



Monitoring Procedures and Criteria

for the

NEVADA COLLEGE SAVINGS PROGRAM

Board of Trustees
College Savings Plans of Nevada

March 22, 2017

The Nevada College Savings Program (“College Savings Program”) was created as part of the College Savings Plans of Nevada. The College Savings Program is a vehicle for families to save for higher education on a tax-advantaged basis. Under federal law, participants in 529 plans cannot directly control investments, instead investments are held in state trusts. As the administrator of the Plans, Board of Trustees (the “Board”) of the College Savings Plans of Nevada directs investments and has a fiduciary responsibility for the assets invested by the Plan’s Participants.

These monitoring procedures enable the Board to monitor performance and help it achieve consistent long-term investment success for its Participants. In addition, it provides the Board with a road map for action if it is not satisfied with specific aspects of a fund’s activities and/or investment performance.

A. Monitoring Procedures

The Board’s monitoring procedures are designed to provide qualitative and quantitative information to the Board on investment performance to aid it in making the best decisions on behalf of account owners and beneficiaries. Specifically, the procedures outline what will be monitored, how it will be monitored, and when it will be monitored; what is acceptable and unacceptable performance; and how underperformance may be addressed.

There are two major groups of monitoring activities: Ongoing Monitoring and Periodic Monitoring. For purposes of these monitoring procedures, the term “fund” shall be deemed to refer to funds and other individual investment vehicles.

1. Ongoing Monitoring Activities

Ongoing monitoring activities include measurement and assessment of investment performance and related investment activities. The differences in the structures for individual fund portfolios and multi-fund portfolios require different monitoring procedures as outlined below. Both the Program Manager(s) and independent Investment Consultant will provide quarterly monitoring reports.

a. Portfolio Construction

Individual Fund Portfolios Investment Performance – Performance of each individual fund portfolio (each portfolio is made up of a single fund) is monitored relative to its benchmarks for a specific time period. Monitoring criteria can be found in Section D., the Investment Performance Criteria Schedules.

Multi-Fund Portfolios (Age-Based and Goal-Based) Investment Performance – Performance monitoring of portfolios containing multiple funds will occur at the underlying fund level. Each multi-fund portfolio will have its underlying funds monitored and performance compared to their applicable benchmarks. Should underlying fund information not be available, the performance will be monitored at the aggregate portfolio level against custom asset weighted benchmarks. Specific monitoring criteria for each asset class can be found in Section D., the Investment Performance Criteria Schedules.

b. Quarterly Investment Performance Review by Program Manager

As part of the ongoing reporting process, the Program Manager will report calendar quarter and trailing annualized performance of the funds to the Board, the State Treasurer's Office and the Investment Consultant on at least a quarterly basis. The Program Manager will also provide to the Board quarterly performance reports for each portfolio and underlying fund used by the Program against its respective benchmark. In addition, the Program Manager is responsible for providing: i) an explanation of investment activities that caused under- or out-performance each quarter, ii) any major changes in the investment related to personnel, organization and/or investment approach/strategy, and iii) any other reporting as required by law.

c. Quarterly Investment Performance Evaluation by the Investment Consultant

Using the data provided by the Program Manager, the Investment Consultant will provide a quarterly report for the Board comparing each individual fund portfolio and each underlying fund in multi-fund portfolios to its respective benchmark according to the investment performance criteria found in the Section D., the Investment Performance Criteria Schedules. The quarterly monitoring report compares each individual fund portfolio to a benchmark and each underlying fund in a multi-fund portfolio against applicable benchmarks. Should the underlying fund information not be available, the performance will be monitored at the aggregate portfolio level against a custom asset-weighted benchmark. Performance for each individual fund portfolio, underlying fund or multi-fund portfolio is then categorized as Positive, Acceptable, Caution, or Watch using the criteria listed in the Investment Status Schedule as detailed in Section B below.

