Dan Schwartz
State Treasurer

STATE OF NEVADA
OFFICE OF THE STATE TREASURER

NOTICE OF PUBLIC MEETING

THE BOARD OF TRUSTEES OF THE COLLEGE SAVINGS PLANS OF NEVADA

Thursday, October 20, 2016, 10:00 a.m.

Meeting via videoconference at the following locations:

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

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

Laxalt Building
2nd Floor Chambers
401 N Carson Street
Carson City, NV 89701

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

AGENDA

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

Consent Agenda

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

2. For possible action: Board review and approval of the minutes of the College Savings Board of Trustees meeting of September 22, 2016.

3. For possible action: Board review and approval of the amended FY18-19 Biennium Budget funding request for College Kick Start.

4. For possible action: Board review and approval of the 2016 Audited Financial Statements for the Putnam 529 for America, Vanguard 529 Plan, SSGA Upromise 529 Plan, and the USAA College Savings Plan, and approve their filing with the Nevada State Controller's Office.

5. For possible action: Board review and approval of Board meeting dates for 2017.

6. For possible action: Board review and approval of the contract amendment with Pension Consulting Alliance to include investment review and monitoring of the Wealthfront 529 College Savings Plans.

7. For possible action: Board review and approval of amendments to Nevada Administrative Code 353B.645 and LCB File No. R148-16 which relates to the Nevada Savings Program and revises provisions in relation to matching contributions made by an employer to the account of an employee.

8. For possible action: Board review and approval of amendments to Nevada Administrative Code 353B.090, 140, 310 and 350 and LCB File No. 118-16 which includes various amendments to the Nevada Higher Education Prepaid Tuition Trust Fund.

Discussion Agenda

9. Board to receive an update regarding the launch of the Wealthfront 529 College Savings Plan.

10. For possible action: Board review and approval of the FY 2015 actuarial valuation study of the Nevada Higher Education Prepaid Tuition Trust Fund and Prepaid Tuition Program pursuant to NRS 353B.190, and approve their filing with the Nevada State Controller's Office.

11. For possible action: Board receive an update on the contract with International Working Mother's and provide direction to staff regarding enhancing the Women's Money conferences in Fiscal Year 2017.

12. For possible action: Board review and approve Vanguard Investment Changes
    a. Smoothing the current glidepath for the age-based investment options
    b. Adding the Vanguard Total International Bond Fund

Comments

13. Public Comment. *The Board is precluded from acting on items raised during Public Comment that are not on the agenda*

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

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

Notice of this meeting was posted at the following locations in Carson City, Nevada:
State Capitol Building, 1st & 2nd Floor & Basement, 101 North Carson Street
Nevada Legislative Building, 401 South Carson Street
Nevada State Library, 100 Stewart Street
Blasdel Building, 209 East Musser Street

Notice of this meeting was posted at the following location in Las Vegas, Nevada:
Grant Sawyer State Office Building, 555 East Washington Avenue, Suite 4600, Las Vegas, Nevada
1st Floor Capitol Police - (702) 486-2012

Notice of this meeting was posted on the following website:
www.nevadatreasurer.gov
www.notice.nv.gov
We are pleased to provide members of the public supporting material for the meeting as well as make reasonable accommodations for members of the public who are disabled and would like to attend the meeting. If supporting material or special arrangements for the meeting are required, please notify Linda English with the Office of the State Treasurer, 555 E Washington, Suite 4600, Las Vegas, NV 89101 or call (702) 486-3889 or fax your request to (702) 486-3246 as soon as possible. Materials will also be available at the Office of the State Treasurer, College Savings, 555 E. Washington Suite 4600, Las Vegas, NV 89101

THE BOARD OF TRUSTEES OF THE
COLLEGE SAVINGS PLANS OF NEVADA

Agenda Item 2
October 20, 2016

Item: **Review and approve the College Savings Board minutes of September 22, 2016.**

Recommendation:

That the Board review and approve the minutes of the September 22, 2016 College Savings Board of Trustees meeting.

Fiscal:
None.

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

THE BOARD OF TRUSTEES OF THE
COLLEGE SAVINGS PLANS OF NEVADA

MINUTES OF BOARD MEETING
September 22, 2016

Chairman Dan Schwartz, State Treasurer, called the meeting of the Board of Trustees of the College Savings Plans of Nevada to order at 10:00 a.m., on Thursday, September 22, 2016. The meeting was held by conference call from the Guinn Room in the Capitol Building, 101 N. Carson Street, 2nd Floor Chambers, Carson City, Nevada to the Grant Sawyer Building, 555 East Washington Avenue, Suite 5100, Las Vegas, Nevada. Other attendees participated in person or by conference call.

Board members present:

Chairman Dan Schwartz – Las Vegas
Janet Murphy – Carson City
Jamie Hullman – Carson City

Others present:

Tara Hagan, Chief Deputy Treasurer, Treasurer's Office
Grant Hewitt, Chief of Staff, Treasurer's Office
Linda J. English, Senior Deputy Treasurer – South
Budd Milazzo, Senior Deputy Treasurer – North
Holly Primka, Treasurer's Office – North
Nicolette Johnston, Treasurer's Office - North
Sheila Salehian, Deputy Treasurer for Prepaid Tuition & Financial Literacy
Shane Chesney, Nevada Attorney General's Office
Eric White, Pension Consulting Alliance
Alissa Robertson, Amplify Relations
Megan Bedera, Amplify Relations
Chris Smith, USAA
Ardie Hollingsworth, Ascensus College Savings
Tom Hewitt, Vanguard
Blanca Platt, Treasurer's Office
Judy Minsk, Putnam Investments
Brendon Murray, Putnam Investments
Richard Polsinello, Putnam Investments
Brian Irvine, Dickinson Wright
Sue Serewicz, Ascensus
Steve Dombrower, Ascensus

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

1. Public Comment

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

Consent Agenda

2. For possible action: Board review and approval of the minutes of the College Savings Board of Trustees meeting of July 14, 2016.

3. For possible action: Board review and approval of the Ascensus program manager's report encompassing results for Vanguard, USAA, and SSGA Upromise 529 plans for the quarter ended June 30, 2016.

4. For possible action: Board review and approval of the Putnam 529 for America program manager's report for the quarter ended June 30, 2016.

5. For possible action: Board review and approval of the Thomas & Thomas unaudited financial statements of the Nevada College Savings Plans compiled for the quarter ended June 30, 2016.

6. For possible action: Board consent to a contract extension of the USAA Private Label Agreement between USAA and Ascensus Broker Dealer, Inc.

7. For possible action: Board review and approval of a supplement to the USAA 529 College Savings Plan Description and Participation Agreement to notice participants of the removal of the USAA Real Return Fund from certain investment options.

8. For possible action: Board review and approval of Amendment 4 to the SSGA Upromise 529 Operational Agreement to reflect the transition of the SSGA 2015 College Portfolio into the SSGA College Today Portfolio and the lowering of the minimum contribution amount through the Automatic Investment Program; and the resulting supplement to the SSGA Upromise 529 Plan Description and Participation Agreement to notice participants of such changes.

9. For possible action: Board review and approval of the Chicago Equity Contract extension.

10. For possible action: Board review and approval of the Prepaid Tuition Investment Monitoring Report prepared by Pension Consulting Alliance, Inc. for the quarter ending June 30, 2016.

11. For possible action: Board to receive an update on "Let's Go to College! Nevada Saves" from Amplify Relations.

12. For possible action: Board review and approval of the FY 2017 Nevada Prepaid Tuition Program Description and Master Agreement.

13. For possible action: Board review and approval of the FY 2017 Nevada Prepaid Tuition Program fee schedule.

Jamie Hullman asked to pull Agenda Item #10 from the Consent Agenda

Janet Murphy motioned to approve the Consent Agenda of items 2, 3, 4, 5, 6, 7, 8, 9, 11, 12 and 13. Jamie Hullman seconded the motion. Motion passed unanimously.

Mr. Hullman requested to discuss Agenda Item #10. He noted that on page 5 of the Prepaid Tuition Trust Fund performance report from Pension Consulting Alliance (PCA) that the performance is good but that the fixed income portion of the portfolio managed by Chicago Equity Partners continues to lag its stated benchmark and suggested that the Board monitor the underperformance.

Eric White with PCA provided insight into the manager's process and the current fixed income market environment. He stated that although the performance has lagged he remains confident in the firm's ability to manage the fixed income portion of the portfolio.

Treasurer Schwartz suggested that we invite the firm to present to the Board in either October or December.

Jamie Hullman motioned to approve the Agenda Item 10. Janet Murphy seconded the motion. Motion passed unanimously.

Discussion Agenda

14. Board to receive an update regarding the previously approved settlement agreement with Treasury Solutions Holdings, Inc.

Brian Irvine attorney with Dickinson Wright Law Firm gave an update regarding the settlement agreement with Treasury Solutions Holdings Inc. In August 2011, Treasury Solutions Holdings, Inc. filed a lawsuit against the College Savings Board seeking to recover various fees which they believed they were entitled to pursuant to a 2001 agreement. The Board agreed to settle the lawsuit in 2014 and the settlement terms were that the Board agreed to pay Treasury Solutions a total amount of $850,000. Those funds were to be disbursed based on the outcome of various contingencies related to a lawsuit between Treasury Solutions, UPromise and Vanguard. In February 2015, Treasury Solutions settled its claims against Vanguard for $150,000 which was well below the threshold so half of the settlement money that the Board paid was released to Treasury Solutions. More recently, over this summer, Treasury Solutions settled the rest of its claims against the UPromise entities for $510,000 which was also below the $850,000 threshold. The remaining funds that the Board paid in settlement were released to Treasury Solutions and that settlement is now complete and both cases, UPromise and Vanguard, have now been dismissed and concluded. The settlement has been fully performed and this Board should consider the dispute resolved with no additional action necessary.

15. For possible action: Board review and approval of the Nevada College Savings Plans Investment Monitoring Report prepared by Pension Consulting Alliance, Inc. for the quarter ending June 30, 2016. (Eric White – 10 min.)

Eric White with PCA presented the Investment Monitoring report, specifically the funds which were on the "Watchlist" for underperformance versus the appropriate benchmark.

Treasurer Schwartz asked if Eric had any insight into how the assets were re-allocated for the two Putnam funds and asked how to handle the Putnam Income fund if it has not been performing to expectation.

Eric White noted that the Putnam International Capital Opportunities fund was mapped into the MFS Institutional International Equity Fund and the Putnam Voyager Fund was merged into the Putnam Growth Opportunities fund. Mr. White explained that PCA will continue to monitor the performance of the Putman Income fund closely and report to the Board at its December meeting.

Janet Murphy motioned to approve the Investment Monitoring Report. Jamie Hullman seconded the motion. Motion passed unanimously.

16. For possible action: Board review and approval of the annual investment presentation for Putnam 529 for America.

    a. Putnam Presentation (Judy Minsk and others –Putnam– 20 min.)
    b. PCA's Commentary (Eric White, PCA – 10 min.)

Judy Minsk and Brendon Murray from Putnam Investments presented its annual investment review to the Board. The firm was not recommending any enhancements or amendments to its investment line-up or age-based option.

Treasurer Schwartz questioned why valuations are an issue.

Mr. Murray stated that Putnam is looking for cheaper stocks which would tend to outperform more expensive stocks overtime and during the recent time period expensive stocks, such as Facebook, Amazon and Google have dominated the market. He noted that the model tends to select stocks that are much less expensive and over the last six months the stocks have stabilized and valuations have come down or at least are more normalized.

Treasurer Schwartz questioned why Putnam Income Fund is underperforming and if Putnam expects to make changes to correct the underperformance.

Richard Polsinello stated that over the last year the fixed income market has been volatile and the fund was positioned with shorten duration and have simply been wrong in our market assumptions. He noted that for the rest of the year the fund has focused on duration expectations more in line with the market which has helped the recent performance.

Treasurer Schwartz requested a report on the Putnam Income Fund and suggested provide Putnam provide an update in six months to the Board.

Jamie Hullman motioned to approve the Putnam Annual Investment Review. Janet Murphy seconded the motion. Motion passed unanimously.

17. Staff Notes

Staff provided updates on financial literacy and college savings outreach incentives.

18. Public Comment

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

Meeting adjourned at 11:14am.

Attest:

____

Linda English, Secretary to the Board

THE BOARD OF TRUSTEES OF THE
COLLEGE SAVINGS PLANS OF NEVADA

Agenda Item 3
October 20, 2016

Item: **Board review and approval of the amended FY18-19 Biennium Budget funding request for College Kick Start.**

Recommendation:

Board review and approval of the amended FY18-19 Biennium Budget funding request for College Savings Kick Start.

Fiscal: None

Summary:
The Board approved the FY18-19 Biennium Budget at the July 14, 2016 meeting. When staff reviewed the final budget numbers and calculations in preparation for submittal of the entire Treasurer's Office budget to the Governor's Finance Office, we discovered a few assumptions in the College Kick Start spreadsheet which needed adjusting.

Please note that the long-term calculations through FY2022 have increased by $213,586.The initial spreadsheet allowed families to claim the $200 incentive beyond the agreed upon end of third grade cutoff. Therefore, the $200 incentive has been aligned with the appropriate time period and is assumed to be claimed sooner. For example:

- 100% of the take rate for the 2013 cohort is taken in FY18
- 100% of the take rate for the 2014 cohort is taken in FY18
- 33% of take rate for the 2015 cohort is taken in FY18,19,20

- 25% of take rate for 2016 cohort is taken in FY18, 19, 20, 21.
- The remaining cohorts starting with 2017 will divide the take rate over five years.

The other issue staff noted is that the spreadsheet didn’t account for the current 1,600 College Kick Start accounts receipt of the new incentive dollars. Therefore, Staff has increased the College Kick Start Funding for FY18 to $3,086,900, including the additional $250,000.

Please find attached for the updated five-year plan summary. Tara Hagan, Chief Deputy, and Budd Milazzo, Senior Deputy, will be available to answer questions.

EXHIBIT 1

Nevada College Savings Endowment Account ($1000 Incentive)
BA 1094
Summary of Financial Plan With CKS 2.0

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Projected Beginning Cash (including reserve)	$ 5,154,019	$ 4,648,607	$ 4,257,626	$ 3,034,691	$ 6,454,146	$ 7,909,630	$ 9,567,949
Projected 6 month Reserve[1]	$ (2,379,461)	$ (2,800,226)	$ (3,306,717)	$ (1,078,288)	$ (2,157,938)	$ (2,160,900)	$ (2,277,501)
Projected Revenues							
Program Fees	$ 6,050,319	$ 5,186,279	$ 5,367,307	$ 5,552,839	$ 5,748,169	$ 5,956,928	$ 6,177,851
Misc. Revenues	$ 23,191	$ 23,191	$ 23,191	$ 23,191	$ 23,191	$ 23,191	$ 23,191
Total Projected Resources (excluding reserve)	$ 8,848,068	$ 7,057,851	$ 6,341,407	$ 7,532,433	$ 10,067,568	$ 11,728,849	$ 13,491,490
Operating Expenses and Transfers							
College Savings Operating Costs[2]	$ (1,995,147)	$ (2,145,147)	$ (2,230,953)	$ (2,323,091)	$ (2,419,035)	$ (2,518,941)	$ (2,622,973)
Additional Matching Grant Funding		$ (225,000)	$ (225,000)	$ (225,000)	$ (225,000)	$ (225,000)	$ (225,000)
Millennium Admin Costs	$ (357,918)	$ (372,235)	$ (387,124)	$ (402,609)	$ (418,713)	$ (435,462)	$ (452,880)
Prepaid Admin Costs	$ (631,893)	$ (657,169)	$ (683,456)	$ (710,794)	$ (739,226)	$ (768,795)	$ (799,547)
Prepaid Stabilization Transfer[3]	$ (1,820,000)						
Settlement Expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Misc. Expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Recommended Programs							
College Kick Start Costs[4]	$ (1,773,964)	$ (1,950,900)	$ (2,836,900)	$ 1,754,919	$ (263,902)	$ (123,602)	$ (204,602)
College Kick Start Outreach and Education[5]	$ -	$ (250,000)	$ (250,000)	$ (250,000)	$ (250,000)	$ (250,000)	$ (250,000)
Total Projected Commitments	$ (6,578,922)	$ (5,600,451)	$ (6,613,433)	$ (2,156,575)	$ (4,315,876)	$ (4,321,800)	$ (4,555,002)
Projected 6 month reserve	$ (2,379,461)	$ (2,800,226)	$ (3,306,717)	$ (1,078,288)	$ (2,157,938)	$ (2,160,900)	$ (2,277,501)
Projected FY Ending Fund Balance (including reserve)	**$ 4,648,607**	**$ 4,257,626**	**$ 3,034,691**	**$ 6,454,146**	**$ 7,909,630**	**$ 9,567,949**	**$ 11,213,989**

Notes:

1. Reserve is requried and equal to 6 months operating expenses of administering all Nevada college savings plans and the Millennium scholarship program
2. College Savings Operating Cost in FY 2016 includes $250,000 outreach and education for the Kick Start Program previously approved by the Board
3. At the March 11, 2015 meeting the Board approved the continuation of the $1.8M annual transfer. This has not yet been approved to date by the Board for any future fiscal years.
4. College Kick Start Costs include incentives up to $1,000 per participant as described in accompanying enhancement proposal.
5. College Kick Start Outreach and Education is requested to provide a separate budget for the Kick Start Program to accommodate direct mail and other efforts to reach this group of famiies separate from the overall college savings outreach budget.

THE BOARD OF TRUSTEES OF THE
COLLEGE SAVINGS PLANS OF NEVADA

Agenda Item 4
October 29, 2015

Item: **529 Plan Audited Financial Statements**

Recommendation:

That the Board approve the 2015 Audited Financial Statements for the Putnam 529 for America Plan, the Vanguard 529 Plan, the SSgA Upromise 529 Plan, the USAA 529 College Savings Plan, and approve their filing with the State Controller.

Fiscal:
None by this action.

Summary:
Section 5.4 (i) of our program management agreement with Ascensus, states that:

"UII will have prepared, at its expense, an annual audit of the financial statements of the Direct Program within 75 days following the end of each Direct Program Year. The audit shall be conducted by an independent certified public accounting firm selected by UII and, if the selected accounting firm is a firm other than PricewaterhouseCoopers, it shall be approved by the Board." A similar requirement exists in our agreement with Putnam.

This requires that all four plans (SSgA Upromise529 Plan, The Vanguard 529 Plan, The USAA College Savings Plan and Putnam 529 for America) must each provide audited financial statements to the Board. The Board approved the selected auditors on July 23, 2015, and directed that the reports be returned to the Board in a form compatible with the requirements of the State of Nevada's Comprehensive Annual Financial Report (CAFR) and submitted for Board approval and filed with the Controller.

The reports will be filed with the Controller's Office prior to their November 1, 2015 deadline. Thomas & Thomas currently provides the Board with regular unaudited compiled financial statements, and they were directed to coordinate the deadline dates and various requirements including consolidation of the audits for the State Treasurer's Office. The financial statements are presented here, as required by the July action of the Board.

Audit firm representatives will be available to answer questions.

Members of the Board of Trustees of the College Savings Plans of Nevada
Ascensus Broker Dealer Services, Inc.

We have audited the statement of fiduciary net position and the statement of changes in fiduciary net position of the **SSGA Upromise 529 Plan** (the Plan) for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to Ascensus Broker Dealer Services, Inc. (Program Manager), in our engagement letter dated April 5, 2016. We have also communicated such information to the Members of the Board of Trustees of the College Savings Plans of Nevada (the Board) in a letter dated May 19, 2016. Professional standards also require that we communicate the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Plan are described in Note 2 to the financial statements. The Plan adopted the provisions of Governmental Account Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, on July 1, 2015. This statement addresses accounting and financial reporting issues related to fair value measurements, with the overarching goal of enhancing comparability of governmental financial statements and related note disclosures. Adoption of this statement had no impact on amounts previously reported in the Plan's financial statements. Additional disclosures regarding the Plan's policy for determining fair value are included in Note 2(d), and additional information regarding the Plan's investments is included in Note 3.

No other new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2016. We noted no transactions entered into by the Plan during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Currently, neither the GASB nor the Financial Accounting Standards Board 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 private purpose trust fund, the Plan's financial statements are prepared following guidance contained 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. We believe this guidance to be appropriate in the circumstances.

Significant Audit Findings *(Continued)*

Qualitative Aspects of Accounting Practices (Continued)

Accounting estimates are an integral part of the 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 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 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 financial statements and the balances of account owners participating in the Plan. We evaluated the fair values reported in the Plan's financial statements and determined they are reasonable in relation to the financial statements taken as a whole.

Certain financial statements disclosures are particularly sensitive because of their significance to financial statement users. Note 3 to the financial statements provides 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 administrative fees paid to the Board, the Program Manager and the investment manager.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements identified as a result of our audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from the Program Manager, which are included in their management representation letter dated September 30, 2016. A copy of this letter is included in Attachment A.

Significant Audit Findings *(Continued)*

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Plan's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Plan's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to Management's Discussion and Analysis (MD&A), which is required supplementary information (RSI) that supplements the basic financial statements, 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.

We were engaged to report on the information in the schedule of fiduciary net position by portfolio and the schedule of changes in fiduciary net position by portfolio, which accompany the basic financial statements but are not RSI. With respect to the schedule of fiduciary net position by portfolio and the schedule of changes in fiduciary net position by portfolio, 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 financial statements or to the basic financial statements themselves.

Restriction on Use

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

Sincerely,

Thomas & Thomas LLP
Certified Public Accountants

September 30, 2016
Little Rock, Arkansas

ascensus | college savings

Attachment A

September 30, 2016

Thomas & Thomas LLP
201 East Markham Street, Suite 500
Little Rock, Arkansas 72201

Ascensus Broker Dealer Services, Inc. (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, 2016 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. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of September 30, 2016, the following representations made to you during your audit.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 5, 2016.

2) The 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 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.

Financial Statements *(Continued)*

6) We have disclosed to you the identity 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 or instances of material noncompliance with laws, regulations, contracts or agreements that are relevant to the Plan have occurred subsequent to June 30, 2016, and through the date of this letter that would require adjustment to or disclosure in the Plan's 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 financial statements, and we have not consulted a lawyer concerning litigation, claims or assessments.

9) There are no guarantees, whether written or oral, under which the Plan is contingently liable.

10) 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.

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 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 Ascensus College Savings' independent auditor's *Report on the Description of Ascensus College Savings' System and on the Suitability of the Design and Operating Effectiveness of its Controls* covering the period from November 1, 2014 through October 31, 2015. 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 financial statements.

Information Provided *(Continued)*

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 financial statements.

15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Plan's 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 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 financial statements.

17) We are not aware of any known actual or possible litigation, claims and assessments whose effects should be considered when preparing the financial statements.

18) We have disclosed to you the identity of the Plan's related parties and all the related party relationships and transactions of which we are aware.

Other Specific Representations

19) 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.

20) 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 financial statements, and have provided our views on reported findings, conclusions and recommendations, as well as our planned corrective actions.

21) 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.

22) 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.

Other Specific Representations *(Continued)*

23) 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 financial statements, or as a basis for recording a loss contingency or for reporting on noncompliance.

24) The Plan has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

25) 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.

26) There have been no Financial Industry Regulatory Authority (FINRA) complaints filed in regard to the Plan during the period from July 1, 2015 through June 30, 2016, and through the date of this letter.

27) 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 financial statements of the Plan.

Non-Attest Services

28) 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.

29) 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.

30) 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.

Non-Attest Services *(Continued)*

31) With respect to the supplementary schedules that detail fiduciary net position and changes in fiduciary net position for each portfolio:

   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.

Jeff Howkins
President
Ascensus Broker Dealer Services, Inc.

John Mulkern
Chief Compliance Officer
Ascensus Broker Dealer Services, Inc.

SSGA Upromise529

POWERED BY SPDR® ETFs

(A Private Purpose Trust Fund of the State of Nevada)

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
June 30, 2016
(With Independent Auditor's Report Thereon)

Thomas & Thomas LLP

Certified Public Accountants

SSGA Upromise529

POWERED BY SPDR® ETFs

(A Private Purpose Trust Fund of the State of Nevada)

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Trustees of the College Savings Plans of Nevada
Ascensus Broker Dealer Services, Inc.

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 **SSGA Upromise 529 Plan** (the Plan), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 opinion.

www.thomasthomasllp.com
Little Rock Office ♦ 201 E. Markham, Suite 500, Little Rock, Arkansas 72201 ♦ Telephone (501) 375-2025 ♦ FAX (501) 375-8704
Texarkana Office ♦ 2900 St. Michael Drive, Suite 302, Texarkana, Texas 75503 ♦ Telephone (903) 831-3477 ♦ FAX (903) 831-3482

Opinion

In our opinion, the 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, 2016, 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

The Plan is a private purpose trust fund of the state of Nevada. As discussed in Note 1, the Plan is one of five college savings options offered by the state of Nevada through the Nevada College Savings Program (the Program). 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 or the fiduciary funds of the state of Nevada as of and for the year ended June 30, 2016.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 22 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 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 portfolio on pages 42 through 53 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 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, 2016, 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 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 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.

Thomas & Thomas LLP
Certified Public Accountants

September 30, 2016
Little Rock, Arkansas

(This page intentionally left blank)

Management's Discussion and Analysis
(Unaudited)

(This page intentionally left blank)

(A Private Purpose Trust Fund of the State of Nevada)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
June 30, 2016

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 June 30, 2016, and for the year then ended. 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 24 through 40. Readers may find useful the supplementary schedules on pages 42 through 53, which include information about the Plan's investment portfolios.

* * * * *

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. The Plan is administered as a "qualified tuition program" in compliance with Section 529 of the Internal Revenue Code of 1986, as amended. The Plan is one of five college savings options offered under the Program. This management's discussion and analysis, as well as the accompanying financial statements and supplementary schedules, pertain only to the Plan.

Plan assets are held for the benefit of account owners and their designated beneficiaries in the Nevada College Savings Trust (the Trust).

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, Inc. (ABD) serves as the Program Manager, responsible for oversight of the daily operations of the Plan.

Effective December 3, 2015, Genstar Capital and Aquiline Capital Partners (each a private equity firm) acquired Ascensus, Inc. and its subsidiaries, including ABD, from J.C. Flowers & Co. There were no material changes to the corporate structure of Ascensus, Inc. or the services provided by ABD to the Plan as a result of this acquisition.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
June 30, 2016

Financial Highlights

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

- At both June 30, 2016 and 2015, the Plan's fiduciary net position totaled $1.3 billion. Fiduciary net position increased $33.3 million, or 2.6%, from June 30, 2015, to June 30, 2016.
- During 2016 and 2015, contributions exceeded withdrawals by $7.8 million and $14.9 million, respectively. Contributions for the year ended June 30, 2016, totaled $115.9 million, a decrease of $3.1 million, or 2.6%, from 2015 contributions. Withdrawals for the year ended June 30, 2016, totaled $108.1 million, an increase of $4.0 million, or 3.9%, over 2015 withdrawals.
- Administrative fees totaled $4.0 million for each of the years ended June 30, 2016 and 2015. These fees, which are based on the Plan's fiduciary net position, are paid to the state of Nevada, ABD and SSGA for performing oversight, administrative services and investment management services.
- For the year ended June 30, 2016, the Plan experienced net investment income of $29.5 million, resulting from net appreciation in the fair value of its investments of $5.0 million and interest and dividends totaling $24.5 million. For the year ended June 30, 2015, the Plan experienced net investment income of $28.3 million, resulting from net appreciation in the fair value of its investments of $4.2 million and interest and dividends totaling $24.1 million.
- The number of active accounts has decreased from 164,031 at June 30, 2015, to 160,011 at June 30, 2016. The average active account balance has increased from approximately $7,800 at June 30, 2015, to approximately $8,200 at June 30, 2016.
- The Silver State Matching Program awarded $106,971 and $98,829 in matching grants in 2016 and 2015, 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 2013-2014. 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 $1.7 million and $1.6 million has been contributed to accounts established under the program during the years ended June 30, 2016 and 2015, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
June 30, 2016

Overview of the 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 state of Nevada's financial statements as a "private purpose trust fund." A private purpose trust fund is a type of fiduciary fund that is used to report assets held by a government in a trust or agency capacity for others and cannot be used to support the government's own programs.

The Plan's 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 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, regardless of when the transaction settles. Changes in fair value, along with realized gains (losses), are reported as net appreciation (depreciation) 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 to the Plan 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. 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:

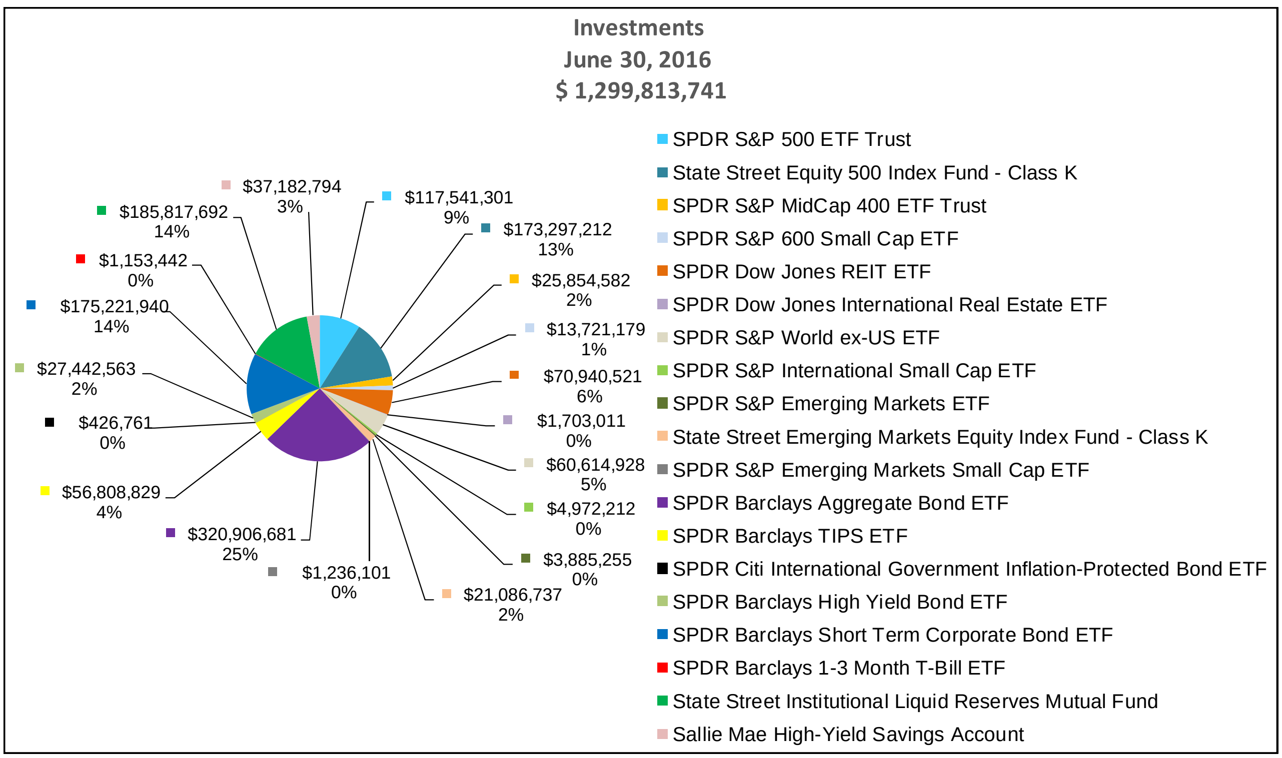
	June 30, 2016	June 30, 2015
Total assets	$ 1,311,450,470	$ 1,279,335,736
Total liabilities	1,725,124	2,943,918
Net position held in trust for account owners and beneficiaries	$ 1,309,725,346	$ 1,276,391,818

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 from account owners since the Plan's inception, increased (decreased) by net investment income (loss), and decreased by withdrawals and administrative fees.

Investments, which totaled $1.3 billion at both June 30, 2016 and 2015, represent over 99% of the Plan's total assets. Account owners are able to direct investment of their contributions into one or more portfolio 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, 2016 and 2015, the Plan's Underlying Funds are as follows:

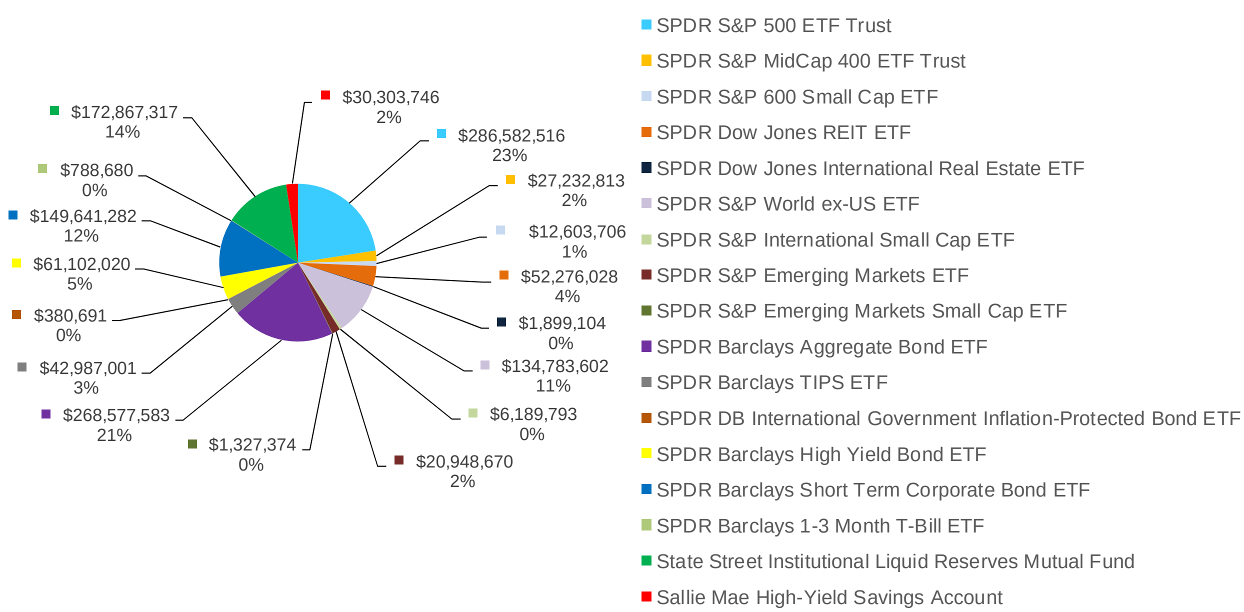


Note: Percentages are stated as a percent of total fair value. A percentage of 0% represents less than 0.5% of fair value.

Financial Analysis *(Continued)*

Fiduciary Net Position *(Continued)*

Investments
June 30, 2015
$ 1,270,491,926



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

Other assets, which totaled $11.6 million at June 30, 2016, and $8.8 million at June 30, 2015, 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 $1.7 million at June 30, 2016, and $2.9 million at June 30, 2015, comprise accrued administrative fees, payables for withdrawals approved but not yet paid and payables for Underlying Fund purchase transactions.

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, 2016	Year Ended June 30, 2015
Contributions	$ 115,853,135	$ 118,937,266
Net investment income	29,509,087	28,304,574
Withdrawals	(108,083,423)	(104,062,857)
Administrative fees	(3,945,271)	(3,981,934)
Net Increase	33,333,528	39,197,049
Net position held in trust for account owners and beneficiaries, beginning of year	1,276,391,818	1,237,194,769
Net position held in trust for account owners and beneficiaries, end of year	$ 1,309,725,346	$ 1,276,391,818

Investment Commentary

Global markets entered the third quarter of 2015 nervously with clouds of uncertainty surrounding the possibility of a Greek exit from the Eurozone and a sudden free fall in China's stock market. By the end of Q3 2015, the Greek drama had been largely resolved with Greece agreeing to a new more austere bailout agreement with creditors in July, while continued volatility in China's equity markets and growing concerns surrounding emerging market growth prospects more generally led to a broad selloff of global equities in August and September. By the end of the quarter, investors in global equity markets experienced the worst three month performance of the prior four years as measured by the MSCI World Index and many country level markets posting double digit gains through the first half of 2015 now were in the red for the year. The quarter was also punctuated by a resumption of the selloff in commodity prices led by crude oil, taking the Bloomberg Commodity Index to a thirteen year low on August 24th.

A cascade of worrying headlines emanating from China including a surprise currency devaluation and plummeting stock market spilled over in dramatic fashion to rattle global financial markets in late August. After trading in a curiously narrow channel for all of 2015, never up or down more than 3.5% from the beginning of the year, the S&P 500 declined six consecutive days for an ultimate correction of 11% through August 25th. On August 24th, the most aggressive day of the selloff, the VIX index of implied volatility hit an intraday high over 53, the highest level since the global financial crisis in March of 2009. The increase in market jitters accelerated a selloff in oil and commodities generally that had been underway since early July sending the price of WTI crude below $40 on August 24th to the lowest level

Investment Commentary *(Continued)*

since 2009 while the broad Bloomberg commodity index declined to new thirteen year lows. The combination of the Chinese devaluation and plunging commodities proved particularly toxic for emerging market currencies, sending the Russian Ruble to its weakest closing price ever against the dollar on August 24th and the Brazilian Real down 6% on the month.

Investors in global equities in the third quarter of 2015 found almost nowhere to hide amidst the chill in sentiment brought about by a slowdown in global growth led by emerging markets. For the quarter, local equity markets in Germany and Japan were both down at least 11%, wiping out the double digit gains enjoyed by each at mid-year. The fortunes of the German equity market were further shaken when Volkswagen acknowledged in September that it had knowingly evaded US emission regulations, sending the stock down 35% and weighing heavily on one of the largest industry groups in the German market. Among the broader global indices the MSCI U.S. index declined 6.9%, the MSCI Europe index declined 8.7% and the MSCI Pacific index declined 13.2% for the quarter. Investors in emerging market equities fared even worse, with the MSCI Emerging Markets Index declining 17.9% for the quarter, led by a 22.7% decline in the MSCI China Index and a 33.6% decline in the MSCI Brazil Index.

Investors in US government bonds that looked at their year-to-date performance on September 24th could be forgiven for thinking not much had happened in the US bond market in 2015. As of that date, ten-year U.S. Treasury yields stood at 2.13%, just 0.04% below where they stood at the start of the year. This seeming stability belies a much more active range in government rates that fluctuated from a low of 1.64% on January 30th to a high of 2.48% on June 10th. During the third quarter, the yield curve slope as measured by the spread between 10-year and 1-year Treasury yield flattened by about 30 basis points. The flattening is broadly consistent with a view of eventual Fed policy tightening and a relatively well-anchored long end of the yield curve given modest inflation and growth expectations.

After being battered to close the third quarter of 2015 on a rapidly deteriorating global growth outlook, global equity markets found their footing in October to open the fourth quarter. The shift in market sentiment was aided by new policy commitments from global central banks to provide additional stimulus to combat the effects of a slowing global economy – a concern that was seemingly validated when the International Monetary Fund (IMF) downgraded their forecast for global growth in early October. With that as a backdrop the most prominent central banking pronouncements hailed from Europe and China. On October 22nd European Central Bank (ECB) President Draghi gave strong indications the ECB would be prepared to introduce additional stimulus measures before the end of 2015 citing the negative effect weak emerging markets growth will have on meeting ECB inflation targets. This was followed a day later by an interest rate cut by the Peoples Bank of China and further policy measures to combat weak investment growth and low inflation. The relative dovishness of global central banks was only slightly tempered as the month closed when the Federal Reserve (Fed) removed language from their post open market committee meeting statement that had cited global growth concerns, raising expectations that the Fed may still raise rates by the end of 2015 and pushing the U.S. dollar higher.

Investment Commentary *(Continued)*

Entering the final month of 2015, global investors were braced for an explicit realization of the now long running policy divergence thematic with high expectations for new monetary policy easing measures from the European Central Bank (ECB) and equally elevated expectations that December would bring the first rate rise in over nine years from the U.S. Federal Reserve (Fed). On December 3, the ECB cut its deposit rate 10 basis points to -0.3% and announced an extension of its current bond buying program by six months through March 2017. These measures did represent an easing of policy, but the details were far less than what markets expected, sending European shares and the U.S. dollar sharply lower on the day of the policy announcement. On December 16th, the Fed in turn came through with a widely expected 0.25% increase in the Federal Funds rate, consistent with expectations priced in the overnight index swap market on the eve of the decision. Given there was little daylight between expectations and the final outcome, market reaction immediately following the Fed move was comparatively muted compared to the dispirited market reaction to the ECB. While the December rate hike was a decidedly consensus move, the market's forward outlook and the Fed's own projections differ considerably – as they have since the Fed began offering projections on the future path of rates in 2012. Based on the projections released by the Fed on December 16th, the median view of Fed participants is that the Federal Funds rate will sit at 1.375% at the end of 2016, implying four more rate increases from the end of 2015. Market expectations on the other hand on the same date placed the year end rate at around 0.85%, implying just two rate increases in 2016.

After a sharp selloff in the third quarter of 2015 on global growth fears emanating from emerging markets led by China that took most major bourses negative on the year, global equities rebounded smartly in October, though with little follow through in November and December to close out the fourth quarter. For the quarter, the MSCI World Index returned 5.5%, a solid return, though insufficient to offset earlier 2015 losses, leaving the index down 0.9% for 2015, the weakest year for developed global equities since 2011. Leading the developed market regional indices for the quarter was the MSCI Pacific Index which returned 9.0% and a positive return for all of 2015 of 3.0%. U.S. investors in European equities faced a large headwind in the form of the strong U.S. Dollar that saw local returns of 4.9% in 2015 for the MSCI Europe Index reduced to a negative 2.8% once currency effects were accounted for. As underwhelming as returns in developed markets were for 2015, they were quite stellar compared to the performance on Emerging Markets with the MSCI Emerging Markets Index returning 0.7% for the fourth quarter and a negative 14.9% for 2015 as a whole.

Investors in U.S. markets faced headwinds to earn positive returns in 2015 with YTD returns on the S&P 500 total return index of 1.38% inclusive of strong fourth quarter returns of 7.0%. Contributing to this lackluster outcome for 2015 was a challenging environment for U.S. companies' ability to earn a profit, evidenced by declining year over year of earnings on the S&P 500 Index for both the second and third quarters of 2015. This falloff in earnings was most significantly attributable to the energy sector where a 60% decline in oil prices through the end of September corresponded to a nearly identical decline in equity sector earnings. Excluding the energy sector, S&P 500 index aggregate earnings growth remained

Investment Commentary *(Continued)*

positive, though still soft given the impact on multinationals of the stronger U.S. dollar and subdued global growth backdrop. Looking forward, it is expected some of these restraining factors will dissipate as the U.S. dollar remains below its peak set in March 2015 and the base effects of lower energy prices should be supportive for earnings growth once a bottom in the price of oil is finally established.

Positive returns were also hard to come by in fixed income markets in the fourth quarter of 2015 where both rising government rates and credit spreads resulted in negative outcomes across major benchmarks. With expectations rising through the quarter that the Fed would be raising the Federal Funds rate at the December 16th FOMC meeting, along the U.S. Treasury curve most of the movement in rates took place on the front end of the curve, with the U.S. 2 year Treasury yield rising by 41 basis points to better than 1.0% for the first time since 2010. The U.S. 30 year Treasury yield in contrast increased just 4 basis points on the quarter to just above 3.0% resulting in a flattening of the U.S. Treasury curve. One interpretation of the flattening curve is a longer term view that inflation and growth rates are likely to stay relatively subdued, consistent with outcomes since the end of the last recession. Further supporting longer term bonds and global fixed income issues generally is the substantial ECB quantitative easing program purchasing €60 billion in European bonds monthly that was launched in March of 2015 and extended through March 2017 on December 6th.

The opening month of 2016 was anything but reassuring for global investors as growth assets sold off aggressively the first two weeks of the year on a mosaic of uncertainties persisting from 2015. Front and center in the turmoil to open the New Year was a series of conflicting messages from China's policy makers in both equity and currency markets, each iteration of which seemed to unsettle the market more than the last. Further unnerving markets was a continued rapid selloff in oil prices that has been a prevailing market theme since the middle of 2014, prompting concerns over deflation and damage to energy producers to outweigh the once expected windfall to energy consumers in the calculus of the market. And finally, data releases in January from the U.S. reflected at best a stumbling economic picture to close out 2015 with still strong payrolls contrasting with a contracting manufacturing sector and 2015 Q4 growth registering an initially reported barely positive 0.7% on annualized basis.

Looking at the year to date return for the S&P 500 at the end of the first quarter of 2016 at 1.4% one could be forgiven for thinking it has been a not so eventful year in financial markets. That modest absolute outcome of course belies an aggressive selloff in global equities to open the year that took the S&P 500 index down 6% during the first week of 2016, the worst opening week on record, and to an eventual decline of more than 10% for the year through February 11th. Since that February 11th nadir, global equities along with a number of other growth assets staged an impressive recovery through the end of the quarter. Following a similar path, The MSCI Europe Index which had fallen as much as 15% YTD on February 11th was down just 2.4% on the end of the first quarter. Finally, the much unloved MSCI Emerging Markets Index which declined 8% in 2015 and declined another 9% YTD through February 11th is now posting a 5.8% gain year to date through the end of first quarter.

Investment Commentary *(Continued)*

With the selloff in global equities to open 2016, U.S. Treasuries played their traditional role of safe haven, sending yields on U.S. ten year treasury notes down to 1.53% intraday on February 11th, the lowest since August of 2012. The recovery in risk assets to close out the first quarter did result in some reversal higher in U.S. Treasury yields, though on the quarter through March 23rd, the yield on the 10 year note declined by 50 basis points to 1.77% and the Barclays U.S. Long Government Total Return Index was up 8.2% for the year. New frontiers were broken in other developed country bond markets where the Japanese 10 year yield declined a similar 38 basis points on the quarter through March 23rd, though in the case of Japan, yields declined to new historic lows of negative 0.11% on the heels of the introduction of negative deposit rates by the BOJ on January 28th. German 10 year yields declined 48 basis points on the quarter – plumbing depths as low as 11 basis points in late February.

With a starting point of continued slow and uneven economic growth for developed economies dating back to the end of the global financial crisis, investors in 2016 have so far navigated a storm of additional uncertainties including softening economic growth and policy missteps in China, a degree of disenchantment in the ability of global central banks to influence market outcomes and now a vote by Britain on June 23rd to exit its 43 year membership in the European Union. Remarkably, against this challenging backdrop, global equities ended the first half of the year basically where the year started. After selling off aggressively to kick off the year through the second week of February, global equities clawed back into positive territory for the year through June 23rd, only to see those gains extinguished when the surprise outcome of the 'Brexit' vote was learned on June 24th, leaving the MSCI World Index down 1.7% before rebounding smartly to put the index back in positive territory on a year-to-date (YTD) basis as of June 30th. Holding ground through mid-year has been commodity prices, taking the Bloomberg commodity index to a YTD gain of 13%, led by a 30% gain in crude oil. Proving that there is still an abundance of caution in the market in 2016, assets that may be considered defensive in many circumstances have been among the best absolute performers with long U.S. treasuries, gold and the Japanese Yen finishing the first half of 2016 at their highs for the year, up 15%, 25% and 17%, respectively.

Compared with the Eurozone and Japan, U.S. government bond yields and the corresponding outlook for growth and inflation are comparatively vigorous. Taken at face value buyers of Japanese 10 year government bonds were agreeing to pay the Japanese government 22 basis points a year for the privilege of lending it money on June 30th. Investors in German 10 year Bunds fared a bit better on the same date with a negative expected yield of 13 basis points. All in for the middle of 2016 it is estimated as much as $11.7 trillion in global government bonds now carry a negative nominal rate of return. These unprecedented low or even negative yields on sovereign debt for large developed economies are arguably not reflective of long term equilibrium rates of return but the product of a new regime of monetary policy philosophy. It is a philosophy that ignores the zero lower bound as a constraint through the use of negative deposit rates and aggressive bond buying programs that result in a compression of yields across the curve. While intended to move idle cash off bank ledgers and investors out of negative yielding

Investment Commentary *(Continued)*

instruments, the jury is certainly out as to whether testing the conventional limits of monetary policy will achieve the desired result without other unintended negative consequences. Nonetheless, the resolve of central bankers remains firm and the belief in the tonic of negative interest rates unwavering. On that point, ECB President Draghi stated in the June 2nd post ECB press conference that "… zero interest rates or even negative interest rates are the right monetary policy measures in order to strengthen recovery and restore growth… So to say it briefly: for interest rates to be higher tomorrow, they have to be low today."

After fighting to a little better than a draw to close the first quarter of 2016, global developed equities continued to make modest gains in April and May before pausing somewhat in June ahead of the British referendum on continuing EU membership and subsequently falling sharply once a British exit vote was confirmed. The oscillations left the MSCI World index up 1.2% for the quarter. U.S. investors fared best in developed equities by investing at home with the S&P 500 posting Q2 gains of 2.5% against negative returns in the MSCI Europe Index of 2.3% and a barely positive 0.9% for the MSCI Pacific Index. Returns on Pacific equities would have been a 4% net drag on performance for U.S. investors were it not for a 9% decline in the USD against the Japanese Yen. Investors in Emerging Markets fared slightly worse for the quarter with the MSCI Emerging Markets notching a gain of 0.8% carried into the black by a near 14% gain in Brazil as resolution of the Rousseff presidential impeachment crisis contributed to a 13% gain in the Brazilian currency in June alone.

Amidst a combination of a still subdued outlook for growth and inflation, expanded bond buying programs by the Bank of Japan and European Central bank, and finally the uncertainty introduced by 'Brexit', investors in global government bonds, particularly long duration bonds fared well in the second quarter of 2016. Despite a yield to maturity of just 57 basis points to start the second quarter, U.S. based investors in the Citigroup World Non-U.S. Dollar Government Bond Index enjoyed a return of 4% for the quarter on a 20 basis point decline in index yield. Investors in long duration U.S. Treasuries also benefited from a 32 basis point decline in the Barclays U.S. Long Treasury Index yield to earn a total return for the quarter of 6.4% and a year to date gain of 15%. Investors in U.S. investment grade corporate bonds experienced similar outcomes as investors in government bonds for the quarter with spreads finishing the quarter just several basis points lower. Investors in U.S. High Yield bonds in turn fared better with more dramatic spread compression commensurate with the recovery in oil prices. Spreads on the Barclays U.S. High Yield Index declined 61 basis points during the second quarter as the index provided a total return of 5.5%.

The end of June 2016 marks seven years since the end of the last US recession. From a longevity standpoint, this current economic expansion is two years longer than average for all preceding post- WWII US business cycle expansions, yet what we have gained in duration we have lost in economic vigor. The current episode of expansion has exhibited the lowest growth rate on record since quarterly data began to be compiled in 1947. Financial markets, for their part, are flashing mixed signals as to where we may be in this very uneven expansion. Corporate earnings have been stuck in year-over-year declines for four

Investment Commentary *(Continued)*

consecutive quarters, and that lack of upside in earnings growth has arguably played a role in the failure of the S&P 500 to reach a new high level since May 21st of 2015. Look to fixed income markets, and the outlook for the economy is similarly cloudy. One of the more popular recession forecasting indicators, inversion of the yield curve, is difficult to imagine these days with short rates still anchored near zero. But the trend has certainly been toward a flatter yield curve with the 30-year US Treasury yield less 2-year yield spread narrowing to its lowest level since January of 2008, the onset of the last recession. Often thought of as a proxy for combined longer term growth and inflation expectations, the 30-year Treasury yield itself at 2.3% at the end of June portends at best a very subdued outlook. It would be incomplete of course to ignore the impact markets and central banks outside the United States are playing in ultralow bond yields.

Looking forward for the rest of 2016, we continue to view equity markets through a cautious lens. In our tactical portfolios we remain underweight across most major segments of equity markets – domestic, international developed and emerging. The underweight in part reflects a perceived decline in the efficacy of monetary policy support in the Eurozone and Japan, as well as the threat of potential spillover effects from political and macroeconomic risks across regions. Within growth-oriented assets, REITs continue to look attractive and we maintain an overweight allocation. REITs are supported by factors including the current low interest rate environment and an attractive yield spread over treasuries. In fixed income, with long-run growth and inflation prospects still muted, we expect the long end of the curve to remain well-anchored. Despite negative yields prevailing out as far as 15 years for German and Japanese government debt, further central bank buying, regulatory structures that favor sovereign debt and a high demand for hedging assets will likely keep global longer maturity bond yields well anchored for the foreseeable future. Further, given the mostly favorable policy backdrop and near record low default rates in high yield bonds, we maintain a cautiously optimistic outlook with a small overweight to credit assets. Additional allocations include overweight positions in cash and gold. Cash represents a true defensive allocation, driven in large part by generally unattractive expected returns across other asset classes. Gold is one of the strongest assets hailing out of our quant modeling and resulting forecasts. The favorable outlook for gold is driven by strong price trends as well as a variety of fundamental factors, such as low real interest rates and volatility across currencies.

Portfolio Results

The SSGA Upromise College Today Portfolio's total return for the year ended June 30, 2016 was 0.74%, while the SSGA Upromise College Today Custom Index's total return was 1.06%. The SSGA Upromise College Today Portfolio's total return for the year ended June 30, 2015 was 0.21%, while the SSGA Upromise College Today Custom Index's total return was 0.43%.

Investment Commentary *(Continued)*

Portfolio Results *(Continued)*

The SSGA Upromise College 2015 Portfolio's total return for the year ended June 30, 2016 was 1.25%, while the SSGA Upromise College 2015 Custom Index's total return was 1.80%. The SSGA Upromise College 2015 Portfolio's total return for the year ended June 30, 2015 was 0.64%, while the SSGA Upromise College 2015 Custom Index's total return was 0.93%.

The SSGA Upromise College 2018 Portfolio's total return for the year ended June 30, 2016 was 3.14%, while the SSGA Upromise College 2018 Custom Index's total return was 3.53%. The SSGA Upromise College 2018 Portfolio's total return for the year ended June 30, 2015 was 1.13%, while the SSGA Upromise College 2018 Custom Index's total return was 1.45%.

