Zach Conine State Treasurer



STATE OF NEVADA OFFICE OF THE STATE TREASURER

PUBLIC MEETING

AGENDA MEETING OF THE BOARD OF TRUSTEES OF THE COLLEGE SAVINGS PLANS OF NEVADA

Thursday December 17, 2020 at 10:00 a.m.

Locations:

Pursuant to the Governor's Emergency Directive 006, as extended, there will not be a physical location for this meeting. The public is welcome to participate by joining the Zoom Meeting at the following link or phone number and entering the password when prompted.

Zoom Meeting Link: Zoom Meeting Dial-in:

Please email <u>Itzel.Fausto@nevadatreasurer.gov</u> for Zoom Meeting password.

Agenda Items:

- 1. Roll Call.
- 2. Public Comment.

Comments from the public are invited at this time. Pursuant to NRS 241.020(2)(d)(7), the Board intends to limit to 3 minutes the time for an individual to speak and may impose reasonable restrictions on place or manner for such comment. No restriction will be imposed based on viewpoint. <u>Comment will only be received on matters relevant to the Board's jurisdiction</u>. The Board may discuss but 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. Most agenda items are phrased for a positive action. However, the Board of Trustees may take other actions, such as hold, table, amend, etc.

- 3. <u>For possible action to approve:</u> the minutes of the College Savings Board of Trustees meeting of September 17, 2020.
- 4. **For possible action to approve:** the Ascensus program manager's report encompassing results for Vanguard, USAA, SSGA Upromise, and Wealthfront 529 plans for the quarter ended September 30, 2020.

- 5. **For possible action to approve:** the Putnam 529 for America program manager's report for the quarter ended September 30, 2020.
- 6. <u>For possible action to approve:</u> the Nevada Prepaid Tuition Program activity report for the quarter ended September 30, 2020.
- For possible action to approve: the Fiscal Year 2020 audited financial statements for the Putnam 529 for America Plan, the SSGA Upromise 529 Plan, the USAA 529 College Savings Plan, the Vanguard 529 Plan and the Wealthfront 529 College Savings Plan.
- 8. **For possible action to approve:** the Prepaid Tuition Program annual actuarial valuation report as of June 30, 2020.
- 9. For possible action to approve: the 2021 College Savings Board of Trustee Meeting Schedule.

Discussion Agenda

- 10. <u>For discussion and possible action</u>: Nevada Prepaid Tuition Investment Monitoring Report prepared by Meketa Investment Group Inc for the quarter ending September 30, 2020.
- 11. For discussion and possible action: Nevada 529 College Savings Plans Investment Monitoring Report prepared by Meketa Investment Group Inc for the quarter ending September 30, 2020.
- 12. <u>For discussion and possible action:</u> on the contractual agreement with Garcia Hamilton & Associates for fixed income management for the Prepaid Tuition Investment Portfolio.

13. Public Comment.

Comments from the public are invited at this time. Pursuant to NRS 241.020(2)(d)(7), the Board intends to limit to 3 minutes the time for an individual to speak and may impose reasonable restrictions on place or manner for such comment. No restriction will be imposed based on viewpoint. Comment will only be received on matters relevant to the Board's jurisdiction. The Board may discuss but is precluded from acting on items raised during Public Comment that are not on the agenda.

14. ADJOURNMENT.

Notes:

Items may be taken out of order; items may be combined for consideration by the public body; and items may be pulled or removed from the agenda at any time.

Prior to the commencement and conclusion of 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.

The Nevada College Savings Board of Trustees is pleased to make reasonable accommodations for persons with physical disabilities. Please call (775) 684-5600 if assistance is needed.

Itzel Fausto may be contacted at <u>Itzel.Fausto@nevadatreasurer.gov</u> to obtain copies of supporting materials.

Pursuant to the Governor's Emergency Directive 006, as extended, this agenda has been posted electronically at the following locations: <u>Nevada Treasurer</u> and the <u>Nevada Public Notice</u>.

THE BOARD OF TRUSTEES OF THE COLLEGE SAVINGS PLANS OF NEVADA

Agenda Item 3 December 17, 2020

Item: The Minutes of the College Savings Board of Trustees meeting of September 17, 2020.

Summary:

The minutes of the September 17, 2020 Board meeting have been prepared and are complete for review and approval.

Fiscal Impact: None by this action.

Recommendation:

To approve, as stated or amended (if applicable), the minutes of the September 17, 2020, College Savings Board of Trustees meeting.

THE BOARD OF TRUSTEES OF THE COLLEGE SAVINGS PLANS OF NEVADA

MINUTES OF BOARD MEETING

Thursday, September 17, 2020

The meeting was held virtually for all board members and participants.

Board members present:

Chairman– Treasurer Zach Conine Andrew Clinger Tiffany Greenameyer Jeff Haag Andrew Martin

Others present:

Tara Hagan, Chief Deputy Treasurer Kirsten Van Ry, Senior Deputy Treasurer Tya Mathis-Coleman, Deputy – College Savings Blanca Platt, Treasurer's Office Ian Carr, Attorney General Eric White, Meketa Investment Group Judy Minsk, Putnam Investments Tom Hewitt, Ascensus Erica Norton, Ascensus Michelle Cugini, SSGA Lindsay Ruddy, Vanguard Nathaniel Gandy, Wealthfront Ziyu Wang, Wealthfront Mannik Dhillon, Victory Capital Management Celeste Steele, Victory Capital Management Lisa Alexander, Victory Capital Management David Brown, Victory Capital Management

1. Roll Call

Chairman Treasurer Conine called the meeting to order at 10:00 am, and determined a quorum was present.

2. Public Comment

There was no public comment.

Consent Agenda

- 3. <u>For possible action to approve:</u> the minutes of the College Savings Board of Trustees meeting of June 26, 2020.
- 4. <u>For possible action to approve:</u> the Ascensus program manager's report encompassing results for Vanguard, USAA, SSGA Upromise, and Wealthfront 529 plans for the quarter ended June 30, 2020.
- 5. <u>For possible action to approve:</u> the Putnam 529 for America program manager's report for the quarter ended June 30, 2020.
- 6. <u>For possible action to approve</u>: the Nevada Prepaid Tuition Program activity report for the quarter ended March 31, 2020.
- 7. <u>For possible action to approve:</u> the Nevada Prepaid Tuition Program activity report for the quarter ended June 30, 2020.

Member Martin inquired about the various reports and asked staff if there were any anomalies or items of concerns. He also inquired as to the general procedure for a consent item versus a discussion item.

Staff noted any reports with concerns or questionable items would be placed on the discussion agenda to ensure these items are brought to the Board's attention and discussed, as appropriate.

Member Martin motioned to approve Agenda Items 3 – 7. Member Clinger seconded the motion. Motion passed unanimously.

Discussion Agenda

8. <u>For discussion</u>: Annual marketing update and overview

a. State Treasurer's Office/Kirvin Doak

Deputy Treasurer Tya Mathis-Coleman presented an update on the community outreach initiatives and branding vision for the College Savings Division (Division) moving forward. She noted the hiring of the firm Kirvin Doak which was approved by the Board in December 2019. Ms. Mathis-Coleman reviewed the presentation which provided the education and outreach activities beginning in April 2020, including a pivot by the Division to adjust to a virtual format due to the COVID-19 pandemic. She provided addition information on the projects and events planned through the remainder of the calendar year.

Board members did not have any questions on this item.

b. Putnam 529 for America

Judy Minsk with Putnam Investments presented the marketing strategy highlights for the Putnam 529 for America plan. She noted the use of technology to educate and train the advisors in the field to provide a consistent message and approach for all advisors across the country. Ms. Minsk presented a timeline of events for the marketing campaign over the next

year which includes sticking to the themes and strategies which are working historically but pivoting and adapting when and where necessary to meet the demands of the advisors and their clients. She noted she looks forward to working with staff to share any ideas and resources to help in assisting each other in helping families plan and save for education.

Treasurer Conine asked if advisors are reporting any changes in behavior or patterns over the past several months given the unprecedented environment.

Ms. Minsk noted advisors had challenges in the beginning to adapt to changes in engaging with clients but due to the immediate volatility in the market, advisors were quick to adapt to the virtual environment to assist their clients. She noted that advisors are seeing very little change in client behavior, as reoccurring deposits and investment selections remain unchanged.

c. SSGA UPomise 529 Plan

Ascensus

Tom Hewitt with Ascensus College Savings, along with Erica Norton presented the marketing presentation and overview for the SSGA UPromise 529 Plan for Ascensus. Mr. Hewitt noted that both SSGA and Ascensus market for this Plan. Mr. Hewitt concurred with Ms. Minsk regarding its experience with participant behavior over the past few months. He noted customer contact centers did initially see an increase in calls during the pandemic but that did not translate into changes in behavior, such as changes in contribution rates or investment selection.

Ms. Norton presented the marketing overview and noted that it too has made changes in how it interacts with both businesses and participants as a result of the pandemic. She provided specifics regarding its 529 marketing strategy, including targeting children in the younger beneficiary ages, and noted millennials remain the key demographic for 529 participation.

Board members did not have any questions on this item.

SSGA

Michelle Cugini, the SSGA representative presented its marketing and education overview. Similar to previous presenters, SSGA is utilizing technologic solutions, such as direct email marketing, paid searches, and social targeting to market the 529 plan. Ms. Cugini discussed its "See the Future of Education" campaign and its use of Discovery Database to increase the utilization of the plan.

Board members did not have any questions on this item.

Vanguard

Lisa Ruddy, the Vanguard representative presented its marketing achievements and future goals focusing on pages 137 – 139 in the materials. She noted the marketing goals for the Vanguard 529 plan remain the same today as the last two years. Ms. Ruddy noted the need to raise awareness about the importance of saving for college, utilizing the investment glidepath and supporting participants and beneficiaries through the entire process. She noted the importance of primarily targeting millennials for the 529 plan, similar to other plans with a focus on how to prioritize savings goals which have competing priorities. Ms. Ruddy emphasized the need to ensure Vanguard is seen as a trusted brand in many of its clients' savings goals, including saving for college.

Treasurer Conine asked if Vanguard has encountered any recent resistance given the uncertainty caused by the pandemic in regards to savings goals and how do your professionals handle these concerns or resistance.

Ms. Ruddy noted she does not have anything specific to site regarding resistance, but that Vanguard consistently reminds participants to be consistent in their investments and keep their long-term goals in mind but is mindful to ensure it listens to participants concerns.

Wealthfront

Ziyu Wang with Wealthfront provided an overview of the firm and its mission beginning on page 144 of the materials. She noted the target market has not changed and continues to be persons in their thirties who may or may not have children but already have savings. She noted the majority of Wealthfront's clients are under age 45. She noted the firm likes to keep engagement high throughout the year and has fairly consistent campaigns around saving in general, including for college and has great success with email open rates and click-through rates.

Member Martin thanked Ms. Wang for the presentation and appreciates Wealthfront's model. He stated the presentation materials noted 85% of Wealthfront's clients are under age 45 but explained another partner presented the majority of its engagement was ages 55-64 which seems counter to Wealthfront and questioned if Wealthfront is missing additional participants or giving away market share by not including this demographic.

Ms. Wang noted it is a great point and agreed that much of the wealth is in the ages 55-64 demographic. However, Wealthfront has had success in targeting the under aged-45 group, beginning in the early years for generally savings and then moving through both retirement and college savings.

This was an informational item, and no action was needed.

9. <u>For discussion and possible action:</u> Nevada Prepaid Tuition Investment Monitoring Report prepared by Meketa Investment Group Inc for the quarter ended June 30, 2020.

Eric White, the Meketa representative noted the U.S. equity market has had a tremendous rebound over the past three-months, particularly given the numbers discussed during the last meeting from March 31, 2020. He stated the assets under management ended June 30 at \$309 million which was \$35 million more than assets as of March 31, 2020. He noted the Fund is up 13% over the quarter, 4.5% for the year, and 6.5% for the three-year period.

He stated on page 159 of the larger report, Mesirow, the fixed income manager outperformed its benchmark but stated the covered calls manager was the clear standout this quarter. He noted Glenmede 13% for the quarter versus 9% for the benchmark. Mr. White noted the U.S equity market boosted the Plan's assets this quarter to a new highwater mark.

Board members did not have any questions on this item.

Motion from Member Hagg and second from Member Martin. Motion passed unanimously.

10. <u>For discussion and possible action</u>: Nevada Prepaid Tuition Investment Monitoring Report prepared by Meketa Investment Group Inc for the quarter ending June 30, 2020.

Eric White, the Meketa representative presented the performance for the five (5) 529 plans beginning on page 176 of the materials. He noted that similar to the previous item, due to the large amount of assets in U.S. equities across all plans, the performance was positive or acceptable across the majority of the plans. He noted he did not want to read too much into the active manager performance this quarter due to the extreme volatility between the first and second quarters of 2020. Mr. White noted he thought it would be more useful for the Board to discuss overall market trends over the past 6 months noting U.S equites have performance much strong than international equities, with large capitalization stocks outperforming smaller stocks. He noted value investing has struggled versus growth investing, particularly technology companies taking the lead in large capitalization stocks lead by the top five technology companies Apple, Amazon, Microsoft, Google, Facebook.

Member Martin asked if the funds have currency risk associated or are dollar denominated.

Mr. White noted that the majority of managers are exposed to currency risk and use foreign currently in both fixed income and equity markets. He noted very few foreign funds are dollar denominated or hedged.

Member Martin thanked Mr. White and Meketa for its vigilance in monitoring all the funds and appreciate all the information provided.

Motion from Member Martin and second from Member Greenameyer. Motion passed unanimously.

11. <u>For discussion and possible action</u>: Nevada Prepaid Tuition 2021 contract prices, open enrollment dates, and fee schedule.

Staff member Tara Hagan presented this item. Ms. Hagan beginning on page 201 noted no changes this year from previous years for open enrollment dates or the miscellaneous fees. She noted the Board previously approved a formulaic process in determining the contract prices each year which are driven by the Board's Funding Policy. She stated the contract pricing is primarily driven by two main factors: higher education tuition rates or expected rates and the Fund's funded ratio or health of the fund. She noted contract prices will be flat this year as expected tuition rates are lower than previously projected, and the funded ratio of the fund will remain around 160%.

Motion from Member Clinger and second from Member Hagg. Motion passed unanimously.

12. For discussion and possible action: Nevada Prepaid Tuition 2021 Master Agreement amendments.

Staff member Kirsten Van Ry presented the recommended amendments to the 2021 Master Agreement for the plan. She noted the amendments consist of the usual date and pricing changes but nothing material this year.

Motion from Member Clinger and second from Member Greenameyer. Motion passed unanimously.

13. <u>For discussion</u>: Update by Victory Capital Management 1- year acquisition of the USAA 529 Plan, including an update on transition in conjunction with Ascensus, Investment Overview and Marketing Overview.

Mannik Dhillon and various team members presented the Board with updates on the status of the USAA 529 Plan post the acquisition of the plan by Victory Capital Management which was effective around July 1, 2019. The presentation started on page 239 of the Board's materials. Mr. Dhillon provided an overview of the firm and an update related to the pandemic and its affect on the firm and its members.

Ms. Lisa Alexander provided details discussed the new digital platform and walked the Board through the specifics of this initiative. She provided updated specifics of account data, including active accounts, new accounts, and reoccurring contributions. She noted various surveys conducted by Victory indicate members remain pleased with high levels of satisfaction with both the college savings plan and the investments with Victory. Ms. Alexander provided specifics on the updated website which will be on the Victory platform rather than on USAA. She noted the use of focus groups to support the enhancements and improvements to the website.

Ms. Celeste Steele provided information on the marketing and partnership with USAA. She noted a focus on financial readiness, including highlighting the Distinguished Valor Matching Grant Program. She noted the continued use of back to school and holiday gifting programs which have been successful in the past but are also pivoting to more virtual events due to the pandemic. Ms. Steele noted new social media campaigns, using Facebook, Instagram, and Twitter. She provided information on a program to assist military members who are transition to civilian life which will include financial readiness and other items to help with this transition for members.

Mr. Dhillon provided an overview of the investment performance since the transition beginning on page 269. He noted although it has been a challenging environment for active managers, Victory has been pleased with the performance of both the sub-advisers and the internal fixed income managers who transition from USAA. He noted the importance of Lisa Alexander and her team to ensure members stay on track with their goals and investments regardless of the market environment and noted the plan has seen some shifts into less risky assets. He noted he looks forward to continued discussions with staff and Meketa to continue to diversify the plan, add ETFS and other options to continue to improve upon an already great plan.

Treasurer Conine noted his appreciation of Victory's willingness to roll unused monies from the Distinguished Valor program forward and asked for an update on utilization of the Program.

Ms. Alexander noted the Plan has seen some increase in utilization with the use of target marketing and by adding this information in the call flow for customer contact center representations. She would like to see more utilization and thinks this will improve with these increased efforts over time.

Treasurer Conine asked if the transition timeline as noted in the contract is on track to complete on time or if the pandemic has had a negative effect on the timeline.

Mr. Dhillon noted thankfully Ascensus and Victory are on track to complete the transition by November of this year.

This was an informational item, and no action was needed.

14. Public Comment

There was no public comment.

Member Clinger motioned to adjourn at 12:07pm. Member Martin seconded the motion. Motion passed unanimously.

THE BOARD OF TRUSTEES OF THE COLLEGE SAVINGS PLANS OF NEVADA

Agenda Item 4 December 17, 2020

Item: Ascensus program manager's report encompassing results for Vanguard, USAA, SSGA Upromise, and Wealthfront 529 plans for the quarter ended September 30, 2020.

Summary:

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

Fiscal Impact: None by this action.

Recommendation:

To accept and approve the Ascensus College Savings Program Manager Report for the quarter ending September 30, 2020.



College Savings Plans of Nevada Board of Trustees Meeting December 17, 2020

Program Management ReportFY 1st- CY 3rdQuarter Ended Sep 30th, 2020





College Savings Plans of Nevada Board of Trustees Meeting

December, 2020

Table of Contents

| All Plan Executive Summary All Plan Highlights SSGA Upromise 529 Plan- SLA | 3 4 6 |
|--|-------------|
| Marketing Activity | |
| SSGA Upromise 529 Plan | 10 |
| SSGA Upromise 529 Plan- RIA | 23 |
| The Vanguard [®] 529 College Savings Plan | 26 |
| Victory Capital/USAA 529 College Savings Plan | 31 |
| Wealthfront College Savings Plan [®] | 39 |

CONFIDENTIAL : For institutional investor use only- Not for distribution to the public

Pages



Executive Summary

SSGA Upromise 529 Plan

At the end of the third quarter 2020, assets in the SSGA Upromise 529 Plan totaled \$1.49 B, which was flat yearover-year from Q3 2019. 705 new funded accounts was down from 765 for the same period last year. Total Funded Accounts were down 9% compared to the same time last year. There were a total of 5,250 unique account holders (NV residents) at the end of the quarter. Average account size for the plan is \$12,414 with NV average account assets at \$7,936.

Vanguard 529® College Savings Plan

Third Quarter 2020 assets in the Vanguard 529 College Savings Plan totaled just over \$23.9 B, which was a 14 % increase over 3Q 2019. Total Funded Accounts are 471,494 with 7,792 NV resident accounts. There were a total of 4,530 unique NV account holders at the end of the quarter. Average account size for the plan is \$50,768 with NV average account assets at \$35,794.

USAA ® 529 College Savings Plan

Third quarter assets in the USAA 529 College Savings Plan totaled over \$4.4 B, which was a 6% increase over 3Q 2019. Total Funded Accounts are 303,701 with 3,794 NV resident accounts. Average account size for the plan is \$14,496 with NV average account assets at \$12,248.

Wealthfront College Savings Plan

Third Quarter 2020 assets in the Wealthfront 529 College Savings Plan totaled \$313.4 million. Total Funded Accounts are 17,327 and NV funded accounts are 175. There were a total of 116 unique NV account holders at the end of the quarter (12,037 total unique account holders). Average account size for the plan is \$18,084 with NV average account assets at \$10,548.



| Highlights T | his Period |
|---------------------|------------|
|---------------------|------------|

| | | Third Quarter 2020 | | | | | Seco | ond Quarter 20 | 20 | | Third Quarter 2019 | | | | |
|----------------------------|-------------------------|---|--|--|-------------|----------------------|--|------------------------------|--|-------------|-------------------------|---|---------------------|--|-------------|
| | SSGA Upromise 529 | The Vanguard 529 College Savings Plan | USAA 529 College Savings Plan | Wealthfront College Savings Program | Total | SSGA Upromise 529 | The Vanguard 529 College Savings Plan | USAA College Savings Plan | Wealthfront College Savings Program | Total | SSGA Upromise 529 | The Vanguard 529 College Savings Plan | USAA 529 College | Wealthfront College Savings Program | Total |
| AUM (Millions) | \$1,491.03 | 3 \$23,937.01 | \$4,402.46 | 6 \$313.35 | \$30,143.86 | \$1,482.97 | \$22,682.93 | \$4,263.94 | \$283.97 | \$28,713.80 | \$1,466.49 | \$20,689.91 | \$4,119.58 | \$229.86 | \$26,505.83 |
| Active Accounts | 136,807 | 487,518 | 315,375 | 5 20,781 | 960,481 | 135,904 | 475,359 | 309,807 | 20,055 | 941,125 | 133,746 | 433,700 | 290,810 | 17,527 | 875,783 |
| Funded Accounts | 120,104 | 471,494 | 303,701 | 1 17,327 | 912,626 | 121,651 | 464,115 | 303,932 | 16,878 | 906,576 | 125,195 | 433,524 | 300,094 | 14,960 | 873,773 |
| NV Account Owners (Unique) | 5,250 | 9 4,530 | 2,210 | 0 116 | 12,106 | 5,196 | 4,439 | 2,186 | 106 | 11,927 | 5,064 | 4,084 | 2,126 | 98 | 11,372 |
| Account Owners | 84,108 | 3 269,371 | 179,103 | 3 12,037 | 544,619 | 85,216 | 265298 | 179,278 | 11,797 | 541,589 | 87,964 | 248,879 | 178,105 | 10,738 | 525,686 |
| New Funded Accounts | 705 | 5 10,918 | 5,205 | 5 634 | 17,462 | . 584 | 9,986 | 6,071 | 544 | 17,185 | 765 | 10,287 | 4,867 | 783 | 16,702 |
| Average Account Assets | \$12,414.49 | \$50,768.44 | \$14,496.04 | \$18,084.54 | \$33,029.80 | \$12,190.35 | \$48,873.50 | \$14,029.26 | \$16,824.82 | \$31,672.80 | \$11,713.64 | \$47,724.94 | \$13,727.63 | \$15,364.90 | \$30,334.92 |
| NV Funded Accounts | 9,212 | 2 7,792 | 2 3,794 | 4 175 | 20,973 | 9,134 | 7,616 | 3,750 | 162 | 20,662 | 8,688 | 6,968 | 3,626 | 144 | 19,426 |
| NV Average Account Assets | \$7,936.90 | \$35,794.02 | \$12,248.69 | 9 \$10,548.18 | \$19,088.32 | \$7,747.30 | \$34,473.94 | \$11,882.95 | \$10,397.32 | \$18,370.09 | \$7,536.71 | \$34,206.93 | \$\$11,738.45 | \$8,222.56 | \$17,892.54 |
| NV AUM (Millions) | \$73.11 | \$278.91 | \$46.47 | 7 \$1.85 | \$400.34 | \$70.76 | \$262.55 | \$44.56 | \$1.68 | \$379.56 | \$65.48 | \$238.35 | \$42.56 | \$1.18 | \$347.58 |



Highlights This Period

| | | | Third Quarter 2020 | | | | | Seco | nd Quarter 202 | 0 | | Third Quarter 2019 | | | | |
|----------------------------|----------------------------|-------------------------|---|--|--|---------------|----------------------|---------------|------------------------------|---|----------------|-------------------------|---|-------------------------------------|--|---------------|
| | | SSGA Upromise 529 | The Vanguard 529 College Savings Plan | USAA 529 College Savings Plan | Wealthfront College Savings Program | Total | SSGA Upromise 529 | - | USAA College Savings Plan | Wealthfron College Savings Program | t Total | SSGA Upromise 529 | The Vanguard 529 College Savings Plan | USAA 529 College Savings Plan | Wealthfront College Savings Program | Total |
| | Contribution | \$25.85 | \$415.34 | \$112.77 | \$16.17 | \$570.12 | \$24.76 | \$391.88 | \$110.60 | \$14.82 | \$542.07 | \$26.72 | \$402.62 | \$114.32 | \$15.20 | \$558.86 |
| Inflow | Plan Transfer In | \$0.00 | \$8.69 | \$0.03 | \$0.36 | \$9.07 | \$0.01 | \$16.85 | \$0.22 | \$0.46 | \$17.54 | | \$4.80 | \$0.23 | \$0.18 | \$5.22 |
| (Millions) | Rollover In | \$0.90 | \$47.41 | \$1.88 | \$0.30 | \$50.49 | \$1.53 | \$34.39 | \$1.89 | \$0.53 | \$38.33 | \$0.70 | \$44.02 | \$2.62 | \$0.83 | \$48.17 |
| | Gross Contributions | \$26.74 | \$471.43 | \$114.68 | \$16.83 | \$629.69 | \$26.30 | \$443.12 | \$112.71 | \$15.81 | \$597.94 | \$27.42 | \$451.44 | \$117.17 | \$16.21 | \$612.24 |
| | Fee | (\$0.47) | (\$0.03) | (\$0.06) | (\$0.15) | (\$0.71) | (\$0.47) | (\$0.01) | (\$0.04) | (\$0.13) | (\$0.65) | (\$0.51) | (\$0.03) | (\$0.06) | (\$0.11) | (\$0.71) |
| | Plan Transfer Out | (\$1.38) | (\$0.04) | (\$7.70) | | (\$9.12) | (\$0.54) | (\$0.08) | (\$16.74) | | (\$17.36) | (\$0.57) | (\$0.38) | (\$3.92) | | (\$4.87) |
| | Rollover Out | (\$4.04) | (\$30.82) | (\$46.46) | | (\$81.32) | (\$2.51) | (\$26.75) | (\$64.05) | | (\$93.31) | (\$5.07) | (\$25.14) | (\$13.76) | (\$0.00) | (\$43.97) |
| (Millions) | Withdrawal | (\$57.27) | (\$374.11) | (\$93.38) | (\$3.99) | (\$528.75) | (\$14.26) | (\$89.09) | (\$37.32) | (\$4.00) | (\$144.67) | (\$60.46) | (\$373.27) | (\$99.08) | (\$2.84) | (\$535.64) |
| | Gross Distributions | (\$63.16) | (\$405.00) | (\$147.60) | (\$4.14) | (\$619.91) | (\$17.78) | (\$115.93) | (\$118.16) | (\$4.12) | (\$255.99) | (\$66.61) | (\$398.82) | (\$116.81) | (\$2.95) | (\$585.19) |
| Total Net Co (Millions) | ntributions | (\$36.42) | \$66.43 | (\$32.92) | \$12.69 | \$9.78 | \$8.52 | \$327.19 | (\$5.45) | \$11.69 | \$341.95 | (\$39.19) | \$52.62 | \$0.36 | \$13.25 | \$27.05 |
| | Plan Transfer In | \$1.31 | \$8,685.12 | \$27.16 | \$355.09 | \$9,068.68 | \$11.24 | \$16,853.46 | \$216.71 | \$458.55 | \$17,539.97 | | \$4,804.63 | \$234.29 | \$177.56 | \$5,216.48 |
| Rollovers In | | \$897.15 | \$47,412.27 | \$1,881.43 | \$302.92 | \$50,493.77 | \$1,525.30 | \$34,385.88 | \$1,891.59 | \$532.23 | \$38,334.99 | \$704.52 | \$44,021.41 | \$2,615.47 | \$827.39 | \$48,168.79 |
| (Thousands) | Gross Rollovers In | \$898.46 | \$56,097.39 | \$1,908.59 | \$658.01 | \$59,562.45 | \$1,536.54 | \$51,239.34 | \$2,108.30 | \$990.78 | \$55,874.96 | \$704.52 | \$48,826.04 | \$2,849.76 | \$1,004.95 | \$53,385.28 |
| | Plan Transfer Out | (\$1,383.66) | (\$35.79) | (\$7,703.67) | | (\$9,123.12) | (\$535.46) | (\$78.41) | (\$16,741.58) | | (\$17,355.44) | (\$574.93) | (\$377.27) | (\$3,917.12) | | (\$4,869.32) |
| | Rollover Out | (\$4,043.84) | (\$30,818.79) | (\$46,456.89) | | (\$81,319.53) | (\$2,507.21) | (\$26,752.48) | (\$64,054.32) | | (\$93,314.01) | (\$5,070.44) | (\$25,143.84) | (\$13,755.86) | (\$4.19) | (\$43,974.34) |
| (Thousands) | Gross Rollovers Out | (\$5,427.50) | (\$30,854.59) | (\$54,160.56) | | (\$90,442.65) | (\$3,042.66) | (\$26,830.89) | (\$80,795.89) | | (\$110,669.45) | (\$5,645.38) | (\$25,521.10) | (\$17,672.98) | (\$4.19) | (\$48,843.66) |
| Net Rollover | rs (Thousands) | (\$4,529.04) | \$25,242.81 | (\$52,251.97) | \$658.01 | (\$30,880.20) | (\$1,506.12) | \$24,408.44 | (\$78,687.59) | \$990.78 | (\$54,794.49) | (\$4,940.85) | \$23,304.93 | (\$14,823.22) | \$1,000.76 | \$4,541.62 |

CONFIDENTIAL : For institutional investor use only- Not for distribution to the public



SSGA Upromise 529 Plan Service Levels



| | Service Level | SSgA Upromise 529 Actual | SSgA Upromise 529 Actual | SSgA Upromise 529 Actual |
|---|---|-----------------------------|-----------------------------|-----------------------------|
| | Agreement | 7/31/2020 | 8/31/2020 | 9/30/2020 |
| TRANSACTIONS | | | | |
| Financial sub deposits (same day) | 98.00% | 100% | 100% | 100% |
| Financial sub deposits (accuracy) | 98.00% | 100% | 100% | 98% |
| New account set up (same day) | 98.00% | 100% | 100% | 100% |
| New account set up (accuracy) | 97.00% | 100% | 100% | N/A |
| Withdrawal (same day) | 98.00% | 100% | 100% | 100% |
| Withdrawal (accuracy) | 98.00% | 100% | N/A | N/A |
| Non-financial maintenance (3 day) | 98.00% | 100% | 100% | 100% |
| Non-financial maintenance (accuracy) | 98.00% | 100% | 100% | 100% |
| Financial correspondence (2 day) | 98.00% | 100% | 100% | 100% |
| Non-financial correspondence (7 day) | 98.00% | 100% | 100% | N/A% |
| As of trading (accuracy) | 98.00% | 100% | 100% | 100% |
| CORRESPONDENCE | | | | |
| Average answer time | 30 seconds or less | 0:15 | 0:16 | 0:14 |
| Average abandonment rate | 5% or less | 0.22% | 0.24% | 0.08% |
| Phone inquiries responded to | Within 30 seconds | 2,272 (93.84%) | 2,122 (93.07%) | 1,326 (94.04%) |
| Email processed | Within 2 business days | 98% | 97% | 97% |
| Meet licensing requirements | | | | |
| INFORMATION DELIVERY | | | | |
| Marketing kits delivered Annual statements, quarterly statements and | Within 3 business days Delivered within industry | Yes | Yes | Yes |
| confirms | guidelines | Yes | Yes | Yes |



Marketing Activity

Table of Contents

- Section I: SSGA Upromise 529 Plan
- Section II: Vanguard 529[®] College Savings Plan
- Section III: Victory Capital/USAA 529 College Savings Plan[®]
- Section IV: Wealthfront College Savings Plan



Section I

SSGA Upromise 529 Plan Marketing Activity



Search Engine Marketing

July 1st – September 30th, 2020

Metrics:

- Impressions = 8,978
- Clicks = 1,079
- CTR = 12.02%
- Search Impression Share = 67.09%
- Spend/Click = \$4.79
- Total Conversions = 11





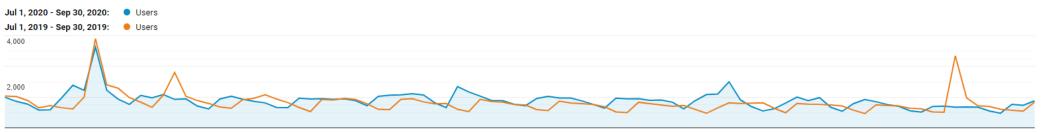
Savingforcollege.com

July 1st – September 30th, 2020

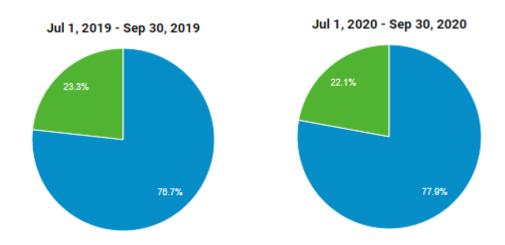
| | July | August | September | Total/Avg. |
|------------------------|--------|----------|-----------|------------|
| Enroll Now Paid Clicks | 77 | 77 | 70 | 224 |
| Enroll Now Free Clicks | 28 | 13 | 2 | 43 |
| Spend/Click | \$9.50 | \$11.08 | \$12.59 | \$11.06 |
| Spend/Conversion | n/a | \$199.43 | \$199.43 | \$290.08 |
| Total Conversions | 0 | 5 | 5 | 10 |



Web Traffic Volume: July – September 2019 vs. 2020









Web Traffic Location (US): July – September 2020

| State | Users | New Users | Sessions | Bounce Rate | Pages/ Session | Avg. Session Duration | Create Account Online |
|---------------|--------|-----------|----------|----------------|-------------------|-----------------------------|-----------------------------|
| (not set) | 11,935 | 11,996 | 12,017 | 8.90% | 1.98 | 0:01 | 1 |
| California | 6,520 | 5,709 | 11,487 | 18.04% | 17.38 | 4:19 | 52 |
| Texas | 4,426 | 3,861 | 8,254 | 16.72% | 18.72 | 4:32 | 53 |
| Michigan | 4,307 | 4,119 | 5,286 | 12.85% | 9.47 | 2:13 | 12 |
| Nevada | 4,151 | 3,701 | 7,671 | 21.48% | 16.32 | 4:18 | 95 |
| Florida | 3,968 | 3,480 | 6,954 | 17.16% | 18.44 | 4:31 | 35 |
| New Jersey | 3,876 | 3,344 | 7,500 | 13.39% | 18.66 | 4:30 | 47 |
| New York | 2,755 | 2,458 | 4,234 | 29.66% | 13.84 | 3:26 | 26 |
| Pennsylvania | 2,715 | 2,319 | 5,459 | 13.85% | 18.02 | 4:23 | 17 |
| Massachusetts | 2,684 | 2,305 | 5,402 | 12.64% | 17.47 | 4:27 | 21 |
| TOTAL/AVG. | 47,337 | 43,292 | 74,264 | 16.47% | 15.03 | 3:40 | 359 |

"not set" represents web traffic that is not trackable via Google Analytics location identification



Web Traffic Location (Nevada): July – September 2020

| City | Users | New Users | Sessions | Bounce Rate | Pages/ Session | Avg. Session Duration | Create Account Online |
|-------------------------|-------|-----------|----------|----------------|-------------------|-----------------------------|-----------------------------|
| Las Vegas | 2,711 | 2,431 | 5,172 | 22.83% | 15.65 | 4:05 | 66 |
| Reno | 810 | 704 | 1,419 | 17.90% | 17.54 | 4:38 | 14 |
| Carson City | 257 | 222 | 388 | 23.20% | 17.78 | 4:20 | 2 |
| Sparks | 141 | 116 | 243 | 18.11% | 17.74 | 4:53 | 5 |
| Elko | 32 | 24 | 60 | 15.00% | 15.32 | 5:43 | 1 |
| Gardnerville Ranchos | 28 | 25 | 51 | 21.57% | 19.33 | 4:20 | 2 |
| Pahrump | 25 | 24 | 32 | 25.00% | 15.03 | 6:58 | 0 |
| Incline Village | 20 | 17 | 37 | 13.51% | 18.16 | 4:50 | 0 |
| Dayton | 18 | 17 | 23 | 8.70% | 20.96 | 7:46 | 0 |
| Gardnerville | 14 | 13 | 19 | 21.50% | 23.37 | 4:17 | 0 |
| TOTAL/AVG. | 4,056 | 3,593 | 7,444 | 18.73% | 18.08 | 5:11 | 90 |

Google Analytics is unable to dig deeper into zip code territories within the Las Vegas area



Top Source/Medium: July – September 2020

| Source/Medium | Users | New Users | Sessions | Pages/ Session | Average Session Duration | Account Conversions |
|--|--------|-----------|----------|-------------------|-----------------------------|------------------------|
| Direct/None | 42,119 | 38,928 | 70,625 | 14.17 | 3:17 | 219 |
| Google/Organic | 13,364 | 10,937 | 24,534 | 21.94 | 5:28 | 157 |
| Google/CPC (Paid Search) | 8,726 | 8,593 | 9,995 | 2.17 | 0:43 | 11 |
| Upromise.com/referral | 2,903 | 2,723 | 3,695 | 15.73 | 5:01 | 103 |
| Bing/organic | 1,516 | 1,107 | 2,932 | 22.67 | 5:47 | 14 |
| July Withdrawal Email (Account Owner) | 1,220 | 897 | 2,138 | 21.55 | 5:37 | 12 |
| September Email (Account Owner) | 820 | 713 | 1,151 | 19.98 | 4:31 | 7 |
| Yahoo/Organic | 620 | 457 | 1,167 | 26.13 | 6:52 | 10 |
| Nevadas529.com | 308 | 181 | 523 | 17.79 | 5:38 | 20 |
| TOTAL | 71,596 | 64,536 | 116,760 | 18.01 | 4:46 | 553 |



All Campaigns: July – September 2020

| Campaign Name | Users | New Users | Sessions | Pages/ Session | Average Session Duration | Account Conversions |
|--|-------|--------------|----------|-------------------|-----------------------------|------------------------|
| Paid Search/SEM | 900 | 819 | 1,191 | 7.04 | 2:23 | 11 |
| Withdrawal Email Campaign (July 2020 Send) | 994 | 835 | 1,573 | 20.85 | 5:23 | 9 |
| September Email Campaign (September 2020) | 820 | 713 | 1,151 | 19.98 | 4:31 | 7 |
| 529 Day Email Campaign (May 2020) | 334 | 147 | 740 | 19.42 | 5:00 | 4 |
| Nevadas529.com | 306 | 180 | 520 | 17.82 | 5:40 | 20 |
| SFC.com Enroll Now Button | 125 | 100 | 190 | 16.73 | 6:12 | 10 |
| Refund Recontribution Email Campaign (April 2020) | 81 | 44 | 155 | 19.03 | 5:24 | 0 |
| Withdrawal Email Campaign (November 2019) | 41 | 29 | 74 | 23.61 | 5:48 | 0 |
| NV529.org | 38 | 29 | 47 | 4.55 | 3:14 | 0 |
| TOTAL | 3,639 | 2,896 | 5,641 | 16.56 | 4:50 | 61 |



Onboarding Emails: July – September 2020

| Version | Delivered Count | Open Rate | Clickthrough Rate | Click to Open Rate |
|--------------------|--------------------|-----------|----------------------|-----------------------|
| Summary (National) | 564 | 53.79% | 6.64% | 12.25% |
| Summary (Nevada) | 172 | 63.19% | 11.09% | 17.68% |
| AIP | 295 | 44.88% | 4.04% | 9.16% |
| Ugift | 27,008 | 21.30% | 0.93% | 4.35% |
| E-delivery | 57 | 21.60% | 0.00% | 0.00% |





Account Owner Bi-Annual Withdrawal Email

Deploy Date: July 7, 2020

Audience: All account owners with beneficiaries 17+

Subject Line: Tips for smart 529 withdrawals

Email Metrics:

- Delivered: 31,241
- Open Rate: 29.87%
- Click Through Rate: 2.48%
- Click to Open Rate: 8.31%





Account Owner September Email

Deploy Date: September 3, 2020

Audience: All account owners

Subject Line: Stay on track when things aren't

Email Metrics:

- Delivered: 68,029
- Open Rate: 22.62%
- Click Through Rate: 1.56%
- Click to Open Rate: 6.91%



Everything's changing, it seems, except what really matters.

For college savers like you, the "new normal" has many of the same priorities: investing in your kids, doing what's right, saving when you can. So keep it up. Track your progress online. Make a contribution, if you're ready. Or use our College Savings Calculator to update your goal.

HOW MUCH IS ENOUGH >



You're another school year closer to higher ed! See why every dollar counts.



Make a quick and easy contribution now.

Account Access



Prospect Enrollment – Total

| Campaign Name | Campaign Prospects | July Enrollment | August Enrollment | September Enrollment | Total Enrollments* (Lifetime) |
|--|-----------------------|--------------------|----------------------|-------------------------|----------------------------------|
| SSGA September 2019 529 Contest | 212 | 0 | 0 | 0 | 158 |
| SSGA September 2018 529 Contest | 303 | 0 | 1 | 0 | 190 |
| SSGA May 2019 529 Contest | 153 | 0 | 0 | 0 | |
| SSGA May 2018 529 Contest | 228 | 0 | 0 | 0 | 181 |
| SSGA May 2017 529 Giveaway | 905 | 1 | 1 | 2 | 470 |
| SSGA September 2017 529 Giveaway | 349 | 0 | 0 | 0 | 219 |
| SSGA September 2016 529 College Savings Month Contest | 798 | 4 | 0 | 0 | 263 |
| Field Rep Activity: NevAyec Conference 4/14/18 | | 2 | 0 | 0 | |
| Field Rep Activity: Fam Fest 6/1/19 | | 1 | 0 | 0 | |
| Field Rep Activity: Mexican Consulate11/22/2019 | | 2 | 0 | 0 | |
| Field Rep Activity: NV Hopes 9/18/19 | | 3 | 0 | 0 | |
| Field Rep Activity: Nevada 5/27/15 | | 0 | 2 | 0 | |
| Field Rep Activity: UCF052015 | | 3 | 0 | 0 | |

*Each beneficiary within a single account is counted as a separate enrollment.



Email Metrics Explained

| KEY VALUES | DEFINITIONS | BENCHMARKS |
|-----------------------------|--|--|
| A. Deliveries | # of people who received our email | Delivered Rate = 99.5% or higher |
| B. Opens | # of people who opened our email | Open Rate = 21% or higher |
| C. Clicks | # of people who clicked our email CTA | Clickthrough Rate = 1.5% or higher |
| * | | Click-to-Open Rate = 4% or higher |
| Unsubscribes/Spam | | Unsubscribes/Spam = 0.1% or less |
| | | |
| KEY PERCENTAGES | HOW IT IS CALCULATED | WHAT IT TELLS US |
| 1. Delivered Rate | # of people who received the email # of emails we sent | Are our email addresses reliable? |
| 2. Open Rate | # of people who opened the email # of people who received the email B / A | Are people interested enough to open? Are we hitting the right audience? |
| 3. Clickthrough Rate | # of people who clicked email CTA # of people who received the email C / A | Is our message resonating with our target audience? Are we driving action? |
| 4. Click-to-Open Rate | # of people who clicked email CTA # of people who opened the email C / B | Is our reliably engaged audience finding this information helpful or compelling? |



SSGA Upromise 529 Plan RIA Marketing & Distribution Initiatives

SSGA Upromise 529 Plan — RIA Marketing & Distribution Initiatives — FY 2021 Q1 (Q3 2020) RIA Marketing Highlights

Collateral Updates

- Reviewed and updated the following collateral pieces with updated data. Collateral was published on both the ssga.upromise529.com and ssga.com/etfs websites
 - "Saving for the Future: A Guide for Advisors", "SSGA Upromise 529 Plan A Guide for Wealth Managers", "529 Plan Best Practices" – Infographic and "529 Plans & Estate Planning" - Infographic

Paid Search generated 1,673,288 impressions and 856 downloads across Search and Google Display Network (GDN)

- Paid Search yielded 3,587 clicks, a click through rate (CTR) of 2.03% and 823 downloads with "529 plan" and "529" keywords driving the lion share of results
- Google Display Network (GDN) ads saw 4,937 clicks, a CTR of 0.33% and 33 downloads
- The 529 Plan GDN ad had seen one of the highest CTR's in the SPDR account at 0.33%. The highest performer (shown right) had a 0.82% CTR. The success can be attributed to the dynamic format utilized by the ad

Future of Education Campaign

ssgaupromise529

POWERED BY SPDR[®] ETEs

- Planning and creation of a multi-phase marketing campaign called "Future of Education".
 - The first article "Taking a Gap Year? Don't Take Your Foot off the Gas on Saving for College" highlights the importance of education savings even in the current shifting education environment
 - Direct marketing email (shown here) will deploy on 11/18 to 15,000+ RIAs and IBDs including the new article, A Parent's Guide: Making College Funding a Family Affair and Dispelling 529 College Savings Plan Myths. Results to be provided as of 12/31/2020
 - Social media and paid search marketing channels will also be leveraged to promote the Future of Education Campaign and new article including a new GDN ad. Results to be provided as of 12/31/2020

529 Plans & Estate Planning THE 2017 TAX LAW MADE 529 PLANS MORE VALUABLE **NOT AWARE OF** THESE CHANGES ssgatpromise529 STICK WITH 529s

SGAUprom

| A Parent's Guide: Making College Funding a Family Affair ► |
|---|
| Four steps that parents can take to involve their children in paying for college expenses. |
| |
| Dispelling 529 College Savings Plan Myths ► |
| Help your clients distinguish fact from fiction. This easy-to-read article addresses the most common college savings plan misunderstandings. |



Important Disclosures

For use with Ascensus College Savings only.

Investing involves risk including the risk of loss of principal.

The whole or any part of this work may not be reproduced, copied or transmitted or any of its contents disclosed to third parties without SSGA's express written consent.

The information provided does not constitute investment advice and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell a security. It does not take into account any investor's particular investment objectives, strategies, tax status or investment horizon. You should consult your tax and financial advisor.

All information has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. There is no representation or warranty as to the current accuracy, reliability or completeness of, nor liability for, decisions based on such information and it should not be relied on as such.

Standard & Poor's, S&P and SPDR are registered trademarks of Standard & Poor's Financial Services LLC (S&P); Dow Jones is a registered trademark of Dow Jones Trademark Holdings LLC (Dow Jones); and these trademarks have been licensed for use by S&P Dow Jones Indices LLC (SPDJI) and sublicensed for certain purposes by State Street Corporation. State Street Corporation's financial products are not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates and third-party licensors and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability in relation thereto, including for any errors, omissions, or interruptions of any index.

The trademarks and service marks referenced herein are the property of their respective owners. Third party data providers make no warranties or representations of any kind relating to the accuracy, completeness or timeliness of the data and have no liability for damages of any kind relating to the use of such data.

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, LLC. ("ABD") is distributor of the Plan.

Please Note: Before you invest, consider whether your or the beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in that state's qualified tuition program. You should also consult your financial, tax, or other advisor to learn more about how state-based benefits (or any limitations) would apply to your specific circumstances. You also may wish to contact directly your home state's 529 college savings plan(s), or any other 529 plan, to learn more about those plans' features, benefits, and limitations. Keep in mind that state-based benefits should be one of many appropriately weighted factors to be considered when making an investment decision.

Web: www.ssga.com www.ssga.upromise529.com

©2020 State Street Corporation - All Rights Reserved

Tracking Number: 2991322.3.1.AM.RTL

Expiration Date: November 30, 2021





Section II

Vanguard 529[®] College Savings Plan Marketing Activity

CONFIDENTIAL : For institutional investor use only- Not for distribution to the public





Marketing & Communications

Grow the total number of accounts in the VG 529 Plan through:

- Raising awareness as the plan of choice for Nevada residents, Vanguard retail clients, and education savers nationwide
- · Increasing the number of new marketing-attributed accounts
- · Deepening engagement and driving positive outcomes for existing 529 plan clients

Q3 2020 RESULTS & UPDATES

• Advertising

- > Search
- Remarketing
- Site direct
- Experimentation
- Plan enhancements
 - > Glidepath
 - Fee reduction
- Social media

Q4 2020 EFFORTS IN FLIGHT

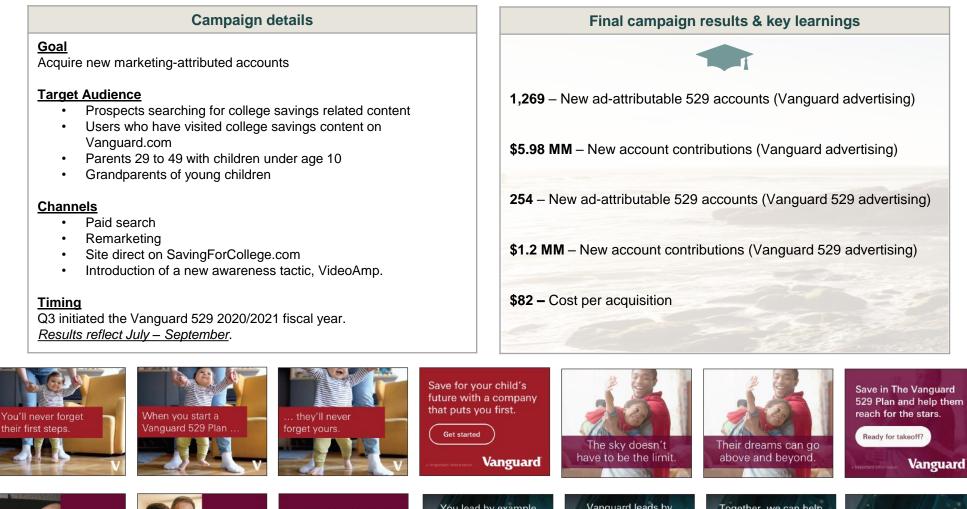
- Advertising
- Social media
- Blog
- 2021 Planning
 - Content calendar
 - Account owner nudges
 - Prospect emails





Advertising

Paid search, Remarketing, & Site direct









Vanguard





Together, we can help kids be whatever they want to be.





Introducing new

Vanguard Target

Enrollment Portfolios



3 benefits we think you'll like

Vanguard

0

Plan enhancements

Target enrollment portfolios & fee reductions

Coming soon to

A targeted approach toward your goal

The Vanguard 529

Campaign details

Goal

To position The Vanguard Plan as a premier plan in the industry with leading investment options and competitive, low costs.

Channel

Email, direct mail, web, public site pages, social media

Timing & Description

On October 30th, The Vanguard Plan transitioned from age-based portfolios to target enrollment portfolios. This enhancement to the investor experience was communicated to existing account owners through a variety of channels from September 28th - implementation. Since the transition, these enhancements have been promoted via the Vanguard.com homepage and social media.

In addition to the enrichment of investment options, the plan reduced fees on almost all portfolios.

Campaign pieces

- · Email/letter and 2 week reminder email/letter
- 30 day brochure
- · Secure and public site web banners
- Supplement
- · Vanguard.com article
- Forms & literature

Results

Account owner email 1 (9/28)

- ✓ Open rate: 49%
- ✓ Click-to-open rate: 10%

Account owner email 2 (10/14)

✓ Open rate: 41%

Supplement email (10/30)

✓ Click-to-open rate: 4%

All 3 emails beat average email metric benchmarks. Full results will be shared in Q1 board meeting.



If you'd like more information about these changes, give us a call at 800-211-7823. Our education savings specialists are available to answe your questions Monday through Friday from 8 a.m. to 8 p.m., Eastern

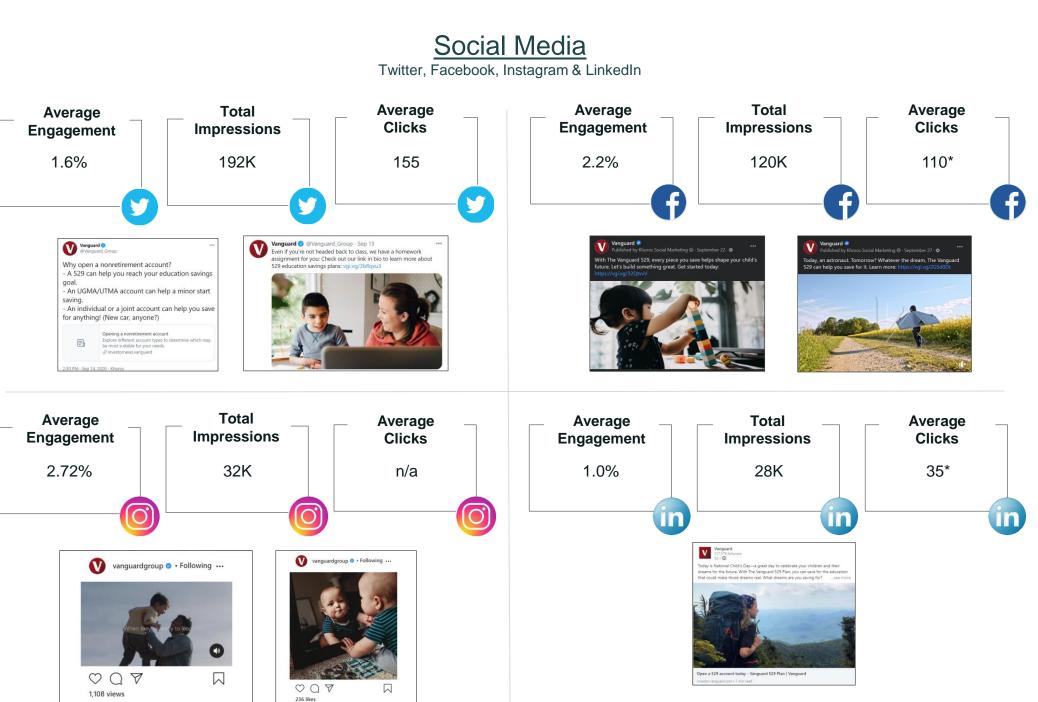
As always, thank you for belonging to the Vanguard community of investors

✓ Open rate: 43%

✓ Click-to-open rate: 3%







* May be an underestimate due to platform API issues at collection.



Section III

Victory Capital USAA 529 College Savings Plan[®] Marketing Activity





COLLEGE SAVINGS PLANS OF NEVADA Q3 2020

Campaigns in Partnership with USAA

| | USAA Marketing Activities | | | | | |
|-----------------|---------------------------|------------|---------------|---|------------------|---|
| | July 202 | 0 Results | | | Su | ımmary: |
| Email | Delivered | Open Rate | Click Rate | | \triangleright | New campaign emphasizing |
| 529 Email | 146k | 12.8% | 0.5% | | | "connecting with our partners" launched |
| 529 NV Email | 168 | 12.5% | 0.6% | | | 9/1 |
| | August 20 | 20 Results | | Plan for your future today | | |
| Email | Delivered | Open Rate | Click Rate | with an educational savings plan. | A | Click rate doubled from July to August |
| 529 Email | 266k | 14.5% | 0.5% | Investing in your family's education should be | | for the 529 NV emails |
| 529 NV Email | 571 | 16.6% | 1.2% | simple. That's why we're excited to connect you with Victory Capital. They take the stress out of growing your education savings. | | |
| S | eptember | 2020 Resul | ts | VictoryCapital' | | |
| Email | Delivered | Open Rate | Click Rate | Open a USAA 529 College Savings Plan | | |
| 529 Email | 179k | 14.5% | 0.8% | | | |





COLLEGE SAVINGS PLANS OF NEVADA Q3 2020

college savings

Victory Capital Q3 Campaigns

Victory Capital Marketing Activities



Ready to set up an AIP for the student in your life? Call now and speak with a Member Service Representative at 833.329.0099 Monday through Friday, 7:30 am – 8:00 pm CT or email us

at membercare@vcm.com.

| September 2020 Results | | | | | | |
|------------------------|-----------|---------------|--|--|--|--|
| Email | Open Rate | Click Rate | | | | |
| Members w/o 529s | 27.8% | 0.2% | | | | |
| Increase AIP | 35.6% | 0.9% | | | | |
| Members w/o AIP | 33.5% | 0.5% | | | | |

Summary:

- Back-to-school email helped members see how a monthly contribution to a 529 account can help prepare for college despite rising tuition costs
- Continued above-average open rates on 529 emails
- Strongest open rate and click rate for Members with an automatic investment plan (AIP)







COLLEGE SAVINGS PLANS OF NEVADA Q3 2020

Remaining 2H 2020 529 Plan Objectives & Tactics

Serve the educational needs of the military community

Objectives

- Ongoing outreach to Nevada residents
- Raise awareness of the USAA 529 College Savings Plan and the availability of the Distinguished Valor Matching Grant Program

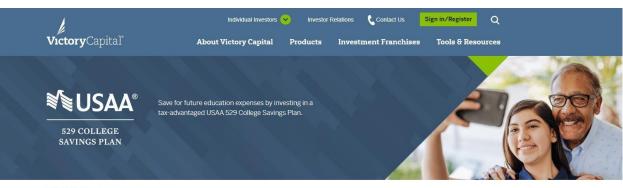
Tactics

- Launched new Victory Capital website on November 9, with a dedicated 529 plan experience
- Holiday gifting campaign to encourage 529 contributions through the Ugift platform
- > Continue to drive awareness and engagement for 529 through social channels



COLLEGE SAVINGS PLANS OF NEVADA Q3 2020

New Digital Experience: 529 College Savings Plan homepage



Home > Products > USAA 529 College Savings Plan

ascensus

college savings

About 529 College Savings Plans

A 529 College Savings Plan is a tax-advantaged way to invest for a student's education. You can use your investment for K-12 tuition or higher education expenses such as tuition, enrollment fees and course materials.

It's easy to invest in a 529 plan. After opening an account, you contribute money, decide between available investment options and your money grows in a tax advantaged way. That means your 529 plan savings plan benefits from tax deferred growth. So, any return that you earn on your investment is not subject to federal or state income taxes as long as it's used for qualified education expenses.

What are qualified education costs?

You can use the money that you save for qualified education expenses, including tuition to attend a college or university, trade school or vocational school as well as housing costs and other costs, such as education-related books and supplies.

Your 529 plan savings can also be used for K-12 tuition of up to \$10,000 per student per year.

Learn more about 529 Plans

CONFIDENTIAL : Exclusively for use with The Nevada State Board



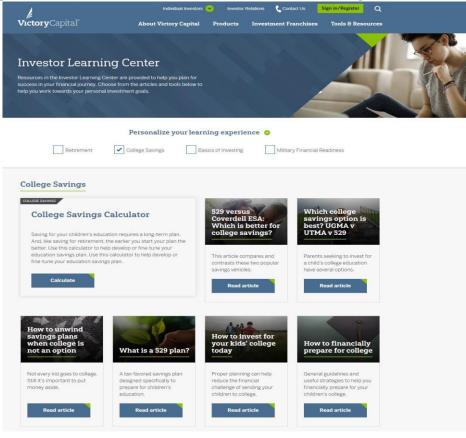


ascensus

college savings

COLLEGE SAVINGS PLANS OF NEVADA Q3 2020

New Digital Experience: Investor Learning Center – College Savings



CONFIDENTIAL : Exclusively for use with The Nevada State Board

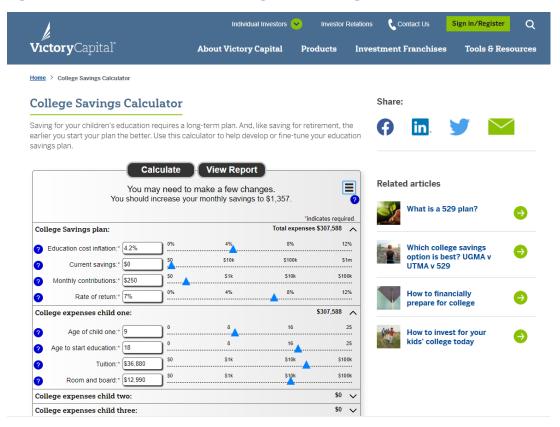


ascensus

college savings

COLLEGE SAVINGS PLANS OF NEVADA Q3 2020

New Digital Experience: College Savings Calculator



CONFIDENTIAL : Exclusively for use with The Nevada State Board





COLLEGE SAVINGS PLANS OF NEVADA Q3 2020

Disclosures

Victory Capital means Victory Capital Management Inc., the investment adviser of the USAA 529 College Savings Plan (Plan). The Plan is distributed by Victory Capital Services, Inc., member FINRA, an affiliate of Victory Capital. Victory Capital and its affiliates are not affiliated with United Services Automobile Association or its affiliates. USAA and the USAA logos are registered trademarks and the Plan logo is a trademark of United Services Automobile Association and is being used by Victory Capital and its affiliates under license.



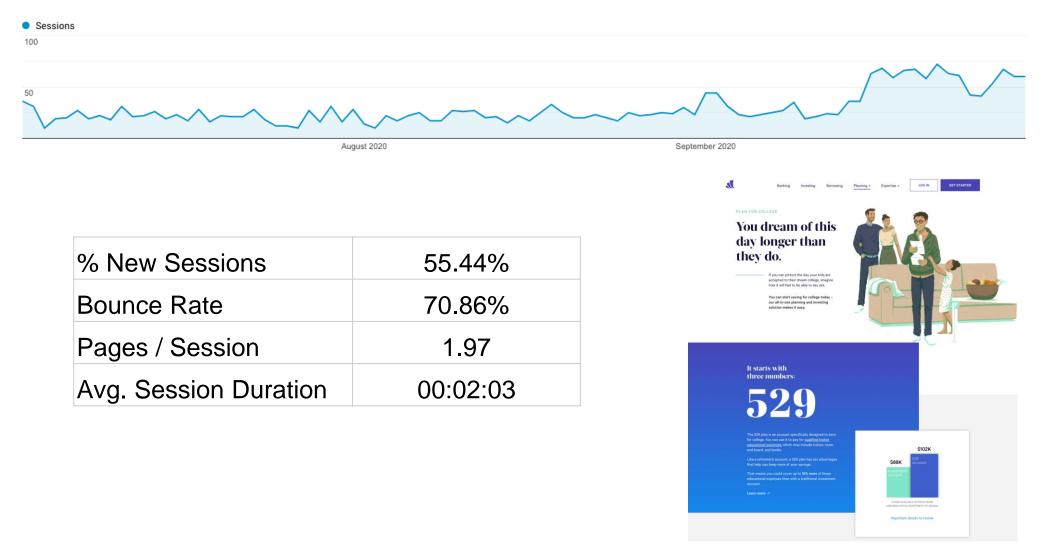
Section IV

Wealthfront College Savings Plan[®] Marketing Activity

CONFIDENTIAL : For institutional investor use only- Not for distribution to the public



Wealthfront College Savings Landing Page



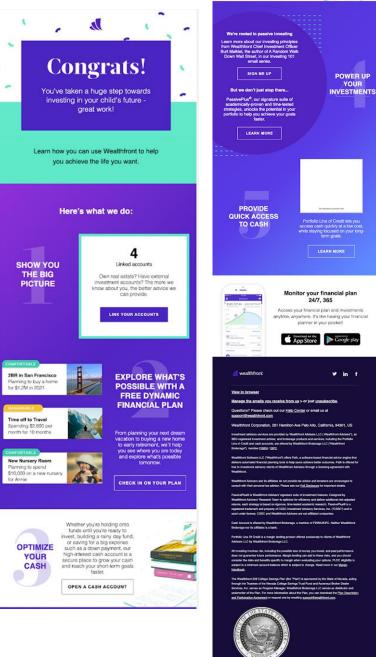
39



COLLEGE SAVINGS PLANS OF NEVADA Highlights This Period FY 1st - CY 3rd Quarter Ended September 30, 2020

Wealthfront College Savings Email Conversion

| Open Rate | 73.97% |
|------------|--------|
| Click Rate | 6.85% |
| Unsub Rate | 0% |



CONFIDENTIAL : For institutional investor use only- Not for distribution to the public

© 2019 Wealthfront, Inc. All rights reserved.

Distributed by Wealthfront Brokerage LLC

Check out the background of Wealthfront Brokerage LLC on FINRA's BrokerCheck.

Wealthfront's College Planning Service

Path is a planning model that allows Clients to explore projections of various possible financial outcomes based on data from your linked external financial accounts, a variety of other inputs, your tolerance for risk and your current investments. College Planning enhances the features of Path and provides for <u>additional planning</u> functionality using additional inputs and assumptions.

Wealthfront Advisers LLC is an SEC-registered investment advisor providing financial advisory and planning services to investors who become clients pursuant to a written agreement, which you can <u>read here</u>. Path's financial planning models are designed to assist Clients in preparing for their financial future and allows them to personalize assumptions for their portfolios.

Important Wealthfront 529 College Savings Plan Disclosures

The Wealthfront 529 College Savings Plan ("the Plan") is sponsored by the State of Nevada, acting through the Board of Trustees of the College Savings Plans of Nevada, and administered by the State Treasurer's Office. Ascensus Broker Dealer Services, Inc. serves as Program Manager.

Anyone may invest in the Plan and use the proceeds to pay for qualified higher education expenses of a beneficiary at an eligible educational institution. If you withdraw money for something other than qualified higher education expenses, you will owe federal income tax and may face a 10% federal tax penalty on your earnings.



Important Wealthfront 529 College Savings Plan Disclosures, continued

Before investing in a 529 plan, consider whether your state's plan or that of your beneficiary offers state tax and other benefits not available through the Plan. Nevada residents who open a Wealthfront 529 College Savings Plan account will have their first \$25,000 managed for free.

All investing involves risk, including the possible loss of money you invest. Past performance does not guarantee future performance. Consider the investment objectives, risks, charges, and expenses of any 529 plan before investing. Please review the <u>Plan Description and Participation Agreement</u> carefully before investing. Request one by calling us at (844) 995-8437 or emailing support@wealthfront.com. Your investment is not insured or guaranteed by the State of Nevada, the Board, Plan or any state official, the FDIC or any other federal agency, the Program Manager or Wealthfront.

Wealthfront Brokerage LLC, member <u>FINRA</u> / <u>SIPC</u>, is a whollyowned subsidiary of Wealthfront Corporation and serves as distributor and underwriter of the Plan. Neither Wealthfront Brokerage LLC or Wealthfront Advisers provide tax advice, and investors are encouraged to consult with their personal tax advisor.



Administered by Nevada State Treasurer

THE BOARD OF TRUSTEES OF THE COLLEGE SAVINGS PLANS OF NEVADA

Agenda Item 5 December 17, 2020

Item: Putnam 529 for America program manager's report for the quarter ended September 30, 2020

Summary:

Judy Minsk, Director Investment Strategies, with Putnam Investments, will be available to answer questions.

Fiscal Impact: None by this action.

Recommendation:

To accept and approve the Putnam 529 for America program manager's report for the quarter ended September 30, 2020.

College Savings Plans of Nevada Board of Trustees Meeting

Putnam 529 for America[™] Quarterly Report

July 1 – September 30, 2020 FY 2021 Q1



Putnam 529 for America Commentary as of 9/30/20 (FY 2021 Q1)

Plan update

- Putnam 529 for America plan assets grew to \$441M
- Rollovers into the plan were up 55% vs. prior quarter and 152% vs. Q3 2019 (calendar quarter)
- Distributions from the plan were up due to tuition payments
 - 83% of distributions were qualified or in-state transfers
- Net contributions were up 15% vs. Q3 2019 (calendar quarter).
- NV assets, funded accounts and balances were up for the quarter and vs. prior year
- NV sales are in top 5 nationwide for the quarter

Back to School campaign

- Visits and the number of users to 529 pages are up year to date
- Increased traffic to 529 content through the Facebook campaign
- Social "529" campaign contributed to spike in August and September.
- Social drove over 55% of traffic to 529 YTD

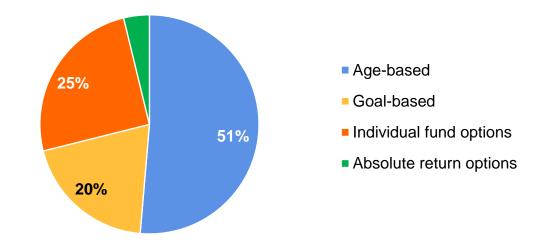
Putnam 529 for America Highlights as of 9/30/20 (FY 2021 Q1)

| Highlights this period | 3rd quarter 2020 | 2nd quarter 2020 | % change QvQ | 3rd quarter 2019 | % change y/y | |
|--|------------------|---------------------|--------------|------------------|--------------|--|
| Assets under management | \$440,637,461 | \$434,325,653 | 1.45% | \$435,477,467 | 1.18% | |
| Total funded accounts | 18,934 | 19,168 | -1.22% | 19,487 | -2.84% | |
| Total # unique customers | 10,848 | 10,978 | -1.18% | 11,192 | -3.07% | |
| New accounts | 169 | 165 | 2.42% | 231 | -26.84% | |
| Average customer balance | \$23,272 | \$22,659 | 2.71% | \$22,347 | 4.14% | |
| Nevada total assets | \$12,746,790 | \$11,957,979 | 6.60% | \$11,529,351 | 10.56% | |
| Nevada funded accounts | 610 | 600 | 1.67% | 571 | 6.83% | |
| Nevada average customer balance | \$20,896 | \$19,930 | 4.85% | \$20,192 | 3.49% | |
| New Nevada accounts | 22 | 7 | 214.29% | 22 | 0.00% | |
| Total gross contributions | \$5,370,019 | \$5,675,877 | -5.39% | \$6,118,339 | -12.23% | |
| Total distributions | \$16,757,997 | \$6,270,218 | 167.26% | \$19,588,529 | -14.45% | |
| Net contributions | (\$11,387,978) | (\$594,341) | -1816.07% | (\$13,470,190) | 15.46% | |
| Rollovers in | \$596,981 | \$383,728 | 55.57% | \$237,112 | 151.77% | |
| Rollovers out | \$2,398,312 | \$2,567,165 | -6.58% | \$3,681,333 | -34.85% | |
| Net rollovers | (\$1,801,332) | (\$2,183,437) | 17.50% | (\$3,444,221) | 47.70% | |
| % of funded accounts with systematic investments | 29.60% | 29.60% | 0.00% | 30.10% | -1.66% | |

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 9/30/20 (FY 2021 Q1)



| Category | 9/30/20 assets | Percentage of grand total |
|-------------------------|----------------|---------------------------|
| Age-based | \$226,275,195 | 51.35% |
| Goal-based | \$86,991,835 | 19.74% |
| Individual fund options | \$110,673,998 | 25.12% |
| Absolute return options | \$16,696,433 | 3.79% |
| Grand total | \$440,637,461 | 100.00% |

Excludes seed transactions.

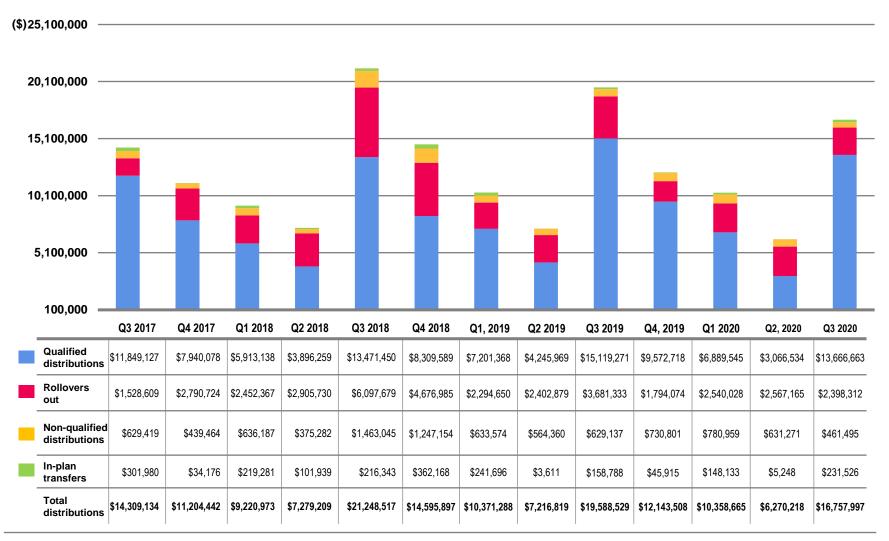
Putnam 529 for America Assets by investment option as of 9/30/20 (FY 2021 Q1)

| Category | Fund | 9/30/20 assets | Percentage of grand total |
|-------------------------|--|----------------|------------------------------|
| Age-based | Total | \$226,275,195 | 51.35% |
| Goal-based | Total | \$86,991,835 | 19.74% |
| | Goal-based balanced | \$30,047,716 | 6.82% |
| | Goal-based growth | \$30,119,355 | 6.84% |
| | Goal-based aggressive growth | \$26,824,764 | 6.09% |
| Individual fund options | Total | \$110,673,998 | 25.12% |
| | Federated Hermes Short-Intermediate Gov Fund | \$1,546,180 | 0.35% |
| | MFS Institutional International Equity | \$8,701,675 | 1.97% |
| | Principal MidCap Blend | \$17,524,673 | 3.98% |
| | Putnam 529 State Street S&P 500 Index | \$12,704,761 | 2.88% |
| | Putnam Equity Income | \$17,328,302 | 3.93% |
| | Putnam Government Money Market | \$17,835,963 | 4.05% |
| | Putnam Growth Opportunities | \$22,456,711 | 5.10% |
| | Putnam High Yield | \$2,901,523 | 0.66% |
| | Putnam Income | \$6,796,322 | 1.54% |
| | Putnam Small Cap Value | \$2,877,887 | 0.65% |
| Absolute return | Total | \$16,696,433 | 3.79% |
| | Fixed Income Absolute Return | \$6,636,040 | 1.51% |
| | Multi-Asset Absolute Return | \$10,060,392 | 2.28% |
| | Grand total | \$440,637,461 | 100.00% |

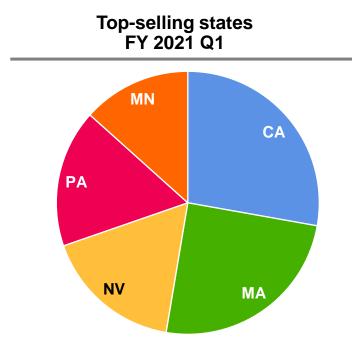
Putnam 529 for America Contributions by type as of 9/30/20 (FY 2021 Q1)

| Sales (calendar year) | Q3 2017 | Q4 2017 | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 | Q1 2019 | Q2 2019 | Q3 2019 | Q4 2019 | Q1 2020 | Q2 2020 | Q3 2020 |
|---|-------------|-------------|------------|-------------|----------------|---------------|---------------|---------------|----------------|---------------|---------------|-------------|----------------|
| NV sales | \$296,233 | \$748,626 | \$656,735 | \$163,878 | \$205,986 | \$347,738 | \$581,346 | \$202,558 | \$389,142 | \$239,679 | \$277,800 | \$294,565 | \$596,471 |
| National sales | 8,211,979 | 9,251,393 | 10,049,947 | \$7,772,511 | \$7,200,116 | \$7,794,521 | \$6,867,191 | \$5,860,673 | \$5,729,197 | \$8,098,168 | \$7,567,501 | \$5,381,312 | \$4,773,548 |
| Gross | 8,508,212 | 10,000,018 | 10,706,682 | \$7,936,389 | \$7,406,102 | \$8,142,260 | \$7,448,536 | \$6,063,232 | \$6,118,339 | \$8,337,847 | \$7,845,301 | \$5,675,877 | \$5,370,019 |
| NV net | 161,734 | 437,411 | 566,424 | \$25,358 | (\$150,577) | \$191,770 | \$322,783 | (\$47,037) | (\$123,668) | \$78,638 | \$149,610 | \$158,149 | \$311,848 |
| National net | (5,962,656) | (1,641,834) | 919,284 | \$631,822 | (\$13,691,838) | (\$6,645,408) | (\$3,245,535) | (\$1,106,550) | (\$13,346,522) | (\$3,884,298) | (\$2,662,974) | (\$752,490) | (\$11,699,827) |
| Net | (5,800,922) | (1,204,423) | 1,485,709 | \$657,180 | (\$13,842,415) | (\$6,453,637) | (\$2,922,752) | (\$1,153,587) | (\$13,470,190) | (\$3,805,661) | (\$2,513,364) | (\$594,341) | (\$11,387,978) |
| New or existing account contributions | 5,098,928 | 6,564,740 | 6,597,424 | \$4,748,751 | \$4,093,605 | \$4,881,391 | \$4,255,555 | \$2,894,538 | \$3,284,971 | \$5,159,239 | \$5,090,860 | \$2,859,288 | \$2,367,744 |
| Total rollovers | 802,812 | 825,226 | 1,522,691 | \$543,921 | \$700,637 | \$610,986 | \$603,265 | \$567,070 | \$237,112 | \$605,573 | \$220,125 | \$383,728 | \$596,981 |
| Systematic investments | 2,606,472 | 2,610,053 | 2,586,567 | \$2,643,717 | \$2,611,860 | \$2,649,883 | \$2,589,716 | \$2,601,623 | \$2,596,256 | \$2,573,035 | \$2,534,316 | \$2,432,861 | \$2,405,294 |
| Systematics as % of sales | 30.63% | 26.10% | 24.15% | 33.31% | 35.26% | 32.54% | 34.76% | 42.90% | 42.43% | 30.85% | 32.30% | 42.86% | 44.79% |
| Total rollovers | 45 | 27 | 41 | 25 | 26 | 21 | 14 | 16 | 29 | 22 | 20 | 26 | 37 |

Putnam 529 for America Distributions by category as of 9/30/20 (FY 2021 Q1)



Putnam 529 for America Sales by state as of 9/30/20 (FY 2021 Q1)



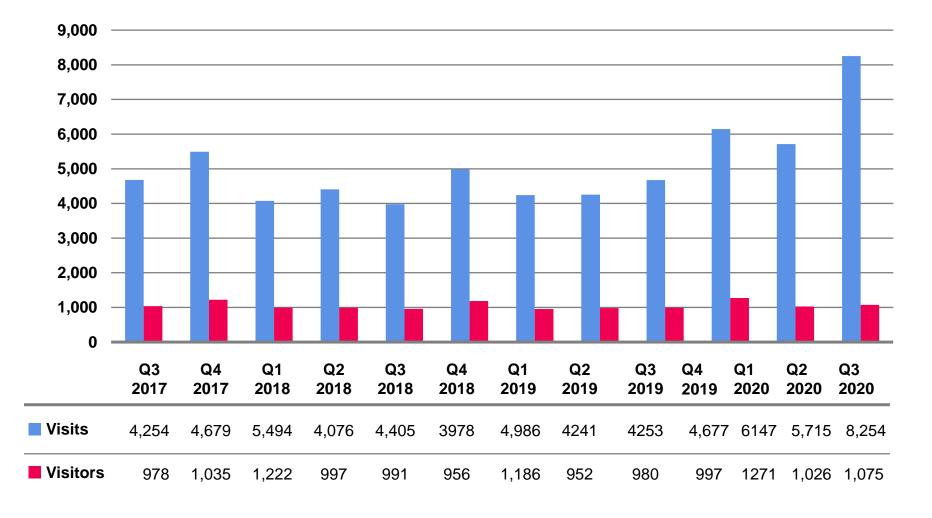
| State | FY 2021 Q1 sales |
|-------|---------------------|
| CA | \$972,533 |
| MA | \$868,822 |
| NV | \$596,471 |
| PA | \$592,714 |
| MN | \$467,228 |
| ТХ | \$213,209 |
| MO | \$198,681 |
| DE | \$152,196 |
| FL | \$148,325 |
| NJ | \$141,711 |

Putnam 529 for America Client services metrics as of 9/30/20 (FY 2021 Q1)

| CRITERIA | SERVICE LEVEL |
|--|---------------|
| Transactions | 98.7% |
| 96% of all financial and non-financial transactions processed error free | |
| Telephone service | 89.5% |
| 80% of calls answered within 20 seconds | |
| Mail service | |
| Transaction confirmations | 100% |
| 99% of confirmations and checks mailed within 2 business days of any transaction | |
| Quarterly statements | 100% |
| 97% of customers receive quarterly statements within 5 business days of the end of each quarter | |

For use with the College Savings Plans of Nevada Board of Trustees. Not for public distribution. 323133 $\,$ 11/20 $\,$

Putnam 529 for America Web usage by customers as of 9/30/20 (FY 2021 Q1)



Seasonal campaign – Back to School

- Banners on advisor and shareholder websites
- Wealth Management Center Resources and cross promotion of blogs:
 - Back to School during the pandemic
 - Use high school years to implement a road map to college
 - Pandemic underscored need for college checklist
 - Using a 529 plan when college is remote
 - Strategies during a college gap year
- Number of visits to the 529 pages highest since the launch of the plan in 2010
- Doubled the reach and tripled impressions of the 2020 Facebook campaign compared with the 2019 campaign

MAKE SAVING FOR EDUCATION PART OF THE NEW NORMAL

Learn more about Putnam 529 for America" this back-to-school season



Using a 529 plan when college is remote Families may consider using funds from a 529

plan to cover gualified expenses even if their

child is studying remote this fall.

More

More



Strategies during a college gap year

While college students may decide to take a gap year, families can continue to plan for the completion of the college program. More »

MAKE SAVING FOR EDUCATION PART OF THE NEW NORMAL Learn how Putnam 529 for America" can help ave tay free this back to school s



Pandemic underscores need for college

This fall, preparing a college checklist may be

more important than ever as the ongoing

pandemic is affecting how colleges re-open

checklist

More »



Back-to-school planning during the pandemic While navigating the changing back-to-school landscape , families can still focus on planning and saving for the future.

More »





Create a roadmap to college for your high school student





Even with the pandemic It's important to plan for the future. A

A four-year action plan to prepare fo



Even with the pandemic it's important to plan for the future. A



Marketing and brand awareness 9/30/20 (FY 2021 Q1)

Webcasts





Ameriprise Growth Opportunities and Equity Income promotion



Highlighting two equity funds' 5-star performance

as well as in the volatile six months of 2020. These actively managed large-cap equit marks and peers in 2020 - in the first quarter's evere market downturn and again in the historic second-guarter rebound

 Have a 5-star Overall Morningstar RatingTM as of June 30, 2020 Delivered solid competitive performance during one of most difficult market environments in history

Used active, research-intensive approaches to help them outperform their po and benchmarks for the 1-, 3-, 5-, and 10-year periods ended June 30, 2020

"How we invest" web content: George Putnam Fund

| Contraction of the local division of the loc | The Party of the P | and the local division of | and the second second | | |
|--|--|---------------------------|-----------------------|------------------------|---|
| tes manine instruments | and the owner where the | | | | |
| | | | | | |
| | | | | | |
| Consistently balanced to | a numue enceds as | an i | | | |
| income with lower risk | o burne from a | | | | |
| | Augentine and and | | - | and interaction | |
| | | | The same | | - |
| | | | | a bala Yan a shi i | |
| The ball for presents that it seems thing it is the second set of the second set. | | - | - | -4.410.00 | |
| | | | 1000 | - | - |
| | | | | | |
| | | | | | |
| A record of consistent re | turns and ranking | | | | |
| | | | merie | | - |
| National Bellines Aug | the Asso | - | the state | Automation Internal | - |
| a rate a | | | 100 | - CT | |
| | Ter. 14 | ***** | 100 | | |
| - | 444. 84 | | 144 | | |
| | 2 Mar 14 | ***** | 100 | 10.00 | |
| | Strength Print, States | and here a | 1 1 1 1 1 1 1 | | |
| | | | | | |
| Experienced managers; opportunities To include sectors and the sec- tor many 1 manual can be an include sector. | Ogenel es deguit a - | | barth for | Trees 1 | |
| Experienced managers; opportunities | Ogenet as degrees a | | Autors and | | |
| Experienced managers; opportunities "Internet" "Internet an internet and the | | | Autors and | I | |

Putnam.com

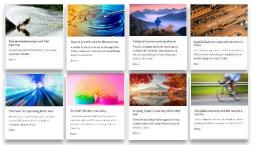
Redeveloped "About Us" on putnam.com



New content emphasizes the firm's commitments to:

- Investment performance ٠
- ٠ Superior customer service
- Sustainable approaches ٠
- Diversity and inclusion ٠
- · Visionary leadership

Thought leadership: Blog posts and email





Wealth Management Center updates



Sports marketing

2019–2020 Boston Celtics/Putnam social campaign results

| e LT/p | Posts |
|--------|-------|
| CV Cos | Impre |
| | Enga |

1,389 573.4M essions 18.5M gements

Performance commentary: Funds on watch status

| Fund | Assets as of 9/30/20 | Percentage of plan |
|---------------------------------------|----------------------|---|
| Putnam Small Cap Value Fund | \$2,877,887 | 0.65% |
| Putnam 529 GAA All Equity Portfolio | \$34,795,725 | Underlying portfolio for age and goal-based options |
| Putnam 529 GAA Growth Portfolio | \$54,425,574 | Underlying portfolio for age and goal-based options |
| Putnam 529 GAA Balanced Portfolio | \$87,602,178 | Underlying portfolio for age and goal-based options |
| Putnam 529 GAA Conservative Portfolio | \$45,389,093 | Underlying portfolio for age and goal-based options |

Putnam Small Cap Value Fund

- During the third quarter of 2020, the Putnam 529 Small Cap Value portfolio underperformed the Russell 2000 Value Index, 2.1% vs. 2.56%, respectively. The portfolio underperformed as small-cap stocks continued their to rebounded from the lows in March. In the trailing 1-year period, the fund underperformed the index -15.54% vs. -14.88%.
- The underperformance in the quarter was driven by weak security selection, but allocation among sectors was contributed and offset most of the negative stock selection. Stock selection within the information technology, financials, and healthcare sectors underperformed but was partially offset by positive stock selection within industrials and materials. Sector allocation effects were positive due to an overweight positioning within consumer discretionary and underweights to both financials and real estate.
- The deeper value areas, such as financials, energy, utilities, and real estate, struggled in the quarter. Our stock selection within each of these sectors was also a drag on performance.
- Coming into the period, the portfolio had an underweight to regional banks and biotechnology, and we have maintained our positioning throughout the quarter.

Putnam Asset Allocation Conservative Portfolio

- For the three-month period ending 9/30/20, the Putnam 529 GAA Conservative portfolio was up 3.03% (net), slightly underperforming its custom blended benchmark, which added 3.22%.
- Asset allocations were kept fairly consistent during the quarter and were held close to benchmark weight. On balance, the strategy was slightly underweight equity risk and interest-rate risk and slightly overweight credit risk.
- Entering the period, we were slightly underweight equity risk, which detracted from performance as equity markets rallied. We moved our position back to neutral toward the end of the quarter.
- In fixed income, our slight overweight position in credit risk aided results as spreads tightened, offsetting the loss from equity positioning. Our small underweight position in interest-rate risk had little impact on performance.
- Security selection within equities ended the third quarter close to flat. We experienced slight weakness in our quantitative U.S. large-cap strategy.
- Fixed income selection, specifically a strategy focused on structured mortgage credit, was additive and helped offset U.S. large-cap underperformance.
- We don't expect to see a significant pullback in equity markets. The Fed has signaled that rates would stay near zero until at least 2023. We conclude that, on the surface, the Fed's message of looser policy should be bullish for risky assets as long as the U.S. does not experience outright deflation.
- In fixed income, we believe that longer-dated U.S. Treasury bonds will continue to be an effective diversifier to risky assets while inflation and inflation expectations stay low and the yield curve remains upward sloping.

Putnam Asset Allocation Balanced Portfolio

- For the three-month period ending 9/30/20, the Putnam 529 GAA Balanced portfolio was up 4.94% (net), slightly trailing its custom blended benchmark, which added 5.59%.
- Asset allocations were kept fairly consistent during the quarter and were held close to benchmark weight. On balance, the strategy was slightly underweight equity risk and interest-rate risk and slightly overweight credit risk.
- Entering the period, we were slightly underweight equity risk, which detracted from performance as equity markets rallied. We moved our position back to neutral toward the end of the quarter.
- In fixed income, our slight overweight position in credit risk aided results as spreads tightened, offsetting the loss from equity positioning. Our small underweight position in interest-rate risk had little impact on performance.
- Security selection within equities ended the third quarter close to flat. We experienced slight weakness in our quantitative U.S. large-cap strategy.
- Fixed income selection, specifically a strategy focused on structured mortgage credit, was additive and helped offset U.S. large-cap underperformance.
- We don't expect to see a significant pullback in equity markets. The Fed has signaled that rates would stay near zero until at least 2023. We conclude that, on the surface, the Fed's message of looser policy should be bullish for risky assets as long as the U.S. does not experience outright deflation.
- In fixed income, we believe that longer-dated U.S. Treasury bonds will continue to be an effective diversifier to risky assets while inflation and inflation expectations stay low and the yield curve remains upward sloping.

Putnam Asset Allocation Growth Portfolio

- For the three-month period ending 9/30/20, the Putnam 529 GAA Growth portfolio was up 6.56% (net), slightly trailing its custom blended benchmark, which added 7.10%.
- Asset allocations were kept fairly consistent during the quarter and were held close to benchmark weight. On balance, the strategy was slightly underweight equity risk and interest-rate risk and slightly overweight credit risk.
- Entering the period, we were slightly underweight equity risk, which detracted from performance as equity markets rallied. We moved our position back to neutral toward the end of the quarter.
- In fixed income, our slight overweight position in credit risk aided results as spreads tightened, offsetting the loss from equity positioning. Our small underweight position in interest-rate risk had little impact on performance.
- Security selection within equities ended the third quarter close to flat. We experienced slight weakness in our quantitative U.S. large-cap strategy.
- We continued to see strong performance from emerging-market equity selection, which helped offset U.S. large-cap underperformance.
- Fixed income selection, specifically a strategy focused on structured mortgage credit, also added value.
- We don't expect to see a significant pullback in equity markets. The Fed has signaled that rates would stay near zero until at least 2023. We conclude that, on the surface, the Fed's message of looser policy should be bullish for risky assets as long as the U.S. does not experience outright deflation.
- In fixed income, we believe that longer-dated U.S. Treasury bonds will continue to be an effective diversifier to risky assets while inflation and inflation expectations stay low and the yield curve remains upward sloping.

Putnam Asset Allocation All Equity Portfolio

- For the three-month period ending 9/30/20, the Putnam 529 GAA All Equity portfolio was up 7.81% (net), slightly trailing its custom blended benchmark, which added 8.42%.
- As an all-equity portfolio, there was little contribution from asset allocation positioning.
- Security selection within equities was a small detractor for the period. We experienced slight weakness in our quantitative U.S. large-cap strategy.
- We continued to see strong performance from emerging-market equity selection, which helped offset U.S. large-cap underperformance.
- Portfolio allocations remain close to benchmark weight, and we expect benchmark-relative performance will continue to be driven by security selection.

Putnam 529 for America Performance as of 9/30/20

| | | 3 MO | NTHS | 1 YI | EAR | 3 YE | ARS | 5 YE | ARS | SINCE IN | CEPTION | |
|-------------------------------------|-------------------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|
| PORTFOLIOS | INCEPTION DATE | BEFORE SALES CHARGE | AFTER SALES CHARGE | total Expense Ratio |
| AGE-BASED PORTFOLIOS | | | | | | | | | | | | |
| Putnam 529 Age-Based Graduate | 10/1/2010 | 0.34 | -5.43 | 1.19 | -4.63 | 1.52 | -0.46 | 1.23 | 0.04 | 1.80 | 1.20 | 0.96 |
| Putnam 529 Age-Based Graduate Index | _ | 0.52 | _ | 2.29 | _ | 2.48 | _ | 2.06 | _ | 2.37 | _ | _ |
| Putnam 529 Age-Based 1999 | 10/1/2010 | 0.39 | -5.38 | 1.19 | -4.63 | 1.69 | -0.29 | 2.18 | 0.98 | 4.32 | 3.70 | 1.00 |
| Putnam 529 Age-Based 1999 Index | _ | 0.52 | _ | 2.34 | _ | 2.71 | _ | 3.06 | _ | 4.85 | _ | _ |
| Putnam 529 Age-Based 2000 | 10/1/2010 | 0.50 | -5.27 | 1.40 | -4.43 | 1.93 | -0.06 | 2.63 | 1.42 | 4.78 | 4.16 | 1.03 |
| Putnam 529 Age-Based 2000 Index | _ | 0.65 | _ | 2.65 | _ | 3.05 | _ | 3.59 | _ | 5.35 | _ | _ |
| Putnam 529 Age-Based 2001 | 10/1/2010 | 0.78 | -5.01 | 1.89 | -3.97 | 2.31 | 0.31 | 3.19 | 1.97 | 5.28 | 4.66 | 1.04 |
| Putnam 529 Age-Based 2001 Index | _ | 0.95 | _ | 3.34 | _ | 3.58 | _ | 4.25 | _ | 5.89 | _ | _ |
| Putnam 529 Age-Based 2002 | 10/1/2010 | 1.16 | -4.66 | 2.46 | -3.43 | 2.69 | 0.68 | 3.80 | 2.58 | 5.76 | 5.14 | 1.07 |
| Putnam 529 Age-Based 2002 Index | _ | 1.29 | _ | 4.07 | _ | 4.10 | _ | 4.96 | _ | 6.43 | — | _ |
| Putnam 529 Age-Based 2003 | 10/1/2010 | 1.50 | -4.34 | 2.93 | -2.99 | 3.04 | 1.02 | 4.41 | 3.18 | 6.23 | 5.60 | 1.08 |
| Putnam 529 Age-Based 2003 Index | _ | 1.67 | _ | 4.78 | _ | 4.63 | _ | 5.69 | _ | 6.96 | _ | _ |
| Putnam 529 Age-Based 2004 | 10/1/2010 | 1.87 | -3.99 | 3.41 | -2.53 | 3.42 | 1.40 | 5.04 | 3.80 | 6.68 | 6.05 | 1.09 |
| Putnam 529 Age-Based 2004 Index | | 2.10 | _ | 5.53 | _ | 5.19 | _ | 6.45 | | 7.47 | _ | |
| Putnam 529 Age-Based 2005 | 10/1/2010 | 2.32 | -3.56 | 3.99 | -1.99 | 3.83 | 1.80 | 5.68 | 4.43 | 7.08 | 6.45 | 1.10 |
| Putnam 529 Age-Based 2005 Index | _ | 2.57 | _ | 6.34 | _ | 5.80 | _ | 7.21 | _ | 7.96 | _ | _ |
| Putnam 529 Age-Based 2006 | 10/1/2010 | 2.81 | -3.10 | 4.54 | -1.47 | 4.22 | 2.18 | 6.25 | 4.99 | 7.45 | 6.82 | 1.11 |
| Putnam 529 Age-Based 2006 Index | _ | 3.11 | _ | 7.17 | _ | 6.40 | _ | 7.92 | _ | 8.41 | _ | _ |
| Putnam 529 Age-Based 2007 | 10/1/2010 | 3.24 | -2.70 | 4.99 | -1.05 | 4.53 | 2.49 | 6.68 | 5.42 | 7.73 | 7.09 | 1.12 |
| Putnam 529 Age-Based 2007 Index | _ | 3.67 | _ | 8.01 | _ | 6.97 | _ | 8.53 | _ | 8.80 | _ | _ |
| Putnam 529 Age-Based 2008 | 10/1/2010 | 3.81 | -2.16 | 5.54 | -0.52 | 4.78 | 2.73 | 7.02 | 5.76 | 7.96 | 7.33 | 1.13 |
| Putnam 529 Age-Based 2008 Index | | 4.25 | _ | 8.80 | _ | 7.41 | | 9.02 | _ | 9.11 | _ | _ |
| Putnam 529 Age-Based 2009 | 10/1/2010 | 4.24 | -1.76 | 5.90 | -0.19 | 4.91 | 2.86 | 7.30 | 6.04 | 8.15 | 7.52 | 1.13 |
| Putnam 529 Age-Based 2009 Index | _ | 4.81 | _ | 9.36 | _ | 7.68 | _ | 9.40 | _ | 9.34 | _ | _ |
| Putnam 529 Age-Based 2010 | 10/1/2010 | 4.65 | -1.36 | 6.35 | 0.24 | 5.05 | 3.00 | 7.59 | 6.32 | 8.34 | 7.70 | 1.13 |
| Putnam 529 Age-Based 2010 Index | — | 5.25 | _ | 9.88 | _ | 7.93 | _ | 9.76 | _ | 9.56 | _ | _ |

Periods of less than one year are not annualized, but cumulative.

Putnam 529 for America Performance as of 9/30/20

| | | 3 MO | NTHS | 1 YI | EAR | 3 YE | ARS | 5 YE | ARS | SINCE IN | CEPTION | |
|---------------------------------|-------------------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|
| PORTFOLIOS | INCEPTION DATE | BEFORE SALES CHARGE | AFTER SALES CHARGE | total Expense Ratio |
| AGE-BASED PORTFOLIOS | | | | | | | | | | | | |
| Putnam 529 Age-Based 2011 | 1/3/2011 | 4.95 | -1.09 | 6.49 | 0.36 | 5.13 | 3.08 | 7.82 | 6.55 | 7.91 | 7.26 | 1.14 |
| Putnam 529 Age-Based 2011 Index | | 5.57 | _ | 10.11 | _ | 8.08 | | 10.03 | _ | 9.08 | _ | |
| Putnam 529 Age-Based 2012 | 1/3/2012 | 5.25 | -0.80 | 6.78 | 0.64 | 5.20 | 3.14 | 8.01 | 6.74 | 9.46 | 8.72 | 1.14 |
| Putnam 529 Age-Based 2012 Index | | 5.88 | _ | 10.37 | _ | 8.19 | _ | 10.27 | _ | 10.48 | _ | |
| Putnam 529 Age-Based 2013 | 1/2/2013 | 5.60 | -0.48 | 7.00 | 0.85 | 5.25 | 3.19 | 8.13 | 6.86 | 8.82 | 7.99 | 1.14 |
| Putnam 529 Age-Based 2013 Index | | 6.17 | _ | 10.51 | _ | 8.25 | | 9.99 | _ | 9.99 | _ | |
| Putnam 529 Age-Based 2014 | 1/2/2014 | 5.83 | -0.26 | 7.23 | 1.06 | 5.26 | 3.20 | 8.23 | 6.96 | 6.64 | 5.71 | 1.15 |
| Putnam 529 Age-Based 2014 Index | _ | 6.45 | _ | 10.69 | _ | 8.32 | _ | 10.57 | _ | 8.12 | _ | |
| Putnam 529 Age-Based 2015 | 1/2/2015 | 6.08 | -0.02 | 7.37 | 1.20 | 5.25 | 3.19 | 8.26 | 6.99 | 6.20 | 5.11 | 1.15 |
| Putnam 529 Age-Based 2015 Index | _ | 6.70 | | 10.78 | | 8.36 | | 10.67 | | 8.26 | _ | |
| Putnam 529 Age-Based 2016 | 1/4/2016 | 6.29 | 0.18 | 7.58 | 1.39 | 5.31 | 3.25 | _ | _ | 7.66 | 6.33 | 1.15 |
| Putnam 529 Age-Based 2016 Index | _ | 6.90 | | 10.90 | _ | 8.41 | _ | _ | _ | 10.31 | _ | |
| Putnam 529 Age-Based 2017 | 1/3/2017 | 6.41 | 0.29 | 7.70 | 1.51 | 5.34 | 3.28 | | _ | 7.86 | 6.17 | 1.16 |
| Putnam 529 Age-Based 2017 Index | | 7.07 | _ | 11.00 | _ | 8.45 | | _ | _ | 10.50 | _ | |
| Putnam 529 Age-Based 2018 | 1/2/2018 | 6.53 | 0.40 | 7.77 | 1.57 | _ | | _ | _ | 3.86 | 1.65 | 1.16 |
| Putnam 529 Age-Based 2018 Index | _ | 7.20 | | 11.10 | _ | _ | _ | _ | _ | 7.31 | _ | |
| Putnam 529 Age-Based 2019 | 1/2/2019 | 6.70 | 0.56 | 7.92 | 1.71 | _ | | | _ | 12.40 | 8.66 | 1.16 |
| Putnam 529 Age-Based 2019 Index | _ | 7.30 | | 11.18 | | _ | | _ | | 15.95 | _ | |
| Putnam 529 Age-Based 2020 | 1/2/2020 | 6.72 | 0.59 | _ | _ | _ | _ | _ | _ | 1.60 | -4.24 | 1.16 |
| Putnam 529 Age-Based 2020 Index | | 7.37 | _ | | _ | _ | | _ | _ | 3.17 | _ | |
| GOAL-BASED PORTFOLIOS | | | | | | | | | | | | |
| Balanced | 10/1/2010 | 4.88 | -1.15 | 6.56 | 0.43 | 5.02 | 2.97 | 7.01 | 5.75 | 7.52 | 6.88 | 1.12 |
| Balanced Index | _ | 5.56 | _ | 10.25 | _ | 7.94 | _ | 9.16 | _ | 8.66 | _ | |
| Growth | 10/1/2010 | 6.74 | 0.60 | 7.97 | 1.77 | 5.42 | 3.36 | 8.44 | 7.17 | 8.83 | 8.18 | 1.16 |
| Growth Index | _ | 7.43 | — | 11.33 | _ | 8.57 | — | 10.92 | — | 10.21 | — | |
| Aggressive Growth | 10/1/2010 | 7.69 | 1.49 | 8.71 | 2.46 | 5.73 | 3.66 | 9.05 | 7.77 | 9.70 | 9.05 | 1.18 |
| Aggressive Growth Index | _ | 8.42 | _ | 11.98 | _ | 9.01 | _ | 11.87 | _ | 11.14 | _ | |

Periods of less than one year are not annualized, but cumulative.

Putnam 529 for America Performance as of 9/30/20

| | | 3 MO | NTHS | 1 YI | EAR | 3 YE | ARS | 5 YE | ARS | SINCE IN | CEPTION | |
|--|-------------------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|
| PORTFOLIOS | INCEPTION DATE | BEFORE SALES CHARGE | AFTER SALES CHARGE | total Expense Ratio |
| INDIVIDUAL OPTIONS | | | | | | | | | | | | |
| Putnam Equity Income Fund | 10/1/2010 | 4.19 | -1.80 | -0.44 | -6.16 | 4.94 | 2.89 | 8.71 | 7.43 | 10.58 | 9.93 | 1.06 |
| Russell 1000 Value Index | _ | 5.59 | — | -5.03 | _ | 2.63 | _ | 7.66 | — | 9.89 | _ | _ |
| Putnam Small Cap Value Fund | 9/12/2014 | 2.10 | -3.77 | -15.54 | -20.39 | -7.59 | -9.39 | 1.22 | 0.03 | 0.36 | -0.62 | 1.35 |
| Russell 2000 Value Index | _ | 2.56 | _ | -14.88 | _ | -5.13 | _ | 4.11 | _ | 2.16 | _ | _ |
| MFS Institutional International Equity Fund | 10/1/2010 | 5.99 | -0.10 | 5.93 | -0.16 | 4.78 | 2.73 | 7.70 | 6.44 | 6.39 | 5.77 | 1.10 |
| MSCI EAFE Index (ND) | _ | 4.80 | _ | 0.49 | _ | 0.62 | _ | 5.26 | _ | 4.58 | _ | _ |
| Putnam Growth Opportunities Fund | 7/5/2016 | 12.21 | 5.76 | 39.66 | 31.63 | 23.82 | 21.40 | _ | _ | 24.16 | 22.44 | 1.04 |
| Russell 1000 Growth Index | _ | 13.22 | _ | 37.53 | _ | 21.67 | _ | _ | _ | 21.73 | _ | _ |
| Principal MidCap Fund | 10/1/2010 | 8.04 | 1.83 | 8.76 | 2.50 | 12.42 | 10.22 | 14.18 | 12.84 | 14.66 | 13.98 | 1.07 |
| Russell Mid Cap Index | _ | 7.46 | — | 4.55 | — | 7.13 | — | 10.13 | — | 11.72 | — | _ |
| SSGA S&P 500 Index | 6/27/2012 | 8.74 | 2.49 | 14.90 | 8.29 | 11.75 | 9.57 | 13.56 | 12.22 | 13.57 | 12.76 | 0.55 |
| S&P 500 Index | _ | 8.93 | — | 15.15 | _ | 12.28 | _ | 14.15 | _ | 14.20 | _ | _ |
| Putnam High Yield | 4/21/2017 | 4.50 | 0.32 | 2.34 | -1.76 | 3.28 | 1.88 | _ | — | 3.85 | 2.63 | 1.18 |
| JPMorgan Developed High Yield Index | _ | 5.11 | _ | 1.80 | _ | 3.71 | _ | _ | _ | 4.33 | _ | _ |
| Putnam Income Fund | 10/1/2010 | 1.14 | -2.91 | 5.07 | 0.86 | 5.59 | 4.16 | 4.50 | 3.65 | 4.24 | 3.81 | 1.02 |
| BBG Barclays U.S. Aggregate Bond Index | _ | 0.62 | — | 6.98 | _ | 5.24 | — | 4.18 | — | 3.64 | — | _ |
| Federated Hermes Short-Intermediate Government Fund | 10/1/2010 | 0.27 | -3.74 | 5.43 | 1.21 | 3.18 | 1.79 | 1.90 | 1.07 | 1.19 | 0.78 | 0.98 |
| ICE BofA 3–5 Year Treasury Index | _ | 0.16 | — | 6.20 | _ | 4.04 | — | 2.79 | _ | 2.38 | — | _ |
| Putnam Government Money Market Fund | 8/18/2016 | 0.00 | 0.00 | 0.45 | 0.45 | 0.94 | 0.94 | _ | | 0.69 | 0.69 | 0.68 |
| Lipper U.S. Government Money Market Funds Average | _ | 0.00 | _ | 0.54 | _ | 1.07 | _ | _ | _ | 0.82 | _ | - |
| Fixed Income Absolute Return Fund | 10/1/2010 | 0.83 | -0.18 | -1.14 | -2.13 | 2.33 | 1.99 | 2.66 | 2.45 | 1.94 | 1.84 | 0.84 |
| ICE BofA U.S. Treasury Bill Index | _ | 0.04 | — | 1.19 | — | 1.73 | — | 1.22 | — | 0.66 | — | _ |
| Multi-Asset Absolute Return Fund | 10/1/2010 | -0.08 | -5.83 | -10.42 | -15.57 | -3.05 | -4.94 | -0.21 | -1.39 | 1.94 | 1.34 | 1.16 |
| ICE BofA U.S. Treasury Bill Index | _ | 0.04 | _ | 1.19 | _ | 1.73 | — | 1.22 | _ | 0.66 | _ | _ |

Periods of less than one year are not annualized, but cumulative.

For use with the College Savings Plans of Nevada Board of Trustees. Not for public distribution. 323133 11/20

Putnam 529 for America Underlying performance as of 9/30/20

| | QUARTER | YEAR TO DATE | 1 YEAR | 3 YEARS | 5 YEARS | 10 YEARS | SINCE INCEPTION |
|---|---------|-----------------|--------|---------|---------|----------|--------------------|
| Putnam GAA All Equity Portfolio (9/29/2010) | 7.81 | 1.50 | 9.14 | 6.13 | 9.50 | 10.19 | 10.18 |
| Putnam Equity Blended Index | 8.42 | 2.63 | 11.98 | 9.01 | 11.87 | 11.18 | 11.15 |
| Lipper Multi-Cap Core Funds average | 8.20 | 1.91 | 10.36 | 8.48 | 10.83 | 11.36 | 11.34 |
| Putnam GAA Growth Portfolio (9/29/2010) | 6.56 | 2.02 | 8.12 | 5.72 | 8.65 | 9.01 | 9.01 |
| Putnam Growth Blended Benchmark | 7.10 | 3.41 | 11.09 | 8.41 | 10.60 | 9.94 | 9.91 |
| Lipper Mixed-Asset Target Allocation Growth Funds average | 5.61 | 1.40 | 7.44 | 5.92 | 7.94 | 7.93 | 7.91 |
| Putnam GAA Balanced Portfolio (9/29/2010) | 4.94 | 2.51 | 6.87 | 5.56 | 7.55 | 8.25 | 8.25 |
| Putnam Balanced Blended Benchmark | 5.59 | 4.87 | 10.66 | 8.26 | 9.39 | 8.99 | 8.97 |
| Lipper Mixed-Asset Target Allocation Moderate Funds average | 4.52 | 1.16 | 5.65 | 4.91 | 6.70 | 6.59 | 6.57 |
| Putnam GAA Conservative Portfolio (9/29/2010) | 3.03 | 3.80 | 6.13 | 4.93 | 5.72 | 6.06 | 6.06 |
| Putnam Conservative Blended Benchmark | 3.22 | 5.89 | 8.96 | 6.87 | 6.94 | 6.46 | 6.45 |
| ipper Mixed-Asset Target Allocation Consv. Funds average | 3.24 | 1.93 | 4.67 | 4.11 | 5.16 | 5.03 | 5.02 |
| 529 Federated Hermes Short-Intermediate Government Fund (2/18/1983) | 0.29 | 5.85 | 5.85 | 3.58 | 2.29 | 1.59 | 5.52 |
| CE BofA 3-5 Year Treasury Index | 0.16 | 6.09 | 6.20 | 4.04 | 2.79 | 2.38 | _ |
| ipper Short-Intermediate U.S. Government Funds average | 0.22 | 3.82 | 3.97 | 2.59 | 1.69 | 1.40 | 5.52 |
| Putnam Small Cap Value Y (4/13/1999) | 2.24 | -22.69 | -15.32 | -7.32 | 1.56 | 6.70 | 7.50 |
| Russell 2000 Value Index | 2.56 | -21.54 | -14.88 | -5.13 | 4.11 | 7.09 | 7.85 |
| Lipper Small-Cap Value Funds average | 2.83 | -21.43 | -15.29 | -5.81 | 2.76 | 6.58 | 8.06 |
| Principal MidCap Fund Instl (3/1/2001) | 8.17 | 2.81 | 9.18 | 12.87 | 14.67 | 15.25 | 11.24 |
| Russell Mid Cap Index | 7.46 | -2.35 | 4.55 | 7.13 | 10.13 | 11.76 | 8.90 |
| Lipper Multi-Cap Growth Funds average | 12.15 | 24.15 | 35.45 | 18.66 | 16.90 | 14.91 | 8.12 |
| SSgA: SS S&P 500 Index; N (12/30/1992) | 8.87 | 5.75 | 15.31 | 12.18 | 14.02 | 13.60 | 9.63 |
| S&P 500 Index | 8.93 | 5.57 | 15.15 | 12.28 | 14.15 | 13.74 | 9.78 |
| ipper S&P 500 Index Funds average | 8.83 | 5.29 | 14.69 | 11.81 | 13.63 | 13.16 | 9.51 |
| Putnam Equity Income Fund Y (6/15/1977) | 4.31 | -8.22 | -0.08 | 5.33 | 9.15 | 11.10 | 10.04 |
| Russell 1000 Value Index | 5.59 | -11.58 | -5.03 | 2.63 | 7.66 | 9.95 | - |
| Lipper Equity Income Funds average | 5.37 | -7.97 | -2.02 | 4.08 | 8.15 | 9.40 | 10.29 |

Periods of less than one year are not annualized, but cumulative.

Putnam 529 for America Underlying performance as of 9/30/20

| | QUARTER | YEAR TO DATE | 1 YEAR | 3 YEARS | 5 YEARS | 10 YEARS | SINCE INCEPTION |
|---|---------|-----------------|--------|---------|---------|----------|--------------------|
| Putnam Growth Opportunities Fund Y (10/2/1995) | 12.33 | 28.58 | 40.34 | 24.35 | 21.93 | 17.74 | 9.80 |
| Russell 1000 Growth Index | 13.22 | 24.33 | 37.53 | 21.67 | 20.10 | 17.25 | 9.93 |
| Lipper Large-Cap Growth Funds average | 11.84 | 23.04 | 35.27 | 20.16 | 18.22 | 15.67 | 7.02 |
| Putnam Income Fund Y (11/1/1954) | 1.26 | 4.71 | 5.51 | 5.99 | 4.91 | 4.65 | 7.50 |
| Bloomberg Barclays U.S. Aggregate Bond Index | 0.62 | 6.79 | 6.98 | 5.24 | 4.18 | 3.64 | - |
| Lipper Core Bond Funds average | 1.25 | 6.67 | 6.89 | 4.96 | 4.14 | 3.64 | - |
| Putnam High Yield Fund: Y (3/25/1986) | 4.59 | 0.12 | 2.66 | 3.63 | 5.85 | 5.75 | 7.26 |
| JPMorgan Developed High Yield Index | 5.11 | -1.06 | 1.80 | 3.71 | 6.57 | 6.63 | _ |
| Lipper High Yield Funds average | 4.58 | -0.69 | 1.70 | 3.15 | 5.42 | 5.37 | 7.06 |
| Putnam Govt Money Market A (4/14/2016) | 0.00 | 0.21 | 0.51 | 1.10 | - | - | 0.78 |
| Lipper U.S. Government Money Market Funds | 0.00 | 0.24 | 0.54 | 1.07 | _ | _ | 0.75 |
| MFS Instl International Equity Fund (1/30/1996) | 6.09 | -2.51 | 6.28 | 5.16 | 8.12 | 6.89 | 7.68 |
| MSCI EAFE Index (ND) | 4.80 | -7.09 | 0.49 | 0.62 | 5.26 | 4.62 | 4.44 |
| Lipper International Large-Cap Growth average | 9.38 | 5.78 | 15.88 | 6.03 | 8.32 | 5.95 | 7.16 |
| Putnam Fixed Income Absolute Return Fund Y (12/23/2008) | 0.87 | -2.42 | -0.79 | 2.71 | 3.03 | 2.35 | 2.80 |
| ICE BofA U.S. Treasury Bill Index | 0.04 | 0.71 | 1.19 | 1.73 | 1.22 | 0.66 | 0.60 |
| Putnam Multi-Asset Absolute Return Fund Y (12/23/2008) | -0.19 | -6.70 | -10.11 | -2.70 | 0.16 | 2.36 | 3.28 |
| ICE BofA U.S. Treasury Bill Index | 0.04 | 0.71 | 1.19 | 1.73 | 1.22 | 0.66 | 0.60 |

Periods of less than one year are not annualized, but cumulative.

Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell indexes. Russell[®] is a trademark of Frank Russell Company.

ICE Data Indices, LLC (ICE BofA), used with permission. ICE BofA permits use of the ICE BofA indices and related data on an "as is" basis; makes no warranties regarding same; does not guarantee the suitability, quality, accuracy, timeliness, and/or completeness of the ICE BofA indices or any data included in, related to, or derived therefrom; assumes no liability in connection with the use of the foregoing; and does not sponsor, endorse, or recommend Putnam Investments, or any of its products or services.

FOR USE WITH THE COLLEGE SAVINGS PLANS OF NEVADA BOARD OF TRUSTEES. NOT FOR PUBLIC DISTRIBUTION.

Putnam Retail Management putnam.com

THE BOARD OF TRUSTEES OF THE COLLEGE SAVINGS PLANS OF NEVADA

Agenda Item 6 December 17, 2020

Item: The Nevada Prepaid Tuition Program activity report for the quarter ended September 30, 2020.

Summary:

STO Staff will be available to answer questions.

Fiscal Impact: None by this action.

Recommendation:

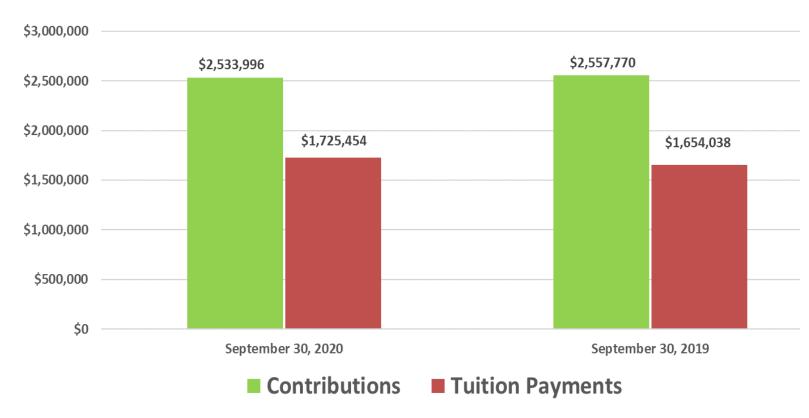
To accept and approve the Nevada Prepaid Tuition Program activity report for the quarter ended September 30, 2020.

PREPAID UITION

QUARTERLY REPORT AS OF SEPTEMBER 30, 2020

Summary of Nevada Prepaid Tuition 1st Quarter FY 21 Activity

| Active Contracts 12,044 | Contracts Paid in Full 97 | Contracts Depleted 52 | Contracts Sold (enrollment closed until 11/1/20) O |
|-------------------------------|------------------------------------|--|--|
| Contributions \$ 2,533,996 | Tuition Payments \$1,725,454 | Market Value of Assets \$328,095,606 | Funded Status 165.7% |

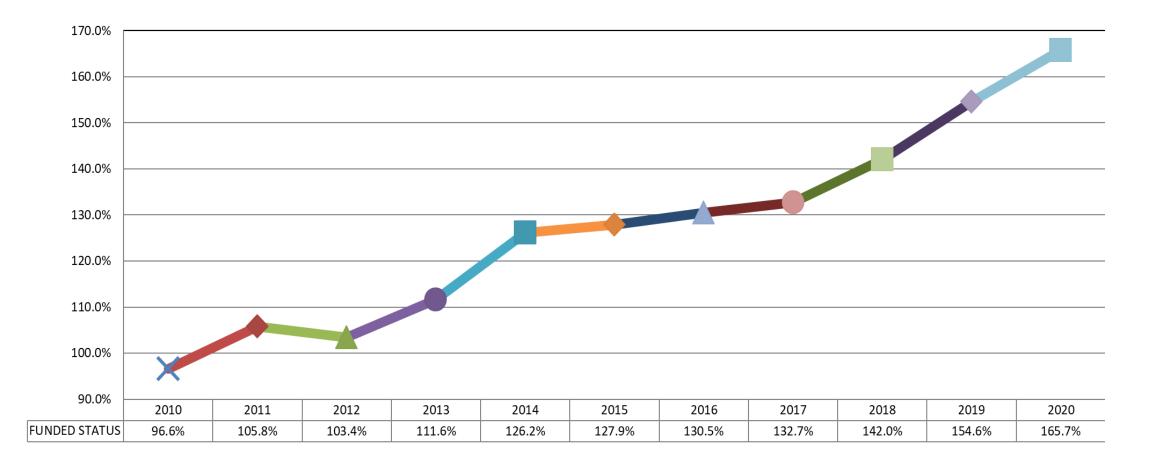


1st Quarter FY 21 Contributions vs. Tuition Payments

There was minimal change in Contributions (a decrease of only 0.93%) compared to the same quarter FY 20.

Tuition payments increased by 4.32% compared to the same quarter FY 20. This is mostly attributable to the increase in tuition rates.

Tuition Payments were made to 205 different institutions



Funded Status by Fiscal Year

As of June 30, 2020 the funded status was 165.7%, the highest since inception.

THE BOARD OF TRUSTEES OF THE COLLEGE SAVINGS PLANS OF NEVADA

Agenda Item 7 December 17, 2020

Item: Audited Fiscal Year 2020 529 Plans' Financial Statements.

Summary:

Section 5.4 (i) of the Program Management Agreement with Ascensus requires that the four (4) 529 programs managed by Ascensus complete annual audits of the financial statements at the end of each program year (fiscal year). A similar requirement exists in the contractual agreement with Putnam (Section 10.5 of the Investment Management, Marketing and Administrative Services Agreement).

This requires that all five (5) plans (Putnam 529 for America, SSGA Upromise529 Plan, The Vanguard 529 Plan, The USAA College Savings Plan, and Wealthfront 529) provide audited financial statements to staff. These statements have been filed with the State Controller's Office.

Fiscal Impact: None.

Staff recommended motion:

To accept and approve the FY2020 Audited Financial Statements for the Putnam 529 for America Plan, the SSGA Upromise 529 Plan, the USAA 529 College Savings Plan, the Vanguard 529 Plan and the Wealthfront 529 College Savings Plan.



Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Office of the State Treasurer for the State of Nevada and Management of Putnam 529 for AmericaSM

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Putnam 529 for AmericaSM (the "Plan"), which comprise the statement of fiduciary net position as of June 30, 2020, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 25, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Plan's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Putnam 529 for AmericaSM's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Prinewaterhouse Coopers ICP

Boston, Massachusetts September 25, 2020



Putnam 529 for AmericaSM

Financial statements For the year ended 6 | 30 | 20

A 529 college savings plan

Sponsored by the State of Nevada, acting by the Board of Trustees of the College Savings Plans of Nevada and held in the Nevada College Savings Trust Fund

Managed by Putnam Investment Management, LLC

Table of Contents

| Management's Discussion and Analysis1 |
|--|
| Report of Independent Auditors |
| Statement of Fiduciary Net Position6 |
| Statement of Changes in Fiduciary Net Position7 |
| Notes to Financial Statements8 |
| Supplemental Information – Investment Options 20 |

Management's Discussion and Analysis (unaudited)

As of June 30, 2020

The State of Nevada, acting through the Board of Trustees of the College Savings Plans of Nevada (the "Board"), acting by and through its Administrator, the State Treasurer, offers and administers Putnam 529 for America^{5M} (the "Plan"), the assets of which are held in the Nevada College Savings Trust Fund (the "Trust"). As the program manager of the Plan, Putnam, (as hereinafter defined) offers readers of the Financial Statements of the Plan this discussion and analysis of the Plan's financial performance for the year ended June 30, 2020.

Overview of the Financial Statements

The Plan's financial statements are prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, as amended.

This report consists of three parts: Management's Discussion and Analysis (this section), the basic Financial Statements and Supplemental Information. The basic Financial Statements consist of a Statement of Fiduciary Net Position, a Statement of Changes in Fiduciary Net Position, and Notes to Financial Statements that explain certain information in the Financial Statements and provide more detailed information.

The Statement of Fiduciary Net Position presents information on the Plan's assets and liabilities, with the difference between the two reported as the net position. This statement, along with the Statement of Changes in Fiduciary Net Position discussed below, is prepared using the economic resources measurement focus and the accrual basis of accounting. Contributions and redemptions are recognized on trade date; expenses and liabilities are recognized when services are provided, regardless of when cash is disbursed. Gains or losses are determined on the identified cost basis and interest income is recorded on the accrual basis.

The Statement of Changes in Fiduciary Net Position presents information showing how the Plan assets changed during the most recent fiscal period. All changes in the net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows in future fiscal years.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

This report presents the operating results and financial status of the Plan, which the State of Nevada reports as a fiduciary fund (private purpose trust fund) and is included in the State's Comprehensive Annual Financial Report ("CAFR"). Fiduciary fund reporting is used to account for resources held for the benefit of parties outside the governmental entity.

Financial Analysis

Net position: The following is a condensed Statement of Fiduciary Net Position for the Plan as of June 30, 2020 and June 30, 2019 (2019 Underlying investments, at fair value of \$446,649,155, includes Age-Based 1998 Option of \$4,055,399, which merged into Age-Based Graduate Option at December 31, 2019).

| | 2020 | 2019 |
|---------------------------------------|---------------|---------------|
| Underlying investments, at fair value | \$435,122,334 | \$446,649,155 |
| Receivables | 254,559 | 1,409,117 |
| Total assets | 435,376,893 | 448,058,272 |
| Payables | 237,277 | 1,374,545 |
| Other liabilities | 263,978 | 356,329 |
| Total liabilities | 501,255 | 1,730,874 |
| Net position | \$434,875,638 | \$446,327,398 |

The Plan's investments are comprised of 16 Investment Options ("Investment Options"), which consist of an Age-Based Asset Allocation Investment Option, three Goal-Based Asset Allocation Investment Options, two Absolute Return Funds Investment Options and ten Individual Fund Investment Options. The Investment Options are managed either by Putnam or an affiliate of Putnam, or by entities other than Putnam, including Massachusetts Financial Services Company ("MFS"), Principal Management Company ("Principal"), State Street Bank and Trust Company ("State Street") and Federated Investment Management Company ("Federated"). These Financial Statements report on these Investment Options, each of which invests in one or more of the following: Asset Allocation Portfolios sponsored by, or affiliated with Putnam entities that are affiliated with Putnam ("GAA Portfolios"), mutual funds sponsored by Putnam ("Putnam Mutual Funds"), managed by Putnam Management, and mutual funds sponsored or sub-advised by one of: Federated, MFS, State Street or Principal ("Other Mutual Funds"), collectively referred to as the "Underlying Investments". The Putnam Mutual Funds and the Other Mutual Funds are collectively referred to as the "Mutual Funds".