2. Periodic Monitoring Activities

As part of its ongoing fiduciary responsibilities, the Investment Consultant will regularly (annually or more often if needed) review and report to the State Treasurer's Office several qualitative aspects of the Program Manager's practices and underlying investment funds. Key factors include, but are not limited to a review of:

1. Fund investment guidelines to ensure they are consistent with the Board's mandate for the fund
2. Fund investment strategy and style, especially the buy/sell disciplines
3. Portfolio activity, specifically the turnover rate, number of holdings, and execution costs
4. Risk profile relative to the fund's benchmark
5. Organizational structure
6. Stability of fund personnel and organization
7. Contractual obligations to Board
8. Each underlying fund within the multi-fund portfolios against appropriate benchmarks
9. Multi-fund portfolios against an appropriate custom asset-weighted benchmark
10. Efficacy of active versus passive management in the age-based portfolios

B. Investment Status

1. Investment Status Schedule

The quarterly investment reports provided by the Investment Consultant will rate all individual fund portfolios, each underlying fund within the multi-fund portfolios, and the multi-fund portfolios when the underlying funds are not available, as Positive, Acceptable, Caution or Watch as detailed in the table below. These ratings will serve to summarize performance for each fund or asset class.

Investment Status Schedule

Performance Category	Actively Managed Portfolios	Passively Managed Portfolios
Positive	<ul style="list-style-type: none"> ▪ Performance exceeds the benchmark 	<ul style="list-style-type: none"> ▪ Performance exceeds the benchmark (first 1-12 month period), or ▪ Tracking error is within the allowable range¹ (short, medium and long time periods)
Acceptable	<ul style="list-style-type: none"> ▪ Performance meets or is under the benchmark and is within the allowable range¹ 	<ul style="list-style-type: none"> ▪ Performance does not exceed the benchmark but is within the allowable range (first 1-12 month period only)
Caution	<ul style="list-style-type: none"> • Performance is below allowable range, but for less than six consecutive months². 	<ul style="list-style-type: none"> ▪ Tracking error falls outside of the allowable range, but for less than six consecutive months
Watch	<ul style="list-style-type: none"> ▪ Performance is below allowable range for more than six consecutive months and the Investment Consultant has recommended placing the asset class or individual fund on Watch status. ▪ The Investment Consultant has recommended placing the individual fund or portfolio on Watch status due to non-investment performance related reasons (i.e., qualitative issues). 	<ul style="list-style-type: none"> ▪ Tracking error falls outside of the allowable range for more than six consecutive months and the Investment Consultant has formally recommended placing the individual fund or portfolio on Watch status.

2. Caution Status

Individual fund portfolios or multi-fund portfolios that meet the criteria in the Investment Status Schedule for Caution will be identified in the quarterly monitoring report. The Investment Consultant will provide a heightened level of monitoring for the funds meeting

¹ Ranges are shown in the Investment Performance Criteria Schedules

² The amount of time generally required before an investment is put on Watch

the criteria for Caution and report to the State Treasurer's Office if conditions do not improve. In some cases, certain funds may exhibit underperformance, but don't meet the Watch status criteria (i.e., for less than 6 consecutive months). Such funds require a higher level of scrutiny and monitoring, but to a slightly lesser degree than those exhibiting a clear trend of underperformance. In these cases, the Investment Consultant will provide regular updates via the quarterly monitoring report of such funds and report to State Treasurer's Office if performance conditions do not improve.

3. Watch Status

On at least a quarterly basis, the Investment Consultant will provide a report to the State Treasurer's Office and Board detailing those funds that have exhibited a clear path of declining performance results, as defined in the Investment Status Schedule, and qualifying for Watch status. The Board will then determine the funds to be officially placed on Watch status after reviewing this report. Once on Watch status, the individual fund portfolio, each underlying fund within the multi-fund portfolios, or multi-fund portfolio will receive continual monitoring by the Investment Consultant. Specifically, the Program Manager will provide a quarterly report explaining causes of underperformance or improvement. Additionally, the Investment Consultant will monitor the individual fund portfolios, underlying funds and multi-fund portfolios carefully and provide additional reports as necessary. This heightened level of monitoring continues during the Watch status period until the individual fund portfolio, underlying fund or multi-fund portfolio no longer meets the Watch status criteria or if other corrective measures are taken as detailed in the following sections.