The SSGA Upromise College 2021 Portfolio's total return for the year ended June 30, 2016 was 3.16%, while the SSGA Upromise College 2021 Custom Index's total return was 4.13%. The SSGA Upromise College 2021 Portfolio's total return for the year ended June 30, 2015 was 2.34%, while the SSGA Upromise College 2021 Custom Index's total return was 2.18%.

The SSGA Upromise College 2024 Portfolio's total return for the year ended June 30, 2016 was 3.07%, while the SSGA Upromise College 2024 Custom Index's total return was 3.82%. The SSGA Upromise College 2024 Portfolio's total return for the year ended June 30, 2015 was 2.58%, while the SSGA Upromise College 2024 Custom Index's total return was 2.47%.

The SSGA Upromise College 2027 Portfolio's total return for the year ended June 30, 2016 was 2.27%, while the SSGA Upromise College 2027 Custom Index's total return was 3.10%. The SSGA Upromise College 2027 Portfolio's total return for the year ended June 30, 2015 was 2.65%, while the SSGA Upromise College 2027 Custom Index's total return was 2.68%.

The SSGA Upromise College 2030 Portfolio's total return for the year ended June 30, 2016 was 0.92%, while the SSGA Upromise College 2030 Custom Index's total return was 1.96%. The SSGA Upromise College 2030 Portfolio's total return for the year ended June 30, 2015 was 2.70%, while the SSGA Upromise College 2030 Custom Index's total return was 2.78%.

The SSGA Upromise College 2033 Portfolio's total return for the year ended June 30, 2016 was not available, as the portfolio began to be offered in September 2015, while the SSGA Upromise College 2030 Custom Index's total return was NA, as this was launched in March 2016.

The SSGA Upromise Conservative Portfolio's total return for the year ended June 30, 2016 was 1.50%, while the SSGA Upromise Conservative Custom Index's total return was 2.10%. The SSGA Upromise Conservative Portfolio's total return for the year ended June 30, 2015 was 0.38%, while the SSGA Upromise Conservative Custom Index's total return was 0.75%.

Investment Commentary *(Continued)*

Portfolio Results *(Continued)*

The SSGA Upromise Moderate Portfolio's total return for the year ended June 30, 2016 was 2.78%, while the SSGA Upromise Moderate Custom Index's total return was 3.59%. The SSGA Upromise Moderate Portfolio's total return for the year ended June 30, 2015 was 2.54%, while the SSGA Upromise Moderate Custom Index's total return was 2.43%.

The SSGA Upromise Aggressive Portfolio's total return for the year ended June 30, 2016 was -0.23%, while the SSGA Upromise Aggressive Custom Index's total return was -0.16%. The SSGA Upromise Aggressive Portfolio's total return for the year ended June 30, 2015 was 2.91%, while the SSGA Upromise Aggressive Custom Index's total return was 3.02%.

The following table represents the total return for the Static Portfolio options and their respective indexes for the year ended June 30, 2016 and 2015:

Static Portfolios	2016	2015
SPDR® S&P® MidCap 400 ETF	1.05%	6.11%
S&P MidCap 400 Index	1.33%	6.40%
SPDR S&P 600 Small Cap ETF	-0.10%	6.55%
S&P SmallCap 600 Index	-0.03%	6.72%
State Street Equity 500 Index Fund – Class K (1)	3.92%	7.35%
S&P 500	3.99%	7.42%
SPDR Dow Jones REIT ETF	22.43%	4.97%
Dow Jones US Select REIT Index	22.85%	5.21%
SPDR Dow Jones International Real Estate ETF	1.44%	-2.71%
Dow Jones Global ex-US Select Real Estate Securities Index	1.86%	-2.51%
State Street Emerging Markets Equity Index Fund – Class K (1)	N/A	-2.53%
S&P Emerging BMI Index	N/A	-3.06%
SPDR S&P Emerging Markets Small Cap ETF	10.34%	-8.06%
S&P Emerging Markets Under USD2 Billion Index	10.79%	-6.29%
SPDR S&P World ex-US ETF	-9.12%	-4.36%
S&P Developed Ex-US BMI Index	-8.71%	-4.78%
SPDR S&P International Small Cap ETF	-2.42%	-2.12%
S&P Developed Ex-US Under USD2 Billion	-2.75%	-2.48%
SPDR Barclays Aggregate Bond ETF	5.97%	1.77%
Barclays US Aggregate Index	6.00%	1.86%

Investment Commentary *(Continued)*

Portfolio Results *(Continued)*

Static Portfolios	2016	2015
SPDR Barclays Short Term Corporate Bond ETF	2.17%	0.74%
Barclays US 1–3 Year Corporate Bond Index	2.38%	1.04%
SPDR Barclays 1–3 Month T-Bill ETF	0.01%	-0.11%
Barclays 1–3 Month US Treasury Bill Index	0.14%	0.01%
SPDR Barclays High Yield Bond ETF	-1.99%	-2.5%
Barclays High Yield Very Liquid Index	0.92%	-1.13%
SPDR® Citi International Government Inflation-Protected Bond ETF(2)	2.12%	-11.25%
Citi International Inflation-Linked Securities Select Index	N/A	-10.81%
SPDR Barclays TIPS ETF	4.42%	-1.84%
Barclays US Government Inflation-linked Bond Index	4.59%	-1.68%

(1) Effective March 31, 2016, the State Street Equity 500 Index Fund – Class K and the State Street Emerging Markets Equity Index Fund – Class K replaced the SPDR S&P 500 ETF and the SPDR S&P Emerging Markets ETF, respectively. Previously the SPDR S&P 500 ETF (SPY), until 3/31/16.

(2) Formerly known as SPDR® DB International Government Inflation-Protected Bond ETF, until the name of this fund was changed effective February 12, 2016.

The views expressed in this material are the views of SSGA's Investment Solutions Group through the period ended June 30, 2016 and are subject to change based on market and other conditions. This document contains certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance and actual results or developments may differ materially from those projected. Past performance is not a guarantee of future results.

Performance data source is SSGA for applicable separately managed account or underlying ETFs. The performance data shown represents past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For SSGA Upromise 529 Portfolio Performance data current to the most recent month-end visit our website at www.ssga.upromise529.com. Performance returns for periods of less than one year are not annualized. The performance figures contained herein are provided on a gross of fees basis and do not reflect the deduction of advisory or other fees which could reduce the return. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in US dollars.

Investment Commentary *(Continued)*

Portfolio Results *(Continued)*

The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income. Risk associated with equity investing include stock values which may fluctuate in response to the activities of individual companies and general market and economic conditions. Bonds generally present less short-term risk and volatility than stocks, but contain interest rate risk (as interest rates rise bond values and yields usually fall); issuer default risk; issuer credit risk; liquidity risk; and inflation risk. These effects are usually pronounced for longer-term securities. Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss. Investing in foreign domiciled securities may involve risk of capital loss from unfavorable fluctuation in currency values, withholding taxes, from differences in generally accepted accounting principles or from economic or political instability in other nations. Investments in emerging or developing markets may be more volatile and less liquid than investing in developed markets and may involve exposure to economic structures that are generally less diverse and mature and to political systems which have less stability than those of more developed countries. Weight positions are as of the date indicated, are subject to change, and should not be relied upon as current thereafter. Investing involves risk including the risk of loss of principal.

All material in this investment commentary has been obtained from sources believed to be reliable. There is no representation or warranty as to the accuracy of the information and State Street shall have no liability for decisions based on such information. Standard & Poor's S&P Indices are trademarks of Standard & Poor's Financial Services LLC. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group. MSCI Indices are the property of MSCI, Inc.

Recent Developments

Significant Plan Changes

Effective September 24, 2015, the Plan began to offer a new College Date Portfolio Option, the SSGA College 2033 Portfolio.

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.

Financial Statements

SSGA Upromise529
POWERED BY SPDR® ETFs

(A Private Purpose Trust Fund of the State of Nevada)

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2016

ASSETS	
Investments	$ 1,299,813,741
Cash and cash equivalents	4,615,511
Receivables for investments sold	6,257,610
Accrued investment income	763,608
Total Assets	1,311,450,470
LIABILITIES	
Payables for investments purchased	667,593
Withdrawals payable	539,839
Accrued administrative fees	517,692
Total Liabilities	1,725,124
NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES	$ 1,309,725,346

See accompanying notes to financial statements.

SSGA Upromise529

POWERED BY SPDR® ETFs

(A Private Purpose Trust Fund of the State of Nevada)

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2016

ADDITIONS	
Contributions	$ 115,853,135
Investment income:	
Dividends and interest	24,530,099
Net appreciation in fair value of investments	4,978,988
Net investment income	29,509,087
Total Additions	145,362,222
DEDUCTIONS	
Withdrawals	108,083,423
Administrative fees	3,945,271
Total Deductions	112,028,694
NET INCREASE	33,333,528
NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF YEAR	1,276,391,818
NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF YEAR	$ 1,309,725,346

See accompanying notes to financial statements.

(This page intentionally left blank)

NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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 document 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 higher 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), which is chaired by the Nevada State Treasurer. 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 five college savings options available under the Program.

The Nevada College Savings Trust Fund (the Trust), is a trust created under the Nevada Revised Statutes 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 a fiduciary fund of the state of Nevada and is included in the state of Nevada's financial statements as a private purpose trust 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. A private purpose trust fund is a type of fiduciary fund used to report certain trust arrangements under which principal and income benefit individuals, private organizations or other governments.

These financial statements present only the balances and transactions that are attributable to the Plan, and do not include any balances or transactions attributable to the other four college savings options available under the Program. These financial statements are not intended to, and do not, represent a complete presentation of the financial positon and changes in financial positon of the Program, the related Trust or the fiduciary funds of the state of Nevada.

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, Inc. (ABD) serves as Program Manager, responsible for providing for marketing, distribution, enrollment, account owner recordkeeping and certain other administrative services for the Plan.

Effective December 3, 2015, Genstar Capital and Aquiline Capital Partners (each a private equity firm) acquired Ascensus, Inc. and its subsidiaries, including ABD, from J.C. Flowers & Co. There were no material changes to the corporate structure of Ascensus, Inc. or the services provided by ABD to the Plan as a result of this acquisition.

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 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 of the Internal Revenue Code of 1986, as amended, and any regulations or other guidance issued thereunder. As such, the Plan is exempt from federal and state income tax.

(c) Estimates

The preparation of 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.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Investments

The Plan's investments include exchange traded funds (ETFs), mutual funds and an interest-bearing savings account (the Underlying Funds). Generally accepted accounting principles prescribed by the GASB require that the Plan's investments be measured at fair value and categorized 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 fair values of ETFs and mutual funds are determined based on closing market prices as of the close of the New York Stock Exchange (NYSE) on the reporting date (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 varying 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, 2016 was 0.90%. 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.

Net realized and unrealized gains (losses) are reported as "net appreciation (depreciation) in fair value of investments" on the statement of changes in fiduciary net position. Purchases and sales of shares of the Underlying 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 Underlying Fund.

(e) Cash and Cash Equivalents

Cash and cash equivalents generally include contributions received from account owners 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 demand deposit account maintained at BNY Mellon in the Plan's name. The bank balance of this account at June 30, 2016, totaled $1,807,476. In addition, the Plan may maintain uninvested cash balances to meet liquidity needs. These uninvested cash balances, which are held by BNY Mellon as custody agent for the Plan, totaled $4,099,785 at June 30, 2016. Balances in these accounts 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 $250,000. Amounts in excess of FDIC insurance limits are not collateralized or covered by supplementary insurance.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 portfolio options offered by the Plan. At June 30, 2016, there were eight (8) College Date Portfolio Options, three (3) Risk-Based Portfolio Options, fifteen (15) Static Portfolio Options and a Savings Portfolio Option from which to choose. The College Date Portfolio Options are managed to modify the asset allocation of the underlying investment portfolio 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 Options allow account owners the opportunity to create a personalized 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 portfolio options that hold ETFs, mutual funds or balances in 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 portfolio options in which their contributions are invested, they cannot direct the selection or allocation of the Underlying Funds composing each portfolio option.

During the year ended June 30, 2010, the Board approved the implementation of the Silver State Matching Grant Program. Under this program, the Board may award matching grants of up to $300 to Nevada residents who have opened a Plan account for a beneficiary thirteen (13) years of age 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

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Contributions *(Continued)*

acceptable proof of residency. During the year ended June 30, 2016, matching grants approved by the Board totaling approximately $107,000 were paid into individual accounts. These matching grants are recorded as contributions in the year they are paid.

During the fall of 2013, the Nevada College Kick Start Program was launched in fourteen (14) rural Nevada counties and expanded statewide in February 2014. Under this program, the state established a $50 College Kick Start Account for each kindergarten student enrolled in the public school system. Contributions are held in a master account with the Nevada College Savings Trust Fund as the account owner. During the year ended June 30, 2016, contributions made under this program totaled approximately $1.7 million.

(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 higher 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 per account and are assessed annually in the anniversary month of the account opening. This annual account fee is waived if the account owner or the beneficiary has a Nevada mailing address on file or if the account owner or beneficiary is invested in the Savings Portfolio Option at the time the fee is to be charged. Withdrawals may also include service fees for other transactions, such as returned checks, overnight delivery charges, outgoing wire transfers and requests for historical statements. Annual account fees and service fees, which totaled approximately $2.5 million for the year ended June 30, 2016, 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 portfolio options twice per calendar year. Transfers of funds between portfolio 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.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Unit Valuation

As explained in Note 2(f), each account owner's full and/or fractional interest in a portfolio option is evidenced by a unit. The net asset value of a unit is calculated daily based on the fair value of the Underlying Funds, 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 a portfolio option attributable to that account owner by the net asset value per unit of that portfolio option.

(j) Recently Adopted Accounting Standards

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurements, with the overarching goal of enhancing comparability of governmental financial statements and related note disclosures. The Plan adopted the provisions of this statement on July 1, 2015. Adoption of this statement had no impact on amounts previously reported in the Plan's financial statements. Additional disclosures regarding the Plan's policy for determining fair value are included in Note 2(d), and additional information regarding the Plan's Underlying Funds is included in Note 3.

NOTE 3: INVESTMENTS

At June 30, 2016, investments held in the various portfolio options are detailed in the schedule that follows. Percentages are rounded to the nearest tenth of a percent.

Underlying Fund	Fund Strategy	Balance as of June 30, 2016	Percent of Total Balance
SSGA Aggressive Portfolio			
State Street Equity 500 Index Fund - Class K	Large Blend	$ 70,069,858	43.2%
SPDR S&P MidCap 400 ETF Trust	Mid-Cap Blend	8,064,899	5.0%
SPDR S&P 600 Small Cap ETF	Small Blend	3,298,636	2.0%
SPDR Dow Jones REIT ETF	Real Estate	19,901,809	12.3%
SPDR S&P World ex-US ETF	Foreign Large Blend	32,730,099	20.2%
SPDR S&P International Small Cap ETF	Foreign Small/Mid Blend	1,589,394	1.0%
SPDR Barclays High Yield Bond ETF	High-Yield Bond	3,274,047	2.0%
State Street Emerging Markets Equity Index Fund - Class K	Large Blend	16,507,730	10.2%
State Street Institutional Liquid Reserves Mutual Fund	Prime Money Market	6,587,742	4.1%
		162,024,214	100.0%

NOTE 3: INVESTMENTS (Continued)

Underlying Fund	Fund Strategy	Balance as of June 30, 2016	Percent of Total Balance
SSGA Moderate Portfolio			
State Street Equity 500 Index Fund - Class K	Large Blend	$ 22,410,083	25.3%
SPDR S&P MidCap 400 ETF Trust	Mid-Cap Blend	124,750	0.2%
SPDR S&P 600 Small Cap ETF	Small Blend	124,818	0.2%
SPDR Dow Jones REIT ETF	Real Estate	7,868,294	8.9%
SPDR S&P World ex-US ETF	Foreign Large Blend	6,271,839	7.1%
SPDR S&P International Small Cap ETF	Foreign Small/Mid Blend	121,778	0.1%
State Street Emerging Markets Equity Index Fund - Class K	Large Blend	1,334,973	1.5%
SPDR Barclays Aggregate Bond ETF	Intermediate-Term Bond	31,298,020	35.5%
SPDR Barclays TIPS ETF	Inflation-Protected Bond	8,906,080	10.1%
SPDR Barclays High Yield Bond ETF	High-Yield Bond	2,483,720	2.8%
State Street Institutional Liquid Reserves Mutual Fund	Prime Money Market	7,365,772	8.3%
		88,310,127	100.0%
SSGA Conservative Portfolio			
SPDR Barclays Aggregate Bond ETF	Intermediate-Term Bond	5,238,596	20.1%
SPDR Barclays High Yield Bond ETF	High-Yield Bond	531,751	2.0%
SPDR Barclays Short Term Corporate Bond ETF	Short-Term Bond	9,182,136	35.1%
State Street Institutional Liquid Reserves Mutual Fund	Prime Money Market	11,185,614	42.8%
		26,138,097	100.0%
SSGA College 2033 Portfolio			
State Street Equity 500 Index Fund - Class K	Large Blend	321,105	37.0%
SPDR Dow Jones REIT ETF	Real Estate	93,961	10.8%
SPDR S&P World ex-US ETF	Foreign Large Blend	147,162	17.0%
SPDR S&P International Small Cap ETF	Foreign Small/Mid Blend	6,162	0.7%
State Street Emerging Markets Equity Index Fund - Class K	Large Blend	51,254	5.9%
SPDR Barclays Aggregate Bond ETF	Intermediate-Term Bond	121,553	14.0%
SPDR Barclays TIPS ETF	Inflation-Protected Bond	42,682	4.9%
SPDR Barclays High Yield Bond ETF	High-Yield Bond	29,702	3.4%
SPDR Barclays Short Term Corporate Bond ETF	Short-Term Bond	8,434	1.0%
State Street Institutional Liquid Reserves Mutual Fund	Prime Money Market	45,372	5.3%
		867,387	100.0%

NOTE 3: INVESTMENTS (Continued)

Underlying Fund	Fund Strategy	Balance as of June 30, 2016	Percent of Total Balance
SSGA College 2030 Portfolio			
State Street Equity 500 Index Fund - Class K	Large Blend	$ 5,760,025	35.0%
SPDR S&P MidCap 400 ETF Trust	Mid-Cap Blend	543,670	3.3%
SPDR S&P 600 Small Cap ETF	Small Blend	11,385	0.1%
SPDR Dow Jones REIT ETF	Real Estate	1,655,510	10.1%
SPDR S&P World ex-US ETF	Foreign Large Blend	2,411,878	14.7%
SPDR S&P International Small Cap ETF	Foreign Small/Mid Blend	11,248	0.1%
State Street Emerging Markets Equity Index Fund - Class K	Large Blend	823,194	5.0%
SPDR Barclays Aggregate Bond ETF	Intermediate-Term Bond	3,371,280	20.5%
SPDR Barclays TIPS ETF	Inflation-Protected Bond	756,473	4.6%
SPDR Barclays High Yield Bond ETF	High-Yield Bond	560,561	3.4%
State Street Institutional Liquid Reserves Mutual Fund	Prime Money Market	533,320	3.2%
		16,438,544	100.0%
SSGA College 2027 Portfolio			
State Street Equity 500 Index Fund - Class K	Large Blend	12,918,304	28.8%
SPDR S&P MidCap 400 ETF Trust	Mid-Cap Blend	1,079,714	2.4%
SPDR S&P 600 Small Cap ETF	Small Blend	23,188	0.1%
SPDR Dow Jones REIT ETF	Real Estate	4,181,827	9.3%
SPDR S&P World ex-US ETF	Foreign Large Blend	4,215,514	9.4%
SPDR S&P International Small Cap ETF	Foreign Small/Mid Blend	219,317	0.5%
State Street Emerging Markets Equity Index Fund - Class K	Large Blend	1,003,358	2.2%
SPDR Barclays Aggregate Bond ETF	Intermediate-Term Bond	14,444,472	32.2%
SPDR Barclays TIPS ETF	Inflation-Protected Bond	3,519,761	7.8%
SPDR Barclays High Yield Bond ETF	High-Yield Bond	1,335,894	3.0%
State Street Institutional Liquid Reserves Mutual Fund		1,914,240	4.3%
	Prime Money Market	44,855,589	100.0%

NOTE 3: INVESTMENTS (Continued)

Underlying Fund	Fund Strategy	Balance as of June 30, 2016	Percent of Total Balance
SSGA College 2024 Portfolio			
State Street Equity 500 Index Fund - Class K	Large Blend	$ 30,372,381	20.8%
SPDR S&P MidCap 400 ETF Trust	Mid-Cap Blend	2,418,190	1.7%
SPDR S&P 600 Small Cap ETF	Small Blend	13,056	0.0%
SPDR Dow Jones REIT ETF	Real Estate	12,490,794	8.6%
SPDR S&P World ex-US ETF	Foreign Large Blend	8,262,500	5.7%
SPDR S&P International Small Cap ETF	Foreign Small/Mid Blend	660,770	0.5%
State Street Emerging Markets Equity Index Fund - Class K	Large Blend	754,911	0.5%
SPDR Barclays Aggregate Bond ETF	Intermediate-Term Bond	56,051,969	38.4%
SPDR Barclays TIPS ETF	Inflation-Protected Bond	14,785,219	10.1%
SPDR Barclays High Yield Bond ETF	High-Yield Bond	3,918,932	2.7%
SPDR Barclays Short Term Corporate Bond ETF	Short-Term Bond	3,798,775	2.6%
State Street Institutional Liquid Reserves Mutual Fund	Prime Money Market	12,270,976	8.4%
		145,798,473	100.0%
SSGA College 2021 Portfolio			
State Street Equity 500 Index Fund - Class K	Large Blend	31,445,456	12.2%
SPDR S&P MidCap 400 ETF Trust	Mid-Cap Blend	2,222,349	0.9%
SPDR S&P 600 Small Cap ETF	Small Blend	22,770	0.0%
SPDR Dow Jones REIT ETF	Real Estate	18,323,159	7.1%
SPDR S&P World ex-US ETF	Foreign Large Blend	2,628,819	1.0%
SPDR S&P International Small Cap ETF	Foreign Small/Mid Blend	31,302	0.0%
State Street Emerging Markets Equity Index Fund - Class K	Large Blend	611,317	0.2%
SPDR Barclays Aggregate Bond ETF	Intermediate-Term Bond	101,712,356	39.5%
SPDR Barclays TIPS ETF	Inflation-Protected Bond	21,186,255	8.2%
SPDR Barclays High Yield Bond ETF	High-Yield Bond	5,615,110	2.2%
SPDR Barclays Short Term Corporate Bond ETF	Short-Term Bond	38,594,857	15.0%
State Street Institutional Liquid Reserves Mutual Fund	Prime Money Market	35,177,411	13.7%
		257,571,161	100.0%

NOTE 3: INVESTMENTS (Continued)

Underlying Fund	Fund Strategy	Balance as of June 30, 2016	Percent of Total Balance
SSGA College 2018 Portfolio			
SPDR Barclays Aggregate Bond ETF	Intermediate-Term Bond	$ 86,884,986	43.4%
SPDR Barclays TIPS ETF	Inflation-Protected Bond	6,337,187	3.2%
SPDR Barclays High Yield Bond ETF	High-Yield Bond	4,037,028	2.0%
SPDR Barclays Short Term Corporate Bond ETF	Short-Term Bond	67,467,421	33.7%
State Street Institutional Liquid Reserves Mutual Fund	Prime Money Market	35,292,305	17.7%
		200,018,927	100.0%
SSGA College 2015 Portfolio			
SPDR Barclays Aggregate Bond ETF	Intermediate-Term Bond	8,250,326	9.0%
SPDR Barclays TIPS ETF	Inflation-Protected Bond	698	0.0%
SPDR Barclays High Yield Bond ETF	High-Yield Bond	1,863,076	2.0%
SPDR Barclays Short Term Corporate Bond ETF	Short-Term Bond	34,301,478	37.5%
State Street Institutional Liquid Reserves Mutual Fund	Prime Money Market	47,102,865	51.5%
		91,518,443	100.0%
SSGA College Today Portfolio			
SPDR Barclays High Yield Bond ETF	High-Yield Bond	995,209	2.0%
SPDR Barclays Short Term Corporate Bond ETF	Short-Term Bond	19,496,852	40.0%
State Street Institutional Liquid Reserves Mutual Fund	Prime Money Market	28,342,075	58.0%
		48,834,136	100.0%
SPDR S&P 500 ETF Trust Portfolio			
SPDR S&P 500 ETF Trust	Large Blend	117,541,301	100.0%
SPDR S&P MidCap 400 ETF Trust Portfolio			
SPDR S&P MidCap 400 ETF Trust	Mid-Cap Blend	11,401,010	100.0%
SPDR S&P 600 Small Cap ETF Portfolio			
SPDR S&P 600 Small Cap ETF	Small Blend	10,227,326	100.0%
SPDR Dow Jones REIT ETF Portfolio			
SPDR Dow Jones REIT ETF	Real Estate	6,425,167	100.0%

NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 3: INVESTMENTS (Continued)

Underlying Fund	Fund Strategy	Balance as of June 30, 2016	Percent of Total Balance
SPDR Dow Jones International Real Estate ETF Portfolio			
SPDR Dow Jones International Real Estate ETF	Global Real Estate	$ 1,703,011	100.0%
SPDR S&P World ex-US ETF Portfolio			
SPDR S&P World ex-US ETF	Foreign Large Blend	3,947,117	100.0%
SPDR S&P International Small Cap ETF Portfolio			
SPDR S&P International Small Cap ETF	Foreign Small/Mid Blend	2,332,241	100.0%
SPDR S&P Emerging Markets ETF Portfolio			
SPDR S&P Emerging Markets ETF	Diversified Emerging Markets	3,885,255	100.0%
SPDR S&P Emerging Markets Small Cap ETF Portfolio			
SPDR S&P Emerging Markets Small Cap ETF	Diversified Emerging Markets	1,236,101	100.0%
SPDR Barclays Aggregate Bond ETF Portfolio			
SPDR Barclays Aggregate Bond ETF	Intermediate-Term Bond	13,533,123	100.0%
SPDR Barclays TIPS ETF Portfolio			
SPDR Barclays TIPS ETF	Inflation-Protected Bond	1,274,474	100.0%
SPDR Citi International Government Inflation-Protected Bond ETF Portfolio			
SPDR Citi International Government Inflation-Protected Bond ETF[1]	Emerging Markets Bond	426,761	100.0%
SPDR Barclays High Yield Bond ETF Portfolio			
SPDR Barclays High Yield Bond ETF	High-Yield Bond	2,797,533	100.0%
SPDR Barclays Short Term Corporate Bond ETF Portfolio			
SPDR Barclays Short Term Corporate Bond ETF	Short-Term Bond	2,371,987	100.0%
SPDR Barclays 1-3 Month T-Bill ETF Portfolio			
SPDR Barclays 1-3 Month T-Bill ETF	Ultrashort Bond	1,153,442	100.0%
Savings Portfolio			
Sallie Mae High-Yield Savings Account	N/A	37,182,794	100.0%
Total Investments		$ 1,299,813,741	

[1] Formerly known as SPDR® DB International Government Inflation-Protected Bond ETF, until the name of this fund was changed effective February 12, 2016.

NOTE 3: INVESTMENTS (Continued)

The following table calculates the net change in the fair value of investments during the year ended June 30, 2016:

Fair value of investments, end of year	$ 1,299,813,741
Less cost of investments purchased and investment income reinvested during the year	(706,635,022)
Plus proceeds from investments sold during the year	682,292,195
Less fair value of investments, beginning of year	(1,270,491,926)
Net appreciation in fair value of investments	$ 4,978,988

The ETFs and mutual funds in which the Plan invests comprise various investment securities, which include corporate debt and equity securities, obligations of the United States government and government agencies and international equity securities. These securities are exposed to various risks, such as 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.

GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements,* GASB Statement No. 40, *Deposit and Investment Risk Disclosures* and GASB Statement No. 59, *Financial Instruments Omnibus*, 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, 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. However, the Board believes that portfolio options available to account owners are appropriately structured to allow account owners to manage these specific risk types, to the greatest extent possible, given the nature of the Underlying Funds.

NOTE 3: INVESTMENTS (Continued)

(b) 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 be indirectly exposed to credit risk and concentrations of credit risk through its investment in ETFs and mutual funds.

The Plan's investments are not subject to classification by 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.

None of the Underlying Funds in which the Plan invests are rated by a nationally recognized statistical rating organization, except for the State Street Institutional Liquid Reserves Mutual Fund, which is rated AAAm by Standard & Poor's.

(c) Interest Rate Risk

The Plan invests in certain ETFs and a mutual fund that are exposed to interest rate risk due to the underlying holdings of the ETFs and mutual fund being composed of bonds and other debt securities. Interest rate risk is the risk that changes in interest rates will adversely affect 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. In general, the longer the average maturity, the more a fund's share price will fluctuate in response to changes in interest rates. As of June 30, 2016, the average maturities of these ETFs and mutual fund are as follows:

	Average Maturity
SPDR Barclays Aggregate Bond ETF	7.8 years
SPDR Barclays TIPS ETF	9.5 years
SPDR Citi International Government Inflation-Protected Bond ETF	13.9 years
SPDR Barclays High Yield Bond ETF	6.5 years
SPDR Barclays Short Term Corporate Bond ETF	1.9 years
SPDR Barclays 1-3 Month T-Bill ETF	0.1 years
State Street Institutional Liquid Reserves Mutual Fund	28 days

(d) 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. 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

Administrative fees presented on the statement of changes in fiduciary net position include a state fee, paid to the state of Nevada to cover expenses related to oversight and administration of the Plan; a program management fee, paid to ABD for providing administration and program management services for the Plan; and an investment services fee, paid to SSGA for providing investment management services. These fees are accrued daily and paid monthly.

Administrative fees related to the year ended June 30, 2016, are as follows:

ABD	$ 2,794,882
SSGA	897,847
State	252,542
Total administrative fees	$ 3,945,271

Supplementary Schedules

SSGA Upromise529
POWERED BY SPDR® ETFs

(A Private Purpose Trust Fund of the State of Nevada)

SCHEDULE OF FIDUCIARY NET POSITION BY PORTFOLIO
June 30, 2016

	Risk-Based Portfolio Options		
	SSGA Aggressive Portfolio	SSGA Moderate Portfolio	SSGA Conservative Portfolio
ASSETS			
Investments	$ 162,024,214	$ 88,310,127	$ 26,138,097
Cash and cash equivalents (cash overdraft)	109,564	69,571	5,429
Receivables for investments sold	461,721	614,443	117,295
Accrued investment income	31,907	4,193	4,198
Total Assets	162,627,406	88,998,334	26,265,019
LIABILITIES			
Payables for investments purchased	-	-	-
Withdrawals payable	55,674	33,025	6,182
Accrued administrative fees	70,892	38,540	11,486
Total Liabilities	126,566	71,565	17,668
NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES	$ 162,500,840	$ 88,926,769	$ 26,247,351
UNITS OUTSTANDING[(1)]	11,459,862	6,931,159	2,540,886
NET ASSET VALUE PER UNIT[(2)]	$ 14.18	$ 12.83	$ 10.33

[(1)] Rounded to the nearest whole share

[(2)] Rounded to the nearest hundredth

See Independent Auditor's Report.

SSGA Upromise529
POWERED BY SPDR® ETFs

(A Private Purpose Trust Fund of the State of Nevada)

SCHEDULE OF FIDUCIARY NET POSITION BY PORTFOLIO
June 30, 2016

College Date Portfolio Options						
SSGA College 2033 Portfolio	SSGA College 2030 Portfolio	SSGA College 2027 Portfolio	SSGA College 2024 Portfolio	SSGA College 2021 Portfolio	SSGA College 2018 Portfolio	SSGA College 2015 Portfolio
$ 867,387	$ 16,438,544	$ 44,855,589	$ 145,798,473	$ 257,571,161	$ 200,018,927	$ 91,518,443
671	17,041	(7,809)	49,525	(34,189)	11,504	77,480
-	-	299,222	1,396,434	2,573,964	155,246	251,090
191	2,435	5,084	14,255	20,005	13,175	17,631
868,249	16,458,020	45,152,086	147,258,687	260,130,941	200,198,852	91,864,644
-	-	-	-	-	-	-
12	16,662	3,196	20,539	29,221	45,675	166,133
948	6,427	19,413	63,506	112,494	87,078	40,815
960	23,089	22,609	84,045	141,715	132,753	206,948
$ 867,289	$ 16,434,931	$ 45,129,477	$ 147,174,642	$ 259,989,226	$ 200,066,099	$ 91,657,696
81,666	1,197,881	3,311,040	11,191,988	20,782,512	17,187,809	8,796,324
$ 10.62	$ 13.72	$ 13.63	$ 13.15	$ 12.51	$ 11.64	$ 10.42

See Independent Auditor's Report.

SSGA Upromise529
POWERED BY SPDR® ETFs

(A Private Purpose Trust Fund of the State of Nevada)

SCHEDULE OF FIDUCIARY NET POSITION BY PORTFOLIO
June 30, 2016

	College Date Portfolio Option	Static Portfolio Options	
	SSGA College Today Portfolio	SPDR S&P 500 ETF Trust Portfolio	SPDR S&P MidCap 400 ETF Trust Portfolio
ASSETS			
Investments	$ 48,834,136	$ 117,541,301	$ 11,401,010
Cash and cash equivalents (cash overdraft)	70,507	2,648,548	173,224
Receivables for investments sold	11,007	-	-
Accrued investment income	10,460	604,980	35,094
Total Assets	48,926,110	120,794,829	11,609,328
LIABILITIES			
Payables for investments purchased	138,524	-	-
Withdrawals payable	65,672	46,841	6,667
Accrued administrative fees	21,326	23,594	2,272
Total Liabilities	225,522	70,435	8,939
NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES	$ 48,700,588	$ 120,724,394	$ 11,600,389
UNITS OUTSTANDING[1]	4,779,253	7,447,526	736,533
NET ASSET VALUE PER UNIT[2]	$ 10.19	$ 16.21	$ 15.75

[1] Rounded to the nearest whole share

[2] Rounded to the nearest hundredth

See Independent Auditor's Report.

SSGA Upromise529
POWERED BY SPDR® ETFs

(A Private Purpose Trust Fund of the State of Nevada)

SCHEDULE OF FIDUCIARY NET POSITION BY PORTFOLIO
June 30, 2016

Static Portfolio Options					
SPDR S&P 600 Small Cap ETF Portfolio	SPDR Dow Jones REIT ETF Portfolio	SPDR Dow Jones International Real Estate ETF Portfolio	SPDR S&P World ex-US ETF Portfolio	SPDR S&P International Small Cap ETF Portfolio	SPDR S&P Emerging Markets ETF Portfolio
$ 10,227,326	$ 6,425,167	$ 1,703,011	$ 3,947,117	$ 2,332,241	$ 3,885,255
202,696	148,920	34,941	152,486	53,854	114,966
-	-	-	-	-	-
-	-	-	-	-	-
10,430,022	6,574,087	1,737,952	4,099,603	2,386,095	4,000,221
-	-	-	74,157	-	-
6,350	130	46	19	109	60
2,053	1,225	351	799	477	765
8,403	1,355	397	74,975	586	825
$ 10,421,619	$ 6,572,732	$ 1,737,555	$ 4,024,628	$ 2,385,509	$ 3,999,396
649,727	417,581	132,436	348,755	191,300	432,835
$ 16.04	$ 15.74	$ 13.12	$ 11.54	$ 12.47	$ 9.24

See Independent Auditor's Report.

SSGA Upromise529
POWERED BY SPDR® ETFs

(A Private Purpose Trust Fund of the State of Nevada)

SCHEDULE OF FIDUCIARY NET POSITION BY PORTFOLIO
June 30, 2016

	Static Portfolio Options		
	SPDR S&P Emerging Markets Small Cap ETF Portfolio	SPDR Barclays Aggregate Bond ETF Portfolio	SPDR Barclays TIPS ETF Portfolio
ASSETS			
Investments	$ 1,236,101	$ 13,533,123	$ 1,274,474
Cash and cash equivalents (cash overdraft)	37,156	390,185	43,883
Receivables for investments sold	-	-	-
Accrued investment income	-	-	-
Total Assets	1,273,257	13,923,308	1,318,357
LIABILITIES			
Payables for investments purchased	-	-	18,140
Withdrawals payable	60	5,061	-
Accrued administrative fees	246	2,693	245
Total Liabilities	306	7,754	18,385
NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES	$ 1,272,951	$ 13,915,554	$ 1,299,972
UNITS OUTSTANDING(1)	131,775	1,253,653	128,202
NET ASSET VALUE PER UNIT(2)	$ 9.66	$ 11.10	$ 10.14

(1) Rounded to the nearest whole share

(2) Rounded to the nearest hundredth

See Independent Auditor's Report.

SSGA Upromise529
POWERED BY SPDR® ETFs

(A Private Purpose Trust Fund of the State of Nevada)

SCHEDULE OF FIDUCIARY NET POSITION BY PORTFOLIO
June 30, 2016

Static Portfolio Options					
SPDR Citi International Government Inflation-Protected Bond ETF Portfolio	SPDR Barclays High Yield Bond ETF Portfolio	SPDR Barclays Short Term Corporate Bond ETF Portfolio	SPDR Barclays 1-3 Month T-Bill ETF Portfolio	Savings Portfolio	Plan Total
$ 426,761	$ 2,797,533	$ 2,371,987	$ 1,153,442	$ 37,182,794	$ 1,299,813,741
20,041	266,075	258,291	(346,292)	47,243	4,615,511
-	-	-	377,188	-	6,257,610
-	-	-	-	-	763,608
446,802	3,063,608	2,630,278	1,184,338	37,230,037	1,311,450,470
11,357	212,460	212,955	-	-	667,593
623	2,963	2,294	-	26,625	539,839
83	511	431	308	8,714	517,692
12,063	215,934	215,680	308	35,339	1,725,124
$ 434,739	$ 2,847,674	$ 2,414,598	$ 1,184,030	$ 37,194,698	$ 1,309,725,346
44,726	248,271	229,962	120,696	3,583,304	
$ 9.72	$ 11.47	$ 10.50	$ 9.81	$ 10.38	

See Independent Auditor's Report.

SSGA Upromise529
POWERED BY SPDR® ETFs

(A Private Purpose Trust Fund of the State of Nevada)

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY PORTFOLIO
Year Ended June 30, 2016

	Risk-Based Portfolio Options		
	SSGA Aggressive Portfolio	SSGA Moderate Portfolio	SSGA Conservative Portfolio
ADDITIONS			
Contributions	$ 13,095,466	$ 7,342,490	$ 2,207,918
Investment income (loss):			
Dividends and interest	3,460,425	1,886,608	323,161
Net appreciation (depreciation) in fair value of investments	(4,132,445)	474,361	62,468
Net investment income (loss)	(672,020)	2,360,969	385,629
Exchanges in	4,529,697	3,613,856	4,173,109
Total Additions	16,953,143	13,317,315	6,766,656
DEDUCTIONS			
Withdrawals	11,664,584	8,920,140	3,333,345
Administrative fees	524,426	283,435	82,574
Exchanges out	14,284,844	6,675,804	2,690,147
Total Deductions	26,473,854	15,879,379	6,106,066
NET INCREASE (DECREASE)	(9,520,711)	(2,562,064)	660,590
NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF YEAR	172,021,551	91,488,833	25,586,761
NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF YEAR	$ 162,500,840	$ 88,926,769	$ 26,247,351

See Independent Auditor's Report.

SSGA Upromise529
POWERED BY SPDR® ETFs

(A Private Purpose Trust Fund of the State of Nevada)

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY PORTFOLIO
Year Ended June 30, 2016

College Date Portfolio Options						
SSGA College 2033 Portfolio	SSGA College 2030 Portfolio	SSGA College 2027 Portfolio	SSGA College 2024 Portfolio	SSGA College 2021 Portfolio	SSGA College 2018 Portfolio	SSGA College 2015 Portfolio
$ 2,015,270	$ 3,392,282	$ 5,646,265	$ 12,124,858	$ 18,740,928	$ 14,841,344	$ 9,170,515
38,191	303,464	938,058	2,995,078	4,922,687	3,644,386	1,246,064
22,288	(80,293)	123,793	1,438,426	3,053,411	2,384,080	(93,516)
60,479	223,171	1,061,851	4,433,504	7,976,098	6,028,466	1,152,548
453,184	2,755,568	1,534,117	2,753,766	4,183,611	5,193,841	2,148,047
2,528,933	6,371,021	8,242,233	19,312,128	30,900,637	26,063,651	12,471,110
10,453	699,159	1,370,095	3,661,284	6,482,690	5,657,773	25,853,630
4,474	42,425	134,569	449,877	800,893	622,849	318,056
1,646,717	844,659	1,518,473	3,672,569	4,821,113	5,409,127	4,209,641
1,661,644	1,586,243	3,023,137	7,783,730	12,104,696	11,689,749	30,381,327
867,289	4,784,778	5,219,096	11,528,398	18,795,941	14,373,902	(17,910,217)
-	11,650,153	39,910,381	135,646,244	241,193,285	185,692,197	109,567,913
$ 867,289	$ 16,434,931	$ 45,129,477	$ 147,174,642	$ 259,989,226	$ 200,066,099	$ 91,657,696

See Independent Auditor's Report.

SSGA Upromise529
POWERED BY SPDR® ETFs

(A Private Purpose Trust Fund of the State of Nevada)

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY PORTFOLIO
Year Ended June 30, 2016

	College Date Portfolio Option	Static Portfolio Options	
	SSGA College Today Portfolio	SPDR S&P 500 ETF Trust Portfolio	SPDR S&P MidCap 400 ETF Trust Portfolio
ADDITIONS			
Contributions	$ 6,424,704	$ 9,519,083	$ 1,484,646
Investment income (loss):			
Dividends and interest	549,969	2,400,543	143,554
Net appreciation (depreciation) in fair value of investments	(214,020)	2,244,071	13,837
Net investment income (loss)	335,949	4,644,614	157,391
Exchanges in	3,160,853	8,164,419	2,522,307
Total Additions	9,921,506	22,328,116	4,164,344
DEDUCTIONS			
Withdrawals	20,375,774	8,433,738	930,408
Administrative fees	170,751	273,343	25,374
Exchanges out	2,376,885	7,653,394	1,713,583
Total Deductions	22,923,410	16,360,475	2,669,365
NET INCREASE (DECREASE)	(13,001,904)	5,967,641	1,494,979
NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF YEAR	61,702,492	114,756,753	10,105,410
NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF YEAR	$ 48,700,588	$ 120,724,394	$ 11,600,389

See Independent Auditor's Report.

SSGA Upromise529
POWERED BY SPDR® ETFs

(A Private Purpose Trust Fund of the State of Nevada)

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY PORTFOLIO
Year Ended June 30, 2016

Static Portfolio Options					
SPDR S&P 600 Small Cap ETF Portfolio	SPDR Dow Jones REIT ETF Portfolio	SPDR Dow Jones International Real Estate ETF Portfolio	SPDR S&P World ex-US ETF Portfolio	SPDR S&P International Small Cap ETF Portfolio	SPDR S&P Emerging Markets ETF Portfolio
$ 1,440,499	$ 688,175	$ 251,315	$ 503,961	$ 383,038	$ 419,602
343,413	200,362	43,937	110,604	56,273	70,968
(323,683)	866,529	(20,700)	(479,880)	(99,140)	(400,181)
19,730	1,066,891	23,237	(369,276)	(42,867)	(329,213)
2,118,496	2,026,912	233,927	688,845	524,727	1,028,845
3,578,725	3,781,978	508,479	823,530	864,898	1,119,234
797,531	616,641	170,550	358,101	185,138	269,169
23,128	12,481	4,352	9,563	5,317	8,165
1,505,211	1,037,310	562,175	591,035	458,543	500,036
2,325,870	1,666,432	737,077	958,699	648,998	777,370
1,252,855	2,115,546	(228,598)	(135,169)	215,900	341,864
9,168,764	4,457,186	1,966,153	4,159,797	2,169,609	3,657,532
$ 10,421,619	$ 6,572,732	$ 1,737,555	$ 4,024,628	$ 2,385,509	$ 3,999,396

See Independent Auditor's Report.

SSGA Upromise529
POWERED BY SPDR® ETFs

(A Private Purpose Trust Fund of the State of Nevada)

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY PORTFOLIO
Year Ended June 30, 2016

	Static Portfolio Options		
	SPDR S&P Emerging Markets Small Cap ETF Portfolio	SPDR Barclays Aggregate Bond ETF Portfolio	SPDR Barclays TIPS ETF Portfolio
ADDITIONS			
Contributions	$ 205,326	$ 1,188,110	$ 103,607
Investment income (loss):			
Dividends and interest	31,269	325,778	4,883
Net appreciation (depreciation) in fair value of investments	(165,430)	444,899	50,404
Net investment income (loss)	(134,161)	770,677	55,287
Exchanges in	145,777	1,434,634	441,206
Total Additions	216,942	3,393,421	600,100
DEDUCTIONS			
Withdrawals	112,500	1,279,346	95,883
Administrative fees	2,933	30,968	2,622
Exchanges out	175,469	1,111,585	126,996
Total Deductions	290,902	2,421,899	225,501
NET INCREASE (DECREASE)	(73,960)	971,522	374,599
NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF YEAR	1,346,911	12,944,032	925,373
NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF YEAR	$ 1,272,951	$ 13,915,554	$ 1,299,972

See Independent Auditor's Report.

SSGA Upromise529
POWERED BY SPDR® ETFs

(A Private Purpose Trust Fund of the State of Nevada)

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY PORTFOLIO
Year Ended June 30, 2016

Static Portfolio Options					
SPDR DB International Government Inflation-Protected Bond ETF Portfolio	SPDR Barclays High Yield Bond ETF Portfolio	SPDR Barclays Short Term Corporate Bond ETF Portfolio	SPDR Barclays 1-3 Month T-Bill ETF Portfolio	Savings Portfolio	Plan Total
$ 77,026	$ 294,368	$ 250,322	$ 105,517	$ 3,936,500	$ 115,853,135
4,030	154,239	28,912	-	303,243	24,530,099
1,792	(203,510)	12,240	(813)	-	4,978,988
5,822	(49,271)	41,152	(813)	303,243	29,509,087
84,318	924,673	896,785	941,189	13,006,067	69,682,776
167,166	1,169,770	1,188,259	1,045,893	17,245,810	215,044,998
26,276	241,643	167,567	71,443	6,298,562	108,083,423
889	6,011	4,632	3,110	98,054	3,945,271
93,759	967,394	279,344	597,153	4,159,810	69,682,776
120,924	1,215,048	451,543	671,706	10,556,426	181,711,470
46,242	(45,278)	736,716	374,187	6,689,384	33,333,528
388,497	2,892,952	1,677,882	809,843	30,505,314	1,276,391,818
$ 434,739	$ 2,847,674	$ 2,414,598	$ 1,184,030	$ 37,194,698	$ 1,309,725,346

See Independent Auditor's 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, Inc.

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, 2016, 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, 2016.

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 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.

www.thomasthomasllp.com
Little Rock Office ♦ 201 E. Markham, Suite 500, Little Rock, Arkansas 72201 ♦ Telephone (501) 375-2025 ♦ FAX (501) 375-8704
Texarkana Office ♦ 2900 St. Michael Drive, Suite 302, Texarkana, Texas 75503 ♦ Telephone (903) 831-3477 ♦ FAX (903) 831-3482

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan's 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Thomas & Thomas LLP
Certified Public Accountants

September 30, 2016
Little Rock, Arkansas

Independent Auditor's Report

To the Trustees of the College Savings Plans of Nevada and
The Nevada College Savings Trust Fund and
Unit holders of the Putnam 529 for America℠ college savings plan

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 the Putnam 529 for America℠ college savings plan, comprised of forty-one constituent Investment Options and five GAA Portfolios (the "Plan") as of and for the year then ended June 30, 2016 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 28, 2016.

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 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 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.

PricewaterhouseCoopers LLP

September 28, 2016

Putnam 529 for America℠

Financial Statements
For the year ended June 30, 2016

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 **Page**

Management's Discussion and Analysis (unaudited)

The State of Nevada, acting by 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^{SM} (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, 2016.

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 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 flow of 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 includes 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 goverumental entity.

Financial Analysis

Net position: The following is a condensed Statement of Fiduciary Net Position for the Plan as of June 30, 2016 and June 30, 2015 (2015 Underlying investments, at fair value of \$397,508,561, includes Age-Based 1994 Option of \$1,913,461, which merged into Age-Based Graduate Option at December 31, 2015).

	2016	**2015**
Underlying investments, at fair value	\$397,792,426	\$397,508,561
Receivables	723,005	1,464,263
Total assets	**398,515,431**	**398,972,824**
Payables	723,126	1,464,298
Other liabilities	274,674	295,927
Total liabilities	**997,800**	**1,760,225**
Net position	**\$397,517,631**	**\$397,212,599**

The Plan's investments are comprised of 19 Investment Options ("Investment Options"), which consist of an Age-Based Asset Allocation Investment Option, three Goal-Based Asset Allocation Investment Options, four Absolute Return Funds Investment Options and eleven 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 Global Advisors ("SSgA") 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, SSgA 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 from participants since the Plan's inception, plus net increases (decreases) from operations, less redemptions and expenses. Total assets represent Underlying Investments, which comprise of total assets, receivables from participant contributions, accrued income from investment operations and securities sold. 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, 2016 and year ended June 30, 2015.

ADDITIONS	**2016**	**2015**
Results from Investment Operations:		
Income from underlying fund shares	$5,919,484	$6,791,270
Net appreciation (depreciation) in fair value of investments *	(12,830,184)	9,096,959
Total Additions & net investment income	**$(6,910,700)**	**$15,888,229**
DEDUCTIONS		
Administration Fees, net waivers	$1,524,243	$1,473,657
Board Fees	355,126	372,104
Audit and other Fees	116,399	135,405
Total Expenses	**1,995,768**	**1,981,166**
Participant Transactions		
Contributions	44,406,292	46,690,412
Exchanges in	22,407,585	75,447,845
Redemptions	(34,423,010)	(30,764,212)
Exchanges out	(23,179,367)	(76,917,896)
Net increase from transactions	**$9,211,500**	**$14,456,149**
Total increase in net position	**305,032**	**28,363,212**
Net position		
Net position, beginning of year	397,212,599	368,849,387
Net position, end of year	**$397,517,631**	**$397,212,599**

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

Plan Performance:

In a volatile global investment environment, the Age-Based Portfolios produced slightly negative returns. The longer-dated options, which have greater exposure to global equities because of their later target dates slightly underperformed the shorter-dated options. The shorter-dated options, typically for investors who are closer to college age, had a greater reliance on fixed-income instruments and absolute return strategies, and experienced higher, although still negative returns.

During the 12-month period the investment environment, in our view, can best be described as series of crises, with each crisis followed by a relief rally. As a result, the market experienced significant ups and downs. The increased market volatility and global macroeconomic pressure resulted in two pronounced market corrections for many major indexes – in August and September 2015 and in January and February 2016. In late June 2016, however, market volatility spiked again, largely in response to Brexit – the decision by the United Kingdom voters to leave the European Union. U.S. stocks prices plummeted more than 5% in two days after the vote followed by a dramatic three-day recovery. Stocks remained positive in July, managing to gains. The strong market momentum and an analysis of trends call for a bullish outlook. However, we believe, concerns about the future Federal Reserve's action, Eurozone growth, terrorism attacks and the U.S. presidential campaigns continue to weigh on investor sentiment at the close of the of the period.

The chart below shows each Investment Option's Class A share total returns for the year ended June 30, 2016.

AGE-BASED INVESTMENT OPTION:		GOAL BASED/ABSOLUTE RETURN/INDIVIDUAL INVESTMENT OPTIONS:	
Portfolio		**Portfolio**	
Graduate	-0.18 %	Aggressive Growth	-5.12%
1995	-0.24	Growth	-3.91
1996	-0.23	Balanced	-1.99
1997	-0.15	Putnam Absolute Return 100 Fund	-0.87
1998	-0.22	Putnam Absolute Return 300 Fund	-3.35
1999	-0.29	Putnam Absolute Return 500 Fund	-1.42
2000	-0.42	Putnam Absolute Return 700 Fund	-2.17
2001	-0.61	Putnam Equity Income Fund	-1.23
2002	-0.80	Putnam Voyager Fund	-12.81
2003	-1.04	Putuam International Capital Opportunities Fund	-10.49
2004	-1.34	MFS Institutional International Equity Fund	-10.32
2005	-1.71	Principal MidCap Fund	0.37
2006	-2.00	Putnam Small Cap Value Fund	-5.58
2007	-2.29	Putnam High Yield Trust	-0.52
2008	-2.51	Putnam Income Fund	-0.89
2009	-2.85	Federated U.S. Government Securities Fund	2.15
2010	-3.07	SSgA S&P 500 Index Fund	3.52
2011	-3.34	Putnam Money Market Fund	-#
2012	-3.45		
2013	-3.62		
2014	-3.82		
2015	-3.88		
2016*	-0.80		

* Since inception; performance is not annualized.
\# Amount represents less than 0.01%.

Independent Auditor's Report

To Trustee of the College Savings Plans of Nevada and
The Nevada College Savings Trust Fund and
Unit holders of the Pntnam 529 for America℠ College Savings Plan

We have andited the accompanying financial statements of fiduciary net position and related statements of changes in fiduciary net position of the Putnam 529 for America℠ College Savings Plan comprised of forty-one constituent Investment Options, and five GAA Portfolios (the "Plan"), as of and for the year ended June 30, 2016, and the related notes to the 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 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.

Auditor's 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 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 ou 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 Plans'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 accouuting 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 financial position of the Plan at June 30, 2016,and the changes in its financial position thereof 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 general fund 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 at June 30, 2016 , and 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. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 28, 2016 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 other matters. The purpose of that report is 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 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.

Other Matters

The accompanying management's discussion and analysis on pages 1through3 are 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 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 audit 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.