The Plan's net position represents total contributions and reinvestments from participants since the Plan's inception, plus net increases (decreases) from operations, less redemptions and expenses. Total assets represent Underlying Investments, which comprise net assets of the Underlying Investments, receivables from participant contributions, accrued income from investment operations, cash, securities sold and other assets. Total liabilities represent payables for participant redemptions, securities purchased and other liabilities consisting of accrued Plan expenses.

Changes in net position: The following is a comparative condensed Statement of Changes in Fiduciary Net Position for the Plan for the year ended June 30, 2020 and year ended June 30, 2019.

| ADDITIONS | 2020 | 2019 |
|--|---------------|---------------|
| Results from Investment Operations: | | |
| Income from underlying fund shares | \$5,425,308 | \$8,888,429 |
| Net appreciation (depreciation) in fair value of investments * | 5,240,181 | 11,661,358 |
| Total additions & net investment income | \$10,665,489 | \$20,549,787 |
| Deductions | | |
| Distributions | (101,985) | (190,262) |
| Administration fees, net waivers | (1,521,957) | (1,583,621) |
| Board fees | (432,912) | (430,206) |
| Audit and other fees | (95,682) | (100,497) |
| Total deductions | (2,152,536) | (2,304,586) |
| Participant Transactions | | |
| Contributions | 28,391,958 | 28,971,798 |
| Reinvestments | 101,263 | 190,929 |
| Exchanges in | 46,617,974 | 30,677,895 |
| Redemptions | (47,358,582) | (53,235,522) |
| Exchanges out | (47,717,326) | (30,839,173) |
| Net increase (decrease) from participant transactions | (19,964,713) | (24,234,073) |
| Total increase (decrease) in net position | (11,451,760) | (5,988,872) |
| Net position | | |
| Beginning of year | 446,327,398 | 452,316,270 |
| End of year | \$434,875,638 | \$446,327,398 |

* Includes both net realized and unrealized gains and losses from investments in Underlying Investments.

Plan Performance

Global financial markets proved to be surprisingly resilient during the fiscal 12-month period. Investors had a favorable view of equities, fixed income, global growth, and trade relations for much of the period through mid-February 2020. By late February 2020, the coronavirus pandemic and the collapse in oil prices had sent markets into a tailspin. Still, markets have recovered from their lows.

Investors, however, remain concerned as the recent spike in coronavirus cases saps momentum from the nascent economic recovery. In addition, the global recession is weighing on businesses and labor markets. The Federal Reserve Board's (Fed) bond purchase programs and a flight-to-quality trade have pushed the yields on U.S. Treasuries lower. The market for high-yield and investment-grade corporate bonds recovered as spreads, or the risk premiums investors demand to hold these securities over U.S. Treasuries, narrowed during the period.

The Fed cut interest rates to near zero in mid-March and unleashed a torrent of bond-buying programs to help stabilize the markets. These actions have increased liquidity in the bond markets and, in turn, stabilized spreads. The U.S. Congress has also pumped trillions of stimulus dollars into the economy. Central banks across Europe, Asia, and other regions also rolled out COVID-19 stimulus measures.

For the 12-month period, the Putnam 529 Age-Based Options had positive returns, reflecting the positive returns across a variety of asset classes. The glide path of the Putnam 529 Age-Based Options is an important tool that distinguishes Putnam from its peers. Our glide path starts off more aggressive than the average for our peer group, with a higher equity weight in the early part of the glide path for funds serving people retiring in the 2050s or 2060s. Our glide path becomes more conservative relative to peers for the funds serving investors nearing retirement in the 2020s or 2030s. Given the volatility experienced during this period, it's not surprising that our asset allocations were shifted on several occasions. We began the period underweight rate-sensitive fixed income, which detracted as interest rates fell and bond prices rose, resulting in a slightly negative asset allocation contribution. This was more than offset early in 2020 when the funds were underweight equity risk, which benefited the portfolios as equity markets sold off. In fixed income, the funds started the year underweight credit risk and slightly overweight interest-rate risk, both of which added value as credit spreads widened significantly and interest rates fell. These allocation decisions were especially beneficial to the portfolios during the height of the market stress.

Against this backdrop, we continue to have conviction in our investment strategies based on their strong long-term results. As for asset allocation, we will continue to take a tactical approach, adjusting the fund's exposure across various markets as conditions warrant. We will continue to monitor equity and fixed income markets and add securities when we see more attractive valuation levels.

The chart below shows each Investment Option's Class A share total returns for the year ended June 30, 2020.

| AGE-BASED ASSET ALLOCATION INVESTMENT OPTION: | |
|---|---------|
| Portfolio | |
| Graduate | 1.36% |
| 1999 | 1.33 |
| 2000 | 1.54 |
| 2001 | 1.78 |
| 2002 | 2.00 |
| 2003 | 2.10 |
| 2004 | 2.24 |
| 2005 | 2.33 |
| 2006 | 2.41 |
| 2007 | 2.41 |
| 2008 | 2.27 |
| 2009 | 2.09 |
| 2010 | 1.97 |
| 2011 | 1.78 |
| 2012 | 1.65 |
| 2013 | 1.45 |
| 2014 | 1.25 |
| 2015 | 1.06 |
| 2016 | 1.06 |
| 2017 | 0.97 |
| 2018 | 0.97 |
| 2019 | 0.88 |
| 2020 | (4.80)* |

* As of January 2, 2020 (inception date); performance is not annualized.

GOAL BASED ASSET ALLOCATION/ABSOLUTE RETURN/INDIVIDUAL INVESTMENT OPTIONS:

| Portfolio | |
|--|---------|
| Aggressive Growth | 0.52% |
| Growth | 0.88 |
| Balanced | 1.97 |
| Putnam Fixed Income Absolute Return Fund | 0.08 |
| Putnam Multi-Asset Absolute Return Fund | (8.66) |
| Putnam Equity Income Fund | (2.02) |
| Putnam Growth Opportunities Fund | 25.10 |
| MFS Institutional International Equity Fund | (1.07) |
| Principal MidCap Fund | 3.80 |
| Putnam Small Cap Value Fund | (19.21) |
| Putnam High Yield | (0.91) |
| Putnam Income Fund | 6.78 |
| Federated U.S. Government Securities Fund 2-5 Years [§] | 5.94 |
| State Street S&P 500 Index Fund | 7.26 |
| Putnam Government Money Market Fund | 0.84 |

⁶ As of June 29, 2020, the Federated U.S. Government Securities Fund 2-5 Years was renamed Federated Hermes Short-Intermediate Government Fund.



Report of Independent Auditors

To the Office of the State Treasurer for the State of Nevada and Management of Putnam 529 for America^{\rm SM}

Report on the Financial Statements

We have audited the accompanying financial statements of the Putnam 529 for AmericaSM (the "Plan"), which comprise the statement of fiduciary net position as of June 30, 2020, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Putnam 529 for AmericaSM as of June 30, 2020, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Plan and do not purport to, and do not, present fairly the financial position of the entire Nevada College Savings Trust Fund or the State of Nevada as of June 30, 2020, the changes in their financial position, or, where applicable, their cash

PricewaterhouseCoopers LLP, 101 Seaport Blvd, Suite 500, Boston, MA 02210 T: 617-530-5000, F: 617-530-5001 www.pwc.com

flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required supplementary information

The accompanying management's discussion and analysis on pages 1 through 4 is required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

Our audit was conducted for the purpose of forming an opinion on the Plan's financial statements. The supplemental information – investment options, appearing on pages 21 through 42, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2020 on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

Prinewaterhouse Coopers IPP

Boston, Massachusetts September 25, 2020

Putnam 529 for America^{s™}

Statement of Fiduciary Net Position

June 30, 2020

| ASSETS | Putnam 529 for America |
|--|------------------------|
| Underlying investments, at fair value | \$435,122,334 |
| Cash | 12,070 |
| Receivable for Participant contributions | 114,884 |
| Receivable for securities sold | 124,511 |
| Dividends and interest receivable | 3,094 |
| Total assets | 435,376,893 |
| LIABILITIES | |
| Payable for Participant redemptions | 118,426 |
| Payable for securities purchased | 118,851 |
| Accrued administrative and board fees | 156,185 |
| Audit and other accrued fees | 107,793 |
| Total liabilities | 501,255 |
| Net position | \$434,875,638 |

The accompanying notes are an integral part of these financial statements.

Putnam 529 for America^{s™}

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2020

| ADDITIONS | Putnam 529 for America |
|---|------------------------|
| Results from Investment Operations: | |
| Income from underlying fund shares | \$5,425,308 |
| Net appreciation (depreciation) in fair value of investments* | 5,240,181 |
| Total additions & net investment income | 10,665,489 |
| DEDUCTIONS | |
| Distributions (Note 2) | |
| Class A | (98,321) |
| Class B | (1,602) |
| Class C | (2,062) |
| Expenses (Note 3) | |
| Administration fees | |
| Class A | (855,668) |
| Class B | (198,534) |
| Class C | (440,677) |
| Class D | (32,421) |
| Board fees | |
| Class A | (355,188) |
| Class B | (20,198) |
| Class C | (44,426) |
| Class D | (12,986) |
| Class Y | (114) |
| Audit and other fees | (95,682) |
| Expenses waived by Putnam (Note 3) | 5,343 |
| Total deductions | (2,152,536) |
| Participant Transactions | |
| Contributions | 28,391,958 |
| Reinvestments | 101,263 |
| Exchanges in | 46,617,974 |
| Redemptions | (47,358,582) |
| Exchanges out | (47,717,326) |
| Net increase (decrease) from participant transactions | (19,964,713) |
| Total increase (decrease) in net position | (11,451,760) |
| Net position | |
| Beginning of year | 446,327,398 |
| End of year | \$434,875,638 |

* Includes both net realized and unrealized gains and losses from investments in Underlying Investments.

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements 6/30/20

Note 1 — Organization and Operations

The Nevada College Savings Trust Fund (the "Trust") was created under Chapter 353B of the Nevada Revised Statutes, as amended (the "Act"). The State of Nevada, acting through the Board of Trustees of the College Savings Plans of Nevada (the "Board"), and acting by and through its Administrator, the State Treasurer, offers and administers Putnam 529 for AmericaSM (the "Plan"). The Plan is established as an investing vehicle for education expenses and is designed to comply with the requirements for treatment as a college savings plan under Section 529 ("Section 529") of the Internal Revenue Code of 1986, as amended (the "Code"), and any regulations and other guidance issued thereunder. The Act authorized the creation of the Trust to hold all of the assets of the Plan. The program manager of the Plan, Putnam (as hereinafter defined), and its affiliates have been selected to develop the Plan's investment options, market the Plan, assist in the distribution of the Plan and perform other management and administrative functions. The Board also administers qualified direct sold plans and a prepaid tuition plan, which are not part of the Plan and are not part of these financial statements. The financial statements present only the Plan and do not purport to, and do not, present fairly the financial position of the entire Nevada College Savings Trust Fund or the State of Nevada as of June 30, 2020, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The Plan is a college savings plan that enables individuals to save and invest on a tax-favored basis in order to fund future education expenses of a child or other beneficiary. The Board has selected Putnam Management Limited Partnership, Putnam Investor Services, Putnam Investment Management, LLC, and Putnam Fiduciary Trust Company (together, "Putnam") to provide marketing, investment management, and certain custodial, record keeping and administrative services under terms of an agreement dated as of October 1, 2010, as amended. Unless otherwise noted, the "reporting period" represents the period from July 1, 2019 through June 30, 2020.

As of June 30, 2020, the Plan has the following 16 Investment Options, each its own Plan Portfolio, as follows:

Age-Based Asset Allocation Investment Option

• Age-Based Option (23 separate portfolios based on beneficiary's date of birth)

Goal-Based Asset Allocation Investment Options

- Aggressive Growth Investment Option
- Growth Investment Option
- Balanced Investment Option

Absolute Return Funds Investment Options

- Putnam Fixed Income Absolute Return Fund Investment Option
- Putnam Multi-Asset Absolute Return Fund Investment Option

Individual Fund Investment Options

Equity Options

- Putnam Equity Income Fund Investment Option
- Putnam Growth Opportunities Fund Investment Option
- MFS Institutional International Equity Fund Investment Option
- Principal MidCap Fund Investment Option
- Putnam Small Cap Value Fund Investment Option
- State Street S&P 500 Index Fund Investment Option

Fixed Income Options

- Putnam High Yield Investment Option
- Putnam Income Fund Investment Option
- Federated U.S. Government Securities Fund 2-5 Years Investment Option[§]

[§] As of June 29, 2020, the Federated U.S. Government Securities Fund 2-5 Years was renamed Federated Hermes Short-Intermediate Government Fund.

Money Market Option

• Putnam Government Money Market Fund Investment Option

Hereafter, the four Asset Allocation Investment Options, the two Absolute Return Funds Investment Options and the ten Individual Fund Investment Options are collectively referred to as the "Investment Options". The Asset Allocation Investment Options invest across four broad asset categories: short-term investments, fixed-income investments, U.S. equity investments and non-U.S. equity investments. The Underlying Investments for the Asset Allocation Investment Options consist of one or more GAA Portfolios that concentrate on different asset classes or reflect different investment styles.

The financial statements of the Mutual Funds contain additional information about the expenses and investments of the Mutual Funds. Financial statements of the GAA Portfolios are not available.

There are two main groups of costs associated with an investment in the Plan: sales charges and ongoing fees and expenses. These costs differ based on the Investment Option and Fee Structure selected. The Plan offers fee structures A, B, C, D and Y. Fee Structure A Investment Options are sold with a maximum initial sales charge of up to 5.75%, and are also subject to a contingent deferred sales charge of up to 1.00% on certain redemptions. Fee Structure B Investment Options do not pay an initial sales charge but are generally subject to a declining deferred sales charge up to 5.00% for assets withdrawn in the first six years on rollover distributions and distributions not used for qualified education expenses (other than Putnam Fixed Income Absolute Return Fund Investment Options are sold at net position value and do not pay an initial sales charge but are generally subject to a deferred sales charge but are generally subject to a deferred sales charge of up to 1.00% for assets withdrawn in the first two years). Fee Structure C Investment Options are sold at net position value and do not pay an initial sales charge of 1.00% in the first year on rollover distributions and distributions not used to pay for qualified education expenses. The Putnam Government Money Market Fund Investment Option has no initial sales charge or deferred sales charge.

Special provisions apply to Fee Structure D Investment Options, which are only available to certain account owners who previously owned a share class in another qualified tuition program administered by Putnam that had a maximum front-end sales charge of 3.50% and invested in certain Investment Options. Those accounts are generally subject to lower sales charges so long as the amounts remain in the Investment Option that succeeded the option in which they were invested prior to January 15, 2013.

Fee Structure B is only available for investments made under Fee Structure B prior to May 11, 2018. Exchanges of class B shares are only permitted from existing class B share accounts into class B shares of another investment option.

Effective March 31, 2020, the Plan began offering Fee Structure Y Investment Options. Fee Structure Y Investment Options are only available for investments made by Account Owners investing in the Plan through a commission-based platform of a registered broker-dealer or other financial institution that charges the Account Owner additional fees or commissions. Fee Structure Y Investment Options do not have an initial sales charge or deferred sales charge.

Note 2 — Significant Accounting Policies

Basis of Presentation The Plan is a private-purpose trust fund, which is a type of fiduciary fund. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support a government's own programs. As a fiduciary fund, the Plan's financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under this method of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow.

Use of Estimates The following is a summary of significant accounting policies consistently followed by the Plan in the preparation of its financial statements. The preparation of financial statements is in conformity with accounting principles generally accepted in the United States of America and requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements and the reported amounts of changes in fiduciary net position. Actual results could differ from those estimates. There were no subsequent events after the Statement of Fiduciary Net Position date (June 30, 2020), through the date that the financial statements were issued (September 25, 2020).

Security Valuation Investments in the underlying Mutual Funds are valued at the net asset value per share for each of the Mutual Funds as of the close of trading on each day the New York Stock Exchange is open for business. The net asset value of such mutual funds equals the total value of their assets less their liabilities and divided by the number of their outstanding shares.

Investments held in the GAA Portfolios for which market quotations are readily available are valued at the last reported sales price on their principal exchange, or official closing price for certain markets. If no sales are reported, as in the case of some securities traded over-the-counter (OTC), a security is valued at its last reported bid price. The valuation of the Putnam Government Money Market Fund and the Putnam 529 GAA Money Market Portfolio securities are determined by means of the amortized cost method (which approximates fair value). The amortized cost of an instrument is determined by valuing it at its original cost and thereafter amortizing any discount or premium from its face value at a constant rate until maturity.

Market quotations are not considered to be readily available for certain debt obligations (including short-term investments with remaining maturities of 60 days or less) and other investments; such investments are valued on the basis of valuations furnished by an independent pricing service approved by Putnam or dealers selected by Putnam. Such services or dealers determine valuations for normal institutional-size trading units of such securities using methods based on market transactions for comparable securities and various relationships, generally recognized by institutional traders, between securities (which consider such factors as security prices, yields, maturities and ratings). Securities quoted in foreign currencies, if any, are translated into U.S. dollars at the current exchange rate. To the extent a pricing service or dealer is unable to value a security or provides a valuation that Putnam does not believe accurately reflects the security's fair value, the security will be valued at fair value by Putnam in accordance with policies and procedures approved by Putnam. Certain investments, including certain restricted and illiquid securities and derivatives, are also valued at fair value following procedures approved by Putnam. These valuations consider such factors as significant market or specific security events such as interest rate or credit quality changes, various relationships with other securities, discount rates, U.S. Treasury, U.S. swap and credit yields, index levels, convexity exposures, recovery rates sales and other multiples and resale restrictions.

Such valuations and procedures are reviewed periodically by Putnam. Certain securities may be valued on the basis of a price provided by a single source. The fair value of securities is generally determined as the amount that a fund could reasonably expect to realize from an orderly disposition of such securities over a reasonable period of time. By its nature, a fair value price is a good faith estimate of the value of a security in a current sale and does not reflect an actual market price, which may be different by a material amount.

The Plan's investments in the GAA Portfolios are valued at their respective net asset value per unit on the valuation date which approximates fair value.

GASB Statement No.72 Fair Value Measurement and Application, which prescribes how state and local governments should define and measure fair value, establishes a three-level hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of the Investment Option's investments. The three levels are defined as follows:

Level 1: Valuations based on quoted prices for identical securities in active markets.

Level 2: Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3: Valuations based on inputs that are unobservable and significant to the fair value measurement. The following is a summary of the inputs used to value the Plan's net position as of the close of the reporting period: Each Age-Based, Goal-Based, Absolute Return Fund and Individual Fund Investment Option invests directly into either Underlying GAA Portfolios or other Mutual Funds.

| | Valuation inputs | | | | |
|---|------------------|------------|---------|------------|--|
| | Level 1 | Level 2 | Level 3 | Total | |
| Investments in Underlying GAA Portfolios: | | | | | |
| AGE-BASED/GOAL-BASED INVESTMENT OPTIONS: | | | | | |
| Age-Based 2020 | \$— | \$80,274 | \$— | \$80,274 | |
| Age-Based 2019 | _ | 716,360 | — | 716,360 | |
| Age-Based 2018 | _ | 1,039,175 | _ | 1,039,175 | |
| Age-Based 2017 | _ | 2,469,645 | — | 2,469,645 | |
| Age-Based 2016 | _ | 2,675,920 | — | 2,675,920 | |
| Age-Based 2015 | | 4,791,577 | _ | 4,791,577 | |
| Age-Based 2014 | _ | 5,536,598 | — | 5,536,598 | |
| Age-Based 2013 | _ | 6,485,562 | — | 6,485,562 | |
| Age-Based 2012 | | 8,079,133 | _ | 8,079,133 | |
| Age-Based 2011 | | 11,164,812 | _ | 11,164,812 | |
| Age-Based 2010 | | 8,900,708 | _ | 8,900,708 | |
| Age-Based 2009 | | 11,329,080 | _ | 11,329,080 | |
| Age-Based 2008 | _ | 11,084,362 | _ | 11,084,362 | |
| Age-Based 2007 | _ | 11,895,287 | _ | 11,895,287 | |
| Age-Based 2006 | | 11,521,410 | _ | 11,521,410 | |
| Age-Based 2005 | | 15,230,279 | _ | 15,230,279 | |
| Age-Based 2004 | | 16,947,075 | _ | 16,947,075 | |
| Age-Based 2003 | | 24,793,992 | _ | 24,793,992 | |
| Age-Based 2002 | _ | 20,120,221 | _ | 20,120,221 | |
| Age-Based 2001 | _ | 17,404,956 | _ | 17,404,956 | |
| Age-Based 2000 | _ | 10,833,095 | _ | 10,833,095 | |
| Age-Based 1999 | _ | 4,365,131 | _ | 4,365,131 | |
| Age-Based Graduate | _ | 18,230,275 | _ | 18,230,275 | |
| Aggressive Growth | _ | 25,817,138 | _ | 25,817,138 | |
| Growth | _ | 29,268,242 | _ | 29,268,242 | |
| Balanced | _ | 29,851,224 | _ | 29,851,224 | |

| | Valuation inputs | | | | |
|--|------------------|---------|---------|-------------|--|
| | Level 1 | Level 2 | Level 3 | Total | |
| Investments in Mutual Funds: | | | | | |
| ABSOLUTE RETURN/INDIVIDUAL INVESTMENT OPTIONS: | | | | | |
| Putnam Fixed Income Absolute Return Fund | \$7,011,653 | \$— | \$— | \$7,011,653 | |
| Putnam Multi-Asset Absolute Return Fund | 10,672,068 | _ | — | 10,672,068 | |
| Putnam Equity Income Fund | 17,299,272 | _ | _ | 17,299,272 | |
| Putnam Growth Opportunities Fund | 20,058,161 | _ | _ | 20,058,161 | |
| MFS Institutional International Equity Fund | 8,666,193 | | _ | 8,666,193 | |
| Principal MidCap Fund | 17,009,525 | _ | _ | 17,009,525 | |
| Putnam Small Cap Value Fund | 2,936,642 | | _ | 2,936,642 | |
| Putnam High Yield | 2,917,649 | _ | — | 2,917,649 | |
| Putnam Income Fund | 7,083,290 | _ | _ | 7,083,290 | |
| Federated U.S. Government Securities Fund 2-5 Years§ | 1,444,588 | _ | _ | 1,444,588 | |
| State Street S&P 500 Index Fund | 12,149,448 | _ | _ | 12,149,448 | |
| Putnam Government Money Market Fund | 17,242,314 | _ | _ | 17,242,314 | |

⁶ As of June 29, 2020, the Federated U.S. Government Securities Fund 2-5 Years was renamed Federated Hermes Short-Intermediate Government Fund.

Security Transactions and Related Investment Income Security transactions, normally shares of the Mutual Funds and GAA Portfolios, are recorded on the trade date (the date the order to buy or sell is executed). Gains or losses on shares of the Mutual Funds and GAA Portfolios sold are determined on the identified cost basis.

All income earned by the Investment Options is retained by the Investment Options and included in the calculation of net position value.

Expenses of the Plan Putnam has entered into an Investment Management, Marketing and Administrative Services Agreement with the Board to provide certain investment management, marketing and administrative services to the Plan. Putnam has entered into an arrangement with State Street Bank and Trust Company to provide administrative functions for the Investment Options' assets. Refer to Note 3 for additional information.

Distributions Income dividends for the Putnam Government Money Market Fund Investment Option are recorded daily and paid monthly. The remaining Investment Options do not intend to pay dividends.

Federal Income Taxes The Trust intends to qualify each year as a qualified tuition program under the Code, which provides exemption from federal income tax. Amounts withdrawn for reasons other than payment of qualified education expenses generally will be subject to a 10% federal tax penalty on earnings in addition to the income tax that is due. These taxes are payable directly by account owners and therefore are not deducted from the assets of the Investment Options.

Note 3 — Plan Fees

Administration Fees Putnam receives an administration fee from certain fee structures of the Plan in connection with the administrative services that it provides to the Plan. The administration fee for each fee structure is accrued daily, based on net position and paid monthly. This fee is based on the following annual rates:

| | Investment Options [†] | Fixed Income Absolute Return Fund Investment Option | Multi-Asset Absolute Return Fund Investment Option |
|-----------------|------------------------------------|---|--|
| Fee Structure A | 0.25% | 0.25% | 0.25% |
| Fee Structure B | 1.00%* | 0.45%* | 1.00%* |
| Fee Structure C | 1.00%** | 1.00%** | 1.00%** |
| Fee Structure D | 0.25% | N/A | N/A |

* Fee Structure B generally will convert to Fee Structure A and the fee rate will decrease to 0.25% after eight years. Please refer to Note 1 regarding Fee Structures.

** Fee Structure C generally will convert to Fee Structure A and the fee rate will decrease to 0.25% after seven years.

† Includes all options unless otherwise disclosed above.

Fee Structure Y does not have an administration fee.

Putnam may voluntarily waive certain expenses in order to enhance the yield of the Putnam Government Money Market Fund Investment Option. Discretionary waivers of any portion of fees incurred may be terminated by Putnam at any time.

For the reporting period the following amounts were waived by Putnam:

Putnam Government Money Market Fund Investment Option

| Fee Structure A | \$5,100 |
|-----------------|---------|
| Fee Structure B | \$76 |
| Fee Structure C | \$164 |
| Fee Structure Y | \$3 |

Board Fees The Board may impose an additional fee at an annualized rate up to 0.10% of the net assets in an investor's account subject to certain minimum amounts per annum. Putnam is responsible for the payment of any Board fee with respect to each account whose account owner(s) or beneficiary is a resident of the State of Nevada. Putnam will reimburse Board fees assessed against such accounts. For the year ended June 30, 2020, \$11,351 was reimbursed by Putnam.

Miscellaneous Fees Expenses of up to 0.04% per year of the Investment Option's net assets may also be charged to the Plan for producing and distributing performance reports, the preparation of audited financial statements and funding of the Nevada Putnam Scholarship Program. To the extent the aggregate cost of the items covered by the Miscellaneous fee exceeds 0.04% per year, Putnam pays the excess cost without reimbursement from the Plan.

Annual Maintenance Fees In connection with the annual maintenance services that Putnam provides to the Plan, there is currently an annual account fee of \$15 for some accounts. For the reporting period, Putnam collected \$79,400 in fees. This fee may be waived under certain circumstances. These annual fees are paid through redemptions of Investment Option units.

Underlying Investment Expenses In addition to the Plan expenses described above, each of the GAA Portfolios and Mutual Funds in which assets are invested under each Investment Option has annual operating expenses, including investment management fees and other expenses, which will be deducted by the GAA Portfolios and Mutual Funds. For the reporting period, the expense ratios of the Underlying Investments were between 0.16% and 0.99%. Money invested by the Investment Options in shares of Mutual Funds will be invested in shares that are not subject to any sales load or distribution fees.

Sales Charges For the reporting period, Putnam Retail Management, acting as underwriter, received net commissions of \$123,859 and \$593 from the sale of Fee Structure A and D, respectively, and received \$6,490 and \$1,401 in contingent deferred sales charges from redemptions from Fee Structure B and C, respectively.

Note 4 — Plan Units

All beneficial interests in the Investment Options are expressed as a number of Plan units. Plan unit values under each Investment Option are based on the net asset value per share of each of the Mutual Funds or GAA Portfolios, in which the assets are invested. Unit values are determined daily. Participants' contributions may be made by selecting one of the Investment Options. Contributions are evidenced through the issuance of units in the particular Investment Option. Contributions, withdrawals, and exchanges are subject to terms and limitations defined in the participation agreement between the participant and the Plan. Contributions and exchanges into the Investment Options are invested in units of the assigned Investment Option on the same day as the credit of the contribution to the participant's account.

The Putnam Government Money Market Fund Investment Option declares a distribution daily and normally distributes any net investment income monthly. Such dividends are generally reinvested and are not considered to have been distributed for federal tax purposes.

Note 5 — Investments

Deposit and Investment Policies The Board has adopted an investment policy statement that sets forth investment objectives, permitted investments, asset allocation strategies and performance monitoring applicable to all investment options offered under the Plan. The overarching objective is to provide account owners with a range of investment options, allowing for diverse levels of risk tolerance, return expectations and time horizons. Permissible broad asset classes include short-term marketable debt securities, fixed income securities, U.S. equity securities, international equity securities, bank certificates of deposit and stable value investments. The policy limits the underlying investment vehicles to mutual funds, exchange-traded funds, stable value investments, direct holdings of bank certificates of deposit, FDIC-insured savings accounts or separately managed accounts with investment holdings similar to those permitted under the policy. The Board has retained the services of an investment consultant to monitor the performance of investments against standard benchmarks. The combined underlying GAA Portfolios may invest in derivative instruments on currency, stocks and bonds and indices of stocks and bonds as well as derivative instruments with terms determined by reference to a particular commodity or to all or portions of a commodities index. There are no provisions of the policy that specifically address credit risk, interest rate risk, concentrations of credit risk or foreign currency risk; however, the Board believes that investment options available to account owners are appropriately structured to minimize these specific risk types to the greatest extent possible given the nature of the underlying investments and the investment objectives of the respective Investment Options.

As of June 30, 2020, the investment types and related amounts held by the Plan which reconcile to the Statement of Fiduciary Net Position, Underlying investments at fair value, found on page 6 are as follows:

| GAA Fair value of Derivatives GAA Underlying Equity Investments Mutual Fund Investments Other Receivables and Payables from GAA Portfolios | (12,632,224) |
|--|---------------|
| GAA Underlying Equity Investments | |
| | 124,490,803 |
| GAA Fair value of Derivatives | 137,235,440 |
| | 235,170 |
| GAA Underlying Fixed Income Investments | \$185,793,145 |

Plan Underlying Investment Allocations As mentioned in Note 1, the four Asset Allocation Investment Options invest across four broad asset categories: short-term investments, fixed income investments, U.S. equity investments and non-U.S. equity investments. The Underlying Investments for the Asset Allocation Investment Options consist of the five GAA Portfolios that concentrate on different asset classes or reflect different investment styles. Each of the GAA Portfolios may, from time to time, to maintain its liquidity, invest a greater percentage in money market investments, including the GAA Money Market Portfolio, or other money market funds or other short-term instruments, including without limitation, commercial paper, certificates of deposit, discount notes and repurchase agreements (each, a "Liquidity Maintenance Investment").

The Asset Allocation Investment Options include both the Age-Based Investment Options and the Goal-Based Investment Options. Below are the target allocations for the Asset Allocation Investment Options.

Age-Based Option: The Plan allocates contributions under this option among the five GAA Portfolios with a greater emphasis on equity securities at the younger ages. As the age of a beneficiary increases, a greater proportion of the Investment Option will be allocated to GAA Portfolios that invest in fixed income or money market securities. The allocation varies from 85% equity and 15% fixed income to 5% equity and 95% fixed income as the age of a beneficiary increases, in each case subject to Liquidity Maintenance Investments.

Aggressive Growth Option: The Plan allocates 100% of contributions under this option to the Putnam 529 GAA All Equity Portfolio.

Growth Option: The Plan allocates contributions under this option as follows: 75% to the Putnam 529 GAA Growth Portfolio and 25% to Putnam 529 GAA All Equity Portfolio.

Balanced Option: The Plan allocates contributions under this option as follows: 20% to Putnam 529 GAA Growth Portfolio, 74% to Putnam 529 GAA Balanced Portfolio, and 6% to Putnam 529 GAA Money Market Portfolio.

Net Appreciation (Depreciation) in Value of Investment Options

The following table represents a calculation of the net increase (decrease) in the value of investments for the reporting period.

| Value at 6/30/2020 | Cost of Purchases During the Period | Proceeds Sold During the Period | Less Value at 6/30/2019 | Change in Realized and Unrealized During the Period |
|-----------------------|--|------------------------------------|----------------------------|---|
| \$435,122,334 | \$(279,946,334) | \$296,713,336 | \$446,649,155 | \$5,240,181 |

Investment Derivative Instruments The underlying GAA Portfolios had the following investments in derivative instruments at year end. The fair value amounts in the below table represent the unrealized appreciation (depreciation) and changes in unrealized gain (loss) from derivatives held by the GAA Portfolios at year end and are included in the Underlying Investments on the Statement of Fiduciary Net Position for each respective Investment Option.

| | Contracts/(\$) Notional Amounts | Fair value as of June 30, 2020 | Change in Fair value |
|--|------------------------------------|-----------------------------------|-------------------------|
| Purchased currency option contracts, gross | \$14,001,405 | \$88,467 | \$76,184 |
| Forward currency contracts, gross | \$34,431,004 | (1,390) | 137,767 |
| Centrally Cleared (CC) interest rate swap contracts, gross | \$10,820,000 | (25,884) | (35,505) |
| OTC total return swap contracts, gross | \$33,206,702 | 110,089 | 162,487 |
| OTC credit default contracts, gross | \$7,605,000 | (492,075) | (624,689) |
| CC credit default contracts, gross | \$10,769,200 | 240,133 | 96,162 |
| Futures contracts, gross | 268 | 346,641 | 460,784 |
| Written currency option contracts, gross | \$12,743,344 | (30,811) | (26,552) |
| Totals | | \$235,170 | \$246,638 |

Options contracts The GAA Portfolios may use options contracts to manage duration and convexity, to isolate prepayment risk, to gain exposure to interest rates, to manage against changes in values of securities it owns, owned or expects to own, to manage prepayment risk, to generate additional income for the portfolio, to enhance returns on securities owned, to gain exposure to securities and to manage downside risks. The potential risk to the GAA Portfolios is that the change in value of options contracts may not correspond to the change in value of the managed instruments. In addition, losses may arise from changes in the value of the underlying instruments if there is an illiquid secondary market for the

contracts, if interest or exchange rates move unexpectedly or if the counterparty to the contract is unable to perform. Realized gains and losses on purchased options are included in realized gains and losses on investment securities. If a written call option is exercised, the premium originally received is recorded as an addition to sales proceeds. If a written put option is exercised, the premium originally received is recorded as a reduction to the cost of investments. Exchange-traded options are valued at the last sale price or, if no sales are reported, the last bid price for purchased options and the last ask price for written options. OTC traded options are valued using prices supplied by dealers. Options on swaps are similar to options on securities except that the premium paid or received is to buy or grant the right to enter into a previously agreed upon interest rate or credit default contract. Forward premium swap option contracts include premiums that have extended settlement dates. The delayed settlement of the premiums is factored into the daily valuation of the option contracts. In the case of interest rate cap and floor contracts, in return for a premium, ongoing payments between two parties are based on interest rates exceeding a specified rate, in the case of a cap contract, or falling below a specified rate in the case of a floor contract.

Futures Contracts The GAA Portfolios may use futures contracts to manage exposure to market risk, to manage prepayment risk, to manage interest rate risk, to gain exposure to interest rates and to equitize cash. The potential risk to the GAA Portfolios is that the change in value of futures contracts may not correspond to the change in value of the managed instruments. In addition, losses may arise from changes in the value of the underlying instruments, if there is an illiquid secondary market for the contracts, if interest or exchange rates move unexpectedly or if the counterparty to the contract is unable to perform. With futures, there is minimal counterparty credit risk to the GAA Portfolios since futures are exchange traded and the exchange's clearinghouse, as counterparty to all exchange traded futures, guarantees the futures against default. Risks may exceed amounts recognized on the Statement of Fiduciary Net Position. When the contract is closed, the GAA Portfolios record a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. Futures contracts are valued at the quoted daily settlement prices established by the exchange on which they trade. The GAA Portfolios and the broker agree to exchange an amount of cash equal to the daily fluctuation in the value of the futures contract. Such receipts or payments are known as "variation margin."

Forward Currency Contracts The GAA Portfolios may buy and sell forward currency contracts, which are agreements between two parties to buy and sell currencies at a set price on a future date. These contracts are used to manage foreign exposure risk and to gain exposure to currencies. The U.S. dollar value of forward currency contracts is determined using current forward currency exchange rates supplied by a quotation service. The fair value of the contract will fluctuate with changes in currency exchange rates. The contract is marked to market daily and the change in fair value is recorded as an unrealized gain or loss. The GAA Portfolios record a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed when the contract matures or by delivery of the currency. The GAA Portfolios could be exposed to risk if the value of the currency changes unfavorably, if the counterparties to the contracts are unable to meet the terms of their contracts or if the GAA Portfolios are unable to enter into a closing position. Risk of loss may exceed amounts recognized on the Statement of Fiduciary Net Position.

Interest Rate Swap Contracts The GAA Portfolios may enter into OTC and/or centrally cleared interest rate swap contracts, which are arrangements between two parties to exchange cash flows based on a notional principal amount, to manage interest rate risk, to gain exposure on interest rates and to manage prepayment risk. An OTC and centrally cleared interest rate swap can be purchased or sold with an upfront premium. For OTC interest rate swap contracts, an upfront payment received by the GAA Portfolios is recorded as a liability on the GAA Portfolios' books. An upfront payment made by the GAA Portfolios is recorded as an asset on the GAA Portfolios' books. OTC and centrally cleared interest rate swap contracts are marked to market daily based upon quotations from an independent pricing service or market makers. Any change is recorded as an unrealized gain or loss on OTC interest rate swaps. Daily fluctuations in the value of centrally cleared interest rate swaps are settled through a central clearing agent and are recorded in variation margin on the GAA Portfolios' books and recorded as unrealized gain or loss. Payments, including upfront premiums, received or made are recorded as realized gains or losses at the reset date or the closing of the contract. Certain OTC and centrally cleared interest rate swap contracts may include extended effective dates. Payments related to these swap contracts are accrued based on the terms of the contract. The GAA Portfolios could be exposed to credit or market risk due to unfavorable changes in the fluctuation of interest rates or if the counterparty defaults, in the case of OTC interest rate contracts, or the central clearing agency or a clearing member defaults, in the case of centrally cleared interest rate swap contracts, on its respective obligation to perform under the contract. The GAA Portfolios maximum risk of loss from counterparty risk or central clearing risk is the fair value of the contract. This risk may be mitigated for OTC interest rate swap contracts by having a master netting arrangement between the GAA Portfolios and the counterparty and for centrally cleared interest rate swap contracts through the daily exchange of variation margin. There is minimal counterparty risk with respect to centrally cleared interest rate swap contracts due to the clearinghouse guarantee fund and other resources that are available in the event of a clearing member default. Risk of loss may exceed amounts recognized on the Statement of Fiduciary Net Position.

Total Return Swap Contracts The GAA Portfolios may enter into OTC and/or centrally cleared total return swap contracts, which are arrangements to exchange a market linked return for a periodic payment, both based on a notional principal amount, to manage sector exposure, to manage exposure to specific sectors or industries, to manage exposure to specific securities, to gain exposure to a basket of securities, to gain exposure to specific markets or countries and to gain exposure to specific sectors or industries. To the extent that the total return of the security, index or other financial measure underlying the transaction exceeds or falls short of the offsetting interest rate obligation, the GAA Portfolios will receive a payment from or make a payment to the counterparty. OTC and/or centrally cleared total return swap contracts are marked to market daily based upon quotations from an independent pricing service or market makers. Any change is recorded as an unrealized gain or loss on OTC total return swaps. Daily fluctuations in the value of centrally cleared total return swap sare settled through a central clearing agent and are recorded in variation margin on the Statement of Fiduciary Net Position and recorded as unrealized gain or loss. Payments received or made are recorded as realized gains or losses. Certain OTC and/or centrally cleared total return swap contracts may include extended effective dates. Payments related to these swap contracts are accrued based on the terms of the contract.

The GAA Portfolios could be exposed to credit or market risk due to unfavorable changes in the fluctuation of interest rates or in the price of the underlying security or index, the possibility that there is no liquid market for these agreements or that the counterparty may default on its obligation to perform. The GAA Portfolios' maximum risk of loss from counterparty risk or central clearing risk is the fair value of the contract. This

risk may be mitigated for OTC total return swap contracts by having a master netting arrangement between the GAA Portfolios and the counterparty and for centrally cleared total return swap contracts through the daily exchange of variation margin. There is minimal counterparty risk with respect to centrally cleared total return swap contracts due to the clearinghouse guarantee fund and other resources that are available in the event of a clearing member default. Risk of loss may exceed amounts recognized on the Statement of Fiduciary Net Position.

Credit Default Contracts The GAA Portfolios may enter into OTC and/or centrally cleared credit default contracts to manage credit risk, to manage market risk and to gain exposure on individual names and/or baskets of securities. In OTC and centrally cleared credit default contracts, the protection buyer typically makes a periodic stream of payments to a counterparty, the protection seller, in exchange for the right to receive a contingent payment upon the occurrence of a credit event on the reference obligation or all other equally ranked obligations of the reference entity. Credit events are contract specific but may include bankruptcy, failure to pay, restructuring and obligation acceleration. For OTC credit default contracts, an upfront payment received by the GAA Portfolios' books. Centrally cleared credit default contracts provide the same rights to the protection buyer and seller except the payments between parties, including upfront premiums, are settled through a central clearing agent through variation margin payments. Upfront and periodic payments received or paid by the GAA Portfolios for OTC and centrally cleared credit default contracts are marked to market daily based upon quotations from an independent pricing service or market makers. Any change in value of OTC credit default contracts is recorded as an unrealized gain or loss. Daily fluctuations in the value of centrally cleared credit default contracts are recorded in variation margin on the GAA Portfolios' books. Upon the occurrence of a credit event, the difference between the par value and fair value of the reference obligation, net of any proportional amount of the upfront payment, is recorded as a realized gain or loss.

In addition to bearing the risk that the credit event will occur, the GAA Portfolios could be exposed to market risk due to unfavorable changes in interest rates or in the price of the underlying security or index or the possibility that the GAA Portfolios may be unable to close out a position at the same time or at the same price as if they had purchased the underlying reference obligations. In certain circumstances, the GAA Portfolios may enter into offsetting OTC and centrally cleared credit default contracts which would mitigate their risk of loss. Risks of loss may exceed amounts recognized on the Statement of Fiduciary Net Position. The GAA Portfolios' maximum risk of loss from counterparty risk, either as the protection seller or as the protection buyer, is the fair value of the contract. This risk may be mitigated for OTC credit default contracts by having a master netting arrangement between the GAA Portfolios and the counterparty and for centrally cleared credit default contracts through the daily exchange of variation margin. Counterparty risk is further mitigated with respect to centrally cleared credit default swap contracts due to the clearinghouse guarantee fund and other resources that are available in the event of a clearing member default. Where the GAA Portfolios are a seller of protection, the maximum potential amount of future payments the GAA Portfolios may be required to make is equal to the notional amount.

TBA Commitments The GAA Portfolios may enter into TBA (to be announced) commitments to purchase securities for a fixed unit price at a future date beyond customary settlement time. Although the unit price and par amount have been established, the actual securities have not been specified. However, it is anticipated that the amount of the commitments will not significantly differ from the principal amount. The GAA Portfolios hold, and maintain until settlement date, cash or high-grade debt obligations in an amount sufficient to meet the purchase price, or the GAA Portfolios may enter into offsetting contracts for the forward sale of other securities it owns. Income on the securities will not be earned until settlement date.

The GAA Portfolios may also enter into TBA sale commitments to manage its portfolio positions, to sell mortgage-backed securities it owns under delayed delivery arrangements or to take a short position in mortgage-backed securities. Proceeds of TBA sale commitments are not received until the contractual settlement date. During the time a TBA sale commitment is outstanding, either equivalent deliverable securities or an offset-ting TBA purchase commitment deliverable on or before the sale commitment date are held as "cover" for the transaction, or other liquid assets in an amount equal to the notional value of the TBA sale commitment are segregated. If the TBA sale commitment is closed through the acquisition of an offsetting TBA purchase commitment, the GAA Portfolios realize a gain or loss. If the GAA Portfolios deliver securities under the commitment, the GAA Portfolios realize a gain or a loss from the sale of the securities based upon the unit price established at the date the commitment was entered into.

TBA commitments, which are accounted for as purchase and sale transactions, may be considered securities themselves, and involve a risk of loss due to changes in the value of the security prior to the settlement date as well as the risk that the counterparty to the transaction will not perform its obligations. Counterparty risk is mitigated by having a master agreement between the GAA Portfolios and the counterparty.

Unsettled TBA commitments are valued at their fair value according to the procedures described under "Security valuation" above. The contract is marked to market daily and the change in fair value is recorded by the GAA Portfolios as an unrealized gain or loss. Based on market circumstances, Putnam Management will determine whether to take delivery of the underlying securities or to dispose of the TBA commitments prior to settlement.

Master Agreements The GAA Portfolios holding derivative instruments are a party to ISDA (International Swaps and Derivatives Association, Inc.) Master Agreements that govern OTC derivative and foreign exchange contracts and Master Securities Forward Transaction Agreements that govern transactions involving mortgage-backed and other asset-backed securities that may result in delayed delivery (Master Agreements) with certain counterparties entered into from time to time. The Master Agreements may contain provisions regarding, among other things, the parties' general obligations, representations, agreements, collateral requirements, events of default and early termination. With respect to certain counterparties, in accordance with the terms of the Master Agreements, collateral posted to GAA Portfolios is held in a segregated account by the GAA Portfolios' custodian, if applicable.

Collateral pledged by the GAA Portfolios is segregated by the GAA Portfolios' custodian, if applicable. Collateral can be in the form of cash or debt securities issued by the U.S. Government or related agencies or other securities as agreed to by the GAA Portfolios and the applicable counterparty. Collateral requirements are determined based on the GAA Portfolios' net position with each counterparty.

With respect to ISDA Master Agreements, termination events applicable to the GAA Portfolios may occur upon a decline in the GAA Portfolios' net assets below a specified threshold over a certain period of time. Termination events applicable to counterparties may occur upon a decline in the counterparty's long-term or short-term credit ratings below a specified level. In each case, upon occurrence, the other party may elect to terminate early and cause settlement of all derivative and foreign exchange contracts outstanding, including the payment of any losses and costs resulting from such early termination, as reasonably determined by the terminating party. Any decision by one or more of the GAA Portfolios' counterparties to elect early termination could impact the GAA Portfolios' future derivative activity.

Note 6 — Investment Risk Disclosures

Credit Risk Certain of the Plan's Investment Options represent shares of underlying Mutual Funds, rather than individual securities and therefore are not subject to classification by custodial credit risk or disclosure of concentration of credit risk under GASB Statement No. 40, *Deposit and Investment Risk Disclosures.* The underlying Mutual Funds are not rated by any nationally recognized statistical rating organization.

Receivable for Participant contributions and payable for Participant redemptions represent contributions received from account owners that have been directly invested in underlying Mutual Funds, or redemption proceeds from underlying Mutual Funds for withdrawals that will be distributed in accordance with account owner instructions. Investments into the plan are allocated among one or more Asset Allocation Portfolios, Putnam Mutual Funds or Other Mutual Funds. Notwithstanding these allocations, amounts may be allocated to the 529 GAA Money Market Portfolio or to the Putnam Government Money Market Fund, for certain periods to facilitate the processing of transactions.

In the normal course of business, the Underlying Investment Options trade financial instruments and enter into financial transactions where risk of potential loss exists due to changes in the market (market risk) or failure of the contracting party to the transaction to perform (credit risk). Concentration of credit risk is the risk of loss that may be attributed to the magnitude of an investment in a single issuer, or security type. Each Underlying Investment Option may be exposed to additional credit risk that an institution or other entity with which that fund has unsettled or open transactions will default.

The combined underlying GAA Portfolio investments for the reporting period, based on their rating by Standard & Poor's and/or an equivalent national rating organization, are presented below at fair value. Derivative instruments held by the GAA Portfolios were not individually rated by a rating agency for the reporting period.

| | | | Quality Rating | 5 | | |
|-------------|---------------------------------|-----------------------------|-------------------------------|--|------------------------------|---------------------------|
| | Corporate Bonds and Notes | Asset- Backed Securities | Mortgage-Backed Securities | U.S. Government and Agency Mortgage Obligations | U.S. Treasury Obligations | Short-Term Investments |
| AAA | \$325,905 | \$461,394 | \$3,146,455 | \$15,464,645 | \$— | \$— |
| AA+ | 198,942 | _ | 918,201 | 5,748,212 | 10,013,672 | 3,901,639 |
| AA | 67,203 | _ | 182,297 | _ | _ | _ |
| AA- | 471,583 | _ | 63,188 | _ | _ | _ |
| A+ | 681,700 | 200,004 | 64,187 | _ | _ | _ |
| А | 1,017,399 | _ | 244,292 | _ | _ | _ |
| A- | 2,920,515 | _ | 783,087 | _ | _ | _ |
| BBB+ | 3,266,744 | _ | 819,511 | _ | _ | _ |
| BBB | 4,929,861 | 801,000 | 1,356,032 | — | — | — |
| BBB- | 6,700,393 | _ | 301,924 | _ | _ | _ |
| BB+ | 897,819 | _ | 18,213 | — | — | _ |
| BB | 971,101 | _ | 75,265 | _ | _ | _ |
| BB- | | _ | 319,306 | _ | _ | _ |
| B+ | _ | _ | 433,162 | _ | _ | _ |
| В | _ | _ | 7,185 | _ | _ | _ |
| B- | _ | _ | 56,738 | _ | _ | _ |
| CCC & below | _ | _ | 927,532 | _ | _ | _ |
| A-1+ | _ | _ | _ | _ | _ | 46,683,538 |
| A-1 | _ | _ | | | _ | 72,004,771 |
| Unrated | | _ | 455,014 | | _ | |
| Total | \$22,449,165 | \$1,462,398 | \$10,171,589 | \$21,212,857 | \$10,013,672 | \$122,589,948 |

Derivative instruments held by the GAA Portfolios, to the extent of diversification among counterparties, are presented below, at fair value, as of June 30, 2020 (the table excludes CC Interest Rate Swap Contracts and CC Credit Default Contracts totaling \$214,249. Centrally cleared contracts are not considered brokered contracts and have mitigated risk, see note 5).

| Counternarty | Purchased Currency | Forward Currency Contracts | OTC Total Return Swap Contracts | OTC Credit Default Contracts | Futures Contracts | Written Currency | Total |
|--|-----------------------|----------------------------------|---------------------------------------|------------------------------------|----------------------|---------------------|-----------|
| Counterparty | Options | | | | | Options | |
| Bank of America, N.A. | \$31,155 | \$3,520 | \$— | \$(9,752) | \$— | \$(11,795) | \$13,128 |
| Barclays Bank PLC | 4,405 | 8,105 | (96) | (3,829) | _ | (1,696) | 6,889 |
| Citibank, N.A. | — | (19,906) | 1,689 | (46,104) | — | — | (64,321) |
| Credit Suisse International | 10,167 | (5,555) | 130 | (164,984) | — | (5,523) | (165,765) |
| Goldman Sachs International | 26,756 | (1,199) | 108,366 | (188,200) | _ | (10,098) | (64,375) |
| HSBC Bank USA, National Association | _ | 14,120 | _ | _ | _ | _ | 14,120 |
| JPMorgan Chase Bank, N.A. | _ | (18,432) | _ | (35,318) | _ | _ | (53,750) |
| Merrill Lynch, Pierce, Fenner & Smith, Inc. | _ | _ | _ | 19,138 | 346,641 | _ | 365,779 |
| Morgan Stanley & Co. International PLC | _ | _ | _ | (63,026) | | _ | (63,026) |
| NatWest Markets PLC | _ | 1,240 | _ | _ | _ | _ | 1,240 |
| State Street Bank and Trust Co. | _ | (5,547) | | _ | _ | _ | (5,547) |
| Toronto-Dominion Bank | _ | 8,504 | | | | | 8,504 |
| UBS AG | 15,984 | 895 | _ | _ | _ | (1,699) | 15,180 |
| Westpac Banking Corp. | _ | 12,865 | _ | _ | _ | _ | 12,865 |
| Total | \$88,467 | \$(1,390) | \$110,089 | \$(492,075) | \$346,641 | \$(30,811) | \$20,921 |

As of June 30, 2020, OTC derivative counterparties had ratings that were either greater than or equivalent to long-term ratings of A3 and short-term ratings of P-2.

The GAA Portfolios could be exposed to credit or market risk due to unfavorable changes in the fluctuation of interest rates or in the price of the underlying security or index, the possibility that there is no liquid market for these agreements or that the counterparty may default on its obligation to perform. The GAA Portfolios' maximum risk of loss from counterparty risk is the fair value of the contract. This risk may be mitigated by having a master netting arrangement between the GAA Portfolios and the counterparty. Risk of loss may exceed amounts recognized on the Statement of Fiduciary Net Position.

OTC Credit Default Contracts Outstanding as of June 30, 2020

| Referenced Debt | Notional amount | Payments received (paid) by Underlying funds per annum | Fair value |
|--------------------|-----------------|---|-------------|
| CMBX NA A Index | \$3,325,000 | 200 bp | \$(211,911) |
| CMBX NA A Index | 11,000 | (200 bp) | 1,008 |
| CMBX NA BB Index | 194,000 | 500 bp | (58,906) |
| CMBX NA BB Index | 951,000 | (500 bp) | 198,200 |
| CMBX NA BBB- Index | 2,438,000 | 300 bp | (389,040) |
| CMBX NA BBB- Index | 686,000 | (300 bp) | (31,426) |
| Total | | | \$(492,075) |

CC Credit Default Contracts Outstanding as of June 30, 2020

| Referenced Debt | Notional amount | Payments received (paid) by Underlying funds per annum | Fair value |
|-----------------------|-----------------|---|------------|
| NA HY Series 34 Index | \$10,769,200 | 500 bp | \$240,133 |
| Total | | | \$240,133 |

Interest Rate Risk Certain Underlying Investments invest in debt securities, including bonds, and are subject to interest-rate risk. Declining interest rates generally increase the value of existing debt instruments, and rising interest rates generally decrease the value of existing debt instruments. Long-term bonds are more exposed to interest rate risk than short-term bonds. Putnam High Yield Fund, Putnam Income Fund, Putnam Fixed Income Absolute Return Fund, Putnam GAA Conservative Portfolio, Putnam GAA Balanced Portfolio and Federated U.S. Government Securities Fund 2-5 Years[§] are the Underlying Investment Options which have a majority of their investments exposed to interest rate risk. The average effective maturity and the average effective duration measured in years, as of June 30, 2020, is as follows.

| | Average Effective Maturity | Average Effective Duration |
|--|----------------------------|-----------------------------------|
| Putnam High Yield Fund | 4.97 | 3.85 |
| Putnam Income Fund | 7.37 | 5.48 |
| Putnam Fixed Income Absolute Return Fund | 4.38 | 1.12 |
| Putnam GAA Conservative Portfolio | 9.39 | 3.69 |
| Putnam GAA Balanced Portfolio | 8.00 | 1.97 |
| Federated U.S. Government Securities Fund 2-5 Years [§] | 4.50 | 3.90 |

⁶ As of June 29, 2020, the Federated U.S. Government Securities Fund 2-5 Years was renamed Federated Hermes Short-Intermediate Government Fund.

The following table provides information about the interest rate risks associated with the Investment Options' investments held in the combined underlying GAA Portfolios as of June 30, 2020 (the table excludes equity investments totaling \$137,235,440).

| | Maturities in Years | | | | | |
|---|---------------------|-------------|--------------|--------------------|---------------|--|
| | Less than 1 | 1-5 | 6-10 | Greater than 10 | Total | |
| Underlying Investments at Fair Value | | | | | | |
| Corporate bonds and notes | \$100,928 | \$2,441,675 | \$13,571,763 | \$6,334,799 | \$22,449,165 | |
| Asset-backed securities | 589,000 | 412,004 | _ | 461,394 | 1,462,398 | |
| Mortgage-backed securities | _ | 743,923 | 2,466,266 | 6,961,400 | 10,171,589 | |
| U.S. government and agency mortgage obligations | _ | _ | _ | 21,212,857 | 21,212,857 | |
| U.S. treasury obligations | | 1,184,981 | 403,111 | 8,425,580 | 10,013,672 | |
| Short-term investments | 120,390,339 | 2,199,609 | | | 122,589,948 | |
| TBA sale commitments | | | _ | (2,106,484) | (2,106,484) | |
| Total Underlying Investments at Fair Value | \$121,080,267 | \$6,982,192 | \$16,441,140 | \$41,289,546 | \$185,793,145 | |

| | Maturities in Years | | | | | |
|--|---------------------|-----------|----------|--------------------|-----------|--|
| | Less than 1 | 1-5 | 6-10 | Greater than 10 | Total | |
| Underlying Derivatives at Fair Value | | | | | | |
| Purchased currency options | \$88,467 | \$— | \$— | \$— | \$88,467 | |
| Forward currency contracts | (1,390) | — | _ | _ | (1,390) | |
| CC interest rate swap contracts | _ | 1,599 | (23,827) | (3,656) | (25,884) | |
| OTC total return swap contracts | 1,689 | _ | 108,407 | (7) | 110,089 | |
| OTC credit default contracts | _ | — | _ | (492,075) | (492,075) | |
| CC credit default contracts | _ | 240,133 | _ | _ | 240,133 | |
| Futures contracts | 346,641 | — | _ | _ | 346,641 | |
| Written currency options | (30,811) | _ | _ | _ | (30,811) | |
| Total Underlying Derivatives at Fair Value | \$404,596 | \$241,732 | \$84,580 | \$(495,738) | \$235,170 | |

Concentration of Credit Risk Concentration of credit risk is the risk of loss that may be attributed to the magnitude of an investment in a single issuer or security type. There were no investments in any one issuer that exceeded 5% of total Plan investments.

Foreign Currency Risk Certain underlying Mutual Funds invest in foreign securities and the Plan is subject to classification of risk under GASB Statement No. 40, *"Deposit and Investment Risk Disclosure."* Certain additional risks are involved when investing in foreign securities that are not inherent to investments in domestic securities. These risks may involve foreign currency exchange rate fluctuations, adverse political and economic developments and the possible prevention of currency exchange or other foreign governmental laws or restrictions. In addition, the liquidity of foreign securities may be more limited than that of domestic securities.

At the end of the reporting period the combined underlying GAA Portfolios had the following foreign currency exposure:

| Foreign Currency Risk as of June 30, 2020 | Total Value |
|---|-------------|
| Australian Dollar | \$650 |
| Brazilian Real | 1,236 |
| Euro | 850 |
| Hong Kong Dollar | 699 |
| New Taiwan Dollar | 1,124 |
| Philippine Peso | 21 |
| South African Rand | 56 |
| South Korean Won | 26 |
| Swedish Krona | 1,042 |
| Swiss Franc | 1,885 |
| Total | \$7,589 |

The Plan's investments for the single fund Investment Options, such investments are 100% of the Investment Option, and therefore, pose no foreign currency risk. The Age-Based Investment Option which invests in the GAA Portfolios are subject to foreign currency risk. The following table provides information about the foreign exchange contracts from open/pending forward contracts associated with the combined underlying GAA Portfolios as of June 30, 2020.

Forward Currency Contracts as of June 30, 2020:

| | Buy | Fair value | Sell | Fair value | Total |
|-------------------------|--------------|------------|--------------|-------------|-----------|
| Australian Dollar | \$2,112,772 | \$135,572 | \$1,457,676 | \$(125,413) | \$10,159 |
| British Pound | 1,315,621 | (24,700) | 1,013,632 | 15,625 | (9,075) |
| Canadian Dollar | 2,197,943 | 48,258 | 3,764,215 | (86,550) | (38,292) |
| Chinese Yuan (Offshore) | 58,329 | (70) | 167,252 | (1,049) | (1,119) |
| Danish Krone | _ | _ | 157,930 | (719) | (719) |
| Euro | 2,732,148 | (1,878) | 3,110,495 | (5,663) | (7,541) |
| Hong Kong Dollar | 49,134 | 17 | 2,012,827 | (2,081) | (2,064) |
| Indian Rupee | 195,670 | 1,492 | 203,177 | (608) | 884 |
| Indonesian Rupiah | 202,286 | 11,814 | 205,411 | 1,177 | 12.991 |
| Japanese Yen | 2,132,619 | (15,190) | 1,096,763 | 4,443 | (10,747) |
| New Taiwan Dollar | 210,807 | (412) | 198,847 | (554) | (966) |
| New Zealand Dollar | 2,359,333 | 145,230 | 1,330,890 | (89,684) | 55,546 |
| Norwegian Krone | 1,110,731 | (14,627) | 1,128,471 | (167) | (14,794) |
| Polish Zloty | 206,742 | 43 | 209,550 | (380) | (337) |
| Russian Ruble | 197,560 | 5,423 | 199,921 | 1,011 | 6,434 |
| Singapore Dollar | 545,345 | 3,023 | 401,751 | (8,404) | (5,381) |
| South African Rand | 33,154 | (301) | _ | _ | (301) |
| South Korean Won | 39,322 | 599 | 22,300 | (372) | 227 |
| Swedish Krona | 1,032,253 | 782 | 638,724 | (1,355) | (573) |
| Swiss Franc | 350,104 | 4,685 | 29,299 | (407) | 4,278 |
| Total | \$17,081,873 | \$299,760 | \$17,349,131 | \$(301,150) | \$(1,390) |

Note 7 — Market Conditions

Beginning in January 2020, global financial markets have experienced, and may continue to experience, significant volatility resulting from the spread of a virus known as COVID-19. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The effects of COVID-19 have adversely affected, and may continue to adversely affect, the global economy, the economies of certain nations, and individual issuers, all of which may negatively impact the Plans' performance.

SUPPLEMENTAL INFORMATION - INVESTMENT OPTIONS

The following information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Putnam 529 for AmericaSM college savings plan. The information was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. It shows financial information relating to the Investment Options, which were included in the Plan during the year ended June 30, 2020.

Statement of Fiduciary Net Position June 30, 2020

| ASSETS | Age-Based 2020 [†] | Age-Based 2019 | Age-Based 2018 | Age-Based 2017 |
|---|-----------------------------|----------------|----------------|----------------|
| Underlying investments, at fair value | \$80,274 | \$716,360 | \$1,039,175 | \$2,469,645 |
| Receivable for Participant contributions | 50 | 5,700 | 300 | 701 |
| Total assets | 80,324 | 722,060 | 1,039,475 | 2,470,346 |
| LIABILITIES | | | | |
| Payable for securities purchased | 50 | 5,700 | 300 | 701 |
| Accrued administration and board fees | 31 | 231 | 364 | 835 |
| Audit and other accrued fees | 5 | 96 | 199 | 542 |
| Total liabilities | 86 | 6,027 | 863 | 2,078 |
| Net position | \$80,238 | \$716,033 | \$1,038,612 | \$2,468,268 |
| Computation of net position value and offering price – A* | | | | |
| Net Position | \$49,106 | \$643,996 | \$912,854 | \$2,243,659 |
| Number of units outstanding | 5,160 | 55,998 | 87,639 | 179,81 |
| Net position value | \$9.52 | \$11.50 | \$10.42 | \$12.48 |
| Offering price Fee Structure A | \$10.10 | \$12.20 | \$11.06 | \$13.24 |
| Computation of net position value - B | | | | |
| Net Position | \$9,481 | \$11,367 | \$13,123 | \$68,082 |
| Number of units outstanding | 1,000 | 1,000 | 1,284 | 5,602 |
| Net position value | \$9.48 | \$11.37 | \$10.22 | \$12.16 |
| Computation of net position value - C | | | | |
| Net Position | \$9,481 | \$48,539 | \$100,248 | \$144,471 |
| Number of units outstanding | 1,000 | 4,270 | 9,810 | 11,886 |
| Net position value | \$9.48 | \$11.37 | \$10.22 | \$12.15 |
| Computation of net position value – Y | | | | |
| Net Position | \$12,170 | \$12,131 | \$12,387 | \$12,056 |
| Number of units outstanding | 1,279 | 1,055 | 1,189 | 966 |
| Net position value | \$9.52 | \$11.50 | \$10.42 | \$12.48 |
| Cost of Investments (Note 2) | \$74,831 | \$712,970 | \$994,349 | \$2,356,780 |

[†] Inception date January 2, 2020.

 * Fee Structure A investment options reflect an initial sales charge of 5.75%.

Statement of Fiduciary Net Position (continued)

June 30, 2020

| ASSETS | Age-Based 2016 | Age-Based 2015 | Age-Based 2014 | Age-Based 2013 |
|---|----------------|----------------|----------------|----------------|
| Underlying investments, at fair value | \$2,675,920 | \$4,791,577 | \$5,536,598 | \$6,485,562 |
| Receivable for Participant contributions | 592 | 391 | 595 | 688 |
| Dividends and interest receivable | _ | 138 | _ | _ |
| Total assets | 2,676,512 | 4,792,106 | 5,537,193 | 6,486,250 |
| LIABILITIES | | | | |
| Payable for securities purchased | 592 | 392 | 595 | 689 |
| Accrued administration and board fees | 1,033 | 1,805 | 2,471 | 2,930 |
| Audit and other accrued fees | 674 | 1,288 | 1,448 | 1,747 |
| Total liabilities | 2,299 | 3,485 | 4,514 | 5,366 |
| Net position | \$2,674,213 | \$4,788,621 | \$5,532,679 | \$6,480,884 |
| Computation of net position value and offering price – A* | | | | |
| Net Position | \$2,223,881 | \$4,067,916 | \$4,079,284 | \$4,725,496 |
| Number of units outstanding | 166,500 | 305,328 | 279,791 | 259,175 |
| Net position value | \$13.36 | \$13.32 | \$14.58 | \$18.23 |
| Offering price Fee Structure A | \$14.18 | \$14.13 | \$15.47 | \$19.34 |
| Computation of net position value - B | | | | |
| Net Position | \$150,609 | \$381,001 | \$569,473 | \$733,644 |
| Number of units outstanding | 11,660 | 29,801 | 41,015 | 42,568 |
| Net position value | \$12.92 | \$12.79# | \$13.88 | \$17.23 |
| Computation of net position value - C | | | | |
| Net Position | \$287,733 | \$327,382 | \$872,059 | \$1,009,965 |
| Number of units outstanding | 22,277 | 25,607 | 62,792 | 58,599 |
| Net position value | \$12.92 | \$12.78 | \$13.89 | \$17.24 |
| Computation of net position value - Y | | | | |
| Net Position | \$11,990 | \$12,322 | \$11,863 | \$11,779 |
| Number of units outstanding | 898 | 925 | 814 | 646 |
| Net position value | \$13.36# | \$13.32 | \$14.58# | \$18.23 |
| Cost of Investments (Note 2) | \$2,521,724 | \$4,472,165 | \$5,004,542 | \$5,979,372 |

* Fee Structure A investment options reflect an initial sales charge of 5.75%.

* Net position value per unit may not recalculate due to rounding of fractional shares.

Statement of Fiduciary Net Position (continued)

June 30, 2020

| ASSETS | Age-Based 2012 | Age-Based 2011 | Age-Based 2010 | Age-Based 2009 |
|---|----------------------|----------------|----------------|----------------|
| Underlying investments, at fair value | \$8,079,133 | \$11,164,812 | \$8,900,708 | \$11,329,080 |
| Cash and cash equivalents | 12 | _ | _ | 17 |
| Receivable for Participant contributions | 842 | 12,929 | 1,693 | 14,364 |
| Dividends and interest receivable | 2 | 25 | _ | 39 |
| Total assets | 8,079,989 | 11,177,766 | 8,902,401 | 11,343,500 |
| LIABILITIES | | | | |
| Payable for securities purchased | 844 | 13,023 | 1,698 | 14,372 |
| Accrued administration and board fees | 3,451 | 4,696 | 3,673 | 4,297 |
| Audit and other accrued fees | 1,806 | 2,639 | 2,039 | 2,656 |
| Total liabilities | 6,101 | 20,358 | 7,410 | 21,325 |
| Net position | \$8,073,888 | \$11,157,408 | \$8,894,991 | \$11,322,175 |
| Computation of net position value and offering price – A* | | | | |
| Net Position | \$6,169,092 | \$8,730,638 | \$7,064,066 | \$9,616,133 |
| Number of units outstanding | 294,519 | 436,078 | 332,106 | 458,018 |
| Net position value | \$20.95 | \$20.02 | \$21.27 | \$21.00 |
| Offering price Fee Structure A | \$22.23 | \$21.24 | \$22.57 | \$22.28 |
| Computation of net position value – B | | | | |
| Net Position | \$922,109 | \$1,274,999 | \$829,949 | \$534,510 |
| Number of units outstanding | 46,924 | 68,416 | 41,960 | 27,389 |
| Net position value | \$19.65 | \$18.64 | \$19.78 | \$19.52 |
| Computation of net position value – C | | | | |
| Net Position | \$969,588 | \$1,140,171 | \$989,466 | \$1,160,127 |
| Number of units outstanding | 49,346 | 61,171 | 50,036 | 59,450 |
| Net position value | \$19.65 | \$18.64 | \$19.77# | \$19.51 |
| Computation of net position value - Y | | | | |
| Net Position | \$13,099 | \$11,600 | \$11,510 | \$11,405 |
| Number of units outstanding | 625 | 579 | 541 | 543 |
| Net position value | \$20.95 [#] | \$20.02# | \$21.27# | \$21.00 |
| Cost of Investments (Note 2) | \$7,467,083 | \$10,227,782 | \$8,018,927 | \$10,140,188 |

 * Fee Structure A investment options reflect an initial sales charge of 5.75%.

* Net position value per unit may not recalculate due to rounding of fractional shares.

Statement of Fiduciary Net Position (continued) June 30, 2020

| ASSETS | Age-Based 2008 | Age-Based 2007 | Age-Based 2006 | Age-Based 2005 |
|---|----------------|----------------|----------------|----------------|
| Underlying investments, at fair value | \$11,084,362 | \$11,895,287 | \$11,521,410 | \$15,230,279 |
| Cash and cash equivalents | _ | 249 | 103 | 212 |
| Receivable for Participant contributions | 1,045 | 423 | 786 | 1,179 |
| Dividends and interest receivable | 22 | 20 | 27 | 59 |
| Total assets | 11,085,429 | 11,895,979 | 11,522,326 | 15,231,729 |
| LIABILITIES | | | | |
| Payable for securities purchased | 1,057 | 443 | 813 | 1,225 |
| Accrued administration and board fees | 4,487 | 4,323 | 4,429 | 5,927 |
| Audit and other accrued fees | 2,608 | 2,812 | 2,728 | 3,574 |
| Total liabilities | 8,152 | 7,578 | 7,970 | 10,726 |
| Net position | \$11,077,277 | \$11,888,401 | \$11,514,356 | \$15,221,003 |
| Computation of net position value and offering price – A* | | | | |
| Net Position | \$8,944,884 | \$10,420,212 | \$9,708,346 | \$12,699,568 |
| Number of units outstanding | 431,615 | 511,379 | 486,626 | 655,925 |
| Net position value | \$20.72 | \$20.38 | \$19.95 | \$19.36 |
| Offering price Fee Structure A | \$21.98 | \$21.62 | \$21.17 | \$20.54 |
| Computation of net position value - B | | | | |
| Net Position | \$651,951 | \$530,790 | \$751,436 | \$884,538 |
| Number of units outstanding | 33,841 | 28,025 | 40,539 | 49,154 |
| Net position value | \$19.26# | \$18.94 | \$18.54 | \$18.00 |
| Computation of net position value - C | | | | |
| Net Position | \$1,469,203 | \$925,733 | \$1,043,666 | \$1,625,158 |
| Number of units outstanding | 76,267 | 48,878 | 56,295 | 90,298 |
| Net position value | \$19.26 | \$18.94 | \$18.54 | \$18.00 |
| Computation of net position value - Y | | | | |
| Net Position | \$11,239 | \$11,666 | \$10,908 | \$11,739 |
| Number of units outstanding | 542 | 572 | 547 | 606 |
| Net position value | \$20.72# | \$20.38# | \$19.95# | \$19.36# |
| Cost of Investments (Note 2) | \$9,945,646 | \$10,854,948 | \$10,524,567 | \$14,173,218 |

*Fee Structure A investment options reflect an initial sales charge of 5.75%.

* Net position value per unit may not recalculate due to rounding of fractional shares.

Statement of Fiduciary Net Position (continued)

June 30, 2020

| ASSETS | Age-Based 2004 | Age-Based 2003 | Age-Based 2002 | Age-Based 2001 |
|---|----------------|----------------|----------------|----------------|
| Underlying investments, at fair value | \$16,947,075 | \$24,793,992 | \$20,120,221 | \$17,404,956 |
| Cash and cash equivalents | 67 | 502 | 652 | _ |
| Receivable for Participant contributions | 945 | 1,746 | 834 | 679 |
| Receivable for securities sold | _ | _ | 6,400 | 3,039 |
| Dividends and interest receivable | 63 | 108 | 101 | 100 |
| Total assets | 16,948,150 | 24,796,348 | 20,128,208 | 17,408,774 |
| LIABILITIES | | | | |
| Payable for Participant redemptions | _ | _ | 6,400 | 3,039 |
| Payable for securities purchased | 1,008 | 1,855 | 936 | 1,131 |
| Accrued administration and board fees | 6,261 | 9,388 | 7,047 | 6,413 |
| Audit and other accrued fees | 4,145 | 5,907 | 4,890 | 4,577 |
| Total liabilities | 11,414 | 17,150 | 19,273 | 15,160 |
| Net position | \$16,936,736 | \$24,779,198 | \$20,108,935 | \$17,393,614 |
| Computation of net position value and offering price – A* | | | | |
| Net Position | \$14,662,694 | \$20,580,484 | \$15,701,142 | \$13,501,475 |
| Number of units outstanding | 782,880 | 1,141,890 | 907,089 | 813,541 |
| Net position value | \$18.73 | \$18.02 | \$17.31 | \$16.60 |
| Offering price Fee Structure A | \$19.87 | \$19.12 | \$18.37 | \$17.61 |
| Computation of net position value - B | | | | |
| Net Position | \$878,948 | \$981,567 | \$453,003 | \$486,422 |
| Number of units outstanding | 50,482 | 58,578 | 28,164 | 31,537 |
| Net position value | \$17.41 | \$16.76 | \$16.08 | \$15.42 |
| Computation of net position value – C | | | | |
| Net Position | \$1,384,482 | \$2,640,536 | \$1,518,554 | \$1,756,387 |
| Number of units outstanding | 79,523 | 157,579 | 94,396 | 113,883 |
| Net position value | \$17.41 | \$16.76 | \$16.09 | \$15.42 |
| Computation of net position value - D | | | | |
| Net Position | _ | \$566,120 | \$2,425,858 | \$1,639,054 |
| Number of units outstanding | _ | 31,406 | 140,162 | 98,781 |
| Net position value | — | \$18.03 | \$17.31 | \$16.59 |
| Computation of net position value - Y | | | | |
| Net Position | \$10,612 | \$10,491 | \$10,378 | \$10,276 |
| Number of units outstanding | 567 | 582 | 600 | 619 |
| Net position value | \$18.73# | \$18.02# | \$17.31# | \$16.60 |
| Cost of Investments (Note 2) | \$15,799,636 | \$23,440,720 | \$18,984,971 | \$16,775,386 |

* Fee Structure A investment options reflect an initial sales charge of 5.75%.

* Net position value per unit may not recalculate due to rounding of fractional shares.

Statement of Fiduciary Net Position (continued)

June 30, 2020

| ASSETS | Age-Based 2000 | Age-Based 1999 | Age-Based Graduate |
|---|----------------|----------------|--------------------|
| Underlying investments, at fair value | \$10,833,095 | \$4,365,131 | \$18,230,275 |
| Cash and cash equivalents | _ | 343 | 7,739 |
| Receivable for Participant contributions | 1,320 | _ | _ |
| Receivable for securities sold | 20,000 | _ | 6,085 |
| Dividends and interest receivable | 168 | 35 | 121 |
| Total assets | 10,854,583 | 4,365,509 | 18,244,220 |
| LIABILITIES | | | |
| Payable for Participant redemptions | 20,000 | _ | - |
| Payable for securities purchased | 1,645 | 85 | 963 |
| Accrued administration and board fees | 3,798 | 1,653 | 6,330 |
| Audit and other accrued fees | 2,907 | 1,988 | 3,759 |
| Total liabilities | 28,350 | 3,726 | 11,052 |
| Net position | \$10,826,233 | \$4,361,783 | \$18,233,168 |
| Computation of net position value and offering price – A* | | | |
| Net Position | \$8,934,631 | \$3,732,498 | \$14,218,290 |
| Number of units outstanding | 562,955 | 245,490 | 1,194,059 |
| Net position value | \$15.87 | \$15.20 | \$11.9 |
| Offering price Fee Structure A | \$16.84 | \$16.13 | \$12.64 |
| Computation of net position value – B | | | |
| Net Position | \$318,810 | \$95,439 | \$236,830 |
| Number of units outstanding | 21,614 | 6,754 | 21,408 |
| Net position value | \$14.75 | \$14.13 | \$11.06 |
| Computation of net position value – C | | | |
| Net Position | \$747,670 | \$146,017 | \$1,829,593 |
| Number of units outstanding | 50,689 | 10,330 | 165,329 |
| Net position value | \$14.75 | \$14.14 | \$11.07 |
| Computation of net position value – D | | | |
| Net Position | \$814,928 | \$377,699 | \$1,938,329 |
| Number of units outstanding | 51,343 | 24,843 | 162,908 |
| Net position value | \$15.87 | \$15.20 | \$11.90 |
| Computation of net position value – Y | | | |
| Net Position | \$10,194 | \$10,130 | \$10,126 |
| Number of units outstanding | 642 | 666 | 850 |
| Net position value | \$15.87# | \$15.21 | \$11.93 |
| Cost of Investments (Note 2) | \$10,615,971 | \$4,317,929 | \$18,067,322 |

* Fee Structure A investment options reflect an initial sales charge of 5.75%.

" Net position value per unit may not recalculate due to rounding of fractional shares.

Statement of Changes in Fiduciary Net Position

For the period ended June 30, 2020

| ADDITIONS | Age-Based 2020 | Age-Based 2019 | Age-Based 2018 | Age-Based 2017 |
|---|----------------|----------------|----------------|----------------|
| Results from Investment Operations: | | | | |
| Income from underlying fund shares | \$1 | \$14 | \$42 | \$98 |
| Net appreciation (depreciation) in fair value of investments ** | 4,657 | 2,250 | 13,111 | 36,526 |
| Total additions & net investment income | 4,658 | 2,264 | 13,153 | 36,624 |
| DEDUCTIONS | | | | |
| Expenses (Note 3) | | | | |
| Administration fees * | | | | |
| Class A | (31) | (879) | (1,805) | (4,927) |
| Class B | (45) | (113) | (133) | (689) |
| Class C | (45) | (268) | (761) | (1,243) |
| Board fees | | | | |
| Class A | (12) | (352) | (721) | (1,970) |
| Class B | (5) | (11) | (13) | (69) |
| Class C | (5) | (27) | (76) | (124) |
| Class Y | (3) | (3) | (3) | (3) |
| Audit and other fees | (5) | (95) | (185) | (510) |
| Total deductions | (151) | (1,748) | (3,697) | (9,535) |
| Participant Transactions | | | | |
| Contributions | 83,263 | 613,246 | 439,643 | 605,473 |
| Exchanges in | 1,648 | 43,113 | 11,787 | 37,119 |
| Redemptions | (1) | (2,420) | (3,051) | (109,573) |
| Exchanges out | (9,179) | (12,635) | (15,619) | (26,192) |
| Net increase (decrease) from participant transactions | 75,731 | 641,304 | 432,760 | 506,827 |
| Total increase (decrease) in net position | 80,238 | 641,820 | 442,216 | 533,916 |
| Net position | | | | |
| Beginning of period | _ | 74,213 | 596,396 | 1,934,352 |
| End of period | \$80,238 | \$716,033 | \$1,038,612 | \$2,468,268 |

[†] Inception date January 2, 2020.

* Class Y does not have an administration fee.

** Includes both net realized and unrealized gains and losses from investments in Underlying Investments.

Statement of Changes in Fiduciary Net Position *(continued)* For the year ended June 30, 2020

| ADDITIONS | Age-Based 2016 | Age-Based 2015 | Age-Based 2014 | Age-Based 2013 |
|---|----------------|----------------|----------------|----------------|
| Results from Investment Operations: | | | | |
| Income from underlying fund shares | \$112 | \$260 | \$597 | \$1,452 |
| Net appreciation (depreciation) in fair value of investments ** | 33,764 | 69,258 | 90,725 | 111,628 |
| Total additions & net investment income | 33,876 | 69,518 | 91,322 | 113,080 |
| DEDUCTIONS | | | | |
| Expenses (Note 3) | | | | |
| Administration fees * | | | | |
| Class A | (4,921) | (9,460) | (9,409) | (10,962) |
| Class B | (1,501) | (3,872) | (5,657) | (7,517) |
| Class C | (2,677) | (2,995) | (8,505) | (10,104) |
| Board fees | | | | |
| Class A | (1,968) | (3,782) | (3,762) | (4,383) |
| Class B | (150) | (387) | (566) | (752) |
| Class C | (268) | (299) | (850) | (1,010) |
| Class Y | (3) | (3) | (3) | (3) |
| Audit and other fees | (629) | (1,193) | (1,325) | (1,596) |
| Total deductions | (12,117) | (21,991) | (30,077) | (36,327) |
| Participant Transactions | | | | |
| Contributions | 501,058 | 550,994 | 621,328 | 648,674 |
| Exchanges in | 9,360 | 35,907 | 188,619 | 38,160 |
| Redemptions | (28,600) | (98,231) | (40,245) | (96,191) |
| Exchanges out | (11,031) | (18,809) | (228,087) | (112,993) |
| Net increase (decrease) from participant transactions | 470,787 | 469,861 | 541,615 | 477,650 |
| Total increase (decrease) in net position | 492,546 | 517,388 | 602,860 | 554,403 |
| Net position | | | | |
| Beginning of year | 2,181,667 | 4,271,233 | 4,929,819 | 5,926,481 |
| End of year | \$2,674,213 | \$4,788,621 | \$5,532,679 | \$6,480,884 |

* Class Y does not have an administration fee.

** Includes both net realized and unrealized gains and losses from investments in Underlying Investments.

Statement of Changes in Fiduciary Net Position (continued)

For the year ended June 30, 2020

| ADDITIONS | Age-Based 2012 | Age-Based 2011 | Age-Based 2010 | Age-Based 2009 |
|---|----------------|----------------|----------------|----------------|
| Results from Investment Operations: | | | | |
| Income from underlying fund shares | \$2,195 | \$4,775 | \$5,306 | \$9,113 |
| Net appreciation (depreciation) in fair value of investments ** | 153,932 | 216,410 | 194,258 | 257,866 |
| Total additions & net investment income | 156,127 | 221,185 | 199,564 | 266,979 |
| DEDUCTIONS | | | | |
| Expenses (Note 3) | | | | |
| Administration fees * | | | | |
| Class A | (13,713) | (20,336) | (16,427) | (22,575) |
| Class B | (9,508) | (13,904) | (9,097) | (6,157) |
| Class C | (10,283) | (13,000) | (9,452) | (13,339) |
| Board fees | | | | |
| Class A | (5,484) | (8,131) | (6,568) | (9,026) |
| Class B | (951) | (1,390) | (909) | (615) |
| Class C | (1,028) | (1,300) | (945) | (1,333) |
| Class Y | (3) | (3) | (3) | (3) |
| Audit and other fees | (1,620) | (2,362) | (1,827) | (2,378) |
| Total deductions | (42,590) | (60,426) | (45,228) | (55,426) |
| Participant Transactions | | | | |
| Contributions | 810,560 | 885,216 | 620,995 | 799,005 |
| Exchanges in | 537,953 | 701,543 | 546,613 | 750,273 |
| Redemptions | (236,552) | (325,798) | (92,575) | (303,809) |
| Exchanges out | (364,374) | (866,507) | (408,715) | (736,478) |
| Net increase (decrease) from participant transactions | 747,587 | 394,454 | 666,318 | 508,991 |
| Total increase (decrease) in net position | 861,124 | 555,213 | 820,654 | 720,544 |
| Net position | | | | |
| Beginning of year | 7,212,764 | 10,602,195 | 8,074,337 | 10,601,631 |
| End of year | \$8,073,888 | \$11,157,408 | \$8,894,991 | \$11,322,175 |

* Class Y does not have an administration fee.

** Includes both net realized and unrealized gains and losses from investments in Underlying Investments.

Statement of Changes in Fiduciary Net Position (continued)

For the year ended June 30, 2020

| ADDITIONS | Age-Based 2008 | Age-Based 2007 | Age-Based 2006 | Age-Based 2005 |
|---|----------------|----------------|----------------|----------------|
| Results from Investment Operations: | | | | |
| Income from underlying fund shares | \$13,263 | \$24,637 | \$32,836 | \$56,160 |
| Net appreciation (depreciation) in fair value of investments ** | 213,080 | 277,387 | 272,683 | 301,618 |
| Total additions & net investment income | 226,343 | 302,024 | 305,519 | 357,778 |
| DEDUCTIONS | | | | |
| Expenses (Note 3) | | | | |
| Administration fees * | | | | |
| Class A | (21,661) | (25,258) | (23,931) | (30,596) |
| Class B | (7,081) | (5,751) | (7,967) | (9,978) |
| Class C | (14,069) | (9,444) | (9,032) | (15,310) |
| Board fees | | | | |
| Class A | (8,660) | (10,098) | (9,567) | (12,232) |
| Class B | (708) | (575) | (796) | (997) |
| Class C | (1,406) | (944) | (903) | (1,530) |
| Class Y | (3) | (3) | (3) | (3) |
| Audit and other fees | (2,336) | (2,517) | (2,436) | (3,198) |
| Total deductions | (55,924) | (54,590) | (54,635) | (73,844) |
| Participant Transactions | | | | |
| Contributions | 919,826 | 905,367 | 754,906 | 833,929 |
| Exchanges in | 810,470 | 478,307 | 565,929 | 1,112,521 |
| Redemptions | (407,359) | (554,565) | (487,303) | (566,687) |
| Exchanges out | (695,575) | (530,793) | (441,108) | (780,541) |
| Net increase (decrease) from participant transactions | 627,362 | 298,316 | 392,424 | 599,222 |
| Total increase (decrease) in net position | 797,781 | 545,750 | 643,308 | 883,156 |
| Net position | | | | |
| Beginning of year | 10,279,496 | 11,342,651 | 10,871,048 | 14,337,847 |
| End of year | \$11,077,277 | \$11,888,401 | \$11,514,356 | \$15,221,003 |

* Class Y does not have an administration fee.

** Includes both net realized and unrealized gains and losses from investments in Underlying Investments.

Statement of Changes in Fiduciary Net Position (continued)

For the year ended June 30, 2020

| ADDITIONS | Age-Based 2004 | Age-Based 2003 | Age-Based 2002 | Age-Based 200 |
|---|----------------|----------------|----------------|---------------|
| Results from Investment Operations: | | | | |
| Income from underlying fund shares | \$82,538 | \$136,797 | \$130,738 | \$143,170 |
| Net appreciation (depreciation) in fair value of investments ** | 326,125 | 444,834 | 326,301 | 252,922 |
| Total additions & net investment income | 408,663 | 581,631 | 457,039 | 396,092 |
| DEDUCTIONS | | | | |
| Expenses (Note 3) | | | | |
| Administration fees * | | | | |
| Class A | (36,932) | (50,617) | (39,196) | (36,643) |
| Class B | (9,664) | (11,659) | (5,526) | (5,867) |
| Class C | (13,897) | (24,452) | (15,584) | (19,054 |
| Class D | _ | (1,386) | (6,038) | (4,370) |
| Board fees | | | | |
| Class A | (14,764) | (20,235) | (15,669) | (14,649 |
| Class B | (966) | (1,165) | (552) | (586 |
| Class C | (1,389) | (2,444) | (1,558) | (1,905 |
| Class D | _ | (554) | (2,414) | (1,747 |
| Class Y | (3) | (3) | (3) | (3 |
| Audit and other fees | (3,681) | (5,264) | (4,333) | (3,967 |
| Total deductions | (81,296) | (117,779) | (90,873) | (88,791 |
| Participant Transactions | | | | |
| Contributions | 805,454 | 1,282,482 | 578,158 | 602,133 |
| Exchanges in | 1,143,037 | 1,874,421 | 1,515,613 | 1,263,110 |
| Redemptions | (732,449) | (769,722) | (1,009,861) | (4,095,220 |
| Exchanges out | (1,655,065) | (1,839,112) | (1,244,393) | (2,176,693 |
| Net increase (decrease) from participant transactions | (439,023) | 548,069 | (160,483) | (4,406,670 |
| Total increase (decrease) in net position | (111,656) | 1,011,921 | 205,683 | (4,099,369 |
| Net position | | | | |
| Beginning of year | 17,048,392 | 23,767,277 | 19,903,252 | 21,492,983 |
| End of year | \$16,936,736 | \$24,779,198 | \$20,108,935 | \$17,393,614 |

* Class Y does not have an administration fee.

** Includes both net realized and unrealized gains and losses from investments in Underlying Investments.

Statement of Changes in Fiduciary Net Position (continued)

For the year ended June 30, 2020

| ADDITIONS | Age-Based 2000 | Age-Based 1999 | Age-Based Graduate |
|--|----------------|----------------|--------------------|
| Results from Investment Operations: | | | |
| Income from underlying fund shares | \$103,623 | \$84,855 | \$147,723 |
| Net appreciation (depreciation) in fair value of investments ** | 128,842 | 58,603 | 128,379 |
| Total additions & net investment income | 232,465 | 143,458 | 276,102 |
| DEDUCTIONS | | | |
| Expenses (Note 3) | | | |
| Administration fees * | | | |
| Class A | (24,457) | (16,520) | (31,631) |
| Class B | (4,035) | (2,026) | (2,416) |
| Class C | (9,112) | (6,724) | (10,664) |
| Class D | (2,248) | (2,327) | (3,940) |
| Board fees | | | |
| Class A | (9,777) | (6,603) | (12,647) |
| Class B | (403) | (203) | (241) |
| Class C | (911) | (672) | (1,066) |
| Class D | (899) | (929) | (1,576) |
| Class Y | (3) | (3) | (3) |
| Audit and other fees | (2,445) | (1,611) | (3,397) |
| Total deductions | (54,290) | (37,618) | (67,581) |
| Participant Transactions | | | |
| Contributions | 336,218 | 463,674 | 306,581 |
| Exchanges in | 824,086 | 525,886 | 8,740,598 |
| Redemptions | (4,221,046) | (3,382,599) | (4,310,527) |
| Exchanges out | (765,207) | (4,328,564) | (1,403,912) |
| Net increase (decrease) from participant transactions | (3,825,949) | (6,721,603) | 3,332,740 |
| Total increase (decrease) in net position | (3,647,774) | (6,615,763) | 3,541,261 |
| Net position | | | |
| Beginning of year | 14,474,007 | 10,977,546 | 14,691,907 |
| End of year | \$10,826,233 | \$4,361,783 | \$18,233,168 |

* Class Y does not have an administration fee.

** Includes both net realized and unrealized gains and losses from investments in Underlying Investments.

Statement of Fiduciary Net Position June 30, 2020

| ASSETS | Aggressive Growth Investment Option | Growth Investment Option | Balanced Investment Option |
|---|--|-----------------------------|-------------------------------|
| Underlying investments, at fair value | \$25,817,138 | \$29,268,242 | \$29,851,224 |
| Cash and cash equivalents | _ | 33 | 72 |
| Receivable for Participant contributions | 3,544 | 603 | 2,570 |
| Receivable for securities sold | 5,738 | 17,000 | |
| Dividends and interest receivable | 1 | 1 | 13 |
| Total assets | 25,826,421 | 29,285,879 | 29,853,879 |
| LIABILITIES | | | |
| Payable for Participant redemptions | 5,738 | 17,000 | _ |
| Payable for securities purchased | 3,545 | 604 | 2,584 |
| Accrued administration and board fees | 9,242 | 10,800 | 10,565 |
| Audit and other accrued fees | 6,156 | 7,339 | 7,195 |
| Total liabilities | 24,681 | 35,743 | 20,344 |
| Net position | \$25,801,740 | \$29,250,136 | \$29,833,535 |
| Computation of net position value and offering price - A* | | | |
| Net Position | \$22,164,908 | \$22,599,247 | \$23,888,697 |
| Number of units outstanding | 946,229 | 1,035,705 | 1,214,124 |
| Net position value | \$23.42 | \$21.82 | \$19.68 |
| Offering price Fee Structure A | \$24.85 | \$23.15 | \$20.88 |
| Computation of net position value – B | | | |
| Net Position | \$812,117 | \$1,257,680 | \$978,675 |
| Number of units outstanding | 37,304 | 62,010 | 53,521 |
| Net position value | \$21.77 | \$20.28 | \$18.29 |
| Computation of net position value – C | | | |
| Net Position | \$2,246,723 | \$3,388,499 | \$3,019,486 |
| Number of units outstanding | 103,157 | 167,058 | 165,148 |
| Net position value | \$21.78 | \$20.28 | \$18.28 |
| Computation of net position value – D | | | |
| Net Position | \$565,371 | \$1,991,225 | \$1,935,110 |
| Number of units outstanding | 24,125 | 91,263 | 98,377 |
| Net position value | \$23.43# | \$21.82 | \$19.67 |
| Computation of net position value – Y | | | |
| Net Position | \$12,621 | \$13,485 | \$11,567 |
| Number of units outstanding | 539 | 618 | 588 |
| Net position value | \$23.43# | \$21.82 | \$19.68 |
| Cost of Investments (Note 2) | \$21,673,929 | \$25,414,798 | \$26,334,287 |

* Fee Structure A investment options reflect an initial sales charge of 5.75%.

* Net position value per unit may not recalculate due to rounding of fractional shares.

Statement of Changes in Fiduciary Net Position

For the year ended June 30, 2020

| ADDITIONS | Aggressive Growth Investment Option | Growth Investment Option | Balanced Investment Option |
|---|--|-----------------------------|-------------------------------|
| Results from Investment Operations: | | | |
| Income from underlying fund shares | \$1,221 | \$1,520 | \$19,580 |
| Net appreciation (depreciation) in fair value of investments ** | 267,589 | 265,213 | 622,481 |
| Total additions & net investment income | 268,810 | 266,733 | 642,061 |
| DEDUCTIONS | | | |
| Expenses (Note 3) | | | |
| Administration fees * | | | |
| Class A | (54,418) | (56,341) | (58,740) |
| Class B | (9,039) | (13,404) | (11,196) |
| Class C | (21,686) | (41,427) | (28,799) |
| Class D | (1,488) | (5,402) | (5,222) |
| Board fees | | | |
| Class A | (21,760) | (22,644) | (23,610) |
| Class B | (904) | (1,345) | (1,123) |
| Class C | (2,177) | (4,156) | (2,891) |
| Class D | (598) | (2,171) | (2,098) |
| Class Y | (3) | (3) | (3) |
| Audit and other fees | (5,437) | (6,411) | (6,358) |
| Total deductions | (117,510) | (153,304) | (140,040) |
| Participant Transactions | | | |
| Contributions | 1,864,344 | 1,680,031 | 1,515,619 |
| Exchanges in | 1,549,535 | 1,712,978 | 3,378,701 |
| Redemptions | (1,724,889) | (3,284,432) | (3,483,522) |
| Exchanges out | (2,684,142) | (3,961,710) | (2,467,786) |
| Net increase (decrease) from participant transactions | (995,152) | (3,853,133) | (1,056,988) |
| Total increase (decrease) in net position | (843,852) | (3,739,704) | (554,967) |
| Net position | | | |
| Beginning of year | 26,645,592 | 32,989,840 | 30,388,502 |
| End of year | \$25,801,740 | \$29,250,136 | \$29,833,535 |

* Class Y does not have an administration fee.

** Includes both net realized and unrealized gains and losses from investments in Underlying Investments.

Absolute Return Funds Investment Options

Statement of Fiduciary Net Position June 30, 2020

| ASSETS | Putnam Fixed Income Absolute Return Fund Investment Option | Putnam Multi-Asset Absolute Return Fund Investment Option |
|---|---|--|
| Underlying investments, at fair value | \$7,011,653 | \$10,672,068 |
| Cash and cash equivalents | 779 | 2 |
| Receivable for Participant contributions | 222 | 881 |
| Receivable for securities sold | _ | 9,171 |
| Total assets | 7,012,654 | 10,682,122 |
| LIABILITIES | | |
| Payable for Participant redemptions | _ | 9,171 |
| Payable for securities purchased | 223 | 882 |
| Accrued administration and board fees | 2,375 | 4,225 |
| Audit and other accrued fees | 1,828 | 2,930 |
| Total liabilities | 4,426 | 17,208 |
| Net position | \$7,008,228 | \$10,664,914 |
| Computation of net position value and offering price – A* | | |
| Net Position | \$6,105,682 | \$8,851,145 |
| Number of units outstanding | 507,811 | 729,530 |
| Net position value | \$12.02 | \$12.13 |
| Offering price Fee Structure A | \$12.75 | \$12.87 |
| Computation of net position value - B | | |
| Net Position | \$204,214 | \$508,380 |
| Number of units outstanding | 17,326 | 45,082 |
| Net position value | \$11.79 | \$11.28 |
| Computation of net position value - C | | |
| Net Position | \$687,858 | \$1,295,604 |
| Number of units outstanding | 61,576 | 114,910 |
| Net position value | \$11.17 | \$11.27 |
| Computation of net position value – Y | | |
| Net Position | \$10,474 | \$9,785 |
| Number of units outstanding | 871 | 806 |
| Net position value | \$12.02# | \$12.13# |
| Cost of Investments (Note 2) | \$7,280,941 | \$11,811,648 |

* Fee Structure A investment options reflect an initial sales charge of 5.75%.

* Net position value per unit may not recalculate due to rounding of fractional shares.

Absolute Return Funds Investment Options

Statement of Changes in Fiduciary Net Position

For the year ended June 30, 2020

| ADDITIONS | Putnam Fixed Income Absolute Return Fund Investment Option | Putnam Multi-Asset Absolute Return Fund Investment Option |
|--|---|--|
| Results from Investment Operations: | | |
| Income from underlying fund shares | \$319,858 | \$502 |
| Net appreciation (depreciation) in fair value of investments ** | (285,843) | (1,006,282) |
| Total additions & net investment income | 34,015 | (1,005,780) |
| DEDUCTIONS | | |
| Expenses (Note 3) | | |
| Administration fees * | | |
| Class A | (16,439) | (24,793) |
| Class B | (1,130) | (5,889) |
| Class C | (6,871) | (15,922) |
| Board fees | | |
| Class A | (6,605) | (9,911) |
| Class B | (252) | (589) |
| Class C | (690) | (1,591) |
| Class Y | (3) | (3) |
| Audit and other fees | (1,635) | (2,550) |
| Total deductions | (33,625) | (61,248) |
| Participant Transactions | | |
| Contributions | 1,048,203 | 606,661 |
| Exchanges in | 733,102 | 614,631 |
| Redemptions | (1,250,602) | (1,628,907) |
| Exchanges out | (1,077,204) | (1,122,773) |
| Net increase (decrease) from participant transactions | (546,501) | (1,530,388) |
| Total increase (decrease) in net position | (546,111) | (2,597,416) |
| Net position | | |
| Beginning of year | 7,554,339 | 13,262,330 |
| End of year | \$7,008,228 | \$10,664,914 |

* Class Y does not have an administration fee.

** Includes both net realized and unrealized gains and losses from investments in Underlying Investments.

Statement of Fiduciary Net Position June 30, 2020

| ASSETS | Putnam Equity Income Fund Investment Option | Putnam Growth Opportunities Fund Investment Option | MFS Institutional International Equity Fund Investment Option |
|---|---|--|---|
| Underlying investments, at fair value | \$17,299,272 | \$20,058,161 | \$8,666,193 |
| Cash and cash equivalents | 132 | 2 | 1 |
| Receivable for Participant contributions | 595 | 26,303 | 248 |
| Receivable for securities sold | 10,417 | 2,517 | |
| Dividends and interest receivable | | 18 | _ |
| Total assets | 17,310,416 | 20,087,001 | 8,666,442 |
| LIABILITIES | | | |
| Payable for Participant redemptions | 10,417 | 2,517 | _ |
| Payable for securities purchased | 595 | 26,304 | 248 |
| Accrued administration and board fees | 6,406 | 7,671 | 3,211 |
| Audit and other accrued fees | 4,477 | 5,280 | 2,276 |
| Total liabilities | 21,895 | 41,772 | 5,735 |
| Net position | \$17,288,521 | \$20,045,229 | \$8,660,707 |
| Computation of net position value and offering price - A* | | | |
| Net Position | \$14,739,716 | \$16,719,536 | \$7,589,911 |
| Number of units outstanding | 562,007 | 750,325 | 432,947 |
| Net position value | \$26.23 | \$22.28 | \$17.53 |
| Offering price Fee Structure A | \$27.83 | \$23.64 | \$18.60 |
| Computation of net position value – B | | | |
| Net Position | \$746,896 | \$500,925 | \$164,927 |
| Number of units outstanding | 30,641 | 23,162 | 10,123 |
| Net position value | \$24.38 | \$21.63 | \$16.29 |
| Computation of net position value – C | | | |
| Net Position | \$1,789,341 | \$2,805,519 | \$893,638 |
| Number of units outstanding | 73,405 | 129,715 | 54,845 |
| Net position value | \$24.38 | \$21.63 | \$16.29 |
| Computation of net position value – Y | | | |
| Net Position | \$12,568 | \$19,249 | \$12,231 |
| Number of units outstanding | 479 | 864 | 698 |
| Net position value | \$26.23 [#] | \$22.28 | \$17.53# |
| Cost of Investments (Note 2) | \$16,948,794 | \$14,564,040 | \$8,131,069 |

* Fee Structure A investment options reflect an initial sales charge of 5.75%.

* Net position value per unit may not recalculate due to rounding of fractional shares.

Statement of Changes in Fiduciary Net Position

For the year ended June 30, 2020

| ADDITIONS | Putnam Equity Income Fund Investment Option | Putnam Growth Opportunities Fund Investment Option | MFS Institutional International Equity Fund Investment Option |
|---|---|--|---|
| Results from Investment Operations: | | | |
| Income from underlying fund shares | \$831,620 | \$630,471 | \$309,013 |
| Net appreciation (depreciation) in fair value of investments ** | (974,177) | 3,522,259 | (376,840) |
| Total additions & net investment income | (142,557) | 4,152,730 | (67,827) |
| DEDUCTIONS | | | |
| Expenses (Note 3) | | | |
| Administration fees * | | | |
| Class A | (38,967) | (36,456) | (20,130) |
| Class B | (8,487) | (4,569) | (1,795) |
| Class C | (19,845) | (24,833) | (11,096) |
| Board fees | | | |
| Class A | (15,657) | (14,577) | (8,048) |
| Class B | (852) | (457) | (179) |
| Class C | (1,991) | (2,483) | (1,109) |
| Class Y | (3) | (3) | (3) |
| Audit and other fees | (3,944) | (4,829) | (1,970) |
| Total deductions | (89,746) | (88,207) | (44,330) |
| Participant Transactions | | | |
| Contributions | 1,700,526 | 1,298,568 | 390,460 |
| Exchanges in | 1,525,624 | 1,268,616 | 551,902 |
| Redemptions | (2,487,592) | (1,629,177) | (947,170) |
| Exchanges out | (1,918,947) | (2,237,922) | (1,478,808) |
| Net increase (decrease) from participant transactions | (1,180,389) | (1,299,915) | (1,483,616) |
| Total increase (decrease) in net position | (1,412,692) | 2,764,608 | (1,595,773) |
| Net position | | | |
| Beginning of year | 18,701,213 | 17,280,621 | 10,256,480 |
| End of year | \$17,288,521 | \$20,045,229 | \$8,660,707 |

* Class Y does not have an administration fee.

** Includes both net realized and unrealized gains and losses from investments in Underlying Investments.

Statement of Fiduciary Net Position (continued)

June 30, 2020

| ASSETS | Principal MidCap Fund Investment Option | Putnam Small Cap Value Fund Investment Option | Putnam High Yield Investment Option |
|--|---|---|---|
| Underlying investments, at fair value | \$17,009,525 | \$2,936,642 | \$2,917,649 |
| Receivable for Participant contributions | 1,351 | 136 | 1 |
| Receivable for securities sold | 22,831 | _ | 313 |
| Dividends and interest receivable | _ | _ | 17 |
| Total assets | 17,033,707 | 2,936,778 | 2,917,980 |
| LIABILITIES | | | |
| Payable for Participant redemptions | 22,831 | _ | 313 |
| Payable for securities purchased | 1,351 | 136 | 1 |
| Accrued administration and board fees | 5,901 | 1,090 | 1,112 |
| Audit and other accrued fees | 4,318 | 849 | 782 |
| Total liabilities | 34,401 | 2,075 | 2,208 |
| Net position | \$16,999,306 | \$2,934,703 | \$2,915,772 |
| Computation of net position value and offering price | e – A* | | |
| Net Position | \$15,217,541 | \$2,522,719 | \$2,483,662 |
| Number of units outstanding | 418,966 | 252,128 | 227,856 |
| Net position value | \$36.32 | \$10.01 | \$10.90 |
| Offering price Fee Structure A | \$38.54 | \$10.62 | \$11.56 |
| Computation of net position value - B | | | |
| Net Position | \$468,013 | \$67,312 | \$52,332 |
| Number of units outstanding | 13,863 | 7,027 | 4,917 |
| Net position value | \$33.76 | \$9.58 | \$10.64 |
| Computation of net position value - C | | | |
| Net Position | \$1,300,313 | \$330,861 | \$368,621 |
| Number of units outstanding | 38,515 | 34,545 | 34,639 |
| Net position value | \$33.76 | \$9.58 | \$10.64 |
| Computation of net position value - Y | | | |
| Net Position | \$13,439 | \$13,811 | \$11,157 |
| Number of units outstanding | 370 | 1,380 | 1,024 |
| Net position value | \$36.32 | \$10.01 | \$10.90 |
| Cost of Investments (Note 2) | \$14,263,879 | \$4,029,393 | \$3,059,904 |

* Fee Structure A investment options reflect an initial sales charge of 5.75%.

Statement of Changes in Fiduciary Net Position (continued)

For the year ended June 30, 2020

| ADDITIONS | Principal MidCap Fund Investment Option | Putnam Small Cap Value Fund Investment Option | Putnam High Yield Investment Option |
|--|---|---|---|
| Results from Investment Operations: | | | |
| Income from underlying fund shares | \$858,334 | \$57,012 | \$159,224 |
| Net appreciation (depreciation) in fair value of investments ** | (100,954) | (762,944) | (172,910) |
| Total additions & net investment income | 757,380 | (705,932) | (13,686) |
| DEDUCTIONS | | | |
| Expenses (Note 3) | | | |
| Administration fees * | | | |
| Class A | (39,062) | (7,400) | (6,778) |
| Class B | (5,386) | (749) | (944) |
| Class C | (14,721) | (4,702) | (4,014) |
| Board fees | | | |
| Class A | (15,696) | (2,960) | (2,709) |
| Class B | (540) | (75) | (94) |
| Class C | (1,477) | (470) | (401) |
| Class Y | (3) | (3) | (3) |
| Audit and other fees | (3,803) | (710) | (666) |
| Total deductions | (80,688) | (17,069) | (15,609) |
| Participant Transactions | | | |
| Contributions | 612,730 | 202,671 | 114,029 |
| Exchanges in | 736,163 | 141,527 | 321,504 |
| Redemptions | (1,550,008) | (427,788) | (507,501) |
| Exchanges out | (2,111,006) | (435,035) | (630,789) |
| Net increase (decrease) from participant transactions | (2,312,121) | (518,625) | (702,757) |
| Total increase (decrease) in net position | (1,635,429) | (1,241,626) | (732,052) |
| Net position | | | |
| Beginning of year | 18,634,735 | 4,176,329 | 3,647,824 |
| End of year | \$16,999,306 | \$2,934,703 | \$2,915,772 |

* Class Y does not have an administration fee.

** Includes both net realized and unrealized gains and losses from investments in Underlying Investments.

Statement of Fiduciary Net Position *(continued)* June 30, 2020

| ASSETS | Putnam Income Fund Investment Option | Federated U.S. Government Securities Fund 2-5 Years Investment Option [§] | State Street S&P 500 Index Fund Investment Option | Putnam Government Money Market Fund Investment Option |
|---|---|--|---|---|
| Underlying investments, at fair value | \$7,083,290 | \$1,444,588 | \$12,149,448 | \$17,242,314 |
| Cash and cash equivalents | 489 | 513 | 109 | 42 |
| Receivable for Participant contributions | 106 | _ | 2,322 | 28,200 |
| Receivable for securities sold | _ | 6,000 | _ | 15,000 |
| Dividends and interest receivable | _ | _ | 1,787 | 229 |
| Total assets | 7,083,885 | 1,451,101 | 12,153,666 | 17,285,785 |
| LIABILITIES | | | | |
| Payable for Participant redemptions | _ | 6,000 | _ | 15,000 |
| Payable for securities purchased | 106 | 1,497 | 2,322 | 28,336 |
| Accrued administration and board fees | 2,466 | 442 | 4,806 | _ |
| Audit and other accrued fees | 1,692 | 344 | 2,951 | 4,342 |
| Total liabilities | 4,264 | 8,283 | 10,079 | 47,678 |
| Net position | \$7,079,621 | \$1,442,818 | \$12,143,587 | \$17,238,107 |
| Computation of net position value and offering price – A* | | | | |
| Net Position | \$6,177,100 | \$1,364,664 | \$10,027,052 | \$16,598,486 |
| Number of units outstanding | 412,655 | 121,477 | 381,103 | 16,597,252 |
| Net position value | \$14.97 | \$11.23 | \$26.31 | \$1.00 |
| Offering price Fee Structure A | \$15.88 | \$11.92 | \$27.92 | \$1.06 |
| Computation of net position value – B | | | | |
| Net Position | \$224,184 | \$2,427 | \$335,489 | \$202,457 |
| Number of units outstanding | 16,118 | 232 | 13,543 | 202,399 |
| Net position value | \$13.91 | \$10.44# | \$24.77 | \$1.00 |
| Computation of net position value – C | | | | |
| Net Position | \$667,824 | \$65,670 | \$1,765,992 | \$427,164 |
| Number of units outstanding | 47,982 | 6,287 | 71,286 | 426,397 |
| Net position value | \$13.92 | \$10.45 | \$24.77 | \$1.00 |
| Computation of net position value - Y | | | | |
| Net Position | \$10,513 | \$10,057 | \$15,054 | \$10,000 |
| Number of units outstanding | 702 | 895 | 572 | 10,000 |
| Net position value | \$14.97# | \$11.23# | \$26.31 [#] | \$1.00 |
| Cost of Investments (Note 2) | \$6,769,104 | \$1,374,753 | \$11,526,061 | \$17,242,314 |

* Fee Structure A investment options reflect an initial sales charge of 5.75%.

* Net position value per unit may not recalculate due to rounding of fractional shares.

[§] As of June 29, 2020, the Federated U.S. Government Securities Fund 2-5 Years was renamed Federated Hermes Short-Intermediate Government Fund.

Statement of Changes in Fiduciary Net Position (continued)

For the year ended June 30, 2020

| ADDITIONS | Putnam Income Fund Investment Option | Federated U.S. Government Securities Fund 2-5 Years Investment Option [§] | State Street S&P 500 Index Fund Investment Option | Putnam Government Money Market Fund Investment Option |
|---|---|--|---|---|
| Results from Investment Operations: | | | | |
| Income from underlying fund shares | \$308,706 | \$27,083 | \$808,824 | \$112,035 |
| Net appreciation (depreciation) in fair value of investments ** | 167,612 | 58,638 | 90,804 | _ |
| Total additions & net investment income | 476,318 | 85,721 | 899,628 | 112,035 |
| DEDUCTIONS | | | | |
| Distributions (Note 2) | | | | |
| Class A | _ | _ | _ | (98,321) |
| Class B | _ | _ | _ | (1,602) |
| Class C | _ | _ | _ | (2,062) |
| Class Y | _ | _ | _ | _ |
| Expenses (Note 3) | | | | |
| Administration fees * | | | | |
| Class A | (15,064) | (3,305) | (24,888) | _ |
| Class B | (2,391) | (26) | (3,366) | _ |
| Class C | (6,845) | (853) | (19,049) | _ |
| Board fees | | | | |
| Class A | (6,055) | (1,329) | (9,951) | (12,616) |
| Class B | (240) | (3) | (336) | (199) |
| Class C | (687) | (86) | (1,904) | (320) |
| Class Y | (3) | (3) | (3) | (3) |
| Audit and other fees | (1,515) | (301) | (2,634) | (4,009) |
| Expenses waived by Putnam (Note 3) | _ | _ | _ | 5,343 |
| Total deductions | (32,800) | (5,906) | (62,131) | (113,789) |
| Participant Transactions | | | | |
| Contributions | 262,646 | 70,813 | 574,472 | 1,482,002 |
| Reinvestments | _ | _ | _ | 101,263 |
| Exchanges in | 1,339,692 | 594,639 | 689,436 | 9,714,227 |
| Redemptions | (869,736) | (538,904) | (846,618) | (4,307,352) |
| Exchanges out | (945,083) | (116,520) | (1,415,993) | (2,392,446) |
| Net increase (decrease) from participant transactions | (212,481) | 10,028 | (998,703) | 4,597,694 |
| Total increase (decrease) in net position | 231,037 | 89,843 | (161,206) | 4,595,940 |
| Net position | | | | |
| Beginning of year | 6,848,584 | 1,352,975 | 12,304,793 | 12,642,167 |
| End of year | \$7,079,621 | \$1,442,818 | \$12,143,587 | \$17,238,107 |

* Class Y does not have an administration fee.

** Includes both net realized and unrealized gains and losses from investments in Underlying Investments.

⁶ As of June 29, 2020, the Federated U.S. Government Securities Fund 2-5 Years was renamed Federated Hermes Short-Intermediate Government Fund.



100 Federal Street Boston, MA 02110

1-800-225-1581 putnam.com



Members of the Board of Trustees of the College Savings Plans of Nevada Ascensus Broker Dealer Services, LLC, Program Manager SSGA Upromise 529 Plan

We have audited the basic financial statements of the **SSGA Upromise 529 Plan** (the Plan), which comprise the statement of fiduciary net position, the statement of changes in fiduciary net position and the notes to the financial statements, as of and for the year ended June 30, 2020, and have issued our report thereon dated September 30, 2020. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Basic Financial Statement Audit

As communicated to Ascensus Broker Dealer Services, LLC (ABD) in our engagement letter dated May 19, 2017, as amended, and to the Members of the Board of Trustees of the College Savings Plans of Nevada (the Board) in a letter dated July 2, 2020, our responsibility, as described by professional standards, is to form and express an opinion about whether the basic financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the basic financial statements does not relieve the Board or ABD of any responsibilities with respect to the Plan.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the basic financial statements are free of material misstatement. An audit of the basic financial statements includes consideration of internal control over financial reporting as a basis of designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Plan solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Members of the Board of Trustees of the College Savings Plans of Nevada Ascensus Broker Dealer Services, LLC, Program Manager SSGA Upromise 529 Plan Page Two

Compliance with All Ethics Requirements Regarding Independence (Continued)

Although we have assisted management in the clerical aspects of drafting the basic financial statements, management's discussion and analysis (MD&A) that accompanies the basic financial statements as required supplementary information (RSI) and the schedules of fiduciary net position and changes in fiduciary net position for each investment option that accompany the basic financial statements as other supplementary information (SI), management has reviewed, approved and accepted responsibility for the accuracy and completeness of all information reported therein. In addition, based on information provided to us by the Plan's custodian and ABD, we have provided assistance in adjusting investment and participant balances from settlement date to trade date basis, recording withdrawals payable and eliminating exchange and transfer transactions from contributions and withdrawals for purposes of financial reporting. Management has reviewed, approved and accepted responsibility for the accuracy and completeness of these adjustments.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Currently, neither the Governmental Accounting Standards Board (GASB) nor the Financial Accounting Standards Board (FASB) has established authoritative guidance specific to accounting and reporting for qualified tuition programs organized under Section 529 of the Internal Revenue Code of 1986, as amended. As the Plan was created as authorized under Chapter 353B of the Nevada Revised Statutes, as amended, is subject to oversight by the Board, operates pursuant to relevant provisions of state law, and is included in the State of Nevada's Comprehensive Annual Financial Report as a fiduciary fund, the Plan's basic financial statements are prepared following accounting and financial reporting standards set forth in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, applicable to fiduciary funds.

Management has the responsibility to select and use appropriate accounting policies. The significant accounting policies used by the Plan are described in Note 2 to the financial statements. There has been no initial selection of accounting policies nor have there been any changes in significant accounting policies or their application during the year ended June 30, 2020. No matters have come to our attention that would require us, under professional standards, to inform you about the methods used to account for significant unusual transactions or the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Plan's basic financial statements are the fair values of investments. While these fair values are determined based on published market prices, changing economic conditions, such as market fluctuations and changes in interest rates, could significantly impact amounts reported in the Plan's basic financial statements and the balances of

Members of the Board of Trustees of the College Savings Plans of Nevada Ascensus Broker Dealer Services, LLC, Program Manager SSGA Upromise 529 Plan Page Three

Qualitative Aspects of the Entity's Significant Accounting Practices (Continued)

Significant Accounting Estimates (Continued)

account owners participating in the Plan. We evaluated the fair values reported in the Plan's basic financial statements and determined they are reasonable in relation to the basic financial statements taken as a whole.

Basic Financial Statement Disclosures

Certain financial statements disclosures are particularly sensitive because of their significance to financial statement users. Note 3 to the financial statements discloses information about the Plan's investments, including required disclosures regarding investment policies, credit risk, interest rate risk and foreign currency risk. Note 4 to the financial statements discloses information about fees paid to the state of Nevada, ABD and the investment manager. Note 5 to the financial statements discloses uncertainties surrounding the COVID-19 pandemic and its impact on the Plan.

The disclosures in the basic financial statements are neutral, consistent and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management in performing or completing our audit.

Significant Transaction

Effective September 20, 2019, the SSGA College 2018 Portfolio was closed, and all of its assets were transferred to the SSGA College Today Portfolio. During our audit, we performed procedures to verify that this portfolio transition occurred as intended. In addition, we performed procedures to verify that asset allocations of the College Date Portfolio Options were in line with target allocations as of June 30, 2020.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the basic financial statements as a whole. We have no such misstatements to report.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no misstatements identified by us as a result of our audit.

Members of the Board of Trustees of the College Savings Plans of Nevada Ascensus Broker Dealer Services, LLC, Program Manager SSGA Upromise 529 Plan Page Four

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting or auditing matter, which could be significant to the Plan's basic financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain representations from ABD, which are included in their management representation letter dated September 30, 2020. A copy of this letter is included in **Attachment A**.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with the Plan, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, conditions affecting the Plan, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Plan's auditors.

Other Matters

Required Supplementary Information

With respect to MD&A, we have applied certain limited procedures to the information presented therein. Our procedures consisted of inquiries of management regarding the methods of preparing the information in MD&A and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We did not audit the information in MD&A and do not express an opinion or provide any assurance on such information.

Other Supplementary Information

We were engaged to report on the information in the schedule of fiduciary net position by investment option and the schedule of changes in fiduciary net position by investment option. With respect to the information in these schedules, we made certain inquiries of management and evaluated the form, content and methods of preparing the information presented therein to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing the information in these schedules has not changed from the prior period and the information in these schedules is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the information in these schedules to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

Members of the Board of Trustees of the College Savings Plans of Nevada Ascensus Broker Dealer Services, LLC, Program Manager SSGA Upromise 529 Plan Page Five

Other Matters (Continued)

Underlying Fund Fees

The mutual funds and exchange-traded funds in which the Plan's assets are invested are subject to underlying fund fees, which include investment advisory fees, administrative and other expenses of those funds and are paid to the managers of those funds. These underlying fund fees are not reported as expenses in the Plan's basic financial statements since they reduce the amount of income distributable by the mutual funds and exchange-traded funds to the Plan in the form of dividends and capital gain distributions and are not paid from Plan assets. We did not perform any audit procedures with respect to the underlying fund fees.

Marketing Commitment

Section 10.3 of the Direct Program Management Agreement, as amended, requires that ABD expend specified annual amounts on marketing efforts, and any unexpended amounts shall rollover for use in the following year. These marketing expenses are expenses of ABD, are not reported as expenses in the Plan's basic financial statements and were not subject to our audit procedures.

Rollover Fees

Article I of Schedule A of the Direct Program Management Agreement, as amended, requires that ABD pay a fee to the Board for accounts that rollover their balances to education savings options offered by other states. These rollover fees are expenses of ABD, are not reported as expenses in the Plan's basic financial statements and were not subject to our audit procedures.

Restriction on Use

This information is intended solely for the use of the Board and ABD and is not intended to be, and should not be, used by anyone other than these specified parties.

tified Public Accountants

September 30, 2020 Little Rock, Arkansas

Attachment A



September 30, 2020

Landmark PLC 201 East Markham Street, Suite 500 Little Rock, Arkansas 72201

Ascensus Broker Dealer Services, LLC (ABD), as Program Manager for the SSGA Upromise 529 Plan (the Plan), is providing this representation letter in connection with your audit of the Plan's June 30, 2020 financial statements and the related notes to the financial statements for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

To the best of our knowledge and belief, we confirm the following representations, having made reasonable inquiries with respect to the matters therein:

Basic Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 19, 2017, as amended.
- 2) The basic financial statements referred to above are fairly presented in conformity with U.S. GAAP applicable to fiduciary fund types of governmental entities and include all assets, liabilities, contributions, other revenues, withdrawals and other expenses attributable to the Plan.
- 3) We acknowledge our responsibility for the design, implementation and maintenance of our internal controls to the extent they are relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation and maintenance of our internal controls to provide reasonable assurance that fraud is prevented and detected.
- 5) Significant assumptions we used in making accounting estimates are reasonable.

Landmark PLC Page Two

Basic Financial Statements (Continued)

- 6) We have disclosed to you the identities of the Plan's related parties and all the related party relationships and transactions of which we are aware. Related party relationships and transactions, including revenues, expenses and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 7) No events, circumstances or instances of material noncompliance with laws, regulations, contracts or agreements that are relevant to the Plan have occurred subsequent to June 30, 2020, and through the date of this letter that would require adjustment to or disclosure in the Plan's basic financial statements.
- 8) We are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the basic financial statements, and we have not consulted a lawyer concerning litigation, claims or assessments against the Plan or against ABD with respect to its administration of the Plan. There are no guarantees, whether written or oral, under which the Plan is contingently liable.
- 9) We have reviewed the note disclosures regarding the Plan's cash accounts maintained at Bank of New York Mellon, and we believe them to be appropriate and accurate.
- 10) With regard to investments:
 - a) Mutual funds and exchange-traded funds (ETFs) are reported at fair value by Bank of New York Mellon through its use of pricing services, based on net asset value per share (mutual funds) or closing market prices (ETFs) determined as of the close of the New York Stock Exchange on the reporting date.
 - b) Disclosures related to fair value as provided by Bank of New York Mellon are complete, accurate and in accordance with U.S. GAAP.
 - c) We are not aware of any litigation pertaining to the mutual funds and ETFs in which the Plan invests that could have a material impact on balances reported in the financial statements or that would require disclosure under U.S. GAAP.
 - d) We are not aware of any subsequent events that require adjustment to fair value measurements or disclosures included in the notes to the financial statements.

Landmark PLC Page Three

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the basic financial statements, such as records, documentation, audit or relevant monitoring reports, if any, received from regulatory agencies.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to employees of ABD or affiliates from whom you determined it necessary to obtain audit evidence.
- 12) We have provided you with a copy of the Report on Ascensus Government Savings' Description of its System for Processing Transactions Related to 529, ABLE and State Sponsored Retirement Programs and on the Suitability of the Design and Operating Effectiveness of its Controls covering the period from January 1, 2019 through December 31, 2019. As of the date of this letter, a new report is not available. We represent that there have been no significant changes in processes, procedures or controls described in this report through the date of this letter.
- 13) All material transactions have been recorded in the accounting records and are reflected in the basic financial statements.
- 14) We have no knowledge of any fraud or suspected fraud affecting the Plan involving
 - a) Management,
 - b) Employees of ABD or affiliates who have significant roles in internal control or
 - c) Others where the fraud could have a material effect on the basic financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Plan's basic financial statements communicated by employees, former employees, regulators, employees of the Nevada Treasurer's Office, members of the Board of Trustees of the College Savings Plans of Nevada (the Board), State Street Global Advisors (SSGA) or others. We have assessed the risk that fraud may occur and have a material impact on the Plan's basic financial statements, and we have disclosed to you any material concerns that may have significance to your audit.
- 16) We are not aware of any known instances of noncompliance or suspected noncompliance with provisions of laws, regulations or contracts applicable to the Plan, nor are we aware of any instances of abuse, whose effects should be considered when preparing the basic financial statements.