Generally, once an individual fund portfolio, underlying fund within the multi-fund portfolio, or a multi-fund portfolio is placed on Watch status, it should be able to exhibit improvement within a time frame of 9 to 18 months. However, extenuating market circumstances may require a fund on Watch status to extend beyond this time frame (or action taken sooner). These instances will be documented in the Investment Consultant reports and presented to the Board for approval. The Investment Consultant will endeavor to recommend a final action for a fund on Watch status which has met or exceeded the time frame of 9 to 18 months during the annual investment review. Funds placed on Watch status will be subject to enhanced scrutiny during the annual investment review and action taken, if appropriate. Regardless, an individual fund portfolio, underlying fund or multi-fund portfolio will remain on Watch status until the Investment Consultant provides details of its improvement to the State Treasurer's Office, and, based on conditions stated in the following section, the Board releases the fund from Watch status.

4. Improvement Occurs – Release from Watch Status

If an individual fund portfolio, underlying fund within a multi-fund portfolio, or a multi-fund portfolio shows indications of improvement in one or more of the factors that caused it to be placed on Watch status, the Investment Consultant provides updated details to the State Treasurer's Office. Examples of improvements warranting a change in status are:

1. Improved investment performance;
2. Investment style and/or risk characteristics return to, and remain at, levels originally agreed upon; or,
3. Other factors such as organizational structure stabilizes, personnel adjustments, compliance requirements, etc. are met/satisfied.

The Investment Consultant will provide reports on at least a quarterly basis to the State Treasurer's Office on any individual fund portfolio, each underlying fund within the multi-fund portfolio or the multi-fund portfolio on Watch status. These reports will highlight the original reasons for placing the individual fund portfolio, underlying fund, or multi-fund portfolio on Watch status and discuss how these issues have been addressed. If improvement occurs in an appropriate amount of time (generally 9 to 18 months) the Investment Consultant may make a recommendation to the State Treasurer's Office to release the individual fund portfolio underlying fund, or multi-fund portfolio from Watch status. The Board will then make the determination to release the individual fund portfolio, underlying fund or multi-fund portfolio from Watch status.

C. Corrective Measures

1. Improvement Does Not Occur – Corrective Measures

If an individual fund portfolio, underlying fund or multi-fund portfolio is not released from Watch status within an appropriate period (generally 9 to 18 months), corrective action may be necessary. Differences in structure between the individual fund portfolios, underlying funds and the multi-fund portfolios mean that corrective action will take different forms as explained below.

a. Individual Fund Portfolios

If the quantitative and/or qualitative performance of an individual fund portfolio does not improve, the Investment Consultant will conduct an analysis and provide the Board with options and a recommendation for action. Options include:

1. Giving the fund more time,
2. Closing it to new investment, or
3. Replacing it (replacement specifics are outlined below).

If the Board decides that funds must be replaced the process is outlined in Section C.2. below.

b. Multi-Fund Portfolios

In a multi-fund portfolio, it may not be feasible to replace an entire portfolio or all underlying funds with the portfolio. However, the procedures outlined in this document are structured to bring attention to the particular underlying fund(s) that is the cause(s) for the under- or outperformance. If the underlying fund is not released from Watch status within a period of 9 to 18 months, the Investment Consultant may recommend to the Board that the Program Manager replace one or more of the underlying funds. Multi-fund portfolios are diversified among several underlying funds; however, replacing underlying funds does require the same caution as with the individual fund portfolios.

2. Fund Replacement

The Board may replace funds on Watch status as part of its fiduciary responsibility to monitor and take corrective action if required. If a fund replacement is necessary, the Program Manager will provide the Board with one or more recommended replacement

funds. The Investment Consultant will also provide the Board with its opinion of the Program Manager's recommendation.