Our audit was conducted for the purpose of forming opinions on the basic financial statements. The supplementary schedules detailing the fiduciary net position and changes in fiduciary net position of each constituent Investment Option, as well as units outstanding and net position value as of June 30, 2016 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the nnderlying accounting and other records used to prepare the basic financial statements. The 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 , the supplementary schedules detailing the fiduciary net position and changes in fiduciary net position of each constituent Iuvestment Option, as well as units outstanding and net position value is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

Boston, MA
September 28, 2016

Putnam 529 for America — Nevada College Savings Plan

Statement of Fiduciary Net Position

June 30, 2016

	Putnam 529 for America
Assets	
Underlying investments, at fair value	$397,792,426
Receivable for Participant contributions	521,934
Receivable for securities sold	197,271
Dividends and interest receivable	3,800
Total assets	**398,515,431**
Liabilities	
Payable for Participant redemptions	197,271
Payable for securities purchased	525,855
Accrued administrative and board fees	158,296
Audit and other accrued fees	116,378
Total liabilities	**997,800**
Net position	**$397,517,631**

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

Putnam 529 for America — Nevada College Savings Plan

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2016

	Putnam 529 for America
ADDITIONS	
Results from Investment Operations:	
Income from underlying fund shares	$5,919,484
Net appreciation (depreciation) in fair value of investments*	(12,830,184)
Total additions & net investment income	**(6,910,700)**
DEDUCTIONS	
Expenses (Note 3)	
Administration Fees	
Class A	741,544
Class B	227,729
Class C	531,642
Class D	51,002
Board Fees	
Class A	266,720
Class B	21,128
Class C	49,123
Class D	18,155
Audit and other fees	116,399
Expenses waived by Putnam (Note 3)	(27,674)
Total expenses	**1,995,768**
Participant Transactions	
Contributions	44,406,292
Exchanges in	22,407,585
Redemptions	(34,423,010)
Exchanges out	(23,179,367)
Net increase from transactions	**9,211,500**
Total increase in net position	**305,032**
Net position	
Beginning of year	397,212,599
End of year	**$397,517,631**

* 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 6/30/16

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 by 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 America℠ (the "Plan"). The Plan is established as an investing vehicle for higher 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. Putnam 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 Plan is a college savings plan that enables individuals to save and invest on a tax-favored basis in order to fund future higher 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, 2015 through June 30, 2016.

As of June 30, 2016, the Plan has the following 19 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 Absolute Return 100 Fund Investment Option
- Putnam Absolute Return 300 Fund Investment Option
- Putnam Absolute Return 500 Fund Investment Option
- Putnam Absolute Return 700 Fund Investment Option

Individual Fund Investment Options

Equity Options

- Pntnam Equity Income Fund Investment Option
- Pntnam Voyager Fund Investment Option
- Putnam International Capital Opportunities Fund Investment Option
- MFS Institutional International Equity Fund Investment Option
- Principal MidCap Fund Investment Option
- Putnam Small Cap Value Fund Investment Option
- SSgA S&P 500 Index Fund Investment Option

Fixed Income Options

- Putnam High Yield Trust Investment Option
- Putnam Income Fund Investment Option
- Federated U.S. Government Securities Fund 2-5 years Investment Option

Money Market Option

- Putnam Money Market Fund Investment Option

Hereafter, the four Asset Allocation Investment Options, the four Absolute Return Funds Investment Options and the eleven 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 and D. Fee Structure A Investment Options are sold with a maximum initial sales charge of 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 are sold at net asset value and do not pay an initial sales charge but are generally subject to a deferred sales charge up to 5.00% on rollover distributions and distributions not used for qualified higher education expenses if the applicable withdrawal occurs within six years of purchase (two years of purchase for the Putnam Absolute Return 100 and Putnam Absolute Return 300 Fund Investment Options). Fee Structure C Investment Options do not pay an initial sales charge and are sold at net asset value but are generally subject to a deferred sales charge of 1.00% on rollover distributions and distributions not used to pay for qualified higher education expenses in the first year. The Putnam 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 October 1, 2010.

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 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, 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. Subsequent events after the Statement of Fiduciary Net Position date through the date that the financial statements were issued, September 28, 2016, have been evaluated in the preparation of the financial statements.

Security Valuation Iuvestments 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.

Market quotations are not considered to be readily available for certain debt obligations 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 ou market transactions for comparable securities and various relationships, generally recognized by institutional traders, between securities (which considers such factors as security prices, yields, maturities aud ratings). 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. 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 and 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. Securities quoted in foreign currencies, if any, are translated into U.S. dollars at the current exchange rate. Short-term securities with remaining maturities of 60 days or less are valued at amortized cost, which approximates fair value.

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 governmeuts 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 assets 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 OPTION:				
Age-Based 2016	$ -	$103,251	$ -	$103,251
Age-Based 2015	-	1,070,403	-	1,070,403
Age-Based 2014	-	2,246,987	-	2,246,987
Age-Based 2013	-	3,347,279	-	3,347,279
Age-Based 2012	-	4,374,517	-	4,374,517
Age-Based 2011	-	6,400,996	-	6,400,996
Age-Based 2010	-	5,146,880	-	5,146,880
Age-Based 2009	-	6,792,975	-	6,792,975
Age-Based 2008	-	6,814,776	-	6,814,776
Age-Based 2007	-	7,335,123	-	7,335,123
Age-Based 2006	-	7,680,750	-	7,680,750
Age-Based 2005	-	10,501,298	-	10,501,298
Age-Based 2004	-	13,218,909	-	13,218,909
Age-Based 2003	-	18,317,027	-	18,317,027
Age-Based 2002	-	16,817,117	-	16,817,117
Age-Based 2001	-	18,989,328	-	18,989,328
Age-Based 2000	-	15,182,524	-	15,182,524
Age-Based 1999	-	15,786,893	-	15,786,893
Age-Based 1998	-	14,903,538	-	14,903,538
Age-Based 1997	-	10,213,390	-	10,213,390
Age-Based 1996	-	7,216,278	-	7,216,278
Age-Based 1995	-	2,096,774	-	2,096,774
Age-Based Graduate	-	10,581,362	-	10,581,362
Aggressive Growth	-	18,666,545	-	18,666,545
Growth	-	25,944,493	-	25,944,493
Balanced	-	23,024,489	-	23,024,489
Investments in Mutual Funds:				
INDIVIDUAL/ABSOLUTE RETURN INVESTMENT OPTIONS:				
Putnam Absolute Return 100 Fund	$1,488,806	$ -	$ -	$1,488,806
Putnam Absolute Return 300 Fund	5,151,203	-	-	5,151,203
Putnam Absolute Return 500 Fund	12,106,277	-	-	12,106,277
Putnam Absolute Return 700 Fund	13,035,267	-	-	13,035,267
Putnam Equity Income Fund	17,106,874	-	-	17,106,874
Putnam Voyager Fund	12,641,225	-	-	12,641,225
Putnam International Capital Opportunities Fund	5,049,037	-	-	5,049,037
MFS Institutional International Equity Fund	4,974,714	-	-	4,974,714
Principal MidCap Fund	16,902,308	-	-	16,902,308

		Valuation inputs		
	Level 1	Level 2	Level 3	Total
Putnam Small Cap Value Fund	$4,829,233	$ -	$ -	$4,829,233
Putnam High Yield Trust	4,757,565	-	-	4,757,565
Putnam Income Fund	6,777,376	-	-	6,777,376
Federated U.S. Government Securities Fund 2-5 years	2,078,023	-	-	2,078,023
SSgA S&P 500 Index Fund	8,288,768	-	-	8,288,768
Putnam Money Market Fund	9,831,848	-	-	9,831,848

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.

Income and capital gain distributions from the Mutual Funds, if any, are recorded as income on the ex-dividend date. All income earned by the Investment Options is retained by the Investment Option and included in the calculation of net asset 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 Money Market Fund Investment Option are recorded daily and paid monthly. The remaining Investment Options do not intend to pay dividends. For the reporting period the Investment Options made no distributions.

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 higher 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 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**	Absolute Return 100/300 Investment Options	Putnam Money Market Investment Option
Fee Structure A	0.25%	0.25%	0.25%
Fee Structure B	1.00%*	0.45%*	0.25%
Fee Structure C	1.00%	1.00%	0.50%
Fee Structure D	0.25%	0.25%	0.25%

* 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 Structure D.

** Includes all options unless otherwise disclosed above.

Putnam has voluntarily waived certain expenses in order to enhance the yield of the Putnam Money Market Fund. 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 Money Market Fund Investment Option

Fee Structure A	$21,421
Fee Structure B	$880
Fee Structure C	$5,373

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. Effective October 1, 2015, Putnam will be 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. Putuam will reimburse Board Fees assessed against such accounts. For the year ended June 30, 2016, $5,736 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.

Annual Maintenance Fees Putnam receives an annual maintenance fee from the Plan in connection with the annual maintenance services that it provides to the Plan. There is currently an annual account fee of $15 for some accounts. For the reporting period, the Plan collected $91,146 in fees. This fee may be waived under certain circumstances. Refer to the offering statement for further details. 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 Mutual Funds were between 0.16% and 1.01%. 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 $121,524 and $1,317 from the sale of Fee Structure A and D, respectively, and received $121, $18,839 and $1,278 in contingent deferred sales charges from redemptions from Fee Structure A, 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 agreemeut 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.

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, 2016, 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 7 are as follows:

GAA Underlying Fixed Income Investments	$159,803,694
GAA Fair value of Derivatives	375,017
GAA Underlying Equity Investments	129,665,887
Mutual Fund Investments	125,018,524
Other Receivables and Payables from GAA Portfolios	(17,070,696)
Total Underlying Investments, at Fair Value	**$397,792,426**

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 Eqnity 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 6/30/2016	Cost of Purchases During the Period	Proceeds Sold During the Period	Less Value at 6/30/2015	Change in Realized and Unrealized During the Period
$397,792,426	($98,663,181)	$85,549,132	$397,508,561	($12,830,184)

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, 2016	Change in Fair value
Purchased options, gross	$2,127,200	$10,080	$10,080
Forward currency contracts, net	$48,229,990	136,513	201,442
Centrally Cleared (CC) interest rate swap contracts, gross	$6,524,600	(34,355)	(47,073)
OTC total return swap contracts, gross	$16,379,406	(8,673)	18,467
OTC credit default contracts, gross	$2,952,000	(35,850)	(49,717)
CC credit default contracts, gross	$9,128,310	369,898	436,966
Futures contracts, gross	172	(62,596)	(145,007)
Totals		**$375,017**	**$425,158**

Options contracts The GAA Portfolios may use options contracts to gain exposure to securities. 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 snpplied 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 entered into OTC 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 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 total return swap contracts are marked to market daily based upou quotations from an independent pricing service or market makers and the change, if any, is recorded as an unrealized gain or loss. Payments received or made are recorded as realized gains or losses. Certain OTC 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 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.

Credit Default Contracts The GAA Portfolios entered 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 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. 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 margiu payments. Upfront and periodic payments received or paid by the GAA Portfolios for OTC and centrally cleared credit default contracts are recorded as realized gains or losses at the reset date or close of the coutract. The 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 fluctuatious in the value of centrally cleared credit default contracts are recorded in variation margin on the GAA Portfolios' books and recorded as unrealized gain or loss. Upon the occurrence of a eredit event, the differeuce 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 positiou 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 uetting 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 notioual 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 offsetting 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 the 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 Money Market Fund, for certain periods to facilitate the processing of transactions. As of end of period June 30, 2016, the Receivable for Participant contributions amount of $521,934 and the Payable for Participant redemptions amount of $197,271, as disclosed on page 7 are not insured by the Federal Deposit Insurance Corporation ("FDIC") based on current limits put forth by the FDIC.

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 transactious 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.

	Corporate Bonds and Notes	Asset-Backed Securities	Mortgage-Backed Securities	U.S. Government and Agency Mortgage Obligations	U.S. Treasury Obligations	Short-Term Investments
				Quality Rating		
AAA	$-	$123,000	$1,657,369	$15,122,138	$-	$-
AA+	166,242	-	39,770	-	15,022,629	202,959
AA	88,240	-	420,704	-	-	-
AA-	757,403	-	347,344	-	-	-
A+	618,684	-	77,624	-	-	-
A	883,118	-	-	-	-	-
A-	1,347,052	-	356,183	-	-	-
BBB+	2,541,778	-	244,418	-	-	-
BBB	4,320,238	-	63,977	-	-	-
BBB-	4,069,948	-	337,797	-	-	-
BB+	2,414,767	-	140,508	-	-	-
BB	410,774	-	605,034	-	-	-
BB-	135,289	-	128,531	-	-	-
B+	37,110	-	91,089	-	-	-
B	373,000	-	271,849	-	-	-
B-	35,970	-	-	-	-	-
CCC and below	-	-	1,723,893	-	-	-
A-1+	-	-	-	-	-	30,240,289
A-1	-	-	-	-	-	71,504,347
Unrated	-	-	382,805	-	-	2,499,824
Total	**$18,199,613**	**$123,000**	**$6,888,895**	**$15,122,138**	**$15,022,629**	**$104,447,419**

Derivative instruments held by the GAA Portfolios, to the extent of diversification among counterparties, are presented below, at fair value, as of June 30, 2016 (the table excludes CC Interest Rate Swap Contracts and CC Credit Default Contracts totaling $335,543. Centrally cleared contracts are not considered brokered contracts and have mitigated risk, see note 5).

Counterparty	Purchased Options	OTC Total Return Swap Contracts	OTC Credit Default Contracts	Futures Contracts	Forward Currency Contracts
Bank of America, N.A.	$-	$-	$(798)	$-	$29,678
Barclays Bank PLC	-	648	710	-	31,926
Citibank, N.A.	10,080	(6,999)	-	-	27,518
Credit Suisse International	-	(2,322)	(26,901)	-	61,050
Deutsche Bank AG	-	-	-	-	(11,392)
Goldman Sachs International	-	-	(9,199)	-	37,860
HSBC Bank USA, National Association	-	-	-	-	4,580
JPMorgan Chase Bank, N.A.	-	-	338	-	1,272
Merrill, Lynch, Pierce Fenner & Smith, Inc.	-	-	-	(62,596)	-
Royal Bank of Scotland PLC (The)	-	-	-	-	(20,153)
State Street Bank and Trust Co.	-	-	-	-	(17,585)
UBS AG	-	-	-	-	(15,976)
Westpac Banking Corp.	-	-	-	-	7,735
Total	**$10,080**	**$(8,673)**	**$(35,850)**	**$(62,596)**	**$136,513**

As of June 30, 2016, OTC derivative counterparties had ratings that were either greater than or equivalent to long-term ratings of Baa1/BBB and short-term ratings of P-2/A-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 Assets.

OTC Credit Default Contracts Outstanding as of June 30, 2016

Referenced Debt	Notional amount	Payments received (paid) by Underlying funds per annum	Fair value
CMBX NA BB Index	$205,000	(500 bp)	$25,071
CMBX NA BBB- Index	2,747,000	300 bp	(60,921)
Total			**$(35,850)**

CC Credit Default Contracts Outstanding as of June 30, 2016

Referenced Debt	Notional amount	Payments received (paid) by Underlying funds per annum	Fair value
NA HY Series 25 Index	$8,285,310	500 bp	$362,205
NA HY Series 26 Index	843,000	(500 bp)	7,693
Total			**$369,898**

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 Trust, Putnam Income 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, 2016, is as follows.

	Average Effective Maturity	Average Effective Duration
Putnam High Yield Trust	5.15	3.84
Putnam Income Fund	12.19	5.41
Putnam GAA Conservative Portfolio	8.23	4.55
Putnam GAA Balanced Portfolio	7.58	3.64
Federated U.S. Government Securities Fund 2-5 years	3.60	3.80

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, 2016 (the table excludes equity investments totaling $129,665,887 and Purchased options totaling $10,080).

	Maturities in Years				
	Less than 1	**1-5**	**6-10**	**Greater than 10**	**Total**
Underlying Investments at Fair Value					
Corporate bonds and notes	$-	$2,061,724	$5,112,811	$11,025,078	**$18,199,613**
Asset-backed securities	123,000	-	-	-	**123,000**
Mortgage-backed securities	-	-	241,981	6,646,914	**6,888,895**
U.S. government and agency mortgage obligations	-	-	-	15,122,138	**15,122,138**
U.S. treasury obligations	2,314,223	6,263,599	3,261,270	3,183,537	**15,022,629**
Short-term investments	104,447,419	-	-	-	**104,447,419**
Total Underlying Investments at Fair Value	**$106,884,642**	**$8,325,323**	**$8,616,062**	**$35,977,667**	**$159,803,694**
Underlying Derivatives at Fair Value					
Forward currency contracts	$136,513	$-	$-	$-	**$136,513**
CC interest rate swap contracts	-	13,375	15,145	(62,875)	**(34,355)**
OTC total return swap contracts	(6,999)	-	-	(1,674)	**(8,673)**
OTC credit default contracts	-	-	-	(35,850)	**(35,850)**
CC credit default contracts	-	369,898	-	-	**369,898**
Futures contracts	(62,596)	-	-	-	**(62,596)**
Total Underlying Derivatives at Fair Value	**$66,918**	**$383,273**	**$15,145**	**$(100,399)**	**$364,937**

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, 2016	Total Value
Australian Dollar	$14
British Pound	1,800
Euro	(11,278)
Hong Kong Dollar	166,962
Indonesian Rupiah	238
Japanese Yen	(16,496)
Mexican Peso	205
New Taiwan Dollar	21,450
South Korean Won	27
Swedish Krona	1,162
Swiss Franc	1,689
Total	**$165,773**

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, 2016.

Forward Currency Contracts as of June 30, 2016:

	Buy	Fair value	Sell	Fair value	Total
Australian Dollar	$4,842,817	$(42,337)	$3,119,651	$1,944	**$(40,393)**
British Pound	949,293	(74,483)	3,039,824	120,736	**46,253**
Canadian Dollar	2,864,339	(10,131)	3,753,509	14,352	**4,221**
Danish Krone	-	-	94,421	546	**546**
Euro	4,032,272	(33,801)	2,657,618	28,365	**(5,436)**
Hong Kong Dollar	97,142	127	843,335	(74)	**53**
Indonesian Rupiah	379,316	1,872	-	-	**1,872**
Japanese Yen	2,814,248	98,022	3,435,015	(103,171)	**(5,149)**
Malaysian Ringgit	195,138	765	-	-	**765**
New Zealand Dollar	5,349,048	179,642	3,054,710	(98,939)	**80,703**
Norwegian Krone	419,382	(5,734)	980,019	(628)	**(6,362)**
Polish Zloty	188,159	3,180	191,359	(1,613)	**1,567**
Russian Ruble	191,876	4,868	-	-	**4,868**
Singapore Dollar	138,154	(159)	197,353	(1,609)	**(1,768)**
South African Rand	191,755	4,716	-	-	**4,716**
South Korean Won	199,324	2,396	199,212	(5,483)	**(3,087)**
Swedish Krona	421,614	(4,299)	2,849,711	52,273	**47,974**
Swiss Franc	462,840	6,258	77,536	(1,088)	**5,170**
Total	**$23,736,717**	**$130,902**	**$24,493,273**	**$5,611**	**$136,513**

Note 7 – New Accounting Pronouncement

GASB Statement No. 72, Fair Value Measurement and Application, which primarily applies to investments made by state and local governments, defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements.

Under the new Statement, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments, which generally are measured at fair value, are defined as a security or other asset that governments hold primarily for the purpose of income or profit and the present service capacity of which are based solely on their ability to generate cash or to be sold to generate cash.

Prior to the issnance of Statement 72, state and local governments have been required to disclose how they arrived at their measures of fair value if not based on quoted market prices. Under the new guidance, those disclosures have been expanded to categorize fair values according to their relative reliability and to describe positions held in many alternative investments.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. Upon review of GASB Statement No. 72, the Plan has applied updates to the security valnation disclosure as presented in Note 2.

Note 8 – Subsequent Events, Changes to the Plan's Investment Guidelines

Effective July 11, 2016, the Putnam Voyager Fund Investment Option will be discontinued and all assets will be transferred to the newly established Putnam Growth Opportunities Fund Investment Option, which will invest in shares of the Putnam Growth Opportunities Fund.

Effective August 12, 2016, the Putnam International Capital Opportunities Fund Investment Option will be discontinued and all assets will be transferred to the MFS Institutional International Equity Fund Investment Option, an existing individual fund investment option in the Plan.

Subsequent to June 30, 2016, the Board approved changes to the Plan's investment guidelines that affect the Plan's Putnam Money Market Fund Investment Option.

Effective September 1, 2016, the Putnam Money Market Fund Investment Option will be discontinued and all assets will be transferred to the newly established Putnam Government Money Market Fund Investment Option which launched on August 18, 2016. The Putnam Government Money Market Fund Investment Option will invest in shares of the Putnam Government Money Market Fund.

SUPPLEMENTAL INFORMATION

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 America^{SM} college savings plan. It shows financial information relating to the Investment Options, which were included in the Plan during the year ended June 30, 2016.

Age-Based Asset Allocation Investment Option

Statement of Fiduciary Net Position

June 30, 2016	Age-Based 2016*	Age-Based 2015	Age-Based 2014	Age-Based 2013
Assets				
Underlying investments, at fair value	$103,251	$1,070,403	$2,246,987	$3,347,279
Receivable for Participant contributions	--	344	618	13,560
Receivable for securities sold	--	--	4,190	--
Dividends and interest receivable	--	--	--	--
Total assets	**103,251**	**1,070,747**	**2,251,795**	**3,360,839**
Liabilities				
Payable for Participant redemptions	--	--	4,190	--
Payable for securities purchased	--	344	618	13,560
Accrued administration and board fees	60	469	1,074	1,588
Audit and other accrued fees	9	163	567	892
Total liabilities	**69**	**976**	**6,449**	**16,040**
Net position	**$103,182**	**$1,069,771**	**$2,245,346**	**$3,344,799**
Computation of net position value and offering price - A**				
Net Position	$49,488	$796,944	$1,536,329	$2,307,990
Number of units outstanding	4,990	80,473	141,719	169,972
Net position value	9.92	9.90	10.84	13.58
Offering price Fee Structure A	10.53	10.50	11.50	14.41
Computation of net position value - B				
Net Position	$12,091	$150,371	$305,341	$392,026
Number of units outstanding	1,223	15,354	28,703	29,637
Net position value	9.89	9.79	10.64	13.23
Computation of net position value - C				
Net Position	$41,603	$122,456	$403,676	$644,783
Number of units outstanding	4,209	12,504	37,940	48,746
Net position value	9.88	9.79	10.64	13.23
Cost of Investments (Note 2)	$102,174	$1,060,564	$2,245,461	$3,314,426

* Inception date January 2, 2016.

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

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

Age-Based Asset Allocation Investment Option

Statement of Fiduciary Net Position (continued)

June 30, 2016	Age-Based 2012	Age-Based 2011	Age-Based 2010	Age-Based 2009
Assets				
Underlying investments, at fair value	$4,374,517	$6,400,996	$5,146,880	$6,792,975
Receivable for Participant contributions	1,577	846	1,522	3,815
Receivable for securities sold	--	27,120	--	--
Dividends and interest receivable	--	1	1	2
Total assets	**4,376,094**	**6,428,963**	**5,148,403**	**6,796,792**
Liabilities				
Payable for Participant redemptions	--	27,120	--	--
Payable for securities purchased	1,577	847	1,524	3,817
Accrued administration and board fees	2,189	3,204	2,392	3,015
Audit and other accrued fees	1,267	1,803	1,466	1,939
Total liabilities	**5,033**	**32,974**	**5,382**	**8,771**
Net position	**$4,371,061**	**$6,395,989**	**$5,143,021**	**$6,788,021**
Computation of net position value and offering price - A**				
Net Position	$2,933,224	$4,211,597	$3,637,231	$5,081,075
Number of units outstanding	187,479	280,179	226,232	317,411
Net position value	15.65	15.03	16.08	16.01
Offering price Fee Structure A	16.60	15.95	17.06	16.99
Computation of net position value - B				
Net Position	$644,052	$1,105,908	$764,708	$478,682
Number of units outstanding	42,583	76,696	49,639	31,218
Net position value	15.12	14.42	15.41	15.33
Computation of net position value - C				
Net Position	$793,785	$1,078,484	$741,082	$1,228,264
Number of units outstanding	52,480	74,777	48,115	80,106
Net position value	15.13	14.42	15.40	15.33
Cost of Investments (Note 2)	$4,315,140	$6,223,287	$5,055,035	$6,570,151

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

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

Age-Based Asset Allocation Investment Option

Statement of Fiduciary Net Position (continued)

June 30, 2016	Age-Based 2008	Age-Based 2007	Age-Based 2006	Age-Based 2005
Assets				
Underlying investments, at fair value	$6,814,776	$7,335,123	$7,680,750	$10,501,298
Receivable for Participant contributions	1,846	275	1,230	1,609
Receivable for securities sold	--	--	--	--
Dividends and interest receivable	3	5	7	13
Total assets	**6,816,625**	**7,335,403**	**7,681,987**	**10,502,920**
Liabilities				
Payable for Participant redemptions	--	--	--	--
Payable for securities purchased	1,850	281	1,239	1,625
Accrued administration and board fees	2,996	2,963	3,130	4,336
Audit and other accrued fees	2,020	2,077	2,170	2,964
Total liabilities	**6,866**	**5,321**	**6,539**	**8,925**
Net position	**$6,809,759**	**$7,330,082**	**$7,675,448**	**$10,493,995**
Computation of net position value and offering price - A**				
Net Position	$5,157,424	$5,928,522	$6,162,649	$8,292,515
Number of units outstanding	324,036	374,992	392,425	532,838
Net position value	15.92	15.81	15.70	15.56
Offering price Fee Structure A	16.89	16.77	16.66	16.51
Computation of net position value - B				
Net Position	$542,943	$558,494	$679,539	$1,037,472
Number of units outstanding	35,613	36,881	45,195	69,593
Net position value	15.25	15.14	15.04	14.91
Computation of net position value - C				
Net Position	$1,109,392	$843,066	$833,260	$1,164,008
Number of units outstanding	72,769	55,670	55,414	78,088
Net position value	15.25	15.14	15.04	14.91
Cost of Investments (Note 2)	$6,622,198	$7,037,714	$7,173,710	$9,649,112

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

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

Age-Based Asset Allocation Investment Option

Statement of Fiduciary Net Position (continued)

June 30, 2016	Age-Based 2004	Age-Based 2003	Age-Based 2002	Age-Based 2001
Assets				
Underlying investments, at fair value	$13,218,909	$18,317,027	$16,817,117	$18,989,328
Receivable for Participant contributions	1,092	1,474	10,280	74,592
Receivable for securities sold	--	--	3,111	--
Dividends and interest receivable	27	58	74	109
Total assets	**13,220,028**	**18,318,559**	**16,830,582**	**19,064,029**
Liabilities				
Payable for Participant redemptions	--	--	3,111	--
Payable for securities purchased	1,124	1,542	10,365	74,716
Accrued administration and board fees	5,429	7,444	6,488	7,406
Audit and other accrued fees	3,906	5,291	4,814	5,484
Total liabilities	**10,459**	**14,277**	**24,778**	**87,606**
Net position	**$13,209,569**	**$18,304,282**	**$16,805,804**	**$18,976,423**
Computation of net position value and offering price - A**				
Net Position	$10,531,303	$14,256,089	$11,845,200	$13,877,475
Number of units outstanding	683,579	939,436	794,566	949,750
Net position value	15.41	15.18	14.91	14.61
Offering price Fee Structure A	16.35	16.11	15.82	15.50
Computation of net position value - B				
Net Position	$1,272,869	$1,728,367	$986,108	$1,119,601
Number of units outstanding	86,244	118,897	69,076	80,012
Net position value	14.76	14.54	14.28	13.99
Computation of net position value - C				
Net Position	$1,405,397	$1,872,812	$1,802,790	$2,161,895
Number of units outstanding	95,215	128,829	126,272	154,503
Net position value	14.76	14.54	14.28	13.99
Computation of net position value - D				
Net Position	--	$447,014	$2,171,706	$1,817,452
Number of units outstanding	--	29,455	145,700	124,413
Net position value	--	15.18	14.91	14.61
Cost of Investments (Note 2)	$11,958,905	$16,869,436	$15,706,070	$17,964,388

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

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

Age-Based Asset Allocation Investment Option

Statement of Fiduciary Net Position (continued)

June 30, 2016	Age-Based 2000	Age-Based 1999	Age-Based 1998	Age-Based 1997
Assets				
Underlying investments, at fair value	$15,182,524	$15,786,893	$14,903,538	$10,213,390
Receivable for Participant contributions	54,069	990	1,233	1,477
Receivable for securities sold	--	--	8,175	18,010
Dividends and interest receivable	105	128	139	110
Total assets	**15,236,698**	**15,788,011**	**14,913,085**	**10,232,987**
Liabilities				
Payable for Participant redemptions	--	--	8,175	18,010
Payable for securities purchased	54,190	1,136	1,392	1,602
Accrued administration and board fees	5,835	5,991	6,170	4,229
Audit and other accrued fees	4,385	4,618	4,515	3,205
Total liabilities	**64,410**	**11,745**	**20,252**	**27,046**
Net position	**$15,172,288**	**$15,776,266**	**$14,892,833**	**$10,205,941**
Computation of net position value and offering price - A**				
Net Position	$11,400,724	$11,601,422	$10,563,458	$6,475,032
Number of units outstanding	798,875	834,038	780,564	492,530
Net position value	14.27	13.91	13.53	13.15
Offering price Fee Structure A	15.14	14.76	14.36	13.95
Computation of net position value - B				
Net Position	$995,038	$907,834	$713,023	$481,582
Number of units outstanding	72,801	68,140	55,001	38,239
Net position value	13.67	13.32	12.96	12.59
Computation of net position value - C				
Net Position	$1,460,661	$1,575,905	$2,300,267	$1,579,484
Number of units outstanding	106,863	118,261	177,448	125,400
Net position value	13.67	13.33	12.96	12.60
Computation of net position value - D				
Net Position	$1,315,865	$1,691,105	$1,316,085	$1,669,843
Number of units outstanding	92,195	121,586	97,240	126,987
Net position value	14.27	13.91	13.53	13.15
Cost of Investments (Note 2)	$14,456,909	$15,053,583	$14,362,692	$10,006,858

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

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

Age-Based Asset Allocation Investment Option

Statement of Fiduciary Net Position (continued)

June 30, 2016	Age-Based 1996	Age-Based 1995	Age-Based Graduate
Assets			
Underlying investments, at fair value	$7,216,278	$2,096,774	$10,581,362
Receivable for Participant contributions	1,181	166	200
Receivable for securities sold	4,139	--	12,120
Dividends and interest receivable	87	26	136
Total assets	**7,221,685**	**2,096,966**	**10,593,818**
Liabilities			
Payable for Participant redemptions	4,139	--	12,120
Payable for securities purchased	1,279	203	297
Accrued administration and board fees	2,779	967	4,272
Audit and other accrued fees	2,360	1,287	2,877
Total liabilities	**10,557**	**2,457**	**19,566**
Net position	**$7,211,128**	**$2,094,509**	**$10,574,252**
Computation of net position value and offering price - A**			
Net Position	$5,293,277	$1,273,961	$7,123,881
Number of units outstanding	414,760	102,946	632,069
Net position value	12.76	12.38	11.27
Offering price Fee Structure A	13.54	13.14	11.96
Computation of net position value - B			
Net Position	$274,911	$101,704	$352,561
Number of units outstanding	22,491	8,580	32,677
Net position value	12.22	11.85	10.79
Computation of net position value - C			
Net Position	$845,874	$258,380	$1,845,149
Number of units outstanding	69,188	21,803	170,915
Net position value	12.23	11.85	10.80
Computation of net position value - D			
Net Position	$797,066	$460,464	$1,252,661
Number of units outstanding	62,452	37,202	111,214
Net position value	12.76	12.38	11.26
Cost of Investments (Note 2)	$7,132,100	$2,086,004	$10,542,630

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

Age-Based Asset Allocation Investment Option

Statement of Changes in Fiduciary Net Position

For the year ended Juue 30, 2016

	Age-Based 2016*	Age-Based 2015	Age-Based 2014	Age-Based 2013
ADDITIONS				
Results from Investment Operations:				
Income from underlying fund shares	$--	$1	$1	$1
Net appreciation (depreciation) in fair valne of investments **	1,074	5,521	(42,094)	(75,050)
Total additions & net investment income	1,074	5,522	(42,093)	(75,049)
DEDUCTIONS				
Expenses (Note 3)				
Administration Fees				
Class A	29	1,015	3,283	5,293
Class B	52	918	2,550	3,628
Class C	161	648	3,625	5,561
Board Fees				
Class A	--	353	1,166	1,884
Class B	4	82	233	332
Class C	--	58	329	501
Audit and other fees	9	165	567	892
Total expenses	255	3,239	11,753	18,091
Participant Transactions				
Contributions	92,363	950,525	840,886	936,684
Exchanges in	10,000	43,348	23,388	61,371
Redemptions	--	(17,579)	(38,513)	(119,013)
Exchanges out	--	(34,337)	(73,713)	(111,642)
Net increase (decrease) from transactions	102,363	941,957	752,048	767,400
Total increase (decrease) in net position	**103,182**	**944,240**	**698,202**	**674,260**
Net position				
Beginning of period	--	125,531	1,547,144	2,670,539
End of period	**$103,182**	**$1,069,771**	**$2,245,346**	**$3,344,799**

* Inception date January 2, 2016.

** 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.

Age-Based Asset Allocation Investment Option

Statement of Changes in Fiduciary Net Position (continued)

For the year ended June 30, 2016

	Age-Based 2012	Age-Based 2011	Age-Based 2010	Age-Based 2009
ADDITIONS				
Results from Investment Operations:				
Income from underlying fund shares	$--	$4	$5	$13
Net appreciation (depreciation) in fair value of investments **	(119,782)	(152,246)	(123,399)	(140,349)
Total additions & net investment income	(119,782)	(152,242)	(123,394)	(140,336)
DEDUCTIONS				
Expenses (Note 3)				
Administration Fees				
Class A	7,561	10,254	8,937	12,497
Class B	6,050	10,452	7,282	4,443
Class C	6,873	9,856	6,881	11,667
Board Fees				
Class A	2,689	3,654	3,182	4,445
Class B	551	952	663	404
Class C	619	897	626	1,062
Audit and other fees	1,267	1,803	1,466	1,939
Total expenses	25,610	37,868	29,037	36,457
Participant Transactions				
Contributions	1,119,420	1,142,186	762,183	1,030,391
Exchanges in	95,732	32,332	38,832	41,604
Redemptions	(432,929)	(278,887)	(176,344)	(288,883)
Exchanges out	(85,804)	(34,095)	(92,430)	(26,454)
Net increase (decrease) from transactions	696,419	861,536	532,241	756,658
Total increase (decrease) in net position	**551,027**	**671,426**	**379,810**	**579,865**
Net position				
Beginning of year	3,820,034	5,724,563	4,763,211	6,208,156
End of year	**$4,371,061**	**$6,395,989**	**$5,143,021**	**$6,788,021**

** 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.

Age-Based Asset Allocation Investment Option

Statement of Changes in Fiduciary Net Position (continued)

For the year ended June 30, 2016

	Age-Based 2008	Age-Based 2007	Age-Based 2006	Age-Based 2005
ADDITIONS				
Results from Investment Operations:				
Income from underlying fund shares	$20	$32	$47	$84
Net appreciation (depreciation) in fair value of investments **	(136,225)	(113,118)	(92,967)	(108,962)
Total additions & net investment income	(136,205)	(113,086)	(92,920)	(108,878)
DEDUCTIONS				
Expenses (Note 3)				
Administration Fees				
Class A	13,333	14,266	14,908	20,134
Class B	5,123	5,271	6,722	10,377
Class C	10,473	8,549	7,737	10,250
Board Fees				
Class A	4,740	5,074	5,301	7,160
Class B	465	480	612	946
Class C	954	780	704	933
Audit and other fees	2,020	2,077	2,170	2,964
Total expenses	37,108	36,497	38,154	52,764
Participant Transactions				
Contributions	929,707	1,054,334	1,078,436	1,344,342
Exchanges in	22,129	277,010	157,145	169,260
Redemptions	(374,457)	(137,027)	(202,652)	(135,030)
Exchanges out	(164,683)	(306,806)	(146,945)	(126,817)
Net increase (decrease) from transactions	412,696	887,511	885,984	1,251,755
Total increase (decrease) in net position	**239,383**	**737,928**	**754,910**	**1,090,113**
Net position				
Beginning of year	6,570,376	6,592,154	6,920,538	9,403,882
End of year	**$6,809,759**	**$7,330,082**	**$7,675,448**	**$10,493,995**

** 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.

Age-Based Asset Allocation Investment Option

Statement of Changes in Fiduciary Net Position (continued)

For the year ended June 30, 2016

	Age-Based 2004	Age-Based 2003	Age-Based 2002	Age-Based 2001
ADDITIONS				
Results from Investment Operations:				
Income from underlying fund shares	$169	$358	$461	$694
Net appreciation (depreciation) in fair value of investments **	(123,597)	(104,510)	(56,514)	(34,184)
Total additions & net investment income	(123,428)	(104,152)	(56,053)	(33,490)
DEDUCTIONS				
Expenses (Note 3)				
Administration Fees				
Class A	26,667	35,162	28,695	34,353
Class B	12,746	17,678	10,208	11,485
Class C	13,943	17,810	17,323	19,926
Class D	--	1,132	5,554	4,652
Board Fees				
Class A	9,478	12,492	10,189	12,201
Class B	1,161	1,610	929	1,046
Class C	1,269	1,621	1,574	1,813
Class D	--	403	1,972	1,653
Audit and other fees	3,906	5,291	4,814	5,484
Total expenses	69,170	93,199	81,258	92,613
Participant Transactions				
Contributions	1,057,806	1,697,112	1,427,029	1,550,691
Exchanges in	317,752	425,891	323,387	372,706
Redemptions	(323,577)	(345,783)	(93,064)	(107,698)
Exchanges out	(625,403)	(439,203)	(194,163)	(701,701)
Net increase (decrease) from transactions	426,578	1,338,017	1,463,189	1,113,998
Total increase (decrease) in net position	**233,980**	**1,140,666**	**1,325,878**	**987,895**
Net position				
Beginning of year	12,975,589	17,163,616	15,479,926	17,988,528
End of year	**$13,209,569**	**$18,304,282**	**$16,805,804**	**$18,976,423**

** 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.

Age-Based Asset Allocation Investment Option

Statement of Changes in Fiduciary Net Position (continued)

For the year ended June 30, 2016

	Age-Based 2000	Age-Based 1999	Age-Based 1998	Age-Based 1997
ADDITIONS				
Results from Investment Operations:				
Income from underlying fund shares	$687	$856	$927	$776
Net appreciation (depreciation) in fair value of investments **	(2,590)	17,150	28,849	15,950
Total additions & net investment income	(1,903)	18,006	29,776	16,726
DEDUCTIONS				
Expenses (Note 3)				
Administration Fees				
Class A	27,923	29,059	27,197	17,255
Class B	10,430	9,335	7,571	5,580
Class C	14,588	15,164	23,839	16,316
Class D	3,302	4,305	3,509	4,596
Board Fees				
Class A	9,908	10,301	9,647	6,164
Class B	949	850	689	511
Class C	1,327	1,379	2,163	1,489
Class D	1,171	1,526	1,247	1,637
Audit and other fees	4,385	4,618	4,515	3,205
Total expenses	73,983	76,537	80,377	56,753
Participant Transactions				
Contributions	998,317	1,402,066	860,971	646,083
Exchanges in	418,101	365,725	364,109	757,417
Redemptions	(357,163)	(556,460)	(914,298)	(2,936,603)
Exchanges out	(276,583)	(489,549)	(536,199)	(760,275)
Net increase (decrease) from transactions	782,672	721,782	(225,417)	(2,293,378)
Total increase (decrease) in net position	**706,786**	**663,251**	**(276,018)**	**(2,333,405)**
Net position				
Beginning of year	14,465,502	15,113,015	15,168,851	12,539,346
End of year	**$15,172,288**	**$15,776,266**	**$14,892,833**	**$10,205,941**

** 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.

Age-Based Asset Allocation Investment Option

Statement of Changes in Fiduciary Net Position (continued)

For the year ended June 30, 2016

	Age-Based 1996	Age-Based 1995	Age-Based Graduate
ADDITIONS			
Results from Investment Operations:			
Income from underlying fund shares	$641	$366	$853
Net appreciation (depreciation) in fair value of investments **	7,889	(4,968)	22,247
Total additions & net investment income	8,530	(4,602)	23,100
DEDUCTIONS			
Expenses (Note 3)			
Administration Fees			
Class A	14,684	6,977	16,667
Class B	3,302	2,483	3,263
Class C	9,653	5,120	17,601
Class D	2,223	2,174	2,656
Board Fees			
Class A	5,237	2,453	5,922
Class B	302	226	298
Class C	884	464	1,601
Class D	791	763	950
Audit and other fees	2,360	1,287	2,877
Total expenses	39,436	21,947	51,835
Participant Transactions			
Contributions	587,859	136,621	319,298
Exchanges in	210,493	71,642	4,058,798
Redemptions	(2,881,304)	(1,660,593)	(2,414,088)
Exchanges out	(226,057)	(2,215,413)	(687,878)
Net increase (decrease) from transactions	(2,309,009)	(3,667,743)	1,276,130
Total increase (decrease) in net position	**(2,339,915)**	**(3,694,292)**	**1,247,395**
Net position			
Beginning of year	9,551,043	5,788,801	9,326,857
End of year	**$7,211,128**	**$2,094,509**	**$10,574,252**

** 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.

Goal-Based Asset Allocation Investment Options

Statement of Fiduciary Net Position

June 30, 2016	Aggressive Growth Investment Option	Growth Investment Option	Balanced Investment Option
Assets			
Underlying investments, at fair value	$18,666,545	$25,944,493	$23,024,489
Receivable for Participant contributions	3,349	3,125	957
Receivable for securities sold	--	--	19,725
Dividends and interest receivable	1	34	19
Total assets	**18,669,895**	**25,947,652**	**23,045,190**
Liabilities			
Payable for Participant redemptions	--	--	19,725
Payable for securities purchased	3,322	3,127	980
Accrued administration and board fees	7,398	10,795	9,153
Audit and other accrued fees	5,162	7,594	6,748
Total liabilities	**15,882**	**21,516**	**36,606**
Net position	**$18,654,013**	**$25,926,136**	**$23,008,584**
Computation of net position value and offering price - A**			
Net Position	$14,433,317	$17,389,123	$16,705,162
Number of units outstanding	847,244	1,073,723	1,096,221
Net position value	17.04	16.20	15.24
Offering price Fee Structure A	18.08	17.19	16.17
Computation of net position value - B			
Net Position	$1,156,453	$1,341,656	$1,221,408
Number of units outstanding	70,879	86,491	83,699
Net position value	16.32	15.51	14.59
Computation of net position value - C			
Net Position	$2,215,389	$4,161,663	$2,897,357
Number of units outstanding	135,741	268,228	198,541
Net position value	16.32	15.52	14.59
Computation of net position value - D			
Net Position	$848,854	$3,033,694	$2,184,657
Number of units outstanding	49,808	187,321	143,394
Net position value	17.04	16.20	15.24
Cost of Investments (Note 2)	$15,872,975	$21,827,082	$20,406,582

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

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

Goal-Based Asset Allocation Investment Options

Statement of Changes in Fiduciary Net Position

For the year ended June 30, 2016

	Aggressive Growth Investment Option	Growth Investment Option	Balanced Investment Option
ADDITIONS			
Results from Investment Operations:			
Income from underlying fund shares	$7	$42	$144
Net appreciation (depreciation) in fair value of investments **	(812,293)	(889,803)	(406,332)
Total additions & net investment income	(812,286)	(889,761)	(406,188)
DEDUCTIONS			
Expenses (Note 3)			
Administration Fees			
Class A	34,007	43,232	40,672
Class B	11,059	13,036	12,570
Class C	20,319	39,766	29,882
Class D	2,158	8,407	6,334
Board Fees			
Class A	12,155	15,414	14,439
Class B	1,010	1,189	1,145
Class C	1,854	3,631	2,714
Class D	767	2,999	2,276
Audit and other fees	5,162	7,594	6,748
Total expenses	88,491	135,268	116,780
Participant Transactions			
Contributions	3,498,863	2,686,075	2,138,057
Exchanges in	537,554	1,283,126	2,519,801
Redemptions	(1,397,152)	(1,675,133)	(1,946,058)
Exchanges out	(367,730)	(1,227,420)	(2,025,332)
Net increase (decrease) from transactions	2,271,535	1,066,648	686,468
Total increase (decrease) in net position	**1,370,758**	**41,619**	**163,500**
Net position			
Beginning of year	17,283,255	25,884,517	22,845,084
End of year	**$18,654,013**	**$25,926,136**	**$23,008,584**

** 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.

Absolute Return Funds Investment Options

Statement of Fiduciary Net Position

June 30, 2016	Putnam Absolute Return 100 Fund Investment Option	Putnam Absolute Return 300 Fund Investment Option	Putnam Absolute Return 500 Fund Investment Option	Putnam Absolute Return 700 Fund Investment Option
Assets				
Underlying investments, at fair value	$1,488,806	$5,151,203	$12,106,277	$13,035,267
Receivable for Participant	--	243	1,661	1,027
Receivable for securities sold	--	--	--	--
Dividends and interest receivable	--	--	1	1
Total assets	**1,488,806**	**5,151,446**	**12,107,939**	**13,036,295**
Liabilities				
Payable for Participant redemptions	--	--	--	--
Payable for securities purchased	--	243	1,662	1,028
Accrued administration and board fees	553	1,877	4,735	6,032
Audit and other accrued fees	487	1,568	3,588	4,055
Total liabilities	**1,040**	**3,688**	**9,985**	**11,115**
Net position	**$1,487,766**	**$5,147,758**	**$12,097,954**	**$13,025,180**
Computation of net position value and offering price - A*				
Net Position	$1,299,874	$4,392,946	$9,930,532	$9,317,157
Number of units outstanding	126,254	422,444	843,530	764,578
Net position value	10.30	10.40	11.77	12.19
Offering price Fee Structure A	10.93	11.03	12.49	12.93
Computation of net position value - B				
Net Position	$16,957	$167,734	$407,204	$406,906
Number of units outstanding	1,666	16,323	36,118	34,863
Net position value	10.18	10.28	11.27	11.67
Computation of net position value - C				
Net Position	$170,935	$587,078	$1,760,218	$3,301,117
Number of units outstanding	17,337	58,968	156,122	282,837
Net position value	9.86	9.96	11.27	11.67
Cost of Investments (Note 2)	$1,526,686	$5,637,629	$12,808,592	$14,006,457

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

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

Absolute Return Funds Investment Options

Statement of Changes in Fiduciary Net Position

For the year ended June 30, 2016

	Putnam Absolute Return 100 Fund Investment Option	Putnam Absolute Return 300 Fund Investment Option	Putnam Absolute Return 500 Fund Investment Option	Putnam Absolute Return 700 Fund Investment Option
ADDITIONS				
Results from Investment				
Income from underlying fund shares	$29,634	$231,771	$688,713	$1,065,326
Net appreciation (depreciation) in fair value of investments **	(38,841)	(382,128)	(811,821)	(1,321,807)
Total additions & net investment income	(9,207)	(150,357)	(123,108)	(256,481)
DEDUCTIONS				
Expenses (Note 3)				
Administration Fees				
Class A	3,718	11,251	25,337	25,490
Class B	79	938	4,024	3,672
Class C	1,624	6,476	17,328	32,694
Board Fees				
Class A	1,318	4,014	8,982	9,050
Class B	16	192	366	334
Class C	147	588	1,574	2,968
Audit and other fees	487	1,568	3,588	4,055
Total expenses	7,389	25,027	61,199	78,263
Participant Transactions				
Contributions	108,109	443,626	1,286,800	1,670,643
Exchanges in	260,083	584,421	947,645	175,244
Redemptions	(477,387)	(891,857)	(1,091,236)	(1,210,333)
Exchanges out	(37,885)	(481,852)	(1,137,634)	(904,352)
Net increase (decrease) from transactions	(147,080)	(345,662)	5,575	(268,798)
Total increase (decrease) in net position	**(163,676)**	**(521,046)**	**(178,732)**	**(603,542)**
Net position				
Beginning of year	1,651,442	5,668,804	12,276,686	13,628,722
End of year	**$1,487,766**	**$5,147,758**	**$12,097,954**	**$13,025,180**

** 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.

Individual Fund Investment Options

Statement of Fiduciary Net Position

June 30, 2016	Putnam Equity Income Fund Investment Option	Putnam Voyager Fund Investment Option	Putnam International Capital Opportunities Fund Investment Option	MFS Institutional International Equity Fund Investment Option
Assets				
Underlying investments, at fair value	$17,106,874	$12,641,225	$5,049,037	$4,974,714
Receivable for Participant contributions	435	1,274	143	99
Receivable for securities sold	--	1,489	--	--
Dividends and interest receivable	1	1	1	--
Total assets	**17,107,310**	**12,643,989**	**5,049,181**	**4,974,813**
Liabilities				
Payable for Participant redemptions	--	1,489	--	--
Payable for securities purchased	436	1,276	143	99
Accrued administration and board fees	6,871	5,312	2,115	2,084
Audit and other accrued fees	4,874	3,975	1,573	1,554
Total liabilities	**12,181**	**12,052**	**3,831**	**3,737**
Net position	**$17,095,129**	**$12,631,937**	**$5,045,350**	**$4,971,076**
Computation of net position value and offering price - A*				
Net Position	$13,754,632	$9,937,452	$4,074,902	$3,934,498
Number of units outstanding	710,949	682,728	364,574	310,145
Net position value	19.35	14.56	11.18	12.69
Offering price Fee Structure A	20.53	15.45	11.86	13.46
Computation of net position value - B				
Net Position	$658,987	$360,194	$94,252	$76,748
Number of units outstanding	35,566	25,844	8,808	6,317
Net position value	18.53	13.94	10.70	12.15
Computation of net position value - C				
Net Position	$2,681,510	$2,334,291	$876,196	$959,830
Number of units outstanding	144,710	167,425	81,889	79,000
Net position value	18.53	13.94	10.70	12.15
Cost of Investments (Note 2)	$17,137,612	$13,145,298	$5,403,104	$5,073,653

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

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

Individual Fund Investment Options

Statement of Changes in Fiduciary Net Position

For the year ended June 30, 2016

	Putnam Equity Income Fund Investment Option	Putnam Voyager Fund Investment Option	Putnam International Capital Opportunities Fund Investment Option	MFS Institutional International Equity Fund Investment Option
ADDITIONS				
Results from Investment Operations:				
Income from underlying fund shares	$953,511	$735,891	$99,389	$87,137
Net appreciation (depreciation) in fair value of investments **	(1,079,225)	(2,540,367)	(668,774)	(637,474)
Total additions & net investment income	(125,714)	(1,804,476)	(569,385)	(550,337)
DEDUCTIONS				
Expenses (Note 3)				
Administration Fees				
Class A	33,523	27,008	10,980	10,667
Class B	6,179	3,742	958	799
Class C	25,880	22,978	8,788	9,548
Board Fees				
Class A	11,982	9,680	3,918	3,807
Class B	565	342	87	73
Class C	2,365	2,104	802	871
Audit and other fees	4,874	3,975	1,573	1,554
Total expenses	85,368	69,829	27,106	27,319
Participant Transactions				
Contributions	1,747,719	1,298,738	523,195	495,043
Exchanges in	708,596	503,823	160,508	194,213
Redemptions	(1,281,742)	(907,062)	(422,526)	(456,066)
Exchanges out	(803,400)	(1,228,457)	(248,408)	(265,330)
Net increase (decrease) from transactions	371,173	(332,958)	12,769	(32,140)
Total increase (decrease) in net position	**160,091**	**(2,207,263)**	**(583,722)**	**(609,796)**
Net position				
Beginning of year	16,935,038	14,839,200	5,629,072	5,580,872
End of year	**$17,095,129**	**$12,631,937**	**$5,045,350**	**$4,971,076**

** 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.

Individual Fund Investment Options (continued)

Statement of Fiduciary Net Position

June 30, 2016	Principal MidCap Fund Investment Option	Putnam Small Cap Value Fund Investment Option	Putnam High Yield Trust Investment Option
Assets			
Underlying investments, at fair value	$16,902,308	$4,829,233	$4,757,565
Receivable for Participant contributions	155	133	--
Receivable for securities sold	99,192	--	--
Dividends and interest receivable	1	--	--
Total assets	**17,001,656**	**4,829,366**	**4,757,565**
Liabilities			
Payable for Participant redemptions	99,192	--	--
Payable for securities purchased	157	134	--
Accrued administration and board fees	6,739	1,881	1,787
Audit and other accrued fees	5,095	1,423	1,421
Total liabilities	**111,183**	**3,438**	**3,208**
Net position	**$16,890,473**	**$4,825,928**	**$4,754,357**
Computation of net position value and offering price - A*			
Net Position	$13,799,555	$4,027,997	$4,044,627
Number of units outstanding	628,032	403,604	299,307
Net position value	21.97	9.98	13.51
Offering price Fee Structure A	23.31	10.59	14.33
Computation of net position value - B			
Net Position	$657,504	$123,426	$134,429
Number of units outstanding	31,246	12,535	10,389
Net position value	21.04	9.85	12.94
Computation of net position value - C			
Net Position	$2,433,414	$674,505	$575,301
Number of units outstanding	115,614	68,513	44,460
Net position value	21.05	9.84	12.94
Cost of Investments (Note 2)	$14,342,515	$5,166,272	$5,134,662

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

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

Individual Fund Investment Options (continued)

Statement of Changes in Fiduciary Net Position

For the year ended June 30, 2016

	Principal MidCap Fund Investment Option	Putnam Small Cap Value Fund Investment Option	Putnam High Yield Trust Investment Option
ADDITIONS			
Results from Investment Operations:			
Income from underlying fund shares	$1,003,597	$245,965	$283,336
Net appreciation (depreciation) in fair value of investments **	(904,032)	(508,190)	(325,225)
Total additions & net investment income	99,565	(262,225)	(41,889)
DEDUCTIONS			
Expenses (Note 3)			
Administration Fees			
Class A	35,827	10,338	10,346
Class B	6,859	1,198	1,500
Class C	23,593	5,984	5,578
Board Fees			
Class A	12,816	3,702	3,710
Class B	626	110	138
Class C	2,155	546	511
Audit and other fees	5,095	1,423	1,421
Total expenses	86,971	23,301	23,204
Participant Transactions			
Contributions	1,011,467	520,980	370,942
Exchanges in	750,063	127,515	323,033
Redemptions	(1,743,819)	(454,996)	(545,574)
Exchanges out	(1,207,781)	(225,527)	(719,798)
Net increase (decrease) from transactions	(1,190,070)	(32,028)	(571,397)
Total increase (decrease) in net position	**(1,177,476)**	**(317,554)**	**(636,490)**
Net position			
Beginning of year	18,067,949	5,143,482	5,390,847
End of year	**$16,890,473**	**$4,825,928**	**$4,754,357**

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

Individual Fund Investment Options (continued)

Statement of Fiduciary Net Position

June 30, 2016	Putnam Income Fund Investment Option	Federated U.S. Government Securities Fund 2 -5 years Investment Option	SSgA S&P 500 Index Option	Putnam Money Market Fund Investment Option
Assets				
Underlying investments, at fair value	$6,777,376	$2,078,023	$8,288,768	$9,831,848
Receivable for Participant contributions	118	278,348	545	56,326
Receivable for securities sold	--	--	--	--
Dividends and interest receivable	--	2,464	--	245
Total assets	**6,777,494**	**2,358,835**	**8,289,313**	**9,888,419**
Liabilities				
Payable for Participant redemptions	--	--	--	--
Payable for securities purchased	119	280,859	545	56,597
Accrued administration and board fees	2,322	676	3,540	--
Audit and other accrued fees	1,877	369	2,166	2,770
Total liabilities	**4,318**	**281,904**	**6,251**	**59,367**
Net position	**$6,773,176**	**$2,076,931**	**$8,283,062**	**$9,829,052**
Computation of net position value and offering price - A*				
Net Position	$5,954,062	$1,757,940	$6,274,966	$8,276,051
Number of units outstanding	484,840	168,589	374,185	8,276,894
Net position value	12.28	10.43	16.77	1.00
Offering price Fee Strncture A	13.03	11.07	17.79	1.06
Computation of net position value - B				
Net Position	$157,098	$7,118	$314,116	$301,524
Number of units outstanding	13,360	713	19,303	301,560
Net position value	11.76	9.98	16.27	1.00
Computation of net position value - C				
Net Position	$662,016	$311,873	$1,693,980	$1,251,477
Number of units outstanding	56,276	31,217	104,091	1,250,210
Net position value	11.76	9.99	16.27	1.00
Cost of Investments (Note 2)	$7,018,951	$2,071,991	$7,794,420	$9,831,848

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

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

Individual Fund Investment Options (continued)

Statement of Changes in Fiduciary Net Position

For the year ended June 30, 2016

	Putnam Income Fund Investment Option	Federated U.S. Government Securities Fund 2 -5 years Investment Option	SSgA S&P 500 Index Option	Putnam Money Market Fund Investment Option
ADDITIONS				
Results from Investment Operations:				
Income from underlying fund shares	$180,182	$16,071	$290,652	$1,120
Net appreciation (depreciation) in fair value of investments **	(211,567)	19,116	21,736	--
Total additions & net investment income	(31,385)	35,187	312,388	1,120
DEDUCTIONS				
Expenses (Note 3)				
Administration Fees				
Class A	13,927	2,463	14,423	12,186
Class B	1,561	76	2,043	487
Class C	6,940	2,618	14,109	3,973
Board Fees				
Class A	4,952	879	5,141	7,121
Class B	142	7	189	302
Class C	627	240	1,280	1,099
Audit and other fees	1,877	369	2,166	2,789
Expenses waived by Putnam (Note 3)	--	--	--	(27,674)
Total expenses	30,026	6,652	39,351	283
Participant Transactions				
Contributions	916,504	869,492	1,510,406	1,344,323
Exchanges in	712,781	313,277	891,196	2,755,252
Redemptions	(716,241)	(184,476)	(532,614)	(3,696,793)
Exchanges out	(684,698)	(2,012)	(620,079)	(724,165)
Net increase (decrease) from transactions	228,346	996,281	1,248,909	(321,383)
Total increase (decrease) in net position	**166,935**	**1,024,816**	**1,521,946**	**(320,546)**
Net position				
Beginning of year	6,606,241	1,052,115	6,761,116	10,149,598
End of year	**$6,773,176**	**$2,076,931**	**$8,283,062**	**$9,829,052**

** 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.

Ernst & Young LLP
Frost Bank Tower
Suite 1700
100 West Houston Street
San Antonio, TX 78205

Report of Independent Auditors

The Board of Trustees of the College Savings Plans of Nevada, Management of Ascensus Broker Dealer Services, Inc., and Management of United Services Automobile Association

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 USAA College Savings Plan (the Plan), as of and for the year ended June 30, 2016, 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 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Plan as of June 30, 2016, and the respective 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 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 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, 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 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 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 accordance with auditing standards generally accepted in the United States. In our opinion, the supplementary schedules of fiduciary net position by portfolio option and changes in fiduciary net position by portfolio option are 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 also have issued our report dated September 22, 2016 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 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 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.

