperformed its benchmark by 11 basis points; good enough to rank in the 28<sup>th</sup> percentile of its Intermediate-term Bond peer group. The fund's outperformance over the quarter was mostly due to the fund's term structure positioning. The fund maintained a relative short duration position which paid off in December when the Fed raised interest rates. As interest rates increased, the fund's positioning allowed it to cushion some of the price declines relative to the benchmark. The fund also saw a slight

benefit from its allocation to corporate credit as demand for risk assets had a modest return after a rough third quarter. As PCA mentioned last quarter, despite the Putnam Income fund's struggles over the past year the fund has been a solid long-term performer, earning an annualized excess return of 1.3% since its addition to the fund lineup in October 2010. **PCA, therefore, recommends the Putnam Income fund remain on "Watch" status and continue to be monitored closely over the coming quarters.**

Putnam Voyager (4Q Combined Status Report – Page 31)

The Putnam Voyager fund qualifies for "Watch" status by having a rolling 12-month excess return lower than (2.75%) for 6 or more consecutive months. Over the most recent 12-month period, the fund has seen its relative performance fall off a cliff as it has trailed its benchmark, the Russell 1000 Growth index, by (11.7%), ranking the fund in the 97<sup>th</sup> percentile of its Large Growth peer group. Since being added to the program's lineup in October 2010 the fund has struggled against its benchmark, posting an annualized excess return of (6.3%). Fund management has also recently undergone a complete overhaul as former portfolio manager Nick Thakore, who had managed the fund since 2008, has left Putnam to pursue other opportunities. Starting in February 2016 the fund will now be managed by Robert Brookby, who also managed the Putnam Growth Opportunities and Putnam Multi-cap Growth funds.

Given the fund's history of underperformance, as well as the wholesale changes to the management team, PCA believes that the fund may no longer be appropriate for inclusion in the program's fund lineup. PCA will work with Putnam to consider possible alternatives for the Board's consideration. **PCA, therefore, recommends the Putnam Voyager fund be placed on "Watch" status while a possible replacement for the fund is considered.**

Vanguard 529 Plan

No Funds qualify for "Watch," or are currently on "Watch."

SSgA Upromise 529 College Savings Plan

No Funds qualify for "Watch," or are currently on "Watch."

APPROVED FOR WATCH STATUS:

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Dan Schwartz, State Treasurer

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THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 14**  
**March 24, 2016**

**Item: Vanguard 529 College Savings Plan Investment Update**

**Recommendation:**

**That the Board receive a presentation from Vanguard concerning their current investment strategies and investment performance during the past year; receive a memorandum from Pension Consulting Alliance, Inc. commenting on recommendations; approve investment options and provide direction, as appropriate.**

**Fiscal:**

None to the Board.

**Summary:**

As provided in the contracts for each of the college savings plans sponsored by the State of Nevada and the comprehensive investment plan and investment policies adopted by the Board in August 2009, each plan must present an annual investment review to the Board of Trustees. In addition, the Board is required to annually approve the investment options of the plans offered to account holders.

Vanguard has prepared its annual investment review for the Vanguard 529 College Savings Plan. The Board is asked to receive and review the report and approve the lineup of investment options proposed for the upcoming year. By contract, if the Board does not approve a particular proposed portfolio or investment option, the investment manager must retain the investment lineup from the previous year and bring a new proposal to the Board for approval.

Staff and Pension Consulting Alliance, Inc. (PCA) have reviewed the proposed allocations and have presented a written report for the Board to consider on Vanguard's performance and proposed changes.

Tom Hewitt and others from Vanguard will be either present or available via teleconference to make the presentation, and Eric White from PCA will also be present to comment on the recommendations.

# Vanguard 529

*Vanguard's Investment Review*  
*March 2016*

Presented by:

Thomas Hewitt, Relationship Manager

Kim Stockton, Investment Strategy Group Senior Analyst

# Executive Summary

## Recommended change

### *Increase global diversification by adding exposure to hedged international bonds.*

- Allocate 30% of fixed income exposure to hedged international bonds through an investment in Vanguard Total International Bond Index.
- Add Vanguard Total International Bond Index Fund as a new stand-alone portfolio.

## Why?

- International bonds are the single largest asset class.
- Over the long-term, we expect the 529 portfolio allocations to reflect worldwide market cap
- International bonds are expected to provide diversification benefits.
- Hedged foreign bonds lowers portfolio volatility and downside risk, providing exposure to global bonds without adding currency risk.

## Why now?

- Vanguard Total International Bond Index Fund will meet the three year track record requirement mandated by the IPS in May 2016.
- Over the last 3 years, international transaction costs have declined by about 50% and the cost of investing internationally has shrunk by about 7%, allowing investors to realize more of the diversification benefit.<sup>2</sup>
- Ever-increasing globalization and access to information has led to increased investor acceptance regarding international investing.

Notes: <sup>2</sup>Source: Simfund, Morningstar, as of December, 2014. International costs are measured by average expense ratios for funds with more than 50% of their holdings in non-US securities. Transaction costs measured by bid-ask spreads  
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## Proposed 529 static portfolios

- Allocate 30% of fixed income exposure to hedged international bonds through an investment in Vanguard Total International Bond Index

	Vanguard Total Stock Market Index	Vanguard Total International Stock Market Index	Vanguard Total Bond Market II Index	Vanguard Total International Bond Market Index	Vanguard Short-Term Inflation-Protected Securities Index	Vanguard Short-Term Reserves
<b>Aggressive growth</b>	60.0%	40.0%	—	—	—	—
<b>Growth</b>	45.0%	30.0%	17.5%	7.5%	—	—
<b>Moderate growth</b>	30.0%	20.0%	35.0%	15.0%	—	—
<b>Conservative growth</b>	15.0%	10.0%	52.5%	22.5%	—	—
<b>Income</b>	—	—	34.5%	22.5%	18.0%	25.0%
<b>Interest accumulation</b>	—	—	—	—	—	100.0%

Source: Vanguard.

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# Vanguard's investment principles

## Create clear, appropriate investment goals

### Goals

- Recognizing constraints is essential to developing an investment plan
- A plan should include specific saving objectives
- Without a plan, investors may chase performance or rely on transitory factors such as fund ratings to construct a portfolio

## Develop a suitable asset allocation using broadly diversified funds

### Balance

- Asset allocation is the primary driver of a portfolio's risk and return
- Avoiding short-term losses by minimizing stock exposure can expose an investor to shortfall risk
- Realistic return expectations are critical to selecting an allocation
- Leadership among market segments is quick to change

## Minimize cost

### Costs

- Higher costs significantly reduce a portfolio's growth over time
- Lower cost mutual funds have tended to outperform higher cost mutual funds over time
- Indexed investments have been a useful tool to control costs

## Maintain perspective and long-term discipline

### Discipline

- Rebalancing can help manage a portfolio's risk
- Departures from an allocation can be costly
- Chasing winners often leads to a dead end
- Simply contributing more money is a powerful tool

## Overview of Vanguard's 529 plan investment methodology

- Vanguard suggests a dynamic allocation which changes with the investment objective: age based glide paths.
- Vanguard has 3 glide path options which move through a set of progressively more conservative portfolios.
- Glide paths are comprised of six static portfolios: aggressive growth  interest accumulation.
- 529 portfolios based on investment best practices—the principles of asset allocation, diversification, transparency, and maintaining a balance among risk, return, and cost.
- Specific methodology for: active/passive, international, TIPS, REITs, sub asset allocations
- Evaluation process is iterative with balance of quantitative and qualitative factors.

# 529 Portfolios: Investment methodology drill down

- Passive strategy
  - Asset allocation is the key decision in explaining performance variation.
  - Tactical asset allocation and security selection, on average, increase risk and reduce return.
  - Controlling costs allows investors to keep more of their returns.
- Other asset classes
  - TIPS – Inflation protection through equities when young; ST TIPs incorporated close to and after college
  - Real estate – Market-weighted exposure through Total Stock Market Index
- Sub asset allocation: U.S. equity (large, mid, small; growth and value) and U.S. fixed income (nominal investment grade)
  - Market cap weighting according to prevailing market cap.
  - Ensures exposure to all segments of the markets.
- International exposure
  - 40% of equity allocation and 30% of fixed income allocation to provide diversification.
  - Market proportional allocation to emerging equity markets

# Market & Economic Outlook

# Themes and outlook

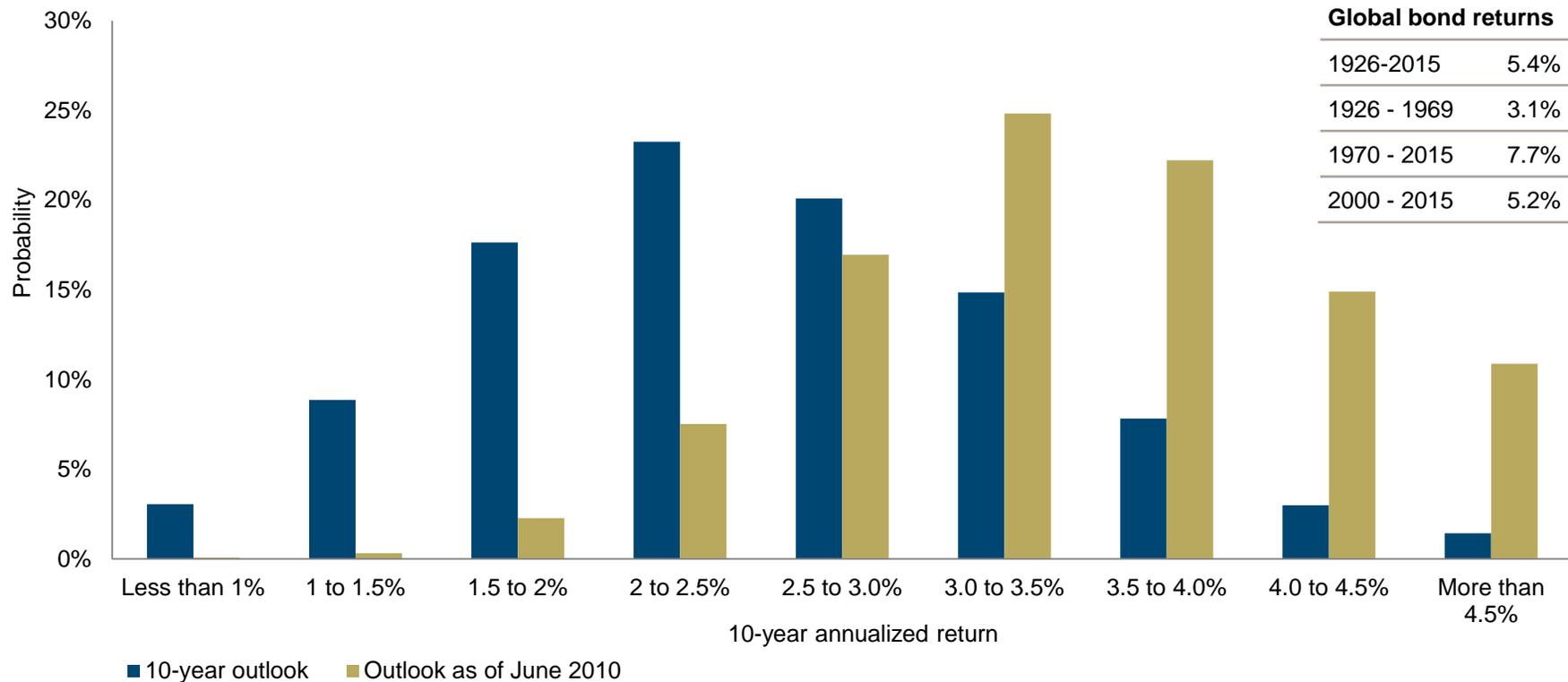
	Global	U.S.	Europe	Asia
Growth	<ul style="list-style-type: none"> <li>• <i>Frustratingly fragile</i></li> <li>• Downside cyclical risks, with “global recession scares” likely in 2016. Few, if any, economies accelerate this year.</li> <li>• Low-growth world in the midst of <i>structural convergence</i>, not more dire secular stagnation.</li> </ul>	<ul style="list-style-type: none"> <li>• Growth should prove uneven but resilient despite low oil prices and U.S. dollar.</li> <li>• But, our outlook is below consensus, near 2%. Job growth should slow in 2016, leading to “recession scare”.</li> <li>• Service sector strength offsets manufacturing weakness</li> </ul>	<ul style="list-style-type: none"> <li>• Decent growth (1.5%) fueled by QE, Euro weakness and oil prices</li> <li>• QE continues to ease financial conditions in the periphery</li> <li>• Slowdown in the speed of fiscal tightening a positive for growth</li> </ul>	<ul style="list-style-type: none"> <li>• China: permanently slower, but hard landing unlikely. Growth expected in the 6-7% range, with industrial data much weaker</li> <li>• Japan: magnitude of cyclical recovery limited by structural headwinds. No progress on Abenomics' "Third Arrow"</li> </ul>
Inflation	<ul style="list-style-type: none"> <li>• Secular deflationary forces persist, though some headwinds should fade at margin</li> <li>• Central banks will continue to struggle to meet 2% targets</li> </ul>	<ul style="list-style-type: none"> <li>• Downward pressure from dollar / oil prices should abate, but core inflation should remain low thru at least 2017.</li> <li>• Wage growth should rise modestly with sub-5% unemployment rate.</li> </ul>	<ul style="list-style-type: none"> <li>• Progress made on inflation and inflation expectations thanks in part to QE</li> </ul>	<ul style="list-style-type: none"> <li>• Japan: Abenomics goal of 2% put off.</li> <li>• Monetary easing not having desired effect on nominal wage growth either</li> </ul>
Monetary policy & interest rates	<ul style="list-style-type: none"> <li>• Divergent monetary policies: ECB and BoJ may not raise rates this decade</li> <li>• We view low-rate environment as secular, not temporary</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Dovish tightening</i>, 1% could be high watermark in Fed funds rate over next 1-2 years.</li> <li>• 10Y Treasury may struggle to exceed 2.5%</li> </ul>	<ul style="list-style-type: none"> <li>• Expansion or extension of QE program likely</li> </ul>	<ul style="list-style-type: none"> <li>• PBoC: Further monetary easing likely. Monetary policy constrained by capital outflows</li> <li>• Japan: QQE likely to continue</li> </ul>
	Balanced	Equities	Bonds	
Asset returns (Global)	<ul style="list-style-type: none"> <li>• A guarded view given global crosscurrents of low yields and equity valuations</li> <li>• Principles of portfolio construction remain unchanged</li> <li>• 10-year expected returns for balanced portfolios lower than historical averages, with shorter-term expectations even lower</li> </ul>	<ul style="list-style-type: none"> <li>• In spite of high valuations, long-term outlook is not bearish when adjusted for the low-rate environment. This, of course, does not preclude a bear market</li> <li>• Outlook for global equity risk premium remains decent over long run</li> </ul>	<ul style="list-style-type: none"> <li>• Treasury yields may struggle to rise significantly unless inflation dynamics change; we still credit risk (i.e., recession) as higher than duration risk (i.e., rapid rise in interest rates)</li> <li>• Bond returns likely to be muted; central tendency of 2–3% nominal annualized over 10 years</li> </ul>	

Source: Vanguard.

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# Projected global fixed income ten-year outlook

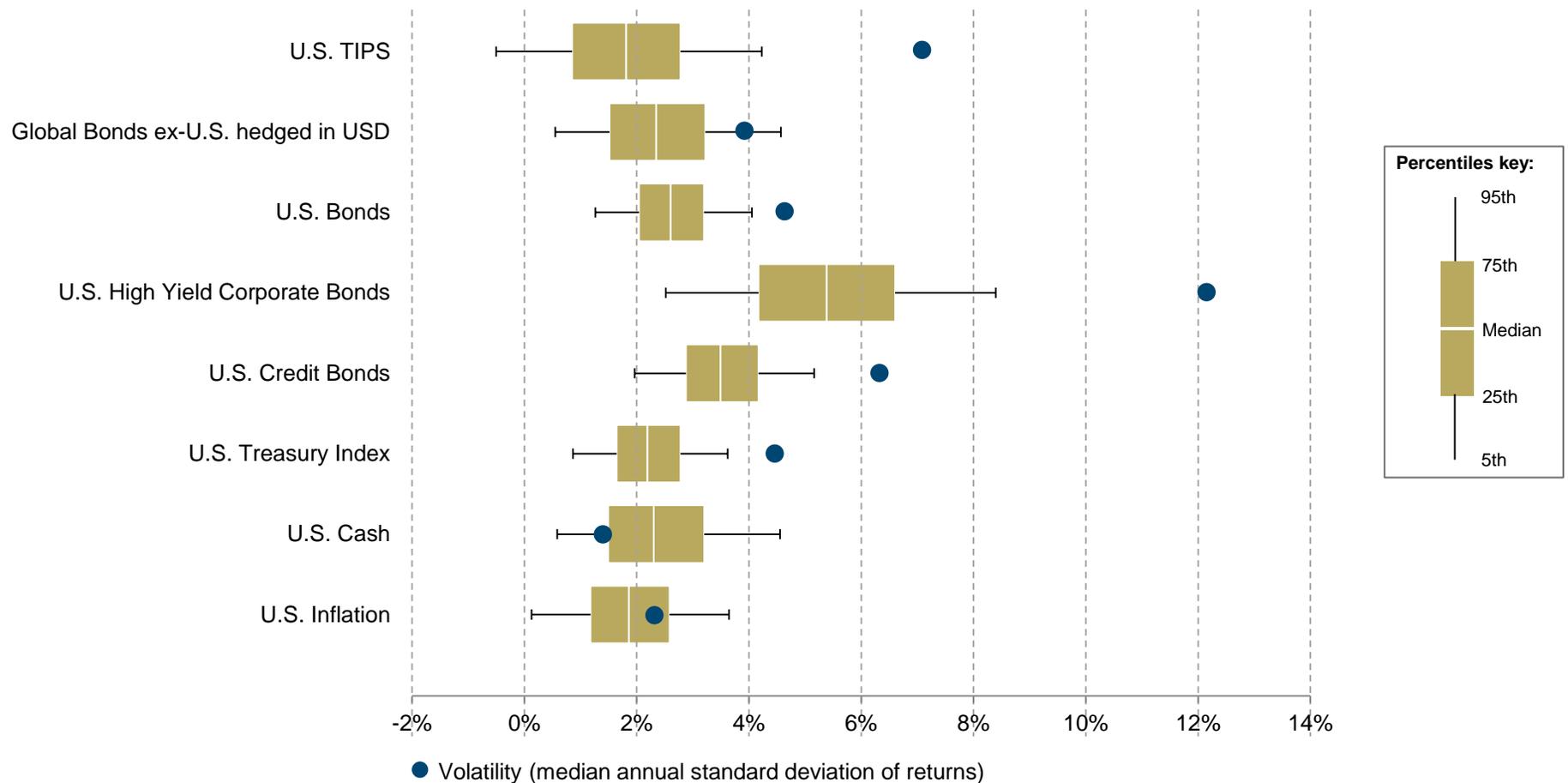
VCMM-simulated distribution of expected average annualized nominal return of total fixed income market as of September 2015 and June 2010



**IMPORTANT: The projections or other information generated by the VCMM regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from the VCMM are derived from 10,000 simulations for global fixed income returns in USD. Simulations are as of September 30, 2015. Results from the model may vary with each use and over time.**

Notes: Figure displays projected range of potential returns for portfolios of 70% U.S. bonds/30% ex-U.S. bonds, rebalanced quarterly. For details, see *Vanguard's economic and investment outlook* (Davis, Aliaga-Diaz, Westaway, Wang, Patterson, and Ahluwalia 2015). Source: Vanguard.

# Bond market ten-year return outlook: Setting reasonable expectations



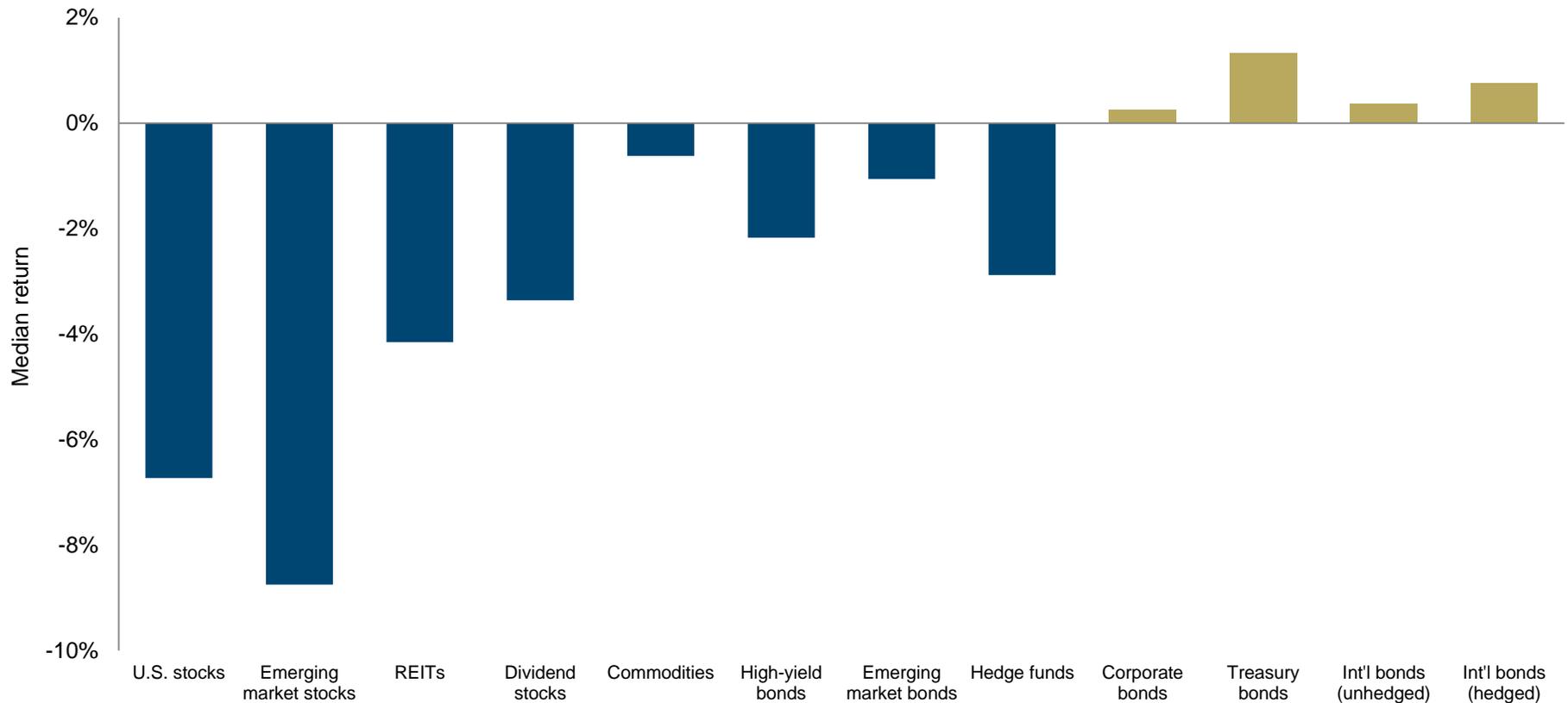
**IMPORTANT:** The projections or other information generated by the VCMM regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from the VCMM are derived from 10,000 simulations for each modeled asset class in USD as of September 30, 2015. Results from the model may vary with each use and over time.