For individual fund portfolios, if the Board determines that a fund must be removed, generally it will direct the Program Manager to provide advance notice to all account owners and financial advisors. This notice will be provided within a reasonable time frame, or upon a shorter time frame as directed by the Board. The notice will provide information regarding the upcoming actions, the steps that will occur, and the timing of the removal, addition, and/or replacement of the fund(s). In normal conditions the fund will be removed, added, and/or replaced within a 60-90 day time frame to allow for adequate advance notice to investors and financial advisors. In the event immediate action is required, the fund(s) may be replaced immediately and the Program Manager will provide notice after the change has occurred.

For multi-fund portfolios, if the Board determines that an underlying fund must be removed, the State Treasurer's Office will work with the Investment Consultant and Program Manager on a case-by-case basis to consider removal of the fund from the portfolio's fund allocation. A new investment in a multi-fund portfolio must have more competitive performance characteristics than the fund that is being replaced while also maintaining (or enhancing) the integrity and expected results of the asset allocation processes used to construct the portfolio.

To the extent possible, and with the exception of changes that require immediate action, all changes to individual fund portfolios and/or multi-fund portfolios shall be made in conjunction with the Program Manager's annual review to the Board.

3. Other Possible Actions

When a fund is being considered for replacement, the State Treasurer's staff will work with the Program Manager and Investment Manager(s) to evaluate options, including those other than replacement such as:

- a) Replacing a fund's sub-manager - when the fund uses one or more sub-managers and one of the sub-managers' poor performance has negatively affected the overall performance of a fund. This may require a separately managed account.
- b) No action to replacement – State Treasurer's staff could recommend retaining a fund to continue to provide exposure to an asset class or section when a fund has underperformed its benchmark but outperformed its peer group (i.e., top quartile) and/or there are no available suitable replacements.
- c) Temporarily Closing a Fund to New Investors – if a fund's performance or market circumstances warrant, a fund could be closed to all new investors while existing investors are permitted to choose to stay invested in the fund to "ride it out"
- d) Restructuring multi-fund portfolios by changing the percentages attributed to each underlying fund by either over or under-weighting certain funds in an effort to improve the portfolio's risk/return metrics. Similarly, the recommendation could be to eliminate an underlying fund from the portfolio and reallocate among the remaining funds.

D. Investment Performance Criteria Schedules

The Vanguard 529 College Savings Plan Schedules

Table 1a: Passively Managed Individual Stand Alone Funds
(Based on net of fee³ fund performance)

Asset Class	Short-Term (rolling 12-month periods)	Medium-term (rolling 36-month periods)	Long-term (rolling 60-month periods)
Domestic Equity	Tracking Error > 0.30% for 6 consecutive months	Tracking Error > 0.25% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.30% for 6 consecutive months
Domestic Equity – Large Cap Value	Tracking Error > 0.30% for 6 consecutive months	Tracking Error > 0.25% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.30% for 6 consecutive months
Domestic Equity – Large Cap Growth	Tracking Error > 0.20% for 6 consecutive months	Tracking Error > 0.15% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.25% for 6 consecutive months
Domestic Equity – Mid Cap	Tracking Error > 0.30% for 6 consecutive months	Tracking Error > 0.25% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.50% for 6 consecutive months
Domestic Equity – Small Cap	Tracking Error > 0.40% for 6 consecutive months	Tracking Error > 0.35% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.60% for 6 consecutive months
International Equity	Tracking Error > 0.75% for 6 consecutive months	Tracking Error > 0.70% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.30% for 6 consecutive months
Fixed Income	Tracking Error > 0.30% for 6 consecutive months	Tracking Error > 0.50% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.35% for 6 consecutive months

Monitors:

<u>Fund</u>	<u>Asset Class</u>	<u>Benchmark</u>
Vanguard 500 Index Fund	Domestic Equity	S&P 500 Index
Vanguard Total Stock Market Index Fund	Domestic Equity	CRSP US Total Market Index
Vanguard Value Index Fund	Domestic Equity	CRSP US Large Cap Value Index
Vanguard Growth Index Fund	Domestic Equity	CRSP US Large Cap Growth Index
Vanguard Mid-Cap Index Fund	Domestic Equity	CRSP Mid Cap Index
Vanguard Small Cap Index Fund	Domestic Equity	CRSP US Small Cap Index
Vanguard Total Intl Stock Index Fund	International Equity	FTSE Global All Cap Ex US Index
Vanguard Total Bond Market	Fixed Income	BC US Agg Float Adj Bond Index
Vanguard Total Bond Market II	Fixed Income	BC US Agg Float Adj Bond Index

³ Net of underlying mutual fund fees, but not net of the State's Administrative Fee or Program Manager Fee

The Vanguard 529 College Savings Plan Schedules

Table 1b: Actively Managed Individual Stand Alone Funds
(Based on net of fee⁴ fund performance)

Asset Class	Short-Term (rolling 12-month periods)	Medium-term (rolling 36-month periods)	Long-term (rolling 60-month periods)
Domestic Equity	Tracking Error > 0.30% for 6 consecutive months	Tracking Error > 0.25% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.30% for 6 consecutive months
International Equity	Tracking Error > 0.75% for 6 consecutive months	Tracking Error > 0.70% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.30% for 6 consecutive months
Fixed Income	Tracking Error > 0.30% for 6 consecutive months	Tracking Error > 0.50% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.35% for 6 consecutive months
High Yield	Fd return < bench return -6.5% for 6 consecutive months	Fd annlzd return < bench annlzd return -3.25% for 6 consecutive months	VRR < 0.96 for 6 consecutive months
Short-Term	Fd return < bench return -0.7% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.2% for 6 consecutive months	VRR < 0.99 for 6 consecutive months

Annualized return is the average annual return of either the fund or its benchmark.
VRR – Value Relative Ratio – is calculated as: fund cumulative return / benchmark cumulative return.

Monitors:

Fund	Asset Class	Benchmark
Vanguard Morgan Growth	Domestic Equity	Russell 3000 Growth Index
Vanguard Windsor	Domestic Equity	Russell 1000 Value Index
Vanguard STAR	Blend	Composite*
Vanguard Inflation-Protected Securities	Fixed Income	BC US TIPS Index
Vanguard High Yield Bond	High Yield	BC US Corporate High Yield Index

*43.75% MSCI US Broad Market Index, 25% BC US Agg Bond Index, 12.5% BC US 1-5 Year Cr Bond Index, and 18.75% MSCI ACWI ex USA

⁴ Net of underlying mutual fund fees, but not net of the State's Administrative Fee or Program Manager Fee

SSgA Upromise 529 Plan Schedules

Table 2a: Passively Managed Underlying Fund/Individual Stand Alone Funds
(Based on net-of-fee⁵ fund performance)

Asset Class	Short-Term (rolling 12-month periods)	Medium-term (rolling 36-month periods)	Long-term (rolling 60-month periods)
Domestic Equity	Tracking Error > 0.30% for 6 consecutive months	Tracking Error > 0.25% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.30% for 6 consecutive months
Domestic Equity – Mid Cap	Tracking Error > 0.30% for 6 consecutive months	Tracking Error > 0.25% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.50% for 6 consecutive months
Domestic Equity – Small Cap	Tracking Error > 0.40% for 6 consecutive months	Tracking Error > 0.35% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.60% for 6 consecutive months
International Equity	Tracking Error > 0.75% for 6 consecutive months	Tracking Error > 0.70% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.30% for 6 consecutive months
Emerging Markets Equity	Tracking Error > 2.75% for 6 consecutive months	Tracking Error > 2.75% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.75% for 6 consecutive months
Real Estate	Tracking Error > 0.30% for 6 consecutive months	Tracking Error > 0.60% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.20% for 6 consecutive months
Fixed Income	Tracking Error > 0.30% for 6 consecutive months	Tracking Error > 0.50% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.35% for 6 consecutive months
High Yield	Tracking Error > 1.25% for 6 consecutive months	Tracking Error > 0.75% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.50% for 6 consecutive months
International Fixed Income	Tracking Error > 0.30% for 6 consecutive months	Tracking Error > 0.50% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.35% for 6 consecutive months
Short-Term	Tracking Error > 0.30% for 6 consecutive months	Tracking Error > 0.50% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.35% for 6 consecutive months