Ernst & Young LLP

September 22, 2016

Ernst & Young LLP
Frost Bank Tower
Suite 1700
100 West Houston Street
San Antonio, TX 78205

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, Inc., and Management of United Services Automobile Association

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 USAA College Savings Plan (the Plan), which comprise the statement of fiduciary net position as of June 30, 2016, 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 22, 2016.

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 result of that testing, and not to provide an opinion on 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

September 22, 2016

USAA 529 College Savings Plan™

(A Private Purpose Trust Fund of the State of Nevada)

Financial Statements

As of and for the Year Ended June 30, 2016

Table of **Contents**

USAA **529 College Savings** Plan™
(A Private Purpose Trust Fund of the State of Nevada)
Year ended June 30, 2016

This management's discussion and analysis is intended to provide readers an objective discussion of the financial statements of the USAA 529 College Savings Plan™ (the Plan) as of June 30, 2016, and for the year then ended. 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 also find useful the supplementary schedules on pages 24 and 25, which include information about the Plan's investment portfolios.

* * * * *

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. 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, Inc. (ABD) serves as the Program Manager.

Effective December 3, 2015, Genstar Capital, LLC and Aquiline Capital Partners, LLC (each a private equity firm) acquired Ascensus, Inc. and its subsidiaries, including ABD, from J.C. Flowers & Co. There were no material changes to the corporate structure of Ascensus, Inc. or the services provided by ABD to the Plan as a result of this acquisition.

USAA Asset Management Company and, with respect to certain mutual funds, one or more subadvisers (subject to oversight by USAA Asset Management Company and the applicable USAA mutual funds' Board of Trustees) provide investment management for mutual funds held in each investment portfolio. USAA Investment Management Company and its affiliates also provide marketing and customer services for the Plan. Collectively, USAA Asset Management Company and USAA Investment Management Company are referred to as "USAA."

USAA **529 College Savings** Plan™

(A Private Purpose Trust Fund of the State of Nevada)

Year ended June 30, 2016

Financial Highlights

The fiscal year ended June 30, 2016, was a successful year for the Plan with the Plan's fiduciary net position increasing $224.1 million and the number of unique beneficiaries covered increasing from 230,903 to 248,593, or a 7.7% increase, as of June 30, 2016. The following Plan marketing activities and recognition raised awareness and contributed to the growth of the Plan:

- As of March 30, 2016, the USAA 529 Plan assets of $2.6B ranked 15th out of 59 direct-sold plans by Strategic Insight, representing 2% of the total direct-sold market share.
- The Plan's go-to-market strategies included seasonal promotions like 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. As of June 2016, USAA matched contributions for 122 Plan accounts totaling $36,230.
- In January 2016, USAA expanded the enrollment period for the Distinguished Valor Matching Grant Program. The eligibility requirement, with respect to the adjusted gross income limit per household, was raised from $75,000 to $95,000
- USAA reduced the Plan Participant asset-based fees by replacing the current "fund" share classes with "institutional" share classes, excluding the USAA Money Market Fund, of the underlying funds in which the Portfolio invests.
- Effective January 25, 2016, the Plan began to accrue a program management fee of 0.15% for all portfolios, excluding the Preservation of Capital Portfolio. Plan changes reduced the minimum balance requirement from $5,000 to $1,000, reduced the fee from $15 to $10, and waived the minimum balance fee for all accounts owned by a Nevada resident or on which the designated beneficiary is a Nevada resident. In addition, the annual account maintenance fee was eliminated.

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

- At June 30, 2016 and 2015, the Plan's fiduciary net position totaled $2.7 billion and $2.5 billion, respectively. Fiduciary net position increased $224.1 million, or 9.0%, from June 30, 2015, to June 30, 2016.
- During 2016 and 2015, contributions exceeded withdrawals by $241.0 million and $252.9 million, respectively. Contributions and withdrawals for the year ended June 30, 2016, were $401.9 million and $160.9 million, respectively. Contributions and withdrawals for the year ended June 30, 2015, were $392.7 million and $139.9 million, respectively.

USAA **529 College Savings** Plan™
(A Private Purpose Trust Fund of the State of Nevada)
Year ended June 30, 2016

- Account fees, which are paid by account owners, totaled $4.2 million for the year ended June 30, 2016, and $3.8 million for the year ended June 30, 2015.
- Program management fees totaled $1.6 million for the year ended June 30, 2016. These fees, which were established in January 2016, are based on the Plan's fiduciary net position.
- For the year ended June 30, 2016, the Plan experienced a net investment loss of $10.9 million, resulting from net depreciation in the fair value of its investments of $61.9 million, offset by dividends totaling $51.0 million. For the year ended June 30, 2015, the Plan experienced net investment income of $20.0 million, resulting from dividends and interest totaling $48.9 million, offset by $28.9 million net depreciation in the fair value of its investments.

Overview of the 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 state of Nevada's financial statements as a "private purpose trust fund." A private purpose trust fund is a type of fiduciary fund that is used to report assets held by a government in a trust or agency capacity for others and cannot be used to support the government's own programs.

The Plan's financial statements are prepared in accordance with accounting and financial reporting standards for governmental entities 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 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, regardless of when the transaction settles. Changes in fair value, along with realized gains (losses), are reported as net appreciation (depreciation) 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 to the Plan 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. Account fees and program management fees are recognized when the related services are provided, regardless of when cash is paid.

USAA **529 College Savings** Plan™

(A Private Purpose Trust Fund of the State of Nevada)

Year ended June 30, 2016

Financial Analysis

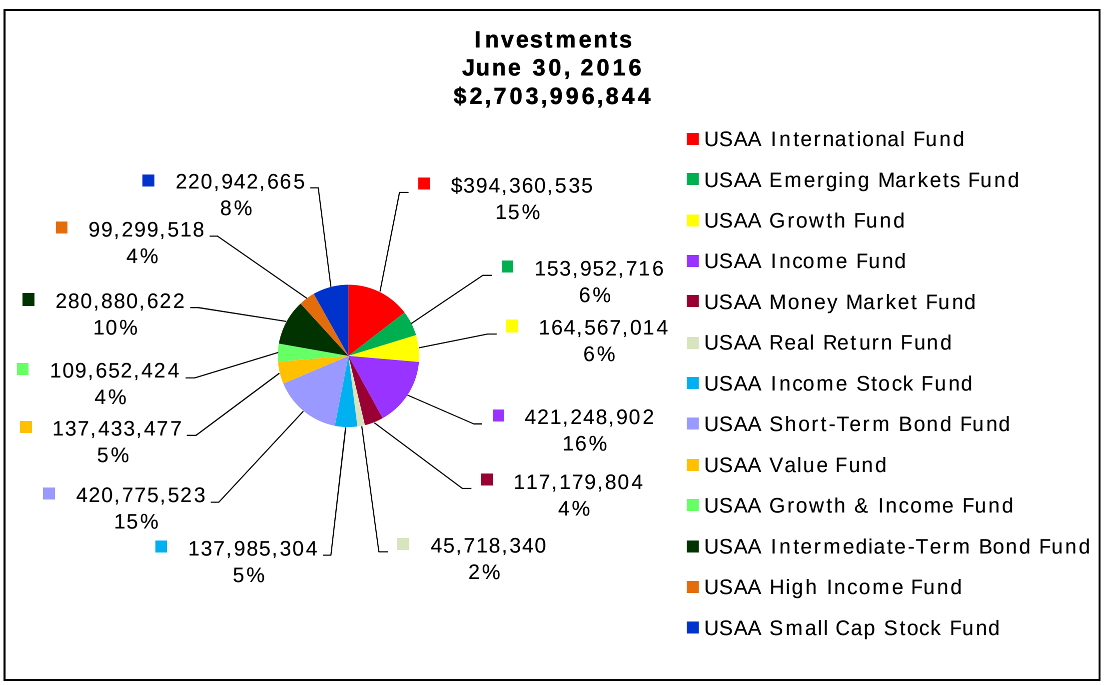
Fiduciary Net Position

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

	June 30, 2016	June 30, 2015
Total assets	$ 2,734,456,424	$ 2,484,349,756
Total liabilities	30,785,246	4,822,798
Net position held in trust for account owners and beneficiaries	$ 2,703,671,178	$ 2,479,526,958

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

Investments, which totaled $2.7 billion and $2.5 billion at June 30, 2016, and 2015, respectively, represent 99.0% of the Plan's total assets. Account owners are able to direct investment of their contributions into one or more portfolio options, each of which is invested in one or more USAA Mutual Funds (the USAA Underlying Funds) in accordance with an asset allocation strategy developed by ABD and USAA and approved by the Board. At June 30, 2016, and 2015, the Plan's USAA Underlying Funds are as follows:

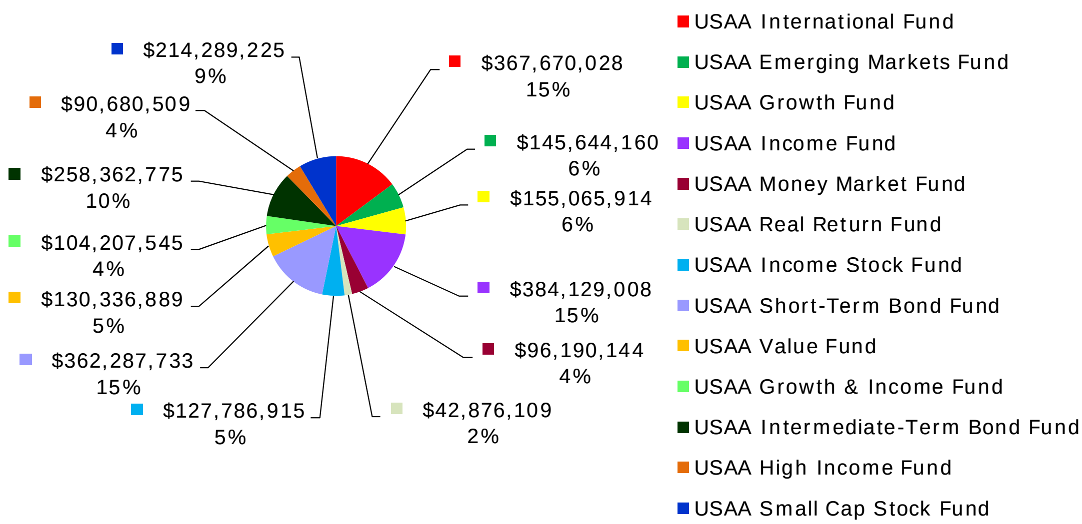


Note: Percentages are stated as a percent of total fair value of investments. At June 30, 2016, all USAA Underlying Funds, excluding the USAA Money Market Fund, are invested in the "institutional" share class. These were transitioned from the "fund" share class effective January 23, 2016.

USAA **529 College Savings** Plan™

(A Private Purpose Trust Fund of the State of Nevada)
Year ended June 30, 2016

Investments
June 30, 2015
$2,479,526,954



Note: Percentages are stated as a percent of total fair value of investments. At June 30, 2015, all USAA Underlying Funds were invested in the "fund" share class.

Other assets, which totaled $30.5 million at June 30, 2016, and $4.8 million at June 30, 2015, comprise amounts to be invested or distributed on behalf of account owners and their beneficiaries and receivables for proceeds from USAA Underlying Fund sales transactions. The Plan's liabilities, which totaled $30.8 million at June 30, 2016, and $4.8 million at June 30, 2015, comprise payables for withdrawals approved but not yet paid, accrued program management fees, and payables for USAA Underlying Fund purchase transactions.

USAA **529 College Savings** Plan™

(A Private Purpose Trust Fund of the State of Nevada)
Year ended June 30, 2016

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, 2016	Year Ended June 30, 2015
Contributions	$ 401,877,216	$ 392,744,729
Net investment income (loss)	(10,940,575)	20,047,401
Withdrawals	(160,922,268)	(139,867,392)
Account fees	(4,231,654)	(3,778,874)
Program management fees	(1,638,499)	-
Net increase	224,144,220	269,145,864
Net position held in trust for account owners and beneficiaries, beginning of year	2,479,526,958	2,210,381,094
Net position held in trust for account owners and beneficiaries, end of year	$ 2,703,671,178	$ 2,479,526,958

Investment Commentary

Below is a condensed review of the market factors affecting the USAA Underlying Funds for the year ended June 30, 2016. For more comprehensive insight into each USAA Underlying Fund, please refer to the fund's prospectus and annual report that Is available at usaa.com or call (800) 531-USAA (8722) to receive a paper copy.

Bouts of heightened volatility buffeted markets during the 12-month period ended June 30, 2016. A sudden currency devaluation by China in August 2015 elevated fears that the world's second-largest economy was slowing more than expected. Economic growth worries also triggered a global selloff in equities and commodities in January 2016. The downturn ended and a sharp recovery began after the Federal Reserve (the Fed) reduced the number of interest-rate increases it planned for the year. Late winter and spring were relatively placid, with asset prices posting solid gains. The calm gave way to another period of turbulence in June 2016, when an extremely poor U.S. jobs report was followed by Britain's shocking vote to leave the European Union (Brexit). The impact of "Brexit" proved short-lived, as markets bounced back in a matter of days.

USAA **529 College Savings** Plan™
(A Private Purpose Trust Fund of the State of Nevada)
Year ended June 30, 2016

U.S. equities, as measured by the Standard & Poor's 500 Index (S&P), began calendar 2016 by quickly dropping into correction territory, but snapped back even faster after the Fed slowed its plans for interest rate hikes. For the year ended June 30, 2016, the S&P finished at 3.99%, while the Russell 2000 Index of U.S. small-cap stocks ended at -6.73%.

Large-scale monetary stimulus by central banks beat back the risk of a deflationary spiral in Europe and Japan, though economic growth and inflation in those key global markets remained very slow though improving. The MSCI EAFE Index of non-U.S. developed markets plunged in August 2015 and January 2016 on global growth scares, and again in June 2016 following the Brexit vote. For the year ended June 30, 2016, the MSCI EAFE Index ended at -10.16%.

Emerging markets benefited from strengthening oil and commodity prices and a weaker U.S. dollar in the first half of 2016, but uncertainty about China's economic growth trajectory continued to weigh on the asset class. For the year ended June 30, 2016, the MSCI Emerging Markets Index ended at -12.05%.

Widening credit spreads accompanied rising default rates on high-yield bonds, primarily those issued by small energy companies. Credit spreads narrowed in 2016 after the Fed dialed back its rate-hike plans. Intermediate- and long-term treasuries were in high demand as safe-haven assets, while overseas investors in negative interest rate countries sought them out for their relatively attractive income. Yields on the 10-year Treasury note declined from 2.43% at the beginning of the period, to 1.49% at the year ended June 30, 2016.

The one year annual total returns for the USAA Underlying Funds for the reporting periods ended June 30, 2016 and 2015, compared to their respective benchmark index, are included in the following table:

Underlying Fund / Benchmark Index	Institutional Shares June 30, 2016[1]	Fund Shares June 30, 2015
USAA Short-Term Bond	1.98%	0.73%
Barclays 1-3 Year Government/Credit Index	1.59%	0.93%
USAA Intermediate-Term Bond	4.37%	0.58%
Barclays U.S. Aggregate Bond Index	6.00%	1.86%
USAA Income	5.94%	0.83%
Barclays U.S. Aggregate Bond Index	6.00%	1.86%

USAA 529 College Savings Plan™
(A Private Purpose Trust Fund of the State of Nevada)
Year ended June 30, 2016

Underlying Fund / Benchmark Index	Institutional Shares June 30, 2016[(1)]	Fund Shares June 30, 2015
USAA High Income	-0.72%	-2.09%
Barclays U.S. Corporate High Yield Index	1.62%	-0.40%
USAA Growth	3.98%	10.63%
Russell 1000 Growth Index	3.02%	10.56%
USAA Growth & Income	-1.68% [(2)]	7.58%
Russell 3000 Index	2.14%	7.29%
USAA Value	-3.97%	5.11%
Russell 3000 Value Index	2.42%	3.86%
USAA Income Stock	7.97%	1.13%
Russell 1000 Value Index	2.86%	4.13%
USAA Small Cap Stock	-9.00%	6.75%
Russell 2000 Index	-6.73%	6.49%
USAA International	-9.90%	-1.35%
MSCI EAFE Index	-10.16%	-4.22%
USAA Emerging Markets	-7.08%	-11.86%
MSCI Emerging Markets Index	-12.05%	-5.13%
USAA Real Return	1.15%	-7.83%
Barclays U.S. Government Inflation-Linked Bond Index	4.59%	-1.68%
	Fund Shares	
USAA Money Market	0.01%	0.01%
Citigroup 3-Month U.S. Treasury Bill Index	0.14%	0.02%

(1) The USAA Underlying Funds, except for the USAA Money Market Fund, were transitioned from the "fund" share class to the "institutional" share class effective January 25, 2016. Although the one year annual returns listed for the "institutional" share class are for the year ended June 30, 2016, the USAA Underlying Funds were only invested in the "institutional" share class for the period January 25, 2016 through June 30, 2016.

(2) The USAA Growth & Income Fund Institutional Share class commenced operations on August 7, 2015. Therefore, the one year annual return listed is for the period August 7, 2015 through June 30, 2016.

USAA **529 College Savings** Plan™

(A Private Purpose Trust Fund of the State of Nevada)
Year ended June 30, 2016

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. If you have any questions about the information provided, please call the Plan's customer service representatives at 1-800-531-USAA (8722).

Report of Independent Auditors

The Board of Trustees of the College Savings Plans of Nevada, Management of Ascensus Broker Dealer Services, Inc., and Management of United Services Automobile Association

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 USAA College Savings Plan (the Plan), as of and for the year ended June 30, 2016, 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 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Plan as of June 30, 2016, and the respective 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 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 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, 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 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 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 accordance with auditing standards generally accepted in the United States. In our opinion, the supplementary schedules of fiduciary net position by portfolio option and changes in fiduciary net position by portfolio option are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

REPORT OF INDEPENDENT

Auditors
(continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated September 22, 2016 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 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 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.

Ernst & Young LLP

San Antonio, Texas
September 22, 2016

STATEMENT

of **Fiduciary Net Position**

USAA **529 College Savings** Plan™

(A Private Purpose Trust Fund of the State of Nevada)
June 30, 2016

ASSETS	
Investments	$ 2,703,996,844
Cash and cash equivalents	4,279,599
Receivables for investments sold	26,179,981
Total Assets	2,734,456,424
LIABILITIES	
Payables for investments purchased	$ 29,640,989
Withdrawals payable	818,593
Accrued program management fees	325,664
Total Liabilities	30,785,246
NET POSITION HELD IN TRUST FOR	
ACCOUNT OWNERS AND BENEFICIARIES	$ 2,703,671,178

See accompanying notes to financial statements.

STATEMENT

# of Changes in **Fiduciary Net Position**

USAA **529 College Savings** Plan™

(A Private Purpose Trust Fund of the State of Nevada)
Year Ended June 30, 2016

ADDITIONS	
Contributions	$ 401,877,216
Investment income (loss):	
Dividends and interest	50,948,290
Net depreciation in fair value of investments	(61,888,865)
Net investment loss	(10,940,575)
Total Additions	390,936,641
DEDUCTIONS	
Withdrawals	160,922,268
Account fees	4,231,654
Program management fees	1,638,499
Total Deductions	166,792,421
NET INCREASE	224,144,220
NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF YEAR	2,479,526,958
NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF YEAR	$ 2,703,671,178

See accompanying notes to financial statements.

USAA **529 College Savings** Plan™
(A Private Purpose Trust Fund of the State of Nevada)
June 30, 2016

(1) ORGANIZATION AND NATURE OF OPERATIONS

The Nevada College Savings Trust Fund (the Trust) is a trust created under Chapter 353B of the Nevada Revised Statutes, as amended in 2001, which includes the USAA 529 College Savings Plan (the Plan). The Trust 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 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. Account owners purchase interests issued by the Trust (Trust Interests) in exchange for contributions.

Pursuant to an agreement dated March 5, 2002 and subsequently amended (the Direct Program Management Agreement), Ascensus Broker Dealer Services, Inc. (ABD) serves as the Program Manager, responsible for administration, recordkeeping, and transfer agency services for the Plan.

Effective December 3, 2015, Genstar Capital, LLC and Aquiline Capital Partners, LLC (each a private equity firm) acquired Ascensus, Inc. and its subsidiaries, including ABD, from J.C. Flowers & Co. There were no material changes to the corporate structure of Ascensus, Inc. or the services provided by ABD to the Plan as a result of this acquisition.

USAA Asset Management Company and, with respect to USAA mutual funds, one or more subadvisers (subject to oversight by USAA Asset Management Company and the applicable USAA Mutual Funds' Board of Trustees) provide investment management services for the USAA mutual funds held in each investment portfolio. USAA Investment Management Company and its affiliates also provide marketing and customer services for the Plan. Collectively, USAA Asset Management Company and USAA Investment Management Company are referred to as “USAA.”

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.

As of June 30, 2016, the Plan offered eleven investment options to choose from: 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 Portfolio 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 USAA Underlying Funds).

Therefore, the performance of the portfolios is dependent on the performance of the USAA Underlying Funds. The USAA Underlying 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 can include domestic, international and global debt, and equity securities, as well as, stock mutual funds (for growth), bond mutual funds (for income), and cash management mutual funds (for protection of principal). Account owners do not own shares of the USAA Underlying Funds. Rather, account owners own Trust Interests.

These financial statements address only the Plan and do not represent the financial position or changes in financial position of the state of Nevada, the Trust, or any other plan offered under the Trust. 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 followed by the Plan in the preparation of its 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 financial statements are prepared using the flow of economic resources measurement focus and accrual basis of accounting.

(B) *Investment valuation* – Generally accepted accounting principles prescribed by the GASB require that the Plan's investments be measured at fair value and categorized 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. Investments are reported at fair value, based on the net asset value per share of each USAA Underlying Fund as of the close of the New York Stock Exchange (NYSE) on the report date (Level 1 inputs).

(C) *Investment transactions* – Purchases and sales of units of the USAA Underlying Funds are recorded on a trade-date basis. Gains (losses) realized on sales of the USAA Underlying Funds are determined on the identified cost basis. Net realized and unrealized gains (losses) are reported as "net appreciation (depreciation) in 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 received from account owners that have not yet been invested in USAA Underlying Funds and/or redemption proceeds from USAA Underlying Funds for withdrawals that have not yet been distributed in accordance with account owners' instructions. Contribution and withdrawal transactions are processed through a demand deposit account maintained with BNY Mellon. At June 30, 2016, the bank balance of the demand deposit account totaled $2,431,072. 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 $250,000. Amounts in excess of FDIC insurance limits are not collateralized or covered by supplementary insurance.

(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 and 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).

(G) *Exchanges and transfers* – As explained in Note 1, 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 portfolio options 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 of the Internal Revenue Code of 1986, as amended, 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 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* – Contributions by an account owner are evidenced through the issuance of 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 USAA 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 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 option 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 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, USAA, 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, USAA has entered into contracts that contain a variety of representations and warranties that provide general indemnifications. USAA’s maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against USAA that have not yet occurred. However, USAA expects the risk of loss to be remote.

(L) *Other* – Income and capital gain distributions, if any, from the USAA Underlying Funds are recorded on the ex-dividend date and are automatically reinvested in additional shares of the respective mutual fund. Distributions received from the USAA Underlying Funds are reinvested within the applicable portfolio. There are no distributions of the USAA Underlying Funds’ net realized gains or net investment income directly to Plan account owners or designated beneficiaries.

(M) *Recently adopted accounting standards* – In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurements, with the overarching goal of enhancing comparability of governmental financial statements and related note disclosures. The Plan adopted the provisions of this statement on July 1, 2015. Adoption of this statement had no impact on amounts previously reported in the Plan's financial statements. Additional disclosures regarding the Plan's policy for determining fair value are included in Note 2(B), and additional information regarding the USAA Underlying Funds is included in Note 3.

(3) INVESTMENTS

At June 30, 2016, the USAA Underlying Funds, excluding the USAA Money Market Fund, are invested in the "institutional" share class. The USAA Money Market Fund is invested in the "fund" share class.

The fair values of the USAA Underlying Funds held by the Plan at June 30, 2016, are as follows:

Underlying Fund	Category	Balance at June 30, 2016
USAA International	Foreign Large Growth	$ 394,360,535
USAA Emerging Markets	Diversified Emerging Markets	153,952,716
USAA Growth	Large Growth	164,567,014
USAA Income	Intermediate-Term Bond	421,248,902
USAA Money Market	Money Market	117,179,804
USAA Real Return	Conservative Allocation	45,718,340
USAA Income Stock	Large Value	137,985,304
USAA Short-Term Bond	Short-Term Bond	420,775,523
USAA Value	Large Value	137,433,477
USAA Growth & Income	Large Blend	109,652,424
USAA Intermediate-Term Bond	Intermediate-Term Bond	280,880,622
USAA High Income	High Yield Bond	99,299,518
USAA Small Cap Stock	Small Blend	220,942,665
Total investments		$ 2,703,996,844

The following table calculates the net change in the fair value of investments during the year ended June 30, 2016:

Fair value of investments, end of year	$ 2,703,996,844
Less cost of investments purchased and investment income reinvested during the year	(2,903,487,058)
Plus proceeds from investments sold during the year	2,617,128,303
Less fair value of investments, beginning of year	(2,479,526,954)
Net depreciation in fair value of investments	$ (61,888,865)

The USAA Underlying Funds are exposed to various risks, such as 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 USAA College Savings Plan Description and Participation Agreement provides further details about risks.

GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements,* GASB Statement No. 40, *Deposit and Investment Risk Disclosures* and GASB Statement No. 59, *Financial Instruments Omnibus*, 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 Trust. 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. However, the Board believes that the investment options available to account owners are appropriately structured to allow account owners to manage these specific risk types, to the greatest extent possible, given the nature of the USAA Underlying Funds.

(B) *Credit Risk* – The Plan may be 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 Money Market Fund, USAA Income Fund, USAA Short-Term Bond Fund, USAA Intermediate-Term Bond Fund and USAA High Income Fund include in their asset holdings of 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.

Since the USAA Underlying Funds represent shares of mutual funds, rather than individual securities, they are not subject to classification by custodial credit risk.

Credit quality ratings for the USAA Underlying Funds are not available, since none of the USAA Underlying Funds are rated by a nationally recognized statistical rating organization.

(C) *Interest Rate Risk* – Certain of the USAA Underlying 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 Money Market Fund, 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, 2016, the market value and weighted average maturity of these funds are as follows:

	Market Value	Weighted Average Maturity
USAA Money Market Fund	$ 117,179,804	27 days
USAA Income Fund	$ 421,248,902	8.9 years
USAA Short-Term Bond Fund	$ 420,775,523	2.4 years
USAA Intermediate-Term Bond Fund	$ 280,880,622	7.1 years
USAA High Income Fund	$ 99,299,518	6.3 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, natural disasters, and the possible prevention or delay of currency exchange due to foreign governmental laws or restrictions. The USAA Growth & Income Fund, USAA High Income Fund, USAA Income Stock Fund, USAA Real Return Fund, USAA International Fund, USAA Small Cap Stock Fund, USAA Emerging Markets Fund, USAA Growth Fund and USAA Value Fund may include foreign securities.

(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, Inc., 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, Inc., is a registered investment advisor, and under an investment management agreement with ABD, provides certain administrative services, including transfer agency services, to the Plan. USAA and, with respect to certain mutual funds, one or more subadvisers (subject to oversight by USAA and the applicable USAA Mutual Fund's Board of Trustees) provide investment management for the mutual funds held in each Portfolio. USAA and its affiliates also provide marketing and customer services for the Plan. USAA is an indirect, wholly owned subsidiary of United Services Automobile Association, a reciprocal insurance company, and is a registered broker-dealer and investment adviser, as well as a member of FINRA.

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.

(5) ACCOUNT AND PROGRAM MANAGEMENT FEES

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 Savings Plan Description and Participation Agreement contains additional important information about the Plan, including information about Plan fees and expenses.

(A) *Portfolio 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 Underlying 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 USAA, 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 Underlying Funds available for distribution to the Plan. Portfolio Expenses also include a Program Management Fee of 0.15%, effective January 25, 2016. The Program Management Fee is accrued on a monthly basis based on the net position of each Portfolio and is paid directly to USAA. The Program Management Fee has been waived for the Preservation of Capital Portfolio. USAA, the Board and ABD have agreed to a specific formula for allocation of the Program Management Fee.

(B) *Account Fees* – Expenses paid directly by Plan accounts include the Annual Account Maintenance Fee and the Minimum Balance Fee. These fees are expenses of the account owner, not Portfolio Expenses, as described above. Prior to 2016, account owners were charged a $15 Annual Account Maintenance Fee annually in October, which was paid to the Board. If account owner or designated beneficiary was a Nevada resident, the Annual Account Maintenance Fee was waived. This fee was eliminated effective with Plan changes that were implemented on January 25, 2016. Account owners that do not maintain a minimum balance, do not have an active automatic investment plan, direct deposits from payroll, or investment through a systematic withdrawal plan from a USAA Mutual Fund are charged a Minimum Balance Fee, also in October of each year. Prior to Plan changes that were implemented on January 25, 2016, this fee was charged on all accounts with a balance of $5,000 or less and was $15. Plan changes implemented on January 25, 2016 reduced the minimum balance requirement to $1,000, reduced the fee to $10, and waived the Minimum Balance Fee for all Plan accounts owned by a Nevada resident or on which the beneficiary is a Nevada resident. The Minimum Balance Fee is paid to USAA. No Minimum Balance Fee was or will be charged to any Plan account if the account was established within 45 days prior to the October assessment. Other fees may be imposed by the Program Manager 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.

Account fees attributable to the Board, USAA, and ABD for the year ended June 30, 2016, are as follows:

Board	$ 3,466,079
USAA	614,535
ABD	151,040
Total account fees	$ 4,231,654

SUPPLEMENTARY SCHEDULE

of **Fiduciary Net Position** by Portfolio Option

USAA **529 College Savings** Plan™

(A Private Purpose Trust Fund of the State of Nevada)

June 30, 2016

	Fixed Asset Allocation Portfolio Options									Preservation of Capital Portfolio Option	
	Very Aggressive	Aggressive Growth	Growth	Moderately Aggressive	Moderate	Moderately Conservative	Conservative	Very Conservative	In College	Preservation of Capital	Plan Total
ASSETS											
Cash and investments, net [3]	$ 91,463,461	$ 421,366,426	$ 387,223,727	$ 367,112,719	$ 492,404,661	$ 238,349,095	$ 294,377,452	$ 169,645,440	$ 203,623,085	$ 39,249,369	$ 2,704,815,435
LIABILITIES											
Withdrawals payable	9,225	97,722	90,963	79,891	99,907	35,959	113,434	52,260	212,848	26,384	818,593
Accrued program management fees	11,141	51,746	47,536	44,869	60,109	29,057	35,750	20,701	24,755	-	325,664
Total Liabilities	20,366	149,468	138,499	124,760	160,016	65,016	149,184	72,961	237,603	26,384	1,144,257
NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES	$ 91,443,095	$ 421,216,958	$ 387,085,228	$ 366,987,959	$ 492,244,645	$ 238,284,079	$ 294,228,268	$ 169,572,479	$ 203,385,482	$ 39,222,985	$ 2,703,671,178
UNITS OUTSTANDING [1]	9,507,207	19,730,884	17,748,394	16,507,829	22,977,662	23,663,597	16,043,052	16,716,506	12,422,193	3,916,829	
NET ASSET VALUE PER UNIT [2]	$ 9.62	$ 21.35	$ 21.81	$ 22.23	$ 21.42	$ 10.07	$ 18.34	$ 10.14	$ 16.37	$ 10.01	

(1) Rounded to the nearest whole share.

(2) Rounded to the nearest hundredth.

(3) Includes receivables for securities sold and is net of payables for investments purchased.

See Independent Auditor's Report.

SUPPLEMENTARY SCHEDULE

# of Changes in **Fiduciary Net Position** by Portfolio Option

USAA **529 College Savings** Plan™

(A Private Purpose Trust Fund of the State of Nevada)

Year Ended June 30, 2016

	Fixed Asset Allocation Portfolio Options									Preservation of Capital Portfolio Option	
	Very Aggressive	Aggressive Growth	Growth	Moderately Aggressive	Moderate	Moderately Conservative	Conservative	Very Conservative	In College	Preservation of Capital	Plan Total
ADDITIONS											
Contributions	$ 56,792,108	$ 72,783,143	$ 57,792,615	$ 51,827,328	$ 60,856,908	$ 26,325,680	$ 31,705,076	$ 16,694,978	$ 20,775,897	$ 6,323,483	$ 401,877,216
Net investment income (loss)	(3,777,857)	(13,886,856)	(7,437,229)	(3,190,623)	1,341,648	3,482,419	6,802,534	2,642,251	3,079,529	3,609	(10,940,575)
Exchanges in	4,784,806	57,704,886	89,848,336	100,581,527	111,925,940	112,518,418	103,053,134	88,694,370	77,212,236	12,013,262	758,336,915
Total Additions	57,799,057	116,601,173	140,203,722	149,218,232	174,124,496	142,326,517	141,560,744	108,031,599	101,067,662	18,340,354	1,149,273,556
DEDUCTIONS											
Withdrawals	2,718,595	20,130,682	17,453,193	13,507,840	17,118,753	4,481,856	13,410,669	5,997,106	59,479,694	6,623,880	160,922,268
Account fees	515,984	861,576	644,050	577,308	644,068	237,373	312,630	133,823	240,564	64,278	4,231,654
Program management fees	56,382	263,299	240,407	226,008	303,462	145,712	177,802	103,894	121,533	-	1,638,499
Exchanges out	54,556,093	100,294,779	104,638,787	114,146,926	118,368,947	98,219,734	89,549,813	67,922,910	6,264,651	4,374,275	758,336,915
Total Deductions	57,847,054	121,550,336	122,976,437	128,458,082	136,435,230	103,084,675	103,450,914	74,157,733	66,106,442	11,062,433	925,129,336
NET INCREASE (DECREASE)	(47,997)	(4,949,163)	17,227,285	20,760,150	37,689,266	39,241,842	38,109,830	33,873,866	34,961,220	7,277,921	224,144,220
NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF YEAR	91,491,092	426,166,121	369,857,943	346,227,809	454,555,379	199,042,237	256,118,438	135,698,613	168,424,262	31,945,064	2,479,526,958
NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF YEAR	$ 91,443,095	$ 421,216,958	$ 387,085,228	$ 366,987,959	$ 492,244,645	$ 238,284,079	$ 294,228,268	$ 169,572,479	$ 203,385,482	$ 39,222,985	$ 2,703,671,178

See Independent Auditor's Report.

Consider the investment objectives, risks, charges and expenses of the USAA College Savings Plan (Plan) carefully before investing. Call 1-800-292-8825 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 USAA College Savings Plan™ (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 Dan Schwartz. USAA Investment Management Company provides investment management services to the Portfolios, and markets and distributes the Plan. Ascensus Broker Dealer Services, Inc. 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 or Ascensus entities and you could lose money.

USAA We know what it means to serve.®

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 Plan this discussion and analysis of the Plan's financial performance for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented in this section in conjunction with the Plan's financial statements.

Financial Highlights

During the fiscal year ended June 30, 2016, the Portfolios posted total returns as follows:

Stock Portfolios	
Vanguard 500 Index Portfolio	3.76 %
Vanguard Aggressive Growth Portfolio	-2.13
Vanguard Growth Index Portfolio	1.24
Vanguard Mid-Cap Index Portfolio	-1.07
Vanguard Morgan Growth Portfolio	-1.03
Vanguard Small-Cap Index Portfolio	-3.08
Vanguard Total International Stock Index Portfolio	-9.34
Vanguard Total Stock Market Index Portfolio	2.02
Vanguard Value Index Portfolio	4.43
Vanguard Windsor Portfolio	-6.44
Balanced Portfolios	
Vanguard Conservative Growth Portfolio	4.09 %
Vanguard Growth Index Portfolio	0.16
Vanguard Moderate Growth Portfolio	2.31
Vanguard STAR Portfolio	0.00
Bond Portfolios	
Vanguard High-Yield Bond Portfolio	2.27 %
Vanguard Income Portfolio	3.43
Vanguard Inflation-Protected Securities Portfolio	4.53
Vanguard Total Bond Market Index Portfolio	5.96
Short-Term Investments Portfolio	
Vanguard Interest Accumulation Portfolio	0.59 %

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 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 a *Statement of Fiduciary Net Position,* a *Schedule of Investments,* 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 all of the Plan's financial statements, is prepared using the accrual basis of accounting whereby contributions are recognized when enrollment in the Plan is finalized; withdrawals are recognized when payable; and expenses and liabilities are recognized when services are provided, regardless of when cash is paid.

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

The *Statement of Changes in Fiduciary Net Position* presents information showing how the Plan's 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 this statement 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 Plan. 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, 2016.

	(in thousands)
Investments at Value	$12,844,190
Other Assets	16,259
Total Assets	**12,860,449**
Total Liabilities	**10,022**
Net Position	**$12,850,427**

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 net position, and consist of 19 Portfolios at June 30, 2016, each of which is invested in one or more Vanguard mutual funds or investment pools. Other assets may consist of cash, receivables for securities sold and receivables for contributions. Liabilities may consist of cash overdrafts, payables for securities purchased, payables for withdrawals, payables for accrued expenses and other liabilities.

Changes in net position. The following is a condensed *Statement of Changes in Fiduciary Net Position* for the fiscal year ended June 30, 2016.

	(in thousands)
Net Increase (Decrease) from Investment Operations	$ 144,806
Net Increase (Decrease) from Unit Transactions	988,648
Change in Net Position	1,133,454
Net Position, beginning of period	11,716,973
Net Position, end of period	**$12,850,427**

Financial Market and Economic Factors

Stocks waxed and waned through periods of turbulence

Global stock markets took a wild ride in the fiscal year ended June 30, 2016. Stocks slid early on, amid concerns over China's economic slowdown and falling oil and commodity prices. They were boosted when central banks in Europe and Asia bolstered their stimulus efforts against weak growth and low inflation. In December, the U.S. Federal Reserve ended months of uncertainty when it raised the target for short-term interest rates to 0.25%–0.5%.

Late in the period, global stock markets dropped sharply but then rose after the United Kingdom's momentous vote to leave the European Union. The markets were already jittery before the June 23 "Brexit" vote. But volatility spiked afterward, as investors digested the significant global economic implications and the likelihood of extended uncertainty while the separation is carried out.

The broad U.S. stock market returned about 2% for the 12 months ended June 30, 2016. International stocks had a rougher time, returning about (–10%). European (–11%) and emerging markets (–12%) stocks suffered double-digit losses, while developed Pacific markets held up slightly better, returning about (-7%).

Bonds rolled to strong returns as investors weighed options

The broad U.S. bond market returned 6% as investors sought safe-haven assets amid questionable global economic growth, low inflation, and stock market volatility. Exceptionally low or negative yields abroad attracted foreign investors to U.S. Treasury debt. The yield of the 10-year U.S. Treasury note closed at 1.47% at the end of June, down from 2.30% at the end of December. (Bond prices and yields move in opposite directions.)

The Fed has held its target for short-term interest rates steady since raising it by a quarter of a percentage point in December. The rate has remained historically low and has continued to curb returns for money market funds and savings accounts.

Despite a rough start to the period, international bond markets (as measured by the Barclays Global Aggregate Index ex USD) returned about 11%. Counter to recent trends, a number of foreign currencies strengthened against the dollar, but returns were solid even without this currency benefit.

Returns were negligible for money market funds and savings accounts, which remained handcuffed by the Fed's target of 0%–0.25% for short-term rates.

Market Barometer			
	Average Annual Total Returns Periods Ended June 30, 2016		
	One Year	Three Years	Five Years
Stocks			
Russell 1000 Index (Large-caps)	2.93%	11.48%	11.88%
Russell 2000 Index (Small-caps)	-6.73	7.09	8.35
Russell 3000 Index (Broad U.S. market)	2.14	11.13	11.60
FTSE All-World ex US Index (International)	-9.75	1.72	0.49
Bonds			
Barclays U.S. Aggregate Bond Index (Broad taxable market)	6.00%	4.06%	3.76%
Barclays Municipal Bond Index (Broad tax-exempt market)	7.65	5.58	5.33
Citigroup Three-Month U.S. Treasury Bill Index	0.14	0.04	0.05
CPI			
Consumer Price Index	1.01%	1.06%	1.32%

Requests for Information

This financial report is designed to provide a general overview of the Plan's financial status. If you have any questions about the information provided, please call the knowledgeable specialists in the Vanguard Education Resource Center at 1-888-414-6678, or visit www.vanguard.com/save529.

The Vanguard 529 College Savings Plan
Statement of Fiduciary Net Position
At June 30, 2016
(in thousands, except for Units Outstanding and Net Position Value Per Unit)

	Vanguard Aggressive Growth Portfolio	Vanguard Growth Portfolio	Vanguard Moderate Growth Portfolio	Vanguard Conservative Growth Portfolio	Vanguard Income Portfolio	Vanguard Total Stock Market Index Portfolio	Vanguard 500 Index Portfolio	Vanguard Mid-Cap Index Portfolio	Vanguard Growth Index Portfolio	Vanguard Value Index Portfolio	Vanguard Small-Cap Index Portfolio	Vanguard Total International Stock Index Portfolio	Vanguard Total Bond Market Index Portfolio	Vanguard Inflation-Protected Securities Portfolio
Assets														
Investments at Value	$ 1,303,489	$ 1,889,786	$ 2,278,323	$ 1,533,327	$ 1,072,050	$ 769,826	$ 828,759	$ 404,091	$ 248,848	$ 232,647	$ 392,417	$ 481,202	$ 264,412	$ 121,318
Cash	503	789	525	164	-	190	409	72	384	248	215	78	-	-
Receivables for Securities Sold	-	-	-	-	210	-	-	-	-	-	-	-	23	-
Receivables for Contributions	1,772	2,041	1,720	977	868	409	488	283	202	250	267	457	824	32
Total Assets	1,305,764	1,892,616	2,280,568	1,534,468	1,073,128	770,425	829,656	404,446	249,434	233,145	392,899	481,737	265,259	121,350
Liabilities														
Cash Overdraft	$ -	$ -	$ -	$ -	$ 210	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 23	$ -
Payables for Securities Purchased	503	789	525	164	-	190	409	72	384	248	215	78	-	-
Payables for Withdrawals	205	223	426	212	209	485	1,141	112	56	51	181	235	119	13
Payables for Accrued Expenses	138	207	258	180	118	106	113	66	44	41	63	111	38	18
Other Liabilities	-	-	-	-	1	-	-	-	-	-	-	-	-	-
Total Liabilities	846	1,219	1,209	556	538	781	1,663	250	484	340	459	424	180	31
Net Position Held in Trust	**$ 1,304,918**	**$ 1,891,397**	**$ 2,279,359**	**$ 1,533,912**	**$ 1,072,590**	**$ 769,644**	**$ 827,993**	**$ 404,196**	**$ 248,950**	**$ 232,805**	**$ 392,440**	**$ 481,313**	**$ 265,079**	**$ 121,319**
Units Outstanding	**46,495,364**	**76,031,733**	**98,860,806**	**72,695,260**	**67,019,534**	**24,985,534**	**28,558,289**	**10,448,417**	**8,215,257**	**7,720,528**	**9,969,316**	**19,523,070**	**15,226,451**	**6,738,918**
Net Position Value Per Unit	**$ 28.07**	**$ 24.88**	**$ 23.06**	**$ 21.10**	**$ 16.00**	**$ 30.80**	**$ 28.99**	**$ 38.68**	**$ 30.30**	**$ 30.15**	**$ 39.36**	**$ 24.65**	**$ 17.41**	**$ 18.00**

See accompanying Notes which are an integral part of the Financial Statements.

The Vanguard 529 College Savings Plan
Statement of Fiduciary Net Position
At June 30, 2016
(in thousands, except for Units Outstanding and Net Position Value Per Unit)

	Vanguard High-Yield Bond Portfolio	Vanguard Interest Accumulation Portfolio	Vanguard Morgan Growth Portfolio	Vanguard Windsor Portfolio	Vanguard STAR Portfolio	Total of Portfolios
Assets						
Investments at Value	$ 143,396	$ 613,180	$ 68,309	$ 93,868	$ 104,942	$ 12,844,190
Cash	26	-	12	-	106	3,721
Receivables for Securities Sold	-	269	-	36	-	538
Receivables for Contributions	68	1,080	78	131	53	12,000
Total Assets	143,490	614,529	68,399	94,035	105,101	12,860,449
Liabilities						
Cash Overdraft	$ -	$ 269	$ -	$ 36	$ -	$ 538
Payables for Securities Purchased	25	-	12	-	107	3,721
Payables for Withdrawals	33	323	15	59	60	4,158
Payables for Accrued Expenses	22	50	7	11	10	1,601
Other Liabilities	-	3	-	-	-	4
Total Liabilities	80	645	34	106	177	10,022
Net Position Held in Trust	**$ 143,410**	**$ 613,884**	**$ 68,365**	**$ 93,929**	**$ 104,924**	**$ 12,850,427**
Units Outstanding	**5,999,826**	**51,214,206**	**3,759,231**	**6,344,051**	**6,512,503**	N/A
Net Position Value Per Unit	**$ 23.90**	**$ 11.99**	**$ 18.19**	**$ 14.81**	**$ 16.11**	**N/A**

See accompanying Notes which are an integral part of the Financial Statements.

The Vanguard 529 College Savings Plan
Schedule of Investments
At June 30, 2016

	Vanguard Aggressive Growth Portfolio	Vanguard Growth Portfolio	Vanguard Moderate Growth Portfolio	Vanguard Conservative Growth Portfolio	Vanguard Income Portfolio	Vanguard Total Stock Market Index Portfolio	Vanguard 500 Index Portfolio	Vanguard Mid-Cap Index Portfolio	Vanguard Growth Index Portfolio	Vanguard Value Index Portfolio	Vanguard Small-Cap Index Portfolio	Vanguard Total International Stock Index Portfolio
Mutual Funds and Investment Pools												
Vanguard Growth Index Fund Institutional Shares	-	-	-	-	-	-	-	-	248,848	-	-	-
Vanguard High-Yield Corporate Fund Admiral Shares	-	-	-	-	-	-	-	-	-	-	-	-
Vanguard Inflation-Protected Securities Fund Institutional Shares	-	-	-	-	267,727	-	-	-	-	-	-	-
Vanguard Institutional Index Fund Institutional Plus Shares	-	-	-	-	-	-	828,759	-	-	-	-	-
Vanguard Institutional Total Stock Market Index Fund Institutional Plus Shares	783,166	854,548	691,512	238,199	-	769,826	-	-	-	-	-	-
Vanguard Mid-Cap Index Fund Institutional Plus Shares	-	-	-	-	-	-	-	404,091	-	-	-	-
Vanguard Morgan Growth Fund Admiral Shares	-	-	-	-	-	-	-	-	-	-	-	-
Vanguard Short-Term Reserves Account	-	-	-	-	266,682	-	-	-	-	-	-	-
Vanguard Small-Cap Index Fund Institutional Plus Shares	-	-	-	-	-	-	-	-	-	-	392,417	-
Vanguard STAR Fund	-	-	-	-	-	-	-	-	-	-	-	-
Vanguard Total Bond Market Index Fund Institutional Plus Shares	-	-	-	-	-	-	-	-	-	-	-	-
Vanguard Total Bond Market II Index Fund Institutional Shares	-	463,218	1,124,042	1,135,380	537,641	-	-	-	-	-	-	-
Vanguard Total International Stock Index Fund Institutional Plus Shares	520,323	572,020	462,769	159,748	-	-	-	-	-	-	-	481,202
Vanguard Value Index Fund Institutional Shares	-	-	-	-	-	-	-	-	-	232,647	-	-
Vanguard Windsor Fund Admiral Shares	-	-	-	-	-	-	-	-	-	-	-	-
Total Investments at Value	**$ 1,303,489**	**$ 1,889,786**	**$ 2,278,323**	**$ 1,533,327**	**$ 1,072,050**	**$ 769,826**	**$ 828,759**	**$ 404,091**	**$ 248,848**	**$ 232,647**	**$ 392,417**	**$ 481,202**

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

See accompanying Notes which are an integral part of the Financial Statements.