Notes: Forecast corresponds to distribution of 10,000 VCMM simulations for ten-year annualized nominal returns as of September 2015 in USD for asset classes highlighted here. For details, see *Vanguard's economic and investment outlook* (Davis, Aliaga-Diaz, Westaway, Wang, Patterson, and Ahluwalia 2015).

Source: Vanguard.

# Bonds can provide ballast in an equity bear market

Median return of various asset classes during the worst decile of monthly equity returns, 1988–2015



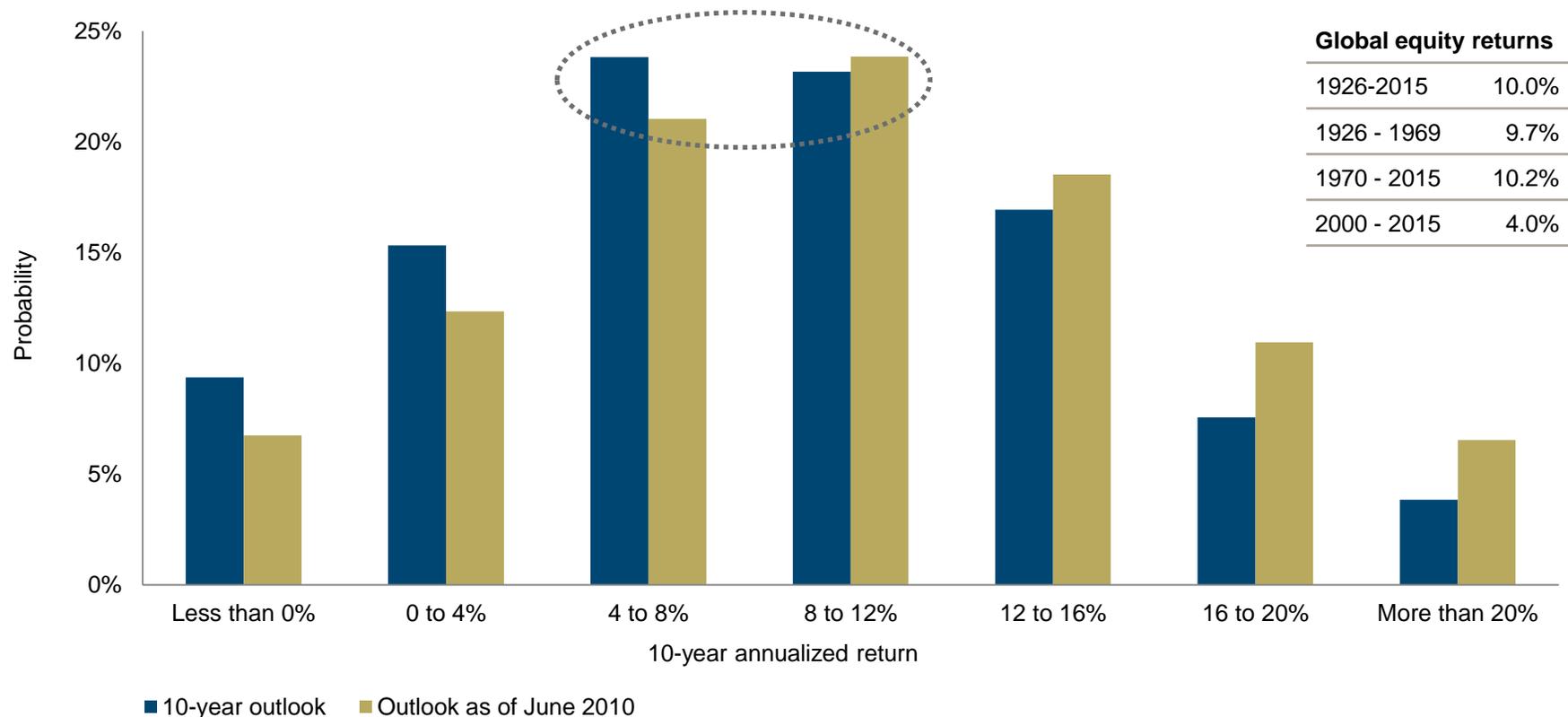
Notes: U.S. stocks, U.S. bonds, and international bonds represented by indexes listed on page 4. Emerging market stocks represented by FTSE Emerging Index and emerging market bonds by Barclays Emerging Markets Tradable USD Sovereign Bond Index. REITs represented by FTSE NAREIT Equity REIT Index, dividend stocks by Dow Jones U.S. Select Dividend Total Return Index, commodities by S&P GSCI Commodity Index, high-yield bonds by Barclays U.S. Corporate High Yield Index, hedge funds by median hedge fund-of-funds return as identified by Morningstar, Inc., corporate bonds by Barclays U.S. Corporate Investment Grade Index, and Treasury bonds by Barclays U.S. Treasury Index.

Sources: Vanguard calculations, based on data from S&P, Citigroup, Barclays, Dow Jones, MSCI, CRSP, and FTSE. Data as of December 31, 2015.

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# Projected global equity ten-year return outlook

VCMM-simulated distribution of expected average annualized nominal return of global equity market, estimated as of September 2015 and June 2010

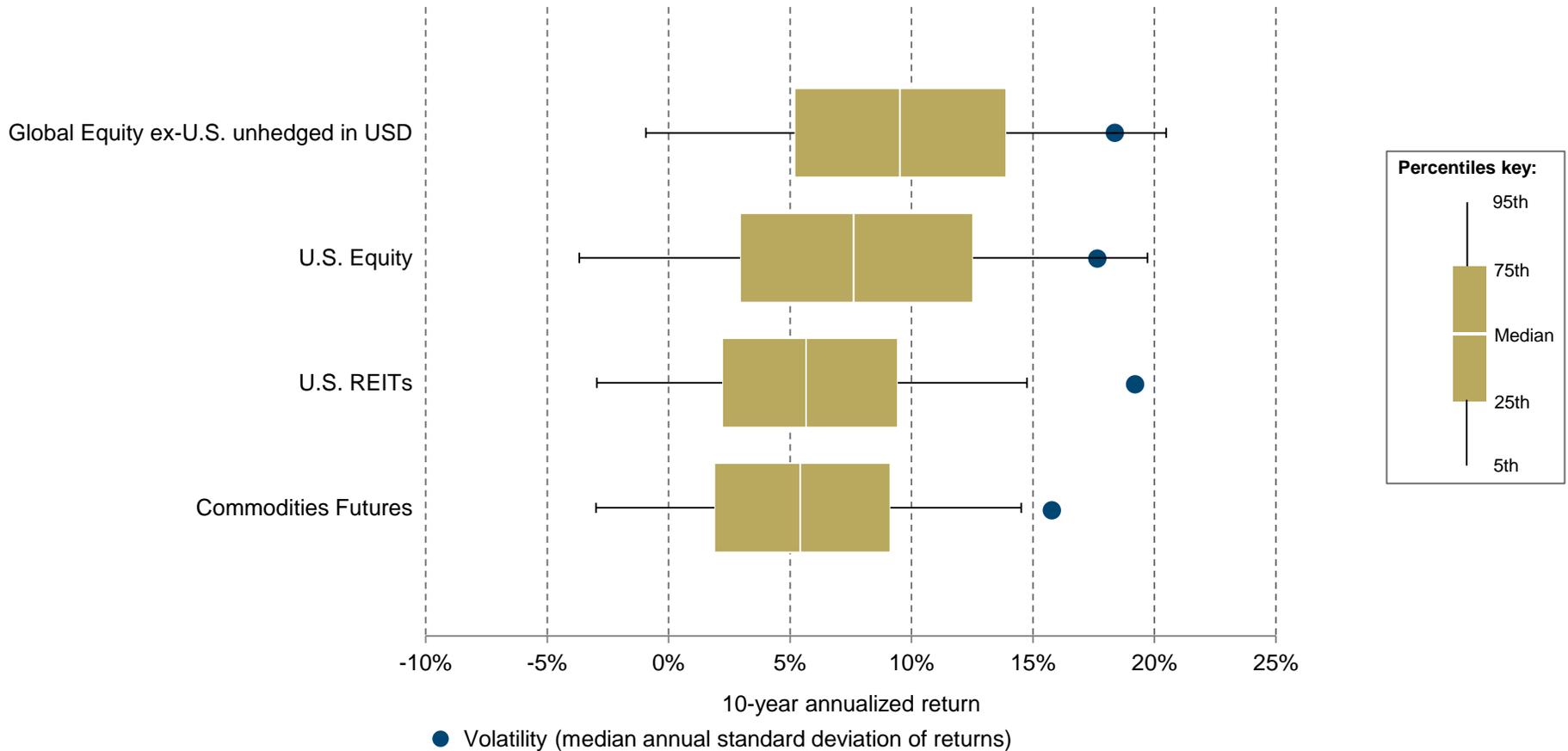


**IMPORTANT: The projections or other information generated by the VCMM regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from the VCMM are derived from 10,000 simulations for global equity returns in USD. Simulations are as of September 30, 2015. Results from the model may vary with each use and over time.**

Notes: Figure displays projected range of potential returns for portfolios of 60% U.S./40% ex-U.S. equities, rebalanced quarterly. For details, see *Vanguard's economic and investment outlook* (Davis, Aliaga-Diaz, Westaway, Wang, Patterson, and Ahluwalia 2015).

Source: Vanguard.

# Equity market ten-year return outlook: Setting reasonable expectations, being aware of widely dispersed potential returns



**IMPORTANT: The projections or other information generated by the VCMM regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from the VCMM are derived from 10,000 simulations for each modeled asset class in USD as of September 30, 2015. Results from the model may vary with each use and over time.**

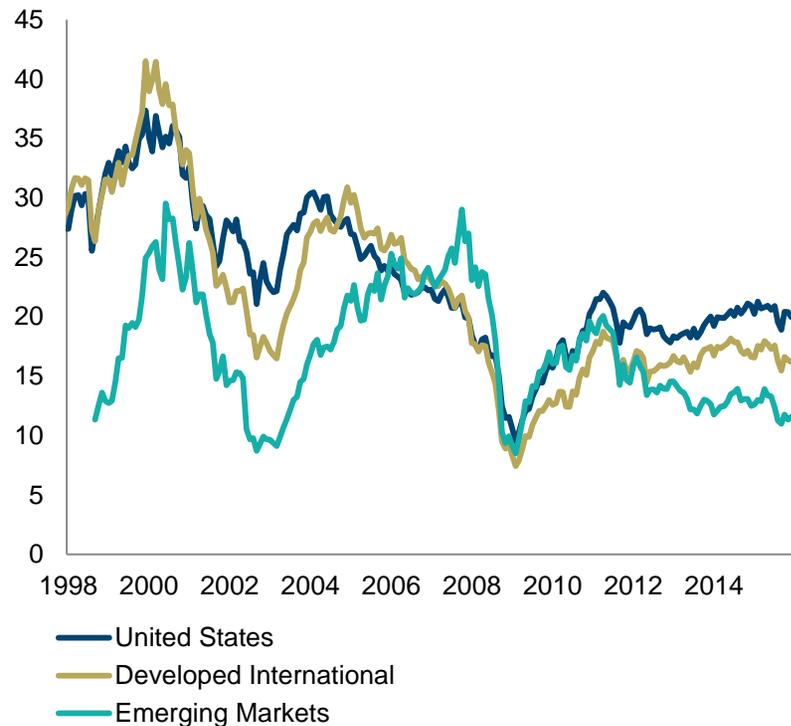
Notes: Forecast corresponds to distribution of 10,000 VCMM simulations for ten-year annualized nominal returns as of September 2015 in USD for asset classes highlighted here. For details, see *Vanguard's economic and investment outlook* (Davis, Aliaga-Diaz, Westaway, Wang, Patterson, and Ahluwalia 2015).

Source: Vanguard.

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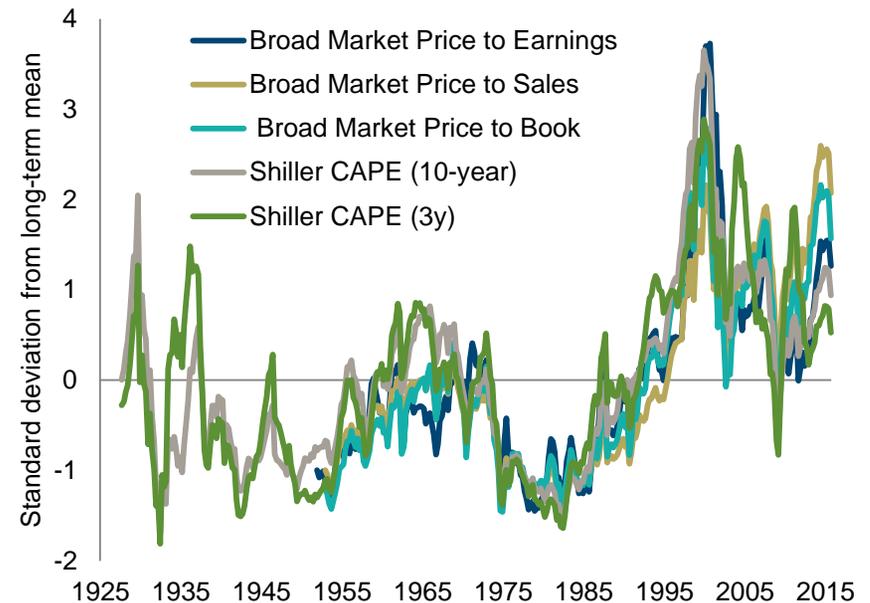
# Valuations stretched in the U.S. and developed markets

## Valuation for global equity indexes Price over 36-month trailing earnings



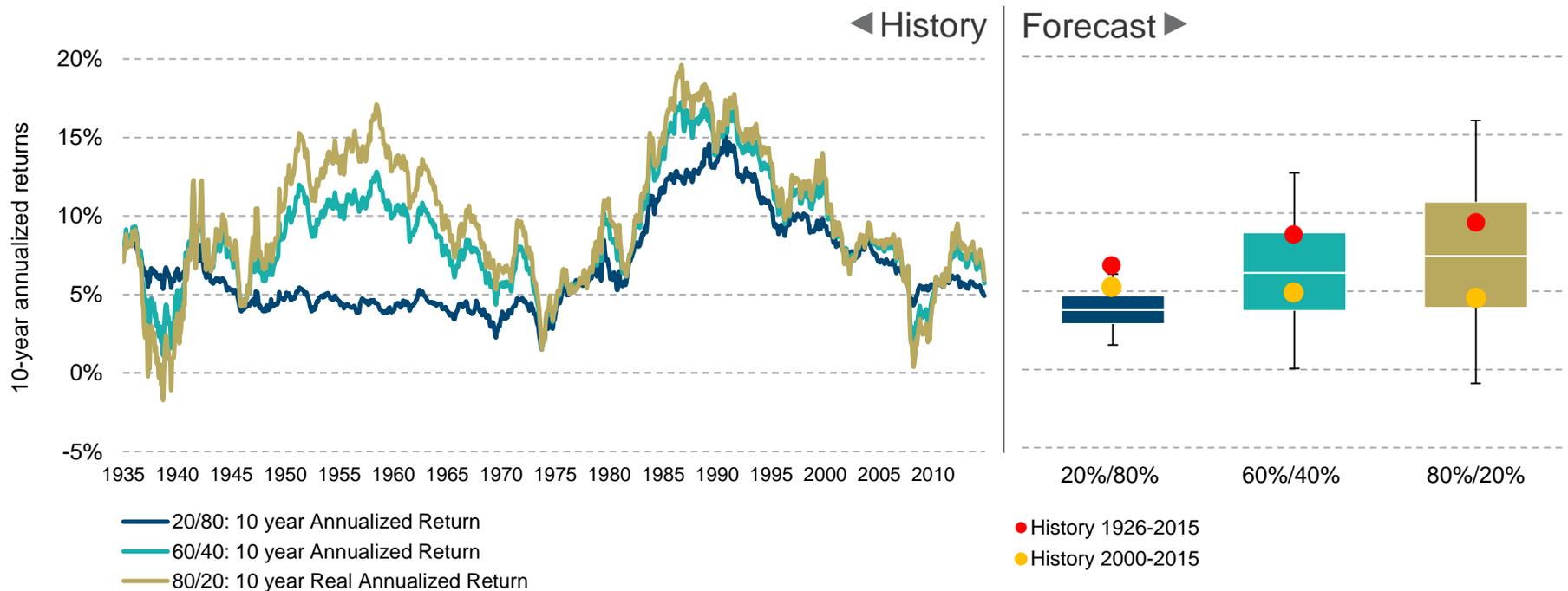
Notes: Figure displays the price/earnings ratio with 36-month trailing average earnings. United States is defined as the MSCI United States Index, developed markets ex-U.S. are defined as the MSCI All-World US Index, and emerging markets are defined as the MSCI Emerging Markets Index. Sources: Vanguard calculations, based on data from MSCI. Data as of December 31, 2015.

## Long-term valuation for U.S. equities, Selected valuation metrics



Notes: Figure displays valuation metrics standardized to have a long-term average of 0.0 and a standard deviation of 1.0. Broad market price/earnings displays the market value of domestic corporations from the Federal Reserve Flow of Funds database relative to the trailing four-quarter average of after-tax corporate profits from the BEA's national accounts. Broad market price/sales displays the market value of domestic corporations from the Flow of Funds database relative to the Gross Value Added of Corporate Business from the BEA's national accounts. Broad market price/book displays the market value of domestic corporations relative to the net worth at historical cost of Nonfinancial Corporate Business, both from the Flow of Funds database. Shiller CAPE (10-year) is the 10-year cyclically adjusted price/earnings ratio as defined in Shiller (2000). Shiller CAPE (3-year) is Shiller's measure, adjusted to smooth earnings over a trailing 36-month period. Sources: Vanguard calculations, based on data from Federal Reserve, U.S. Bureau of Economic Analysis, and Robert Shiller's website, [aida.wss.yale.edu/~shiller/data.htm](http://aida.wss.yale.edu/~shiller/data.htm). Data as of September 30, 2015.

# Projected ten-year nominal return outlook for balanced portfolios



**IMPORTANT: The projections or other information generated by the VCMM regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from the VCMM are derived from 10,000 simulations for each modeled asset class in USD. Simulations are as of September 30, 2015. Results from the model may vary with each use and over time.**

Notes: Forecast displays 5th/25th/50th/75th/95th percentile ranges of 10,000 VCMM simulations for projected ten-year annualized nominal returns in USD. The equity portfolio is 60% U.S. equity and 40% global ex-U.S. equity. The bond portfolio is 70% U.S. bonds and 30% global ex-U.S. bonds. For details, see *Vanguard's economic and investment outlook* (Davis, Aliaga-Diaz, Westaway, Wang, Patterson, and Ahluwalia 2015)

Source: Vanguard

# International Bonds – investment case

## Global market cap: long term objective for 529 glide path portfolios

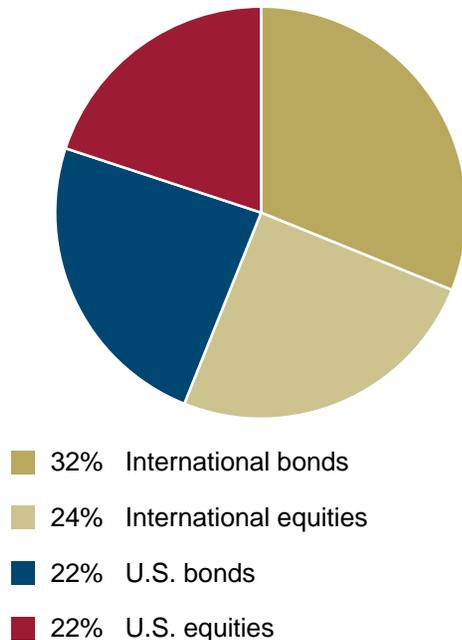
The market-cap-weighted portfolio represents the expected, consensus estimate of securities at any given moment.

- Because prices are largely unpredictable and buyers must = sellers, the market cap portfolio must be on the forward looking efficient frontier.
- Tactical over/underweights to market cap equate to bets against the consensus.
- Tactical investment decisions should be made actively, thoughtfully, and in consideration of the additional risk.
- Glide path portfolios are intended for investors who want a single professionally managed investment solution with limited engagement.
- Deviations from market cap in 529 glide paths should only be made in consideration of:
  - legitimate home bias,
  - market inefficiencies,
  - costs, and
  - risk reduction.
- As home bias and global markets evolve, so too should global asset allocations, although market inefficiencies may preclude a total market cap portfolio for some time.