⁵ Net of underlying mutual fund fees, but not net of the State's Administrative Fee or Program Manager Fee

Monitors:

<u>Fund</u>	<u>Asset Class</u>	<u>Benchmark</u>
SPDR S&P 500 ETF	Domestic Equity	S&P 500 Index
SPDR S&P Mid Cap 400 ETF	Domestic Equity	S&P Mid Cap 400 Index
SPDR S&P 600 Small Cap ETF	Domestic Equity	S&P Small Cap 600 Index
SPDR S&P World ex-US ETF	International Equity	S&P Developed ex-US BMI Index
SPDR S&P International Small Cap ETF	International Equity	S&P Developed ex-US MCAP BMI
SPDR S&P Emerging Markets ETF	International Equity	S&P Emerging Markets BMI Index
SPDR S&P Emerging Markets Small Cap ETF	International Equity	S&P Emerging Markets MCAP BMI
SPDR S&P Dow Jones REIT ETF	Real Estate	Dow Jones US Select REIT Index
SPDR S&P Dow Jones International REIT ETF	Real Estate	Dow Jones Global ex-US t REIT Index
SPDR Barclays Capital Aggregate Bond ETF	Fixed Income	Barclays Capital US Aggregate Bond Ind
SPDR Barclays Capital TIPS ETF	Fixed Income	Barclays Capital Inflation-Linked Bond
SPDR DB International TIPS ETF	Fixed Income	DB Global ex-US TIPS Capped Index
SPDR Barclays Capital High Yield Bond ETF	High Yield	Barclays Capital US High Yield Index
SPDR Barclays Capital ST Corporate Bond ETF	Fixed Income	Barclays Capital 1-3 Year Corp. Index
SPDR US 1-3 Month T-Bill ETF	Fixed Income	Barclays Capital 1-3 Month T-Bill Index

USAA 529 College Savings Plan Schedules

Table 3a: Actively Managed Individual Stand Alone Funds
(Based on net-of-fee⁶ fund performance)

Asset Class	Short-Term (rolling 12-month periods)	Medium-term (rolling 36-month periods)	Long-term (> 60-months)
Domestic Equity	Fd return < bench return -2.75% for 6 consecutive months	Fd annlzd return < bench annlzd return -1.5% for 6 consecutive months	VRR < 0.97 for 6 consecutive months
International Equity	Fd return < bench return -4.5% for 6 consecutive months	Fd annlzd return < bench annlzd return -2.0% for 6 consecutive months	VRR < 0.97 for 6 consecutive months
Emerging Markets Equity	Fd return < bench return -4.5% for 6 consecutive months	Fd annlzd return < bench annlzd return -2.75% for 6 consecutive months	VRR < 0.97 for 6 consecutive months
Fixed Income	Fd return < bench return -0.75% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.5% for 6 consecutive months	VRR < 0.98 for 6 consecutive months
High Yield	Fd return < bench return -6.5% for 6 consecutive months	Fd annlzd return < bench annlzd return -3.25% for 6 consecutive months	VRR < 0.96 for 6 consecutive months
Precious Metals	Fd return < bench return -6.5% for 6 consecutive months	Fd annlzd return < bench annlzd return -3.25% for 6 consecutive months	VRR < 0.96 for 6 consecutive months
Short-Term	Fd return < bench return -0.7% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.2% for 6 consecutive months	VRR < 0.99 for 6 consecutive months

Annualized return is the average annual return of either the fund or its benchmark.