The Vanguard 529 College Savings Plan
Schedule of Investments
At June 30, 2016

	Vanguard Total Bond Market Index Portfolio	Vanguard Inflation-Protected Securities Portfolio	Vanguard High-Yield Bond Portfolio	Vanguard Interest Accumulation Portfolio	Vanguard Morgan Growth Portfolio	Vanguard Windsor Portfolio	Vanguard STAR Portfolio	Total of Portfolios
Mutual Funds and Investment Pools								
Vanguard Growth Index Fund Institutional Shares	-	-	-	-	-	-	-	248,848
Vanguard High-Yield Corporate Fund Admiral Shares	-	-	143,396	-	-	-	-	143,396
Vanguard Inflation-Protected Securities Fund Institutional Shares	-	121,318	-	-	-	-	-	389,045
Vanguard Institutional Index Fund Institutional Plus Shares	-	-	-	-	-	-	-	828,759
Vanguard Institutional Total Stock Market Index Fund Institutional Plus Shares	-	-	-	-	-	-	-	3,337,251
Vanguard Mid-Cap Index Fund Institutional Plus Shares	-	-	-	-	-	-	-	404,091
Vanguard Morgan Growth Fund Admiral Shares	-	-	-	-	68,309	-	-	68,309
Vanguard Short-Term Reserves Account	-	-	-	613,180	-	-	-	879,862
Vanguard Small-Cap Index Fund Institutional Plus Shares	-	-	-	-	-	-	-	392,417
Vanguard STAR Fund	-	-	-	-	-	-	104,942	104,942
Vanguard Total Bond Market Index Fund Institutional Plus Shares	264,412	-	-	-	-	-	-	264,412
Vanguard Total Bond Market II Index Fund Institutional Shares	-	-	-	-	-	-	-	3,260,281
Vanguard Total International Stock Index Fund Institutional Plus Shares	-	-	-	-	-	-	-	2,196,062
Vanguard Value Index Fund Institutional Shares	-	-	-	-	-	-	-	232,647
Vanguard Windsor Fund Admiral Shares	-	-	-	-	-	93,868	-	93,868
Total Investments at Value	**$ 264,412**	**$ 121,318**	**$ 143,396**	**$ 613,180**	**$ 68,309**	**$ 93,868**	**$ 104,942**	**$ 12,844,190**

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

See accompanying Notes which are an integral part of the Financial Statements.

The Vanguard 529 College Savings Plan
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2016
(in thousands)

Increase (Decrease) in Net Position	Vanguard Aggressive Growth Portfolio	Vanguard Growth Portfolio	Vanguard Moderate Growth Portfolio	Vanguard Conservative Growth Portfolio	Vanguard Income Portfolio	Vanguard Total Stock Market Index Portfolio	Vanguard 500 Index Portfolio	Vanguard Mid-Cap Index Portfolio	Vanguard Growth Index Portfolio	Vanguard Value Index Portfolio	Vanguard Small-Cap Index Portfolio	Vanguard Total International Stock Index Portfolio
Investment Operations												
Income Dividends Received	$ 29,610	$ 42,974	$ 50,775	$ 33,500	$ 13,133	$ 14,946	$ 16,423	$ 8,176	$ 3,105	$ 5,687	$ 7,460	$ 13,551
Capital Gain Distributions Received	-	690	1,595	1,558	703	-	-	-	-	-	-	-
Realized Net Gain (Loss) on Investment Securities Sold	59,596	77,236	53,636	16,987	(3,268)	4,687	2,688	4,714	1,539	2,989	3,252	(1,215)
Change in Net Unrealized Appreciation (Depreciation) in Value of Investments	(110,636)	(111,452)	(49,226)	9,870	24,086	(1,279)	14,028	(16,252)	(751)	1,662	(21,785)	(59,634)
Administrative Expenses	(1,848)	(2,747)	(3,305)	(2,228)	(1,362)	(1,342)	(1,399)	(798)	(475)	(443)	(769)	(1,436)
Net Increase (Decrease) Resulting from Investment Operations	(23,278)	6,701	53,475	59,687	33,292	17,012	31,740	(4,160)	3,418	9,895	(11,842)	(48,734)
Unit Transactions												
Contributions	$ 284,769	$ 314,694	$ 238,246	$ 135,301	$ 86,463	$ 81,137	$ 104,752	$ 38,175	$ 33,090	$ 18,504	$ 36,282	$ 46,569
Exchanges In	35,847	220,499	452,450	434,012	335,682	45,984	62,805	18,291	26,650	15,537	16,967	24,744
Withdrawals	(27,240)	(27,280)	(32,249)	(55,928)	(165,620)	(23,682)	(29,465)	(16,890)	(8,916)	(9,719)	(14,244)	(16,486)
Exchanges Out	(243,462)	(447,182)	(454,107)	(323,156)	(82,269)	(67,349)	(63,851)	(41,288)	(24,417)	(24,827)	(36,184)	(49,707)
Net Increase (Decrease) from Unit Transactions	49,914	60,731	204,340	190,229	174,256	36,090	74,241	(1,712)	26,407	(505)	2,821	5,120
Total Increase (Decrease)	26,636	67,432	257,815	249,916	207,548	53,102	105,981	(5,872)	29,825	9,390	(9,021)	(43,614)
Net Position												
Beginning of Period	$ 1,278,282	$ 1,823,965	$ 2,021,544	$ 1,283,996	$ 865,042	$ 716,542	$ 722,012	$ 410,068	$ 219,125	$ 223,415	$ 401,461	$ 524,927
End of Period	**$ 1,304,918**	**$ 1,891,397**	**$ 2,279,359**	**$ 1,533,912**	**$ 1,072,590**	**$ 769,644**	**$ 827,993**	**$ 404,196**	**$ 248,950**	**$ 232,805**	**$ 392,440**	**$ 481,313**

See accompanying Notes which are an integral part of the Financial Statements.

The Vanguard 529 College Savings Plan
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2016
(in thousands)

Increase (Decrease) in Net Position	Vanguard Total Bond Market Index Portfolio	Vanguard Inflation-Protected Securities Portfolio	Vanguard High-Yield Bond Portfolio	Vanguard Interest Accumulation Portfolio	Vanguard Morgan Growth Portfolio	Vanguard Windsor Portfolio	Vanguard STAR Portfolio	Total of Portfolios
Investment Operations								
Income Dividends Received	$ 5,758	$ 984	$ 7,649	$ 3,911	$ 535	$ 1,619	$ 2,035	$ 261,831
Capital Gain Distributions Received	144	-	493	-	4,965	5,984	3,456	19,588
Realized Net Gain (Loss) on Investment Securities Sold	32	(60)	(350)	-	568	1,299	822	225,152
Change in Net Unrealized Appreciation (Depreciation) in Value of Investments	8,352	4,368	(4,479)	-	(6,929)	(15,466)	(6,098)	(341,621)
Administrative Expenses	(463)	(221)	(273)	(604)	(125)	(149)	(157)	(20,144)
Net Increase (Decrease) Resulting from Investment Operations	13,823	5,071	3,040	3,307	(986)	(6,713)	58	144,806
Unit Transactions								
Contributions	$ 22,714	$ 8,475	$ 14,082	$ 64,279	$ 10,022	$ 10,917	$ 10,925	$ 1,559,396
Exchanges In	55,191	11,712	18,959	229,608	23,373	6,660	7,980	2,042,951
Withdrawals	(14,434)	(6,480)	(8,420)	(101,030)	(3,450)	(4,339)	(4,880)	(570,752)
Exchanges Out	(26,110)	(13,540)	(23,635)	(77,612)	(14,144)	(16,721)	(13,386)	(2,042,947)
Net Increase (Decrease) from Unit Transactions	37,361	167	986	115,245	15,801	(3,483)	639	988,648
Total Increase (Decrease)	51,184	5,238	4,026	118,552	14,815	(10,196)	697	1,133,454
Net Position								-
Beginning of Period	$ 213,895	$ 116,081	$ 139,384	$ 495,332	$ 53,550	$ 104,125	$ 104,227	$ 11,716,973
End of Period	**$ 265,079**	**$ 121,319**	**$ 143,410**	**$ 613,884**	**$ 68,365**	**$ 93,929**	**$ 104,924**	**$ 12,850,427**

See accompanying Notes which are an integral part of the Financial Statements.

THE VANGUARD 529 COLLEGE SAVINGS PLAN
SPONSORED BY
THE STATE OF NEVADA

Notes to Financial Statements
June 30, 2016

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 higher education expenses.

Ascensus Broker Dealer Services, Inc. ("Ascensus") serves as the Plan's Program Manager. Ascensus Investment Advisors, LLC provides management, administration, recordkeeping, and transfer agency services for the Plan. Vanguard serves as the Plan's Investment Manager and provides investment management for the mutual funds and Short-Term Reserves Account held in each Portfolio (as defined below). Vanguard also 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.) New York Life Investors LLC ("New York Life") provides management services in connection with synthetic insurance contracts in the Vanguard Short-Term Reserves Account.

Vanguard invests and manages the Plan's investments in 19 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 Vanguard Short-Term Reserves Account is composed of a pooled investment in funding agreements with insurance companies and a Vanguard money market mutual fund. Refer to The Vanguard 529 College Savings Plan Program Description for a listing of the investments within each Portfolio.

2. Significant Accounting Policies

Basis of Accounting

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 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, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flow.

Security Transactions and Investment Income

Security transactions are recorded on the trade date. Investment income and any capital gain distributions from the underlying funds are recorded on the ex-dividend date. Realized gains and losses on securities transactions are computed on the basis of identified cost.

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 composed of traditional and synthetic funding agreements with insurance companies and Vanguard Prime 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 Plan's 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 Plan accordingly, with the changes in net position included in the results from investment operations.

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurements, with the overarching goal of enhancing comparability of governmental financial statements and related note disclosures. The Plan adopted the provisions of this statement on July 1, 2015. Adoption of this statement had no impact on amounts previously reported in the Plan's financial statements.

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 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, 2016, the market value of the Portfolios' investments in Vanguard 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 Portfolio 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 to Ascensus and Vanguard in accordance with an agreement between Ascensus and Vanguard, as well as fees paid to New York Life in connection with synthetic insurance contracts. Administrative expenses included in the Plan's *Statement of Changes in Fiduciary Net Position* reflect $12,813,000 paid to Ascensus, $7,289,000 paid to Vanguard, and $42,000 paid to New York Life. Each Portfolio's share of the operating, administrative, and advisory expenses of the underlying Vanguard mutual funds and the Vanguard Short-Term Reserves Account in which it invests reduces the net investment income received from them.

3. Investments

Portfolio Investments

The Portfolios' underlying investments include Vanguard mutual funds and the Vanguard Short-Term Reserves Account, which is an investment pool that is managed by Vanguard for the benefit of the Plan.

At June 30, 2016, the Portfolios' combined investments at fair value were comprised of the following:

	(in thousands)
Mutual Funds	$11,964,328
Short-Term Reserves Account	879,862[(1)]
Combined Investments at Value	$12,844,190

(1) At June 30, 2016, 42.9% of the account was invested in funding agreements with insurance companies, and 57.1% was invested in Vanguard Prime 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 appreciation (depreciation) in value of investments during the year ended June 30, 2016:

	(in thousands)
Value at end of period	$ 12,844,190
Less: cost of investments purchased during period	(3,027,084)
Plus: proceeds of investments sold during period	1,775,898
Less: value at beginning of period	(11,709,473)
Realized Net Gain (Loss) and Change in Net Unrealized Appreciation (Depreciation) in Value of Investments	$ (116,469)

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 Short-Term Reserves Account includes $377,589,000 of funding agreements with insurance companies that are uncollateralized and, therefore, exposed to 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, 2016 the average duration and average maturity of the underlying bonds of these mutual funds are as follows:

	Average Duration*	Average Maturity*
Vanguard High-Yield Corporate Fund	4.5 Years	5.8 Years
Vanguard Inflation-Protected Securities Fund	8.4 Years	8.8 Years
Vanguard Total Bond Market Index Fund	5.8 Years	8.0 Years
Vanguard Total Bond Market II Index Fund	5.8 Years	8.0 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.

4. Related Parties

Ascensus Broker Dealer Services, Inc., a registered broker-dealer, and Ascensus Investment Advisors, 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 and investment pools held in each Portfolio. Vanguard also provides distribution, marketing, and customer service for the Plan.

5. Subsequent Events

Management has determined that no material events or transactions occurred through September 13, 2016, that would require recognition or disclosure in these financial statements.

Independent Auditor's Report

To the Board of Trustees of The Nevada College Savings Trust Fund and The Vanguard 529 College Savings Plan:

Report on the Financial Statements

We have audited the accompanying financial statements of the nineteen portfolios (collectively the "Portfolios") of The Vanguard 529 College Savings Plan, which comprise the statement of fiduciary net position, including the schedule of investments, as of June 30, 2016, and the related statement of changes in fiduciary net position, and the related notes to the financial statements for the year then ended, which collectively comprise the Portfolios' basic 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.

Auditor's Responsibility

Our responsibility is to express an opinion 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Portfolios as of June 30, 2016, and their changes in fiduciary net position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP, Two Commerce Square, Suite 1800, 2001 Market Street, Philadelphia, PA 19103-7042
T: (267) 330 3000, F: (267) 330 3300, www.pwc.com/us

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the accompanying Management's Discussion and Analysis on pages 1 through 4 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 the 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 have 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 13, 2016 on our consideration of the Portfolios' internal control over financial reporting and our tests of their compliance with certain provisions of laws, regulations, contracts and other matters for the year ended June 30, 2016. The purpose of that report is 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 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 Portfolios' internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

September 13, 2016

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*

To the Board of Trustee of The Nevada College Savings Trust Fund and The Vanguard 529 College Savings Plan:

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 the nineteen portfolios (collectively the "Portfolios") of The Vanguard 529 College Savings Plan, which comprise the statement of fiduciary net position, including the schedule of investments, as of June 30, 2016, and the related statement of changes in fiduciary net position, and the related notes to the financial statements for the year then ended, which collectively comprise the Portfolios' basic financial statements, and have issued our report thereon dated September 13, 2016.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Portfolios' 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 Portfolios' internal control. Accordingly, we do not express an opinion on the effectiveness of the Portfolios' 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 a 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 audits 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 Portfolios' financial statements are free of material misstatement, we performed tests of their compliance with certain provisions of laws, regulations and contracts, 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 audits, 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*.

PricewaterhouseCoopers LLP, Two Commerce Square, Suite 1800, 2001 Market Street, Philadelphia, PA 19103-7042
T: (267) 330 3000, F: (267) 330 3300, www.pwc.com/us

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 Portfolios' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Portfolios' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PricewaterhouseCoopers LLP

September 13, 2016

THE BOARD OF TRUSTEES OF THE COLLEGE SAVINGS PLANS OF NEVADA

Agenda Item 5
October 20, 2016

Item: **Proposed College Savings Board Meeting Dates for calendar year 2017.**

Recommendation:

That the Board review and approve the proposed 2017 College Savings Board dates.

Fiscal:
None.

Summary:

Historically, the Board of Trustees of the College Savings Board has met in person 5-7 times per year. In an effort to ensure a quorum is met and that the Board members have adequate time to plan around the board meetings, staff is proposing the following meeting dates:

1. Thursday, January 26, 2017 (Special)
2. Thursday, March 23, 2017 (Quarterly Reporting)
3. Thursday, June 15, 2017 (Quarterly Reporting)
4. Thursday, July 20, 2017 (Special)
5. Thursday, September 21, 2017 (Quarterly Reporting)
6. Thursday, October 19, 2017 (Special)
7. Thursday, December 14, 2017 (Quarterly Reporting)

All meetings will again be held from 10 a.m. – 12 p.m., Pacific Time.

It is intended that if any additional meetings are needed throughout the year, they will be set up as teleconference meetings.

Linda English will be available to discuss if needed.

THE BOARD OF TRUSTEES OF THE
COLLEGE SAVINGS PLANS OF NEVADA

Agenda Item 6
October 20, 2016

Item: **Consent to amend the contract with Pension Consulting Alliance to include investment review and monitoring of the Wealthfront 529 College Savings Plan.**

Recommendation:

Board review and approval of the contract amendment with Pension Consulting Alliance contract.

Fiscal: $ 36,250 additional per calendar year and $9,062.50 for calendar year 2016 which includes a review of the fourth quarter investment performance.

Summary:

Pursuant to the original contract with Pension Consulting Alliance for investment consulting services, this amendment will increase the amount for such services to an amount not to exceed $241,250 per year. The increase is due to the College Savings Board of Trustees decision to partner with Wealthfront as a new partner in the online investment adviser space for a nationally sold 529 plan sponsored by the Board. PCA will provide the investment monitoring and oversight for the Wealthfront 529 Plan, similar to the services provided under the current contract for the other investment partners (USAA, Vanguard, SSgA and Putnam).

Please find attached the draft contract amendment for review and approval. This amendment will require approval by the State Board of

Examiners at its December 2016 meeting. Tara Hagan, Chief Deputy, will be available to answer questions.

AMENDMENT #1 TO CONTRACT

TO CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR

Between the State of Nevada
Acting by and Through Its

Office of the State Treasurer
101 N. Carson Street, Suite #4
Carson City, NV 89701
Contact: Tara Hagan
Phone: 775.684.5753
Email: trhagan@nevadatreasurer.gov

and

Pension Consulting Alliance, Inc.
411 NW Park Avenue, Suite 401
Portland, OR 97209
Contact: Neil Rue, Managing Director
Phone: 503.226.1050

AKF Consulting Group
830 Third Avenue, Sixth Floor
New York, NY 10022
Contact: Andrea Feirstein, Managing Director
Phone: 646.218.9864

1. **AMENDMENTS.** For and in consideration of mutual promises and/or their valuable considerations, all provisions of the original contract resulting from Request for Proposal #14-001and dated January 1, 2015, attached hereto as Exhibit A, remain in full force and effect with the exception of the following:

   A. Pursuant to the original contract, this Amendment #1 will increase the Consideration to an amount not to exceed $241,250 per year with the exception of special projects and the total Contract or installment payable is not to exceed $1,101,563. The increase in the Consideration is due the College Savings Board of Trustees decision to partner with Wealthfront as a new partner in the online investment adviser space for a nationally sold 529 plan sponsored by the Board. PCA will provide the investment monitoring and oversight for the Wealthfront 529 Plan, similar to the services provided under the current contract for the other investment partners (USAA, Vanguard, SSgA and Putnam).

Current Contract Language:

6. CONSIDERATION. The parties agree that Contractor will provide the services specified in paragraph five (5) at a cost of $205,000 per year plus a per-hourly fee at the maximum blended rate of $400 per hour indicated in Attachment DD for special projects not to exceed $200,000 for the life of the contract with total Contract or installments payable; not to exceed $1,020,000. The State does not agree to reimburse the Contractor for expenses unless otherwise specified in incorporated attachments. The intervening end to the biennial appropriation period shall be deemed an automatic renewal (not changing the overall Contract term) or a termination as the result of legislative appropriation.

Amended Contract Language:

7. CONSIDERATION. The parties agree that Contractor will provide the services specified in paragraph five (5) at a cost of $241,250 per year plus a per-hourly fee at the maximum blended rate of $400 per hour indicated in Attachment DD for special projects not to exceed $200,000 for the life of the contract with total Contract or installments payable; not to exceed $1,101,563. The State does not agree to reimburse the Contractor for expenses unless otherwise specified in

incorporated attachments. The intervening end to the biennial appropriation period shall be deemed an automatic renewal (not changing the overall Contract term) or a termination as the result of legislative appropriation.

5. **INCORPORATED DOCUMENTS.** Exhibit A (Original Contract) are attached hereto, incorporated by reference herein and made a part of this amended contract.

6. **REQUIRED APPROVAL**. This amendment to the original contract shall not become effective until and unless approved by the Nevada State Board of Examiners.

IN WITNESS WHEREOF, the parties hereto have caused this amendment to the original contract to be signed and intend to be legally bound thereby.

Independent Contractor's Signature Date | Independent Contractor's Title

Signature Date | Title

APPROVED BY BOARD OF EXAMINERS

Signature – Board of Examiners

On:

Date

Approved as to form by:

On:

Deputy Attorney General for Attorney General | Date

THE BOARD OF TRUSTEES OF THE
COLLEGE SAVINGS PLANS OF NEVADA

Agenda Item 7
October 20, 2016

Item: **Amendments to Nevada Administrative Code 353B for the implementation of Senate Bill 412**

Recommendation

Board review and approval of amendments to Nevada Administrative Code 353B.645 and LCB File No. R148-16 which related to the Nevada College Savings Programs and revises provisions in relation to matching contributions made by an employer to the college savings account of an employee.

Fiscal Impact:
None

Background:
During the June 21, 2016 College Savings Board meeting, the Board approved Staff to move forward with amendments to Chapter 353B.645 to establish certain regulations which were set forth in Senate Bill 412. Staff has conducted the necessary public meetings and did not receive any comments or concerns during the meetings.

Summary:
Please find attached the regulations which were reviewed and approved by the Legislative Counsel Bureau. The final step in this process is the review and approval of these regulations by the Legislative Commission. The Commission has not, to date, scheduled a meeting. Staff will continue to keep the Board updated, as appropriate.

Tara Hagan, Chief Deputy Treasurer, and Sheila Salehian, Deputy Treasurer will be present this item and answer any questions.

PROPOSED REGULATION OF THE

STATE TREASURER

LCB File No. R148-16

August 18, 2016

EXPLANATION – Matter in *italics* is new; matter in brackets [~~omitted material~~] is material to be omitted.

AUTHORITY: §1, NRS 353B.310.

A REGULATION relating to the Nevada College Savings Program; revising provisions relating to matching contributions made by an employer to the account of an employee; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law requires the State Treasurer to adopt regulations to establish and carry out the Nevada College Savings Program. (NRS 353B.310) Existing regulations authorize any person to make a contribution to an existing account in the Nevada College Savings Trust Fund. (NAC 353B.645) This regulation provides that an employer may make a contribution to an existing account in the Trust Fund that matches the contribution made by an employee of the employer.

Section 1. NAC 353B.645 is hereby amended to read as follows:

353B.645 1. [~~Any~~] ***Except as otherwise provided in this section, any*** person may make a contribution to an existing account.

2. ***An employer may make a contribution to an existing account that matches a contribution made to the account by an employee of the employer.***

3. The Board will establish the minimum amounts for initial contributions and additional contributions to an account for each plan and will, from time to time, revise those amounts as it determines necessary.

~~[3.]~~ *4.* The Board will refuse contributions that it determines constitute an abuse of the Program.

THE BOARD OF TRUSTEES OF THE
COLLEGE SAVINGS PLANS OF NEVADA

Agenda Item 8
October 20, 2016

Item: Amendments to Nevada Administrative Code 353B for the implementation of Senate Bill 412

Recommendation

Board review and approval of amendments to Nevada Administrative Code 353B.090, 140, 310 and LCB File No. 118-16 which includes various amendments to the Nevada Higher Education Prepaid Trust Fund.

Fiscal Impact:
None

Background:
During the June 21, 2016 College Savings Board meeting, the Board approved Staff to move forward with amendments to Chapter 353B.090, 353B.140 and 353B.310 to establish certain regulations which were set forth in Senate Bill 412 and various changes to the Nevada Higher Education Prepaid Trust Fund. Staff has conducted the necessary public meetings and did not receive any comments or concerns during the meetings.

Summary:
Please find attached the regulations which were reviewed and approved by the Legislative Counsel Bureau. The final step in this process is the review and approval of these regulations by the Legislative Commission. The Commission has not, to date, scheduled a meeting. Staff will continue to keep the Board updated, as appropriate.

Tara Hagan, Chief Deputy Treasurer, and Sheila Salehian, Deputy Treasurer will be present this item and answer any questions.

REVISED PROPOSED REGULATION OF THE BOARD OF

TRUSTEES OF THE COLLEGE SAVINGS PLANS OF NEVADA

LCB File No. R118-16

August 30, 2016

EXPLANATION – Matter in ***italics*** is new; matter in brackets [~~omitted material~~] is material to be omitted.

AUTHORITY: §§1-3, NRS 353B.090; §4, NRS 353B.090 and 353B.100.

A REGULATION relating to the Nevada Higher Education Prepaid Tuition Program; establishing conditions relating to matching contributions made by an employer of an employee who makes contributions to the Nevada Higher Education Prepaid Trust Fund; revising provisions relating to amendments by the Board of Trustees of the College Savings Plans of Nevada to change the designation of the qualified beneficiary of a prepaid tuition contract; providing that a prepaid tuition contract may provide for payment by the purchaser on a monthly basis for a period of 120 months; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law establishes the Nevada Higher Education Prepaid Tuition Program and requires the Board of Trustees of the College Savings Plans of Nevada to adopt regulations to implement the Program. (NRS 353B.090, 353B.140) **Section 2** of this regulation sets forth various conditions an employer must meet to make a contribution to the Nevada Higher Education Prepaid Trust Fund that matches the contribution made by an employee of the employer on behalf of a qualified beneficiary.

Existing regulations provide that the Board of Trustees will amend a prepaid tuition contract to change the designated beneficiary under certain circumstances, including that no benefits have been paid pursuant to the contract. (NAC 353B.310) **Section 3** of this regulation removes that condition and adds a requirement that any new beneficiary of an existing prepaid tuition contract under which any benefits have already been paid is subject to the original expiration date set forth in the contract.

Under existing regulations, a prepaid tuition contract may provide for payment by the purchaser by remittances on a monthly basis for a period of 60 months or from the time of enrollment until the qualified beneficiary graduates from high school. (NAC 353B.350) **Section**

4 of this regulation additionally authorizes the remittance of payments on a monthly basis for a period of 120 months.

Section 1. Chapter 353B of NAC is hereby amended by adding thereto a new section to read as follows:

Sec. 2. ***1. An employer may make a matching contribution to the Trust Fund on behalf of a qualified beneficiary on whose behalf a contract is drawn pursuant to NRS 353B.100.***

2. Before an employer makes a matching contribution to a contract pursuant to subsection 1, the employee must provide to the employer proof of payment on the contract.

3. An employer that makes a matching contribution pursuant to this section must submit to the Board the:

(a) Name of the employee on whose behalf the matching contribution is made;

(b) The number of the contract; and

(c) Proof that the employer has made a matching contribution on behalf of the employee.

Sec. 3. NAC 353B.310 is hereby amended to read as follows:

353B.310 ***1.*** The Board will amend a contract to change the designation of the qualified beneficiary to a person within the immediate family of the existing qualified beneficiary if:

~~[1.]~~ ***(a)*** The purchaser requests the change and submits to the Board:

~~[(a)]~~ ***(1)*** The required fee;

~~[(b)]~~ ***(2)*** The name and date of birth of the proposed qualified beneficiary;

~~[(c)]~~ ***(3)*** The expected date of matriculation of the proposed qualified beneficiary; and

~~[(d)]~~ ***(4)*** Any other relevant information requested by the Board;

~~[2.]~~ ***(b)*** Either:

~~[(a)]~~ *(1)* The age of the proposed qualified beneficiary is less than the age of the existing qualified beneficiary plus 3 years; or

~~[(b)]~~ *(2)* The purchaser pays any additional sum the Board determines to be necessary, as a result of the change, to ensure the actuarial soundness of the Trust Fund;

~~[3. No benefits have been paid pursuant to the contract;~~

~~4.]~~ *(c)* The purchaser is not in default pursuant to NAC 353B.370; and

~~[5.]~~ *(d)* The contract has not been terminated.

2. If the Board amends a contract to change the designation of the qualified beneficiary pursuant to subsection 1 and any benefits have been paid pursuant to the contract, any new qualified beneficiary is subject to the original expiration date set forth in the contract.

Sec. 4. NAC 353B.350 is hereby amended to read as follows:

353B.350 A contract may provide for payment by the purchaser:

1. By:

(a) Remittance in a lump sum; or

(b) Remittances on a monthly basis:

(1) For 60 months; ~~[or]~~

(2) ***For 120 months; or***

(3) From the time of enrollment in the Program until the qualified beneficiary graduates from high school; and

2. Pursuant to:

(a) An invoice;

(b) Monthly coupons;

(c) Payroll deductions;

(d) Automatic deductions from a specified account at a financial institution;

(e) Gifts, under conditions approved by the Board; or

(f) Any other method approved by the Board.

THE BOARD OF TRUSTEES OF THE
COLLEGE SAVINGS PLANS OF NEVADA

Agenda Item 9
October 20, 2016

Item: **Launch Update on Wealthfront 529 College Savings Plan**

Recommendation:

That the Board receive an update regarding the launch of the Wealthfront 529 College Savings Plan.

Fiscal:
$0

Summary:
Wealthfront will provide the Board with an update regarding the official public launch of the plan on November 1, 2016.

Bennett Surajat with Wealthfront will present the update.

THE BOARD OF TRUSTEES OF THE
COLLEGE SAVINGS PLANS OF NEVADA

Agenda Item 10
October 20, 2016

Item: **2016 Actuarial Valuation Study – Nevada Prepaid Tuition**

Recommendation:

That the Board approve the Fiscal Year 2016 actuarial valuation study of the Nevada Higher Education Prepaid Tuition Trust Fund, or direct staff.

Fiscal:
None by this action. The Board approved a contract with Gabriel Roeder Smith & Company on February 27, 2013 for the provision of this service, which is mandated by NRS 353B.190.

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 Board reviewed certain assumptions for the actuarial valuation at the June 2016 meeting. At the meeting, final assumptions were established and the actuarial firm was directed to complete the annual, independent valuation. The Board is requested to receive and approve the report as presented. The actuarial report has calculated that the funded ratio (actuarial value of assets) of the Higher Education Trust Fund on June 30, 2016 was 130.5%.

David Kausch, Chief Actuary, and Kenneth Alberts, Consultant, of Gabriel Roeder Smith & Company will be available by phone to answer any questions.

Gabriel Roeder Smith & Company
Consultants & Actuaries

NEVADA PREPAID TUITION PROGRAM

ACTUARIAL VALUATION REPORT

AS OF JUNE 30, 2016

GRS

Gabriel Roeder Smith & Company
Consultants & Actuaries

One Towne Square
Suite 800
Southfield, MI 48076-3723

248.799.9000 phone
248.799.9020 fax
www.gabrielroeder.com

October 14, 2016

Board of Trustees of the College Savings Plans of Nevada
Office of the State Treasurer
555 E. Washington Ave., Suite 4600
Las Vegas, NV 89101

Attention: Ms. Sheila A. Salehian, Deputy Treasurer

Re: Nevada Prepaid Tuition Program Actuarial Valuation as of June 30, 2016

Dear Trustees:

Gabriel, Roeder, Smith & Company ("GRS") has performed an actuarial valuation of the Nevada Prepaid Tuition Program (the "Program") as of June 30, 2016. The purpose of this actuarial valuation is to evaluate the financial status of the Program as of June 30, 2016.

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, 2016, 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 Program's Board and is intended for use by the Program's Board and those designated or approved by the Program's Board. This report may be provided to parties other than the Program's Board only in its entirety and only with the permission of the Program's Board. 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, 2016, 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 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 and the Program's Board. We have not performed a detailed experience study but have performed some limited analyses on the assumptions annually. Based on our 2016 limited analyses, we believe these assumptions are within a reasonable range 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.

We believe that the actuarial methods used in this report are reasonable and appropriate for the purpose for which they have been used. In addition, because it is not possible or practical to consider every possible contingency, 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 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, 2016.

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.

David T. Kausch 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.

GRS is independent of the plan sponsor.

Respectfully submitted,

Kenneth G. Alberts

David T. Kausch, FSA, EA, FCA, MAAA

KGA/DTK:mrb

TABLE OF CONTENTS

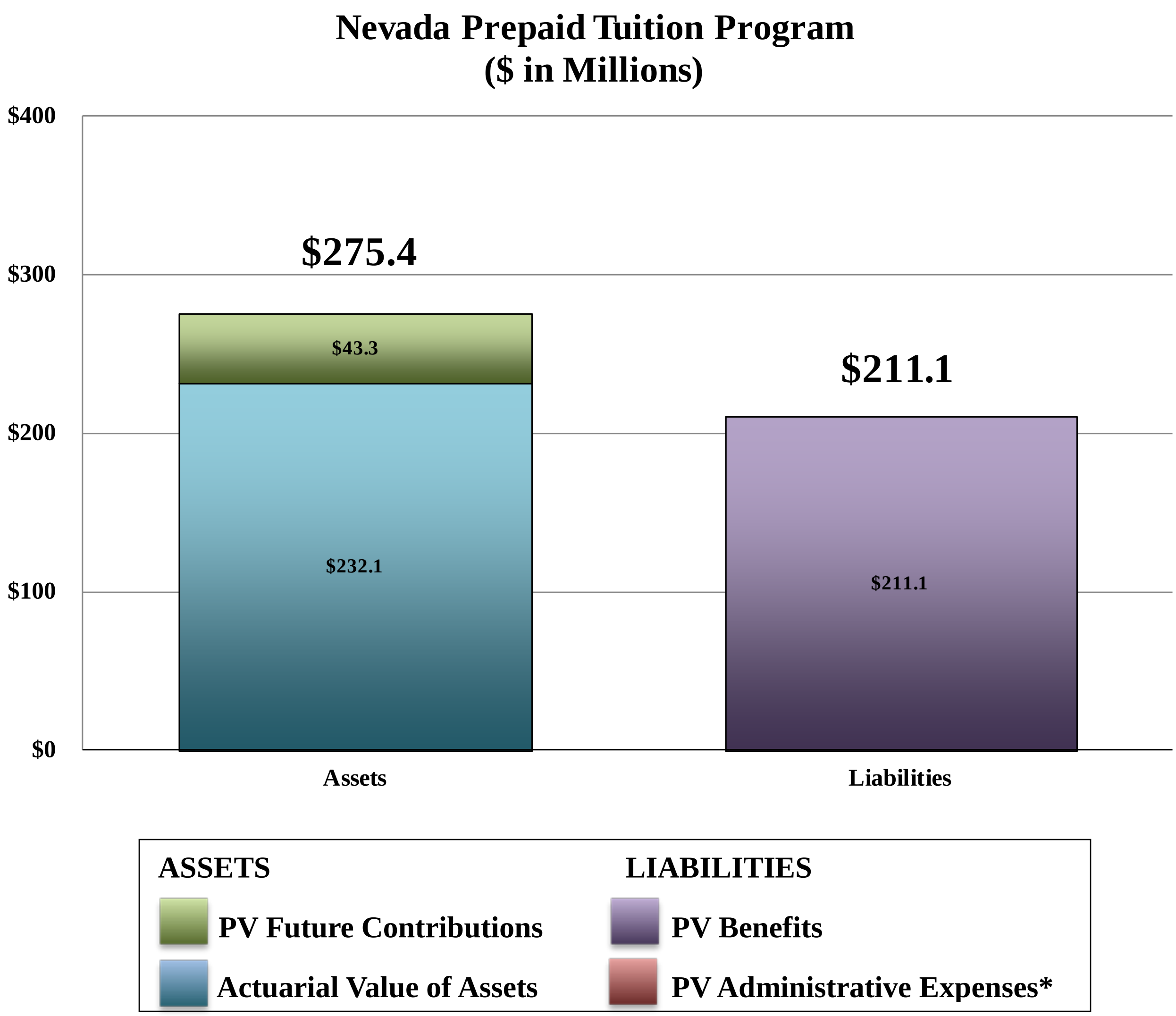
SECTION A
EXECUTIVE SUMMARY

SUMMARY OF RESULTS

Valuation Date:	June 30, 2016
Membership Summary:	
Counts	
Contract Payments in Progress	3,733
Contract Payments Fully Paid	5,109
Delinquent in Contract Payments	365
Benefit Payments in Progress	2,683
Deferred Benefits	261
Total	**12,151**
Average Years until Expected Enrollment if not yet in Payment Status	7.8
Assets	
Actuarial Value of Assets	$ 232,139,078
Present Value of Future Contract Payments	$ 43,307,704
Total	**$ 275,446,782**
Rate of Return on Actuarial Value of Assets for Year Ended June 30, 2016	5.39%
Actuarial Liabilities (Present Value of Future Tuition Payments, Refunds and Fees)	$ 211,119,557
Surplus/(Deficit)	$ 64,327,225
Funded Ratio*	130.5%

** The Funded Ratio is the ratio of the Actuarial Value of Assets to actuarial liabilities as defined in the Board's Funding Policy Guideline (see Appendix). 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 new contract purchases. A ratio above 100% indicates that additional future contributions from sources other than new contract purchases is not currently needed under the current set of assumptions (including the assumption that the Program will continue to be open to new participants). The funded status would be 128.2% if the Market Value of Assets was used. The rate of return on a Market Value basis was 4.35%.*

SUMMARY OF ASSETS AND LIABILITIES AS OF JUNE 30, 2016



**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, 2016

Actuarial Present Value of Future Tuition Payments, Fees and Expenses	$211,119,557
Actuarial Value of Assets (Including the Present Value of Installment Contract Receivables)	$275,446,782
Surplus/(Deficit) as of June 30, 2016	**$ 64,327,225**

GAIN/(LOSS) SUMMARY

	Surplus/(Deficit)
(1.) Values as of June 30, 2015	$ 55,710,915
(2.) Endowment Contributions	$ 1,820,000
(3.) Admin Fees net of Admin Contributions^	$ -
(4.) Interest on (1.), (2.), and (3.) at Assumed Market Rate of Return	$ 3,397,255
(5.) New Enrollment Group #	$ 938,118
(6.) Projected Values at June 30, 2016 [(1.) + (2.) + (3.) + (4.) + (5.)]	$ 61,866,288
(7.) Change Due to:	
a. Investment Experience	$ (1,321,632)
b. Tuition/Fee Inflation	$ -
c. Technical Valuation Programming Updates	$ 4,623,608
d. Change in Investment Return Assumption	$ (13,080,177)
e. Change in Tuition Increase Assumption	$ 10,362,272
f. Other Program Experience During Fiscal Year 2016 @	$ 1,876,866
(8.) Total [(7.)a. + (7.)b. + (7.)c. + (7.)d. + (7.)e. + (7.)f.]	$ 2,460,937
(9.) Actual Values as of June 30, 2016 [(6.) + (8.)]	$ 64,327,225

^ *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.*

DISCUSSION

Actuarial Valuation

Gabriel, Roeder, Smith & Company ("GRS") has performed an actuarial valuation of the Nevada Prepaid Tuition Program as of June 30, 2016.

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, 2016 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, 2016, the present value of all future tuition obligations under contracts outstanding (and including estimated future administrative expenses) at that date is $211.1 million. Fund assets as of June 30, 2016, including the Actuarial Value of Program Assets and the present value of installment contract receivables, are $275.4 million.

The difference between the Actuarial Value of Assets of $275.4 million and Program obligations of $211.1 million represents a Program surplus of $64.3 million. The comparable Program surplus as of the last actuarial valuation as of June 30, 2015 was $55.7 million.

Under the approved assumptions, the Program is 130.5% 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.

DISCUSSION

Gain/Loss Analysis

In the absence of assumption and methodology changes, the Program experienced continued improvement in the funded status during the year ending June 30, 2016. This net gain was a combination of:

- A $1.8 million contribution from the Nevada College Savings Trust Fund (NCSTF) (this represents 21% of the increase in the surplus);
- Pricing that includes a margin for all new contracts (see (5.) on page C-3);
- An investment return on assets that was below the assumed 6.00% rate of return. The return on a Market Value basis was 4.35%. However, using a 5-year smoothing method, the Actuarial Value of Assets recognized a rate of return of 5.39%. Due to the funded status in excess of 100%, the loss on the Actuarial Value of Assets was not large enough to prevent the surplus from increasing during the year as a result of investment return experience.

Assumption Changes

The Board of Trustees adopted changes to the assumed rate of price inflation (lowering the assumption by 100 basis points). While not directly used in this valuation, the result of this change was a lowering of the rate of investment return assumption and the tuition increase assumptions by 100 basis points. In addition, the long-term tuition increase assumption for community colleges was lowered by an additional 50 basis points to reflect the differing historical experience between community colleges and universities. These changes in the assumptions resulted in a 2.8 million dollar decrease in the surplus. All other assumptions are the same as used in the June 30, 2015 actuarial valuation.

Technical Valuation Programming Updates

Changes in the Valuation Programming were implemented to better model the utilization of remaining credit hours for contracts that have already matriculated, but are beyond the assumed utilization period of their Contracts (see page F-1 for the assumed periods). This change resulted in a 4.6 million dollar increase in the surplus.

Transfers from NCSTF

We understand that the annual Transfers from the NCSTF will not continue. Since no additional revenue was included in the development of the funded status, the discontinuation of the transfers will not affect the surplus. If there are any contributions from the NCSTF in the future, they will add to the surplus, unless offset by experience losses.

Benefit Provisions

We understand there were no changes in the Program provisions since the last actuarial valuation as of June 30, 2015 that would affect the computation of liabilities.

Annual Benefit Payouts

Annual benefit payouts have been less than expected over the last several valuations resulting in experience gains. The differences (and usually gains) have been small and well within the magnitude of normal year to year variation. As a result of the Valuation Methodology Adjustment discussed above, the magnitude of these variations are likely to decline. However, the actuary does suggest the utilization assumption be studied to see if changes to the assumptions are warranted for future valuations. We recommend such a study be performed before the next valuation cycle.

DISCUSSION

Reconciliation of Funded Status Change

		Surplus/(Deficit)	Funded %
June 30, 2015	$	55,710,915	127.9%
NCSTF Contribution		1,820,000	0.7%
Interest at Assumed Return (6.00%)		3,397,255	1.3%
Investment Gain/(Loss) (Return above/(below) Assumption)		(1,321,632)	-0.5%
New Contract Experience		938,118	0.4%
Increased Accuracy in Valuation Methodology		4,623,608	1.8%
Change in Investment Return Assumption#		(13,080,177)	-5.1%
Change in Tuition Increase Assumption#		10,362,272	4.1%
Other Experience		1,876,866	0.7%
Misc Change in %s due to Changing Denominator		N/A	-0.8%
June 30, 2016	$	64,327,225	130.5%

The Investment Return assumption was lowered from 6.00% to 5.00%. The long-term tuition increase assumption was lowered from 5.75% to 4.75% for 4-year universities and 5.50% to 4.00% for community colleges.

Asset Methodology

In accordance with the Funding Policy Guideline adopted by the Board, 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. 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 Market Value of Assets exceeded the beginning of year Market Value plus revenues less expenditures by approximately $242 thousand. This difference was treated as investment income for purposes of the Valuation.

SECTION B

PROGRAM DESCRIPTION

SUMMARY OF PROGRAM DESCRIPTION EVALUATED JUNE 30, 2016

***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)
  - 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 & 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)
- **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.

***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.

SECTION C

VALUATION RESULTS

PRINCIPAL VALUATION RESULTS AS OF JUNE 30, 2016

	2016	2015
Number of Members		
a. Contract Payments in Progress	3,733	3,679
b. Contract Payments Fully Paid	5,109	4,979
c. Delinquent in Contract Payments	365	410
d. Benefit Payments in Progress	2,683	2,544
e. Deferred Benefits	261	244
f. Total	12,151	11,856
Average Years until Enrollment if Not Yet In Payment Status	7.8	7.9
Assets		
a. Actuarial Value of Assets	$ 232,139,078	$ 214,319,167
b. PV Future Member Contributions	43,307,704	40,783,154
c. Total Actuarial Value of Assets	$ 275,446,782	$ 255,102,321
Actuarial Results		
Liabilities - Tuition and Fees	$ 211,119,557	$ 199,391,406
Liabilities - Present Value of Future Administrative Expenses	-	-
Liabilities Total	$ 211,119,557	$ 199,391,406
Surplus/(Deficit)	$ 64,327,225	$ 55,710,915
Funded Ratio	130.5%	127.9%

PRINCIPAL VALUATION RESULTS AS OF JUNE 30, 2016 (CONCLUDED)

	2016	2015
Assets		
a. Actuarial Value of Assets	$ 232,139,078	$ 214,319,167
b. PVFMC* (Short Term)[a]	9,701,679	8,870,584
c. PVFMC* (Long Term)[b]	33,606,025	31,912,570
d. Total Actuarial Value of Assets	$ 275,446,782	$ 255,102,321
Actuarial Present Value of Tuition, Refunds, Fees and Admin Expenses		
a. Short Term[a]	$ 17,922,341	$ 17,692,108
b. Long Term[b]	193,197,216	181,699,298
c. Total	$ 211,119,557	$ 199,391,406
Surplus/(Deficit)	$ 64,327,225	$ 55,710,915
Funded Ratio	130.5%	127.9%

** Present Value of Future Member Contributions.*

[a] *Present value of amounts in following year.*

[b] *Present value of amounts after first year.*

GAIN/(LOSS) SUMMARY

	Present Value of Benefits	PV Future Member Contributions	Funding Value of Assets	Surplus/(Deficit)
(1.) Values as of June 30, 2015	$ 199,391,406	$ 40,783,154	$ 214,319,167	$ 55,710,915
(2.) Contract Payments, Endowment Contributions	$ -	$ (9,448,377)	$ 11,268,377	$ 1,820,000
(3.) Tuition Payments, Refunds, Admin Fees net of Admin Contributions^	$ (12,439,396)	$ -	$ (12,439,396)	$ -
(4.) Interest on (1.), (2.), and (3.) at Assumed Market Rate of Return	$ 11,590,302	$ 2,163,538	$ 12,824,019	$ 3,397,255
(5.) New Enrollment Group #	$ 15,528,452	$ 8,978,027	$ 7,488,543	$ 938,118
(6.) Projected Values at June 30, 2016 [(1.) + (2.) + (3.) + (4.) + (5.)]	$ 214,070,764	$ 42,476,342	$ 233,460,710	$ 61,866,288
(7.) Change Due to:				
a. Investment Experience*	$ -	$ -	$ (1,321,632)	$ (1,321,632)
b. Tuition/Fee Inflation	-	-	-	-
c. Technical Valuation Programming Updates	(4,623,608)	-	-	4,623,608
d. Change in Investment Return Assumption	14,523,453	1,443,276	-	(13,080,177)
e. Change in Tuition Increase Assumption	(10,362,272)	-	-	10,362,272
f. Other Program Experience During Fiscal Year 2016 @	(2,488,780)	(611,914)	-	1,876,866
(8.) Total [(7.)a. + (7.)b. + (7.)c. + (7.)d. + (7.)e. + (7.)f.]	$ (2,951,207)	$ 831,362	$ (1,321,632)	$ 2,460,937
(9.) Actual Values as of June 30, 2016 [(6.) + (8.)]	$ 211,119,557	$ 43,307,704	$ 232,139,078	$ 64,327,225

* *Investment Experience on Actuarial Value of Assets includes any differentiation in Market Value of Assets as provided by the Program.*
^ *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.*

Sensitivity Testing Results

The actuarial assumptions regarding future increases in tuition costs and fees and the future rate of investment return were adopted by the Nevada Prepaid Tuition Program. 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 5.00% 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 Program's Board (5.00% investment return with 4.75% and 4.00% long-term tuition increases for Universities and Community Colleges respectively).
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.

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.

SENSITIVITY TESTING RESULTS (CONCLUDED)

$ in Millions

	Current Valuation Assumptions (G-1)	Assumed Tuition Increases +100 Basis Points (G-2)	Assumed Tuition Increases -100 Basis Points (G-3)	Assumed Investment Return +100 Basis Points (G-4)	Assumed Investment Return -100 Basis Points (G-5)	Assumed Tuition Increases +100 Basis Points and Investment Return -100 Basis Points (G-6)	Assumed Tuition Increases -100 Basis Points and Investment Return +100 Basis Points (G-7)
Assumed Investment Return	5.00%	5.00%	5.00%	6.00%	4.00%	4.00%	6.00%
Assumed Long-Term Tuition Increases (Univ)	4.75%	5.75%	3.75%	4.75%	4.75%	5.75%	3.75%
Assumed Long-Term Tuition Increases (CC)	4.00%	5.00%	3.00%	4.00%	4.00%	5.00%	3.00%
Assets							
a. Actuarial Value of Assets	$232.1	$232.1	$232.1	$232.1	$232.1	$232.1	$232.1
b. PV Future Member Contributions	43.3	43.3	43.3	41.9	44.9	44.9	41.9
c. Total Assets	$275.4	$275.4	$275.4	$274.0	$277.0	$277.0	$274.0
Actuarial Results							
Liabilities - Tuition and Fees	$211.1	$221.3	$201.8	$197.7	$226.1	$237.5	$189.3
Liabilities - PV of Future Admin. Expenses	$ 0.0	$ 0.0	$ 0.0	$ 0.0	$ 0.0	$ 0.0	$ 0.0
Liabilities Total	$211.1	$221.3	$201.8	$197.7	$226.1	$237.5	$189.3
Surplus/(Deficit)	$ 64.3	$ 54.1	$ 73.6	$ 76.3	$ 50.9	$ 39.5	$ 84.7
Funded Ratio	130.5%	124.5%	136.5%	138.6%	122.5%	116.6%	144.7%
Difference From Results based on Current Assumptions							
Surplus	$ 0.0	$ (10.2)	$ 9.3	$ 12.0	$(13.4)	$(24.8)	$ 20.4
Funded Ratio	0.0%	(6.0)%	6.0%	8.1%	(8.0)%	(13.9)%	14.2%

Numbers may not match schedules in Section G due to rounding.

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, 2016

1. Cash	$	2,942,374
2. Equities		
a. Large Cap Equities	$	88,745,414
b. Mid Cap Equities		16,096,378
c. Small Cap Equities		8,074,414
Total Equities	$	112,916,206
3. Fixed Income	$	68,121,167
4. Other Investments	$	43,455,044
5. Net Assets = (1) + (2) + (3) + (4)	**$**	**227,434,791**

RECONCILIATION OF PROGRAM ASSETS

Nevada Prepaid Tuition Program

Statement of Changes in Program Market Value of Assets

Twelve Month Period Ended June 30, 2016

1. Market Value of Assets at Beginning of Year	$	211,990,199	
2. Changes During Year			
a. Additions			
(1) Investment Income	$	9,488,974	*
(2) Contract Payments		16,718,808	
(3) Administration Fees		125,798	
(4) Transfers from Endowment Account		2,451,893	
Total Additions = (1) + (2) + (3) + (4)	$	28,785,473	
b. Deductions			
(1) Tuition Payments	$	10,139,549	
(2) Refunds		2,425,646	
(3) Administration Expenses		631,893	
(4) Investment Expenses		143,793	
Total Deductions = (1) + (2)	$	13,340,881	
Net Increases (Decreases) During Year = a - b	$	15,444,592	
3. Market Value of Assets at End of Year = 1 + 2	$	227,434,791	
4. Purchased Interest	$	-	
5. Net Market Value of Assets at End of Year = 3 + 4	$	227,434,791	

* *Investment Income includes $241,601.64 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	2015	2016	2017	2018	2019	2020
A. Actuarial Value of Assets Beginning of Year	$ 194,649,483	$ 214,319,167				
B. Market Value End of Year	211,990,199	227,434,791				
C. Market Value Beginning of Year	194,649,483	211,990,199				
D. Non-Investment/Administrative Net Cash Flow						
D1. Contract Payments, Admin Fees, Endowment Contributions	19,259,797	19,296,499				
D2. Tuition Payments, Refunds, Admin Expenses	(11,418,504)	(13,197,088)				
D3. Total Net Cash Flow: D1+D2	7,841,293	6,099,411				
E. Investment Return						
E1. Market Total: B-C-D3	9,499,423	9,345,181				
E2. Assumed Rate of Return	6.25%	6.00%	5.00%			
E3. Assumed Amount of Return	12,410,633	13,042,132				
E4. Amount Subject to Phase-In: E1-E3	(2,911,210)	(3,696,951)				
F. Phased-In Recognition of Investment Return						
F1. Current Year: 0.20 x E4	(582,242)	(739,390)				
F2. First Prior Year	-	(582,242)	$ (739,390)			
F3. Second Prior Year	-	-	(582,242)	$ (739,390)		
F4. Third Prior Year	-	-	-	(582,242)	$ (739,390)	
F5. Fourth Prior Year	-	-	-	-	(582,242)	$ (739,391)
F6. Total Phase-Ins	(582,242)	(1,321,632)	(1,321,632)	(1,321,632)	(1,321,632)	(739,391)
G. Actuarial Value of Assets End of Year						
G1. Preliminary Actuarial Value End of Year: A+D3+E3+F6	$ 214,319,167	$ 232,139,078				
G2. Upper Corridor Limit: 120% x B	254,388,239	272,921,749				
G3. Lower Corridor Limit: 80% x B	169,592,159	181,947,833				
G4. Actuarial Value of Assets End of Year	$ 214,319,167	$ 232,139,078				
H. Difference Between Market and Actuarial Value	(2,328,968)	(4,704,287)	(3,382,655)	(2,061,023)	(739,391)	-
I. Recognized Rate of Return	5.96 %	5.39 %				
J. Market Rate of Return	4.78 %	4.35 %				
K. Ratio of Actuarial Value to Market Value	101 %	102 %				

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, 2016

	Type of Contract					
	4-Yr. Univ	2-Yr. Univ	1-Yr. Univ	2+2	2-Yr. Comm. Coll	Total
Beginning of Year (6/30/2015)	**8,748**	**952**	**252**	**1,153**	**751**	**11,856**
New Contracts	536	165	76	106	81	**964**
Removed Contracts	523	34	8	60	44	**669**
End of Year (6/30/2016)	**8,761**	**1,083**	**320**	**1,199**	**788**	**12,151**

MEMBER MATRICULATION SUMMARY AS OF JUNE 30, 2016

Projected Enrollment Year	Type of Contract					Total	
	4-Yr. Univ	2-Yr. Univ	1-Yr. Univ	2+2	2-Yr. Comm. Coll		
2002	5	-	-	1	-	**6**	0.05%
2003	16	-	-	3	2	**21**	0.17%
2004	29	-	-	6	-	**35**	0.29%
2005	47	1	-	3	1	**52**	0.43%
2006	65	-	-	16	4	**85**	0.70%
2007	71	1	-	18	3	**93**	0.77%
2008	95	1	-	17	9	**122**	1.00%
2009	117	2	-	22	4	**145**	1.19%
2010	164	5	-	22	5	**196**	1.61%
2011	203	5	-	34	10	**252**	2.07%
2012	314	7	-	39	13	**373**	3.07%
2013	469	6	-	43	10	**528**	4.35%
2014	500	26	2	49	20	**597**	4.91%
2015	529	29	3	54	31	**646**	5.32%
2016	574	40	9	65	33	**721**	5.93%
2017	576	55	5	83	39	**758**	6.24%
2018	625	57	8	71	53	**814**	6.71%
2019	557	77	18	58	47	**757**	6.23%
2020	414	78	18	74	59	**643**	5.29%
2021	439	80	31	60	67	**677**	5.57%
2022	415	73	29	62	58	**637**	5.24%
2023	371	67	21	56	38	**553**	4.55%
2024	331	75	35	63	49	**553**	4.55%
2025	319	80	25	61	45	**530**	4.36%
2026	291	69	15	36	34	**445**	3.66%
2027	235	50	20	47	26	**378**	3.11%
2028	216	44	15	30	34	**339**	2.79%
2029	197	38	18	30	30	**313**	2.58%
2030	191	33	17	29	28	**298**	2.45%
2031	163	49	9	21	22	**264**	2.17%
2032	135	22	11	17	9	**194**	1.60%
2033	88	13	11	9	5	**126**	1.04%
Total	**8,761**	**1,083**	**320**	**1,199**	**788**	**12,151**	100.00%
	72.10%	8.91%	2.63%	9.87%	6.49%	100.00%	

MEMBER PAYMENT OPTION SUMMARY AS OF JUNE 30, 2016

Contract Payment Type	Type of Contract: 4-Yr. Univ	2-Yr. Univ	1-Yr. Univ	2+2	2-Yr. Comm. Coll	Total	
Lump Sum	3,163	321	145	284	165	**4,078**	33.56%
5-Year Payments	3,026	290	87	369	302	**4,074**	33.53%
Extended Payments	2,572	472	88	546	321	**3,999**	32.91%
Total	**8,761**	**1,083**	**320**	**1,199**	**788**	**12,151**	100.00%
	72.10%	8.91%	2.63%	9.87%	6.49%	100.00%	

SECTION F

METHODS AND ASSUMPTIONS

VALUATION METHODS AND ASSUMPTIONS

All actuarial assumptions are expectations of future experience, not market measures. The rational for the assumptions is described in the June 30, 2012 Replication Valuation Report and the annual assumptions letters addressed to the Board.