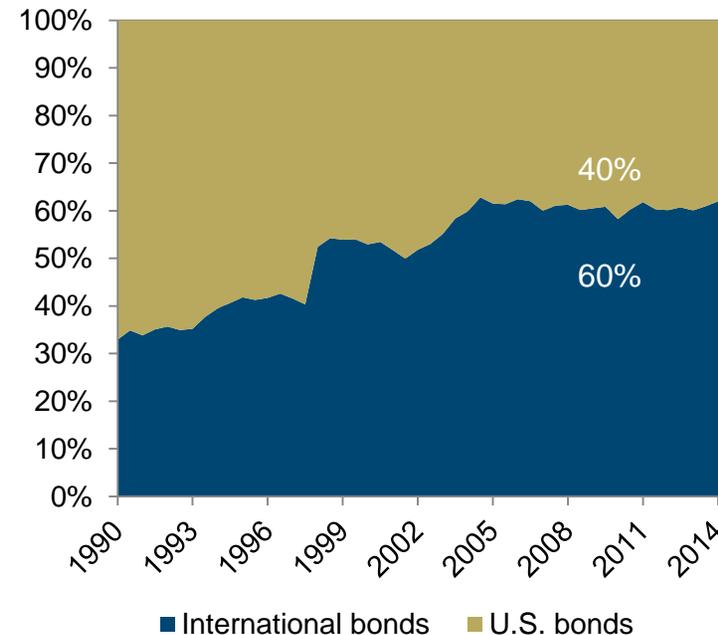
# International bonds make up the largest segment of the securities market

- Ever-increasing globalization and access to information has led to increased investor acceptance regarding international investing.
- The market-cap-weighted portfolio represents the expected, consensus estimate of securities at any given moment.
- Diversifies U.S. fixed income exposure across an additional 7,850 securities in more than 50 countries.

Largest capital market



Fixed income market cap



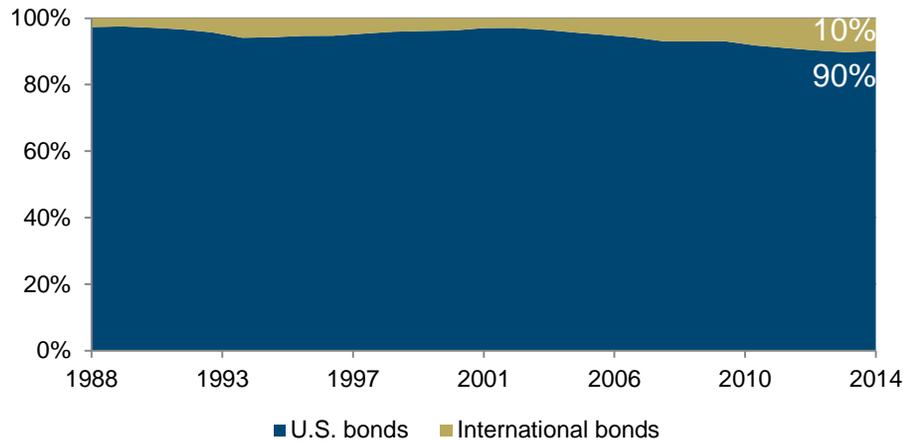
Sources: Market capitalizations: U.S. equities are represented by the MSCI US Broad Market Index. International equities are represented by the MSCI AC World Ex USA IMI. U.S. bonds are represented by the Barclays US Aggregate Bond Index. International bonds are represented by the Barclays Global Aggregate ex-USD Index. Data as of December 31, 2014 from MSCI, Barclays, and Vanguard.

Note: Fixed income – US represented by Barclays Aggregate and International is Global Aggregate less US allocation. Data as of December, 2014  
Sources: Thomson Datastream, MSCI, Barclays Live

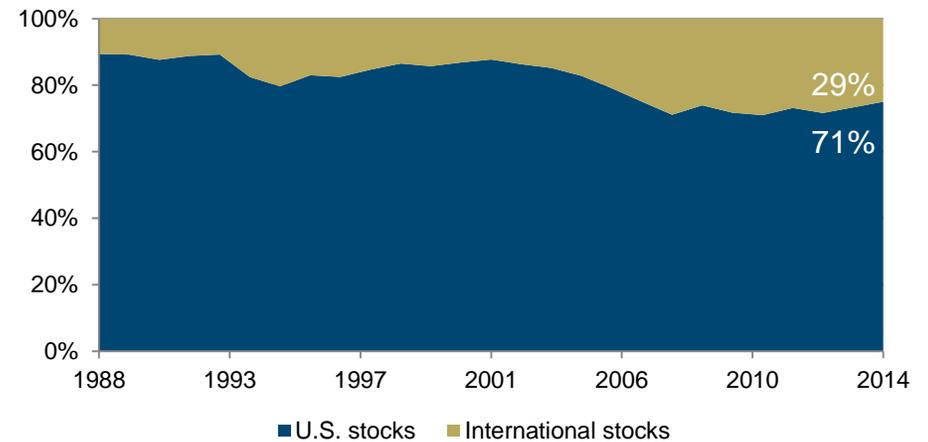
# Home bias exists, but investors continue to allocate towards a more global portfolio

## Fixed income

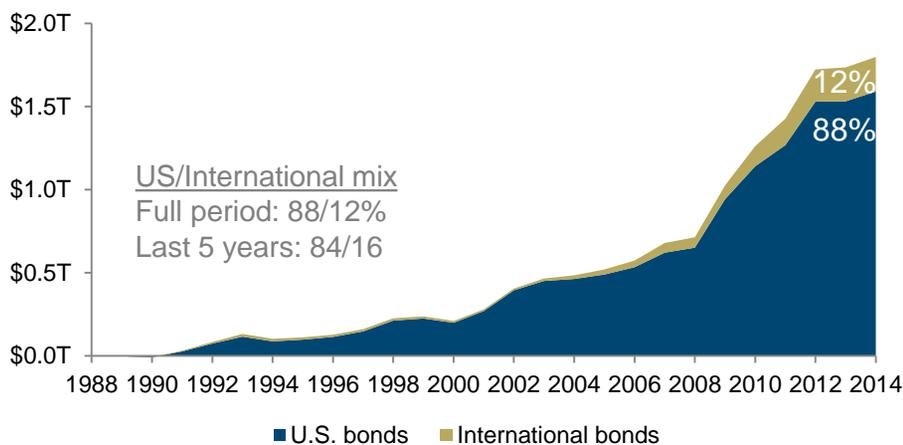
### Assets under management



## Equities



### Cumulative cash flow



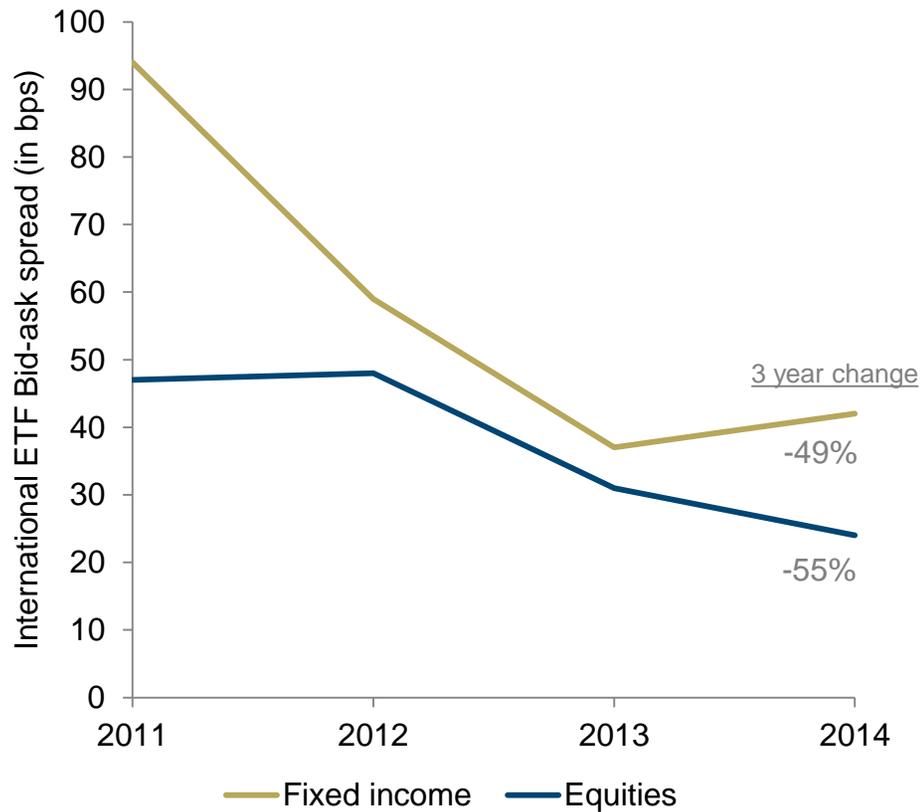
Note: Equities – US/International allocation specified by Simfund classification; Fixed income – US specified by funds with more than 50% of exposure from US; source: as of December, 2014

Source: Simfund, as of December 2014

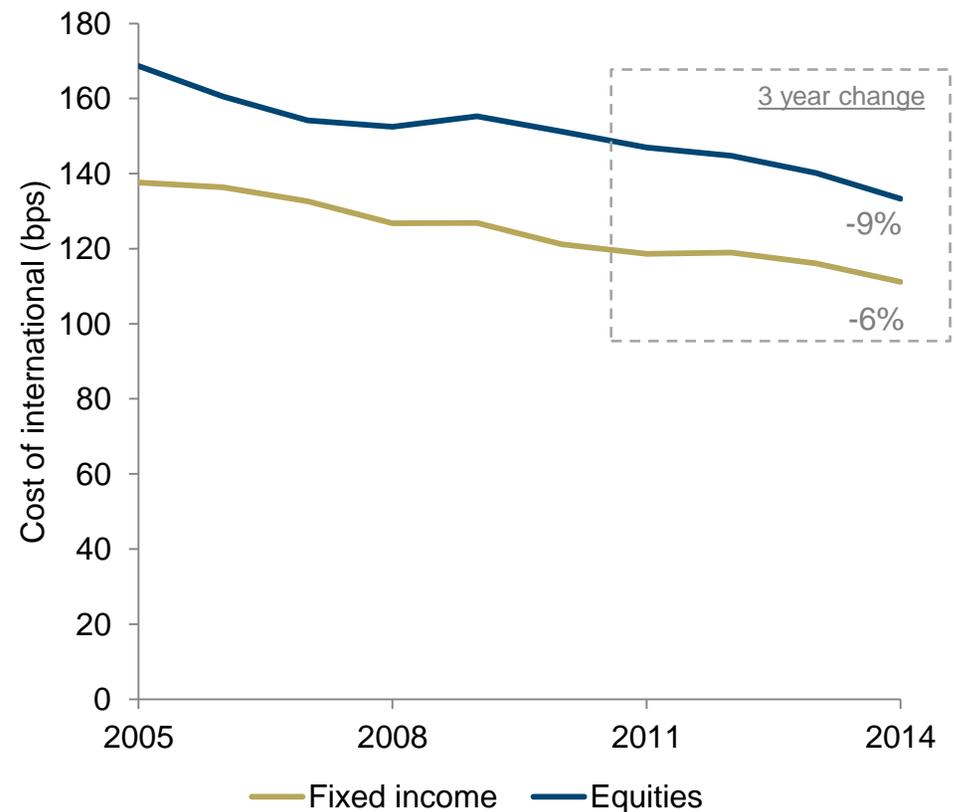
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# Costs have come down, which allows investors to realize more of the benefit to investing internationally

Transaction costs over time (bps)



Average industry wide international expense ratios (bps)



Note: Transaction costs measured by ETF bid-ask spreads, as of December, 2014

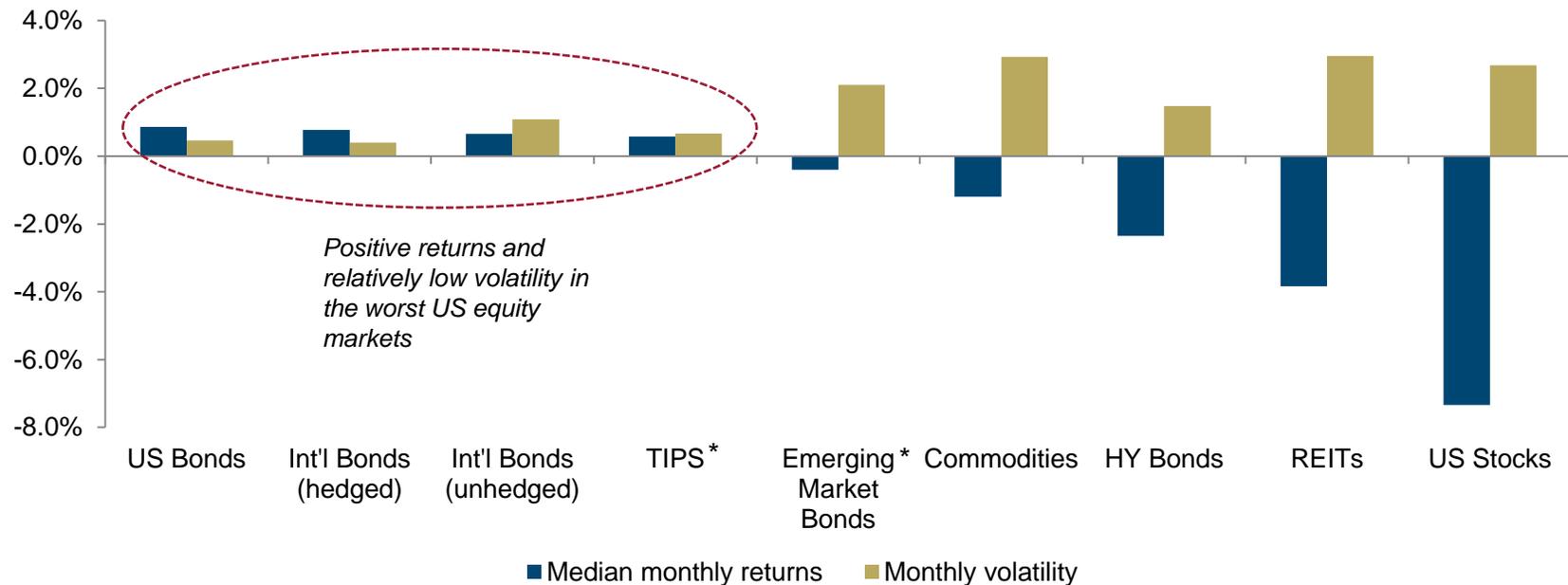
Source: Simfund, Bloomberg

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# Hedged international bonds provide diversification when it is needed most

- Other more volatile 'diversifiers' (REITs, high yield bonds, emerging market bonds and commodities) have failed to deliver positive average returns in bottom decile equity periods.
- Hedged international bonds provide higher return potential from credit risk relative to Treasuries.

Median monthly returns and monthly volatility during bottom decile US equity periods (1985-2014)\*



\*TIPS data is from March 1997-December 2014 and Emerging Market Bond data is from January 1994-December 2014 due to data availability.  
 Sources: US Bonds: Barclays U.S. Aggregate Bond Index, Hedged Int'l Bonds: 1985-1989 - Citigroup WGBI Ex USD (hedged); since 1989 - Barclays Global Aggregate Ex USD (hedged), Unhedged Int'l Bonds: 1985-1989 - Citigroup WGBI Ex USD (unhedged); since 1989 - Barclays Global Aggregate Ex USD (unhedged), Emerging Market Bonds: 1993-7/2001 - JP Morgan EMBI; Since 7/2001 Barclays Global Emerging Markets Index, High Yield Bonds: Barclays US Corp High Yield Index, TIPS: Barclays US Trsry Inflat Prtcd Idx, US Stocks: 1971-4/2005 - DJ Wilshire 5000; Since 5/2005 - MSCI Broad Market Index, REITs: FTSE NAREIT Equity REIT Index, Commodities: S&P GSCI.

# VGI 529 Portfolio Performance

## 529 Portfolios: Notable changes to portfolios and underlying funds

- Increased international equity allocation to 40% of total equity allocation in the age-based and static portfolio options
- Replaced the Vanguard Inflation-Protected Securities Fund with the Vanguard Short-Term Inflation-Protected Securities Fund in the Income Portfolio
- Included the use of synthetic investment contracts within the Interest Accumulation Portfolio.
- Underlying fund advisor change – In January 2016, Vanguard announced a change to the portfolio management team for Morgan Growth fund. Kalmar Investment Advisers will no longer serve as an advisor to the Morgan Growth Fund. The new allocation of assets is expected to be: Wellington Management Company LLP, 48%; Jennison, 22%; Frontier, 15%; and Vanguard, 15%. Morgan Growth is an individual investment option with approximately \$70 million in assets.

## Vanguard 529 Portfolio Performance

The performance data shown represents past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end visit our website at [www.vanguard.com/performance](http://www.vanguard.com/performance).

529 Portfolios and Corresponding Index	Annualized							Since Inception
	1 Mo	3 Mo	YTD	1 Yr	3 Yr	5 Yr	10 Yr	
<b>Vanguard 500 Index (12/17/2002)</b>	-1.58	7.01	1.19	1.19	14.87	12.31	6.96	8.20
S&P 500 Index	-1.58	7.04	1.38	1.38	15.13	12.57	7.31	8.67
<i>Fund performance relative to benchmark</i>	0.00	-0.03	-0.19	-0.19	-0.26	-0.26	-0.35	-0.47
<b>Vanguard Aggressive Growth (12/12/2002)</b>	-2.03	4.73	-1.47	-1.47	10.43	8.65	5.77	8.05
Vanguard 529 Aggressive Growth Composite	-1.83	5.12	-1.20	-1.20	10.88	9.01	6.13	8.58
<i>Fund performance relative to benchmark</i>	-0.20	-0.39	-0.27	-0.27	-0.45	-0.36	-0.36	-0.53
<b>Vanguard Conservative Growth (12/16/2002)</b>	-0.89	0.65	-0.05	-0.05	3.57	4.57	4.92	5.52
Vanguard 529 Conservative Growth Composite	-0.71	0.83	0.24	0.24	3.83	4.90	5.28	5.91
<i>Fund performance relative to benchmark</i>	-0.18	-0.18	-0.29	-0.29	-0.26	-0.33	-0.36	-0.39
<b>Vanguard Growth (12/16/2002)</b>	-1.63	3.34	-0.90	-0.90	8.23	7.47	5.62	6.98
Vanguard 529 Growth Composite	-1.45	3.70	-0.59	-0.59	8.58	7.79	5.92	7.38
<i>Fund performance relative to benchmark</i>	-0.18	-0.36	-0.31	-0.31	-0.35	-0.32	-0.30	-0.40
<b>Vanguard Growth Index (12/17/2002)</b>	-2.41	6.47	3.10	3.10	15.59	12.88	8.10	8.77
Spliced Growth Index	-2.39	6.52	3.38	3.38	15.90	13.21	8.51	9.17
<i>Fund performance relative to benchmark</i>	-0.02	-0.05	-0.28	-0.28	-0.31	-0.33	-0.41	-0.40

## Vanguard 529 Portfolio Performance

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529 Portfolios and Corresponding Index	Annualized							Since Inception
	1 Mo	3 Mo	YTD	1 Yr	3 Yr	5 Yr	10 Yr	
<b>Vanguard High Yield Bond Portfolio (12/11/2002)</b>	-1.74	-0.48	-1.48	-1.48	2.41	5.57	5.78	6.45
High-Yield Corporate Composite Index	-2.05	-0.99	-2.53	-2.53	2.17	5.23	6.41	--
<i>Fund performance relative to benchmark</i>	<i>0.31</i>	<i>0.51</i>	<i>1.05</i>	<i>1.05</i>	<i>0.24</i>	<i>0.34</i>	<i>-0.63</i>	<i>--</i>
<b>Vanguard Income (12/16/2002)</b>	-0.32	-0.39	-0.13	-0.13	0.06	2.13	3.34	3.40
Vanguard 529 Income Composite	-0.22	-0.32	0.05	0.05	0.22	2.36	3.63	3.74
<i>Fund performance relative to benchmark</i>	<i>-0.10</i>	<i>-0.07</i>	<i>-0.18</i>	<i>-0.18</i>	<i>-0.16</i>	<i>-0.23</i>	<i>-0.29</i>	<i>-0.34</i>
<b>Vanguard Inflation-Protected Securities (12/11/2002)</b>	-0.88	-0.82	-1.86	-1.86	-2.51	2.25	3.48	4.12
Barclays US Treasury Inflation Protected Index	-0.79	-0.64	-1.44	-1.44	-2.27	2.55	3.93	4.67
<i>Fund performance relative to benchmark</i>	<i>-0.09</i>	<i>-0.18</i>	<i>-0.42</i>	<i>-0.42</i>	<i>-0.24</i>	<i>-0.30</i>	<i>-0.45</i>	<i>-0.55</i>
<b>Vanguard Interest Accumulation Portfolio (10/15/2004)</b>	0.08	0.17	0.25	0.25	0.17	0.22	1.46	1.59
Interest Accumulation Composite	0.02	0.04	0.12	0.12	0.12	0.20	1.48	1.63
<i>Fund performance relative to benchmark</i>	<i>0.06</i>	<i>0.13</i>	<i>0.13</i>	<i>0.13</i>	<i>0.05</i>	<i>0.02</i>	<i>-0.02</i>	<i>-0.04</i>
<b>Vanguard Mid-Cap Index (12/17/2002)</b>	-2.68	3.40	-1.50	-1.50	14.69	11.31	7.58	10.65
Spliced Mid Cap Index	-2.65	3.46	-1.28	-1.28	14.96	11.58	7.94	10.99
<i>Fund performance relative to benchmark</i>	<i>-0.03</i>	<i>-0.06</i>	<i>-0.22</i>	<i>-0.22</i>	<i>-0.27</i>	<i>-0.27</i>	<i>-0.36</i>	<i>-0.34</i>