VRR – Value Relative Ratio – is calculated as: fund cumulative return / benchmark cumulative return.

Monitors:

Fund

USAA Aggressive Growth Fund
USAA Growth Fund
USAA Growth & Income
USAA Value Funds
USAA Income Stock Fund
USAA Small Cap Stock Fund
USAA International Fund
USAA Emerging Markets Fund
USAA Income Fund
USAA Intermediate-Term Bond Fund
USAA High Yield Opportunities Fund
USAA Short-Term Bond Fund
USAA Precious Metals & Minerals
USAA Real Return

Asset Class

Domestic Equity
Domestic Equity
Domestic Equity
Domestic Equity
Domestic Equity
Domestic Equity
International Equity
International Equity
Fixed Income
Fixed Income
High Yield
Short-Term
Other
Other

Benchmark

Russell 1000 Growth Index
Russell 1000 Growth Index
Russell 3000 Growth Index
Russell 3000 Value Index
Russell 1000 Value Index
Russell 2000 Index
MSCI EAFE Index
MSCI Emerging Markets Index
BC USA Aggregate Bond Index
BC USA Aggregate Bond Index
Credit Suisse High Yield
BC 1-3 Year Treasury Bond Index
PHLX Gold & Silver Index
BCUS Treasury Inflation Protected Notes (TIPS)

Putnam 529 for America Plan Schedules

Table 4a: Age/Goal Based Portfolio
(Based on net-of-fee⁷ fund performance)

Asset Class	1st 12-months (rolling 3-month periods)	Short-Term (rolling 12-month periods)	Medium-term (rolling 36-month periods)	Long-term (> 60-months)
Domestic Equity	Fd return < bench return -2.0% for 6 consecutive months	Fd return < bench return -2.75% for 6 consecutive months	Fd annlzd return < bench annlzd return -1.5% for 6 consecutive months	VRR < 0.97 for 6 consecutive months
International Equity	Fd return < bench return -3.0% for 6 consecutive months	Fd return < bench return -4.5% for 6 consecutive months	Fd annlzd return < bench annlzd return -2.0% for 6 consecutive months	VRR < 0.97 for 6 consecutive months
Fixed Income	Fd return < bench return -1.0% for 6 consecutive months	Fd return < bench return -0.75% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.5% for 6 consecutive months	VRR < 0.98 for 6 consecutive months
High Yield	Fd return < bench return -4.0% for 6 consecutive months	Fd return < bench return -6.5% for 6 consecutive months	Fd annlzd return < bench annlzd return -3.25% for 6 consecutive months	VRR < 0.96 for 6 consecutive months
Short-Term	Fd return < bench return -0.60% for 6 consecutive months	Fd return < bench return -0.7% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.2% for 6 consecutive months	VRR < 0.99 for 6 consecutive months

1st 1-12 month performance criteria is not annualized; all other criteria is on an annualized basis.
Annualized return is the average annual return of either the fund or its benchmark.
VRR – Value Relative Ratio – is calculated as: fund cumulative return / benchmark cumulative return.

Monitors:

<u>Fund</u>	<u>Asset Class</u>	<u>Benchmark</u>
GAA All Equity	Blend	Custom AA Equity Index*
GAA Growth	Blend	Custom AA Global Growth Index**
GAA Balanced	Blend	Custom AA Global Balanced Index***
GAA Conservative	Blend	Custom AA Global Conservative Index****

*75% Russell 3000, 19% MSCI EAFE, 6% MSCI EM

**60% Russell 3000, 15% MSCI EAFE, 5% MSCI EM, 15% BC Aggregate Bond, 5% Chase High Yield

***50% Russell 3000, 10% MSCI EAFE, 35% BC Aggregate Bond, 5% Chase High Yield

****25% Russell 3000, 5% MSCI EAFE, 65% BC Aggregate Bond, 5% Chase High Yield

⁷ Net of underlying mutual fund fees, but not net of the State's Administrative Fee or Program Manager Fee