Assumed Rate of Return, Net of Investment Fees: 5.00%

Assumed Rate of Tuition Increases from Prior Academic Year:

Academic Year	University	Community College
2017-2018	4.00%	4.00%
2018-2019	4.00%	4.00%
2019-2020+	4.75%	4.00%

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 Contract	First Year	Second Year	Third Year	Fourth Year	Fifth Year	Sixth Year
Four-Year Contracts	20%	20%	20%	20%	15%	5%
Two-Year Contracts	40%	40%	15%	5%	0%	0%
One-Year Contracts	100%	0%	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: Accumulated contract payments to plan without interest. Withdrawal rates at the beginning of each year are based on the following schedule in accordance with the type of contract purchased.

Years of Payment Since Purchase	Lump Sum	Five-Year Payments	Extended Payments
1-3	0.50%	3.00%	5.00%
4	0.50%	1.25%	3.50%
5	0.50%	1.20%	2.00%
6+	0.50%	0.50%	0.50%

VALUATION METHODS AND ASSUMPTIONS (CONCLUDED)

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#:	Once per year at beginning of year.
Timing of Refunds:	At the end of the month the member withdraws from the plan.
Weighted Average Tuition (WAT) for the 2016/2017 Academic Year:	
o **4-Year College:**	$6,217.50
o **2-Year College:**	$2,745.00
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.

 # GRS models liabilities assuming two payments per year (one in the fall, one in the winter) for beneficiaries who have matriculated.

SECTION G

PROJECTION RESULTS

Nevada Prepaid Tuition Program
Projection Based on June 30, 2016 Valuation Results

Input	
Valuation	
Assumed Rate of Investment Return	5.00%
Geometric Average of Actual Rates of Investment Returns Entered in Column D	5.00%
Annual Contribution from NCSTF	-

Estimated Valuation Results	
Present Value of Future Tuition and Fees	$211,119,557
Present Value of Future Contract Payments	$ 43,307,704
June 30, 2016 Actuarial Value of Assets	$232,139,078
Unfunded Liability	$ (64,327,225)
Funded Status	130.5%
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*)	Payments & Refunds (Discounted to BOY*)	Other Payments	Transfers from NCSTF (EOY*)	Projected Contract Payments (Discounted to BOY*)	Projected Funded Status
2017	5.00%	n/a	n/a	$ 232,139,078	$ 17,922,341	$ -	-	$ 9,701,679	130.5%
2018	5.00%	4.00%	4.00%	233,792,705	19,047,031	-	-	8,248,283	132.6%
2019	5.00%	4.00%	4.00%	232,822,024	20,349,160	-	-	6,824,636	135.3%
2020	5.00%	4.75%	4.00%	228,940,743	20,934,580	-	-	5,540,027	138.8%
2021	5.00%	4.75%	4.00%	223,484,108	19,770,841	-	-	4,253,532	143.4%
2022	5.00%	4.75%	4.00%	218,365,139	19,114,998	-	-	3,216,793	149.2%
2023	5.00%	4.75%	4.00%	212,590,281	18,650,829	-	-	2,815,490	156.0%
2024	5.00%	4.75%	4.00%	206,592,689	17,619,607	-	-	2,451,532	164.4%
2025	5.00%	4.75%	4.00%	200,995,844	16,909,892	-	-	2,044,300	174.4%
2026	5.00%	4.75%	4.00%	195,436,764	16,468,136	-	-	1,605,620	186.6%
2027	5.00%	4.75%	4.00%	189,602,959	15,833,494	-	-	1,298,794	202.3%
2028	5.00%	4.75%	4.00%	183,821,673	14,857,537	-	-	1,022,348	222.6%
2029	5.00%	4.75%	4.00%	178,485,808	13,772,685	-	-	802,333	248.9%
2030	5.00%	4.75%	4.00%	173,791,229	12,818,578	-	-	576,042	283.9%
2031	5.00%	4.75%	4.00%	169,626,129	11,934,860	-	-	388,062	332.1%
2032	5.00%	4.75%	4.00%	165,983,298	11,079,510	-	-	215,599	402.6%
2033	5.00%	4.75%	4.00%	162,875,356	10,151,198	-	-	94,044	513.4%
2034	5.00%	4.75%	4.00%	160,459,111	8,805,054	-	-	6,504	707.8%
2035	5.00%	4.75%	4.00%	159,243,590	6,557,536	-	-	-	1093.8%
2036	5.00%	4.75%	4.00%	160,320,356	4,507,879	-	-	-	1908.4%
2037	5.00%	4.75%	4.00%	163,603,101	2,697,917	-	-	-	4002.6%
2038	5.00%	4.75%	4.00%	168,950,443	1,198,691	-	-	-	11580.3%
2039	5.00%	4.75%	4.00%	176,139,339	273,267	-	-	-	64456.8%

** Beginning/End of year (Fiscal).*

Nevada Prepaid Tuition Program
Projection Based on June 30, 2016 Tuition Increases +100 Basis Points

Input	
Valuation	
Assumed Rate of Investment Return	5.00%
Geometric Average of Actual Rates of Investment Returns Entered in Column D	5.00%
Annual Contribution from NCSTF	-

Estimated Valuation Results	
Present Value of Future Tuition and Fees	$221,282,248
Present Value of Future Contract Payments	$ 43,307,704
June 30, 2016 Actuarial Value of Assets	$232,139,078
Unfunded Liability	$ (54,164,534)
Funded Status	124.5%
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*)	Payments & Refunds (Discounted to BOY*)	Other Payments	Transfers from NCSTF (EOY*)	Projected Contract Payments (Discounted to BOY*)	Projected Funded Status
2017	5.00%	n/a	n/a	$ 232,139,078	$ 17,922,341	$ -	-	$ 9,701,679	124.5%
2018	5.00%	4.00%	4.00%	233,792,705	19,047,031	-	-	8,248,283	126.0%
2019	5.00%	4.00%	4.00%	232,822,024	20,349,160	-	-	6,824,636	127.9%
2020	5.00%	5.75%	5.00%	228,940,743	21,128,840	-	-	5,540,027	130.3%
2021	5.00%	5.75%	5.00%	223,280,135	20,141,128	-	-	4,253,532	133.6%
2022	5.00%	5.75%	5.00%	217,762,166	19,656,738	-	-	3,216,793	137.9%
2023	5.00%	5.75%	5.00%	211,388,332	19,360,252	-	-	2,815,490	142.9%
2024	5.00%	5.75%	5.00%	204,585,748	18,462,337	-	-	2,451,532	148.9%
2025	5.00%	5.75%	5.00%	198,003,690	17,886,764	-	-	2,044,300	156.1%
2026	5.00%	5.75%	5.00%	191,269,287	17,585,892	-	-	1,605,620	165.0%
2027	5.00%	5.75%	5.00%	184,053,465	17,069,881	-	-	1,298,794	176.2%
2028	5.00%	5.75%	5.00%	176,696,498	16,171,001	-	-	1,022,348	190.7%
2029	5.00%	5.75%	5.00%	169,625,238	15,133,989	-	-	802,333	209.6%
2030	5.00%	5.75%	5.00%	163,058,261	14,221,374	-	-	576,042	234.4%
2031	5.00%	5.75%	5.00%	156,883,577	13,369,258	-	-	388,062	268.6%
2032	5.00%	5.75%	5.00%	151,097,500	12,531,894	-	-	215,599	318.4%
2033	5.00%	5.75%	5.00%	145,720,265	11,593,607	-	-	94,044	396.6%
2034	5.00%	5.75%	5.00%	140,931,737	10,153,855	-	-	6,504	533.1%
2035	5.00%	5.75%	5.00%	137,323,605	7,634,311	-	-	-	803.3%
2036	5.00%	5.75%	5.00%	136,173,760	5,298,138	-	-	-	1370.7%
2037	5.00%	5.75%	5.00%	137,419,403	3,201,130	-	-	-	2822.7%
2038	5.00%	5.75%	5.00%	140,929,187	1,435,846	-	-	-	8050.5%
2039	5.00%	5.75%	5.00%	146,468,008	330,457	-	-	-	44322.9%

** Beginning/End of year (Fiscal).*

Nevada Prepaid Tuition Program
Projection Based on June 30, 2016 Tuition Increases -100 Basis Points

Input	
Valuation	
Assumed Rate of Investment Return	5.00%
Geometric Average of Actual Rates of Investment Returns Entered in Column D	5.00%
Annual Contribution from NCSTF	-

Estimated Valuation Results	
Present Value of Future Tuition and Fees	$201,759,583
Present Value of Future Contract Payments	$ 43,307,704
June 30, 2016 Actuarial Value of Assets	$232,139,078
Unfunded Liability	$ (73,687,199)
Funded Status	136.5%
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*)	Payments & Refunds (Discounted to BOY*)	Other Payments	Transfers from NCSTF (EOY*)	Projected Contract Payments (Discounted to BOY*)	Projected Funded Status
2017	5.00%	n/a	n/a	$ 232,139,078	$ 17,922,341	$ -	-	$ 9,701,679	136.5%
2018	5.00%	4.00%	4.00%	233,792,705	19,047,031	-	-	8,248,283	139.4%
2019	5.00%	4.00%	4.00%	232,822,024	20,349,160	-	-	6,824,636	143.0%
2020	5.00%	3.75%	3.00%	228,940,743	20,740,320	-	-	5,540,027	147.6%
2021	5.00%	3.75%	3.00%	223,688,082	19,404,074	-	-	4,253,532	153.7%
2022	5.00%	3.75%	3.00%	218,964,418	18,583,507	-	-	3,216,793	161.3%
2023	5.00%	3.75%	3.00%	213,777,589	17,961,442	-	-	2,815,490	170.3%
2024	5.00%	3.75%	3.00%	208,563,219	16,808,461	-	-	2,451,532	181.4%
2025	5.00%	3.75%	3.00%	203,916,605	15,978,567	-	-	2,044,300	194.6%
2026	5.00%	3.75%	3.00%	199,481,455	15,412,625	-	-	1,605,620	210.9%
2027	5.00%	3.75%	3.00%	194,958,172	14,677,051	-	-	1,298,794	231.8%
2028	5.00%	3.75%	3.00%	190,658,912	13,640,674	-	-	1,022,348	259.0%
2029	5.00%	3.75%	3.00%	186,942,615	12,523,484	-	-	802,333	294.5%
2030	5.00%	3.75%	3.00%	183,982,538	11,543,535	-	-	576,042	341.7%
2031	5.00%	3.75%	3.00%	181,665,798	10,643,483	-	-	388,062	407.2%
2032	5.00%	3.75%	3.00%	179,980,896	9,784,366	-	-	215,599	502.9%
2033	5.00%	3.75%	3.00%	178,932,735	8,877,163	-	-	94,044	654.2%
2034	5.00%	3.75%	3.00%	178,657,097	7,625,009	-	-	6,504	920.2%
2035	5.00%	3.75%	3.00%	179,590,522	5,624,425	-	-	-	1450.7%
2036	5.00%	3.75%	3.00%	182,664,402	3,829,555	-	-	-	2575.5%
2037	5.00%	3.75%	3.00%	187,776,589	2,270,081	-	-	-	5480.8%
2038	5.00%	3.75%	3.00%	194,781,833	998,975	-	-	-	16047.3%
2039	5.00%	3.75%	3.00%	203,472,001	225,564	-	-	-	90206.1%

** Beginning/End of year (Fiscal).*

Nevada Prepaid Tuition Program

Projection Based on June 30, 2016 Investment Return +100 Basis Points

Input	
Valuation	
Assumed Rate of Investment Return	6.00%
Geometric Average of Actual Rates of Investment Returns Entered in Column D	6.00%
Annual Contribution from NCSTF	-

Estimated Valuation Results	
Present Value of Future Tuition and Fees	$197,711,705
Present Value of Future Contract Payments	$ 41,864,428
June 30, 2016 Actuarial Value of Assets	$232,139,078
Unfunded Liability	$ (76,291,801)
Funded Status	138.6%
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*)	Payments & Refunds (Discounted to BOY*)	Other Payments	Transfers from NCSTF (EOY*)	Projected Contract Payments (Discounted to BOY*)	Projected Funded Status
2017	6.00%	n/a	n/a	$ 232,139,078	$ 17,851,339	$ -	-	$ 9,655,808	138.6%
2018	6.00%	4.00%	4.00%	236,058,528	18,971,625	-	-	8,209,284	141.7%
2019	6.00%	4.00%	4.00%	237,492,325	20,268,781	-	-	6,792,368	145.6%
2020	6.00%	4.75%	4.00%	236,135,236	20,852,044	-	-	5,513,833	150.6%
2021	6.00%	4.75%	4.00%	233,305,455	19,692,961	-	-	4,233,421	157.1%
2022	6.00%	4.75%	4.00%	230,916,670	19,039,761	-	-	3,201,584	165.1%
2023	6.00%	4.75%	4.00%	227,983,201	18,577,446	-	-	2,802,178	174.7%
2024	6.00%	4.75%	4.00%	224,940,410	17,550,297	-	-	2,439,940	186.4%
2025	6.00%	4.75%	4.00%	222,419,856	16,843,397	-	-	2,034,634	200.5%
2026	6.00%	4.75%	4.00%	220,067,759	16,403,407	-	-	1,598,028	217.8%
2027	6.00%	4.75%	4.00%	217,578,122	15,771,283	-	-	1,292,653	240.0%
2028	6.00%	4.75%	4.00%	215,285,462	14,799,179	-	-	1,017,515	268.9%
2029	6.00%	4.75%	4.00%	213,594,026	13,718,603	-	-	798,540	306.6%
2030	6.00%	4.75%	4.00%	212,714,401	12,768,260	-	-	573,319	356.6%
2031	6.00%	4.75%	4.00%	212,550,627	11,888,029	-	-	386,228	426.0%
2032	6.00%	4.75%	4.00%	213,111,756	11,036,053	-	-	214,579	527.6%
2033	6.00%	4.75%	4.00%	214,427,700	10,111,396	-	-	93,599	688.0%
2034	6.00%	4.75%	4.00%	216,674,497	8,770,539	-	-	6,473	970.2%
2035	6.00%	4.75%	4.00%	220,385,057	6,531,832	-	-	-	1532.8%
2036	6.00%	4.75%	4.00%	226,684,418	4,490,209	-	-	-	2725.7%
2037	6.00%	4.75%	4.00%	235,525,862	2,687,342	-	-	-	5806.8%
2038	6.00%	4.75%	4.00%	246,808,831	1,193,993	-	-	-	17012.1%
2039	6.00%	4.75%	4.00%	260,351,729	272,196	-	-	-	95648.6%

** Beginning/End of year (Fiscal).*

Nevada Prepaid Tuition Program
Projection Based on June 30, 2016 Investment Return -100 Basis Points

Input	
Valuation	
Assumed Rate of Investment Return	4.00%
Geometric Average of Actual Rates of Investment Returns Entered in Column D	4.00%
Annual Contribution from NCSTF	-

Estimated Valuation Results	
Present Value of Future Tuition and Fees	$226,110,320
Present Value of Future Contract Payments	$ 44,857,460
June 30, 2016 Actuarial Value of Assets	$232,139,078
Unfunded Liability	$ (50,886,218)
Funded Status	122.5%
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*)	Payments & Refunds (Discounted to BOY*)	Other Payments	Transfers from NCSTF (EOY*)	Projected Contract Payments (Discounted to BOY*)	Projected Funded Status
2017	4.00%	n/a	n/a	$ 232,139,078	$ 17,994,376	$ -	-	$ 9,748,210	122.5%
2018	4.00%	4.00%	4.00%	231,526,996	19,123,534	-	-	8,287,843	123.8%
2019	4.00%	4.00%	4.00%	228,197,326	20,430,710	-	-	6,857,369	125.5%
2020	4.00%	4.75%	4.00%	221,887,312	21,018,318	-	-	5,566,598	127.6%
2021	4.00%	4.75%	4.00%	213,953,625	19,849,856	-	-	4,273,933	130.6%
2022	4.00%	4.75%	4.00%	206,312,809	19,191,331	-	-	3,232,222	134.5%
2023	4.00%	4.75%	4.00%	197,967,847	18,725,282	-	-	2,828,994	139.0%
2024	4.00%	4.75%	4.00%	189,354,422	17,689,927	-	-	2,463,290	144.5%
2025	4.00%	4.75%	4.00%	181,092,895	16,977,357	-	-	2,054,105	151.1%
2026	4.00%	4.75%	4.00%	172,816,429	16,533,809	-	-	1,613,320	159.1%
2027	4.00%	4.75%	4.00%	164,211,778	15,896,612	-	-	1,305,024	169.4%
2028	4.00%	4.75%	4.00%	155,604,998	14,916,746	-	-	1,027,252	182.6%
2029	4.00%	4.75%	4.00%	147,384,124	13,827,555	-	-	806,182	199.7%
2030	4.00%	4.75%	4.00%	139,737,260	12,869,629	-	-	578,805	222.3%
2031	4.00%	4.75%	4.00%	132,544,294	11,982,374	-	-	389,924	253.5%
2032	4.00%	4.75%	4.00%	125,789,918	11,123,602	-	-	216,633	298.8%
2033	4.00%	4.75%	4.00%	119,478,267	10,191,581	-	-	94,495	369.9%
2034	4.00%	4.75%	4.00%	113,756,428	8,840,071	-	-	6,535	494.3%
2035	4.00%	4.75%	4.00%	109,119,808	6,583,615	-	-	-	740.1%
2036	4.00%	4.75%	4.00%	106,637,641	4,525,806	-	-	-	1256.5%
2037	4.00%	4.75%	4.00%	106,196,308	2,708,646	-	-	-	2577.9%
2038	4.00%	4.75%	4.00%	107,627,168	1,203,458	-	-	-	7335.2%
2039	4.00%	4.75%	4.00%	110,680,658	274,354	-	-	-	40342.3%

** Beginning/End of year (Fiscal).*

Nevada Prepaid Tuition Program

Projection Based on June 30, 2016 Tuition Increases +100 Basis Points & Investment Return -100 Basis Points

Input	
Valuation	
Assumed Rate of Investment Return	4.00%
Geometric Average of Actual Rates of Investment Returns Entered in Column D	4.00%
Annual Contribution from NCSTF	-

Estimated Valuation Results	
Present Value of Future Tuition and Fees	$237,533,268
Present Value of Future Contract Payments	$ 44,857,460
June 30, 2016 Actuarial Value of Assets	$232,139,078
Unfunded Liability	$ (39,463,270)
Funded Status	116.6%
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*)	Payments & Refunds (Discounted to BOY*)	Other Payments	Transfers from NCSTF (EOY*)	Projected Contract Payments (Discounted to BOY*)	Projected Funded Status
2017	4.00%	n/a	n/a	$ 232,139,078	$ 17,994,376	$ -	-	$ 9,748,210	116.6%
2018	4.00%	4.00%	4.00%	231,526,996	19,123,534	-	-	8,287,843	117.4%
2019	4.00%	4.00%	4.00%	228,197,326	20,430,710	-	-	6,857,369	118.4%
2020	4.00%	5.75%	5.00%	221,887,312	21,213,351	-	-	5,566,598	119.6%
2021	4.00%	5.75%	5.00%	213,750,790	20,221,616	-	-	4,273,933	121.5%
2022	4.00%	5.75%	5.00%	205,715,232	19,735,226	-	-	3,232,222	124.1%
2023	4.00%	5.75%	5.00%	196,780,717	19,437,526	-	-	2,828,994	127.1%
2024	4.00%	5.75%	5.00%	187,379,071	18,536,009	-	-	2,463,290	130.7%
2025	4.00%	5.75%	5.00%	178,158,607	17,958,114	-	-	2,054,105	135.0%
2026	4.00%	5.75%	5.00%	168,744,782	17,656,009	-	-	1,613,320	140.3%
2027	4.00%	5.75%	5.00%	158,810,177	17,137,916	-	-	1,305,024	146.9%
2028	4.00%	5.75%	5.00%	148,696,376	16,235,433	-	-	1,027,252	155.5%
2029	4.00%	5.75%	5.00%	138,827,723	15,194,273	-	-	806,182	166.6%
2030	4.00%	5.75%	5.00%	129,417,217	14,278,004	-	-	578,805	181.2%
2031	4.00%	5.75%	5.00%	120,346,739	13,422,476	-	-	389,924	201.2%
2032	4.00%	5.75%	5.00%	111,606,754	12,581,761	-	-	216,633	230.3%
2033	4.00%	5.75%	5.00%	103,211,291	11,639,726	-	-	94,495	275.9%
2034	4.00%	5.75%	5.00%	95,332,702	10,194,237	-	-	6,535	355.2%
2035	4.00%	5.75%	5.00%	88,550,801	7,664,671	-	-	-	511.4%
2036	4.00%	5.75%	5.00%	84,121,575	5,319,208	-	-	-	838.1%
2037	4.00%	5.75%	5.00%	81,954,462	3,213,861	-	-	-	1670.3%
2038	4.00%	5.75%	5.00%	81,890,225	1,441,556	-	-	-	4651.4%
2039	4.00%	5.75%	5.00%	83,666,616	331,771	-	-	-	25218.2%

** Beginning/End of year (Fiscal).*

Nevada Prepaid Tuition Program

Projection Based on June 30, 2016 Tuition Increases -100 Basis Points & Investment Return +100 Basis Points

Input	
Valuation	
Assumed Rate of Investment Return	6.00%
Geometric Average of Actual Rates of Investment Returns Entered in Column D	6.00%
Annual Contribution from NCSTF	-

Estimated Valuation Results	
Present Value of Future Tuition and Fees	$189,346,096
Present Value of Future Contract Payments	$ 41,864,428
June 30, 2016 Actuarial Value of Assets	$232,139,078
Unfunded Liability	$ (84,657,410)
Funded Status	144.7%
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*)	Payments & Refunds (Discounted to BOY*)	Other Payments	Transfers from NCSTF (EOY*)	Projected Contract Payments (Discounted to BOY*)	Projected Funded Status
2017	6.00%	n/a	n/a	$ 232,139,078	$ 17,851,339	$ -	-	$ 9,655,808	144.7%
2018	6.00%	4.00%	4.00%	236,058,528	18,971,625	-	-	8,209,284	148.6%
2019	6.00%	4.00%	4.00%	237,492,325	20,268,781	-	-	6,792,368	153.5%
2020	6.00%	3.75%	3.00%	236,135,236	20,658,545	-	-	5,513,833	159.8%
2021	6.00%	3.75%	3.00%	233,510,564	19,327,631	-	-	4,233,421	168.1%
2022	6.00%	3.75%	3.00%	231,521,335	18,510,353	-	-	3,201,584	178.3%
2023	6.00%	3.75%	3.00%	229,185,320	17,890,761	-	-	2,802,178	190.4%
2024	6.00%	3.75%	3.00%	226,942,541	16,742,330	-	-	2,439,940	205.3%
2025	6.00%	3.75%	3.00%	225,398,561	15,915,722	-	-	2,034,634	223.3%
2026	6.00%	3.75%	3.00%	224,208,521	15,352,033	-	-	1,598,028	245.5%
2027	6.00%	3.75%	3.00%	223,081,787	14,619,372	-	-	1,292,653	274.1%
2028	6.00%	3.75%	3.00%	222,340,372	13,587,085	-	-	1,017,515	311.5%
2029	6.00%	3.75%	3.00%	222,357,050	12,474,299	-	-	798,540	360.4%
2030	6.00%	3.75%	3.00%	223,322,168	11,498,215	-	-	573,319	425.7%
2031	6.00%	3.75%	3.00%	225,141,108	10,601,713	-	-	386,228	516.4%
2032	6.00%	3.75%	3.00%	227,821,160	9,745,985	-	-	214,579	649.7%
2033	6.00%	3.75%	3.00%	231,387,140	8,842,354	-	-	93,599	860.9%
2034	6.00%	3.75%	3.00%	235,996,688	7,595,120	-	-	6,473	1233.7%
2035	6.00%	3.75%	3.00%	242,112,524	5,602,379	-	-	-	1980.2%
2036	6.00%	3.75%	3.00%	250,700,754	3,814,544	-	-	-	3570.2%
2037	6.00%	3.75%	3.00%	261,699,382	2,261,183	-	-	-	7697.3%
2038	6.00%	3.75%	3.00%	275,004,491	995,059	-	-	-	22783.7%
2039	6.00%	3.75%	3.00%	290,449,997	224,679	-	-	-	129273.1%

** Beginning/End of year (Fiscal).*

Nevada Prepaid Tuition Program

Projection Based on June 30, 2016 with $1.8 Million Annual Contribution from NCSTF

Input	
Valuation	
Assumed Rate of Investment Return	5.00%
Geometric Average of Actual Rates of Investment Returns Entered in Column D	5.00%
Annual Contribution from NCSTF	1,800,000

Estimated Valuation Results	
Present Value of Future Tuition and Fees	$211,119,557
Present Value of Future Contract Payments	$ 43,307,704
June 30, 2016 Actuarial Value of Assets	$232,139,078
Unfunded Liability	$ (64,327,225)
Funded Status	130.5%
Year Insolvent	Never
Adjusted Funded Status #	141.09%

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*)	Payments & Refunds (Discounted to BOY*)	Other Payments	Transfers from NCSTF (EOY*)	Projected Contract Payments (Discounted to BOY*)	Projected Funded Status
2017	5.00%	n/a	n/a	$ 232,139,078	$ 17,922,341	$ -	1,800,000	$ 9,701,679	130.5%
2018	5.00%	4.00%	4.00%	235,592,705	19,047,031	-	1,800,000	8,248,283	133.5%
2019	5.00%	4.00%	4.00%	236,512,024	20,349,160	-	1,800,000	6,824,636	137.3%
2020	5.00%	4.75%	4.00%	234,615,243	20,934,580	-	1,800,000	5,540,027	141.9%
2021	5.00%	4.75%	4.00%	231,242,333	19,770,841	-	1,800,000	4,253,532	148.0%
2022	5.00%	4.75%	4.00%	228,311,275	19,114,998	-	1,800,000	3,216,793	155.6%
2023	5.00%	4.75%	4.00%	224,833,724	18,650,829	-	1,800,000	2,815,490	164.6%
2024	5.00%	4.75%	4.00%	221,248,304	17,619,607	-	1,800,000	2,451,532	175.6%
2025	5.00%	4.75%	4.00%	218,184,240	16,909,892	-	1,800,000	2,044,300	188.8%
2026	5.00%	4.75%	4.00%	215,284,580	16,468,136	-	1,800,000	1,605,620	205.1%
2027	5.00%	4.75%	4.00%	212,243,166	15,833,494	-	1,800,000	1,298,794	225.9%
2028	5.00%	4.75%	4.00%	209,393,890	14,857,537	-	1,800,000	1,022,348	253.0%
2029	5.00%	4.75%	4.00%	207,136,636	13,772,685	-	1,800,000	802,333	288.5%
2030	5.00%	4.75%	4.00%	205,674,599	12,818,578	-	1,800,000	576,042	335.6%
2031	5.00%	4.75%	4.00%	204,903,666	11,934,860	-	1,800,000	388,062	400.9%
2032	5.00%	4.75%	4.00%	204,824,712	11,079,510	-	1,800,000	215,599	496.6%
2033	5.00%	4.75%	4.00%	205,458,841	10,151,198	-	1,800,000	94,044	647.6%
2034	5.00%	4.75%	4.00%	206,971,771	8,805,054	-	1,800,000	6,504	913.0%
2035	5.00%	4.75%	4.00%	209,881,882	6,557,536	-	1,800,000	-	1441.7%
2036	5.00%	4.75%	4.00%	215,290,563	4,507,879	-	1,800,000	-	2562.8%
2037	5.00%	4.75%	4.00%	223,121,818	2,697,917	-	-	-	5458.8%
2038	5.00%	4.75%	4.00%	231,445,096	1,198,691	-	-	-	15863.9%
2039	5.00%	4.75%	4.00%	241,758,725	273,267	-	-	-	88469.7%

** Beginning/End of year (Fiscal).*

 # Includes PV of contributions from NCSTF for next 20 years (through 2035).

APPENDIX

BOARD'S FUNDING POLICY GUIDELINE

Introduction

The purpose of this Funding Policy Guideline is to document the funding objectives and policy set by the Board of Trustees (Board) for the Nevada Prepaid Tuition Program (Program). The Board establishes this Funding Policy Guideline to:

1) Ensure that the trust will have sufficient funds to pay tuition benefits when due;
2) Provide guidance with respect to establishing appropriate risk reserves for pricing of future contracts; and
3) Provide the Board with established guidelines for requesting funds from or repaying funds to the State for tuition benefits associated with contracts.

Funding Goals

1. The objective is to maintain assets in excess of the liability based on the funding target.
2. The pricing of future contracts will be reflective of (1) future expected costs for each participant purchasing a new contract and (2) an explicit risk premium (also referred to as a margin for adverse experience).

Funding Target

1. The Board has established a funding target of actuarial value of assets equal to 120% of actuarial liability for the Program.
2. The Board has established a target explicit risk premium for pricing new contracts of 8% for universities (4-year institutions) and 0% for community colleges (2-year institutions).

The Board may review the explicit risk premium and the potential impact on the funded ratio on an annual basis. The Board may consider other objectives in setting the pricing (e.g., keeping pricing unchanged from one year to the next), and review the impact on the explicit risk premium.

Requesting Funds from or Repaying Funds to the State

The Board will review any transfers from the Endowment Fund, the NCSTF, and other State sources on an annual basis following the annual actuarial valuation. The Board may review the projected funded status of the Program before considering the impact of any change in payments to and from the State.

Board Review of Funding Policy Guideline

The Board will informally review this policy guideline document annually. The Board may formally review this policy every two years until 2020 and every five years, thereafter.

Measurement of Funding Target

The Board will measure the funding target in an annual actuarial valuation. The target will be the funding status, determined as follows:

> The funded status will be a fraction;
>
> Whose numerator is the actuarial value of assets plus the present value of future contract payments for contracts already sold as of the valuation date; and
>
> The denominator will be the present value of future expected tuition payments, refunds, fees and expenses.

Present values and expected payments will be based on the actuarial assumptions adopted by the Board for purposes of the annual actuarial valuation.

For this purpose, the actuarial value of assets will be a market related value that recognizes investment return above or below the assumed investment return over a 5-year period. In no event will the actuarial value of assets be less than 80% of market value or more than 120% of market value.

Review of Actuarial Assumptions and Methods

1. The Board will review the tuition increase assumption annually based on readily available market information and tuition price increases as set by the Nevada System of Higher Education.
2. The Board will review the assumed rates of inflation and investment return annually based on readily available capital market information and the Board's investment policy.
3. The Board will review the target explicit risk premium annually in conjunction with new contract pricing.
4. The Board will review all actuarial assumptions used in the annual actuarial valuation every five years with the June 30, 2012 replication valuation serving as the most recent review.

Glossary

1. **Actuarial Liability (AL):** The actuarial present value of future expected tuition plan benefits, refunds, fees and expenses.
2. **Actuarial Assumptions:** Estimates of future plan experience with respect to utilization of credits, rates of refunds, elections and timing of tuition payments. Decrement assumptions (rates of utilization, refunds, etc.) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (tuition increases and investment rate of return) consist of a long-term average rate of inflation plus real return above inflation on invested assets, and tuition increase expectations above inflation.
3. **Actuarial Value of Assets**: The value of current plan assets recognized for valuation purposes (may be based on a phased-in recognition of all or a portion of market related investment return) plus the present value of future contract payments for contract already initiated as of the valuation date. Sometimes referred to as Funding Value of Assets.
4. **Market Value of Assets:** The fair value of plan assets as reported in the plan's audited financial statements.
5. **Unfunded Actuarial Liability (UAL):** The excess, if any, of the actuarial liability over the actuarial value of assets. Sometimes referred to as "unfunded accrued liability."
6. **Margin for Adverse Experience (MAE):** The excess, if any, of the actuarial value of assets over the actuarial liability.

THE BOARD OF TRUSTEES OF THE
COLLEGE SAVINGS PLANS OF NEVADA

Agenda Item 11
October 20, 2016

Item: **Board receive an update on the contract with International Association of Working Mother's DBA Women's Money and provide direction to staff regarding enhancing the Women's Money conferences in Fiscal Year 2017.**

Recommendation:

Board approve the potential expiration of the International Working Mother's contract and provide direction to staff regarding potential enhancements to the conferences.

Fiscal:
$0

Summary: The contract with International Association of Working Mother's is currently set to expire on November 6, 2016 unless the Board approves an extension. Staff has been in discussions with International Association of Working Mother's to create an amendment which provides additional transparency in regards to actual revenues and expenditures associated with the conferences and better define the invoicing requirements. This is to ensure this contract is aligned in its requirements to other contracts within the Treasurer's office.

Unfortunately, we were not able to reach an agreed upon amendment prior to the materials deadline for this October 2016 Board meeting. We are continuing to work with the vendor to reach a mutually agreeable amendment. In addition, to the fiscal related amendments, staff and the Treasurer have been discussing potential future modifications to the partnership and the conferences, to begin to move toward a more self-sustaining conference model which may, in the long-term, increase other corporate and public sponsorships dollars and potentially decrease the amount the College Savings Board contributes toward the Women's Money Conferences.

Grant Hewitt, Chief of Staff and Tara Hagan, Chief Deputy will present this item in more detail during the Board meeting.

THE BOARD OF TRUSTEES OF THE
COLLEGE SAVINGS PLANS OF NEVADA

Agenda Item 12
October 20, 2016

Item: Vanguard 529 College Savings Plan Investment Update

Recommendation:

Board review and approve Vanguard Investment Changes
a. Smoothing the current glidepath for the age-based investment options;
b. Adding the Vanguard Total International Bond Fund

Fiscal:
None to the Board.

Summary:

Vanguard will present two investment enhancements to the Board. The enhancements include the use a smoother glidepath for age-based options and a more diversified lineup with the additional of the Vanguard Total International Bond Fund.

Staff, PCA and Vanguard have been discussing a smoother glidepath for the age-based options since 2012. Glidepaths are intended to reduce risk (or volatility as measured by standard deviation) for a participant as they move closer to college age. Vanguard's current glidepath contains three major shifts between asset classes. In each case, these shifts account for a 25% move out of equities and into other asset classes. As noted in Vanguard's presentation, the smoothed glidepath does mitigate risk for participants especially during times of high volatility or downward market pressures.

PCA and Staff have continually been in favor of a smoother glidepath for Vanguard participants (see attached memo dated January 28, 2014). We are pleased that Vanguard has taken this important step for the plan and its participants.

During the March 24, 2016 Board meeting, Vanguard presented the addition of the Vanguard Total International Bond Fund to the age-based options. The additional fund will assist in diversifying the asset classes in the age-based portfolios and help to mitigate risk and volatility for participants. The Board was not ready to make a decision regarding the addition of this fund at the March meeting and requested Vanguard return in approximately six months with this recommendation.

Tom Hewitt and others from Vanguard will be either present or available via teleconference to make the presentation. A PCA representative will be available via telephone, should the Board have any questions.

Vanguard 529 College Savings Plan

October 20, 2016

Vanguard®

Agenda

I. Glide path recommendations

II. International bonds

III. Vanguard Total International Bond Index Fund

Your Vanguard relationship team:

Thomas Hewitt, Relationship Manager, Education Savings Group

Kimberly Stockton, Investment Analyst, Investment Strategy Group

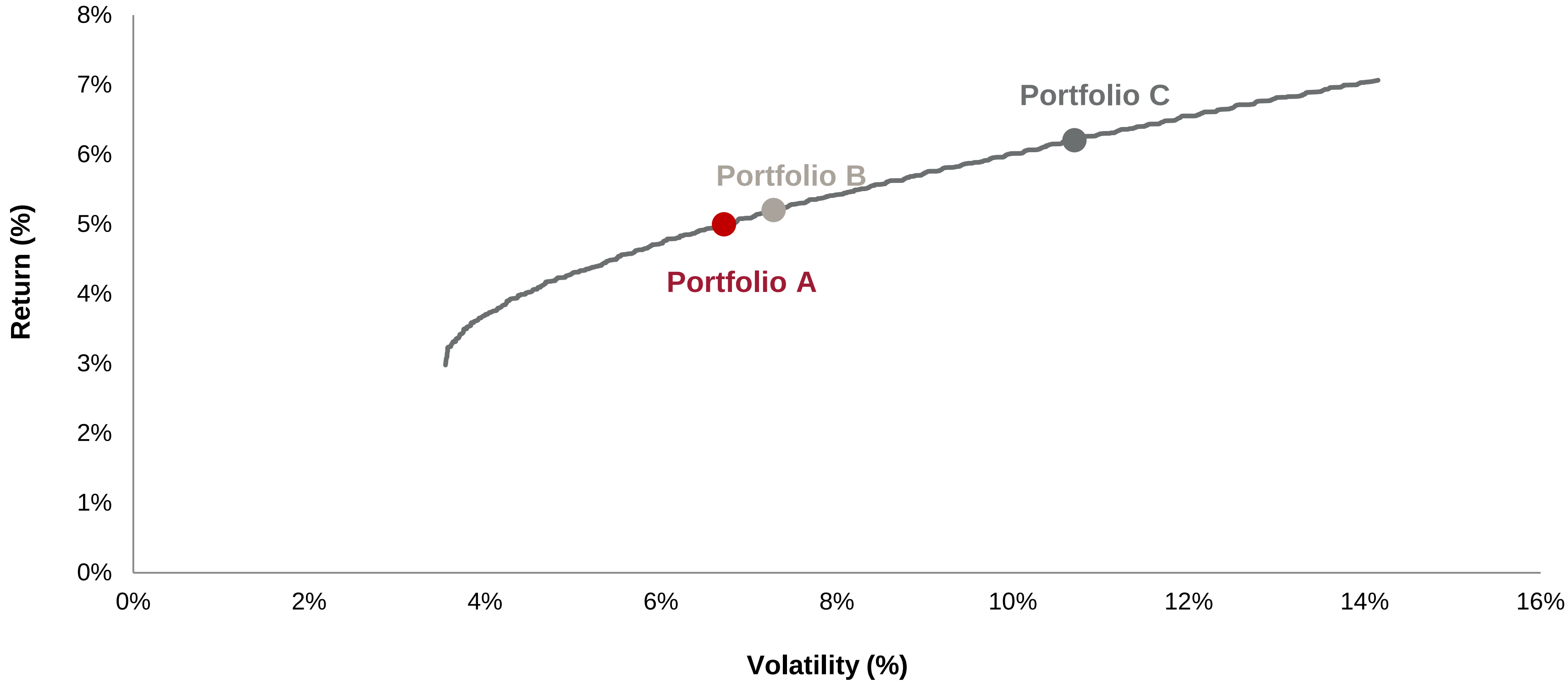
Scott Donaldson, Senior Investment Strategist, Investment Strategy Group

Glide path recommendations

529 glide path portfolios:
Finding the appropriate risk/reward balance

- No purely quantitative solution.
- Apply Vanguard's investment principles: goals, balance, cost, and discipline.
- Conduct quantitative research and analysis of relevant asset classes and metrics.
- Understand behavior of 529 plan investors.

Efficient frontier



Source: Vanguard.

529 investor behavior supports new glide paths

Track usage for Vanguard 529 plans' glide path investors

- Few college savers using the Conservative track glide path.
- Largest majority are in the Aggressive track.

Usage of age-based tracks in Vanguard client plans

Conservative	Moderate	Aggressive
4.3%	39.3%	56.4%

Data for this analysis are based on the following Vanguard client, direct-sold 529 plans: The Vanguard 529 College Savings Plan, CollegeInvest Direct Portfolio College Savings Plan (Colorado), College Savings Iowa, MOST—Missouri's 529 College Savings Plan, and New York's 529 College Savings Program *Direct Plan*. Represents those account owners investing only in plan glide paths as of December 31, 2015.

529 investor behavior supports new glide paths

Growing college savings time horizons

- Account owners begin saving for college early.
  - According to Sallie Mae's, "How America Saves for College 2015," the most common age range of the child at college savings onset: 1–5.
  - For Vanguard 529 client plan account owners, the most common starting beneficiary age is 0. Median age is 4.
- Drawdown periods have lengthened.
  - 50% of Vanguard 529 client plan account owners take more than 3 years to draw down their account balances.
  - Nearly 50% of Vanguard 529 account owners with beneficiaries age 18+ still have a balance after 4 years.
  - The percentage withdrawing 100% of their balance within 2 years: 38% in 2004–2005, 24% in 2014–2015.

Percentage of accounts with a beneficiary age 18 that redeem their full balance within 'x' amount of years.

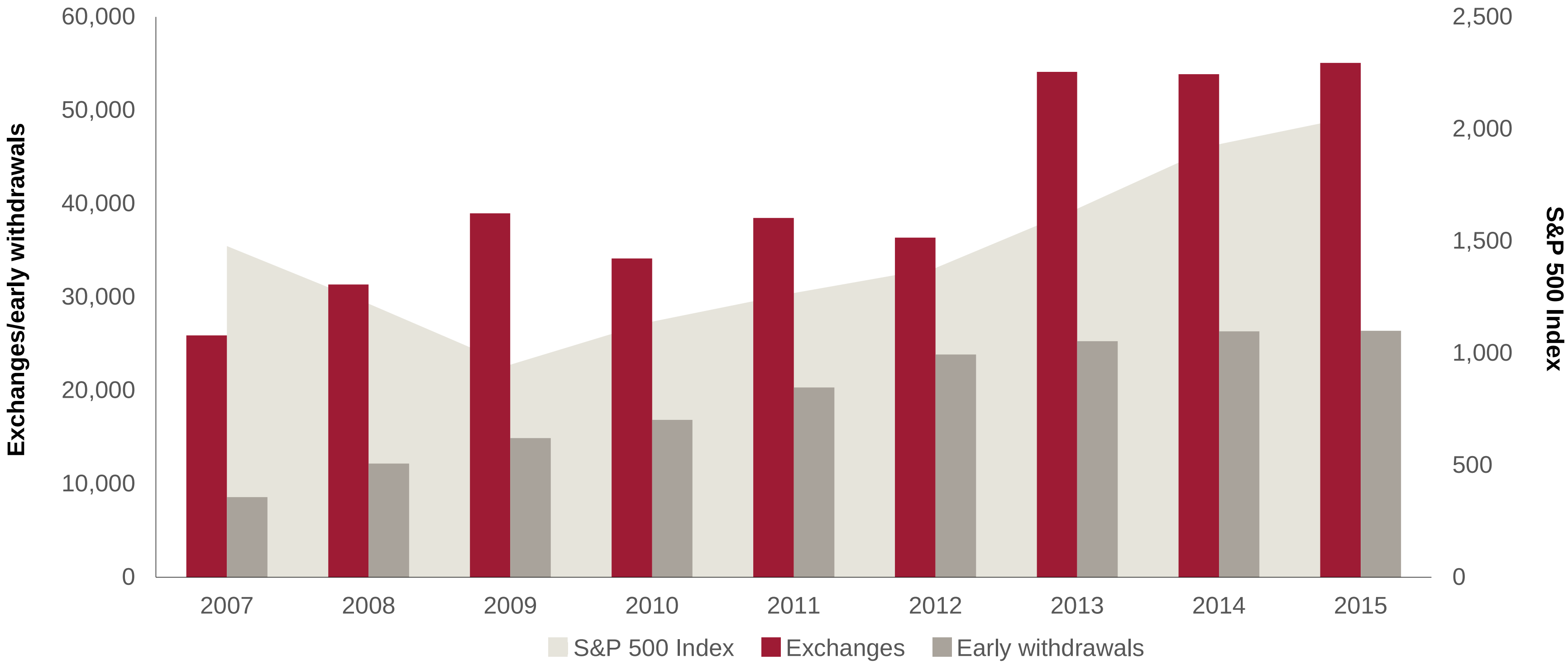
	1 year	2 years	3 years	4 years	5 years	6 years
2004	30%	38%	24%	61%	73%	79%
2005	27%	36%	43%	59%	71%	77%
2006	25%	34%	42%	57%	70%	76%
2007	21%	31%	39%	55%	68%	73%
2008	22%	31%	38%	54%	66%	71%
2009	19%	28%	35%	51%	65%	71%
2010	19%	28%	35%	52%	64%	70%
2011	20%	28%	36%	52%	64%	
2012	18%	27%	34%	51%		
2013	18%	25%	32%			
2014	17%	24%				
2015	17%					

Source: Vanguard.

529 investor behavior supports new glide paths

- Account owners do not appear to have engaged in panic selling during bear markets or corrections.
- Exchanges from age-based options increased in 2009, when the S&P 500® hit a market low, as well as in 2011 and 2013, which did not align with a market drop.

Early withdrawals and exchanges vs. S&P 500



Source: Vanguard, from 529 college savings account owners in its client plans.
Note: Exchanges and withdrawals shown were for beneficiaries younger than 16.

Key findings and considerations for glide paths

- Vanguard's analysis of stepped and smoothed paths shows differences in risk and return to be indiscernible.
- Risk aversion toward large glide path steps has grown.
- Operational efficiencies and portfolio accounting processes have lowered the cost to facilitate additional portfolios/smaller glide path steps.
- College saving time horizon has lengthened in the past decade.
- Current track usage for Vanguard 529 full-service plans indicates higher investor risk tolerance.

Current versus new glide paths

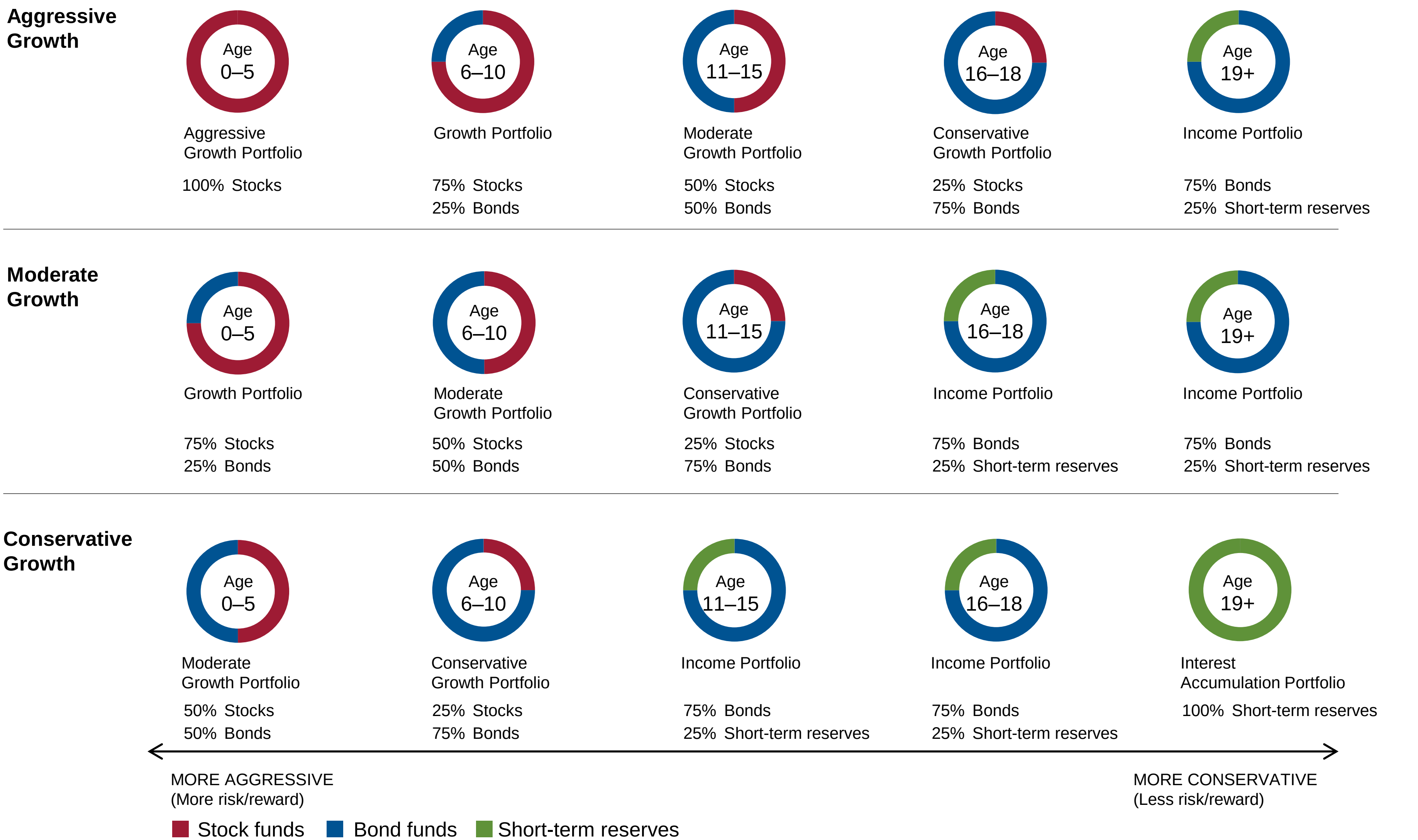
Current

- 6 portfolios used across 3 risk tracks.
- 25% equity allocation changes.
- No step-down in fixed income.

New

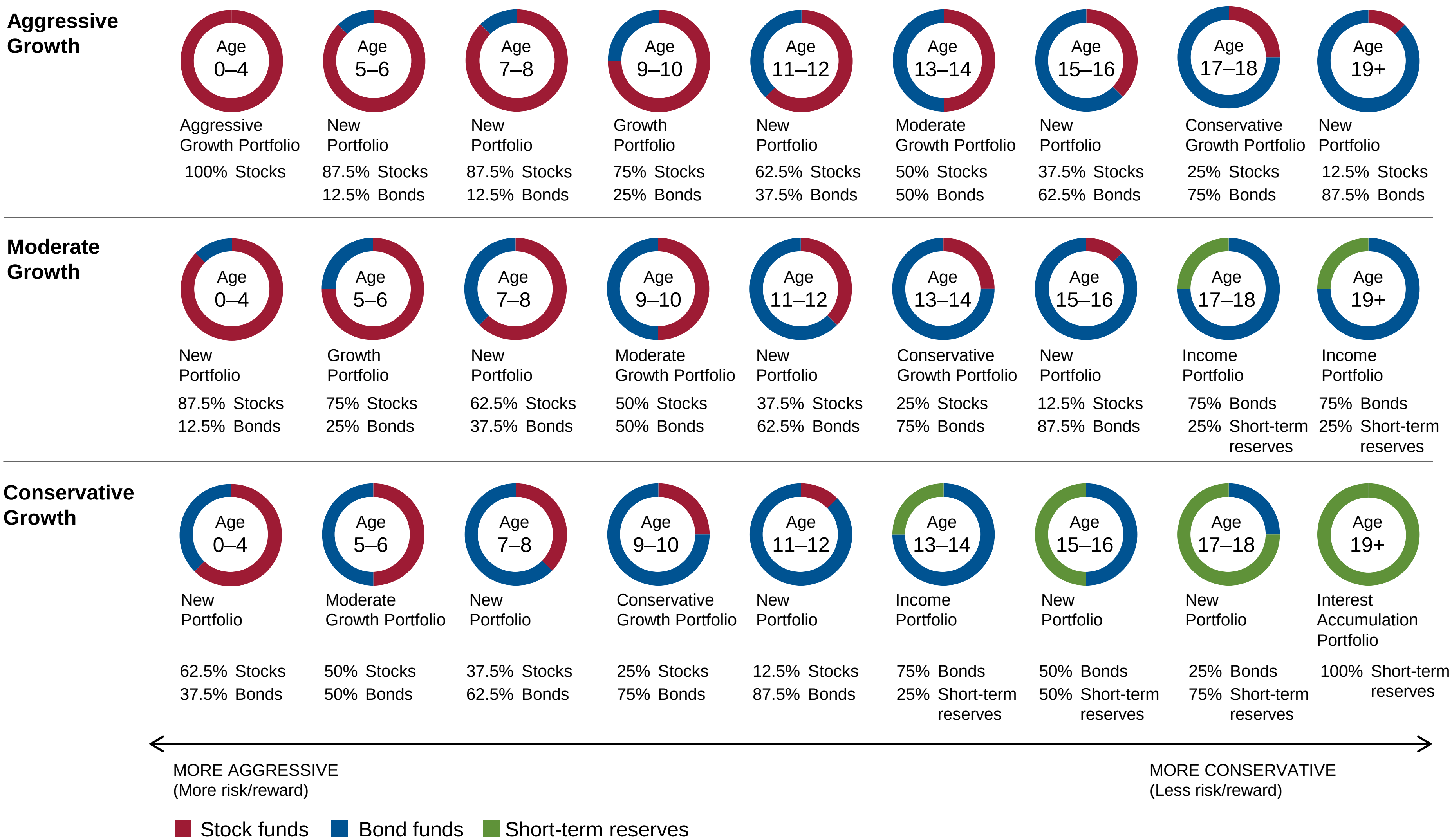
- 12 portfolios used across 3 risk tracks.
- 12.5% equity allocation changes/25% fixed income changes.
  - Makes equity step size consistent along and across paths.
  - Avoids large fixed income to cash steps and lowers interest rate risk in conservative path.
- Adjusted age-based exchange dates relative to current path.
- Different beginning stock/bond allocations.
- Higher average equity allocation on the 3 tracks.