## Vanguard 529 Portfolio Performance

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529 Portfolios and Corresponding Index	Annualized							Since Inception
	1 Mo	3 Mo	YTD	1 Yr	3 Yr	5 Yr	10 Yr	
<b>Vanguard Moderate Growth (12/11/2002)</b>	-1.25	1.98	-0.36	-0.36	5.95	6.11	5.41	6.28
Vanguard 529 Moderate Growth Composite	-1.07	2.27	-0.11	-0.11	6.23	6.42	5.70	6.66
<i>Fund performance relative to benchmark</i>	-0.18	-0.29	-0.25	-0.25	-0.28	-0.31	-0.29	-0.38
<b>Vanguard Morgan Growth (12/1/2006)</b>	-1.65	6.94	6.63	6.63	16.77	12.27	--	7.01
Russell 3000 Growth Index	-1.72	7.09	5.09	5.09	16.62	13.30	--	8.39
<i>Fund performance relative to benchmark</i>	0.07	-0.15	1.54	1.54	0.15	-1.03	--	-1.38
<b>Vanguard Small-Cap Index (12/16/2002)</b>	-4.21	3.05	-3.85	-3.85	12.36	10.21	7.61	10.67
Spliced Small Cap Index	-4.19	3.10	-3.68	-3.68	12.58	10.40	7.87	11.22
<i>Fund performance relative to benchmark</i>	-0.02	-0.05	-0.17	-0.17	-0.22	-0.19	-0.26	-0.55
<b>Vanguard STAR Portfolio (12/1/2006)</b>	-1.56	3.41	-0.32	-0.32	7.89	7.48	--	5.13
STAR Composite Index	-1.33	3.21	-0.20	-0.20	7.39	7.00	--	5.30
<i>Fund performance relative to benchmark</i>	-0.23	0.20	-0.12	-0.12	0.50	0.48	--	-0.17

## Vanguard 529 Portfolio Performance

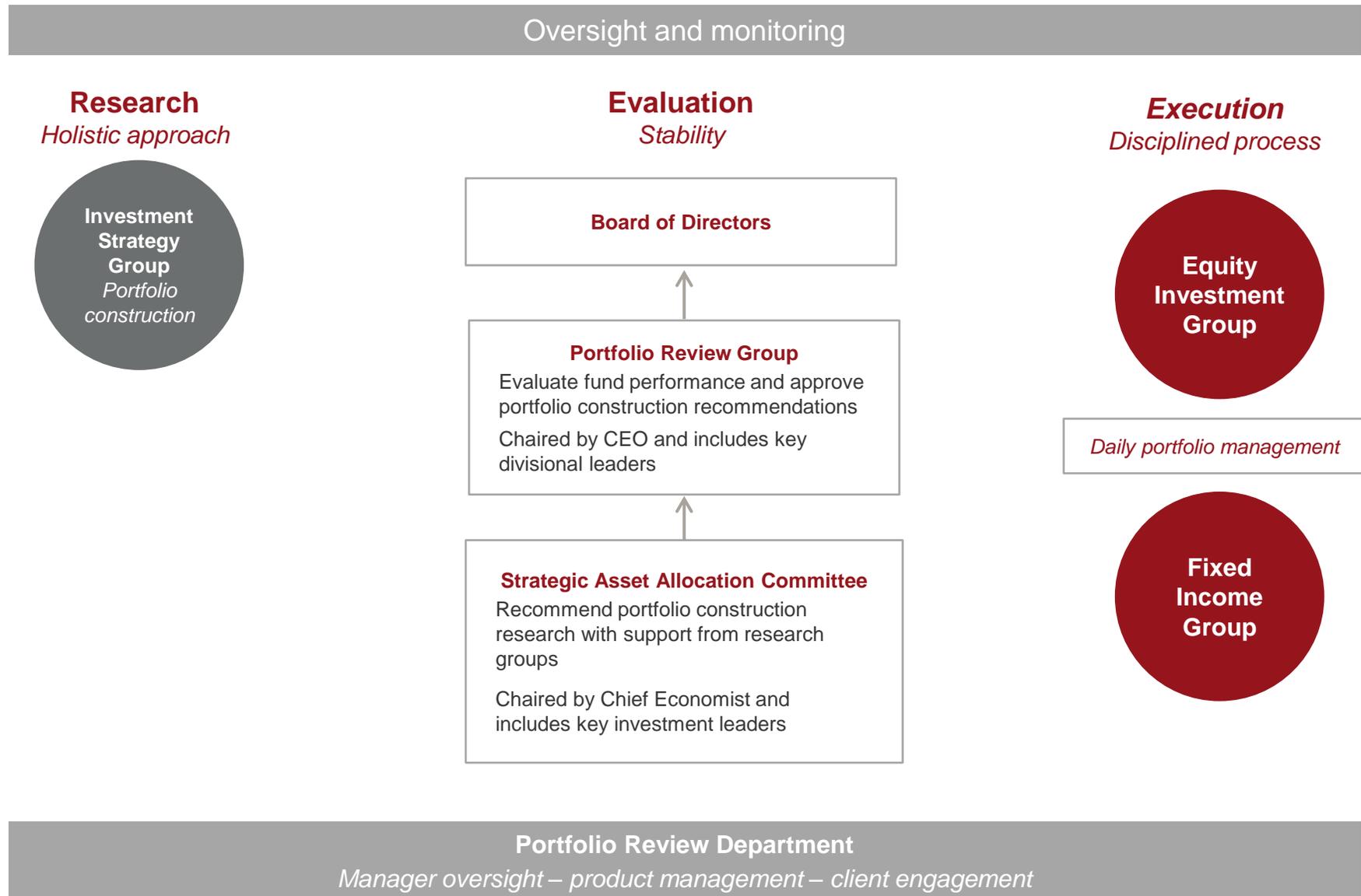
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529 Portfolios and Corresponding Index	1 Mo	3 Mo	YTD	1 Yr	Annualized			Since Inception
					3 Yr	5 Yr	10 Yr	
<b>Vanguard Total International Stock Index (12/11/2002)</b>	-2.03	2.66	-4.49	-4.49	1.55	0.98	2.49	7.16
Spliced Total International Stock Index	-1.59	3.61	-4.29	-4.29	2.29	1.43	2.95	7.76
<i>Fund performance relative to benchmark</i>	-0.44	-0.95	-0.20	-0.20	-0.74	-0.45	-0.46	-0.60
<b>Vanguard Total Stock Market Index (12/11/2002)</b>	-2.01	6.25	0.27	0.27	14.54	11.99	7.21	8.71
Spliced Institutional Total Stock Market Index	-2.03	6.25	0.40	0.40	14.73	12.19	7.52	9.24
<i>Fund performance relative to benchmark</i>	0.02	0.00	-0.13	-0.13	-0.19	-0.20	-0.31	-0.53
<b>Vanguard Total Bond Market Index (12/16/2002)</b>	-0.42	-0.66	0.18	0.18	1.14	2.94	4.11	3.92
Spliced Barclays US Aggregate Float Adjusted Index	-0.35	-0.61	0.44	0.44	1.39	3.25	4.52	4.40
<i>Fund performance relative to benchmark</i>	-0.07	-0.05	-0.26	-0.26	-0.25	-0.31	-0.41	-0.48
<b>Vanguard Value Index (12/11/2002)</b>	-1.00	6.91	-1.07	-1.07	14.04	11.46	6.12	8.39
Spliced Value Index	-0.99	6.97	-0.86	-0.86	14.36	11.77	6.49	8.86
<i>Fund performance relative to benchmark</i>	-0.01	-0.06	-0.21	-0.21	-0.32	-0.31	-0.37	-0.47
<b>Vanguard Windsor Portfolio (12/1/2006)</b>	-3.31	4.56	-3.37	-3.37	13.61	11.16	--	4.49
Russell 1000 Value Index	-2.15	5.64	-3.83	-3.83	13.08	11.27	--	4.73
<i>Fund performance relative to benchmark</i>	-1.16	-1.08	0.46	0.46	0.53	-0.11	--	-0.24

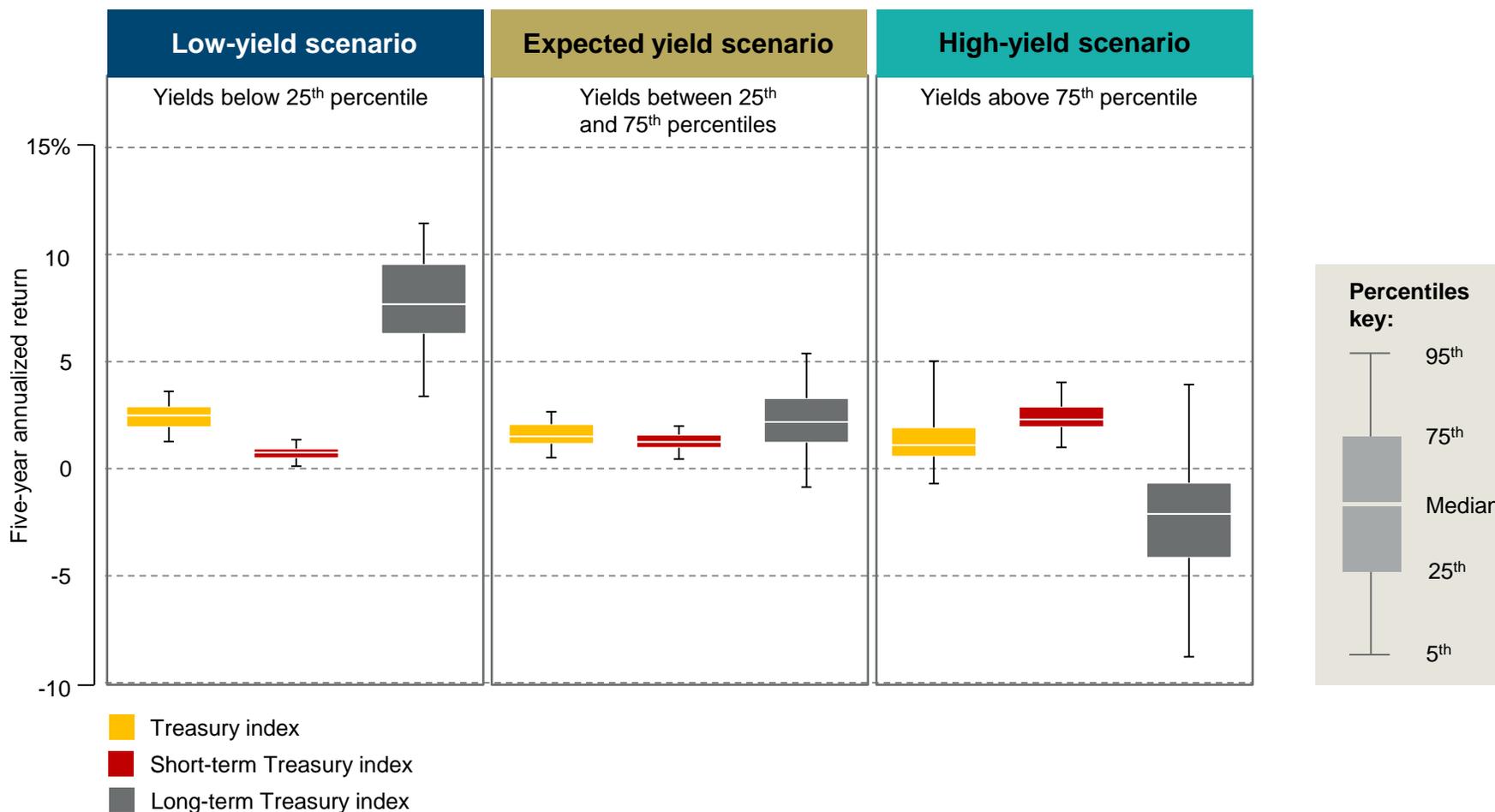
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# Appendix

# Holistic research process



# Duration tilts: Short-duration strategies are not without risks

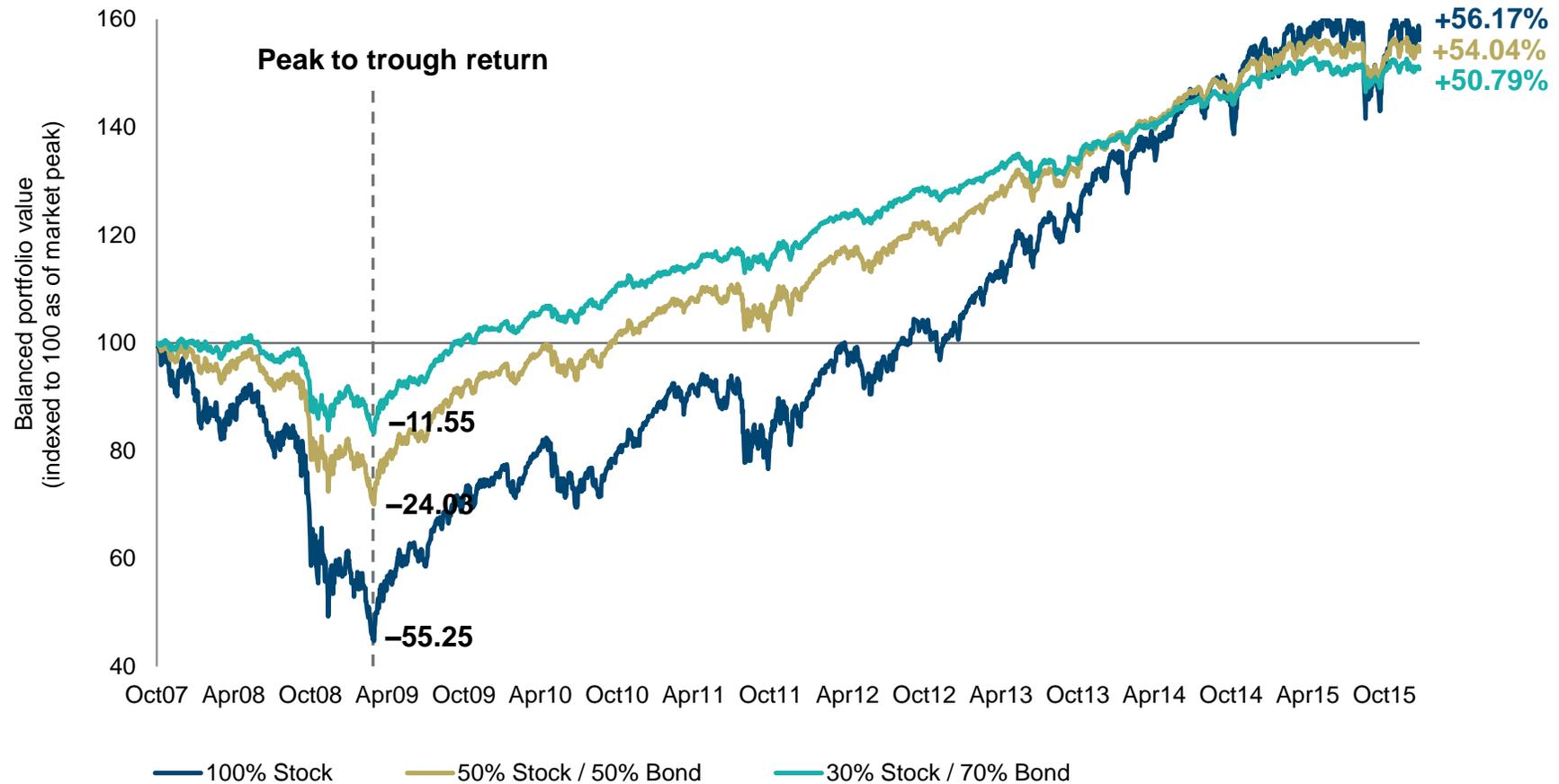


Notes: Forecast displays distribution of 10,000 VCMM simulations for five-year annualized returns of asset classes shown as of September 2014. Scenarios are obtained based on sorting the three-month and 30-year Treasury yields at the end of every year from the VCMM. The three scenarios combined are a subset of the 10,000 simulations from the VCMM. See appendix section titled "Index simulations," for further details on asset classes shown here. Source: Vanguard.

# The benefits of long-term perspective, balance and diversification

A balanced, diversified investor has fared relatively well

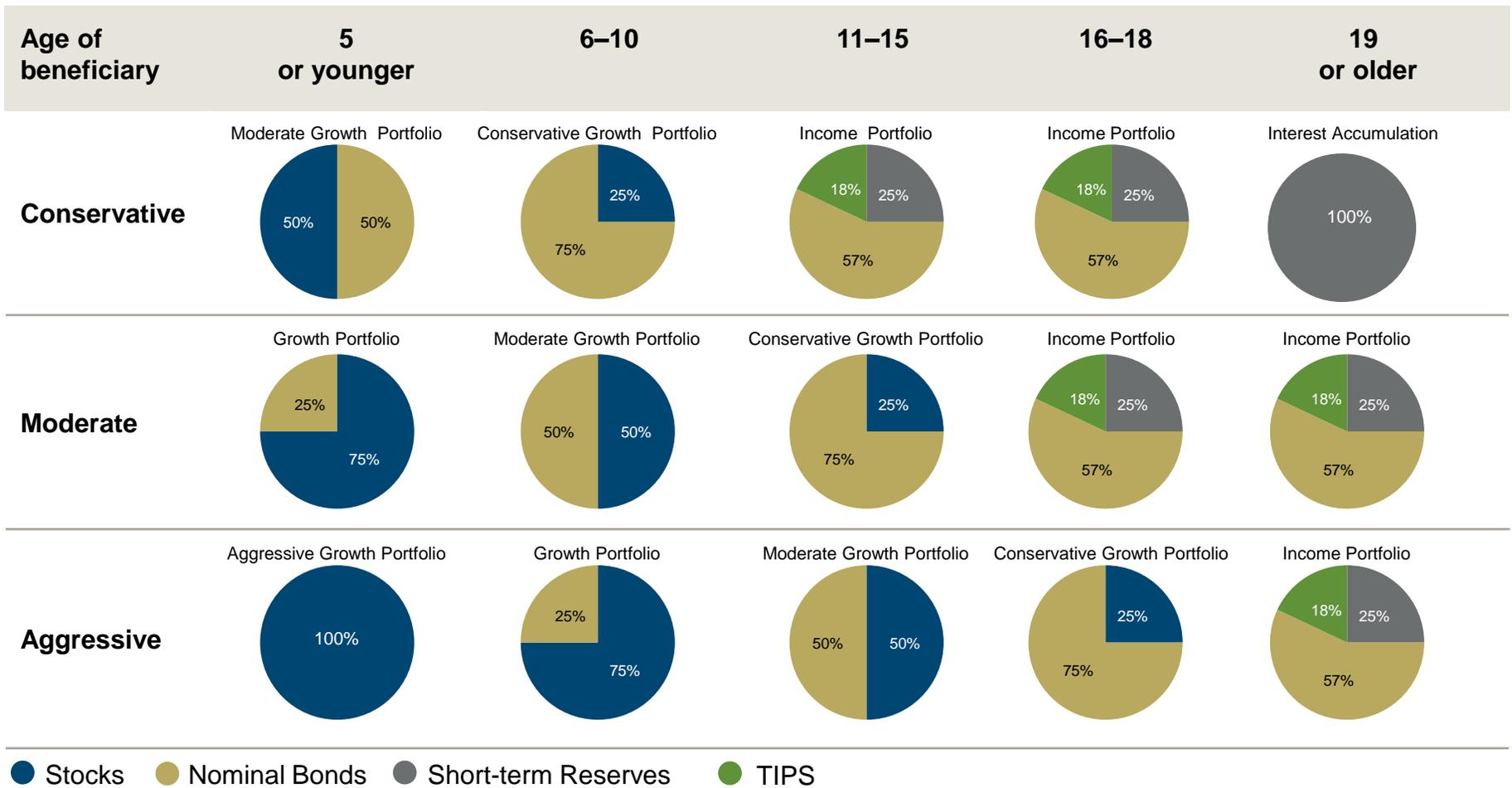
Peak through  
December 31, 2015



Source: S&P 500 Index and Barclays U.S. Aggregate Bond Index (rebalanced monthly).  
Data provided by FactSet, as of December 31, 2015.  
*Past performance is no guarantee of future returns.*

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# 529 Age-based tracks



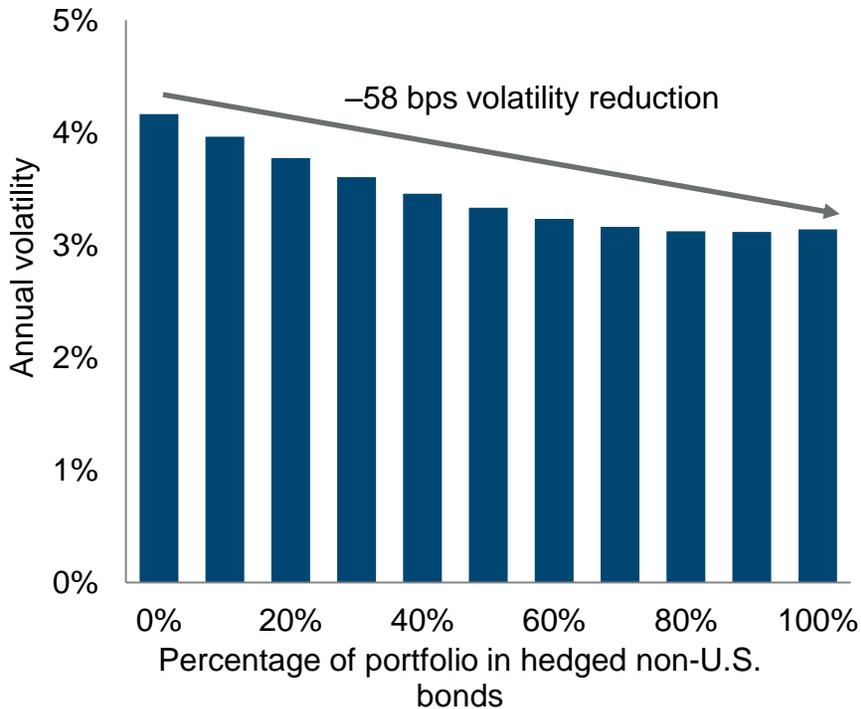
Source: Vanguard.