Landmark PLC Page Four

Other Specific Representations

- 17) We have no knowledge of any communications from the Nevada Treasurer's Office or members of the Board or regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 18) We have identified to you any previous audits, compliance examinations, attestation engagements and other studies related to the objectives of this audit engagement that are relevant to the preparation and fair presentation of the basic financial statements, and have provided our views on reported findings, conclusions and recommendations, as well as our planned corrective actions.
- 19) We are not aware of any plans or intentions that may materially affect the current structure of the Plan that should be disclosed in the notes to the financial statements. We are not aware of any plans, intentions or changes in laws or regulations that would result in discontinuance of the Plan.
- 20) Together, ABD, SSGA and members of the Board are responsible for compliance with the laws, regulations and provisions of contracts and agreements applicable to the Plan; and we have identified and disclosed to you all laws, regulations and provisions of contracts and agreements that we believe have a direct and material effect on the determination of financial statement amounts.
- 21) We are not aware of any violations or possible violations of laws, regulations or provisions of contracts whose effects should be considered for disclosure in the basic financial statements, or as a basis for recording a loss contingency or for reporting on noncompliance.
- 22) The Plan has complied with all aspects of contractual agreements that would have a material effect on the basic financial statements in the event of noncompliance.
- 23) The Plan is exempt from income taxes under Section 115 of the Internal Revenue Code. The Plan has not engaged in any activities of which we are aware that would be subject to tax on unrelated business income or excise or other tax.
- 24) There have been no Financial Industry Regulatory Authority (FINRA) complaints filed in regard to the Plan during the period from July 1, 2019 through June 30, 2020, and through the date of this letter.
- 25) We have disclosed to you all relevant contracts or other agreements with service organizations, and we have not received any relevant communications from the service organizations relating to control deficiencies or material noncompliance with laws, regulations, contracts or agreements that may impact the basic financial statements of the Plan.

Landmark PLC Page Five

Non-Attest Services

- 26) Although you have assisted us with the preparation of the financial statements and related notes and supplementary schedules and have provided technical advice regarding the contents of management's discussion and analysis (MDA), we have designated one or more individual(s) with suitable skill, knowledge or experience to oversee your services and have made any necessary management decisions and performed all requisite management functions. We have reviewed, approved and accepted responsibility for the financial statements and related notes and supplementary schedules, as well as MDA.
- 27) We understand that, as part of your audit, you prepared certain adjusting entries necessary to report investments and account owner transactions on a trade-date basis, to report withdrawals payable and to eliminate rounding differences based on information provided by us, the Plan's custodian or the investment manager. We have reviewed and approved those entries and accept responsibility for the accuracy of those entries.
- 28) We acknowledge our responsibility for the MDA, which is required supplementary information (RSI) prescribed by the Governmental Accounting Standards Board (GASB). The RSI is measured and presented within guidelines prescribed by the GASB, and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 29) With respect to the supplementary schedules that detail fiduciary net position and changes in fiduciary net position for each investment option:
 - a) We acknowledge our responsibility for presenting the information in these schedules, and we believe the information in these schedules, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the information in these schedules have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) We agree that we will not distribute the supplementary schedules separate and apart from the auditor's opinion, financial statements and note disclosures.

Margaret Creonte President, Ascensus Government Savings

SSGAUPromise529 POWERED BY SPDR® ETFS

(A Fiduciary Fund of the State of Nevada)

BASIC FINANCIAL STATEMENTS and SUPPLEMENTARY INFORMATION June 30, 2020 (With Independent Auditor's Report Thereon)

SSGAUpromise529 POWERED BY SPDR® ETFs

(A Fiduciary Fund of the State of Nevada)

TABLE OF CONTENTS

| 1-3 |
|---------|
| 7 – 15 |
| |
| 18 |
| 18 |
| 20-34 |
| |
| 37 – 40 |
| 41-44 |
| 46 - 47 |
| |

1



INDEPENDENT AUDITOR'S REPORT

Members of the Board of Trustees of the College Savings Plans of Nevada Ascensus Broker Dealer Services, LLC, Program Manager SSGA Upromise 529 Plan

Report on the Basic Financial Statements

We have audited the accompanying statement of fiduciary net position and statement of changes in fiduciary net position of the **SSGA Upromise 529 Plan** (the Plan), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements.

Management's Responsibility for the Basic Financial Statements

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

1

Members of the Board of Trustees of the College Savings Plans of Nevada Ascensus Broker Dealer Services, LLC, Program Manager SSGA Upromise 529 Plan

Opinion

In our opinion, the basic financial statements referred to on the preceding page present fairly, in all material respects, the fiduciary net position of the Plan as of June 30, 2020, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in Note 1 to the financial statements, the Plan is a fiduciary fund of the state of Nevada and is one of six education savings options offered by the state of Nevada through the Nevada College Savings Program (the Program). Assets of the Program are held in the Nevada College Savings Trust Fund (the Trust). These basic financial statements present only the activities and balances attributable to the Plan and do not purport to, and do not, present fairly the fiduciary net position or changes in fiduciary net position of the Program, the Trust or any other fiduciary funds of the state of Nevada as of and for the year ended June 30, 2020. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 7 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, as it is considered to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information in management's discussion and analysis because the limited procedures we performed do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Plan's basic financial statements. The schedules of fiduciary net position and changes in fiduciary net position by investment option on pages 37 through 44 are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in

Members of the Board of Trustees of the College Savings Plans of Nevada Ascensus Broker Dealer Services, LLC, Program Manager SSGA Upromise 529 Plan

Other Matters (Continued)

Other Supplementary Information (Continued)

accordance with auditing standards generally accepted in the United States of America. In our opinion, the information in these schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2020, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

ertified[®]Public Accountants

September 30, 2020 Little Rock, Arkansas (This page intentionally left blank)

Management's Discussion and Analysis (Unaudited)

(This page intentionally left blank)

ssga^vpromise529

POWERED BY SPDR® ETFs

(A Fiduciary Fund of the State of Nevada)

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) June 30, 2020

This management's discussion and analysis is intended to provide readers an objective discussion of the financial statements of the SSGA Upromise 529 Plan (the Plan) as of and for the years ended June 30, 2020 and 2019. This discussion and analysis, which is supplementary information required by the Governmental Accounting Standards Board (GASB), is intended to provide a highly summarized overview of the Plan's assets, liabilities, fiduciary net position and changes in fiduciary net position and should be read in conjunction with the Plan's financial statements and notes thereto, which are included on pages 18 through 34. In addition, readers may find useful the supplementary information on pages 37 through 44, which include information about the investment options offered to account owners.

* * * * *

The Nevada College Savings Program (the Program) was created under Title 31, Chapter 353B of the Nevada Revised Statutes, as amended, to encourage individuals and families to save for future costs of higher education. Under tax reform legislation enacted in December 2017, a portion of savings may now be used for elementary and secondary tuition at a public, private or religious school. Plan assets are held for the benefit of account owners and their designated beneficiaries in the Nevada College Savings Trust (the Trust). The Plan is administered as a "qualified tuition program" in compliance with Section 529 of the Internal Revenue Code of 1986, as amended, and both the Plan and the Trust are exempt from taxation. The Plan is one of six education savings options offered under the Program. This management's discussion and analysis, as well as the accompanying basic financial statements and supplementary information, pertain only to the Plan.

The Board of Trustees of the College Savings Plans of Nevada (the Board) is responsible for the overall administration of the Program, subject to implementing regulations set forth in the Nevada Administrative Code. As permitted by these implementing regulations, the Board may contract with third-party service providers to perform administrative duties and to manage the Plan's investments. Pursuant to the Direct Program Management Agreement, as amended, Ascensus Broker Dealer Services, LLC (ABD) serves as the Program Manager, responsible for oversight of the daily operations of the Plan.

State Street Global Advisors (SSGA) provides investment management and certain marketing services for all investment options offered to account owners, except for the Savings Portfolio Option, for which Sallie Mae Bank is responsible for investment management services.

ssga^T promise529

POWERED BY SPDR® ETFs

(A Fiduciary Fund of the State of Nevada)

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) June 30, 2020

Financial Highlights

The following highlight some of the Plan's key financial results:

- At both June 30, 2020 and 2019, the Plan's fiduciary net position totaled approximately \$1.5 billion. Fiduciary net position decreased \$5.2 million, or (0.3%), from June 30, 2019, to June 30, 2020.
- During the years ended June 30, 2020 and 2019, withdrawals exceeded contributions by \$46.5 million and \$30.4 million, respectively. Contributions for the year ended June 30, 2020, totaled \$116.5 million, a decrease of \$2.2 million, or (1.8%), from 2019 contributions. Withdrawals for the year ended June 30, 2020, totaled \$163.0 million, an increase of \$14.0 million, or 9.4%, over 2019 withdrawals.
- Administrative fees totaled \$4.4 million and \$4.3 million for the years ended June 30, 2020 and 2019, respectively. These fees, which are based on the Plan's fiduciary net position, are paid to the Board, ABD and SSGA for performing oversight, administrative and investment management services.
- For the year ended June 30, 2020, the Plan experienced net investment income of \$45.7 million, resulting from the net increase in the fair value of investments of \$8.4 million and interest and dividends totaling \$37.3 million. For the year ended June 30, 2019, the Plan experienced net investment income of \$75.4 million, resulting from the net increase in the fair value of investments of \$34.9 million and interest and dividends totaling \$40.5 million.
- The number of active accounts has decreased from 143,501 at June 30, 2019, to 138,293 at June 30, 2020. The average active account balance has increased from approximately \$10,400 at June 30, 2019, to approximately \$10,700 at June 30, 2020.
- The Silver State Matching Program awarded \$110,815 and \$87,005 in matching grants in 2020 and 2019, respectively, to qualifying account owners.
- In September 2013, the Treasurer's Office announced the launch of the pilot College Kick Start Program in rural Nevada. The goal of this program is to help support the dream of achieving a college education by establishing a \$50 College Kick Start Account for each public school kindergarten student, beginning in the 2013-2014 school year. In February 2014, the program was launched statewide. The Treasurer's Office is funding the accounts out of the administrative fees paid by the Plan to the state. Approximately \$1.9 million was contributed to accounts established under the program during each of the years ended June 30, 2020 and 2019.

ssga^v promise529

POWERED BY SPDR® ETFs

(A Fiduciary Fund of the State of Nevada)

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) June 30, 2020

Overview of the Basic Financial Statements

The Plan's basic financial statements comprise the statement of fiduciary net position, the statement of changes in fiduciary net position and the related notes to the financial statements. The statement of fiduciary net position presents information on the Plan's assets and liabilities, with the difference between them representing net position held in trust for account owners and their beneficiaries. The statement of changes in fiduciary net position shows how the Plan's fiduciary net position changed during the year. The notes to the financial statements provide additional explanatory information about the amounts presented in the financial statements. It is essential that readers of this report consider the information in the notes to obtain a full understanding of the Plan's financial statements.

The Plan is included in the financial reporting entity of the state of Nevada as a fiduciary fund. Fiduciary funds are used to report assets held in a trust or agency capacity for others and cannot be used to support a government's own programs.

The Plan's basic financial statements are prepared in accordance with accounting and financial reporting standards for governmental entities set forth by the GASB. As required under generally accepted accounting principles applicable to fiduciary fund types, the Plan's basic financial statements are prepared using the accrual basis of accounting. Investments are reported at fair value, and all investment transactions are recorded on a trade-date basis. Realized and unrealized gains and losses are reported as "net increase (decrease) in the fair value of investments" on the statement of changes in fiduciary net position. Dividends and capital gain distributions are recorded on the ex-dividend date rather than when they are received. Contributions are recognized when they are received, provided enrollment in the Plan has been successfully completed, and withdrawals are recognized when the vithdrawal request has been received and approved for payment. Administrative fees are recognized when the related services are provided, regardless of when cash is paid.

Financial Analysis

Fiduciary Net Position

The following condensed statements of fiduciary net position provide a "snapshot" of the overall financial position of the Plan:

| | June 30, 2020 | June 30, 2019 |
|---|-------------------------------|----------------------------------|
| Total assets Total liabilities | \$ 1,484,512,054 1,544,133 | \$ 1,489,541,764 1,411,363 |
| Net position held in trust for account owners and beneficiaries | \$ 1,482,967,921 | \$ 1,488,130,401 |

ssga^vpromise529

POWERED BY SPDR® ETFs

(A Fiduciary Fund of the State of Nevada)

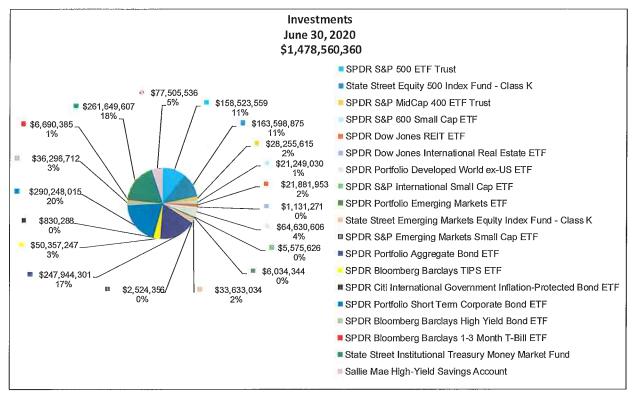
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) June 30, 2020

Financial Analysis (Continued)

Fiduciary Net Position (Continued)

The reported balance of net position held in trust for account owners and their beneficiaries represents the cumulative total of contributions since the Plan's inception, increased (decreased) by net investment income (loss), and decreased by withdrawals and administrative fees.

Investments, which totaled \$1.5 billion at both June 30, 2020 and 2019, represent over 99% of the Plan's total assets. Account owners are able to direct investment of their contributions into one or more investment options, each of which is invested in one or more exchange-traded funds (ETFs), mutual funds or an interest-bearing savings account held at Sallie Mae Bank (the Underlying Funds) in accordance with a predetermined asset allocation strategy approved by the Board. At June 30, 2020 and 2019, the Plan's Underlying Funds are as follows:



Note: Percentages are stated as a percent of total investment value. A percentage of 0% represents less than 0.5% of investment value.

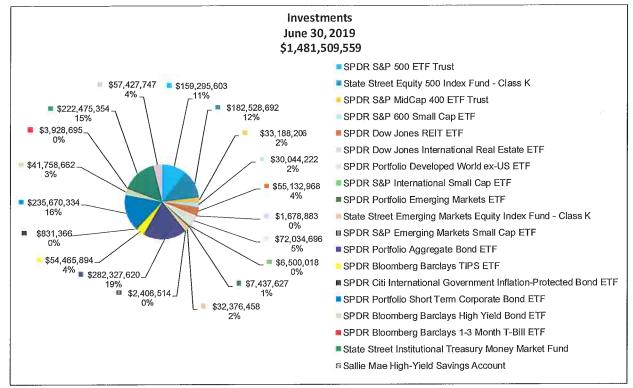
SSGAUpromise529 POWERED BY SPDR® ETFs

(A Fiduciary Fund of the State of Nevada)

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) June 30, 2020

Financial Analysis (Continued)

Fiduciary Net Position (Continued)



Note: Percentages are stated as a percent of total investment value. A percentage of 0% represents less than 0.5% of investment value.

Other assets, which totaled \$6.0 million at June 30, 2020, and \$8.0 million at June 30, 2019, comprise amounts to be invested or distributed on behalf of account owners and their beneficiaries, accrued investment income and receivables for proceeds from Underlying Fund sales transactions. The Plan's liabilities, which totaled \$1.5 million at June 30, 2020, and \$1.4 million at June 30, 2019, comprise accrued administrative fees, payables for withdrawals approved but not yet paid and payables for Underlying Fund purchase transactions.

ssga^Tpromise529

POWERED BY SPDR® ETFs

(A Fiduciary Fund of the State of Nevada)

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) June 30, 2020

Financial Analysis (Continued)

Changes in Fiduciary Net Position

The following condensed statements of changes in fiduciary net position summarize how the Plan's net position held in trust for account owners and their beneficiaries changed during the years presented:

| | Year Ended June 30, 2020 | | Year Ended June 30, 2019 | |
|---|-----------------------------|--------------|-----------------------------|---------------|
| Contributions | \$ | 116,517,663 | \$ | 118,674,714 |
| Net investment income | | 45,662,881 | | 75,431,141 |
| Withdrawals | (| 162,985,590) | | (149,034,816) |
| Administrative fees | | (4,357,434) | | (4,278,112) |
| Net (decrease) increase | | (5,162,480) | | 40,792,927 |
| Net position held in trust for account owners | | | | |
| and beneficiaries, beginning of year | 1, | 488,130,401 | | 1,447,337,474 |
| Net position held in trust for account owners | | | | |
| and beneficiaries, end of year | <u>\$ 1,</u> | 482,967,921 | \$ | 1,488,130,401 |

Investment Commentary

The following section provides a brief description of each of the Plan's investment options. More complete information can be found in the SSGA Upromise 529 Plan Description and Participant Agreement and related supplements or in each underlying fund's prospectus and annual report.

The SSGA College Today Portfolio's total return for the year ended June 30, 2020 was 2.36%, while the SSGA College Today Custom Index's total return was 2.73%. The SSGA College Today Portfolio's total return for the year ended June 30, 2019 was 3.23%, while the SSGA College Today Custom Index's total return was 3.36%.

The SSGA College 2018 Portfolio's total return for the year ended June 30, 2019 was 3.70%, while the SSGA College 2018 Custom Index's total return was 3.98%. Effective September 23, 2019, the SSGA College 2018 Portfolio was closed, and all of its assets were transferred to the SSGA College Today Portfolio. As such, there is no return available for the SSGA College 2018 Portfolio for the year ended June 30, 2020.

The SSGA College 2021 Portfolio's total return for the year ended June 30, 2020 was 5.06%, while the SSGA College 2021 Custom Index's total return was 5.34%. The SSGA College 2021 Portfolio's total return for the year ended June 30, 2019 was 5.38%, while the SSGA College 2021 Custom Index's total return was 5.88%.

ssga^T promise529

POWERED BY SPDR® ETFs

(A Fiduciary Fund of the State of Nevada)

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) June 30, 2020

Investment Commentary (Continued)

The SSGA College 2024 Portfolio's total return for the year ended June 30, 2020 was 5.08%, while the SSGA College 2024 Custom Index's total return was 5.61%. The SSGA College 2024 Portfolio's total return for the year ended June 30, 2019 was 5.96%, while the SSGA College 2024 Custom Index's total return was 6.50%.

The SSGA College 2027 Portfolio's total return for the year ended June 30, 2020 was 3.58%, while the SSGA College 2027 Custom Index's total return was 4.95%. The SSGA College 2027 Portfolio's total return for the year ended June 30, 2019 was 6.20%, while the SSGA College 2027 Custom Index's total return was 6.90%.

The SSGA College 2030 Portfolio's total return for the year ended June 30, 2020 was 2.80%, while the SSGA College 2030 Custom Index's total return was 4.15%. The SSGA College 2030 Portfolio's total return for the year ended June 30, 2019 was 6.19%, while the SSGA College 2030 Custom Index's total return was 6.86%.

The SSGA College 2033 Portfolio's total return for the year ended June 30, 2020 was 1.06%, while the SSGA College 2033 Custom Index's total return was 2.69%. The SSGA College 2033 Portfolio's total return for the year ended June 30, 2019 was 5.65%, while the SSGA College 2033 Custom Index's total return was 6.28%.

The SSGA College 2036 Portfolio's total return for the year ended June 30, 2020 was (0.07%), while the SSGA College 2036 Custom Index's total return was 1.68%. The SSGA College 2036 Portfolio's total return for the year ended June 30, 2019 was 5.75%, while the SSGA College 2036 Custom Index's total return was 6.03%.

The SSGA Conservative Portfolio's total return for the year ended June 30, 2020 was 3.69%, while the SSGA Conservative Custom Index's total return was 4.00%. The SSGA Conservative Portfolio's total return for the year ended June 30, 2019 was 4.10%, while the SSGA Conservative Custom Index's total return was 4.33%.

The SSGA Moderate Portfolio's total return for the year ended June 30, 2020 was 2.88%, while the SSGA Moderate Custom Index's total return was 4.40%. The SSGA Moderate Portfolio's total return for the year ended June 30, 2019 was 6.21%, while the SSGA Moderate Custom Index's total return was 6.89%.

The SSGA Aggressive Portfolio's total return for the year ended June 30, 2020 was (0.74%), while the SSGA Aggressive Custom Index's total return was (0.59%). The SSGA Aggressive Portfolio's total return for the year ended June 30, 2019 was 5.09%, while the SSGA Aggressive Custom Index's total return was 5.27%.

ssga[®] promise529

POWERED BY SPDR® ETFs

(A Fiduciary Fund of the State of Nevada)

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) June 30, 2020

Investment Commentary (Continued)

The following table represents the total return for the Static Portfolio options and their respective indexes for the years ended June 30, 2020 and 2019:

| Static Portfolio Options | 2020 | 2019 |
|---|---------|--------|
| SPDR S&P MidCap 400 ETF | -6.53% | 1.13% |
| S&P MidCap 400 Index | -6.47% | 1.36% |
| SPDR S&P 600 Small Cap ETF | -11.78% | -4.95% |
| S&P SmallCap 600 Index | -11.73% | -4.88% |
| SPDR S&P 500 ETF Trust | 7.33% | 10.27% |
| S&P 500 Index | 7.51% | 10.42% |
| SPDR Dow Jones REIT ETF | -18.04% | 9.58% |
| Dow Jones US Select REIT Index | -17.71% | 9.75% |
| SPDR Dow Jones International Real Estate ETF | -18.78% | 4.03% |
| Dow Jones Global ex-US Select Real Estate Securities Index | -18.56% | 4.27% |
| SPDR Portfolio Emerging Markets ETF | -3.75% | 3.46% |
| S&P Emerging BMI Index | -4.06% | 1.21% |
| SPDR S&P Emerging Markets Small Cap ETF | -5.72% | -3.06% |
| S&P Emerging Markets Under USD2 Billion Index | -5.43% | -3.13% |
| SPDR Portfolio Developed World ex-US ETF | -4.58% | 0.19% |
| S&P Developed Ex-US BMI Index | -4.48% | -0.43% |
| SPDR S&P International Small Cap ETF | -5.74% | -9.54% |
| S&P Developed Ex-US Under USD2 Billion Index | -5.84% | -9.66% |
| SPDR Portfolio Aggregate Bond ETF | 8.53% | 7.88% |
| Bloomberg Barclays US Aggregate Index | 8.74% | 7.87% |
| SPDR Portfolio Short Term Corporate Bond ETF | 4.41% | 4.83% |
| Bloomberg Barclays US 1–3 Year Corporate Bond Index | 4.36% | 4.93% |
| SPDR Bloomberg Barclays High Yield Bond ETF | -1.78% | 7.81% |
| Bloomberg Barclays High Yield Very Liquid Index | -0.60% | 8.32% |
| SPDR Citi International Government Inflation-Protected Bond ETF | -2.96% | 4.78% |
| Citi International Inflation-Linked Securities Select Index | -2.37% | 5.34% |
| SPDR Bloomberg Barclays TIPS ETF | 8.66% | 4.74% |
| Bloomberg Barclays US Government Inflation-linked Bond Index | 8.74% | 4.88% |
| SPDR Bloomberg Barclays 1-3 Month T-Bill ETF | 1.32% | 2.13% |
| Bloomberg Barclays 1-3 Month US Treasury Bill Index | 1.47% | 2.27% |
| State Street Institutional Treasury Money Market Fund | 1.33% | 2.17% |

ssga^T promise529

POWERED BY SPDR® ETFs

(A Fiduciary Fund of the State of Nevada)

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) June 30, 2020

Investment Commentary (Continued)

Past performance is not a guarantee of future results. Index returns reflect capital gains and losses, income and the reinvestment of dividends.

Investing involves risk including the risk of loss of principal. The information provided does not constitute investment advice and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell a security. It does not take into account any investor's particular investment objectives, strategies, tax status or investment horizon. You should consult your tax and financial advisor.

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 SSGA shall have no liability for decisions based on such information.

The whole or any part of this work may not be reproduced, copied or transmitted or any of its contents disclosed to third parties without SSGA's express written consent.

All the index performance results referred to are provided exclusively for comparison purposes only. It should not be assumed that they represent the performance of any particular investment.

Recent Development

COVID-19 Impact

As of the date of the independent auditor's report, the COVID-19 pandemic has had an adverse impact on both domestic and global financial markets. Management of the Plan is unable to accurately predict how the COVID-19 pandemic will impact the Plan, account owner savings behavior or the volume of withdrawals due to uncertainties surrounding the severity of the disease and the duration of its outbreak.

Requests for Information

This financial report is designed to provide a general overview of the Plan's financial status and changes in financial status. Additional information is available at www.SSGA.upromise529.com. If you have any questions about the information provided, please call the Plan's customer service representatives at 1-800-587-7305.

(This page intentionally left blank)

Basic Financial Statements

ssga^vpromise529

POWERED BY SPDR® ETFs

(A Fiduciary Fund of the State of Nevada)

STATEMENT OF FIDUCIARY NET POSITION June 30, 2020

| ASSETS | |
|---|--|
| Investments | \$ 1,478,560,360 |
| Cash and cash equivalents | 4,768,862 |
| Receivables for investments sold | 382,280 |
| Accrued investment income | 800,552 |
| Total Assets | 1,484,512,054 |
| | |
| LIABILITIES | |
| Payables for investments purchased | 117,298 |
| Withdrawals payable | 931,296 |
| Accrued administrative fees | 495,539 |
| Total Liabilities | 1,544,133 |
| | |
| NET POSITION HELD IN TRUST FOR | ¢ 4 400 007 004 |
| ACCOUNT OWNERS AND BENEFICIARIES | <u>\$ 1,482,967,921</u> |
| | |
| STATEMENT OF CHANGES IN FIDUCIARY NET POSITION Year Ended June 30, 2020 | |
| | |
| ADDITIONS | |
| ADDITIONS Contributions | \$ 116.517.663 |
| | \$ 116,517,663 |
| Contributions | |
| Contributions Investment income: | \$ 116,517,663 37,318,010 8,344,871 |
| Contributions Investment income: Dividends and interest | 37,318,010 |
| Contributions Investment income: Dividends and interest Net increase in the fair value of investments | 37,318,010 8,344,871 |
| Contributions Investment income: Dividends and interest Net increase in the fair value of investments Net investment income Total Additions | 37,318,010 8,344,871 45,662,881 |
| Contributions Investment income: Dividends and interest Net increase in the fair value of investments Net investment income Total Additions DEDUCTIONS | 37,318,010 8,344,871 45,662,881 162,180,544 |
| Contributions Investment income: Dividends and interest Net increase in the fair value of investments Net investment income Total Additions DEDUCTIONS Withdrawals | 37,318,010 8,344,871 45,662,881 162,180,544 162,985,590 |
| Contributions Investment income: Dividends and interest Net increase in the fair value of investments Net investment income Total Additions DEDUCTIONS Withdrawals Administrative fees | 37,318,010 8,344,871 45,662,881 162,180,544 162,985,590 4,357,434 |
| Contributions Investment income: Dividends and interest Net increase in the fair value of investments Net investment income Total Additions DEDUCTIONS Withdrawals | 37,318,010 8,344,871 45,662,881 162,180,544 162,985,590 |
| Contributions Investment income: Dividends and interest Net increase in the fair value of investments Net investment income Total Additions DEDUCTIONS Withdrawals Administrative fees | 37,318,010 8,344,871 45,662,881 162,180,544 162,985,590 4,357,434 |
| Contributions Investment income: Dividends and interest Net increase in the fair value of investments Net investment income Total Additions DEDUCTIONS Withdrawals Administrative fees Total Deductions NET DECREASE | 37,318,010 8,344,871 45,662,881 162,180,544 162,985,590 4,357,434 167,343,024 |
| Contributions Investment income: Dividends and interest Net increase in the fair value of investments Net investment income Total Additions DEDUCTIONS Withdrawals Administrative fees Total Deductions | 37,318,010 8,344,871 45,662,881 162,180,544 162,985,590 4,357,434 167,343,024 (5,162,480) |
| Contributions Investment income: Dividends and interest Net increase in the fair value of investments Net investment income Total Additions DEDUCTIONS Withdrawals Administrative fees Total Deductions NET DECREASE NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND | 37,318,010 8,344,871 45,662,881 162,180,544 162,985,590 4,357,434 167,343,024 |
| Contributions Investment income: Dividends and interest Net increase in the fair value of investments Net investment income Total Additions DEDUCTIONS Withdrawals Administrative fees Total Deductions NET DECREASE NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND | 37,318,010 8,344,871 45,662,881 162,180,544 162,985,590 4,357,434 167,343,024 (5,162,480) |
| Contributions Investment income: Dividends and interest Net increase in the fair value of investments Net investment income Total Additions DEDUCTIONS Withdrawals Administrative fees Total Deductions NET DECREASE NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF YEAR | 37,318,010 8,344,871 45,662,881 162,180,544 162,985,590 4,357,434 167,343,024 (5,162,480) |

See accompanying notes to financial statements.

(This page intentionally left blank)

ssga^vpromise529

POWERED BY SPDR® ETFs

(A Fiduciary Fund of the State of Nevada)

NOTES TO FINANCIAL STATEMENTS June 30, 2020

NOTE 1: ORGANIZATION AND NATURE OF OPERATIONS

The following provides a brief description of the SSGA Upromise 529 Plan (the Plan). For more information and disclosures about the Plan, refer to the SSGA Upromise 529 Plan Description and Participation Agreement available on the Plan's website (www.SSGA.upromise529.com) or call 1-800-587-7305.

(a) General

The Nevada College Savings Program (the Program) was created under Title 31, Chapter 353B of the Nevada Revised Statutes (the Code), as amended, to enable residents of Nevada and other states to save on a tax-favored basis for qualified education expenses. The Program is designed to comply with the requirements for treatment as a "qualified tuition program" under Section 529 of the Internal Revenue Code of 1986, as amended, and any regulations and other guidance issued thereunder (Section 529). Implementing regulations are set forth in Nevada Administrative Code. The Program is administered by the Board of Trustees of the College Savings Plans of Nevada (the Board). The Board consists of the State Treasurer, who serves as an exofficio non-voting member and five voting members: the Director of the Office of Finance, the Chancellor of the Nevada System of Higher Education, and three members appointed by the Governor. The Board has responsibility for establishing rules and regulations governing operation of the Program, overseeing administration of the Program and ensuring that the Program complies with the provisions of the Nevada Revised Statutes, Nevada Administrative Code and Section 529. The Plan is one of six education savings options available under the Program.

The Nevada College Savings Trust Fund (the Trust) was created to hold the assets of the Program, thereby ensuring that the assets of the Program can only be used for the benefit of account owners and their designated beneficiaries and cannot be used by the state of Nevada to finance its operations. The Board is responsible for administration of the Trust.

The Plan is included in the financial reporting entity of the state of Nevada as a fiduciary fund. Fiduciary funds are used to report assets that are held in a trust or agency capacity for others and therefore cannot be used to support a government's own programs.

These accompanying financial statements address only the Plan, and do not represent the financial position or changes in financial position of the Trust, the Program, any other plan offered under the Program or any other fiduciary fund of the state of Nevada.

ssga^Tpromise529

POWERED BY SPDR® ETFs

(A Fiduciary Fund of the State of Nevada)

NOTES TO FINANCIAL STATEMENTS June 30, 2020

NOTE 1: ORGANIZATION AND NATURE OF OPERATIONS (Continued)

(b) Administration

Pursuant to the terms of the Direct Program Management Agreement, as amended, Ascensus Broker Dealer Services, LLC (ABD) serves as Program Manager, responsible for providing marketing, distribution, enrollment, account owner recordkeeping and certain other administrative services for the Plan.

State Street Global Advisors (SSGA) provides investment management and certain marketing services for the Plan, as specified in the SSGA Upromise 529 Operational Agreement, as amended.

Sallie Mae Bank offers a Savings Portfolio Option that provides insurance protection to account owners through the Federal Deposit Insurance Corporation (FDIC).

The Bank of New York Mellon Corporation (BNY Mellon) is the custody agent for the Plan, responsible for maintaining a custody account to provide for the safekeeping and recordkeeping of certain assets invested in the Plan.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

In accordance with accounting principles generally accepted in the United States of America applicable to fiduciary fund types prescribed by the Governmental Accounting Standards Board (GASB), the Plan's basic financial statements are prepared using the flow of economic resources measurement focus and accrual basis of accounting.

(b) Income Taxes

The Plan has been designed to comply with the requirements for treatment as a "qualified tuition program" under Section 529. As such, the Plan is exempt from federal and state income tax.

(c) Estimates

The preparation of basic financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

(d) Investments

The Plan's investments consist of exchange-traded funds (ETFs), mutual funds and an interest-bearing savings account (the Underlying Funds).

ssga^T promise529

POWERED BY SPDR® ETFs

(A Fiduciary Fund of the State of Nevada)

NOTES TO FINANCIAL STATEMENTS June 30, 2020

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Investments (Continued)

The Plan's ETFs and mutual funds are reported at fair value, based on closing market prices (ETFs) or net asset value per share (mutual funds) as of the close of the New York Stock Exchange (NYSE) on the reporting date. Net realized and unrealized gains (losses) are included in "net increase (decrease) in the fair value of investments" on the statement of changes in fiduciary net position. Purchases and sales of shares of the ETFs and mutual funds are recorded on a trade-date basis. Dividends and capital gain distributions are recorded on the ex-dividend date and are automatically reinvested in additional shares of the respective ETF or mutual fund.

Accounting standards categorize fair value measurements according to a hierarchy that is based on valuation inputs that are used to measure fair value. Level 1 inputs are quoted prices for identical assets in active markets that can be accessed at the measurement date. Level 2 inputs are inputs other than quoted prices that are observable for an asset, either directly or indirectly. Level 3 inputs are unobservable. The fair values of the Plan's ETFs and mutual funds are determined using Level 1 inputs.

The Sallie Mae High-Yield Savings Account is an omnibus savings account held in trust by the Board at Sallie Mae Bank. This account earns a variable rate of interest, which is compounded daily and credited to the account monthly. The interest rate earned on this account during the year ended June 30, 2020 varied from 0.99% to 2.27%. Balances accumulated in this account are insured by the FDIC on a pass-through basis to each account owner participating in the Savings Portfolio Option (see Note 2(f)) up to the maximum amount available under federal law. The fair value standards are not applicable to the Sallie Mae High-Yield Savings Account since it is not reported at fair value.

(e) Cash and Cash Equivalents

Cash and cash equivalents generally include contributions received that have not yet been invested in Underlying Funds and/or redemption proceeds from Underlying Funds for withdrawals that have not yet been distributed in accordance with account owners' instructions.

Contribution and withdrawal transactions are processed through a non-interest bearing account maintained at BNY Mellon in the Plan's name. The bank balance of this account at June 30, 2020, is \$10,201.

Excess cash balances are swept daily from the BNY Mellon account described in the preceding paragraph into an account where they are invested in the Dreyfus Government Cash Management Institutional Fund, which is a money market mutual fund rated AAAm (Standard & Poor's) structured to maintain a net asset value per share equal to \$1. The weighted average maturity of the underlying debt securities in this fund is 39 days at June 30, 2020. The balance of this account as of June 30, 2020, is \$2,052,019.

ssga[®] promise529

POWERED BY SPDR® ETFs

(A Fiduciary Fund of the State of Nevada)

NOTES TO FINANCIAL STATEMENTS June 30, 2020

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Cash and Cash Equivalents (Continued)

In addition, the Plan maintains uninvested cash balances to meet liquidity needs. These uninvested cash balances, which are held by BNY Mellon as custody agent for the Plan, totaled \$3,784,327 at June 30, 2020. Balances in this account and the non-interest bearing account described on the preceding page are insured by the FDIC, along with any other accounts maintained at BNY Mellon under the same taxpayer identification number, in the aggregate, up to the maximum amount available under federal law. Amounts in excess of FDIC insurance limits are not collateralized or covered by supplementary insurance.

(f) Contributions

Individuals or entities meeting eligibility requirements that have properly executed a participation agreement with the Plan may establish an account to which cash contributions may be made, subject to certain minimum contribution requirements and limitations on the aggregate amount of contributions that may be made. Contributions received by ABD prior to the close of the NYSE are recorded as increases in fiduciary net position on the date they are received, provided that all related documentation is found to be in good order and approved by ABD.

Account owners may elect to invest their contributions in one or more investment options offered by the Plan, consisting of seven College Date Portfolio Options, three Risk-Based Portfolio Options, fifteen Static Portfolio Options and a Savings Portfolio Option. The College Date Portfolio Options are managed to modify the asset allocation of the underlying investment option from more aggressive to more conservative as the designated beneficiary ages and approaches the selected college entry date. The Risk-Based Portfolio Options allow account owners to select predetermined aggressive, moderate or conservative investment allocations designed to suit varying time horizons and levels of risk tolerance. The Static Portfolio Option allow account owners the performance investment mix. The Savings Portfolio Option invests solely in an interest-bearing savings account and offers account owners the protection of FDIC insurance.

In exchange for contributions to the Plan, account owners receive full and/or fractional interests, or units, issued by the Trust. These units are municipal fund securities. Although money contributed to the Plan is invested in investment options that hold ETFs, mutual funds or the Sallie Mae High-Yield Savings Account, the units themselves are not direct investments in the ETFs, mutual funds or the Sallie Mae High-Yield Savings Account. Except to the extent of FDIC insurance applicable to account owners who elect to invest in the Savings Portfolio Option, the units issued by the Trust are not insured by the FDIC or the state of Nevada, nor have they been registered with the Securities and Exchange Commission or any state commission.

In addition, although account owners can select the investment options in which their contributions are invested, they cannot direct the selection or allocation of the Underlying Funds composing each investment option.

ssga^vpromise529

POWERED BY SPDR® ETFs

(A Fiduciary Fund of the State of Nevada)

NOTES TO FINANCIAL STATEMENTS June 30, 2020

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Contributions (Continued)

Under the Silver State Matching Grant Program, the Board may award matching grants of up to \$300 (subject to a lifetime maximum of \$1,500) to Nevada residents who have opened a Plan account for a beneficiary thirteen years old or younger who is also a Nevada resident. To be eligible to receive a matching grant, the account owner must submit a completed application, meet certain income limitations and provide acceptable proof of residency. During the year ended June 30, 2020, matching grants approved by the Board totaling \$110,815 were paid into individual accounts. These matching grants are reported as contributions in the year they are paid.

Under the Nevada College Kick Start Program, a \$50 College Kick Start Account is established for each kindergarten student enrolled in the public school system. Contributions, which are funded by the state, are held in a master account with the Trust as the account owner. During the year ended June 30, 2020, contributions to this program totaled approximately \$1.9 million. These contributions are also reported in the year they are paid.

(g) Withdrawals

Account owners may request withdrawals for qualified or non-qualified expenses. It is the responsibility of the account owner to determine whether or not the withdrawal is for qualified educational expenses and to calculate the applicable amount of federal or state tax or penalties for non-qualified withdrawals, if any. Withdrawals are recorded as deductions from fiduciary net position on the date the withdrawal request is found to be in good order and approved by ABD.

Withdrawals presented on the statement of changes in fiduciary net position include annual account maintenance fees, which are \$20 for each account and are assessed annually during the anniversary month of the account opening. This fee is not charged on balances in the Savings Portfolio Option nor on those accounts for which the account owner or the beneficiary is a Nevada resident. Withdrawals also include service fees for other transactions, such as returned checks, outgoing wire transfers, overnight delivery charges and requests for historical statements. Annual account maintenance fees and service fees, which total approximately \$2.0 million for the year ended June 30, 2020, are paid to ABD.

(h) Exchanges and Transfers

Subject to certain limitations and restrictions, account owners may generally direct that their account balance be reinvested in one or more different investment options twice per calendar year. Transfers of funds between investment options are referred to as "exchanges." Under certain conditions, account assets may be transferred from one beneficiary to another or from one account owner to another. These transactions are referred to as "transfers." The amounts of contributions and withdrawals reported on the statement of changes in fiduciary net position do not include exchanges or transfers, as these have no impact on the overall financial position of the Plan.

ssga^T promise529

POWERED BY SPDR® ETFs

(A Fiduciary Fund of the State of Nevada)

NOTES TO FINANCIAL STATEMENTS June 30, 2020

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Unit Valuation

Each account owner's full and/or fractional interest in an investment option is evidenced by a unit. The net asset value of a unit in an investment option is calculated daily based on the fair value of the Underlying Funds and uninvested cash balances, and is adjusted for the effects of such transactions as accrued administrative fees and investment income that has not been reinvested. The value of any individual account is determined by multiplying the number of units in an investment option attributable to that account owner by the net asset value per unit of that investment option.

(j) Indemnification

Neither the state of Nevada, the Board, SSGA, ABD nor any other person, indemnifies any account owner or designated beneficiary against losses or other claims arising from the official or unofficial acts, negligent or otherwise, of management of the Plan. The Plan has entered into contracts that contain a variety of representations and warranties that provide general indemnifications. The Plan's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Plan that have not yet occurred. However, the Plan expects the risk of loss to be remote.

NOTE 3: INVESTMENTS

(a) Investments by Type

At June 30, 2020, investments held in the various investment options are detailed in the schedule that follows. Percentages are rounded to the nearest tenth of a percent.

| Underlying Fund | Category | _ | alance as of une 30, 2020 | Percent of Portfolio Total |
|--|------------------------------|----|------------------------------|----------------------------------|
| SSGA Aggressive Portfolio | | | | |
| State Street Equity 500 Index Fund - Class K | Large Blend | \$ | 78,967,686 | 48.4% |
| SPDR S&P MidCap 400 ETF Trust | Mid-Cap Blend | | 7,931,509 | 4.9% |
| SPDR S&P 600 Small Cap ETF | Small Blend | | 4,695,100 | 2.9% |
| SPDR Dow Jones REIT ETF | Real Estate | | 9,196,070 | 5.6% |
| SPDR Portfolio Developed World ex-US ETF | Foreign Large Blend | | 37,291,115 | 22.9% |
| SPDR S&P International Small Cap ETF | Foreign Small/Mid Blend | | 1,619,175 | 1.0% |
| State Street Emerging Markets Equity Index | | | | |
| Fund - Class K | Diversified Emerging Markets | | 21,728,167 | 13.3% |
| SPDR Bloomberg Barclays High Yield Bond ETF | High-Yield Bond | | 1,231,218 | 0.8% |
| State Street Institutional Treasury Money | | | | |
| Market Fund | Money Market | | 363,120 | 0.2% |
| | | | 163,023,160 | 100.0% |

ssga¹ promise529</sup>

POWERED BY SPDR® ETFs

(A Fiduciary Fund of the State of Nevada)

NOTES TO FINANCIAL STATEMENTS June 30, 2020

NOTE 3: INVESTMENTS (Continued)

| Underlying Fund | Category | Balance as of une 30, 2020 | Percent of Portfolio Total |
|---|------------------------------|-------------------------------|----------------------------------|
| SSGA Moderate Portfolio | | | |
| State Street Equity 500 Index Fund - Class K | Large Blend | \$ 24,932,027 | 28.2% |
| SPDR S&P MidCap 400 ETF Trust | Mid-Cap Blend | 1,673,719 | 1.9% |
| SPDR Dow Jones REIT ETF | Real Estate | 2,825,934 | 3.2% |
| SPDR Portfolio Developed World ex-US ETF | Foreign Large Blend | 8,587,997 | 9.7% |
| SPDR S&P International Small Cap ETF State Street Emerging Markets Equity Index | Foreign Small/Mid Blend | 429,286 | 0.5% |
| Fund - Class K | Diversified Emerging Markets | 4,012,760 | 4.6% |
| SPDR Portfolio Aggregate Bond ETF | Intermediate Core Bond | 23,703,288 | 26.8% |
| SPDR Bloomberg Barclays TIPS ETF | Inflation-Protected Bond | 9,165,182 | 10.4% |
| SPDR Bloomberg Barclays High Yield Bond ETF | High-Yield Bond | 3,259,578 | 3.7% |
| SPDR Portfolio Short Term Corporate Bond ETF State Street Institutional Treasury Money | Short-Term Bond | 4,510,359 | 5.1% |
| Market Fund | Money Market | 5,222,579 | 5.9% |
| | | 88,322,709 | 100.0% |
| SSGA Conservative Portfolio | | | |
| SPDR Bloomberg Barclays High Yield Bond ETF | High-Yield Bond | 918,634 | 3.1% |
| SPDR Portfolio Aggregate Bond ETF | Intermediate Core Bond | 3,528,502 | 12.1% |
| SPDR Portfolio Short Term Corporate Bond ETF State Street Institutional Treasury Money | Short-Term Bond | 11,712,730 | 40.0% |
| Market Fund | Money Market | 13,126,237 | 44.8% |
| | | 29,286,103 | 100.0% |
| SSGA College 2036 Portfolio | | | |
| State Street Equity 500 Index Fund - Class K | Large Blend | 1,173,873 | 39.8% |
| SPDR S&P MidCap 400 ETF Trust | Mid-Cap Blend | 112,598 | 3.8% |
| SPDR S&P 600 Small Cap ETF | Small Blend | 52,646 | 1.8% |
| SPDR Dow Jones REIT ETF | Real Estate | 147,789 | 5.0% |
| SPDR Portfolio Developed World ex-US ETF | Foreign Large Blend | 498,513 | 16.9% |
| SPDR S&P International Small Cap ETF State Street Emerging Markets Equity Index | Foreign Small/Mid Blend | 21,278 | 0.7% |
| Fund - Class K | Diversified Emerging Markets | 255,887 | 8.7% |
| SPDR Portfolio Aggregate Bond ETF | Intermediate Core Bond | 205,312 | 7.0% |
| SPDR Bloomberg Barclays TIPS ETF | Inflation-Protected Bond | 147,354 | 5.0% |
| SPDR Bloomberg Barclays High Yield Bond ETF | High-Yield Bond | 131,710 | 4.5% |
| SPDR Portfolio Short Term Corporate Bond ETF State Street Institutional Treasury Money | Short-Term Bond | 148,113 | 5.0% |
| Market Fund | Money Market | 52,559 | 1.8% |
| | | 2,947,632 | 100.0% |

ssga^vpromise529

POWERED BY SPDR® ETFs

(A Fiduciary Fund of the State of Nevada)

NOTES TO FINANCIAL STATEMENTS June 30, 2020

NOTE 3: INVESTMENTS (Continued)

| Underlying Fund | Category | | alance as of ine 30, 2020 | Percent of Portfolio Total |
|--|------------------------------|---------|------------------------------|----------------------------------|
| SSGA College 2033 Portfolio | | | | |
| State Street Equity 500 Index Fund - Class K | Large Blend | \$ | 3,401,252 | 36.3% |
| SPDR S&P MidCap 400 ETF Trust | Mid-Cap Blend | | 266,731 | 2.8% |
| SPDR S&P 600 Small Cap ETF | Small Blend | | 88,530 | 1.0% |
| SPDR Dow Jones REIT ETF | Real Estate | | 405,522 | 4.3% |
| SPDR Portfolio Developed World ex-US ETF | Foreign Large Blend | | 1,278,640 | 13.6% |
| SPDR S&P International Small Cap ETF | Foreign Small/Mid Blend | | 58,803 | 0.6% |
| State Street Emerging Markets Equity Index | 2 | | | |
| Fund - Class K | Diversified Emerging Markets | | 660,554 | 7.0% |
| SPDR Portfolio Aggregate Bond ETF | Intermediate Core Bond | | 1,490,415 | 15.9% |
| SPDR Bloomberg Barclays TIPS ETF | Inflation-Protected Bond | | 654,701 | 7.0% |
| SPDR Bloomberg Barclays High Yield Bond ETF | High-Yield Bond | | 390,983 | 4.2% |
| SPDR Portfolio Short Term Corporate Bond ETF | Short-Term Bond | | 477,277 | 5.1% |
| State Street Institutional Treasury Money | | | - | |
| Market Fund | Money Market | | 209,313 | 2.2% |
| | | | 9,382,721 | 100.0% |
| SGA College 2030 Portfolio | | | | |
| State Street Equity 500 Index Fund - Class K | Large Blend | | 12,610,087 | 30.4% |
| SPDR S&P MidCap 400 ETF Trust | Mid-Cap Blend | | 848,866 | 2.1% |
| SPDR S&P 600 Small Cap ETF | Small Blend | | 55,420 | 0.1% |
| SPDR Dow Jones REIT ETF | Real Estate | | 1,406,257 | 3.4% |
| SPDR Portfolio Developed World ex-US ETF | Foreign Large Blend | | 4,037,022 | 9.7% |
| SPDR S&P International Small Cap ETF | Foreign Small/Mid Blend | | 199,053 | 0.5% |
| State Street Emerging Markets Equity Index | | | | |
| Fund - Class K | Diversified Emerging Markets | | 1,925,991 | 4.7% |
| SPDR Portfolio Aggregate Bond ETF | Intermediate Core Bond | | 10,821,213 | 26.1% |
| SPDR Bloomberg Barclays TIPS ETF | Inflation-Protected Bond | | 3,942,372 | 9.5% |
| SPDR Bloomberg Barclays High Yield Bond ETF | High-Yield Bond | | 1,589,729 | 3.8% |
| SPDR Portfolio Short Term Corporate Bond ETF | Short-Term Bond | | 2,099,529 | 5.1% |
| State Street Institutional Treasury Money | | | , , | |
| Market Fund | Money Market | | 1,907,164 | 4.6% |
| | | | 41,442,703 | 100.0% |

ssga[®] promise529

POWERED BY SPDR® ETFs

(A Fiduciary Fund of the State of Nevada)

NOTES TO FINANCIAL STATEMENTS June 30, 2020

NOTE 3: INVESTMENTS (Continued)

| Underlying Fund | Category | alance as of ne 30, 2020 | of Portfolio Total |
|--|------------------------------|---------------------------------|-----------------------|
| | | | |
| SSGA College 2027 Portfolio | | | |
| State Street Equity 500 Index Fund - Class K | Large Blend | \$ 19,363,640 | 22.6% |
| SPDR S&P MidCap 400 ETF Trust | Mid-Cap Blend | 1,107,484 | 1.3% |
| SPDR Dow Jones REIT ETF | Real Estate | 2,230,097 | 2.6% |
| SPDR Portfolio Developed World ex-US ETF | Foreign Large Blend | 4,941,743 | 5.7% |
| SPDR S&P International Small Cap ETF | Foreign Small/Mid Blend | 312,501 | 0.4% |
| State Street Emerging Markets Equity Index | | | |
| Fund - Class K | Diversified Emerging Markets | 2,565,454 | 3.0% |
| SPDR Portfolio Aggregate Bond ETF | Intermediate Core Bond | 26,478,158 | 30.9% |
| SPDR Bloomberg Barclays TIPS ETF | Inflation-Protected Bond | 8,789,608 | 10.2% |
| SPDR Bloomberg Barclays High Yield Bond ETF | High-Yield Bond | 2,937,484 | 3.4% |
| SPDR Portfolio Short Term Corporate Bond ETF | Short-Term Bond | 8,673,815 | 10.1% |
| State Street Institutional Treasury Money | | | |
| Market Fund | Money Market | 8,407,633 | 9.8% |
| | · | 85,807,617 | 100.0% |
| SGA College 2024 Portfolio | | | |
| State Street Equity 500 Index Fund - Class K | Large Blend | 23,150,310 | 10.4% |
| SPDR S&P MidCap 400 ETF Trust | Mid-Cap Blend | 1,028,309 | 0.5% |
| SPDR Dow Jones REIT ETF | Real Estate | 519,992 | 0.2% |
| SPDR Portfolio Developed World ex-US ETF | Foreign Large Blend | 3,203,782 | 1.5% |
| SPDR S&P International Small Cap ETF | Foreign Small/Mid Blend | 286,026 | 0.1% |
| State Street Emerging Markets Equity Index | | , | |
| Fund - Class K | Diversified Emerging Markets | 2,484,221 | 1.1% |
| SPDR Portfolio Aggregate Bond ETF | Intermediate Core Bond | 78,210,473 | 35.1% |
| SPDR Bloomberg Barclays TIPS ETF | Inflation-Protected Bond | 16,936,630 | 7.6% |
| SPDR Bloomberg Barclays High Yield Bond ETF | High-Yield Bond | 6,714,090 | 3.0% |
| SPDR Portfolio Short Term Corporate Bond ETF | Short-Term Bond | 59,691,261 | 26.8% |
| State Street Institutional Treasury Money | Shore renin pond | 35,051,201 | 20.070 |
| Market Fund | Money Market | 30,521,161 | 13.7% |
| Markeer und | woney warket | 222,746,255 | 100.0% |

ssgaupromise529

POWERED BY SPDR® ETFs

(A Fiduciary Fund of the State of Nevada)

NOTES TO FINANCIAL STATEMENTS June 30, 2020

Dorcont

NOTE 3: INVESTMENTS (Continued)

| Underlying Fund | Category | | Balance as of June 30, 2020 | Percent of Portfolio Total |
|---|------------------------------|---------|--------------------------------|----------------------------------|
| SSGA College 2021 Portfolio | | | | |
| SPDR Portfolio Aggregate Bond ETF | Intermediate Core Bond | \$ | 86,417,968 | 26.2% |
| SPDR Bloomberg Barclays TIPS ETF | Inflation-Protected Bond | | 8,357,460 | 2.5% |
| SPDR Bloomberg Barclays High Yield Bond ETF | High-Yield Bond | | 9,752,633 | 2.9% |
| SPDR Portfolio Short Term Corporate Bond ETF State Street Institutional Treasury Money | Short-Term Bond | | 129,763,051 | 39.3% |
| Market Fund | Money Market | - | 96,109,006 | 29.1% |
| | | 1994 | 330,400,118 | 100.0% |
| SSGA College Today Portfolio | | | | |
| SPDR Portfolio Short Term Corporate Bond ETF | Short-Term Bond | | 68,803,742 | 38.2% |
| SPDR Bloomberg Barclays High Yield Bond ETF State Street Institutional Treasury Money | High-Yield Bond | | 5,333,661 | 3.0% |
| Market Fund | Money Market | <u></u> | 105,730,835 | 58.8% |
| | | | 179,868,238 | 100.0% |
| SPDR S&P 500 ETF Trust Portfolio | | | | |
| SPDR S&P 500 ETF Trust | Large Blend | | 158,523,559 | 100.0% |
| SPDR S&P MidCap 400 ETF Trust Portfolio | | | | |
| SPDR S&P MidCap 400 ETF Trust | Mid-Cap Blend | | 15,286,399 | 100.0% |
| SPDR S&P 600 Small Cap ETF Portfolio | | | | |
| SPDR S&P 600 Small Cap ETF | Small Blend | | 16,357,334 | 100.0% |
| SPDR Dow Jones REIT ETF Portfolio | | | | |
| SPDR Dow Jones REIT ETF | Real Estate | | 5,150,292 | 100.0% |
| SPDR Dow Jones International Real Estate | | | 0,100,202 | 1001070 |
| ETF Portfolio | | | | |
| SPDR Dow Jones International Real Estate ETF | Global Real Estate | | 1,131,271 | 100.0% |
| | Giobal Real Estate | | 1,131,271 | 100.078 |
| SPDR Portfolio Developed World ex-US ETF Portfolio | | | | |
| SPDR Portfolio Developed World ex-US ETF | Foreign Large Blend | | 4,791,794 | 100.0% |
| SPDR S&P International Small Cap ETF Portfolio | | | | |
| SPDR S&P International Small Cap ETF | Foreign Small/Mid Blend | | 2,649,504 | 100.0% |
| SPDR Portfolio Emerging Markets ETF Portfolio | | | | |
| SPDR Portfolio Emerging Markets ETF | Diversified Emerging Markets | | 6,034,344 | 100.0% |
| | | | | |

ssga^Tpromise529

POWERED BY SPDR® ETFs

(A Fiduciary Fund of the State of Nevada)

NOTES TO FINANCIAL STATEMENTS June 30, 2020

NOTE 3: INVESTMENTS (Continued)

| Underlying Fund | Category | Balance as of June 30, 2020 | Percent of Portfolio Total |
|--|------------------------------|--------------------------------|----------------------------------|
| SPDR S&P Emerging Markets Small Cap ETF Portfolio SPDR S&P Emerging Markets Small Cap ETF | Diversified Emerging Markets | \$ 2,524,35 | 6100.0% |
| SPDR Portfolio Aggregate Bond ETF Portfolio SPDR Portfolio Aggregate Bond ETF | Intermediate Core Bond | 17,088,97 | 2100.0% |
| SPDR Bloomberg Barclays TIPS ETF Portfolio SPDR Bloomberg Barclays TIPS ETF | Inflation-Protected Bond | 2,363,94 | 0 100.0% |
| SPDR Citi International Government Inflation-Protected Bond ETF Portfolio SPDR Citi International Government Inflation-Protected Bond ETF | World Bond | 830,28 | 8100.0% |
| SPDR Bloomberg Barclays High Yield Bond ETF Portfolio SPDR Bloomberg Barclays High Yield Bond ETF | High-Yield Bond | 4,036,99 | 2 100.0% |
| SPDR Portfolio Short Term Corporate Bond ETF Portfolio SPDR Portfolio Short Term Corporate Bond ETF | Short-Term Bond | 4,368,13 | 3 100.0% |
| SPDR Bloomberg Barclays 1-3 Month T-Bill ETF Portfolio SPDR Bloomberg Barclays 1-3 Month T-Bill ETF | Ultrashort Bond | 6,690,385 | 5 100.0% |
| Savings Portfolio Sallie Mae High-Yield Savings Account | Cash Equivalent | 77,505,536 | 5 100.0% |
| Total Investments | | \$ 1,478,560,360 |) |

ssgaupromise529

POWERED BY SPDR® ETFs

(A Fiduciary Fund of the State of Nevada)

NOTES TO FINANCIAL STATEMENTS June 30, 2020

NOTE 3: INVESTMENTS (Continued)

(b) Net Increase in the Fair Value of Investments

The following table calculates the net increase in the fair value of investments for the year ended June 30, 2020:

| Fair value of investments, end of year | \$ 1,478,560,360 |
|--|------------------|
| Less cost of investments purchased and investment income | |
| reinvested during the year | (977,070,041) |
| Plus proceeds from investments sold during the year | 988,364,111 |
| Less fair value of investments, beginning of year | (1,481,509,559) |
| Net increase in the fair value of investments | \$ 8,344,871 |

(c) Investment Risk

The ETFs and mutual funds in which the Plan invests include various investment securities in their asset holdings, such as corporate debt and equity securities, obligations of the US government and government agencies and international equity securities. These securities are exposed to interest rate, market and credit risk, and it is at least reasonably possible that changes in their fair values could occur in the near term, materially affecting account owner balances and the amounts reported in the Plan's basic financial statements.

Generally accepted accounting principles require that certain disclosures be made related to the Plan's investment policy and its exposure to credit risk, interest rate risk and foreign currency risk, which are included in the paragraphs that follow.

Investment Policy

The Board has adopted an investment policy statement that sets forth investment objectives, permitted investments, asset allocation strategies and performance monitoring applicable to all education savings options offered under the Program. The overarching objective is to provide account owners with a range of investment options, allowing for diverse levels of risk tolerance, return expectations and time horizons. Permissible broad asset classes include short-term marketable debt securities, fixed-income securities, equity securities, international equity securities, bank certificates of deposit, stable value investments, real estate investment options. The policy limits the underlying investment vehicles to mutual funds, ETFs, stable value investments, direct holdings of bank certificates of deposit, FDIC-insured savings accounts or separately managed accounts with investment holdings similar to those permitted under the policy. The Board has retained the services of an investment consultant to monitor the performance of investments against standard benchmarks. There are no provisions of the policy that specifically address credit risk, interest rate risk, concentrations of credit risk or foreign currency risk.

ssga^T promise529

POWERED BY SPDR® ETFs

(A Fiduciary Fund of the State of Nevada)

NOTES TO FINANCIAL STATEMENTS June 30, 2020

NOTE 3: INVESTMENTS (Continued)

(c) Investment Risk (Continued)

Credit Risk

Due to the nature of the Plan's investments, the Plan does not have any direct exposure to credit risk, which is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plan may also be indirectly exposed to credit risk and concentrations of credit risk through its investment in ETFs and mutual funds.

None of the ETFs or mutual funds in which the Plan invests are rated as to credit quality by a nationallyrecognized statistical rating organization, except for the State Street Institutional Treasury Money Market Fund, which is rated AAAm by Standard & Poor's.

The Plan's ETFs and mutual funds are not exposed to custodial credit risk, which is the risk that the Plan will not recover the value of investments that are in the possession of an outside party.

Interest Rate Risk

The Plan invests in certain ETFs and a mutual fund that may be exposed to interest rate risk due to their underlying holdings being composed of bonds and other debt securities. Interest rate risk is the risk that changes in interest rates will adversely impact the fair value of an investment. Average maturity is the average length of time until fixed-income securities held by a fund reach maturity and will be repaid, taking into consideration the possibility that the issuer may call a bond before its maturity date, and is a measure of interest rate risk. In general, the longer the average maturity, the more a fund's share price will fluctuate in response to changes to interest rates.

As of June 30, 2020, the average maturities of the bond funds in which the Plan invests are as follows:

| | Average |
|---|------------|
| | Maturity |
| SPDR Portfolio Aggregate Bond ETF | 8.0 years |
| SPDR Bloomberg Barclays TIPS ETF | 9.1 years |
| SPDR Citi International Government Inflation-Protected Bond ETF | 13.3 years |
| SPDR Bloomberg Barclays High Yield Bond ETF | 6.1 years |
| SPDR Portfolio Short Term Corporate Bond ETF | 2.0 years |
| SPDR Bloomberg Barclays 1-3 Month T-Bill ETF | 0.1 years |
| State Street Institutional Treasury Money Market Fund | 49 days |

ssga^vpromise529

POWERED BY SPDR® ETFs

(A Fiduciary Fund of the State of Nevada)

NOTES TO FINANCIAL STATEMENTS June 30, 2020

NOTE 3: INVESTMENTS (Continued)

(c) Investment Risk (Continued)

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. Due to the nature of the Plan's investments, the Plan does not have any direct exposure to foreign currency risk. However, certain ETFs and mutual funds in which the Plan invests include international securities in their underlying holdings, and these ETFs and mutual funds may indirectly expose the Plan to foreign currency risk.

NOTE 4: ADMINISTRATIVE FEES AND OTHER EXPENSES

(a) Administrative Fees

Administrative fees presented on the statement of changes in fiduciary net position include a state fee that is paid to the Board to cover expenses related to oversight and administration of the Plan, a program management fee that is paid to ABD for providing administration and program management services for the Plan and a tactical asset allocation fee that is paid to SSGA for providing investment management services. These fees, which are calculated based on the fiduciary net position of each investment option, are accrued daily and paid monthly.

Administrative fees related to the year ended June 30, 2020, are as follows:

| Program management fee | \$ 3,258,678 |
|-------------------------------|-----------------|
| Tactical asset allocation fee | 805,389 |
| State fee | 293,367 |
| Total administrative fees | \$ 4,357,434 |

(b) Underlying Fund Expenses

SSGA also receives fees for management of the Underlying Funds. These fees are not included in administrative fees presented on the Plan's statement of changes in fiduciary net position since they reduce the amount of investment income available for distribution to the Plan and are not a direct expense paid from the Plan's assets.

(c) Other Administrative Expenses

The Nevada State Treasurer's Office incurs costs in providing administrative, marketing and oversight services with respect to the Program and the Plan offered under the Program. These costs are not paid directly from Plan assets and are not reported as expenses in the accompanying financial statements.

ssga ^opromise 529

POWERED BY SPDR® ETFs

(A Fiduciary Fund of the State of Nevada)

NOTES TO FINANCIAL STATEMENTS June 30, 2020

NOTE 4: ADMINISTRATIVE FEES AND OTHER EXPENSES (Continued)

(c) Other Administrative Expenses (Continued)

Pursuant to the terms of the Direct Program Management Agreement, as amended, ABD is required to provide an annual cash commitment to the Board for additional marketing and other expenses related to the Plan and is required to pay a fee to the Board for accounts that rollover their balances to education savings options offered by other states. Neither the cash commitment, the related expenses nor the rollover fees are reported in the accompanying financial statements as those amounts are not paid from the Plan's assets.

NOTE 5: UNCERTAINTIES

As of the date of the independent auditor's report, the COVID-19 pandemic has had an adverse impact on both domestic and global financial markets. Management of the Plan is unable to accurately predict how the COVID-19 pandemic will impact the Plan, account owner savings behavior or the volume of withdrawals due to uncertainties surrounding the severity of the disease and the duration of its outbreak.

(This page intentionally left blank)

Supplementary Information

SSGA Upromise 529 POWERED BY SPDR® ETFS

(A Fiduciary Fund of the State of Nevada)

SCHEDULE OF FIDUCIARY NET POSITION BY INVESTMENT OPTION June 30, 2020

| | Rish | Risk-Based Portfolio Options | tions | | College Date P | College Date Portfolio Options | |
|---|-------------------------|-------------------------------------|---------------------------|---------------------------|----------------|--------------------------------|---------------|
| | SSGA | SSGA | SSGA | SSGA | SSGA | SSGA | SSGA |
| | Aggressive Portfolio | Moderate | Conservative Dortfolio | College 2036 Doutfolio | College 2033 | College 2030 | College 2027 |
| ASSETS | | | 101010 | | | | Portiollo |
| Investments | \$ 163,023,160 | \$ 88,322,709 | \$ 29,286,103 | \$ 2,947,632 | \$ 9,382,721 | \$ 41,442,703 | \$ 85.807.617 |
| Cash and cash equivalents | 92,727 | 56,437 | 7,112 | 2,198 | 607 | 7,570 | |
| Receivables for investments sold | 66,000 | 118,642 | , | 13,517 | 2 | . 1 | |
| Accrued investment income | 27,307 | 5,786 | t | 371 | 922 | 2,935 | 3,829 |
| Total Assets | 163,209,194 | 88,503,574 | 29,293,215 | 2,963,718 | 9,384,352 | 41,453,208 | 85,819,119 |
| LIABILITIES | | | | | | | |
| Payables for investments purchased | | · | · | 7,377 | t | 7,245.000 | |
| Withdrawals payable | 90,028 | 60,369 | 23,670 | 1,560 | 4,563 | 6,024 | 14,222 |
| Accrued administrative fees | 61,840 | 33,058 | 10,589 | 1,075 | 3,306 | 14,649 | 30,955 |
| Total Liabilities | 151,868 | 93,427 | 34,259 | 10,012 | 7,869 | 27,918 | 45,177 |
| NET POSITION HELD IN TRUST FOR ACCOUNT | | | | | - | | |
| OWNERS AND BENEFICIARIES | 425,/ <u>5</u> 0,52b | \$ 88,410,147 | \$ 29,258,956 | \$ 2,953,706 | ş 9,376,483 | \$ 41,425,290 | \$ 85,773,942 |
| UNITS OUTSTANDING ⁽¹⁾ | 8,609,151 | 5,560,387 | 2,617,080 | 273,745 | 677,002 | 2,312,970 | 4,992,663 |
| NET ASSET VALUE PER UNIT ⁽²⁾ | \$ 18.94 | \$ 15.90 | \$ 11.18 | \$ 10.79 | \$ 13.85 | \$ 17.91 | \$ 17.18 |
| ⁽¹⁾ Rounded to the nearest whole unit. | | | | | | | |

See Independent Auditor's Report.

⁽²⁾ Rounded to the nearest hundredth.

SSGA Upromise 529 POWERED BY SPDR® ETFS

(A Fiduciary Fund of the State of Nevada)

SCHEDULE OF FIDUCIARY NET POSITION BY INVESTMENT OPTION June 30, 2020

| | Colli | College Date Portfolio Options | ions | 0 | Static Portfolio Options | IS |
|---|---------------------------|---------------------------------------|----------------|----------------|--------------------------|---------------|
| | | - | | SPDR | SPDR S&P | SPDR |
| | SSGA | SSGA | SSGA | S&P 500 | MidCap 400 | S&P 600 |
| | College 2024 Doutfolio | College 2021 Doutfolio | College Today | ETF Trust | ETF Trust | Small Cap ETF |
| ASSETS | | | | POLIDINO | PORTOIIO | PORTIONO |
| Investments | \$ 222,746,255 | \$ 330,400,118 | \$ 179,868,238 | \$ 158,523,559 | \$ 15,286,399 | \$ 16.357.334 |
| Cash and cash equivalents | 112,378 | 222,977 | 261,782 | 1,895,780 | 178,750 | 366,435 |
| Receivables for investments sold | , | 28,949 | 155,172 | | . t | . 1 |
| Accrued investment income | 3,554 | 4 | • | 702,366 | 53,482 | |
| Total Assets | 222,862,187 | 330,652,044 | 180,285,192 | 161,121,705 | 15,518,631 | 16,723,769 |
| LIABILITIES | | | | | | |
| Payables for investments purchased | 102,676 | ı | ı | ı | , | , |
| Withdrawals payable | 25,813 | 148,313 | 329,551 | 45,623 | 11,178 | 8,919 |
| Accrued administrative fees | 80,713 | 121,026 | 70,159 | 31,808 | 3,136 | 3,259 |
| Total Liabilities | 209,202 | 269,339 | 399,710 | 77,431 | 14,314 | 12,178 |
| NET POSITION HELD IN TRUST FOR ACCOUNT | | | | | | |
| OWNERS AND BENEFICIARIES | \$ 222,652,985 | \$ 330,382,705 | \$ 179,885,482 | \$ 161,044,274 | \$ 15,504,317 | \$ 16,711,591 |
| UNITS OUTSTANDING ⁽¹⁾ | 13,803,657 | 22,895,544 | 16,609,924 | 6,372,943 | 793,466 | 853,503 |
| NET ASSET VALUE PER UNIT ⁽²⁾ | \$ 16.13 | \$ 14.43 | \$ 10.83 | \$ 25.27 | \$ 19.54 | \$ 19.58 |
| | | | | | | |

⁽¹⁾ Rounded to the nearest whole unit. ⁽²⁾ Rounded to the nearest hundredth.

See Independent Auditor's Report.

SSGA Opromise 529 POWERED BY SPDR® ETFS

(A Fiduciary Fund of the State of Nevada)

SCHEDULE OF FIDUCIARY NET POSITION BY INVESTMENT OPTION June 30, 2020

| | | | | Static Portfolio Options | SI | | |
|---|-----------------------|----------------------------------|-------------------|--------------------------|--------------------------|----------------------------|-----------------------|
| | SPDR SPDR | SPDR Dow lones | SPDR Dortfolio | SPDR | SPDR | SPDR S&P | SPDR |
| | Dow Jones REIT ETE | International Boal Estate FTE | Developed | International | Emerging | Markets | Aggregate |
| | Portfolio | Portfolio | ETF Portfolio | Portfolio | Markets ETF Portfolio | Small Cap ETF Portfolio | Bond ETF Portfolio |
| ASSETS | | | | | | | |
| Investments | \$ 5,150,292 | \$ 1,131,271 | \$ 4,791,794 | \$ 2,649,504 | \$ 6,034,344 | \$ 2,524,356 | \$ 17.088.972 |
| Cash and cash equivalents | 111,159 | 22,773 | 137,174 | 67,069 | 117,600 | 67,467 | |
| Receivables for investments sold | | | ı | 1 | . 1 | . 1 | |
| Accrued investment income | - | | 1 | t | ı | t | |
| Total Assets | 5,261,451 | 1,154,044 | 4,928,968 | 2,716,573 | 6,151,944 | 2,591,823 | 17,550,203 |
| LIABILITIES | | | | | | | |
| Payables for investments purchased | , | | ı | · | ı | ı | r |
| Withdrawals payable | 1,962 | 384 | 250 | 1,496 | 10,716 | , | 42,511 |
| Accrued administrative fees | 1,078 | 237 | 966 | 542 | 1,370 | 462 | 3,367 |
| Total Liabilities | 3,040 | 621 | 1,246 | 2,038 | 12,086 | 462 | 45,878 |
| NET POSITION HELD IN TRUST FOR ACCOUNT | | | | | | | |
| OWNERS AND BENEFICIARIES | \$ 5,258,411 | \$ 1,153,423 | \$ 4,927,722 | \$ 2,714,535 | \$ 6,139,858 | \$ 2,591,361 | \$ 17,504,325 |
| UNITS OUTSTANDING ⁽¹⁾ | 368,753 | 98,752 | 351,980 | 199,159 | 514,657 | 235,578 | 1,375,045 |
| NET ASSET VALUE PER UNIT ⁽²⁾ | \$ 14.26 | \$ 11.68 | \$ 14.00 | \$ 13.63 | \$ 11.93 | \$ 11.00 | \$ 12.73 |
| ⁽¹⁾ Rounded to the nearest whole unit. ⁽²⁾ Rounded to the nearest hundredth. | | | | | | | |

See Independent Auditor's Report.

| 29 | |
|------------|-----------------------|
| Se5 | |
| SSGAUpromi | DOMERED BY COND® ETC. |
| | |

POWERED BY SPDR® ETFS

(A Fiduciary Fund of the State of Nevada)

SCHEDULE OF FIDUCIARY NET POSITION BY INVESTMENT OPTION June 30, 2020

| | | | Static Portfolio Options | - | | | |
|---|-----------------------------------|--|-------------------------------------|------------------------------------|--------------------------------------|---------------|------------------|
| | SPDR | SPDR Citi International | SPDR Bloomberø | SPDR Portfolio | SPDR Bloomherg | | |
| | Bloomberg | Government | | Short Term | Barclays | | |
| | Barclays TIPS ETF Portfolio | Inflation-Protected Bond ETF Portfolio | High Yield Bond ETF Portfolio | Corporate Bond ETF Portfolio | 1-3 Month T-Bill ETF Portfolio | Savings | Plan |
| ASSETS | | | | | | | |
| Investments | \$ 2,363,940 | \$ 830,288 | \$ 4,036,992 | \$ 4,368,138 | \$ 6,690,385 | \$ 77,505,536 | \$ 1,478,560,360 |
| Cash and cash equivalents | 63,141 | 17,684 | 101,498 | 253,175 | 31,450 | | 4,768,862 |
| Receivables for investments sold | | Ţ | | ı | 1 | . 1 | 382.280 |
| Accrued investment income | - | - | | , | | | 800.552 |
| Total Assets | 2,427,081 | 847,972 | 4,138,490 | 4,621,313 | 6,721,835 | 77,610,449 | 1,484,512,054 |
| LIABILITIES | | | | | | | |
| Payables for investments purchased | | 1 | · | I | , | | 117,298 |
| Withdrawals payable | 165 | I | 1,030 | ı | 7,976 | 94,973 | 931,296 |
| Accrued administrative fees | 456 | 168 | 834 | 868 | 1,334 | 18,254 | 495,539 |
| Total Liabilities | 621 | 168 | 1,864 | 868 | 9,310 | 113,227 | 1,544,133 |
| NET POSITION HELD IN TRUST FOR ACCOUNT | | | | | | | |
| OWNERS AND BENEFICIARIES | \$ 2,426,460 | \$ 847,804 | \$ 4,136,626 | \$ 4,620,445 | \$ 6,712,525 | \$ 77,497,222 | \$ 1,482,967,921 |
| UNITS OUTSTANDING ⁽¹⁾ | 210,083 | 83,692 | 308,934 | 401,080 | 660,032 | 7,096,815 | |
| NET ASSET VALUE PER UNIT ⁽²⁾ | \$ 11.55 | \$ 10.13 | \$ 13.39 | \$ 11.52 | \$ 10.17 | \$ 10.92 | |
| ⁽¹⁾ Rounded to the nearest whole unit. ⁽²⁾ Rounded to the nearest hundredth. | | | | | | | |

See Independent Auditor's Report.

| Upro | POWERED BY SPDR® ETFs (A Fiduciary Fund of the State of Nevada) |
|------|--|
|------|--|

(A Fiduciary Fund of the State of Nevada)

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY INVESTMENT OPTION Year Ended June 30, 2020

| | SSGA | College 2027 | Portfolio | 7,669,632 | 2,504,111 | 356,432 | 2,860,543 | 5,273,047 | 15,803,222 | | 2,365,983 | 252,758 | 4,017,889 | 6,636,630 | | 9,166,592 | 76,607,350 | 85,773,942 |
|-------------------------------------|------|--------------|-----------|---------------|---|---------------------------|------------------------------|----------------------------|-----------------|------------|--------------------------------------|---------|-----------------------------|------------------|---------------------------------------|-------------------------|--|--|
| | | _ | | 730 \$ | 833 | 586) | 247 | 538 | 515 | | 078 | 278 | 220 | 576 | | 939 | 351 | م |
| rtfolio Options | SSGA | College 2030 | Portfolio | \$ 4,714,730 | 1,250,833 | (271,586) | 979,247 | 5,878,538 | 11,572,515 | | 1,293,078 | 117,278 | 1,691,220 | 3,101,576 | ' | 8,470,939 | 32,954,351 | \$ 41,425,290 |
| College Date Portfolio Options | SSGA | College 2033 | Portiolio | \$ 2,116,558 | 284,034 | (219,655) | 64,379 | 634,681 | 2,815,618 | | 567,095 | 26,029 | 714,211 | 1,307,335 | I | 1,508,283 | 7,868,200 | \$ 9,376,483 |
| | SSGA | College 2036 | Portfolio | \$ 1,129,266 | 83,193 | (144,358) | (61,165) | 970,527 | 2,038,628 | | 140,443 | 7,383 | 530,603 | 678,429 | I | 1,360,199 | 1,593,507 | \$ 2,953,706 |
| ons | SSGA | Conservative | POLITOIIO | \$ 1,921,508 | 573,977 | 432,107 | 1,006,084 | 10,278,047 | 13,205,639 | | 4,181,277 | 85,726 | 6,420,108 | 10,687,111 | ſ | 2,518,528 | 26,740,428 | \$ 29,258,956 |
| Risk-Based Portfolio Options | SSGA | Moderate | POLIGIIO | \$ 6,830,338 | 2,915,283 | (323,303) | 2,591,980 | 8,930,277 | 18,352,595 | | 11,765,689 | 281,987 | 12,255,216 | 24,302,892 | 1 | (5,950,297) | 94,360,444 | \$ 88,410,147 |
| Risk | SSGA | Aggressive | | \$ 12,251,783 | 6,190,935 | (7,247,361) | (1,056,426) | 13,371,272 | 24,566,629 | | 16,828,733 | 537,948 | 30,303,537 | 47,670,218 | | (23,103,589) | 186,160,915 | \$ 163,057,326 |
| | | | ADDITIONS | Contributions | Investment income (loss): Dividends and interest Net increase (decrease) in the | fair value of investments | Net investment income (loss) | Exchanges and transfers in | Total Additions | DEDUCTIONS | vvitilatawais Administrative face | | Exchanges and transfers out | Total Deductions | INVESTMENT OPTION CONVERSION IN (OUT) | NET INCREASE (DECREASE) | NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF YEAR | NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF YEAR |

See Independent Auditor's Report.

SSGA Upromise 529 POWERED BY SPDR® ETFS

(A Fiduciary Fund of the State of Nevada)

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY PORTFOLIO Year Ended June 30. 2020

| | | Year | Year Ended June 30, 2020 |)20 | | | |
|--|--------------------------|--------------------------|--------------------------------|--------------------------|--------------------------|----------------------------|----------------------------|
| | | College Date P | College Date Portfolio Options | | S | Static Portfolio Options | S |
| | | | | | SPDR | SPDR | SPDR |
| | SSGA | SSGA | SSGA | SSGA | S&P 500 | MidCap 400 | S&P 600 |
| | College 2024 | College 2021 | College 2018 | College Today | ETF Trust | ETF Trust | Small Cap ETF |
| ADDITIONS | Portfolio | Portfolio | Portfolio | Portfolio | Portfolio | Portfolio | Portfolio |
| Contributions | \$ 16,009,655 | \$ 20,620,645 | \$ 3,233,084 | \$ 14,493,895 | \$ 9,951,805 | \$ 1,644,638 | \$ 1,856,376 |
| Investment income (loss): Dividends and interest Net increase (decrease) in the | 5,925,787 | 7,544,668 | 834,420 | 2,927,357 | 2,984,164 | 245,163 | 276,139 |
| fair value of investments Net investment income (loss) | 4,708,168 10,633,955 | 8,497,414 16,042,082 | (64,431) 769,989 | 921,013 3,848,370 | 8,080,527 11,064,691 | (1,407,772) (1,162,609) | (2,263,748) (1,987,609) |
| Exchanges and transfers in Total Additions | 12,657,205 39,300,815 | 18,104,186 54,766,913 | 1,909,186 5,912,259 | 12,563,511 30,905,776 | 28,414,486 49,430,982 | 3,838,656 4,320,685 | 4,727,281 4,596,048 |
| DEDUCTIONS Withdrawals | 6,592,256 | 14,193,286 | 24,127,213 | 47,116,075 | 13,800,413 | 1,470,675 | 1,883,196 |
| Administrative tees Exchanges and transfers out | 661,075 14 703 867 | 997,448 22 700 CC | 62,978 1 520 875 | 536,102 | 385,471 | 40,591 | 43,357 |
| Total Deductions | 21,957,198 | 37,418,519 | 25,711,066 | 58,609,957 | 36,912,497 51,098,381 | 5,501,863 7,013,129 | 6,753,187 8,679,740 |
| INVESTMENT OPTION CONVERSION IN (OUT) | 1 | 1 | (144,219,252) | 144,219,252 | T | I | I |
| NET INCREASE (DECREASE) | 17,343,617 | 17,348,394 | (164,018,059) | 116,515,071 | (1,667,399) | (2,692,444) | (4,083,692) |
| NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF YEAR | 205,309,368 | 313,034,311 | 164,018,059 | 63,370,411 | 162,711,673 | 18,196,761 | 20,795,283 |
| NET POSIFION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF YEAR | \$ 222,652,985 | \$ 330,382,705 | Ś | \$ 179,885,482 | \$ 161,044,274 | \$ 15,504,317 | \$ 16,711,59 <u>1</u> |
| | | | | | | | |

See Independent Auditor's Report.

SSGAU promise529 POWERED BY SPDR® ETFS

(A Fiduciary Fund of the State of Nevada)

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY PORTFOLIO Year Ended June 30, 2020

Static Portfolio Options

| | | SPDR | SPINE | SPIR | anas | | CDDD |
|--|--------------|-----------------|---------------|---------------|--------------|---------------|---------------|
| | 4443 | | -1-314 | 10.00 | | | |
| | SPUK | Dow Jones | Porttolio | S&P | Portfolio | Emerging | Portfolio |
| | Dow Jones | International | Developed | International | Emerging | Markets | Aggregate |
| | REIT ETF | Real Estate ETF | World ex-US | Small Cap ETF | Markets ETF | Small Cap ETF | Bond ETF |
| | Portfolio | Portfolio | ETF Portfolio | Portfolio | Portfolio | Portfolio | Portfolio |
| ADDITIONS | | | | | | | |
| Contributions | \$ 679,431 | \$ 146,337 | \$ 555,147 | \$ 351,455 | \$ 622,067 | \$ 449,567 | \$ 1,087,074 |
| Investment income (loss): | | | | | | | |
| Dividends and interest | 223,715 | 137,738 | 132,050 | 99,489 | 194,910 | 63,373 | 414,672 |
| Net increase (decrease) in the | | | | | | | |
| fair value of investments | (1,508,362) | (418,317) | (386,028) | (287,301) | (573,784) | (197,436) | 862,918 |
| Net investment income (loss) | (1,284,647) | (280,579) | (253,978) | (187,812) | (378,874) | (134,063) | 1,277,590 |
| Exchanges and transfers in | 2.283.909 | 352.387 | 1.020.582 | 473.754 | 7 288 151 | 797 786 | 6 381 133 |
| Total Additions | 1 678 693 | 218 145 | 1 321 751 | 637 307 | 7 521 244 | 1 112 000 | CCC+(FOC(0 |
| | | 01-1(01-1 | +/0/47/0+ | 100,100 | ++C(TCC'7 | 7,777,77U | 0,143,031 |
| DEDUCTIONS | | | | | | | |
| Withdrawals | 595,496 | 211,675 | 413,362 | 269,460 | 478,404 | 215,807 | 1,635,971 |
| Administrative fees | 15,759 | 3,660 | 13,371 | 7,068 | 16,476 | 5,466 | 37,073 |
| Exchanges and transfers out | 2,345,465 | 562,725 | 2,072,456 | 947,724 | 3,515,473 | 783,066 | 4,085,265 |
| Total Deductions | 2,956,720 | 778,060 | 2,499,189 | 1,224,252 | 4,010,353 | 1,004,339 | 5,758,309 |
| INVESTMENT OPTION CONVERSION IN (OUT) | | | ſ | | | | I |
| NET INCREASE (DECREASE) | (1,278,027) | (559,915) | (1,177,438) | (586,855) | (1,479,009) | 108,651 | 2,990,788 |
| NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF YEAR | 6.536.438 | 1.713.338 | 6.105.160 | 062 102 E | 7 618 867 | 017 584 5 | 14 513 537 |
| | | onota- d- | 00+100+10 | 000/400/0 | 100'010'1 | C1 + 02' 1 TO | 100,010,41 |
| NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF YEAR | \$ 5,258,411 | \$ 1,153,423 | \$ 4,927,722 | \$ 2,714,535 | \$ 6,139,858 | \$ 2,591,361 | \$ 17,504,325 |
| | | | | | | | |

See Independent Auditor's Report.

SSGA Opromise 529 POWERED BY SPDR® ETFS

(A Fiduciary Fund of the State of Nevada)

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY PORTFOLIO Year Ended June 30, 2020

Static Portfolio Options

| | | SPDR | SPDR | SPDR | SPDR | | |
|--|--------------|---------------------|-----------------------------------|--------------|--------------|---------------|------------------|
| | SPDR | Citi International | Bloomberg | Portfolio | Bloomberg | | |
| | Bloomberg | Government | Barclays | Short Term | Barclays | | |
| | Barclays | Inflation-Protected | High Yield | Corporate | 1-3 Month | | |
| | TIPS ETF | Bond ETF | Bond ETF | Bond ETF | T-Bill ETF | Savings | Plan |
| | Portfolio | Portfolio | Portfolio | Portfolio | Portfalio | Portfolio | Total |
| ADDITIONS | | | | | | | |
| Contributions | \$ 145,462 | \$ 59,908 | \$ 483,202 | \$ 305,695 | \$ 365,546 | \$ 6,822,859 | \$ 116,517,663 |
| Investment income (loss): | | | | | | | |
| Dividends and interest | 45,895 | 19,795 | 218,227 | 105,819 | 57,324 | 1,064,939 | 37,318,010 |
| Net increase (decrease) in the | | | | | | | |
| fair value of investments | 134,578 | (70,034) | (324,639) | 65,870 | (6,041) | r | 8,344,871 |
| Net investment income (loss) | 180,473 | (50,239) | (106,412) | 171,689 | 51,283 | 1,064,939 | 45,662,881 |
| Exchanges and transfers in | 2,013,937 | 550,753 | 2,043,322 | 2,318,391 | 5,103,939 | 45,872,358 | 199.054.302 |
| Total Additions | 2,339,872 | 560,422 | 2,420,112 | 2,795,775 | 5,520,768 | 53,760,156 | 361,234,846 |
| DEDUCTIONS | | | | | | | |
| Withdrawals | 161,234 | 92,540 | 483,909 | 455,703 | 551,221 | 11,095,396 | 162,985,590 |
| Administrative fees | 5,363 | 2,134 | 9,788 | 10,120 | 11,490 | 183,535 | 4,357,434 |
| Exchanges and transfers out | 1,920,641 | 467,717 | 1,543,729 | 1,609,620 | 2,279,702 | 22,410,081 | 199,054,302 |
| Total Deductions | 2,087,238 | 562,391 | 2,037,426 | 2,075,443 | 2,842,413 | 33,689,012 | 366,397,326 |
| INVESTMENT OPTION CONVERSION IN (OUT) | t | 1 | | r | | ſ | T |
| NET INCREASE (DECREASE) | 252,634 | (1,969) | 382,686 | 720,332 | 2,678,355 | 20,071,144 | (5,162,480) |
| NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF YEAR | 2,173,826 | 849,773 | 3,753,940 | 3,900,113 | 4,034,170 | 57,426,078 | 1,488,130,401 |
| NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, | | | | | | | |
| END OF YEAR | \$ 2,426,460 | \$ 847,804 | \$ 4,136,626 | \$ 4,620,445 | \$ 6,712,525 | \$ 77,497,222 | \$ 1,482,967,921 |
| | | See Indeper | See Independent Auditor's Report. | Report. | | | |

(This page intentionally left blank)



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Members of the Board of Trustees of the College Savings Plans of Nevada Ascensus Broker Dealer Services, LLC, Program Manager SSGA Upromise 529 Plan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the **SSGA Upromise 529 Plan** (the Plan), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated September 30, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the Plan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Members of the Board of Trustees of the College Savings Plans of Nevada Ascensus Broker Dealer Services, LLC, Program Manager SSGA Upromise 529 Plan

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control or on compliance. This report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Certified Public Accountants

September 30, 2020 Little Rock, Arkansas

Management's Discussion and Analysis (Unaudited)

These financial statements pertain to investment options managed by The Vanguard Group, Inc. ("Vanguard") that are each referred to individually as a "Portfolio", and collectively, the "Portfolios", offered to participants in The Vanguard 529 College Savings Plan (the "Plan"), sponsored by the State of Nevada. As investment manager of the Plan, Vanguard offers readers of the financial statements of the Portfolios this discussion and analysis of the Portfolios' financial performance for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented in this section in conjunction with the Portfolios' financial statements.

Financial Highlights

During the fiscal year ended June 30, 2020, the Portfolios posted total returns as follows:

| Stock Portfolios | |
|---|--------|
| Vanguard 500 Index Portfolio | 7.38 % |
| Vanguard Aggressive Growth Portfolio | 2.13 |
| Vanguard Growth Index Portfolio | 24.55 |
| Vanguard Mid-Cap Index Portfolio | -0.29 |
| Vanguard U.S. Growth Portfolio | 29.67 |
| Vanguard Small-Cap Index Portfolio | -5.72 |
| Vanguard Total International Stock Index | |
| Portfolio | -4.16 |
| Vanguard Total Stock Market Index Portfolio | 6.35 |
| Vanguard Value Index Portfolio | -7.57 |
| Vanguard Windsor Portfolio | -4.72 |
| C C | |
| Balanced Portfolios | |
| Vanguard 90% Stock/10% Bond Portfolio | 2.89 % |
| Vanguard 80% Stock/20% Bond Portfolio | 3.50 |
| Vanguard 70% Stock/30% Bond Portfolio | 3.95 |
| Vanguard 60% Stock/40% Bond Portfolio | 4.76 |
| Vanguard 40% Stock/60% Bond Portfolio | 5.71 |
| Vanguard 30% Stock/70% Bond Portfolio | 6.13 |
| Vanguard 20% Stock/80% Bond Portfolio | 6.55 |
| Vanguard 10% Stock/90% Bond Portfolio | 6.91 |
| Vanguard Conservative Growth Portfolio | 6.29 |
| Vanguard Growth Portfolio | 3.75 |
| Vanguard Moderate Growth Portfolio | 5.17 |
| Vanguard STAR Portfolio | 9.04 |
| | |
| Bond Portfolios | |
| Vanguard High-Yield Bond Portfolio | 0.66% |
| Vanguard Income Portfolio | 5.04 |
| Vanguard Inflation-Protected Securities | |
| Portfolio | 7.91 |
| Vanguard Total Bond Market Index Portfolio | 8.81 |
| Vanguard Total International Bond Index | |
| Portfolio | 3.93 |

| Short-Term Investments Portfolio | |
|---|--------|
| Vanguard 25% Bond/75% Short-Term Reserves | |
| Portfolio | 3.22 % |
| Vanguard 50% Bond/50% Short-Term Reserves | |
| Portfolio | 4.13 |
| Vanguard Interest Accumulation Portfolio | 2.30 |

Overview of the Financial Statements

The Portfolios' financial statements are prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* as amended by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*

This report consists of two parts: *Management's Discussion and Analysis* (this section) and the basic financial statements. The basic financial statements consist of *Statements of Fiduciary Net Position, Schedules of Investments, Statements of Changes in Fiduciary Net Position*, and *Notes to Financial Statements* that explain certain information in the financial statements and provide more detailed information.

The *Statements of Fiduciary Net Position* present information on the Portfolios' assets and liabilities, with the difference between the two reported as the net position. These statements, along with all of the Portfolios' financial statements, are prepared using the accrual basis of accounting whereby contributions are recognized when enrollment in the Portfolio is finalized; withdrawals are recognized when payable; income is recorded when earned; and expenses and liabilities are recognized when services are provided, regardless of when cash is paid.

The *Schedules of Investments* present information on the value of assets invested in Vanguard mutual funds and the Vanguard Short-Term Reserves Account.

The *Statements of Changes in Fiduciary Net Position* present information showing how the Portfolios' assets changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will result in cash flows in future fiscal years.

The *Notes to Financial Statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

This report presents the operating results and financial status of the Portfolios. The State of Nevada reports the Plan as a private-purpose trust fund, which is a type of fiduciary fund. Fiduciary fund reporting is used to account for resources held for the benefit of parties outside the governmental entity.

Financial Analysis

Net Position. The following is a condensed *Statement of Fiduciary Net Position* as of June 30, 2020.

| | (in thousands) |
|----------------------|---------------------|
| Investments at Value | \$22,671,465 |
| Other Assets | 36,709 |
| Total Assets | 22,708,174 |
| Total Liabilities | <u>26,162</u> |
| Net Position | <u>\$22,682,012</u> |

Net position represents total activity since the Plan's inception in December 2002, which includes total contributions from participants plus net increases (decreases) from investment operations, less withdrawals.

Investments make up substantially all of the total net position, and consist of 30 Portfolios at June 30, 2020, each of which is invested in one or more Vanguard mutual funds or the Vanguard Short-Term Reserves Account. Other assets may consist of cash and cash equivalents, receivables for securities sold, and receivables for contributions. Liabilities may consist of cash overdrafts, payables for securities purchased, payables for withdrawals, and payables for accrued expenses.

Changes in net position. The following is a condensed *Statement of Changes in Fiduciary Net Position* for the fiscal year ended June 30, 2020.

| | (in thousands) |
|-----------------------------------|---------------------|
| Net Increase (Decrease) from | |
| Investment Operations | \$ 970,748 |
| Net Increase (Decrease) from | |
| Unit Transactions | <u>1,281,514</u> |
| Change in Net Position | 2,252,262 |
| Net Position, beginning of period | 20,429,750 |
| Net Position, end of period | <u>\$22,682,012</u> |

Financial Market and Economic Factors

Stocks rose, plunged, then rebounded

The 12 months ended June 30, 2020, were challenging for the global economy and financial markets. The period began with investor concerns easing about global growth and trade tensions, and monetary policies remained accommodative across much of the world, which lifted a number of stock market indexes to record highs in February. Then as the coronavirus began to spread outside of China, many governments moved to shutter nonessential businesses and restrict trade and travel. That led to a swift and sharp downturn in global economic activity—especially in sectors requiring face-to-face interaction—and a spike in unemployment rates.

Many central banks acted swiftly to limit the economic damage from the virus, slashing shortterm interest rates, ramping up bond purchases to keep longer-term rates low, and providing liquidity to financial markets. Governments atop the world's largest economies committed trillions in spending, loans, and loan guarantees to blunt the pandemic's impact.

Global stocks plunged as large swaths of the economy closed. Although economic activity is set to pick up as productive potential is brought back onstream, it is unlikely to return to prepandemic levels this year. However, the unprecedented scale of policymakers' response, the start of numerous trials for vaccines and treatments, and an easing of lockdown restrictions in some of the earliest-hit countries helped lift investor sentiment. The broad U.S. stock market, as measured by the Russell 3000 Index, returned well over 6% for the 12 months despite having declined more than 20% in the first quarter of 2020. Large-capitalization stocks in particular performed well. So did stocks in some of the largest sectors in terms of market value, such as information technology and health care; this offset steep declines in other sectors, including energy and financials. By investment strategy, growth stocks outperformed value stocks.

International stocks, as measured by the FTSE All-World ex US Index, saw less of a rebound than U.S. stocks, returning about –4%. Stock returns in European markets weighed most on performance, although returns were also negative for Asia-Pacific and emerging markets. Returns from international stocks were generally better in local currency terms, but a rise in the U.S. dollar dampened performance for dollar-based investors.

Bond yields fell, boosting returns

Global bonds also experienced high volatility but produced solid returns for the period. Liquidity in the bond markets eroded and yield spreads widened between global corporate and government bonds in March, as the outlook for the economy turned bleaker. However, the unprecedented scale of the response from policymakers helped brighten investor sentiment.

The broad U.S. bond market, as measured by the Bloomberg Barclays U.S. Aggregate Bond Index, returned close to 9% for the 12 months. Given the flight to safety seen in the first quarter of 2020, U.S. Treasuries performed best, returning more than 10%. Among U.S. corporate bonds, which as a whole returned more than 9%, bonds issued by utilities outperformed those of industrial companies and financial institutions. Because refinancing risk tends to rise in a falling rate environment, U.S. mortgage-backed securities underperformed both U.S. Treasuries and U.S. corporates, returning less than 6%.

International bonds, as measured by the Bloomberg Barclays Global Aggregate Index ex USD, returned less than 1% in U.S. dollars on an unhedged basis, but performed better in local currency terms, returning 4% on a hedged basis.

| Market Barometer | | | | | | | | | | |
|--|-------------------------------|----------------|---------|--|--|--|--|--|--|--|
| | Averag | e Annual Total | Returns | | | | | | | |
| | Periods Ended June 30, 2020 | | | | | | | | | |
| | One Year Three Years Five Yea | | | | | | | | | |
| Stocks | | | | | | | | | | |
| Russell 1000 Index (Large-caps) | 7.48% | 10.64% | 10.47% | | | | | | | |
| Russell 2000 Index (Small-caps) | -6.63 | 2.01 | 4.29 | | | | | | | |
| Russell 3000 Index (Broad U.S. market) | 6.53 | 10.04 | 10.03 | | | | | | | |
| FTSE All-World ex US Index (International) | -4.25 | 1.35 | 2.52 | | | | | | | |
| Bonds | | | | | | | | | | |
| Bloomberg Barclays U.S. Aggregate Bond Index | | | | | | | | | | |
| (Broad taxable market) | 8.74% | 5.32% | 4.30% | | | | | | | |
| Bloomberg Barclays Municipal Bond Index (Broad | | | | | | | | | | |
| tax-exempt market) | 4.45 | 4.22 | 3.93 | | | | | | | |
| FTSE Three-Month U.S. Treasury Bill Index | 1.56 | 1.72 | 1.15 | | | | | | | |
| U.S. Inflation | | | | | | | | | | |
| Consumer Price Index | 0.65% | 1.72% | 1.56% | | | | | | | |

Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

Requests for Information

This financial report is designed to provide a general overview of the Portfolios' financial status. If you have any questions about the information provided, please call the knowledgeable specialists in the Vanguard Education Savings Group at 1-866-734-4530, or visit www.vanguard.com/save529.

The Portfolios of The Vanguard 529 College Savings Plan Statements of Fiduciary Net Position At June 30, 2020 (in thousands, except for Units Outstanding and Net Position Value Per Unit)

| | Gro | Vanguard Aggressive wth Portfolio G | • | Vanguard derate Growth Portfolio | Vanguard Conservative Growth Portfolio | Vanguard Income Portfolio | Vanguard 90% Stock/10% Bond Portfolio | • | d Stock/30% Bond | • | • | • | Vanguard 20% Stock/80% Bond Portfolio |
|-----------------------------------|-----|---|------------|--|--|------------------------------|---|------------|------------------|--------------|--------------|--------------|---|
| Assets | | | | | | | | | | | | | |
| Investments at Value | \$ | 1,655,104 \$ | 447,047 \$ | 1,764,905 | \$ 209,573 | \$ 1,207,273 | \$ 765,091 | \$ 958,787 | \$ 1,157,289 | \$ 1,312,703 | \$ 1,056,978 | \$ 1,096,674 | \$ 800,597 |
| Cash and Cash Equivalents | | 325 | - | - | - | - | 745 | 496 | 462 | - | - | - | 132 |
| Receivables for Securities Sold | | - | 137 | 200 | 43 | 376 | - | - | - | 644 | 62 | 536 | - |
| Receivables for Contributions | | 1,901 | 229 | 1,414 | 205 | 598 | 1,276 | 1,294 | 1,201 | 1,047 | 738 | 965 | 519 |
| Total Assets | | 1,657,330 | 447,413 | 1,766,519 | 209,821 | 1,208,247 | 767,112 | 960,577 | 1,158,952 | 1,314,394 | 1,057,778 | 1,098,175 | 801,248 |
| Liabilities | | | | | | | | | | | | | |
| Cash Overdraft | \$ | - \$ | 137 \$ | 200 | \$ 43 | \$ 376 | \$- | \$- | \$- | \$ 644 | \$ 62 | \$ 536 \$ | \$- |
| Payables for Securities Purchased | | 325 | - | - | - | - | 745 | 496 | 462 | - | - | - | 132 |
| Payables for Withdrawals | | 324 | 53 | 674 | 134 | 463 | 174 | 70 | 292 | 301 | 215 | 528 | 408 |
| Payables for Accrued Expenses | | 163 | 44 | 169 | 20 | 113 | 75 | 93 | 112 | 126 | 101 | 105 | 76 |
| Total Liabilities | | 812 | 234 | 1,043 | 197 | 952 | 994 | 659 | 866 | 1,071 | 378 | 1,169 | 616 |
| Net Position Held in Trust | \$ | 1,656,518 \$ | 447,179 \$ | 1,765,476 | \$ 209,624 | \$ 1,207,295 | \$ 766,118 | \$ 959,918 | \$ 1,158,086 | \$ 1,313,323 | \$ 1,057,400 | \$ 1,097,006 | \$ 800,632 |
| Units Outstanding | | 41,167,561 | 13,146,257 | 59,014,612 | 8,105,473 | 67,349,337 | 61,442,438 | 77,239,327 | 93,599,563 | 106,532,364 | 86,631,952 | 90,490,261 | 66,562,862 |
| Net Position Value Per Unit | \$ | 40.24 \$ | 34.02 \$ | 29.92 | \$ 25.86 | \$ 17.93 | \$ 12.47 | \$ 12.43 | \$ 12.37 | \$ 12.33 | \$ 12.21 | \$ 12.12 | \$ 12.03 |

The Portfolios of The Vanguard 529 College Savings Plan Statements of Fiduciary Net Position At June 30, 2020 (in thousands, except for Units Outstanding and Net Position Value Per Unit)

| | | | Vanguard 50% | Vanguard 25% | | Vanguard Total | | | | | | | | |
|-----------------------------------|-----|---------------------------|----------------------------|----------------------------|---------------------------------|--------------------------|---------------------------------|-----------------------------------|----------------------|---------------------------|-----------------------------------|------------------------|---------------------------|---------------------------|
| | ` | anguard 10% B | Sond/50% Short- | Bond/75% Short- | Vanguard Total | International | | | Vanguard | Vanguard | | Vanguard Mid- Va | nguard Small- | |
| | Ste | ock/90% Bond Portfolio | Term Reserves Portfolio | Term Reserves Portfolio | Stock Market Index Portfolio | Stock Index Portfolio | Vanguard 500 Index Portfolio | Vanguard U.S. Growth Portfolio | Windsor Portfolio | Growth Index Portfolio | Vanguard Value Index Portfolio | Cap Index Portfolio | Cap Index Va Portfolio | anguard STAR Portfolio |
| Assets | | | | | | | | | | | | | | |
| Investments at Value | \$ | 1,290,846 \$ | 5 133,114 | \$ 143,155 | \$ 1,353,176 | \$ 594,753 | \$ 1,779,572 | \$ 264,428 \$ | 110,151 \$ | 669,682 | \$ 272,007 \$ | 492,169 \$ | 486,765 \$ | 162,164 |
| Cash and Cash Equivalents | | - | 163 | - | - | - | - | 505 | - | - | - | - | - | - |
| Receivables for Securities Sold | | 255 | - | 144 | 501 | 183 | 844 | - | 35 | 51 | 281 | 177 | 301 | 102 |
| Receivables for Contributions | | 1,213 | 37 | 263 | 1,204 | 444 | 1,965 | 266 | 57 | 1,198 | 164 | 352 | 307 | 85 |
| Total Assets | | 1,292,314 | 133,314 | 143,562 | 1,354,881 | 595,380 | 1,782,381 | 265,199 | 110,243 | 670,931 | 272,452 | 492,698 | 487,373 | 162,351 |
| Liabilities | | | | | | | | | | | | | | |
| Cash Overdraft | \$ | 255 \$ | ; - | \$ 144 \$ | 501 | \$ 183 | \$ 844 | \$-\$ | 35 \$ | 51 \$ | \$ 281 \$ | 177 \$ | 301 \$ | 102 |
| Payables for Securities Purchased | | - | 163 | - | - | - | - | 505 | - | - | - | - | - | - |
| Payables for Withdrawals | | 818 | 62 | 213 | 446 | 293 | 1,479 | 73 | 67 | 987 | 232 | 224 | 391 | 99 |
| Payables for Accrued Expenses | | 121 | 13 | 15 | 144 | 73 | 189 | 31 | 19 | 102 | 43 | 73 | 72 | 17 |
| Total Liabilities | | 1,194 | 238 | 372 | 1,091 | 549 | 2,512 | 609 | 121 | 1,140 | 556 | 474 | 764 | 218 |
| Net Position Held in Trust | \$ | 1,291,120 \$ | 5 133,076 | \$ 143,190 | 1,353,790 | \$ 594,831 | \$ 1,779,869 | \$ 264,590 \$ | 110,122 \$ | 669,791 | \$ 271,896 \$ | 492,224 \$ | 486,609 \$ | 162,133 |
| Units Outstanding | | 108,274,595 | 11,985,750 | 13,146,351 | 27,974,695 | 19,548,123 | 38,600,824 | 6,771,894 | 5,739,437 | 11,274,015 | 6,957,933 | 9,052,237 | 9,289,995 | 6,996,479 |
| Net Position Value Per Unit | \$ | 11.92 \$ | 5 11.10 | \$ 10.89 | 6 48.39 | \$ 30.43 | \$ 46.11 | \$ 39.07 \$ | 19.19 \$ | 59.41 | \$ 39.08 \$ | 54.38 \$ | 52.38 \$ | 23.17 |

The Portfolios of The Vanguard 529 College Savings Plan Statements of Fiduciary Net Position At June 30, 2020 (in thousands, except for Units Outstanding and Net Position Value Per Unit)

| | Va | nguard Total International Bond Index Portfolio | V | anguard Total Bond Market ndex Portfolio | Vanguard Inflation- Protected Securities Portfolio | v | /anguard High- Yield Bond Portfolio | Vanguard Interest Accumulation Portfolio | Total of Portfolios |
|-----------------------------------|----|--|----|--|--|----|---|---|------------------------|
| Assets | | Portiolio | II | idex Portiolio | Portiolio | | Portiolio | Portiolio | Portiollos |
| Investments at Value | \$ | 28,384 | \$ | 489,878 | \$ 175,681 | \$ | 170,597 | \$ 1,622,922 | \$ 22,671,465 |
| Cash and Cash Equivalents | | 72 | | 674 | 133 | | - | 4,305 | 8,012 |
| Receivables for Securities Sold | | - | | - | - | | 171 | - | 5,043 |
| Receivables for Contributions | | 34 | | 586 | 144 | | 114 | 3,834 | 23,654 |
| Total Assets | | 28,490 | | 491,138 | 175,958 | | 170,882 | 1,631,061 | 22,708,174 |
| Liabilities | | | | | | | | | |
| Cash Overdraft | \$ | - | \$ | - | \$ - | \$ | 171 | \$ - | \$ 5,043 |
| Payables for Securities Purchased | | 72 | | 674 | 133 | | - | 4,305 | 8,012 |
| Payables for Withdrawals | | - | | 208 | 51 | | 208 | 1,223 | 10,710 |
| Payables for Accrued Expenses | | 4 | | 67 | 23 | | 24 | 170 | 2,397 |
| Total Liabilities | | 76 | | 949 | 207 | | 403 | 5,698 | 26,162 |
| Net Position Held in Trust | \$ | 28,414 | \$ | 490,189 | \$ 175,751 | \$ | 170,479 | \$ 1,625,363 | \$ 22,682,012 |
| Units Outstanding | | 2,438,767 | | 24,355,024 | 8,586,939 | | 5,864,891 | 126,021,812 | N/A |
| Net Position Value Per Unit | \$ | 11.65 | \$ | 20.13 | \$ 20.47 | \$ | 29.07 | \$ 12.90 | N/A |

The Portfolios of The Vanguard 529 College Savings Plan Schedules of Investments At June 30, 2020 (in thousands)

| | | nguard Growth Mo | | Vanguard Conservative Van | | Vanguard 90% Stock/10% Bond | Vanguard 80% Stock/20% Bond | Vanguard 70% Stock/30% Bond | Vanguard 60% Stock/40% Bond | Vanguard 40% Stock/60% Bond | Stock/70% Bond | Vanguard 20% Stock/80% Bond | Stock/90% Bond | Term Reserves | Bond/75% Short- Term Reserves | Vanguard Total Stock Market | Vanguard Total International Stock Index | Vanguard 500 |
|--|------------------|------------------|-----------|------------------------------|-----------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|----------------|--------------------------------|----------------|---------------|----------------------------------|--------------------------------|--|-----------------|
| | Growth Portfolio | Portfolio | Portfolio | Growth Portfolio | Portfolio | Portfolio | Portfolio | Portfolio | Portfolio | Portfolio | Portfolio | Portfolio | Portfolio | Portfolio | Portfolio | Index Portfolio | Portfolio | Index Portfolio |
| Mutual Funds and Investment Pools | | | | | | | | | | | | | | | | | | |
| Vanguard Growth Index Fund Institutional Shares | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vanguard High-Yield Corporate Fund Admiral Shares | - | - | - | - | - | - | - | - | - | - | - | | - | - | - | | - | - |
| Vanguard Inflation-Protected Securities Fund Institutional Shares | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vanguard Institutional Index Fund Institutional Plus Shares | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,779,572 |
| Vanguard Institutional Total Stock Market Index Fund Institutional Plus Shares | 995,276 | 201,673 | 538,220 | 31,398 | - | 414,049 | 460,256 | 490,772 | 478,742 | 258,497 | 198,423 | 95,938 | 75,197 | - | - | 1,353,176 | - | - |
| Vanguard Mid-Cap Index Fund Institutional Plus Shares | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vanguard Short-Term Inflation-Protected Securities Index Fund Institutional Shares | - | - | - | - | 217,297 | - | - | | - | - | - | | - | 15,970 | 8,586 | | - | - |
| Vanguard Short-Term Reserves Account | - | | - | - | 301,881 | - | - | - | | - | - | | - | 66,573 | 107,379 | | | - |
| Vanguard Small-Cap Index Fund Institutional Plus Shares | - | | - | - | | - | - | - | | - | - | | - | - | - | | | - |
| Vanguard STAR Fund | - | - | - | - | - | - | - | | - | - | - | | - | - | - | | - | - |
| Vanguard Total Bond Market Index Fund Institutional Plus Shares | - | | - | - | - | - | - | - | | - | - | | - | - | - | | | |
| Vanguard Total Bond Market Index II Fund Institutional Shares | - | 78,164 | 610,128 | 110,190 | 416,727 | 53,897 | 135,557 | 239,837 | 362,962 | 439,484 | 536,790 | 449,134 | 816,545 | 30,624 | 16,465 | | | |
| Vanguard Total International Bond Index Fund Institutional Shares | - | 33,405 | 261,264 | 47,114 | 271,368 | 23,069 | 57,925 | 102,599 | 155,396 | 188,314 | 229,545 | 192,064 | 349,491 | 19,947 | 10,725 | | | - |
| Vanguard Total International Stock Index Fund Select Shares | 659,828 | 133,805 | 355,293 | 20,871 | | 274,076 | 305,049 | 324,081 | 315,603 | 170,683 | 131,916 | 63,461 | 49,613 | - | - | | 594,753 | - |
| Vanguard U.S. Growth Fund Admiral Shares | · · · | - | | - | - | - | - | - | - | - | | - | - | - | - | | - | - |
| Vanguard Value Index Fund Institutional Shares | - | | - | - | - | - | - | - | | - | - | | - | - | - | | | |
| Vanguard Windsor Fund Admiral Shares | | - | - | | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Investments at Value | \$ 1,655,104 \$ | 447,047 \$ | 1,764,905 | \$ 209,573 \$ | 1,207,273 | \$ 765,091 | \$ 958,787 | \$ 1,157,289 | \$ 1,312,703 | \$ 1,056,978 | \$ 1,096,674 | \$ 800,597 | \$ 1,290,846 | \$ 133,114 | \$ 143,155 | \$ 1,353,176 | \$ 594,753 | \$ 1,779,572 |

Underlying Funds not held in the Portfolio are displayed with a dash.

The Portfolios of The Vanguard 529 College Savings Plan Schedules of Investments At June 30, 2020 (in thousands)

| | Vanguard U.S. Growth Portfolio | Vanguard Windsor V Portfolio | anguard Growth Index Portfolio | | Vanguard Mid- Cap Index Portfolio | Vanguard Small- Cap Index Portfolio | Vanguard STAR Portfolio | Vanguard Total International Bond Index Portfolio | Vanguard Total Bond Market Index Portfolio | Vanguard Inflation- Protected Securities Portfolio | Vanguard High- Yield Bond Portfolio | Vanguard Interest Accumulation Portfolio | Total of Portfolios |
|--|-----------------------------------|------------------------------------|-----------------------------------|------------|---|---|----------------------------|--|--|--|---|---|------------------------|
| Mutual Funds and Investment Pools | | | | | | | | | | | | | |
| Vanguard Growth Index Fund Institutional Shares | - | - | 669,682 | - | - | - | - | - | - | - | - | - \$ | 669,682 |
| Vanguard High-Yield Corporate Fund Admiral Shares | - | - | - | - | - | - | - | - | - | - | 170,597 | - | 170,597 |
| Vanguard Inflation-Protected Securities Fund Institutional Shares | - | - | - | - | - | | - | - | - | 175,681 | - | - | 175,681 |
| Vanguard Institutional Index Fund Institutional Plus Shares | - | - | - | - | - | - | - | - | - | - | - | - | 1,779,572 |
| Vanguard Institutional Total Stock Market Index Fund Institutional Plus Shares | - | - | - | - | - | - | - | - | - | - | - | - | 5,591,617 |
| Vanguard Mid-Cap Index Fund Institutional Plus Shares | - | - | - | - | 492,169 | - | - | - | - | - | - | - | 492,169 |
| Vanguard Short-Term Inflation-Protected Securities Index Fund Institutional Shares | - | - | - | - | - | - | - | - | - | - | - | - | 241,853 |
| Vanguard Short-Term Reserves Account | - | - | - | - | - | - | - | - | - | - | - | 1,622,922 | 2,098,755 |
| Vanguard Small-Cap Index Fund Institutional Plus Shares | - | - | - | - | - | 486,765 | - | - | | - | - | | 486,765 |
| Vanguard STAR Fund | - | - | - | - | - | | 162,164 | - | | - | - | | 162,164 |
| Vanguard Total Bond Market Index Fund Institutional Plus Shares | - | - | | - | - | | - | | 489,878 | - | | | 489,878 |
| Vanguard Total Bond Market Index II Fund Institutional Shares | - | - | | - | - | | - | | - | - | | | 4,296,504 |
| Vanguard Total International Bond Index Fund Institutional Shares | - | - | | - | - | | - | 28,384 | | - | | | 1,970,610 |
| Vanguard Total International Stock Index Fund Select Shares | - | - | | - | - | | - | | | - | | | 3,399,032 |
| Vanguard U.S. Growth Fund Admiral Shares | 264,428 | | - | - | - | - | - | | | - | - | - | 264,428 |
| Vanguard Value Index Fund Institutional Shares | - | | - | 272,007 | - | - | - | | | - | - | - | 272,007 |
| Vanguard Windsor Fund Admiral Shares | - | 110,151 | - | - | - | - | - | - | - | - | - | - | 110,151 |
| Total Investments at Value | \$ 264,428 \$ | 110,151 | 669,682 | \$ 272,007 | 6 492,169 | \$ 486,765 | \$ 162,164 | \$ 28,384 | \$ 489,878 \$ | 175,681 | \$ 170,597 \$ | 1,622,922 \$ | 22,671,465 |

Underlying Funds not held in the Portfolio are displayed with a dash.

The Portfolios of the Vanguard 529 College Savings Plan Statements of Changes in Fiduciary Net Position Year Ended June 30, 2020 (in thousands)

| | | Vanguard | | Vanguard | Vanguard | | Vanguard 90% | Vanguard 80% | Vanguard 70% | Vanguard 60% | Vanguard 40% | Vanguard 30% | Vanguard 20% | Vanguard 10% E | Vanguard 50% Bond/50% Short- I | | Vanguard Total | Vanguard Total International | |
|--|-----|-----------------|------------|---------------|--------------------|--------------|-------------------|-----------------|-----------------|-----------------|-----------------|---------------|----------------|-----------------|-----------------------------------|---------------|-----------------|---------------------------------|-----------------|
| | | Aggressive Vang | | lerate Growth | Conservative Vangu | | stock/10% Bond St | ock/20% Bond St | tock/30% Bond S | tock/40% Bond S | tock/60% Bond S | tock/70% Bond | stock/80% Bond | Stock/90% Bond | Term Reserves | Term Reserves | Stock Market | Stock Index | Vanguard 500 |
| Increase (Decrease) in Net Decition | Gro | wth Portfolio | Portfolio | Portfolio G | rowth Portfolio | Portfolio | Portfolio | Portfolio | Portfolio | Portfolio | Portfolio | Portfolio | Portfolio | Portfolio | Portfolio | Portfolio | Index Portfolio | Portfolio | Index Portfolio |
| Increase (Decrease) in Net Position Investment Operations | | | | | | | | | | | | | | | | | | | |
| Income Dividends Received | ŝ | 35,545 \$ | 10,516 \$ | 43.402 \$ | 5.284 \$ | 26.062 \$ | 16,587 \$ | 21,859 \$ | 26,295 \$ | 31,494 \$ | 26,054 \$ | 27,155 \$ | 19,663 | \$ 30.875 \$ | \$ 2,837 | \$ 2.898 | 5 25.443 \$ | 15,973 | \$ 34,827 |
| Capital Gain Distributions Received | • | 13,952 | 2,946 | 7,706 | 456 | | 5,732 | 6,559 | 6.744 | 6,815 | 3.703 | 2,821 | 1,355 | 1,021 | -, | | 18,637 | - | 20,732 |
| Realized Net Gain (Loss) on Investment Securities Sold | | 39,695 | 11,054 | 43,716 | 2,328 | 2,506 | 8,008 | 4,349 | 4,722 | 7,924 | 2,663 | 1,384 | 2,722 | 9.715 | 279 | 144 | 22,124 | (9,128) | 20,102 |
| Change in Net Unrealized Appreciation (Depreciation) in Value of Investments | | (52,062) | (9,013) | (10,473) | 3,730 | 23,412 | (10,190) | (933) | 6,899 | 11,515 | 22,339 | 30,653 | 23,646 | 35.957 | 1,689 | 911 | 15,600 | (35,221) | 48,719 |
| Administrative Expenses | | (1,959) | (531) | (2,030) | (232) | (1,200) | (883) | (1,121) | (1,307) | (1,517) | (1,187) | (1,206) | (852) | (1,312) | (137) | (148) | (1,699) | (941) | (2,156) |
| Net Increase (Decrease) Resulting from Investment Operations | | 35,171 | 14,972 | 82,321 | 11,566 | 50,780 | 19,254 | 30,713 | 43,353 | 56,231 | 53,572 | 60,807 | 46,534 | 76,256 | 4,668 | 3,805 | 80,105 | (29,317) | 122,224 |
| Unit Transactions | | | | | | | | | | | | | | | | | | | |
| Contributions | \$ | 355,769 \$ | 45,964 \$ | 149,818 \$ | 16,760 \$ | 71,474 \$ | 201,977 \$ | 146,898 \$ | 137,887 \$ | 142,067 \$ | 85,095 \$ | 77,042 \$ | 46,313 | \$ 61,912 \$ | \$ 8,531 | \$ 10,559 \$ | \$ 135,826 \$ | 53,890 | \$ 208,155 |
| Exchanges In | | 132,206 | 55,977 | 818,903 | 83,258 | 540,936 | 271,417 | 449,427 | 578,586 | 651,598 | 812,525 | 837,441 | 809,362 | 768,384 | 107,709 | 115,234 | 268,226 | 121,010 | 401,439 |
| Withdrawals | | (46,988) | (25,238) | (39,109) | (21,109) | (165,024) | (8,264) | (8,190) | (10,169) | (12,751) | (10,108) | (10,549) | (14,295) | (198,036) | (1,821) | (17,812) | (44,982) | (24,620) | (66,528) |
| Exchanges Out | | (480,488) | (95,573) | (930,402) | (66,687) | (221,728) | (454,824) | (594,667) | (659,802) | (786,802) | (839,944) | (832,137) | (754,959) | (440,971) | (83,469) | (74,862) | (357,385) | (192,418) | (457,122) |
| Net Increase (Decrease) from Unit Transactions | | (39,501) | (18,870) | (790) | 12,222 | 225,658 | 10,306 | (6,532) | 46,502 | (5,888) | 47,568 | 71,797 | 86,421 | 191,289 | 30,950 | 33,119 | 1,685 | (42,138) | 85,944 |
| Total Increase (Decrease) | | (4,330) | (3,898) | 81,531 | 23,788 | 276,438 | 29,560 | 24,181 | 89,855 | 50,343 | 101,140 | 132,604 | 132,955 | 267,545 | 35,618 | 36,924 | 81,790 | (71,455) | 208,168 |
| Net Position | | | | | | | | | | | | | | | | | | | |
| Beginning of Period | \$ | 1,660,848 \$ | 451,077 \$ | 1,683,945 \$ | 185,836 \$ | 930,857 \$ | 736,558 \$ | 935,737 \$ | 1,068,231 \$ | 1,262,980 \$ | 956,260 \$ | 964,402 \$ | 667,677 | \$ 1,023,575 \$ | \$ 97,458 | \$ 106,266 \$ | \$ 1,272,000 \$ | 666,286 | \$ 1,571,701 |
| End of Period | \$ | 1,656,518 \$ | 447,179 \$ | 1,765,476 \$ | 209,624 \$ | 1,207,295 \$ | 766,118 \$ | 959,918 \$ | 1,158,086 \$ | 1,313,323 \$ | 1,057,400 \$ | 1,097,006 \$ | 800,632 | \$ 1,291,120 \$ | \$ 133,076 | \$ 143,190 \$ | \$ 1,353,790 \$ | 594,831 | \$ 1,779,869 |

The Portfolios of the Vanguard 529 College Savings Plan Statements of Changes in Fiduciary Net Position Year Ended June 30, 2020 (in thousands)

| Increase (Decrease) in Net Position | | nguard U.S. th Portfolio | | inguard Growth Index Portfolio | Vanguard Value Index Portfolio | Vanguard Mid- Cap Index Portfolio | | Vanguard STAR Portfolio | Vanguard Total International Bond Index Portfolio | Vanguard Total Bond Market Index Portfolio | Vanguard Inflation- Protected Securities Portfolio | Vanguard High- Yield Bond Portfolio | Vanguard Interest Accumulation Portfolio | Total of Portfolios |
|--|----|-----------------------------|------------|-----------------------------------|-----------------------------------|---|------------|----------------------------|--|--|--|---|---|------------------------|
| Investment Operations | | | | | | | | | | | | | | |
| Income Dividends Received | \$ | 656 \$ | 2,590 \$ | 5,381 | \$ 8,613 | \$ 9,104 | \$ 7,456 | \$ 3,115 | \$ 867 | \$ 10,742 \$ | 2,788 | \$ 9,210 \$ | \$ 30,810 \$ | 494,101 |
| Capital Gain Distributions Received | | 6,754 | 10,241 | - | - | - | - | 6,157 | - | - | - | - | - | 122,331 |
| Realized Net Gain (Loss) on Investment Securities Sold | | (3,959) | 295 | 9,478 | 11,944 | 20,699 | 20,698 | 1,547 | 179 | 511 | 132 | (1,346) | - | 234,485 |
| Change in Net Unrealized Appreciation (Depreciation) in Value of Investments | s | 52,506 | (18,695) | 112,063 | (43,680) | (31,847) | (58,552) | 2,141 | (82) | 24,670 | 8,920 | (7,258) | - | 147,364 |
| Administrative Expenses | | (245) | (230) | (1,052) | (581) | (927) | (939) | (202) | (45) | (713) | (244) | (300) | (1,637) | (27,533) |
| Net Increase (Decrease) Resulting from Investment Operations | | 55,712 | (5,799) | 125,870 | (23,704) | (2,971) | (31,337) | 12,758 | 919 | 35,210 | 11,596 | 306 | 29,173 | 970,748 |
| Unit Transactions | | | | | | | | | | | | | | |
| Contributions | \$ | 29,129 \$ | 13,604 \$ | 68,029 | \$ 23,499 | 40,132 | \$ 43,089 | \$ 13,508 | \$ 2,253 | \$ 33,399 \$ | 9,120 | \$ 15,768 \$ | \$ 128,136 \$ | 2,375,603 |
| Exchanges In | | 97,213 | 27,899 | 152,022 | 63,177 | 62,166 | 70,450 | 37,465 | 20,188 | 274,464 | 78,309 | 68,337 | 1,062,219 | 9,837,547 |
| Withdrawals | | (9,216) | (7,047) | (23,136) | (15,367) | (22,570) | (21,552) | (8,321) | (1,443) | (26,101) | (10,165) | (11,521) | (212,057) | (1,094,089) |
| Exchanges Out | | (86,129) | (38,358) | (146,451) | (94,632) | (123,003) | (139,549) | (45,453) | (15,771) | (188,717) | (57,457) | (75,326) | (502,461) | (9,837,547) |
| Net Increase (Decrease) from Unit Transactions | | 30,997 | (3,902) | 50,464 | (23,323) | (43,275) | (47,562) | (2,801) | 5,227 | 93,045 | 19,807 | (2,742) | 475,837 | 1,281,514 |
| Total Increase (Decrease) | | 86,709 | (9,701) | 176,334 | (47,027) | (46,246) | (78,899) | 9,957 | 6,146 | 128,255 | 31,403 | (2,436) | 505,010 | 2,252,262 |
| Net Position | | | | | | | | | | | | | | |
| Beginning of Period | \$ | 177,881 \$ | 119,823 \$ | 493,457 | \$ 318,923 | 538,470 | \$ 565,508 | \$ 152,176 | \$ 22,268 | \$ 361,934 \$ | 144,348 | \$ 172,915 | \$ 1,120,353 \$ | 20,429,750 |
| End of Period | \$ | 264,590 \$ | 110,122 \$ | 669,791 | \$ 271,896 | 492,224 | \$ 486,609 | \$ 162,133 | \$ 28,414 | \$ 490,189 \$ | 175,751 | \$ 170,479 \$ | \$ 1,625,363 \$ | 22,682,012 |

THE PORTFOLIOS OF THE VANGUARD 529 COLLEGE SAVINGS PLAN

Notes to Financial Statements June 30, 2020

1. Organization and Operations

The College Savings Program of Nevada (the "Program") is administered by the Board of Trustees of the College Savings Plans of Nevada (the "Board"), which is chaired by the Nevada State Treasurer. The Program was created under Chapter 353B of the Nevada Revised Statutes (the "Act"). The Vanguard 529 College Savings Plan (the "Plan") is a 529 Plan sponsored by the State of Nevada and offered under the Trust. The Program is designed to qualify for treatment as a qualified tuition program under Section 529 of the Internal Revenue Code of 1986, as amended, and any regulations and other guidance issued thereunder ("Section 529"). As part of the Program, the Act authorized the creation of the Nevada College Savings Trust Fund (the "Trust") to hold all of the assets of the Program. The Board acts as Trustee of the Trust. The Program was established to enable residents of Nevada and other states to save on a tax-favored basis to fund qualified education expenses.