Current glide path



Source: Vanguard.

New suggested glide path



Source: Vanguard.

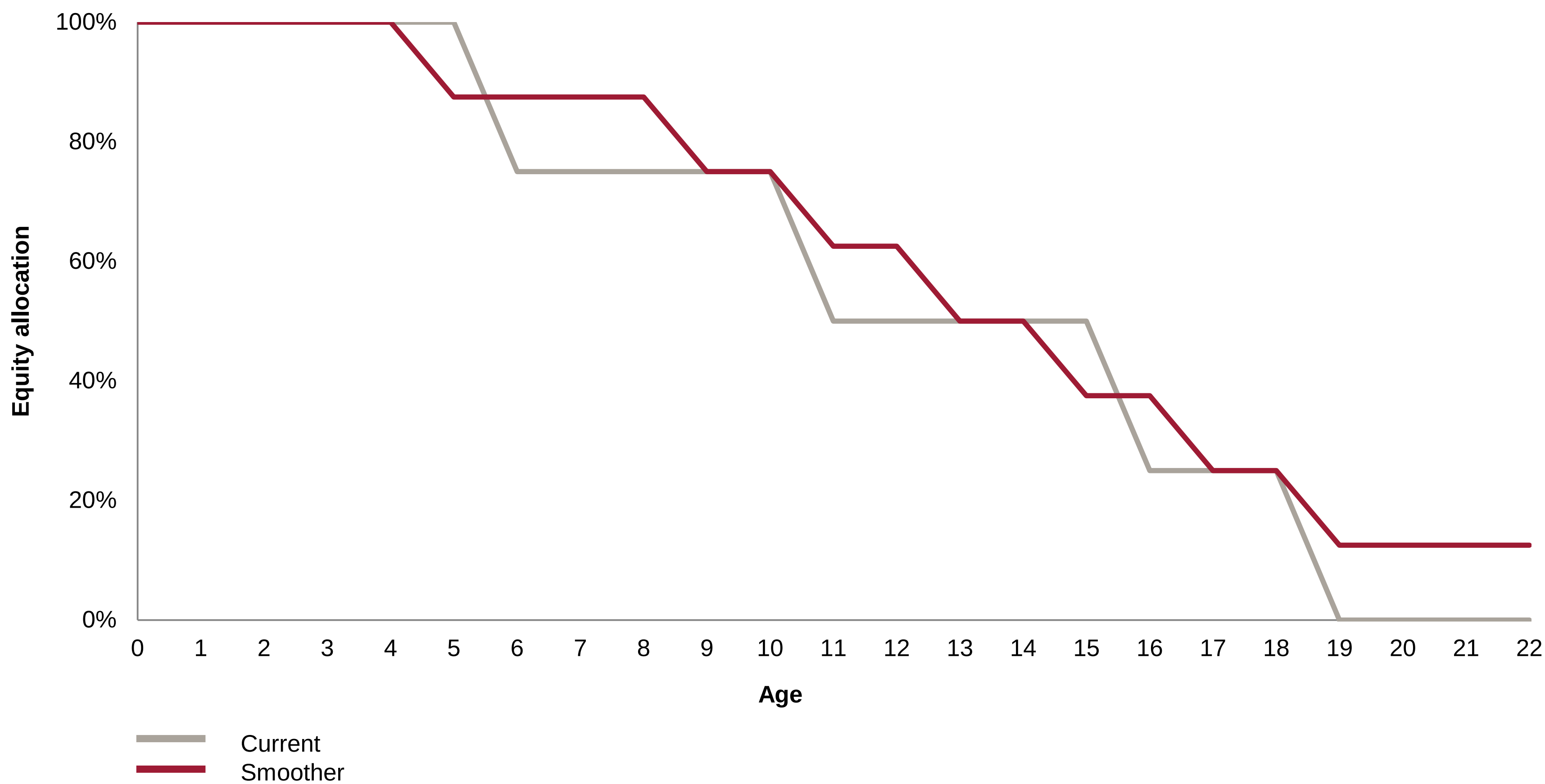
Smoothed glide path underlying funds

Portfolio	Vanguard Total Stock Market Index	Vanguard Total International Stock Index	Vanguard Total Bond Market II Index	Vanguard Short-Term Inflation-Protected Securities Index	Vanguard Stable Value Securities
Aggressive Growth	60.00%	40.00%	—	—	—
New Portfolio	52.50%	35.00%	12.50%		
Growth	45.00%	30.00%	25.00%	—	—
New Portfolio	37.50%	25.00%	37.50%	—	—
Moderate Growth	30.00%	20.00%	50.00%	—	—
New Portfolio	22.50%	15.00%	62.50%	—	—
Conservative Growth	15.00%	10.00%	75.00%	—	—
New Portfolio	7.50%	5.00%	87.50%	—	—
Income	—	—	57.00%	18.00%	25.00%
New Portfolio	—	—	38.00%	12.00%	50.00%
New Porttolio	—	—	19.00%	6.00%	75.00%
Interest Accumulation	—	—	—	—	100.00%

Source: Vanguard.

Equity glide path comparisons: current and new

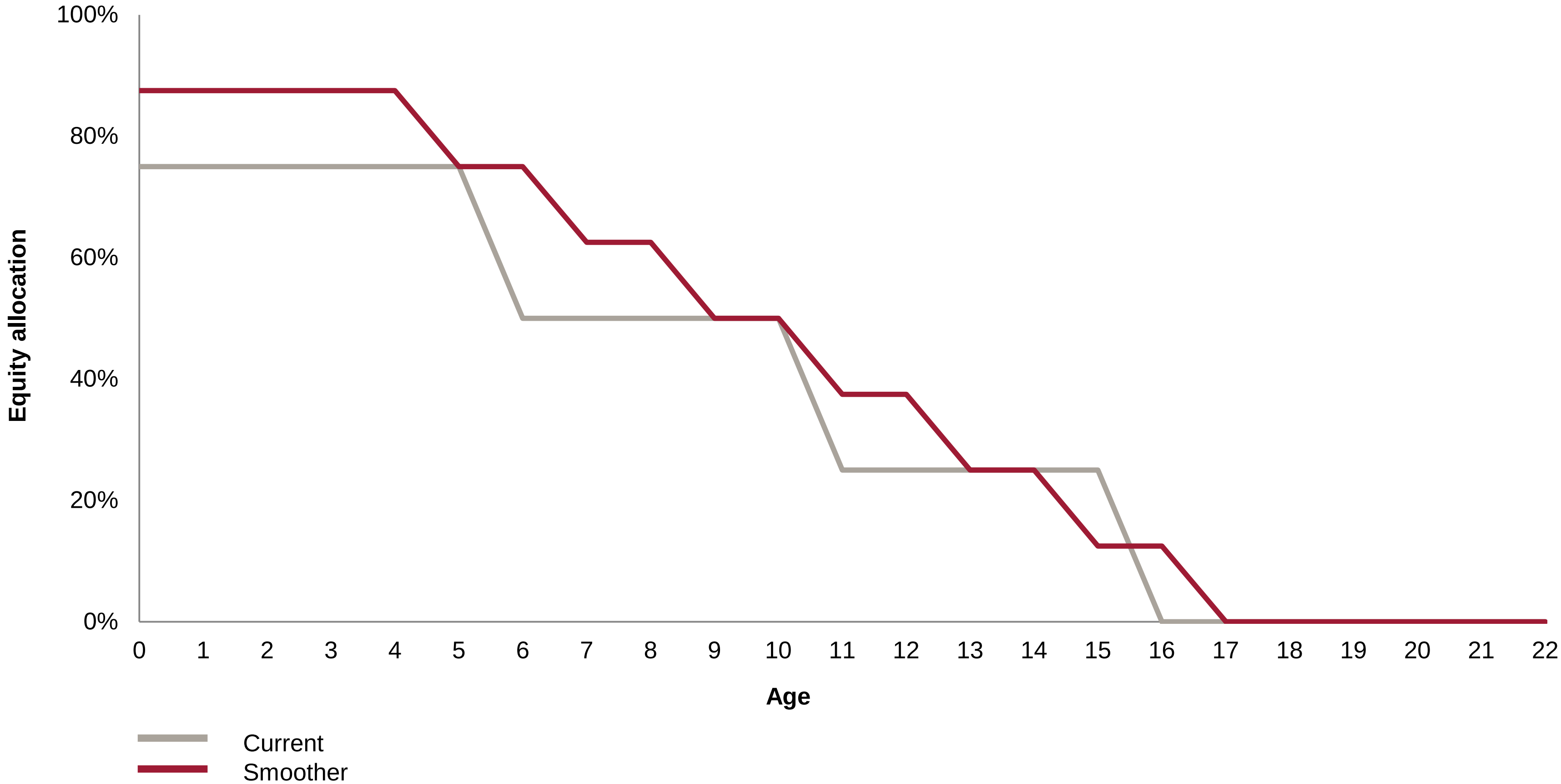
Aggressive glide path



Source: Vanguard.

Equity glide path comparisons: current and new

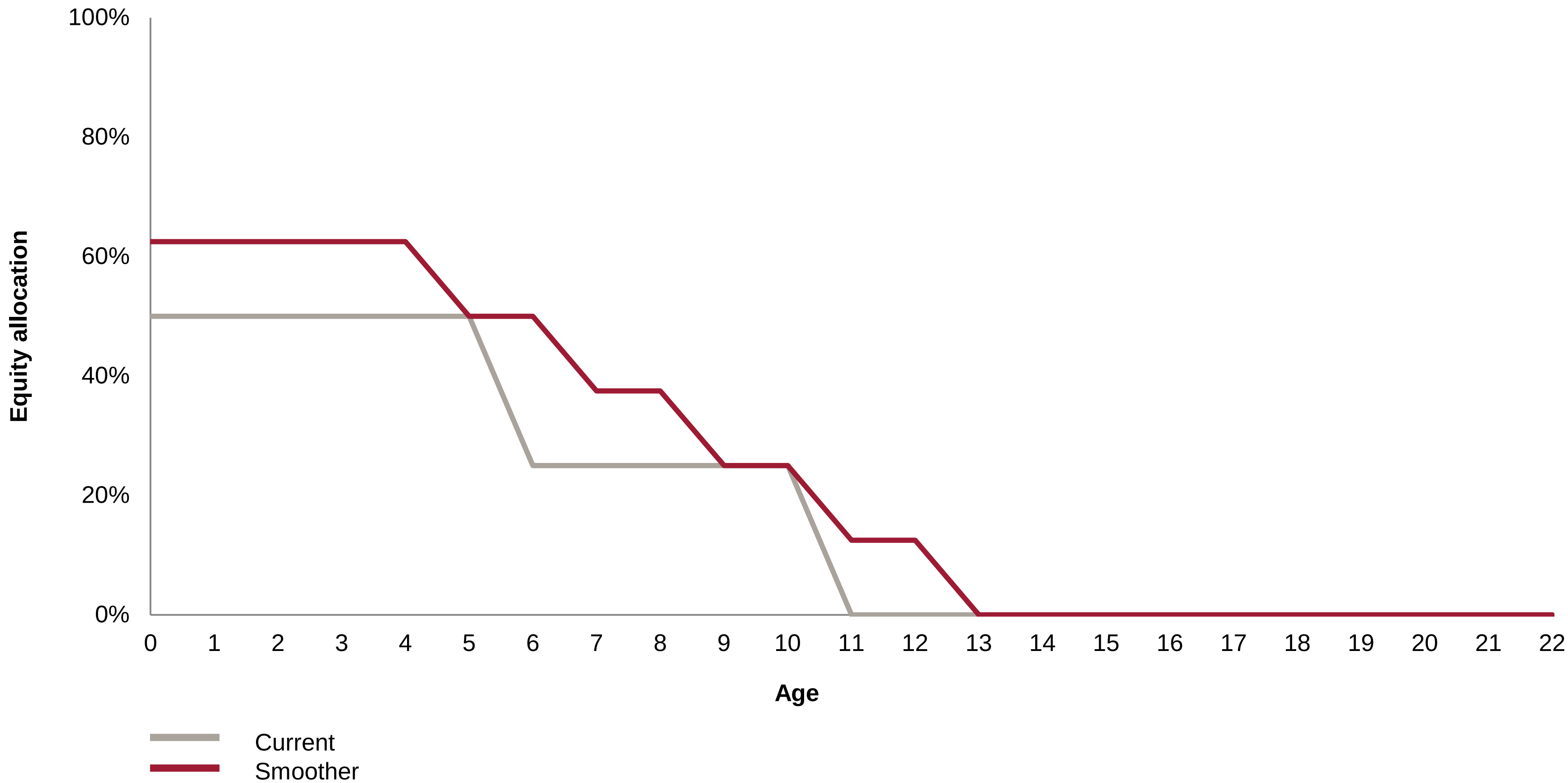
Moderate glide path



Source: Vanguard.

Equity glide path comparisons: current and new

Conservative glide path



Source: Vanguard.

Wealth accumulation statistics for new and current paths

Statistics for wealth accumulation through age 18

	Conservative		Moderate		Aggressive	
Glide paths	**Current**	**New**	**Current**	**New**	**Current**	**New**
Median	23.6%	24.4%	27.2%	28.2%	31.8%	32.4%
Standard deviation	3.8	4.5	7.2	8.8	14.3	15.7
Worst (5th percentile)	18.7	18.8	18.9	18.8	18.1	17.9
Best (95th percentile)	30.9	33.1	41.5	46.0	61.3	64.3
Average equity allocation	18.5	24.5	35.9	41.8	56.5	60.9

Notes: Calculations assume that contributions begin at birth and continue up to age 18. Contributions start at $1 and are adjusted annually for inflation over 18 years. Average equity allocations is for age 0–22.
Source: Vanguard, based on Vanguard Capital Markets Model (VCMM) simulations as of December 2015.

Benefits of new paths

- Smoother paths to address account owner and plan sponsor risk tolerance.
- Risk/reward balance more aligned with current investor risk tolerance.
- Risk/reward balance better matched to current college savers’ behavior.
- More flexibility and choice for plan sponsor.

Appendix

Stepped versus smoothed—wealth accumulation at age 18: Summary of outcomes (base Vanguard recommendation)

- Analysis assumes annual inflation-adjusted contributions, per dollar of contribution.
- Annual contributions begin at birth and continue up to age 18.
- All figures are inflation-adjusted.

Wealth accumulation at age 18, Stepped glide path
Inflation-adjusted, factor per dollar of annual contribution

Statistic	Conservative	Moderate	Aggressive
Mean	27.6%	33.6%	41.1%
Median	26.7	32.5	38.2
Standard deviation	6.2	8.3	14.8
Worst (5th percentile)	19.1	22.4	23.3
Best (95th percentile)	38.9	48.6	67.9

Wealth accumulation at age 18, Smoothed glide path
Inflation-adjusted, factor per dollar of annual contribution

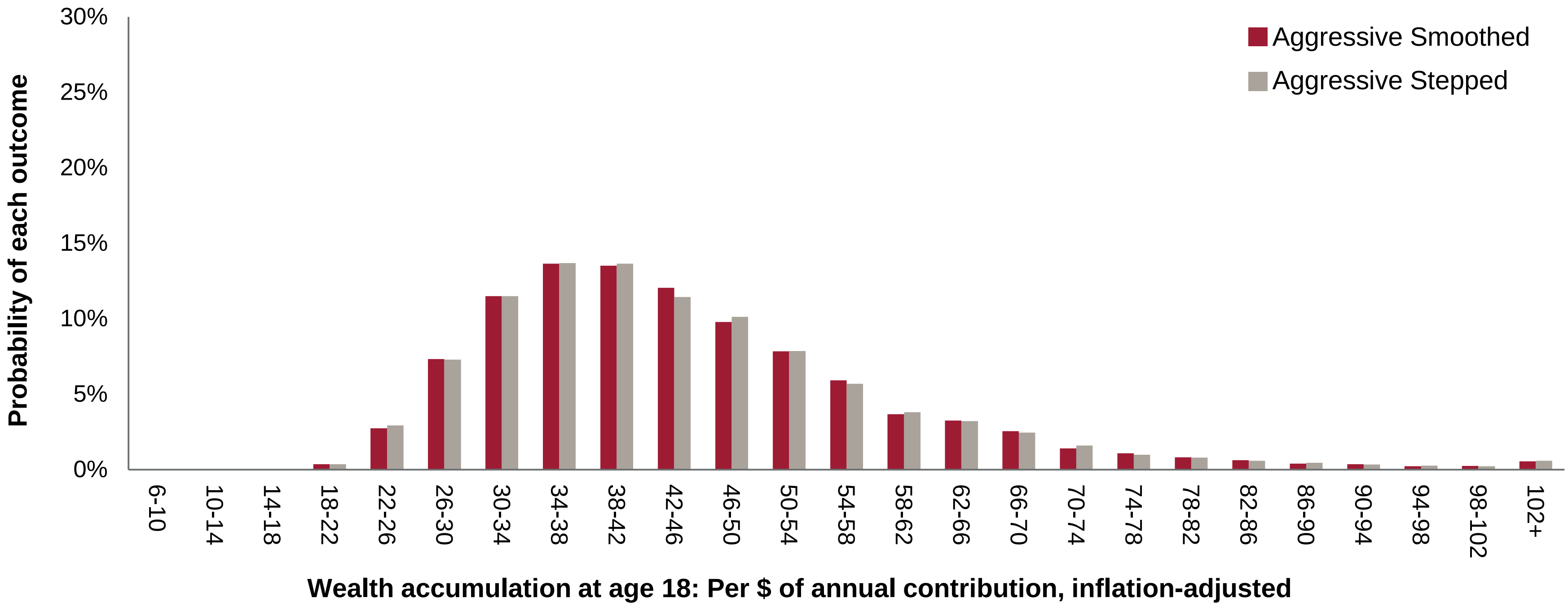
Statistic	Conservative	Moderate	Aggressive
Mean	27.6%	33.6%	41.1%
Median	26.8	32.5	38.3
Standard deviation	6.1	8.2	14.7
Worst (5th percentile)	19.3	22.5	23.3
Best (95th percentile)	38.7	48.4	67.5

Source: Vanguard.
Note: Inflation adjustment based on model's simulated inflation rate in each period

Stepped versus smoothed—wealth accumulation at age 18: Aggressive

- Analysis assumes annual inflation-adjusted contributions, per dollar of contribution.
- Annual contributions begin at birth and continue up to age 18.
- All figures are inflation-adjusted.

Aggressive

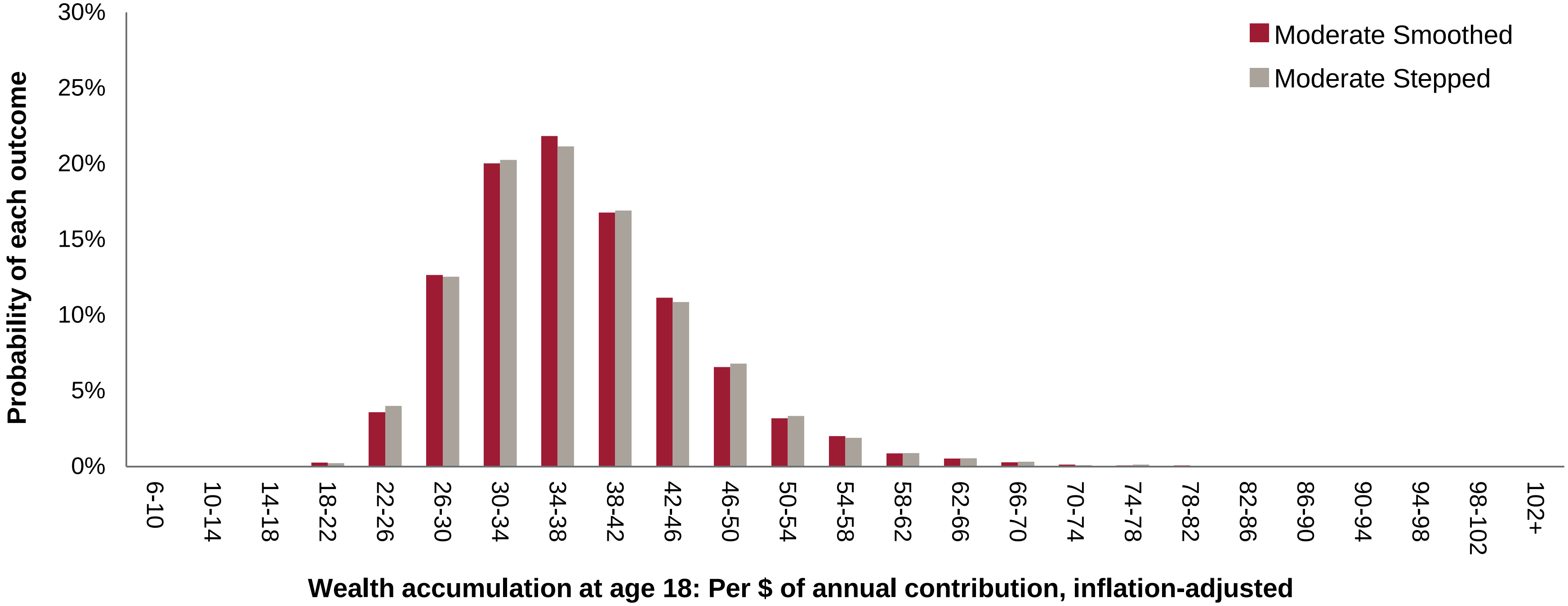


Source: Vanguard.
Notes: College costs taken from Vanguard's college cost projector, using 2011/2012 The College Board average cost data. Assumes contributions made at beginning of each year.

Stepped versus smoothed—wealth accumulation at age 18: Moderate

- Analysis assumes annual inflation-adjusted contributions, per dollar of contribution.
- Annual contributions begin at birth and continue up to age 18.
- All figures are inflation-adjusted.

Moderate

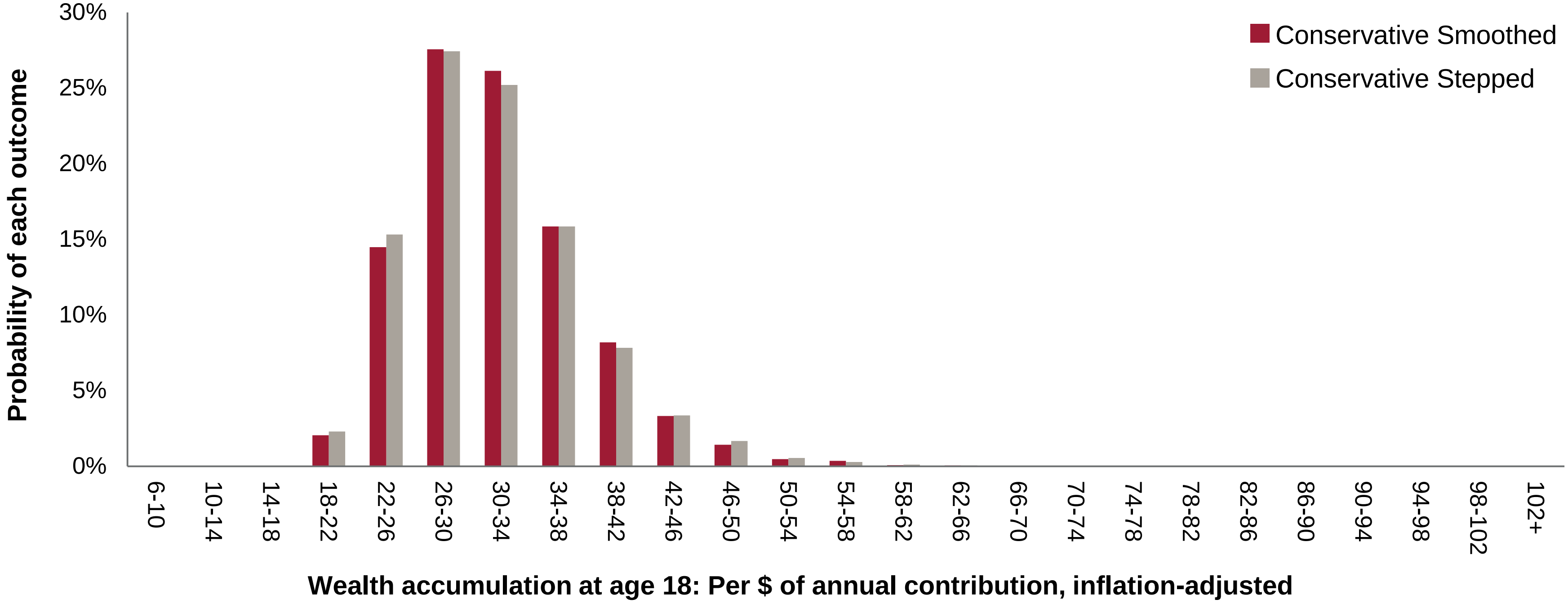


Source: Vanguard.
Notes: College costs taken from Vanguard's college cost projector, using 2011/2012 The College Board average cost data. Assumes contributions made at beginning of each year.

Stepped versus smoothed—wealth accumulation at age 18: Conservative

- Analysis assumes annual inflation-adjusted contributions, per dollar of contribution.
- Annual contributions begin at birth and continue up to age 18.
- All figures are inflation-adjusted.

Conservative



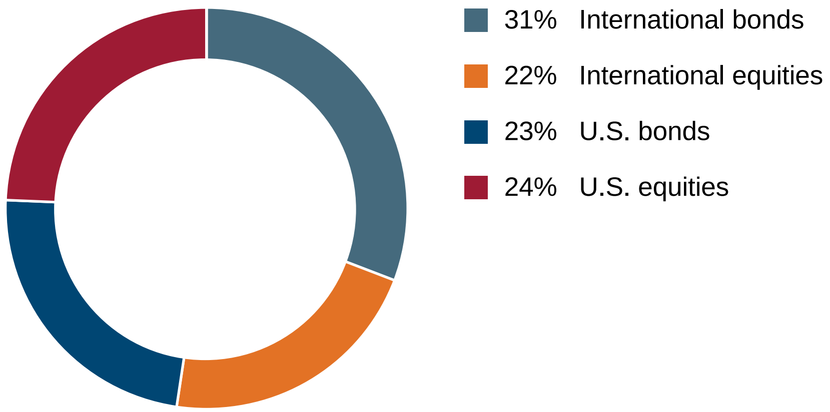
Source: Vanguard.
Notes: College costs taken from Vanguard's college cost projector, using 2011/2012 The College Board average cost data. Assumes contributions made at beginning of each year.

International bonds

Why international fixed income?

- Market breadth is an important component of diversification.
- International bonds currently make up the largest segment of the securities market.
- Factors that drive international bond prices are relatively uncorrelated to the same U.S. factors.
- An allocation to hedged international bonds can lead to lower average portfolio volatility over time.

Global capital markets

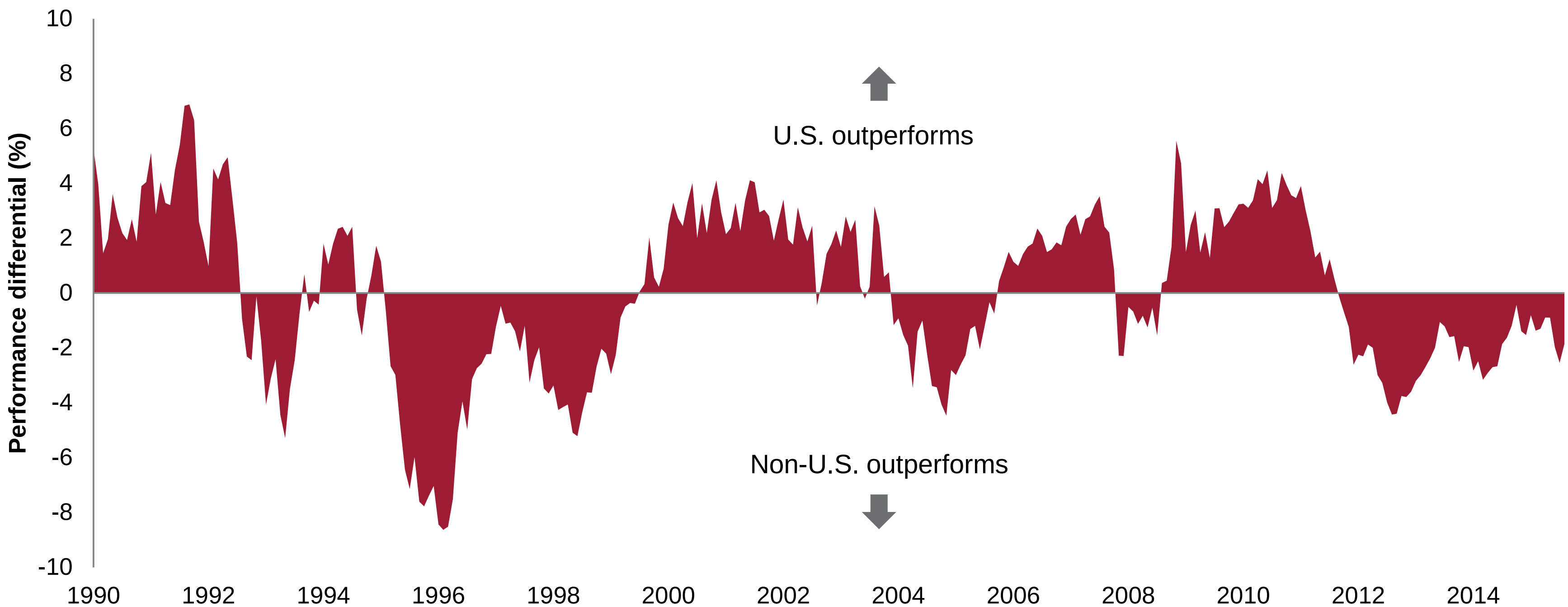


Sources: MSCI, Barclays, and Vanguard, as of December 31, 2015.
U.S. equities are represented by the MSCI US Broad Market Index. International equities are represented by the MSCI AC World Ex USA IMI. U.S. bonds are represented by the Barclays US Aggregate Bond Index. International bonds are represented by the Barclays Global Aggregate ex-USD Index.

Different historical return patterns

Critical at the end of the glide path when bond allocation is largest and drawdown period is near.

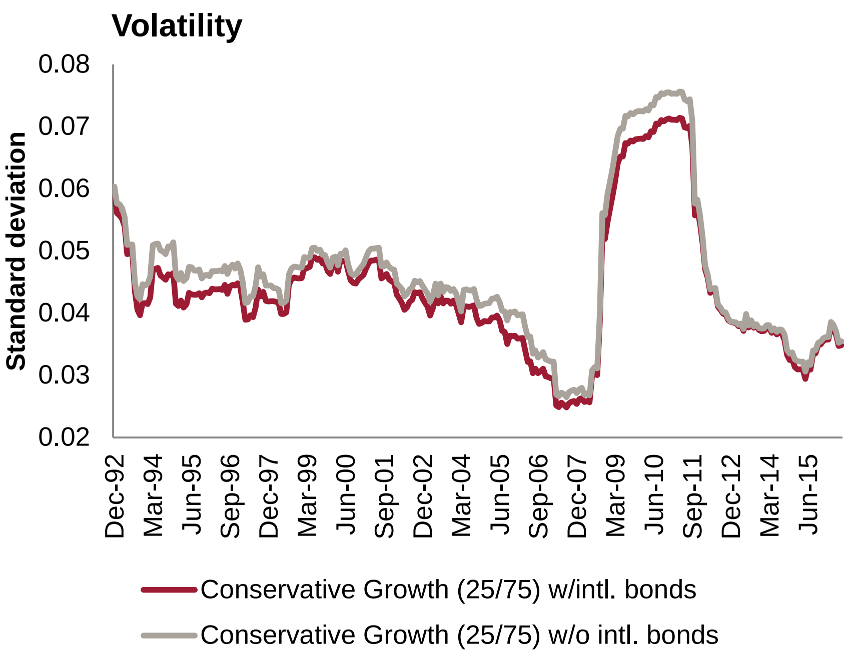
Return differentials: U.S. and non-U.S. fixed income



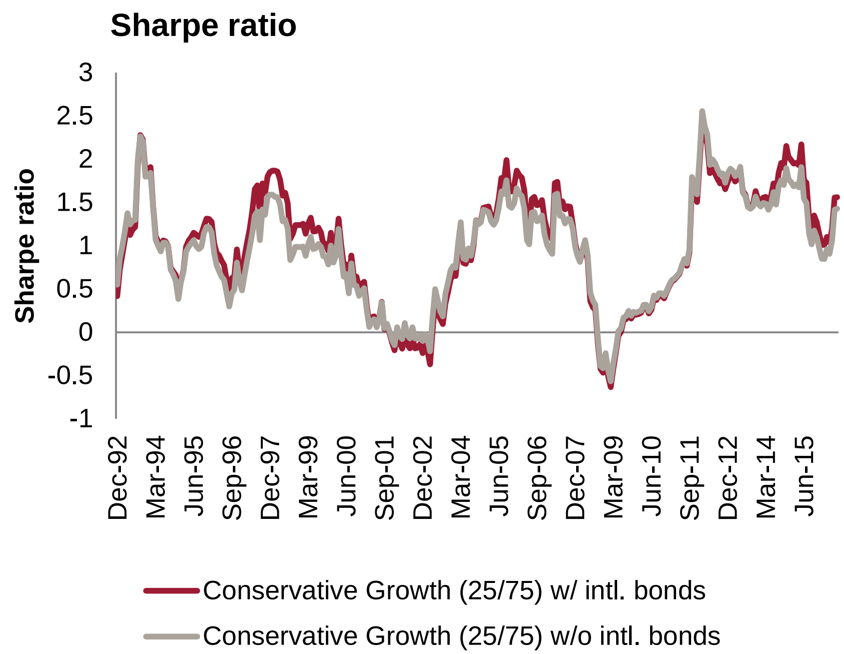
Notes: 12-month return differentials are shown. Benchmarks used are: U.S. equity: Dow Jones Wilshire 5000 Index from 1975 through April 22, 2005, the MSCI US Broad Market Index through June 2, 2013, and the CRSP US Total Market Index thereafter. Non-U.S. equity: MSCI World ex US Index from 1975 through April 1995, the MSCI All Country World ex USA Index through June 2, 2014, and the FTSE Global All Cap ex US index thereafter. U.S. fixed income: Barclays U.S. Aggregate Bond Index. Non-U.S. fixed income: Barclays Global Aggregate ex USD (hedged) Index thereafter. US Bonds represented by the Barclays U.S. Aggregate bond Index through December 31, 2009 and the Barclays U.S. Aggregate Float Adjusted Bond Index thereafter. International bonds represented by the Barclays Global Aggregate ex-USD Bond Index (Hedged). Treasury bills represented by the Citigroup 3-Month Barclays Global Aggregate ex-USD Bond Index (Hedged). Treasury bills represented by the Citigroup 3-Month U.S. T-Bill Index.
Source: Vanguard calculations using data from Wilshire, MSCI, CRSP, FTSE and Barclays. Data through July 31, 2016.

Non-U.S. bonds impact on risk-adjusted returns and volatility

Imperfect correlations reduce portfolio volatility in 25% equity/75% bond portfolio



And improve Sharpe ratios

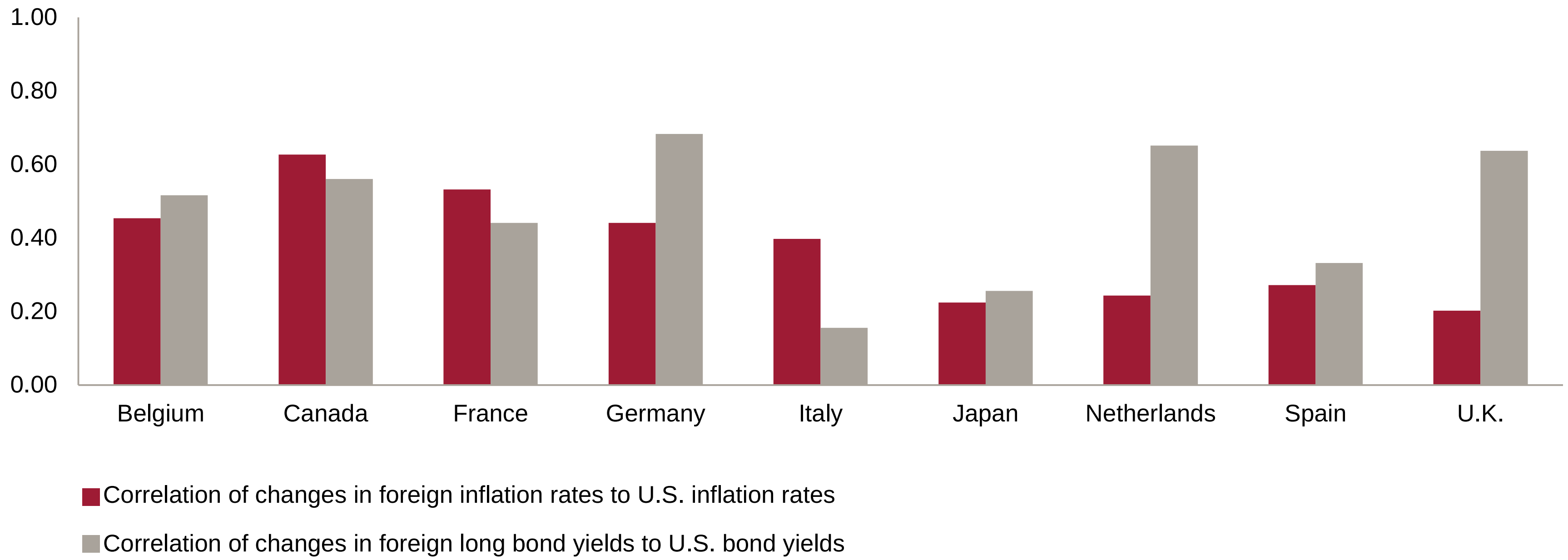


Source: Vanguard using data from Barclays, Citigroup, Wilshire Associates, MSCI, CRSP, and FTSE.
Notes: Sharpe ratio and volatility are based on 3-year rolling monthly returns. U.S. stocks represented by the Dow Jones Wilshire 5000 Index through April 22, 2005, the MSCI US Broad Market Index through June 2, 2013, and the CRSP Total Market Index thereafter. International stocks represented by the MSCI All Country World ex-USA IMI Index through June 2, 2013 and the FTSE Global All Cap ex US Index thereafter. US Bonds represented by the Barclays U.S. Aggregate bond Index through December 31, 2009 and the Barclays U.S. Aggregate Float Adjusted Bond Index thereafter. International bonds represented by the Barclays Global Aggregate ex-USD Bond Index (Hedged). Treasury bills represented by the Citigroup 3-Month U.S. T-Bill Index.

Key drivers of returns imply global diversification benefits

Low correlations between U.S. and foreign fixed-income-return drivers offer future diversification benefits

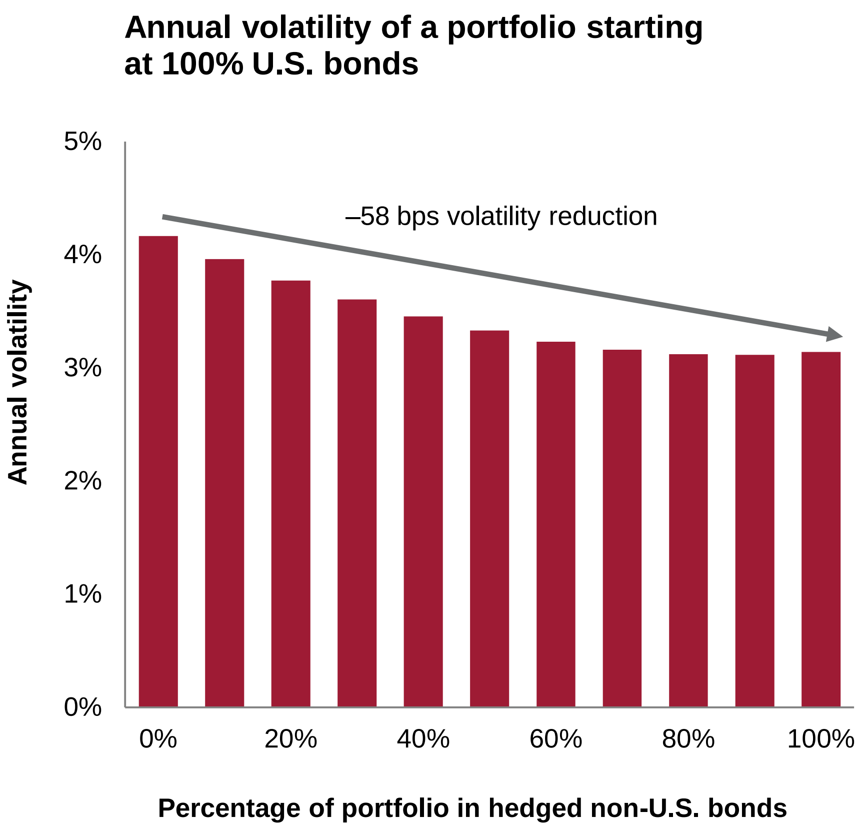
Foreign interest rates and inflation not perfectly correlated to U.S.

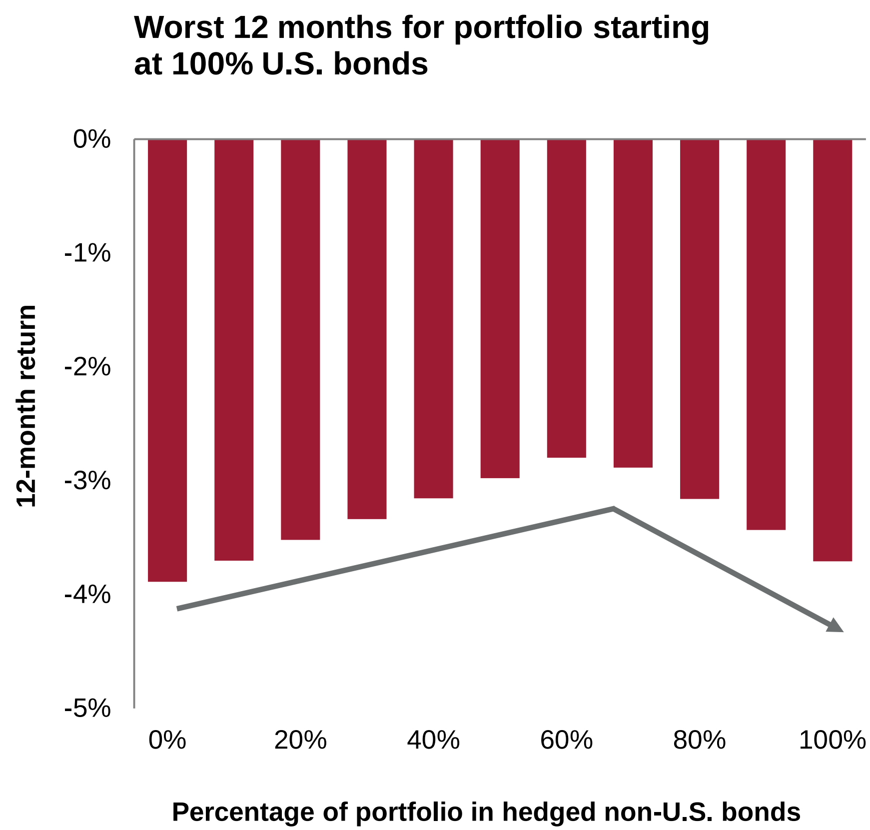


Data as of December 31, 2015. Sources: U.S. Federal Reserve, U.S. Bureau of Labor Statistics, various international government agencies via Thomson Reuters Datastream, and Vanguard.

Use of hedged foreign bonds has diversified a purely domestic fixed-income portfolio

Diversification with lower volatility and downside risk



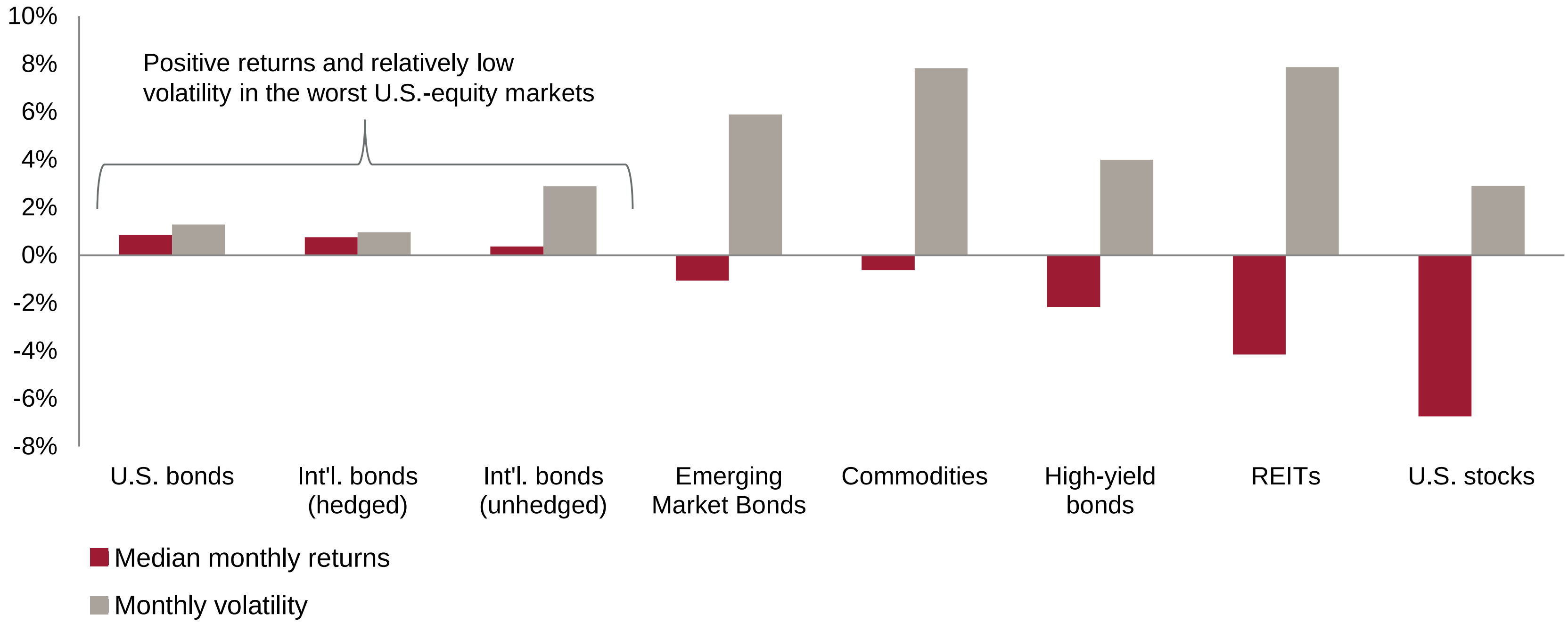


Sources: MSCI, Barclays, Citigroup, and Vanguard.
Data from 1985 to June 30, 2015. U.S bonds represented by Barclays US Aggregate Bond Index. International bonds represented by Citigroup World Government Bond Ex-US Hedged Index through 1989 and Barclays Global Aggregate ex-USD Hedged Bond Index thereafter.

Why diversify with hedged international bonds rather than other asset classes?

- Hedged international bonds have provided valuable diversification with relatively low volatility in the worst market environments, similar to US bonds.
- Other, more volatile “diversifiers” (REITs, high-yield bonds, emerging-market bonds, and commodities) have failed to deliver positive average returns in such environments.

Median monthly returns and monthly volatility during bottom-decile U.S.-equity periods (1985–2015)



Emerging Market Bond data is from January 1994–December 2015 due to data availability.
Sources: U.S. Bonds: Barclays U.S. Aggregate Bond Index, Hedged Int’l Bonds: 1985-1989 - Citigroup WGBI Ex USD (hedged); since 1989 - Barclays Global Aggregate Ex USD (hedged), Unhedged Int’l Bonds: 1985-1989 - Citigroup WGBI Ex USD (unhedged); since 1989 - Barclays Global Aggregate Ex USD (unhedged), Emerging Market Bonds: 1993-7/2001 - JP Morgan EMBI; Since 7/2001 Barclays Global Emerging Markets Index, High Yield Bonds: Barclays US Corp High Yield Index, US Stocks: 1971-4/2005 - DJ Wilshire 5000, 5/2005 – 6/2/2013 MSCI US Broad Market Index, and the CRSP US Total Market Index thereafter. REITs: FTSE NAREIT Equity REIT Index, Commodities: S&P GSCI.

Non-U.S. fixed income and U.S. fixed income have been diversifiers of equity risk

- Historical correlations between hedged, non-U.S. fixed income and equities illustrate past diversification benefits.
- Vanguard's VCMM 10-year median correlation projections for equities and non-U.S. hedged fixed income suggests this diversification benefit will continue.

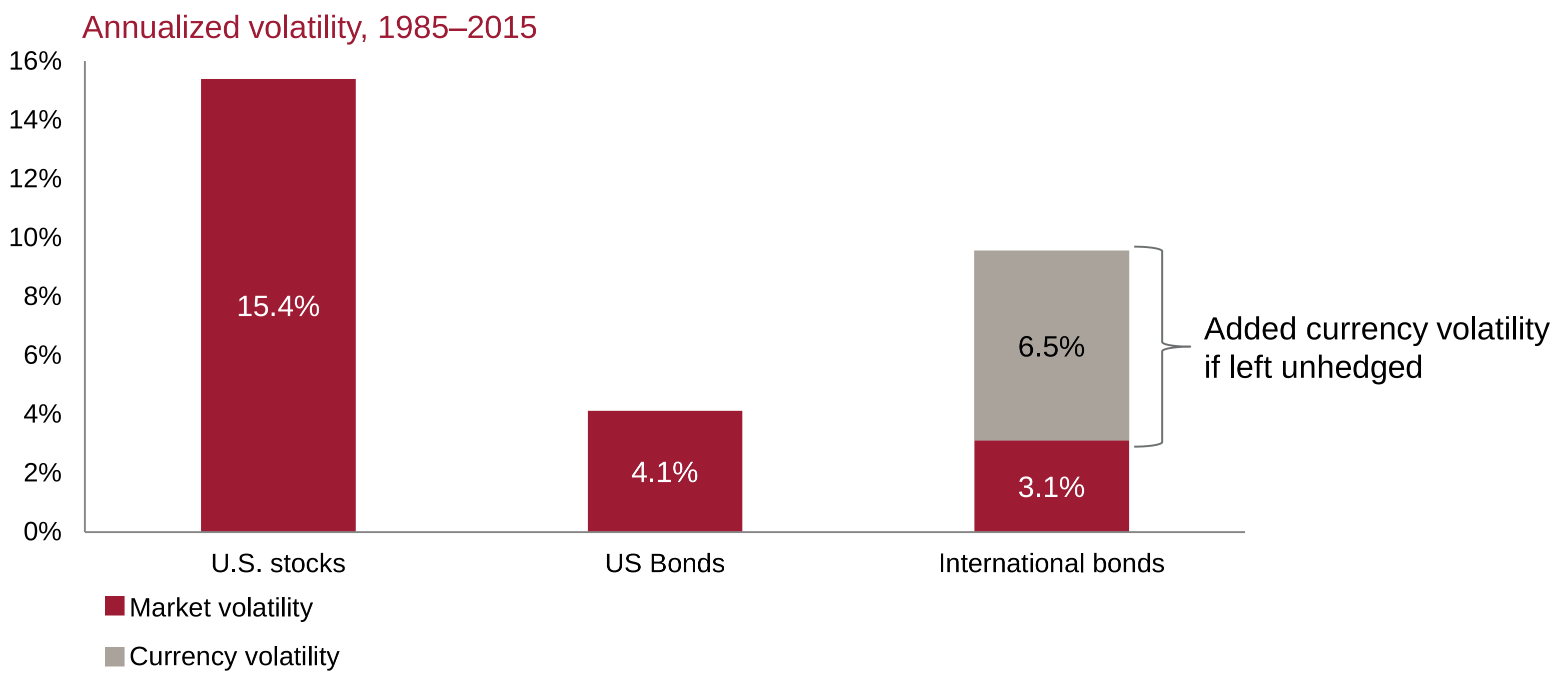
Historical correlation of monthly returns with U.S. stocks (Jan. 1988–Jan. 2016)

U.S. stocks	**U.S. bonds**	**High-yield bonds**	**Treasury bonds**	**Corporate bonds**	**Global Agg ex USD (unhedged)**	**Global Agg ex USD (hedged)**	**Emerging market bonds**
1.00	0.12	0.63	-0.08	0.29	0.16	0.06	0.55

Notes: U.S. stocks represented by the Dow Jones US Total Stock Market Index, U.S. bonds by the Barclays US Aggregate Index, high-yield bonds by the Barclays U.S. Corporate High Yield Index, emerging market bonds by the Barclays Emerging Markets USD Sovereign Bond Index,corporate bonds by the Barclays U.S. Corporate Investment Grade Index, Treasury bonds by the Barclays U.S. Treasury Index, and non-U.S. bonds by the Barclays Global Aggregate ex-USD Indexes.
Sources: Vanguard calculations, based on data from Wilshire Associates, MSCI, CRSP, Dow Jones, FTSE, Bloomberg, Morningstar, and Barclays.