Table 4b: Actively Managed Individual Stand Alone Funds
(Based on net-of-fee⁸ fund performance)

Asset Class	1st 12-months (rolling 3-month periods)	Short-Term (rolling 12-month periods)	Medium-term (rolling 36-month periods)	Long-term (> 60-months)
Domestic Equity	Fd return < bench return -2.0% for 6 consecutive months	Fd return < bench return -2.75% for 6 consecutive months	Fd annlzd return < bench annlzd return -1.5% for 6 consecutive months	VRR < 0.97 for 6 consecutive months
International Equity	Fd return < bench return -3.0% for 6 consecutive months	Fd return < bench return -4.5% for 6 consecutive months	Fd annlzd return < bench annlzd return -2.0% for 6 consecutive months	VRR < 0.97 for 6 consecutive months
Fixed Income	Fd return < bench return -1.0% for 6 consecutive months	Fd return < bench return -0.75% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.5% for 6 consecutive months	VRR < 0.98 for 6 consecutive months
High Yield	Fd return < bench return -4.0% for 6 consecutive months	Fd return < bench return -6.5% for 6 consecutive months	Fd annlzd return < bench annlzd return -3.25% for 6 consecutive months	VRR < 0.96 for 6 consecutive months
Short-Term	Fd return < bench return -0.60% for 6 consecutive months	Fd return < bench return -0.7% for 6 consecutive months	Fd annlzd return < bench annlzd return -0.2% for 6 consecutive months	VRR < 0.99 for 6 consecutive months

1st 1-12 month performance criteria is not annualized; all other criteria is on an annualized basis.

Annualized return is the average annual return of either the fund or its benchmark.

VRR – Value Relative Ratio – is calculated as: fund cumulative return / benchmark cumulative return.

Monitors:

Fund

Putnam Equity Income Fund
Putnam Voyager Fund
Principal MidCap Blend Fund
Fidelity Advisor Small Cap Fund
MFS Institutional International Equity Fund
Putnam International Cap Opportunities Fund
Putnam Income Fund
Federated U.S. Govt Securities: 2-5 Years
Putnam High Yield Trust

Asset Class

Domestic Equity
Domestic Equity
Domestic Equity
Domestic Equity
International Equity
International Equity
Fixed Income
Fixed Income
High Yield

Benchmark

Russell 1000 Value Index
Russell 1000 Growth Index
Russell MidCap Index
Russell 2000 Index
MSCI EAFE Index
S&P Developed xUS Small Cap Index
BC US Aggregate Bond Index
BofA ML 3-5 Year Treasury Index
JP Morgan Developed High Yield Index

⁸ Net of underlying mutual fund fees, but not net of the State's Administrative Fee or Program Manager Fee

Table 4c: Absolute Return Individual Stand Alone Funds
 (Based on net-of-fee⁹ fund performance)

Asset Class	1st 12-months (rolling 3-month periods)	Short-Term (rolling 12-month periods)	Medium-term (rolling 36-month periods)	Long-term (rolling 60-month periods)
Absolute Return	Fd return < 0.0% for 6 consecutive months	Fd return < 0.0% for 6 consecutive months	Fd annlzd return < bench annlzd return for 6 consecutive months	Fd annlzd return < bench annlzd return for 6 consecutive months

^{1st} 1-12 month performance criteria is not annualized; all other criteria is on an annualized basis.
 Annualized return is the average annual return of either the fund or its benchmark.
 VRR – Value Relative Ratio – is calculated as: fund cumulative return / benchmark cumulative return.

Monitors:

<u>Fund</u>	<u>Asset Class</u>	<u>Benchmark</u>
Fixed Income Absolute Return Fund	Absolute Return	T-Bills + 2.0% + 3.0%
Multi-Asset Absolute Return Fund	Absolute Return	T-Bills + 4.0%

⁹ Net of underlying mutual fund fees, but not net of the State's Administrative Fee or Program Manager Fee