Ascensus Broker Dealer Services, LLC, a registered broker-dealer, Ascensus Investment Advisors, LLC, and Ascensus College Savings Recordkeeping Services, LLC (wholly owned subsidiaries of Ascensus, Inc., collectively "Ascensus") have contracted with the State Treasurer to provide services to the Plan. Ascensus Broker Dealer Services, LLC serves as the Plan's Program Manager. Ascensus College Savings Recordkeeping Services, LLC provides management, administration, recordkeeping, and transfer agency services for the Plan and Ascensus Investment Advisors, LLC provides investment advisory services for the Plan.

Vanguard provides distribution, marketing, and customer service for the Plan ("Vanguard" refers collectively or individually, as the case requires, to The Vanguard Group, Inc., Vanguard Marketing Corporation, and their affiliates). Prior to July 29, 2019, New York Life Investors LLC ("New York Life") provided management services in connection with an investment contract included in the Vanguard Short-Term Reserves Account.

Vanguard invests and manages the Portfolio's investments in 30 separate investment Portfolios (each a "Portfolio", collectively the "Portfolios"), each of which is invested in one or more Vanguard mutual funds and/or the Vanguard Short-Term Reserves Account. The *Schedules of Investments* contain a listing of the investments within each Portfolio. Also, refer to The Vanguard 529 College Savings Plan Program Description for a listing of the investments within each Portfolios of the Vanguard 529 College Savings Plan and do not purport to, and do not, present fairly the fiduciary net position of the State of Nevada, or any other related governmental reporting entities, as of June 30, 2020, the changes in their fiduciary net position, or, where applicable, their cash flows.

2. Significant Accounting Policies

Basis of Accounting

The Plan is a private-purpose trust fund, which is a type of fiduciary fund. Fiduciary funds hold assets in a trustee or agency capacity for others and therefore cannot be used to support a government's own programs. As components of a fiduciary fund, the Portfolios' financial statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under this method of accounting, contributions are recognized when enrollment in the Plan is finalized; withdrawals are recognized when payable; income is recorded when earned; and expenses and liabilities are recognized when services are provided, regardless of when cash is paid. The Portfolios' financial statements are prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis—for State and Local Governments*, as amended by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources*, *Deferred Inflows of Resources, and Net Position*.

Security Transactions and Investment Income

Security transactions are recorded on the trade date. Realized gains and losses on securities transactions are computed on the basis of identified cost.

Investment income, any capital gain and any return of capital distributions from the underlying funds are recorded on the ex-dividend date. Interest income received from the Vanguard Short-Term Reserves Account is accrued daily and is included in Income Dividends Received on the *Statements of Changes in Fiduciary Net Position*.

Security Valuation

Investments in the Vanguard mutual funds are valued at those funds' respective net asset values and are determined as of the close of the New York Stock Exchange (generally 4 p.m., Eastern time) on the valuation date.

The Vanguard Short-Term Reserves Account is managed by Vanguard for the benefit of the Plan. It is composed of traditional and synthetic funding agreements with insurance companies and Vanguard Federal Money Market Fund. The funding agreements, which are held in the name of the Board as Trustee for the Trust, are unallocated insurance contracts that are nonparticipating interest-earning investment contracts, as defined in GASB Statement No. 59, *Financial Instruments Omnibus* and GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Accordingly, these agreements are reported at contract value for purposes of determining the Portfolios' value in the investment pool due to the fact that the terms of the funding agreements are such that the contract value does not change when interest rates increase or decline. Contract value is equal to the initial required contribution amount, plus interest credited each month at the contractual rate, less withdrawals and expenses.

The Portfolios' investments represent shares of Vanguard mutual funds rather than individual securities, and therefore are not subject to classification by credit risk under GASB Statements

No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements* and No. 40, *Deposit and Investment Risk Disclosures.* Investments in the Vanguard mutual funds are reported at fair value and are accounted for by the Portfolios accordingly, with the changes in net position included in the results from investment operations.

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the Portfolios' investments are measured at fair value, except for the Portfolios' investment in the Vanguard Short-Term Reserves Account (as discussed above). Accounting standards require the Portfolios to categorize fair value measurements according to a hierarchy that is based on valuation inputs that are used to measure fair value. Level 1 inputs are quoted prices for identical assets in active markets that can be accessed at the measurement date. Level 2 inputs are inputs other than quoted prices that are observable for an asset, either directly or indirectly. Level 3 inputs are unobservable. At June 30, 2020, the market value of the Portfolios' investments in the underlying mutual funds was determined based on Level 1 inputs.

Units

Participants' contributions may be made by selecting one of three "age-based options," which are automatically allocated among the Portfolios based on the beneficiary's age and risk level selected, or by directly selecting one or more Portfolios. Contributions are evidenced through the issuance of units in the particular Portfolio. Contributions, withdrawals, and exchanges are subject to terms and limitations defined in the participation agreement between each participant and the Plan. Contributions and exchanges into the Portfolios are invested in units of the assigned Portfolio on the same day as the credit of the contribution to the participant's account. Withdrawals and exchanges out of the Portfolios are based on the unit value calculated for such Portfolios on the date that the withdrawal request is accepted by the Program Manager.

Income Taxes

The Plan has been designed to comply with the requirements for treatment as a qualified state tuition program under Section 529 of the Internal Revenue Code, which is exempt from federal and state income tax. Therefore, no provision for income tax is required.

Expenses

Expenses included in the financial statements represent fees paid in accordance with an agreement between Ascensus and Vanguard, as well as fees paid to New York Life for management services through July 29, 2019, in connection with synthetic insurance contracts that were held in the Vanguard Short-Term Reserves Account. Administrative expenses included in the Portfolios' *Statements of Changes in Fiduciary Net Position* reflect \$8,447,000 paid to Ascensus, \$19,080,000 paid to Vanguard, and \$6,000 paid to New York Life. Each Portfolio also indirectly bears its pro rata share of the operating, administrative, and advisory expenses of the underlying mutual funds and the Vanguard Short-Term Reserves Account in which each Portfolio invests.

3. Investments

Portfolio Investments

At June 30, 2020, the Portfolios' condensed investments were comprised of the following:

| | (in thousands) |
|---|---------------------|
| Mutual Funds at fair value | 20,572,710 |
| Short-Term Reserves Account at contract value | $2,098,755^{(1)}$ |
| Combined Investments | <u>\$22,671,465</u> |

(1) At June 30, 2020, 95.4% of the account was invested in funding agreements with insurance companies, and 4.6% was invested in Vanguard Federal Money Market Fund.

Realized Net Gain (Loss) and Change in Net Unrealized Appreciation (Depreciation) in Value of Investments

The following table represents a calculation of the realized net gain (loss) and change in net unrealized appreciation (depreciation) in value of investments during the year ended June 30, 2020:

| | (in thousands) |
|---|----------------|
| Value at end of period | \$ 22,671,465 |
| Less: cost of investments purchased during period | (5,824,755) |
| Plus: proceeds of investments sold during period | 3,953,673 |
| Less: value at beginning of period | (20,418,534) |
| Realized Net Gain (Loss) and Change in Net Unrealized | |
| Appreciation (Depreciation) in Value of Investments | \$ 381,849 |
| | |

Credit Risk

The Portfolios and their underlying investments in Vanguard mutual funds and the Vanguard Short-Term Reserves Account are not rated by a nationally recognized statistical rating service, and therefore, credit quality ratings are not available.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of a counterparty to fulfill their obligation related to a transaction, the Portfolios will not be able to revoke the value of the investment or collateral that is in the possession of an outside party. The Portfolios' underlying investments in Vanguard mutual funds represent shares of the mutual funds rather than individual securities and, therefore, are not exposed to custodial credit risk. The Portfolios' investment in the Vanguard Short-Term Reserves Account includes \$1,998,278,000 related to funding agreements with insurance companies that are uncollateralized and, therefore, exposed to custodial credit risk. Vanguard mitigates this risk by monitoring the credit quality of each counterparty throughout the term of the investment.

Each Portfolio's cash balance includes contributions received from account owners that have not yet been invested in underlying mutual funds, or withdrawal proceeds from underlying mutual funds for withdrawals that have not yet been distributed in accordance with account owner instructions. This cash is deposited in a pooled account that sweeps nightly into a cash management trust. This pooled account is maintained by Vanguard, in Vanguard's name, in a financial institution to facilitate the processing of transactions on behalf of the Plan. The bank balance is insured up to \$250,000 through insurance provided by the Federal Deposit Insurance Corporation; at times, the pooled account's balance may exceed this limit.

Interest Rate Risk

Certain Portfolios may be exposed to interest rate risk through their investments in the Vanguard mutual funds listed below which invest primarily in short and intermediate term bonds. Interest rate risk is the risk that changes in interest rates will adversely impact the fair value of an investment. Average maturity is the average length of time until fixed income securities held by a fund reach maturity and will be repaid, taking into consideration the possibility that the issuer may call the bond before its maturity date. In general, the longer the average maturity, the more a fund's share price will fluctuate in response to changes in market interest rates. Average duration is an estimate of how much the value of the bonds held by a fund will fluctuate in response to a change in interest rates. As of June 30, 2020, the average duration and average maturity of the underlying bonds of these mutual funds are as follows:

| | Average | Average |
|--|-----------|------------------|
| | Duration* | <u>Maturity*</u> |
| | 2.0.37 | 5 (N |
| Vanguard High-Yield Corporate Fund | 3.9 Years | 5.6 Years |
| Vanguard Inflation-Protected Securities Fund | 7.8 Years | 8.5 Years |
| Vanguard Short-Term Inflation-Protected | | |
| Securities Index Fund | 2.6 Years | 2.7 Years |
| Vanguard Total Bond Market Index Fund | 6.5 Years | 8.4 Years |
| Vanguard Total Bond Market II Index Fund | 6.4 Years | 8.3 Years |
| Vanguard Total International Bond Market | | |
| Index Fund | 8.4 Years | 10.0 Years |

*Unaudited.

Foreign Currency Risk

Certain Portfolios in the Plan are exposed to foreign currency risk through underlying investments in mutual funds that hold international securities. These investments involve risks not normally associated with investing in securities of U.S. corporations, such as foreign currency exchange rate fluctuation and adverse political and economic developments in foreign countries.

Market Disruptions - COVID-19

Market disruptions associated with the COVID-19 pandemic have had a global impact, and uncertainty exists as to the long-term implications. Such disruptions can adversely affect assets of the Plan and thus the Portfolios' performance.

4. Related Parties

Ascensus Broker Dealer Services, LLC, a registered broker-dealer, Ascensus Investment Advisors, LLC, and Ascensus College Savings Recordkeeping Services, LLC, are wholly owned subsidiaries of Ascensus, Inc. Together, they are obligated to provide management, administration, recordkeeping, and transfer agency services for the Plan.

Vanguard provides investment management services for the mutual funds or the Vanguard Short-Term Reserves Account held in each Portfolio. Vanguard also provides distribution, marketing, and customer service for the Plan.

5. Subsequent Events

Management has determined that no events or transactions occurred through September 21, 2020, the date that the financial statements were made available to be issued, that would require recognition or disclosure in these financial statements.



Report of Independent Auditors

To the Management of The Vanguard Group, Inc. (as investment manager for The Portfolios of The Vanguard 529 College Savings Plan)

Report on the Financial Statements

We have audited the accompanying financial statements of each of the thirty portfolios and the total of portfolios listed in the table below (collectively referred to as the "Portfolios"), which comprise the statements of fiduciary net position, including the schedules of investments, as of June 30, 2020 and the related statements of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, which collectively comprise the Portfolios' basic financial statements.

| The Portfolios of The Vanguard 529 College Savings Plan | |
|--|---|
| Vanguard Aggressive Growth Portfolio Vanguard Growth Portfolio Vanguard Moderate Growth Portfolio Vanguard Conservative Growth Portfolio Vanguard Income Portfolio Vanguard 90% Stock / 10% Bond Portfolio Vanguard 80% Stock / 20% Bond Portfolio Vanguard 70% Stock / 30% Bond Portfolio Vanguard 60% Stock / 40% Bond Portfolio Vanguard 60% Stock / 40% Bond Portfolio Vanguard 40% Stock / 60% Bond Portfolio Vanguard 30% Stock / 70% Bond Portfolio Vanguard 30% Stock / 80% Bond Portfolio Vanguard 10% Stock / 90% Bond Portfolio Vanguard 50% Bond / 50% Short-Term Reserves Portfolio Vanguard 25% Bond / 75% Short-Term Reserves Portfolio Vanguard Total Stock Market Index Portfolio | Vanguard Total International Stock Index Portfolio Vanguard 500 Index Portfolio Vanguard U.S. Growth Portfolio Vanguard Windsor Portfolio Vanguard Growth Index Portfolio Vanguard Value Index Portfolio Vanguard Mid-Cap Index Portfolio Vanguard Small-Cap Index Portfolio Vanguard STAR Portfolio Vanguard Total International Bond Index Portfolio Vanguard Total Bond Market Index Portfolio Vanguard Inflation-Protected Securities Portfolio Vanguard High-Yield Bond Portfolio Vanguard Interest Accumulation Portfolio Total of Portfolios |

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



Auditors' Responsibility

Our responsibility is to express opinions on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Portfolios' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Portfolios' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of each of the Portfolios listed in the table above as of June 30, 2020, and the changes in each of their fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only The Portfolios of The Vanguard 529 College Savings Plan and do not purport to, and do not, present fairly the fiduciary net position of the State of Nevada, or any other related governmental reporting entities, as of June 30, 2020, the changes in their fiduciary net position, or, where applicable, their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matter

Accounting principles generally accepted in the United States of America require that the accompanying management's discussion and analysis on pages 1 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2020 on our consideration of each of the Portfolios' internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering each of the Portfolios' internal control over financial reporting and compliance.

PRICEWATERHOUSE COOPERS LLP

Philadelphia, Pennsylvania September 21, 2020



Members of the Board of Trustees of the College Savings Plans of Nevada Ascensus Broker Dealer Services, LLC, Program Manager Victory Capital Management, Inc., Investment Adviser USAA 529 College Savings Plan

We have audited the basic financial statements of the **USAA 529 College Savings Plan** (the Plan), which comprise the statement of fiduciary net position, the statement of changes in fiduciary net position and the notes to the financial statements, as of and for the year ended June 30, 2020, and have issued our report thereon dated September 30, 2020. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Basic Financial Statement Audit

As communicated to Victory Capital Management, Inc. (Victory Capital) in our engagement letter dated April 30, 2020 and to the Members of the Board of Trustees of the College Savings Plans of Nevada (the Board) in a letter dated July 2, 2020 (a copy of which was provided to Ascensus Broker Dealer Services, LLC (ABD)), our responsibility, as described by professional standards, is to form and express an opinion about whether the basic financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the basic financial statements does not relieve the Board, Victory Capital or ABD of any responsibilities with respect to the Plan.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the basic financial statements are free of material misstatement. An audit of the basic financial statements includes consideration of internal control over financial reporting as a basis of designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Plan solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

 Fort Smith
 Little Rock
 Rogers
 Russellville
 LandmarkCPAs.com

 Accounting. Consulting. Insights.

Members of the Board of Trustees of the College Savings Plans of Nevada Ascensus Broker Dealer Services, LLC, Program Manager Victory Capital Management, Inc., Investment Adviser USAA 529 College Savings Plan Page Two

Compliance with All Ethics Requirements Regarding Independence (Continued)

Although we have assisted management in the clerical aspects of drafting the basic financial statements, management's discussion and analysis (MD&A) that accompanies the basic financial statements as required supplementary information (RSI) and the schedules of fiduciary net position and changes in fiduciary net position for each investment option that accompany the basic financial statements as other supplementary information (SI), management has reviewed, approved and accepted responsibility for the accuracy and completeness of all information reported therein. In addition, based on information provided to us by the Plan's custodian and ABD, we have provided assistance in adjusting investment and participant balances from settlement date to trade date basis, recording withdrawals payable and eliminating exchanges and transfers from contributions and withdrawals for purposes of financial reporting. Management has reviewed, approved and accepted responsibility for the accuracy and completeness.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Currently, neither the Governmental Accounting Standards Board (GASB) nor the Financial Accounting Standards Board (FASB) has established authoritative guidance specific to accounting and reporting for qualified tuition programs organized under Section 529 of the Internal Revenue Code of 1986, as amended. As the Plan was created as authorized under Chapter 353B of the Nevada Revised Statutes, as amended, is subject to oversight by the Board, operates pursuant to relevant provisions of state law, and is included in the State of Nevada's Comprehensive Annual Financial Report as a fiduciary fund, the Plan's basic financial statements are prepared following accounting and financial reporting standards set forth in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, applicable to fiduciary funds.

Management has the responsibility to select and use appropriate accounting policies. The significant accounting policies used by the Plan are described in Note 2 to the financial statements. There has been no initial selection of accounting policies nor have there been any changes in significant accounting policies or their application during the year ended June 30, 2020. No matters have come to our attention that would require us, under professional standards, to inform you about the methods used to account for significant unusual transactions or the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Plan's basic financial statements are the fair values of investments. While these fair values are determined based on published market prices, changing economic conditions, such as market fluctuations and changes in interest rates,

Members of the Board of Trustees of the College Savings Plans of Nevada Ascensus Broker Dealer Services, LLC, Program Manager Victory Capital Management, Inc., Investment Adviser USAA 529 College Savings Plan Page Three

Qualitative Aspects of the Entity's Significant Accounting Practices (Continued)

Significant Accounting Estimates (Continued)

could significantly impact amounts reported in the Plan's basic financial statements. We evaluated the fair values reported in the Plan's basic financial statements and determined they are reasonable in relation to the basic financial statements taken as a whole.

Basic Financial Statement Disclosures

Certain financial statements disclosures are particularly sensitive because of their significance to financial statement users. Note 3 to the financial statements discloses information about the Plan's investments, including required disclosures regarding investment policies, credit risk, interest rate risk and foreign currency risk. Note 4 to the financial statements discloses information regarding the Plan's related parties and related party transactions. Note 5 to the financial statements discloses information about program management fees paid to Victory Capital. Note 6 to the financial statements discloses uncertainties surrounding the COVID-19 pandemic and its impact on the Plan.

The disclosures in the basic financial statements are neutral, consistent and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management in performing or completing our audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the basic financial statements as a whole. We have no such misstatements to report.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no misstatements identified by us as a result of our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting or auditing matter, which could be significant to the Plan's basic financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Members of the Board of Trustees of the College Savings Plans of Nevada Ascensus Broker Dealer Services, LLC, Program Manager Victory Capital Management, Inc., Investment Adviser USAA 529 College Savings Plan Page Four

Representations Requested from Management

We have requested certain representations from ABD, which are included in their management representation letter dated September 30, 2020. A copy of this letter is included in **Attachment A**.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with the Plan, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, conditions affecting the Plan, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Plan's auditors.

Other Matters

Required Supplementary Information

With respect to MD&A, we have applied certain limited procedures to the information presented therein. Our procedures consisted of inquiries of management regarding the methods of preparing the information in MD&A and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We did not audit the information in MD&A and do not express an opinion or provide any assurance on such information.

Other Supplementary Information

We were engaged to report on the information in the schedule of fiduciary net position by investment option and the schedule of changes in fiduciary net position by investment option. With respect to the information in these schedules, we made certain inquiries of management and evaluated the form, content and methods of preparing the information presented therein to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing the information in these schedules has not changed from the prior period and the information in these schedules is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the information in these schedules to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves. Members of the Board of Trustees of the College Savings Plans of Nevada Ascensus Broker Dealer Services, LLC, Program Manager Victory Capital Management, Inc., Investment Adviser USAA 529 College Savings Plan Page Five

Other Matters (Continued)

Underlying Fund Fees

The mutual funds in which the Plan's assets are invested are subject to underlying fund fees, which include investment advisory fees, administrative and other expenses of those funds and are paid to the managers of those funds. These underlying fund fees are not reported as expenses in the Plan's basic financial statements since they reduce the amount of income distributable by the mutual funds to the Plan in the form of dividends and capital gain distributions and are not paid from Plan assets. We did not perform any audit procedures with respect to the underlying fund fees.

Victory Capital Fees

Exhibit B of the Private Label Product Agreement requires that Victory Capital pay an annual account fee to ABD for each Plan account administered on the ABD platform. The annual account fee is billed monthly and is based on the number of Plan accounts on the last day of the immediately preceding calendar month. In addition, Victory Capital is required to pay a monthly basis point fee of total assets in all investment options to ABD. Lastly, Victory Capital is required to pay the state of Nevada an annual state fee. These annual account fees, basis point fees and state fees are expenses of Victory Capital, are not reported as expenses in the Plan's basic financial statements and were not subject to our audit procedures.

Restriction on Use

This information is intended solely for the use of the Board, ABD and Victory Capital and is not intended to be, and should not be, used by anyone other than these specified parties.

Certified Public Accountants

September 30, 2020 Little Rock, Arkansas

Attachment A



September 30, 2020

Landmark PLC 201 East Markham Street, Suite 500 Little Rock, Arkansas 72201

Ascensus Broker Dealer Services, LLC (ABD), as Program Manager for the USAA 529 College Savings Plan (the Plan), is providing this representation letter in connection with your audit of the Plan's June 30, 2020 financial statements and the related notes to the financial statements for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of September 30, 2020:

Basic Financial Statements

- 1) The basic financial statements referred to above are fairly presented in conformity with U.S. GAAP applicable to fiduciary fund types of governmental entities and include all assets, liabilities, contributions, other revenues, withdrawals and other expenses attributable to the Plan.
- 2) We acknowledge our responsibility for the design, implementation and maintenance of our internal controls to the extent they are relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation and maintenance of our internal controls to provide reasonable assurance that fraud is prevented and detected.
- 4) Significant assumptions we used in making accounting estimates are reasonable.

Landmark PLC Page Two

Basic Financial Statements (Continued)

- 5) We have disclosed to you the identities of the Plan's related parties and all the related party relationships and transactions of which we are aware. Related party relationships and transactions, including revenues, expenses and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 6) No events, circumstances or instances of material noncompliance with laws, regulations, contracts or agreements that are relevant to the Plan have occurred subsequent to June 30, 2020, and through the date of this letter that would require adjustment to or disclosure in the Plan's basic financial statements, except as disclosed in Note 6 to the financial statements regarding the coronavirus COVID-19 pandemic and uncertainties regarding the duration and magnitude of the impact of the pandemic on the Plan.
- 7) We are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the basic financial statements, and we have not consulted a lawyer concerning litigation, claims or assessments against the Plan or against ABD with respect to its administration of the Plan. There are no guarantees, whether written or oral, under which the Plan is contingently liable.
- 8) We have reviewed the note disclosures regarding the Plan's cash accounts maintained at Bank of New York Mellon, and we believe them to be appropriate and accurate.
- 9) With regard to investments:
 - a) Mutual funds are reported at fair value by Bank of New York through its use of pricing services, based on net asset values determined as of the close of the New York Stock Exchange on the reporting date.
 - b) Disclosures related to fair value as provided by Bank of New York Mellon are complete, accurate and in accordance with U.S. GAAP.
 - c) We are not aware of any litigation pertaining to the mutual funds in which the Plan invests that could have a material impact on balances reported in the financial statements or that would require disclosure under U.S. GAAP.
 - d) We are not aware of any subsequent events, other than as discussed in representation 7 above, that require adjustment to fair value measurements or disclosures included in the notes to the financial statements.

Landmark PLC Page Three

Information Provided

- 10) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the basic financial statements, such as records, documentation, audit or relevant monitoring reports, if any, received from regulatory agencies.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to employees of ABD or affiliates from whom you determined it necessary to obtain audit evidence.
- 11) We have provided you with a copy of the Report on Ascensus Government Savings' Description of its System for Processing Transactions Related to 529, ABLE and State Sponsored Retirement Programs and on the Suitability of the Design and Operating Effectiveness of its Controls covering the period from January 1, 2019 through December 31, 2019. As of the date of this letter, a new report is not available. We represent that there have been no significant changes in processes, procedures or controls described in this report through the date of this letter.
- 12) All material transactions have been recorded in the accounting records and are reflected in the basic financial statements.
- 13) We have no knowledge of any fraud or suspected fraud affecting the Plan involving
 - a) Management,
 - b) Employees of ABD or affiliates who have significant roles in internal control or
 - c) Others where the fraud could have a material effect on the basic financial statements.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the Plan's basic financial statements communicated by employees, former employees, regulators, employees of the Nevada Treasurer's Office, members of the Board of Trustees of the College Saving Plans of Nevada (the Board), Victory Capital Management Inc. (Victory Capital) or others. We have assessed the risk that fraud may occur and have a material impact on the Plan's basic financial statements, and we have disclosed to you any material concerns that may have significance to your audit.
- 15) We are not aware of any known instances of noncompliance or suspected noncompliance with provisions of laws, regulations or contracts applicable to the Plan, nor are we aware of any instances of abuse, whose effects should be considered when preparing the basic financial statements.

Landmark PLC Page Four

Other Specific Representations

- 16) We have no knowledge of any communications from the Nevada Treasurer's Office or members of the Board or regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 17) We have identified to you any previous audits, compliance examinations, attestation engagements and other studies related to the objectives of this audit engagement that are relevant to the preparation and fair presentation of the basic financial statements, and have provided our views on reported findings, conclusions and recommendations, as well as our planned corrective actions.
- 18) We are not aware of any plans or intentions that may materially affect the current structure of the Plan that should be disclosed in the notes to the financial statements. We are not aware of any plans, intentions or changes in laws or regulations that would result in discontinuance of the Plan.
- 19) Together, ABD, Victory Capital and members of the Board are responsible for compliance with the laws, regulations and provisions of contracts and agreements applicable to the Plan; and we have identified and disclosed to you all laws, regulations and provisions of contracts and agreements that we believe have a direct and material effect on the determination of financial statement amounts.
- 20) We are not aware of any violations or possible violations of laws, regulations or provisions of contracts whose effects should be considered for disclosure in the basic financial statements, or as a basis for recording a loss contingency or for reporting on noncompliance.
- 21) The Plan has complied with all aspects of contractual agreements that would have a material effect on the basic financial statements in the event of noncompliance.
- 22) The Plan is exempt from income taxes under Section 115 of the Internal Revenue Code. The Plan has not engaged in any activities of which we are aware that would be subject to tax on unrelated business income or excise or other tax.
- 23) There have been no Financial Industry Regulatory Authority (FINRA) complaints filed in regard to the Plan during the period from July 1, 2019 through June 30, 2020, and through the date of this letter.
- 24) We have disclosed to you all relevant contracts or other agreements with service organizations, and we have not received any relevant communications from the service organizations relating to control deficiencies or material noncompliance with laws, regulations, contracts or agreements that may impact the basic financial statements of the Plan.

Landmark PLC Page Five

Non-Attest Services

- 25) Although you have assisted us with the preparation of the financial statements and related notes and supplementary schedules and have provided technical advice regarding the contents of management's discussion and analysis (MDA), we have designated one or more individual(s) with suitable skill, knowledge or experience to oversee your services and have made any necessary management decisions and performed all requisite management functions. We have reviewed, approved and accepted responsibility for the financial statements and related notes and supplementary schedules, as well as MDA.
- 26) We understand that, as part of your audit, you prepared certain adjusting entries necessary to report investments and account owner transactions on a trade-date basis, to report withdrawals payable and to eliminate rounding differences based on information provided by us, the Plan's custodian or the investment manager. We have reviewed and approved those entries and accept responsibility for the accuracy of those entries.
- 27) We acknowledge our responsibility for the MDA, which is required supplementary information (RSI) prescribed by the Governmental Accounting Standards Board (GASB). The RSI is measured and presented within guidelines prescribed by the GASB, and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 28) With respect to the supplementary schedules that detail fiduciary net position and changes in fiduciary net position for each investment option:
 - a) We acknowledge our responsibility for presenting the information in these schedules, and we believe the information in these schedules, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the information in these schedules have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) We agree that we will not distribute the supplementary schedules separate and apart from the auditor's opinion, financial statements and note disclosures.

largent fist

Margaret Creonte President, Ascensus Government Savings



529 COLLEGE SAVINGS PLAN

(A Fiduciary Fund of the State of Nevada)

| Financial | Statements |
|--|--|
| | As of and for the Year Ended June 30, 2020 |
| | |
| Victory Capital means Victory Capita | al Management Inc., the investment adviser of the USAA |
| 529 College Savings Plan (the Plan). a member of FINRA and an affiliate of affiliated with United Services Auto- logo are registered trademarks and | The Plan is distributed by Victory Capital Services, Inc., of Victory Capital. Victory Capital and its affiliates are not mobile Association or its affiliates. USAA and the USAA nd the Plan logo is a trademark of United Services used by Victory Capital and its affiliates under license. |

Table of **Contents**

.

Management's Discussion and Analysis (Unaudited)

| Financial Highlights Overview of the Basic Financial Statements | 2 3 |
|--|--------|
| Overview of the Basic Financial Statements | |
| Overview of the Dasic Financial Statements | |
| Financial Analysis | 4 |
| Investment Commentary | 6 |
| Recent Developments | 8 |
| Request for Information | 9 |
| Independent Auditor's Report | 10 |
| Basic Financial Statements | |
| Statement of Fiduciary Net Position | 13 |
| Statement of Changes in Fiduciary Net Position | 14 |
| Notes to Financial Statements | 15 |
| Supplementary Schedules | |
| Supplementary Schedule of Fiduciary Net Position by Investment Option | 24 |
| Supplementary Schedule of Changes in Fiduciary Net Position by Investment Option | 25 |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 26 |

1

Discussion and Analysis (Unaudited)

(continued)

USAA 529 College Savings Plan

(A Fiduciary Fund of the State of Nevada) Year ended June 30, 2020

Introduction

This management's discussion and analysis is intended to provide readers an objective discussion of the basic financial statements of the USAA 529 College Savings Plan (the Plan) as of and for the years ended June 30, 2020 and 2019. This discussion and analysis, which is supplementary information required by the Governmental Accounting Standards Board (GASB), is intended to provide a highly summarized overview of the Plan's assets, liabilities, fiduciary net position, and changes in fiduciary net position and should be read in conjunction with the Plan's financial statements and notes thereto, which are included on pages 13 through 23. In addition, readers may find useful the supplementary schedules on pages 24 and 25, which include information about the investment options offered to account owners.

* * * * *

The Nevada College Savings Program (the Nevada Program) was created under Title 31, Chapter 353B of the Nevada Revised Statutes, as amended, to encourage individuals and families to save for future costs of higher education. Under tax reform legislation enacted in December 2017, a portion of savings may also be used for elementary and secondary tuition at a public, private, or religious school.

The Plan is an investment option offered under the Nevada Program. Plan assets are held for the benefit of account owners and their designated beneficiaries in the Nevada College Savings Trust Fund (the Trust). The Plan is administered as a "qualified tuition program" in compliance with Section 529 of the Internal Revenue Code of 1986, as amended, and both the Plan and the Trust are exempt from taxation.

The Board of Trustees of the College Savings Plans of Nevada (the Board) is responsible for the overall administration of the Nevada Program, subject to implementing regulations set forth in the Nevada Administrative Code. As permitted by these implementing regulations, the Board may contract with service providers to perform administrative duties and to manage the Plan's investments. Pursuant to the Direct Program Management Agreement, as amended, Ascensus Broker Dealer Services, LLC (ABD) serves as the Program Manager.

Through June 30, 2019, USAA Asset Management Company (AMCO) and, with respect to certain mutual funds, one or more unaffiliated subadvisers (subject to oversight by AMCO and the applicable USAA Mutual Funds' Board of Trustees) provided investment management for the USAA Mutual Funds held in each investment option. AMCO's affiliates, including USAA Investment Management Company, also provided marketing and customer services for the Plan.

Effective July 1, 2019, Victory Capital Holdings, Inc. (Victory Holdings), a global investment management firm, acquired AMCO (the Transaction). In connection with the Transaction, shareholders of the USAA Mutual Funds approved a new investment advisory agreement with Victory Capital Management Inc. (Victory Capital), an indirect wholly-owned subsidiary of Victory Holdings. Victory Capital now provides investment

Discussion and Analysis (Unaudited)

(continued)

USAA 529 College Savings Plan

(A Fiduciary Fund of the State of Nevada) Year ended June 30, 2020

Introduction (Continued)

management services to the Plan. Victory Capital Services, Inc. (formerly known as Victory Capital Advisers, Inc. until its name changed effective June 30, 2020), an affiliate of Victory Capital, provides marketing and distribution services for the Plan, replacing USAA Investment Management Company.

Financial Highlights

The fiscal year ended June 30, 2020, was a successful year for the Plan with the Plan's fiduciary net position increasing \$138.7 million and the number of unique beneficiaries covered increasing from 296,874 to 301,409, or 1.5%, from June 30, 2019, to June 30, 2020.

The following Plan marketing activities and recognition raised awareness and contributed to the growth of the Plan:

- As of March 30, 2020, Plan assets totaling \$3.8 billion ranked 15th out of 61 directsold plans by Strategic Insight, representing 2.1% of the total direct-sold market share.
- The Plan's go-to-market strategies included seasonal promotions, such as Graduation, Back to School, and Holiday Gifting.
- The Distinguished Valor Matching Grant Program was actively marketed to all active duty military personnel residing in Nevada during open enrollment season. Account owners may submit a USAA Distinguished Valor Matching Grant Application between January 1 and December 15 of each year. Eligible account owners may receive matching funds for contributions to an account made in the same calendar year and for four following calendar years, up to a lifetime maximum of \$1,500 per beneficiary over the five-year period, with an annual maximum match of \$300 per year, per beneficiary. During 2020, Victory Capital funded matching contributions for 78 Plan accounts totaling \$23,100.
- Effective January 1, 2020, the Plan reduced the program management fee from 0.12% to 0.11% for all investment options.

The following highlight some of the Plan's key financial results:

- At June 30, 2020 and 2019, the Plan's fiduciary net position totaled \$4.3 billion and \$4.1 billion, respectively. Fiduciary net position increased \$138.7 million, or 3.4%, from June 30, 2019, to June 30, 2020.
- During the years ended June 30, 2020 and 2019, contributions exceeded withdrawals by \$114.7 million and \$220.8 million, respectively. Contributions and withdrawals for the year ended June 30, 2020, were \$509.8 million and \$395.1 million, respectively. Contributions and withdrawals for the year ended June 30, 2019, were \$495.2 million and \$274.4 million, respectively.

3

Discussion and Analysis (Unaudited)

(continued)

USAA 529 College Savings Plan

(A Fiduciary Fund of the State of Nevada) Year ended June 30, 2020

Financial Highlights (Continued)

- Program management fees totaled \$4.8 million and \$4.7 million for the years ended June 30, 2020 and 2019, respectively. These fees are based on the fiduciary net position of each investment option.
- For the year ended June 30, 2020, the Plan experienced net investment income of \$28.8 million. For the year ended June 30, 2019, the Plan experienced net investment income of \$218.4 million.

Overview of the Basic Financial Statements

The Plan's basic financial statements comprise the statement of fiduciary net position, the statement of changes in fiduciary net position, and the related notes to the financial statements. The statement of fiduciary net position presents information on the Plan's assets and liabilities, with the difference between them representing the net position held in trust for account owners and their beneficiaries. The statement of changes in fiduciary net position changed during the year. The notes to the financial statements provide additional explanatory information about the amounts presented in the financial statements. It is essential that readers of this report consider the information in the notes to obtain a full understanding of the Plan's financial statements.

The Plan is included in the financial reporting entity of the state of Nevada as a fiduciary fund. Fiduciary funds are used to report assets held in a trust or agency capacity for others and cannot be used to support a government's own programs.

The Plan's basic financial statements are prepared in accordance with accounting and financial reporting standards set forth by the GASB, which is the organization that establishes generally accepted accounting principles for governmental entities. As required under generally accepted accounting principles applicable to fiduciary fund types, the Plan's basic financial statements are prepared using the accrual basis of accounting. Investments are reported at fair value, and all investment transactions are recorded on a trade-date basis. Realized and unrealized gains and losses are reported as "net increase (decrease) in the fair value of investments" on the statement of changes in fiduciary net position. Dividends and capital gain distributions are recorded on the ex-dividend date rather than when they are received by the Plan. Contributions are recognized when they are received, provided enrollment in the Plan has been successfully completed, and withdrawals are recognized when the withdrawal request has been received and approved for payment. Program management fees are accrued daily, regardless of when cash is paid.

Discussion and Analysis (Unaudited)

(continued)

USAA 529 College Savings Plan

(A Fiduciary Fund of the State of Nevada) Year ended June 30, 2020

Financial Analysis

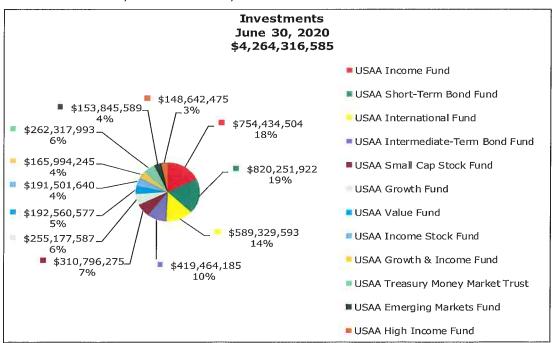
Fiduciary Net Position

The following condensed statements of fiduciary net position provide a "snapshot" of the overall financial position of the Plan:

| | June 30, 2020 | June 30, 2019 |
|---|-------------------------------|-------------------------------|
| Total assets Total liabilities | \$ 4,271,988,454 8,047,222 | \$ 4,133,120,200 7,890,552 |
| Net position held in trust for account owners and beneficiaries | \$ 4,263,941,232 | \$ 4,125,229,648 |

The reported balance of net position held in trust for account owners and their beneficiaries represents the cumulative total of contributions since the Plan's inception, increased (decreased) by net investment income (loss), and decreased by withdrawals and program management fees (paid to Victory Capital).

Investments, which totaled \$4.3 billion and \$4.1 billion at June 30, 2020 and 2019, respectively, represent just over 99.8% of the Plan's total assets. Account owners are able to direct investment of their contributions into one or more investment options, each of which is invested in one or more USAA Mutual Funds in accordance with an asset allocation strategy developed by ABD and Victory Capital and approved by the Board. At June 30, 2020 and 2019, the Plan's USAA Mutual Funds are as follows:



Note: Percentages are stated as a percent of total fair value of investments. At June 30, 2020, all USAA Mutual Funds, excluding the USAA Treasury Money Market Trust, are invested in the "institutional" share class.

5

Discussion and Analysis (Unaudited)

(continued)

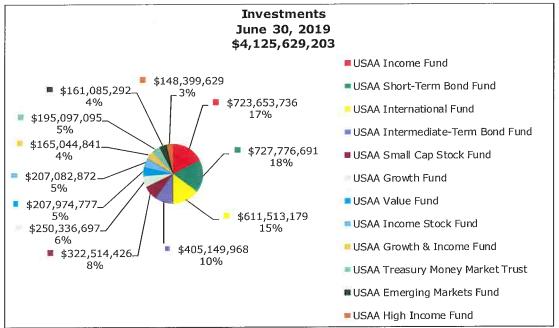
USAA 529 College Savings Plan

(A Fiduciary Fund of the State of Nevada)

Year ended June 30, 2020

Financial Analysis (Continued)

Fiduciary Net Position (Continued)



Note: Percentages are stated as a percent of total fair value of investments. At June 30, 2019, all USAA Mutual Funds, excluding the USAA Treasury Money Market Trust, are invested in the "institutional" share class.

Other assets, which totaled \$7.7 million at June 30, 2020, and \$7.5 million at June 30, 2019, comprise amounts to be invested or distributed on behalf of account owners and their beneficiaries and receivables for proceeds from USAA Mutual Funds sales transactions. The Plan's liabilities, which totaled \$8.0 million at June 30, 2020, and \$7.9 million at June 30, 2019, comprise payables for withdrawals approved but not yet paid, accrued program management fees, and payables for USAA Mutual Funds purchase transactions.

Discussion and Analysis (Unaudited)

(continued)

USAA 529 College Savings Plan

(A Fiduciary Fund of the State of Nevada) Year ended June 30, 2020

Financial Analysis (Continued)

Changes in Fiduciary Net Position

The following condensed statements of changes in fiduciary net position summarize how the Plan's net position held in trust for account owners and their beneficiaries changed during the years presented:

| | Year Ended June 30, 2020 | Year Ended June 30, 2019 |
|--|--|---|
| Contributions Net investment income Withdrawals Program management fees | \$ 509,812,036 28,820,584 (395,127,026) (4,794,010) | \$ 495,198,376 218,442,403 (274,441,457) (4,748,466) |
| Net increase | 138,711,584 | 434,450,856 |
| Net position held in trust for account owners and beneficiaries, beginning of year | 4,125,229,648 | 3,690,778,792 |
| Net position held in trust for account owners and beneficiaries, beginning of year | \$ 4,263,941,232 | \$ 4,125,229,648 |

Investment Commentary

This investment commentary provides a condensed review of the market factors affecting the USAA Mutual Funds for the year ended June 30, 2020. For more comprehensive insight into the USAA Mutual Funds, please refer to the fund's prospectus and annual report that is available at usaa.com or call (800) 235-8396 to receive a paper copy.

The one year period ending June 30, 2020 was a period marked by two markets, one before the novel coronavirus ("COVID-19") and one after COVID-19. In the environment leading up to the virus becoming a global pandemic from the second half of 2019 and the first five to six weeks of 2020, the equity markets continued to march forward on the optimism of improving trade tensions and continued economic growth. That sense of optimism abruptly came to a halt and was replaced by panic as it became clear that COVID-19 was not an isolated regional issue and had evolved into a global pandemic. Global equity markets, including the US markets, began declining in response to that realization. This market negativity was further exacerbated with an ill-timed oil supply shock by Saudi Arabia, which sent oil prices and energy company stock prices spiraling down. The sudden oil price shock, coupled with forced deleveraging, where investors who had bought into the market on borrowed money had to sell, created unprecedented levels of market volatility.

The market selloff continued through most of March until the US Federal Reserve (the "Fed") stepped in and restarted liquidity programs and provisions from the financial crisis. However, given the unprecedented nature of the market crisis, the Fed reintroduced these steps with a massive wave of liquidity. This barrage of liquidity

7

Discussion and Analysis (Unaudited)

(continued)

USAA 529 College Savings Plan

(A Fiduciary Fund of the State of Nevada) Year ended June 30, 2020

Investment Commentary (Continued)

helped stabilize global risk assets, including stocks as well as corporate bonds. Additionally, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, providing much needed monetary support to small businesses hurt by the economic collapse. These two steps from the authorities continue to provide support to the market.

Since those lows in March, the market continued its push upward. The driving sentiment is that while a vaccine to COVID-19 may be far away and the economic damage is not completely known, the government's actions have helped ensure there is ample liquidity and support provided to the markets as well as economy. Also aiding the markets' strong rebound has been the resiliency of the technology sector that has been a net beneficiary of a move towards working or staying at home.

Despite this tremendous volatility and rollercoaster ride in the market during the period, U.S. large cap stocks, as represented by the S&P 500[®] Index, ended up posting an impressive 7.51% return with growth companies leading the way. International and emerging markets, represented by the MSCI EAFE Index and the MSCI Emerging Markets Index, ended the period with negative returns of -5.13% and -3.39%, respectively. US small cap stocks, represented by the Russell 2000 Index, were also in negative territory with a -6.63% return. This was a period where fixed income did very well, with the Barclays US Aggregate Index returning 8.74%.

The one year annual total returns for the USAA Mutual Funds for the reporting periods ended June 30, 2020 and 2019, compared to their respective benchmark index, are included in the following table:

| USAA Mutual Funds / Benchmark Index | Institutional Shares June 30, 2020 | Institutional Shares June 30, 2019 |
|---|---------------------------------------|---------------------------------------|
| USAA Short-Term Bond Fund | 2.98% | 4.62% |
| Bloomberg Barclays 1-3 Year Credit Index | 4.32% | 4.82% |
| USAA Intermediate-Term Bond Fund | 6.92% | 8.55% |
| Bloomberg Barclays US Aggregate Bond Index | 8.74% | 7.87% |
| USAA Income Fund | 6.74% | 8.55% |
| Bloomberg Barclays US Aggregate Bond Index | 8.74% | 7.87% |
| USAA High Income Fund | -4.59% | 5.66% |
| Bloomberg Barclays US Corporate High Yield 2% Issuer Capped Bond Index | 0.00% | 7.48% |
| USAA Growth Fund | 16.41% | 14.48% |
| Russell 1000 Growth Index | 23.28% | 11.56% |

Discussion and Analysis (Unaudited)

(continued)

USAA 529 College Savings Plan

(A Fiduciary Fund of the State of Nevada) Year ended June 30, 2020

Investment Commentary (Continued)

| USAA Mutual Funds / Benchmark Index | Institutional Shares June 30, 2020 | Institutional Shares June 30, 2019 |
|--|---------------------------------------|---------------------------------------|
| USAA Growth & Income Fund | 1.32% | 4.69% |
| Russell 3000 Index | 6.53% | 8.98% |
| USAA Value Fund ⁽¹⁾ | -12.76% | 3.80% |
| Russell 3000 Value Index | -9.42% | 7.34% |
| Russell 1000 Value Index | -8.84% | 8.46% |
| USAA Income Stock Fund | -7.40% | 9.73% |
| Russell 1000 Value Index | -8.84% | 8.46% |
| USAA Small Cap Stock Fund | -4.80% | -0.91% |
| Russell 2000 Index | -6.63% | -3.31% |
| S&P Small Cap 600 Index | -11.29% | -4.88% |
| USAA International Fund | -8.39% | 2.23% |
| MSCI EAFE Index | -5.13% | 1.08% |
| USAA Emerging Markets Fund | -4.07% | 2.34% |
| MSCI Emerging Markets Index | -3.39% | 1.21% |
| | Retail | Shares |
| USAA Treasury Money Market Trust | 1.09% | 1.92% |
| Citigroup 3-month US Treasury Bill Index | 1.56% | 2.30% |

(1) Effective July 1, 2020, the USAA Value Fund's benchmark changed from the Russell 3000 Value Index to the Russell 1000 Value Index.

Recent Developments

COVID-19 Impact

As of the date of the independent auditor's report, COVID-19 has had an adverse impact on both domestic and global financial markets. COVID-19, which has spread rapidly across the world, has led and will continue to lead for an unknown period of time to disruptions in local, regional, national, and global markets and economies. Among other things, the outbreak has resulted in, and until fully resolved is likely to continue to result in, among other things (1) government imposition of various forms of "stay-athome" orders and the closing of "non-essential" businesses, resulting in significant disruption to the businesses of many issuers as well as lay-offs of employees; (2) increased requests by issuers of debt instruments for amendments and waivers of agreements to avoid default and increased defaults; (3) volatility and disruption of markets, including greater volatility in pricing and spreads; and (4) rapidly evolving proposals and/or actions by state and federal governments to address problems being experienced by the markets and by businesses and the economy in general.

9

Discussion and **Analysis** (Unaudited)

(continued)

USAA 529 College Savings Plan

(A Fiduciary Fund of the State of Nevada) Year ended June 30, 2020

Requests for Information

This financial report is designed to provide a general overview of the Plan's financial status and changes in financial status. Additional information can be found at www.usaa.com. For questions about the information provided, please call the Plan's customer service representatives at (800) 235-8396.

Report



Members of the Board of Trustees of the College Savings Plans of Nevada Ascensus Broker Dealer Services, LLC, Program Manager USAA 529 College Savings Plan

Report on the Basic Financial Statements

We have audited the accompanying statement of fiduciary net position and statement of changes in fiduciary net position of the **USAA 529 College Savings Plan** (the Plan), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements.

Management's Responsibility for the Basic Financial Statements

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Fort Smith Little Rock Rogers Russellville LandmarkCPAs.com Accounting. Consulting. Insights.

INDEPENDENT AUDITOR'S

Report

Members of the Board of Trustees of the College Savings Plans of Nevada Ascensus Broker Dealer Services, LLC, Program Manager USAA 529 College Savings Plan

Opinion

11

In our opinion, the basic financial statements referred to on the preceding page present fairly, in all material respects, the fiduciary net position of the Plan as of June 30, 2020, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in Note 1 to the financial statements, the Plan is a fiduciary fund of the state of Nevada and is one of six education savings options offered by the state of Nevada through the Nevada College Savings Program (the Program). Assets of the Program are held in the Nevada College Savings Trust Fund (the Trust). These basic financial statements present only the activities and balances attributable to the Plan and do not purport to, and do not, present fairly the fiduciary net position or changes in fiduciary net position of the Program, the Trust, or any other fiduciary funds of the state of Nevada as of and for the year ended June 30, 2020. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 1 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, as it is considered to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information in management's discussion and analysis because the limited procedures we performed do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Schedules

Our audit was conducted for the purpose of forming an opinion on the Plan's basic financial statements. The supplementary schedules of fiduciary net position by investment option and changes in fiduciary net position by investment option on pages 24 through 25 are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

INDEPENDENT AUDITOR'S

Report

Members of the Board of Trustees of the College Savings Plans of Nevada Ascensus Broker Dealer Services, LLC, Program Manager USAA 529 College Savings Plan

Other Matters (Continued)

Other Supplementary Schedules (Continued)

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information in these schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2020, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

ertified Public Accountants

September 30, 2020 Little Rock, Arkansas 13

STATEMENT

of Fiduciary Net Position

USAA 529 College Savings Plan

(A Fiduciary Fund of the State of Nevada) Year ended June 30, 2020

ASSETS 4,264,316,585 Investments \$ Cash and cash equivalents 7,656,955 Receivables for investments sold 14,914 **Total Assets** 4,271,988,454 LIABILITIES Payables for investments purchased 3,185,470 Withdrawals payable 4,478,830 Accrued program management fees 382,922 **Total Liabilities** 8,047,222 **NET POSITION HELD IN TRUST FOR** ACCOUNT OWNERS AND BENEFICIARIES 4,263,941,232

See accompanying notes to financial statements.

STATEMENT

of Changes in Fiduciary Net Position

USAA **529 College Savings** Plan (A Fiduciary Fund of the State of Nevada) **Year ended June 30, 2020**

| ADDITIONS | |
|---|---------------------|
| Contributions | \$ 509,812,036 |
| Investment income: | |
| Dividends and interest | 420,874,249 |
| Net decrease in the fair value of investments | (392,053,665) |
| Net investment income | 28,820,584 |
| | |
| Total Additions | 538,632,620 |
| | |
| DEDUCTIONS | |
| Withdrawals | 395,127,026 |
| Program management fees | 4,794,010 |
| Total Deductions | 399,921,036 |
| NET INCREASE | 138,711,584 |
| NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF YEAR | 4,125,229,648 |
| NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF YEAR | \$ 4,263,941,232 |

See accompanying notes to financial statements.

15

NOTES

to **Financial** Statements (continued)

USAA 529 College Savings Plan

(A Fiduciary Fund of the State of Nevada) June 30, 2020

(1) ORGANIZATION AND NATURE OF OPERATIONS

The Nevada College Savings Trust Fund (the Trust) is a trust created under Title 31, Chapter 353B of the Nevada Revised Statutes, as amended in 2001, which holds the assets of the USAA 529 College Savings Plan (the Plan) and five other educations savings options offered through the Nevada College Savings Program (the Program). The Trust is administered by the Board of Trustees of the College Savings Plans of Nevada (the Board) for which the Nevada State Treasurer serves as chairperson. The Plan is also administered by the Board and is designed to satisfy the requirements of Section 529 of the Internal Revenue Code of 1986, as amended from time to time, and any regulations and other guidance issued thereunder (collectively referred to as "Section 529"). The Plan is designed as a savings vehicle for qualified higher education expenses. In addition, up to \$10,000 may be withdrawn each year for tuition in connection with enrollment or attendance at an elementary or secondary public, private, or religious school. Account owners purchase interests issued by the Trust (Trust Interests) in exchange for contributions, as more fully disclosed in Note 2(J).

The Plan is included in the financial reporting entity of the state of Nevada as a fiduciary fund. Fiduciary funds are used to report assets that are held in a trust or agency capacity for others and therefore cannot be used to support a government's own programs.

These accompanying financial statements address only the Plan and do not represent the financial position or changes in financial position of the Trust, the Program, any other plan offered under the Program, or any other fiduciary fund of the state of Nevada.

Pursuant to an agreement dated March 5, 2002 and subsequently amended (the Direct Program Management Agreement), Ascensus Broker Dealer Services, LLC (ABD) serves as the Program Manager, responsible for administration, recordkeeping, and transfer agency services for the Plan.

Effective July 1, 2019, Victory Capital Holdings, Inc. (Victory Holdings), a global investment management firm, acquired USAA Asset Management Company (AMCO), investment adviser to the USAA Mutual Funds that serve as underlying funds of the investment options offered through the Plan. Victory Capital Management Inc. (Victory Capital), an indirect wholly-owned subsidiary of Victory Holdings, became the new investment adviser to the USAA Mutual Funds and now provides investment management services to the Plan. In addition, Victory Capital Services, Inc. (Victory Services), formerly known as Victory Capital Advisers, Inc. until a name change effective June 30, 2020, is an affiliate of Victory Capital, and now markets and distributes the Plan, replacing USAA Investment Management Company. The USAA Mutual Funds are managed by portfolio managers of one or more Victory Capital investment teams and/or one or more unaffiliated subadvisers (subject to oversight by Victory Capital and the applicable USAA Mutual Fund's Board of Trustees).

NOTES

to **Financial** Statements (continued)

USAA 529 College Savings Plan

(A Fiduciary Fund of the State of Nevada) June 30, 2020

The Bank of New York Mellon Corporation (BNY Mellon) is the custody and accounting agent for the Plan, responsible for maintaining a custody account to provide for the safekeeping and recordkeeping of certain assets invested in the Plan.

The Plan offers eleven investment options from which account owners may choose: nine Fixed Allocation Options (each a Portfolio), an Age-Based Option, and a Preservation of Capital Option (a Portfolio). Account owners may choose to invest their contributions in one or a combination of these investment options. The Fixed Allocation Portfolio Options are the Very Aggressive, Aggressive Growth, Growth, Moderately Aggressive, Moderate, Moderately Conservative, Conservative, Very Conservative, and In College Portfolios. The Age-Based Option, which invests in a series of Fixed Allocation Options, allows account owners to choose a predetermined investment option based on their risk tolerance and the beneficiary's age. As time passes and the beneficiary approaches college age, account balances are automatically reallocated to more conservative Portfolios. An account owner may open multiple accounts and invest in different Portfolios for the same or a different beneficiary. Contributions to a Portfolio are invested in combinations of investments in USAA Mutual Funds, which are selected to meet the investment objective of that Portfolio.

The performance of the Portfolios is dependent on the performance of the USAA Mutual Funds. The USAA Mutual Funds are part of the USAA Mutual Fund Trust registered under the Investment Company Act of 1940, as amended. The securities that compose the mutual funds may include domestic, international, and global debt and equity securities, as well as, mutual funds (for growth and income) and cash management mutual funds (for protection of principal). Account owners do not own shares of the USAA Mutual Funds. Rather, account owners own Trust Interests.

The USAA 529 College Savings Plan Description and Participation Agreement contains further important information about the Plan.

(2) SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies used in the preparation of the Plan's financial statements.

- (A) Basis of accounting In accordance with accounting principles generally accepted in the United States of America applicable to fiduciary fund types prescribed by the Governmental Accounting Standards Board (GASB), the Plan's basic financial statements are prepared using the flow of economic resources measurement focus and accrual basis of accounting.
- (B) Investment valuation Accounting standards categorize fair value measurements according to a hierarchy that is based on valuation inputs used to measure fair value. Level 1 inputs are quoted prices for identical assets in active markets that can be accessed at the measurement date. Level 2 inputs are inputs other than quoted prices that are observable for an asset, either directly or indirectly.

ΝΟΤΕS

to **Financial** Statements (continued)

USAA **529 College Savings** Plan (A Fiduciary Fund of the State of Nevada) **June 30, 2020**

Level 3 inputs are unobservable. The Plan's investments are reported at fair value, based on the net asset value per share of the USAA Mutual Funds at the close of the New York Stock Exchange (NYSE) on the reporting date (Level 1 inputs).

- (C) *Investment transactions* Purchases and sales of units of the USAA Mutual Funds are recorded on a trade-date basis. Gains (losses) realized on sales of the USAA Mutual Funds are determined on the average cost basis. Net realized and unrealized gains (losses) are reported as "net increase (decrease) in the fair value of investments" on the statement of changes in fiduciary net position.
- (D) Cash and cash equivalents Cash and cash equivalents generally include contributions that have not yet been invested in USAA Mutual Funds and/or redemption proceeds from USAA Mutual Funds for withdrawals that have not yet been distributed in accordance with account owners' instructions. Contribution and withdrawal transactions are processed through a non-interest bearing account maintained with BNY Mellon. At June 30, 2020, the bank balance of this account is \$163,592. Balances in this account are insured by the Federal Deposit Insurance Corporation (FDIC), along with any other accounts maintained at BNY Mellon under the same taxpayer identification number, in the aggregate, up to the maximum amount available by law. Amounts in excess of FDIC insurance limits are not collateralized or covered by supplementary insurance.

Excess cash balances are swept daily from the BNY Mellon account described in the preceding paragraph into an account where they are invested in the Dreyfus Government Cash Management Institutional Fund, which is a money market mutual fund rated Aaa-mf (Moody's)/AAAm (Standard & Poor's) structured to maintain a net asset value per share equal to \$1. The weighted average maturity of the underlying debt securities in this fund is 39 days at June 30, 2020. The balance of this account at June 30, 2020, is \$3,546,344.

- (E) *Contributions* Contributions to the Plan are invested by ABD as directed by the account owner on the same business day if the contribution is received in good order (as determined by ABD) prior to the close of the NYSE or on the next business day if the contribution is received after the close of the NYSE.
- (F) *Withdrawals* An account owner may make withdrawals from his or her account or close his or her account by notifying ABD, although under federal law, the earnings portion of non-qualified withdrawals could be subject to tax and penalties.

In the event of a withdrawal, the net asset value of the withdrawal is calculated at the next close of business of the NYSE after ABD's receipt of the written request in good order (as determined by ABD).

Withdrawals presented on the statement of changes in fiduciary net position include the Minimum Balance Fee and certain other transaction fees and are expenses of the account owner. Account owners who do not a) maintain a minimum balance, b) have an active automatic investment plan, c) have direct

NOTES

to **Financial** Statements (continued)

USAA 529 College Savings Plan

(A Fiduciary Fund of the State of Nevada) June 30, 2020

> deposits from payroll, or d) invest through a systematic withdrawal plan from USAA Mutual Funds are charged a Minimum Balance Fee in October of each year. The Minimum Balance Fee is applied to accounts with a balance of \$1,000 or less, and the amount of the fee is \$10. The Minimum Balance Fee, which totals approximately \$241,000 for the year ended June 30, 2020, is paid to Victory Capital. No Minimum Balance Fee will be charged to any Plan account if the account was established within 45 days prior to the October assessment. Transaction fees may be imposed by ABD on the account owner, such as fees for returned checks, rejected automatic investment plan or telephone contributions, federal wire redemptions, overnight delivery, and historical statements. These transaction fees, which total approximately \$244,000 for the year ended June 30, 2020, are paid to ABD.

- (G) Exchanges and transfers For the Age-Based Option, account balances will automatically be exchanged from one Portfolio to another more conservative Portfolio as the beneficiary ages. In addition, subject to certain limitations and restrictions, account owners may generally direct that their account balance be reinvested in one or more different Portfolios twice per calendar year. Transfers of funds between Portfolios are referred to as "exchanges." Under certain conditions, account assets may also be transferred from one beneficiary to another or from one account owner to another. These transactions are referred to as "transfers." The amounts of contributions and withdrawals reported on the statement of changes in fiduciary net position do not include exchanges or transfers, as these have no impact on the overall financial position of the Plan.
- (H) Income taxes The Plan has been designed to comply with the requirements for treatment as a "qualified tuition program" under Section 529, and any regulations or other guidance issued thereunder. As such, the Plan is exempt from federal and state income tax.
- (I) Use of estimates The preparation of basic financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.
- (J) Trust interests An account owner's beneficial interest in Portfolio is evidenced by Trust Interests. Trust Interests are municipal fund securities and are not guaranteed by the state of Nevada, the Board, any other governmental entities, or any Victory Capital or ABD entities, nor have they been registered with the Securities and Exchange Commission or any other federal or state governmental agency. Contributions and withdrawals are subject to terms and limitations defined in the USAA 529 College Savings Plan Description and Participation Agreement between the account owner and the Plan. Trust Interests are issued on the same day as the credit of the contribution. Withdrawals are based on the Trust Interests' value calculated for such Portfolio on the date that the withdrawal request is received. The value of Trust Interests attributable to an account owner that may be withdrawn from an account is determined based on the net asset

19 I

NOTES

to **Financial** Statements (continued)

USAA 529 College Savings Plan

(A Fiduciary Fund of the State of Nevada) June 30, 2020

value of each Portfolio in which the account is invested on the date the withdrawal request is approved.

- (K) Indemnification Neither the state of Nevada, the Board, Victory Capital, ABD nor any other person, indemnifies any account owner or designated beneficiary against losses or other claims arising from the official or unofficial acts, negligent or otherwise, of Board members or state of Nevada employees. In addition, Victory Capital has entered into contracts that contain a variety of representations and warranties that provide general indemnifications. Victory Capital's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against Victory Capital that have not yet occurred. However, Victory Capital expects the risk of loss to be remote.
- (L) Other Income and capital gain distributions, if any, from the USAA Mutual Funds are recorded on the ex-dividend date and are automatically reinvested in additional shares of the respective USAA Mutual Funds. Distributions received from the USAA Mutual Funds are reinvested within the applicable Portfolio. There are no distributions of the USAA Mutual Funds' net investment income directly to Plan account owners or designated beneficiaries.

(3) INVESTMENTS

At June 30, 2020, Plan assets invested in the USAA Mutual Funds, excluding the USAA Treasury Money Market Trust, are invested in the "institutional" share class. The Plan assets invested in the USAA Treasury Money Market Trust are invested in the "retail" share class.

The fair values of the USAA Mutual Funds held by the Plan at June 30, 2020, are as follows:

| USAA Mutual Funds | Category | Balance at June 30, 2020 | | |
|----------------------------------|------------------------------|-----------------------------|-------------|--|
| USAA Income Fund | Intermediate Core-Plus Bond | \$ | 754,434,504 | |
| USAA Short-Term Bond Fund | Short-Term Bond | | 820,251,922 | |
| USAA International Fund | Foreign Large Blend | | 589,329,593 | |
| USAA Intermediate-Term Bond Fund | Intermediate Core-Plus Bond | | 419,464,185 | |
| USAA Small Cap Stock Fund | Small Blend | | 310,796,275 | |
| USAA Growth Fund | Large Growth | | 255,177,587 | |
| USAA Value Fund | Large Value | | 192,560,577 | |
| USAA Income Stock Fund | Large Value | | 191,501,640 | |
| USAA Growth & Income Fund | Large Blend | | 165,994,245 | |
| USAA Treasury Money Market Trust | US Fund Taxable Money Market | | 262,317,993 | |
| USAA Emerging Markets Fund | Diversified Emerging Markets | | 153,845,589 | |
| USAA High Income Fund | High Yield Bond | | 148,642,475 | |
| | | | | |

Total investments

\$ 4,264,316,585

NOTES

to **Financial** Statements (continued)

USAA 529 College Savings Plan

(A Fiduciary Fund of the State of Nevada) June 30, 2020

The following table calculates the net decrease in the fair value of investments during the year ended June 30, 2020:

| Fair value of investments, end of year | \$ 4,264,316,585 |
|--|---------------------|
| Less cost of investments purchased and investment income | |
| reinvested during the year | (892,814,793) |
| Plus proceeds from investments sold during the year | 362,073,746 |
| Less fair value of investments, beginning of year | (4,125,629,203) |
| | |
| Net decrease in the fair value of investments | \$ (392,053,665) |

The USAA Mutual Funds are exposed to interest rate, market, and credit risk, and it is at least reasonably possible that changes in their fair values could occur in the near term, materially affecting account owner balances and the amounts reported in the Plan's basic financial statements. The USAA College Savings Plan Description and Participation Agreement provides further details about risks.

Generally accepted accounting principles require that certain disclosures be made related to the Plan's investment policy and its exposure to credit risk, interest rate risk, and foreign currency risk, which are included in the paragraphs that follow.

- (A) Investment Policy The Board has adopted an investment policy statement that sets forth investment objectives, permitted investments, asset allocation strategies, and performance monitoring applicable to all college savings options offered under the Program. The overarching objective is to provide account owners with a range of investment options, allowing for diverse levels of risk tolerance, return expectations, and time horizons. Permissible broad asset classes include short-term marketable debt securities, fixed-income securities, U.S. equity securities, international equity securities, bank certificates of deposit, and stable value investments. The policy limits the underlying investment vehicles to mutual funds, exchange-traded funds, stable value investments, direct holdings of bank certificates of deposit, FDIC-insured savings accounts, or separately managed accounts with investment holdings similar to those permitted under the policy. The Board has retained the services of an investment consultant to monitor the performance of investments against standard benchmarks. There are no provisions of the policy that specifically address credit risk, interest rate risk, concentrations of credit risk, or foreign currency risk.
- (B) Credit Risk –Through its investment in bond funds, the Plan is indirectly exposed to credit risk, which is the risk that a bond issuer will fail to pay interest and principal, when due, as a result of adverse market or economic conditions. The USAA Treasury Money Market Trust, USAA Income Fund, USAA Short-Term Bond Fund, USAA Intermediate-Term Bond Fund and USAA High Income Fund include in their asset holdings debt securities that are subject to credit risk. All securities, varying from the highest quality to the very speculative, have some degree of credit risk. Credit quality ratings for the USAA Mutual Funds are not

21

NOTES

to **Financial** Statements (continued)

USAA 529 College Savings Plan

(A Fiduciary Fund of the State of Nevada) June 30, 2020

available, as the funds are not rated by a nationally recognized statistical rating organization.

The USAA Mutual Funds are not exposed to custodial credit risk, which is the risk that, in the event of the failure of the counterparty to a transaction, an investor will not be able to recover the value of investments that are in the possession of an outside party.

(C) Interest Rate Risk – Certain of the USAA Mutual Funds are exposed to interest rate risk, which is the risk that changes in interest rates will adversely impact the fair value of an investment. Weighted average maturity, which is the average length of time until fixed-income securities held by a fund reach maturity and will be repaid, is a measure of sensitivity to changes in interest rates. In general, the longer the weighted average maturity, the more a fund's share price will fluctuate in response to changes in interest rates. The calculation of weighted average maturity takes into consideration the possibility that the issuer may call the security before its maturity date and the proportion of total fund assets represented by each security. The USAA Treasury Money Market Trust, USAA Income Fund, USAA Short-Term Bond Fund, USAA Intermediate-Term Bond Fund, and USAA High Income Fund invest in debt securities and may be exposed to interest rate risk. As of June 30, 2020, the market value of each of these funds, along with each fund's respective weighted average maturity, are as follows:

| | Market Value | Weighted Average Maturity |
|----------------------------------|----------------|------------------------------|
| USAA Treasury Money Market Trust | \$ 262,317,993 | 50 days |
| USAA Income Fund | \$ 754,434,504 | 7.9 years |
| USAA Short-Term Bond Fund | \$ 820,251,922 | 2.3 years |
| USAA Intermediate-Term Bond Fund | \$ 419,464,185 | 6.8 years |
| USAA High Income Fund | \$ 148,642,475 | 7.4 years |
| | | |

(D) Foreign Currency Risk – There are certain inherent risks involved when investing in international securities that are not present with investments in domestic securities, such as foreign currency exchange rate fluctuations, adverse political and economic developments, and the possible prevention or delay of currency exchange due to foreign governmental laws or restrictions. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The USAA Growth & Income Fund, USAA High Income Fund, USAA Income Stock Fund, USAA International Fund, USAA Small Cap Stock Fund, USAA Emerging Markets Fund, USAA Growth Fund and USAA Value Fund may include foreign securities in their asset holdings, and as such, are exposed to foreign currency risk.

NOTES

to **Financial** Statements (continued)

USAA 529 College Savings Plan

(A Fiduciary Fund of the State of Nevada) June 30, 2020

(4) RELATED PARTY INFORMATION

As Program Manager of the Plan, ABD provides administration, recordkeeping, and transfer agency services for the Plan. ABD is a wholly-owned subsidiary of Ascensus Group LLC, and is a registered broker-dealer and a member of the Financial Industry Regulatory Authority (FINRA). Ascensus Investment Advisors, LLC, also a wholly-owned subsidiary of Ascensus Group LLC, is a registered investment adviser, and under an investment management agreement with ABD, provides certain administrative services, including transfer agency services, to the Plan. Victory Capital and, with respect to certain mutual funds, one or more subadvisers (subject to oversight by Victory Capital and the applicable USAA Mutual Fund's Board of Trustees) provides investment management for the mutual funds held in each Portfolio. Victory Capital is an indirect, wholly-owned subsidiary of Victory Capital, provides marketing and distribution services for the Plan.

Under the Direct Program Management Agreement between ABD and the Board (which expires in 2032 and may be terminated sooner under certain circumstances as specified in the Direct Program Management Agreement), the Board may hire new or additional entities in the future to manage all or part of the Plan's assets.

The Nevada State Treasurer's Office incurs costs in providing administrative, marketing, and oversight services with respect to the Program and the Plan offered under the Program. These costs are not paid directly from Plan assets and are not reported as expenses in the accompanying financial statements.

(5) PORTFOLIO EXPENSES

The Board, in its sole discretion, may establish fees and expenses as it deems appropriate and may change or add new fees and expenses at any time. In the future, Plan fees and expenses could be higher or lower than those discussed below. Plan fees and expenses reduce the value of an account. The USAA College 529 Savings Plan Description and Participation Agreement contains additional important information about the Plan, including information about Plan fees and expenses.

Each account in each Portfolio will indirectly bear its pro rata share of the expenses of the Portfolio (Portfolio Expenses). Portfolio Expenses currently consist of annual fund operating expenses of the USAA Mutual Funds, which the Portfolio indirectly bears on a pro-rata basis through its investment in those funds (Underlying Fund Expenses). Underlying Fund Expenses include a mutual fund's investment advisory fees and administrative fees, which are paid to Victory Capital, and certain other expenses. These expenses are not reported as expenses in the Plan's financial statements, as they reduce the income earned by the USAA Mutual Funds available for distribution to the Plan and are not paid from Plan assets.

NOTES

23

to **Financial** Statements (continued)

USAA 529 College Savings Plan

(A Fiduciary Fund of the State of Nevada) June 30, 2020

Portfolio Expenses also include a Program Management Fee of 0.11% (0.12% through December 31, 2019). The Program Management Fee is accrued on a daily basis based on the net position of each Portfolio and is paid directly to Victory Capital each month. Victory Capital, the Board, and ABD have agreed to a specific formula for the allocation of the Program Management Fee.

(6) COVID-19 IMPACT

As of the date of the independent auditor's report, COVID-19 pandemic has had an adverse impact on both domestic and global financial markets. COVID-19 pandemic, which has spread rapidly across the world, has led and will continue to lead for an unknown period of time to disruptions in local, regional, national, and global markets and economies. Among other things, the outbreak has resulted in, and until fully resolved is likely to continue to result in, among other things (1) government imposition of various forms of "stay-at-home" orders and the closing of "non-essential" businesses, resulting in significant disruption to the businesses of many issuers as well as lay-offs of employees; (2) increased requests by issuers of debt instruments for amendments and waivers of agreements to avoid default and increased defaults; (3) volatility and disruption of markets, including greater volatility in pricing and spreads; and (4) rapidly evolving proposals and/or actions by state and federal governments to address problems being experienced by the markets and by businesses and the economy in general.

SUPPLEMENTARY SCHEDULE

of Fiduciary Net Position by Investment Option

USAA **529 College Savings** Plan (A Fiduciary Fund of the State of Nevada) June 30, 2020

| | | | | Fixed Asset | Fixed Asset Allocation Investment Options | nent Options | | | | Preservation of | |
|--|--------------------------------|-----------------------------|-------------------------------|--------------------------------|--|----------------------------|--------------------------------|---------------------------|-----------------------------|-------------------------------------|---|
| | Very Aggressive | Aggressive Growth | Growth | Moderately Aggressive | Moderate | Moderately Conservative | Conservative | Very Conservative | In College | Capital Investment Option | Plan Total |
| ASSE15 Investments Cash and cash equivalents Receivables for investments sold | \$ 175,037,252 729,621 - | \$ 513,997,937 1,121,575 | \$ 483,754,041 992,911 | \$ 536,401,153 910,298 ~ | \$ 737,723,217 1,104,544 - | \$ 403,732,169 394,484 | \$ 523,676,761 753,749 - | \$ 378,031,138 410,669 | \$ 410,339,935 1,070,460 | \$ 101,622,982 168,644 14,914 | \$ 4,264,316,585 7,656,955 14,914 |
| Total Assets | 175,766,873 | 515,119,512 | 484,746,952 | 537,311,451 | 738,827,761 | 404,126,653 | 524,430,510 | 378,441,807 | 411,410,395 | 101,806,540 | 4,271,988,454 |
| LIABILITIES Payables for investments purchased | 647,562 | 680,811 | 320,207 | 362,663 | 420,075 | 326,729 | 271,781 | 103,000 | 52,642 | | 3.185.470 |
| Withdrawals payable Accrued program management fees | 15,713 | 447,194 46 337 | 624,550 43 584 | 555,251 | 636,706 66 234 | 95,095 | 458,966 | 398,134 | 937,512 | 186,817 | 4,478,830 |
| Total Liabilities | [∞] | 1,174,342 | 988,341 | 966,141 | 1,123,015 | 458,163 | 777,640 | 535,052 | 36,651 1,026,785 | 9,046 195,863 | 382,922 8,047,222 |
| NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES | \$ 174,964,993 | | \$ 513,945,170 \$ 483,758,611 | \$ 536,345,310 | \$ 737,704,746 | \$ 403,668,490 | \$ 523,652,870 | \$ 377,906,755 | \$ 410,383,610 | \$ 101, <u>6</u> 10,677 | \$ 4,263,941,232 |
| UNITS OUTSTANDING ⁽¹⁾ | 13,647,815 | 18,348,632 | 17,148,480 | 18,938,747 | 27,485,274 | 32,501,489 | 23,566,736 | 33,091,660 | 23,003,566 | 9,770,257 | |
| NET ASSET VALUE PER UNIT $^{(2)}$ | \$ 12.82 | \$ 28.01 | \$ 28.21 | \$ 28.32 | \$ 26.84 | \$ 12.42 | \$ 22.22 | \$ 11.42 | \$ 17.84 | \$ 10.40 | |
| (1) Dounded to the nearest whole unit | | | | | | | | | | | |

⁽¹⁾ Rounded to the nearest whole unit.
 ⁽²⁾ Rounded to the nearest hundredth.

SUPPLEMENTARY SCHEDULE

of Changes in Fiduciary Net Position by Investment Option

USAA **529 College Savings** Plan (A Fiduciary Fund of the State of Nevada) Year Ended June 30, 2020

| Preservation of | | Investment Plan lege Ontion Total | + + 1700 10 | 26,241,203 \$ 10,078,503 \$ 584,453 \$ 28,27,036 | 70.554.561 1.4 | 78,738,795 | 127.710.801 15.854.751 395.122.026 | 82.666 | 20,193,926 1.45 | | 65,858,752 42,607,452 138,711,584 | <u>344,524,858</u> 59,003,225 4,125,229,648 | 83,610 \$ 101,610,677 \$ 4,263,941,232 |
|---|-------------|--------------------------------------|----------------------------|--|----------------------------|-----------------|------------------------------------|-------------------------|-----------------------------|-------------------------|-----------------------------------|---|---|
| | : | Very Conservative In College | • | Ð- | Н | | 24,881,401 127.7 | | 27 | 199,250,126 155,4 | 48,329,592 65,8 | 329,577,163 | \$ 377,906,755 \$ 410,383,610 |
| | | Conservative | ¢ 42 161 010 | 15,956,086 | 229,219,634 | 287,336,730 | 30,543,980 | 578,708 | 211,349,186 | 242,471,874 | 44,864,856 | 478,788,014 | \$ 523,652,870 |
| nent Options | | moderately Conservative | \$ 40 522 554 | | 193,995,168 | 243,520,234 | 19,958,255 | 464,028 | 217,361,277 | 237,783,560 | 5,736,674 | 397,931,816 | \$ 403,668,490 |
| Fixed Asset Allocation Investment Options | | Moderate | \$ 77.530.022 | | 198,494,766 | 283,743,678 | 42,133,473 | 830,897 | 213,513,864 | 256,478,234 | 27,265,444 | 710,439,302 | \$ 737,704,746 |
| Fixed Asset | Madamtahi | Aggressive | \$ 66.973.871 | (309,733) | 158,958,425 | 225,622,563 | 35,116,538 | 626,344 | 206,291,595 | 242,034,477 | (16,411,914) | 552,757,224 | \$ 536,345,310 |
| | | Growth | \$ 68.473.657 | (5,120,772) | 118,643,302 | 181,996,187 | 39,628,259 | 572,694 | 175,661,904 | 215,862,857 | (33,866,670) | 517,625,281 | \$ 513,945,170 \$ 483,758,611 |
| | Antheophics | Growth | \$ 76.620.198 | | 74,219,414 | 138,455,251 | 44,826,971 | 612,759 | 140,789,359 | 186,229,089 | (47,773,838) | 561,719,008 | |
| | Vierv | Aggressive | \$ 68,546,548 | | 22,907,910 | 85,025,427 | 14,472,597 | 195,424 | 68,256,170 | 82,924,191 | 2,101,236 | T 5 172,863,757 | T \$ 174,964,993 |
| | | | ADDITIONS Contributions | Net investment income (loss) | Exchanges and transfers in | Total Additions | DEDUCTIONS Withdrawals | Program management fees | Exchanges and transfers out | Total Deductions | NET INCREASE (DECREASE) | NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF YEAR | NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF YEAR |

See Independent Auditor's Report.

INDEPENDENT AUDITOR'S

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*



Members of the Board of Trustees of the College Savings Plans of Nevada Ascensus Broker Dealer Services, LLC, Program Manager USAA 529 College Savings Plan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the **USAA 529 College Savings Plan** (the Plan), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated September 30, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the Plan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. 27

INDEPENDENT AUDITOR'S

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* (continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control or on compliance. This report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Certified Public Accountants

September 30, 2020 Little Rock, Arkansas

Consider the investment objectives, risks, charges and expenses of the USAA 529 College Savings Plan (Plan) carefully before investing. Call (800) 235-8396 to request a Plan Description and Participation Agreement containing this and other information about the Plan from Victory Capital Services, Inc., underwriter and distributor. Read it carefully before investing. You should compare the Plan with any 529 offered by your home state or your beneficiary's home state and consider, before investing, any state tax or other home state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in the home state's 529 plan.

Interests in the Plan are municipal fund securities issued by the Nevada College Savings Trust Fund (Trust). The value of an investment in the Plan will vary with market conditions. The Plan is administered by the Nevada State Treasurer Zach Conine. Victory Capital Management Inc. (Victory Capital) provides investment management services, and Victory Capital Services, Inc. markets and distributes the Plan. Ascensus Broker Dealer Services, LLC serves as the Program Manager as well as effects account owner transactions in the Plan. Interests in the Plan are not guaranteed by the Trust, the Plan, the state of Nevada, the Board or any other governmental entities, or any USAA, Victory Capital, or Ascensus entities and you could lose money.

Victory Capital means Victory Capital Management, Inc., the investment adviser of the Plan. The Plan is distributed by Victory Capital Services, Inc., member FINRA, an affiliate of Victory Capital. Victory Capital and its affiliates are not affiliated with United Services Automobile Association or its affiliates. USAA and the USAA logo are registered trademarks and the Plan logo is a trademark of United Services Automobile Association and is being used by Victory Capital and its affiliates under license.



Ernst & Young LLP 560 Mission Street Suite 1600 San Francisco, CA 94105 Tel: 415-894-8000 www.ey.com

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Trustees of the College Savings Plans of Nevada, Management of Ascensus Broker Dealer Services, LLC., and Management of Wealthfront Corporation

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Wealthfront 529 College Savings Plan (the Plan), which comprise the statement of fiduciary net position as of June 30, 2020, and the related statements of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 1, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ernst + Young LLP

October 1, 2020

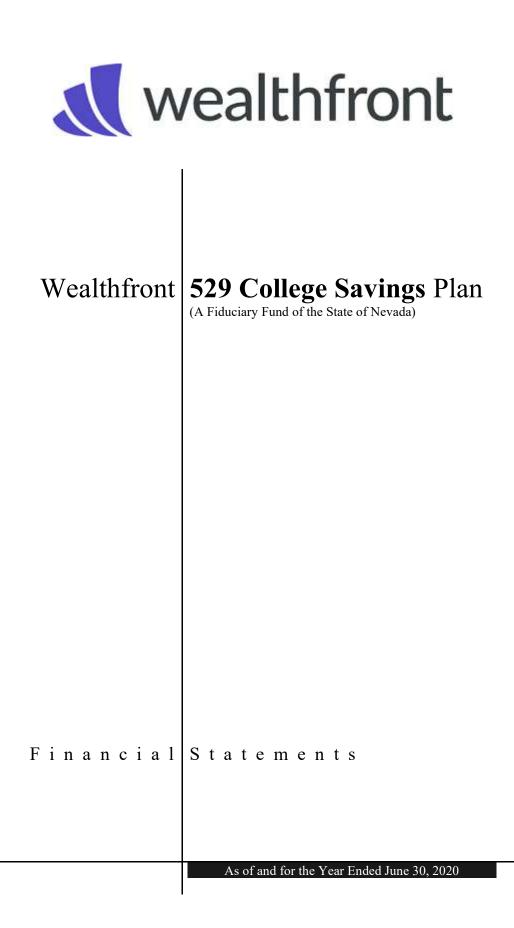


Table of Contents

| Management's Discussion and Analysis | |
|---|----|
| Introduction | 1 |
| Financial Highlights | 2 |
| Overview of the Basic Financial Statements | 2 |
| Financial Analysis | 3 |
| Investment Commentary | 5 |
| Recent Developments | 9 |
| Requests for Information | 9 |
| Report of Independent Auditors | 10 |
| Basic Financial Statements | |
| Statement of Fiduciary Net Position | 13 |
| Statement of Changes in Fiduciary Net Position | 14 |
| Notes to Financial Statements | 15 |
| Supplementary Schedules | |
| Supplementary Schedule of Fiduciary Net Position by Designated Portfolio | 23 |
| Supplementary Schedule of Changes in Fiduciary Net Position by Designated Portfolio | 24 |

Discussion and Analysis

Wealthfront **529 College Savings** Plan (A Fiduciary Fund of the State of Nevada) **Year ended June 30, 2020**

Introduction

This management's discussion and analysis is intended to provide readers an objective discussion of the basic financial statements of the Wealthfront 529 College Savings Plan (the Plan) as of and for the years ended June 30, 2020 and 2019. This discussion and analysis, which is supplementary information required by the Governmental Accounting Standards Board (GASB), is intended to provide a highly-summarized overview of the Plan's assets, liabilities, fiduciary net position, and changes in fiduciary net position and should be read in conjunction with the Plan's financial statements and notes thereto, which are included on pages 10 through 19. Readers may also find useful the supplementary schedules on pages 20 and 21, which include information about each of the Plan's "designated portfolios" that are used to construct an "individual portfolio" for each account owner based on that specific individual's risk tolerance and time horizon.

* * * * *

The Nevada College Savings Program (the Nevada Program) was created under Title 31, Chapter 353B of the Nevada Revised Statutes, as amended, to encourage individuals and families to save for future costs of higher education. Under tax reform legislation enacted in December 2017, a portion of savings may also be used for elementary and secondary tuition at a public, private, or religious school.

The Plan is an investment option offered under the Nevada Program. Plan assets are held for the benefit of account owners and their designated beneficiaries in the Nevada College Savings Trust (the Trust). The Plan is administered as a "qualified tuition program" in compliance with Section 529 of the Internal Revenue Code of 1986, as amended, and both the Plan and the Trust are exempt from taxation.

The Board of Trustees of the College Savings Plans of Nevada (the Board) is responsible for the overall administration of the Nevada Program, subject to implementing regulations set forth in the Nevada Administrative Code. As permitted by these implementing regulations, the Board may contract with service providers to perform administrative duties and to manage the Plan's investments. Pursuant to the Direct Program Management Agreement, Ascensus Broker Dealer Services, LLC (ABD) serves as the Program Manager. With its affiliates, ABD has overall responsibility for the day-to-day operations of the Plan and provides administration and recordkeeping services for the Plan.

Wealthfront Inc. (Wealthfront) serves as investment adviser, and Wealthfront Brokerage Corporation (WBC) is the distributor for the Plan. Wealthfront is an automated investment service registered with the Securities and Exchange Commission (SEC).

Discussion and **Analysis**

(continued)

Wealthfront **529 College Savings** Plan

(A Fiduciary Fund of the State of Nevada) Year ended June 30, 2020

Financial Highlights

The following highlight some of the Plan's key financial results:

- At June 30, 2020 and 2019, the Plan's fiduciary net position totaled \$284.0 million and \$213.4 million, respectively. Fiduciary net position increased \$70.6 million, or 33.1%, from June 30, 2019, to June 30, 2020.
- During the years ended June 30, 2020 and 2019, contributions exceeded withdrawals by \$68.4 million and \$61.8 million, respectively. Contributions and withdrawals for the year ended June 30, 2020, were \$81.2 million and \$12.8 million, respectively. Contributions and withdrawals for the year ended June 30, 2019, were \$71.8 million and \$10.0 million, respectively.
- Asset-based account fees totaled \$487.7 thousand and \$323.9 thousand for the years ended June 30, 2020 and 2019, respectively. These fees are paid by account owners monthly, and may be waived or reduced in certain circumstances, depending on assets under Wealthfront management and state of residency of the account owner.
- Asset-based designated portfolio fees totaled \$148.9 thousand and \$102.4 thousand for the years ended June 30, 2020 and 2019, respectively. These fees are accrued daily based on the fiduciary net position of each designated portfolio.
- For the year ended June 30, 2020, the Plan experienced net investment income of \$2.8 million, resulting from dividends totaling \$6.7 million, somewhat offset from the net decrease in the fair value of investments of \$3.9 million. For the year ended June 30, 2019, the Plan experienced net investment income of \$15.2 million, resulting from the net increase in the fair value of investments of \$10.1 million and dividends totaling \$5.1 million.

Overview of the Basic Financial Statements

The Plan's basic financial statements comprise the statement of fiduciary net position, the statement of changes in fiduciary net position, and the related notes to the financial statements. The statement of fiduciary net position presents information on the Plan's assets and liabilities, with the difference between them representing net position held in trust for account owners and their beneficiaries. The statement of changes in fiduciary net position shows how the Plan's fiduciary net position changed during the year. The notes to the financial statements. It is essential that readers of this report consider the information in the notes to obtain a full understanding of the Plan's financial statements.

Discussion and **Analysis**

(continued)

Wealthfront 529 College Savings Plan

(A Fiduciary Fund of the State of Nevada) Year ended June 30, 2020

> The Plan is included in the financial reporting entity of the state of Nevada as a fiduciary fund. Fiduciary funds are used to report assets held in a trust or agency capacity for others and cannot be used to support a government's own programs.

The Plan's basic financial statements are prepared in accordance with accounting and financial reporting standards set forth by the GASB, which is the organization that establishes generally accepted accounting principles for governmental entities. As required under generally accepted accounting principles applicable to fiduciary fund types, the Plan's basic financial statements are prepared using the accrual basis of accounting. Investments are reported at fair value, and all investment transactions are recorded on a trade-date basis. Realized and unrealized gains and losses are reported as "net increase (decrease) in the fair value of investments" on the statement of changes in fiduciary net position. Dividends and capital gain distributions are recorded on the ex-dividend date, rather than when they are received by the Plan. Contributions are recognized when they are received, provided enrollment in the Plan has been successfully completed, and withdrawals are recognized when the withdrawal request has been received and approved for payment. Asset-based account fees are recognized monthly when charged to the account owner, and asset-based designated portfolio fees are accrued daily, regardless of when cash is paid.

Financial Analysis

Fiduciary Net Position

The following condensed statements of fiduciary net position provide a "snapshot" of the overall financial position of the Plan:

| | J | une 30, 2020 | June 30, 2019 | | | | |
|---|----|------------------------|---------------|-----------------------|--|--|--|
| Total assets Total liabilities | \$ | 284,891,505 897,958 | \$ | 213,419,588 12,651 | | | |
| Net position held in trust for account owners and beneficiaries | \$ | 283,993,547 | \$ | 213,406,937 | | | |

The reported balance of net position held in trust for account owners and their beneficiaries represents the cumulative total of contributions to Plan accounts since the Plan's inception, increased (decreased) by net investment income (loss), and decreased by withdrawals, asset-based account fees (paid to Wealthfront) and asset-based designated portfolio fees (paid to the ABD and the Board).

As more fully described in the Investment Commentary on pages 5 through 9, Wealthfront constructs an individual portfolio for each account owner, using up to nine designated portfolios, each of which contains a single underlying exchange-traded fund (ETF), depending on the results of the account owner's responses to a risk questionnaire.

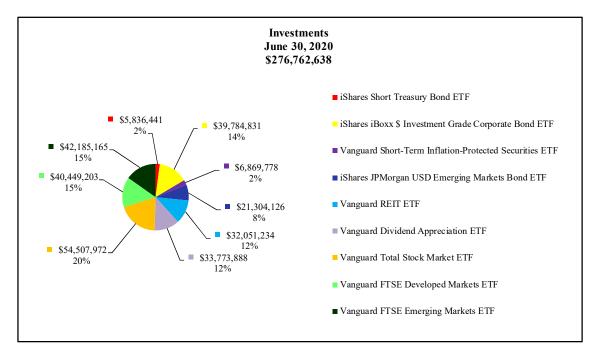
Discussion and **Analysis**

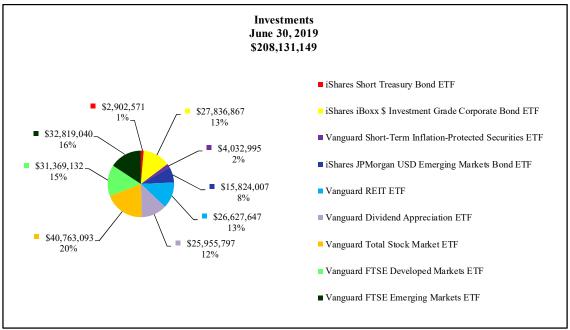
(continued)

Wealthfront 529 College Savings Plan

(A Fiduciary Fund of the State of Nevada) Year ended June 30, 2020

At June 30, 2020 and 2019, the fair values of the ETFs in which the Plan invests are as follows:





Note: Percentages are stated as a percent of total fair value of investments.

Discussion and **Analysis**

(continued)

Wealthfront 529 College Savings Plan

(A Fiduciary Fund of the State of Nevada) Year ended June 30, 2020

Other assets, which totaled \$8.1 million at June 30, 2020, and \$5.3 million at June 30, 2019, comprise an uninvested cash position that is maintained to satisfy liquidity needs and the net cash activity resulting from account owner transactions. The Plan's liabilities, which totaled \$898.0 thousand at June 30, 2020, and \$12.7 thousand at June 30, 2019, comprise accrued asset-based designated portfolio fees, payables for withdrawals approved but not yet paid, and payables for ETF purchase transactions.

Changes in Fiduciary Net Position

The following condensed statements of changes in fiduciary net position summarize how the Plan's net position held in trust for account owners and their beneficiaries changed during the years presented:

| | Year Ended une 30, 2020 | Year Ended une 30, 2019 |
|--|----------------------------|----------------------------|
| Contributions | \$ 81,207,237 | \$ 71,778,999 |
| Net investment income | 2,835,425 | 15,186,865 |
| Withdrawals | (12,819,395) | (10,013,862) |
| Asset-based account fees | (487,715) | (323,883) |
| Asset-based designated portfolio fees | (148,942) | (102,410) |
| Net increase | 70,586,610 | 76,525,709 |
| Net position held in trust for account owners and beneficiaries, beginning of year | 213,406,937 | 136,881,228 |
| Net position held in trust for account owners and beneficiaries, end of year | \$ 283,993,547 | \$ 213,406,937 |

Investment Commentary

This investment commentary provides a brief description of the Wealthfront automated investment adviser service and each of the Plan's investments. For more comprehensive insight into each ETF, please refer to Wealthfront 529 College Savings Plan Program Description and Participation Agreement and its related supplements or in each ETF's prospectus and annual report.

Wealthfront serves as an account owner's automated investment adviser and employs a passive investment strategy for each account owner. Under the Plan, Wealthfront constructs an individual portfolio for each account owner based on the account owner's risk score as determined by a risk questionnaire.

Discussion and **Analysis**

(continued)

Wealthfront 529 College Savings Plan

(A Fiduciary Fund of the State of Nevada) Year ended June 30, 2020

Plan Participant Asset Allocation and Portfolio Construction

Wealthfront's asset allocation framework applies mean variance optimization (MVO) to identify diversified portfolios of investments that maximize the expected net-of-fee, after-tax, real investment return for a given level of expected risk, as measured by portfolio return volatility. MVO, which Wealthfront uses along with the capital asset pricing model (CAPM) to construct portfolios, provides a mathematical framework for evaluating portfolio risk-return tradeoffs and is the foundation of Modern Portfolio Theory, a widely accepted framework for managing diversified investment portfolios. Each of the allocations is assembled from up to nine of the designated portfolios.

Inputs for MVO include estimates of: (a) asset return volatility for each asset class; (b) expected returns for each asset class; and (c) estimates of correlation between asset classes, i.e., how performances of asset classes vary in relation to one another. Wealthfront measures asset return volatilities using an average of standard deviations obtained from long-term and short-term historical data and forward-looking implied volatility data from option markets. Wealthfront estimates correlations between asset classes using blended composites of realized correlation using both long and short-term time intervals.

Wealthfront uses the CAPM to derive baseline estimates of expected returns, which reflect expected returns in a market equilibrium based on systematic risk (as measured by market beta). Using the Black-Litterman framework, Wealthfront blends these baseline estimates with Wealthfront's long-term return expectations, which Wealthfront derives using data on interest rates, credit spreads, dividend yields, and other macroeconomic and financial market variables. Finally, Wealthfront calculates net-of-fee real expected returns by subtracting ETF expense ratios and expected inflation.

Once an account owner is invested, Wealthfront continuously monitors the account owner's account and uses trigger-based rebalancing, when necessary, to maintain optimal risk-return tradeoff as determined by MVO.

Designated Portfolios and Underlying ETFs

At June 30, 2020 and 2019, the Plan offers nine designated portfolios. Each of the Plan's designated portfolios consists of an underlying low-cost, passive ETF, each tracking an industry-standard asset class index. Each underlying ETF also has a low tracking error to its benchmark as well as high liquidity. The designated portfolios comprise eight asset class ETFs (real estate, dividend stocks, emerging market stocks, international stocks, U.S. stocks, Treasury inflation-protected securities (TIPS), corporate bonds, and emerging market bonds) and one low risk, short-duration U.S. Treasury ETF. Both the Vanguard Group, Inc. and BlackRock Inc. provide investment management services for the underlying ETFs.

Discussion and **Analysis**

(continued)

Wealthfront 529 College Savings Plan

(A Fiduciary Fund of the State of Nevada) Year ended June 30, 2020

The following provides a brief description of the investment objective and principal investment strategy of each of the underlying ETFs:

Vanguard REIT ETF (VNQ)

The Vanguard REIT ETF seeks to track the performance of the MSCI US REIT Investible Market Real Estate 25/50 Index, and invests in equity real estate investment trusts and employs a passively managed, full-replication approach. The index includes stocks of U.S. companies within the real estate sector. The sector includes real estate management and development companies in addition to real estate investment trusts (REITs). The index uses Global Industry Classification Standard (GICS) methodology and clearly classified sectors and offers broad representation of the target sector across large-, medium-, and small-cap companies. For the year ended June 30, 2020, the ETF experienced a negative return of (6.98%), and for the year ended June 30, 2019, a positive return of 12.21%. The share price of the ETF decreased from \$87.40 at June 30, 2019, to \$78.53 at June 30, 2020.

Vanguard Dividend Appreciation ETF (VIG)

The Vanguard Dividend Appreciation ETF seeks to track the performance of the NASDAQ US Dividend Achievers Select Index and employs a passively managed, full-replication strategy. The ETF remains fully invested in large-cap equity, emphasizing stocks with a record of growing dividends year over year. The index includes U.S. common stocks that have a history of increasing dividends for at least ten consecutive years. The index excludes stocks that might have low potential for increasing dividends and excludes REITs, which generally do not benefit from currently favorable tax rates on qualified dividends. For the years ended June 30, 2020 and 2019, the ETF experienced positive returns of 3.56% and 15.67%, respectively. The share price of the ETF increased from \$115.16 at June 30, 2019, to \$117.18 at June 30, 2020.

Vanguard FTSE Emerging Markets ETF (VWO)

The Vanguard FTSE Emerging Markets ETF seeks to track the performance of the FTSE Emerging Markets All Cap China A Inclusion Index and is passively managed, using index sampling. The ETF invests substantially all of its assets in the stocks included in the index. The index is a market-capitalization-weighted index representing large-, mid-, and small-cap stocks of companies located in emerging markets around the world. For the year ended June 30, 2020, the ETF experienced a negative return of (2.89%), and for the year ended June 30, 2019, a positive return of 3.27%. The share price of the ETF decreased from \$42.53 at June 30, 2019, to \$39.61 at June 30, 2020.

Vanguard FTSE Developed Markets ETF (VEA)

The Vanguard FTSE Developed Markets ETF seeks to track the FTSE Developed All Cap ex US Index that measures international equity diversified across growth and value styles located in developed markets in Canada and the major markets of Europe and the Pacific region. The ETF is passively managed and employs a full-replication approach. The ETF remains fully invested. The index is a market-capitalization-weighted index that is made up of approximately 3,700 common stocks of large-, mid-, and small-cap companies located in Canada and the major markets of Europe and the Pacific region. The top countries represented in the Index include Japan, United Kingdom, Canada, France, Germany, Switzerland, and Australia. For the year ended June 30, 2020, the ETF

Discussion and **Analysis**

(continued)

Wealthfront 529 College Savings Plan

(A Fiduciary Fund of the State of Nevada) Year ended June 30, 2020

experienced a negative return of (4.26%), and for the year ended June 30, 2019, a positive return of 0.03%. The share price of the ETF decreased from \$41.71 at June 30, 2019, to \$38.79 at June 30, 2020.

Vanguard Total Stock Market ETF (VTI)

The Vanguard Total Stock Market ETF seeks to track the performance of the CRSP US Total Market Index, which consists of large-, mid-, and small-cap equity diversified across growth and value styles. The ETF is passively managed and employs an index-sampling strategy. The ETF remains fully invested. The index represents approximately 100% of the investable companies in the U.S. equity market. The index is designed to accurately represent the U.S. equity market and deliver low turnover. For the years ended June 30, 2020 and 2019, the ETF experienced positive returns of 6.44% and 9.02%, respectively. The share price of the ETF increased from \$150.09 at June 30, 2019, to \$156.53 at June 30, 2020.

Vanguard Short-Term Inflation Protected Securities ETF (VTIP)

The Vanguard Short-Term Inflation Protected Securities ETF seeks to track the Bloomberg Barclays U.S. Treasury Inflation-Protected (TIPS) 0-5 Year Index. The ETF invests primarily in U.S. Treasury inflation-protected securities with remaining maturities of less than five years. The ETF seeks inflation protection and income consistent with short-term U.S. Treasury inflation-protected securities. The index is a market-capitalization-weighted index that includes all inflation-protected public obligations issued by the U.S. Treasury with remaining maturities of less than five years. For the years ended June 30, 2020 and 2019, the ETF experienced positive returns of 3.37% and 3.16%, respectively. The share price of the ETF increased from \$49.32 at June 30, 2019, to \$50.17 at June 30, 2020.

iShares iBoxx \$ Investment Grade Corporate Bond ETF (LQD)

The iShares iBoxx \$ Investment Grade Corporate Bond ETF seeks to track the investment results of the Market iBoxx USD Liquid Investment Grade Index composed of U.S. dollar-denominated, investment grade corporate bonds. The index is designed to provide a balanced representation of the USD investment grade corporate market. The index has been designed to be a subset of the broader USD corporate bond market which can be used as a basis for tradable products, including ETFs. Multiple contributor pricing and support for the index from leading financial institutions ensure that the index is a tradable reflection of the corporate bond market. For the years ended June 30, 2020 and 2019, the ETF experienced positive returns of 11.04% and 12.50%, respectively. The share price of the ETF increased from \$123.67 at June 30, 2019, to \$133.90 at June 30, 2020.

iShares JP Morgan USD Emerging Markets Bond ETF (EMB)

The iShares JP Morgan USD Emerging Markets Bond ETF seeks to track the JP Morgan EMBI Global Core Index. The ETF seeks to track the investment results of an index composed of U.S. dollar-denominated, emerging market bonds. The index is a broad, diverse U.S. dollar denominated emerging markets debt benchmark that tracks the total return of actively traded debt instruments in emerging market countries. For the years ended June 30, 2020 and 2019 the ETF experienced positive returns of 0.56% and 12.42%, respectively. The share price of the ETF decreased from \$112.44 at June 30, 2019, to \$108.57 at June 30, 2020.

Discussion and **Analysis**

(continued)

Wealthfront 529 College Savings Plan

(A Fiduciary Fund of the State of Nevada) Year ended June 30, 2020

iShares Short Treasury Bond ETF (SHV)

The iShares Short Treasury Bond ETF seeks to track the ICE U.S. Treasury Short Bond Index composed of U.S. Treasury bonds with remaining maturities between one month and one year. The index is market value weighted and is designed to include U.S. dollar denominated, fixed rate securities with minimum term to maturity greater than one month and less than or equal to one year. For the years ended June 30, 2020 and 2019, the ETF experienced positive returns of 1.85% and 2.35%, respectively. The share price of the ETF increased from \$110.65 at June 30, 2019, to \$110.72 at June 30, 2020.

Recent Developments

COVID-19 Impact

As of the date of issuance, the COVID-19 pandemic continues to have an adverse impact on both domestic and global financial markets. Management of the Plan is unable to accurately predict how the COVID-19 pandemic will impact the Plan, account owner savings behavior, or the volume of withdrawals due to uncertainties surrounding the severity of the disease and the duration of its outbreak.

Requests for Information

This financial report is designed to provide a general overview of the Plan's financial status and changes in financial status. Additional information can be found at www.wealthfront.com/529. If you have any questions about the information provided, please contact support@wealthfront.com or 1-844-995-8437.



Ernst & Young LLP 560 Mission Street Suite 1600 San Francisco, CA 94105 Tel: 415-894-8000 www.ey.com

Report of Independent Auditors

The Board of Trustees of the College Savings Plans of Nevada, Management of Ascensus Broker Dealer Services, LLC., and Management of Wealthfront Corporation.

Report on the Financial Statements

We have audited the accompanying statement of fiduciary net position and statement of changes in fiduciary net position of the Wealthfront 529 College Savings Plan (the Plan) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Ernst & Young LLP 560 Mission Street Suite 1600 San Francisco, CA 94105 Tel: 415-894-8000 www.ey.com

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Plan as of June 30, 2020, and the changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 1 - 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plan's basic financial statements. The supplementary schedules of fiduciary net position by portfolio option and changes in fiduciary net position by portfolio option are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedules of fiduciary net position by portfolio option and changes in fiduciary net position by portfolio option are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the supplementary schedules of fiduciary net position by designated portfolio and changes in fiduciary net position by designated portfolio are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Ernst & Young LLP 560 Mission Street Suite 1600 San Francisco, CA 94105 Tel: 415-894-8000 www.ey.com

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated October 1, 2020 on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control over financial report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

Ernet + Young LLP

October 1, 2020

of Fiduciary Net Position

Wealthfront **529 College Savings** Plan (A Fiduciary Fund of the State of Nevada)

June 30, 2020

| ASSETS Investments Cash | \$ 276,762,638 8,128,867 |
|--|-----------------------------|
| Total Assets | 284,891,505 |
| LIABILITIES Payables for investments purchased Withdrawals payable Accrued asset-based designated portfolio fees | 870,578 13,512 13,868 |
| Total Liabilities | 897,958 |
| NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES | \$ 283,993,547 |

See accompanying notes to financial statements.

of Changes in Fiduciary Net Position

Wealthfront **529** College Savings Plan (A Fiduciary Fund of the State of Nevada)

Year ended June 30, 2020

| ADDITIONS | |
|---|-------------------|
| Contributions | \$ 81,207,237 |
| Investment income: | |
| Dividends | 6,693,814 |
| Net decrease in the fair value of investments | (3,858,389) |
| Net investment income | 2,835,425 |
| Total Additions | 84,042,662 |
| DEDUCTIONS | |
| Withdrawals | 12,819,395 |
| Asset-based account fees | 487,715 |
| Asset-based designated portfolio fees | 148,942 |
| Total Deductions | 13,456,052 |
| NET INCREASE | 70,586,610 |
| NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF YEAR | 213,406,937 |
| NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF YEAR | \$ 283,993,547 |

Wealthfront **529 College Savings** Plan

(A Fiduciary Fund of the State of Nevada) June 30, 2020

(1) ORGANIZATION AND NATURE OF OPERATIONS

The Nevada College Savings Trust Fund (the Trust) is a trust created under Title 31, Chapter 353B of the Nevada Revised Statutes, as amended in 2001, which holds the assets of the Wealthfront 529 College Savings Plan (the Plan) and five other education savings options offered through the Nevada College Savings Program (the Program). The Trust is administered by the Board of Trustees of the College Savings Plans of Nevada (the Board) for which the Nevada State Treasurer serves as chairperson. The Plan is also administered by the Board and is designed to satisfy the requirements of Section 529 of the Internal Revenue Code of 1986, as amended from time to time, and any regulations and other guidance issued thereunder (collectively referred to as "Section 529"). The Plan is designed as a savings vehicle for qualified higher education expenses. In addition, up to \$10,000 may be withdrawn each year for tuition in connection with enrollment or attendance at an elementary or secondary public, private, or religious school. Account owners purchase interests issued by the Trust (Trust Interests) in exchange for contributions, as more fully disclosed in Note 2(K).

The Plan is included in the financial reporting entity of the state of Nevada as a fiduciary fund. Fiduciary funds are used to report assets that are held in a trust or agency capacity for others and therefore cannot be used to support a government's own programs.

These accompanying financial statements address only the Plan and do not represent the financial position or changes in financial position of the Trust, the Program, any other plan offered in the Program, or any other fiduciary fund of the state of Nevada.

Pursuant to the Direct Program Management Agreement, Ascensus Broker Dealer Services, LLC (ABD) serves as the Program Manager. As Program Manager, ABD (and its affiliates) is responsible for the day-to-day operations of the Plan and provides administration and recordkeeping services. ABD, a registered broker-dealer and a member of the Financial Industry Regulatory Authority (FINRA), is a wholly-owned subsidiary of Ascensus Group LLC.

Wealthfront Inc. (Wealthfront) serves as investment adviser, and its wholly-owned subsidiary, Wealthfront Brokerage Corporation (WBC) serves as the distributor for the Plan. Wealthfront also provides certain marketing services for the Plan pursuant to an Operating Agreement. Wealthfront is an automated investment service registered with the Securities and Exchange Commission (SEC). WBC is a registered broker-dealer and member of FINRA.

The Bank of New York Mellon Corporation (BNY Mellon) is the custody and accounting agent for the Plan, responsible for maintaining a custody account to provide for the safekeeping and recordkeeping of certain assets invested in the Plan.

Wealthfront constructs an individual portfolio for each account owner using up to nine designated portfolios, each of which contains a single underlying exchange-traded fund (ETF). Each individual portfolio provides a diversified asset allocation based on the account owner's unique risk score, which is determined based on the account owner's responses to a risk questionnaire. An account

Wealthfront 529 College Savings Plan

(A Fiduciary Fund of the State of Nevada) June 30, 2020

owner's individual portfolio will then be assigned to one of twenty glide paths based on the beneficiary's expected matriculation date. Each glide path gradually shifts the allocations of the designated portfolios in the account owner's individual portfolio to progressively decrease the expected risk as the beneficiary approaches the expected matriculation date.

The performance of any individual portfolio is dependent on the performance of the ETF in that designated portfolio. Account owners do not own shares of the ETF. Rather, account owners own Trust Interests (also known as "designated portfolio units"), as more fully disclosed in Note 2(K). A designated portfolio unit is a municipal fund security.

The Wealthfront 529 College Savings Plan Description and Participation Agreement contains further important information about the Plan.

(2) SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies used in the preparation of the Plan's financial statements.

- (A) Basis of accounting In accordance with accounting principles generally accepted in the United States of America applicable to fiduciary fund types prescribed by the Governmental Accounting Standards Board (GASB), the Plan's basic financial statements are prepared using the flow of economic resources measurement focus and accrual basis of accounting.
- (B) Investment valuation Accounting standards categorize fair value measurements according to a hierarchy that is based on valuation inputs used to measure fair value. Level 1 inputs are quoted prices for identical assets in active markets that can be accessed at the measurement date. Level 2 inputs are inputs other than quoted prices that are observable for an asset, either directly or indirectly. Level 3 inputs are unobservable. The Plan's ETFs are reported at fair value, based on the closing price per share at the close of the New York Stock Exchange (NYSE) on the reporting date (Level 1 inputs).
- (C) Investment transactions Purchases and sales of shares of ETFs are recorded on a trade-date basis. Gains and losses realized on sales of the ETFs are determined on the average cost basis. Net realized and unrealized gains and losses are reported as "net increase (decrease) in the fair value of investments" on the statement of changes in fiduciary net position.

Income and capital gain distributions, if any, from the ETFs are recorded on the ex-dividend date and are automatically reinvested in additional shares of the respective ETF. Distributions received from the ETFs are reinvested within the applicable designated portfolio. There are no distributions of the EFT's net investment income directly to Plan account owners or designated beneficiaries.

Wealthfront 529 College Savings Plan

(A Fiduciary Fund of the State of Nevada) **June 30, 2020**

- (D) Cash Cash includes uninvested cash maintained to satisfy liquidity needs and net cash balances attributable to account owner transactions. The uninvested cash balances, which are held by BNY Mellon as custody agent for the Plan, total \$7,775,205 at June 30, 2020. Account owner transactions are processed through a demand deposit account maintained with BNY Mellon, the bank balance of which is \$353,661 at June 30, 2020. Balances held in custody and the demand deposit account are insured by the Federal Deposit Insurance Corporation (FDIC), along with any other accounts maintained at BNY Mellon under the same taxpayer identification number, in the aggregate, up to the maximum amount available by law. Amounts in excess of FDIC insurance limits are not collateralized or covered by supplementary insurance.
- (E) Contributions Contributions to the Plan are invested by Wealthfront as directed by the account owner on the same business day if the contribution is received in good order (as determined by Wealthfront) prior to the close of the NYSE or on the next business day if the contribution is received after the close of the NYSE.
- (F) *Withdrawals* An account owner may make withdrawals from his or her account or close his or her account by notifying Wealthfront, although under federal law, the earnings portion of non-qualified withdrawals could be subject to tax and penalties.

In the event of a withdrawal, the net asset value of the withdrawal is calculated at the next close of business of the NYSE after Wealthfront's receipt of the written request in good order (as determined by Wealthfront).

- (G) Transaction-Based Account Fees Transaction fees may be imposed on individual accounts, such as fees for rejected ETFs and priority delivery. These fees are based on fixed amounts per transaction and are paid to ABD. There were no transaction fees during the year ended June 30, 2020.
- (H) Exchanges and transfers As the beneficiary approaches matriculation date, the asset allocation in the individual portfolio will be rebalanced to a more conservative allocation, resulting in automatic investment exchanges between designated portfolios. In addition, account owners may change their risk score up to twice a year, which will result in investment exchanges between designated portfolios. Transfers of funds between designated portfolios are referred to as "exchanges." Under certain conditions, account assets may also be transferred from one beneficiary to another or from one account owner to another. These transactions are referred to as "transfers." The amounts of contributions and withdrawals reported on the statement of changes in fiduciary net position do not include exchanges or transfers, as these have no impact on the overall financial position of the Plan.
- (I) *Income taxes* The Plan has been designed to comply with the requirements for treatment as a "qualified tuition program" under Section 529, and any regulations or other guidance issued thereunder. As such, the Plan is exempt from federal and state income tax.

Wealthfront 529 College Savings Plan

(A Fiduciary Fund of the State of Nevada) June 30, 2020

- (J) Use of estimates The preparation of basic financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.
- (K) Trust interests An account owner's beneficial interest in a designated portfolio is evidenced by Trust Interests. Trust Interests are municipal fund securities and are not guaranteed by the state of Nevada, the Board, any other governmental entities, or Wealthfront or ABD or any of their respective affiliates, nor have they been registered with the SEC or any other federal or state governmental agency. Contributions and withdrawals are subject to terms and limitations defined in the Wealthfront College Savings Plan Description and Participation Agreement between the account owner and the Plan. The value of Trust Interests attributable to an account owner is determined based on the net asset value of each designated portfolio in which the account owner is invested and the number of units of each designated portfolio held by the account owner.
- (L) Indemnification Neither the state of Nevada, the Board, Wealthfront, ABD nor any other person, indemnifies any account owner or designated beneficiary against losses or other claims arising from the official or unofficial acts, negligent or otherwise, of Board members or state of Nevada employees. Wealthfront has entered into contracts that contain a variety of representations and warranties that provide general indemnifications. Wealthfront's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against Wealthfront that have not yet occurred. However, Wealthfront expects the risk of loss to be remote.

Wealthfront 529 College Savings Plan

(A Fiduciary Fund of the State of Nevada) June 30, 2020

(3) INVESTMENTS

| Underlying Fund | Asset Class | Fair Value une 30, 2020 |
|---|----------------------------------|----------------------------|
| iShares Short Treasury Bond ETF | US Treasury Bills | \$ 5,836,441 |
| iShares iBoxx \$ Investment Grade Corporate | US Investment Grade | 39,784,831 |
| Bond ETF | Corporate Bonds | |
| Vanguard Short-Term Inflation-Protected | US Inflation-Protected Bonds | 6,869,778 |
| Securities ETF | | |
| iShares JPMorgan USD Emerging Markets | Emerging Markets Bonds | 21,304,126 |
| Bond ETF | | |
| Vanguard REIT ETF | US Real Estate Investment Trusts | 32,051,234 |
| Vanguard Dividend Appreciation ETF | US Dividend Growth Stocks | 33,773,888 |
| Vanguard Total Stock Market ETF | US Stocks | 54,507,972 |
| Vanguard FTSE Developed Markets ETF | International Developed Stocks | 40,449,203 |
| Vanguard FTSE Emerging Markets ETF | Emerging Markets Stocks | 42,185,165 |
| Total investments | | \$ 276,762,638 |

The fair values of the ETFs in which the Plan invests at June 30, 2020, are as follows:

The following table calculates the net decrease in the fair value of investments during the year ended June 30, 2020:

| Fair value of investments, end of year | \$ 276,762,638 |
|--|-------------------|
| Less cost of investments purchased and investment income | |
| reinvested during the year | (73,039,580) |
| Plus proceeds from investments sold during the year | 549,702 |
| Less fair value of investments, beginning of year | (208,131,149) |
| | |
| Net decrease in the fair value of investments | \$ (3,858,389) |

The ETFs in which the Plan invests are exposed to interest rate, market, and credit risk, and it is at least reasonably possible that changes in their fair values could occur in the near term, materially affecting account owner balances and the amounts reported in the Plan's financial statements. The Wealthfront College Savings Plan Description and Participation Agreement provides further details about risks.

Wealthfront 529 College Savings Plan

(A Fiduciary Fund of the State of Nevada) June 30, 2020

Generally accepted accounting principles require that certain disclosures be made related to the Plan's investment policy and its exposure to credit risk, interest rate risk, and foreign currency risk, which are included in the paragraphs that follow.

- (A) Investment Policy The Board has adopted an investment policy statement that sets forth investment objectives, permitted investments, asset allocation strategies, and performance monitoring applicable to all college savings options offered under the Program. The overarching objective is to provide account owners with a range of investment options, allowing for diverse levels of risk tolerance, return expectations, and time horizons. Permissible broad asset classes include short-term marketable debt securities, fixed-income securities, U.S. equity securities, international equity securities, bank certificates of deposit, and stable value investments. The policy limits the underlying investment vehicles to mutual funds, ETFs, stable value investments, direct holdings of bank certificates of deposit, FDIC-insured savings accounts, or separately managed accounts with investment holdings similar to those permitted under the policy. The Board has retained the services of an investment consultant to monitor the performance of investments against standard benchmarks. There are no provisions of the policy that specifically address credit risk, interest rate risk, concentrations of credit risk, or foreign currency risk.
- (B) Credit Risk The Plan may be indirectly exposed to credit risk, which is the risk that a bond issuer will fail to pay interest and principal, when due, as a result of adverse market or economic conditions, through its holdings in iShares Short Treasury Bond ETF, iShares iBoxx \$ Investment Grade Corporate Bond ETF, Vanguard Short-Term Inflation-Protected Securities ETF, and iShares JP Morgan USD Emerging Markets Bond ETF. All securities, varying from the highest quality to the very speculative, have some degree of credit risk.

Custodial credit risk is the risk, that in the event of the failure of the counterparty to a transaction, an investor will not be able to recover the value of investments that are in the possession of an outside party. Shares of ETFs are not exposed to custodial credit risk.

Except as detailed in Note 3(C), credit quality ratings are not available for the ETFs in which the Plan invests, as these ETFs are not rated by a nationally recognized statistical rating organization.

(C) Interest Rate Risk – Certain of the ETFs are exposed to interest rate risk, which is the risk that changes in interest rates will adversely impact the fair value of an investment. Weighted average maturity, which is the average length of time until fixed-income securities held by a fund reach maturity and will be repaid, is a measure of sensitivity to changes in interest rates. In general, the longer the weighted average maturity, the more a fund's share price will fluctuate in response to changes in interest rates. The calculation of weighted average maturity takes into consideration the possibility that the issuer may call the security before its maturity date and the proportion of total fund assets represented by each security.

Wealthfront 529 College Savings Plan

(A Fiduciary Fund of the State of Nevada) June 30, 2020

The iShares Short Treasury Bond ETF, iShares iBoxx \$ Investment Grade Corporate Bond ETF, Vanguard Short-Term Inflation-Protected Securities ETF and iShares JP Morgan USD Emerging Markets Bond ETF invest in debt securities and may be exposed to interest rate risk.

As of June 30, 2020, the fair value of these ETFs, along with each ETF's respective weighted average maturity and credit rating (Standard & Poor's), are as follows:

| |] | Fair Value | Weighted Average Maturity | Credit Rating |
|---|----|------------|------------------------------|------------------|
| iShares Short Treasury Bond ETF | \$ | 5,836,441 | 0.34 years | AAAf |
| iShares iBoxx \$ Investment Grade Corporate Bond ETF | \$ | 39,784,831 | 13.58 years | BBB+f |
| Vanguard Short-Term Inflation- | Ψ | 55,701,051 | 15.50 years | |
| Protected Securities ETF | \$ | 6,869,778 | 2.70 years | N/A |
| iShares JPMorgan USD Emerging Markets Bond ETF | \$ | 21,304,126 | 13.26 years | BB-f |

(D) Foreign Currency Risk – There are certain inherent risks involved when investing in international securities that are not present with investments in domestic securities, such as foreign currency exchange rate fluctuations, adverse political and economic developments and the possible prevention or delay of currency exchange due to foreign governmental laws or restrictions. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The iShares JP Morgan USD Emerging Markets Bond ETF, Vanguard FTSE Developed Markets ETF, and Vanguard FTSE Emerging Markets ETF may include foreign securities in their asset holdings, and as such, are exposed to foreign currency risk.