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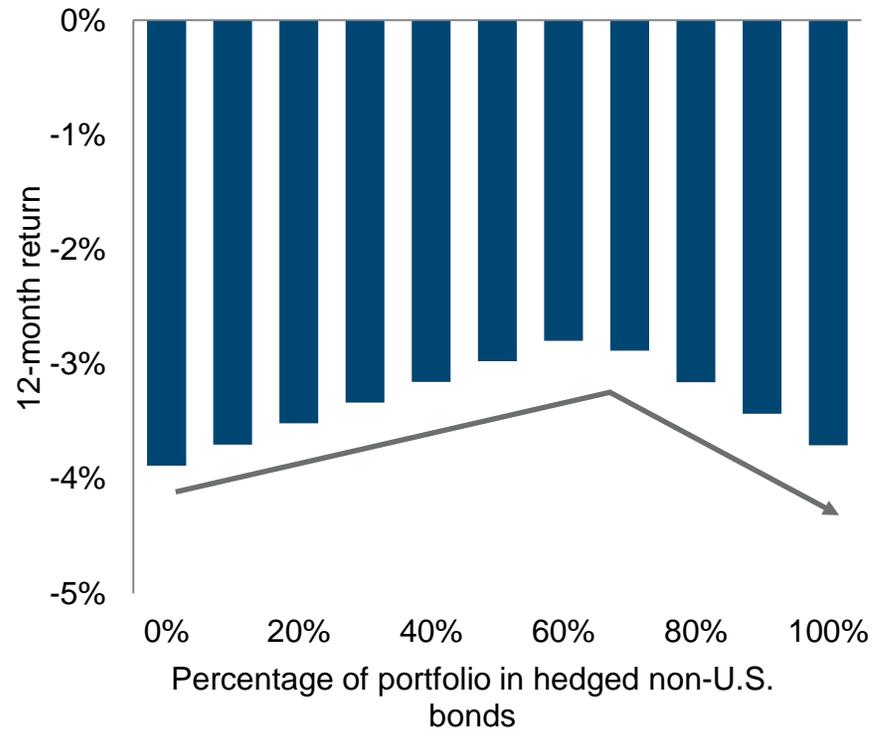
# Use of hedged foreign bonds have diversify a purely domestic fixed income portfolio

Diversification with lower volatility and downside risk

Annual volatility of a portfolio starting at 100% U.S. bonds



Worst 12 months for portfolio starting at 100% U.S. bonds

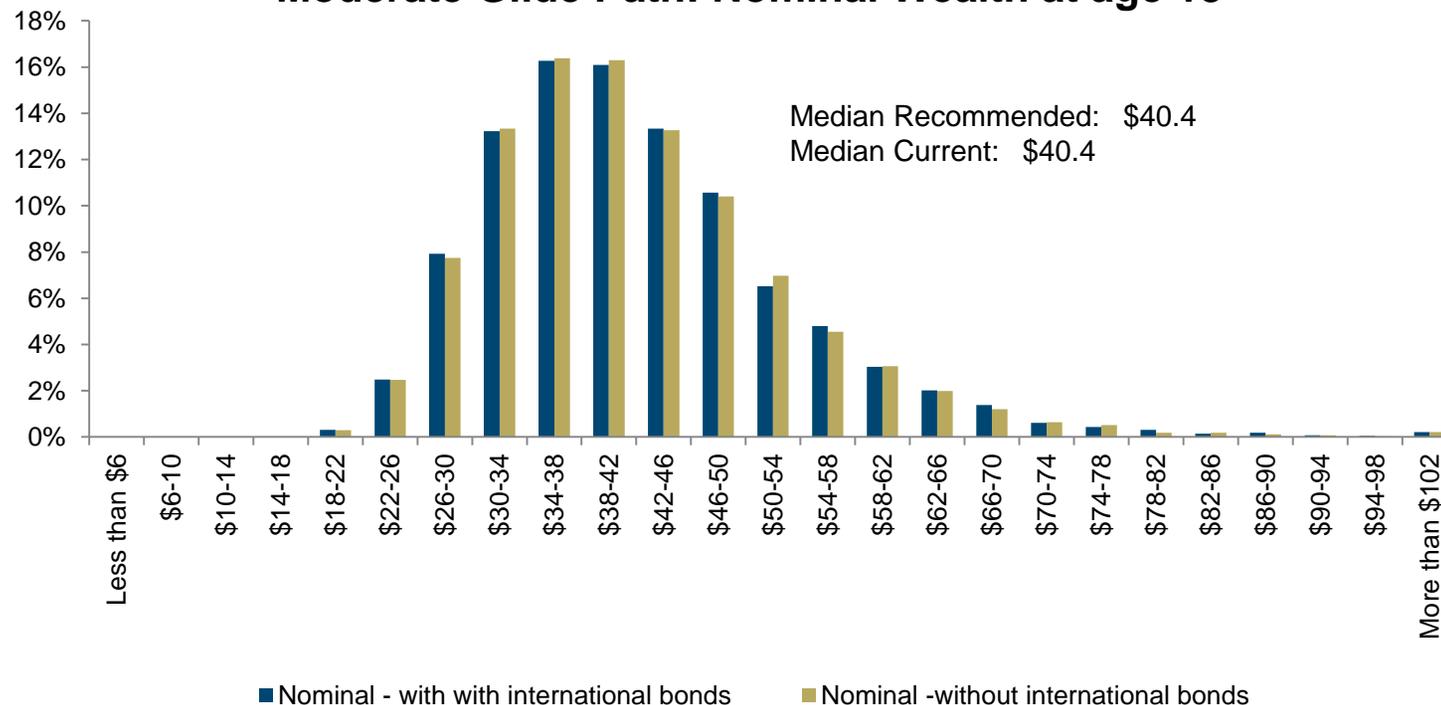


Sources: MSCI, Barclays, Citigroup, and Vanguard.  
 Data from 1985 to June 30, 2015. U.S bonds represented by Barclays US Aggregate Bond Index. International bonds represented by Citigroup World Government Bond Ex-US Hedged Index through 1989 and Barclays Global Aggregate ex-USD Hedged Bond Index thereafter.

# Nominal wealth accumulation with and without non-U.S. bonds

- Looking forward: The distribution of wealth accumulation (ending asset balance) at age 18 illustrates expected risk reduction from adding non-U.S. fixed income.
- Expected (median) nominal wealth accumulation for the moderate 529 glide path is roughly the same with or without hedged non-U.S. fixed income.
- But, the wealth accumulation forecast is *more varied without hedged non-U.S. fixed income*, indicating more uncertainty and risk. The standard deviation of distribution with non-U.S. fixed income: 12.4%, without: 14.8%

**Moderate Glide Path: Nominal Wealth at age 18**



Source: Vanguard, from VCMM simulations years 11-20, as of December 31, 2014.

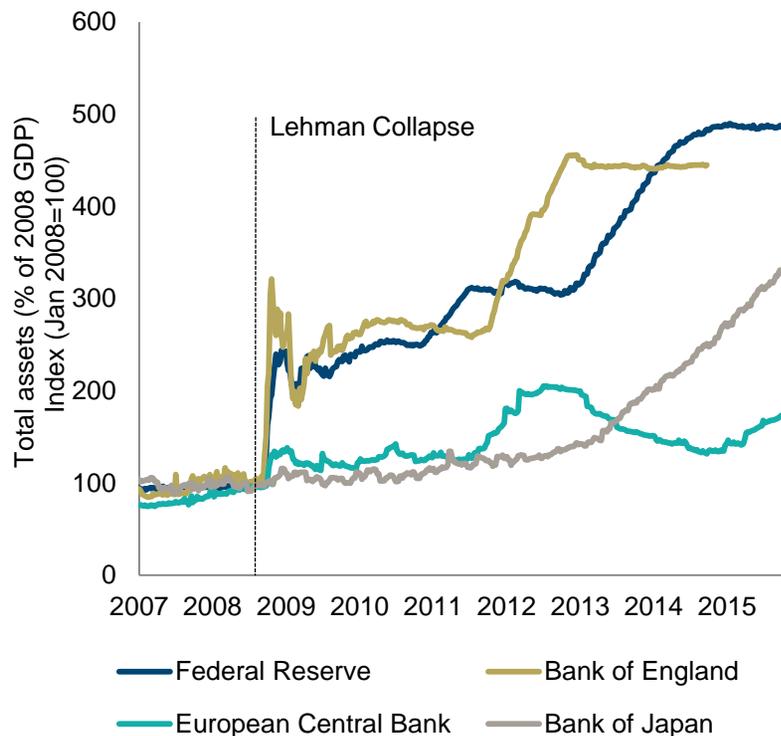
**IMPORTANT: The projections or other information generated by the VCMM regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from VCMM, derived from 10,000 simulations for U.S. equity returns and fixed income returns. Simulations as of December 31, 2014. Results from the model may vary with each use and over time. For more information, please see the important information slide.**

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# Global monetary policies are diverging

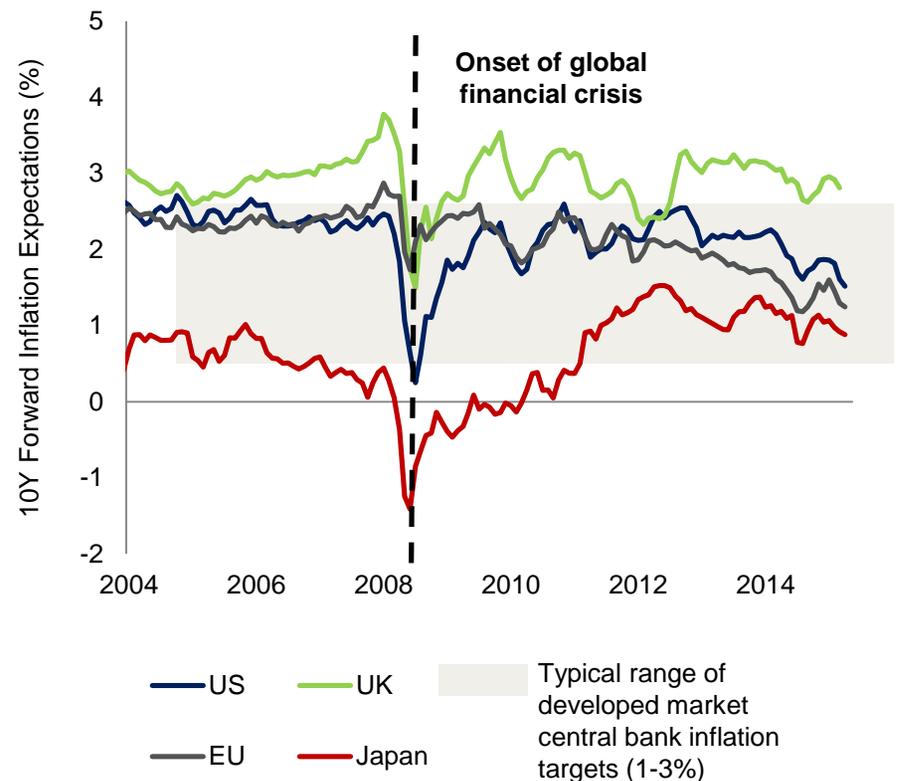
- This will result in different interest and inflation rates across countries.
- Which suggests *future* diversification benefits from non-U.S. fixed income.

Global central bank assets as a percentage of a region's 2008 GDP



Notes: Total assets for each central bank are shown as percentages of that country's or region's 2008 GDP. Data as of October 2015.  
Sources: Vanguard calculations, based on data from Federal Reserve, Bank of England, ECB, Bank of Japan, and IMF.

Break even inflation (BEI)

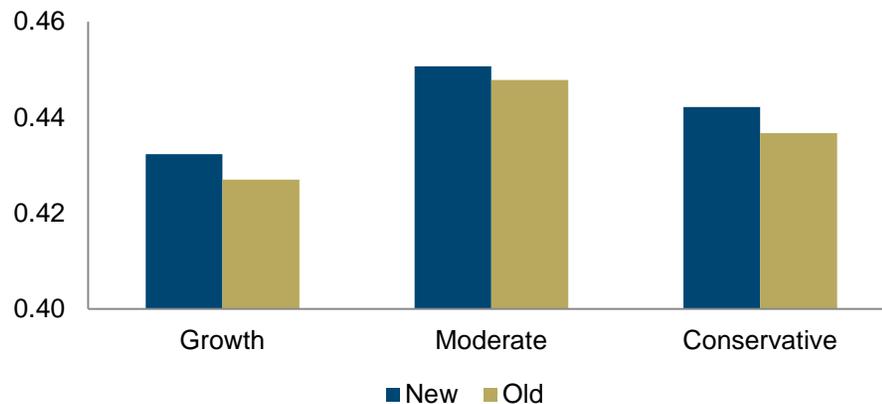


Note: Figure displays 10-year forward inflation expectations for each country. U.S. and UK represent 10-year break even inflation (BEI), Japan represents 10-year US BEI less 10-year yield differential between U.S. and Japan through October 31, 2013 and 10-year break even inflation thereafter, and EU represents 10-year Inflation swaps.  
Sources: Vanguard calculations, based on data from U.S. Federal Reserve, Bank of Japan, Bank of England, and ECB. Data as of September 30, 2015

# Expected risk adjusted return for 529 portfolios

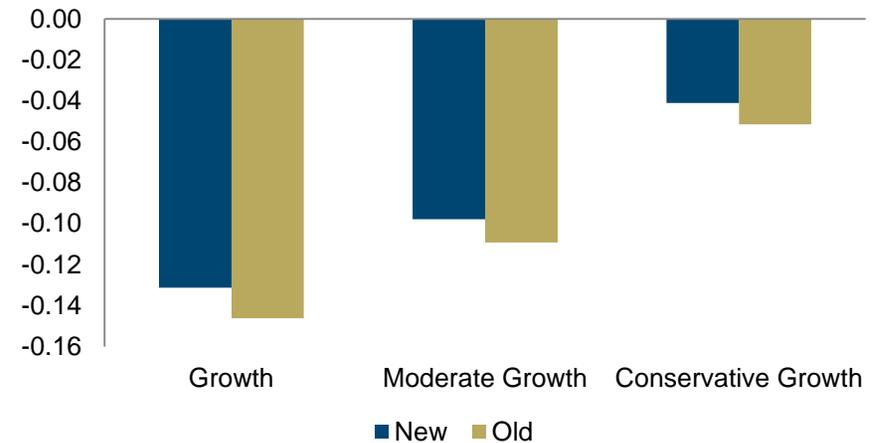
## Median projected Sharpe ratios for static portfolios

### Median Sharpe ratios



## Projected Sharpe ratios – downside risk (10<sup>th</sup> percentile) for static portfolios

### Sharpe ratios - 10th percentile



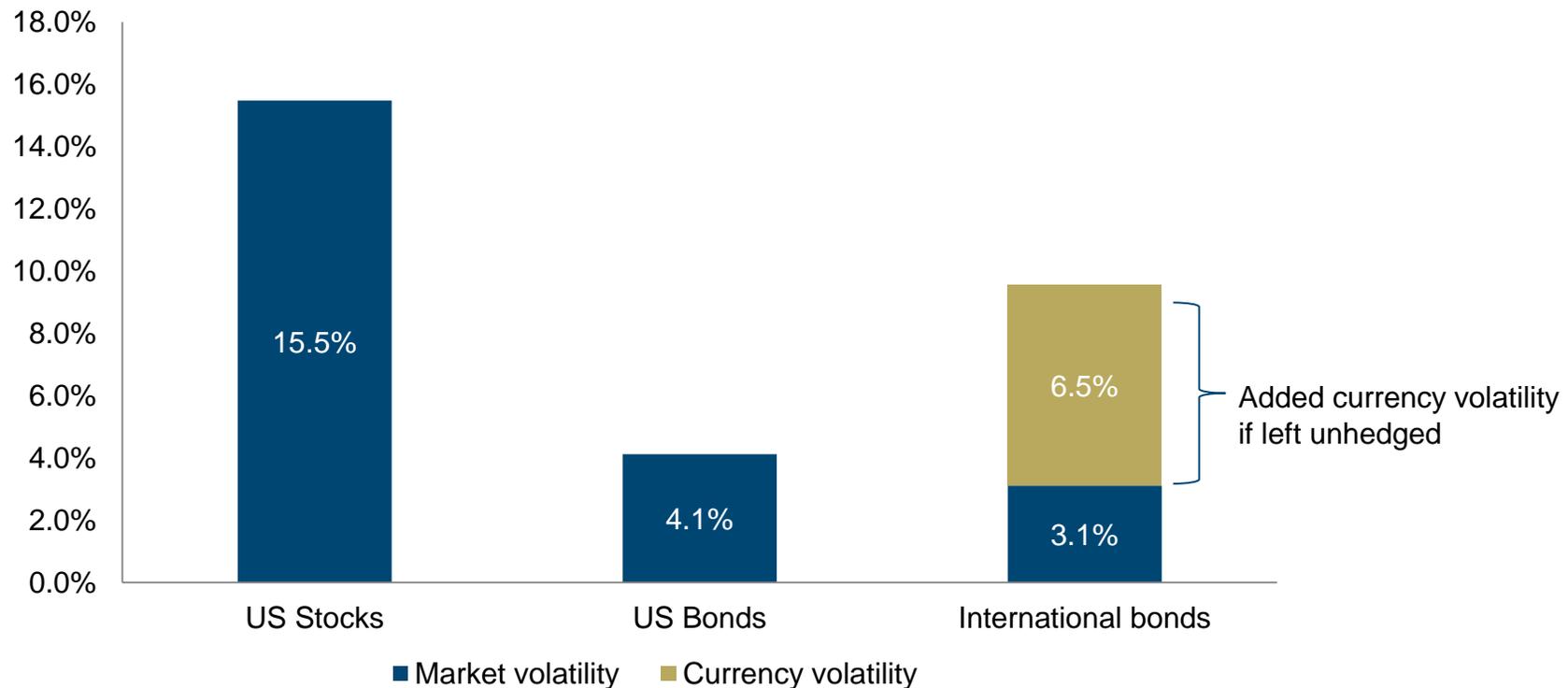
Notes: Sharpe ratio projections based on 10-year median and 10<sup>th</sup> percentile results for the Vanguard recommended growth, moderate growth, and conservative growth portfolios, before and after recent changes, for recommended 529 plan portfolios. Forecast from years 11-20. Source: Vanguard, from VCMM simulations as of December 31, 2014.

**IMPORTANT: The projections or other information generated by the VCMM regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from VCMM, derived from 10,000 simulations for U.S. equity returns and fixed income returns. Simulations as of December 31, 2014. Results from the model may vary with each use and over time. For more information, please see the important information slide.**

# The benefits of currency hedging fixed income

- Currency accounts for two thirds of the volatility
- Currency hedging produces:
  - “Bond like” volatility
  - Exposure to international fixed income without making an active bet on the dollar

## Annualized volatility, 1985 - 2014

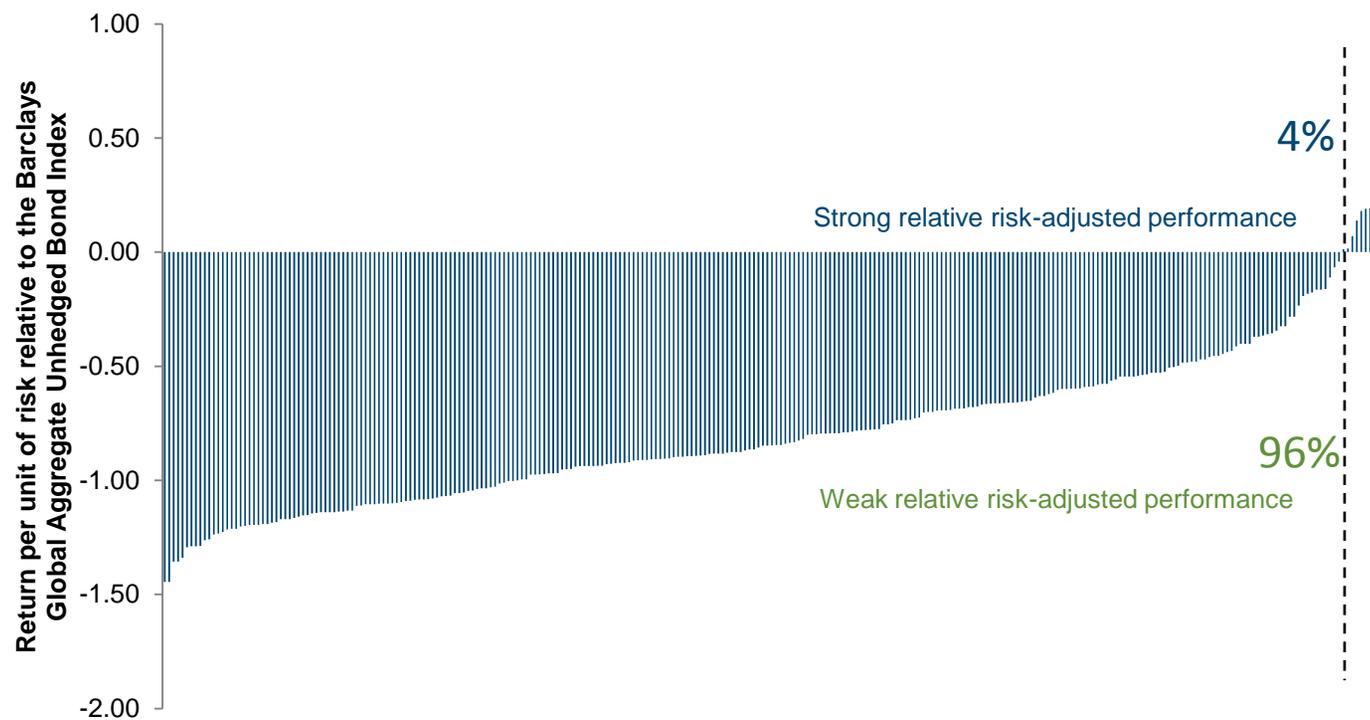


Notes: Volatility calculated from monthly returns of U.S. stocks, which are represented by the Dow Jones Wilshire 5000 Index through May 2005 and the MSCI US Broad Market Index thereafter. U.S. bonds, which are represented by the Barclays Capital U.S. Aggregate Bond Index. International bonds are represented by the Citigroup World Government Bond Ex-US (Hedged/Unhedged) Index through 1989 and the Barclays Capital Global Aggregate ex-USD (Hedged/Unhedged) Index thereafter.

Source: Morningstar.