The benefits of currency hedging fixed income

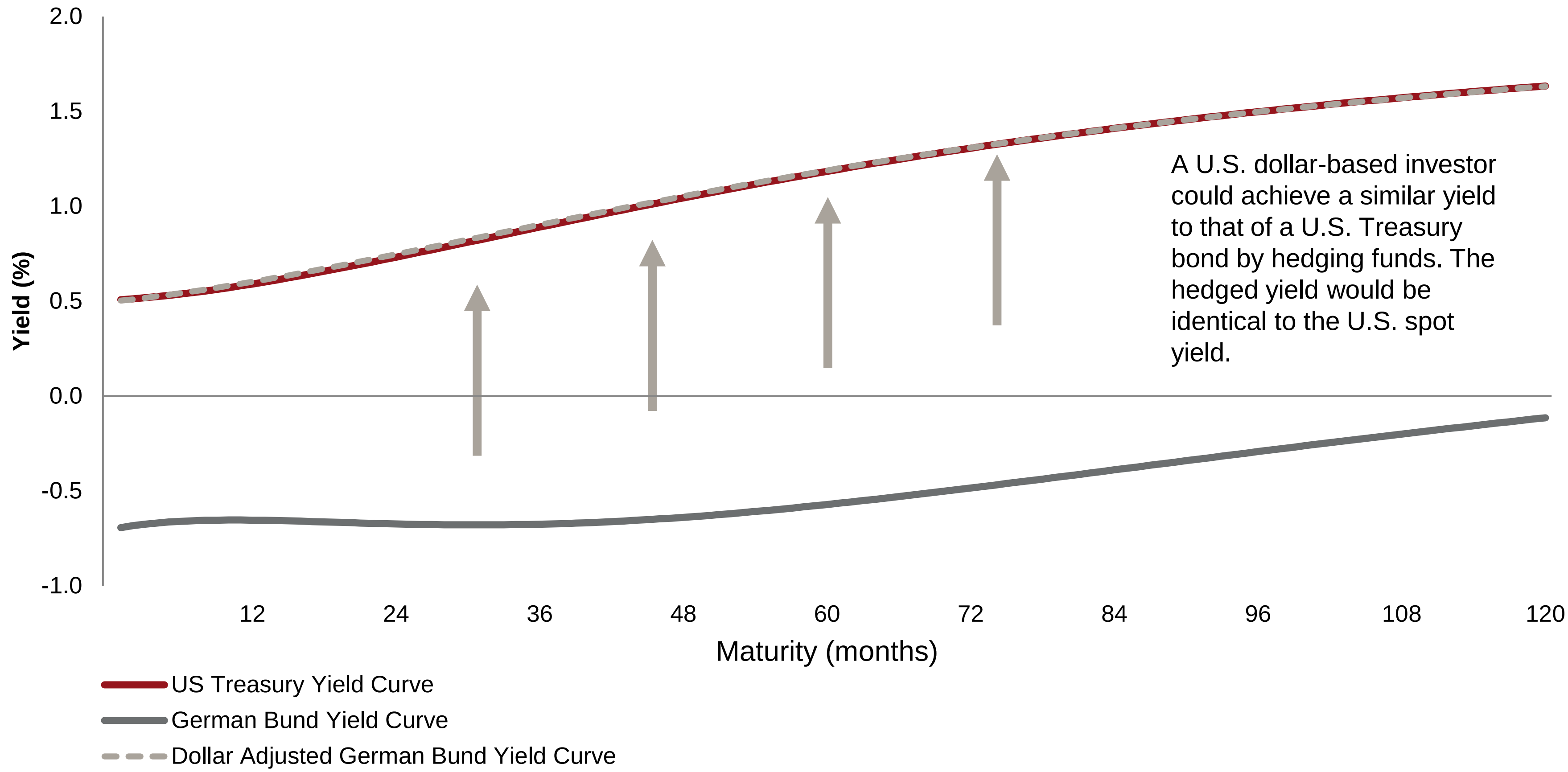
- Currency accounts for two-thirds of the volatility
- Currency hedging produces:
  - "Bond-like" volatility.
  - Exposure to international fixed income without making an active bet on the dollar.



Notes: Volatility calculated from monthly returns of U.S. stocks, which are represented by the Dow Jones Wilshire 5000 Index through May 2005 and the MSCI US Broad Market Index thereafter. U.S. bonds, are represented by the Barclays U.S. Aggregate Bond Index. International bonds are represented by the Citigroup World Government Bond Ex-US (Hedged/Unhedged) Index through 1989 and the Barclays Global Aggregate ex-USD (Hedged/Unhedged) Index thereafter.
Source: Vanguard

Why all the negativity?

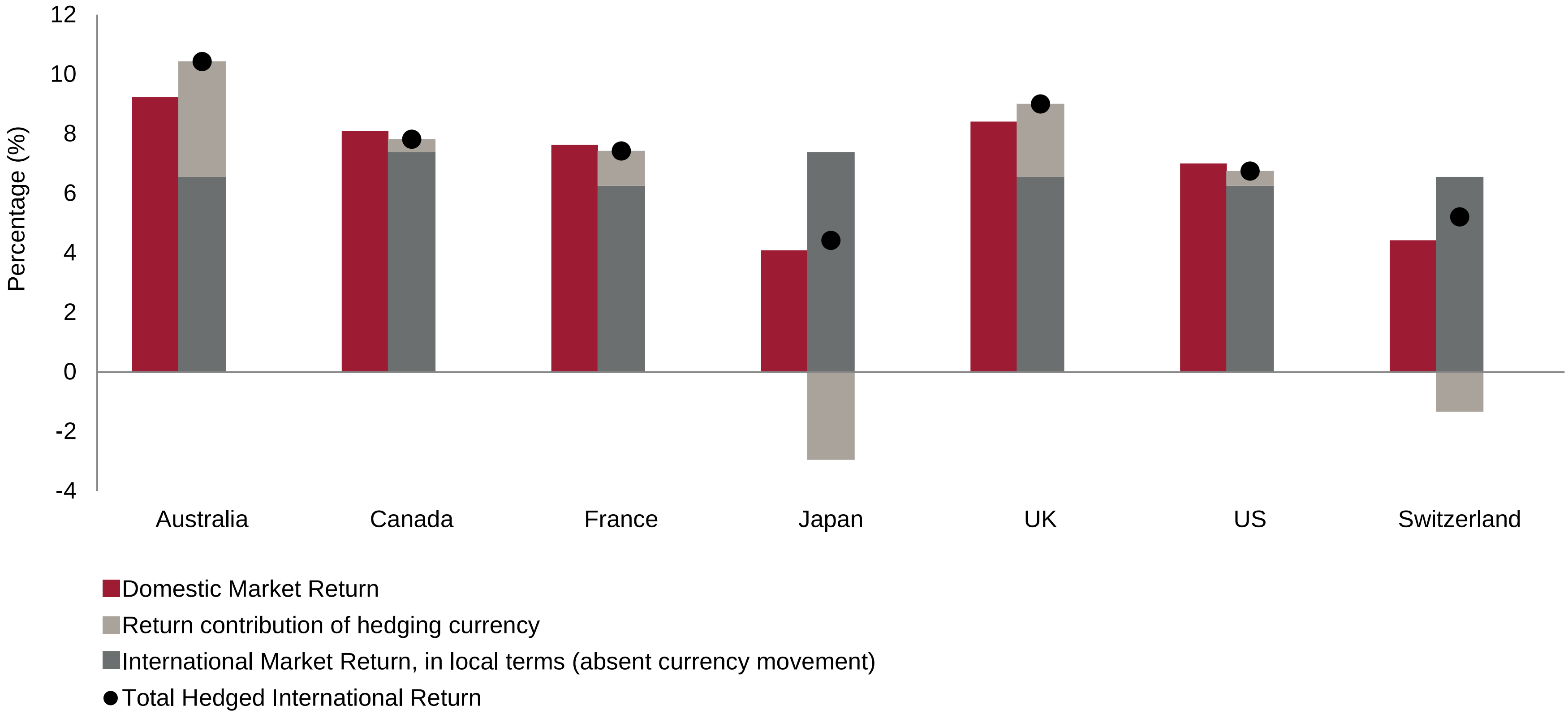
Negative yields in international bonds do not mean investors are locking in a loss



Source: Vanguard calculations based on data from Moody's Analytics, Federal Reserve System, and Deutsche Bundesbank.
Notes: U.S. and German spot yield curves as of July 15, 2016. The hedge return is defined as the cumulative average difference between U.S. and German implied 1-month forward contracts over the life of the underlying German bund. Spot and forward curves are constructed according to the methodology presented in 'Francis X. Diebold and Canlin Li, 2006. Forecasting the term structure of government bond yields. Journal of Econometrics 130:337-64'.

Hedging has tended to equalize long-term returns between an investor’s domestic and international market

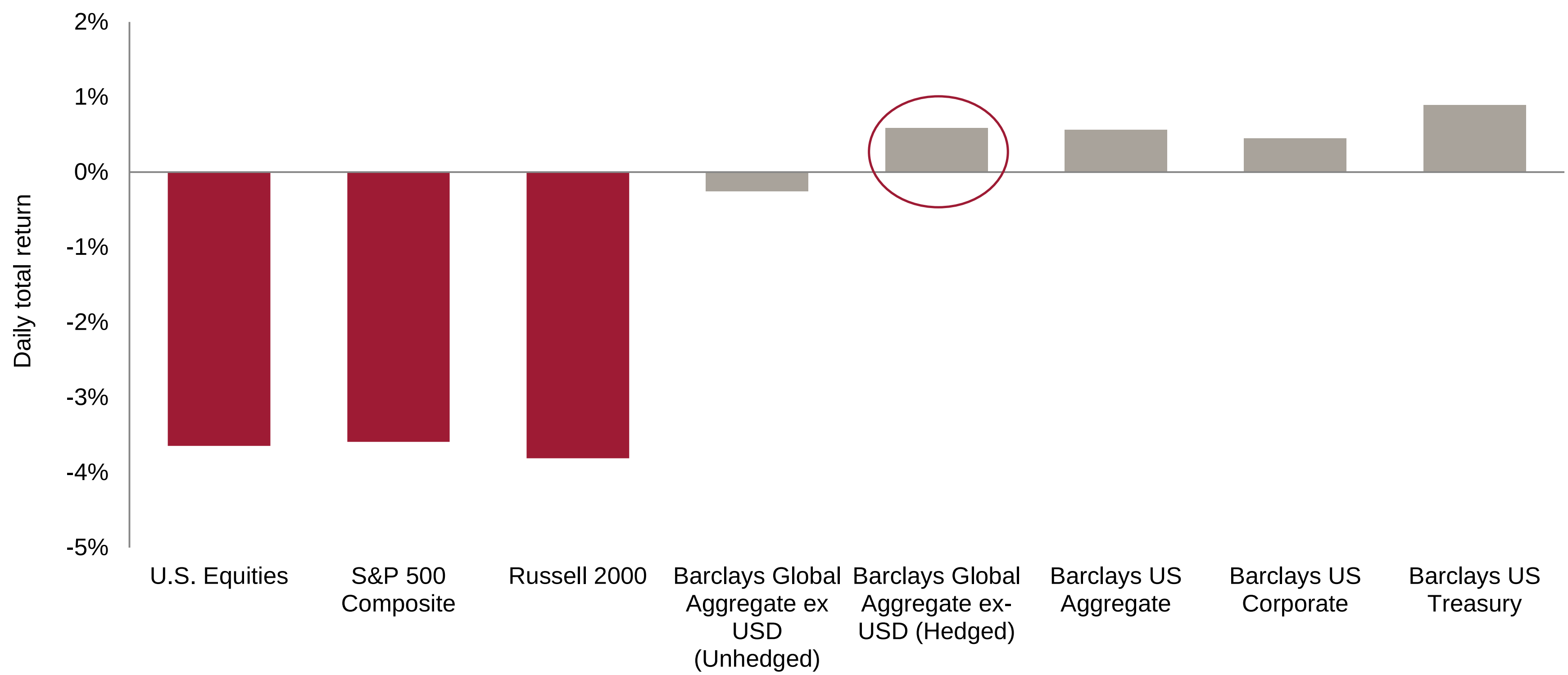
Returns of domestic and international bond markets from perspective of investors in the stated country, January 1, 1985 to July 31, 2015



Sources: Vanguard calculations, based on data from Citigroup.
Notes: “Domestic market return” is defined here as each country’s respective component of the Citigroup World Government Bond Index, with returns measured in that country’s currency. “International market return in local terms (absent currency movement)” is defined as the Citigroup World Government Bond Index (excluding the stated country), measured in local terms. “Return contribution of hedging currency” is the difference in return between the international index measured in hedged terms versus local terms. We used France as a proxy for euro-area investors, because of a lack of history for the broad monetary area.

Hedged non-U.S. bonds provided ballast for unexpected events

Barclays Global Aggregate ex-USD, hedged: positive during “Brexit”



Sources: Vanguard calculations based on data from Thomson Reuters Datastream, and Barclays.
Notes: U.S. stocks represented by Dow Jones U.S. Total Stock Market Index through April 2005, MSCI US Broad Market Index through June 2013 and CRSP US Total Market Index thereafter. Values represent the total return of each index on June 24, 2016.

Appendix

Executive summary

Recommended change

Increase global diversification by adding exposure to hedged international bonds.

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

Why?

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

Why now?

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

*Sources: Simfund and Morningstar, as of December, 2014. International costs are measured by average expense ratios for funds with more than 50% of their holdings in non-U.S. securities. Transaction costs measured by bid-ask spreads

Smoothed glide path underlying funds

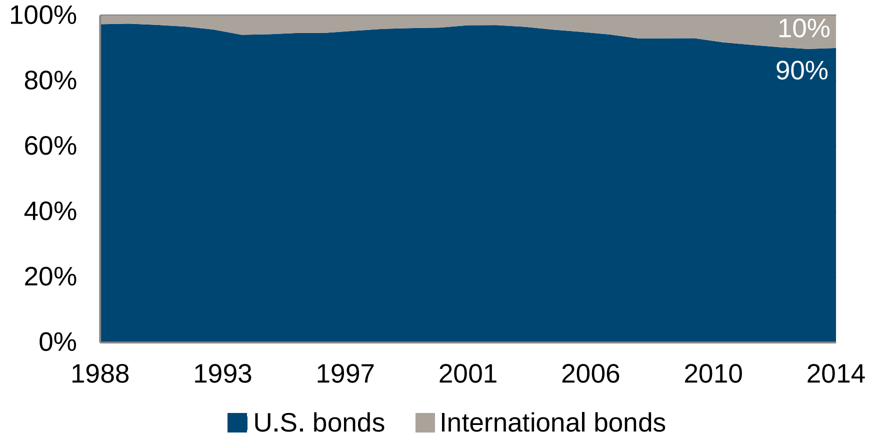
Portfolio	Vanguard Total Stock Market Index	Vanguard Total International Stock Index	Vanguard Total Bond Market II Index	Vanguard Total International Bond Index	Vanguard Short-Term Inflation-Protected Securities Index	Vanguard Stable Value Securities
Aggressive Growth	60.00%	40.00%	—	—	—	—
New Portfolio	52.50%	35.00%	8.75%	3.75%		
Growth	45.00%	30.00%	17.50%	7.50%	—	—
New Portfolio	37.50%	25.00%	26.25%	11.25%	—	—
Moderate Growth	30.00%	20.00%	35.00%	15.00%	—	—
New Portfolio	22.50%	15.00%	43.75%	18.75%	—	—
Conservative Growth	15.00%	10.00%	52.50%	22.50%	—	—
New Portfolio	7.50%	5.00%	61.25%	26.25%	—	—
Income	—	—	34.50%	22.50%	18.00%	25.00%
New Portfolio	—	—	23.00%	15.00%	12.00%	50.00%
New Porttolio	—	—	11.50%	7.50%	6.00%	75.00%
Interest Accumulation	—	—	—	—	—	100.00%

Source: Vanguard.

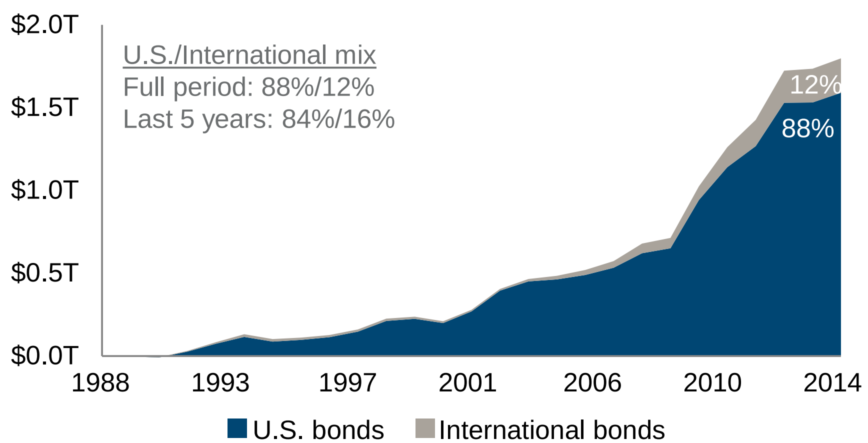
Home bias exists, but investors continue to allocate toward more global portfolios

Fixed income

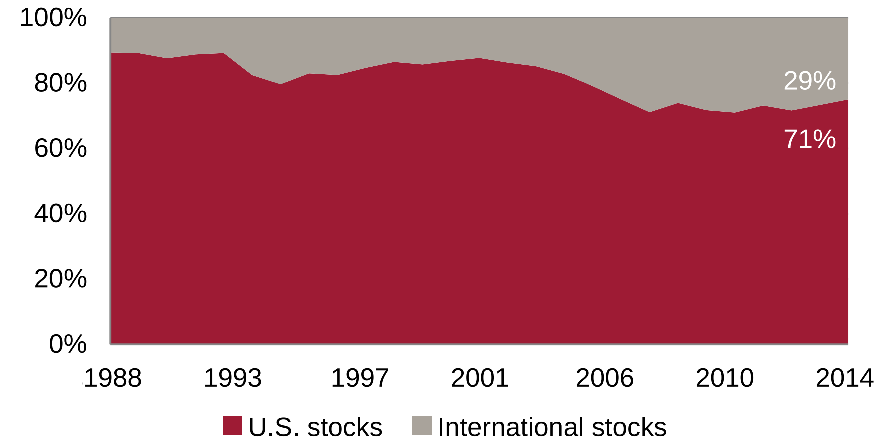
Assets under management

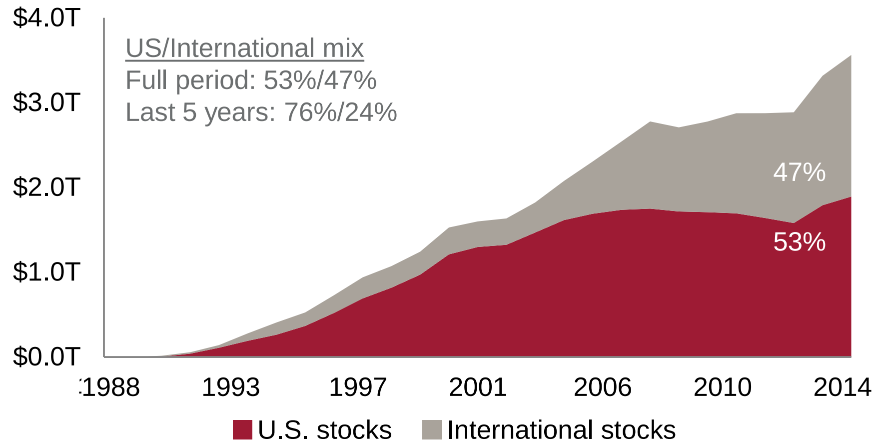


Cumulative cash flow



Equities





Note: U.S./International equities allocation specified by Simfund classification; U.S. fixed-income allocation specified by funds with more than 50% U.S. exposure. Data as of December 2014. Source: Simfund.

Why international bonds?

Correlation of quarterly changes in government bond yields, January 1970–March 2014

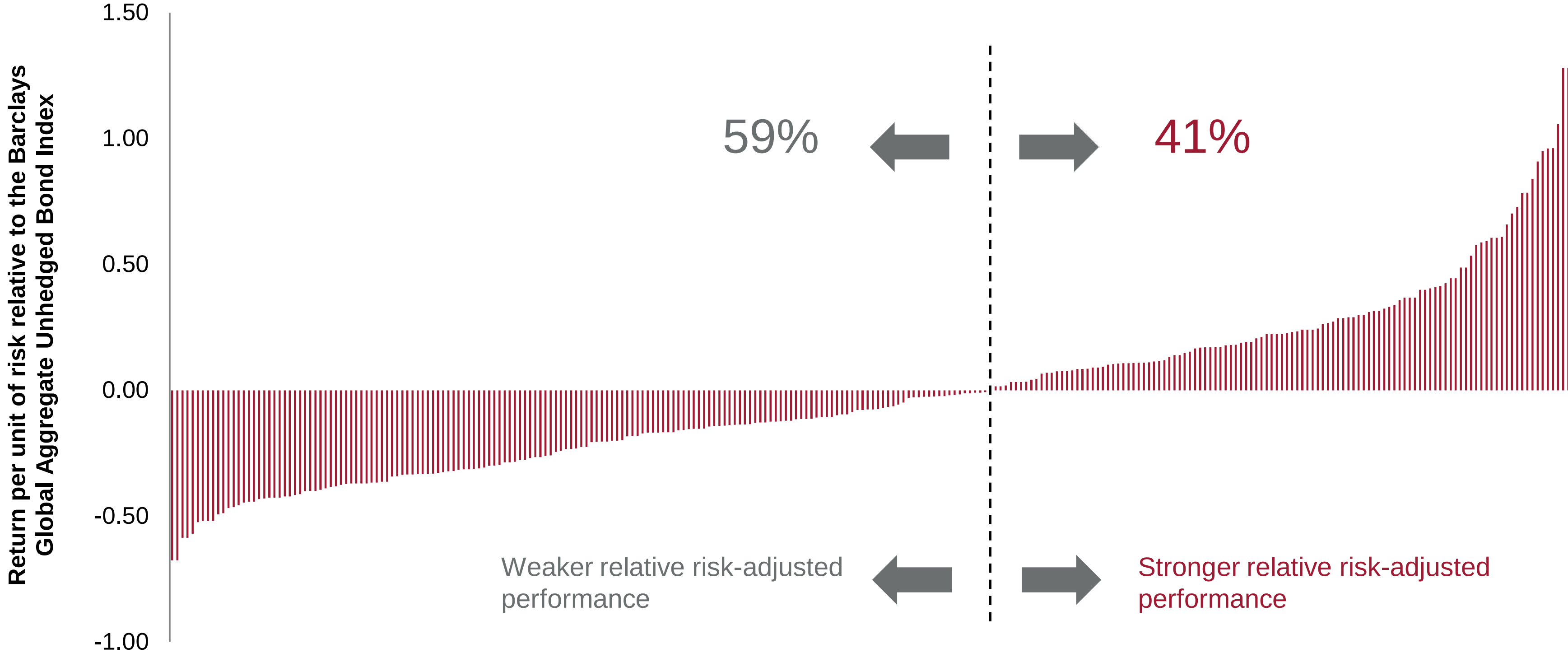
Australia	1.00	0.41	0.44	0.28	0.42	0.45	0.31	0.32	0.36	0.46	0.27	0.29	0.42	0.38	0.38	0.48
Belgium	0.41	1.00	0.43	0.28	0.73	0.60	0.40	0.49	0.39	0.60	0.25	0.44	0.56	0.53	0.43	0.48
Canada	0.44	0.43	1.00	0.30	0.50	0.52	0.27	0.31	0.40	0.54	0.04	0.26	0.33	0.43	0.40	0.80
Denmark	0.28	0.28	0.30	1.00	0.32	0.28	0.18	0.27	0.18	0.32	0.10	0.20	0.31	0.23	0.21	0.28
France	0.42	0.73	0.50	0.32	1.00	0.60	0.43	0.49	0.43	0.61	0.15	0.45	0.54	0.51	0.46	0.51
Germany	0.45	0.60	0.52	0.28	0.60	1.00	0.43	0.33	0.50	0.83	0.14	0.35	0.44	0.64	0.51	0.60
Ireland	0.31	0.40	0.27	0.18	0.43	0.43	1.00	0.31	0.29	0.30	0.06	0.18	0.27	0.33	0.68	0.25
Italy	0.32	0.49	0.31	0.27	0.49	0.33	0.31	1.00	0.18	0.35	0.19	0.24	0.46	0.28	0.29	0.24
Japan	0.36	0.39	0.40	0.18	0.43	0.50	0.29	0.18	1.00	0.48	0.11	0.05	0.28	0.38	0.34	0.42
Netherlands	0.46	0.60	0.54	0.32	0.61	0.83	0.30	0.35	0.48	1.00	0.18	0.31	0.41	0.66	0.40	0.60
New Zealand	0.27	0.25	0.04	0.10	0.15	0.14	0.06	0.19	0.11	0.18	1.00	0.17	0.35	0.12	0.08	0.09
Norway	0.29	0.44	0.26	0.20	0.45	0.35	0.18	0.24	0.05	0.31	0.17	1.00	0.47	0.40	0.28	0.26
Sweden	0.42	0.56	0.33	0.31	0.54	0.44	0.27	0.46	0.28	0.41	0.35	0.47	1.00	0.40	0.34	0.35
Switzerland	0.38	0.53	0.43	0.23	0.51	0.64	0.33	0.28	0.38	0.66	0.12	0.40	0.40	1.00	0.43	0.46
United Kingdom	0.38	0.43	0.40	0.21	0.46	0.51	0.68	0.29	0.34	0.40	0.08	0.28	0.34	0.43	1.00	0.40
United States	0.48	0.48	0.80	0.28	0.51	0.60	0.25	0.24	0.42	0.60	0.09	0.26	0.35	0.46	0.40	1.00

Correlation: 0.00–0.19 0.20–0.39 0.40–0.59 0.60–0.79 0.80–0.99 1.00

Notes: Each cell displays the average correlation of quarterly changes in the long-term government bond yield of one country relative to the yield of every other country. The cells are shaded according to the magnitude of the correlation, as noted in the key. The countries shown reflect the largest developed government bond markets with monthly historical yield data available since 1970.
Source: Vanguard, using data from International Monetary Fund.

Active versus passive

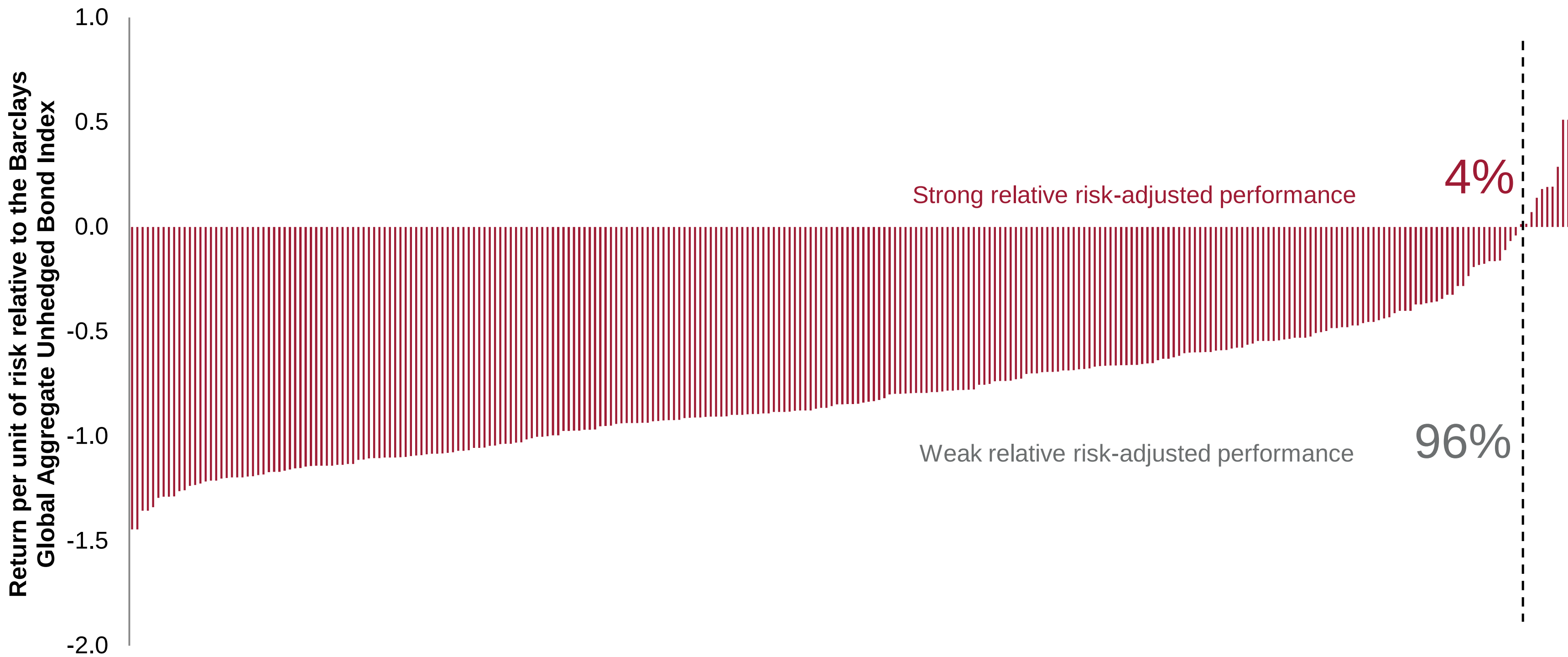
A minority of active global bond funds produced more return per unit of risk than the unhedged benchmark



Note: Risk and return are calculated and compared to the benchmark for all funds with at least 36 months of continuous history during the 10-year period ending December 31, 2012.
Source: Vanguard calculations, using data from Morningstar and Barclays Capital.

Active versus passive

Few active global bond funds produced more return per unit of risk than the hedged benchmark



Note: Risk and return were calculated and compared with those of hedged Barclays Global Aggregate Bond Index for all funds with at least 36 months of continuous history during ten-year period ended December 31, 2012.
Source: Philips, Christopher B., Todd Schlanger, and Brian R. Wimmer, 2013, *The active/passive decision in global bond funds*, Vanguard Research. Valley Forge, Pa.: The Vanguard Group.

How we hedge

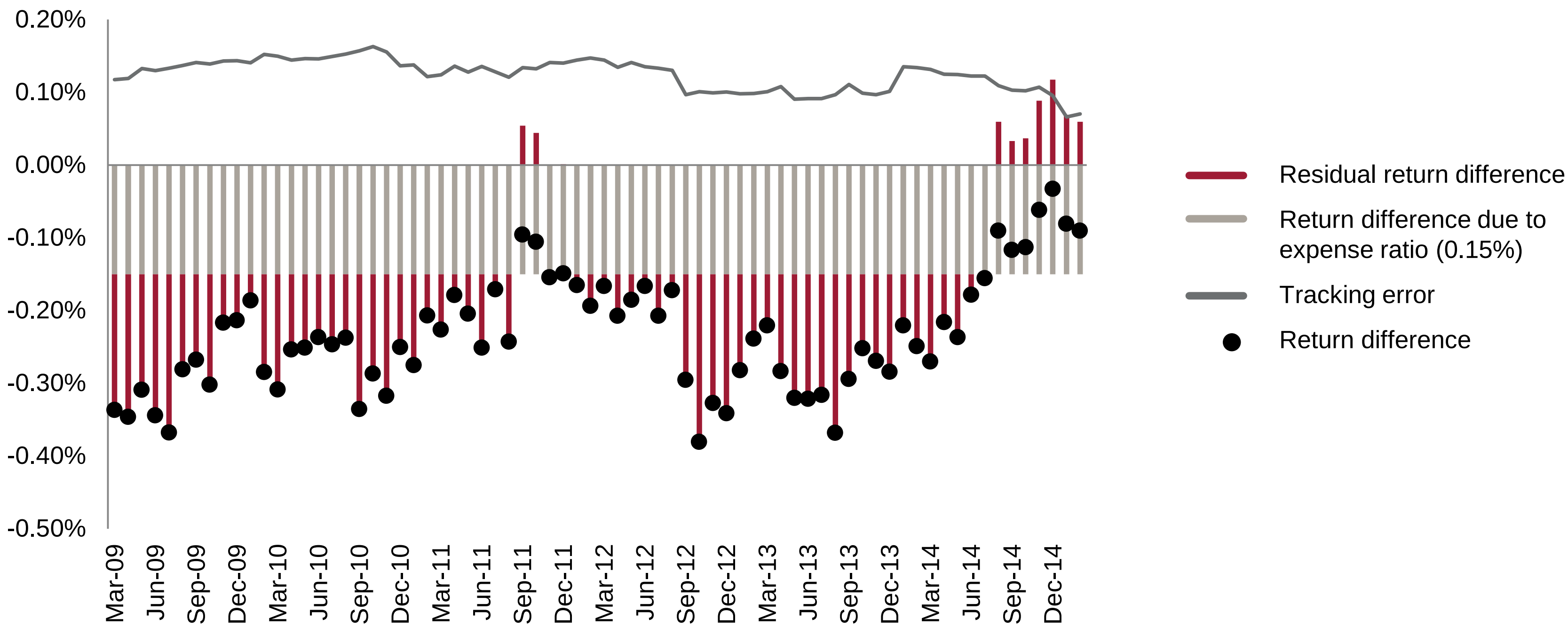
Hedging process

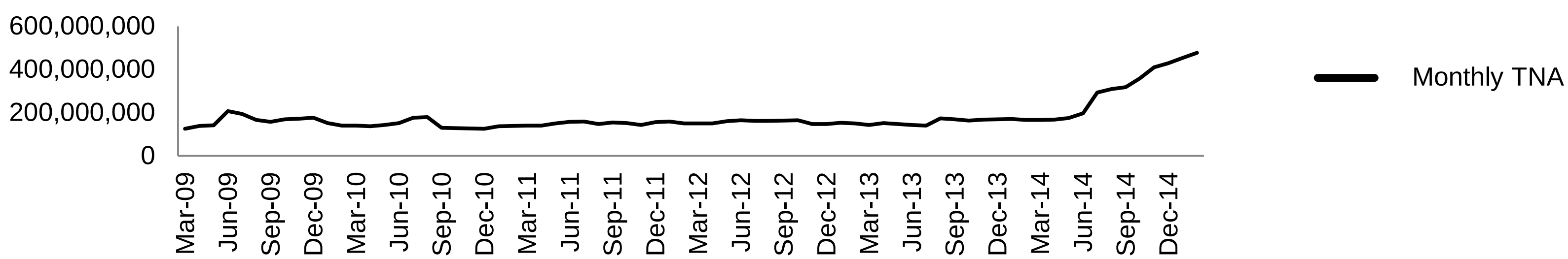
- The Total International Bond Index Fund uses the Barclays index currency-hedging methodology. This includes executing all of the currency trades at the same time the Barclays index prices these currencies.
  - The same methodology has been used for Vanguard Global Bond Index Fund since 2008.
- To hedge out currency volatility, Barclays uses one-month forward currency exchange transactions, as the index is rebalanced the last business day of the month. Every month-end, these contracts are rolled forward for the next month.
- 80% of the currency exposure in the fund is yen-dollar, pound-dollar, or euro-dollar—these are the three most liquid currency trades. Included in the top five currencies (approximately 90% of the index) are the Australian and Canadian dollars, which are also very liquid forward currency contracts.
- To date, the tracking of the fund has been very tight, in part because hedging costs have been lower than we expected (5-10 bps annualized).
- We have moved to a global hedging operation, where forward currency contracts executed on behalf of products in North America, Europe, and Asia all run through the same process (based in London to take advantage of overlaps in time zones with North America and Asia), increasing efficiencies and reducing the number of contracts that need to be executed outside the firm. We expect the efficiency gains to increase over time.

The same methodology has been used since 2008 in the Vanguard Global Bond Index Fund.

For a detailed performance history of the Vanguard Global Bond Index Fund, see the accompanying fund fact sheet.

Vanguard's hedging track record in the Global Bond Index





Source: ViFi.

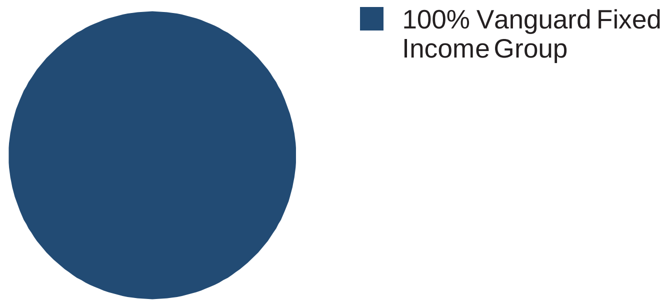
Vanguard Total International Bond Index Fund

Vanguard Total International Bond Index Fund (VTIFX)

Product summary

- Seeks to track the performance of the Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged).
- Seeks to fully hedge currency risk against the US Dollar.
- Passively managed, using index sampling.
- Fund remains fully invested.
- Broad exposure across major bond markets outside of the United States.
- Low expenses minimize net tracking error.
- Fund assets (in millions): $60,764
  - Institutional Shares assets: $15,812
- Fund inception date: 05/31/2013
- Institutional Shares expenses (in basis points): 9
  Expense ratio as reported in the most recent prospectus.
- CUSIP: 92203J209

Fund advisors



All data as of June 30, 2016, unless otherwise noted.

FOR FINANCIAL ADVISORS AND INSTITUTIONS ONLY. NOT FOR PUBLIC DISTRIBUTION.

Vanguard

Vanguard Fixed Income Group—Firm Overview

Gregory Davis, CFA, principal and global head of Fixed Income Group, has direct oversight responsibility for all money market, bond, and stable value portfolios managed by the Fixed Income Group. He has managed investment portfolios since 2000, and has been with Vanguard since 1999.

Key Facts

- Client-owned*
- Headquartered in Malvern, PA with offices around the world, including London, England and Melbourne, Australia
- Over $950 billion in assets under management globally
- More than 100 portfolio managers, traders, analysts, researchers, and support staff

Vanguard Total International Bond Index Fund

Portfolio Management

Joshua C. Barrickman, CFA, Principal, Co-head of Fixed Income Indexing Americas

- Portfolio manager.
- Advised the fund since 2013.
- Worked in investment management since 1999.
- B.S., Ohio Northern University.
- M.B.A., Lehigh University.

Yan Pu, CFA, Principal, Co-head of Fixed Income Indexing Americas

- Portfolio manager.
- Advised the fund since 2013.
- Worked in investment management since 2000.
- B.A., Ji'Nan University, P.R. China.
- M.B.A., Drexel University.

Source: Vanguard, as of June 30, 2016.

*Vanguard is owned by the Vanguard funds, which, in turn, are owned by their shareholders.

Tracking differences

The fund seeks to track its benchmark, but tracking differences can occur. Vanguard's Fixed Income Group regularly monitors these differences.

The main sources of these differences are:

Sampling	Because Vanguard does not purchase all of the bonds in the benchmark, small performance differences may result.
Pricing Differences	Vanguard prices its funds at 4 p.m., Eastern time, using an external pricing service, while the benchmark prices at 3 p.m. using an alternative pricing service. Fixed income securities trade over-the-counter, so that different pricing vendors can lead to small pricing disparities.
Penny Rounding	Occasionally the rounding of fund performance numbers from 5 decimal places to 2 decimal places (for publication purposes) can create the appearance of tracking differences.

Vanguard Total International Bond Index Fund Portfolio

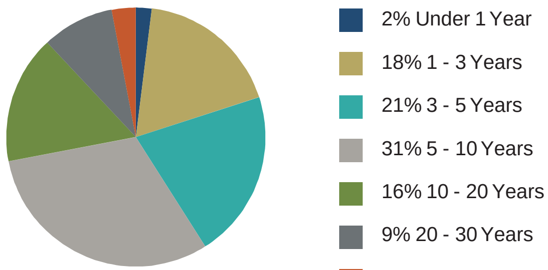
Fixed income characteristics

	Total International Bond Index Fund	Barclays GA ex-USD Float Adj RIC Capped Idx (USD Hedged)
Number of bonds	4,095	8,300
Average duration	7.9 years	7.8 years
Average effective maturity	9.4 years	9.4 years

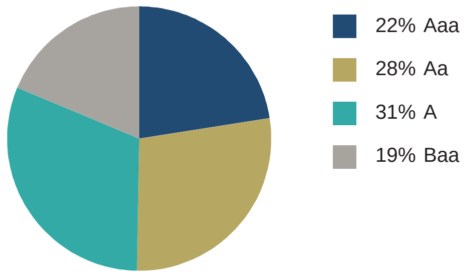
Distribution by issuer type

	% of total net assets
Asset Backed	0.1%
Commercial Mortgage-Backed	0.0
Finance	5.6
Foreign	82.3
Government Mortgage-Backed	0.0
Industrial	5.4
Treasury/Agency	0.0
Utilities	1.2
Other	5.4

Distribution by effective maturity as a % of funds



Distribution by credit quality as a % of funds*



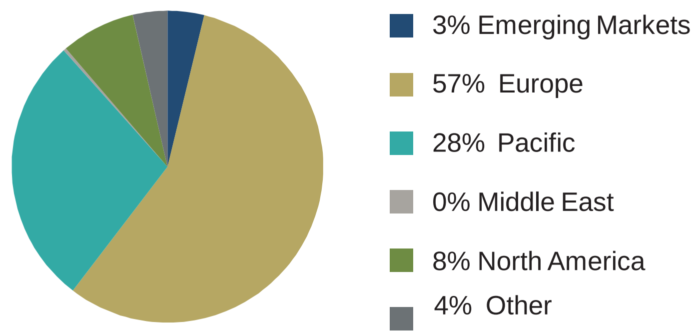
* Credit-quality ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest). "NR" is used to classify securities for which a rating is not available. NR securities may include a fund's investment in Vanguard Market Liquidity Fund or Vanguard Municipal Cash Management Fund, each of which invests in high-quality money market instruments and may serve as a cash management vehicle for the Vanguard funds, trusts, and accounts. U.S. Treasury, U.S. Agency, and U.S. Agency mortgage-backed securities appear under "U.S. Government." Credit-quality ratings for each issue are obtained from Barclays using ratings derived from Moody's Investors Service (Moody's), Fitch Ratings (Fitch), and Standard & Poor's (S&P). When ratings from all three agencies are available, the median rating is used. When ratings are available from two of the agencies, the lower rating is used. When one rating is available, that rating is used.

Vanguard Total International Bond Index Fund Portfolio

Country diversification

Country	% of bond
Japan	22.1%
France	11.8
Germany	10.4
United Kingdom	8.4
Italy	8.1
Canada	5.4
Spain	5.3
Netherlands	3.3
Supranational	3.3
Australia	2.6

Geographic diversification



Vanguard Total International Bond Index Fund Performance

Total returns and Tracking difference

	Total International Bond Index Fund	Barclays GA ex-USD Float Adj RIC Capped Idx (USD Hedged)	Tracking difference: Return difference	Expense ratio	Residual error
Periods ended June 30, 2016					
1 Year	8.04%	8.40%	-0.36%	0.09%	-0.27%
3 Years	5.74	6.01	-0.27	0.11	-0.16
Since Inception*	5.13	5.39	-0.26	0.08	-0.18
Calendar year performance					
2014	8.91	9.14	-0.23	0.12	-0.11
2015	1.14	1.34	-0.20	0.09	-0.11
Year to Date	5.95	6.18	-0.23	0.05	-0.19
2nd Quarter	2.41	2.67	-0.26	0.02	-0.24

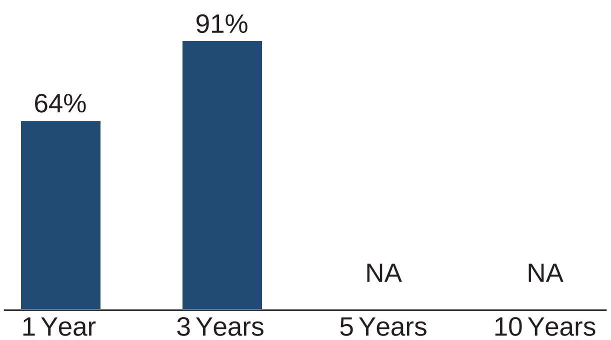
* Since fund's inception, May 31, 2013

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

Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.
The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

Performance versus competitors

Percentage of International Income Funds outperformed by Vanguard Total International Bond Index Fund Institutional Shares



Source: Lipper, a Thomson Reuters Company.

Based on total returns as of June 30, 2016.

Number of funds in category: 1-year, 111; 3-year, 100.

Results will vary for other time periods.

Investment commentary

The U.K. referendum on whether to remain in the European Union was the defining event for capital markets in the second quarter of 2016. Before the June 23 vote to leave the EU, uncertainty generated volatility in stock and currency markets, leading investors to favor the relative safety of bonds. After the “Brexit” vote, stocks tumbled globally, though the broad U.S. market finished the quarter ended June 30 in positive territory. Despite credit rating agency downgrades, U.K. government bond yields headed lower, as did most government bond yields across the globe as investors sought assets perceived to be less risky.

In this environment, Vanguard Total International Bond Index Fund’s benchmark, the Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged), returned 2.67%, ahead of the 2.21% return of the Barclays U.S. Aggregate Bond Index. Currency hedging seeks to remove most of the volatility associated with fluctuations in foreign exchange rates. The Barclays Global Aggregate Index ex-USD, which consists primarily of developed-market bonds that are unhedged for currency exposure, returned 3.40%.

By region, U.K. bonds produced the strongest performance, returning more than 5% for the three months. Bonds of many developed European countries returned in the 2%–3% range and Japanese bonds, the largest slice of the index, returned a little more than 3%.

Higher-rated investment-grade bonds tended to outperform. And bonds maturing in more than 10 years were the strongest performers.

For the 12 months ended June 30, 2016, the Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged) returned 8.40%, well ahead of the 6.00% return of the Barclays U.S. Aggregate Bond Index. Unhedged international bonds returned more than 11%.

Source: The Vanguard Group, Inc.

Important information

IMPORTANT: The projections or other information generated by the Vanguard Capital Markets Model regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. VCMM results will vary with each use and over time.

The VCMM projections are based on a statistical analysis of historical data. Future returns may behave differently from the historical patterns captured in the VCMM. More importantly, the VCMM may be underestimating extreme negative scenarios unobserved in the historical period on which the model estimation is based.

The Vanguard Capital Markets Model is a proprietary financial simulation tool developed and maintained by Vanguard's primary investment research and advice teams. The model forecasts distributions of future returns for a wide array of broad asset classes. Those asset classes include U.S. and international equity markets, several maturities of the U.S. Treasury and corporate fixed income markets, international fixed income markets, U.S. money markets, commodities, and certain alternative investment strategies. The theoretical and empirical foundation for the Vanguard Capital Markets Model is that the returns of various asset classes reflect the compensation investors require for bearing different types of systematic risk (beta). At the core of the model are estimates of the dynamic statistical relationship between risk factors and asset returns, obtained from statistical analysis based on available monthly financial and economic data from as early as 1960. Using a system of estimated equations, the model then applies a Monte Carlo simulation method to project the estimated interrelationships among risk factors and asset classes as well as uncertainty and randomness over time. The model generates a large set of simulated outcomes for each asset class over several time horizons. Forecasts are obtained by computing measures of central tendency in these simulations. Results produced by the tool will vary with each use and over time.

All investing is subject to risk, including the possible loss of principal. Prices of mid- and small-cap stocks often fluctuate more than those of large-company stocks. Foreign investing involves additional risks including currency fluctuations and political uncertainty. Stocks of companies based in emerging markets are subject to national and regional political and economic risks and to the risk of currency fluctuations. These risks are especially high in emerging markets. Funds that concentrate on a relatively narrow market sector face the risk of higher share-price volatility.

Bond funds are subject to the risk that an issuer will fail to make payments on time, and that bond prices will decline because of rising interest rates or negative perceptions of an issuer's ability to make payments. While U.S. Treasury or government agency securities provide substantial protection against credit risk, they do not protect investors against price changes due to changing interest rates. Unlike stocks and bonds, U.S. Treasury bills are guaranteed as to the timely payment of principal and interest. Diversification does not ensure a profit or protect against a loss.

High-yield bonds generally have medium- and lower-range credit quality ratings and are therefore subject to a higher level of credit risk than bonds with higher credit quality ratings.

Important information

CFA® is a registered trademark owned by CFA Institute.

S&P® and S&P 500® are registered trademarks of Standard & Poor's Financial Services LLC ("S&P") and have been licensed for use by S&P Dow Jones Indices LLC and its affiliates and sublicensed for certain purposes by Vanguard. The S&P Index is a product of S&P Dow Jones Indices LLC and has been licensed for use by Vanguard. The Vanguard Fund(s) is not sponsored, endorsed, sold or promoted by S&P Dow Jones Indices LLC, Dow Jones, S&P or their respective affiliates, and none of S&P Dow Jones Indices LLC, Dow Jones, S&P nor their respective affiliates makes any representation regarding the advisability of investing in such product(s).

Morningstar data ©2015 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

The funds or securities referred to herein are not sponsored, endorsed, or promoted by MSCI, and MSCI bears no liability with respect to any such funds or securities. The prospectus or the Statement of Additional Information contains a more detailed description of the limited relationship MSCI has with Vanguard and any related funds.

Kate Marshall
State Treasurer

Steve George
Chief of Staff

Mark Mathers
Chief Deputy Treasurer

STATE OF NEVADA
OFFICE OF THE STATE TREASURER

TO: Trustees of the College Savings Board of Nevada

FROM: Mark Mathers, Chief Deputy Treasurer

SUBJECT: Vanguard Glidepath Issues

DATE: January 28, 2014

Background

On October 27, 2011, Vanguard presented its annual investment review to the Board, which also received an analysis from Pension Consulting Alliance, Inc. (PCA) commenting on Vanguard's report. At the meeting, the Board voted to approve the investment options currently offered in the Vanguard 529 Plan contingent upon on two separate analyses being completed: (1) within six months, an analysis of a smoothed glidepath and (2) within nine months, an analysis of the use of additional asset classes, such as high yield bonds and REIT's, to increase diversification within the age-based portfolios.

On May 24, 2012, Vanguard presented a follow-up analysis to the Board on the use of a smoother glidepath for age-based options. While Vanguard expressed skepticism of the merits of a smoother glidepath at the time, both PCA and State Treasurer's Office (STO) staff believed there were material benefits to changing from the current glidepath, in which account owners' asset allocations are adjusted fairly dramatically every four to five years, to a smoother glidepath in which account owners' asset allocations would be adjusted more gradually on an annual basis.

The May 24, 2012 presentation also did not consider the costs, logistical issues, or other business considerations involved in implementing a smoother glidepath for the age-based options in the Vanguard 529 Plan. As a result, the Board requested Vanguard estimate the costs associated with a smoother glidepath and present its findings at a subsequent meeting. Staff from the STO and Vanguard met in early 2013 to review various options for implementing a smoother glidepath. On May 29, 2013, Vanguard presented its analysis of costs and business issues to the Board. The Board then directed STO staff and Vanguard to vet these costs and other implementation issues further and report back to the Board.

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

STATE TREASURER PROGRAMS
Millennium Scholarship Program
Nevada Prepaid Tuition Program
Unclaimed Property
Upromise College Fund 529 Plan

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

Internet: NevadaTreasurer.gov E-mail: StateTreasurer@NevadaTreasurer.gov

Recent Events

STO staff visited Vanguard's headquarters in Malvern, Pennsylvania on January 21-22, 2014, to once again discuss these issues. Vanguard did not provide any documentation or explanation for its cost estimates; however, at a meeting on January 21, 2014, Paul Heller, Managing Director and head of Vanguard's Retail Investor Group, explained that costs were not the main issue that factored into Vanguard's aversion to adopt a smoothed glidepath. In meetings held the next day, Vanguard explained its main issues with adopting this concept include:

- Increased complexity for account owners.
- Concerns with the lack of consistency with the glidepaths of other states that use Vanguard options (e.g., New York, Missouri, Idaho).
- Concerns that changing the glidepath would generate questions and the need for an explanation for the reasons for a change.
- Concerns that such a change would take a great deal of resources, which could be better deployed elsewhere, for minimal benefit.

It probably goes without saying that STO staff disagreed with Vanguard on these points. STO staff continues to believe that a more gradually adjusting, smoothed glidepath mitigates tail risk for participants, especially during times of high market volatility. In our opinion, a smoothed glidepath helps to materially reduce the idiosyncratic risk faced by investors whose beneficiary's birthday is on the wrong side of a major 25% shift in an option's equity allocation. We believe the charts in Vanguard's previous presentations fail to adequately show this phenomenon. Not only have smoothed glidepaths become increasingly common among non-Vanguard national 529 plans, but Vanguard has acknowledged that its target date products, which actually have a longer investment horizon than 529 products, employ a smoothed, annual reallocation process.

In an attempt to vet whether a compromise solution is possible, STO staff inquired whether, for instance, there is a maximum number of portfolios that Vanguard would be willing to accommodate in the construction of a smoother glidepath, or whether a compromise proposal of adjusting the glidepath every other year is feasible. While STO staff feels these are reasonable compromises meriting further discussion, Vanguard's position is that these compromises still did not fundamentally address the concerns listed above.

Conclusion

STO staff acknowledges that for a private label national plan such as the Vanguard 529 Plan, both the State and the asset management firm whose name is on the plan have tremendous ownership and reputational risk in the plan's construction and lineup. Vanguard has also acknowledged the Board's fiduciary liability and duty in reviewing issues such as a smoothed glidepath. Vanguard has also expressed appreciation to STO staff and PCA in probing this issue. However, there is a sincere and clear disagreement about the merits of converting to a smoothed glidepath.

In conclusion, STO staff feels it has exhausted all avenues in looking at this issue. As directed in May 2013, we are reporting back to the Board on these issues. In recognition of the fact that the review of glidepath issues has transpired over nearly 2 ½ years, unless the Board wishes to pursue the matter, we believe it makes sense to move on to other issues. Vanguard has also promised to prepare a proposal about how, in its view, it can deploy greater resources to achieve more significant results for account owners, such as educational campaigns to increase account owners' contributions.