(4) ASSET-BASED FEES

The Board, at its sole discretion, may establish fees as it deems appropriate and may change, or add, fees at any time. In the future, Plan fees could be higher or lower than those discussed below. The Wealthfront College Savings Plan Description and Participation Agreement contains additional important information about the Plan, including information about Plan fees.

(A) Asset-Based Account Fees – Wealthfront charges an annualized Wealthfront advisory fee of 0.25% of the assets in each account for performing advisory services. This fee is assessed against each account and paid to Wealthfront monthly. For Wealthfront clients who opened an account(s) prior to April 1, 2018, the advisory fee is waived for the first \$10,000 of assets in all accounts under management by Wealthfront. Effective April 1, 2018, Wealthfront discontinued this fee waiver for new Wealthfront clients. For Nevada residents, Wealthfront waives the advisory fee on the first \$25,000 of assets under management in all Wealthfront accounts.

Wealthfront 529 College Savings Plan

(A Fiduciary Fund of the State of Nevada) June 30, 2020

(B) Asset-Based Designated Portfolio Fees – Asset-based designated portfolio fees include the Ascensus program management fee and the Board fee. The Ascensus program management fee is a 0.05% annualized fee based on the fiduciary net position of each designated portfolio. This fee is accrued daily and paid monthly to ABD for providing administration and program management services for the Plan. The Board fee is accrued daily and paid monthly to the Board to be used to pay for expenses related to oversight and administration of the Trust. If assets in the Plan are \$5 billion or less, the annualized Board fee is 0.01% of Plan fiduciary net position. If the Plan's fiduciary net position is less than \$1 billion, the Board fee will be an annual fixed fee equal to \$100,000, and Wealthfront will directly pay the portion of the Board fee and the Board fee paid by Wealthfront is not paid from Plan assets. If fiduciary net position of the Plan is greater than \$5 billion, the annualized Board fee will be reduced below 0.01% such that the entire amount of the fees for all designated portfolios equals a fixed annual fee of \$500,000, which is paid to the Board as the Board fee.

Asset-based designated portfolio fees attributable to ABD and the Board for the year ended June 30, 2020, are as follows:

| ABD Board | \$ 124,118 24,824 |
|---|-------------------------|
| Total asset-based designated portfolio fees | \$ 148,942 |

(C) Underlying ETF Fees – Each designated portfolio indirectly bears a pro-rata share of certain expenses of the ETF in which that designated portfolio is invested. The underlying ETF fee is paid to the investment manager/sponsor of the ETF and reduces the amount of income available to be distributed in the form of dividends or capital gains. The underlying ETF fees are not reported in the Plan's financial statements as they are not paid from Plan assets.

(5) UNCERTAINTIES

As of the date of the independent auditor's report, the COVID-19 pandemic continues to have an adverse impact on both domestic and global financial markets. Management of the Plan is unable to accurately predict how the COVID-19 pandemic will impact the Plan, account owner savings behavior, or the volume of withdrawals due to uncertainties surrounding the severity of the disease and the duration of its outbreak.

23 SUPPLEMENTARY SCHEDULE

of Fiduciary Net Position by Designated Portfolio

Wealthfront **529** College Savings Plan (A Fiduciary Fund of the State of Nevada) June 30, 2020

| | Short Treasury Bond Portfolio | Corporate Bond Portfolio | 1 | hort-Term Inflation Protected Securities Portfolio | Emerging Markets Bond Portfolio | REIT Portfolio | | Dividend Stock Portfolio | otal Stock Market Portfolio | ternational Stock Portfolio | Emerging Markets Stock Portfolio | Plan Total |
|--|--|--------------------------------|----|--|--|-------------------------------|----|--------------------------------|-----------------------------------|---------------------------------------|---|--------------------------------|
| ASSETS | | | | | | | | | | | | |
| Investments Cash | \$ 5,836,441 158,115 | \$ 39,784,831 997,363 | \$ | 6,869,778 168,677 | \$ 21,304,126 634,351 | \$ 32,051,234 1,219,281 | \$ | 33,773,888 1,087,494 | \$ 54,507,972 1,605,674 | \$ 40,449,203 933,870 | \$ 42,185,165 1,324,042 | \$ 276,762,638 8,128,867 |
| Total Assets | 5,994,556 | 40,782,194 | | 7,038,455 | 21,938,477 | 33,270,515 | | 34,861,382 | 56,113,646 | 41,383,073 | 43,509,207 | 284,891,505 |
| LIABILITIES Withdrawals payable Payable for investments | 875 | 1,554 | | 656 | 1,077 | 1,599 | | 1,663 | 2,420 | 1,982 | 1,686 | 13,512 |
| purchased Accrued asset-based | - | - | | - | - | 521,844 | | 348,734 | - | - | - | 870,578 |
| designated portfolio fees | 295 | 1,969 | | 342 | 1,062 | 1,625 | | 1,688 | 2,738 | 2,032 | 2,117 | 13,868 |
| Total Liabilities | 1,170 | 3,523 | | 998 | 2,139 | 525,068 | | 352,085 | 5,158 | 4,014 | 3,803 | 897,958 |
| NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES | \$ 5,993,386 | \$ 40,778,671 | \$ | 7,037,457 | \$ 21,936,338 | \$ 32,745,447 | \$ | 34,509,297 | \$ 56,108,488 | \$ 41,379,059 | \$ 43,505,404 | \$ 283,993,547 |
| UNITS OUTSTANDING ⁽¹⁾ | 571,706 | 3,186,270 | | 651,475 | 1,850,102 | 2,939,329 | _ | 2,249,337 | 3,628,635 | 3,509,124 | 3,345,782 | |
| NET ASSET VALUE PER UNIT ⁽²⁾ | \$ 10.48 | \$ 12.80 | \$ | 10.80 | \$ 11.86 | \$ 11.14 | \$ | 15.34 | \$ 15.46 | \$ 11.79 | \$ 13.00 | |

⁽¹⁾ Rounded to the nearest whole unit.

⁽²⁾ Rounded to the nearest hundredth.

SUPPLEMENTARY SCHEDULE

of Changes in Fiduciary Net Position by Designated Portfolio

Wealthfront **529** College Savings Plan (A Fiduciary Fund of the State of Nevada)

Year ended June 30, 2020

| | Short Treasury Bond Portfolio | Corporate Bond Portfolio | Short-Term Inflation Protected Securties Portfolio | Emerging Markets Bond Portfolio | REIT Portfolio | Dividend Stock Portfolio | Total Stock Market Portfolio | International Stock Portfolio | Emerging Markets Stock Portfolio | Plan Total |
|---|--|--------------------------------|--|--|-------------------|--------------------------------|------------------------------------|-------------------------------------|---|----------------|
| ADDITIONS | | | | | | | | | | |
| Contributions | \$ 784,864 | \$ 9,282,611 | \$ 1,228,025 | \$ 5,893,723 | \$ 10,714,499 | \$ 9,608,637 | \$ 15,919,928 | \$ 13,358,145 | \$ 14,416,805 | \$ 81,207,237 |
| Investment income: | | | | | | | | | | |
| Dividends | 66,513 | 1,042,705 | 80,255 | 798,035 | 1,105,485 | 579,938 | 917,863 | 935,303 | 1,167,717 | 6,693,814 |
| Net increase (decrease) in the | | | | | | | | | | |
| fair value of investments | 3,865 | 2,701,474 | 113,513 | (621,999) | (3,405,185) | 391,921 | 2,130,366 | (2,598,286) | (2,574,058) | (3,858,389) |
| Net investment income (loss) | 70,378 | 3,744,179 | 193,768 | 176,036 | (2,299,700) | 971,859 | 3,048,229 | (1,662,983) | (1,406,341) | 2,835,425 |
| Exchanges and transfers in | 5,974,186 | 33,301,441 | 7,752,579 | 13,118,583 | 10,731,345 | 16,381,614 | 20,721,562 | 15,245,639 | 12,671,712 | 135,898,661 |
| Total Additions | 6,829,428 | 46,328,231 | 9,174,372 | 19,188,342 | 19,146,144 | 26,962,110 | 39,689,719 | 26,940,801 | 25,682,176 | 219,941,323 |
| DEDUCTIONS | | | | | | | | | | |
| Withdrawals | 999,357 | 2,084,939 | 690,694 | 1,023,298 | 1,353,213 | 1,274,685 | 2,070,661 | 1,574,307 | 1,748,241 | 12,819,395 |
| Asset-based account fees | 8,776 | 67,792 | 11,353 | 37,190 | 61,208 | 60,192 | 94,727 | 71,805 | 74,672 | 487,715 |
| Asset-based designated | | | | | | | | | | |
| portfolio fees | 2,583 | 20,608 | 3,385 | 11,302 | 18,606 | 18,537 | 29,104 | 21,938 | 22,879 | 148,942 |
| Exchanges and transfers out | 2,789,536 | 32,017,782 | 5,598,417 | 12,408,290 | 12,219,135 | 17,663,283 | 23,079,945 | 16,088,604 | 14,033,669 | 135,898,661 |
| Total Deductions | 3,800,252 | 34,191,121 | 6,303,849 | 13,480,080 | 13,652,162 | 19,016,697 | 25,274,437 | 17,756,654 | 15,879,461 | 149,354,713 |
| NET INCREASE | 3,029,176 | 12,137,110 | 2,870,523 | 5,708,262 | 5,493,982 | 7,945,413 | 14,415,282 | 9,184,147 | 9,802,715 | 70,586,610 |
| NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF YEAR | 2,964.210 | 28,641,561 | 4,166,934 | 16,228,076 | 27,251,465 | 26,563,884 | 41,693,206 | 32,194,912 | 33,702,689 | 213,406,937 |
| NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, | | | | | <u> </u> | <u> </u> | | | | |
| END OF YEAR | \$ 5,993,386 | \$ 40,778,671 | \$ 7,037,457 | \$ 21,936,338 | \$ 32,745,447 | \$ 34,509,297 | \$ 56,108,488 | \$ 41,379,059 | \$ 43,505,404 | \$ 283,993,547 |

Consider the investment objectives, risks, charges and expenses of the Wealthfront College Savings Plan (Plan) carefully before investing. Call 1-844-995-8437 to request a Plan Description and Participation Agreement containing this and other information about the Plan. Read it carefully before investing. If you or the beneficiary are not residents of the state of Nevada, consider before investing whether your or the beneficiary's home state offers a 529 plan that provides its taxpayers with state tax and other benefits not available through this Plan. Please consult your tax adviser.

Interests in the Plan are municipal fund securities issued by the Nevada College Savings Trust Fund (Trust). The value of an investment in the Plan will vary with market conditions. The Plan is administered by the Board of Trustees of the College Savings Plans of Nevada (Board), which is chaired by Nevada State Treasurer Zach Conine. Wealthfront Inc. provides investment management services to the designated portfolios, and markets and distributes the Plan. Ascensus Broker Dealer Services, LLC serves as the Program Manager as well as effects account owner transactions in the Plan. Interests in the Plan are not guaranteed by the Trust, the Plan, the state of Nevada, the Board or any other governmental entities, or any Wealthfront or Ascensus entities and you could lose money.

THE BOARD OF TRUSTEES OF THE COLLEGE SAVINGS PLANS OF NEVADA

Agenda Item 8 December 17, 2020

Item: 2020 Actuarial Valuation Report for the Nevada Higher Education Prepaid Tuition Program (Nevada Prepaid Tuition Program)

Summary:

Under NRS 353B.090, the Board shall develop the Program for the prepayment of tuition at a guaranteed rate, which is established based on an annual actuarial study required pursuant to NRS 353B.190.

The 2020 Actuarial Valuation Report for the Nevada Prepaid Tuition Program as of June 30, 2020 is attached. Please see page A-1 of the for a summary of the program as of June 30, 2020 versus June 20, 2019. The program remains well funded with assets exceeding liabilities and a funded ratio of actuarial value of assets of 165.7% or \$135.66 million in surplus monies.

Tara Hagan, Chief Deputy will be available to answer questions.

Fiscal Impact: None by this action.

Staff recommended motion:

To accept and approve the Fiscal Year 2020 actuarial valuation report of the Nevada Higher Education Prepaid Tuition Program.

Nevada Prepaid Tuition Program Actuarial Valuation Report

As of June 30, 2020





October 15, 2020

The Honorable Zach Conine Treasurer of the State of Nevada Capitol Building Carson City, Nevada 89701

Attention: Ms. Tara Hagan, Chief Deputy Treasurer

Re: Nevada Prepaid Tuition Program Actuarial Valuation as of June 30, 2020

Dear Treasurer Conine:

Gabriel, Roeder, Smith & Company ("GRS") has performed an actuarial valuation of the Nevada Prepaid Tuition Program (the "Program") as of June 30, 2020. The purpose of this actuarial valuation is to evaluate the financial status of the Program as of June 30, 2020.

This report presents the principal results of the actuarial valuation of the Program including the following:

- A comparison of the actuarial present value of the obligations for prepaid tuition contracts purchased through June 30, 2020, with the value of the assets associated with the program as of that same date;
- An analysis of the factors which caused the deficit/surplus to change since the prior actuarial valuation; and
- A summary of the actuarial assumptions and methods utilized in the actuarial calculations.

This report was prepared at the request of the Nevada State Treasurer's Office and is intended for use by the Treasury and those designated or approved by the Treasury. This report may be provided to parties other than the Treasury only in its entirety and only with the permission of the Treasury. This report should not be relied on for any purpose other than the purpose described above. GRS is not responsible for unauthorized use of this report.

The valuation results set forth in this report are based upon data and information, furnished by the Program, concerning Program benefits, financial transactions, and beneficiaries of the Program. We reviewed this information for internal and year-over-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the Program. Further, the data and information provided is through June 30, 2020, and does not reflect subsequent market changes.

There are currently no Actuarial Standards of Practice that specifically refer to prepaid tuition plans. We have followed the guidance from the Actuarial Standards of Practice on pensions due to their similar nature.

The Honorable Zach Conine October 15, 2020 Page 2

The valuation results summarized in this report involve actuarial calculations that require assumptions about future events. The major actuarial assumptions used in this analysis were adopted by and are the responsibility of the Program. We last performed a detailed experience study following the June 30, 2017 Actuarial Valuation. See the assumption letter dated June 18, 2020 for the most recent review of assumptions used in this report. We believe the assumptions are reasonable for the purpose of the measurement and are in compliance with actuarial standards regarding pension calculations, and consequently, for the Program.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: program experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law. We have performed an analysis of the sensitivity of certain changes in future assumptions. It is not possible or practical to consider every possible contingency because we may use summary information, estimates or simplifications of calculations to facilitate the modeling of future events. We may also exclude factors or data that are deemed to be immaterial.

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

This report is not a recommendation to anyone to participate in the Program. GRS makes no representations or warranties to any person participating in or considering participation in the Program. Current and future participants should be aware that the promises of the Program will only be met if the assets of the Program are sufficient to pay its obligations.

To the best of our knowledge, the information contained in this report is accurate and fairly presents the actuarial position of the Nevada Prepaid Tuition Program as of June 30, 2020.

The term "sound" or "actuarially sound" is not explicitly defined in the actuarial standards. To the extent it is used in this report, it refers to the situation where either:

- (1) assets meet or exceed liabilities on the valuation date; or
- (2) assets are expected to meet or exceed liabilities at a future date based on the measurements on the valuation date and the expected future revenue based on the Program's Funding Policy Guideline.

James R. Sparks is a Member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

The signing individuals are independent of the plan sponsor.

Respectfully submitted,

Kennet & allet

Kenneth G. Alberts

KGA/JRS:sc



James R. Sparks, ASA, MAAA

Table of Contents

| | | <u>Page</u> |
|-----------|---|-------------|
| Section A | Executive Summary | |
| | Summary of Results Summary of Assets and Liabilities | |
| | Funded Status and Change in Surplus/(Deficit) | |
| | Discussion | |
| Section B | Program Description | |
| | Summary of Program Description | B-1 |
| Section C | Valuation Results | |
| | Principal Valuation Results | C-1 |
| | Year to Year Change in Actuarial Calculations | C-3 |
| Section D | Fund Assets | |
| | Statement of Program Assets | D-1 |
| | Reconciliation of Program Assets | |
| | Development of Actuarial Value of Assets | D-3 |
| Section E | Participant Data | |
| | Member Data Beginning to End of Year Summary | |
| | Member Matriculation Summary | |
| | Member Payment Option Summary | E-3 |
| Section F | Methods and Assumptions | |
| | Valuation Methods and Assumptions | F-1 |
| Section G | Sensitivity Analysis | |
| | Sensitivity Analysis Description | |
| | Sensitivity Analysis Summary | |
| | Projections | G-3 |



SECTION A

EXECUTIVE SUMMARY

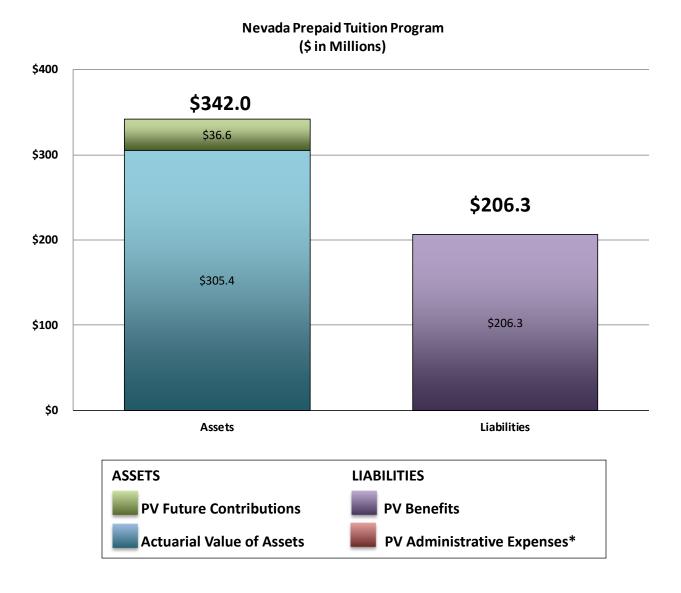
Summary of Results

| Valuation Date: | June 30, 2020 | J | une 30, 2019 |
|---|---|-----------------|---|
| Membership Summary: Counts Contract Payments in Progress Contract Payments Fully Paid Delinquent in Contract Payments Benefit Payments in Progress Deferred Benefits Total | 3,178 5,199 394 3,054 <u>338</u> 12,163 | | 3,486 5,198 368 2,936 <u>317</u> 12,305 |
| Assets Actuarial Value of Assets Present Value of Future Contract Payments Total | \$ 305,358,457 36,642,229 \$ 342,000,686 | \$ \$ | 38,601,915 |
| Rate of Return on Actuarial Value of Assets for Fiscal Year Ended June 30 | 6.58% | | 6.38% |
| Actuarial Liabilities (Present Value of Future Tuition Payments, Refunds and Fees) | \$ 206,345,090 | \$ | 211,104,774 |
| Surplus/(Deficit) | \$ 135,655,596 | \$ | 115,250,768 |
| Funded Ratio* | 165.7% | | 154.6% |

* The Funded Ratio is the ratio of the Actuarial Value of Assets to actuarial liabilities as defined in the Program's Funding Policy Guideline. This ratio may not be appropriate for determining the Program's settlement costs. This ratio is appropriate for determining the need for future contributions from sources other than payments due from current contracts. A ratio above 100% indicates that additional future contributions from sources other than current contracts are not currently needed to cover liabilities for current contracts under the current set of assumptions. The funded status as of June 30, 2020 would be 169.1% if the Market Value of Assets was used. The rate of return on a Market Value basis for the 2020 fiscal year was 4.24%.



Summary of Assets and Liabilities as of June 30, 2020



*Present Value of Administrative Expenses is shown as zero, assuming administrative expenses continue to be paid from the College Savings Endowment Fund.



Funded Status as of June 30, 2020

| Surplus/(Deficit) as of June 30, 2020 | \$135,655,596 |
|--|---------------|
| Actuarial Value of Assets (Including the Present Value of Installment Contract Receivables) | \$342,000,686 |
| Actuarial Present Value of Future Tuition Payments, Fees and Expenses | \$206,345,090 |

Change in Surplus/(Deficit)

| | Su | ırplus/(Deficit) |
|---|--|---|
| (1.) Value as of June 30, 2019 | \$ | 115,250,768 |
| (2.) Contract Payments | \$ | - |
| (3.) Admin Fees net of Admin Contributions^ | \$ | - |
| (4.) Interest on (1.), (2.), and (3.) at Assumed Market Rate of Return | \$ | 6,050,666 |
| (5.) New Enrollment Group # | <u>\$</u> | 504,315 |
| (6.) Projected Values at June 30, 2020 [(1.) + (2.) + (3.) + (4.) + (5.)] | \$ | 121,805,749 |
| (7.) Change Due to: a. Investment Experience Above/(Below) Assumed b. Tuition/Fee Inflation c. Change in Short-Term Tuition Increase Assumptions (HEPI) d. Change in Long-Term Tuition Increase Assumptions e. Other Program Experience During Fiscal Year 2020 @ Total | \$ \$ \$ \$ \$ \$ \$ | 3,824,280 - 2,902,066 3,947,123 3,176,378 13,849,847 |
| (8.) Actual Value as of June 30, 2020 [(6.) + (7.)] | \$ | 135,655,596 |

^ Administrative fees are covered by a contribution from the Endowment Fund.

Determined before change in assumptions.

@ All other plan experience such as data changes, downgrades, upgrades, change of beneficiaries, using credits faster or slower than assumed, refunds, etc.



Actuarial Valuation

Gabriel, Roeder, Smith & Company ("GRS") has performed an actuarial valuation of the Nevada Prepaid Tuition Program as of June 30, 2020.

The primary purposes of the actuarial valuation are to:

- Determine the actuarial present value of the obligations for prepaid tuition contracts purchased through June 30, 2020 and compare such liabilities with the value of the assets associated with the Program as of that same date; and
- Analyze the factors which caused the deficit/surplus to change since the prior actuarial valuation.

This report summarizes the results under the current assumptions and also presents the impact of variances in the rate of tuition and fee increases as well as the rate of investment return on assets.

In addition, the report provides summaries of the member data, financial data, Program provisions, and actuarial assumptions and methods.

The actuarial standards do not define the term "sound" or "actuarially sound." For purposes of this report, we are defining this term to mean the following:

- (1) Assets meet or exceed liabilities on the valuation date; or
- (2) Assets are expected to meet or exceed liabilities at a future date based on the measurements on the valuation date and the expected future revenue based on the Program's Funding Policy Guideline.

Under this definition, the Program is actuarially sound, based on the actuarial assumptions used in this valuation.

Financial Status of Program

As of June 30, 2020, the present value of all future tuition obligations under contracts outstanding (and excluding estimated future administrative expenses) at that date is \$206.3 million. Fund assets as of June 30, 2020, including the Actuarial Value of Program Assets and the present value of installment contract receivables, are \$342.0 million.

The difference between the Actuarial Value of Assets of \$342.0 million and Program obligations of \$206.3 million represents a Program surplus of \$135.7 million. The comparable Program surplus as of the last actuarial valuation as of June 30, 2019 was \$115.3 million.

Under the approved assumptions, the Program is 165.7% funded and is expected to be able to pay benefits on behalf of all current contracts.

This surplus acts as a risk reserve to mitigate future experience losses.



Gain/Loss Analysis

The Program experienced continued improvement in the funded status during the year ending June 30, 2020 due to gains from several sources. This gain was primarily attributed to (1.) favorable investment return and (2.) lower than assumed short-term future tuition increases. Additionally, the long-term rates of future tuition increases were decreased (See Assumption Changes) resulting in additional gain.

- 1. While the return on a Market Value basis was 4.24%, the Actuarial Value of Assets which uses a 5year smoothing method recognized a rate of return of 6.58% (versus 5.25% assumed). In addition, any investment income on the surplus acts as an additional gain to the Program.
- 2. The 2019 Higher Education Price Index (HEPI) (determines the assumed tuition increase for the 2023/2024 academic year) increased year over year by 2.50% which is lower than the previously assumed rates of 4.50% for 4-year colleges & 3.75% for 2-year colleges.

Assumption Changes

Assumptions for the June 30, 2020 actuarial valuation were approved by the Treasurer and are summarized in the annual assumption letter dated June 18, 2020. Changes from the prior valuation included reducing the long-term annual rates of future tuition increases for 4-year and 2-year colleges as described below:

- 1. 4-year colleges long-term tuition increase assumption reduced from 4.50% to 4.00%.
- 2. 2-year colleges long-term tuition increase assumption educed from 3.75% to 3.50%.

Between the June 30, 2018 and June 30, 2019 Actuarial Valuation cycles, the Nevada Board of Regents approved the "Predictable Pricing Program" which is intended to base future tuition and fees on the Higher Education Price Index (HEPI) and provide more certainty in the short-term increases. Under this program, the short-term tuition increases (through the 2023/2024 academic year for the June 30, 2020 valuation) are determined based on a formula adopted by the Board of Regents and HEPI data that is available as of June 30, 2020. In order for experience between now and Fiscal Year 2024 to differ from assumed, either the Board of Regents would need to revise decisions already made affecting those years or Commonfund (publisher of HEPI) would need to restate data for 2019 or earlier.

Technical Valuation Programming Updates

There were no changes in the valuation methodology since the June 30, 2017 Actuarial Valuation.

Data

Member data is received from the program and compared with prior years' data for general consistency. No changes were made to the provided data. However, 7 contracts indicated they were fully utilized and were not valued. As of June 30, 2020, there are 250 contracts which are more than 10 years past the contract's projected matriculation year (See schedule on page E-2). It is recommended that program staff review these contracts to confirm the data correctly reflects their current status in the program (i.e., still eligible for utilization of benefits). Note, newly purchased contracts generally only have 6 years from the projected matriculation year to utilize benefits.



Benefit Provisions

There were no benefit provision changes since the June 30, 2019 valuation.

Annual Benefit Payouts

Annual benefit payouts have continued to be less than expected over the last several valuations resulting in experience gains. Utilization assumptions were lowered during the experience study. This resulted in the actual benefit payouts to be closer to expected (\$18.8 million in tuition payments and refunds expected versus \$15.0 actual), but still in excess. In prior years, this gap was significantly larger. If the trend continues over the period between experience studies, we will recommend additional adjustments to the assumptions in the next experience study.

Reconciliation of Funded Status Change

| | Su | rplus/(Deficit) | Funded % |
|---|----|-----------------|----------|
| June 30, 2019 | \$ | 115,250,768 | 154.6% |
| Interest at Assumed Return (5.25%) | | 6,050,666 | 2.9% |
| Investment Experience above/(below) Assumed | | 3,824,280 | 1.8% |
| New Contract Experience | | 504,315 | 0.2% |
| Actual vs. Expected Tuition/Fee Inflation | | - | 0.0% |
| Change in Short-Term Tuition Increase Assumption (HEPI) | | 2,902,066 | 1.4% |
| Change in Long-Term Tuition Increase Assumption | | 3,947,123 | 1.9% |
| Other Experience | | 3,176,378 | 1.5% |
| Change in %'s due to decreasing/(increasing) liabilities* | | N/A | 1.4% |
| June 30, 2020 | \$ | 135,655,596 | 165.7% |

* The denominator of the funded status calculation at the beginning of year (June 30, 2019) is based upon the June 30, 2019 total liabilities, while the June 30, 2020 funded status is based upon of the June 30, 2020 total liabilities.



Asset Methodology

In accordance with the Funding Policy Guideline adopted by the Program, this valuation uses a smoothing process in determining the Actuarial Value of Assets (also known as the Funding Value of Assets). This process immediately recognizes the expected return. Twenty percent (20%) of the difference between the actual and expected return is also recognized in the current year and 20% is recognized in each of the next 4 years. The Actuarial Value of Assets is not allowed to deviate by more than 20% from the market value. This smoothing process is intended to provide a more stable valuation from year to year. This method was first implemented in the June 30, 2015 Actuarial Valuation.

Reported Assets

The reported June 30, 2020 market value of assets was \$131 less than what would be obtained from summing the reported June 30, 2019 market value and reported Fiscal Year 2020 revenues and expenditures. For purposes of this valuation, reported investment income was adjusted to force the assets to balance.

Program Payments Modeled

All reported assets were assumed to be available to pay Program payments (tuition and refunds). No non-Program payments were assumed to occur.



SECTION B

PROGRAM DESCRIPTION

Summary of Program Description Evaluated June 30, 2020

Purchasing Contracts – Contract holders may purchase contracts during an enrollment period for newborns to 9th graders. These contracts lock in the cost of tuition for the contract holder at the time of purchase. The holder may choose between a variety of school types and credit hours. Contracts available for purchase include the following:

- University Plans
 - 4-Year University (120 University Level Credit Hours)
 - 2-Year University (60 University Level Credit Hours)
 - o 1-Year University (30 University Level Credit Hours)
- Community College Plan
 - 2-Year Community College (60 Community College Credit Hours)
- University and Community College Plan
 - 2-Year Community College and 2-Year University (60 Community College and 60 University Credit Hours)

Contract Payments – Contract holders may agree to pay their contracts off in a variety of ways:

- Lump-Sum Payment (Full Contract paid in full at time of enrollment to the Program)
- **10-Year Payments*** (120 monthly payments after purchase of contract)
- **5-Year Payments*** (60 monthly payments after purchase of contract)
- **Extended Payments*** (Monthly payments after purchase of contract for defined period up to and including the year of high school matriculation)

* Members may also elect monthly payment options with an additional down payment made at the time of enrollment to the Program.

Tuition Payments – When the beneficiary matriculates, the portion of tuition covered by the Program will be dependent on the school of which they attend and the plan they purchased. The program will pay the tuition (also known as registration fees) for all public Universities or Community Colleges in the state. If the beneficiary elects to attend a private or out-of-state University or Community College, the Program will pay out up to the maximum amount that it would have paid to a Nevada school under the matching contract that was purchased. If a beneficiary graduates with remaining credits, those credits can be used for graduate school.

Refunds – If a contract purchaser elects to withdraw from the plan, the amount refunded will be equal to the sum amount the purchaser has paid into the plan less any fees and/or monies paid to a school on the student's behalf.

Usage Period – Contracts have a 6-year period from the expected matriculation date to utilize credits. Contract extensions are allowed for religious, volunteer or military service.



SECTION C

VALUATION RESULTS

Principal Valuation Results as of June 30, 2020

| | 2020 | 2019 |
|--|-------------------|-------------------|
| Number of Members | | |
| a. Contract Payments in Progress | 3,178 | 3,486 |
| b. Contract Payments Fully Paid | 5,199 | 5,198 |
| c. Delinquent in Contract Payments | 394 | 368 |
| d. Benefit Payments in Progress | 3,054 | 2,936 |
| e. Deferred Benefits | 338 | 317 |
| f. Total | 12,163 | 12,305 |
| Assets | | |
| a. Actuarial Value of Assets | \$ 305,358,457 | \$ 287,753,627 |
| b. PV Future Member Contributions | 36,642,229 | 38,601,915 |
| c. Total Actuarial Value of Assets | \$ 342,000,686 | \$ 326,355,542 |
| Actuarial Results Liabilities - Tuition and Fees | \$ 206,345,090 | \$ 211,104,774 |
| Liabilities - Present Value of Future Administrative Expenses | - | - |
| Liabilities Total | \$ 206,345,090 | \$ 211,104,774 |
| Surplus/(Deficit) | \$ 135,655,596 | \$ 115,250,768 |
| Funded Ratio | 165.7% | 154.6% |



Principal Valuation Results as of June 30, 2020 (Concluded)

| | 2020 | | 2019 |
|-------------------------------------|-------------------|----|-------------|
| Assets | | | |
| a. Actuarial Value of Assets | \$ 305,358,457 | \$ | 287,753,627 |
| b. PVFMC* (Short Term) ^a | 8,506,085 | | 8,865,168 |
| c. PVFMC* (Long Term) ^b | 28,136,144 | _ | 29,736,747 |
| d. Total Actuarial Value of Assets | \$ 342,000,686 | \$ | 326,355,542 |
| Actuarial Present Value of Tuition, | | | |
| Refunds, Fees and Admin Expenses | | | |
| a. Short Term ^a | \$ 19,181,635 | \$ | 18,350,735 |
| b. Long Term [°] | 187,163,455 | | 192,754,039 |
| c. Total | \$ 206,345,090 | \$ | 211,104,774 |
| Surplus/(Deficit) | \$ 135,655,596 | \$ | 115,250,768 |
| Funded Ratio | 165.7% | | 154.6% |

* Present Value of Future Member Contributions.

^{*a*} Present Value of amounts in following year.

^b Present Value of amounts after first year.



Year to Year Change in Actuarial Calculations

| | Present Value of Benefits | PV Future Member Contributions | Funding Value of Assets | Surplus/(Deficit) |
|---|---|--------------------------------------|----------------------------|-------------------------------------|
| | (i) | (ii) | (iii) | (iii) + (ii) - (i) |
| (1.) Values as of June 30, 2019 | \$ 211,104,774 | \$ 38,601,915 | \$ 287,753,627 | \$ 115,250,768 |
| (2.) Contract Payments | \$- | \$ (9,010,046) | \$ 9,010,046 | \$- |
| (3.) Tuition Payments, Refunds, Admin Fees net of Admin Contributions [^] | \$ (14,883,755) | \$- | \$ (14,883,755) | \$- |
| (4.) Interest on (1.), (2.), and (3.) at Assumed Market Rate of Return | \$ 10,692,302 | \$ 1,790,087 | \$ 14,952,881 | \$ 6,050,666 |
| (5.) New Enrollment Group # | \$ 9,783,992 | \$ 5,586,929 | \$ 4,701,378 | \$ 504,315 |
| (6.) Projected Values at June 30, 2020 [(1.) + (2.) + (3.) + (4.) + (5.)] | \$ 216,697,313 | \$ 36,968,885 | \$ 301,534,177 | \$ 121,805,749 |
| (7.) Change Due to: a. Investment Experience Above/(Below) Assumed* b. Tuition/Fee Inflation | \$ - | \$ | \$ 3,824,280 - | \$ |
| c. Change in Short-Term Tuition Increase Assumptions (HEPI) d. Change in Long-Term Tuition Increase Assumptions e. Other Program Experience During Fiscal Year 2020 @ | (2,902,066) (3,947,123) (3,503,034) | - | - | 2,902,066 3,947,123 3,176,378 |
| (8.) Total [(7.)a. + (7.)b. + (7.)c. + (7.)d. + (7.)e.] | \$ (10,352,223) | \$ (326,656) | \$ 3,824,280 | \$ 13,849,847 |
| (9.) Actual Values as of June 30, 2020 [(6.) + (8.)] | \$ 206,345,090 | \$ 36,642,229 | \$ 305,358,457 | \$ 135,655,596 |

^ Administrative fees are covered by a contribution from the Endowment Fund.

Determined before change in assumptions.

* Investment Experience on Actuarial Value of Assets includes any differentiation in Market Value of Assets as provided by the Program.

@ All other plan experience such as data changes, downgrades, upgrades, change of beneficiaries, using credits faster or slower than assumed, refunds, etc.



SECTION D

FUND ASSETS

Statement of Program Assets (at Market Value)

Nevada Prepaid Tuition Program Statement of Program Market Value of Assets Year Ended June 30, 2020

| 1. Cash | \$ 3,492,007 |
|---------------------------------------|-------------------|
| 2. Total Equity | \$ 160,630,739 |
| 3. Fixed Income | \$ 89,293,342 |
| 4. Other Investments | \$ 58,799,881 |
| 5. Net Assets = (1) + (2) + (3) + (4) | \$ 312,215,969 |



Reconciliation of Program Assets

Nevada Prepaid Tuition Program

Statement of Changes in Program Market Value of Assets

Year Ended June 30, 2020

| 1. Market Value of Assets at Beginning of Year | \$ 300,775,948 |
|--|--------------------|
| 2. Changes During Year | |
| a. Additions | |
| (i) Investment Income | \$ 12,875,453 * |
| (ii) Contract Payments | 13,591,170 |
| (iii) Administration Fees | 77,400 |
| (iv) Transfers from Endowment Account | 793,692 |
| Total Additions = (i) + (ii) + (iii) + (iv) | \$ 27,337,715 |
| b. Deductions | |
| (i) Tuition Payments | \$ 11,999,639 |
| (ii) Refunds | 2,961,516 |
| (iii) Administration Expenses | 793,692 |
| (iv) Investment Expenses | 142,847 |
| Total Deductions = (i) + (ii) + (iii) + (iv) | \$ 15,897,694 |
| Net Increases (Decreases) During Year = a - b | \$ 11,440,021 |
| 3. Market Value of Assets at End of Year = 1 + 2 | \$ 312,215,969 |
| 4. Purchased Interest | \$ - |
| 5. Net Market Value of Assets at End of Year = 3 + 4 | \$ 312,215,969 |

* Investment Income includes -\$131.18 variance in reported assets. Inclusion of this cash flow as investment income does not have a significant effect on valuation results.



Development of Actuarial Value of Assets

| Year Ended June 30 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|--|--|--|--|------------------------------------|---------------------------|
| A. Actuarial Value of Assets Beginning of Year | \$ 268,493,377 | \$ 287,753,627 | | | | |
| B. Market Value End of Year | 300,775,948 | 312,215,969 | | | | |
| C. Market Value Beginning of Year | 280,640,639 | 300,775,948 | | | | |
| D. Non-Investment/Administrative Net Cash Flow D1. Contract Payments, Admin Fees, Endowment Contributions D2. Tuition Payments, Refunds, Admin Expenses D3. Total Net Cash Flow: D1+D2 | 16,631,611 (14,558,015) 2,073,596 | 14,462,262 (15,754,847) (1,292,585) | | | | |
| E. Investment Return E1. Market Total: B-C-D3 E2. Assumed Rate of Return E3. Assumed Amount of Return E4. Amount Subject to Phase-In: E1-E3 | 18,061,713 5.00% 13,476,509 4,585,204 | 12,732,606 5.25% 15,073,135 (2,340,529) | | | | |
| F. Phased-In Recognition of Investment Return F1. Current Year: 0.20 x E4 F2. First Prior Year F3. Second Prior Year F4. Third Prior Year F5. Fourth Prior Year F6. Total Phase-Ins | 917,041 1,864,078 2,250,658 (739,390) (582,242) 3,710,145 | (468,106) 917,041 1,864,078 2,250,658 (739,391) 3,824,280 | \$ (468,106) 917,041 1,864,078 2,250,658 4,563,671 | \$ (468,106) 917,041 <u>1,864,077</u> 2,313,012 | \$ (468,106) 917,040 448,934 | \$ (468,105) (468,105) |
| G. Actuarial Value of Assets End of Year G1. Preliminary Actuarial Value End of Year: A+D3+E3+F6 G2. Upper Corridor Limit: 120% x B G3. Lower Corridor Limit: 80% x B G4. Actuarial Value of Assets End of Year | \$ 287,753,627 360,931,138 240,620,758 \$ 287,753,627 | \$ 305,358,457 374,659,163 249,772,775 \$ 305,358,457 | | | | |
| H. Difference Between Market and Actuarial Value | 13,022,321 | 6,857,512 | 2,293,841 | (19,171) | (468,105) | - |
| I. Recognized Rate of Return | 6.38 % | 6.58 % | | | | |
| J. Market Rate of Return | 6.41 % | 4.24 % | | | | |
| K. Ratio of Actuarial Value to Market Value | 96 % | 98 % | | | | |

The Actuarial Value of Assets recognizes assumed investment return (line E3) fully each year. Differences between actual and assumed investment return (line E4) are phased-in over a closed 5-year period. During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than Market Value. During periods when investment performance is less than the assumed rate, Actuarial Value of Assets will tend to be greater than Market Value. If assumed rates are exactly realized for 4 consecutive years, Actuarial Value will become equal to Market Value.



SECTION E

PARTICIPANT DATA

Member Data Beginning to End of Year Summary as of June 30, 2020

| | | Type of Contract | | | | | |
|-------------------------------|-------|------------------|-------|-------|----------------|--------|--|
| | 4-Yr. | 2-Yr. | 1-Yr. | | 2-Yr. Comm. | | |
| | Univ | Univ | Univ | 2+2 | Coll | Total | |
| Beginning of Year (6/30/2019) | 8,453 | 1,318 | 448 | 1,192 | 894 | 12,305 | |
| New Contracts | 340 | 69 | 31 | 52 | 25 | 517 | |
| Removed Contracts | 437 | 96 | 7 | 68 | 51 | 659 | |
| End of Year (6/30/2020) | 8,356 | 1,291 | 472 | 1,176 | 868 | 12,163 | |



Member Matriculation Summary as of June 30, 2020

| Type of Contract | | | | | | | |
|------------------|--------|--------|-------|-------|-------|---------|---------|
| | | | | | 2-Yr. | | |
| Projected | 4-Yr. | 2-Yr. | 1-Yr. | | Comm. | | |
| Enrollment Year | Univ | Univ | Univ | 2+2 | Coll | Тс | otal |
| 2002 | 3 | - | - | 1 | - | 4 | 0.03% |
| 2003 | 9 | - | - | 2 | 1 | 12 | 0.10% |
| 2004 | 10 | - | - | 3 | - | 13 | 0.11% |
| 2005 | 16 | - | - | 2 | 1 | 19 | 0.16% |
| 2006 | 26 | - | - | 8 | 2 | 36 | 0.30% |
| 2007 | 22 | 1 | - | 6 | 2 | 31 | 0.25% |
| 2008 | 31 | 1 | - | 10 | 5 | 47 | 0.39% |
| 2009 | 74 | - | - | 12 | 2 | 88 | 0.72% |
| 2010 | 110 | 3 | - | 7 | 1 | 121 | 0.99% |
| 2011 | 119 | - | - | 16 | 4 | 139 | 1.14% |
| 2012 | 129 | 1 | - | 16 | 5 | 151 | 1.24% |
| 2013 | 150 | 2 | - | 19 | 4 | 175 | 1.44% |
| 2014 | 202 | 11 | 1 | 26 | 9 | 249 | 2.05% |
| 2015 | 204 | 6 | 1 | 22 | 14 | 247 | 2.03% |
| 2016 | 339 | 15 | 2 | 43 | 16 | 415 | 3.41% |
| 2017 | 466 | 24 | 2 | 59 | 25 | 576 | 4.74% |
| 2018 | 562 | 47 | 5 | 57 | 36 | 707 | 5.81% |
| 2019 | 514 | 62 | 14 | 46 | 36 | 672 | 5.52% |
| 2020 | 456 | 86 | 19 | 81 | 54 | 696 | 5.72% |
| 2021 | 497 | 94 | 36 | 57 | 71 | 755 | 6.21% |
| 2022 | 454 | 91 | 42 | 71 | 65 | 723 | 5.94% |
| 2023 | 452 | 76 | 33 | 65 | 57 | 683 | 5.62% |
| 2024 | 401 | 100 | 44 | 79 | 59 | 683 | 5.62% |
| 2025 | 424 | 100 | 34 | 67 | 51 | 676 | 5.56% |
| 2026 | 377 | 107 | 30 | 53 | 45 | 612 | 5.03% |
| 2027 | 318 | 71 | 40 | 61 | 46 | 536 | 4.41% |
| 2028 | 315 | 66 | 22 | 32 | 51 | 486 | 4.00% |
| 2029 | 296 | 54 | 27 | 51 | 44 | 472 | 3.88% |
| 2030 | 278 | 61 | 33 | 43 | 41 | 456 | 3.75% |
| 2031 | 237 | 61 | 17 | 25 | 43 | 383 | 3.15% |
| 2032 | 219 | 36 | 16 | 31 | 18 | 320 | 2.63% |
| 2033 | 159 | 31 | 17 | 28 | 21 | 256 | 2.10% |
| 2034 | 191 | 33 | 18 | 30 | 14 | 286 | 2.35% |
| 2035 | 119 | 28 | 14 | 19 | 12 | 192 | 1.58% |
| 2036 | 103 | 13 | 3 | 16 | 9 | 144 | 1.18% |
| 2037 | 74 | 10 | 2 | 12 | 4 | 102 | 0.84% |
| Total | 8,356 | 1,291 | 472 | 1,176 | 868 | 12,163 | 100.00% |
| | 68.70% | 10.61% | 3.88% | 9.67% | 7.14% | 100.00% | |



| | Type of Contract | | | | | | |
|-----------------------|------------------|--------|-------|-------|-------|---------|---------|
| | | | | | 2-Yr. | | |
| | 4-Yr. | 2-Yr. | 1-Yr. | | Comm. | | |
| Contract Payment Type | Univ | Univ | Univ | 2+2 | Coll | Total | |
| Lump Sum | 3,215 | 448 | 243 | 291 | 227 | 4,424 | 36.37% |
| 5-Year Payments | 2,681 | 321 | 122 | 347 | 304 | 3,775 | 31.04% |
| Extended Payments | 2,460 | 522 | 107 | 538 | 337 | 3,964 | 32.59% |
| | 8,356 | 1,291 | 472 | 1,176 | 868 | 12,163 | 100.00% |
| Total | 68.70% | 10.61% | 3.88% | 9.67% | 7.14% | 100.00% | |



SECTION F

METHODS AND ASSUMPTIONS

Valuation Methods and Assumptions

All actuarial assumptions are expectations of future experience, not market measures. The rationale for the assumptions is described in the 2013-2017 Experience Study and the annual assumptions letters addressed to the Treasurer of the State of Nevada.

Assumed Rate of Return, Net of Investment Fees: 5.25%

Assumed Rate of Tuition Increases:

| Academic Year | University | Community College |
|------------------------|------------|----------------------|
| 2021-2022 [#] | 2.80% | 2.80% |
| 2022-2023 [#] | 2.80% | 2.80% |
| 2023-2024 [#] | 2.50% | 2.50% |
| 2024-2025+ | 4.00% | 3.50% |

[#] Short-term assumptions based on actions and/or formulas already adopted by the Board of Regents.

Utilization of Credits*: Benefit payments are based on the following schedule in accordance with the type of Contract and the expected Payout Year.

| Type of | First | Second | Third | Fourth | Fifth | Sixth | Seventh | Eighth |
|--|-------|--------|-------|--------|-------|-------|---------|--------|
| Contract | Year | Year | Year | Year | Year | Year | Year | Year |
| 4-Year University Contracts (pre-2010) | 20% | 20% | 20% | 15% | 10% | 5% | 5% | 5% |
| 4-Year University Contracts (post-2010) | 20% | 20% | 20% | 15% | 15% | 10% | | |
| 2-Year CC Plus 2-Year Univ Contracts (pre-2010) | 18% | 18% | 18% | 18% | 9% | 9% | 5% | 5% |
| 2-Year CC plus 2-Year Univ Contracts (post-2010) | 18% | 18% | 18% | 18% | 14% | 14% | | |
| 2-Year University Contracts | 25% | 25% | 20% | 15% | 10% | 5% | | |
| 2-Year Community College Contracts | 30% | 25% | 15% | 10% | 10% | 10% | | |
| 1-Year Contracts | 100% | 0% | 0% | 0% | 0% | | | |

* Liabilities are modeled assuming two payments per year (one in mid-September, one in mid-February) for beneficiaries who have matriculated.

Refunds: Sum of contract payments to plan. Withdrawal rates at the beginning of each year are based on the following schedule in accordance with the type of contract purchased.

| | U | niversity Con | tracts | Comm | unity College | Contracts [^] |
|------------------|-------|---------------|--------------|-------|---------------|------------------------|
| Years of Payment | Lump | Five-Year | Extended/ | Lump | Five-Year | Extended/ |
| Since Purchase | Sum | Payments | 10-Year Pmts | Sum | Payments | 10-Year Pmts |
| 1 | 0.50% | 4.00% | 5.50% | 0.75% | 6.00% | 7.00% |
| 2 | 0.50% | 4.00% | 4.50% | 0.75% | 5.00% | 6.00% |
| 3 | 0.50% | 3.00% | 4.00% | 0.75% | 4.00% | 5.00% |
| 4 | 0.50% | 2.00% | 3.00% | 0.75% | 3.00% | 5.00% |
| 5 | 0.50% | 1.00% | 2.50% | 0.75% | 2.00% | 4.00% |
| 6 | 0.50% | 0.50% | 2.50% | 0.75% | 1.00% | 4.00% |
| 7 | 0.50% | 0.50% | 2.00% | 0.75% | 0.75% | 3.00% |
| 8 | 0.50% | 0.50% | 1.00% | 0.75% | 0.75% | 3.00% |
| 9 | 0.50% | 0.50% | 1.00% | 0.75% | 0.75% | 2.00% |
| 10 | 0.50% | 0.50% | 1.00% | 0.75% | 0.75% | 2.00% |
| 11 | 0.50% | 0.50% | 0.75% | 0.75% | 0.75% | 1.00% |
| 12 | 0.50% | 0.50% | 0.75% | 0.75% | 0.75% | 1.00% |
| 13 | 0.50% | 0.50% | 0.75% | 0.75% | 0.75% | 0.75% |
| 14 | 0.50% | 0.50% | 0.75% | 0.75% | 0.75% | 0.75% |
| 15+ | 0.50% | 0.50% | 0.75% | 0.75% | 0.75% | 0.75% |

^ The 2-Year Community College plus 2-Year University contracts were included with Community College contracts for the purposes of the refund assumption.



Valuation Methods and Assumptions (Concluded)

If credit utilization for a member has been at or above expectations, 100% of remaining credits will be utilized.

If credit utilization for a member has been below expectations, ½ of the difference between past expected credit utilization and actual credit utilization will be utilized in the future. Any remaining balances are assumed to be refunded.

| Election of Program Changes: | None. |
|--|---|
| Election of Change of Beneficiary: | None. |
| Liability Adjustments for Administrative Expenses: | None. Administrative expenses are paid from outside the trust. |
| Contract Terms: | No changes in contract terms are assumed, once initiated. |
| Pricing Methodology: | Based on Weighted Average Tuition (WAT) rate increased to assumed year of payment, based on tuition rate increase assumption and discounted to payment date based on net investment return assumption. |
| Timing of Tuition Payments: | Two payments per year (mid-September & mid-February) for beneficiaries who have matriculated |
| Timing of Refunds: | At the end of the month the member withdraws from the plan. |
| Weighted Average Tuition (WAT) for the 2020/2021 Academic Year: | |
| • 4-Year College: | \$7,267.50 |
| • 2-Year College: | \$3,202.50 |
| Bias Load: | None. |

Note: Since all the covered in-state 4-year colleges and universities charge the same tuition and all the covered in-state two-year colleges charge the same tuition, the WAT is simply the rate of tuition and fees. If the covered colleges and universities begin to charge different rates of tuition in the future, a WAT (averaging) calculation will be performed and a bias load may be necessary.



SECTION G

SENSITIVITY ANALYSIS

Sensitivity Analysis Description

The actuarial assumptions regarding future increases in tuition costs and fees and the future rate of investment return were adopted by the State Treasurer. In our opinion, the assumptions prescribed to us are reasonable for the purpose of the measurement. However, no one knows with certainty what the future holds with respect to economic and other contingencies. For example, while it is assumed that the assets of the fund will earn 5.25% each year throughout the life of the contracts, actual returns are expected to vary from year to year. Therefore, we have projected the Program's results under alternative assumptions for future investment income and tuition increases as follows:

- 1. Current valuation assumptions approved by the State Treasurer.
- 2. Tuition increase assumptions are 100 basis points higher/lower than currently assumed.
- 3. The investment return assumption is 100 basis points higher/lower than assumed.
- 4. Tuition increase assumptions are 100 basis points higher and the investment return assumption is 100 basis points lower than assumed.
- 5. Tuition increase assumptions are 100 basis points lower and the investment return assumption is 100 basis points higher than assumed.
- 6. Tuition increase assumptions are 25 basis points higher and the investment return assumption is 50 basis points higher than assumed.

Investment gains and losses not yet realized on the valuation date as a result of the 5-year asset smoothing method will be realized in each of the next 4 years. For purposes of this sensitivity testing, future experience was assumed to match the illustrated change in assumptions.

A summary of the impact of each of these scenarios on the principal valuation results is presented on the following page. See Section G for detailed projection results of each scenario.

The projections assume no new contract purchases. Future contract purchases will affect projection results based on the risk margins built into future pricings. If risk margins for new purchases are lower than the current funded status, there will be downward pressure on future funded statuses and vice versa.



Sensitivity Analysis Summary

\$ in Millions

| | Current Valuation Assumptions (G-3) | Assumed Tuition Increases +100 Basis Points (G-4) | Assumed Tuition Increases -100 Basis Points (G-5) | Assumed Investment Return +100 Basis Points (G-6) | Assumed Investment Return -100 Basis Points (G-7) | Assumed Tuition Increases +100 Basis Points and Investment Return -100 Basis Points (G-8) | Assumed Tuition Increases -100 Basis Points and Investment Return +100 Basis Points (G-9) | Assumed Tuition Increases +25 Basis Points and Investment Return +50 Basis Points (G-10) |
|--|--|--|--|---|---|---|---|--|
| Assumed Investment Return | 5.25% | 5.25% | 5.25% | 6.25% | 4.25% | 4.25% | 6.25% | 5.75% |
| Assumed Long-Term Tuition Increases (Univ) [#] | 4.00% | 5.00% | 3.00% | 4.00% | 4.00% | 5.00% | 3.00% | 4.25% |
| Assumed Long-Term Tuition Increases (CC) [#] | 3.50% | 4.50% | 2.50% | 3.50% | 3.50% | 4.50% | 2.50% | 3.75% |
| Assets Actuarial Value of Assets PV Future Member Contributions Total Assets Actuarial Results Liabilities - Tuition and Fees | \$305.4 \$ 36.6 \$342.0 \$206.3 | \$305.4 \$ 36.6 \$342.0 \$214.6 | \$305.4 \$ 36.6 \$342.0 \$198.7 | \$305.4 \$35.5 \$340.9 \$193.5 | \$305.4 \$ 37.9 \$343.3 \$220.7 | \$305.4 \$ 37.9 \$343.3 \$229.9 | \$305.4 \$35.5 \$340.9 \$186.7 | \$305.4 \$ 36.1 \$341.5 \$201.6 |
| | | | | | | | · | |
| Liabilities - PV of Future Admin. Expenses | \$ 0.0 | \$ 0.0 | \$ 0.0 | \$ 0.0 | \$ 0.0 | \$ 0.0 | \$ 0.0 | \$ 0.0 |
| Liabilities Total | \$206.3 | \$214.6 | \$198.7 | \$193.5 | \$220.7 | \$229.9 | \$186.7 | \$201.6 |
| Surplus/(Deficit) | \$135.7 | \$127.4 | \$143.3 | \$147.4 | \$122.6 | \$ 113.4 | \$154.2 | \$139.9 |
| Funded Ratio | 165.7% | 159.4% | 172.1% | 176.1% | 155.5% | 149.3% | 182.5% | 169.3% |
| Difference from Results Based on Current Assum Surplus Funded Ratio | ptions \$0.0 0.0% | \$(8.3) (6.3)% | \$7.6 6.4% | \$11.7 10.4% | \$(13.1) (10.2)% | \$(22.3) (16.4)% | \$18.5 16.8% | \$4.2 3.6% |

[#] Only affects assumptions in Fiscal Year's ending 2025 and thereafter.

Numbers may not match schedules in Section G due to rounding.



Nevada Prepaid Tuition Program Projection Based on June 30, 2020 Valuation Results

| Input | | 1 | ,, | | | | | | |
|--------------------|---------------|----------------|--------------------|--------------------|------------------------------|----------|----------------|----------------------|---------------|
| Valuatio | on | | | Estin | nated Valuation Results | | | | |
| Assumed Rate of | | | | Present Value | of Future Tuition and Fees | \$206, | 345,090 | | |
| Investment Return | 5.25% | | | Present Value of | Future Contract Payments | \$ 36. | 642,229 | | |
| | | | | | 20 Actuarial Value of Assets | | 358,468 | | |
| | | | | , | Unfunded Liability | \$(135 | ,655,607) | | |
| | | | | | Funded Status | | 5.7% | | |
| | | | | | Year Insolvent | | ever | | |
| | | | | | Teal Insolvent | IN IN | evei | | |
| | Actual | | | | | | | | |
| | Investment | Actual Tuition | Actual Tuition | | Projected Tuition | | Additional | Projected Contract | |
| Fiscal Year Ending | Return During | Increase for | Increase for Comm. | Actuarial Value of | Payments & Refunds | Other | Transfers from | Payments | Projected |
| June 30, | Year | Universities | Colleges/CC | Assets (BOY*) | (Discounted to BOY*) | Payments | NCSTF (EOY*) | (Discounted to BOY*) | Funded Status |
| 2021 | 5.25% | n/a | n/a | \$ 305,358,468 | \$ 19,181,635 | \$- | - | \$ 8,506,085 | 165.7% |
| 2022 | 5.25% | 2.80% | 2.80% | 314,717,453 | 19,367,464 | - | - | 7,090,310 | 174.8% |
| 2023 | 5.25% | 2.80% | 2.80% | 320,631,438 | 19,390,949 | - | - | 5,920,603 | 184.2% |
| 2024 | 5.25% | 2.50% | 2.50% | 323,735,994 | 19,355,970 | - | - | 4,808,543 | 194.2% |
| 2025 | 5.25% | 4.00% | 3.50% | 324,952,873 | 18,857,606 | - | - | 3,771,963 | 205.5% |
| 2026 | 5.25% | 4.00% | 3.50% | 326,135,260 | 19,224,799 | - | - | 2,848,934 | 219.1% |
| 2027 | 5.25% | 4.00% | 3.50% | 326,021,764 | 18,937,242 | - | - | 2,408,484 | 236.1% |
| 2028 | 5.25% | 4.00% | 3.50% | 325,741,388 | 18,446,576 | - | - | 2,040,164 | 257.0% |
| 2029 | 5.25% | 4.00% | 3.50% | 325,575,062 | 17,553,574 | - | - | 1,681,143 | 283.1% |
| 2030 | 5.25% | 4.00% | 3.50% | 325,962,019 | 16,817,927 | - | - | 1,243,108 | 315.5% |
| 2031 | 5.25% | 4.00% | 3.50% | 326,682,528 | 16,131,025 | - | - | 895,921 | 356.9% |
| 2032 | 5.25% | 4.00% | 3.50% | 327,798,414 | 14,932,950 | - | - | 683,698 | 411.3% |
| 2033 | 5.25% | 4.00% | 3.50% | 330,010,493 | 14,064,973 | - | - | 510,683 | 482.6% |
| 2034 | 5.25% | 4.00% | 3.50% | 333,070,154 | 12,680,213 | - | - | 353,501 | 581.3% |
| 2035 | 5.25% | 4.00% | 3.50% | 337,582,473 | 11,791,291 | - | - | 194,615 | 717.7% |
| 2036 | 5.25% | 4.00% | 3.50% | 343,100,051 | 10,413,596 | - | - | 106,091 | 924.0% |
| 2037 | 5.25% | 4.00% | 3.50% | 350,264,155 | 8,973,663 | - | - | 49,326 | 1,000.0%+ |
| 2038 | 5.25% | 4.00% | 3.50% | 359,260,158 | 7,561,357 | - | - | 3,966 | 1,000.0%+ |
| 2039 | 5.25% | 4.00% | 3.50% | 370,167,162 | 5,693,434 | - | - | - | 1,000.0%+ |
| 2040 | 5.25% | 4.00% | 3.50% | 383,608,598 | 4,048,832 | - | - | - | 1,000.0%+ |
| 2041 | 5.25% | 4.00% | 3.50% | 399,486,654 | 2,400,297 | - | - | - | 1,000.0%+ |
| 2042 | 5.25% | 4.00% | 3.50% | 417,933,391 | 1,346,905 | - | - | - | 1,000.0%+ |
| 2043 | 5.25% | 4.00% | 3.50% | 438,457,276 | 494,251 | - | - | - | 1,000.0%+ |
| 2044 | 5.25% | 4.00% | 3.50% | 460,956,084 | 5,860 | - | - | - | 1,000.0%+ |
| 2045 | 5.25% | 4.00% | 3.50% | 485,150,110 | 2,983 | - | - | - | 1,000.0%+ |



Nevada Prepaid Tuition Program Projection Based on June 30, 2020 Tuition Increases +100 Basis Points

| Input | | | | | | | |
|-------------------|-------|--|--|--|--|--|--|
| Valuation | | | | | | | |
| Assumed Rate of | | | | | | | |
| Investment Return | 5.25% | | | | | | |

| | Estimated Valuation Results | | |
|------------|-----------------------------------|-----------------|--|
| Present | /alue of Future Tuition and Fees | \$214,557,869 | |
| Present Va | ue of Future Contract Payments | \$ 36,642,229 | |
| June 30 |), 2020 Actuarial Value of Assets | \$305,358,468 | |
| | Unfunded Liability | \$(127,442,828) | |
| | Funded Status | 159.4% | |
| | Year Insolvent | Never | |

| Fiscal Year Ending June 30, | Actual Investment Return During Year | Actual Tuition Increase for Universities | Actual Tuition Increase for Comm. Colleges/CC | | uarial Value of ssets (BOY*) | Projected Tuition Payments & Refunds (Discounted to BOY*) | Oth Paym | | Additional Transfers from NCSTF (EOY*) | Projected Contract Payments (Discounted to BOY*) | Projected Funded Status |
|--------------------------------|---|--|---|---|---------------------------------|---|-------------|---|--|--|----------------------------|
| 2021 | 5.25% | n/a | n/a | Ś | 305,358,468 | \$ 19,181,635 | Ś | - | - | \$ 8,506,085 | 159.4% |
| 2022 | 5.25% | 2.80% | 2.80% | Ŧ | 314,717,453 | 19,367,464 | Ŧ | - | - | 7,090,310 | 167.4% |
| 2023 | 5.25% | 2.80% | 2.80% | | 320,631,438 | 19,390,949 | | - | - | 5,920,603 | 175.6% |
| 2024 | 5.25% | 2.50% | 2.50% | | 323,735,994 | 19,355,970 | | - | - | 4,808,543 | 184.2% |
| 2025 | 5.25% | 5.00% | 4.50% | | 324,952,873 | 19,030,515 | | - | - | 3,771,963 | 193.7% |
| 2026 | 5.25% | 5.00% | 4.50% | | 325,953,274 | 19,582,952 | | - | - | 2,848,934 | 205.1% |
| 2027 | 5.25% | 5.00% | 4.50% | | 325,453,267 | 19,472,637 | | - | - | 2,408,484 | 219.3% |
| 2028 | 5.25% | 5.00% | 4.50% | | 324,579,542 | 19,150,401 | | - | - | 2,040,164 | 236.8% |
| 2029 | 5.25% | 5.00% | 4.50% | | 323,611,444 | 18,397,592 | | - | - | 1,681,143 | 258.4% |
| 2030 | 5.25% | 5.00% | 4.50% | | 323,006,982 | 17,795,391 | | - | - | 1,243,108 | 285.2% |
| 2031 | 5.25% | 5.00% | 4.50% | | 322,543,571 | 17,233,896 | | - | - | 895,921 | 319.3% |
| 2032 | 5.25% | 5.00% | 4.50% | | 322,281,389 | 16,107,991 | | - | - | 683,698 | 364.0% |
| 2033 | 5.25% | 5.00% | 4.50% | | 322,967,094 | 15,317,983 | | - | - | 510,683 | 422.3% |
| 2034 | 5.25% | 5.00% | 4.50% | | 324,338,184 | 13,942,570 | | - | - | 353,501 | 502.7% |
| 2035 | 5.25% | 5.00% | 4.50% | | 327,063,444 | 13,093,277 | | - | - | 194,615 | 613.4% |
| 2036 | 5.25% | 5.00% | 4.50% | | 330,658,433 | 11,676,853 | | - | - | 106,091 | 780.2% |
| 2037 | 5.25% | 5.00% | 4.50% | | 335,839,774 | 10,159,244 | | - | - | 49,326 | 1,000.0%+ |
| 2038 | 5.25% | 5.00% | 4.50% | | 342,830,673 | 8,645,060 | | - | - | 3,966 | 1,000.0%+ |
| 2039 | 5.25% | 5.00% | 4.50% | | 351,734,532 | 6,572,096 | | - | - | - | 1,000.0%+ |
| 2040 | 5.25% | 5.00% | 4.50% | | 363,283,464 | 4,718,788 | | - | - | - | 1,000.0%+ |
| 2041 | 5.25% | 5.00% | 4.50% | | 377,389,321 | 2,824,358 | | - | - | - | 1,000.0%+ |
| 2042 | 5.25% | 5.00% | 4.50% | | 394,229,623 | 1,600,103 | | - | - | - | 1,000.0%+ |
| 2043 | 5.25% | 5.00% | 4.50% | | 413,242,570 | 592,809 | | - | - | - | 1,000.0%+ |
| 2044 | 5.25% | 5.00% | 4.50% | | 434,313,873 | 7,029 | | - | - | - | 1,000.0%+ |
| 2045 | 5.25% | 5.00% | 4.50% | | 457,107,954 | 3,577 | | - | - | - | 1,000.0%+ |



Nevada Prepaid Tuition Program Projection Based on June 30, 2020 Tuition Increases -100 Basis Points

| Input | | | | | | | | |
|-------------------|-------|--|--|--|--|--|--|--|
| Valuation | | | | | | | | |
| Assumed Rate of | | | | | | | | |
| Investment Return | 5.25% | | | | | | | |

| Estimated Valuation Results | |
|---|-----------------|
| Present Value of Future Tuition and Fees | \$ 198,736,783 |
| Present Value of Future Contract Payments | \$ 36,642,229 |
| June 30, 2020 Actuarial Value of Assets | \$ 305,358,468 |
| Unfunded Liability | \$(143,263,914) |
| Funded Status | 172.1% |
| Year Insolvent | Never |

| Fiscal Year Ending June 30, | Actual Investment Return During Year | Actual Tuition Increase for Universities | Actual Tuition Increase for Comm. Colleges/CC | | uarial Value of ssets (BOY*) | Projected Tuition Payments & Refunds (Discounted to BOY*) | Other Payments | Additional Transfers from NCSTF (EOY*) | Projected Contract Payments (Discounted to BOY*) | Projected Funded Status |
|--------------------------------|---|--|---|---|---------------------------------|---|-------------------|--|--|----------------------------|
| 2021 | 5.25% | n/a | n/a | Ś | 305,358,468 | \$ 19,181,635 | <u>،</u> | <u> </u> | \$ 8,506,085 | 172.1% |
| 2022 | 5.25% | 2.80% | 2.80% | Ŷ | 314,717,453 | 19,367,464 | ÷ - | - | 7,090,310 | 182.2% |
| 2023 | 5.25% | 2.80% | 2.80% | | 320,631,438 | 19,390,949 | - | - | 5,920,603 | 192.9% |
| 2024 | 5.25% | 2.50% | 2.50% | | 323,735,994 | 19,355,970 | - | - | 4,808,543 | 204.5% |
| 2025 | 5.25% | 3.00% | 2.50% | | 324,952,873 | 18,684,697 | - | - | 3,771,963 | 217.8% |
| 2026 | 5.25% | 3.00% | 2.50% | | 326,317,247 | 18,870,074 | _ | - | 2,848,934 | 233.9% |
| 2027 | 5.25% | 3.00% | 2.50% | | 326,586,652 | 18,412,048 | - | - | 2,408,484 | 254.0% |
| 2028 | 5.25% | 3.00% | 2.50% | | 326,888,700 | 17,762,768 | - | - | 2,040,164 | 278.9% |
| 2029 | 5.25% | 3.00% | 2.50% | | 327,502,316 | 16,741,408 | - | - | 1,681,143 | 310.1% |
| 2030 | 5.25% | 3.00% | 2.50% | | 328,845,259 | 15,886,353 | - | - | 1,243,108 | 348.9% |
| 2031 | 5.25% | 3.00% | 2.50% | | 330,697,620 | 15,089,991 | - | - | 895,921 | 398.7% |
| 2032 | 5.25% | 3.00% | 2.50% | | 333,119,987 | 13,834,408 | - | - | 683,698 | 464.5% |
| 2033 | 5.25% | 3.00% | 2.50% | | 336,767,664 | 12,904,749 | - | - | 510,683 | 551.1% |
| 2034 | 5.25% | 3.00% | 2.50% | | 341,403,212 | 11,522,519 | - | - | 353,501 | 671.4% |
| 2035 | 5.25% | 3.00% | 2.50% | | 347,571,490 | 10,608,679 | - | - | 194,615 | 838.3% |
| 2036 | 5.25% | 3.00% | 2.50% | | 354,858,191 | 9,277,142 | - | - | 106.091 | 1,000.0%+ |
| 2037 | 5.25% | 3.00% | 2.50% | | 363,835,714 | 7,917,295 | - | - | 49,326 | 1,000.0%+ |
| 2038 | 5.25% | 3.00% | 2.50% | | 374,656,051 | 6,605,000 | - | - | 3,966 | 1,000.0%+ |
| 2039 | 5.25% | 3.00% | 2.50% | | 387,377,906 | 4,925,440 | - | - | - | 1,000.0%+ |
| 2040 | 5.25% | 3.00% | 2.50% | | 402,531,220 | 3,468,858 | - | - | - | 1,000.0%+ |
| 2041 | 5.25% | 3.00% | 2.50% | | 420,013,135 | 2,036,701 | - | - | - | 1,000.0%+ |
| 2042 | 5.25% | 3.00% | 2.50% | | 439,920,197 | 1,131,888 | - | - | - | 1,000.0%+ |
| 2043 | 5.25% | 3.00% | 2.50% | | 461,824,695 | 411,355 | - | - | - | 1,000.0%+ |
| 2044 | 5.25% | 3.00% | 2.50% | | 485,637,540 | 4,877 | - | - | - | 1,000.0%+ |
| 2045 | 5.25% | 3.00% | 2.50% | | 511,128,378 | 2,482 | - | - | - | 1,000.0%+ |



Nevada Prepaid Tuition Program Projection Based on June 30, 2020 Investment Return +100 Basis Points

| Input | | | | | | | | |
|-------------------|-------|--|--|--|--|--|--|--|
| Valuation | | | | | | | | |
| Assumed Rate of | | | | | | | | |
| Investment Return | 6.25% | | | | | | | |

| Estimated Valuation Results | |
|---|-----------------|
| Present Value of Future Tuition and Fees | \$193,514,552 |
| Present Value of Future Contract Payments | \$ 35,485,584 |
| June 30, 2020 Actuarial Value of Assets | \$305,358,468 |
| Unfunded Liability | \$(147,329,500) |
| Funded Status | 176.1% |
| Year Insolvent | Never |

| Fiscal Year Ending June 30, | Actual Investment Return During Year | Actual Tuition Increase for Universities | Actual Tuition Increase for Comm. Colleges/CC | Actuarial Value of Assets (BOY*) | | Projected Tuition Payments & Refunds (Discounted to BOY*) | | Other Payments | Additional Transfers from NCSTF (EOY*) | Projected Contract Payments (Discounted to BOY*) | Projected Funded Status |
|--------------------------------|---|--|---|-------------------------------------|-------------|---|---|-------------------|--|--|----------------------------|
| 2021 | 6.25% | n/a | n/a | Ś | 305,358,468 | \$ 19,105,131 | Ś | - | - | \$ 8,465,962 | 176.1% |
| 2022 | 6.25% | 2.80% | 2.80% | • | 317,702,937 | 19,290,618 | ' | - | - | 7,056,865 | 186.9% |
| 2023 | 6.25% | 2.80% | 2.80% | | 326,874,031 | 19,314,125 | | - | - | 5,892,675 | 198.3% |
| 2024 | 6.25% | 2.50% | 2.50% | | 333,492,313 | 19,279,326 | | - | - | 4,785,861 | 210.7% |
| 2025 | 6.25% | 4.00% | 3.50% | | 338,468,182 | 18,783,172 | | - | - | 3,754,171 | 224.9% |
| 2026 | 6.25% | 4.00% | 3.50% | | 343,654,130 | 19,149,078 | | - | - | 2,835,496 | 241.9% |
| 2027 | 6.25% | 4.00% | 3.50% | | 347,799,331 | 18,862,756 | | - | - | 2,397,123 | 263.2% |
| 2028 | 6.25% | 4.00% | 3.50% | | 352,042,055 | 18,374,125 | | - | - | 2,030,540 | 289.5% |
| 2029 | 6.25% | 4.00% | 3.50% | | 356,679,624 | 17,484,676 | | - | - | 1,673,213 | 322.5% |
| 2030 | 6.25% | 4.00% | 3.50% | | 362,172,421 | 16,751,950 | | - | - | 1,237,244 | 363.6% |
| 2031 | 6.25% | 4.00% | 3.50% | | 368,323,823 | 16,067,786 | | - | - | 891,695 | 416.3% |
| 2032 | 6.25% | 4.00% | 3.50% | | 375,219,465 | 14,874,433 | | - | - | 680,473 | 485.9% |
| 2033 | 6.25% | 4.00% | 3.50% | | 383,589,599 | 14,009,876 | | - | - | 508,274 | 577.4% |
| 2034 | 6.25% | 4.00% | 3.50% | | 393,218,497 | 12,630,549 | | - | - | 351,834 | 704.5% |
| 2035 | 6.25% | 4.00% | 3.50% | | 404,748,519 | 11,745,140 | | - | - | 193,697 | 881.0% |
| 2036 | 6.25% | 4.00% | 3.50% | | 417,771,893 | 10,372,855 | | - | - | 105,591 | 1,000.0%+ |
| 2037 | 6.25% | 4.00% | 3.50% | | 432,973,667 | 8,938,559 | | - | - | 49,093 | 1,000.0%+ |
| 2038 | 6.25% | 4.00% | 3.50% | | 450,589,463 | 7,531,793 | | - | - | 3,947 | 1,000.0%+ |
| 2039 | 6.25% | 4.00% | 3.50% | | 470,752,968 | 5,671,174 | | - | - | - | 1,000.0%+ |
| 2040 | 6.25% | 4.00% | 3.50% | | 494,149,406 | 4,033,003 | | - | - | - | 1,000.0%+ |
| 2041 | 6.25% | 4.00% | 3.50% | | 520,748,677 | 2,390,913 | | - | - | - | 1,000.0%+ |
| 2042 | 6.25% | 4.00% | 3.50% | | 550,755,125 | 1,341,639 | | - | - | - | 1,000.0%+ |
| 2043 | 6.25% | 4.00% | 3.50% | | 583,751,829 | 492,319 | | - | - | - | 1,000.0%+ |
| 2044 | 6.25% | 4.00% | 3.50% | | 619,713,229 | 5,837 | | - | - | - | 1,000.0%+ |
| 2045 | 6.25% | 4.00% | 3.50% | | 658,439,104 | 2,971 | | - | - | - | 1,000.0%+ |



Nevada Prepaid Tuition Program Projection Based on June 30, 2020 Investment Return -100 Basis Points

| Input | | | | | | | | |
|-------------------|-------|--|--|--|--|--|--|--|
| Valuation | | | | | | | | |
| Assumed Rate of | | | | | | | | |
| Investment Return | 4.25% | | | | | | | |

| Estimated Valuation Results | |
|---|-----------------|
| Present Value of Future Tuition and Fees | \$220,661,758 |
| Present Value of Future Contract Payments | \$ 37,879,089 |
| June 30, 2020 Actuarial Value of Assets | \$305,358,468 |
| Unfunded Liability | \$(122,575,799) |
| Funded Status | 155.5% |
| Year Insolvent | Never |

| Fiscal Year Ending June 30, | Actual Investment Return During Year | Actual Tuition Increase for Universities | Actual Tuition Increase for Comm. Colleges/CC | Actuarial Value of Assets (BOY*) | | Projected Tuition Actuarial Value of Payments & Refunds Assets (BOY*) (Discounted to BOY*) | | Other Payments | Additional Transfers from NCSTF (EOY*) | Projected Contract Payments (Discounted to BOY*) | Projected Funded Status |
|--------------------------------|---|--|---|-------------------------------------|------------|--|-----|-------------------|--|--|----------------------------|
| 2021 | 4.25% | n/a | n/a | \$ 3 | 05,358,468 | \$ 19,259,2 | 250 | Ś - | - | \$ 8,546,784 | 155.5% |
| 2022 | 4.25% | 2.80% | 2.80% | | 11,732,139 | 19,445,4 | | - | - | 7,124,235 | 163.0% |
| 2023 | 4.25% | 2.80% | 2.80% | | 14,448,938 | 19,468,8 | | - | - | 5,948,931 | 170.6% |
| 2024 | 4.25% | 2.50% | 2.50% | 3 | 14,167,406 | 19,433,7 | 727 | - | - | 4,831,551 | 178.5% |
| 2025 | 4.25% | 4.00% | 3.50% | 3 | 11,828,659 | 18,933,1 | 122 | - | - | 3,790,011 | 187.4% |
| 2026 | 4.25% | 4.00% | 3.50% | 3 | 09,294,683 | 19,301,6 | 520 | - | - | 2,862,566 | 198.0% |
| 2027 | 4.25% | 4.00% | 3.50% | 3 | 05,301,993 | 19,012,8 | 311 | - | - | 2,420,008 | 211.3% |
| 2028 | 4.25% | 4.00% | 3.50% | 3 | 00,979,330 | 18,520,0 | 080 | - | - | 2,049,925 | 227.6% |
| 2029 | 4.25% | 4.00% | 3.50% | 2 | 96,600,815 | 17,623,4 | 173 | - | - | 1,689,187 | 247.8% |
| 2030 | 4.25% | 4.00% | 3.50% | 2 | 92,594,857 | 16,884,8 | 364 | - | - | 1,249,056 | 272.8% |
| 2031 | 4.25% | 4.00% | 3.50% | 2 | 88,729,809 | 16,195,1 | 183 | - | - | 900,208 | 304.6% |
| 2032 | 4.25% | 4.00% | 3.50% | 2 | 85,055,814 | 14,992,3 | 316 | - | - | 686,969 | 346.3% |
| 2033 | 4.25% | 4.00% | 3.50% | 2 | 82,257,362 | 14,120,8 | 372 | - | - | 513,127 | 400.7% |
| 2034 | 4.25% | 4.00% | 3.50% | 2 | 80,067,225 | 12,730,5 | 599 | - | - | 355,193 | 475.8% |
| 2035 | 4.25% | 4.00% | 3.50% | 2 | 79,068,720 | 11,838,1 | 112 | - | - | 195,546 | 579.1% |
| 2036 | 4.25% | 4.00% | 3.50% | 2 | 78,791,766 | 10,454,9 | 928 | - | - | 106,599 | 734.9% |
| 2037 | 4.25% | 4.00% | 3.50% | 2 | 79,852,283 | 9,009,2 | 277 | - | - | 49,562 | 976.3% |
| 2038 | 4.25% | 4.00% | 3.50% | 2 | 82,405,501 | 7,591,3 | 351 | - | - | 3,985 | 1,000.0%+ |
| 2039 | 4.25% | 4.00% | 3.50% | 2 | 86,497,906 | 5,716,0 |)18 | - | - | - | 1,000.0%+ |
| 2040 | 4.25% | 4.00% | 3.50% | 2 | 92,715,118 | 4,064,8 | 392 | - | - | - | 1,000.0%+ |
| 2041 | 4.25% | 4.00% | 3.50% | 3 | 00,917,861 | 2,409,8 | 317 | - | - | - | 1,000.0%+ |
| 2042 | 4.25% | 4.00% | 3.50% | 3 | 11,194,636 | 1,352,2 | 247 | - | - | - | 1,000.0%+ |
| 2043 | 4.25% | 4.00% | 3.50% | 3 | 23,010,690 | 496,2 | 212 | - | - | - | 1,000.0%+ |
| 2044 | 4.25% | 4.00% | 3.50% | 3 | 36,221,344 | 5,8 | 383 | - | - | - | 1,000.0%+ |
| 2045 | 4.25% | 4.00% | 3.50% | 3 | 50,504,617 | 2,9 | 994 | - | - | - | 1,000.0%+ |



Nevada Prepaid Tuition Program

Projection Based on June 30, 2020 Tuition Increases +100 Basis Points & Investment Return -100 Basis Points

| Input | Trojection | 1 | | | | | | | |
|--------------------|---------------|----------------|--------------------|--------------------|------------------------------|----------|----------------|----------------------|---------------|
| Valuatio | on | | | Estin | nated Valuation Results | | | | |
| Assumed Rate of | | | | Present Value | of Future Tuition and Fees | \$229, | .917,954 | | |
| Investment Return | 4.25% | | | Present Value of | Future Contract Payments | \$ 37, | 879,089 | | |
| | | | | June 30, 202 | 20 Actuarial Value of Assets | \$305, | 358,468 | | |
| | | | | | Unfunded Liability | \$ (113 | ,319,603) | | |
| | | | | | Funded Status | | 9.3% | | |
| | | | | | Year Insolvent | N | ever | | |
| | Actual | | | | | | | | |
| | Investment | Actual Tuition | Actual Tuition | | Projected Tuition | | Additional | Projected Contract | |
| Fiscal Year Ending | Return During | Increase for | Increase for Comm. | Actuarial Value of | Payments & Refunds | Other | Transfers from | Payments | Projected |
| 0 | 0 | Universities | | | (Discounted to BOY*) | | | | • |
| June 30, | Year | | Colleges/CC | Assets (BOY*) | | Payments | NCSTF (EOY*) | (Discounted to BOY*) | Funded Status |
| 2021 | 4.25% | n/a | n/a | \$ 305,358,468 | | \$ - | - | \$ 8,546,784 | 149.3% |
| 2022 | 4.25% | 2.80% | 2.80% | 311,732,139 | 19,445,425 | - | - | 7,124,235 | 155.9% |
| 2023 | 4.25% | 2.80% | 2.80% | 314,448,938 | 19,468,889 | - | - | 5,948,931 | 162.4% |
| 2024 | 4.25% | 2.50% | 2.50% | 314,167,406 | 19,433,727 | - | - | 4,831,551 | 169.1% |
| 2025 | 4.25% | 5.00% | 4.50% | 311,828,659 | 19,106,717 | - | - | 3,790,011 | 176.4% |
| 2026 | 4.25% | 5.00% | 4.50% | 309,113,711 | 19,661,194 | - | - | 2,862,566 | 185.1% |
| 2027 | 4.25% | 5.00% | 4.50% | 304,738,474 | 19,550,329 | - | - | 2,420,008 | 196.0% |
| 2028 | 4.25% | 5.00% | 4.50% | 299,831,499 | 19,226,696 | - | - | 2,049,925 | 209.4% |
| 2029 | 4.25% | 5.00% | 4.50% | 294,667,554 | 18,470,839 | - | - | 1,689,187 | 225.9% |
| 2030 | 4.25% | 5.00% | 4.50% | 289,696,053 | 17,866,205 | - | - | 1,249,056 | 246.2% |
| 2031 | 4.25% | 5.00% | 4.50% | 284,684,757 | 17,302,429 | - | - | 900,208 | 272.0% |
| 2032 | 4.25% | 5.00% | 4.50% | 279,684,544 | 16,172,018 | - | - | 686,969 | 305.7% |
| 2033 | 4.25% | 5.00% | 4.50% | 275,427,974 | 15,378,851 | - | - | 513,127 | 349.5% |
| 2034 | 4.25% | 5.00% | 4.50% | 271,636,145 | 13,997,963 | - | - | 355,193 | 409.6% |
| 2035 | 4.25% | 5.00% | 4.50% | 268,958,093 | 13,145,263 | - | - | 195,546 | 492.2% |
| 2036 | 4.25% | 5.00% | 4.50% | 266,888,733 | 11,723,196 | - | - | 106,599 | 616.2% |
| 2037 | 4.25% | 5.00% | 4.50% | 266,121,201 | 10,199,560 | - | - | 49,562 | 807.7% |
| 2038 | 4.25% | 5.00% | 4.50% | 266,849,979 | 8,679,353 | - | - | 3,985 | 1,000.0%+ |
| 2039 | 4.25% | 5.00% | 4.50% | 269,147,032 | 6,598,165 | - | - | - | 1,000.0%+ |
| 2040 | 4.25% | 5.00% | 4.50% | 273,707,194 | 4,737,504 | - | - | - | 1,000.0%+ |
| 2041 | 4.25% | 5.00% | 4.50% | 280,400,902 | 2,835,561 | - | - | - | 1,000.0%+ |
| 2042 | 4.25% | 5.00% | 4.50% | 289,361,868 | 1,606,449 | - | - | - | 1,000.0%+ |
| 2043 | 4.25% | 5.00% | 4.50% | 299,985,024 | 595,161 | - | - | - | 1,000.0%+ |
| 2044 | 4.25% | 5.00% | 4.50% | 312,113,932 | 7,057 | - | - | - | 1,000.0%+ |
| 2045 | 4.25% | 5.00% | 4.50% | 325,371,418 | 3,591 | - | - | - | 1,000.0%+ |



Nevada Prepaid Tuition Program

Projection Based on June 30, 2020 Tuition Increases -100 Basis Points & Investment Return +100 Basis Points

| Input | Trojection |] | | | | | | | |
|--------------------|---------------|----------------|--------------------|--------------------|------------------------------|----------|----------------|----------------------|---------------|
| Valuatio | on | | | Estin | nated Valuation Results | | | | |
| Assumed Rate of | | | | Present Value | of Future Tuition and Fees | \$186, | ,735,412 | | |
| Investment Return | 6.25% | | | Present Value of | Future Contract Payments | \$ 35, | 485,584 | | |
| | | | | June 30, 202 | 20 Actuarial Value of Assets | \$305, | 358,468 | | |
| | | | | | Unfunded Liability | \$(154 | ,108,640) | | |
| | | | | | Funded Status | | 32.5% | | |
| | | | | | Year Insolvent | N | ever | | |
| | Actual | | | | | | | | |
| | Investment | Actual Tuition | Actual Tuition | | Projected Tuition | | Additional | Projected Contract | |
| | | | | Actuarial Value of | • | Other | Transfers from | • | Ducleated |
| Fiscal Year Ending | Return During | Increase for | Increase for Comm. | | Payments & Refunds | | | Payments | Projected |
| June 30, | Year | Universities | Colleges/CC | Assets (BOY*) | (Discounted to BOY*) | Payments | NCSTF (EOY*) | (Discounted to BOY*) | Funded Status |
| 2021 | 6.25% | n/a | n/a | \$ 305,358,468 | , , , | \$- | - | \$ 8,465,962 | 182.5% |
| 2022 | 6.25% | 2.80% | 2.80% | 317,702,937 | 19,290,618 | - | - | 7,056,865 | 194.5% |
| 2023 | 6.25% | 2.80% | 2.80% | 326,874,031 | 19,314,125 | - | - | 5,892,675 | 207.3% |
| 2024 | 6.25% | 2.50% | 2.50% | 333,492,313 | 19,279,326 | - | - | 4,785,861 | 221.5% |
| 2025 | 6.25% | 3.00% | 2.50% | 338,468,182 | 18,610,939 | - | - | 3,754,171 | 238.0% |
| 2026 | 6.25% | 3.00% | 2.50% | 343,837,127 | 18,795,740 | - | - | 2,835,496 | 257.8% |
| 2027 | 6.25% | 3.00% | 2.50% | 348,369,188 | 18,339,614 | - | - | 2,397,123 | 282.7% |
| 2028 | 6.25% | 3.00% | 2.50% | 353,203,365 | 17,692,991 | - | - | 2,030,540 | 313.8% |
| 2029 | 6.25% | 3.00% | 2.50% | 358,637,222 | 16,675,685 | - | - | 1,673,213 | 352.7% |
| 2030 | 6.25% | 3.00% | 2.50% | 365,111,922 | 15,824,017 | - | - | 1,237,244 | 401.5% |
| 2031 | 6.25% | 3.00% | 2.50% | 372,432,970 | 15,030,822 | - | - | 891,695 | 464.3% |
| 2032 | 6.25% | 3.00% | 2.50% | 380,687,208 | 13,780,187 | - | - | 680,473 | 547.6% |
| 2033 | 6.25% | 3.00% | 2.50% | 390,561,713 | 12,854,187 | - | - | 508,274 | 657.6% |
| 2034 | 6.25% | 3.00% | 2.50% | 401,854,288 | 11,477,380 | - | - | 351,834 | 811.0% |
| 2035 | 6.25% | 3.00% | 2.50% | 415,149,288 | 10,567,152 | - | - | 193,697 | 1,000.0%+ |
| 2036 | 6.25% | 3.00% | 2.50% | 430,074,322 | 9,240,845 | - | - | 105,591 | 1,000.0%+ |
| 2037 | 6.25% | 3.00% | 2.50% | 447,247,759 | 7,886,321 | - | - | 49,093 | 1,000.0%+ |
| 2038 | 6.25% | 3.00% | 2.50% | 466,873,689 | 6,579,175 | - | - | 3,947 | 1,000.0%+ |
| 2039 | 6.25% | 3.00% | 2.50% | 489,067,115 | 4,906,183 | - | - | - | 1,000.0%+ |
| 2040 | 6.25% | 3.00% | 2.50% | 514,420,990 | 3,455,297 | - | - | - | 1,000.0%+ |
| 2041 | 6.25% | 3.00% | 2.50% | 542,901,049 | 2,028,739 | - | - | - | 1,000.0%+ |
| 2042 | 6.25% | 3.00% | 2.50% | 574,676,830 | 1,127,462 | - | - | - | 1,000.0%+ |
| 2043 | 6.25% | 3.00% | 2.50% | 609,396,203 | 409,747 | - | - | - | 1,000.0%+ |
| 2044 | 6.25% | 3.00% | 2.50% | 647,048,109 | 4,858 | - | - | - | 1,000.0%+ |
| 2045 | 6.25% | 3.00% | 2.50% | 687,483,454 | 2,473 | - | - | - | 1,000.0%+ |



Nevada Prepaid Tuition Program Projection Based on June 30, 2020 Tuition Increases +25 Basis Points & Investment Return +50 Basis Points

| input | | | | | | | | | - | |
|--------------------|---------------|----------------|--------------------|----|------------------|------------------------------|----------|----------------|----------------------|---------------|
| Valuatio | on | | | | Estin | nated Valuation Results | | | | |
| Assumed Rate of | | | | | Present Value | of Future Tuition and Fees | \$201, | 537,782 | | |
| Investment Return | 5.75% | | | 1 | Present Value of | Future Contract Payments | \$ 36,0 | 054,340 | | |
| | | | | | June 30, 202 | 20 Actuarial Value of Assets | \$305, | 358,468 | | |
| | | | | | | Unfunded Liability | \$(139. | 775,026) | | |
| | | | | | | Funded Status | | 9.3% | | |
| | | | | | | Year Insolvent | | ever | | |
| | | | | | | | | | 1 | |
| | Actual | | | | | | | | | |
| | Investment | Actual Tuition | Actual Tuition | | | Projected Tuition | | Additional | Projected Contract | |
| Fiscal Year Ending | Return During | Increase for | Increase for Comm. | | uarial Value of | Payments & Refunds | Other | Transfers from | Payments | Projected |
| June 30, | Year | Universities | Colleges/CC | A | ssets (BOY*) | (Discounted to BOY*) | Payments | NCSTF (EOY*) | (Discounted to BOY*) | Funded Status |
| 2021 | 5.75% | n/a | n/a | \$ | 305,358,468 | \$ 19,143,246 | \$ - | - | \$ 8,485,952 | 169.3% |
| 2022 | 5.75% | 2.80% | 2.80% | | 316,210,174 | 19,328,903 | - | - | 7,073,528 | 179.0% |
| 2023 | 5.75% | 2.80% | 2.80% | | 323,745,223 | 19,352,399 | - | - | 5,906,590 | 189.0% |
| 2024 | 5.75% | 2.50% | 2.50% | | 328,590,575 | 19,317,511 | - | - | 4,797,162 | 199.7% |
| 2025 | 5.75% | 4.25% | 3.75% | | 331,661,170 | 18,863,398 | - | - | 3,763,035 | 211.9% |
| 2026 | 5.75% | 4.25% | 3.75% | | 334,763,054 | 19,275,845 | - | - | 2,842,191 | 226.6% |
| 2027 | 5.75% | 4.25% | 3.75% | | 336,633,341 | 19,032,493 | - | - | 2,402,783 | 244.8% |
| 2028 | 5.75% | 4.25% | 3.75% | | 338,403,840 | 18,583,944 | - | - | 2,035,335 | |
| 2029 | 5.75% | 4.25% | 3.75% | | 340,361,907 | 17,726,576 | - | - | 1,677,164 | |
| 2030 | 5.75% | 4.25% | 3.75% | | 342,960,464 | 17,024,344 | - | - | 1,240,166 | |
| 2031 | 5.75% | 4.25% | 3.75% | | 345,988,923 | 16,368,567 | - | - | 893,801 | |
| 2032 | 5.75% | 4.25% | 3.75% | | 349,518,720 | 15,189,440 | - | - | 682,080 | |
| 2033 | 5.75% | 4.25% | 3.75% | | 354,274,513 | 14,341,037 | - | - | 509,474 | |
| 2034 | 5.75% | 4.25% | 3.75% | | 360,018,420 | 12,960,154 | - | - | 352,664 | 618.0% |
| 2035 | 5.75% | 4.25% | 3.75% | | 367,387,059 | 12,081,417 | - | - | 194,154 | |
| 2036 | 5.75% | 4.25% | 3.75% | | 375,941,035 | 10,696,005 | - | - | 105,840 | 989.8% |
| 2037 | 5.75% | 4.25% | 3.75% | | 386,358,545 | 9,239,236 | - | - | 49,209 | 1,000.0%+ |
| 2038 | 5.75% | 4.25% | 3.75% | | 398,855,708 | 7,804,425 | - | - | 3,956 | |
| 2039 | 5.75% | 4.25% | 3.75% | | 413,540,915 | 5,890,601 | - | - | - | 1,000.0%+ |
| 2040 | 5.75% | 4.25% | 3.75% | | 431,090,208 | 4,199,155 | - | - | - | 1,000.0%+ |
| 2041 | 5.75% | 4.25% | 3.75% | | 451,437,288 | 2,495,395 | - | - | - | 1,000.0%+ |
| 2042 | 5.75% | 4.25% | 3.75% | | 474,756,052 | 1,403,635 | - | - | - | 1,000.0%+ |
| 2043 | 5.75% | 4.25% | 3.75% | | 500,570,181 | 516,307 | - | - | - | 1,000.0%+ |
| 2044 | 5.75% | 4.25% | 3.75% | | 528,806,972 | 6,122 | - | - | - | 1,000.0%+ |
| 2045 | 5.75% | 4.25% | 3.75% | | 559,206,900 | 3,116 | - | - | - | 1,000.0%+ |

* Beginning/End of year (Fiscal).



Input

THE BOARD OF TRUSTEES OF THE COLLEGE SAVINGS PLANS OF NEVADA

Agenda Item 9 December 17, 2020

Item: Proposed College Savings Board Meeting Dates for Calendar Year 2021.

Summary:

Please see attached the proposed meeting dates for calendar year 2021. We will continue meeting via Zoom until further notice.

Fiscal Impact: None by this action.

Staff recommended motion:

To accept and approve the proposed College Savings Board Meeting Dates for Calendar Year 2021. Treasurer Zach Conine Chairman



State of Nevada College Savings Board of Trustees

Members

Andrew Clinger Tiffany Greenameyer Jeff Haag Andrew Martin

Calendar Year 2021 Meeting Schedule

| SUBMISSION DEADLINE | AGENDA POSTING DATE | MEETING DATE |
|------------------------|------------------------|---------------------|
| January 15, 2021 | January 22, 2021 | January 28, 2021 |
| April 9, 2021 | April 16, 2021 | April 22, 2021* |
| June 11, 2021 | June 18, 2021 | June 24, 2021* |
| September 10, 2021 | September 17, 2021 | September 23, 2021* |
| December 3, 2021 | December 11, 2021 | December 16, 2021* |

*Denotes a quarterly meeting.

Meeting times are scheduled for 10:00AM

Pursuant to the Governor's Emergency Directive 006, as extended, there will not be physical locations for these meetings. The public is welcome to participate by joining the Zoom Meeting provided on the agenda for each meeting which can be obtained <u>here</u>.

Vendor Instructions: Please provide electronic files of supporting documentation that you wish to be considered to staff no later than the agency deadline listed above. **NOTE: Deadlines indicated above apply to finalized documents.** Draft documents are due well ahead of published date for comments, redrafting, etc.

101 N. Carson Street, Suite 4 Carson City, Nevada 89701 775-684-5600

THE BOARD OF TRUSTEES OF THE COLLEGE SAVINGS PLANS OF NEVADA

Agenda Item 10 December 17, 2020

Item: Prepaid Summary and Quarterly Performance Report for the Nevada Prepaid Tuition Program for the period ended September 30, 2020

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, now known as Meketa Investment Group Inc. (Meketa), to perform investment review services of the Nevada Prepaid Tuition/Higher Education Trust Fund. These services include an independent quarterly review of investment performance and fund monitoring of each underlying fund or separate account. Attached is Meketa's report for the quarter ending September 30, 2020.

Eric White, with Meketa Investment Group Inc. will present this item.

Fiscal Impact: None by this action.

Staff recommended motion:

Move to approve the Nevada Higher Education Trust Fund quarterly review of investment performance by Meketa Investment Group Inc. for the quarter ending September 30, 2020.



December 17, 2020

3Q 2020 Nevada Prepaid Tuition Plan Quarterly Report

BOSTON CHICAGO LONDON MIAMI NEW YORK PORTLAND SAN DIEGO

MEKETA.COM



Nevada Prepaid Tuition Plan

Nevada Prepaid Total Portfolio | As of September 30, 2020

Introduction

The Nevada Prepaid Tuition Plan Portfolio had an aggregate value of \$324.6 million as of September 30, 2020. During the latest quarter, the Total Portfolio increased in value by \$15.9 million, and over the past 1-year period the Total Portfolio increased in value by \$23.2 million.

The global economy faces major recessionary pressure this year, but optimism remains for improvements in 2021, as economies are expected to gradually reopen. At the end of September, Bloomberg Economics estimated that third quarter US GDP growth could be as high as 25.1% (QoQ annualized). Full year US GDP growth is forecasted to decline by 4.3%. In September, the unemployment rate continued its decline from the recent April 14.7% peak, falling to 7.9% as businesses and consumers emerged from the lockdown. Despite the improvement, unemployment levels remain well above the pre-virus readings and are likely higher than reported, as some workers appear misclassified. According to the Bureau of Labor Statistics, absent the misclassification issue, the September unemployment rate would be higher by 0.4%. Emerging Markets Equity led the market in the third quarter with a 9.6% return. Domestically, the Industrial and Materials sectors produced the highest performance in the third quarter, both returning 12.0%.

Asset Allocation Trends

With respect to policy targets, the Total Portfolio ended the latest quarter overweight Large Cap Equity and underweight Fixed Income, Small Cap Equity, Mid Cap Equity and Covered Calls. All asset class weights remain within their policy target ranges.

Recent Investment Performance

The Total Portfolio underperformed its policy benchmark over the most recent quarter by 25 basis points, net of fees. The portfolio returned 7.7% after fees over the 1-year period, outperforming its benchmark by 0.7%. The portfolio also outperformed over the 3-year and 5-year periods by 17 and 5 basis points, respectively.

| | Quarter | 1 Year | 3 Year | 5 Year |
|--|---------|--------|--------|--------|
| Total Portfolio (Gross of Fees) ³ | 5.18 | 7.90 | 7.35 | 8.94 |
| Total Portfolio (Net of Fees) ² | 5.14 | 7.71 | 7.22 | 8.77 |
| Policy Benchmark ¹ | 5.39 | 6.97 | 7.05 | 8.72 |
| Excess Return (Net) | -0.25 | 0.74 | 0.17 | 0.05 |
| Public DB \$250M-\$1B Peer Median | 5.02 | 7.54 | 6.41 | 8.04 |

Recent Investment Performance

¹ Policy Benchmark consists of 39% S&P 500 Index, 30% BBgBarc US Aggregate A+ 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% BBgBarc US Aggregate A+ Bond Index, 8% S&P Midcap 400 Index, 4% S&P Small cap 600 Index.

² Total fees for the Chicago Equity Partners Fixed Income Portfolio approximately 17 bps annually.

³ Total Gross of Fees amounts estimated using following manager fee schedule: Vanguard LCE = 4 bps, Vanguard MCE & SCE = 8 bps, Glenmede = 64 bps, CEP = 17 bps.



Return Summary - Net of Fees 20.0 Rate of Return % 15.0 8.8 8.7 8.0 8.0 10.0 7.7 7.0 7.2 7.1 5.1 5.4 5.0 00 Q3-20 1 Year 3 Years 5 Years 7 Years Nevada Prepaid Total Portfolio Nevada Prepaid Custom Benchmark

Performance and Market Values | As of September 30, 2020

| Summary of Cash Flows | | | | | | | |
|---------------------------|---------------|---------------|--|--|--|--|--|
| | Third Quarter | One Year | | | | | |
| Beginning Market Value | \$308,724,298 | \$301,380,151 | | | | | |
| Net Cash Flow | -\$157,934 | -\$580,409 | | | | | |
| Net Investment Change | \$16,058,589 | \$23,825,210 | | | | | |
| Ending Market Value | \$324,624,953 | \$324,624,953 | | | | | |

| | Market Value | 3 Mo | 1 Yr | 3 Yrs | 5 Yrs | 7 Yrs |
|--|--------------|------------|------|-------|-------|-------|
| Nevada Prepaid Total Portfolio | 324,624,953 | 5.1 | 7.7 | 7.2 | 8.8 | 8.0 |
| Nevada Prepaid Custom Benchmark ¹ | | 5.4 | 7.0 | 7.1 | 8.7 | 8.0 |
| InvMetrics Public DB \$250mm-\$1B Net Median | | 5.0 | 7.5 | 6.4 | 8.0 | 6.7 |
| Public Equity | 173,569,571 | 8.1 | 11.1 | 10.1 | 12.9 | 11.6 |
| Vanguard - Large Cap Equity | 142,452,689 | 8.9 | 15.1 | 12.3 | 14.1 | 12.7 |
| S&P 500 | | <i>8.9</i> | 15.1 | 12.3 | 14.1 | 12.7 |
| Vanguard - Mid Cap Equity | 21,148,199 | 4.7 | -2.2 | 2.8 | 8.0 | 7.6 |
| S&P 400 MidCap | | 4.8 | -2.2 | 2.9 | 8.1 | 7.6 |
| Vanguard - Small Cap Equity | 9,968,683 | 3.2 | -8.2 | -0.3 | 7.2 | 6.5 |
| S&P 600 SmallCap | | 3.2 | -8.3 | -0.3 | 7.2 | 6.5 |
| Fixed Income Composite | 89,406,167 | 0.1 | 7.1 | 5.0 | 3.5 | 3.4 |
| Mesirow ² | 89,406,167 | 0.1 | 7.1 | 5.0 | 3.5 | 3.4 |
| BBgBarc US Aggregate A+ TR | | 0.4 | 6.9 | 5.0 | 3.8 | 3.7 |
| Covered Calls | 61,649,214 | 4.8 | -0.1 | 3.2 | 5.7 | |
| Glenmede Secured Options | 61,649,214 | 4.8 | -0.1 | 3.2 | 5.7 | |
| CBOE S&P 500 BuyWrite USD | | 6.5 | -4.9 | 1.1 | 4.8 | |

¹ Policy Benchmark consists of 39% S&P 500 Index, 30% BBgBarc US Aggregate A+ 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% BBgBarc US Aggregate A+ Bond Index, 8% S&P Midcap 400 Index, 4% S&P Small cap 600 Index.

² Mesirow replaced Chicago Equity Partners as of 06/01/2020. Total fees for Mesirow Fixed Income Portfolio approximately 17 bps annually.

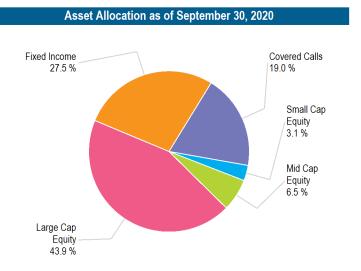


Actual v. Target Allocation | As of September 30, 2020

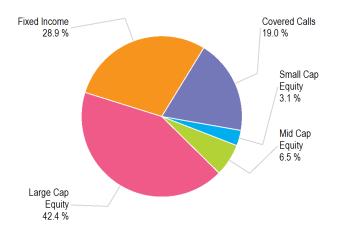
With respect to policy targets, the Total Portfolio ended the latest quarter underweight Fixed Income and overweight Equities. Within Domestic Equity, Small cap and Mid cap were underweight their target allocation, while Large cap equity was overweight its target allocation. Fixed Income is currently 2.5% below its 30% target while the Covered Calls asset class was underweight its 20% target allocation.

| Asset Allocation vs. Target | | | | | | |
|-----------------------------|---------------|---------|--------|-------------|----------------|-------------|
| | Current | Current | Policy | Difference* | Policy Range W | ithin Range |
| Small Cap Equity | \$9,968,683 | 3.1% | 4.0% | -0.9% | 1.0% - 7.0% | Yes |
| Mid Cap Equity | \$21,148,199 | 6.5% | 7.0% | -0.5% | 2.0% - 12.0% | Yes |
| Large Cap Equity | \$142,452,689 | 43.9% | 39.0% | 4.9% | 34.0% - 44.0% | Yes |
| Fixed Income | \$89,406,167 | 27.5% | 30.0% | -2.5% | 25.0% - 35.0% | Yes |
| Covered Calls | \$61,649,214 | 19.0% | 20.0% | -1.0% | 15.0% - 25.0% | Yes |
| Total | \$324,624,953 | 100.0% | 100.0% | | | |

*Difference between Policy and Current Allocation

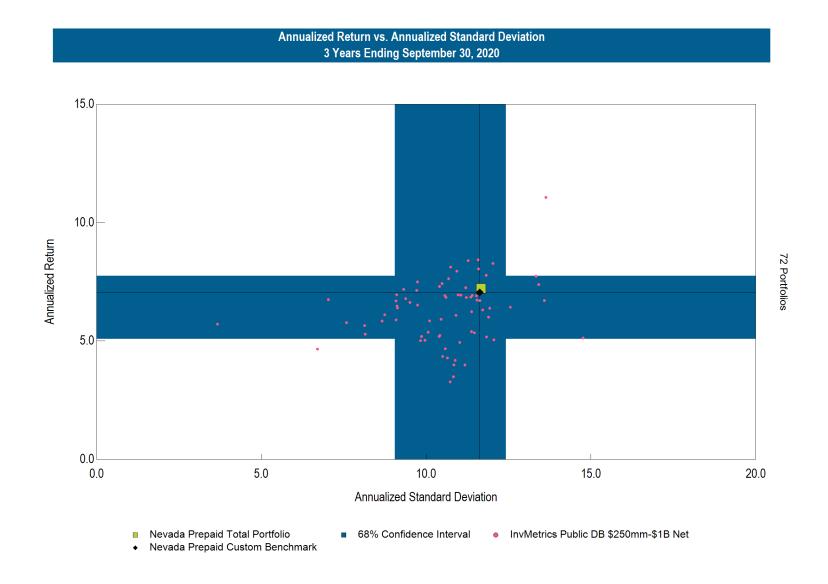


Asset Allocation as of June 30, 2020





Risk/Return Analysis | As of September 30, 2020





Manager Performance - Net of Fees | As of September 30, 2020

| | Market Value (\$) | QTD (%) | Rank | 1 Yr (%) | Rank | 3 Yrs (%) | Rank | 5 Yrs (%) | Rank |
|-----------------------------|----------------------|------------|-----------|-------------|------|--------------|------|--------------|------|
| Vanguard - Large Cap Equity | 142,452,689 | 8.9 | 42 | 15.1 | 26 | 12.3 | 19 | 14.1 | 14 |
| S&P 500 | | <u>8.9</u> | 41 | <u>15.1</u> | 25 | <u>12.3</u> | 18 | <u>14.1</u> | 12 |
| Excess Return | | 0.0 | | 0.0 | | 0.0 | | 0.0 | |
| Vanguard - Mid Cap Equity | 21,148,199 | 4.7 | 77 | -2.2 | 55 | 2.8 | 59 | 8.0 | 35 |
| S&P 400 MidCap | | <u>4.8</u> | 75 | <u>-2.2</u> | 54 | <u>2.9</u> | 57 | <u>8.1</u> | 32 |
| Excess Return | | -0.1 | | 0.0 | | -0.1 | | -0.1 | |
| Vanguard - Small Cap Equity | 9,968,683 | 3.2 | 60 | -8.2 | 58 | -0.3 | 44 | 7.2 | 31 |
| S&P 600 SmallCap | | <u>3.2</u> | 60 | <u>-8.3</u> | 60 | <u>-0.3</u> | 44 | <u>7.2</u> | 32 |
| Excess Return | | 0.0 | | 0.1 | | 0.0 | | 0.0 | |
| Mesirow | 89,406,167 | 0.1 | 99 | 7.1 | 42 | 5.0 | 65 | 3.5 | 88 |
| BBgBarc US Aggregate A+ TR | | <u>0.4</u> | <i>98</i> | <u>6.9</u> | 54 | <u>5.0</u> | 60 | <u>3.8</u> | 83 |
| Excess Return | | -0.3 | | 0.2 | | 0.0 | | -0.3 | |
| Glenmede Secured Options | 61,649,214 | 4.8 | 34 | -0.1 | 80 | 3.2 | 50 | 5.7 | 29 |
| CBOE S&P 500 BuyWrite USD | | <u>6.5</u> | 15 | <u>-4.9</u> | 94 | <u>1.1</u> | 65 | <u>4.8</u> | 51 |
| Excess Return | | -1.7 | | 4.8 | | 2.1 | | 0.9 | _ |

Peer group percentile rankings calculated using Morningstar peer groups.

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 4.8% during the most recent quarter, underperforming its benchmark by 1.7% and ranking in the 34th percentile of its peer group. Over the 1-, 3-, and 5-year periods, the Covered Calls manager outperformed the benchmark by 4.8%, 2.1% and 0.9% respectively.

Mesirow replaced Chicago Equity Partners on 06/01/2020. The combined performance of the two fixed income managers underperformed its benchmark, the BBgBarc US Aggregate A or Better index, over the quarter with a 0.1% return which ranked in the 99th percentile of its peer group.



WE HAVE PREPARED THIS REPORT (THIS "REPORT") FOR THE SOLE BENEFIT OF THE INTENDED RECIPIENT (THE "RECIPIENT").

SIGNIFICANT EVENTS MAY OCCUR (OR HAVE OCCURRED) AFTER THE DATE OF THIS REPORT AND THAT IT IS NOT OUR FUNCTION OR RESPONSIBILITY TO UPDATE THIS REPORT. ANY OPINIONS OR RECOMMENDATIONS PRESENTED HEREIN REPRESENT OUR GOOD FAITH VIEWS AS OF THE DATE OF THIS REPORT AND ARE SUBJECT TO CHANGE AT ANY TIME. ALL INVESTMENTS INVOLVE RISK. THERE CAN BE NO GUARANTEE THAT THE STRATEGIES, TACTICS, AND METHODS DISCUSSED HERE WILL BE SUCCESSFUL.

INFORMATION USED TO PREPARE THIS REPORT WAS OBTAINED FROM INVESTMENT MANAGERS, CUSTODIANS, AND OTHER EXTERNAL SOURCES. WHILE WE HAVE EXERCISED REASONABLE CARE IN PREPARING THIS REPORT, WE CANNOT GUARANTEE THE ACCURACY OF ALL SOURCE INFORMATION CONTAINED HEREIN.

CERTAIN INFORMATION CONTAINED IN THIS REPORT MAY CONSTITUTE "FORWARD - LOOKING STATEMENTS," WHICH CAN BE IDENTIFIED BY THE USE OF TERMINOLOGY SUCH AS "MAY," "WILL," "SHOULD," "EXPECT," "AIM", "ANTICIPATE," "TARGET," "PROJECT," "ESTIMATE," "INTEND," "CONTINUE" OR "BELIEVE," OR THE NEGATIVES THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. ANY FORWARD-LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION ARE BASED UPON CURRENT ASSUMPTIONS. CHANGES TO ANY ASSUMPTIONS MAY HAVE A MATERIAL IMPACT ON FORWARD - LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION ARE BASED UPON CURRENT, PROJECTIONS, VALUATIONS, OR RESULTS. ACTUAL RESULTS MAY THEREFORE BE MATERIALLY DIFFERENT FROM ANY FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION.

PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

THE BOARD OF TRUSTEES OF THE COLLEGE SAVINGS PLANS OF NEVADA

Agenda Item 11 December 17, 2020

Item: Meketa Investment Group Inc. Investment Monitoring Report for 529 Plans for the period ended September 30, 2020

Summary:

In December of 2010 the Board hired Pension Consulting Alliance (PCA), now known as Meketa Investment Group Inc. (Meketa), 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 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 ending September 30, 2020. In their report and memorandum regarding funds on "Watch" status, Meketa Investment Group Inc. is recommending the following changes to "Watch" status

Removal from Watch Status

• None

Initial Placement on Watch Status

• Putnam Income Fund

Eric White with Meketa Investment Group will present the materials to the Board.

Fiscal Impact: None by this action.

Staff recommended motion.

Move to approve and accept the Nevada 529 College Savings Plans Investment Monitoring Report prepared by Meketa Investment Group Inc. for the quarter ending September 30, 2020.



2175 NW Raleigh Street, Suite 300A Portland, OR 97210

MEMORANDUM

- **TO:** Nevada College Savings Plans
- **FROM:** Eric White, CFA; Kay Ceserani; Stephanie Sorg; Meketa Investment Group
- **DATE:** December 17, 2020
- **RE:** Review of Portfolios Qualifying for "Watch" Status

Summary

Meketa has conducted a review of the underlying funds in the Nevada College Savings Plans for the period ending September 30, 2020.

Currently, three funds from the USAA Program remain on "Watch" status, and no additional funds qualify for "Watch" status. These funds are listed below.

- USAA Growth
- USAA Value
- USAA Growth & Income

Currently, five funds from the Putnam 529 for America Program remains on "Watch" status, and one additional funds qualify for "Watch" status. These funds are listed below.

- Putnam Small Cap Value
- GAA All Equity
- GAA Growth
- GAA Balanced
- GAA Conservative
- Putnam Income Recommend for "Watch" Status

The Vanguard 529 Program does not have any funds that qualify for "Watch" status, or are currently on "Watch" status.

The SSgA Upromise 529 College Savings Plan does not have any funds currently on "Watch" status while one new fund now qualifies for "Watch" status.

• SPDR FTSE Intl Govt Infl-Prot Bond ETF - Recommend for "Watch" Status

The Wealthfront 529 College Savings Plan does not have any funds that qualify for "Watch" status, or are currently on "Watch" status.

USAA 529 Plan Summary of "Watch" Status

| | | Criteria | h Status | |
|----------------------|----------|--------------|--------------|--------------|
| Portfolios | On Watch | Short-term | Medium-term | Organization |
| USAA Growth | Yes | \checkmark | \checkmark | |
| USAA Value | Yes | \checkmark | \checkmark | |
| USAA Growth & Income | Yes | \checkmark | \checkmark | |

 \checkmark 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 Growth | 12/13/2018 | 10/1/2018 | 24 | 1.9% |
| USAA Value | 12/13/2018 | 10/1/2018 | 24 | -2.5% |
| USAA Growth & Income | 3/21/2019 | 1/1/2019 | 21 | -4.0% |

Funds Currently on "Watch"

USAA Growth (3Q Combined Status Report – Page 39)

Since being placed on "Watch" status 24 months ago, the USAA Growth fund has outperformed its benchmark, the Russell 1000 Growth index, by 190 basis points and ranked in the 60th percentile of its Lipper US Large Cap Growth peer group. Over the most recent quarter, the fund underperformed its benchmark by (110) basis points, and ranked in the 41st percentile of its Lipper Large Cap Growth Equity peer group. Stock selection within the consumer discretionary and communication services sectors contributed to relative performance, while selection within information technology and health care detracted. On an allocation basis, the fund's overweight to consumer discretionary and underweight to real estate added to relative return, while its overweight to health care and underweight to information technology detracted.

Despite a strong recent quarter, poor performance over the second half of 2019 caused the USAA Growth fund to see its short-term performance dip into the Caution range during the previous quarter. Combining recent poor performance with a difficult 2017 and 2018 means the fund currently qualifies for "Watch" status due to short-term and medium-term performance. Therefore, **Meketa recommends that the USAA Growth fund remain on "Watch" status** due to short-term and medium-term performance struggles.

USAA Value (3Q Combined Status Report - Page 47)

Since being placed on "Watch" status 24 months ago, the USAA Value fund has underperformed its Russell 3000 Value benchmark by (2.5%), ranking the fund in the 89th percentile of its Lipper US Large Cap Value peer group. Over the most recent quarter, the fund underperformed the benchmark return by (100) basis points and ranked in the 56th percentile of its peer group. For the quarter, security selection acted a constraint on the fund's performance relative to the benchmark, while sector allocation was essentially a neutral factor. Manager selection within utilities, health care and consumer staples were the largest detractors from performance.

Despite strong recent quarters, poor relative performance over the second half of 2019 and first half of 2020 caused the USAA Value fund to see its short-term performance dip into the Caution range during the previous six months. Combining recent poor performance with a difficult 2017 and 2018 means the fund currently qualifies for "Watch" status due to short-term and medium-term performance. Therefore, **Meketa recommends that the USAA Value fund remain on "Watch" status** due to short-term and medium-term performance struggles.

USAA Growth & Income (3Q Combined Status Report - Page 43)

Since being placed on "Watch" status 18 months ago, the USAA Growth & Income fund has underperformed its Russell 3000 benchmark by (4.0%), placing the fund in the 67th percentile of its Lipper US Large Cap Core peer group. Over the most recent quarter, the fund outperformed its benchmark by 50 basis points and ranked in the 23rd percentile of its peer group. The fund's outperformance during the quarter was due to stock selection within the consumer discretionary sector, and an underweight allocation to the energy sector.

The USAA Growth & Income fund continues to be heavily affected by poor performance that took place before the recent management changes under Victory Capital undertaken in mid-2019. Prior to the changes the fund had underperformed over six straight quarters. However, despite outperforming in 1Q 2020, since Victory's takeover performance has continued to struggle as the last two quarters of 2019 both saw underperformance of (2.0%) or more. The fund continues to qualify for "Watch" status due to both short-term and medium-term performance. Therefore, **Meketa recommends that the USAA Growth & Income fund remain on "Watch" status** due to performance reasons.

Putnam 529 for America Plan Summary of "Watch" Status

| | | Criteria Utilized for Watch Status | | | |
|------------------------|----------|------------------------------------|--------------|--------------|--|
| Portfolios | On Watch | Short-term | Medium-term | Organization | |
| Putnam Small Cap Value | Yes | | \checkmark | | |
| GAA Growth | Yes | | \checkmark | | |
| GAA Balanced | Yes | \checkmark | \checkmark | | |
| GAA Conservative | Yes | \checkmark | \checkmark | | |
| GAA All Equity | Yes | | \checkmark | | |
| Putnam Income | No | \checkmark | | | |

 \checkmark 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 |
|------------------------|----------------------|----------------------------|------------------------------------|---------------------------------|
| Putnam Small Cap Value | 6/20/2019 | 1/1/2019 | 21 | 1.4%s |
| GAA Growth | 12/18/2019 | 10/1/2019 | 12 | -3.0% |
| GAA Balanced | 12/18/2019 | 10/1/2019 | 12 | -3.8% |
| GAA Conservative | 12/18/2019 | 10/1/2019 | 12 | -2.9% |
| GAA All Equity | 6/25/2020 | 1/1/2020 | 6 | -2.9% |

Funds Currently on "Watch"

Putnam Small Cap Value (3Q Combined Status Report – Page 56)

Since being placed on "Watch" status 21 months ago, the Putnam Small Cap Value fund has outperformed its Russell 2000 Value benchmark by 140 basis points, placing the fund in the 55th percentile of its Lipper US Small Cap Value Equity peer group. Over most recent quarter, the fund underperformed its benchmark by (40) basis points, and ranked in the 54th percentile of its peer group. Stock selection was the most positive within cyclical sectors with financials and industrials leading the way. Sector allocations also contributed to positive relative results as the strategy benefited from an overweight to consumer discretionary and underweights to financials and utilities.

Past results continue to drag on the fund's medium-term performance (including a difficult 2018) which remains in the Caution range. The fund continues to qualify for "Watch" status due to its medium-term performance. Therefore, **Meketa recommends that the Putnam Small Cap Value fund remain on "Watch" status** and continue be closely monitored over the coming periods.

Putnam GAA Growth (3Q Combined Status Report - Page 53)

Since being placed on "Watch" status 12 months ago, the Putnam GAA Growth fund has underperformed its custom benchmark by (3.0%). Over the most recent quarter, the Growth fund underperformed by (50) basis points. The recent quarter's underperformance was due to poor stock selection within the US Large Cap Equity sleeve, as this exposure (59% of portfolio) trailed its benchmark by (122) basis points.

Recent poor performance has affected the fund's medium-term performance as it has now been in the Caution range for eleven months. Therefore, **Meketa recommends that the Putnam GAA Growth fund remain on "Watch" status** and be closely monitored over the coming periods.

Putnam GAA Balanced (3Q Combined Status Report – Page 54)

Since being placed on "Watch" status 12 months ago, the Putnam GAA Balanced fund has underperformed its custom benchmark by (3.8%). Over the most recent quarter, the Balanced fund underperformed by (70) basis points. The recent quarter's underperformance was due to poor stock selection within the US Large Cap Equity and High Yield sleeves. The fund's US Large Cap Equity sleeve (50% of portfolio) trailed its benchmark by (124) basis points, and the High Yield sleeve (4.4% of portfolio) trailed its benchmark by (133) basis points.

The GAA Balanced fund has seen its performance steady decline over the past 18-month period as its short-term performance has now been in the Caution range for 18 consecutive months. Recent poor performance has also affected the fund's medium-term performance as it has now been in the Caution range for 11 months. Therefore, **Meketa recommends that the Putnam GAA Balanced fund remain on "Watch" status** and be closely monitored over the coming periods.

Putnam GAA Conservative (3Q Combined Status Report - Page 55)

Since being placed on "Watch" status 12 months ago, the Putnam GAA Conservative portfolio has underperformed its custom benchmark by (2.9%). Over the most recent quarter, the Conservative fund underperformed by (20) basis points. The recent quarter's underperformance was due to poor stock selection within the US Large Cap Equity and High Yield sleeves. The fund's US Large Cap Equity sleeve (25.8% of portfolio) trailed its benchmark by (125) basis points, and the High Yield sleeve (4.4% of portfolio) trailed its benchmark by (162) basis points.

The GAA Conservative fund has continued to struggle as its short-term performance has now been in the Caution range for 18 consecutive months. Recent poor performance has also affected the fund's medium-term performance as it has now been in the Caution range for 10 months. Therefore, **Meketa recommends that the Putnam GAA Conservative fund remain on "Watch" status** and be closely monitored over the coming periods.

Putnam GAA All Equity (3Q Combined Status Report – Page 52)

Over the most recent 12-month period, the fund underperformed its custom benchmark by (2.9%). Over the most recent quarter, the All Equity fund underperformed by (60) basis points. The All Equity portfolio's underperformance was mostly due to stock selection in its US Large Cap Equity sleeve, as it trailed its custom index by (125) basis points, and represents roughly 72% of the portfolio.

Much like the other GAA funds, the Putnam GAA All Equity fund has seen a long deterioration in performance and first qualified for "Watch" status in January 2020. The fund continues to qualify for "Watch" status due to medium-term performance. Therefore, **Meketa recommends the GAA All Equity portfolio remain on "Watch" status** and be closely monitored over the coming periods.

New Funds Qualifying for "Watch"

Putnam Income (3Q Combined Status Report – Page 60)

The Putnam Income fund qualifies for "Watch" status as its rolling 12-month excess return has been below (0.75%) for six consecutive months. Over the past 1-year period, the fund has underperformed its benchmark, the Barclays US Aggregate Bond Index, by (1.5%), placing it in the 85th percentile of its Intermediate-term Bond peer group. The fund's recent dip in performance is in contrast to its longer-term performance, which has seen the fund consistently outperform its benchmark by healthy margins, while regularly ranking in the top decile of its peer group. Despite the fund's poor 1-year relative results, the fund bounced back somewhat over the most recent quarter, by outperforming its benchmark by 70 basis points. Therefore, **Meketa recommends Putnam Income be placed on "Watch" status**, and be closely monitored over the coming periods.