# Active versus passive

Few active global bond funds produced more return per unit of risk than the hedged benchmark

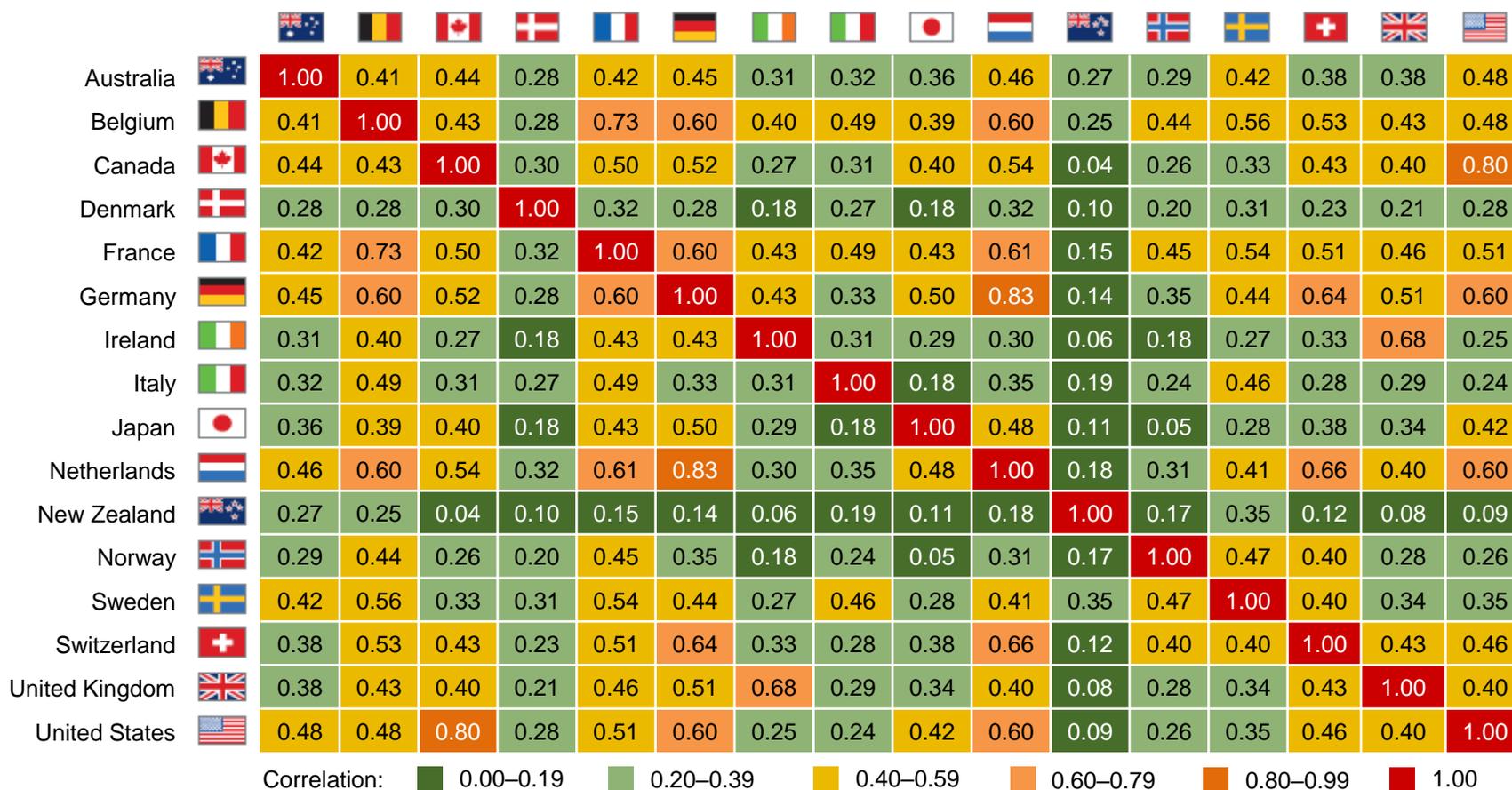


Note: Risk and return were calculated and compared with those of hedged Barclays Global Aggregate Bond Index for all funds with at least 36 months of continuous history during ten-year period ended December 31, 2012.

Source: Philips, Christopher B., Todd Schlanger, and Brian R. Wimmer, 2013, *The active/passive decision in global bond funds*, Vanguard Research. Valley Forge, Pa.: The Vanguard Group.

# Why international bonds?

Correlation of quarterly changes in government bond yields, January 1970–March 2014



Notes: Each cell displays the average correlation of quarterly changes in the long-term government bond yield of one country relative to the yield of every other country. The cells are shaded according to the magnitude of the correlation, as noted in the key. The countries shown reflect the largest developed government bond markets with monthly historical yield data available since 1970.

Sources: Vanguard, using data from International Monetary Fund.

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# Non-US fixed income and US fixed income have been diversifiers of equity risk

- Historical correlations between hedged, non-U.S. fixed income and equities illustrate past diversification benefits.
- Vanguard's VCMM 10-year median correlation projections for equities and non-U.S. hedged fixed income suggests this diversification benefit will continue.

**Historical Correlation of Monthly Returns with US Stocks (Jan, 1988-Jan, 2016)**

US Stocks	US Bonds	High yield Bonds	Treasury Bonds	Corporate Bonds	Global Agg ex USD (unhedged)	Global Agg ex USD (hedged)	Emerging Market Bonds
1.00	0.12	0.63	-0.08	0.29	0.16	0.06	0.55

Notes: U.S. stocks represented by the Dow Jones US Total Stock Market Index, U.S. bonds by the Barclays US Aggregate Index, high-yield bonds by the Barclays U.S. Corporate High Yield Index, emerging market bonds by the Barclays Emerging Markets USD Sovereign Bond Index, corporate bonds by the Barclays U.S. Corporate Investment Grade Index, Treasury bonds by the Barclays U.S. Treasury Index, and non-U.S. bonds represented by the Barclays Global Aggregate ex USD Indexes.

Sources: Vanguard calculations, based on data from Wilshire Associates, MSCI, CRSP, Dow Jones, FTSE, Bloomberg, Morningstar, and Barclays.

## Notice

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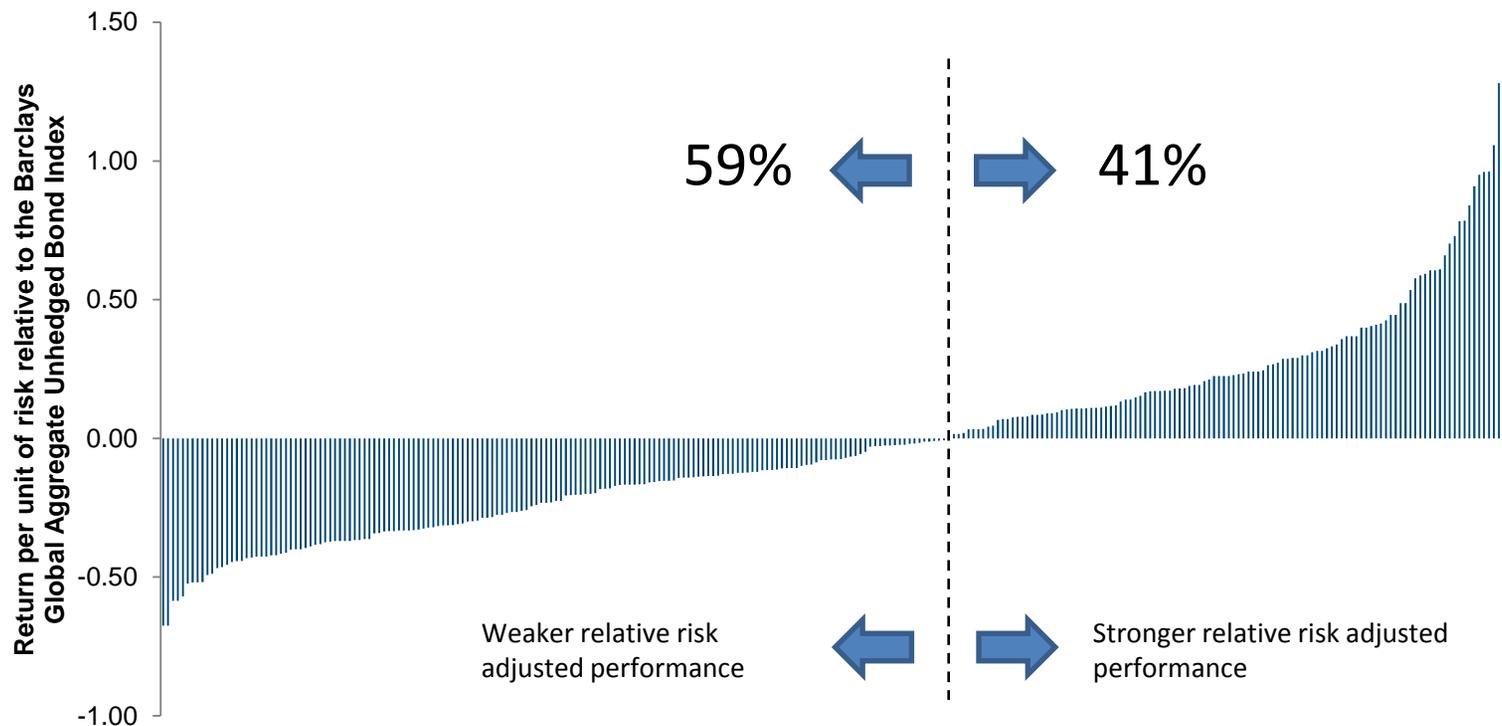
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# Active versus passive

A minority of active global bond funds produced more return per unit of risk than the unhedged benchmark

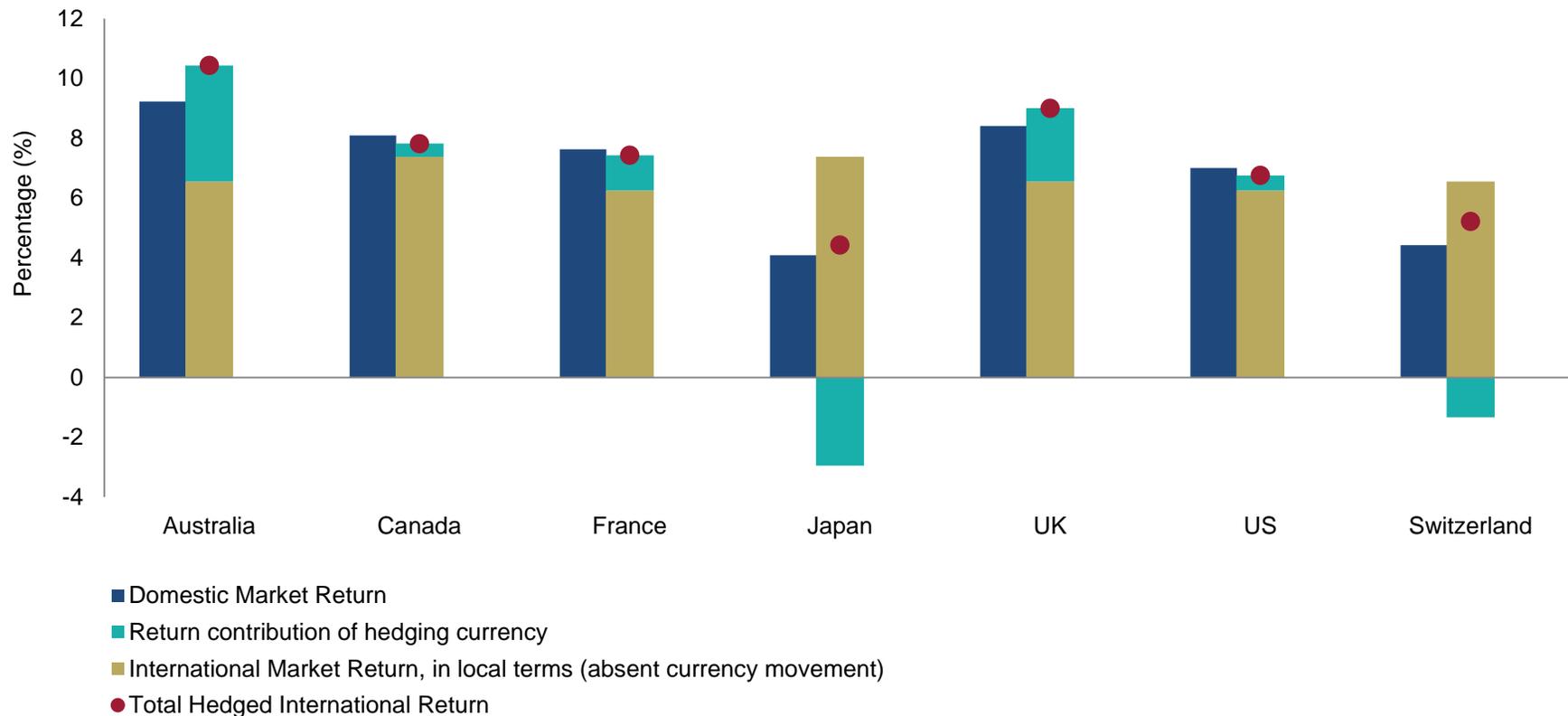


Note: Risk and return are calculated and compared to the benchmark for all funds with at least 36 months of continuous history during the 10 year period ending December 31, 2012.

Sources: Vanguard calculations, using data from Morningstar, Inc. and Barclays Capital.

# Hedging has tended to equalize long-term returns between an investor's domestic and international market

Returns of domestic and international bond markets from perspective of investors in the stated country, 1985 to July 31, 2015



**Past performance is not a reliable indicator of future returns.**

Sources: Vanguard calculations, based on data from Citigroup.

Notes: "Domestic market return" is defined here as each country's respective component of the Citigroup World Government Bond Index, with returns measured in that country's currency. "International market return in local terms (absent currency movement)" is defined as the Citigroup World Government Bond Index (excluding the stated country), measured in local terms. "Return contribution of hedging currency" is the difference in return between the international index measured in hedged terms versus local terms. We used France as a proxy for euro-area investors, because of a lack of history for the broad monetary area.

# How we hedge

## Hedging process

- The Total International Bond Index Fund uses the Barclays index currency-hedging methodology. This includes executing all of the currency trades at the same time the Barclays index prices these currencies.
    - The same methodology is currently being used for Vanguard Global Bond Index Fund since 2008.
  - To hedge out currency volatility, Barclays uses one-month forward currency exchange transactions, as the index is rebalanced the last business day of the month. Every month-end, these contracts are rolled forward for the next month.
  - 80% of the currency exposure in the fund is yen-dollar, pound-dollar, or euro-dollar—these are the three most liquid currency trades. Included in the top five currencies (approximately 90% of the index) are the Australian and Canadian dollars, which are also very liquid forward currency contracts.
  - To date, the tracking of the fund has been very tight, in part because hedging costs have been lower than we expected (5-10 bps annualized).
  - We have moved to a global hedging operation, where forward currency contracts executed on behalf of products in North America, Europe, and Asia all run through the same process (based in London to take advantage of overlaps in time zones with North America and Asia), increasing efficiencies and reducing the number of contracts that need to be executed outside the firm. We expect the efficiency gains to increase over time.
- 
- ***Same methodology has been used since 2008 in the Vanguard Global Bond Index Fund.***
    - For a detailed performance history of the VG Global Bond Index Fund, see the accompanying fund fact sheet.

## Important information

*For more information about any 529 college savings plan, contact the plan provider to obtain a Program Description, which includes investment objectives, risks, charges, expenses, and other information; read and consider it carefully before investing. If you are not a taxpayer of the state offering the plan, consider before investing whether your or the designated beneficiary's home state offers any state tax or other benefits that are only available for investments in such state's qualified tuition program. Vanguard Marketing Corporation serves as distributor and underwriter for some 529 plans.*

*For more information about The Vanguard 529 College Savings Plan, call 866-734-4530 or visit [vanguard.com](http://vanguard.com) to obtain a Program Description, which includes investment objectives, risks, charges, expenses, and other information; read and consider it carefully before investing. Vanguard Marketing Corporation, Distributor and Underwriter.*

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Investments in bond funds are subject to the risk that an issuer will fail to make payments on time, and that bond prices will decline because of rising interest rates or negative perceptions of an issuer's ability to make payments. High-yield bonds generally have medium- and lower-range credit quality ratings and are therefore subject to a higher level of credit risk than bonds with higher credit quality ratings. Although the income from a municipal bond fund is exempt from federal tax, you may owe taxes on any capital gains realized through the fund's trading or through your own redemption of shares. For some investors, a portion of the fund's income may be subject to state and local taxes, as well as to the federal Alternative Minimum Tax. Diversification does not ensure a profit or protect against a loss.

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Vanguard Marketing Corporation, Distributor of the Vanguard Funds. U.S. Patent Nos. 6,879,964; 7,337,138; 7,720,749; 7,925,573; 8,090,646; and 8,417,623.

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The VCMM projections are based on a statistical analysis of historical data. Future returns may behave differently from the historical patterns captured in the VCMM. More importantly, the VCMM may be underestimating extreme negative scenarios unobserved in the historical period on which the model estimation is based.

The Vanguard Capital Markets Model® is a proprietary financial simulation tool developed and maintained by Vanguard's primary investment research and advice teams. The model forecasts distributions of future returns for a wide array of broad asset classes. Those asset classes include U.S. and international equity markets, several maturities of the U.S. Treasury and corporate fixed income markets, international fixed income markets, U.S. money markets, commodities, and certain alternative investment strategies. The theoretical and empirical foundation for the Vanguard Capital Markets Model is that the returns of various asset classes reflect the compensation investors require for bearing different types of systematic risk (beta). At the core of the model are estimates of the dynamic statistical relationship between risk factors and asset returns, obtained from statistical analysis based on available monthly financial and economic data from as early as 1960. Using a system of estimated equations, the model then applies a Monte Carlo simulation method to project the estimated interrelationships among risk factors and asset classes as well as uncertainty and randomness over time. The model generates a large set of simulated outcomes for each asset class over several time horizons. Forecasts are obtained by computing measures of central tendency in these simulations. Results produced by the tool will vary with each use and over time.

All investing is subject to risk, including the possible loss of money you invest. Diversification does not ensure a profit or protect against a loss. Prices of mid- and small-cap stocks often fluctuate more than those of large-company stocks. Investments in stocks or bonds issued by non-U.S. companies are subject to risks including country/regional risk and currency risk. These risks are especially high in emerging markets. Investments in bonds are subject to the risk that an issuer will fail to make payments on time, and that bond prices will decline because of rising interest rates or negative perceptions of an issuer's ability to make payments.

**Date:** March 10, 2016  
**To:** Nevada 529 Savings Programs  
**From:** Pension Consulting Alliance, LLC (PCA)  
**CC:** Eric White, CFA – PCA; Kay Ceserani – PCA  
**RE:** Vanguard Annual Review and Recommendation

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### Summary and Recommendation

Vanguard is recommending two changes to the Program both relating to the addition of the Vanguard Total International Bond Index fund. Vanguard recommends:

1. That the Vanguard International Bond fund be added as a stand-alone option, and
2. That the Vanguard International Bond fund comprise 30% of the fixed income allocation within the age-based portfolios

PCA has reviewed Vanguard's proposed changes and we recommend that the Board accept recommendation one, to include the Vanguard International Bond fund as a stand-alone option. However we believe recommendation two represents a philosophical question that must be determined at the Board level. As such, we believe it is inappropriate for PCA to make a recommendation on the issue. Instead, we have attempted to outline both schools of thought while making clear our biases and concerns regarding the timing and long-term merits of a hedged international bond allocation.

### Background

PCA has reviewed the proposed changes to the Vanguard 529 program. The remainder of this memo highlights some of our analysis and our recommendation.

#### Addition of the International Bond Fund

Vanguard recommends adding exposure to the hedged international bonds through the Vanguard Total International Bonds Index fund (Vanguard International Bond fund). Vanguard is recommending that the Vanguard International Bond fund be added to the Program as a stand-alone option. In addition, Vanguard is recommending that 30% of the fixed income exposure within the Growth, Moderate Growth, Conservative Growth, and Income Portfolios be allocated to the fund. The goal of this change is to increase the breadth of the fixed income portfolio as well as increase diversification. The fund is designed to gain exposure to a wide spectrum of more than 7,000 non-US government, agency, and corporate securities across 57 countries. Vanguard highlights that approximately 60% of the global bond market is composed of non-US bonds while the average US investor allocates only about 13% of their bond portfolio to international holdings. Vanguard's main argument for including the fund is that different

business cycles and monetary policies will lead to divergent fixed income returns creating a diversification benefit.

As PCA has highlighted in the past, we have reservations about allocating to hedged international fixed income. Some of the issues include:

#### *Issue 1 – Short Track Record*

The fund has a short track record (just shy of 3 years) as it was launched on 5/31/2013. This short time horizon limits one's ability to analyze the fund over different market environments. Ideally, an investor would like to see how an investment performs over different time periods and market environments. Investors should be cautious of relying on back testing utilizing historical results or forward looking models based on assumptions derived from those back tests. Almost by definition, any strategy developed using back testing will look advantageous when viewed through such a lens. Only a live track record over multiple market environments can give confidence in a strategy's viability.

#### *Issue 2 – Fully Hedged*

The fund is fully hedged to foreign currencies. The fund will attempt to eliminate the foreign currency volatility through currency hedges. This will greatly reduce the overall volatility of the fund which is highly desirable given the fact that unhedged international bonds can exhibit near-equity like volatility with fixed income like returns. However, much of international fixed income's diversification benefit is reflected through currency movements which is muted by the hedging activity. In addition, some currency holdings in the index are not easily hedged. While the majority of the index's holdings are in currencies that are easily hedged with liquid derivatives (roughly 90%), some holdings are denominated in currencies less easily hedged. In such cases, Vanguard will likely have to resort to proxy and cross-hedges. These indirect hedging techniques may create undesirable tracking error.

#### *Issue 3 – Capitalization Weighting System*

The index is capitalization weighted. Capitalization weighting schemes for fixed income dictate that more indebted entities (those with more debt outstanding) will have a larger weight in the index. For example, Japan has over \$11 billion in debt resulting in a debt to GDP ratio of approximately 245% (versus 104% for the US) making it the world's most indebted developed economy. And as a result represents far and away the largest allocation within the fund with a 22% weight (compared to the next largest weight of 11% for France).