Vanguard 529 Plan

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

SSgA Upromise 529 College Savings Plan Summary of "Watch" Status

| | Criteria | h Status | |
|----------|--------------|---------------------|--------------|
| On Watch | Short-term | Medium-term | Organization |
| No | \checkmark | \checkmark | |
| | | On Watch Short-term | |

Indicates eligible for Watch status as a result of performance

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

New Funds Qualifying for "Watch"

SPDR FTSE Intl Govt Infl-Prot Bond ETF (3Q Combined Status Report – Page 34)

The SPDR FTSE Intl Govt Inflation-Linked Bond ETF qualifies for "Watch" status by having rolling 12- and 36-month tracking errors above 30 and 50 basis points, respectively, for six or more consecutive months. The fund returned 0.0% over the past 12-month period compared to its FTSE Intl Inflation-Linked Capped benchmark return of -0.9%, and its 12-month tracking error is 95 basis points as of the end of September. The fund's 12-month monthly tracking error had recently remained near 15 basis points over the past several years before experiencing a jump beginning in March 2020. The fund provides exposure to inflation-linked bonds of developed and emerging market countries outside of the US and is typically utilized as a hedge against inflation outside of the US. Meketa currently believes the fund continues to be a good option for providing exposure to inflation-linked income to international markets and we do not have any major concerns with the fund at this time. However, the fund does qualify for "Watch" status given its short- and medium-term performance. Therefore, **Meketa recommends the SPDR FTSE Intl Govt Inflation-Linked Bond ETF be placed on "Watch" status,** and be closely monitored over the coming periods.

Wealthfront 529 Plan

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

APPROVED FOR WATCH STATUS:

Zach Conine, State Treasurer

Disclosures

WE HAVE PREPARED THIS REPORT (THIS "REPORT") FOR THE SOLE BENEFIT OF THE INTENDED RECIPIENT (THE "RECIPIENT").

SIGNIFICANT EVENTS MAY OCCUR (OR HAVE OCCURRED) AFTER THE DATE OF THIS REPORT AND THAT IT IS NOT OUR FUNCTION OR RESPONSIBILITY TO UPDATE THIS REPORT. ANY OPINIONS OR RECOMMENDATIONS PRESENTED HEREIN REPRESENT OUR GOOD FAITH VIEWS AS OF THE DATE OF THIS REPORT AND ARE SUBJECT TO CHANGE AT ANY TIME. ALL INVESTMENTS INVOLVE RISK. THERE CAN BE NO GUARANTEE THAT THE STRATEGIES, TACTICS, AND METHODS DISCUSSED HERE WILL BE SUCCESSFUL.

INFORMATION USED TO PREPARE THIS REPORT WAS OBTAINED FROM INVESTMENT MANAGERS, CUSTODIANS, AND OTHER EXTERNAL SOURCES. WHILE WE HAVE EXERCISED REASONABLE CARE IN PREPARING THIS REPORT, WE CANNOT GUARANTEE THE ACCURACY OF ALL SOURCE INFORMATION CONTAINED HEREIN.

CERTAIN INFORMATION CONTAINED IN THIS REPORT MAY CONSTITUTE "FORWARD - LOOKING STATEMENTS," WHICH CAN BE IDENTIFIED BY THE USE OF TERMINOLOGY SUCH AS "MAY," "WILL," "SHOULD," "EXPECT," "AIM", "ANTICIPATE," "TARGET," "PROJECT," "ESTIMATE," "INTEND," "CONTINUE" OR "BELIEVE," OR THE NEGATIVES THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. ANY FORWARD - LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION ARE BASED UPON CURRENT ASSUMPTIONS. CHANGES TO ANY ASSUMPTIONS MAY HAVE A MATERIAL IMPACT ON FORWARD LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS. ACTUAL RESULTS MAY THEREFORE BE MATERIALLY DIFFERENT FROM ANY FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION.

PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.



Nevada College Savings Programs September 17, 2020

3Q 2020 Investment Performance Status Report

MEKETA.COM

Nevada College Savings Programs

Agenda

- 1. Summary of Fund Performance and Watch Status
- 2. Age-Based Risk/Return Analysis
- 3. Enrollment Date Risk/Return Analysis

Summary of Fund Performance and Watch Status

Nevada College Savings Programs

Summary of Fund Performance and Watch Status

| Program | Total Funds^ | Positive | Acceptable | Caution | Watch** | |
|----------------------|-----------------|----------|------------|---------|---------|---|
| Vanguard 529 Plan | | | | | | 1 |
| Number of Funds | 15 | 12 | 2 | 1 | | |
| Percentage | 100% | 80% | 13% | 7% | 0% | |
| Fund Status î | 2 | | | | | |
| Fund Status 🖓 | | | 1 | | | |
| US Equity Funds | 8 | 7 | 1 | | | |
| Intl Equity Funds | 1 | | | 1 | | |
| Fixed Income Funds | 5 | 4 | 1 | | | |
| Other Funds* | 1 | 1 | | | | |
| SSgA Upromise 529 Pl | an | | | | | |
| Number of Funds | 15 | 14 | - | | | |
| Percentage | 100% | 93% | O% | 0% | 7% | |
| Fund Status î | | | | | | |
| Fund Status 🖟 | 1 | | | | 1 | |
| US Equity Funds | 3 | 3 | | | | |
| Intl Equity Funds | 4 | 4 | | | | |
| Fixed Income Funds | б | 5 | | | 1 | |
| Other Funds* | 2 | 2 | | | | |

^Money Market funds not included

*Includes Balanced, Commodities, REITs, and MLPs

**Reflects funds currently on "Watch" status and new funds qualifying for "Watch" status

Vanguard 529 Program

- 93% of funds in the Vanguard Program have either a Positive or Acceptable status
- Fund status changes:
 - 2 funds improved during the quarter
 - No funds deteriorated during the quarter

SSgA Upromise 529 Program

- 93% of funds in the SSgA Upromise Program have either a Positive or Acceptable status
- Fund status changes:
 - No funds improved during the quarter
 - 1 fund deteriorated during the quarter

Nevada College Savings Programs

Summary of Fund Performance and Watch Status

| Program | Total Funds^ | Positive | Acceptable | Caution | Watch** |
|-----------------------|-----------------|----------|------------|-----------|---------|
| USAA 529 Plan | | | | | |
| Number of Funds | 11 | 4 | 4 | | 3 |
| Percentage | 100% | 36% | 36% | O% | 28% |
| Fund Status î | 3 | 2 | 1 | | |
| Fund Status 🖟 | | | | | |
| US Equity Funds | 5 | 2 | | | 3 |
| Intl Equity Funds | 2 | | 2 | | |
| Fixed Income Funds | 4 | 2 | 2 | | |
| Other Funds* | | | | | |
| Putnam 529 for Americ | ca | | | | |
| Number of Funds | 16 | 6 | 2 | 1 | 7 |
| Percentage | 100% | 38% | 13% | 6% | 43% |
| Fund Status î | 1 | | 1 | | |
| Fund Status 🖟 | 3 | | 1 | | 2 |
| US Equity Funds | 5 | 3 | 1 | | 1 |
| Intl Equity Funds | 1 | 1 | | | |
| Fixed Income Funds | 4 | 2 | 1 | | 1 |
| Other Funds* | 6 | | | 1 | 5 |

^Money Market fund and NY Life Insurance not included

*Includes Balanced, AR, Commodities, REITs, and MLPs

**Reflects funds currently on "Watch" status and new funds qualifying for "Watch" status

USAA 529 Program

- 72% of funds in the USAA Program have either a Positive or Acceptable status
- Fund status changes:
 - 3 funds improved during the quarter
 - No funds deteriorated during the quarter

Putnam 529 Program

- 51% of funds in the Putnam Program have either a Positive or Acceptable status
- Fund status changes:
 - 1 fund improved during the quarter
 - 3 funds deteriorated during the quarter

Nevada College Savings Programs

Summary of Fund Performance and Watch Status

| Program | Total Funds^ | Positive | Acceptable | Caution | Watch** |
|----------------------|-----------------|----------|------------|---------|---------|
| Wealthfront 529 Plan | | | | | |
| Number of Funds | 9 | 8 | | 1 | |
| Percentage | 100% | 89% | O% | 11% | 0% |
| Fund Status 企 | | | | | |
| Fund Status 🖓 | | | | | |
| US Equity Funds | 2 | 2 | | | |
| Intl Equity Funds | 2 | 1 | | 1 | |
| Fixed Income Funds | 4 | 4 | | | |
| Other Funds* | 1 | 1 | - | | |

^Money Market fund and NY Life Insurance not included

*Includes Balanced, Commodities, REITs, and MLPs

**Reflects funds currently on "Watch" status and new funds qualifying for "Watch" status

Wealthfront 529 Program

- 89% of funds in the Wealthfront Program have either a Positive or Acceptable status
- Fund status changes:
 - No funds improved during the quarter
 - No funds deteriorated during the quarter



Summary of Fund Performance and Watch Status

Vanguard 529 Plan: Summary of Fund Performance Status

| Portfolios | Prior Quarter Status | Current Quarter Status |
|-------------------------------------|-------------------------|---------------------------|
| Passively Managed Funds | | |
| 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* | Caution | Caution |
| Vanguard Total Bond Market Fund | Positive | Positive |
| Vanguard Ttl Bond Market II Fund | Positive | Positive |
| Vanguard Ttl Intl Bond Market Fund | Positive | Positive |
| Actively Managed Funds | | |
| Vanguard US Growth Fund** | Positive | Positive |
| Vanguard Windsor Fund | Positive | Acceptable |
| Vanguard STAR Fund | Positive | Positive |
| Vanguard Infl-Prot Securities Fund | Acceptable | Acceptable |
| Vanguard High Yield Bond Fund | 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).

* Fund has been excluded from Watch status but remains below watch criteria ** Vanguard Morgan Growth fund merged into the Vanguard US Growth fund to start 2Q 2019



Summary of Fund Performance and Watch Status

| Portfolios | Currently on Watch? | Qualifies for Watch? |
|-------------------------------------|------------------------|---------------------------|
| Passively Managed Funds | | |
| 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 | Short-Term Medium-Term |
| Vanguard Total Bond Market Fund | NO | NO |
| Vanguard Ttl Bond Market II Fund | NO | NO |
| Vanguard Ttl Intl Bond Market Fund | NO | NO |
| Actively Managed Funds | | |
| Vanguard US Growth Fund** | NO | NO |
| Vanguard Windsor Fund | NO | NO |
| Vanguard STAR Fund | NO | NO |
| Vanguard Infl-Prot Securities Fund | NO | NO |
| Vanguard High Yield Bond Fund | NO | NO |

Vanguard 529 Plan: Summary of Watch Status

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).

* Fund has been excluded from Watch status but remains below watch criteria ** Vanguard Morgan Growth fund merged into the Vanguard US Growth fund to start 2Q 2019



Summary of Fund Performance and Watch Status

SSgA Upromise 529 Plan: Summary of Fund Performance Status

| Portfolios | Prior Quarter Status | Current Quarter Status |
|--|-------------------------|---------------------------|
| Passively Managed Funds | | |
| 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 Port Developed World ex-US ETF | Positive | Positive |
| SPDR S&P International Small-Cap ETF | Positive | Positive |
| SPDR Portfolio Emerging Markets ETF | Positive | Positive |
| SPDR S&P Emerging Markets Small-Cap ETF | Positive | Positive |
| SPDR Portfolio Aggregate Bond ETF | Positive | Positive |
| SPDR BImbg Barclays TIPS ETF | Positive | Positive |
| SPDR FTSE Intl Govt Infl-Protected Bond ETF | Caution | Caution |
| SPDR BImbg Barclays High Yield Bond ETF | Positive | Positive |
| SPDR Portfolio ST Corporate Bond ETF | Positive | Positive |
| SPDR BImbg Barclays 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 and Watch Status

SSgA Upromise 529 Plan: Summary of Watch Status

| Portfolios | Currently on Watch? | Qualifies for Watch? |
|--|------------------------|----------------------------|
| Passively Managed Funds | | |
| 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 |
| SPDR S&P Port Developed World ex-US ETF | NO | NO |
| SPDR S&P International Small-Cap ETF | NO | NO |
| SPDR Portfolio Emerging Markets ETF | NO | NO |
| SPDR S&P Emerging Markets Small-Cap ETF | NO | NO |
| SPDR Portfolio Aggregate Bond ETF | NO | NO |
| SPDR Blmbg Barclays TIPS ETF | NO | NO |
| SPDR FTSE Intl Govt Infl-Protected Bond ETF | NO | Short-Term, Medium-Term |
| SPDR Blmbg Barclays High Yield Bond ETF | NO | NO |
| SPDR Portfolio ST Corporate Bond ETF | NO | NO |
| SPDR Blmbg Barclays 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 and Watch Status

USAA 529 Plan: Summary of Fund Performance Status

| | | | | | evaluation | | |
|-----------|-----------|----|---------|------|------------|-----------|--------|
| short-ter | ·m (rolli | ng | 12-mont | hs), | medium-ter | m (rollin | ig 36- |
| month) a | 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.)

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

MEKETA

Summary of Fund Performance and Watch Status

| Portfolios | Currently On Watch? | Qualifies for Watch? |
|----------------------------------|------------------------|---------------------------|
| USAA Growth Fund | YES | Short-Term |
| USAA Growth & Income Fund | YES | Medium-Term |
| USAA Value Fund | YES | Short-Term Medium-Term |
| USAA Income Stock Fund | NO | NO |
| USAA Small Cap Stock Fund | NO | NO |
| USAA International Fund | NO | NO |
| USAA Emerging Markets Fund | NO | NO |
| USAA Income Fund | NO | NO |
| USAA Intermediate-Term Bond Fund | NO | NO |
| USAA High Income Fund | NO | NO |
| USAA Short-Term Bond Fund | NO | NO |

USAA 529 Plan: Summary of Watch Status

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 and Watch Status

Putnam 529 for America Plan: Summary Of Fund Performance Status

| Portfolios | Prior Quarter Status | Current Quarter Status |
|--------------------------------------|-------------------------|---------------------------|
| Portfolios for Age/Goal Based | | |
| GAA All Equity | On Watch | On Watch |
| GAA Growth | On Watch | On Watch |
| GAA Balanced | On Watch | On Watch |
| GAA Conservative | On Watch | On Watch |
| Individual Fund Options | | |
| SPDR S&P 500 ETF Trust | Positive | Positive |
| Putnam Equity Income | Positive | Positive |
| Principal Mid Cap | Positive | Acceptable |
| Putnam Growth Opportunities | Positive | Positive |
| Putnam Small Cap Value | On Watch | On Watch |
| MFS Inst. International Equity | Positive | Positive |
| Putnam Income | Caution | Caution |
| Federated Hermes Short-Int. Gvt Fund | Caution | Acceptable |
| Putnam High Yield | Positive | Positive |
| Putnam Short Duration Bond | Positive | Positive |
| Absolute Return Funds | | |
| Putnam Fixed Income Absolute Return* | Caution | Caution |
| Putnam Multi-Asset Absolute Return* | Caution | Caution |

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.)

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



Summary of Fund Performance and Watch Status

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).

| Portfolios | Currently on Watch? | Qualifies for Watch? |
|--------------------------------------|------------------------|---------------------------|
| Portfolios for Age/Goal Based | | |
| GAA All Equity | YES | Medium-Term |
| GAA Growth | YES | Medium-Term |
| GAA Balanced | YES | Short-Term Medium-Term |
| GAA Conservative | YES | Short-Term Medium-Term |
| Individual Fund Options | | |
| SPDR S&P 500 ETF | NO | NO |
| Putnam Equity Income Fund | NO | NO |
| Principal MidCap Blend Fund | NO | NO |
| Putnam Growth Opportunities Fund | NO | NO |
| Putnam Small Cap Value Fund | YES | Medium-Term |
| MFS Inst. International Equity Fund | NO | NO |
| Putnam Income Fund | NO | Short-Term |
| Federated Hermes Short-Int. Gvt Fund | NO | NO |
| Putnam High Yield Fund | NO | NO |
| Putnam Short Duration Bond Fund | NO | NO |
| Individual Fund Options | | |
| Putnam Fixed Income Absolute Return* | NO | Short-Term Medium-Term |
| Putnam Multi-Asset Absolute Return* | NO | Short-Term Medium-Term |

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



Summary of Fund Performance and Watch Status

Wealthfront 529 Plan: Summary of Fund Performance Status

| Portfolios | Prior Quarter Status | Current Quarter Status |
|--|-------------------------|---------------------------|
| Passively Managed Funds | | |
| Vanguard Total Stock Market ETF | Positive | Positive |
| Vanguard Dividend Appreciation ETF | Positive | Positive |
| Vanguard FTSE Developed Markets ETF* | Caution | Caution |
| Vanguard FTSE Emerging Markets ETF | Positive | Positive |
| Vanguard REIT ETF | Positive | Positive |
| iShares iBoxx \$ Invst. Grade Corp. Bond ETF | Positive | Positive |
| iShares JP Morgan USD Em. Mkt. Bond ETF | Positive | Positive |
| Vanguard Short Treasury Bond ETF | Positive | Positive |
| Vanguard Short-Term Infl-Prot Securities ETF | Positive | Positive |

* 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 and Watch Status

Wealthfront 529 Plan: Summary Of Watch Status

| Portfolios | Currently on Watch? | Qualifies for Watch? |
|--|------------------------|-------------------------|
| Passively Managed Funds | | |
| Vanguard Total Stock Market ETF | NO | No |
| Vanguard Dividend Appreciation ETF | NO | NO |
| Vanguard FTSE Developed Markets ETF* | NO | Short-Term |
| Vanguard FTSE Emerging Markets ETF | NO | NO |
| Vanguard REIT ETF | NO | NO |
| iShares iBoxx \$ Invst. Grade Corp. Bond ETF | NO | NO |
| iShares JP Morgan USD Em. Mkt. Bond ETF | NO | NO |
| Vanguard Short Treasury Bond ETF | NO | NO |
| Vanguard Short-Term Infl-Prot Securities ETF | NO | NO |

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

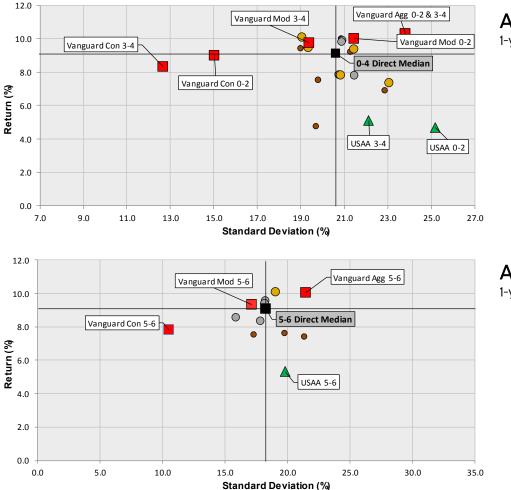
Funds identified as "Currently on Watch" are those whose Watch status has been approved by the State Treasurer's Office.

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).

Age-Based Risk/Return Analysis



Age-Based Risk/Return Analysis



Direct-Sold Programs

Age 0-4

1-year (as of September 30, 2020)

Age 5-6 1-year (as of September 30, 2020)

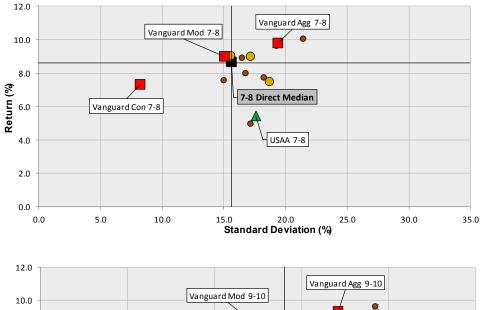
Source: MorningStar



Age-Based Risk/Return Analysis

Direct-Sold Programs

25.0



9-10 Direct Median

10.0

 \bigcirc

15.0

Standard Deviation (%)

 \cap

USAA 9-11

20.0

 \bigcirc

Age 7-8 1-year (as of September 30, 2020)

MEKETA INVESTMENT GROUP

Source: MorningStar

5.0

Vanguard Con 9-10

8.0

6.0

4.0

2.0

0.0

0.0

Return (%)

Age 9-10 1-year (as of September 30, 2020)



Age-Based Risk/Return Analysis

10.0 Age 11-12 Vanguard Mod 11-12 9.0 \bigcirc Vanguard Agg 11-12 8.0 11-12 Direct Median 7.0 **Return (%)** 2.0 7.0 7.0 USAA 12-13 Vanguard Con 11-12 3.0 2.0 1.0 0.0 5.0 10.0 0.0 15.0 20.0 Standard Deviation (%) 10.0 Age 13-14 Vanguard Agg 13-14 9.0 \bigcirc 1-year (as of September 30,, 2020) 8.0 Vanguard Mod 13-14 7.0 Q 6.0 **%** 5.0 4.0 13-14 Direct Median USAA 14-15 Vanguard Con 13-14 3.0 2.0 1.0

9.0

7.0

8.0 Standard Deviation (%)

10.0 11.0 12.0 13.0 14.0 15.0 16.0

Direct-Sold Programs

1-year (as of September 30, 2020)

Source: MorningStar

2.0

1.0

0.0

0.0

3.0

4.0

5.0 6.0



9.0

8.0

7.0

6.0

5.0

4.0

3.0

2.0 1.0 0.0

Return (%)

Nevada College Savings Programs

Age-Based Risk/Return Analysis

Vanguard Agg 16 C 0 Vanguard Mod 15 Vanguard Agg 15 \bigcirc Q • Vanguard Mod 16 15-16 Direct Median \bigcirc • • USAA 16-17 Vanguard Con 15 & 16

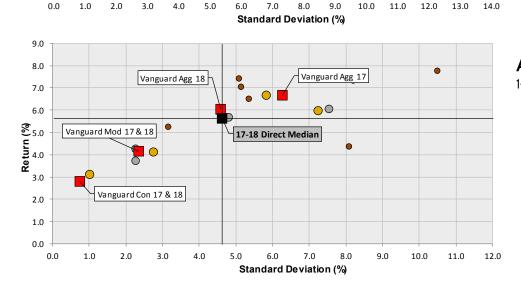
10.0

Direct-Sold Programs

14.0

Age 15-16

1-year (as of September 30, 2020)



5.0

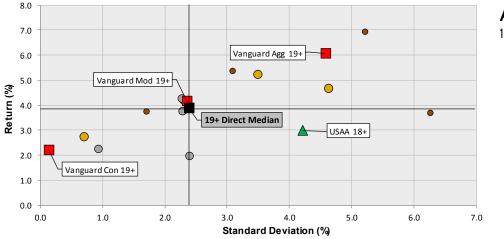
6.0



Source: MorningStar



Age-Based Risk/Return Analysis



Direct-Sold Programs

Age 19+

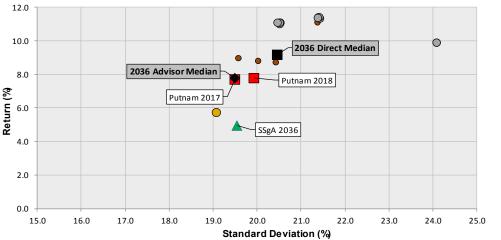
1-year (as of September 30, 2020)

Source: MorningStar

Enrollment Date Risk/Return Analysis



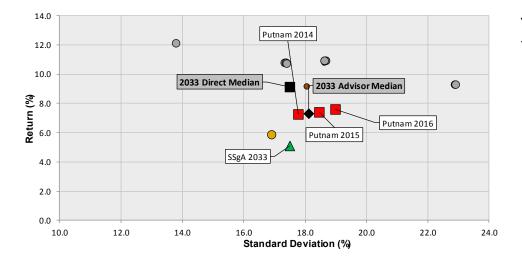
Enrollment Date Risk/Return Analysis



Direct & Advisor-Sold Programs

Year 2036

1-year (as of September 30, 2020)



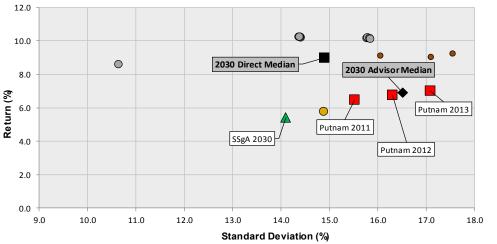
Year 2033 1-year (as of September 30, 2020)

Source: MorningStar

MEKETA INVESTMENT GROUP



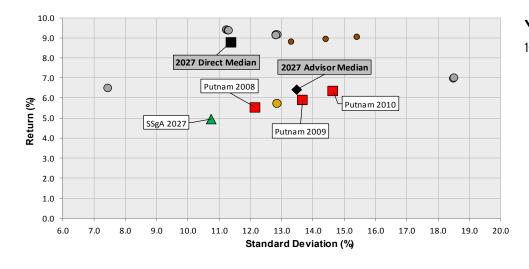
Enrollment Date Risk/Return Analysis



Direct & Advisor-Sold Programs

Year 2030

1-year (as of September 30, 2020)



Year 2027 1-year (as of September 30, 2020)

Source: MorningStar



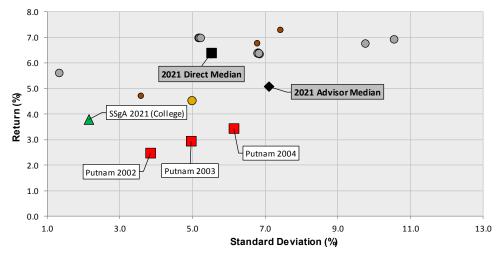
Enrollment Date Risk/Return Analysis

10.0 9.0 \bigcirc \odot 8.0 2024 Direct Median 2024 Advisor Median 7.0 0 **Return (%)** 2.0 4.0 \bigcirc Putnam 2007 SSgA 2024 Putnam 2006 3.0 Putnam 2005 2.0 1.0 0.0 13.0 14.0 15.0 16.0 17.0 2.0 3.0 4.0 5.0 6.0 7.0 8.0 9.0 10.0 11.0 12.0 Standard Deviation (%)

Direct & Advisor-Sold Programs

Year 2024

1-year (as of September 30, 2020)



Year 2021

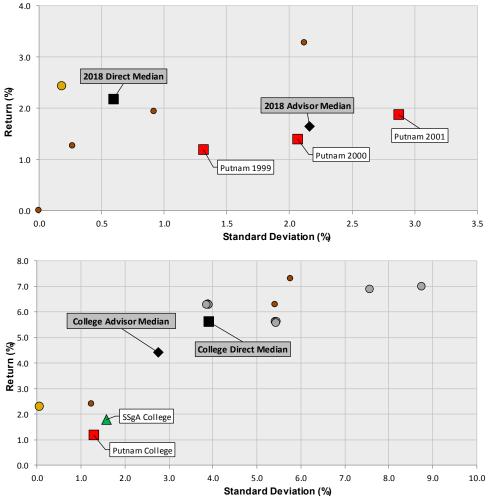
1-year (as of September 30, 2020)

Source: MorningStar

MEKETA INVESTMENT GROUP



Enrollment Date Risk/Return Analysis



Direct & Advisor-Sold Programs

Year 2018

1-year (as of September 30, 2020)

5.0 **Ke turn** 4.0 3.0

College

1-year (as of September 30, 2020)



Disclosures

WE HAVE PREPARED THIS REPORT (THIS "REPORT") FOR THE SOLE BENEFIT OF THE INTENDED RECIPIENT (THE "RECIPIENT").

SIGNIFICANT EVENTS MAY OCCUR (OR HAVE OCCURRED) AFTER THE DATE OF THIS REPORT AND THAT IT IS NOT OUR FUNCTION OR RESPONSIBILITY TO UPDATE THIS REPORT. ANY OPINIONS OR RECOMMENDATIONS PRESENTED HEREIN REPRESENT OUR GOOD FAITH VIEWS AS OF THE DATE OF THIS REPORT AND ARE SUBJECT TO CHANGE AT ANY TIME. ALL INVESTMENTS INVOLVE RISK. THERE CAN BE NO GUARANTEE THAT THE STRATEGIES, TACTICS, AND METHODS DISCUSSED HERE WILL BE SUCCESSFUL.

INFORMATION USED TO PREPARE THIS REPORT WAS OBTAINED FROM INVESTMENT MANAGERS, CUSTODIANS, AND OTHER EXTERNAL SOURCES. WHILE WE HAVE EXERCISED REASONABLE CARE IN PREPARING THIS REPORT, WE CANNOT GUARANTEE THE ACCURACY OF ALL SOURCE INFORMATION CONTAINED HEREIN.

CERTAIN INFORMATION CONTAINED IN THIS REPORT MAY CONSTITUTE "FORWARD - LOOKING STATEMENTS," WHICH CAN BE IDENTIFIED BY THE USE OF TERMINOLOGY SUCH AS "MAY," "WILL," "SHOULD," "EXPECT," "AIM", "ANTICIPATE," "TARGET," "PROJECT," "ESTIMATE," "INTEND," "CONTINUE" OR "BELIEVE," OR THE NEGATIVES THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. ANY FORWARD - LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION ARE BASED UPON CURRENT ASSUMPTIONS. CHANGES TO ANY ASSUMPTIONS MAY HAVE A MATERIAL IMPACT ON FORWARD LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS MAY THEREFORE BE MATERIALLY DIFFERENT FROM ANY FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION.

PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

THE BOARD OF TRUSTEES OF THE COLLEGE SAVINGS PLANS OF NEVADA

Agenda Item 12 December 17, 2020

Item: Fixed Income Investment Management Contract for Prepaid Tuition Portfolio – Garcia Hamilton & Associates

Summary:

In July 2020 the State Treasurer's Office, through the State's Purchasing Division, solicited proposals for institutional fixed income investment management services for the Prepaid Tuition Trust Fund (Fund). The previous vendor's contract expired October 31, 2020.

The Request for Proposal (RFP) sought qualified firms to provide management of the fixed income portfolio assets in the Fund in accordance with Nevada Revised Statutes and the Board's Investment Policy Statement. The investment manager has discretionary authority to manage the assets with the goal of meeting or beating an assigned benchmark (Bloomberg Barclays Aggregate Bond Index A or Better).

The State received seventeen proposals. A selection committee, which included staff member Blanca Platt, evaluated the proposals on proxy investment performance similar to the Fund mandate, relevant experience and qualifications; firm background and expertise; compliance and reporting; and cost.

Garcia Hamilton & Associates rated highest of the respondents, and accordingly was selected.

The resulting contract was effective upon approval by the State Board of Examiners on November 10, 2020 and will expire in four (4) years from this date. The annual fee for services is a tiered asset-based fee: 0.25% on the first \$25 million, 0.20% on the next \$25 million, 0.14% on the next \$200 million, and

0.13% on all asset under management thereafter. The fixed income assets total ~\$90 million which equates to \$168,500 annually in fees. We estimate the total four (4) year contract cost will not exceed \$730,000; however, this will depend upon the fluctuation in assets under management. The investment management fees are paid from the Fund pursuant to Nevada Revised Statutes.

Staff is currently working with Garcia Hamilton & Associates to transition the portfolio during December. We will begin tracking performance in January, in conjunction with Meketa. The first quarter calendar year report presented in March 2021 will have performance attributable to Garcia Hamilton & Associates.

Tara Hagan, Chief Deputy, will present this item.

Fiscal Impact: ~\$730,000 (based on an average of \$100 million in assets under management during the life of the contract).

Staff recommended motion:

Move to approve the contract with Garcia Hamilton & Associates for institutional fixed income investment management services for the Prepaid Tuition Investment Portfolio.

CONTRACT SUMMARY

(This form must accompany all contracts submitted to the Board of Examiners (BOE) for review and approval)

I. DESCRIPTION OF CONTRACT

1. Contract Number: 23570

| | | | | Lega Nam | al Entity ne: | Garcia Hamilton and Associates |
|----|--|---------------------------------|----------------|---------------|-------------------------|--|
| | Agency Name: | TREASURER - HI EDUCATION TUI | | Con | tractor Name: | Garcia Hamilton and Associates |
| | Agency Code: Appropriation Unit: | 052 1083-04 | | Add | ress: | Five Houston Center 1401 McKinney Str., Ste. 1600 |
| | Is budget authority available?: | Yes | | City | /State/Zip | Houston, TX 77010 |
| | If "No" please expla | in: Not Applicable | | Ven | tact/Phone: dor No.: | Ruby Munoz Dang 713-853-2359 T29043480 |
| | T 1 (0) (F) | | | | Business ID: | NV20201887241 |
| | To what State Fisca | () | • | | 1-2025 | |
| | the contractor will b | e paid by multiple f | | | ndicate the pe | rcentage of each funding source if |
| | General Fu | nds 0.00 % | Fees | | 0.00 % | |
| | Federal Fur | nds 0.00 % | Bonds | | 0.00 % | |
| | Highway Fu | inds 0.00 % | X Other f | unding 10 | 0.00 % Contr | ibutions |
| | Agency Reference | #: RFP#05TO | S1232 TB | | | |
| 2. | Contract start date: | | | | | |
| | a. Effective upon E Examiner's appr | | or b. other ef | fective date | 11/11/2020 | 0 |
| | Anticipated BC | DE meeting date | 11/2020 | | | |
| | Retroactive? | No | | | | |
| | If "Yes", please exp | lain | | | | |
| | Not Applicable | | | | | |
| 3. | Termination Date: | 11/10/2024 | | | | |
| | Contract term: | 4 years | | | | |
| 4. | Type of contract: | Contract | | | | |
| | Contract description | n: Invest.Mgn | nt.Services | | | |
| 5. | Purpose of contract | : | | | | |
| | This is a new cont | ract to provide or | going manager | nent of fixed | income inve | stments to meet anticipated future |

This is a new contract to provide ongoing management of fixed income investments to meet anticipated future tuition liabilities for the Prepaid Tuition program.

6. NEW CONTRACT

The maximum amount of the contract for the term of the contract is: \$730,000.00

Other basis for payment: Annual fee not to exceed 25 basis points on the first \$25 million, 20 basis points on the next \$25 million, 14 basis points on the next \$200 million, and 13 basis point on all assets under management thereafter to be paid in quarterly installments within 30 days of receipt of invoice and upon approval by the State Treasurer.

II. JUSTIFICATION

7. What conditions require that this work be done?

An investment manager provides investment services for money in the Higher Education Trust Fund which must be invested in a prudent manner to meet anticipated future tuition liabilities for the Prepaid Tuition contracts in accordance with NRS Chapter 353B

8. Explain why State employees in your agency or other State agencies are not able to do this work:

State employees do not have the expertise or research tools to effectively manage longer-term fixed income securities which assist the portfolio in meeting its risk/return expectations to match Nevada System of Higher Education (NSHE) tuition increases.

9. Were quotes or proposals solicited?

| | Was the solicitation (RFP) done by Division? | y the r drendening | | | | |
|--|--|--|---|--|------------------------------------|------------------------------------|
| | a. List the names of vendors that were solicited to submit proposals (include at least three): | | | | | |
| Moreton Asset Management Sun Life Capital Management Garcia Hamilton & Associates | | | | | | |
| | | | | | b. Soliciation Waiver: Not Applica | Soliciation Waiver: Not Applicable |
| | . Why was this contractor chosen in preference to other? | | | | | |
| Pursuant to RFP #05TO-S1232, and in accordance with NRS 333, the selected vendor was the higher determined by an independently appointed evaluation committee. | | | | | | |
| | d. Last bid date: 07/17/202 | 0 Anticipated I | re-bid date: 07/17/2024 | | | |
| 10. | Does the contract contain any IT c | components? | No | | | |
| . (| OTHER INFORMATION | | | | | |
| 11. | Is there an Indirect Cost Rate or P | ercentage Paid to the | Contractor? | | | |
| | No If "Yes", please provi | de the Indirect Cost R | ate or Percentage Paid to the Contractor | | | |
| | Not Applicable | | | | | |
| 12. | a. Is the contractor a current employee of the State of Nevada? | oyee of the State of Ne | evada or will the contracted services be performed by a current | | | |
| | No | | | | | |
| | b. Was the contractor formerly em performed by someone formerly e | ployed by the State of mployed by the State | Nevada within the last 24 months or will the contracted services boof Nevada within the last 24 months? | | | |
| | Νο | | | | | |
| | c. Is the contractor employed by a | nv of Nevada's politica | I subdivisions or by any other government? | | | |
| | No If "Yes", please expla | • | | | | |
| | Not Applicable | - | | | | |
| 10 | | | v anv Otata ananav2 | | | |
| 13. | . Has the contractor ever been enga No If "Yes", specify when agency has been ver | n and for which agenc | y and indicate if the quality of service provided to the identified | | | |
| | Not Applicable | | | | | |
| | | | | | | |
| 14 | Is the contractor currently involved | t in litigation with the S | tate of Nevada? | | | |
| 14. | Is the contractor currently involved | • | | | | |
| 14. | No If "Yes", please provi | • | itate of Nevada? | | | |
| | No If "Yes", please provi Not Applicable | de details of the litigat | ion and facts supporting approval of the contract: | | | |
| | No If "Yes", please provi | de details of the litigat | ion and facts supporting approval of the contract: | | | |
| 15. | NoIf "Yes", please proviNot ApplicableThe contractor is registered with the | de details of the litigat | ion and facts supporting approval of the contract: | | | |
| 15. 16. | NoIf "Yes", please proviNot ApplicableThe contractor is registered with th LPa. Is the Contractor Name the same | de details of the litigat ne Nevada Secretary o ne as the legal Entity N | ion and facts supporting approval of the contract: | | | |
| 15. 16. 17. | NoIf "Yes", please proviNot ApplicableThe contractor is registered with th LPa. Is the Contractor Name the same Yesa. Does the contractor have a curre Yes | de details of the litigat ne Nevada Secretary o ne as the legal Entity N rent Nevada State Bus | ion and facts supporting approval of the contract: | | | |
| 15. 16. 17. 18. | NoIf "Yes", please proviNot ApplicableThe contractor is registered with th LPa. Is the Contractor Name the sam Yesa. Does the contractor have a curr Yesa. Is the legal entity active and in generative | de details of the litigat ne Nevada Secretary o ne as the legal Entity N rent Nevada State Bus | ion and facts supporting approval of the contract: of State's Office as a: lame? iness License (SBL)? | | | |
| 15. 16. 17. 18. | NoIf "Yes", please proviNot ApplicableThe contractor is registered with th LPa. Is the Contractor Name the same Yesa. Does the contractor have a curre Yesa. Is the legal entity active and in going YesAgency Field Contract Monitor: | de details of the litigat ne Nevada Secretary o ne as the legal Entity N rent Nevada State Bus | ion and facts supporting approval of the contract: of State's Office as a: lame? iness License (SBL)? | | | |
| 15. 16. 17. 18. | No If "Yes", please provi Not Applicable The contractor is registered with th LP a. Is the Contractor Name the same Yes a. Does the contractor have a curre Yes a. Is the legal entity active and in generative Section of Yes Agency Field Contract Monitor: Contract Status: | de details of the litigat ne Nevada Secretary o ne as the legal Entity N rent Nevada State Bus | ion and facts supporting approval of the contract: of State's Office as a: lame? iness License (SBL)? | | | |
| 15. 16. 17. 18. 19. | NoIf "Yes", please proviNot ApplicableThe contractor is registered with thLPa. Is the Contractor Name the same Yesa. Does the contractor have a curre Yesa. Is the legal entity active and in green YesAgency Field Contract Monitor:Contract Status: Contract Approvals: | de details of the litigat ne Nevada Secretary of ne as the legal Entity N rent Nevada State Bus good standing with the | ion and facts supporting approval of the contract: of State's Office as a: lame? iness License (SBL)? Nevada Secretary of State's Office? | | | |
| 15. 16. 17. 18. | NoIf "Yes", please proviNot ApplicableThe contractor is registered with th LPa. Is the Contractor Name the sam Yesa. Does the contractor have a curr Yesa. Is the legal entity active and in g YesAgency Field Contract Monitor:Contract Status: Contract Approvals: Approval Level | de details of the litigat ne Nevada Secretary of ne as the legal Entity N rent Nevada State Bus good standing with the User | ion and facts supporting approval of the contract: of State's Office as a: lame? iness License (SBL)? Nevada Secretary of State's Office? Signature Date | | | |
| 15. 16. 17. 18. 19. | NoIf "Yes", please proviNot ApplicableThe contractor is registered with thLPa. Is the Contractor Name the same Yesa. Does the contractor have a curre Yesa. Is the legal entity active and in greesAgency Field Contract Monitor:Contract Status: Contract Approvals: Approval Level Budget Account Approval | de details of the litigat ne Nevada Secretary of ne as the legal Entity N rent Nevada State Bus good standing with the User thagan | ion and facts supporting approval of the contract: of State's Office as a: lame? iness License (SBL)? Nevada Secretary of State's Office? Signature Date 10/06/2020 09:44:30 AM | | | |
| 15. 16. 17. 18. 19. | NoIf "Yes", please proviNot ApplicableThe contractor is registered with thLPa. Is the Contractor Name the same Yesa. Does the contractor have a curre Yesa. Is the legal entity active and in greesAgency Field Contract Monitor:Contract Status: Contract Approvals: Approval Level Budget Account Approval Division Approval | de details of the litigat ne Nevada Secretary of ne as the legal Entity N rent Nevada State Bus good standing with the User thagan thagan | ion and facts supporting approval of the contract: of State's Office as a: lame? iness License (SBL)? Nevada Secretary of State's Office? Signature Date 10/06/2020 09:44:30 AM 10/06/2020 09:44:34 AM | | | |
| 15. 16. 17. 18. 19. | NoIf "Yes", please proviNot ApplicableThe contractor is registered with th LPa. Is the Contractor Name the same Yesa. Does the contractor have a curre Yesa. Does the contractor have a curre Yesa. Is the legal entity active and in g YesAgency Field Contract Monitor:Contract Status: Contract Approvals: Approval Level Budget Account Approval Division Approval Department Approval | de details of the litigat ne Nevada Secretary of ne as the legal Entity N rent Nevada State Bus good standing with the User thagan thagan thagan | ion and facts supporting approval of the contract: of State's Office as a: lame? iness License (SBL)? Nevada Secretary of State's Office? Signature Date 10/06/2020 09:44:30 AM 10/06/2020 09:44:34 AM 10/06/2020 09:44:39 AM | | | |
| 15. 16. 17. 18. 19. | NoIf "Yes", please proviNot ApplicableThe contractor is registered with thLPa. Is the Contractor Name the same Yesa. Does the contractor have a curre Yesa. Is the legal entity active and in greesa. Is the legal entity active and in greesAgency Field Contract Monitor:Contract Status: Contract Approvals: Approval Level Budget Account Approval Department Approval Contract Manager Approval | de details of the litigat ne Nevada Secretary of ne as the legal Entity N rent Nevada State Bus good standing with the User thagan thagan thagan thagan thagan | ion and facts supporting approval of the contract: of State's Office as a: lame? iness License (SBL)? Nevada Secretary of State's Office? Signature Date 10/06/2020 09:44:30 AM 10/06/2020 09:44:39 AM 10/06/2020 09:44:42 AM | | | |
| 15. 16. 17. 18. 19. | NoIf "Yes", please proviNot ApplicableThe contractor is registered with thLPa. Is the Contractor Name the same Yesa. Does the contractor have a curre Yesa. Is the legal entity active and in greesa. Is the legal entity active and in greesAgency Field Contract Monitor:Contract Status: Contract Approvals: Approval Level Budget Account Approval Department Approval Contract Manager Approval Budget Analyst Approval | de details of the litigat ne Nevada Secretary of ne as the legal Entity N rent Nevada State Bus good standing with the User thagan thagan thagan thagan cbrekken | ion and facts supporting approval of the contract: of State's Office as a: lame? iness License (SBL)? Nevada Secretary of State's Office? Signature Date 10/06/2020 09:44:30 AM 10/06/2020 09:44:34 AM 10/06/2020 09:44:39 AM 10/06/2020 09:44:42 AM 10/15/2020 16:29:09 PM | | | |
| 15. 16. 17. 18. 19. | NoIf "Yes", please proviNot ApplicableThe contractor is registered with thLPa. Is the Contractor Name the same Yesa. Does the contractor have a curre Yesa. Is the legal entity active and in greesa. Is the legal entity active and in greesAgency Field Contract Monitor:Contract Status: Contract Approvals: Approval Level Budget Account Approval Department Approval Contract Manager Approval | de details of the litigat ne Nevada Secretary of ne as the legal Entity N rent Nevada State Bus good standing with the User thagan thagan thagan thagan thagan | ion and facts supporting approval of the contract: of State's Office as a: lame? iness License (SBL)? Nevada Secretary of State's Office? Signature Date 10/06/2020 09:44:30 AM 10/06/2020 09:44:39 AM 10/06/2020 09:44:42 AM | | | |

| CETS#23570 | | |
|----------------|---|--|
| RFP#05TO-S1232 | • | |

CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR

A Contract Between the State of Nevada

Acting by and Through its

| Agency Name: | Nevada State Treasurer's Office | |
|------------------------|----------------------------------|--|
| Address: | 101 North Carson Street, Suite 4 | |
| City, State, Zip Code: | Carson City, NV 89701 | |
| Contact: | Tara Hagan | |
| Phone: | 775-684-5600 | |
| Email: | trhagan@nevadatreasurer.gov | |

| Contractor Name: | Garcia Hamilton & Associates, L.P. |
|------------------------|---|
| Address: | Five Houston Center, 1401 McKinney Street, Suite 1600 |
| City, State, Zip Code: | Houston, TX 77010 |
| Contact: | Ruby Munoz Dang |
| Phone: | 713-853-2359 |
| Email: | ruby@GarciaHamiltonAssociates.com |

WHEREAS, NRS 333.700 authorizes officers, departments, institutions, boards, commissions, and other agencies in the Executive Department of the State Government which derive their support from public money in whole or in part to engage, subject to the approval of the Board of Examiners (BOE), services of persons as independent contractors; and

WHEREAS, it is deemed that the service of Contractor is both necessary and in the best interests of the State of Nevada.

NOW, THEREFORE, in consideration of the aforesaid premises, the parties mutually agree as follows:

1. **REQUIRED APPROVAL.** This Contract shall not become effective until and unless approved by the Nevada State Board of Examiners.

2. **DEFINITIONS.**

- A. "State" -- means the State of Nevada and any State agency identified herein, its officers, employees and immune contractors as defined in NRS 41.0307.
- B. "Contracting Agency" means the State agency identified above.
- C. "Contractor" means the person or entity identified above that performs services and/or provides goods for the State under the terms and conditions set forth in this Contract.
- D. "Fiscal Year" means the period beginning July 1st and ending June 30th of the following year.
- E. "Contract" Unless the context otherwise requires, "Contract" means this document entitled Contract for Services of Independent Contractor and all Attachments or Incorporated Documents.
- F. "Contract for Independent Contractor" means this document entitled Contract for Services of Independent Contractor exclusive of any Attachments or Incorporated Documents.

CETS# 23570 RFP#05TO-S1232

| TICC 11 C | | 10 | |
|-----------------|---------------|-----|-------------------|
| Effective from: | Upon Approval | To: | November 10, 2024 |
| | | | |

- 4. **NOTICE**. All communications, including notices, required or permitted to be given under this Contract shall be in writing and directed to the parties at the addresses stated above. Notices may be given: (i) by delivery in person; (ii) by a nationally recognized next day courier service, return receipt requested; or (iii) by certified mail, return receipt requested. If specifically requested by the party to be notified, valid notice may be given by facsimile transmission or electronic mail to the address(es) such party has specified in writing.
- 5. **INCORPORATED DOCUMENTS**. The parties agree that this Contract, inclusive of the following attachments, specifically describes the scope of work. This Contract incorporates the following attachments in descending order of constructive precedence:

| ATTACHMENT AA: | STATE SOLICITATION 05TO-S1232 (Scope of Work) and AMENDMENT #1 |
|----------------|--|
| ATTACHMENT BB: | INSURANCE SCHEDULE |
| ATTACHMENT CC: | VENDOR PROPOSAL |

Any provision, term or condition of an Attachment that contradicts the terms of this Contract for Independent Contractor, or that would change the obligations of the State under this Contract for Independent Contractor, shall be void and unenforceable.

6. **CONSIDERATION**. The parties agree that Contractor will provide the services specified in *Section 5, Incorporated Documents* for the Prepaid Tuition Fixed Income mandate at a cost as noted below:

| Total Contract or installments payable at: | Annual fee not to exceed 0.25% on the first \$25 million, 0.20% on the next \$25 million, 0.14% on the next \$200 million, and 0.13% on all assets under management thereafter to be paid in quarterly installments within 30 days of receipt of invoice and upon approval by the State Treasurer. |
|--|--|
| [| |

Total Contract Not to Exceed: \$730,000

The State does not agree to reimburse Contractor for expenses unless otherwise specified in the incorporated attachments. Any intervening end to a biennial appropriation period shall be deemed an automatic renewal (not changing the overall Contract term) or a termination as the result of legislative appropriation may require.

- 7. ASSENT. The parties agree that the terms and conditions listed on incorporated attachments of this Contract are also specifically a part of this Contract and are limited only by their respective order of precedence and any limitations specified.
- 8. **BILLING SUBMISSION:** TIMELINESS. The parties agree that timeliness of billing is of the essence to the Contract and recognize that the State is on a Fiscal Year. All billings for dates of service prior to July 1 must be submitted to the state no later than the first Friday in August of the same calendar year. A billing submitted after the first Friday in August, which forces the State to process the billing as a stale claim pursuant to NRS 353.097, will subject Contractor to an administrative fee not to exceed one hundred dollars (\$100.00). The parties hereby agree this is a reasonable estimate of the additional costs to the state of processing the billing as a stale claim and that this amount will be deducted from the stale claim payment due to Contractor.
- 9. INSPECTION & AUDIT.
 - A. <u>Books and Records</u>. Contractor agrees to keep and maintain under generally accepted accounting principles (GAAP) full, true and complete records, contracts, books, and documents as are necessary to fully disclose to the State or United States Government, or their authorized representatives, upon audits or reviews, sufficient information to determine compliance with all State and federal regulations and statutes.

9. INSPECTION & AUDIT.

- A. <u>Books and Records</u>. Contractor agrees to keep and maintain under generally accepted accounting principles (GAAP) full, true and complete records, contracts, books, and documents as are necessary to fully disclose to the State or United States Government, or their authorized representatives, upon audits or reviews, sufficient information to determine compliance with all State and federal regulations and statutes.
- B. <u>Inspection & Audit</u>. Contractor agrees that the relevant books, records (written, electronic, computer related or otherwise), including, without limitation, relevant accounting procedures and practices of Contractor or its subcontractors, financial statements and supporting documentation, and documentation related to the work product shall be subject, at any reasonable time, to inspection, examination, review, audit, and copying at any office or location of Contractor where such records may be found, with or without notice by the State Auditor, the relevant State agency or its contracted examiners, the department of Administration, Budget Division, the Nevada State Attorney General's Office or its Fraud Control Units, the state Legislative Auditor, and with regard to any federal funding, the relevant federal agency, the Comptroller General, the General Accounting Office, the Office of the Inspector General, or any of their authorized representatives. All subcontracts shall reflect requirements of this Section.
- C. <u>Period of Retention</u>. All books, records, reports, and statements relevant to this Contract must be retained a minimum three (3) years, and for five (5) years if any federal funds are used pursuant to the Contract. The retention period runs from the date of payment for the relevant goods or services by the state, or from the date of termination of the Contract, whichever is later. Retention time shall be extended when an audit is scheduled or in progress for a period reasonably necessary to complete an audit and/or to complete any administrative and judicial litigation which may ensue.

10. CONTRACT TERMINATION.

- A. <u>Termination Without Cause</u>. Regardless of any terms to the contrary, this Contract may be terminated upon written notice by mutual consent of both parties. The State unilaterally may terminate this contract without cause by giving not less than thirty (30) days' notice in the manner specified in *Section 4, Notice*. If this Contract is unilaterally terminated by the State, Contractor shall use its best efforts to minimize cost to the State and Contractor will not be paid for any cost that Contractor could have avoided.
- B. <u>State Termination for Non-Appropriation</u>. The continuation of this Contract beyond the current biennium is subject to and contingent upon sufficient funds being appropriated, budgeted, and otherwise made available by the State Legislature and/or federal sources. The State may terminate this Contract, and Contractor waives any and all claims(s) for damages, effective immediately upon receipt of written notice (or any date specified therein) if for any reason the contracting Agency's funding from State and/or federal sources is not appropriated or is withdrawn, limited, or impaired.
- C. <u>Termination with Cause for Breach</u>. A breach may be declared with or without termination. A notice of breach and termination shall specify the date of termination of the Contract, which shall not be sooner than the expiration of the Time to Correct, if applicable, allowed under subsection 10D. This Contract may be terminated by either party upon written notice of breach to the other party on the following grounds:
 - 1) If Contractor fails to provide or satisfactorily perform any of the conditions, work, deliverables, goods, or services called for by this Contract within the time requirements specified in this Contract or within any granted extension of those time requirements; or
 - 2) If any state, county, city, or federal license, authorization, waiver, permit, qualification or certification required by statute, ordinance, law, or regulation to be held by Contractor to provide the goods or services required by this Contract is for any reason denied, revoked, debarred, excluded, terminated, suspended, lapsed, or not renewed; or
 - 3) If Contractor becomes insolvent, subject to receivership, or becomes voluntarily or involuntarily subject to the jurisdiction of the Bankruptcy Court; or
 - 4) If the State materially breaches any material duty under this Contract and any such breach impairs Contractor's ability to perform; or

- 5) If it is found by the State that any quid pro quo or gratuities in the form of money, services, entertainment, gifts, or otherwise were offered or given by Contractor, or any agent or representative of Contractor, to any officer or employee of the State of Nevada with a view toward securing a contract or securing favorable treatment with respect to awarding, extending, amending, or making any determination with respect to the performing of such contract; or
- 6) If it is found by the State that Contractor has failed to disclose any material conflict of interest relative to the performance of this Contract.
- D. <u>Time to Correct</u>. Unless the breach is not curable, or unless circumstances do not permit an opportunity to cure, termination upon declared breach may be exercised only after service of formal written notice as specified in *Section 4, Notice*, and the subsequent failure of the breaching party within fifteen (15) calendar days of receipt of that notice to provide evidence, satisfactory to the aggrieved party, showing that the declared breach has been corrected. Upon a notice of breach, the time to correct and the time for termination of the contract upon breach under subsection 10C, above, shall run concurrently, unless the notice expressly states otherwise.
- E. <u>Winding Up Affairs Upon Termination</u>. In the event of termination of this Contract for any reason, the parties agree that the provisions of this Section survive termination:
 - The parties shall account for and properly present to each other all claims for fees and expenses and pay those which are undisputed and otherwise not subject to set off under this Contract. Neither party may withhold performance of winding up provisions solely based on nonpayment of fees or expenses accrued up to the time of termination;
 - 2) Contractor shall satisfactorily complete work in progress at the agreed rate (or a pro rata basis if necessary) if so requested by the Contracting Agency;
 - Contractor shall execute any documents and take any actions necessary to effectuate an assignment of this Contract if so requested by the Contracting Agency;
 - 4) Contractor shall preserve, protect and promptly deliver into State possession all proprietary information in accordance with Section 21, State Ownership of Proprietary Information.
- 11. **REMEDIES.** Except as otherwise provided for by law or this Contract, the rights and remedies of the parties shall not be exclusive and are in addition to any other rights and remedies provided by law or equity, including, without limitation, actual damages, and to a prevailing party reasonable attorneys' fees and costs. For purposes of an award of attorneys' fees to either party, the parties stipulate and agree that a reasonable hourly rate of attorneys' fees shall be one hundred and fifty dollars (\$150.00) per hour. The State may set off consideration against any unpaid obligation of Contractor to any State agency in accordance with NRS 353C.190. In the event that Contractor voluntarily or involuntarily becomes subject to the jurisdiction of the Bankruptcy Court, the State may set off consideration against any unpaid obligation of Contractor to the State or its agencies, to the extent allowed by bankruptcy law, without regard to whether the procedures of NRS 353C.190 have been utilized.
- 12. LIMITED LIABILITY. The State will not waive and intends to assert available NRS Chapter 41 liability limitations in all cases. Contract liability of both parties shall not be subject to punitive damages. Damages for any State breach shall never exceed the amount of funds appropriated for payment under this Contract, but not yet paid to Contractor, for the Fiscal Year budget in existence at the time of the breach. Contractor's tort liability shall not be limited.
- 13. FORCE MAJEURE. Neither party shall be deemed to be in violation of this Contract if it is prevented from performing any of its obligations hereunder due to strikes, failure of public transportation, civil or military authority, act of public enemy, accidents, fires, explosions, or acts of God, including without limitation, earthquakes, floods, winds, or storms. In such an event the intervening cause must not be through the fault of the party asserting such an excuse, and the excused party is obligated to promptly perform in accordance with the terms of the Contract after the intervening cause ceases.
- 14. **INDEMNIFICATION AND DEFENSE.** To the fullest extent permitted by law, Contractor shall indemnify, hold harmless and defend, not excluding the State's right to participate, the State from and against all liability, claims, actions,

CETS#23570 RFP#05TO-S1232

damages, losses, and expenses, including, without limitation, reasonable attorneys' fees and costs, arising out of any breach of the obligations of Contractor under this contract, or any alleged negligent or willful acts or omissions of Contractor, its officers, employees and agents. Contractor's obligation to indemnify the State shall apply in all cases except for claims arising solely from the State's own negligence or willful misconduct. Contractor waives any rights of subrogation against the State. Contractor's duty to defend begins when the State requests defense of any claim arising from this Contract.

- 15. **REPRESENTATIONS REGARDING INDEPENDENT CONTRACTOR STATUS.** Contractor represents that it is an independent contractor, as defined in NRS 333.700(2) and 616A.255, warrants that it will perform all work under this contract as an independent contractor, and warrants that the State of Nevada will not incur any employment liability by reason of this Contract or the work to be performed under this Contract. To the extent the State incurs any employment liability for the work under this Contract; Contractor will reimburse the State for that liability.
- 16. **INSURANCE SCHEDULE**. Unless expressly waived in writing by the State, Contractor must carry policies of insurance and pay all taxes and fees incident hereunto. Policies shall meet the terms and conditions as specified within this Contract along with the additional limits and provisions as described in *Attachment BB*, incorporated hereto by attachment. The State shall have no liability except as specifically provided in the Contract.

Contractor shall not commence work before Contractor has provided the required evidence of insurance to the Contracting Agency. The State's approval of any changes to insurance coverage during the course of performance shall constitute an ongoing condition subsequent to this Contract. Any failure of the State to timely approve shall not constitute a waiver of the condition.

- A. <u>Insurance Coverage</u>. Contractor shall, at Contractor's sole expense, procure, maintain and keep in force for the duration of the Contract insurance conforming to the minimum limits as specified in *Attachment BB*, incorporated hereto by attachment. Unless specifically stated herein or otherwise agreed to by the State, the required insurance shall be in effect prior to the commencement of work by Contractor and shall continue in force as appropriate until:
 - 1) Final acceptance by the State of the completion of this Contract; or
 - 2) Such time as the insurance is no longer required by the State under the terms of this Contract; whichever occurs later.

Any insurance or self-insurance available to the State shall be in excess of and non-contributing with, any insurance required from Contractor. Contractor's insurance policies shall apply on a primary basis. Until such time as the insurance is no longer required by the State, Contractor shall provide the State with renewal or replacement evidence of insurance no less than thirty (30) days before the expiration or replacement of the required insurance. If at any time during the period when insurance is required by the Contract, an insurer or surety shall fail to comply with the requirements of this Contract, as soon as Contractor has knowledge of any such failure, Contractor shall immediately notify the State and immediately replace such insurance or bond with an insurer meeting the requirements.

- B. General Requirements.
 - <u>Additional Insured</u>: By endorsement to the general liability insurance policy, the State of Nevada, its officers, employees and immune contractors as defined in NRS 41.0307 shall be named as additional insureds for all liability arising from the Contract.
 - <u>Waiver of Subrogation</u>: Each insurance policy shall provide for a waiver of subrogation against the State of Nevada, its officers, employees and immune contractors as defined in NRS 41.0307 for losses arising from work/materials/equipment performed or provided by or on behalf of Contractor.
 - 3) <u>Cross Liability</u>: All required liability policies shall provide cross-liability coverage as would be achieved under the standard ISO separation of insureds clause.
 - 4) <u>Deductibles and Self-Insured Retentions</u>: Insurance maintained by Contractor shall apply on a first dollar basis without application of a deductible or self-insured retention unless otherwise specifically agreed to by the State. Such approval shall not relieve Contractor from the obligation to pay any deductible or self-insured retention.

| CETS#23570 | |
|----------------|--|
| RFP#05TO-S1232 | |

Any deductible or self-insured retention shall not exceed two hundred and fifty thousand dollars (\$250,000) per occurrence, unless otherwise approved by the Risk Management Division.

- 5) <u>Policy Cancellation</u>: Except for ten (10) days notice for non-payment of premiums, each insurance policy shall be endorsed to state that without thirty (30) days prior written notice to the State of Nevada, c/o Contracting Agency, the policy shall not be canceled, non-renewed or coverage and/or limits reduced or materially altered, and shall provide that notices required by this Section shall be sent by certified mail to the address shown on page one (1) of this contract.
- 6) Approved Insurer: Each insurance policy shall be:
 - a) Issued by insurance companies authorized to do business in the State of Nevada or eligible surplus lines insurers acceptable to the State and having agents in Nevada upon whom service of process may be made; and
 - b) Currently rated by A.M. Best as "A-VII" or better.
- C. Evidence of Insurance.

Prior to the start of any work, Contractor must provide the following documents to the contracting State agency:

 <u>Certificate of Insurance</u>: The Acord 25 Certificate of Insurance form or a form substantially similar must be submitted to the State to evidence the insurance policies and coverages required of Contractor. The certificate must name the State of Nevada, its officers, employees and immune contractors as defined in NRS 41.0307 as the certificate holder. The certificate should be signed by a person authorized by the insurer to bind coverage on its behalf. The State project/Contract number; description and Contract effective dates shall be noted on the certificate, and upon renewal of the policies listed, Contractor shall furnish the State with replacement certificates as described within Section 16A, Insurance Coverage.

Mail all required insurance documents to the State Contracting Agency identified on Page one of the Contract.

- 2) <u>Additional Insured Endorsement</u>: An Additional Insured Endorsement (CG 20 10 11 85 or CG 20 26 11 85), signed by an authorized insurance company representative, must be submitted to the State to evidence the endorsement of the State as an additional insured per *Section 16B, General Requirements*.
- 3) <u>Schedule of Underlying Insurance Policies</u>: If Umbrella or Excess policy is evidenced to comply with minimum limits, a copy of the underlying Schedule from the Umbrella or Excess insurance policy may be required.
- 4) <u>Review and Approval</u>: Documents specified above must be submitted for review and approval by the State prior to the commencement of work by Contractor. Neither approval by the State nor failure to disapprove the insurance furnished by Contractor shall relieve Contractor of Contractor's full responsibility to provide the insurance required by this Contract. Compliance with the insurance requirements of this Contract shall not limit the liability of Contractor or its subcontractors, employees or agents to the State or others, and shall be in additional to and not in lieu of any other remedy available to the State under this Contract or otherwise. The State reserves the right to request and review a copy of any required insurance policy or endorsement to assure compliance with these requirements.
- 17. COMPLIANCE WITH LEGAL OBLIGATIONS. Contractor shall procure and maintain for the duration of this Contract any state, county, city or federal license, authorization, waiver, permit qualification or certification required by statute, ordinance, law, or regulation to be held by Contractor to provide the goods or services required by this Contract. Contractor shall provide proof of its compliance upon request of the Contracting Agency. Contractor will be responsible to pay all taxes, assessments, fees, premiums, permits, and licenses required by law. Real property and personal property taxes are the responsibility of Contractor in accordance with NRS 361.157 and NRS 361.159. Contractor agrees to be responsible for payment of any such government obligations not paid by its subcontractors during performance of this Contract.

| CETS#23570 | |
|----------------|--|
| RFP#05TO-S1232 | |

- 18. WAIVER OF BREACH. Failure to declare a breach or the actual waiver of any particular breach of the Contract or its material or nonmaterial terms by either party shall not operate as a waiver by such party of any of its rights or remedies as to any other breach.
- 19. **SEVERABILITY.** If any provision contained in this Contract is held to be unenforceable by a court of law or equity, this Contract shall be construed as if such provision did not exist and the non-enforceability of such provision shall not be held to render any other provision or provisions of this Contract unenforceable.
- 20. ASSIGNMENT/DELEGATION. To the extent that any assignment of any right under this Contract changes the duty of either party, increases the burden or risk involved, impairs the chances of obtaining the performance of this Contract, attempts to operate as a novation, or includes a waiver or abrogation of any defense to payment by State, such offending portion of the assignment shall be void, and shall be a breach of this Contract. Contractor shall neither assign, transfer nor delegate any rights, obligations nor duties under this Contract without the prior written consent of the State.
- 21. **STATE OWNERSHIP OF PROPRIETARY INFORMATION.** Any data or information provided by the State to Contractor and any documents or materials provided by the State to Contractor in the course of this Contract ("State Materials") shall be and remain the exclusive property of the State and all such State Materials shall be delivered into State possession by Contractor upon completion, termination, or cancellation of this Contract.
- 22. **PUBLIC RECORDS.** Pursuant to NRS 239.010, information or documents received from Contractor may be open to public inspection and copying. The State has a legal obligation to disclose such information unless a particular record is made confidential by law or a common law balancing of interests. Contractor may label specific parts of an individual document as a "trade secret" or "confidential" in accordance with NRS 333.333, provided that Contractor thereby agrees to indemnify and defend the State for honoring such a designation. The failure to so label any document that is released by the State shall constitute a complete waiver of any and all claims for damages caused by any release of the records.
- CONFIDENTIALITY. Contractor shall keep confidential all information, in whatever form, produced, prepared, observed or received by Contractor to the extent that such information is confidential by law or otherwise required by this Contract.
- 24. **FEDERAL FUNDING.** In the event federal funds are used for payment of all or part of this Contract, Contractor agrees to comply with all applicable federal laws, regulations and executive orders, including, without limitation the following:
 - A. Contractor certifies, by signing this Contract, that neither it nor its principals are presently debarred, suspended, proposed for debarrent, declared ineligible or voluntarily excluded from participation in this transaction by any federal department or agency. This certification is made pursuant to Executive Orders 12549 and 12689 and Federal Acquisition Regulation subpart 9.4, and any relevant program-specific regulations. This provision shall be required of every subcontractor receiving any payment in whole or in part from federal funds.
 - B. Contractor and its subcontracts shall comply with all terms, conditions, and requirements of the Americans with Disabilities Act of 1990 (P.L. 101-136), 42 U.S.C. 12101, as amended, and regulations adopted thereunder, including 28 C.F.R. Section 35, inclusive, and any relevant program-specific regulations.
 - C. Contractor and it subcontractors shall comply with the requirements of the Civil Rights Act of 1964 (P.L. 88-352), as amended, the Rehabilitation Act of 1973 (P.L. 93-112), as amended, and any relevant program-specific regulations, and shall not discriminate against any employee or offeror for employment because of race, national origin, creed, color, sex, religion, age, disability or handicap condition (including AIDS and AIDS-related conditions.)
- 25. **LOBBYING.** The parties agree, whether expressly prohibited by federal law, or otherwise, that no funding associated with this Contract will be used for any purpose associated with or related to lobbying or influencing or attempting to lobby or influence for any purpose the following:
 - A. Any federal, state, county or local agency, legislature, commission, council or board;
 - B. Any federal, state, county or local legislator, commission member, council member, board member, or other elected official; or

C. Any officer or employee of any federal, state, county or local agency; legislature, commission, council or board.

- 26. **GENERAL WARRANTY**. Contractor warrants that all services, deliverables, and/or work products under this Contract shall be completed in a workmanlike manner consistent with standards in the trade, profession, or industry; shall conform to or exceed the specifications set forth in the incorporated attachments; and shall be fit for ordinary use, of good quality, with no material defects.
- 27. **PROPER AUTHORITY.** The parties hereto represent and warrant that the person executing this Contract on behalf of each party has full power and authority to enter into this Contract. Contractor acknowledges that as required by statute or regulation this Contract is effective only after approval by the State Board of Examiners and only for the period of time specified in the Contract. Any services performed by Contractor before this Contract is effective or after it ceases to be effective are performed at the sole risk of Contractor.
- 28. **DISCLOSURES REGARDING CURRENT OR FORMER STATE EMPLOYEES.** For the purpose of State compliance with NRS 333.705, Contractor represents and warrants that if Contractor, or any employee of Contractor who will be performing services under this Contract, is a current employee of the State or was employed by the State within the preceding 24 months, Contractor has disclosed the identity of such persons, and the services that each such person will perform, to the Contracting Agency.
- 29. ASSIGNMENT OF ANTITRUST CLAIMS. Contractor irrevocably assigns to the State any claim for relief or cause of action which Contractor now has or which may accrue to Contractor in the future by reason of any violation of State of Nevada or federal antitrust laws in connection with any goods or services provided under this Contract.
- 30. **GOVERNING LAW: JURISDICTION**. This Contract and the rights and obligations of the parties hereto shall be governed by, and construed according to, the laws of the State of Nevada, without giving effect to any principle of conflictof-law that would require the application of the law of any other jurisdiction. The parties consent to the exclusive jurisdiction of and venue in the First Judicial District Court, Carson City, Nevada for enforcement of this Contract, and consent to personal jurisdiction in such court for any action or proceeding arising out of this Contract.
- 31. ENTIRE CONTRACT AND MODIFICATION. This Contract and its integrated attachment(s) constitute the entire agreement of the parties and as such are intended to be the complete and exclusive statement of the promises, representations, negotiations, discussions, and other agreements that may have been made in connection with the subject matter hereof. Unless an integrated attachment to this Contract specifically displays a mutual intent to amend a particular part of this Contract, general conflicts in language between any such attachment and this Contract shall be construed consistent with the terms of this Contract. Unless otherwise expressly authorized by the terms of this Contract, no modification or amendment to this Contract shall be binding upon the parties unless the same is in writing and signed by the respective parties hereto and approved by the Office of the Attorney General and the State Board of Examiners. This Contract, and any amendments, may be executed in counterparts.

| CETS#23570 | |
|-----------------|--|
| RFP//05TO-S1232 | |

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be signed and intend to be legally bound thereby.

Independent Contractor's Signatury Independent Contractor's Title ъ Chief Deputy Treasurer

On:

De

Signature-Board of Examiners

Tara Hagan

APPROVED BY BOARD OF EXAMINERS

Title

On:

Date

Date

Approved as to form by:

and .

Deputy Attorney General for Attorney General

Form Provided by the Attarney General of the State of Nevada



STATE OF NEVADA DEPARTMENT OF ADMINISTRATION *Purchasing Division*

515 East Musser Street, Suite 300 | Carson City, NV 89701 Phone: 775-684-0170 | Fax: 775-684-0188

| SUBJECT: | Amendment 1 to Request for Proposal (RFP) # 05TO-S1232 |
|----------------------|---|
| RFP TITLE: | Institutional Fixed Income Investment Management Services |
| DATE OF AMENDMENT: | July 29, 2020 |
| DATE OF RFP RELEASE: | July 17, 2020 |
| OPENING DATE: | August 14, 2020 |
| OPENING TIME: | 2:00 PM PT |
| CONTACT: | Teri Becker |

The following shall be a part of *RFP* #05TO-S1232. If a vendor has already returned a proposal and any of the information provided below changes that proposal, please submit the changes along with this amendment. You need not re-submit an entire proposal prior to the opening date and time.

RFP 05TO-S1232, Attachment G, Cost Schedule, shall be replaced with the following modified document:



Questions and Responses to RFP:

1. Minimum Requirements: Is the minimum requirement of managing three separate client accounts of \$100,000,000 or more each measured on a 12-rolling average or at a particular point in time?

Firms must be able to comply with this requirement and certify to this as of the date of the submittal of the RFP.

2. Investment Returns benchmark: Can you confirm the ticker for the Bloomberg Barclays Agg A as mentioned in question 2.5.8? Additionally, when question 2.5.8 refers to question 2.4.3.8 -- there is no 2.4.3.8 to refer to. Should 2.4.3.8 be 2.5.8 instead?

The ticker is: LBUSTRUU. All responses to both Question 2.4.7 and 2.4.8 should use the template in Attachment H, Exhibit 4.

3. Fixed Income Benchmark: I'm writing in reference to your recent mandate search for an Institutional Fixed Income Manager (RFP 05TO-S1232) to manage Nevada's Pre-paid Tuition Program. I see from the Feb. 2020 Investment Policy the past benchmark used in the past was Core - Bloomberg Barclays U.S. Aggregate Index, A or Better. Will this benchmark be the same for this mandate search going forward?

Yes, we would anticipate this benchmark to be the most appropriate but would be willing to discuss with the successful vendor.

4. Financial Information: Item 3.1.11.2 requires Profit and Loss Statements and Balance Statements. Our firm is a wholly owned subsidiary of a parent organization. Is it sufficient to provide their Annual Financial Reports?

Yes, it's sufficient to provide annual financial reports.

5. Submission Deadline: Can you confirm the submission deadline? The cover page (page 1 of 35) says August 14, 2020 but pages 15, 18, 19 and 20 of 35 says 8/13/20 or August 13, 2020. Nevadaepro.com shows the following Bid Opening Date: 08/14/2020 02:00:00 PM.

Proposals shall be due not later than 2:00 PM PT on August 14, 2020.

6. Pricing - Fee Schedule: Could you please confirm the existing management fee schedule for the current fixed income portfolio?

The first \$25 million at 20 bps, next \$75 million at 15 bps and 10 bps after.

7. Vehicle: Could you please confirm if you will consider utilizing a commingled/pooled institutional vehicle for this mandate or if it is only for separately managed account services?

This mandate requires a separately management account.

8. Fund Performance: For Attachment H, Exhibit 4, Performance Template, do you want total returns to include price return as well as income return? Do you want returns stated as annualized or cumulative?

The returns should be time-weighted and reported as such and be annualized, not cumulative.

9. Due date for submission: Please clarify the due date for submissions of proposals as either August 13th or August 14th. Thank you.

Proposals shall be due not later than 2:00 PM PT on August 14, 2020.

10. References: Our firm responded to an RFP from the STO, State of Nevada earlier this year. With respect for existing clients' time, could the references obtained for that RFP response be sufficient?

No, references must be requested specifically for this RFP.

11. Holdings Report: Is it possible to provide the portfolio holdings in EXCEL format?

Please see embedded document:



12. Contract Language: If we negotiated a contract with the State earlier this year, may we submit the final contract language with this response?

All vendors must include any exceptions to the State's Independent Contractor Contract and Insurance Schedule in its proposal. Contract language which may have been agreed to for a prior mandate would not necessarily be the same for this mandate.

13. Index for Core Fixed Income RFP: Will products that are bench-marked against the Bloomberg Barclays Aggregate Index be considered or is the search exclusively for products against the Bloomberg Barclays Aggregate A or Better Index?

Yes, we would consider fund performance for funds benchmarked against the Bloomberg Barclays Aggregate Index; however, please note this in the bid documents.

14. Clarification on State Document Requests: As part of the State Documents Section, you request that we provide the following: D. Copies of any vendor licensing agreements and/or hardware and software maintenance agreements. E. Copies of applicable certifications and/or licenses. As an investment manager, our understating is that as the respondent to this proposal is defined as the "vendor". As such, for item D, can you please provide greater clarification on what licensing agreements or documents should be provided and how would those differ from the certifications and/or licenses requested in item E?

Depending upon your firm and bid response, items D and E may not be applicable. Please note we may require each firm to submit ADV Parts 1 and II at a later date after the closing of this RFP.

15. Definition of "key personnel": You request that we complete "Proposed Staff Resumes" for each proposed "key personnel." Can you please define "key personnel" within the context of this RFP? We interpreted this to include only Investment team members for the proposed strategy. Is this correct or should this also include client relationship personnel and other senior executives of the organization?

Key Personnel should include any employees who will be used in fulfilling this mandate for the State Treasurer's Office, not only the investment team.

16. Clarification on Due Date: The cover page of the request for proposal states that the "Deadline for Submission and Opening Date and Time" is "August 14, 2020 @ 2:00 PM." However, on

the RFP timeline, the "Deadline for submission and opening of proposals" is "No later than 2:00 PM on 08/13/2020. Can you please confirm the correct final due date?

Proposals shall be due not later than 2:00 PM PT on August 14, 2020.

17. Staff Resumes/References: Is a resume and three references required for all staff (Proposed Staff Resume attachment) or just the key personnel responsible for performance (Section 3.4)?

Please see the answer to question #15.

18. Governmental Accounts (Reference #2.3.1.3.): Are the number and types of governmental accounts, total asset value and type of portfolio currently being managed by the firm referring to the period ending June 30, 2020?

Yes, the time period should be on or around June 30, 2020 or later. Please indicate the ending date in the firm's response.

19. Gained/Lost Accounts (Reference #2.3.1.4.): How many accounts has the firm gained and lost in the last 12 months? Is this referring to the period ending June 30, 2020?

Yes, the time period should be on or around June 30, 2020 or later. Please indicate the ending date in the firm's response.

20. Performance (Reference #2.5.8.): In addition to providing the past investment returns for one, three, and five-year periods ended December 31, 2019, may we also provide the current performance returns for the period ending June 30, 2020?

No, please only provide the requested information as noted in the RFP and not more current investment performance.

21. Attachment F - Proposed Staff Resume Clarification: For Attachment F - Proposed Staff Resume are we required to fill out the Staff Resume questionnaire or may we provide a separate document with summary biographies of the relevant PM's? Additionally, are we required to provide references for individual members of the PM team?

Please complete the Staff Resume questionnaire and see the response to questions #15.

22. Section 8.2.2.4 item D Clarification: For Section 8.2.2.4 item D and E can you please provide additional clarity/examples as to what you mean by "Copies of any vendor licensing agreements and/or hardware and software maintenance agreements" and "Copies of applicable certifications and/or licenses."?

Please note D and E may not be applicable to this mandate depending upon your firm's bid response. Please note we may require each firm to submit ADV Parts 1 and II at a later date after the closing of this RFP.

23. Attachment E Reference Questionnaire Clarification: For Attachment E "Reference Questionnaire" this document does not appear to be specific to investment management services, can you please confirm this document is correct and should be completed by our clients?

Yes, this is the correct document.

24. Scope of Work section confirmation: For the Scope of Work section can you kindly confirm if items 1.1 through 1.6.7 all require responses or specify which parts of the Scope of Work section require responses?

There is no 1.1 through 1.67; however, if you are referring to the Minimum Qualifications in 2.6.1 through 2.6.7; all firms must acknowledge in their bids that they meet the required minimum qualifications. If a firm is unable to meet one or more of these qualifications, this must be disclosed in detail in its response.

25. Vendor Information section confirmation: For the Vendor Information section can you kindly confirm if items 1.7.1 through 1.7.11 all require responses or specify which parts of the vendor information section require responses?

There is no 1.7.1 through 1.7.11; however, if you are referring to Sections 2.7.1 through 2.7.11, please see the response to question 24 above.

ALL ELSE REMAINS THE SAME FOR RFP 05TO-S1232.

Vendor must sign and return this amendment with proposal submitted.

| Vendor Name: | |
|-----------------------|-------|
| Authorized Signature: | |
| Title: | Date: |

This document must be submitted in the "State Documents" section of vendors' technical proposal.



STATE OF NEVADA DEPARTMENT OF ADMINISTRATION *Purchasing Division* 515 East Musser Street, Suite 300 | Carson City, NV 89701 Phone: 775-684-0170 | Fax: 775-684-0188

Request for Proposal: 05TO-S1232

For

INSTITUTIONAL FIXED INCOME INVESTMENT MANAGEMENT SERVICES

Release Date: July 17, 2020

Deadline for Submission and Opening Date and Time: August 14, 2020 @ 2:00 PM

Refer to Section 7, RFP Timeline for the complete RFP schedule

For additional information, please contact:

Teri Becker, Purchasing Officer

State of Nevada, Purchasing Division

515 E. Musser Street, Suite 300

Carson City, NV 89701

Phone: 775-684-0178

Email address: <u>tbecker@admin.nv.gov</u> (TTY for Deaf and Hard of Hearing: 1-800-326-6868 Ask the relay agent to dial: 1-775-684-0178/V.)

Refer to Section 8 for instructions on submitting proposals

VENDOR INFORMATION SHEET FOR RFP 05TO-S1232

Vendor Shall:

- A) Provide all requested information in the space provided next to each numbered question. The information provided in Sections V1 through V3 shall be used for development of the contract;
- B) Type or print responses; and
- C) Include this Vendor Information Sheet in Section III of the Technical Proposal.

| 3.71 | Company Name | |
|------|--------------|--|
| V I | | |

| | | | Company Address |
|--------------------|--|------------------------|-----------------|
| V2 Street Address: | | Street Address: | |
| | | City, State, Zip Code: | |

| | Telephone Numbers | | | |
|----|-------------------|-----------|--------|-----------|
| | | Area Code | Number | Extension |
| V3 | Telephone: | | | |
| | Fax: | | | |
| | Toll Free: | | | |

| | Contact Person for Questions / Contract Negotiations, including address if different than above | | |
|----|--|--|--|
| | Name: | | |
| | Title: | | |
| V4 | Address: | | |
| | Email Address: | | |
| | Telephone Number: | | |
| | Fax: | | |

| | | Name of Individual Authorized to Bind the Organization |
|----|--------|--|
| V5 | Name: | |
| | Title: | |

| | Signature (Individual shall be legally authorized to bind the vendor per NRS 333.337) | | | | |
|----|---|--|-------|--|--|
| V6 | Signature: | | Date: | | |

TABLE OF CONTENTS

| 1. | PROJECT OVERVIEW | 4 |
|-----|--|------|
| 2. | SCOPE OF WORK | 4 |
| 3. | COMPANY BACKGROUND AND REFERENCES | |
| 4. | COST | . 14 |
| 5. | FINANCIAL | . 14 |
| 6. | WRITTEN QUESTIONS AND ANSWERS | . 15 |
| 7. | RFP TIMELINE | . 15 |
| 8. | PROPOSAL SUBMISSION REQUIREMENTS, FORMAT AND CONTENT | . 16 |
| 9. | PROPOSAL EVALUATION AND AWARD PROCESS | . 21 |
| 10. | TERMS AND CONDITIONS | . 23 |
| 11. | SUBMISSION CHECKLIST | . 27 |
| AT | FACHMENT A – CONFIDENTIALITY AND CERTIFICATION OF INDEMNIFICATION | . 28 |
| AT | FACHMENT B – VENDOR CERTIFICATIONS | . 29 |
| AT | FACHMENT C – CONTRACT FORM | . 30 |
| AT | FACHMENT D – INSURANCE SCHEDULE FOR RFP 05TO-S1232 | . 31 |
| AT | FACHMENT E – REFERENCE QUESTIONNAIRE | . 32 |
| | FACHMENT F– PROPOSED STAFF RESUME | |
| AT | FACHMENT G – COST SCHEDULE | . 34 |
| AT | FACHMENT H – INVESTMENT POLICY, NEVADA REVISED STATUTES (NRS 353B.160) | , |
| CUI | RRENT HOLDINGS AND PERFORMANCE RESPONSE TEMPLATE | .35 |

Prospective vendors are advised to review Nevada's ethical standards requirements, including but not limited to NRS 281A, NRS 333.800, and NAC 333.155.

All applicable Nevada Revised Statutes (NRS) and Nevada Administrative Code (NAC) documentation can be found at: <u>www.leg.state.nv.us/law1.cfm.</u>

1. PROJECT OVERVIEW

The State of Nevada, Purchasing Division, on behalf of The Nevada State Treasurer, in accordance with his responsibilities to administer the State of Nevada Higher Education Prepaid Tuition Program (the Fund), is issuing a Request for Proposal (RFP) for qualified firms to provide Institutional Fixed Income Investment Management Services. The Investment Manager will directly manage all of the fixed income portfolio assets and will work closely with the State Treasurer and Investment Deputy to monitor the portfolios with the goal of meeting or beating an assigned benchmark. The Fund is an asset allocation portfolio which includes domestic equities and covered calls, in addition to fixed income.

The Fund holds the assets of contract purchasers who have enrolled in the Nevada Higher Education Prepaid Tuition Program, which was approved by the State of Nevada Legislature during the 1997 biennial session (NRS Chapter 353B, College Savings Plans of Nevada). Investments must be made within the permitted investments set forth in NRS 353B.160 and further made per the adopted Investment Policy Statement and Comprehensive Investment Plan (Investment Policy) located in this document as *Attachment H-Exhibit 1*. As of April 30, 2020, the book value of investments in the Fund was approximately \$87.5 million. (See *Attachment H-Exhibit 3* for holdings details.). The Fund is currently under contract with Mesirow Global Investment Management (Mesirow) for the fixed income portion of the Fund. The contract with Mesirow is set to expire October 31, 2020.

The Nevada College Savings Board (the Board) approves pricing for the prepaid tuition contracts before each annual open enrollment period. The pricing schedule considers tuition increases at the Nevada System of Higher Education (NSHE), assumed rate of investment return (5.25% as of June 30, 2019), and price inflation. This adopted pricing schedule is considered sufficient to compensate for anticipated tuition rate increases, the investment earnings, administrative expenses, and a stabilization reserve fund. Please note the funded ratio of the Fund as of June 30, 2019 is 154.6%.

The Fund is governed by the Board of which the Treasurer is the Chair. The resulting contract shall be for an initial contract term of four years, anticipated to begin November 1, 2020, subject to Nevada Board of Examiners approval.

2. SCOPE OF WORK

- 2.1 General
 - 2.1.1 The Investment Manager will directly manage all of the fixed income portfolio assets and will work closely with the State Treasurer and Investment Deputy to monitor the portfolios with the goal of meeting or beating an assigned benchmark.
 - 2.1.2 The State Treasurer's Office (STO) is issuing this Request for Proposal (RFP) from qualified firms to provide management services for the Prepaid Tuition

Portfolio. Specific requirements for the portfolio are listed in the Investment Policy and Nevada Revised Statutes (NRS 353B.160). Please see the *Attachment H* to this RPF document to aid in Proposer's response:

- 2.1.2.1 *Attachment H, Exhibit 1*: Nevada Prepaid Tuition Investment Policy Statement and Comprehensive Investment Plan
- 2.1.2.2 *Attachment H, Exhibit 2*: NRS 353B College Savings Programs and Education Savings Accounts
- 2.1.2.3 *Attachment H, Exhibit 3*: Holdings Prepaid Tuition Fund Fixed Income Assets, April 30, 2020
- 2.1.2.4 *Attachment H, Exhibit 4*: Fund Performance Required Format
- 2.1.3 The investment management firm will be selected to manage the investment mandates for the portfolio on a discretionary basis for a period of four (4) years. Services to be provided include:

2.2 PREPAID TUITION FUND REQUIREMENTS

- 2.2.1 Initially:
 - 2.2.1.1 Meet with State Treasurer and staff to discuss overall risk tolerance and target duration.
 - 2.2.1.2 Provide a detailed draft plan for the transfer of securities (if applicable) and initial portfolio construction prior to receipt of securities and/or assets.
 - 2.2.1.3 Review of Respondent's pre-approved list of corporate issuers.
- 2.2.2 Daily:
 - 2.2.2.1 Invest the separately managed account (SMA) on a discretionary basis within the parameters of applicable Nevada Revised Statutes, applicable portfolio Investment Policy and State Treasurer direction. The State Treasurer reserves the right to review and provide direction on eligible issuers, and to provide direction on maximum maturities and other matters depending upon the market conditions and STO's risk tolerance.
 - 2.2.2.2 Monitor and send trade/transaction settlement information to the State's custodian.
 - 2.2.2.3 Provide the State Treasurer with a brief explanation/justification of buys and sells which are considered exceptions to the norm.
 - 2.2.2.4 Monitor credit exposure and credit rating, and immediately contact the State Treasurer via telephone to report material events which

affect the SMA. Be prepared to follow up with a detailed plan of action for any securities that are not in compliance with Nevada Revised Statutes and the Investment Policy Statement.

2.2.2.5 Be available to answer questions of STO as needed.

2.2.3 Monthly:

- 2.2.3.1 Provide investment detail report which includes holdings, interest received, realized gains/losses, amortization and accretion, all buys/sells, etc.
- 2.2.3.2 Provide detail performance report versus the agreed upon benchmark.
- 2.2.3.3 Be available for conference calls to discuss investment program, including investment strategy and performance, economic and market conditions, and other investment related information.
- 2.2.3.4 Be available to provide detailed information on the agreed upon benchmark, as needed.
- 2.2.3.5 Provide a monthly stress test which provides the value of the portfolio utilizing interest rate changes which are representative of the various potential market environments.
- 2.2.3.6 Provide the respondents listing of corporate issuers approved for use monthly.

2.2.4 Quarterly:

- 2.2.4.1 Compile separate detail reports for STO. The detail report is a comprehensive investment, analytic, and performance report. Be prepared for a call with the State Treasurer and Investment Deputy to discuss any or all aspects of the quarterly report.
- 2.2.4.2 Provide billing information which allows STO to easily identify and verify the calculation of the fees charged for services rendered.
- 2.2.4.3 Provide a certification of compliance with the STO Investment Policy Statement and Nevada Revised Statutes.

2.2.5 Annually:

- 2.2.5.1 Respond to inquiries from internal and external auditors to assist STO in the completion of the State's Comprehensive Annual Financial Report.
- 2.2.5.2 Assist the State Treasurer with any necessary investment policy changes including asset allocation changes.

- 2.2.5.3 Provide a list of approved broker/dealers (annually and when changes occur).
- 2.2.5.4 Provide most recent SEC Form ADV Part 2.
- 2.2.6 Ad Hoc:
 - 2.2.6.1 Serve as a general resource to STO staff for information and training.
 - 2.2.6.2 Prepare special analyses and reports as requested by STO.
 - 2.2.6.3 Work with the Plan's investment consultant, as requested by STO.
 - 2.2.6.4 Be prepared to attend the College Savings Board meetings as requested.

2.3 **RESPONDENT QUESTIONS**

- 2.3.1 Firm Background and Other Information
 - 2.3.1.1 Describe any current or past Securities and Exchange Commission censure or litigation involving your organization, any officer, or employee during the past three years.
 - 2.3.1.2 Describe the firm's in-house technical and research capabilities. Are outside sources used on a regular basis? If yes, please name.
 - 2.3.1.3 Provide the number and types of governmental accounts, total asset value and type of portfolio currently being managed by the firm.
 - 2.3.1.4 How many accounts has the firm gained in the last 12 months? How many accounts have been lost in the last 12 months and why?
 - 2.3.1.5 List the firm's AUM (in millions) in the following categories:

| Туре | Amount Public Accounts | Amount Other |
|--------------------|------------------------|--------------|
| U.S. Treasuries | | |
| Agencies | | |
| ABS | | |
| MBS | | |
| Corporates | | |
| Other Fixed Income | | |
| CMOs | | |
| Equity | | |

2.3.1.6 Provide a list of the firm's fixed-income governmental clients located in Nevada.

2.3.1.7 Describe in detail any potential conflicts of interest your firm, affiliates, or parent may have in management of this account and your method of dealing with conflicts of interest.

2.4 INVESTMENT PHILOSOPHY AND PROCESS

- 2.4.1 Briefly describe your firm's investment management philosophy, particularly for any government clients with similar investment mandates as noted in the RFP.
- 2.4.2 What are the variables and process that the firm examines to determine the duration target of a portfolio for a client? How much variation up and down is duration allowed to fluctuate?
- 2.4.3 What are the primary strategies for adding value to portfolios (e.g., market timing, credit research, trading, etc.)?
- 2.4.4 Describe your firm's portfolio management approach and trading responsibilities. Are portfolios managed by an individual or a team?
- 2.4.5 Describe your procedures used to ensure that investments comply with Nevada Revised Statutes, Investment Policy, and STO direction.
- 2.4.6 Describe your firm's credit analysis and monitoring process. Who is responsible for credit/ratings research, and how is this information relayed to the investment personnel? Does this department issue an approved list of securities which can be purchased? If yes, how often is the list updated and what are the requirements for inclusion on this list?
- 2.4.7 How are the credit/ratings of securities monitored, and what action is taken if a security falls below any required thresholds?
- 2.4.8 Describe your process for providing advice, including frequency of discussing market conditions with clients.
- 2.4.9 Describe any additional services your firm would provide to STO if selected.

2.5 **REPORTING**

- 2.5.1 Provide samples of the firm's standard monthly and quarterly reports. At a minimum, include a detailed list of holdings, and a monthly or quarterly performance report. Are reports available on a secure web portal?
- 2.5.2 Is the firm GIPS (Global Investment Performance Standards) compliant in its reporting? If no, explain all non-compliance issues.
- 2.5.3 Is the firm able to customize reporting to client's needs? Please explain and provide examples.

- 2.5.4 Please provide the reporting system used by the firm. Does the State Treasurer's Office have access to this system?
- 2.5.5 Are reports produced from an in-house proprietary system or from an outside source? Discuss any enhancements which provide improved reporting capabilities.
- 2.5.6 Provide a sample of the firm's most recent report on economic indicators, market conditions, investment analysis/strategy, and or other newsletters/reports.
- 2.5.7 Provide standard deviations as of December 31, 2018, December 31, 2015, December 31, 2013, and December 31, 2008. Firms must use the template in Attachment H, Exhibit 4 for submitting this information.
- 2.5.8 Provide past investment returns for one, three, and five-year periods ended December 31, 2019 for similar governmental portfolio(s) your firm manages which are most similar to the Bloomberg Barclays Aggregate A or Better. For question 2.4.3.8, Firm's must use the template in Attachment H, Exhibit 4 for the submitting this information, including both gross and net of fees.

2.6 MINIMUM QUALIFICATIONS

- 2.6.1 The Vendor must be an investment advisor registered with the Securities and Exchange Commission under the Investment Advisor's Act of 1940; or a bank or trust company which is organized and operating or licensed to operate in the United States under federal or state law.
- 2.6.2 The Vendor must agree to act as a fiduciary with respect to the Prepaid Tuition Portfolio.
- 2.6.3 The Vendor must have a five-year performance track record for the types of securities included in the vendor's proposal. This track record must include programs with a similar strategy.
- 2.6.4 The Vendor must have a total of at least \$1 billion AUM of fixed income, governmental (state and/or local government) operating funds, and equities.
- 2.6.5 The Vendor must have at least five years of experience managing the types of securities included in the vendor's proposal.
- 2.6.6 The Vendor must be registered to conduct business in the State or become duly qualified to do business in the State as a foreign business entity, before a contract can be executed.
- 2.6.7 The Vendor must have at least three (3) public institution clients with total market-valued assets (in custody) per client of \$100 million or greater.

3. COMPANY BACKGROUND AND REFERENCES

3.1 VENDOR INFORMATION

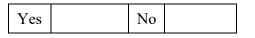
3.1.1 Vendors shall provide a company profile in the table format below.

| Question | Response |
|--|----------|
| Company name: | |
| Ownership (sole proprietor, partnership, etc.): | |
| State of incorporation: | |
| Date of incorporation: | |
| # of years in business: | |
| List of top officers: | |
| Location of company headquarters, to include City and State: | |
| Location(s) of the office that shall provide the services described in this RFP: | |
| Number of employees locally with the expertise to support the requirements identified in this RFP: | |
| Number of employees nationally with the expertise to support the requirements in this RFP: | |
| Location(s) from which employees shall be assigned for this project: | |

- 3.1.2 Pursuant to NRS 333.3354, the State of Nevada awards a five percent (5%) preference to a vendor certifying that its principal place of business is in Nevada. The term 'principal place of business' has the meaning outlined by the United States Supreme Court in <u>Hertz Corp v. Friend</u>, 559 U.S. 77 (2010), typically meaning a company's corporate headquarters. This preference cannot be combined with any other preference, granted for the award of a contract using federal funds, or granted for the award of a contract procured on a multi-state basis. To claim this preference a business must submit a letter with its proposal showing that it qualifies for the preference.
- 3.1.3 <u>Please be advised</u>, pursuant to NRS 80.010, a corporation organized pursuant to the laws of another state shall register with the State of Nevada, Secretary of State's Office as a foreign corporation before a contract can be executed between the State of Nevada and the awarded vendor, unless specifically exempted by NRS 80.015.
- 3.1.4 The selected vendor, prior to doing business in the State of Nevada, shall be appropriately licensed by the State of Nevada, Secretary of State's Office pursuant to NRS 76. Information regarding the Nevada Business License can be located at <u>http://nvsos.gov</u>.

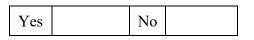
| Question | Response |
|---------------------------------|----------|
| Nevada Business License Number: | |
| Legal Entity Name: | |

Is "Legal Entity Name" the same name as vendor is doing business as?



If "No", provide explanation.

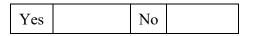
3.1.5 Has the vendor ever been engaged under contract by any State of Nevada agency?



If "Yes", complete the following table for each State agency for whom the work was performed. Table can be duplicated for each contract being identified.

| Question | Response |
|-------------------------------------|----------|
| Name of State agency: | |
| State agency contact name: | |
| Dates when services were performed: | |
| Type of duties performed: | |
| Total dollar value of the contract: | |

3.1.6 Are you now or have you been within the last two (2) years an employee of the State of Nevada, or any of its agencies, departments, or divisions?



If "Yes", please explain when the employee is planning to render services, while on annual leave, compensatory time, or on their own time?

If you employ (a) any person who is a current employee of an agency of the State of Nevada, or (b) any person who has been an employee of an agency of the State of Nevada within the past two (2) years, and if such person shall be performing or producing the services which you shall be contracted to provide under this contract, you shall disclose the identity of each such person in your response to this RFP, and specify the services that each person shall be expected to perform.

3.1.7 Disclosure of any significant prior or ongoing contract failures, contract breaches, civil or criminal litigation in which the vendor has been alleged to be liable or held liable in a matter involving a contract with the State of Nevada or any other governmental entity. Any pending claim or litigation occurring within the past six (6) years which may adversely affect the vendor's ability to perform or fulfill its obligations if a contract is awarded as a result of this RFP shall also be disclosed.

Does any of the above apply to your company?

| Yes | N | 0 |
|-----|---|---|
|-----|---|---|

If "Yes", please provide the following information. Table can be duplicated for each issue being identified.

| Question | Resp | onse |
|--|-------|-------------|
| Date of alleged contract failure or breach: | | |
| Parties involved: | | |
| Description of the contract failure, contract breach, or litigation, including the products or services involved: | | |
| Amount in controversy: | | |
| Resolution or current status of the dispute: | | |
| If the matter has resulted in a court case: | Court | Case Number |
| Status of the litigation: | | |

- 3.1.8 Vendors shall review and provide if awarded a contract the insurance requirements as specified in *Attachment D, Insurance Schedule for RFP 05TO-S1232.*
- 3.1.9 Company background/history and why vendor is qualified to provide the services described in this RFP. Limit response to no more than five (5) pages.
- 3.1.10 Provide a brief description of the length of time vendor has been providing services described in this RFP to the public and/or private sector.
- 3.1.11 Financial information and documentation to be included in accordance with *Section 8.5, Part III Confidential Financial Information*.
 - 3.1.11.1 Federal Tax Identification Number
 - 3.1.11.2 The last two (2) years and current year interim:
 - A. Profit and Loss Statement
 - B. Balance Statement

3.2 SUBCONTRACTOR INFORMATION

Subcontractors are defined as a third party, not directly employed by the contractor, who shall provide services identified in this RFP. This does not include third parties who provide support or incidental services to the contractor.

3.2.1 Does this proposal include the use of subcontractors?

| Yes | | No | |
|-----|--|----|--|
|-----|--|----|--|

If "Yes", vendor shall:

- 3.2.1.1 Identify specific subcontractors and the specific requirements of this RFP for which each proposed subcontractor shall perform services.
- 3.2.1.2 If any tasks are to be completed by subcontractor(s), vendors shall:
 - A. Describe how the work of any subcontractor(s) shall be supervised, channels of communication shall be maintained and compliance with contract terms assured; and
 - B. Describe your previous experience with subcontractor(s).
- 3.2.1.3 Provide the same information for any proposed subcontractors as requested in *Section 3.1, Vendor Information*.
- 3.2.1.4 Vendor shall not allow any subcontractor to commence work until all insurance required of the subcontractor is provided to the vendor.
- 3.2.1.5 Vendor shall notify the using agency of the intended use of any subcontractors not identified within their original proposal and provide the information originally requested in the RFP in *Section 3.2, Subcontractor Information*. The vendor shall receive agency approval prior to subcontractor commencing work.

3.3 BUSINESS REFERENCES

- 3.3.1 Vendors shall provide a minimum of three (3) business references from similar projects performed for private and/or public sector clients within the last five (5) years managing similar Government clients/mandates.
- 3.3.2 Vendors shall submit *Attachment E, Reference Questionnaire* to their business references.
- 3.3.3 It is the vendor's responsibility to ensure that completed forms are received by the Purchasing Division on or before the deadline as specified in *Section 7, RFP Timeline* for inclusion in the evaluation process. Reference Questionnaires not received, or not complete, may adversely affect the vendor's score in the evaluation process.
- 3.3.4 The State reserves the right to contact and verify any and all references listed regarding the quality and degree of satisfaction for such performance.

3.4 VENDOR STAFF RESUMES

A resume shall be completed for each proposed key personnel responsible for performance under any contract resulting from this RFP per *Attachment F, Proposed Staff Resume.*

4. COST

- 4.1 Vendor must provide detailed fixed prices for all costs associated with the responsibilities and related services. Clearly specify the nature of all expenses (*refer to Attachment G, Tab A.1 and Attachment G, Tab A.1 Alt Pricing*).
- **4.2** All fields in *Attachment G*, *Tab A.1 and Tab A.1 Alt Pricing* must be completed. Use N/C for no charge. Any field left blank will be assumed to be no charge to the State.
- **4.3** All costs must be submitted on the schedule provided in *Attachment G*, *Tab A.1 or Tab A.1 Alt Pricing*. No other cost formats will be accepted. Costs not submitted on the State provided *Attachment G*, *Tab A.1* will render a vendor's entire proposal nonresponsive.

5. FINANCIAL

5.1 **PAYMENT**

- 5.1.1 Upon review and acceptance by the State, payments for invoices are normally made within 45 60 days of receipt, providing all required information, documents and/or attachments have been received.
- 5.1.2 Pursuant to NRS 227.185 and NRS 333.450, the State shall pay claims for supplies, materials, equipment and services purchased under the provisions of this RFP electronically, unless determined by the State Controller that the electronic payment would cause the payee to suffer undue hardship or extreme inconvenience.

5.2 BILLING

- 5.2.1 The State does not issue payment prior to receipt of goods or services.
- 5.2.2 The vendor shall bill the State as outlined in the approved contract and/or payment schedule.
- 5.2.3 The State presently has a Procurement Card Program that participating State agencies may use to pay for some of their purchases. The Program is issued through a major financial institution and is treated like any other major credit card. Using agencies may desire to use the card as a method of payment. No additional charges or fees shall be imposed for using the card. Please indicate in your proposal response if you will accept this method of payment.

5.3 TIMELINESS OF BILLING

The State is on a fiscal year calendar. All billings for dates of service prior to July 1 shall be submitted to the State no later than the first Friday in August of the same year. A billing

submitted after the first Friday in August that forces the State to process the billing as a stale claim pursuant to NRS 353.097, shall subject the contractor to an administrative fee not to exceed \$100.00. This is the estimate of the additional costs to the State for processing the billing as a stale claim and this amount shall be deducted from the stale claims' payment due the contractor.

6. WRITTEN QUESTIONS AND ANSWERS

The Purchasing Division shall accept questions and/or comments in writing regarding this RFP as noted below:

6.1 QUESTIONS AND ANSWERS

- 6.1.1 All questions regarding this RFP should be submitted using the Bid Q&A feature in *NevadaEPro*.
 - 6.1.1.1 To access the Bid Q&A:
 - A. Log into your Seller account on *NevadaEPro*.
 - B. Click the Bids Tab in the header.
 - C. Click View under Bid Q&A on the appropriate Bid Solicitation under the Open Bids section.
- 6.1.2 The deadline for submitting questions is as specified in *Section 7, RFP Timeline*.
- 6.1.3 All questions and/or comments shall be addressed using the Bid Q&A in *NevadaEPro*. If questions and answers require a material change to the Bid Solicitation, an Amendment will be posted in *NevadaEPro* and you will receive email notification.

7. **RFP TIMELINE**

The following represents the proposed timeline for this project. All times stated are Pacific Time (PT). These dates represent a tentative schedule of events. The State reserves the right to modify these dates at any time.

| Task | Date/Time |
|--|-------------------------------------|
| Deadline for submitting questions | 07/27/2020 @ 5:00 PM |
| Answers posted to website | On or about 07/30/2020 |
| Deadline for submittal of Reference Questionnaires | No later than 4:30 PM on 08/12/2020 |
| Deadline for submission and opening of proposals | No later than 2:00 PM on 08/13/2020 |
| Evaluation period (approximate time frame) | 08/14/2020 - 08/20/2020 |
| Selection of vendor | On or about 08/20/2020 |
| Anticipated BOE approval | 10/13/2020 |

| Task | Date/Time |
|--|------------|
| Contract start date (contingent upon BOE approval) | 11/01/2020 |

8. PROPOSAL SUBMISSION REQUIREMENTS, FORMAT AND CONTENT

8.1 GENERAL SUBMISSION REQUIREMENTS

- 8.1.1 Vendors shall submit their proposals by using Create Quote through the State electronic procurement website, <u>https://NevadaEPro.com</u>, in accordance with the instructions below.
 - 8.1.1.1 Refer to *Instructions for Vendors Responding to a Bid* in the Important Links section on the front page of *NevadaEPro* for instructions on how to submit a Quote using *NevadaEPro*.
- 8.1.2 The Quote/Proposal shall contain a maximum of four (4) attachments which may include:
 - 8.1.2.1 Technical Proposal
 - 8.1.2.2 Confidential Technical (if applicable)
 - 8.1.2.3 Cost Proposal (if applicable)
 - 8.1.2.4 Confidential Financial (if applicable)

Note: Under the Items Tab the NevadaEPro system defaults to 'No Bid'. Proposing vendors must uncheck the 'No Bid' box and that will allow the system to default to 'See Quote Attachments'.

- 8.1.3 Proposals shall have a technical response, which may be composed of two (2) parts in the event a vendor determines that a portion of their technical response qualifies as "confidential" per NRS 333.020 (5) (b).
- 8.1.4 If complete responses cannot be provided without referencing confidential information, such confidential information shall be provided in accordance with *Section 8.3, Part IB Confidential Technical Proposal* and *Section 8.5, Part III Confidential Financial Information.*
- 8.1.5 Specific references made to the section, page, and paragraph where the confidential information can be located shall be identified on *Attachment A*, *Confidentiality and Certification of Indemnification* and comply with the requirements stated in *Section 8.6, Confidentiality of Proposals.*
- 8.1.6 Proposals that do not comply with the requirements may be deemed non-responsive and rejected at the State's discretion.
- 8.1.7 Although it is a public opening, only the names of the vendors submitting proposals shall be announced per NRS 333.335(6). Technical and cost details about proposals submitted shall not be disclosed.

- 8.1.8 Assistance for persons who are disabled, visually impaired or hearing-impaired who wish to attend the RFP opening is available. If special arrangements are necessary, please notify the Purchasing Division designee as soon as possible and at least two (2) days in advance of the opening.
- 8.1.9 For ease of evaluation, the technical and cost proposals shall be presented in a format that corresponds to and references sections outlined within this RFP and shall be presented in the same order. Written responses shall be in *bold/italics* and placed immediately following the applicable RFP question, statement and/or section.
- 8.1.10 Proposals are to be prepared in such a way as to provide a straightforward, concise delineation of capabilities to satisfy the requirements of this RFP. Expensive color displays, promotional materials, etc., are not necessary or desired. Emphasis shall be concentrated on conformance to the RFP instructions, responsiveness to the RFP requirements, and on completeness and clarity of content.
- 8.1.11 For purposes of addressing questions concerning this RFP, the sole contact shall be the Purchasing Division as specified on Page 1 of this RFP. Upon issuance of this RFP, other employees and representatives of the agencies identified in the RFP shall not answer questions or otherwise discuss the contents of this RFP with any prospective vendors or their representatives. Failure to observe this restriction may result in disqualification of any subsequent proposal per NAC 333.155(3). This restriction does not preclude discussions between affected parties for the purpose of conducting business unrelated to this procurement.
- 8.1.12 Any vendor who believes there are irregularities or lack of clarity in the RFP or proposal requirements or specifications are unnecessarily restrictive, or limit competition shall notify the Purchasing Division, in writing, as soon as possible, so that corrective addenda may be furnished by the Purchasing Division in a timely manner to all vendors.
- 8.1.13 If a vendor changes any material RFP language, vendor's response may be deemed non-responsive per NRS 333.311.
- 8.1.14 The vendor understands and acknowledges that the representations made in its proposal are material and important and shall be relied on by the State in its evaluation of a proposal. Any misrepresentation by a vendor shall be treated as fraudulent concealment from the State of the true facts relating to the proposal.

8.2 PART IA – TECHNICAL PROPOSAL

- 8.2.1 The Technical Proposal *shall not include* cost and/or pricing information. Cost and/or pricing information contained in the technical proposal may cause the proposal to be rejected.
- 8.2.2 Using Create Quote in *NevadaEPro*, vendors shall provide one (1) PDF Technical Proposal on the Attachments Tab that includes the following:

| 8.2.2.1 | Section I – Title Page with the following information: |
|---------|--|
| 0.2.2.1 | |

| Part IA – Technical Proposal | | |
|------------------------------|---------------------------------------|--|
| RFP Title: | Institutional Fixed Income Investment | |
| KFF Hue. | Management Services | |
| RFP: | 05TO-S1232 | |
| Vendor Name: | | |
| Address: | | |
| Opening Date: | August 13, 2020 | |
| Opening Time: | 2:00 PM | |

8.2.2.2 Section II – Table of Contents

An accurate and updated table of contents shall be provided.

8.2.2.3 Section III – Vendor Information Sheet

The vendor information sheet shall be completed and signed by an individual authorized to bind the organization.

8.2.2.4 Section IV – State Documents

The State documents section shall include the following:

- A. The signature page from all amendments signed by an individual authorized to bind the organization.
- B. Attachment A Confidentiality and Certification of Indemnification signed by an individual authorized to bind the organization.
- C. Attachment B Vendor Certifications signed by an individual authorized to bind the organization.
- D. Copies of any vendor licensing agreements and/or hardware and software maintenance agreements.
- E. Copies of applicable certifications and/or licenses.
- 8.2.2.5 Section V Scope of Work

Vendors shall place their written response(s) to *Section 2, Scope of Work* in *bold/italics* immediately following the applicable RFP question, statement and/or section.

8.2.2.6 Section VI– Company Background and References

Vendors shall place their written response(s) to *Section 3, Company Background and References* in *bold/italics* immediately following the applicable RFP question, statement and/or section. This section

shall also include the requested information in *Section 3.2*, *Subcontractor Information*, if applicable.

- 8.2.2.7 Section VII Proposed Staff Resume(s)
 - A. Vendors shall include all proposed staff resumes per Section
 3.4, Vendor Staff Resumes in this section.
 - B. This section shall also include any subcontractor proposed staff resumes, if applicable.
- 8.2.2.8 Section VIII Other Informational Material

Vendors shall include any other applicable reference material in this section clearly cross referenced with the proposal.

8.3 PART IB – CONFIDENTIAL TECHNICAL PROPOSAL

- 8.3.1 Vendors only need to submit Part IB if the proposal includes any confidential technical information (*Refer to Attachment A, Confidentiality and Certification of Indemnification*).
- 8.3.2 If needed, vendors shall provide one (1) PDF Confidential Technical Proposal file that includes the following:

| Part IB – Confidential Technical Proposal | | |
|---|---------------------------------------|--|
| RFP Title: | Institutional Fixed Income Investment | |
| | Management Services | |
| RFP: | 05TO-S1232 | |
| Vendor Name: | | |
| Address: | | |
| Opening Date: | August 13, 2020 | |
| Opening Time: | 2:00 PM | |

8.3.2.1 Section I – Title Page with the following information:

8.3.2.2 Section II – Confidential Technical

Vendors shall cross reference the confidential technical information back to the technical proposal, as applicable.

8.4 PART II – COST PROPOSAL

- 8.4.1 Vendors shall submit pricing information on the Items Tab of their Quote in *NevadaEPro*.
- 8.4.2 Vendors shall provide additional pricing information as detailed in *Section 8.4.4* if appropriate or required in accordance with *Section 4, Cost.*

- 8.4.3 The cost proposal shall not be marked "confidential". Only information that is deemed proprietary per NRS 333.020 (5) (a) may be marked as "confidential".
- 8.4.4 If needed, vendors shall provide one (1) PDF Cost Proposal file that includes the following:

| Part II – Cost Proposal | | |
|-------------------------|---------------------------------------|--|
| RFP Title: | Institutional Fixed Income Investment | |
| | Management Services | |
| RFP: | 05TO-S1232 | |
| Vendor Name: | | |
| Address: | | |
| Opening Date: | August 13, 2020 | |
| Opening Time: | 2:00 PM | |

8.4.4.1 Section I – Title Page with the following information:

8.4.4.2 Section II – Cost Proposal

Vendor's shall place the information required per *Section 4, Cost* in this section.

8.5 PART III – CONFIDENTIAL FINANCIAL INFORMATION

- 8.5.1 If needed, vendors shall provide one (1) PDF Confidential Financial Information file that includes the following:
 - 8.5.1.1 Section I Title Page with the following information:

| Part III – Confidential Financial Information | | |
|--|---------------------------------------|--|
| RFP Title: | Institutional Fixed Income Investment | |
| | Management Services | |
| RFP: | 05TO-S1232 | |
| Vendor Name: | | |
| Address: | | |
| Opening Date: | August 13, 2020 | |
| Opening Time: | 2:00 PM | |

8.5.1.2 Section II – Financial Information and Documentation

Vendors shall place the information required per *Section 3.1.11* in this section.

8.6 CONFIDENTIALITY OF PROPOSALS

8.6.1 As a potential contractor of a public entity, vendors are advised that full disclosure is required by law.

- 8.6.2 Vendors are required to submit written documentation in accordance with *Attachment A, Confidentiality and Certification of Indemnification* demonstrating the material within the proposal marked "confidential" conforms to NRS §333.333, which states "Only specific parts of the proposal may be labeled a "trade secret" as defined in NRS §600A.030(5)". Not conforming to these requirements shall cause your proposal to be deemed non-compliant and shall not be accepted by the State.
- 8.6.3 Vendors acknowledge that material not marked as "confidential" shall become public record and shall be posted to the Purchasing website upon contract award.
- 8.6.4 It is the vendor's responsibility to act in protection of the labeled information and agree to defend and indemnify the State of Nevada for honoring such designation.
- 8.6.5 Failure to label any information that is released by the State shall constitute a complete waiver of any and all claims for damages caused by release of said information.

8.7 PROPOSAL PACKAGING

- 8.7.1 Vendors shall submit their proposals through the State electronic procurement website, <u>https://NevadaEPro.com</u>, in accordance with the instructions below.
- 8.7.2 Proposals shall be received via <u>https://NevadaEPro.com</u> no later than the date and time specified on the General Tab of the Bid Solicitation in *NevadaEPro*. Proposals that are not submitted by bid opening time and date shall not be accepted. Vendors may submit their proposal any time prior to the deadline stated in *NevadaEPro*. In the event that dates, and times specified in this document and dates times specified in *NevadaEPro* conflict, the dates and time in *NevadaEPro* shall take precedence.
- 8.7.3 Proposals submitted as physical copies, email, or any submission method other than via *NevadaEPro* shall not be considered.

9. PROPOSAL EVALUATION AND AWARD PROCESS

The information in this section does not need to be returned with the vendor's proposal.

9.1 Proposals shall be consistently evaluated and scored in accordance with NRS 333.335 based upon the following criteria. The following criteria are listed in order of importance.

| Criteria Description | Weight |
|--|--------|
| Investment performance provided and similarity to mandate | 35 |
| Experience in performance of comparable engagements, including investment process and philosophy | 20 |
| Cost Cost proposals will be evaluated based on the following formula: | 20 |

| Lowest Cost Submitted by a Vendor Proposers Total Cost Price Factor X Weight = Cost Criteria Score | |
|---|----|
| Firm background, expertise and availability of key personnel | 15 |
| Administration, compliance and reporting | 10 |

- **9.2** Effective July 1, 2017, a five percent (5%) preference will be awarded to businesses based in Nevada. A Nevada business is defined as a business which certifies either that its 'principal place of business' is in Nevada, as identified in *Section 3.1, Vendor Information*, or that a 'majority of goods provided for the contract are produced' in Nevada. The preference will be applied to the total score.
- **9.3** Financial stability shall be scored on a pass/fail basis.
- 9.4 Proposals shall be kept confidential until a contract is awarded.
- **9.5** The evaluation committee is an independent committee comprised of a majority of State officers or employees established to evaluate and score proposals submitted in response to the RFP pursuant to NRS 333.335.
- **9.6** The evaluation committee may solicit information from any available source concerning any aspect of a proposal and seek and review any other information deemed pertinent to the evaluation process.
- **9.7** Each vendor shall include in its proposal a complete disclosure of any alleged significant prior or ongoing contract failures, contract breaches, any civil or criminal litigation or investigations pending which involves the vendor or in which the vendor has been judged guilty or liable. Failure to comply with the terms of this provision may disqualify any proposal. The State reserves the right to reject any proposal based upon the vendor's prior history with the State or with any other party, which documents, without limitation, unsatisfactory performance, adversarial or contentious demeanor, significant failure(s) to meet contract milestones or other contractual failures. Refer generally to NRS 333.335.
- **9.8** Clarification discussions may, at the State's sole option, be conducted with vendors who submit proposals determined to be acceptable and competitive per NAC 333.165. Vendors shall be accorded fair and equal treatment with respect to any opportunity for discussion and/or written revisions of proposals. Such revisions may be permitted after submissions and prior to award for the purpose of obtaining best and final offers. In conducting discussions, there shall be no disclosure of any information derived from proposals submitted by competing vendors. Any modifications made to the original proposal during the best and final negotiations shall be included as part of the contract.
- **9.9** A Letter of Intent (LOI) shall be issued in accordance with NAC 333.170 notifying vendors of the State's intent to award a contract to a vendor, pending successful negotiations. Negotiations shall be confidential and not subject to disclosure to competing vendors unless

and until an agreement is reached. All information remains confidential until the issuance of the formal Notice of Award (NOA). If contract negotiations cannot be concluded successfully, the State upon written notice to all vendors may negotiate a contract with the next highest scoring vendor or withdraw the RFP.

- **9.10** A Notification of Award (NOA) shall be issued in accordance with NAC 333.170. Vendors shall be notified that a contract has been successfully negotiated, executed and is awaiting approval of the Board of Examiners (BOE). Any award is contingent upon the successful negotiation of final contract terms and upon approval of the BOE, when required. Any non-confidential information becomes available upon written request.
- **9.11** Pursuant to NRS 333.700, any contract resulting from this RFP shall not be effective unless and until approved by the Nevada State Board of Examiners.

10. TERMS AND CONDITIONS

10.1 PROCUREMENT AND PROPOSAL TERMS AND CONDITIONS

The information in this section does not need to be returned with the vendor's proposal.

- 10.1.1 This procurement is being conducted in accordance with NRS Chapter 333 and NAC Chapter 333.
- 10.1.2 The State reserves the right to alter, amend, or modify any provisions of this RFP, or to withdraw this RFP, at any time prior to the award of a contract pursuant hereto, if it is in the best interest of the State to do so.
- 10.1.3 The State reserves the right to waive informalities and minor irregularities in proposals received.
- 10.1.4 The State will post all official communication regarding this RFP on the *NevadaEPro* website at <u>https://NevadaEPro.com</u>. Any changes, amendments, or clarifications will be issued in the form of written responses to vendor questions, amendments, or addendum published on the *NevadaEPro* website entry for this RFP. Vendors should check this website frequently for notice of matters affecting the RFP prior to submitting a proposal. The vendors failure to periodically check for updates does not release the vendor from any additional requirements or information that may have been posted.
- 10.1.5 The failure to provide clearly marked, separate PDF file(s) for *Part IB and Part III*, which contain confidential information, trade secrets and/or proprietary information, shall constitute a complete waiver of any and all claims for damages caused by release of the information by the State.
- 10.1.6 Pursuant to NRS 333.350, the State reserves the right to reject any or all proposals received prior to contract award.
- 10.1.7 Pursuant to NRS 333.350, the State reserves the right to limit the scope of work prior to award, if deemed in the best interest of the State.

- 10.1.8 Pursuant to NRS 333.335, the State shall not be obligated to accept the lowest priced proposal, however, shall make an award in the best interest of the State of Nevada after all factors have been evaluated.
- 10.1.9 Proposals which appear unrealistic in the terms of technical commitments, lack of technical competence, or are indicative of failure to comprehend the complexity and risk of the project, may be rejected.
- 10.1.10 Proposals from employees of the State of Nevada shall be considered in as much as they do not conflict with the State Administrative Manual (SAM), NRS Chapter 281 and NRS Chapter 284.
- 10.1.11 Proposals may be modified or withdrawn by written notice received prior to the proposal opening time. Withdrawals received after the proposal opening time shall not be considered except as authorized by NRS 333.350(3).
- 10.1.12 Prices offered by vendors in their proposals are an irrevocable offer for the term of the contract and any contract extensions. The awarded vendor agrees to provide the purchased services at the costs, rates and fees as set forth in their proposal in response to this RFP. No other costs, rates or fees shall be payable to the awarded vendor for implementation of their proposal.
- 10.1.13 The State is not liable for any costs incurred by vendors prior to entering into a formal contract. Costs of developing the proposal or any other such expenses incurred by the vendor in responding to the RFP, are entirely the responsibility of the vendor, and shall not be reimbursed in any manner by the State.
- 10.1.14 Proposals submitted per proposal submission requirements become the property of the State, selection or rejection does not affect this right.
- 10.1.15 Any unsuccessful vendor may file an appeal in strict compliance with NRS 333.370 and NAC Chapter 333.
- 10.1.16 NRS 333.290 grants a preference to materials and supplies that can be supplied from a "charitable, reformatory or penal institution of the State" that produces such goods or services through the labor of inmates. The Administrator reserves the right to secure these goods, materials or supplies from any such eligible institution, if they can be secured of equal quality and at prices not higher than those of the lowest acceptable bid received in response to this solicitation. In addition, NRS 333.410 grants a preference to commodities or services that institutions of the State are prepared to supply through the labor of inmates. The Administrator shall apply the preferences stated in NRS 333.290 and 333.410 to the extent applicable.
- 10.1.17 Pursuant to NRS 333.338, the State of Nevada cannot enter into a contract with a company unless that company agrees for the duration of the contract not to engage in a boycott of Israel. By submitting a proposal or bid, vendor agrees that if it is awarded a contract it will not engage in a boycott of Israel as defined in NRS 333.338(3)(a).

10.2 CONTRACT TERMS AND CONDITIONS

The information in this section does not need to be returned with the vendor's proposal.

- 10.2.1 The awarded vendor shall be the sole point of contract responsibility. The State shall look solely to the awarded vendor for the performance of all contractual obligations which may result from an award based on this RFP, and the awarded vendor shall not be relieved for the non-performance of any or all subcontractors.
- 10.2.2 The awarded vendor shall maintain, for the duration of the contract, insurance coverages as set forth in the fully executed contract. Work on the contract shall not begin until after the awarded vendor has submitted acceptable evidence of the required insurance coverages. Failure to maintain any required insurance coverage or acceptable alternative method of insurance shall be deemed a breach of contract.
- 10.2.3 The State shall not be liable for Federal, State, or Local excise taxes per NRS 372.325.
- 10.2.4 The State reserves the right to negotiate final contract terms with any vendor selected per NAC 333.170. The contract between the parties shall consist of the RFP together with any modifications thereto, and the awarded vendor's proposal, together with any modifications and clarifications thereto that are submitted at the request of the State during the evaluation and negotiation process. In the event of any conflict or contradiction between or among these documents, the documents shall control in the following order of precedence: the final executed contract, any modifications and clarifications to the awarded vendor's proposal, the RFP, and the awarded vendor's proposal. Specific exceptions to this general rule may be noted in the final executed contract. The State shall not indemnify vendor from any liability or damages, including but not limited to attorney's fees and costs, arising under any contract resulting from this RFP.
- 10.2.5 State agencies and local governments (as defined in NRS 332.015) are intended third party beneficiaries of any contract resulting from this RFP and may join or use any contract resulting from this RFP subject to Nevada law . The State is not liable for the obligations of any local government which joins or uses any contract resulting from this RFP.
- 10.2.6 Any person who requests or receives a Federal contract, grant, loan or cooperative agreement shall file with the using agency a certification that the person making the declaration has not made, and shall not make, any payment prohibited by subsection (a) of 31 U.S.C. 1352.
- 10.2.7 Pursuant to NRS Chapter 613 in connection with the performance of work under this contract, the contractor agrees not to unlawfully discriminate against any employee or applicant for employment because of race, creed, color, national origin, sex, sexual orientation or age, including, without limitation, with regard to employment, upgrading, demotion or transfer, recruitment or recruitment

advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including, without limitation apprenticeship.

The contractor further agrees to insert this provision in all subcontracts, hereunder, except subcontracts for standard commercial supplies or raw materials.

10.3 PROJECT TERMS AND CONDITIONS

The information in this section does not need to be returned with the vendor's proposal.

- 10.3.1 Award of Related Contracts
 - 10.3.1.1 The State may undertake or award supplemental contracts for work related to this project or any portion thereof. The contractor shall be bound to cooperate fully with such other contractors and the State in all cases.
 - 10.3.1.2 All subcontractors shall be required to abide by this provision as a condition of the contract between the subcontractor and the prime contractor.
- 10.3.2 Right to Publish
 - 10.3.2.1 All requests for the publication or release of any information pertaining to this RFP and any subsequent contract shall be in writing and sent to the State Treasurer or designee.
 - 10.3.2.2 No announcement concerning the award of a contract as a result of this RFP can be made without prior written approval of the State Treasurer or designee.
 - 10.3.2.3 As a result of the selection of the contractor to supply the requested services, the State is neither endorsing nor suggesting the contractor is the best or only solution.
 - 10.3.2.4 The contractor shall not use, in its external advertising, marketing programs, or other promotional efforts, any data, pictures or other representation of any State facility, except with the specific advance written authorization of the State Treasurer or designee.
 - 10.3.2.5 Throughout the term of the contract, the contractor shall secure the written approval of the State per *Section 10.3.2.2* prior to the release of any information pertaining to work or activities covered by the contract.

11. SUBMISSION CHECKLIST

This checklist is provided for vendor's convenience only and identifies documents that shall be submitted in order to be considered responsive. Any proposals received without these requisite documents may be deemed non-responsive and not considered for contract award.

| | Part IA– Technical Proposal Submission Requirements | Completed | |
|--|--|-----------|--|
| Part IA submitted in one (1) separate PDF file | | | |
| Section I | Title Page | | |
| Section II | Table of Contents | | |
| Section III | Vendor Information Sheet | | |
| Section IV | State Documents | | |
| Section V | Scope of Work | | |
| Section VI | Company Background and References | | |
| Section VII | Attachment F – Proposed Staff Resume(s) | | |
| Section VIII | Other Informational Material | | |
| | Part IB – Confidential Technical Proposal Submission Requirements | | |
| Part IB subm | itted in one (1) separate PDF file | | |
| Section I | Title Page | | |
| Section II | Appropriate sections and information that cross reference back to the technical proposal | | |
| | Part II – Cost Proposal Submission Requirements | | |
| Part II submit | ted in one (1) separate PDF file | | |
| Section I | Title Page | | |
| Section II | Cost Proposal | | |
| | Part III – Confidential Financial Information Submission Requirements | | |
| Part III subm | itted in one (1) separate PDF file | | |
| Section I | Title Page | | |
| Section II | Financial Information and Documentation | | |
| | Reference Questionnaire Reminders | | |
| Send out Ref | erence Forms for Vendor (with Part A completed) | | |
| Send out Ref | Send out Reference Forms for proposed Subcontractors (with Part A and Part B completed, if applicable) | | |

ATTACHMENT A – CONFIDENTIALITY AND CERTIFICATION OF INDEMNIFICATION

Submitted proposals, which are marked "confidential" in their entirety, or those in which a significant portion of the submitted proposal is marked "confidential" **<u>shall not</u>** be accepted by the State of Nevada. Pursuant to NRS 333.333, only specific parts of the proposal may be labeled a "trade secret" as defined in NRS 600A.030(5). All proposals are confidential until the contract is awarded; at which time, both successful and unsuccessful vendors' technical and cost proposals become public information.

In accordance with the submittal instructions of this RFP, vendors are requested to submit confidential information in separate files marked "<u>Part IB Confidential Technical</u>" and "<u>Part III Confidential Financial</u>".

The State shall not be responsible for any information contained within the proposal. If vendors do not comply with the labeling and packing requirements, proposals shall be released as submitted. In the event a governing board acts as the final authority, there may be public discussion regarding the submitted proposals that shall be in an open meeting format, the <u>proposals shall</u> remain confidential.

By signing below, I understand it is my responsibility as the vendor to act in protection of the labeled information and agree to defend and indemnify the State of Nevada for honoring such designation. I duly realize failure to so act shall constitute a complete waiver, and all submitted information shall become public information; additionally, failure to label any information that is released by the State shall constitute a complete waiver of any and all claims for damages caused by the release of the information.

This proposal contains Confidential Information, Trade Secrets and/or Proprietary information.

Please initial the appropriate response in the boxes below and provide the justification for confidential status.

| Part IB – Confidential Technical Information | | | |
|--|--|----|--|
| YES | | NO | |
| Justification for Confidential Status | | | |
| | | | |
| | | | |

| Part III – Confidential Financial Information | | | |
|---|--------|--|--|
| YES | YES NO | | |
| Justification for Confidential Status | | | |
| | | | |
| | | | |

Company Name

Signature

Print Name

Date

This document shall be submitted in Section IV of vendor's technical proposal

ATTACHMENT B – VENDOR CERTIFICATIONS

Vendor agrees and shall comply with the following:

- (1) Any and all prices that may be charged under the terms of the contract do not and shall not violate any existing federal, State or municipal laws or regulations concerning discrimination and/or price fixing. The vendor agrees to indemnify, exonerate and hold the State harmless from liability for any such violation now and throughout the term of the contract.
- (2) All proposed capabilities can be demonstrated by the vendor.
- (3) The price(s) and amount of this proposal have been arrived at independently and without consultation, communication, agreement or disclosure with or to any other contractor, vendor or potential vendor.
- (4) All proposal terms, including prices, shall remain in effect for a minimum of 180 days after the proposal due date. In the case of the awarded vendor, all proposal terms, including prices, shall remain in effect throughout the contract negotiation process.
- (5) No attempt has been made at any time to induce any firm or person to refrain from proposing or to submit a proposal higher than this proposal, or to submit any intentionally high or noncompetitive proposal. All proposals shall be made in good faith and without collusion.
- (6) All conditions and provisions of this RFP are deemed to be accepted by the vendor and incorporated by reference in the proposal, except such conditions and provisions that the vendor expressly excludes in the proposal. Any exclusion shall be in writing and included in the proposal at the time of submission.
- (7) Each vendor shall disclose any existing or potential conflict of interest relative to the performance of the contractual services resulting from this RFP. Any such relationship that might be perceived or represented as a conflict shall be disclosed. By submitting a proposal in response to this RFP, vendors affirm that they have not given, nor intend to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant or any employee or representative of same, in connection with this procurement. Any attempt to intentionally or unintentionally conceal or obfuscate a conflict of interest shall automatically result in the disqualification of a vendor's proposal. An award shall not be made where a conflict of interest exists. The State shall determine whether a conflict of interest exists and whether it may reflect negatively on the State's selection of a vendor. The State reserves the right to disqualify any vendor on the grounds of actual or apparent conflict of interest.
- (8) All employees assigned to the project are authorized to work in this country.
- (9) The company has a written equal opportunity policy that does not discriminate in employment practices with regard to race, color, national origin, physical condition, creed, religion, age, sex, marital status, sexual orientation, developmental disability or disability of another nature.
- (10) The company has a written policy regarding compliance for maintaining a drug-free workplace.
- (11) Vendor understands and acknowledges that the representations within their proposal are material and important and shall be relied on by the State in evaluation of the proposal. Any vendor misrepresentations shall be treated as fraudulent concealment from the State of the true facts relating to the proposal.
- (12) Vendor shall certify that any and all subcontractors comply with Sections 7, 8, 9, and 10, above.
- (13) The proposal shall be signed by the individual(s) legally authorized to bind the vendor per NRS 333.337.

Vendor Company Name

Vendor Signature

Print Name

Date

This document shall be submitted in Section IV of vendor's technical proposal

ATTACHMENT C – CONTRACT FORM

Vendors shall review the terms and conditions of the standard contract used by the State for all services of independent contractors. It is not necessary for vendors to complete the contract form with their proposal. To review the contract form, click on the following link:

Contract Form

If vendor takes any exceptions to the standard contract form, those exceptions must be included as part of the proposal. Contract section number and the specific language having exception taken, along with suggested replacement language must be included. Failure to provide this information within the proposal may disqualify your entire proposal.

If you are unable to access the contract form, please contact Nevada State Purchasing at <u>srvpurch@admin.nv.gov</u> for an emailed copy.

ATTACHMENT D – INSURANCE SCHEDULE FOR RFP 05TO-S1232

Vendors shall review the Insurance Schedule, as this will be the schedule used for the scope of work identified within the RFP.



If vendor takes any exceptions to the Insurance Schedule, those exceptions must be included as part of the proposal. Insurance Schedule section number and the specific language having exception taken, along with suggested replacement language must be included. Failure to provide this information within the proposal may disqualify your entire proposal.

To open the document, double click on the icon.

ATTACHMENT E – REFERENCE QUESTIONNAIRE

The State of Nevada requires proposing vendors to submit business references. The purpose of these references is to document the experience relevant to the Scope of Work identified within the RFP and provide assistance in the evaluation process.

| | INSTRUCTIONS TO PROPOSING VENDOR |
|----|---|
| 1. | Proposing vendor or vendor's proposed subcontractor shall complete Part A and/or Part B of the Reference Questionnaire. |
| 2. | Proposing vendor shall send the Reference Questionnaire to each business reference listed for completion of Part D, Part E and Part F. |
| 3. | Business reference is requested to submit the completed Reference Questionnaire via email or facsimile to: |
| | State of Nevada, Purchasing Division |
| | Subject: RFP 05TO-S1232 |
| | Attention: Purchasing Division |
| | Email: <u>tbecker@admin.nv.gov</u> |
| | Fax: 775-684-0188 |
| | Please reference the RFP number in the subject line of the email or on the fax. |
| 4. | The completed Reference Questionnaire shall be received <i>no later than 4:30 PM PT August 12</i> , 2020 |
| 5. | Business references are not to return the Reference Questionnaire to the Proposer (Vendor). |
| 6. | In addition to the Reference Questionnaire, the State may contact any and all business references by phone for further clarification, if necessary. |
| 7. | Questions regarding the Reference Questionnaire or process shall be directed to the individual identified on the RFP cover page. |
| 8. | Reference Questionnaires not received, or not complete, may adversely affect the vendor's score in the evaluation process. |



To open the document, double click on the icon.

ATTACHMENT F– PROPOSED STAFF RESUME

The embedded resume shall be completed for all proposed prime contractor staff and proposed subcontractor staff.



To open the document, double click on the icon.

ATTACHMENT G – COST SCHEDULE



To open the document, double click on the icon.

ATTACHMENT H – INVESTMENT POLICY, NEVADA REVISED STATUTES (NRS 353B.160), CURRENT HOLDINGS AND PERFORMANCE RESPONSE TEMPLATE







Exhibit 4 Fund Performance Require

To open the document, double click on the icon.

INSURANCE REQUIREMENTS:

Financial Consultant and subcontractors, if any, shall procure and maintain until all of their obligations have been discharged, including any warranty periods under this Agreement are satisfied, insurance against claims for injury to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Financial Consultant, his agents, representatives, employees or subcontractors.

The insurance requirements herein are minimum requirements for this Agreement and in no way limit the indemnity covenants contained in this Agreement. The State in no way warrants that the minimum limits contained herein are sufficient to protect the Financial Consultant from liabilities that might arise out of the performance of the work under this Agreement by the Financial Consultant, his agents, representatives, employees or subcontractors and Financial Consultant is free to purchase additional insurance as may be determined necessary.

A. <u>MINIMUM SCOPE AND LIMITS OF INSURANCE:</u> Financial Consultant shall provide coverage with limits of liability not less than those stated below. An excess liability policy or umbrella liability policy may be used to meet the minimum liability requirements provided that the coverage is written on a "following form" basis.

1. Commercial General Liability – Occurrence Form

Policy shall include bodily injury, property damage and broad form contractual liability coverage.

| ٠ | General Aggregate | \$2,000,000 |
|---|---|-------------|
| ٠ | Products – Completed Operations Aggregate | \$1,000,000 |
| • | Personal and Advertising Injury | \$1,000,000 |
| ٠ | Each Occurrence | \$1,000,000 |

a. The policy shall be endorsed to include the following additional insured language: "The State of Nevada shall be named as an additional insured with respect to liability arising out of the activities performed by, or on behalf of the Financial Consultant".

2. Worker's Compensation and Employers' Liability

| Workers' Compensation | Statutory |
|-------------------------|-----------|
| Employers' Liability | |
| Each Accident | \$100,000 |
| Disease – Each Employee | \$100,000 |
| Disease – Policy Limit | \$500,000 |

- a. Policy shall contain a waiver of subrogation against the State of Nevada.
- b. This requirement shall not apply when a contractor or subcontractor is exempt under N.R.S., **AND** when such contractor or subcontractor executes the appropriate sole proprietor waiver form.

3. Professional Liability (Errors and Omissions Liability)

The policy shall cover professional misconduct or lack of ordinary skill for those positions defined in the Scope of Services of this contract.

| Each Claim | \$10,000,000 |
|------------------|--------------|
| Annual Aggregate | \$10,000,000 |

a. In the event that the professional liability insurance required by this Agreement is written on a claims-made basis, Financial Consultant warrants that any retroactive date under the policy shall precede the effective date of this Agreement; and that either continuous coverage will be maintained or an extended discovery period will be exercised for a period of two (2) years from the time work under this Agreement is completed. 4. **Financial Institution Bond or Security Dealers Blanket Bond** (The bond is required only if the contractor has access to State funds.)

If the Scope of Services involve receiving, depositing, transferring or investing State funds, one of the above bonds is required.

Bond Limit

\$<u>10,000,000</u>

- a. The bond shall be issued with limits based on the amount of the States investment portfolio with the contractor.
- b. The bond shall include coverage for all directors, officers, agents and employees of the Contractor.
- c. The bond shall include coverage for third party fidelity and name State of Nevada as loss payee.
- d. The bond shall include coverage for extended theft and mysterious disappearance.
- e. If the scope of services pertains to any employee benefit plans, the bond **shall include a third party ERISA endorsement.**
- f. The bond shall not contain a condition requiring an arrest and conviction.
- B. **ADDITIONAL INSURANCE REQUIREMENTS:** The policies shall include, or be endorsed to include, the following provisions:
 - 1. On insurance policies where the State of Nevada is named as an additional insured, the State of Nevada shall be an additional insured to the full limits of liability purchased by the Financial Consultant even if those limits of liability are in excess of those required by this Agreement.
 - 2. The Financial Consultant's insurance coverage shall be primary insurance and non-contributory with respect to all other available sources.
- C. <u>NOTICE OF CANCELLATION:</u> Contractor shall for each insurance policy required by the insurance provisions of this Contract shall not be suspended, voided or canceled except after providing thirty (30) days prior written notice been given to the State, except when cancellation is for non-payment of premium, then ten (10) days prior notice may be given. Such notice shall be sent directly to **Richard Morse, 101 N. Carson Street, Suite 4, Carson City, NV 89701**. Should contractor fail to provide State timely notice, contractor will be considered in breach and subject to cure provisions set forth within this contract.
- D. <u>ACCEPTABILITY OF INSURERS:</u> Insurance is to be placed with insurers duly licensed or authorized to do business in the state of Nevada and with an "A.M. Best" rating of not less than A-VII. The State in no way warrants that the above-required minimum insurer rating is sufficient to protect the Contractor from potential insurer insolvency.
- E. <u>VERIFICATION OF COVERAGE:</u> Financial Consultant shall furnish the State with certificates of insurance (ACORD form or equivalent approved by the State) as required by this Agreement. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

All certificates and endorsements are to be received and approved by the State before work commences. Each insurance policy required by this Agreement must be in effect at or prior to commencement of work under this Agreement and remain in effect for the duration of the project. Failure to maintain the insurance policies as required by this Agreement or to provide evidence of renewal is a material breach of contract.

All certificates and any required endorsement shall be sent directly to **Richard Morse, 101 N. Carson Street, Suite 4, Carson City, NV 89701**. The State project/contract number and project description shall be noted on the certificate of insurance. The State reserves the right to require complete, certified copies of all insurance policies required by this Agreement at any time. **DO NOT SEND CERTIFICATES OF INSURANCE TO THE STATES RISK MANAGEMENT DIVISION**.

F. <u>APPROVAL:</u> Any modification or variation from the insurance requirements in this Agreement shall be made by the Attorney General's Office or the Risk Manager, whose decision shall be final. Such action will not require a formal contract amendment but may be made by administrative action.



1401 McKinney Street, Suite 1600, Houston, TX 77010 Phone: 713-853-2322 Fax: 713-853-2300

STATE OF NEVADA STATE TREASURER'S OFFICE

REQUEST FOR PROPOSAL: 05TO-S1232 INSTITUTIONAL FIXED INCOME INVESTMENT MANAGEMENT SERVICES

| Part IA – Technical Proposal | | |
|------------------------------|--|--|
| RFP Title: | Institutional Fixed Income Investment Management Services | |
| RFP: | 05TO-S1232 | |
| Vendor Name: | Garcia Hamilton & Associates, L.P. | |
| Address: | Five Houston Center, 1401 McKinney Street, Suite 1600, Houston, TX 77010 | |
| Opening Date: | August 14, 2020 | |
| Opening Time: | 2:00 PM | |

PRIMARY CONTACT: RUBY MUÑOZ DANG PHONE: 713-853-2322 Ext. 2359 Email: <u>Ruby@GarciaHamiltonAssociates.com</u>



Awards/rankings may not represent client experiences and are not indicative of future performance. Go to <u>www.garciahamiltonassociates.com/awards/</u> for additional information on each award. August 14, 2020

5 Houston Center 1401 McKinney, Suite 1600 Houston, TX 77010 Tel: (713) 853-2322 Fax: (713) 853-2308 WWW.GARCIAHAMILTONASSOCIATES.COM

ASSOCIATES, L.P.

Teri Becker, Purchasing Officer State of Nevada, Purchasing Division 515 E. Musser Street, Suite 300 Carson City, NV 89701

RE: RFP 05TO-S1232 - Institutional Fixed Income Investment Management Services

Dear Mrs. Becker:

Garcia Hamilton & Associates, L.P. (GH&A) truly appreciates the opportunity to present our fixed income investment management services in the enclosed Proposal.

GARCIA HAMILTON

Founded in 1988, GH&A offers high-quality fixed income strategies for institutional investors. The firm is a limited partnership with current assets under management of approximately \$16 billion. GH&A is proud to be 100% employee-owned and MBE certified – 90% held by women and minority Partners and approximately 61% held by minority Partners. GH&A is an ESG/RI manager and a Principles for Responsible Investment (PRI) signatory. With 192 governmental accounts representing approximately \$9.7 billion in AUM, if the *State of Nevada – State Treasurer's Office* is seeking a high-quality fixed income manager with very competitive returns, the Garcia Hamilton & Associates, L.P. Fixed Income – Aggregate Strategy would be an excellent fit.

GH&A has a long and distinguished history building meaningful partnerships with clients. Our partnership perspective uniquely positions us to understand the depths of your specific investment requirements, and as a result, structure investment solutions to address those requirements. This is the basis on which the firm was established and one of the ways we have consistently differentiated ourselves from our competitors.

As a Principal of Garcia Hamilton & Associates, L.P., I have the authority to legally bind the firm. Per the RFP requirements, all proposal terms, including prices, shall remain in effect for a minimum of 180 days after the proposal due date. In the case GH&A is awarded the mandate, all proposal terms, including prices, shall remain in effect throughout the contract negotiation process.

We appreciate your consideration of our firm and look forward to the opportunity to participate in the next stage of the search process. Please do not hesitate to contact me at 713-853-2314 or by email at <u>BMcWilliams@GarciaHamiltonAssociates.com</u> or Ruby Muñoz Dang at 713-853-2359 or by email at <u>Ruby@GarciaHamiltonAssociates.com</u>.

Sincerely,

beth L. Musilliams

Beth McWilliams Chief Compliance Officer





Section I Title Page



1401 McKinney Street, Suite 1600, Houston, TX 77010 Phone: 713-853-2322 Fax: 713-853-2300

STATE OF NEVADA STATE TREASURER'S OFFICE

REQUEST FOR PROPOSAL: 05TO-S1232 INSTITUTIONAL FIXED INCOME INVESTMENT MANAGEMENT SERVICES

| Part IA – Technical Proposal | | |
|------------------------------|--|--|
| RFP Title: | Institutional Fixed Income Investment Management Services | |
| RFP: | 05TO-S1232 | |
| Vendor Name: | Garcia Hamilton & Associates, L.P. | |
| Address: | Five Houston Center, 1401 McKinney Street, Suite 1600, Houston, TX 77010 | |
| Opening Date: | August 14, 2020 | |
| Opening Time: | 2:00 PM | |

PRIMARY CONTACT: RUBY MUÑOZ DANG PHONE: 713-853-2322 Ext. 2359 Email: <u>Ruby@GarciaHamiltonAssociates.com</u>



Awards/rankings may not represent client experiences and are not indicative of future performance. Go to <u>www.garciahamiltonassociates.com/awards/</u> for additional information on each award.



Section II Table of Contents



Table of Contents

| Title Page |
|--|
| Table of Contents |
| Vendor Information Sheet |
| State Documents A. Signature Page – Amendments B. Attachment A – Confidentiality and Certification of Indemnification C. Attachment B – Vendor Certifications D. Vendor Licensing Agreements (Not Applicable to this proposal submission) E. Certificates / Licenses (Not Applicable to this proposal submission) |
| Scope of Work |
| Company Background and References |
| Attachment F – Proposed Staff Resume(s) |
| Other Informational Material ADV Part 2A - GHA 20200710 & Part 2B - Gilbert A. Garcia, CFA 2020 GH&A Sample Fixed Income – Aggregate Monthly Report GH&A Sample Fixed Income – Aggregate Quarterly Report GH&A Sample Fixed Income – Aggregate Holdings GH&A Sample Fixed Income – Aggregate Report – Active Risk Template GH&A Market Commentary – Quarter Ending 06302020 GH&A Fixed Income – Aggregate Composite Disclosure Presentation |
| |

• GH&A Investment Professionals – Biographies



Section III Vendor Information Sheet



VENDOR INFORMATION SHEET FOR RFP 05TO-S1232

Vendor Shall:

- Provide all requested information in the space provided next to each numbered question. The information provided in Sections V1 through V3 shall be used for development of the contract;
- B) Type or print responses; and
- C) Include this Vendor Information Sheet in Section III of the Technical Proposal.

| V1 | Company Name | | |
|-----|------------------------------------|--|--|
| V I | Garcia Hamilton & Associates, L.P. | | |

| Company Address | | Company Address |
|-----------------|---|-----------------|
| V2 | Street Address: Five Houston Center, 1401 McKinney Street, Suite 1600 | |
| | City, State, Zip Code: Houston, Texas 77010 | |

| | Telephone Numbers | | | |
|----|-------------------|-----------|----------|-----------|
| | | Area Code | Number | Extension |
| V3 | Telephone: | 713 | 853-2329 | |
| | Fax: | 713 | 853-2300 | |
| | Toll Free: | | | |

| | Contact Person for Questions / Contract Negotiations, including address if different than above | | |
|----|--|---|--|
| | Name: | Ruby Muñoz Dang | |
| | Title: | Partner, Director of Marketing and Client Services | |
| V4 | Address: | Five Houston Center, 1401 McKinney Street, Suite 1600, Houston, Texas 77010 | |
| | Email Address: | Ruby@GarciaHamiltonAssociates.com | |
| | Telephone Number: | 713-853-2359 | |
| | Fax: | 713-853-2300 | |

| Name of Individual Authorized to Bind the Organ | | Name of Individual Authorized to Bind the Organization |
|---|---------------------------|--|
| V5 | Name: Beth L. Mc Williams | |
| | Title: | Chief Compliance Officer |

| NG | Signature (Individual shall be legally authorized to bind the vendor per NRS 333.337) | | | |
|----|---|---------------------|-----------------|--|
| V6 | Signature: | Beth Z. Mewsieliams | Date: 8/14/2020 | |



Section IV State Documents



Signature Page – Amendments



STATE OF NEVADA DEPARTMENT OF ADMINISTRATION *Purchasing Division*

515 East Musser Street, Suite 300 | Carson City, NV 89701 Phone: 775-684-0170 | Fax: 775-684-0188

| SUBJECT: | Amendment 1 to Request for Proposal (RFP) # 05TO-S1232 |
|----------------------|---|
| RFP TITLE: | Institutional Fixed Income Investment Management Services |
| DATE OF AMENDMENT: | July 29, 2020 |
| DATE OF RFP RELEASE: | July 17, 2020 |
| OPENING DATE: | August 14, 2020 |
| OPENING TIME: | 2:00 PM PT |
| CONTACT: | Teri Becker |

The following shall be a part of RFP #05TO-S1232. If a vendor has already returned a proposal and any of the information provided below changes that proposal, please submit the changes along with this amendment. You need not re-submit an entire proposal prior to the opening date and time.

RFP 05TO-S1232, Attachment G, Cost Schedule, shall be replaced with the following modified document:



Questions and Responses to RFP:

1. Minimum Requirements: Is the minimum requirement of managing three separate client accounts of \$100,000,000 or more each measured on a 12-rolling average or at a particular point in time?

Firms must be able to comply with this requirement and certify to this as of the date of the submittal of the RFP.

2. Investment Returns benchmark: Can you confirm the ticker for the Bloomberg Barclays Agg A as mentioned in question 2.5.8? Additionally, when question 2.5.8 refers to question 2.4.3.8 -- there is no 2.4.3.8 to refer to. Should 2.4.3.8 be 2.5.8 instead?

The ticker is: LBUSTRUU. All responses to both Question 2.4.7 and 2.4.8 should use the template in Attachment H, Exhibit 4.

3. Fixed Income Benchmark: I'm writing in reference to your recent mandate search for an Institutional Fixed Income Manager (RFP 05TO-S1232) to manage Nevada's Pre-paid Tuition Program. I see from the Feb. 2020 Investment Policy the past benchmark used in the past was Core - Bloomberg Barclays U.S. Aggregate Index, A or Better. Will this benchmark be the same for this mandate search going forward?

Yes, we would anticipate this benchmark to be the most appropriate but would be willing to discuss with the successful vendor.

4. Financial Information: Item 3.1.11.2 requires Profit and Loss Statements and Balance Statements. Our firm is a wholly owned subsidiary of a parent organization. Is it sufficient to provide their Annual Financial Reports?

Yes, it's sufficient to provide annual financial reports.

5. Submission Deadline: Can you confirm the submission deadline? The cover page (page 1 of 35) says August 14, 2020 but pages 15, 18, 19 and 20 of 35 says 8/13/20 or August 13, 2020. Nevadaepro.com shows the following Bid Opening Date: 08/14/2020 02:00:00 PM.

Proposals shall be due not later than 2:00 PM PT on August 14, 2020.

6. Pricing - Fee Schedule: Could you please confirm the existing management fee schedule for the current fixed income portfolio?

The first \$25 million at 20 bps, next \$75 million at 15 bps and 10 bps after.

7. Vehicle: Could you please confirm if you will consider utilizing a commingled/pooled institutional vehicle for this mandate or if it is only for separately managed account services?

This mandate requires a separately management account.

8. Fund Performance: For Attachment H, Exhibit 4, Performance Template, do you want total returns to include price return as well as income return? Do you want returns stated as annualized or cumulative?

The returns should be time-weighted and reported as such and be annualized, not cumulative.

9. Due date for submission: Please clarify the due date for submissions of proposals as either August 13th or August 14th. Thank you.

Proposals shall be due not later than 2:00 PM PT on August 14, 2020.

10. References: Our firm responded to an RFP from the STO, State of Nevada earlier this year. With respect for existing clients' time, could the references obtained for that RFP response be sufficient?

No, references must be requested specifically for this RFP.

11. Holdings Report: Is it possible to provide the portfolio holdings in EXCEL format?

Please see embedded document:



12. Contract Language: If we negotiated a contract with the State earlier this year, may we submit the final contract language with this response?

All vendors must include any exceptions to the State's Independent Contractor Contract and Insurance Schedule in its proposal. Contract language which may have been agreed to for a prior mandate would not necessarily be the same for this mandate.

13. Index for Core Fixed Income RFP: Will products that are bench-marked against the Bloomberg Barclays Aggregate Index be considered or is the search exclusively for products against the Bloomberg Barclays Aggregate A or Better Index?

Yes, we would consider fund performance for funds benchmarked against the Bloomberg Barclays Aggregate Index; however, please note this in the bid documents.

14. Clarification on State Document Requests: As part of the State Documents Section, you request that we provide the following: D. Copies of any vendor licensing agreements and/or hardware and software maintenance agreements. E. Copies of applicable certifications and/or licenses. As an investment manager, our understating is that as the respondent to this proposal is defined as the "vendor". As such, for item D, can you please provide greater clarification on what licensing agreements or documents should be provided and how would those differ from the certifications and/or licenses requested in item E?

Depending upon your firm and bid response, items D and E may not be applicable. Please note we may require each firm to submit ADV Parts 1 and II at a later date after the closing of this RFP.

15. Definition of "key personnel": You request that we complete "Proposed Staff Resumes" for each proposed "key personnel." Can you please define "key personnel" within the context of this RFP? We interpreted this to include only Investment team members for the proposed strategy. Is this correct or should this also include client relationship personnel and other senior executives of the organization?

Key Personnel should include any employees who will be used in fulfilling this mandate for the State Treasurer's Office, not only the investment team.

16. Clarification on Due Date: The cover page of the request for proposal states that the "Deadline for Submission and Opening Date and Time" is "August 14, 2020 @ 2:00 PM." However, on the

RFP timeline, the "Deadline for submission and opening of proposals" is "No later than 2:00 PM on 08/13/2020. Can you please confirm the correct final due date?

Proposals shall be due not later than 2:00 PM PT on August 14, 2020.

17. Staff Resumes/References: Is a resume and three references required for all staff (Proposed Staff Resume attachment) or just the key personnel responsible for performance (Section 3.4)?

Please see the answer to question #15.

18. Governmental Accounts (Reference #2.3.1.3.): Are the number and types of governmental accounts, total asset value and type of portfolio currently being managed by the firm referring to the period ending June 30, 2020?

Yes, the time period should be on or around June 30, 2020 or later. Please indicate the ending date in the firm's response.

19. Gained/Lost Accounts (Reference #2.3.1.4.): How many accounts has the firm gained and lost in the last 12 months? Is this referring to the period ending June 30, 2020?

Yes, the time period should be on or around June 30, 2020 or later. Please indicate the ending date in the firm's response.

20. Performance (Reference #2.5.8.): In addition to providing the past investment returns for one, three, and five-year periods ended December 31, 2019, may we also provide the current performance returns for the period ending June 30, 2020?

No, please only provide the requested information as noted in the RFP and not more current investment performance.

21. Attachment F - Proposed Staff Resume Clarification: For Attachment F - Proposed Staff Resume are we required to fill out the Staff Resume questionnaire or may we provide a separate document with summary biographies of the relevant PM's? Additionally, are we required to provide references for individual members of the PM team?

Please complete the Staff Resume questionnaire and see the response to questions #15.

22. Section 8.2.2.4 item D Clarification: For Section 8.2.2.4 item D and E can you please provide additional clarity/examples as to what you mean by "Copies of any vendor licensing agreements and/or hardware and software maintenance agreements" and "Copies of applicable certifications and/or licenses."?

Please note D and E may not be applicable to this mandate depending upon your firm's bid response. Please note we may require each firm to submit ADV Parts 1 and II at a later date after the closing of this RFP.

23. Attachment E Reference Questionnaire Clarification: For Attachment E "Reference Questionnaire" this document does not appear to be specific to investment management services, can you please confirm this document is correct and should be completed by our clients?

Yes, this is the correct document.

24. Scope of Work section confirmation: For the Scope of Work section can you kindly confirm if items 1.1 through 1.6.7 all require responses or specify which parts of the Scope of Work section require responses?

There is no 1.1 through 1.67; however, if you are referring to the Minimum Qualifications in 2.6.1 through 2.6.7; all firms must acknowledge in their bids that they meet the required minimum qualifications. If a firm is unable to meet one or more of these qualifications, this must be disclosed in detail in its response.

25. Vendor Information section confirmation: For the Vendor Information section can you kindly confirm if items 1.7.1 through 1.7.11 all require responses or specify which parts of the vendor information section require responses?

There is no 1.7.1 through 1.7.11; however, if you are referring to Sections 2.7.1 through 2.7.11, please see the response to question 24 above.

ALL ELSE REMAINS THE SAME FOR RFP 05TO-S1232.

Vendor must sign and return this amendment with proposal submitted.

| Vendor 1 | Name: |
|----------|-------|
|----------|-------|

Garcia Hamilton & Associates, L.P.

Authorized Signature:

Title:

Chief Compliance Officer

Date: 8/14/2020

This document must be submitted in the "State Documents" section of vendors' technical proposal.



Attachment A – Confidentiality and Certification of Indemnification



ATTACHMENT A – CONFIDENTIALITY AND CERTIFICATION OF INDEMNIFICATION

Submitted proposals, which are marked "confidential" in their entirety, or those in which a significant portion of the submitted proposal is marked "confidential" **shall not** be accepted by the State of Nevada. Pursuant to NRS 333.333, only specific parts of the proposal may be labeled a "trade secret" as defined in NRS 600A.030(5). All proposals are confidential until the contract is awarded; at which time, both successful and unsuccessful vendors' technical and cost proposals become public information.

In accordance with the submittal instructions of this RFP, vendors are requested to submit confidential information in separate files marked "Part IB Confidential Technical" and "Part III Confidential Financial".

The State shall not be responsible for any information contained within the proposal. If vendors do not comply with the labeling and packing requirements, proposals shall be released as submitted. In the event a governing board acts as the final authority, there may be public discussion regarding the submitted proposals that shall be in an open meeting format, the <u>proposals shall</u> remain confidential.

By signing below, I understand it is my responsibility as the vendor to act in protection of the labeled information and agree to defend and indemnify the State of Nevada for honoring such designation. I duly realize failure to so act shall constitute a complete waiver, and all submitted information shall become public information; additionally, failure to label any information that is released by the State shall constitute a complete waiver of any and all claims for damages caused by the release of the information.

This proposal contains Confidential Information, Trade Secrets and/or Proprietary information.

Please initial the appropriate response in the boxes below and provide the justification for confidential status.

| Part IB – Confidential Technical Information | | | | |
|--|----|--------------|--|--|
| YES | NO | \checkmark | | |
| Justification for Confidential Status | | | | |
| | | | | |
| | | | | |

| Part III – Confidential Financial Information | | | |
|---|--------------|---------------------------|--|
| YES | ✓ | NO | |
| | Iustificatio | n for Confidential Status | |

GH&A has provided our most recent audited annual financial statements for the last two (2) years per the RFP's requirements and has marked these documents as "CONFIDENTIAL" and not for public disclosure. We believe the GH&A 2018 and 2019 Independent Auditor's Statements are exempt from public disclosure. As a privately held company, GH&A is not required to and does not disclose its financial statements to the public.

Garcia Hamilton & Associates, L.P.

Company Name llans Signature Beth L. McWilliams 8/14/2020 Print Name Date This document shall be submitted in Section IV of vendor's technical proposal



Attachment B – Vendor Certifications



ATTACHMENT B – VENDOR CERTIFICATIONS

Vendor agrees and shall comply with the following:

- Any and all prices that may be charged under the terms of the contract do not and shall not violate any existing federal, State or municipal laws or regulations concerning discrimination and/or price fixing. The vendor agrees to indemnify, exonerate and hold the State harmless from liability for any such violation now and throughout the term of the contract.
- (2) All proposed capabilities can be demonstrated by the vendor.
- (3) The price(s) and amount of this proposal have been arrived at independently and without consultation, communication, agreement or disclosure with or to any other contractor, vendor or potential vendor.
- (4) All proposal terms, including prices, shall remain in effect for a minimum of 180 days after the proposal due date. In the case of the awarded vendor, all proposal terms, including prices, shall remain in effect throughout the contract negotiation process.
- (5) No attempt has been made at any time to induce any firm or person to refrain from proposing or to submit a proposal higher than this proposal, or to submit any intentionally high or noncompetitive proposal. All proposals shall be made in good faith and without collusion.
- (6) All conditions and provisions of this RFP are deemed to be accepted by the vendor and incorporated by reference in the proposal, except such conditions and provisions that the vendor expressly excludes in the proposal. Any exclusion shall be in writing and included in the proposal at the time of submission.
- (7) Each vendor shall disclose any existing or potential conflict of interest relative to the performance of the contractual services resulting from this RFP. Any such relationship that might be perceived or represented as a conflict shall be disclosed. By submitting a proposal in response to this RFP, vendors affirm that they have not given, nor intend to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant or any employee or representative of same, in connection with this procurement. Any attempt to intentionally or unintentionally conceal or obfuscate a conflict of interest shall automatically result in the disqualification of a vendor's proposal. An award shall not be made where a conflict of interest exists. The State shall determine whether a conflict of interest exists and whether it may reflect negatively on the State's selection of a vendor. The State reserves the right to disqualify any vendor on the grounds of actual or apparent conflict of interest.
- (8) All employees assigned to the project are authorized to work in this country.
- (9) The company has a written equal opportunity policy that does not discriminate in employment practices with regard to race, color, national origin, physical condition, creed, religion, age, sex, marital status, sexual orientation, developmental disability or disability of another nature.
- (10) The company has a written policy regarding compliance for maintaining a drug-free workplace.
- (11) Vendor understands and acknowledges that the representations within their proposal are material and important and shall be relied on by the State in evaluation of the proposal. Any vendor misrepresentations shall be treated as fraudulent concealment from the State of the true facts relating to the proposal.
- (12) Vendor shall certify that any and all subcontractors comply with Sections 7, 8, 9, and 10, above.
- (13) The proposal shall be signed by the individual(s) legally authorized to bind the vendor per NRS 333.337.

Garcia Hamilton & Associates, L.P.

| Vendor Company Name Sith L. Musillianns | | |
|---|-----------|--|
| Vendor Signature | | |
| Beth L. McWilliams | 8/14/2020 | |
| Print Name | Date | |
| This document shall be submitted in Section IV of vendor's technical proposal | | |
| | | |



Section V Scope of Work



2. SCOPE OF WORK

2.1 General

2.1.1 The Investment Manager will directly manage all of the fixed income portfolio assets and will work closely with the State Treasurer and Investment Deputy to monitor the portfolios with the goal of meeting or beating an assigned benchmark.

Per the State of Nevada's Scope of Work, Garcia Hamilton & Associates (GH&A) would directly manage all of the fixed income portfolio assets and would work closely with the State Treasurer and Investment Deputy to monitor the portfolios with the goal of meeting or beating an assigned benchmark – the Bloomberg Barclays Aggregate A or Better index (Ticker: LBUSTRUU). GH&A offers high-quality fixed income strategies for institutional investors. We are fixed income specialists with current assets under management of approximately \$16 billion (as of July 31, 2020). The proposed Fixed Income – Aggregate product is one of the top performing products against the universe of Core Fixed Income products benchmarked to the Bloomberg Barclays US Aggregate Index (Ticker: LBUSTRUU). Our goal is to outperform the benchmark index net of fees with higher credit quality and lower risk over a full market cycle.

- 2.1.2 The State Treasurer's Office (STO) is issuing this Request for Proposal (RFP) from qualified firms to provide management services for the Prepaid Tuition Portfolio. Specific requirements for the portfolio are listed in the Investment Policy and Nevada Revised Statutes (NRS 353B.160). Please see the Attachment H to this RPF document to aid in Proposer's response:
 - 2.1.2.1 Attachment H, Exhibit 1: Nevada Prepaid Tuition Investment Policy Statement and Comprehensive Investment Plan
 - 2.1.2.2 Attachment H, Exhibit 2: NRS 353B College Savings Programs and Education Savings Accounts
 - 2.1.2.3 Attachment H, Exhibit 3: Holdings Prepaid Tuition Fund Fixed Income Assets, April 30, 2020
 - 2.1.2.4 Attachment H, Exhibit 4: Fund Performance Required Format

If hired, GH&A would provide the State with active discretionary, and full-time investment management services in accordance with the specific requirements for the portfolio as listed in the Investment Policy and Nevada Revised Statutes (NRS 353B.160). We would thoughtfully and carefully transition the portfolio to increase diversification, reduce risk, and increase the quality profile pursuant to the State's specific, stated investment objectives. We have reviewed Exhibits 1-3 of the RFP and would only purchase high-quality securities for your portfolio – U.S. Treasuries, federal agency securities, agency guaranteed mortgagebacked securities, and high-quality corporate bonds. We would not purchase any lower quality, illiquid securities such as foreign bonds, high yield debt, or derivatives. For reporting, we would use the Fund Performance Required Format provided by the State, Attachment H, Exhibit 4 of this RFP.

2.1.3 The investment management firm will be selected to manage the investment mandates for the portfolio on a discretionary basis for a period of four (4) years. Services to be provided include:



GH&A would provide the State with investment management services on a discretionary basis for a period of four (4) years, per the State's requirements.

2.2 PREPAID TUITION FUND REQUIREMENTS

- 2.2.1 Initially:
 - 2.2.1.1 Meet with State Treasurer and staff to discuss overall risk tolerance and target duration.

GH&A would meet with the State Treasurer and staff to discuss overall risk tolerance and target duration. The implementation process for new accounts begins with verifying guidelines and the benchmark for the account. We would then create a template for how the portfolio should be invested setting target duration, sector weightings, and yield curve positioning.

2.2.1.2 Provide a detailed draft plan for the transfer of securities (if applicable) and initial portfolio construction prior to receipt of securities and/or assets.

We would provide the State with a detailed draft plan for the transfer of securities (if applicable) and initial portfolio construction prior to receipt of securities and/or assets. Once this plan was approved by the State, when we receive notification that the cash has been transferred to the account for GH&A to manage, we then would purchase securities for the account and seek best execution by receiving offers from multiple broker-dealers in competition. The estimated time from notification of the cash being available to trade to when the portfolio would be fully invested is approximately two days.

2.2.1.3 Review of Respondent's pre-approved list of corporate issuers.

GH&A would review with the State the pre-approved list of corporate issuers. We purchase high-quality corporate issues that typically have a minimum issue size of \$1 billion and credit rating of A- or better by 2 rating agencies. GH&A does not purchase non-dollar denominated bonds, high yield securities, zero-coupon bonds, or derivatives.

- 2.2.2 Daily:
 - 2.2.2.1 Invest the separately managed account (SMA) on a discretionary basis within the parameters of applicable Nevada Revised Statutes, applicable portfolio Investment Policy and State Treasurer direction. The State Treasurer reserves the right to review and provide direction on eligible issuers, and to provide direction on maximum maturities and other matters depending upon the market conditions and STO's risk tolerance.

GH&A would invest the SMA on a discretionary basis within the parameters of applicable Nevada Revised Statutes, applicable portfolio Investment Policy and State Treasurer direction, for the fixed income assets GH&A would be managing for the State. We understand and acknowledge that the State Treasurer reserves the right to review and provide direction on eligible issuers, and to provide direction on maximum maturities and other matters depending upon the market conditions and STO's risk



tolerance.

2.2.2.2 Monitor and send trade/transaction settlement information to the State's custodian.

GH&A maintains relationships with over 35 custodians and has an experienced Operations Team with an average firm tenure of 13 years. Our team stands ready to monitor and send trade/transaction settlement information to the State's custodian and ensure a smooth back office, reconciliation experience.

2.2.2.3 Provide the State Treasurer with a brief explanation/justification of buys and sells which are considered exceptions to the norm.

As part of the Firm's high-quality style, the only securities we would purchase for the State's portfolio are U.S. Treasuries, federal agency securities, agency-guaranteed mortgage-backed securities and high-quality corporate securities. In the unlikely event of an "exception to the norm", GH&A will provide the State Treasurer with a brief explanation/justification of buys and sells.

2.2.2.4 Monitor credit exposure and credit rating, and immediately contact the State Treasurer via telephone to report material events which affect the SMA. Be prepared to follow up with a detailed plan of action for any securities that are not in compliance with Nevada Revised Statutes and the Investment Policy Statement.

GH&A monitors all issuers on a continuous basis for credit exposure and credit ratings. We sell in an orderly fashion any issuer that has been downgraded to BBB. We will immediately contact the State Treasurer via telephone to report material events which affect the SMA and will be prepared to follow-up with a detailed plan of action for any securities that are not in compliance with Nevada Revised Statutes and the State's Investment Policy Statement.

2.2.2.5 Be available to answer questions of STO as needed.

GH&A will be available to answer questions of STO as needed. Our portfolio managers are accessible to the State by phone between the hours of 8AM and 5PM CST; however, Gilbert Garcia and Ruby Muñoz Dang can be reached by email and phone at any time to interface with the State. Being employee-owned allows us to be directly accessible to our clients providing immediate turnaround for answers when needed from our investment professionals. We are available to State staff as often as the State deems necessary.

- 2.2.3 Monthly:
 - 2.2.3.1 Provide investment detail report which includes holdings, interest received, realized gains/losses, amortization and accretion, all buys/sells, etc.

GH&A will provide monthly statements with all required information to meet the State's reporting needs. These reports include holdings, interest received, realized gains/losses, amortization and accretion, all buys/sells, etc.



2.2.3.2 Provide detail performance report versus the agreed upon benchmark.

GH&A will provide monthly statements with all required information to meet the State's reporting needs. These reports will provide detail on performance versus the agreed upon benchmark.

2.2.3.3 Be available for conference calls to discuss investment program, including investment strategy and performance, economic and market conditions, and other investment related information.

GH&A will be available for conference calls with the State to discuss the investment program, including investment strategy and performance, economic and market conditions, and other investment related information. We are available to State staff as often as the State deems necessary.

2.2.3.4 Be available to provide detailed information on the agreed upon benchmark, as needed.

GH&A is proposing the Fixed Income – Aggregate strategy, which is benchmarked to the Bloomberg Barclays US Aggregate Index (Ticker: LBUSTRUU), the same index ticker (LBUSTRUU) stated in the State's RFP Q&A. We will be available to provide detailed information on the agreed upon benchmark, as needed.

2.2.3.5 Provide a monthly stress test which provides the value of the portfolio utilizing interest rate changes which are representative of the various potential market environments.

GH&A will provide monthly stress tests in accordance with STO guidelines. We periodically run a stress test on client portfolios and will provide the State a monthly stress test upon request for the fixed income assets it would be managing. We primarily stress test all securities with embedded options such as callable agencies and agency-guaranteed mortgages. In general, we create certain interest rate and yield curve scenarios and then compare total returns for a one-year horizon versus the index.

2.2.3.6 Provide the respondents listing of corporate issuers approved for use monthly.

GH&A will provide the State the listing of corporate issuers approved for use monthly. Even though the credit universe is large, our universe shrinks to approximately 75 issuers after we apply our high-quality screening process of excluding BBB, foreign bonds, small issues, etc. and removing foreign companies/Yankees, alcohol, tobacco, gambling, and defense companies.

- 2.2.4 Quarterly:
 - 2.2.4.1 Compile separate detail reports for STO. The detail report is a comprehensive investment, analytic, and performance report. Be prepared for a call with the State Treasurer and Investment Deputy to discuss any or all aspects of the quarterly report.

GH&A will compile separate detail reports for STO with all required information to meet the State's reporting needs. Preliminary reports for the portfolio will be



available two to three days after quarter end and final reports are available after the account has been reconciled with the custodian, which is on average ten days after quarter end. Our standard quarterly reporting package includes a Performance Report, Portfolio Summary, Portfolio Appraisal – which includes portfolio holdings including market values, cost basis, and quantities, and market write-up at a minimum. We will be prepared for a call with the State Treasurer and Investment Deputy to discuss any or all aspects of the quarterly report.

2.2.4.2 Provide billing information which allows STO to easily identify and verify the calculation of the fees charged for services rendered.

GH&A will provide billing information which allows STO to easily identify and verify the calculation of the fees charged for services rendered.

2.2.4.3 Provide a certification of compliance with the STO Investment Policy Statement and Nevada Revised Statutes.

GH&A will provide a certification of compliance with the STO Investment Policy Statement and Nevada Revised Statutes, for the fixed income assets we would be managing for the State.

- 2.2.5 Annually:
 - 2.2.5.1 Respond to inquiries from internal and external auditors to assist STO in the completion of the State's Comprehensive Annual Financial Report.

GH&A will respond to inquiries, for the fixed income assets we would be managing for the State, from internal and external auditors to assist STO in the completion of the State's Comprehensive Annual Financial Report.

2.2.5.2 Assist the State Treasurer with any necessary investment policy changes including asset allocation changes.

GH&A would assist the State Treasurer with any necessary investment policy changes including asset allocation for the fixed income assets GH&A would be managing for the State.

2.2.5.3 Provide a list of approved broker/dealers (annually and when changes occur).

GH&A will provide the State with a list of approved broker/dealers (annually and when changes occur). GH&A has relationships with over 50 broker/dealers and many of our clients have approved broker/dealer lists. GH&A selects broker-dealers based on the broker's financial soundness; ability to effectively and efficiently execute, report, clear and settle trades; and accurately communicate with GH&A's trading desk and operations team in a timely manner.

2.2.5.4 Provide most recent SEC Form ADV Part 2.

GH&A will provide the most recent SEC Form ADV Part 2. We have included our most



recent submission with our proposal for reference.

Attachment: ADV Part 2A - GHA 20200710 & Part 2B - Gilbert A. Garcia, CFA 2020

- 2.2.6 Ad Hoc:
 - 2.2.6.1 Serve as a general resource to STO staff for information and training.

GH&A is available to serve as a general resource to STO staff for information and training related to the fixed income portfolio we would be managing for the State. We can create custom information and training to meet the State's unique needs around investment, financial markets, fixed income, or other topics to assist State staff.

2.2.6.2 Prepare special analyses and reports as requested by STO.

GH&A has numerous different reports that we send to various clients on a regular basis. We do have the ability to create a variety of custom and ad hoc reports to meet a client's unique reporting requirements in a timely manner using in-house resources at no cost to the client. We are ready to prepare special analyses and reports as requested by STO.

2.2.6.3 Work with the Plan's investment consultant, as requested by STO.

GH&A currently works with over 50 consultants and is ready to work with the Plan's investment consultant, as requested by STO

2.2.6.4 Be prepared to attend the College Savings Board meetings as requested.

GH&A would be available to attend in-person or via phone/video the College Savings Board meetings as requested.

2.3 RESPONDENT QUESTIONS

2.3.1 Firm Background and Other Information

Founded in 1988, Garcia Hamilton & Associates, L.P. (GH&A) offers high-quality fixed income strategies for institutional investors. Its diversified client base includes public sector funds, jointly trusteed plans, endowments and corporations. The Firm is a limited partnership with current assets under management of approximately \$16 billion (as of July 31, 2020). GH&A is proud to be 100% employee-owned and MBE certified – 90% held by minority and women Partners and approximately 61% held by minority Partners. GH&A is an ESG/RI manager and a Principles for Responsible Investment (PRI) signatory.

The Firm has received numerous industry recognitions including 2019 Fixed Income Manager of the Year, 2018 Fixed Income Manager of the Year and 2010 Core Fixed Income Manager of the Year by Emerging Manager Monthly. Other awards include 2014 Fixed Income Investment Grade Manager of the Year, 2015 Intermediate-Term Fixed Income Manager of the Year, and 2016 Intermediate-Term Fixed Income Manager of the Year. Additionally, the Firm is proud to announce that it is a



multi-year winner (2019, 2018, 2017 & 2016) by Pensions & Investments for Best Places to Work in Money Management.¹

2.3.1.1 Describe any current or past Securities and Exchange Commission censure or litigation involving your organization, any officer, or employee during the past three years.

The Firm does not have any current or past Securities and Exchange Commission censure or litigation involving our organization, any officer, or employee during the past three years.

2.3.1.2 Describe the firm's in-house technical and research capabilities. Are outside sources used on a regular basis? If yes, please name.

Approximately 90% of GH&A's fixed income research is generated internally. The Firm's fixed income portfolio managers, strategist, and analysts all perform research for all products, including the proposed Fixed Income – Aggregate product. These individuals spend their time on relative value analysis as well as maintenance of the data for the Firm's risk control reports such as duration buckets, duration contribution and option adjusted spread analysis.

In the universe of U.S. investment grade fixed income, individual credits, industry groups, and broad sectors are highly correlated with each other. So rather than selecting securities from a bottom up basis, GH&A's process begins with a top down analysis of the economy and the market. After reviewing the investment factors and determining the desired sector weightings, yield curve positioning, and portfolio duration, GH&A will add securities that position the portfolio accordingly. After researching a potential new position, they determine whether its risk/return potential would add value to the portfolio. In particular, they examine its breakeven yield, duration, convexity, and credit characteristics.

Our Portfolio Managers spend about 30-50% of their time on research while the balance is spent on trading and portfolio maintenance. Our Strategist and Analysts spend virtually all of their time on pure research and analysis.

GH&A uses data from external sources in both the qualitative and quantitative components of the Firm's investment process. A variety of sources are used in the process including Bloomberg, Wall Street research, Stone & McCarthy and BCA Research.

The Firm also uses external resources to acquire data, information and analyses on ESG factors facing their corporate universe. GH&A collects historic and peer level data on their corporate securities including RobecoSAM, ISS Quality Score, CDP Climate Score as well as Bloomberg ESG disclosure metrics. The reports from these third-party providers assist the investment team in its overall evaluation process and provides a base to further study/research these securities for continued inclusion in

¹ Awards/rankings may not represent client experiences and are not indicative of future performance. Go to www.garciahamiltonassociates.com/awards/ for additional information on each award.



the portfolio.

2.3.1.3 Provide the number and types of governmental accounts, total asset value and type of portfolio currently being managed by the firm.

GH&A currently provides investment management services to 192 governmental accounts with total asset value of approximately \$9.7 billion. Governmental portfolio types include: defined benefit, defined contribution, insurance, operating, and trusts.

GH&A offers high-quality fixed income strategies for institutional investors. Its diversified client base includes public sector funds, jointly trusteed plans, endowments and corporations.

2.3.1.4 How many accounts has the firm gained in the last 12 months? How many accounts have been lost in the last 12 months and why?

The Firm has gained 28 accounts with \$1,193 million in assets and lost 18 accounts with \$189 million in assets in the last 12 months (June 30, 2019 – June 30, 2020). The reasons for the closed accounts include: change in consultant, manager of manager closed, pension plan closed, company was purchased, and hired new manager.

| Туре | Amount Public Accounts | Amount Other |
|--------------------|------------------------|--------------|
| U.S. Treasuries | \$32 MM | \$15 MM |
| Agencies | \$2,420 MM | \$1,472 MM |
| ABS | \$21 MM | \$16 MM |
| MBS | \$1,117 MM | \$619 MM |
| Corporates | \$5,920 MM | \$4,100 MM |
| Other Fixed Income | \$46 MM | \$ <i>0</i> |
| CMOs | \$0 | \$0 |
| Equity | \$0 | \$ <i>0</i> |

2.3.1.5 List the firm's AUM (in millions) in the following categories:

2.3.1.6 Provide a list of the firm's fixed-income governmental clients located in Nevada.

Though we do not currently have fixed income governmental clients located in Nevada, we have served Nevada-based clients since 1994 and have 32 years of experience with state and federal governmental laws governing investment advisory. We are confident we can meet the State's unique investment management needs in compliance with applicable state laws. As of July 31, 2020, the Firm is providing investment management services to 192 public sector clients with approximately \$9.7 billion in assets under management (as of July 31, 2020).

We have provided a representative client list with governmental clients. Clients who have retained GH&A for 10 years or more are noted on the attachment in green. As of July 31, 2020, we manage 39 governmental accounts that have been with the Firm for more than 10 years. Of those accounts, 11 governmental accounts have been with the Firm for more than 20 years, including a governmental account we have served since the Firm's inception in 1988. 2.3.1.7 Describe in detail any potential conflicts of interest your firm, affiliates, or parent may have in management of this account and your method of dealing with conflicts of interest.

GH&A is not aware of any potential conflicts of interest our firm may have in the management of this account. GH&A does not have affiliates or a parent company.

The Firm has a duty to disclose potential and actual conflicts of interest to their clients. All employees have a duty to report potential and actual conflicts of interest to the Firm. Therefore, all employees are required to disclose annually any board position they or their spouse hold for a foundation, endowment, charity or similar organization, private company, publicly traded company, or government entity. In addition, prior to acceptance of any position in an outside enterprise, i.e., a publiclyheld company or government entity, or serving as a member of an investment committee of any Board, an employee must submit a Notice of Intent to Accept Position form which can be found attached to the Firm's the Code of Ethics as Exhibit A.

2.4 INVESTMENT PHILOSOPHY AND PROCESS

2.4.1 Briefly describe your firm's investment management philosophy, particularly for any government clients with similar investment mandates as noted in the RFP.

Since the Firm's inception, we have followed a consistent fixed income investment philosophy that focuses on the preservation of principal while maintaining high current income. Our goal is to outperform the benchmark index net of fees with higher credit quality and lower risk over a full market cycle. We understand that the role of fixed income is to anchor the portfolio so the client can take risks elsewhere. Our approach is simple, but its simplicity is what gives it its power.

Our high-quality philosophy prevents the Firm from taking unnecessary or unquantifiable risk. This is particularly beneficial in today's current volatile environment.

2.4.2 What are the variables and process that the firm examines to determine the duration target of a portfolio for a client? How much variation up and down is duration allowed to fluctuate?

The variables that influence our duration strategy are market sentiment, economic expectations, monetary policy, valuation, and inflation. Our fixed income strategies employ a top-down approach. The first step in the investment decision making process is setting a target portfolio duration relative to the benchmark based on our outlook for the direction of interest rates. For our Aggregate strategy, we generally manage our portfolios within a duration range of +/-10% around the benchmark index with a maximum range of +/-25% for extreme market conditions.

2.4.3 What are the primary strategies for adding value to portfolios (e.g., market timing, credit research, trading, etc.)?

The primary strategies for adding value to the portfolio are interest rate anticipation, sector rotation and yield curve management.



Interest rate anticipation: We generally manage our Aggregate portfolios within a duration range of +/-10% around the benchmark index with a maximum range of +/-25% for extreme market conditions.

Sector rotation: GH&A will actively rotate sectors which is one of our primary components to performance. We will look at historical spreads and breakeven analysis to determine what sector has the best risk/reward profile.

Yield curve management: We manage our portfolios' yield curve positioning to take advantage of shifts and twists in the yield curve. For example, in recent years we have barbelled our portfolios to take advantage of a flattening yield curve and bulleted our portfolios to take advantage of a steepening yield curve.

2.4.4 Describe your firm's portfolio management approach and trading responsibilities. Are portfolios managed by an individual or a team?

PORTFOLIO MANAGEMENT APPROACH

Our fixed income strategies employ a top-down approach. The first step in the investment decision making process is setting a target portfolio duration relative to the benchmark based on our outlook for the direction of interest rates. For our Aggregate strategy, we generally manage our portfolios within a duration range of +/-10% around the benchmark index with a maximum range of +/-25% for extreme market conditions.

From there, we then determine our target sector exposure. Because broad sectors, industry groups, and individual credits are highly correlated; we focus our top down analysis on deciding whether or not it adds value to be overweight in any spread product relative to Treasuries. This analysis includes reviewing the current level of sector spreads and ratio of sector (subsector) spreads to Treasuries versus historical levels, individual corporate bond spreads, issuer corporate CDS spreads, and stock price performance to determine the relative value of potential investments. Even though the credit universe is large, it shrinks to approximately 75 issuers after we apply our high-quality screening process of excluding BBB, foreign bonds, small issues, etc. and removing foreign companies/Yankees, alcohol, tobacco, gambling, and defense companies. As part of our high-quality strategy, the only securities we would purchase are U.S. Treasuries, federal agency securities, agency issued mortgagebacked securities and corporate securities rated A- or better by 2 rating agencies. Next, we determine how we want the portfolio to be positioned along the yield curve. We will either "barbell" the portfolio if we expect a flatter curve, "bullet" the portfolio if we expect a steeper curve or maintain a neutral positioning with the benchmark if we expect minimal curve movement.

After establishing this blueprint for a portfolio with target exposures, we will then source ideas from the street and analyze those ideas to determine if they meet our high-quality criteria and key rate duration needs.

Supporting our investment process are five (5) key investment factors which have both subjective and objective components: sentiment, monetary, economic, valuation, and inflation.

• Sentiment is used as a contra-indicator for interest rate movements over a short time horizon.



- Federal Reserve monetary policy helps us anticipate future trends in the shape of the yield curve and future movements of interest rates.
- We use economic statistics to look for "surprises" between market expectations of economic data versus actual reported data.
- Valuation is a long-term factor that helps us estimate a fair value for treasuries based on historic relationships between inflation, real interest rates and economic growth.
- Inflation and inflation expectations and are used to provide some insight into the future direction of rates.

INVESTMENT TEAM

Portfolios are managed by the entire fixed income investment team consisting of eleven (11) professionals with Gilbert Garcia, Managing Partner, and/or Karen Tass, Partner/Portfolio Manager, having the final decision-making responsibility for all portfolios. Investment team members work across all portfolios and products, including the proposed Fixed Income – Aggregate strategy.

Mr. Garcia interacts throughout the day with the fixed income trading desk on the positioning of the portfolio. The fixed income team works with Mr. Garcia on the timing of portfolio changes as well as security selection and trade executions. In addition, all members of the fixed income team are generalists, however, they do focus on certain sectors, and also serve as traders. Mr. Garcia and Nancy Rodriguez, Partner / Portfolio Manager, supervise the trading activities. Additionally, Ms. Rodriguez is responsible for overseeing investment team activities, coordinating new accounts, and portfolio cash flows. Jeffrey Detwiler, Partner/Portfolio Manager, covers the short-term markets, Ms. Tass covers the corporate sector, and Benjamin Monkiewicz, Partner/Portfolio Manager, covers agencies and mortgage-backed securities. Don Elsenbrock, Partner/Portfolio Manager, serves as the Strategist creating investment tools to (1) assist in anticipating major turns in economic activity and (2) are inputs into the construction of the portfolio for which we set target portfolio ranges for duration, yield curve, sector allocation, and sector duration contribution. Our Portfolio Managers spend about 30-50% of their time on research while the balance is spent on trading and portfolio maintenance. Our Strategist and Analysts spend virtually all of their time on pure research and analysis.

2.4.5 Describe your procedures used to ensure that investments comply with Nevada Revised Statutes, Investment Policy, and STO direction.

Portfolio compliance and investment oversight are central to GH&A's role and responsibility as an investment advisor. GH&A is committed to providing investment management services to the State in a manner consistent with Nevada Revised Statutes Investment Policy, STO direction, regulatory requirements, and the Firm's role as a fiduciary.

Our Chief Compliance Officer works with the investment team not only to ensure that all client accounts are managed consistently with clients' investment objectives, needs and circumstances, as communicated to GH&A, but to also ensure that all federal securities laws and regulations are being followed. This is done by meeting periodically (formally once a quarter) with the investment committee on client guidelines, portfolio compliance, compliance exceptions/overrides and the investment review process. On a periodic basis, all GH&A portfolio managers will complete and return to the Chief Compliance Officer an investment compliance certification. We use NorthPoint Trading Compliance rules manager in conjunction with the NorthPoint Order Management System from ACA Technology Solutions (division of ACA Compliance Group) to ensure that investments fall within firm and client investment guidelines. The NorthPoint system supports the multiple attributes of fixed income debt securities and handles complex trade allocation scenarios. The powerful rules-based compliance engine is user-configurable, including custom calculation capabilities that allow GH&A to set up internal guidelines based on concentration limits, eligibility parameters, restricted lists, and warning tolerances.

All account guidelines are reviewed by compliance and investment management to ensure that GH&A is managing an account in line with the client's investment guidelines. Guidelines are input into the NorthPoint Trading Compliance system by the Chief Compliance Officer, Chief Operating Officer or other members of the compliance team and cannot be overridden by the investment team.

DAILY

- We implemented an automated reconciliation system called Rex in 2014. This allows automated reconciliation with custodians on a daily basis.
- The accounts selected for a trade are reviewed and subject to pre-trade evaluation by members of the investment team. The first of several compliance checks occur at this phase. Prior to allocation, the team reviews portfolio restrictions utilizing a third-party order management system to confirm guidelines are being followed in the trade allocation process. All trades are entered into NorthPoint where trade allocations are subjected to the NorthPoint automated compliance review to screen each allocation for non-compliant investments. Approved trades are reviewed and posted into client accounts via our portfolio management software system Advent's APX.

WEEKLY

- Account reviews are conducted weekly to monitor the portfolio's performance to check for reasonableness versus its benchmark index as well as for dispersion among accounts with similar guidelines.
 - o First, as it relates to reasonableness, we check our portfolio performances daily. Because of our many risk controls, we have some intuition if an account's relative performance looks incorrect. If something does look inaccurate, we immediately investigate to check for any potential challenges.
 - o Second, as it relates to performance dispersion among similar accounts, we monitor our portfolio performances daily, weekly, monthly and quarterly. Minimizing dispersion among accounts is very important.

MONTHLY

- We reconcile each account to the custodian statement on a monthly basis and utilize state-of-the-art portfolio accounting software to ensure that our reports are accurate and meet or exceed industry standards.
- Monthly account reconciliations are reviewed by a second administrator and the portfolio accounting software is updated in a timely manner following the release of new versions.
- The Fixed Income Portfolio Management Team meets monthly for a more in-depth review of portfolio targets, i.e., duration and sector allocation, as well as market

factors, brokerage activity, and corporate credits.

QUARTERLY

• Every quarter we conduct a formal review of all portfolios. This review emphasizes compliance with client restrictions and guidelines as well as consistency of investment performance and investment positions among similar accounts. If a discrepancy is discovered, the portfolio is corrected using client's guidelines. The group will discuss how the discrepancy was created and will instill procedures to avoid the discrepancy in the future.

ANNUALLY

- On an annual basis, the Firm reviews its policies and procedures to determine their adequacy and the effectiveness of their implementation. The review considers any compliance matters that arose during the previous year, any changes in the business activities of the advisor, and any changes in the Advisers Act or applicable regulation that might suggest a need to revise the policies and procedures.
- 2.4.6 Describe your firm's credit analysis and monitoring process. Who is responsible for credit/ratings research, and how is this information relayed to the investment personnel? Does this department issue an approved list of securities which can be purchased? If yes, how often is the list updated and what are the requirements for inclusion on this list?

CREDIT ANALYSIS

Even though the credit universe is large, it shrinks to only 75 issuers after we apply our highquality screening process of excluding BBB, foreign bonds, small issues, etc. and removing foreign companies/Yankees, alcohol, tobacco, gambling, and defense companies. Furthermore, in the universe of U.S. investment grade fixed income, individual credits, industry groups, and broad sectors are highly correlated with each other. So rather than selecting securities from a bottom-up basis, our process begins with a top-down analysis of the economy and the market.

This analysis includes reviewing the current level of sector spreads and ratio of sector spreads to Treasuries versus historical levels, individual corporate bond spreads, issuer CDS spreads, and stock price performance to determine the relative value of potential investments. Thus, our research process consists of the firm's risk control reports such as duration buckets, duration contribution and option adjusted analysis. We also utilize reports and data from the proprietary reports and investment tools maintained by our Strategist.

After reviewing our investment factors and determining the desired sector weightings, yield curve positioning, and portfolio duration, we will add securities that position the portfolio accordingly. After researching a potential new position, we determine whether its risk/return potential would add value to the portfolio. In particular, we examine its breakeven yield, duration, convexity, and credit characteristics.

INVESTMENT TEAM

All members of the team are generalists; however, they do have certain sectors they cover inorder for the street to better communicate ideas with the team. Karen Tass, Portfolio Manager, focuses on corporates. In addition, Don Elsenbrock, our Strategist, does some corporate research and manages the Firm's ESG research. The investment team sit on an open



trading floor which cultivates a continuous dialogue regarding research and information related to our universe of securities.

APPROVED LIST OF SECURITIES

We maintain an approved list of securities which can be purchased. The list is updated daily and must meet the Firm's high-quality requirements for continued inclusion.

As part of our high-quality strategy, the only securities we would purchase are U.S. Treasuries, federal agency securities, 15- and 20-year agency issued mortgage-backed securities, and corporate securities rated A- or better by 2 rating agencies.

2.4.7 How are the credit/ratings of securities monitored, and what action is taken if a security falls below any required thresholds?

We monitor all issuers on a continuous basis and will place an "internal watch" on any issuer whose outlook turns negative or if it is in danger of being downgraded to BBB. We sell in an orderly fashion any issuer that has been downgraded.

2.4.8 Describe your process for providing advice, including frequency of discussing market conditions with clients.

GH&A communicates with clients as often and in whatever form best works for the client to provide advice. Presently, we communicate with clients through conference calls, investment meetings, and reports. We also provide quarterly market commentary on market conditions impacting the portfolio. All members of the investment team are available to meet and/or conduct conference calls with clients as often as needed. Being employee-owned allows us to be directly accessible to our clients, providing immediate turnaround for answers when needed from our investment professionals to provide best-in-class service.

2.4.9 Describe any additional services your firm would provide to STO if selected.

GH&A is available to provide State staff with training related to the fixed income portfolio we would be managing for the State. We can create custom training to meet the State's unique needs around investment, financial markets, fixed income, or other topics to assist State staff. Additionally, we often participate in conferences for public pension plans. During these conferences, one of our portfolio managers will discuss an assigned topic and either distributes a test over the material or participates in a question and answer segment over the topic. We can provide these sessions on an individual client basis at no additional cost to the State.

2.5 REPORTING

2.5.1 Provide samples of the firm's standard monthly and quarterly reports. At a minimum, include a detailed list of holdings, and a monthly or quarterly performance report. Are reports available on a secure web portal?

Attachment: GH&A Sample Fixed Income – Aggregate Monthly Report

Attachment: GH&A Sample Fixed Income – Aggregate Quarterly Report



Attachment: GH&A Sample Fixed Income – Aggregate Holdings

We are currently in final testing of our online reporting system, which provides clients access to portfolio holdings and quarterly reports via a secure online system. We anticipate offering it to our clients by the end of 3Q2020.

2.5.2 Is the firm GIPS (Global Investment Performance Standards) compliant in its reporting? If no, explain all non-compliance issues.

GH&A claims compliance with the Global Investment Performance Standards (GIPS®) and has been independently verified for the periods January 1, 1993 through December 31, 2015 by Ashland Partners & Company LLP and from January 1, 2016 through December 31, 2018 by ACA Performance Services, LLC. The verification reports are available upon request. Verification assesses whether (1) the Firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the Firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

2.5.3 Is the firm able to customize reporting to client's needs? Please explain and provide examples.

GH&A has numerous different reports that we send to various clients on a regular basis. We have the ability to create a variety of ad hoc reports customized to meet a client's unique reporting requirements in a timely manner using in-house resources at no cost to the client.

Attachment: GH&A Sample Fixed Income – Aggregate Report – Active Risk Template

2.5.4 Please provide the reporting system used by the firm. Does the State Treasurer's Office have access to this system?

The Firm uses Advent's APX as our portfolio management software system. We use APX to generate reporting for our clients.

Though the State Treasurer's Office would not have access to this system, we can generate any custom reporting the State may need at no additional cost. Additionally, GH&A will be offering online reporting to its clients by the end of 3Q2020.

2.5.5 Are reports produced from an in-house proprietary system or from an outside source? Discuss any enhancements which provide improved reporting capabilities.

Reports are produced in-house, using the Firm's portfolio management software system, APX.

To improve our reporting capabilities, we are currently in final testing of our online reporting system, which provides clients access to portfolio holdings and quarterly reports via a secure online system. We anticipate offering it to our clients by the end of 3Q2020.

2.5.6 Provide a sample of the firm's most recent report on economic indicators, market conditions, investment analysis/strategy, and or other newsletters/reports.

Attachment: GH&A Market Commentary – Quarter Ending 06302020



2.5.7 Provide standard deviations as of December 31, 2018, December 31, 2015, December 31, 2013, and December 31, 2008. Firms must use the template in Attachment H, Exhibit 4 for submitting this information.

We have provided below the standard deviation as of December 31, 2018, December 31, 2015, December 31, 2013, and December 31, 2008 using the template in Attachment H, Exhibit 4 of the RFP. The proposed Fixed Income – Aggregate product is benchmarked to the Bloomberg Barclays US Aggregate index (Ticker: LBUSTRUU). Standard deviation has been provided below for the State's benchmark (Ticker: LBUSTRUU), per the RFP Q&A.

| | Standard Deviations | | | | |
|-------------------------------|---------------------|------|------|------|-------|
| Fund Performance | 1 yr | 3 yr | 5yr | 7 yr | 10 yr |
| Fixed Income - Aggregate | 3.09 | 2.37 | 2.96 | 2.94 | 3.04 |
| Benchmark: Bloomberg Barclays | | | | | |
| Aggregate A or Better* | 3.43 | 2.91 | 3.06 | 3.02 | 2.87 |
| * Ticker: LBUSTRUU | | | | | |

2.5.8 Provide past investment returns for one, three, and five-year periods ended December 31, 2019 for similar governmental portfolio(s) your firm manages which are most similar to the Bloomberg Barclays Aggregate A or Better. For question 2.4.3.8, Firm's must use the template in Attachment H, Exhibit 4 for the submitting this information, including both gross and net of fees.

We have provided below past investment returns for the one, three, and five-year periods ending December 31, 2019 for the proposed Fixed Income – Aggregate product using the template in Attachment H, Exhibit 4 of the RFP. The proposed Fixed Income – Aggregate product is benchmarked to the Bloomberg Barclays US Aggregate index (Ticker: LBUSTRUU). Past investment returns have been provided below for the State's benchmark (Ticker: LBUSTRUU), per the RFP Q&A.

| | Gross Total Returns | | | | Net Total Returns | | | | | |
|-------------------------------|---------------------|-------|-------|-------|-------------------|-------|-------|-------|-------|-------|
| Fund Performance | 1 yr | 3 yr | 5 yr | 7yr | 10 yr | 1 yr | 3 yr | 5 yr | 7 yr | 10 yr |
| Fixed Income - Aggregate | 7.27% | 3.99% | 3.19% | 3.41% | 4.76% | 7.09% | 3.81% | 3.01% | 3.22% | 4.57% |
| Benchmark: Bloomberg Barclays | | | | | | | | | | |
| Aggregate A or Better* | 8.72% | 4.03% | 3.05% | 2.72% | 3.74% | 8.72% | 4.03% | 3.05% | 2.72% | 3.74% |

* Ticker: LBUSTRUU

Attachment: GH&A Fixed Income – Aggregate Composite Disclosure Presentation

2.6 MINIMUM QUALIFICATIONS

2.6.1 The Vendor must be an investment advisor registered with the Securities and Exchange Commission under the Investment Advisor's Act of 1940; or a bank or trust company which is organized and operating or licensed to operate in the United States under federal or state law.

GH&A is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisor's Act of 1940.

2.6.2 The Vendor must agree to act as a fiduciary with respect to the Prepaid Tuition Portfolio.



GH&A agrees to act as a fiduciary with respect to the Prepaid Tuition Portfolio, for the fixed income assets it would be managing for the State.

2.6.3 The Vendor must have a five-year performance track record for the types of securities included in the vendor's proposal. This track record must include programs with a similar strategy.

The proposed Fixed Income – Aggregate strategy has an inception date of December 31, 1991 and a 28-year performance track record.

2.6.4 The Vendor must have a total of at least \$1 billion AUM of fixed income, governmental (state and/or local government) operating funds, and equities.

GH&A offers high-quality fixed income strategies for institutional investors, with current assets under management of approximately \$16 billion (as of July 31, 2020). Our current AUM is 100% fixed income and approximately \$411 million is governmental operating funds.

2.6.5 The Vendor must have at least five years of experience managing the types of securities included in the vendor's proposal.

With over 30 years of experience managing the types of fixed income securities included in our proposal, we are proud to currently provide investment management services to 192 public sector accounts with approximately \$9.7 billion in assets under management (as of July 31, 2020).

2.6.6 The Vendor must be registered to conduct business in the State or become duly qualified to do business in the State as a foreign business entity, before a contract can be executed.

GH&A is registered with the U.S. Securities and Exchange Commission as an Investment Advisor under the Investment Advisors Act of 1940. If hired for this mandate, we will ensure any additional vendor-related registrations are completed before a contract is executed.

2.6.7 The Vendor must have at least three (3) public institution clients with total market-valued assets (in custody) per client of \$100 million or greater.

The Firm currently manages assets for 17 public institution clients with total market-valued assets per client of \$100 million or greater (as of July 31, 2020).



Section VI Company Background and References



3. COMPANY BACKGROUND AND REFERENCES

3.1 VENDOR INFORMATION

3.1.1 Vendors shall provide a company profile in the table format below.

| Question | Response | | |
|--|--|--|--|
| Company name: | Garcia Hamilton & Associates, L.P. | | |
| Ownership (sole proprietor, partnership, etc.): | Limited Partnership | | |
| State of incorporation: | Delaware | | |
| Date of incorporation: | July 5, 1988 | | |
| # of years in business: | 32 | | |
| List of top officers: | Gilbert Garcia, Managing Partner Ruby Muñoz Dang, Partner/Director of Marketing and Client Services Kevin Lunday, Chief Operating Officer | | |
| Location of company headquarters, to include City and State: | Five Houston Center 1401 McKinney Street, Suite 1600 Houston, TX 77010 | | |
| Location(s) of the office that shall provide the services described in this RFP: | Five Houston Center 1401 McKinney Street, Suite 1600 Houston, TX 77010 | | |
| Number of employees locally with the expertise to support the requirements identified in this RFP: | 0 Employees in Nevada | | |
| Number of employees nationally with the expertise to support the requirements in this RFP: | 35 | | |
| Location(s) from which employees shall be assigned for this project: | Five Houston Center 1401 McKinney Street, Suite 1600 Houston, Texas 77010 | | |

3.1.2 Pursuant to NRS 333.3354, the State of Nevada awards a five percent (5%) preference to a vendor certifying that its principal place of business is in Nevada. The term 'principal place of business' has the meaning outlined by the United States Supreme Court in <u>Hertz Corp v. Friend</u>, 559 U.S. 77 (2010), typically meaning a company's corporate headquarters. This preference cannot be combined with any other preference, granted for the award of a contract using federal funds, or granted for the award of a contract procured on a multi-state basis. To claim this preference a business must submit a letter with its proposal showing that it qualifies for the preference.

Not appliable. GH&A does not have a principal place of business in Nevada.

3.1.3 <u>Please be advised</u>, pursuant to NRS 80.010, a corporation organized pursuant to the laws of another state shall register with the State of Nevada, Secretary of State's Office as a foreign corporation before a contract can be executed between the State of Nevada and the awarded vendor, unless specifically exempted by NRS 80.015.

If hired for this mandate, GH&A shall register with the State of Nevada, Secretary of State's

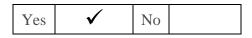


Office as a foreign corporation before a contract can be executed between the State of Nevada and the awarded vendor, unless specifically exempted by NRS 80.015.

3.1.4 The selected vendor, prior to doing business in the State of Nevada, shall be appropriately licensed by the State of Nevada, Secretary of State's Office pursuant to NRS 76. Information regarding the Nevada Business License can be located at <u>http://nvsos.gov</u>.

| Question | Response | | |
|---------------------------------|---|--|--|
| Nevada Business License Number: | If hired for this mandate, prior to doing business in the State of Nevada, GH&A shall be appropriately licensed by the State of Nevada, Secretary of State's Office pursuant to NRS 76. | | |
| Legal Entity Name: | Garcia Hamilton & Associates, L.P. | | |

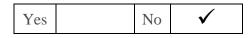
Is "Legal Entity Name" the same name as vendor is doing business as?



If "No", provide explanation.

Not applicable

3.1.5 Has the vendor ever been engaged under contract by any State of Nevada agency?



If "Yes", complete the following table for each State agency for whom the work was performed. Table can be duplicated for each contract being identified.

| Question | Response |
|-------------------------------------|----------|
| Name of State agency: | N/A |
| State agency contact name: | N/A |
| Dates when services were performed: | N/A |
| Type of duties performed: | N/A |
| Total dollar value of the contract: | N/A |

3.1.6 Are you now or have you been within the last two (2) years an employee of the State of Nevada, or any of its agencies, departments, or divisions?



If "Yes", please explain when the employee is planning to render services, while on annual leave, compensatory time, or on their own time?

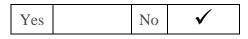
Not applicable

If you employ (a) any person who is a current employee of an agency of the State of Nevada, or (b) any person who has been an employee of an agency of the State of Nevada within the past two (2) years, and if such person shall be performing or producing the services which you shall be contracted to provide under this contract, you shall disclose the identity of each such person in your response to this RFP, and specify the services that each person shall be expected to perform.

Not applicable

3.1.7 Disclosure of any significant prior or ongoing contract failures, contract breaches, civil or criminal litigation in which the vendor has been alleged to be liable or held liable in a matter involving a contract with the State of Nevada or any other governmental entity. Any pending claim or litigation occurring within the past six (6) years which may adversely affect the vendor's ability to perform or fulfill its obligations if a contract is awarded as a result of this RFP shall also be disclosed.

Does any of the above apply to your company?



If "Yes", please provide the following information. Table can be duplicated for each issue being identified.

| Question | Response | | | |
|--|----------|-------------|--|--|
| Date of alleged contract failure or breach: | N/A | | | |
| Parties involved: | N/A | | | |
| Description of the contract failure, contract breach, or litigation, including the products or services involved: | N/A | | | |
| Amount in controversy: | N/A | | | |
| Resolution or current status of the dispute: | N/A | | | |
| If the matter has resulted in a court | Court | Case Number | | |
| case: | N/A | N/A | | |
| Status of the litigation: | N/A | | | |

3.1.8 Vendors shall review and provide if awarded a contract the insurance requirements as specified in *Attachment D, Insurance Schedule for RFP 05TO-S1232.*

GH&A has reviewed Attachment D, Insurance Schedule and if awarded a contract will comply with the insurance requirements as specified.

3.1.9 Company background/history and why vendor is qualified to provide the services described in this RFP. Limit response to no more than five (5) pages.

FIRM BACKGROUND

Founded in 1988, Garcia Hamilton & Associates, L.P. (GH&A) offers high-quality fixed income strategies for institutional investors. Its diversified client base includes public sector funds, jointly trusteed plans, endowments and corporations. The Firm is a limited partnership with current assets under management of approximately \$16 billion (as of July 31, 2020). GH&A is proud to be 100% employee-owned and MBE certified in several states and cities – 90% held by minority and women Partners and approximately 61% held by minority Partners. GH&A is an ESG/RI manager and a Principles for Responsible Investment (PRI) signatory.

The Firm has received numerous industry recognitions including 2019 Fixed Income Manager of the Year, 2018 Fixed Income Manager of the Year and 2010 Core Fixed Income Manager of the Year by Emerging Manager Monthly. Other awards include 2014 Fixed Income Investment Grade Manager of the Year, 2015 Intermediate-Term Fixed Income Manager of the Year, and 2016 Intermediate-Term Fixed Income Manager of the Year by Institutional Investor. Additionally, the Firm is proud to announce that it is a multi-year winner (2019, 2018, 2017 & 2016) by Pensions & Investments for Best Places to Work in Money Management.¹

OWNERSHIP STRUCTURE

GH&A is a Limited Partnership and 100% employee-owned by thirteen (13) internal partners. The Firm does not have business affiliations or affiliates.

LOCATION

GH&A is headquartered at Five Houston Center, 1401 McKinney Street, Suite 1600, Houston, Texas 77010. This is the location / office that would perform work under this agreement.

DIVERSITY

Diversity permeates throughout GH&A, from our management team to the way we manage our investments. Diversity is reflected in our ownership, staff, vendors, and the community organizations we are involved in. As of July 31, 2020, 88.57% (31 of 35 firm employees) and 72.73% (8 of 11 investment team members) are women and/or minorities. Ten (10) of the Firm's thirteen (13) partners are women and/or minorities and have an average firm tenure of 15 years. We believe diverse backgrounds and opinions lead to better solutions and there is no greater testament to this than our continued growth and recognition as a leader in the industry.

EXPERIENCE

Collectively, our investment team has over 208 years of combined industry experience and 96 years of combined firm experience, including an MBA, an MS in Finance and a MA in Economics. In addition, three (3) individuals are Chartered Financial Analyst (CFA) charterholders. GH&A has managed fixed income portfolios since inception and Gilbert Garcia, Managing Partner, has over 25 years of experience managing fixed income portfolios.

¹ Awards/rankings may not represent client experiences and are not indicative of future performance. Go to www.garciahamiltonassociates.com/awards/ for additional information on each award.

| GH&A INVESTMENT PROFESSIONALS | | | | | | |
|-------------------------------|---|------------------------------|----------------|--------------------------|--|--|
| NAME | TITLE/ROLE | EDUCATION/ CERTIFICATIONS | FIRM TENURE | INVESTMENT EXPERIENCE | | |
| Gilbert A. Garcia | Managing Partner, Portfolio Manager | BA, CFA | 18 | 35 | | |
| Karen Tass | Partner, Portfolio Manager | BA, MBA, CFA | 10 | 15 | | |
| Nancy Rodriguez | Partner, Portfolio Manager | BS | 22 | 33 | | |
| Jeffrey Detwiler | Partner, Portfolio Manager | BS, MS, AAMS, CFA | 12 | 24 | | |
| Benjamin Monkiewicz | Partner, Portfolio Manager | BA | 9 | 10 | | |
| Don Elsenbrock | Partner, Portfolio Manager, Strategist | BS, MA | 6 | 28 | | |
| Connie Davis | Investment Analyst | BS | 7 | 8 | | |
| Yvette Dueñas | Investment Analyst | BBA, MBA | 3 | 13 | | |
| Reese Weller | Investment Analyst | BA | 3 | 20 | | |
| Brian Simon | Investment Analyst | BBA, MBA | 6 | 22 | | |
| Jazmine Daniels | Junior Analyst | BA | <1 | <1 | | |

Attachment: GH&A Investment Professionals – Biographies

FIRM AUM

GH&A currently manages approximately \$16 billion in assets under management. The Firm offers highquality fixed income strategies for institutional investors – 99.9% of GH&A accounts are institutional (as of July 31, 2020). With over 30 years of experience managing fixed income portfolios, we are proud to provide investment management services to 192 governmental clients with approximately \$9.7 billion in assets under management (as of July 31, 2020).

FIXED INCOME – AGGREGATE PRODUCT

The Fixed Income – Aggregate product currently has approximately \$11 billion in assets under management. All the product's assets are managed in-house. GH&A does not use subadvisors or outsource product advisory.

Over the past five years, the accounts managed in the Fixed Income – Aggregate product have increased from 140 accounts and approximately \$4.2 billion in assets under management in 2015 to 218 accounts and approximately \$10.7 billion in assets under management in 2019. We are proud that since the inception of our flagship Fixed Income – Aggregate product, it is one of the most profiled products by consultants and one of the top performing products against the universe of Core Fixed Income products benchmarked to the Bloomberg Barclays US Aggregate Index.

INVESTMENT PHILOSOPHY

Since the Firm's inception, we have followed a consistent fixed income investment philosophy that focuses on the preservation of principal while maintaining high current income. We understand that the role of fixed income is to anchor the portfolio so the client can take risks elsewhere. We firmly believe our investment philosophy will be successful in future years because we keep it simple and the power is in this simplicity. Proof that these competitive advantages have worked is reflected in the consistent achievement of our goal to outperform the benchmark net of fees with higher credit quality and lower risk under several different and challenging economic cycles. Our high-quality philosophy prevents the Firm from taking unnecessary or unquantifiable risk. This is particularly beneficial in today's current volatile environment.



COMPETITIVE ADVANTAGE

GH&A's fixed income style and process differs from others in the industry in the following ways:

- Our proprietary processes allow us to monitor our performance, yield curve exposure, sector exposure and sector duration contribution exposure for every client on a daily basis.
- Our flexibility allows us to exploit market inefficiencies that exist in smaller markets.
- We are very experienced investors. In particular, our Managing Partner has been active in the markets since 1985 and has vast experience dealing with different market cycles and economic crises.
- We feel strongly that our employees are some of the hardest working and dedicated professionals in the business. Furthermore, we believe that being employee-owned is a significant benefit to our client. Thus, it is a major competitive advantage as it lends an intensity and focus to everything we do.

CLIENT RETENTION

Client retention is a pride point for the Firm and one way in which we measure and monitor client satisfaction. As of July 31, 2020, we currently manage 56 accounts that have been with the Firm for more than 10 years. Of those accounts, 17 accounts have been with the Firm for more than 20 years, including a governmental account we have served since the Firm's inception.

3.1.10 Provide a brief description of the length of time vendor has been providing services described in this RFP to the public and/or private sector.

GH&A has managed fixed income portfolios for governmental and private sector accounts since inception (1988). Gilbert Garcia, Managing Partner, has over 25 years of experience managing fixed income portfolios for governmental clients, similar to the services described in this RFP, and the Firm's other 5 portfolio managers have an average of 24 years of experience managing fixed income portfolios for governmental clients.

Governmental clients currently represent approximately 61% of total assets under management (as of July 31, 2020) and demonstrates our expertise in this arena. We are fixed income specialists committed to serving governmental accounts with the highest standard of service.

- 3.1.11 Financial information and documentation to be included in accordance with *Section 8.5, Part III Confidential Financial Information*.
 - 3.1.11.1 Federal Tax Identification Number

Federal Tax ID Number: 76-0589652

- 3.1.11.2 The last two (2) years and current year interim:
 - A. Profit and Loss Statement
 - B. Balance Statement

GH&A has provided our most recent audited annual financial statements for the last two (2) years per the RFP's submission requirements and has marked these documents as "CONFIDENTIAL" and not for public disclosure. We believe the GH&A 2018 and 2019 Independent Auditor's Statements are exempt from public



disclosure. As a privately held company, GH&A is not required to and does not disclose its financial statements to the public.

We have included the GH&A 2018 and 2019 Independent Auditor's Statements under separate cover in the "Confidential Financial" document PDF with our submission.

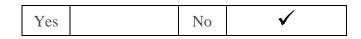
Attachment: GH&A 2018 Independent Auditor's Statement (CONFIDENTIAL)

Attachment: GH&A 2019 Independent Auditor's Statement (CONFIDENTIAL)

3.2 SUBCONTRACTOR INFORMATION

Subcontractors are defined as a third party, not directly employed by the contractor, who shall provide services identified in this RFP. This does not include third parties who provide support or incidental services to the contractor.

3.2.1 Does this proposal include the use of subcontractors?



If "Yes", vendor shall:

3.2.1.1 Identify specific subcontractors and the specific requirements of this RFP for which each proposed subcontractor shall perform services.

Not applicable

- 3.2.1.2 If any tasks are to be completed by subcontractor(s), vendors shall:
 - A. Describe how the work of any subcontractor(s) shall be supervised, channels of communication shall be maintained and compliance with contract terms assured; and

Not applicable

B. Describe your previous experience with subcontractor(s).

Not applicable

3.2.1.3 Provide the same information for any proposed subcontractors as requested in *Section 3.1, Vendor Information.*

Not applicable

3.2.1.4 Vendor shall not allow any subcontractor to commence work until all insurance required of the subcontractor is provided to the vendor.

Not applicable



3.2.1.5 Vendor shall notify the using agency of the intended use of any subcontractors not identified within their original proposal and provide the information originally requested in the RFP in *Section 3.2, Subcontractor Information*. The vendor shall receive agency approval prior to subcontractor commencing work.

Not applicable

3.3 BUSINESS REFERENCES

3.3.1 Vendors shall provide a minimum of three (3) business references from similar projects performed for private and/or public sector clients within the last five (5) years managing similar Government clients/mandates.

GH&A has provided three (3) business references from similar projects performed for private and/or public sector clients within the last five (5) years managing similar Government clients/mandates. These forms were submitted by the business references directly to the State, per the instructions provided on the form.

3.3.2 Vendors shall submit *Attachment E, Reference Questionnaire* to their business references.

GH&A provided our business references with Attachment E, Reference Questionnaire.

3.3.3 It is the vendor's responsibility to ensure that completed forms are received by the Purchasing Division on or before the deadline as specified in *Section 7, RFP Timeline* for inclusion in the evaluation process. Reference Questionnaires not received, or not complete, may adversely affect the vendor's score in the evaluation process.

GH&A acknowledges that it is our responsibility to ensure that completed forms are received by the Purchasing Division on or before the deadline as specified in Section 7, RFP Timeline for inclusion in the evaluation process. We understand and acknowledge that Reference Questionnaires not received, or not complete, may adversely affect our vendor score in the evaluation process.

3.3.4 The State reserves the right to contact and verify any and all references listed regarding the quality and degree of satisfaction for such performance.

GH&A acknowledges that the reserves the right to contact and verify any and all references listed regarding the quality and degree of satisfaction for such performance.

3.4 VENDOR STAFF RESUMES

A resume shall be completed for each proposed key personnel responsible for performance under any contract resulting from this RFP per *Attachment F, Proposed Staff Resume.*

GH&A has completed and included with our proposal submission an Attachment F: Proposed Staff Resume for each proposed key personnel responsible for performance under any contract resulting from this RFP.



Section VII Attachment F – Proposed Staff Resume(s)

PROPOSED STAFF RESUME FOR RFP 05TO-S1232

A resume must be completed for all proposed prime contractor staff and proposed subcontractor staff.

| Company Name Sul | bmitting Proposal: | Garcia Hamilton & Associates, L.P. | | | |
|---|--|------------------------------------|--|--|--|
| Check the appro | Check the appropriate box if the proposed individual is prime contractor staff or subcontractor staff. | | | | |
| Contractor: | 1 | Subcontractor: | | | |
| The following information requested pertains to the individual being proposed for this project. | | | | | |
| Name: | Gilbert | Gilbert A. Garcia Key Personnel: | | | |

| | | | | (Yes/No) | |
|----------------------|-------------|--------|----------------------|----------|----|
| Individual's Title | Managing Pa | nrtner | | | |
| # of Years in Classi | fication: | 35 | # of Years with Fire | m: | 18 |

BRIEF SUMMARY OF PROFESSIONAL EXPERIENCE

Information should include a brief summary of the proposed individual's professional experience.

Mr. Garcia received a B.A. in Economics from Yale University. After graduating in 1985, he joined Salomon Brothers in New York City where he became a Vice-President specializing in mortgagebacked securities. In 1990, he joined former Mayor Henry Cisneros to build Cisneros Asset Management Company, ultimately becoming its President. In 2002, he joined Garcia Hamilton & Associates and is the firm's Managing Partner. Under his leadership, the firm grew from \$200 million fixed income assets under management to approximately \$16 billion (as of July 31, 2020).

GH&A has received numerous industry recognitions. Most recently in 2019 Houston Business Journal recognized Mr. Garcia among Houston's Top CEOs, as well as being ranked among their Best Places to Work in 2018. The firm also received Pensions & Investments' Best Places to Work in Money Management for the fourth year in a row (2019, 2018, 2017, 2016). Emerging Manager Monthly awarded the firm Fixed Income Manager of the Year for the third time (2019, 2018 and 2010). Other past awards include FundMap's 2018 US Fixed Income Manager, Institutional Investor's Intermediate-Term Fixed Income Manager of the Year in 2016, as well as their 2014 Fixed Income Investment Grade Manager of the Year.

Mr. Garcia is proud to serve on two SEC advisory boards: SEC's Fixed Income Market Structure Advisory Board and SEC's Asset Management Advisory Committee. He currently serves as a member of the Board of Trustees for Dallas Police & Fire Pension System, Board of Directors of Sanchez Energy and serves with Chairman Henry Kravis on the Board of Directors of SEO, a non-profit providing summer internships on Wall Street for minority undergraduates. Additionally, in 2018 he was co-chair for the Susan G. Komen Race for the Cure. The same year, he was also awarded "Male Entrepreneur of the Year 2018" by the Houston Hispanic Chamber of Commerce. In 2015, Mr. Garcia was awarded the SEO Alumni Leadership Award alongside other honorees, including the former mayor of New York City, Michael R. Bloomberg, and Co-Founder & Co-CEO of The Carlyle Group, David M. Rubenstein.

Previously, Mr. Garcia served as Chairman of the Metropolitan Transit Authority of Harris County, Secretary of the Board of Directors of the Houston Downtown Management District, member of the Board of Directors of the Yale Club of Houston and a member of the Board of Trustees of the Houston Municipal Employees Pension System. In addition, he is a Class X graduate of Leadership Houston. Mr. Garcia is married with four children and enjoys martial arts and coaching youth sports.

RELEVANT EXPERIENCE

Information required should include: timeframe, company name, company location, position title held during the term of the contract/project and details of contract/project.

Timeframe: 2002 – Present Company Name: Garcia Hamilton & Associates, L.P. Company Location: Houston, Texas Position Title: Managing Partner Details: Mr. Garcia leads the fixed income team and interacts throughout the day with the investment team on the positioning of the portfolio. He has final decision-making responsibilities over all portfolios. Under his leadership, the firm has reached approximately \$16 billion (as of July 31, 2020) in fixed income assets under management.

Timeframe: **1999 – 2001** Company Name: **Hacienda Records and Recording Studios** Company Location: **Houston, Texas** Position Title: **President** Details: **Joined the family business, Hacienda Records, which was founded in 1978 and is one of the largest and oldest independent Spanish record labels in the U.S. Preserved and digitized the entire catalog of over 650 titles, increased distribution and prepared the Company for an eventual sale.**

Timeframe: **1996 – 1999** Company Name: **Smith Graham & Company** Company Location: **Houston, Texas** Position Title: **Executive Vice-President, Chief Investment Officer (1997 – 1999) Executive Vice-President, Director of Marketing (1996 – 1997)** Details: **Member of the management team of one of the largest (\$2.3 Billion) minority-owned fixed**

Details: Member of the management team of one of the largest (\$2.3 Billion) minority-owned fixed income investment managers in the U.S. Developed and implemented an enhanced marketing strategy. Authored various articles and market flash reports, spoke at numerous pension conferences, and handled various client service duties.

Became the Chief Investment Officer and designed a new investment process and implemented new risk management systems (Axiom) to monitor all portfolio characteristics, tracking error and daily performance. Products ranged across the yield curve from cash management, 1-3 year, 1-5 year, intermediate, core, core plus, and mortgage-backed securities.

Was a member of The Robeco Group's (joint partner in the Netherlands) investment committee and head of the United States Regional Team advising Robeco on their dollar-based fixed income investments.

Timeframe: **1990 – 1996** Company Name: **Cisneros Asset Management**

Company Location: *Houston, Texas*

Position Title: President (1993 – 1996), Senior Vice-President and Chief Portfolio Manager (1990 – 1993) Details: Joined former Mayor Henry Cisneros and Criterion Investment Management Company to build a premiere Hispanic-owned fixed income money management firm. Implemented all investment strategies for all client portfolios including the duration management, sector allocation, yield curve placement, issue selection and trading. Responsible for all risk monitoring, new business presentations, client reviews, and consultant meetings. Assumed a significant marketing role in 1992.

After Mr. Cisneros' departure to Washington, became President of the firm overseeing all aspects of the company. In addition to investment duties, negotiated various leases and hired most vendors including lawyers, accountants, public relations professionals and office suppliers. Handled numerous labor and shareholder relation issues.

Timeframe: **1985 – 1990** Company Name: **Salomon Brothers** Company Location: **New York, New York** Position Title: **Vice-President**

Details: Served as an institutional bond salesman specializing in mortgage-backed securities. Client base included savings banks in the Midwest and Northeast as well as the trading desks of major regional broker-dealers. Experienced in most fixed income products including governments, corporates, agencies, mortgage-backed securities and asset-backed securities. Worked with liability management tools including interest rate swaps, options, caps and floors.

EDUCATION Information required should include: institution name, city, state, degree and/or Achievement and date completed/received.

Institution Name: Yale University City, State: New Haven, Connecticut Degree: B.A. in Economics Date Completed: 1985

CERTIFICATIONS

Information required should include: type of certification and date completed/received.

Type of Certification: *Chartered Financial Analyst* Date Completed: *September 25, 2006*

REFERENCES

A minimum of three (3) references are required, including name, title, organization, phone number, fax number and email address.

Name: Johara Farhadieh Title: Executive Director & Chief Investment Officer Organization: Illinois State Board of Investment Phone Number: (312) 793 - 5718 Fax Number: (312) 793 - 2266 Email Address: JFarhadieh@isbinvestment.com

Name: Scottie D. Bevill Title: Senior Investment Officer Organization: Teachers' Retirement System of the State of Illinois Phone Number: (217) 814 - 2001 Fax Number: (217) 787 - 2269 Email Address: SBevill@trs.illinois.gov

Name: Gracie G. Flores Title: Plan Administrator Organization: Corpus Christi Firefighters' Retirement System Phone Number: (361) 882 - 1486 Fax Number: (361) 882 - 1488 Email Address: GracieF@ccfirepension.com

PROPOSED STAFF RESUME FOR RFP 05TO-S1232

A resume must be completed for all proposed prime contractor staff and proposed subcontractor staff.

| Company Name Submitting Proposal: | | Garcia Hamilton & Associates, L.P. | | |
|---|----------------------------|------------------------------------|-----------------------|-----------|
| Check the appro | priate box if the proposed | d individual is prime contractor | staff or subcontracto | or staff. |
| Contractor: | ✓ | Subcontractor: | | |
| | | | · | |
| The following information requested pertains to the individual being proposed for this project. | | | | |
| | | | Koy Porconnol | |

| Name: | | Karen Tass, (| CFA | (Yes/No) | Yes | ; |
|-----------------------|----------|---------------|---------------------|----------|-----|---|
| Individual's Title | | | | | | |
| # of Years in Classif | ication: | 15 | # of Years with Fir | m: | 1 | 0 |

BRIEF SUMMARY OF PROFESSIONAL EXPERIENCE

Information should include a brief summary of the proposed individual's professional experience.

Ms. Tass received a B.A. in International Studies with a minor in Business from Texas A&M University in 2002. She graduated in August 2010 with a M.B.A. in Finance from University of Houston's Bauer School of Business along with a Graduate Certificate in Financial Services Management. In 2005, she was a Real Estate Analyst with the Situs Companies. In this role, she executed financial underwriting loans for CMBS securities and performed raw land, residential and commercial real estate asset valuations and mortgage analysis. In 2009, she worked for the Cougar Investment Fund, LLC as an Analyst and a Portfolio Manager. Ms. Tass joined Garcia Hamilton & Associates L.P. in June of 2010 as a Fixed Income Analyst. She was promoted Fixed Income Portfolio Manager in 2013 and oversees all corporate bonds and other portfolio implementations. Ms. Tass became a partner of the firm in 2016.

Ms. Tass is a Chartered Financial Analyst (CFA) charterholder. She is a member of the CFA Institute and the Houston Society of Financial Analysts and she was also a Winner of the 2010 Investment Research Challenge-Southwest U.S.

RELEVANT EXPERIENCE

Information required should include: timeframe, company name, company location, position title held during the term of the contract/project and details of contract/project.

Timeframe: 2010 – Present

Company Name: Garcia Hamilton & Associates, L.P.

Company Location: Houston, Texas

Position Title: Partner, Portfolio Manager

Details: *Ms. Tass joined the firm in June 2010 as a Fixed Income Analyst. She was promoted Fixed Income Portfolio Manager in 2013 and currently oversees all corporate bonds and other portfolio implementations. She became a partner of the firm in 2016.*

- 2016 Became a Firm Partner
- 2013 Promoted to Fixed Income Portfolio Manager
- 2010 2013 Fixed Income Analyst

Timeframe: 2009 – 2010 Company Name: Cougar Investment Fund, LLC (University of Houston) Company Location: Houston, Texas Position Title: Portfolio Manager Details: Managed portfolio of \$7 million.

Timeframe: 2005 – 2006 Company Name: The Situs Companies Company Location: Houston, Texas Position Title: Associate, Real Estate Analyst Details: Financial underwriting models for commercial real estate loans \$30 million - \$500 million

EDUCATION

Information required should include: institution name, city, state, degree and/or Achievement and date completed/received.

Institution Name: *University of Houston* City, State: *Houston, Texas* Degree: *MBA; Graduate Certificate in Financial Services Management* Date Completed: *2010*

Institution Name: *Texas A&M University* City, State: *College Station, Texas* Degree: *B.A. in International Studies, Business Minor* Date Completed: *2002*

CERTIFICATIONS Information required should include: type of certification and date completed/received.

Type of Certification: *Chartered Financial Analyst (CFA)* Date Completed: *September 5, 2012*

REFERENCES

A minimum of three (3) references are required, including name, title, organization, phone number, fax number and email address.

Name: Johara Farhadieh Title: Executive Director & Chief Investment Officer Organization: Illinois State Board of Investment Phone Number: (312) 793 - 5718 Fax Number: (312) 793 - 2266 Email Address: JFarhadieh@isbinvestment.com

Name: Scottie D. Bevill Title: Senior Investment Officer Organization: Teachers' Retirement System of the State of Illinois Phone Number: (217) 814 - 2001 Fax Number: (217) 787 - 2269 Email Address: SBevill@trs.illinois.gov

Name: Gracie G. Flores Title: Plan Administrator Organization: Corpus Christi Firefighters' Retirement System Phone Number: (361) 882 - 1486 Fax Number: (361) 882 - 1488 Email Address: GracieF@ccfirepension.com

PROPOSED STAFF RESUME FOR RFP 05TO-S1232

A resume must be completed for all proposed prime contractor staff and proposed subcontractor staff.

| Company Name Submitting Proposal: | | Garcia Hamilton & Associates, L.P. | |
|-----------------------------------|----------------------------|------------------------------------|-------------------------------|
| Check the appro | priate box if the proposed | d individual is prime contractor | staff or subcontractor staff. |
| Contractor: | 1 | Subcontractor: | |
| | | | |
| The following | information requested pe | ertains to the individual being p | roposed for this project. |

| Name: | Ruby Muñoz Dang | | | Key Personnel: (Yes/No) | Yes |
|-----------------------|-----------------|--|-----------------------|----------------------------|-----|
| Individual's Title | | | | | |
| # of Years in Classif | ssification: 27 | | # of Years with Firm: | | 25 |

BRIEF SUMMARY OF PROFESSIONAL EXPERIENCE

Information should include a brief summary of the proposed individual's professional experience.

Ms. Dang received a B.A. in Finance from the University of Houston-Downtown in 1994. Following graduation, she joined Garcia Hamilton & Associates L.P. as a Portfolio Administrator. Over the years, she has held a variety of investment positions including Equity Trader, Equity Research Analyst, and Assistant Equity Portfolio Manager. In January 2014, Ms. Dang was promoted to Director of Marketing and Client Services, overseeing a team of nine professionals. She was promoted to partner in 2014.

Ms. Dang and her team are responsible for fulfilling client inquiries and providing portfolio information. In addition, they work closely with the consultant community and co-coordinating the firm's participation in educational forums and conference presentations.

Ms. Dang also serves as a Trustee for the Metropolitan Transit Authority of Harris County Non-Union Pension Plan & Trust. Furthermore, she has spoken on numerous panels and forums related to both market and pension issues. Because education has been important in her life, she devotes considerable time mentoring high school and college students. Lastly, she is active in her kids' school, volunteering for various activities.

RELEVANT EXPERIENCE

Information required should include: timeframe, company name, company location, position title held during the term of the contract/project and details of contract/project.

Timeframe: **1993 – Present**

Company Name: Garcia Hamilton & Associates, L.P.

Company Location: Houston, Texas

Position Title: Partner, Director of Marketing and Client Services

Details: During my tenure, I have held several roles including marketing and client service, equity trader, and equity research. In addition, I oversee our robust summer internship program. Because giving back is a core firm value, I mentor our interns throughout their undergraduate experience and beyond.

2014 Promoted to Partner in 2014. As Partner, in addition to my duties below, I work with the senior management to review firm budgets and investments

Promoted to Director of Marketing and Client Services in January 2014. I manage a team of 12 professionals who are responsible for all the reporting and marketing

materials for our 270 institutional clients. In addition, I oversee all outreach to clients and consultants, communicating to them our portfolio positioning and market outlook.

- 2011 Promoted to Equity Analyst. Ran equity screens for potential candidates into our portfolios. Would research companies focusing on their industry, product, revenue, etc. and would present my findings to the equity committee for inclusion into the portfolios.
- 1996 Promoted to Assistant Portfolio Manager. Worked with the Senior Portfolio Managers to ensure portfolios were positioned correctly within their guidelines.
- 1993 Joined the firm as an Equity Portfolio Administrator. My role was to work with operations on settlement of trades and to work with custodians to reconcile accounts.

Timeframe: **1999 – 2001** Company Name: **NFJ Investments** Company Location: **Houston, Texas** Position Title: **Assistant Equity Trader** Details: **Worked as an assistant equity trader. Traded small cap equity securities.**

> EDUCATION Information required should include: institution name, city, state, degree and/or Achievement and date completed/received.

Institution Name: **University of Houston – Downtown** City, State: *Houston, Texas* Degree: *Bachelor of Arts in Finance* Date Completed: *1994*

CERTIFICATIONS

Information required should include: type of certification and date completed/received.

REFERENCES

A minimum of three (3) references are required, including name, title, organization, phone number, fax number and email address.

Name: Johara Farhadieh Title: Executive Director & Chief Investment Officer Organization: Illinois State Board of Investment Phone Number: (312) 793 - 5718 Fax Number: (312) 793 - 2266 Email Address: JFarhadieh@isbinvestment.com

Name: Scottie D. Bevill Title: Senior Investment Officer Organization: Teachers' Retirement System of the State of Illinois Phone Number: (217) 814 - 2001 Fax Number: (217) 787 - 2269 Email Address: SBevill@trs.illinois.gov

Name: Gracie G. Flores Title: Plan Administrator Organization: Corpus Christi Firefighters' Retirement System Phone Number: (361) 882 - 1486 Fax Number: (361) 882 - 1488 Email Address: GracieF@ccfirepension.com

PROPOSED STAFF RESUME FOR RFP 05TO-S1232

A resume must be completed for all proposed prime contractor staff and proposed subcontractor staff.

| Company Name Submitting Proposal: | | Garcia Hamilton | & Associates, L.P. |
|--|---|-----------------|--------------------|
| Check the appropriate box if the proposed individual is prime contractor staff or subcontractor staff. | | | |
| Contractor: | 1 | Subcontractor: | |
| | | | |

| The following information requested pertains to the individual being proposed for this project. | | | | | | |
|---|-------------------|--|----------------------------|----|-----|----|
| Name: | Kevin Lunday, CPA | | Key Personnel: (Yes/No) | | Yes | |
| Individual's Title | | | | | | |
| # of Years in Classif | ification: 19 | | # of Years with Fir | m: | | 12 |

BRIEF SUMMARY OF PROFESSIONAL EXPERIENCE

Information should include a brief summary of the proposed individual's professional experience.

Mr. Lunday received a B.B.A. in Marketing from Texas Tech University and studied accounting at the University of Houston. From 1991 to 1993, Mr. Lunday was an independent staff accountant and contract consultant. In 1993, he joined LifeGift Organ Donation Center where he worked in various capacities including Supervisor of Accounting. Mr. Lunday joined Smith Graham & Company Investment Advisors in 2001 where he held several positions, most recently Manager of Financial Reporting. He joined Garcia Hamilton & Associates L.P. in 2007.

Mr. Lunday is a Certified Public Accountant and is actively involved in the Education Foundation of Harris County serving as a Board Member as well as a member of the Finance Committee.

RELEVANT EXPERIENCE

Information required should include: timeframe, company name, company location, position title held during the term of the contract/project and details of contract/project.

Timeframe: 2007 – Present Company Name: Garcia Hamilton & Associates, L.P. Company Location: Houston, Texas Position Title: Partner, Chief Operating Officer Details: Responsible for accounting and financial reporting. Supervise IT, Operations, and Compliance for the firm.

Timeframe: 2001 – 2007 Company Name: Smith Graham & Company Investment Advisors Company Location: Houston, Texas Position Title: Manager of Financial Reporting Details: Responsible for accounting and financial reporting for the firm. Also, responsible for portfolio accounting and reporting for 50% of clients.

Timeframe: **1993** – **2001** Company Name: *LifeGift Organ Donation Center* Company Location: *Houston, Texas* Position Title: *Supervisor of Accounting* Details: *Manage accounting and financial reporting. Supervised staff of 5 people.*

EDUCATION Information required should include: institution name, city, state, degree and/or Achievement and date completed/received.

Institution Name: *Texas Tech University* City, State: *Lubbock, Texas* Degree: *B.B.A. in Marketing* Date Completed: *May 15, 1986*

CERTIFICATIONS

Information required should include: type of certification and date completed/received.

Type of Certification: *Certified Public Accountant (CPA)* Date of Completion: *July 2004*

REFERENCES

A minimum of three (3) references are required, including name, title, organization, phone number, fax number and email address.

Name: Fernando Sanchez Title: Corporate Banking Organization: Bank of Texas Phone Number: (713) 470 - 5457 Fax Number: (713) 260-5648 Email Address: Fernando.Sanchez@bankoftexas.com

Name: Juan Padilla, CPA Title: Shareholder Organization: Doeren Mayhew CPAs and Advisors Phone Number: (713) 860 - 0275 Fax Number: (713) 789 - 7082 Email Address: Padilla@doeren.com

Name: *Matthew Knortz* Title: *Lead Associate – FINEX* Organization: *Willis Towers Watson* Phone Number: *(617) 351 - 7453* Fax Number: *N/A* Email Address: *Matthew.Knortz@willistowerswatson.com*

PROPOSED STAFF RESUME FOR RFP 05TO-S1232

A resume must be completed for all proposed prime contractor staff and proposed subcontractor staff.

| Company Name Submitting Proposal: | | Garcia Hamilton & Associates, L.P. | |
|-----------------------------------|----------------------------|------------------------------------|-------------------------------|
| Check the appro | priate box if the proposed | d individual is prime contractor | staff or subcontractor staff. |
| Contractor: | 1 | Subcontractor: | |
| The following | information requested n | ertains to the individual being p | ranged for this project |

| The following information requested pertains to the individual being proposed for this project. | | | | | | |
|---|---------------|----------------|----------------------------|-----|----|--|
| Name: | | Beth L. McWill | Key Personnel: (Yes/No) | Yes | | |
| Individual's Title | | | | | | |
| # of Years in Classif | ification: 39 | | # of Years with Fir | m: | 25 | |

BRIEF SUMMARY OF PROFESSIONAL EXPERIENCE

Information should include a brief summary of the proposed individual's professional experience.

Ms. McWilliams is a Partner of Garcia Hamilton & Associates L.P. and has more than 30 years of investment industry experience. She started her career in the investment industry in 1981 with Rotan Mosle Inc. From 1986-1994, Ms. McWilliams held several positions at Jenswold, King & Associates that brought her into contact with client service, marketing, operations, personnel and compliance. In 1994 she joined Garcia Hamilton & Associates L.P. and has held several positions including Compliance Manager, which she held for several years prior to her promotion to Chief Compliance Officer in 2007. Ms. McWilliams attends conferences, seminars and webinars hosted by organizations such as Investment Advisor Association (GH&A is a member firm), IA Watch (a publication for compliance professionals), and the National Society for Compliance Professionals. Locally, M. McWilliams participates in quarterly compliance roundtables hosted by a compliance consultant to discuss new regulatory initiatives and other issues affecting investment firms.

RELEVANT EXPERIENCE

Information required should include: timeframe, company name, company location, position title held during the term of the contract/project and details of contract/project.

Timeframe: **1994 – Present** Company Name: **Garcia Hamilton & Associates, L.P.** Company Location: **Houston, Texas** Position Title: **Partner, Chief Compliance Officer (2007 – Present), Partner, Compliance Manager** (**2004 – 2007), Marketing / Client Service Associate (1994 – 2004)** Details: **Firm compliance with SEC and other regulatory agencies; Human Resources; Administration**

Timeframe: **1986 – 1994** Company Name: **Jenswold, King & Associates** Company Location: **Houston, Texas** Position Title: **Secretary / Marketing Assistant** Details: **Secretary to 2 principals. Marketing Assistant responsible for maintaining flow of information and materials both internal and external basis.**

Timeframe: **1981 – 1986** Company Name: **Rotan Mosle Inc.** Company Location: **Houston, Texas** Position Title: **Administrative Assistant, Registered Representative – Research Dept.** Details: Supported Director of Research. Registered Representative handling institutional brokerage accounts.

EDUCATION

Information required should include: institution name, city, state, degree and/or Achievement and date completed/received.

Institution Name: *Patricia Stevens Secretarial College* City, State: *Houston, Texas* Degree: *Diploma* Date Completed: *August 1978*

CERTIFICATIONS

Information required should include: type of certification and date completed/received.

Type of Certification: Certified Professional Secretary (CPS) Date Completed: July 1986

REFERENCES

A minimum of three (3) references are required, including name, title, organization, phone number, fax number and email address.

Name: Scott Freeman Title: Senior Principal Consultant Organization: ACA Performance Services Phone Number: (423) 308 - 5610 ext. 4932 Fax Number: (423) 266 - 8334 Email Address: SFreeman@acacompliancegroup.com

Name: Aniese Park Title: Due Diligence Analyst Organization: Albourne Partners (Cyprus) Limited Phone Number: +357 22 750 652 ext 4170 | Direct +357 22 583 870 Fax Number: N/A Email Address: A.Park@albourne.com

Name: Gene G. Lewis Title: Head of Business Practice, United States Organization: Norton Rose Fulbright US LLP Phone Number: (303) 801 - 2748 Fax Number: (303) 801 - 2777 Email Address: Gene.Lewis@nortonrosefulbright.com



Section VIII Other Informational Material



Attachment

ADV Part 2A - GHA 20200710 & Part 2B -Gilbert A. Garcia, CFA 2020



ADV Part 2A – Firm Brochure

Item 1: Cover Page

Garcia Hamilton & Associates, L.P.

Five Houston Center 1401 McKinney Street, Suite 1600 Houston, Texas 77010

Telephone: 713.853.2322 / Fax: 713.853.2300 Email: <u>BMcWilliams@GarciaHamiltonAssociates.com</u> Web Address: <u>www.GarciaHamiltonAssociates.com</u>

July 10, 2020

This brochure provides information about the qualifications and business practices of Garcia Hamilton & Associates, L.P. If you have any questions about the contents of this brochure, please contact us at 713.853.2322 and/or <u>BMcWilliams@GarciaHamiltonAssociates.com</u>. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Garcia Hamilton & Associates, L.P., is a registered investment adviser. Registration as an Investment Adviser does not imply a certain level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Garcia Hamilton & Associates, L.P. also is available on the SEC's website at <u>www.adviserinfo.sec.gov</u>. You can search this site by a unique identifying number, known as a CRD number. The Firm's CRD number is 108017.



Item 2: Material Changes

Annual Update

On July 28, 2010, the United State Securities and Exchange Commission [SEC] published "Amendments to Form ADV" which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure as of December 31, 2019 is an updated document prepared according to the SEC's requirements and rules.

Material Changes since the Last Update Dated: March 30, 2020

1. This section of the Brochure will address only those "material changes" that have been incorporated since our last annual updating amendment posted on the SEC's public disclosure website (IAPD) www.adviserinfo.sec.gov on March 30, 2020.

There were no material changes since our last delivery or posting of ADV Part 2A.

However, we have made clarifications to Item 18 of this Brochure for the Paycheck Protection Program.

2. We may, at any time, update this Brochure and either send you a copy or offer to send you a copy when accompanied by a Statement of Material Changes (either by electronic means (email) or in hard copy form).

Full Brochure Available

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive either an updated Brochure or a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We will further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.



Item 3: Table of Contents

| Item 1: Cover Page | 1 |
|--|----|
| Item 2: Material Changes | 2 |
| Annual Update | 2 |
| Material Changes since the Last Update Dated: March 30, 2020 | |
| Full Brochure Available | 2 |
| Item 3: Table of Contents | 3 |
| Item 4: Advisory Business | 5 |
| Firm Description | 5 |
| Principal Owners | 5 |
| Types of Advisory Services | 5 |
| Separate Account Portfolio Management | 5 |
| Tailored Relationships | |
| Types of Investments | 5 |
| Mutual Fund Portfolio Management (Sub-Adviser) | |
| Tailored Relationships | |
| Types of Investments | 6 |
| Model Portfolio Management (Sub-Adviser) | 6 |
| Tailored Relationships | |
| Types of Investments | 7 |
| Amount of Managed Assets | 7 |
| Item 5: Fees & Compensation | |
| Description | |
| IMS - Separate Account Portfolio Management Fees | |
| Account Management Fee Calculations | |
| Limited Negotiability of Advisory Fees | |
| Mutual Fund Portfolio Management (Sub-Adviser) Fees | |
| Account Management Fee Calculations | |
| Limited Negotiability of Advisory Fees | |
| Model Portfolio Management (Sub-Adviser) Fees | |
| Account Management Fee Calculations | |
| Limited Negotiability of Advisory Fees | |
| General Information | |
| Item 6: Performance-Based Fees and Side-By-Side Management | |
| Performance-Based Fees | |
| Side-by-Side Management | |
| Item 7: Types of Clients | |
| Description | |
| Item 8: Methods of Analysis, Investment Strategies and Risk of Loss | |
| Methods of Analysis | |
| Investment Strategies | |
| Risks of Loss | |
| Item 9: Disciplinary Information | |
| Legal and Disciplinary | |
| Item 10: Other Financial Industry Activities and Affiliations | |
| Financial Industry Activities | |
| Affiliations Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading | |
| Code of Ethics | |
| Participation or Interest in Client Transactions | 19 |
| 1 and patton of interest in Cheni I ransactions | 19 |



ADV Part 2A – Firm Brochure

| Personal Trading | |
|--|--|
| Item 12: Brokerage Practices | |
| Research and Other Soft Dollar Benefits | |
| Selecting Brokerage Firms | |
| Best Execution | |
| Directed Brokerage | |
| Trade Aggregation | |
| Cross Trades | |
| Wrap Fee Accounts | |
| Item 13: Review of Accounts | |
| Periodic Reviews | |
| Review Triggers (non-periodic) | |
| Reports | |
| Client Reporting | |
| Item 14: Client Referrals and Other Compensation | |
| Incoming Referrals | |
| Referrals Out | |
| Other Compensation | |
| Gifts and Business Entertainment | |
| Conflicts of Interest | |
| Item 15: Custody | |
| Account Statements | |
| Item 16: Investment Discretion | |
| Discretionary Authority for Trading | |
| Trade Errors | |
| Item 17: Voting Client Securities | |
| Proxy Votes | |
| Conflicts of Interest | |
| How to Obtain Voting Information | |
| Item 18: Financial Information | |
| Financial Condition | |
| Business Continuity Plan | |
| Information Security Program | |



Item 4: Advisory Business

Firm Description

Garcia Hamilton & Associates, L.P. ("GH&A" or the "Firm") is a Houston, Texas based investment management company that was founded in 1988. The Firm is a 100% employee-owned limited partnership.

Principal Owners

The Firm is owned by employee partners with ethnic minority and female partners representing 91% of Firm ownership. Listed below are the Firm's principal partners (i.e., those individuals controlling 25% or more of the partnership).

Gilbert Andrew Garcia, Managing Partner

Types of Advisory Services

Garcia Hamilton & Associates, L.P. provides continuous and regular investment management services with respect to client accounts.

- Separate Account Portfolio Management
- Mutual Fund Portfolio Management (Sub-Adviser)
- Model Portfolio Management (Sub-Adviser)

The Firm offers the following Investment Management Services:

Separate Account Portfolio Management

Separate Account Portfolio Management provides continuous investment management services of client funds in separate account portfolios. We manage these advisory accounts in a discretionary manner taking into account individual client needs, if any, set forth in the client's Investment Management Agreement or other written investment policy or guidelines provided by the client. Investment teams and individual portfolio managers often manage multiple accounts according to the same or a similar investment strategy.