Vanguard maintains the market will demand appropriate risk premiums from issuers so that investors are compensated for the risks of investing in highly indebted countries. PCA, however, draws issue with this argument in that this would only be the case if the bond market was truly a free market. Far from being a free market, the global bond market is the most manipulated market in the world with nearly every country (currency union) implementing some form of

intervention. This direct (and large) intervention in the market distorts risk premiums resulting in market prices deviating significantly from free market levels.

Going back to our example, Japan has the highest debt to GDP of any developed nation at a level nearly twice as high as other nations usually considered highly in debt (Italy, Spain, Portugal, etc.). And is on a trajectory called "unsustainable" by the IMF in a report issued in mid-2015. Yet despite all these facts Japanese debt largely trades at negative interest rates (roughly 70% of Japanese debt). In other words, investors pay the government for the privilege of holding Japanese debt (the Japan Times estimates Japan has been paid \$464 million since interest rates went negative in October 2014 (Japan Times, 2016)).

#### *Item 4 – Timing of the Investment*

The timing of an investment in international fixed income may not be optimal. Vanguard states that they do not attempt to time the market so the timing of an investment in international bonds is irrelevant. PCA disagrees with this perspective. Even if an investor believes a certain investment has long-term merit they should consider the current market environment and determine if the present conditions offer an attractive entry point. The timing of the entry point is of vital importance to the success of any investment. In general, investors should avoid committing initial funds or additional funds to investments trading near their historical high valuations. History is laden with examples of investments made on fundamentally sound (and not so sound) bases that due to extreme valuations turned into poor investments. A few examples include:

- the transformative nature of the internet (the Nasdaq Composite index took 15 years to recover the losses of the tech bubble),
- the explosive growth of the Japanese economy (the Nikkei 225 index has yet to recover its 1990 high), and
- resilience of the US housing market (the overall US housing market remains below 2007 highs).

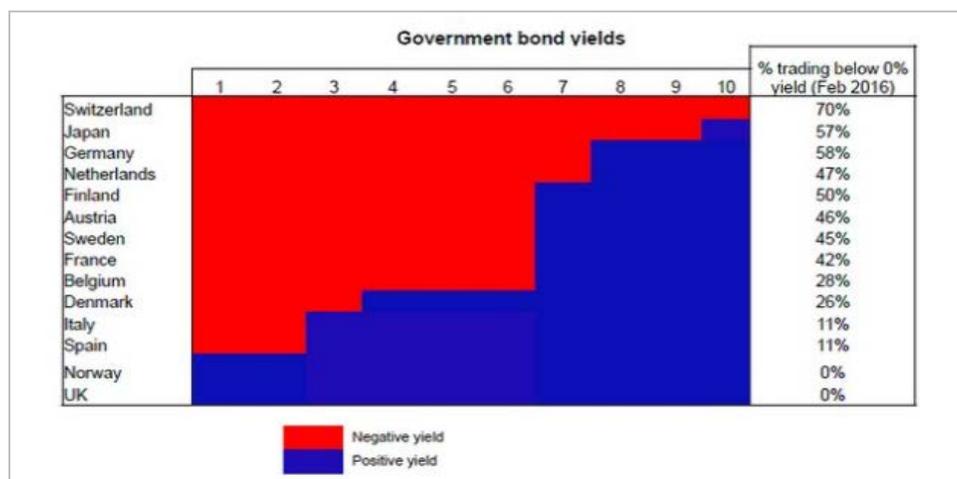
The common theme across these examples is that the underlying theses largely held over time (the internet did revolutionize everyday life, Japan grew into the second largest economy, US home prices tend to increase steadily over time) yet due to elevated valuations these investments turned into long term losers. This brings us back to international bonds which are currently trading at all-time high valuations.

International bonds are particularly expensive relative to US fixed income investments. One way to compare the relative attractiveness of fixed income investments is to look at their yield per unit of duration which is a measure of return for unit of risk. Yield per unit of duration is simply the anticipated return (yield-to-maturity) relative to potential price volatility (duration is a measure of interest rate risk and thus volatility). Currently the Vanguard Total International Bond Index fund has a yield-to-maturity (YTM) of 0.81% and a duration of 7.5 years (as of 2/29/16). This equates to a yield per unit of duration of 0.11. In comparison, the Vanguard Total Bond Market Index fund

(the planned source of the funds for the allocation to international bonds) has a YTM of 2.23% and a duration of 5.7 years resulting in a yield per unit of duration of 0.39. In other words, the US bond fund offers three and a half times the return for unit of interest rate risk.

Fund	Yield-to-Maturity	Duration	Yield per Unit of Duration
Vanguard Total International Bond	0.8%	7.5 yrs	0.11
Vanguard Total Bond Market Index	2.2%	5.7 yrs	0.39

Particularly concerning at this time is that due to interventionist monetary policy roughly 30% (\$7 trillion) of global sovereign bonds trade at negative yields<sup>1</sup>. As of March, approximately 70% of Japanese debt offers negative yields while roughly 40% of European yields are in negative territory.



Source: Bloomberg Finance LP, DB Global Markets Research

This is particularly worrisome given the fact that the Vanguard International Bond fund has approximately 80% of its holdings in Japan and Europe.

Vanguard Total International Regional/Country Exposure 1/31/2016			
Pacific		Europe	
Japan	22.0%	France	11.8%
Australia	2.7%	Germany	9.8%
Korea	2.6%	United Kingdom	8.6%
		Italy	8.2%
		Spain	5.5%

<sup>1</sup> <http://www.bloomberg.com/news/articles/2016-02-09/world-s-negative-yielding-bond-pile-tops-7-trillion-chart>

The decline in international interest rates over the past couple years has led the Vanguard Total International Bond Index fund to return a cumulative 12.7% since inception (5/31/13) versus a return of 7.3% for the US BC Aggregate Index (through 2/24/16). While this may sound encouraging it should also cause concern when considering adding capital to international fixed income. Since interest rates and bond prices move inversely, falling interest rates have aided the funds past returns but like a pendulum, falling rates also reduce expected future returns. As Jack Bogle (the founder of Vanguard) has demonstrated, a fixed income investment's yield-to-maturity explains at least 90% of the investment's subsequent 10-year return. With the negative interest rates present across Japan and Europe, the yield-to-maturity of the Vanguard International Bond fund has significantly declined since the end of 2014 to 0.81% (as of 2/29/16) from 1.73%, while the yield-to-maturity on the Vanguard Total Bond Index fund has increased over this time period to 2.23% from 2.07%.

When combined with a 0.12% expense ratio (compared to 0.06% for the US bond fund) and an assumed cost to currency hedge of 5-20 basis points, it is likely that over the coming years the annual return for the fund will be well below 2%.

#### *Issue 5 – Overall Merit of International Fixed Income*

PCA remains uncertain of the overall merit of an allocation to international fixed income. In addition to the issues we note above which may prove to be transitory we also continue to have doubts regarding the longer term merits of investing in international fixed income. The crux of Vanguard's argument for including international bonds is for diversification. However, diversification can take many forms. Diversification can simply mean investing in additional securities (e.g. buying 5,000 stocks instead of 3,000) regardless of the merit of buying the additional security. Obviously, this method of diversification can be highly inefficient as there is no logical reason to assume owning a wider range of assets will produce better results (if you own Ferraries adding Jalopies does not improve your collection).

Another form of diversification that has been wide spread in finance is mean-variance diversification. Mean-variance diversification is based on the volatility of different assets and their correlation to one another. The idea is that two volatile assets combined exhibit a lower level of volatility than the weighted average volatility of the two assets as long as the assets are not perfectly correlated. Put simply, an investor can reduce the volatility of their portfolio by combining investments that are not perfectly correlated. Mean-variance diversification is the underpinning of most modern finance concepts including the efficient frontier and modern portfolio theory. It is mean-variance diversification that underpins Vanguard's recommendation to include international bonds within their asset allocation. Vanguard has shown that historically differing monetary policy and business cycles have led to differences in interest rates and inflation rates across countries. These differences lead to a return distribution different than that for US bonds, indicating a correlation less than one and a benefit from diversification.

However, following the financial crisis many institutional investors have pointed to flaws in mean-variance diversification. The main shortcoming being the fact that correlations are not stable

and can move around quite dramatically during periods of market stress. Many products and strategies built on mean-variance diversification “blew up” during the financial crisis because assets that were assumed to have low correlation began to move together. In other words, during periods of market stress (when diversification is supposed to be most helpful), many asset classes actually moved in tandem with one another, providing little, if any, diversification benefit at all. Post-financial crisis many institutions have looked to alternatives to relying on simple mean-variance diversification and have migrated to alternatives including risk-based diversification.

Risk-based diversification focuses on the underlying economic drivers of an investment's risk and return. Building a portfolio using risk-based diversification allows an investor to group assets by their response to certain market environments. For example, in periods of stock market stress high yield bonds behave more like stocks than traditional fixed income securities. As such, high yield debt and equities can be grouped together in a common bucket. Viewing portfolios through the lens of risk-based diversification allows investors to create goals for different assets within their portfolio. The question then becomes, what is the goal of fixed income within a diversified portfolio? Using a risk-based framework PCA would argue that the role of fixed income is to protect principal and offset equity risk. To this end, we believe investors should focus on assets that are best able to meet this goal. Our analysis demonstrates that US fixed income offsets equity volatility better than international fixed income. As such, from a risk-based perspective U.S.-only fixed income offers better diversification than international fixed income. Importantly, using the risk-based framework solves for the instability of correlation estimates plaguing traditional mean-variance diversification.

#### Issue 6 – Other Concerns

An allocation to international fixed income will not only increase interest rate risk but also the credit risk of the overall portfolio. As has already been discussed, the international fixed income fund exhibits about a third higher interest rate risk than the US bond fund but also possesses materially higher credit risk than the US bond fund. The international fixed income fund is approximately half allocated to securities rated A or below while the US bond fund has only 25% of its assets in securities rated A or below. In addition, PCA is also concerned that an allocation to international fixed income will increase the perceived complexity of the Program (many participants will not understand what the fund actually owns and the mechanics of currency hedging). In addition, we are concerned about the unilateral process of moving a large portion of Age-based participants' assets to a new asset class in which participants may not desire to be in (US investors show a large fixed income home bias).

#### Philosophical Debate

In an effort to remain intellectually honest we want to emphasize that Vanguard's recommendation to move towards a global market capitalization weighted asset allocation has a sound theoretical and empirical basis. We make this point because it represents the crux of why we are not making a black-or-white recommendation on this proposal. On this issue we tend to fall into one philosophical camp while Vanguard falls into another. Our belief is that when issues with deep philosophical divides occur it is our duty to show both sides and highlight

our own biases but to allow the Board (as the ultimate Fiduciary of the Plan) to express their own beliefs and determine where they fall on the spectrum between the two sides.

In order to better understand the philosophical debate over this issue we try and break the spectrum of philosophies into two general schools of thought. While in reality these two schools are more of a continuum than distinct camps we believe doing so helps frame the issue. For lack of an industry standard lexicon we have labeled the two schools as: 1) capital market theory purists and 2) analytical portfolio theorists.

Capital market theory purists argue that portfolios should resemble the global market portfolio which consists of all risky assets proportionally weighted by their total market capitalization. Since the global market portfolio is the aggregate portfolio for all investors it is assumed to be efficient by definition. In today's environment that would dictate roughly a 50/50 split between US and international stocks and bonds. In contrast to the capital market theory purists, the analytical portfolio theorists believe that certain market and investor circumstances lead portfolios other than the global market portfolio to be more efficient for different investors. These investors rely on capital market and portfolio analysis to create optimal portfolios rather than relying on the infallibility of the global market portfolio. By and large the majority of investors fall within this latter category as few truly allocate to the global market portfolio. Yet investors' philosophical leanings dictates where on the spectrum they align themselves.

By making the recommendation to move to a 30% allocation to international fixed income Vanguard is attempting to move the portfolio more in line with the global market portfolio. What makes the decision difficult is that both camps have compelling arguments for why their belief system has merit. The capital market theory purists posit that the current market capitalization already includes all investors' aggregate investments, thus incorporating relevant information, analysis, and expectations. This is essentially the underpinnings of all passive investing. By holding the market weight of an asset an investor is capturing all other investors' informational, fundamental, and analytical work and is able to own a highly efficient (passive) portfolio because of this. Such a theory is sound from a theoretical standpoint and helps to explain the growth of index based investing and why active portfolio managers have struggle to beat passive managers consistently on a risk-adjusted basis.

With that being said, many investors, even those who fully support indexation (passive investing) at the asset class level shy away from endorsing market capitalization weighting when it comes to allocating to a global market portfolio. As is evident in our prior discussion, we are biased to the analytical investor's camp as we have many concerns regarding the movement towards a global market capitalization weighted allocation. Chief among these is the degree of market manipulation by Central Banks and other large actors and how that manipulation distorts the global market portfolio.

### Conclusion

The decision of whether or not to allocate to international fixed income within the Age-based options is a philosophical issue that needs to be determined at the Board level. Whenever an issue arises that exhibits deep philosophical divides PCA believes the Board, as the ultimate Fiduciary of the Plan, has the obligation to discuss and debate the issue in order to arrive at the Board's aggregate belief system. In such cases we believe it is inappropriate to make a recommendation based only on our school of thought which may present a one-sided and biased position. In our view, there should be recognition that in any issue with deep philosophical divides there is likely no "right" answer. As such we believe it is important for both Vanguard and PCA to present the premise and rationale of our differing positions in order for the Board to see both sides in order to make an educated decision.

In this memo we have tried to lay out our concerns regarding an allocation to international fixed income. It is our belief that a portfolio possessing international bonds will likely not achieve superior outcomes than a portfolio possessing only US bonds. We believe Vanguard's own analysis supports this thesis. In analyzing the potential outcome of adding hedge international bonds to the Age-based options Vanguard's estimated wealth accumulation model predicts identical ending wealth for portfolios with and without hedged international fixed income.

As it relates to the addition of the Vanguard Total International Bond fund as a stand-alone option we do believe that if a participant desires to gain such exposure based on their own analysis and risk tolerance they should be able to do so regardless of the determination of the role of international bonds in the Age-based portfolios. Doing so allows investors to self-identify that international bonds are appropriate for their asset allocation. Therefore, PCA recommends the Board adopt Vanguard's recommendation to add the international bond fund as a stand-alone fund.

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THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 15**  
**March 24, 2016**

**Item: Reaffirm FY 2016 Funding Request**

**Recommendation:**

**Board review and reapprove Fiscal Year 2016 total operating budget consistent with Board approved amounts from the July, 29, 2014 meeting.**

**Fiscal:**

\$211,540 from College Savings Endowment Account.

**Summary:**

At the July 29, 2014 meeting of the College Savings Board, the Board of Trustees discussed and approved proposed expenditures from the College Savings Endowment Account, including the communication and outreach budget over five years. The five-year forecast of the College Savings Endowment Account's previously approved is attached as Exhibit 1.

The Board approved and authorized a budget for Fiscal Year 2016 of \$1,476,000 for operating expenses and \$2,009,300 for College Kick Start costs for a total operating budget of \$3,485,300. The previous administration directed staff to maintain a flat budget based on FY 2014 actuals to allow the incoming administration to make their own budget decisions. Therefore, the budget which was submitted for Fiscal Year 2016 was \$266,607 less than the budget approved by the Board.

We are now requesting the Board affirm an amount closer to the previous amount of \$3,485,300. Staff is recommending the Board reaffirm \$211,540 rather than the entire \$266,607. This would allow

staff to transfer this amount from the College Savings Endowment Account to the College Savings operating budget for communication, education and outreach.

Tara Hagan, Chief Deputy Treasurer, and Budd Milazzo, Senior Deputy Treasurer – North, will be available to answer questions.

**Dan Schwartz**  
*State Treasurer*



STATE OF NEVADA  
OFFICE OF THE STATE TREASURER

TO: Board of Trustees, College Savings Plans of Nevada

FROM: Grant Hewitt, Chief of Staff  
Tara Hagan, Chief Deputy

SUBJECT: Summary of 2014 Board Action  
Nevada Prepaid Tuition & College Savings Fees

DATE: March 16, 2016

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**Background & Governing Statutes:**

In accordance with Nevada Revised Statutes 353B.350(5), the Endowment Account must be used for the deposit of any money received by the Nevada College Savings Program that is not received pursuant to a savings trust agreement and, in the determination of the State Treasurer, is not necessary for the use of the Administrative Account. The money in the Endowment Account may be expended:

- (a) For any purpose related to the Nevada College Savings Program;
- (b) To pay the costs of administering the Governor Guinn Millennium Scholarship Program created pursuant to [NRS 396.926](#), but such costs must not exceed an amount equal to 3 percent of the anticipated annual revenue to the State of Nevada from the settlement agreements with and civil actions against manufacturers of tobacco products anticipated for deposit in the Trust Fund; or
- (c) In any other manner which assists the residents of this state to obtain post-secondary education.

**Summary of 2014 Board Action:**

At the July 29, 2014 meeting of the College Savings Board, the Board of Trustees discussed and approved proposed expenditures from the College Savings Endowment Account, including the communication and outreach budget over the five years. The five-year forecast of the College Savings Endowment Account's previously approved is attached as Exhibit 1.

The Board approved and authorized a budget for Fiscal Year 2016 of \$1,476,000 for operating expenses and \$2,009,300 for College Kick Start costs for a total operating budget of \$3,485,300. The previous administration (Treasurer Marshall) directed staff to maintain a flat budget based on Fiscal Year 2014 actuals to allow the incoming administration (Treasurer Schwartz) to make their own budget decisions.

**CARSON CITY OFFICE**

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**STATE TREASURER PROGRAMS**

Governor Guinn Millennium Scholarship Program  
Nevada Prepaid Tuition Program  
Unclaimed Property  
College Savings Plans of Nevada  
Nevada College Kick Start Program

**LAS VEGAS OFFICE**

555 E. Washington Avenue, Suite 4600  
Las Vegas, Nevada 89101-1074  
(702) 486-2025 Telephone  
(702) 486-3246 Fax

Therefore, the budget which was submitted for Fiscal Year 2016 was \$266,607 less than the budget approved by the Board.

We are now requesting the Board affirm an amount closer to the previous amount of \$3,485,300. Staff is recommending the Board reauthorize an additional \$211,540 rather than the entire \$266,607. This would allow staff to transfer this amount from the College Savings Endowment Account to the College Savings operating budget for communication, education and outreach.

Staff recommends continuation of the programs previously approved in 2014 which included increased funding intended to further raise awareness and participation in the Nevada College Savings Plans program. The \$211,540 will be expended as follows:

<u>Pending</u>	
TV ads (Apr-June)	\$30,000
Radio ads (Apr-June)	\$10,000
Matching Grant Mailer	\$48,000
CKS Mailer #2	\$48,000
Unallocated (Promo Items or Online Ads)	\$20,000
May Contest	\$ 5,290
Creative Services (Apr-June)	\$11,250
Public Relations (Apr-June)	\$10,500
School Outreach (Apr-June)	\$10,500
Social Media, Emails & Web (Apr-June)	\$18,000

Staff at the State Treasurer's Office will continue to assess and analyze other programs and proposals to increase college savings and enrollment among Nevadans in institutions of higher learning. Based on this analysis, if staff believes there are other programs or expansion of existing programs that merit consideration by the Board, staff will bring these proposals to the Board.

**Nevada College Savings Endowment Account  
BA 1094  
Summary of Financial Plan**

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
Beginning Available Cash (Not Including Reserve)	\$ 1,811,123	\$ 4,429,804	\$ 3,633,794	\$ 2,962,918	\$ 4,703,153
<b>Projected Revenues</b>					
Program Fees	\$ 5,084,496	\$ 5,601,290	\$ 6,050,030	\$ 6,506,929	\$ 6,971,459
Upromise Settlement	\$ 4,583,994	\$ -	\$ -	\$ -	\$ -
<b>Total Projected Resources</b>	<b>\$ 11,479,613</b>	<b>\$ 10,031,094</b>	<b>\$ 9,683,825</b>	<b>\$ 9,469,847</b>	<b>\$ 11,674,611</b>
<b>Operating Expenses and Transfers</b>					
College Savings Operating Costs	\$ (1,418,950)	\$ (1,447,000)	\$ (1,476,000)	\$ (1,506,000)	\$ (1,536,000)
Millennium Admin Costs	\$ (337,474)	\$ (420,000)	\$ (428,000)	\$ (437,000)	\$ (446,000)
Prepaid Admin Costs	\$ (514,084)	\$ (701,000)	\$ (715,000)	\$ (729,000)	\$ (744,000)
Prepaid Stabilization Transfer	\$ (1,320,000)	\$ (1,820,000)	\$ (1,820,000)	\$ (1,820,000)	\$ (1,820,000)
Treasury Solutions Reserve	\$ (950,000)	\$ -	\$ -	\$ -	\$ -
Program Officer I Position (Prepaid)	\$ -	\$ -	\$ (47,606)	\$ (49,694)	\$ (51,866)
<b>Recommended Programs</b>					
Establish College Savings Endowment Account Reserve	incl above	\$ -	\$ -	\$ -	\$ -
Increase Prepaid Stabilization Transfer	\$ (500,000)	\$ -	\$ -	\$ -	\$ -
College Kick Start Costs *	\$ (2,009,300)	\$ (2,009,300)	\$ (2,009,300)	\$ -	\$ -
Repayment of Prepaid Plan's \$5 Million Loan	\$ -	\$ -	\$ -	\$ -	\$ -
Additional Matching Grant Component	\$ -	\$ -	\$ (225,000)	\$ (225,000)	\$ (225,000)
<b>Total Projected Commitments</b>	<b>\$ (7,049,808)</b>	<b>\$ (6,397,300)</b>	<b>\$ (6,720,906)</b>	<b>\$ (4,766,694)</b>	<b>\$ (4,822,866)</b>
<b>Projected FY Ending Fund Balance</b>	<b>\$ 4,429,804</b>	<b>\$ 3,633,794</b>	<b>\$ 2,962,918</b>	<b>\$ 4,703,153</b>	<b>\$ 6,851,746</b>

\* According to NCES.ed statistics Nevada student population will remain flat with 0.2% increase in 2015, 0.1% increase in 2016, 0.3% increase in 2017 and 1.0% decline in 2018  
College Kick Start funded for FY 2014-2016 with review on program and funding in 2017-2018

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

**Agenda Item 16**  
**March 24, 2016**

**Item: Extension, enhancements and FY 17 funding of the Nevada College Kick Start Program (CKS)**

**Recommendation:**

**Board review and approval of the extension, enhancements and the FY17 funding of the Nevada College Kick Start Program.**

**Fiscal:**

\$2,593,427 million transfer from the Endowment Account (1094) to the College Savings Trust Fund (1092).