Tailored Relationships

Clients can impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. GH&A will discuss with client or client's representative any guideline or policy that may limit management of the funds in line with the strategy selected by the client. GH&A may, in the future, provide discretionary investment adviser services to Collective Trust Funds wherein the Fund Trustee retains authority to accept or reject the advice or direction of the Firm.

Types of Investments

The Firm's investment strategies incorporate domestic, high-quality fixed income securities in single asset class portfolios and will generally include the following securities either traded on an exchange or in the over-the-counter market:

- United States government securities
- Corporate debt securities (rated at a minimum of single A or better)
- Agency debentures
- Agency Mortgage-backed securities



Certain short enhanced cash portfolios will generally also include the following securities:

- Agency discount notes
- Asset-backed securities (collateralized by auto, credit card and equipment lease receivables)
- Commercial Paper
- Money Market Funds

As noted above, GH&A utilizes high quality securities in its investment strategies. However, because some types of investments may involve certain additional degrees of risk, they will only be implemented when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

Mutual Fund Portfolio Management (Sub-Adviser)

Mutual Fund Portfolio Management provides continuous investment management services as a subadviser to registered investment companies. We manage these advisory accounts in a discretionary manner. Mutual Fund Portfolio Management is designed to meet a particular investment goal.

Tailored Relationships

The sponsoring investment adviser to the registered investment company to which GH&A provides subadvisory services may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. GH&A will discuss any guideline or policy restrictions with the adviser that may limit management of the funds in line with the strategy selected by the investment adviser.

Types of Investments

The Firm's investment strategies incorporate domestic, high-quality fixed income securities and will generally include the following securities which may be exchange traded or traded over-the-counter:

- United States government securities
- Corporate debt securities (rated at a minimum of single A or better)
- Agency debentures
- Agency Mortgage-backed securities

As noted above, GH&A utilizes high quality securities in its investment strategies. However, because some types of investments may involve certain additional degrees of risk, they will only be implemented when consistent with the fund's stated investment objectives, tolerance for risk, liquidity and suitability.

Model Portfolio Management (Sub-Adviser)

Model Portfolio Management provides continuous investment management services of funds in model portfolios as a sub-adviser in programs where another manager serves as the discretionary investment manager. GH&A may, in the future, manage these advisory accounts in a non-discretionary manner. For Model Portfolio Management, GH&A maintains broad authority with respect to the timing of providing recommendations. Model Portfolio Management is designed to meet a particular investment goal.

Tailored Relationships

The discretionary investment manager can impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. GH&A will discuss with the discretionary investment manager any guideline or policy that may limit management of the funds in line with the strategy selected by the investment adviser.



ADV Part 2A – Firm Brochure

Types of Investments

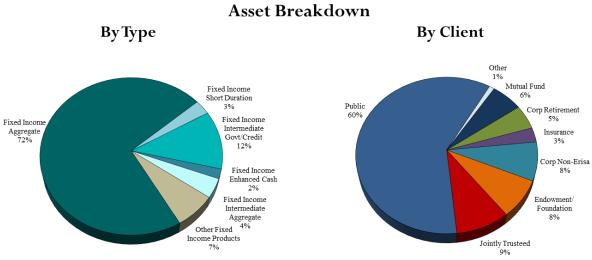
The Firm's investment strategies incorporate domestic, high-quality fixed income securities and will generally include the following securities which may be exchange-traded or traded over-the-counter:

- United States government securities
- Corporate debt securities (rated at a minimum of single A or better)
- Agency debentures
- Agency Mortgage-backed securities

As noted above, GH&A utilizes high quality securities in its investment strategies. However, because some types of investments may involve certain additional degrees of risk, they will only be implemented when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

Amount of Managed Assets

As of 12/31/2019, we were actively managing \$14,138,034,366 of clients' assets on a discretionary basis.



Data as of December 31, 2019



Item 5: Fees & Compensation

Description

Our annual fees for Investment Management Services are generally based upon a percentage of assets under management, typically payable quarterly in arrears.

IMS - Separate Account Portfolio Management Fees

The typical fee schedule for discretionary Separate Account Portfolio Management services is as follows:

| Aggregate Strategy | |
|-------------------------|------------|
| Assets Under Management | Annual Fee |
| First \$25 Million | 0.25% |
| Next \$25 Million | 0.20% |
| Next \$50 Million | 0.18% |
| Next \$100 Million | 0.15% |
| Thereafter | 0.12% |
| | |

Intermediate Aggregate Strategy

| Assets Under Management | <u>Annual Fee</u> |
|-------------------------|-------------------|
| First \$25 Million | 0.25% |
| Next \$25 Million | 0.20% |
| Next \$50 Million | 0.16% |
| Next \$100 Million | 0.14% |
| Thereafter | 0.10% |

Government/Credit Strategy

| <u>Assets Under Management</u> | <u>Annual Fee</u> |
|--------------------------------|-------------------|
| First \$25 Million | 0.25% |
| Next \$25 Million | 0.20% |
| Next \$50 Million | 0.18% |
| Next \$100 Million | 0.15% |
| Thereafter | 0.12% |

Intermediate Government/Credit Strategy

| Assets Under Management | <u>Annual Fee</u> |
|-------------------------|-------------------|
| First \$25 Million | 0.25% |
| Next \$25 Million | 0.20% |
| Next \$50 Million | 0.16% |
| Next \$100 Million | 0.14% |
| Thereafter | 0.10% |

Short Duration Government Strategy

| First \$25 Million | 0.14% |
|--------------------|-------|
| Next \$25 Million | 0.12% |
| Thereafter | 0.10% |

Short Duration Government/Credit Strategy



ADV Part 2A – Firm Brochure

| <u>Assets Under Management</u> | <u>Annual Fee</u> |
|--------------------------------|-------------------|
| First \$25 Million | 0.16% |
| Next \$25 Million | 0.14% |
| Next \$50 Million | 0.12% |
| Next \$100 Million | 0.11% |
| Thereafter | 0.10% |

Short Duration Opportunistic Strategy

| Assets Under Management | <u>Annual Fee</u> |
|-------------------------|-------------------|
| First \$25 Million | 0.16% |
| Next \$25 Million | 0.14% |
| Next \$50 Million | 0.12% |
| Next \$100 Million | 0.11% |
| Thereafter | 0.10% |

Unconstrained Strategy

| <u>Assets Under Management</u> | <u>Annual Fee</u> |
|--------------------------------|-------------------|
| First \$25 Million | 0.25% |
| Next \$25 Million | 0.20% |
| Next \$50 Million | 0.16% |
| Next \$100 Million | 0.14% |
| Thereafter | 0.10% |

Account Management Fee Calculations

Garcia Hamilton & Associates, L.P. typically charges a fee for account management that is calculated as a percentage of the assets under management according to the relevant fee schedule. Fees are based on the value of the account at the end of each billing period. The fee is prorated for periods less than a full billing cycle and adjusted to cover significant additional contributions made during that period.

The fees of some historical accounts are payable quarterly in advance and are based upon a percentage of assets under management or other valuations as outlined in the client's Investment Management Agreement.

Limited Negotiability of Advisory Fees

Although Garcia Hamilton & Associates, L.P. has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. In determining the alternative fee schedule, the Firm will take into account client facts, circumstances and needs that include, but are not limited to, the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, client service and reporting, among other factors. The specific annual fee schedule will be identified in the contract between the adviser and the client.

A minimum of **\$5,000,000** of assets under management is typically required for this service. We will group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee. We reserve the right to waive the minimum or require a higher minimum depending on the specific strategy selected and the level of additional support provided to the client.



Mutual Fund Portfolio Management (Sub-Adviser) Fees

Account Management Fee Calculations

Our annual fee for discretionary Mutual Fund Portfolio Management (Sub-Adviser) services is determined by contract with the registered investment company and is generally based upon a percentage of assets under management. Fees are payable as outlined in the contract between GH&A and the sponsoring investment adviser. A minimum of **\$5,000,000** of assets under management is required for this service. We reserve the right to waive the minimum or require a higher minimum depending on the investment strategy and servicing requirements.

The Firm does not utilize mutual funds in its portfolio management strategies. Therefore, a portfolio management client of the Firm that also independently invests in a mutual fund for which the Firm is a sub-adviser will pay only those fees charged to investors by the Mutual Fund, i.e., the value of the client's investment in the Mutual Fund is not included in our quarterly portfolio management fee calculation for the client's account(s).

Limited Negotiability of Advisory Fees

GH&A retains the discretion to negotiate fees on a client-by-client basis. In determining the fee schedule, the Firm will take into account client facts, circumstances and needs that include, but are not limited to, the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, client service and reporting, among other factors.

Model Portfolio Management (Sub-Adviser) Fees

Account Management Fee Calculations

Our annual fee for Model Portfolio Management (Sub-Adviser) services is determined by contract with the program's discretionary investment adviser. These fees are based upon a percentage of assets under management or some other method as outlined in the contract. Fees are payable as outlined in the contract between GH&A and the sponsoring investment adviser. A minimum of **\$2,500,000** of assets under management is required for this service. We reserve the right to waive the minimum or require a higher minimum depending on the investment strategy selected and servicing requirements.

Limited Negotiability of Advisory Fees

Garcia Hamilton & Associates, L.P. retains the discretion to negotiate fees on a client-by-client basis. In determining the fee schedule, the Firm will take into account client facts, circumstances and needs that include, but are not limited to, the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, client service and reporting, among other factors.

General Information

Fee Invoices:

The Firm does not deduct fees from clients' assets. The Firm typically submits a fee invoice to the client on a quarterly basis. Other arrangements, including but not limited to, sending a duplicate invoice to the client's custodian, is available upon written request. The Firm will submit a fee invoice to the client's custodian for payment if so instructed in writing by the client. The client's "qualified custodian" is required to send an account statement directly to the client (or, at the client's direction, to the client's "independent representative") no less frequently than quarterly that, among other things, sets forth all of the transactions in such account during such period.



ADV Part 2A – Firm Brochure

Performance-Based Fees:

A performance-based fee schedule is generally based in whole or in part on a percentage of assets under management plus a percentage of the difference between the performance of a client's account and that of an appropriate index. The Firm does not offer a performance-based fee schedule; however, for some accounts, GH&A will receive fees based on performance in cases where a client has proposed and the Firm has accepted a performance-based fee arrangement.

All fees to be charged for this service, whether percentage of assets under management and/or percentage of the difference between a client's account return and the return of an appropriate benchmark, will be determined by the client's individual circumstances and will be mutually agreed upon before entering into this type of arrangement and will be detailed in the client's Investment Management Agreement.

The client must understand the proposed method of compensation and its risks prior to entering into the contract. Accordingly, clients paying performance-based fees are directed to the "Performance-Based Fees" section (Item 6) below for more comprehensive disclosures, including potential conflicts of interest resulting from this type of compensation.

Clients who elect to terminate their contracts will be charged a performance-based fee based on the performance of the account for the measuring period going back from the termination date and pro-rated from the date on which the performance-based fee was previously assessed by our Firm.

In measuring the client's assets for the calculation of performance-based fees, Garcia Hamilton & Associates, L.P. shall include: for securities for which market quotations are readily available, the realized capital losses and unrealized capital losses of securities over the period and, if the unrealized capital appreciation of the securities over this period is included, the unrealized capital depreciation of securities over the period.

The entitlement to a performance-based fee may create an incentive for Garcia Hamilton & Associates, L.P. to take risks in managing assets which may be riskier or more speculative than those which would be recommended under a different fee arrangement.

PERFORMANCE-BASED FEES WILL ONLY BE CHARGED IN ACCORDANCE WITH THE PROVISIONS OF RULE 205-3 UNDER THE INVESTMENT ADVISERS ACT OF 1940 AND/OR APPLICABLE STATE REGULATIONS. THE FEES WILL NOT BE OFFERED TO ANY CLIENT RESIDING IN A STATE IN WHICH SUCH FEES ARE PROHIBITED.

On a case-by-case basis, an appropriate fee structure based on the size, complexity and investment objectives of the client's account can be entered into by Garcia Hamilton & Associates, L.P. Fee arrangements can include a combination of a management fee and incentive fee, or can be solely limited to an incentive-based fee. The terms and conditions of the fee structure are mutually agreed upon prior to entering into an advisory agreement.

Termination of the Advisory Relationship:

A client agreement can be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be automatically refunded within 45 days of receipt of written notice. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period. To check on the refund progress you can call or email Beth McWilliams at 713-853-2314 or BMcWilliams@GarciaHamiltonAssociates.com.



Additional Fees and Expenses:

In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information. From time to time clients have funds invested in short term investment vehicles available through the custodian. In this situation, clients may be paying management fees for this portion of their assets.

IF APPLICABLE: Grandfathering of Minimum Account Requirements:

Pre-existing advisory clients are subject to Garcia Hamilton & Associates, L.P.'s minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our Firm's minimum account requirements will differ among clients.

IF APPLICABLE: ERISA Accounts:

Garcia Hamilton & Associates, L.P. is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, our Firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Garcia Hamilton & Associates, L.P. can only charge fees for investment advice about products for which our Firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our Firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Garcia Hamilton & Associates, L.P.'s advisory fees.

Advisory Fees in General:

Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Limited Prepayment of Fees:

Under no circumstances do we require or solicit payment of fees in excess of \$1200 six months or more in advance of services rendered.

Most Favored Nations Clause:

The Firm does not incorporate a "Most Favored Nations" policy in its standard contract and reserves the right to consider such a clause in future contracts. We ensure compliance with a "Most Favored Nations" policy by routinely reviewing relevant fee schedules when negotiating client contracts.



Item 6: Performance-Based Fees and Side-By-Side Management

Performance-Based Fees

As we disclosed in Item 5 of this Brochure, the Firm does not offer performance-based fees which generally are fees based in whole or in part on a percentage of assets under management plus a percentage of the difference between the performance of a client's account and that of an appropriate index. However, GH&A will receive fees based on performance in cases where a client has proposed and the Firm has accepted a performance-based fee arrangement.

Clients should be aware that entitlement to a performance-based fee arrangement may create an incentive for us to take risks in managing assets which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Furthermore, as we also have clients who do not pay performance-based fees, we have an incentive to favor accounts that do pay such fees because compensation we receive from these clients is more directly tied to the performance of their accounts.

To eliminate or significantly reduce the potential for conflicts of interest, all accounts invested in a product are managed alike, subject to client restrictions, in determining the timing of as well as the securities to be bought or sold regardless of the fee arrangements.

Side-by-Side Management

Investment teams and individual portfolio managers often manage multiple accounts, including separate accounts and mutual funds, according to the same or a similar investment strategy.

Side-by-side management of the funds and other accounts raises the possibility of favorable or preferential treatment of a client or a group of clients. In general, investment decisions for each client account will be made independently from those of other client accounts and are made with specific reference to the individual needs and objectives of each client account. There is no requirement that an adviser use the same procedures consistently with respect to all accounts. Different strategies and client guidelines may lead to the use of different methodologies for addressing the potential conflicts of interest.

GH&A will manage accounts with similar or identical investment objectives or accounts with different objectives that trade in the same securities. Portfolio decisions relating to clients' investments and the performance resulting from such decisions may differ from client to client. GH&A will not necessarily purchase or sell the same securities at the same time or in the same proportionate amounts for all eligible clients, particularly if different clients have materially different amounts of capital under management by GH&A or different amounts of investable cash available.

To eliminate or significantly reduce the potential for conflicts of interest, all accounts invested in a product are managed alike, subject to client restrictions, in determining the timing of as well as the securities to be bought or sold regardless of the fee arrangement or type of account.



Item 7: Types of Clients

Description

Garcia Hamilton & Associates, L.P. offers its investment management services to a wide variety of clients, including the following client types:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Investment companies (including mutual funds)
- Pension and profit sharing plans (other than plan participants)
- Banking or thrift institutions (including collective investment trusts/funds)
- Charitable organizations
- Corporations or other businesses not listed above
- State or municipal government entities
- Other

As previously disclosed in Item 5, our Firm has established certain initial minimum account requirements, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.



Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Technical Analysis. We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Quantitative Analysis. We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

Qualitative Analysis. We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.

A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

Investment Strategies

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Long-term purchases. We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.



ADV Part 2A – Firm Brochure

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases. When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

Risk of Loss. Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

Risks of Loss

Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information. Any investment in securities runs the risk of loss that clients should be prepared to bear.

Risks involved in the securities primarily recommended may include:

Market risk – The risk that all or a majority of the securities in a certain market – such as the stock or bond market – will decline in value because of factors such as adverse political or economic conditions, future expectations, investor confidence, or heavy institutional selling.

Government and regulatory risk – The risk that governments or regulatory authorities have, from time to time, taken or considered actions that could adversely affect various sectors of the securities markets.

Interest rate risk – The risk that bond prices overall will decrease in value if interest rates rise.

Government obligations risk – The risk that the U.S. government will not provide financial support to U.S. government-sponsored agencies or instrumentalities where it is not obligated to do so by law. While the U.S. government provides financial support to various U.S. government-sponsored agencies and instrumentalities, such as the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac"), no assurance can be given that it will always do so.

Credit quality risk – The risk that a bond issuer, including a governmental issuer, may fail to pay interest payments and repay principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline.

Extension risk – The risk that certain debt securities, including mortgage-backed securities, will be paid off by the borrower more slowly than anticipated, increasing the average life of such securities and the sensitivity of the prices of such securities to future interest rate changes.

Prepayment/Credit risk – The risk that the principal on a callable or mortgage-backed bond will be prepaid prior to maturity at a time when interest rates are lower than what that bond was paying. Reinvestment of the proceeds would generally be at a lower interest rate.



Item 9: Disciplinary Information

Legal and Disciplinary

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our Firm and our management personnel have no reportable disciplinary events to disclose.



Item 10: Other Financial Industry Activities and Affiliations

Financial Industry Activities

Garcia Hamilton & Associates, L.P., is not registered as a securities broker-dealer, or a futures commission merchant, commodity pool operator or a commodity trading advisor.

Affiliations

The Firm understands that from time to time family members of the Firm's partners and employees may be employed by broker-dealers, intermediaries or other entities with which the Firm has a business relationship. In establishing or renewing such a relationship, the Firm will make any such business decisions independently and without regard to the family member's employment at such other entity. The Firm will manage its coverage of such relationships to ensure that the Firm's trades are not directed to a family member employed by a broker-dealer.



Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

Our Firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

GH&A and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the Firm's access persons. Among other things, the Code requires pre-clearance and reporting of personal securities transactions; applies blackout periods for certain personal trades; and obligates employees to provide an annual acknowledgement of compliance with the Code's terms. Limitations also exist on GH&A's employee participation in initial public offerings and private placements. Our Code also provides for oversight, enforcement and recordkeeping provisions. All personnel are required to provide GH&A with duplicate copies of confirmations and statements with respect to their brokerage accounts.

GH&A's Code of Ethics further includes the Firm's policy concerning the misuse of material non-public information that is designed to prevent insider trading by an officer or employee of GH&A. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

GH&A's Code of Ethics also addresses the "Pay-to-Play" rule, specifically the Firm's policy on preclearance, reporting, and restrictions related to political contributions.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You can request a copy by email to <u>BMcWilliams@GarciaHamiltonAssociates.com</u>, or by calling our Compliance Department at 713.853.2314.

Participation or Interest in Client Transactions

Due to the nature of our clientele, GH&A may trade in securities issued by our clients. In the event that such trade occurs, GH&A shall do so in the best interest of our clients trading in such securities. Except as noted, GH&A generally does not buy or sell, for its own accounts, securities that the Firm has recommended to clients.

Our Firm and/or individuals associated with our Firm can buy or sell for their personal accounts securities identical to or different from those recommended to our clients, subject to the restrictions and reporting obligations contained in GH&A's Code of Ethics. In addition, any related person(s) cam have an interest or position in a certain security(ies) which can also be recommended to a client.

GH&A and individuals associated with our Firm are prohibited from engaging in principal transactions.

GH&A and individuals associated with our Firm are prohibited from engaging in agency cross transactions.



Personal Trading

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

To help mitigate the potential for conflicts of interest, our Code of Ethics imposes restrictions on the purchase or sale of securities for an employee's own accounts and the accounts of certain household members and seeks to ensure that employees do not personally benefit from the short-term market effects of GH&A's investment decisions in client accounts.



Item 12: Brokerage Practices

Research and Other Soft Dollar Benefits

Garcia Hamilton & Associates, L.P. does not have any formal or informal arrangements or commitments to obtain research, research-related products or other services obtained from broker-dealers or third parties, on a soft dollar basis. The Firm does not use client transactions to obtain research or other products or services. The Firm has access to analysts at broker-dealers with which the Firm executes client securities transactions as part of the regular course of business.

Selecting Brokerage Firms

For discretionary clients, GH&A requires these clients to provide us with written authority to determine the broker dealer to use and the commission costs that will be charged to these clients for these transactions.

We select brokers or dealers to execute portfolio transactions, taking into consideration such factors as:

- the price of the security
- the rate of commission
- the size and difficulty of the order
- the reliability and integrity
- financial condition
- general execution and operational capabilities of competing brokers and dealers
- the brokerage and research services
- its desire to support the development of minority and small brokerage firms.

Orders are placed and trades are executed subject to "Best execution", with brokers or dealers that we believe are responsible and effect execution of such orders under conditions most favorable to the accounts.

GH&A has certain accounts that selected the Firm through the recommendations of unrelated third parties, including consultants that are employees of broker-dealers. Clients selecting GH&A as a result of the recommendation from these third parties can instruct us to direct some or all of their brokerage transactions, as explained in the "Directed Brokerage" section below, to the third party's broker-dealers or otherwise allocate brokerage.

Best Execution

It is our duty to seek the best overall execution of transactions for client accounts consistent with our judgment as to the business qualifications of the various broker/dealers with which we do business.

"Best execution" means the best overall qualitative execution, not necessarily the lowest possible cost.

- We will use best effort to secure a minimum of *three* bids or offers for each securities transaction.
- We execute transactions with a broad group of broker dealers and take advantage of electronic trading platforms such as Bloomberg.
- We will periodically review the past performance of the brokers or dealers with whom it has been placing orders to execute portfolio transactions in light of the factors discussed above. We will cease to do business with certain exchange members, brokers or dealers whose performance has not been competitive or demand that such persons improve their performance before receiving any further orders.



Directed Brokerage

- A. We do not recommend, request or require that a client direct GH&A to execute transactions through a specified broker-dealer.
- B. GH&A does not have any broker-dealer affiliates or have economic relationships that create a material conflict of interest.
- C. In some cases, GH&A does permit a client to direct brokerage. For example, in cases where a client's account is custodied at a broker/dealer the custodian broker/dealer may require this course of action or there may be cost savings in trading through the broker/dealer such as smaller transaction and/or custody fees. Where GH&A does not have discretion to select a broker/dealer:
 - 1) GH&A may be unable to obtain a more favorable price based on transaction volume on transactions that cannot be aggregated with transactions of its other advisory clients.
 - 2) The client's order will be entered either before or after aggregated orders for the same security, with the result that market movements may work against the client.
 - 3) Clients directing brokerage can generate returns in their accounts that are different from those clients with accounts that do not direct brokerage.
 - 4) Client realizes that similar brokerage services may be obtained from other broker/dealers at lower costs.
 - 5) We will not be responsible for obtaining competitive bids on directed trades done on a net basis.

Trade Aggregation

The majority of accounts are institutional separate accounts. Purchase transactions are generally for issues for which the quantity available meets our investment needs.

The allocation for to each participating portfolio is based on the impact the allocation will have on the account's portfolio characteristics – duration, security and sector weights. Initial review of the allocation, as is the policy for all aggregate order/block trades, includes a review of accounts for client investment policy restrictions as well as available cash.

Allocations to affect changes in target portfolios duration will generally include all accounts in aggregate orders/block trades. Allocations for transactions to change sector allocation or yield curve, which primarily affect spread product exposure, are made incrementally. Our policy is to review a daily report of portfolios sorted by strategy and then by spread duration ratio to the relevant benchmark. When reducing spread product exposure, portfolios with the highest spread product exposure ratio compared to the benchmark are the starting point of the review for appropriate sell trades. And, when increasing spread product exposure, portfolios are not generally included in an incremental allocation to affect sector allocation changes.

In addition, on a daily basis GH&A reviews percentages and actual duration contributions for each sector for each account on a strategy by strategy basis. This review is to identify changes in the holdings needed to get the account characteristics more consistent with other portfolios in the same strategy. Accounts with significant cash or that are at the low or high end of the duration range, depending on market conditions, are reviewed again. This is the point at which trade allocations are put together for maintenance purposes.

When putting together the allocation for client contributions or withdrawals, a scenario is created that



ADV Part 2A – Firm Brochure

shows what the portfolio will look like with the pending change in case. Transactions to raise or invest the funds are incorporated in the scenario to confirm the impact on the portfolio for duration, sector allocation and yield curve as well as maintaining consistency in portfolio characteristics with other portfolios in the same strategy. Trades are then placed to get the account back in line with the target portfolio.

As a matter of policy, GH&A has made a decision to not participate in To Be Announced/New Issue offerings.

Cross Trades

GH&A prohibits trading between accounts, including non-agency cross trades, and is under no obligation to effect a cross trade for any client.

Wrap Fee Accounts

For accounts that are "wrap fee" accounts established by a client with a broker/dealer or other intermediary that has a relationship with a broker/dealer, clients are not charged separate fees by he broker/dealer on each trade so long as the broker executes the trade, and a portion of the "wrap fee" is generally considered in lieu execution costs.

GH&A will also effect securities transactions for these client accounts through or with other brokers or dealers as GH&A reasonably believes, in good faith, are necessary to fulfill its duty to seek best execution, consistent with Section 28(e) of the Securities Exchange Act of 1934, as amended. If GH&A is required to effect transactions with other brokers, the client would bear the execution cost in such transactions in addition to the fees paid by the client for such "wrap fee" accounts.

Accordingly, a client may wish to satisfy itself that the wrap fee arrangement and brokerage firm they have chosen can provide the best execution. The client should also take into consideration the level of the fee charged by the broker/dealer, the amount of portfolio activity in the client's account, the value of custodial services, and the aggregate cost of these and other services if they were to be provided separately and if GH&A were free to seek other bids and offers for transactions in the client's account.



Item 13: Review of Accounts

Periodic Reviews

The underlying securities within Investment Management Services accounts are continually monitored. In addition, accounts are reviewed regularly by the investment team for several reasons including, but not limited to, the impact of changing economic, political and market conditions as well as changes in cash levels that occur due to client contributions/withdrawals, maturity of a debt security, or interest/paydown income. All accounts are also reviewed at least quarterly by a group comprised of the Chief Compliance Officer, Chief Operating Officer, Portfolio Managers, and other investment team or client service personnel as appropriate. Accounts are reviewed in the context of each client's stated investment objectives and guidelines or the particular investment goal of a sub-advised mutual fund or model portfolio client.

Review Triggers (non-periodic)

Other factors that can trigger a review of accounts include:

- Change in investment policy
- Change in client's individual circumstances
- Significant change in the quality of holdings in the portfolio

Reports

In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer or custodian, we provide quarterly reports summarizing account performance, balances and holdings. These reports will also remind the client to notify us if there have been changes in the client's financial situation or investment objectives and whether the client wishes to impose investment restrictions or modify existing restrictions. Clients should refer to the Fund Prospectus for information regarding regular reports by GH&A to funds for which we are a sub-advisor.

Client Reporting

Preliminary reports are available two to three business days after month end and final reports are available after the account has been reconciled with the custodian, which is on average *fourteen business days* after month or quarter end.

Our standard quarterly reporting package includes a Performance Report, Portfolio Summary, Portfolio Appraisal and market comments at a minimum. Examples of other standard reports requested by our clients include Purchase and Sale Report, Income and Expense Report, and Interest Accruals report. In addition, from time-to-time, we provide all our clients with a current market strategy commentary written by a senior investment professional.

GH&A has the ability to create a variety of custom and ad hoc reports to meet a client's unique reporting requirements in a timely manner using in-house resources at no cost to the client. If a report request were to require substantial external programming, timing and costs would be reviewed with the client prior to project inception.



Item 14: Client Referrals and Other Compensation

Incoming Referrals

It is GH&A's policy not to engage solicitors or to pay non-related persons for referring potential clients to our Firm.

GH&A has certain accounts that were referred to the Firm through the recommendations of third parties, including consultants that are employees of broker-dealers. Clients selecting GH&A as a result of the recommendation from these third parties can instruct us to direct some or all of their brokerage transactions, as explained in the "Directed Brokerage" section of Item 12, to the third party's broker/dealers, or otherwise allocate brokerage to these or related broker/dealers.

Referrals Out

It is GH&A's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Other Compensation

GH&A and related persons (directly or indirectly) do not compensate any person who is not a supervised person for client referrals.

Gifts and Business Entertainment

GH&A has policies and procedures in place regarding the Firm's employees giving or receiving gifts and business entertainment to address the potential conflicts of interest surrounding these practices. In general, the Firm only allows the giving or receiving of gifts and business entertainment of de minimis value. Employees receive gifts from service providers from time-to-time. GH&A requires Firm employees to report the receipt of a gift with an estimated value greater than \$100 so the Firm can consider whether it may give the appearance that a potential conflict in selecting one service provider over another is present, based on receipt of such a gift. Gifts and business entertainment that exceed the policy limitations may be allowed subject to approval by the Chief Compliance Officer. GH&A monitors any potential conflict of interest in individual instances of gifts or business entertainment as well as patterns over time to ensure that the interests of GH&A and its employees are not placed ahead of the interests of its clients.

GH&A assists in sponsoring industry forums, seminars or conferences that support investor education. A sponsorship request is considered based on the event's educational content and the guiding principles of the sponsor organization. GH&A has hosted consultants at functions sponsored by GH&A.

Conflicts of Interest

As noted above, GH&A monitors any potential conflict of interest to ensure that the interests of GH&A and its employees are not placed ahead of the interests of its clients. For example, to monitor potential conflicts of interest from any GH&A employee's role in outside positions or business activities, the Firm's Code of Ethics requires all employees to disclose annually any board position they or their spouse hold for a foundation, endowment, charity or similar organization, private company, publicly traded company, or government entity. In addition, prior to acceptance of any position in an outside enterprise, i.e., a publicly-held company or government entity, or serving as a member of an investment committee for any Board, an employee must submit a Notice of Intent to Accept Position to the Chief Compliance Officer for review and acceptance or denial. Every effort is made to identify potential conflicts of interest and to inform current and prospective clients that may be affected by the potential conflict of its existence.



As it relates to potential conflicts with public sector clients, the Firm's Code of Ethics requires employees identified as Covered Associates and their spouse to submit a Pre-Clearance Form to the Chief Compliance Officer for pre-clearance of all political contributions made on the state and local level or for any state or local incumbent running for federal office. The Chief Compliance Officer will review all contribution requests to determine whether the official or candidate to whom the Covered Associate proposes to make a political contribution is in a position to influence the selection of the Firm for advisory services and if the employee is eligible to vote for him or her. If the official or candidate can influence the selection of the firm and the employee is eligible to vote for him/her, then the employee can contribute \$350. If the official can influence the selection of the firm but the employee is not eligible to vote for him/her, then the employee can contribute only \$150. No firm limits apply and regular campaign limits shall govern contributions where the official or candidate is not in a position to influence the selection of the firm or if the Firm refrains from providing investment management services to such government entity.

Item 15: Custody

Our Firm does not have actual or constructive custody of client accounts. However, the Firm does require that our clients use qualified custodians for safeguarding of assets (for definition of SEC qualified custodians, please refer to the following website – <u>www.sec.gov/rules/final/ia-2968.htm</u>).

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our Firm does not directly debit advisory fees from client accounts. We will, if directed by a client in writing, submit to the client's custodian the amount of the fee to be paid for the Firm's investment management services to the account.

Account Statements

On at least a quarterly basis, the dealer, bank or other qualified custodian that holds and maintains client's investment assets is required to send to the client a statement showing all transactions within the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted in most cases, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things.

GH&A urges you to carefully review such statements and compare such official custodial records to the account statements that we provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Clients should contact us directly if they believe that there is an error in their statement.



Item 16: Investment Discretion

Discretionary Authority for Trading

Clients hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell; and/or
- Determine the broker/dealer to execute the trade; and/or
- Determine the timing to execute the trade

Clients give us discretionary authority when they sign a discretionary agreement with our Firm, and may limit this authority by giving us written instructions.

For registered investment companies, GH&A's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Some clients have credit quality restrictions, or social or political restrictions that prohibit certain investments. Some clients restrict the percentage of a bond relative to account size or percentage of a particular industry based on account size.

Clients can also change/amend such limitations by once again providing us with written instructions. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

Trade Errors

We have established an Error Correction policy which provides that the resolution of all errors be made in light of the Firm's fiduciary duties and in the affected client's best interests. It is our policy to resolve any error identified in a client account in a manner which ensures that the client account is not harmed. We prohibit the use of principal trades, directed brokerage, or other client's accounts to resolve trade errors.

We may be exempted from reimbursing broker-dealers for trade error losses that are less than \$50. Such de minimis trade errors are absorbed by the broker-dealer, but only after approval by our Compliance Department. In these instances, Trading shall obtain written approval from the Compliance Department prior to settling such errors with the broker.



Item 17: Voting Client Securities

The Firm will make reasonable efforts to vote client proxies received for a client's account, only in instances when the client has specifically assigned voting authority to the Firm for securities held in the account.

The Firm has written policies and procedures that it believes are reasonably designed to ensure that proxies are voted in the best interests of its clients that have delegated voting authority to us; the Firm must never put its own interests above those of its clients. Our Firm defines the best interests of a client to mean the best interest of its client as shareholder.

Proxy Votes

GH&A evaluates all factors it deems relevant when reviewing a proxy received for an account.

GH&A personnel will:

- 1) Determine the portfolios for which we have proxy voting responsibilities;
- 2) Ensure the custodians, when applicable, are appropriately notified;
- 3) Notify the custodian to forward all proxy material pertaining to the portfolio to GH&A Hamilton for review.
- 4) Maintain client documentation and any communications received by GH&A related to proxy voting, including information on how client's proxies were voted and our responses.

Conflicts of Interest

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make reasonable efforts to forward such notices in a timely manner.

How to Obtain Voting Information

Clients can obtain a copy of our complete proxy voting policies and procedures policy statement and guidelines by contacting our Chief Compliance Officer, Beth McWilliams by telephone, email, or in writing.

Clients can request, in writing, information on how proxies for his/her shares were voted. Please specify the portfolio and period of time for which you would like proxy voting information. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information to the client.



Item 18: Financial Information

Financial Condition

Garcia Hamilton & Associates, L.P. has no financial circumstances to report. Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement. GH&A has not been the subject of a bankruptcy petition at any time during the past ten years or since its inception.

GH&A has received a loan from the Small Business Administration ("SBA") of \$744,900 through the Paycheck Protection Program ("PPP") established under the Coronavirus Aid, Relief and Economic Security Act ("CARES ACT"). The firm determined, at the time of the PPP loan application, that the economic uncertainty posed by COVID-19 and the many "shelter in place" orders, as well as the volatility in the marketplace, made it prudent to obtain the loan. GH&A intends to use the proceeds of the loan primarily to pay employee salaries. The receipt of the loan does not impact our advisory relationships with clients, nor does it impair our ability to meet contractual obligations and fiduciary commitments to clients.

Business Continuity Plan

GH&A has a Business Continuity Plan in place that covers natural disasters such as ice storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, communications outage and Internet outage.

Data Back-Up. Recognizing the importance of a consistent and reliable data backup program, GH&A has adopted a virtual hot site approach to ensure continuous business operations in the event of an emergency or natural disaster. Our primary datacenter is located in Austin, Texas with a second datacenter in Houston, Texas for backup and replication of the systems in Austin. Both datacenters are enterprise level locations that provide full redundancy for power, cooling, and data connectivity even in the event of a major hurricane. The datacenters also provides 24hr physical security in addition to fire protection and environmental monitoring of all systems. Data is maintained on redundant hosts and an enterprise level storage area network (SAN) which uses dual controllers and a multi-disk array to protect against hardware failure. The two datacenters allow for secure site-to-site replication of our systems, maintaining business operations under all conditions, including the loss of a datacener. As it relates to email, the use of Microsoft Office 365, provides enhanced email security and ensures continuity for email services even if GH&A's offices and both datacenters are unabile.

Off-Site Contingency. In the event the 5 Houston Center premises are not accessible, GH&A employees will use secure remote VPN installations as portals into the Firm's network. Disaster Recovery Team members and any additional employee deemed key for maintaining daily business would be dispatched to locations throughout the Houston metropolitan area and/or region as necessary. Determination of key employees will be made by the Chief Compliance Officer and Managing Partner or Chief Operating Officer. Team and key employees will be in communication via landlines and/or cell phones.

The secure VPN application is installed on selected employee workstations and/or laptops, allowing entrance into the GH&A network via a secure remote VPN wherever the user can gain access to the Internet and affords the user an opportunity to access all major software applications utilized for daily trading, portfolio administration, asset management, research, client support, and office management.

Loss of Key Personnel

• <u>Fixed Income</u>

We have defined two Portfolio Managers as the backups to the fixed income portfolios should the primary Fixed Income Portfolio Manager become subject to a disaster.

• Firm Management



ADV Part 2A – Firm Brochure

We have defined our Chief Operating Officer and Compliance Officer as the primary backups to the Firm management should the Managing Partner become subject to a disaster.

Information Security Program

Garcia Hamilton & Associates, L.P. maintains an information security program to reduce the risk that personal and confidential information may be breached.





ADV Part 2B - Brochure Supplement : Gilbert A. Garcia, CFA

Item 1: Cover Page



Gilbert Andrew Garcia, CFA Managing Partner

Garcia Hamilton & Associates, L.P.

Five Houston Center 1401 McKinney Street, Suite 1600 Houston, Texas 77010 Main Line: 713.853.2322 Direct Line: 713.853.2323 Fax: 713.853.2300 Website: www.GarciaHamiltonAssociates.com Email: GGarcia@GarciaHamiltonAssociates.com

March 30, 2020

This brochure supplement provides information about Mr. Gilbert A. Garcia that supplements the Garcia Hamilton & Associates, L.P. Brochure. You should have received a copy of that brochure. Please contact us at 713.853.2322 and/or <u>BMcWilliams@GarciaHamiltonAssociates.com</u> if you did not receive the Garcia Hamilton & Associates, L.P.'s Brochure or if you have any questions about the contents of this supplement.

Additional information about Mr. Gilbert A. Garcia is available on the SEC's website at <u>www.adviserinfo.sec.gov</u>. You can search this site by a unique identifying number, known as a CRD number. Mr. Garcia's CRD number is 1453249. Registration with the SEC does not imply a certain level of skill or training.



ADV Part 2B – Brochure Supplement : Gilbert A. Garcia, CFA

Item 2: Educational Background and Business Experience

Mr. Gilbert Andrew Garcia was born in 1963. He resides in Houston, Texas along with his wife and four children. He enjoys martial arts and coaching youth soccer.

Education:

| Yale University, New I | Haven, CT | 1985 | BA-Economics | | | | | | | |
|------------------------|--|--|----------------------------------|--|--|--|--|--|--|--|
| Business Background: | | | | | | | | | | |
| 2002 – Present | Garcia Hamilton & Associates, Managing Partner → Responsible for managing | Houston, TX tfolios | | | | | | | | |
| 1999 – 2002 | Hacienda Records President → Responsible for managing | g the company | Corpus Christi, TX | | | | | | | |
| 1996 – 1999 | Smith Graham & Company Director of Marketing/Chief Inv → Responsible for overseein | vestment Officer g investment management of Fiz | Houston, TX xed Income Assets | | | | | | | |
| 1990 – 1996 | Cisneros Asset Management Co Chief Portfolio Manager/Presia ➢ Responsible for managing | · · | Houston, TX folios | | | | | | | |
| 1985 – 1990 | Salomon Brothers Vice-President → Specialized in Mortgage-b | backed Securities with financial | New York, NY institutions. | | | | | | | |

Positions Held (last five years):

| 2008 – Present | Managing Partner |
|----------------|-----------------------------------|
| 2006 - 2008 | Partner /Director of Fixed Income |
| 2002 - 2006 | Fixed Income Portfolio Manager |

Professional Designations/Exams/Associations:

Chartered Financial Analyst:

This designation is offered by the CFA Institute (formerly the Association for Investment Management and Research [AIMR]). To obtain the CFA charter, candidates must successfully complete three difficult exams and gain at least three (3) years of qualifying work experience, among other requirements. In passing these exams, candidates demonstrate their competence, integrity and extensive knowledge in accounting, ethical and professional standards, economics, portfolio management and security analysis.

CFA Institute - Member

CFA Society of Houston - Member



Item 3: Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice.

• There have been no disciplinary actions taken against this individual.

Item 4: Other Financial Industry Activities and Affiliations

Mr. Gilbert Andrew Garcia does not engage in any investment-related activities outside of Garcia Hamilton & Associates, L.P., nor does he have any applications pending to register with a broker-dealer or other investment firm. Mr. Garcia does not receive any compensation on the sale of securities or other investment products.

Mr. Gilbert Andrew Garcia does not engage in any business other than GH&A that provides a substantial source of his income or consumes a substantial portion of his time. Mr. Garcia currently serves as a member of the Board of Trustees for Dallas Police & Fire Pension System.

Mr. Gilbert Andrew Garcia does not engage in any business other than GH&A that provides a substantial source of his income or consumes a substantial portion of his time. Mr. Garcia currently serves on the SEC's Fixed Income Market Structure Advisory Board and the SEC's Asset Management Advisory Committee.

Item 5: Additional Compensation

Mr. Garcia does not receive any compensation from a non-advisory client or for the provision of advisory services.

Item 6: Supervision

Mr. Gilbert A. Garcia is the Firm's Managing Partner. The thirteen partners work together as a team and through constant interaction; they participate in the investment advisory decisions the Managing Partner makes on behalf of clients.

Complaints specifically about Mr. Gilbert A. Garcia or any other personnel should be directed to Beth McWilliams who is our Chief Compliance Officer. She can be contacted at 713-853-2314 or via email at <u>BMcWilliams@GarciaHamiltonAssociates.com</u>.





Attachment

GH&A Sample Fixed Income – Aggregate Monthly Report GARCIA HAMILTON & ASSOCIATES

Portfolio Review GH&A Sample Fixed Income – Aggregate Monthly Report

June 30, 2020

Client Use Only

See disclosures for other relevant information.



GARCIA HAMILTON & ASSOCIATES GH&A Sample Fixed Income – Aggregate Monthly Report June 30, 2020

PORTFOLIO COMPOSITION

CHANGE IN PORTFOLIO

| | Market Value | Pct. Assets | Yield | | |
|--------------|-----------------|----------------|-------|-----------------------------|----------------|
| FIXED INCOME | 218,095,398.54 | 97.6 | 1.5 | Portfolio Value on 05-31-20 | 219,461,060.04 |
| CASH | 5,281,841.33 | 2.4 | 0.0 | Accrued Interest | 1,123,463.73 |
| | | | | Net Additions/Withdrawals | 0.00 |
| | | | | Realized Gains/Losses | 83,609.49 |
| | | | | Unrealized Gains/Losses | 2,280,348.98 |
| | | | | Income Received | 259,415.62 |
| | | | | Change in Accrued Interest | 169,342.00 |
| | | | | Portfolio Value on 06-30-20 | 222,084,434.14 |
| | | | | Accrued Interest | 1,292,805.74 |
| Total | 223,377,239.87 | 100.0 | 1.5 | | 223,377,239.87 |

TIME WEIGHTED RETURN - GROSS OF FEES

| | Month To Date | Annualized Inception 09-30-91 To Date |
|------------------------------------|------------------|--|
| Account | 1.27 | 6.36 |
| Bloomberg Barclays US Aggregate | 0.63 | 5.72 |

We urge you to compare account statements that you receive from us with the account statements that you receive from your custodian. Past performance is no guarantee of future results.



GARCIA HAMILTON & ASSOCIATES GH&A Sample Fixed Income – Aggregate Monthly Report June 30, 2020

PORTFOLIO COMPOSITION

CHANGE IN PORTFOLIO

| | Market Value | Pct. Assets | Yield | | |
|--------------|-----------------|----------------|-------|-----------------------------|----------------|
| FIXED INCOME | 218,095,398.54 | 97.6 | 1.5 | Portfolio Value on 05-31-20 | 219,461,060.04 |
| CASH | 5,281,841.33 | 2.4 | 0.0 | Accrued Interest | 1,123,463.73 |
| | | | | Net Additions/Withdrawals | 0.00 |
| | | | | Realized Gains/Losses | 83,609.49 |
| | | | | Unrealized Gains/Losses | 2,280,348.98 |
| | | | | Income Received | 259,415.62 |
| | | | | Change in Accrued Interest | 169,342.00 |
| | | | | Portfolio Value on 06-30-20 | 222,084,434.14 |
| | | | | Accrued Interest | 1,292,805.74 |
| Total | 223,377,239.87 | 100.0 | 1.5 | | 223,377,239.87 |

TIME WEIGHTED RETURN - NET OF FEES

| | Month To Date | Annualized Inception 12-31-94 To Date |
|------------------------------------|------------------|--|
| Account | 1.27 | 6.21 |
| Bloomberg Barclays US Aggregate | 0.63 | 5.70 |

AMPLE MONTHLY REPORT

We urge you to compare account statements that you receive from us with the account statements that you receive from your custodian. Past performance is no guarantee of future results.



GH&A Sample Fixed Income – Aggregate Monthly Report June 30, 2020

| Cusip | Original Face | Quantity | Security | Unit Cost | Total Cost | Price | Market Value | Accrued Interest | Market Value +Accr.Int. | Pct. Assets | Yield T <u>o Ma</u> t. | | S&P | Moody |
|-----------------|------------------|------------|--|--------------|----------------|--------|-----------------|---------------------|----------------------------|----------------|---------------------------|------|------|-------|
| Corporate Bonds | | | | | | | | | | | | | | |
| Corporates | | | | | | | | | | | | | | |
| 31677QBQ1 | | 4,910,000 | Fifth Third Bank Floater 1.327% Due 02-01-22 | 100.00 | 4,910,000.00 | 100.44 | 4,931,781.20 | 10,675.32 | 4,942,456.52 | 2.21 | 1.0 | 0.25 | A- | NR |
| 06406FAF0 | | 10,618,000 | Bank NY Mellon Flt Call 1.810% Due 10-30-23 | 101.03 | 10,727,217.22 | 101.22 | 10,747,221.06 | 32,567.16 | 10,779,788.22 | 4.83 | 1.4 | 0.25 | А | A1 |
| 20030NCX7 | | 7,960,000 | Comcast Corp. Floater 1.849% Due 04-15-24 | 100.18 | 7,974,505.50 | 100.21 | 7,976,478.79 | 31,069.40 | 8,007,548.19 | 3.58 | 1.8 | 0.25 | A- | A3 |
| 202795JN1 | | 3,726,000 | Commonwealth Edison Co. 3.700% Due 08-15-28 | 103.83 | 3,868,601.46 | 115.84 | 4,316,131.07 | 51,698.25 | 4,367,829.32 | 1.96 | 1.6 | 7.04 | А | A1 |
| 61744YAP3 | | 9,610,000 | Morgan Stanley 3.772% Due 01-24-29 | 101.97 | 9,799,720.60 | 113.85 | 10,940,960.78 | 157,078.65 | 11,098,039.44 | 4.97 | 2.0 | 6.81 | BBB+ | A3 |
| 95000U2D4 | | 9,255,000 | Wells Fargo 4.150% Due 01-24-29 | 113.00 | 10,458,326.07 | 117.69 | 10,892,310.75 | 166,435.75 | 11,058,746.50 | 4.95 | 1.9 | 7.24 | A- | A2 |
| 38141GWZ3 | | 9,225,000 | Goldman Sachs 4.223% Due 05-01-29 | 105.73 | 9,753,207.03 | 116.35 | 10,733,167.39 | 63,846.48 | 10,797,013.87 | 4.83 | 2.2 | 6.98 | BBB+ | A3 |
| 459200KA8 | | 5,455,000 | IBM Corp. 3.500% Due 05-15-29 | 107.29 | 5,852,748.40 | 115.34 | 6,291,993.38 | 23,865.62 | 6,315,859.00 | 2.83 | 1.6 | 7.71 | А | A2 |
| 254687FL5 | | 5,840,000 | Walt Disney Company 2.000% Due 09-01-29 | 100.83 | 5,888,764.00 | 101.90 | 5,951,053.56 | 38,608.89 | 5,989,662.45 | 2.68 | 1.8 | 8.30 | A- | A2 |
| 24422EVD8 | | 6,325,000 | John Deere Corp. 2.450% Due 01-09-30 | 101.94 | 6,447,875.50 | 108.45 | 6,859,649.91 | 73,607.19 | 6,933,257.10 | 3.10 | 1.5 | 8.45 | А | A2 |
| 693475AZ8 | | 3,970,000 | PNC Financial Services 2.550% Due 01-22-30 | 100.57 | 3,992,621.50 | 108.08 | 4,290,593.58 | 44,430.92 | 4,335,024.50 | 1.94 | 1.6 | 8.44 | A- | A3 |
| 20030NDA6 | | 2,785,000 | Comcast Corp. 2.650% Due 02-01-30 | 103.75 | 2,889,465.35 | 108.76 | 3,028,849.25 | 30,546.03 | 3,059,395.29 | 1.37 | 1.7 | 8.43 | A- | A3 |
| 06051GHQ5 | | 9,310,000 | Bank of America 3.974% Due 02-07-30 | 110.98 | 10,332,596.34 | 116.43 | 10,839,944.88 | 146,964.04 | 10,986,908.92 | 4.92 | 2.1 | 7.56 | A- | A2 |
| 172967ME8 | | 4,065,000 | Citigroup Inc. 3.980% Due 03-20-30 | 109.86 | 4,465,836.00 | 114.92 | 4,671,376.86 | 44,940.83 | 4,716,317.70 | 2.11 | 2.3 | 7.65 | BBB+ | A3 |
| 254687FQ4 | | 3,985,000 | Walt Disney Company 3.800% Due 03-22-30 | 115.22 | 4,591,556.85 | 116.95 | 4,660,612.28 | 40,801.97 | 4,701,414.25 | 2.10 | 1.9 | 8.21 | A- | A2 |
| 001055BJ0 | | 2,735,000 | Aflac Inc 3.600% Due 04-01-30 | 110.93 | 3,033,826.10 | 116.37 | 3,182,821.08 | 24,341.50 | 3,207,162.58 | 1.44 | 1.8 | 8.30 | A- | A3 |
| 68389XBV6 | | 4,640,000 | Oracle Corp 2.950% Due 04-01-30 | 107.36 | 4,981,509.30 | 111.36 | 5,167,272.34 | 33,839.78 | 5,201,112.12 | 2.33 | 1.7 | 8.50 | А | A3 |
| 911312BY1 | | 3,025,000 | UPS Inc. 4.450% Due 04-01-30 | 121.90 | 3,687,539.25 | 124.86 | 3,777,002.75 | 35,896.67 | 3,812,899.42 | 1.71 | 1.7 | 8.09 | A- | A2 |
| 46647PBE5 | | 10,020,000 | | 100.65 | 10,085,263.54 | 107.28 | 10,749,836.96 | 57,176.62 | 10,807,013.59 | 4.84 | 2.0 | 8.46 | A- | A2 |
| 23338VAM8 | | 4,200,000 | | 107.49 | 4,514,454.00 | 108.28 | 4,547,664.83 | 25,725.00 | 4,573,389.83 | 2.05 | 1.8 | 9.30 | А | Aa3 |
| 172967MP3 | | 5,280,000 | Citigroup Inc. 4.412% Due 03-31-31 | 118.53 | 6,258,355.54 | 118.65 | 6,264,823.33 | 58,238.40 | 6,323,061.73 | 2.83 | 2.4 | 8.29 | BBB+ | A3 |
| | | | | | 134,513,989.55 | | 140,821,546.04 | 1,192,354.48 | 142,013,900.51 | 63.58 | 1.8 | 6.56 | | |
| | | | Corporate Bonds Total | | 134,513,989.55 | | 140,821,546.04 | 1,192,354.48 | 142,013,900.51 | 63.58 | 1.8 | 6.56 | | |

SAMPLE MONTHLY REPORT



GH&A Sample Fixed Income – Aggregate Monthly Report June 30, 2020

| Cusip | Original Face | Quantity | Security | Unit Cost | Total Cost | Price | Market Value | Accrued Interest | Market Value +Accr.Int. | Pct. Assets | Yield T <u>o Ma</u> t. | Dura- tion | S&P | Moody |
|---------------------|------------------|---------------|--|--------------|---------------|--------|-----------------|---------------------|----------------------------|----------------|---------------------------|---------------|-----|-------|
| Government | Bonds | | | | | | | | | | | | | |
| Agency 3130AJ2T5 | | 6,535,000.00 | FHLB Floater 0.451% Due 08-04-21 | 100.00 | 6,535,000.00 | 99.95 | 6,531,918.68 | 4,666.53 | 6,536,585.22 | 2.93 | 0.5 | 0.25 | AA+ | Aaa |
| 3130AJA66 | | 7,995,000.00 | 6.431% Due 08-04-21 FHLB Floater 0.280% Due 08-24-21 | 100.00 | 7,995,000.00 | 99.96 | 7,992,008.11 | 2,300.78 | 7,994,308.89 | 3.58 | 0.3 | 0.25 | AA+ | Aaa |
| 3130AH3M3 | | 7,310,000.00 | 6.230% Due 08-24-21 FHLB Floater 0.218% Due 09-13-21 | 100.00 | 7,310,000.00 | 99.92 | 7,304,497.62 | 752.52 | 7,305,250.14 | 3.27 | 0.3 | 0.25 | AA+ | Aaa |
| 3130AJQV4 | | 16,385,000.00 | 6.218% Due 09-13-21 FHLB Floater 0.174% Due 12-17-21 | 100.00 | 16,385,000.00 | 99.96 | 16,377,827.47 | 1,187.91 | 16,379,015.38 | 7.33 | 0.2 | 0.08 | AA+ | Aaa |
| 31422BC32 | | 4,620,000.00 | | 100.00 | 4,620,000.00 | 99.97 | 4,618,634.28 | 372.26 | 4,619,006.54 | 2.07 | 0.3 | 0.25 | | |
| 31422BZK9 | | 5,445,000.00 | FAMCA Floater 0.286% Due 02-25-22 | 100.00 | 5,445,000.00 | 99.97 | 5,443,203.75 | 1,857.67 | 5,445,061.42 | 2.44 | 0.4 | 0.25 | NA | NA |
| | | | 0.20070 240 02 20 22 | | 48,290,000.00 | | 48,268,089.91 | 11,137.68 | 48,279,227.58 | 21.61 | 0.3 | 0.19 | | |
| | | | Government Bonds Total | | 48,290,000.00 | | 48,268,089.91 | 11,137.68 | 48,279,227.58 | 21.61 | 0.3 | 0.19 | | |
| Mortgage-Bac | ked Securities F | NMA | | | | | | | | | | | | |
| MBS | | | | | | | | | | | | | | |
| 3140H1XA3 | 5,711,461.00 | 4,040,329.20 | FNMA Pool #BJ0672 4.000% Due 03-01-33 | 104.58 | 4,225,300.52 | 106.37 | 4,297,796.11 | 13,018.84 | 4,310,814.95 | 1.93 | 2.5 | 2.20 | | |
| 31416YZ92 | 32,335,000.00 | 2,221,147.75 | FNMA Pool #AB3467 4.500% Due 02-01-35 | 109.06 | 2,422,439.26 | 109.38 | 2,429,458.67 | 8,051.66 | 2,437,510.33 | 1.09 | 1.5 | 2.50 | | |
| 31418C4K7 | 9,678,549.00 | 5,901,810.88 | FNMA Pool #MA3525 4.500% Due 11-01-38 | 106.06 | 6,259,608.16 | 108.50 | 6,403,173.61 | 21,394.06 | 6,424,567.67 | 2.88 | 2.5 | 2.90 | | |
| | | | | | 12,907,347.95 | | 13,130,428.39 | 42,464.56 | 13,172,892.95 | 5.90 | 2.3 | 2.60 | | |
| | | | Mortgage-Backed Securi Total | | 12,907,347.95 | | 13,130,428.39 | 42,464.56 | 13,172,892.95 | 5.90 | 2.3 | 2.60 | | |
| Mortgage-Bac | ked Securities F | HLMC | | | | | | | | | | | | |
| MBS | | | | | | | | | | | | | | |
| 3132J4AB5 | 9,175,000.00 | 2,387,350.49 | FHLMC Pool #G30701 5.000% Due 11-01-31 | 111.23 | 2,655,437.92 | 111.65 | 2,665,374.86 | 9,615.72 | 2,674,990.58 | 1.20 | 1.6 | 2.60 | | |
| 3132J4DQ9 | 5,610,000.00 | 1,964,599.31 | FHLMC Pool #G30810 4.500% Due 01-01-32 | 109.34 | 2,148,166.56 | 109.08 | 2,143,026.73 | 7,121.67 | 2,150,148.41 | 0.96 | 1.6 | 2.20 | | |
| 3132CWJV7 | 9,620,000.00 | 8,077,898.90 | 4.300% Due 01-01-32 FHLMC Pool #SB0276 4.000% Due 12-01-34 | 105.04 | 8,484,949.26 | 105.75 | 8,542,008.12 | 26,028.79 | 8,568,036.90 | 3.84 | 1.7 | 2.30 | | |
| 31335AEF1 | 3,975,000.00 | 1,126,302.15 | 4.000% Due 12-01-34 FHLMC Pool #G60134 4.500% Due 06-01-36 | 108.40 | 1,220,938.98 | 109.40 | 1,232,118.77 | 4,082.85 | 1,236,201.61 | 0.55 | 2.5 | 2.90 | | |
| | | | | | 14,509,492.72 | | 14,582,528.48 | 46,849.02 | 14,629,377.50 | 6.55 | 1.7 | 2.39 | | |
| | | | Mortgage-Backed Securi Total | | 14,509,492.72 | | 14,582,528.48 | 46,849.02 | 14,629,377.50 | 6.55 | 1.7 | 2.39 | | |



GH&A Sample Fixed Income – Aggregate Monthly Report June 30, 2020

| Cusip | Original Face | Quantity | Security | Unit Cost | Total Cost | Price | Market Value | Accrued Interest | Market Value +Accr.Int. | Pct. Assets | Yield <u>To Mat</u> . | Dura- tion | S&P | Moody |
|-------------|------------------|----------|---------------------------------|--------------|----------------|-------|-----------------|---------------------|----------------------------|----------------|--------------------------|---------------|-----|-------|
| CASH | | | | | | | | | | | | | | |
| Cash | | | | | | | | | | | | | | |
| FIACC | | | Fixed Income Accrual Account | | 0.00 | | 0.00 | | 0.00 | 0.00 | | | | |
| 09248U700 | | | Blackrock Fed Fund Inst | | 0.00 | | 0.00 | | 0.00 | 0.00 | | | | |
| X9USDBLFD | | | Blackrock Federal Fd Instl 30 | | 5,281,841.33 | | 5,281,841.33 | | 5,281,841.33 | 2.36 | | | | |
| | | | | | 5,281,841.33 | | 5,281,841.33 | | 5,281,841.33 | 2.36 | | | | |
| | | | CASH Total | | 5,281,841.33 | | 5,281,841.33 | | 5,281,841.33 | 2.36 | | | | |
| TOTAL PORTF | OLIO | | | | 215,502,671.55 | | 222,084,434.14 | 1,292,805.74 | 223,377,239.87 | 100.00 | 1.5 | 4.62 | | |



MPLE MONT REPOR'

Client Report Disclosures

PERFORMANCE DATA

Performance data represents historically achieved results for a client's portfolio(s), and is no guarantee of future performance. Future investments may be made under significantly different market or economic conditions. These market or economic conditions may or may not be repeated. Therefore, there may be differences between the performance shown and the actual performance results achieved by any other client retaining Garcia Hamilton for the same investment strategies.

Benchmark results are shown for comparison purposes only. The benchmark presented represents unmanaged portfolios whose characteristics are similar to the portfolio(s); and it tends to represent the investment environment existing during the time periods shown. The benchmark cannot be invested in directly. The returns of the benchmark do not include any transaction costs, management fees or other costs. The holdings of the client portfolio(s) may differ significantly from the securities that comprise the benchmark shown. The benchmark has been selected to represent what the client and Garcia Hamilton believe is an appropriate benchmark with which to compare the performance of the portfolio(s).



Attachment

GH&A Sample Fixed Income – Aggregate Quarterly Report GARCIA HAMILTON & ASSOCIATES

Portfolio Review GH&A Sample Fixed Income – Aggregate Quarterly Report

June 30, 2020

Client Use Only

See disclosures for other relevant information.



GARCIA HAMILTON & ASSOCIATES GH&A Sample Fixed Income – Aggregate Quarterly Report June 30, 2020

PORTFOLIO COMPOSITION

CHANGE IN PORTFOLIO

| | Market Value | Pct. Assets | Yield | | |
|--------------|-----------------|----------------|-------|-----------------------------|----------------|
| FIXED INCOME | 218,095,398.54 | 97.6 | 1.5 | Portfolio Value on 03-31-20 | 211,630,472.84 |
| CASH | 5,281,841.33 | 2.4 | 0.0 | Accrued Interest | 1,139,399.83 |
| | | | | Net Additions/Withdrawals | -51.52 |
| | | | | Realized Gains/Losses | 1,798,272.66 |
| | | | | Unrealized Gains/Losses | 7,421,871.28 |
| | | | | Income Received | 1,233,868.88 |
| | | | | Change in Accrued Interest | 153,405.90 |
| | | | | Portfolio Value on 06-30-20 | 222,084,434.14 |
| | | | | Accrued Interest | 1,292,805.74 |
| Total | 223,377,239.87 | 100.0 | 1.5 | | 223,377,239.87 |

TIME WEIGHTED RETURN - GROSS OF FEES

| | Quarter | Annualized Inception 09-30-91 To Date |
|------------------------------------|---------|--|
| Account | 4.99 | 6.36 |
| Bloomberg Barclays US Aggregate | 2.90 | 5.72 |

We urge you to compare account statements that you receive from us with the account statements that you receive from your custodian. Past performance is no guarantee of future results.



GARCIA HAMILTON & ASSOCIATES GH&A Sample Fixed Income – Aggregate Quarterly Report June 30, 2020

PORTFOLIO COMPOSITION

CHANGE IN PORTFOLIO

| | Market Value | Pct. Assets | Yield | | |
|--------------|-----------------|----------------|-------|--|--|
| FIXED INCOME | 218,095,398.54 | 97.6 | 1.5 | Portfolio Value on 03-31-20 | 211,630,472.84 |
| CASH | 5,281,841.33 | 2.4 | 0.0 | Accrued Interest Net Additions/Withdrawals Realized Gains/Losses Unrealized Gains/Losses Income Received Change in Accrued Interest | 1,139,399.83 -51.52 1,798,272.66 7,421,871.28 1,233,868.88 153,405.90 |
| | | | | Portfolio Value on 06-30-20 Accrued Interest | 222,084,434.14 1,292,805.74 |
| Total | 223,377,239.87 | 100.0 | 1.5 | | 223,377,239.87 |
| | | | | Portfolio Fees Paid By Client Total Fees | -67,540.10 -67,540.10 |

TIME WEIGHTED RETURN - NET OF FEES

| | Quarter | Annualized Inception 12-31-94 To Date |
|------------------------------------|---------|--|
| Account | 4.95 | 6.21 |
| Bloomberg Barclays US Aggregate | 2.90 | 5.70 |

We urge you to compare account statements that you receive from us with the account statements that you receive from your custodian. Past performance is no guarantee of future results.



GARCIA HAMILTON & ASSOCIATES PORTFOLIO SUMMARY GH&A Sample Fixed Income – Aggregate Quarterly Report June 30, 2020

| Security Type | Total Cost | Market Value | Pct. Assets | Yield | Est.Annual Income |
|------------------|----------------|----------------|----------------|-------|----------------------|
| FIXED INCOME | | | | | |
| Corporate Bonds | | | | | |
| Corporates | 134,513,989.55 | 140,821,546.04 | 63.0 | 1.8 | 3,987,038.73 |
| Agency | 48,290,000.00 | 48,268,089.91 | 21.6 | 0.3 | 120,791.26 |
| MBS | 12,907,347.95 | 13,130,428.39 | 5.9 | 2.3 | 527,146.31 |
| MBS | 14,509,492.72 | 14,582,528.48 | 6.5 | 1.7 | 581,574.05 |
| Accrued Interest | , , | 1,292,805.74 | 0.6 | | , |
| | 210,220,830.22 | 218,095,398.54 | 97.6 | 1.5 | 5,216,550.35 |
| CASH | | | | | |
| CASH | | | | | |
| Cash | 5,281,841.33 | 5,281,841.33 | 2.4 | 0.0 | 0.00 |
| | 5,281,841.33 | 5,281,841.33 | 2.4 | 0.0 | 0.00 |
| TOTAL PORTFOLIO | 215,502,671.55 | 223,377,239.87 | 100.0 | 1.5 | 5,216,550.35 |

We urge you to compare account statements that you receive from us with the account statements that you receive from your custodian.



GH&A Sample Fixed Income – Aggregate Quarterly Report June 30, 2020

SA

MPLE QUARTERLY REPORT

| Cusip | Original Face Quantity | Security | Unit Cost | Total Cost | Price | Market Value | Accrued Interest | Market Value +Accr.Int. | Pct. Assets | Yield T <u>o Ma</u> t. | | S&P | Moody |
|------------------------|---------------------------|--|--------------|----------------|--------|-----------------|---------------------|----------------------------|----------------|---------------------------|------|------|-------|
| Corporate Bonds | | | | | | | | | | | | | |
| Corporates | | | | | | | | | | | | | |
| 31677QBQ1 | 4,910,000 | Fifth Third Bank Floater 1.327% Due 02-01-22 | 100.00 | 4,910,000.00 | 100.44 | 4,931,781.20 | 10,675.32 | 4,942,456.52 | 2.21 | 1.0 | 0.25 | A- | NR |
| 06406FAF0 | 10,618,000 | Bank NY Mellon Flt Call 1.810% Due 10-30-23 | 101.03 | 10,727,217.22 | 101.22 | 10,747,221.06 | 32,567.16 | 10,779,788.22 | 4.83 | 1.4 | 0.25 | А | A1 |
| 20030NCX7 | 7,960,000 | Comcast Corp. Floater 1.849% Due 04-15-24 | 100.18 | 7,974,505.50 | 100.21 | 7,976,478.79 | 31,069.40 | 8,007,548.19 | 3.58 | 1.8 | 0.25 | A- | A3 |
| 202795JN1 | 3,726,000 | Commonwealth Edison Co. 3.700% Due 08-15-28 | 103.83 | 3,868,601.46 | 115.84 | 4,316,131.07 | 51,698.25 | 4,367,829.32 | 1.96 | 1.6 | 7.04 | А | A1 |
| 61744YAP3 | 9,610,000 | Morgan Stanley 3.772% Due 01-24-29 | 101.97 | 9,799,720.60 | 113.85 | 10,940,960.78 | 157,078.65 | 11,098,039.44 | 4.97 | 2.0 | 6.81 | BBB+ | A3 |
| 95000U2D4 | 9,255,000 | Wells Fargo 4.150% Due 01-24-29 | 113.00 | 10,458,326.07 | 117.69 | 10,892,310.75 | 166,435.75 | 11,058,746.50 | 4.95 | 1.9 | 7.24 | A- | A2 |
| 38141GWZ3 | 9,225,000 | Goldman Sachs 4.223% Due 05-01-29 | 105.73 | 9,753,207.03 | 116.35 | 10,733,167.39 | 63,846.48 | 10,797,013.87 | 4.83 | 2.2 | 6.98 | BBB+ | A3 |
| 459200KA8 | 5,455,000 | IBM Corp. 3.500% Due 05-15-29 | 107.29 | 5,852,748.40 | 115.34 | 6,291,993.38 | 23,865.62 | 6,315,859.00 | 2.83 | 1.6 | 7.71 | А | A2 |
| 254687FL5 | 5,840,000 | Walt Disney Company 2.000% Due 09-01-29 | 100.83 | 5,888,764.00 | 101.90 | 5,951,053.56 | 38,608.89 | 5,989,662.45 | 2.68 | 1.8 | 8.30 | A- | A2 |
| 24422EVD8 | 6,325,000 | John Deere Corp. 2.450% Due 01-09-30 | 101.94 | 6,447,875.50 | 108.45 | 6,859,649.91 | 73,607.19 | 6,933,257.10 | 3.10 | 1.5 | 8.45 | А | A2 |
| 693475AZ8 | 3,970,000 | PNC Financial Services 2.550% Due 01-22-30 | 100.57 | 3,992,621.50 | 108.08 | 4,290,593.58 | 44,430.92 | 4,335,024.50 | 1.94 | 1.6 | 8.44 | A- | A3 |
| 20030NDA6 | 2,785,000 | | 103.75 | 2,889,465.35 | 108.76 | 3,028,849.25 | 30,546.03 | 3,059,395.29 | 1.37 | 1.7 | 8.43 | A- | A3 |
| 06051GHQ5 | 9,310,000 | Bank of America 3.974% Due 02-07-30 | 110.98 | 10,332,596.34 | 116.43 | 10,839,944.88 | 146,964.04 | 10,986,908.92 | 4.92 | 2.1 | 7.56 | A- | A2 |
| 172967ME8 | 4,065,000 | Citigroup Inc. 3.980% Due 03-20-30 | 109.86 | 4,465,836.00 | 114.92 | 4,671,376.86 | 44,940.83 | 4,716,317.70 | 2.11 | 2.3 | 7.65 | BBB+ | A3 |
| 254687FQ4 | 3,985,000 | Walt Disney Company 3.800% Due 03-22-30 | 115.22 | 4,591,556.85 | 116.95 | 4,660,612.28 | 40,801.97 | 4,701,414.25 | 2.10 | 1.9 | 8.21 | A- | A2 |
| 001055BJ0 | 2,735,000 | Aflac Inc 3.600% Due 04-01-30 | 110.93 | 3,033,826.10 | 116.37 | 3,182,821.08 | 24,341.50 | 3,207,162.58 | 1.44 | 1.8 | 8.30 | A- | A3 |
| 68389XBV6 | 4,640,000 | Oracle Corp 2.950% Due 04-01-30 | 107.36 | 4,981,509.30 | 111.36 | 5,167,272.34 | 33,839.78 | 5,201,112.12 | 2.33 | 1.7 | 8.50 | А | A3 |
| 911312BY1 | 3,025,000 | UPS Inc. 4.450% Due 04-01-30 | 121.90 | 3,687,539.25 | 124.86 | 3,777,002.75 | 35,896.67 | 3,812,899.42 | 1.71 | 1.7 | 8.09 | A- | A2 |
| 46647PBE5 | 10,020,000 | JP Morgan 2.739% Due 10-15-30 | 100.65 | 10,085,263.54 | 107.28 | 10,749,836.96 | 57,176.62 | 10,807,013.59 | 4.84 | 2.0 | 8.46 | A- | A2 |
| 23338VAM8 | 4,200,000 | DTE Electric Co 2.625% Due 03-01-31 | 107.49 | 4,514,454.00 | 108.28 | 4,547,664.83 | 25,725.00 | 4,573,389.83 | 2.05 | 1.8 | 9.30 | А | Aa3 |
| 172967MP3 | 5,280,000 | Citigroup Inc. 4.412% Due 03-31-31 | 118.53 | 6,258,355.54 | 118.65 | 6,264,823.33 | 58,238.40 | 6,323,061.73 | 2.83 | 2.4 | 8.29 | BBB+ | A3 |
| | | | - | 134,513,989.55 | | 140,821,546.04 | 1,192,354.48 | 142,013,900.51 | 63.58 | 1.8 | 6.56 | | |
| | | Corporate Bonds Total | - | 134,513,989.55 | | 140,821,546.04 | 1,192,354.48 | 142,013,900.51 | 63.58 | 1.8 | 6.56 | | |

GH&A Sample Fixed Income – Aggregate Quarterly Report June 30, 2020

| Cusip | Original Face | Quantity | Security | Unit Cost | Total Cost | Price | Market Value | Accrued Interest | Market Value +Accr.Int. | Pct. Assets | Yield T <u>o Mat</u> . | Dura- tion | S&P | Moody |
|---------------------|------------------|---------------|--|--------------|---------------|--------|-----------------|---------------------|----------------------------|----------------|---------------------------|---------------|-----|-------|
| Government | Bonds | | | | | | | | | | | | | |
| Agency 3130AJ2T5 | | 6,535,000.00 | FHLB Floater | 100.00 | 6,535,000.00 | 99.95 | 6,531,918.68 | 4,666.53 | 6,536,585.22 | 2.93 | 0.5 | 0.25 | AA+ | Aaa |
| 3130AJA66 | | 7,995,000.00 | 0.451% Due 08-04-21 FHLB Floater 0.280% Due 08-24-21 | 100.00 | 7,995,000.00 | 99.96 | 7,992,008.11 | 2,300.78 | 7,994,308.89 | 3.58 | 0.3 | 0.25 | AA+ | Aaa |
| 3130AH3M3 | | 7,310,000.00 | 0.218% Due 08-24-21 FHLB Floater 0.218% Due 09-13-21 | 100.00 | 7,310,000.00 | 99.92 | 7,304,497.62 | 752.52 | 7,305,250.14 | 3.27 | 0.3 | 0.25 | AA+ | Aaa |
| 3130AJQV4 | | 16,385,000.00 | 6.218% Due 09-13-21 FHLB Floater 0.174% Due 12-17-21 | 100.00 | 16,385,000.00 | 99.96 | 16,377,827.47 | 1,187.91 | 16,379,015.38 | 7.33 | 0.2 | 0.08 | AA+ | Aaa |
| 31422BC32 | | 4,620,000.00 | FAMCA Floater 0.193% Due 12-22-21 | 100.00 | 4,620,000.00 | 99.97 | 4,618,634.28 | 372.26 | 4,619,006.54 | 2.07 | 0.3 | 0.25 | | |
| 31422BZK9 | | 5,445,000.00 | FAMCA Floater 0.286% Due 02-25-22 | 100.00 | 5,445,000.00 | 99.97 | 5,443,203.75 | 1,857.67 | 5,445,061.42 | 2.44 | 0.4 | 0.25 | NA | NA |
| | | | | - | 48,290,000.00 | | 48,268,089.91 | 11,137.68 | 48,279,227.58 | 21.61 | 0.3 | 0.19 | | |
| | | | Government Bonds Total | | 48,290,000.00 | | 48,268,089.91 | 11,137.68 | 48,279,227.58 | 21.61 | 0.3 | 0.19 | | |
| Mortgage-Bac | ked Securities F | NMA | | | | | | | | | | | | |
| MBS 3140H1XA3 | 5,711,461.00 | 4,040,329.20 | FNMA Pool #BJ0672 | 104.58 | 4,225,300.52 | 106.37 | 4,297,796.11 | 13,018.84 | 4,310,814.95 | 1.93 | 2.5 | 2.20 | | |
| 5140H1AA5 | 5,/11,401.00 | 4,040,329.20 | 4.000% Due 03-01-33 | 104.38 | 4,223,300.32 | 100.57 | 4,297,790.11 | 15,018.84 | 4,510,614.95 | 1.95 | 2.5 | 2.20 | | |
| 31416YZ92 | 32,335,000.00 | 2,221,147.75 | FNMA Pool #AB3467 4.500% Due 02-01-35 | 109.06 | 2,422,439.26 | 109.38 | 2,429,458.67 | 8,051.66 | 2,437,510.33 | 1.09 | 1.5 | 2.50 | | |
| 31418C4K7 | 9,678,549.00 | 5,901,810.88 | FNMA Pool #MA3525 4.500% Due 11-01-38 | 106.06 | 6,259,608.16 | 108.50 | 6,403,173.61 | 21,394.06 | 6,424,567.67 | 2.88 | 2.5 | 2.90 | | |
| | | | | - | 12,907,347.95 | | 13,130,428.39 | 42,464.56 | 13,172,892.95 | 5.90 | 2.3 | 2.60 | | |
| | | | Mortgage-Backed Securi Total | - | 12,907,347.95 | | 13,130,428.39 | 42,464.56 | 13,172,892.95 | 5.90 | 2.3 | 2.60 | | |
| Mortgage-Bac | ked Securities F | HLMC | | | | | | | | | | | | |
| MBS | | | | | | | | | | | | | | |
| 3132J4AB5 | 9,175,000.00 | 2,387,350.49 | FHLMC Pool #G30701 5.000% Due 11-01-31 | 111.23 | 2,655,437.92 | 111.65 | 2,665,374.86 | 9,615.72 | 2,674,990.58 | 1.20 | 1.6 | 2.60 | | |
| 3132J4DQ9 | 5,610,000.00 | 1,964,599.31 | FHLMC Pool #G30810 4.500% Due 01-01-32 | 109.34 | 2,148,166.56 | 109.08 | 2,143,026.73 | 7,121.67 | 2,150,148.41 | 0.96 | 1.6 | 2.20 | | |
| 3132CWJV7 | 9,620,000.00 | 8,077,898.90 | FHLMC Pool #SB0276 4.000% Due 12-01-34 | 105.04 | 8,484,949.26 | 105.75 | 8,542,008.12 | 26,028.79 | 8,568,036.90 | 3.84 | 1.7 | 2.30 | | |
| 31335AEF1 | 3,975,000.00 | 1,126,302.15 | FHLMC Pool #G60134 4.500% Due 06-01-36 | 108.40 | 1,220,938.98 | 109.40 | 1,232,118.77 | 4,082.85 | 1,236,201.61 | 0.55 | 2.5 | 2.90 | | |
| | | | | - | 14,509,492.72 | | 14,582,528.48 | 46,849.02 | 14,629,377.50 | 6.55 | 1.7 | 2.39 | | |
| | | | Mortgage-Backed Securi Total | | 14,509,492.72 | | 14,582,528.48 | 46,849.02 | 14,629,377.50 | 6.55 | 1.7 | 2.39 | | |



GH&A Sample Fixed Income – Aggregate Quarterly Report June 30, 2020

| Cusip | Original Face | Quantity | Security | Unit Cost | Total Cost | Price | Market Value | Accrued Interest | Market Value +Accr.Int. | Pct. <u>Assets</u> | Yield <u>To Ma</u> t. | Dura- tion | S&P | Moody |
|-------------|------------------|----------|---------------------------------|--------------|----------------|-------|-----------------|---------------------|----------------------------|-----------------------|--------------------------|---------------|-----|-------|
| CASH | | | | | | | | | | | | | | |
| Cash | | | | | | | | | | | | | | |
| FIACC | | | Fixed Income Accrual Account | | 0.00 | | 0.00 | | 0.00 | 0.00 | | | | |
| 09248U700 | | | Blackrock Fed Fund Inst | | 0.00 | | 0.00 | | 0.00 | 0.00 | | | | |
| X9USDBLFD | | | Blackrock Federal Fd Instl 30 | | 5,281,841.33 | | 5,281,841.33 | | 5,281,841.33 | 2.36 | | | | |
| | | | | | 5,281,841.33 | | 5,281,841.33 | | 5,281,841.33 | 2.36 | | | | |
| | | | CASH Total | | 5,281,841.33 | | 5,281,841.33 | | 5,281,841.33 | 2.36 | | | | |
| TOTAL PORTE | FOLIO | | | | 215,502,671.55 | | 222,084,434.14 | 1,292,805.74 | 223,377,239.87 | 100.00 | 1.5 | 4.62 | | |



Client Report Disclosures

PERFORMANCE DATA

Performance data represents historically achieved results for a client's portfolio(s), and is no guarantee of future performance. Future investments may be made under significantly different market or economic conditions. These market or economic conditions may or may not be repeated. Therefore, there may be differences between the performance shown and the actual performance results achieved by any other client retaining Garcia Hamilton for the same investment strategies.

Benchmark results are shown for comparison purposes only. The benchmark presented represents unmanaged portfolios whose characteristics are similar to the portfolio(s); and it tends to represent the investment environment existing during the time periods shown. The benchmark cannot be invested in directly. The returns of the benchmark do not include any transaction costs, management fees or other costs. The holdings of the client portfolio(s) may differ significantly from the securities that comprise the benchmark shown. The benchmark has been selected to represent what the client and Garcia Hamilton believe is an appropriate benchmark with which to compare the performance of the portfolio(s).



Attachment

GH&A Sample Fixed Income – Aggregate Holdings

GH&A Sample Fixed Income – Aggregate Holdings June 30, 2020

| Cusip | Original Face | Quantity | Security | Unit Cost | Total Cost | Price | Market Value | Accrued Interest | Market Value +Accr.Int. | Pct. Assets | Yield T <u>o Ma</u> t. | Dura- tion | S&P | Moody |
|------------------------|------------------|------------|--|--------------|----------------|--------|-----------------|---------------------|----------------------------|----------------|---------------------------|---------------|------|-------|
| Corporate Bonds | | | | | | | | | | | | | | |
| Corporates | | | | | | | | | | | | | | |
| 31677QBQ1 | | 4,910,000 | Fifth Third Bank Floater 1.327% Due 02-01-22 | 100.00 | 4,910,000.00 | 100.44 | 4,931,781.20 | 10,675.32 | 4,942,456.52 | 2.21 | 1.0 | 0.25 | A- | NR |
| 06406FAF0 | | 10,618,000 | Bank NY Mellon Flt Call 1.810% Due 10-30-23 | 101.03 | 10,727,217.22 | 101.22 | 10,747,221.06 | 32,567.16 | 10,779,788.22 | 4.83 | 1.4 | 0.25 | А | A1 |
| 20030NCX7 | | 7,960,000 | Comcast Corp. Floater 1.849% Due 04-15-24 | 100.18 | 7,974,505.50 | 100.21 | 7,976,478.79 | 31,069.40 | 8,007,548.19 | 3.58 | 1.8 | 0.25 | A- | A3 |
| 202795JN1 | | 3,726,000 | Commonwealth Edison Co. 3.700% Due 08-15-28 | 103.83 | 3,868,601.46 | 115.84 | 4,316,131.07 | 51,698.25 | 4,367,829.32 | 1.96 | 1.6 | 7.04 | А | A1 |
| 61744YAP3 | | 9,610,000 | Morgan Stanley 3.772% Due 01-24-29 | 101.97 | 9,799,720.60 | 113.85 | 10,940,960.78 | 157,078.65 | 11,098,039.44 | 4.97 | 2.0 | 6.81 | BBB+ | A3 |
| 95000U2D4 | | 9,255,000 | Wells Fargo 4.150% Due 01-24-29 | 113.00 | 10,458,326.07 | 117.69 | 10,892,310.75 | 166,435.75 | 11,058,746.50 | 4.95 | 1.9 | 7.24 | A- | A2 |
| 38141GWZ3 | | , , | Goldman Sachs 4.223% Due 05-01-29 | 105.73 | 9,753,207.03 | 116.35 | 10,733,167.39 | 63,846.48 | 10,797,013.87 | 4.83 | 2.2 | 6.98 | BBB+ | A3 |
| 459200KA8 | | 5,455,000 | IBM Corp. 3.500% Due 05-15-29 | 107.29 | 5,852,748.40 | 115.34 | 6,291,993.38 | 23,865.62 | 6,315,859.00 | 2.83 | 1.6 | 7.71 | А | A2 |
| 254687FL5 | | 5,840,000 | Walt Disney Company 2.000% Due 09-01-29 | 100.83 | 5,888,764.00 | 101.90 | 5,951,053.56 | 38,608.89 | 5,989,662.45 | 2.68 | 1.8 | 8.30 | A- | A2 |
| 24422EVD8 | | 6,325,000 | John Deere Corp. 2.450% Due 01-09-30 | 101.94 | 6,447,875.50 | 108.45 | 6,859,649.91 | 73,607.19 | 6,933,257.10 | 3.10 | 1.5 | 8.45 | А | A2 |
| 693475AZ8 | | 3,970,000 | PNC Financial Services 2.550% Due 01-22-30 | 100.57 | 3,992,621.50 | 108.08 | 4,290,593.58 | 44,430.92 | 4,335,024.50 | 1.94 | 1.6 | 8.44 | A- | A3 |
| 20030NDA6 | | 2,785,000 | Comcast Corp. 2.650% Due 02-01-30 | 103.75 | 2,889,465.35 | 108.76 | 3,028,849.25 | 30,546.03 | 3,059,395.29 | 1.37 | 1.7 | 8.43 | A- | A3 |
| 06051GHQ5 | | 9,310,000 | Bank of America 3.974% Due 02-07-30 | 110.98 | 10,332,596.34 | 116.43 | 10,839,944.88 | 146,964.04 | 10,986,908.92 | 4.92 | 2.1 | 7.56 | A- | A2 |
| 172967ME8 | | 4,065,000 | Citigroup Inc. 3.980% Due 03-20-30 | 109.86 | 4,465,836.00 | 114.92 | 4,671,376.86 | 44,940.83 | 4,716,317.70 | 2.11 | 2.3 | 7.65 | BBB+ | A3 |
| 254687FQ4 | | 3,985,000 | Walt Disney Company 3.800% Due 03-22-30 | 115.22 | 4,591,556.85 | 116.95 | 4,660,612.28 | 40,801.97 | 4,701,414.25 | 2.10 | 1.9 | 8.21 | A- | A2 |
| 001055BJ0 | | 2,735,000 | Aflac Inc 3.600% Due 04-01-30 | 110.93 | 3,033,826.10 | 116.37 | 3,182,821.08 | 24,341.50 | 3,207,162.58 | 1.44 | 1.8 | 8.30 | A- | A3 |
| 68389XBV6 | | 4,640,000 | Oracle Corp 2.950% Due 04-01-30 | 107.36 | 4,981,509.30 | 111.36 | 5,167,272.34 | 33,839.78 | 5,201,112.12 | 2.33 | 1.7 | 8.50 | А | A3 |
| 911312BY1 | | 3,025,000 | UPS Inc. 4.450% Due 04-01-30 | 121.90 | 3,687,539.25 | 124.86 | 3,777,002.75 | 35,896.67 | 3,812,899.42 | 1.71 | 1.7 | 8.09 | A- | A2 |
| 46647PBE5 | | 10,020,000 | JP Morgan 2.739% Due 10-15-30 | 100.65 | 10,085,263.54 | 107.28 | 10,749,836.96 | 57,176.62 | 10,807,013.59 | 4.84 | 2.0 | 8.46 | A- | A2 |
| 23338VAM8 | | 4,200,000 | DTE Electric Co 2.625% Due 03-01-31 | 107.49 | 4,514,454.00 | 108.28 | 4,547,664.83 | 25,725.00 | 4,573,389.83 | 2.05 | 1.8 | 9.30 | А | Aa3 |
| 172967MP3 | | 5,280,000 | Citigroup Inc. 4.412% Due 03-31-31 | 118.53 | 6,258,355.54 | 118.65 | 6,264,823.33 | 58,238.40 | 6,323,061.73 | 2.83 | 2.4 | 8.29 | BBB+ | A3 |
| | | | | - | 134,513,989.55 | | 140,821,546.04 | 1,192,354.48 | 142,013,900.51 | 63.58 | 1.8 | 6.56 | | |
| | | | Corporate Bonds Total | - | 134,513,989.55 | | 140,821,546.04 | 1,192,354.48 | 142,013,900.51 | 63.58 | 1.8 | 6.56 | | |



GH&A Sample Fixed Income – Aggregate Holdings

June 30, 2020

| Cusip | Original Face | Quantity | Security | Unit Cost | Total Cost | Price | Market Value | Accrued Interest | Market Value +Accr.Int. | Pct. Assets | Yield T <u>o Ma</u> t. | Dura- tion | S&P | Moody |
|---------------------|------------------|---------------|--|--------------|---------------|--------|-----------------|---------------------|----------------------------|----------------|---------------------------|---------------|-----|-------|
| Government | Bonds | | | | | | | | | | | | | |
| Agency 3130AJ2T5 | | 6,535,000.00 | FHLB Floater 0.451% Due 08-04-21 | 100.00 | 6,535,000.00 | 99.95 | 6,531,918.68 | 4,666.53 | 6,536,585.22 | 2.93 | 0.5 | 0.25 | AA+ | Aaa |
| 3130AJA66 | | 7,995,000.00 | FHLB Floater 0.280% Due 08-24-21 | 100.00 | 7,995,000.00 | 99.96 | 7,992,008.11 | 2,300.78 | 7,994,308.89 | 3.58 | 0.3 | 0.25 | AA+ | Aaa |
| 3130AH3M3 | | 7,310,000.00 | FHLB Floater 0.218% Due 09-13-21 | 100.00 | 7,310,000.00 | 99.92 | 7,304,497.62 | 752.52 | 7,305,250.14 | 3.27 | 0.3 | 0.25 | AA+ | Aaa |
| 3130AJQV4 | | 16,385,000.00 | 6.218% Due 09-19-21 FHLB Floater 0.174% Due 12-17-21 | 100.00 | 16,385,000.00 | 99.96 | 16,377,827.47 | 1,187.91 | 16,379,015.38 | 7.33 | 0.2 | 0.08 | AA+ | Aaa |
| 31422BC32 | | 4,620,000.00 | FAMCA Floater 0.193% Due 12-22-21 | 100.00 | 4,620,000.00 | 99.97 | 4,618,634.28 | 372.26 | 4,619,006.54 | 2.07 | 0.3 | 0.25 | | |
| 31422BZK9 | | 5,445,000.00 | | 100.00 | 5,445,000.00 | 99.97 | 5,443,203.75 | 1,857.67 | 5,445,061.42 | 2.44 | 0.4 | 0.25 | NA | NA |
| | | | 0.20070 240 02 20 22 | | 48,290,000.00 | | 48,268,089.91 | 11,137.68 | 48,279,227.58 | 21.61 | 0.3 | 0.19 | | |
| | | | Government Bonds Total | | 48,290,000.00 | | 48,268,089.91 | 11,137.68 | 48,279,227.58 | 21.61 | 0.3 | 0.19 | | |
| Mortgage-Bac | ked Securities F | NMA | | | | | | | | | | | | |
| MBS | | | | | | | | | | | | | | |
| 3140H1XA3 | 5,711,461.00 | 4,040,329.20 | FNMA Pool #BJ0672 4.000% Due 03-01-33 | 104.58 | 4,225,300.52 | 106.37 | 4,297,796.11 | 13,018.84 | 4,310,814.95 | 1.93 | 2.5 | 2.20 | | |
| 31416YZ92 | 32,335,000.00 | 2,221,147.75 | FNMA Pool #AB3467 4.500% Due 02-01-35 | 109.06 | 2,422,439.26 | 109.38 | 2,429,458.67 | 8,051.66 | 2,437,510.33 | 1.09 | 1.5 | 2.50 | | |
| 31418C4K7 | 9,678,549.00 | 5,901,810.88 | FNMA Pool #MA3525 4.500% Due 11-01-38 | 106.06 | 6,259,608.16 | 108.50 | 6,403,173.61 | 21,394.06 | 6,424,567.67 | 2.88 | 2.5 | 2.90 | | |
| | | | | | 12,907,347.95 | | 13,130,428.39 | 42,464.56 | 13,172,892.95 | 5.90 | 2.3 | 2.60 | | |
| | | | Mortgage-Backed Securi Total | | 12,907,347.95 | | 13,130,428.39 | 42,464.56 | 13,172,892.95 | 5.90 | 2.3 | 2.60 | | |
| Mortgage-Bac | ked Securities F | HLMC | | | | | | | | | | | | |
| MBS | | | | | | | | | | | | | | |
| 3132J4AB5 | 9,175,000.00 | 2,387,350.49 | FHLMC Pool #G30701 5.000% Due 11-01-31 | 111.23 | 2,655,437.92 | 111.65 | 2,665,374.86 | 9,615.72 | 2,674,990.58 | 1.20 | 1.6 | 2.60 | | |
| 3132J4DQ9 | 5,610,000.00 | 1,964,599.31 | FHLMC Pool #G30810 4.500% Due 01-01-32 | 109.34 | 2,148,166.56 | 109.08 | 2,143,026.73 | 7,121.67 | 2,150,148.41 | 0.96 | 1.6 | 2.20 | | |
| 3132CWJV7 | 9,620,000.00 | 8,077,898.90 | FHLMC Pool #SB0276 4.000% Due 12-01-34 | 105.04 | 8,484,949.26 | 105.75 | 8,542,008.12 | 26,028.79 | 8,568,036.90 | 3.84 | 1.7 | 2.30 | | |
| 31335AEF1 | 3,975,000.00 | 1,126,302.15 | FHLMC Pool #G60134 4.500% Due 06-01-36 | 108.40 | 1,220,938.98 | 109.40 | 1,232,118.77 | 4,082.85 | 1,236,201.61 | 0.55 | 2.5 | 2.90 | | |
| | | | 1.50070 Due 00-01-50 | | 14,509,492.72 | | 14,582,528.48 | 46,849.02 | 14,629,377.50 | 6.55 | 1.7 | 2.39 | | |
| | | | Mortgage-Backed Securi Total | | 14,509,492.72 | | 14,582,528.48 | 46,849.02 | 14,629,377.50 | 6.55 | 1.7 | 2.39 | | |



GH&A Sample Fixed Income – Aggregate Holdings

June 30, 2020

| Cusip | Original Face | Quantity | Security | Unit Cost | Total Cost | Price | Market Value | Accrued Interest | Market Value +Accr.Int. | Pct. Assets | Yield T <u>o Ma</u> t. | Dura- tion | S&P | Moody |
|-------------|------------------|----------|---------------------------------|--------------|----------------|-------|-----------------|---------------------|----------------------------|----------------|---------------------------|---------------|-----|-------|
| CASH | | | | | | | | | | | | | | |
| Cash | | | | | | | | | | | | | | |
| FIACC | | | Fixed Income Accrual Account | | 0.00 | | 0.00 | | 0.00 | 0.00 | | | | |
| 09248U700 | | | Blackrock Fed Fund Inst | | 0.00 | | 0.00 | | 0.00 | 0.00 | | | | |
| X9USDBLFD | | | Blackrock Federal Fd Instl 30 | | 5,281,841.33 | | 5,281,841.33 | | 5,281,841.33 | 2.36 | | | | |
| | | | | | 5,281,841.33 | | 5,281,841.33 | | 5,281,841.33 | 2.36 | | | | |
| | | | CASH Total | | 5,281,841.33 | | 5,281,841.33 | | 5,281,841.33 | 2.36 | | | | |
| TOTAL PORTF | OLIO | | | | 215,502,671.55 | | 222,084,434.14 | 1,292,805.74 | 223,377,239.87 | 100.00 | 1.5 | 4.62 | | |





GH&A Sample Fixed Income – Aggregate Report – Active Risk Template Garcia Hamilton & Associates

State Retirement Agence Less than G - I - Terra Maria Fixed Income Fund

M less than O

Bloomberg Barclays U.S. Aggregate Index
7/31/2020

| Index Sector* | Portfolio Weight | Benchmark Weight | Portfolio Active Weight | **Active Weight Limit Net of Benchmark (+%) | Portfolio Effective Active Weight Limit | Compliant Yes/No | Portfolio Duration | Benchmark Duration | Portfolio Contribution to Duration | Benchmark Contribution to Duration | Portfolio Active | **Active Risk Limit Net of Benchmark (+ Years) | Portfolio Effective Active Risk Limit | Compliant Yes/No |
|--|---------------------|---------------------|-------------------------------|---|---|-----------------------|-----------------------|-----------------------|--|--|---------------------|--|--|---------------------|
| U.S. Government | 45.92% | 43.26% | 2.66% | 50.00% | 93.26% | Yes | 1.88 | 7.11 | 0.86 | 3.08 | -2.21 | 3.0 | 6.08 | Yes |
| U.S. Securitized | 2.36% | 28.96% | -26.60% | 25.00% | 53.96% | Yes | 2.48 | 1.97 | 0.06 | 0.57 | -0.51 | 1.5 | 2.07 | Yes |
| Investment Grade Corporate (USD-denominated) | 50.98% | 27.78% | 23.20% | 30.00% | 57.78% | Yes | 8.03 | 8.79 | 4.09 | 2.44 | 1.65 | 2.0 | 4.44 | Yes |
| | | | | | | | | | | | - 20% | + 20 % | | |
| | | | | | | Overall Portfo | lio Duration | +/- 20% | 5.01 | 6.09 | 4.87 | 7.31 | | Yes |



GH&A Market Commentary – Quarter Ending 06302020



Presented By:

Gilbert A. Garcia, CFA Managing Partner

Ruby Muñoz Dang Partner



5 Houston Center 1401 McKinney, Suite 1600 Houston, TX 77010 Tel: (713) 853-2359 Fax: (713) 853-2300 Ruby@GarciaHamiltonAssociates.com www.GarciaHamiltonAssociates.com

GARCIA HAMILTON & ASSOCIATES

Fixed Income Management

Quarter Ended June 30, 2020



Awards/rankings may not represent client experiences and are not indicative of future performance. Go to www.garciahamiltonassociates.com/awards/ for additional information on each award.

2nd Quarter 2020 Fixed Income Market Commentary

June 30, 2020

- The National Bureau of Economic Research announced in June that the U.S. economy officially entered its first recession in nearly 11 years, ending the longest economic expansion on record. However, the government's stimulus efforts to pull the economy out of recession appear to be working as the Bureau of Labor Statistic's nonfarm payroll report shocked economists and the markets with an unexpected gain of 2.5 million compared to an expected loss of 7.5 million jobs. The strong increase in jobs led to a surprise drop in the unemployment rate from 14.7% to 13.3% which was significantly lower than the 19.0% forecasted.
- Despite the job gains, Fed Chair Powell remained committed to keeping rates low, stating "we are not thinking about raising rates or thinking about thinking about raising rates." Additionally, he stated the Fed will maintain asset purchases "over coming months...at least at the current pace" including purchasing corporate bonds in the primary and secondary markets to create a broad portfolio representative of the overall corporate bond market.
- For the quarter, the 10-year Treasury yield declined 5 basis points to 0.65%. The 2-year yield finished the quarter 8 basis point lower at 0.15% while the yield of the 30-year Treasury rose 6 basis points to 1.41%. These moves caused the 2-30 year yield spread to steepen by 14 basis points to 126 basis points.
- The bond market posted a positive return this quarter with a return of 2.90% for the Bloomberg Barclays U.S. Aggregate Index.
- Spread product bounced back meaningfully this quarter as all four spread sectors posted a positive excess return. Leading the way was the corporate sector with a whopping 847 basis points of excess return followed by the asset-backed securities sector with 326 basis points of excess return. The agency sector and the mortgage-backed securities sector posted excess returns of 156 basis points and 38 basis points, respectively. Thus, the Bloomberg Barclays U.S. Aggregate Index recorded an excess return of 246 basis points this month.
- Even with spreads tightening this quarter, we still see an excellent opportunity in the corporate bond market with spreads at very attractive levels. With the Fed providing ample liquidity in addition to the unprecedented fiscal stimulus, we expect to see a much stronger economy once the virus is contained. Therefore, we are maintaining our defensive positioning as rates will move higher off these extreme lows when the economy reaccelerates.

Fixed Income Market Factors

June 30, 2020 Factor **Position** Institutional investors began to moderate their extreme bullish positioning at the end of the quarter with indicators beginning to point to managers moving to a more neutral stance, Sentiment Negative albeit continuing to maintain positioning above their historic long-term levels in anticipation of a protracted period of low rates. The Federal Reserve expects to maintain asset purchases including purchasing corporate bonds in the primary and secondary markets over the coming months. Additionally, money Monetary Negative supply growth has been expanding rapidly. This stimulus will lead to a recovery in the economy, firmer inflation, and higher longer term rates. With Treasury yields near all time lows as COVID-19 fears have gripped the markets, we see Valuation little value in Treasuries. We expect rates to generally move higher, particularly on the long Negative end, as the economy recovers. With the Fed providing ample liquidity and the CARES Act stimulus filtering through the **Economic** economy, we expect to see a "v-shaped" recovery once the virus is contained. Positive Negative momentum in the labor market is starting to take hold. One of the big surprises to the markets will be the pickup in inflation later this year as the Inflation Negative surge in money supply growth and pent up demand leads to higher prices.



GH&A Fixed Income – Aggregate Composite Disclosure Presentation

Performance Disclosure

| | IE – AGGREGATE I | | Performance Results | | 1 | viation (3-yr)* | Campa | site Assets | Hamilton & Ass Firm As | , |
|----------|--------------------------|--------------------------|-------------------------------|-------------------|--------------|--------------------------|-------------------------|--------------------------|---------------------------|-------------------|
| | Gross Composite | Net Composite | Bloomberg Barclays US | Composite | Standard Dev | Bloomberg Barclays US | Compo | Composite Assets | Total Firm Assets | sets |
| Year End | Total Return (% US\$) | Total Return (% US\$) | Aggregate Index Return (%) | Dispersion (%) | Composite | Aggregate Index (%) | Number of Portfolios | Period End (US\$ mil) | Period End (US\$ mil) | % of Firm Asse |
| 1992 | 8.2 | 7.8 | 7.4 | NM | - | | 2 | 35 | 470 | 7 |
| 1993 | 10.8 | 10.4 | 9.8 | NM | _ | _ | 3 | 62 | 741 | 8 |
| 1994 | -3.3 | -3.8 | -2.9 | NM | - | - | 3 | 60 | 1.079 | 6 |
| 1995 | 18.8 | 18.5 | 18.5 | NM | - | - | 4 | 89 | 1,490 | 6 |
| 1996 | 3.3 | 3.1 | 3.6 | NM | - | - | 3 | 84 | 1.785 | 5 |
| 1997 | 8.9 | 8.7 | 9.7 | NM | - | - | 3 | 107 | 2,219 | 5 |
| 1998 | 9.8 | 9.5 | 8.7 | NM | - | - | 3 | 117 | 3,543 | 3 |
| 1999 | -2.1 | -2.3 | -0.8 | NM | - | - | 4 | 127 | 3,893 | 3 |
| 2000 | 11.8 | 11.6 | 11.6 | NM | - | - | 3 | 102 | 3,704 | 3 |
| 2001 | 7.9 | 7.7 | 8.4 | NM | - | - | 3 | 99 | 3,496 | 3 |
| 2002 | 10.4 | 10.2 | 10.3 | NM | - | - | 3 | 85 | 3,280 | 3 |
| 2003 | 4.1 | 3.9 | 4.1 | NM | - | - | 3 | 88 | 4,628 | 2 |
| 2004 | 4.9 | 4.8 | 4.3 | NM | - | - | 4 | 98 | 4,710 | 2 |
| 2005 | 3.8 | 3.6 | 2.4 | NM | - | - | 4 | 121 | 4,152 | 3 |
| 2006 | 4.2 | 4.0 | 4.3 | NM | - | - | 4 | 126 | 3,025 | 4 |
| 2007 | 8.6 | 8.4 | 7.0 | 0.1 | - | - | 6 | 184 | 2,215 | 8 |
| 2008 | 5.9 | 5.7 | 5.2 | 0.2 | - | - | 9 | 248 | 1,538 | 16 |
| 2009 | 12.1 | 11.9 | 5.9 | 1.7 | - | - | 16 | 419 | 1,939 | 22 |
| 2010 | 8.2 | 8.0 | 6.5 | 0.4 | - | - | 27 | 653 | 2,382 | 27 |
| 2011 | 5.3 | 5.1 | 7.8 | 0.3 | 3.5 | 2.8 | 42 | 983 | 2,704 | 36 |
| 2012 | 10.5 | 10.3 | 4.2 | 0.2 | 3.1 | 2.4 | 47 | 1,084 | 3,227 | 34 |
| 2013 | 0.1 | -0.1 | -2.0 | 0.2 | 3.4 | 2.7 | 59 | 1,372 | 3,387 | 40 |
| 2014 | 8.0 | 7.8 | 6.0 | 0.2 | 2.8 | 2.6 | 111 | 2,485 | 4,962 | 50 |
| 2015 | 0.8 | 0.7 | 0.6 | 0.1 | 3.2 | 2.9 | 146 | 3,768 | 6,340 | 59 |
| 2016 | 3.2 | 3.0 | 2.7 | 0.1 | 3.3 | 3.0 | 168 | 5,080 | 8,016 | 63 |
| 2017 | 3.8 | 3.6 | 3.5 | 0.1 | 3.1 | 2.8 | 185 | 7,135 | 10,071 | 71 |
| 2018 | 1.0 | 0.8 | 0.0 | 0.2 | 2.5 | 2.8 | 205 | 8,287 | 12,590 | 66 |
| 2019 | 7.3 | 7.1 | 8.7 | 0.5 | 2.3 | 2.9 | 250 | 10,113 | 14,997 | 67 |

*Historical information not required prior to 2011. NM = Not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year. Source: Bloomberg Barclays

The GH&A Fixed Income-Aggregate Composite is comprised only of fully discretionary, fee paying institutional portfolios, including those portfolios no longer with the firm. The Fixed Income-Aggregate investment philosophy utilizes high-quality U.S. investment grade fixed income securities. To help control risk, the portfolios purchase spread product (non-Treasuries) with less than 10-year maturities, 15-year Agency Guaranteed Mortgage-Backed securities and Corporate Bonds rated a minimum of single "A". The portfolios do not contain derivatives and do not employ leverage. The duration exposure is generally managed within a +/- 10% band around the Bloomberg Barclays US Aggregate Index.

The composite benchmark is the Bloomberg Barclays US Aggregate Index. The benchmark is used for comparative purposes only and generally reflects the risk or investment style of the product. For the period of January 1, 1992, through June 30, 1996, the minimum portfolio size for inclusion in the composite was \$1.0 million. Effective July 1, 1996, the minimum for inclusion in the composite was increased to \$2.0 million. The composite creation date is October 1, 1999.

Garcia Hamilton & Associates, L.P., (GH&A) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. GH&A has been independently verified for the periods January 1, 1993, through December 31, 2015, by Ashland Partners & Company LLP and from January 1, 2016, through December 31, 2018, by AcA Performance Services, LLC. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

GH&A is defined as an independent investment management firm registered under the Investment Advisers Act of 1940 and prior to June 30, 2010, was known as Davis Hamilton Jackson & Associates. GH&A has chosen not to claim compliance prior to January 1, 1993. A complete list and description of firm composites is available upon request. Past performance is no guarantee of future results.

The U.S. dollar is the currency used to express performance. Returns presented above are gross and net of management fees and include the reinvestment of all income. Net of fee results are calculated for the period of December 31, 1991, through December 31, 1994, by deducting the highest fee of .0375% from the monthly gross composite returns. Since January 1, 1995, the net of fees performance results are calculated based on actual fees. The management fee schedule for this composite is as follows: 0.25% of the first \$25 million, 0.20% of the next \$25 million, 0.18% of the next \$50 million, 0.15% of the next \$100 million, and 0.12% of the balance. In addition, some clients pay a percentage of annual outperformance of the portfolio versus the benchmark as agreed in the client specific fee schedule. Actual investment advisory fees incurred by clients may vary.

Additional information regarding policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Composite dispersion since January 1, 1993, is calculated using an asset value-weighted standard deviation of annual gross returns of those portfolios included in the composite the entire year. Standard deviation is presented as a 3-year annualized standard deviation measure of risk using monthly gross returns as of each annual period end.



GH&A Investment Professionals – Biographies



GARCIA HAMILTON & ASSOCIATES

Investment Professionals – Biographies

Quarter Ended June 30, 2020



5 Houston Center 1401 McKinney, Suite 1600 Houston, TX 77010 Tel: (713) 853-2359 Fax: (713) 853-2300 Ruby@GarciaHamiltonAssociates.com www.GarciaHamiltonAssociates.com



Awards/rankings may not represent client experiences and are not indicative of future performance. Go to www.garciahamiltonassociates.com/awards/ for additional information on each award

Key Investment Professionals



GILBERT ANDREW GARCIA, CFA Managing Partner

Mr. Garcia received a B.A. in Economics from Yale University. After graduating in 1985, he joined Salomon Brothers in New York City where he became a Vice-President specializing in mortgage-backed securities. In 1990, he joined former Mayor

Henry Cisneros to build Cisneros Asset Management Company, ultimately becoming its President. In 2002, he joined Garcia Hamilton & Associates and is the firm's Managing Partner. Under his leadership, the firm grew from \$200 million fixed income assets under management to over \$15.7 billion as of June 2020.

GH&A has received numerous industry recognitions. Most recently in 2019 Houston Business Journal recognized Mr. Garcia among Houston's Top CEOs, as well as being ranked among their Best Places to Work in 2018. The firm also received Pensions & Investments' Best Places to Work in Money Management for the fourth year in a row (2019, 2018, 2017, 2016). *Emerging Manager Monthly* awarded the firm Fixed Income Manager of the Year for the third time (2019, 2018 and 2010). Other past awards include FundMap's 2018 US Fixed Income Manager, *Institutional Investor's* Intermediate-Term Fixed Income Manager of the Year in 2016 and 2015, as well as their 2014 Fixed Income Investment Grade Manager of the Year.

Mr. Garcia is proud to serve on two SEC advisory boards: SEC's Fixed Income Market Structure Advisory Board and SEC's Asset Management Advisory Committee. He currently serves as a member of the Board of Trustees for Dallas Police & Fire Pension System, Board of Directors of Sanchez Energy and serves with Chairman Henry Kravis on the Board of Directors of SEO, a non-profit providing summer internships on Wall Street for minority undergraduates. Additionally, in 2018 he was co-chair for the Susan G. Komen Race for the Cure. The same year, he was also awarded "Male Entrepreneur of the Year 2018" by the Houston Hispanic Chamber of Commerce. In 2015, Mr. Garcia was awarded the SEO Alumni Leadership Award alongside other honorees, including the former mayor of New York City, Michael R. Bloomberg, and Co-Founder & Co-CEO of The Carlyle Group, David M. Rubenstein.

Previously, Mr. Garcia served as Chairman of the Metropolitan Transit Authority of Harris County, Secretary of the Board of Directors of the Houston Downtown Management District, member of the Board of Directors of the Yale Club of Houston and a member of the Board of Trustees of the Houston Municipal Employees Pension System. In addition, he is a Class X graduate of Leadership Houston. Mr. Garcia is married with four children and enjoys martial arts and coaching youth sports.



NANCY RODRIGUEZ Partner, Portfolio Manager

Ms. Rodriguez received a B.S. in Biology from the University Houston in 1987. After graduating, she joined the investment Daniel Breen & Co., L.P. in Houston, Texas where she worked from 1987 to 1998. During her time with Daniel Breen, she

held several positions including Trader's Assistant working with both equity and fixed income securities, Research Assistant and Portfolio Administrator.

Ms. Rodriguez joined Garcia Hamilton & Associates in 1998 as a Fixed Income Administrator. She initially served as a Trader's Assistant and Portfolio Administrator. When Gilbert Garcia joined the firm in 2002 to manage the Fixed Income strategies, Ms. Rodriguez was designated to assist in building the bond business as a Fixed Income Trader, and later, a Fixed Income Analyst. Ms. Rodriguez was promoted to Fixed Income Portfolio Manager in 2010 and became a partner of the firm in 2014. She currently oversees the fixed income trading desk.



KAREN H. TASS, CFA Partner, Portfolio Manager

Ms. Tass received a B.A. in International Studies with a minor in Business from Texas A&M University in 2002. She graduated in August 2010 with a M.B.A. in Finance from University of Houston's Bauer School of Business along with a

Graduate Certificate in Financial Services Management. In 2005, she was a Real Estate Analyst with the Situs Companies. In this role, she executed financial underwriting loans for CMBS securities and performed raw land, residential and commercial real estate asset valuations and mortgage analysis. In 2009, she worked for the Cougar Investment Fund, LLC as an Analyst and a Portfolio Manager. Ms. Tass joined Garcia Hamilton & Associates L.P. in June of 2010 as a Fixed Income Analyst. She was promoted Fixed Income Portfolio Manager in 2013 and oversees all corporate bonds and other portfolio implementations. Ms. Tass became a partner of the firm in 2016.

Ms. Tass is a Chartered Financial Analyst (CFA) charterholder. She is a member of the CFA Institute and the Houston Society of Financial Analysts and she was also a Winner of the 2010 Investment Research Challenge-Southwest U.S.

Key Investment Professionals



JEFFREY D. DETWILER, CFA, AAMS Partner, Portfolio Manager

Mr. Detwiler holds a B.S. in Finance from the University of South Florida and a M.S. in Finance from University of Houston's Bauer School of Business. Additionally, he earned a

Graduate Certificate in Financial Services Management from the University of Houston for his work as a Portfolio Manager of the Cougar Investment Fund, LLC. He began his career in the investment industry in 1996 as a financial planner and has worked for Franklin Templeton Investments as well as INVESCO Funds Group prior to joining Garcia Hamilton & Associates L.P. as a Fixed Income Analyst in 2007. He was promoted to Fixed Income Portfolio Manager in 2010. He now oversees our short portfolios and short assets for the firm. Mr. Detwiler became a partner of the firm in 2016.

Mr. Detwiler is a Chartered Financial Analyst (CFA) charterholder and serves as a member of the CFA Institute and the Houston Society of Financial Analysts. Mr. Detwiler has also attained the Accredited Asset Management Specialist (AAMS) designation awarded by the College for Financial Planning.



BENJAMIN D. MONKIEWICZ Partner, Portfolio Manager

Mr. Monkiewicz received a B.A. in Marketing from Sam Houston State University, where he was an active member of the Order of Omega Honor Society and held the position of Treasurer. He began his career in finance in May of 2010 as a

Summer Intern for Garcia Hamilton & Associates. Later that year, Mr. Monkiewicz joined the firm full time as a Marketing Analyst. In December of 2011, he transitioned to the Fixed Income team as a Junior Analyst. Mr. Monkiewicz began working as co-manager to the firm's short duration mandates in May of 2014 and was promoted to Investment Analyst at the end of that year. In December of 2016 he was promoted to a Portfolio Manager. Mr. Monkiewicz is a generalist for all products managed along the yield curve with an emphasis in our MBS and agency sectors. He currently runs our weekly investment meetings where he prepares research and analysis on current market conditions for the firm. Mr. Monkiewicz was named partner in 2019. In his spare time, he is an active volunteer for the Big Brother Big Sister Chapter of Greater Houston.



DON ELSENBROCK

Partner, Portfolio Manager/ Strategist

Mr. Elsenbrock received a B.S. in Economics and a M.A. in Economics from the University of Houston in 1986 and 1990, respectively. From 1992-1995, he worked as a Commodity Broker for Phoenix Trading Company. Following that he worked as

a Floor Trader at the Chicago Mercantile Exchange from 1996-1998, and then as an Assistant Portfolio Manager for First Southwest Company from 1998-1999. Afterwards, Mr. Elsenbrock joined TIG Capital Securities as Executive Vice President, Director of Trading from 1999-2001. From 2001-2013, he was Vice President, Quantitative/Fixed Income Analyst for Smith Graham & Co, where he managed broad market portfolios with specific responsibility for the corporate security sector and credit team. He joined Garcia Hamilton & Associates L.P. in May of 2014 as an Investment Analyst and was promoted to Fixed Income Portfolio Manager in December 2014. In addition to his portfolio management duties, Mr. Elsenbrock also serves as a Strategist for the Investment team. Mr. Elsenbrock became a Partner of the firm in January 2020.

Mr. Elsenbrock serves as an Assistant Scout Master for the Boy Scouts of America and is a founding board member of the EyeCan Alliance.

Investment Professionals



YVETTE M. DUEÑAS Investment Analyst

Ms. Dueñas received a B.B.A. in Accounting from the University of Incarnate Word in San Antonio, Texas in 2004. She began her career in finance as an Intern at Valero Energy Corporation, and following graduation, accepted a position as

an Accountant at Valero. In 2007, Ms. Dueñas graduated with a M.B.A. in Finance & Accounting from Our Lady of the Lake University in San Antonio. She joined Frost Investment Advisors where she was a Fixed Income Trader & Analyst responsible for co-managing the Frost Municipal Bond Funds. She also worked with Trust portfolio managers and management to implement recommendations and monitor events impacting portfolios. From 2011-2013, she was a Registered Sales Associate with Raymond James in Houston. Most recently, she worked for Oppenheimer & Co., Inc. as Institutional Fixed Income Sales Associate, where she focused on sales of Fixed Income products including Corporate, Agency, Municipal Bonds and Structured Products. Ms. Dueñas joined Garcia Hamilton & Associates in 2016 as an Investment Analyst.



REESE WELLER Investment Analyst

Mr. Weller received a B.A. in Finance and Minor in Economics from Texas Tech University in 1999. He began his investment career at Weller, Andersen, Cheneviere & Co., Ltd., where he began developing an institutional client base, performed trading

and settlement of bonds. He accepted a position as a Registered Representative at Edward Jones in 2001. Mr. Weller then became a Financial Advisor with Wallstreet Texas (LPL Financial). In 2005, he became a Senior Vice President at Weller, Andersen & Co., Ltd., where he served as a financial advisor to high net worth and retail clients as well as an institutional fixed income sales/trader to clients. He focused on the sales of all taxable and municipal bond securities. In 2013, he joined Vaughan Nelson Investment Management, LP as Vice President of Fixed Income. In 2014, Mr. Weller was promoted to Director of Client Services serving firm clients and developing new business. Mr. Weller joined GH&A in 2017 as an Investment Analyst.

Mr. Weller is a Lifetime Member of the Houston Livestock Show & Rodeo, having served 15 years as a volunteer on the BBQ Committee. He is a member of Stewards of the Wild – Houston Chapter, on the Planning Committee of the annual ALS/Phi Delta Theta sporting clays event, and an active member of The Bridge Fellowship.



CONNIE FALCON DAVIS Investment Analyst

Ms. Davis received a B.S. in Journalism from The University of Houston. She began her career at Ameriprise Financial where she worked as an Administrative Assistant. Ms. Davis joined the firm in July of 2012 as a Client Relations Associate. In January

of 2015, she transitioned to the Fixed Income team to assist with reporting and trading. Ms. Davis was promoted to Investment Associate in July of 2015 and in February of 2019, she was promoted to an Investment Analyst.



BRIAN SIMON Investment Analyst

Mr. Simon received a B.B.A. in Marketing from Morehouse College in 1998, followed by an M.B.A. in Finance from the University of Houston in 2002. He began his career in Brokerage Operations Support Services for AIM Investment

Group as the relationship manager between the mutual fund company and a big five Wall Street brokerage house. In 2002, Brian worked as a Financial Advisor for Merrill Lynch, providing sophisticated portfolio strategies to high net worth individuals and small businesses. Mr. Simon joined Garcia Hamilton & Associates in 2003 as a Fixed Income Analyst, contributing to market reports and commentary, daily portfolio analysis, and trading across the variety of fixed sectors. In 2007, Mr. Simon relocated to the East Coast as his wife accepted a faculty position at Yale University. He joined ClearStructure Financial Technology as a Structured Finance Analyst and Account Manager. In this role, he managed and maintained a centralized master database of cash flow, waterfall, and compliance data for several asset managers and broker dealers participating in the derivative market. As the Collateralized Debt Obligation (CDO) market slowed, Mr. Simon joined Knights of Columbus Asset Advisors in 2011, as a Fixed Income Portfolio Analyst. He was responsible for comprehensive portfolio analysis and reporting, economic surveillance, and industry updates. In 2018, Mr. Simon returned to Houston to rejoin Garcia Hamilton & Associates as a Marketing Associate. In February of 2019, he transitioned back to the Investment team as an Investment Associate.

Investment Professionals



JAZMINE DANIELS Junior Analyst

Ms. Daniels received a B.A. in Finance from the University of Texas at San Antonio in 2019. She was an active member of Forum of Finance, an organization that analyzes the market and creates internal and external analysis for

particular sectors. She participated in multiple programs, such as Career Action Program, Finance Center Sessions, and Business of Finance Conferences, discussing key financial concepts, market outlooks, and investments. Currently, Ms. Daniels is focusing on obtaining a Master's in Applied Economics at the University of Houston. She joined Garcia Hamilton & Associates in April of 2020 as a Junior Analyst.



1401 MCKINNEY STREET, SUITE 1600, HOUSTON, TX 77010 PHONE: 713-853-2322 FAX: 713-853-2300

STATE OF NEVADA STATE TREASURER'S OFFICE

REQUEST FOR PROPOSAL: 05TO-S1232 INSTITUTIONAL FIXED INCOME INVESTMENT MANAGEMENT SERVICES

| Part II – Cost Proposal | | | | | |
|-------------------------|--|--|--|--|--|
| RFP Title: | Institutional Fixed Income Investment Management Services | | | | |
| RFP: | 05TO-S1232 | | | | |
| Vendor Name: | Garcia Hamilton & Associates, L.P. | | | | |
| Address: | Five Houston Center, 1401 McKinney Street, Suite 1600, Houston, TX 77010 | | | | |
| Opening Date: | August 14, 2020 | | | | |
| Opening Time: | 2:00 PM | | | | |

PRIMARY CONTACT: RUBY MUÑOZ DANG PHONE: 713-853-2322 Ext. 2359 Email: <u>Ruby@GarciaHamiltonAssociates.com</u>



Awards/rankings may not represent client experiences and are not indicative of future performance. Go to <u>www.garciahamiltonassociates.com/awards/</u> for additional information on each award.



Table of Contents

Section I Title Page

Section II Cost Proposal



Section I Title Page



1401 MCKINNEY STREET, SUITE 1600, HOUSTON, TX 77010 PHONE: 713-853-2322 FAX: 713-853-2300

STATE OF NEVADA STATE TREASURER'S OFFICE

REQUEST FOR PROPOSAL: 05TO-S1232 INSTITUTIONAL FIXED INCOME INVESTMENT MANAGEMENT SERVICES

| Part II – Cost Proposal | | | | | |
|-------------------------|--|--|--|--|--|
| RFP Title: | Institutional Fixed Income Investment Management Services | | | | |
| RFP: | 05TO-S1232 | | | | |
| Vendor Name: | Garcia Hamilton & Associates, L.P. | | | | |
| Address: | Five Houston Center, 1401 McKinney Street, Suite 1600, Houston, TX 77010 | | | | |
| Opening Date: | August 14, 2020 | | | | |
| Opening Time: | 2:00 PM | | | | |

PRIMARY CONTACT: RUBY MUÑOZ DANG PHONE: 713-853-2322 Ext. 2359 Email: <u>Ruby@GarciaHamiltonAssociates.com</u>



Awards/rankings may not represent client experiences and are not indicative of future performance. Go to <u>www.garciahamiltonassociates.com/awards/</u> for additional information on each award.



Section II Cost Proposal



4. COST

4.1 Vendor must provide detailed fixed prices for all costs associated with the responsibilities and related services. Clearly specify the nature of all expenses *(refer to Attachment G, Tab A.1 and Attachment G, Tab A.1 Alt Pricing)*.

GH&A has provided detailed fixed prices for all costs associated with the responsibilities and related services of this RFP under separate cover in Attachment G: Tab A.1 and Tab A.1 Alt Pricing.

Based on the mandate size (\$80 million) and the "Scope of Work", we are proposing a reduction in our Fixed Income – Aggregate Standard Fee schedule to the following:

FIXED INCOME – AGGREGATE <u>PROPOSED FEE SCHEDULE</u> 25 basis points on the first \$25 million 20 basis points on next \$25 million 14 basis points on the next \$200 million 13 basis points thereafter

The proposed fee covers the investment management services GH&A would be providing, per the "Scope of Work" outlined in the State's RFP.

Fees are payable quarterly in arrears.

4.2 All fields in *Attachment G, Tab A.1 and Tab A.1 Alt Pricing* must be completed. Use N/C for no charge. Any field left blank will be assumed to be no charge to the State.

GH&A has completed all fields in Attachment G: Tab A.1 and Tab A.1 Alt Pricing, provided in our submission under separate cover.

4.3 All costs must be submitted on the schedule provided in *Attachment G, Tab A.1 or Tab A.1 Alt Pricing*. No other cost formats will be accepted. Costs not submitted on the State provided *Attachment G, Tab A.1* will render a vendor's entire proposal nonresponsive.

GH&A has included all costs on the schedule provided in Attachment G: Tab A.1 and Tab A.1 Alt Pricing, provided in our submission under separate cover.