\$2,343,427 million to fund CKS accounts

\$ 250,000 to fund communication, outreach and education efforts

**NOTE:** The Board's initial Nevada College Kick Start Program (CKS) approval ran from FY 14 – FY 16 which placed the Program budgeting out of step with the State's biennium budgeting cycle; therefore, staff needs Board authorization to continue the Program and fund it in FY 17. If approved by the Board, this request will require approval by the Interim Finance Committee on June 23, 2016. Staff will request Board approval for FY 18-19 budget at its June 2016 meeting as part of our normal schedule. If approved by the Board, this request will then be part of the FY 18-19 budget submitted for Legislative approval during the 2017 Legislative Session.

**Summary:**

CKS has enjoyed a successful launch throughout the State of Nevada. The initial three year pilot program now includes over 101,000 students statewide. Of the first two cohorts to participate in the

Program (66,000), 1,420 families have also opened separate college savings plan accounts for their CKS participant. In addition, these families also opened 535 accounts for siblings of CKS participants.

While staff is pleased with the progress the Program has made to date, staff is proposing enhancements which we believe can make a significant difference in assisting and encouraging Nevadans to save for college. The enhancements will:

- Increase participation in the Nevada 529 Savings Plans;
- Provide access to all Nevada children from kindergarten through third grade;
- Incentivize Nevada families to claim and link their CKS accounts with an active Nevada 529 Savings Plan account;
- Encourage Nevada families to make regular contributions to their personal 529 accounts to begin to develop a culture of saving for college.

**Staff is recommending the following enhancements:**

- In addition to all kindergarten students attending public school, add as eligible all students attending kindergarten at private Nevada schools (est. 3,500);
- Establish deadline of June 30 following the end of the participant's 3<sup>rd</sup> grade year to claim CKS account or account is forfeited and proceeds returned to program;
- Provide a "true-up" for all kids entering the Nevada school system in first, second or third grade or who otherwise did not receive an account as kindergarten students (deadline to claim remains June 30 after 3<sup>rd</sup> grade);

- Add incentives to CKS accounts, upon certain actions of the family, not to exceed \$1,000 per CKS participant over a five year period.

### **For Families Who Open a NV 529 Savings Plan Account:**

- Provide a \$200 contribution into the participant's CKS account when parents open a separate savings account;
- Provide a \$100 contribution into the participant's CKS account when parents establish an automatic investment plan within 6 months of opening the account (link bank account to college savings account and establish regular, automatic contributions);
- Provide a \$100 contribution into the participant's CKS account for each 6 month period (determined at June 30 and December 31 each year) in which three or more contributions are made into the child's personal account.

### **For Families Who Purchase a Prepaid Tuition Contract:**

- Provide a \$1,000 contribution into the participant's CKS account if family purchases a 4-year university or 2-year community/ 2-year university prepaid contract with a lump-sum payment;
- Provide a \$500 contribution into the participant's CKS account for any other lump-sum prepaid contract purchase;
- Provide a \$200 contribution into the participant's CKS account for each 12 month period (determined December 31 each year) in which monthly payments on a prepaid contract are made on time and the contract is active and in payment status.

### **Funding**

The staff recommended enhancement which requires a family to claim the CKS account by June 30 after the child completes his or her third grade school year, allows the program to "reclaim" these

monies. In Exhibit 1, this is evident in the increase in the projected ending fund balance for Fiscal Year 2019. The exhibit assumes 2% of eligible children (K -3<sup>rd</sup> grade) will claim their accounts. This is nearly double the Program's current rate.

Grant Hewitt, Chief of Staff, Tara Hagan, Chief Deputy Treasurer, and Linda English, Senior Deputy Treasurer – South, will be available to answer questions.



## Program Background and Review

Board of Trustees of the College Savings Plans of Nevada  
Board Meeting  
March 24, 2016

- Nevada needs more college graduates
  - For every 100 high school freshman
    - 50 will graduate from high school on time
    - 26 will go directly to college
      - 9 will graduate in 6 years\*
    - Only 28% of Nevadans ages 25-34 have college degrees\*\*
- A more educated workforce is needed to diversify Nevada's economy

\* National Center for Higher Education Management Systems – NCHEMS

<http://www.higheredinfo.org/dbrowser/index.php?submeasure=119&year=2010&level=nation&mode=data&state=0#/-1/>

\*\*Complete College America (<http://www.completecollege.org/>)

- To create a college-going culture in Nevada, College Kick Start (CKS) based on:
  - SEED for Oklahoma Kids
  - San Francisco’s Kindergarten to College Program
  - Research from the University of Kansas which shows children with college savings account in their name are as much as seven times more likely to attend college



- CKS is nationally recognized as a leader in the children's development account space
  - First and only statewide, universal, automatic, children development account program in the country
  - Program staff are requested speakers across the country and have advised other states, municipalities, and community organizations on establishing similar programs



- All kindergarten students attending public schools in NV participate and receive \$50 toward future college expenses
  - Over 100,000 students currently enrolled
- Program authorized for 3 years by College Savings Board (FY14-FY16)
- Program funded by fees from NV's 529 private partners – no State general fund monies used
- Funds held in NV's SSgA Upromise 529 Plan
- Invested in an aged-based portfolio
- Funds restricted to use for qualified expenses
- Donations and incentives added to Kick Start account
- No family contributions allowed in Kick Start account

- Automatic enrollment
  - Student data received from school districts
  - Parents do not apply or complete any paperwork
  - Parents may opt-out
- SSNs are not gathered



- Families encouraged to open their own separate account
  - Allows families flexibility to enjoy all benefits associated with 529 plans
  - To date 1,420 CKS participants have own, separate account
    - 535 CKS participant siblings also have had accounts opened
- Family-owned accounts
  - May qualify for State matching grant funding up to \$1,500
  - Pre-filled applications emailed to families
  - Default investment option highlighted
  - Quarterly summaries to include both Kick Start and family-owned account information



- Current Ascensus platform

- Master account with the Nevada College Savings Trust Fund as account owner
- Kick Start participants tracked on account roster
- Supplemental contributions tracked by recipient
- Quarterly summaries mailed to each participant (Oct 2013 to Apr 2014)
- State responsible for account maintenance (collection of student data, address changes, removal of students, etc.)

- New Ascensus/VistaShare Platform for FY 17 and Beyond
  - Beginning in fall 2016, in partnership with Ascensus and VistaShare, the CKS program, if approved, will be hosted on new, more robust platform
    - CKS participants will be able to access, view and maintain accounts online
    - Opening a separate, personal account will be much easier and functionality will allow the participant to open a new account directly through the VistaShare portal
    - Quarterly communications will show both CKS and personal accounts on one statement
    - Customized reporting, reconciliation, and maintenance processes will allow STO staff functionality to more efficiently and easily maintain the program

- State responsible for grassroots outreach
  - School events



- Brochures and flyers



nevada college  
**kickstart**

**Their future starts now**



Administered by  
Nevada State Treasurer  
Dan Schwartz



**Putting Nevada children on the path to college**

The Nevada College Kick Start program establishes a college savings account in the name of all Nevada public school kindergarten students, making them seven times more likely to attend college.\*

The goal of this program is to increase the college-going culture in Nevada by taking the first step to eliminate a major hurdle to college – the rising cost of attendance.

Nevada has made an investment in your child; now, it's your turn. Learn more about Kick Start and other ways to save for college at NV529.ORG.



**College Kick Start gets them started**

Your child's College Kick Start account will continue to grow on its own, but it's only the first step. You can open your own separate SSGA Upromise 529 college savings account with as little as \$15, and then make affordable contributions that fit your budget. Family and friends can also contribute to your separate account. As the account owner of a separate SSGA Upromise 529 account, you're in charge: make contributions and withdrawals that work for you and your child. Visit NV529.ORG or call 1-888-477-2667 today to find out how you can help kick start your child's future higher education plans.



**Their future starts now**



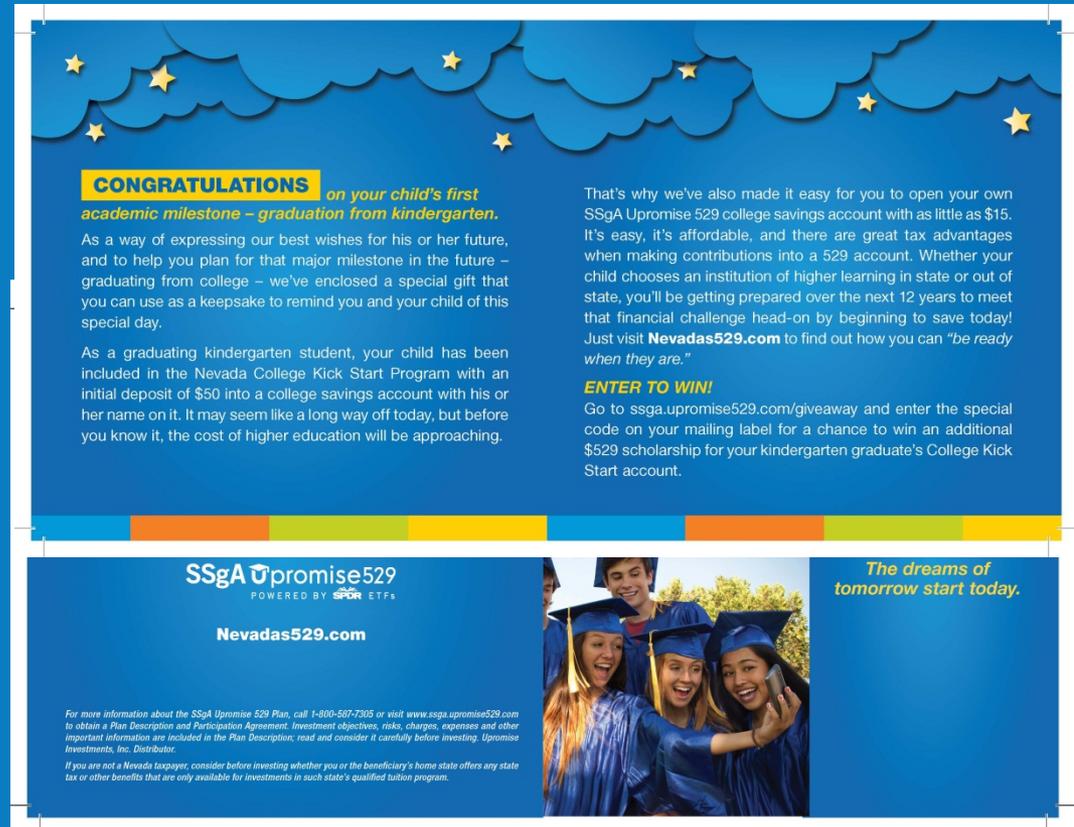
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\*2011 report, "The Role of Savings and Wealth in Reducing 'Wilt' Between Expectations and College Attendance," by William Elliott and Sonira Beverly of the University of Kansas and Washington University in St. Louis.

- Kindergarten graduation gift direct mail to families (2013-2104)



# Classroom Piggy Bank campaign

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SgA08090606/Plan/2014



A trip around the world with "little" phrases to show how small things can add up to make a big difference!

## Today's Lesson: Saving For Their Dreams

*beginning the small steps that lead to a college education*

Thank you for learning up with the Nevada College Kick Start Program in sharing the value of a higher education and the importance of preparing for college. We'll do our best to help you with your students and their parents. Your careful teaching will have an impact on how to best reach your students in a critical component in the success of the program.

The Nevada College Kick Start Program, offered by the State Treasurer, has established a college savings account with an initial deposit of \$20 for all of your students.

The universal Save For College materials are intended to supplement an existing lesson plan or be used alone. They can be used to help teach money counting, money saving, or can be used as a platform for lessons on career and college preparation.

By encouraging saving in the classroom, then sending home the lesson plans, they reach 81% parents and help put their children on a path to college.

- Your Save-For-College kit includes:
- One piggy bank per student
  - One Little By Little storybook per student
  - One pencil per student
  - One t-shirt per student

Please contact us if you have any questions, including requests for a Parent save student t-shirts.

Nevada College Kick Start Program  
702-488-8880  
[cd@sga.upromise529.com](mailto:cd@sga.upromise529.com)



**The Proven Results of Starting Small and Dreaming Big**

A University of Kansas study found that children who know they have a college savings account in their name are six times more likely to attend an institution of higher learning. Even small accounts, often not enough to buy books for a semester, improve a child's determination and preparedness for higher education.



- Teacher Thank You Kits



- Navigators

- Serve as “boots on the ground”
- Connect with local families
- Share basics of Kick Start program
- Guide family through account setup process
- Play key role in program success



- Partner with CFED 1:1 Fund
  - Online crowd funding platform
  - Use donations to incentivize low income families to open separate accounts





Nevada College Kick Start – Their Future Starts Now.

## EXHIBIT 1

### Nevada College Savings Endowment Account (\$1000 Incentive)

BA 1094

#### Summary of Financial Plan With CKS 2.0

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Projected Beginning Cash (including reserve)	\$ 5,154,019	\$ 4,648,607	\$ 3,865,099	\$ 3,100,328	\$ 6,382,337	\$ 8,024,013	\$ 9,854,838
Projected 6 month Reserve <sup>1</sup>	\$ (2,379,461)	\$ (2,086,489)	\$ (2,167,635)	\$ (237,011)	\$ (1,154,842)	\$ (1,164,647)	\$ (1,296,291)
<b>Projected Revenues</b>							
Program Fees	\$ 6,050,319	\$ 5,186,279	\$ 5,367,307	\$ 5,552,839	\$ 5,748,169	\$ 5,956,928	\$ 6,177,851
Misc. Revenues	\$ 23,191	\$ 23,191	\$ 23,191	\$ 23,191	\$ 23,191	\$ 23,191	\$ 23,191
<b>Total Projected Resources (excluding reserve)</b>	<b>\$ 8,848,068</b>	<b>\$ 7,771,588</b>	<b>\$ 7,087,962</b>	<b>\$ 8,439,347</b>	<b>\$ 10,998,855</b>	<b>\$ 12,839,485</b>	<b>\$ 14,759,589</b>
<b>Operating Expenses and Transfers</b>							
College Savings Operating Costs <sup>2</sup>	\$ (1,995,147)	\$ (2,145,147)	\$ (2,230,953)	\$ (2,323,091)	\$ (2,419,035)	\$ (2,518,941)	\$ (2,622,973)
Additional Matching Grant Funding	\$ -	\$ (225,000)	\$ (225,000)	\$ (225,000)	\$ (225,000)	\$ (225,000)	\$ (225,000)
Millennium Admin Costs	\$ (357,918)	\$ (372,235)	\$ (387,124)	\$ (402,609)	\$ (418,713)	\$ (435,462)	\$ (452,880)
Prepaid Admin Costs	\$ (631,893)	\$ (657,169)	\$ (683,456)	\$ (710,794)	\$ (739,226)	\$ (768,795)	\$ (799,547)
Prepaid Stabilization Transfer <sup>3</sup>	\$ (1,820,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Settlement Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Misc. Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Recommended Programs</b>							
College Kick Start Costs <sup>4</sup>	\$ (1,773,964)	\$ (2,343,427)	\$ (2,378,736)	\$ 1,617,473	\$ (77,710)	\$ 48,904	\$ (62,182)
College Kick Start Outreach and Education <sup>5</sup>	\$ -	\$ (250,000)	\$ (250,000)	\$ (250,000)	\$ (250,000)	\$ (250,000)	\$ (250,000)
<b>Total Projected Commitments</b>	<b>\$ (6,578,922)</b>	<b>\$ (5,992,978)</b>	<b>\$ (6,155,269)</b>	<b>\$ (2,294,021)</b>	<b>\$ (4,129,684)</b>	<b>\$ (4,149,294)</b>	<b>\$ (4,412,582)</b>
Projected 6 month reserve	\$ (2,379,461)	\$ (2,086,489)	\$ (2,167,635)	\$ (237,011)	\$ (1,154,842)	\$ (1,164,647)	\$ (1,296,291)
<b>Projected FY Ending Fund Balance (including reserve)</b>	<b>\$ 4,648,607</b>	<b>\$ 3,865,099</b>	<b>\$ 3,100,328</b>	<b>\$ 6,382,337</b>	<b>\$ 8,024,013</b>	<b>\$ 9,854,838</b>	<b>\$ 11,643,298</b>

#### Notes:

- Reserve is required and equal to 6 months operating expenses of administering all Nevada college savings plans and the Millennium scholarship program
- College Savings Operating Cost in FY 2016 includes \$250,000 outreach and education for the Kick Start Program previously approved by the Board
- At the March 11, 2015 meeting the Board approved the continuation of the \$1.8M annual transfer. This has not yet been approved to date by the Board for any future fiscal years.
- College Kick Start Costs include incentives up to \$1,000 per participant as described in accompanying enhancement proposal.
- College Kick Start Outreach and Education is requested to provide a separate budget for the Kick Start Program to accommodate direct mail and other efforts to reach this group of families separate from the overall college savings outreach budget.

**Staff Updates**  
**March 24, 2016**

**1. Special Board Meeting Tentatively Scheduled for April 12, 2016**

A special Board meeting has been arranged for April 12, 2016 to bring items necessary for Board approval before the next regular, quarterly meeting on June 23, 2016. Items on this agenda will include a Fiscal Year 2017 funding request, consent to extend the contract with Amplify Relations and a proposal to add a new savings plan to the Board's suite of programs.

**2. Nevada Prepaid Tuition Program Open Enrollment:**

- The 2016 open enrollment period for the Prepaid Tuition Program was set to close on March 31, 2016. Given the big change from last year (infants were accepted through June 30) and the lower enrollment numbers, coupled with numerous financial literacy conferences and outreach events in April, staff is recommending and planning on an extension of open enrollment by one month, until April 30, 2016.
- As of March 14th, there are 525 new enrollments for the Prepaid Tuition Program.
- Since February, ads for Prepaid Tuition have been back up and running on public radio stations, KNPR (Las Vegas), KUNR (Reno), to help drive enrollments for the program.
- In early March, staff put together and delivered over 400 'new parent' kits for various hospitals to spread the word about the Prepaid Tuition and affordability for newborns.
- Parent College Information nights were also set up in the private schools and magnets (where interested) to share the Nevada Prepaid Program and benefits, as well as highlight the other 529 Saving Plan options.

**3. Nevada Prepaid Tuition Contest:**

The State Treasurer's Office conducted a contest during the first half of the open enrollment for prepaid tuition that awarded two participants with a Nevada Prepaid Tuition account of one full year at the university level, valued at \$6,023. The southern Nevada winner, Kenta Yap, won a one year university plan as well and was recognized during a television interview on FOX 5 (Las Vegas) on February 17<sup>th</sup>. The northern Nevada winner, Jayden Tran, won a one year university plan and was recognized during a television interview on channel 4 (Reno) on February 24<sup>th</sup>. The total number of entries for the contest statewide was 400.

#### **4. Nevada Prepaid Tuition RFP for Recordkeeping Services:**

In an effort to modernize the Prepaid Tuition Program, staff plans to issue a proposal for automation and administration of the program; with ultimate oversight retained by the Treasurer's Office. The program has been administered by Treasurer's office staff for over 15 years, and the current database was originally developed for welfare programs 4 years ago. Despite system modifications over the past 2 years to adapt the system to better meet program needs, much of today's processes are manual in nature, with minimal on line self-servicing capabilities for beneficiaries and purchasers. An automated system and outside administration of the program will increase efficiencies, providing a higher level of customer service to participants while freeing up staff time thereby allowing for increased education efforts and outreach activities. The two Prepaid Tuition staff members who now spend the bulk of their time answering telephone calls, responding to email inquiries, and performing necessary accounting and administrative duties related to the program, can then devote the bulk of their time to outreach, growing the program, exploring best practices from other states/programs, implementing changes and/or enhancements to the program as approved by the Board.

An approximate timeline is as follows:

- March – Meet with HDI Solutions to understand their product offering
- April – Complete Sole Source Waiver
- June – Board Approval
- July – BOE Approval
- August – Vendor Planning
- September – October Testing/Conversion of contract data/servicing
- November – Ready for Open Enrollment

#### **5. Financial Literacy Efforts:**

- The first rural conference with our financial literacy partner, the International Association of Working Mothers, was held on January 23, 2016, in Carson City. The conference was a huge success and attendance was 63, compared to a goal of 25! The spring Las Vegas conference in both English and Spanish have been scheduled. As in year's past, these conferences featured a Resource Expo, Money Mentors, as well as presenting prominent women speakers/authors in the field of personal finance. There will also be a special designated breakout area at the conferences for women to come and learn about options for saving for college and to get assistance in opening a 529 Account. The upcoming conferences will be held on these dates:

- April 16, 2016, Texas Station, Las Vegas - English and Spanish Language Conference
- May 14, 2016, Atlantis Casino, Reno - English Language Conference
  
- Work is continuing with the Financial Guidance Center on final preparations for the two Military and two Senior Citizen conferences to be held in April and May. The military conferences will address topics such as USAA College Savings options and matching grant qualifications, budgeting, saving money, military discounts, VA loans, and retirement readiness. The senior citizen conferences will address topics such as saving for a grandchild's education, getting the most out of medical services, estate planning, and preventing fraud. The upcoming conferences will be held on these dates:
  - April 19, 2016, Atlantis Casino, Reno, Veterans Conference
  - April 20, 2016, Atlantis Casino, Reno, Savvy Seniors Conference
  - April 28, 2016, Palace Station, Las Vegas, Veterans Conference
  - May 4, 2016, Palace Station, Las Vegas, Savvy Seniors Conference