

529 INVESTMENT OVERVIEW

First Quarter 2018

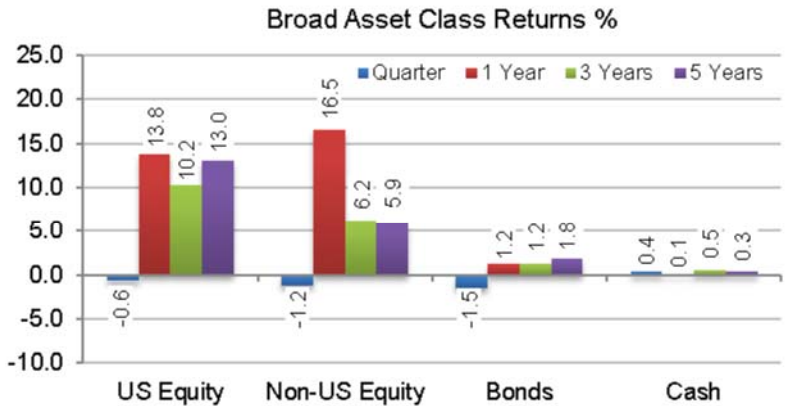
HIGHLIGHTS

- Both US and Non-US Equity markets earned negative returns during the quarter for the first time in over a year.
- Bond markets were down (1.5%) over the quarter; lower than both US and Non-US Equity markets.
- This was the first quarter where US Equity, Non-US Equity, and Bonds all earned negative returns since the Financial Crisis of 2008.
- 529 Plans' (Direct and Advisor) average Equity (US and Non-US) allocations trended down during the quarter.
- All age-bands for both Advisor-sold and Direct-sold plans earned returns between (0.3%) and (0.8%) for the quarter.
- On average, Direct-sold plans continue to provide better risk-adjusted returns than Advisor-sold plans, with the exception of the Age 19+ age-band.



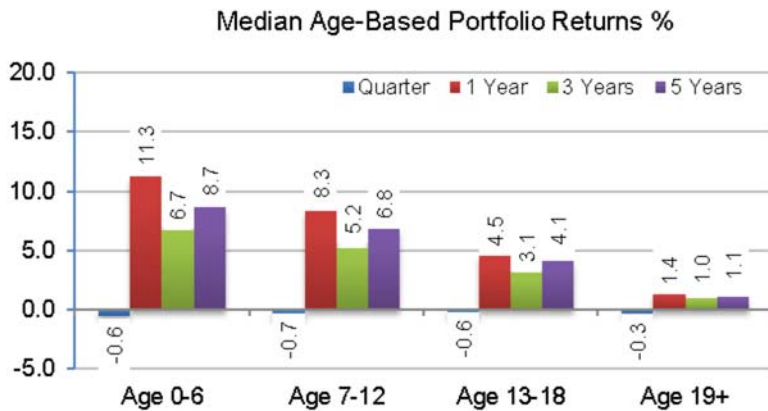
ASSET CLASS RETURNS

- US Equity experienced its first negative quarter since 3Q2015.
- Non-US Equity quarterly returns were negative for the first time since 4Q2016.
- Bond Returns were negative and lower than both Domestic and International Equity returns.
- First quarter since 2008 where US Equity, International Equity, and Bond markets were all negative.
- Cash earned its highest quarterly return since before the Financial Crisis (2008).



Source: Morningstar Direct

MEDIAN AGE-BASED PORTFOLIO RETURNS

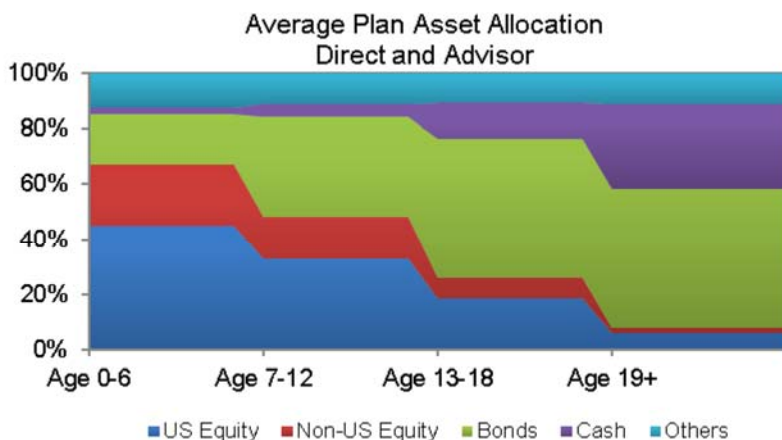


- Median returns decreased for all age-bands across all time periods.
- Median quarterly returns were negative for all age-bands due to negative Equity and Bond markets.
- The Age 0-6 age-band had the largest absolute decrease in median returns across all time periods.
- Trailing 1-, 3-, and 5-year median returns remain positive for all age-bands.

Source: Morningstar Direct

*Returns are net of fees. Advisor Plan returns reflect A Shares excluding the effects of sales charges.

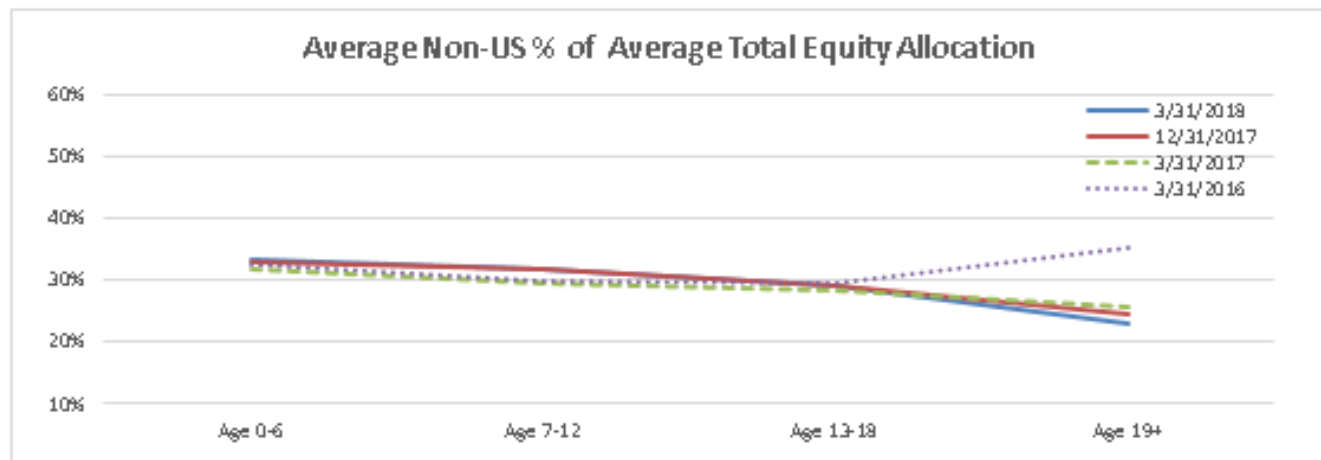
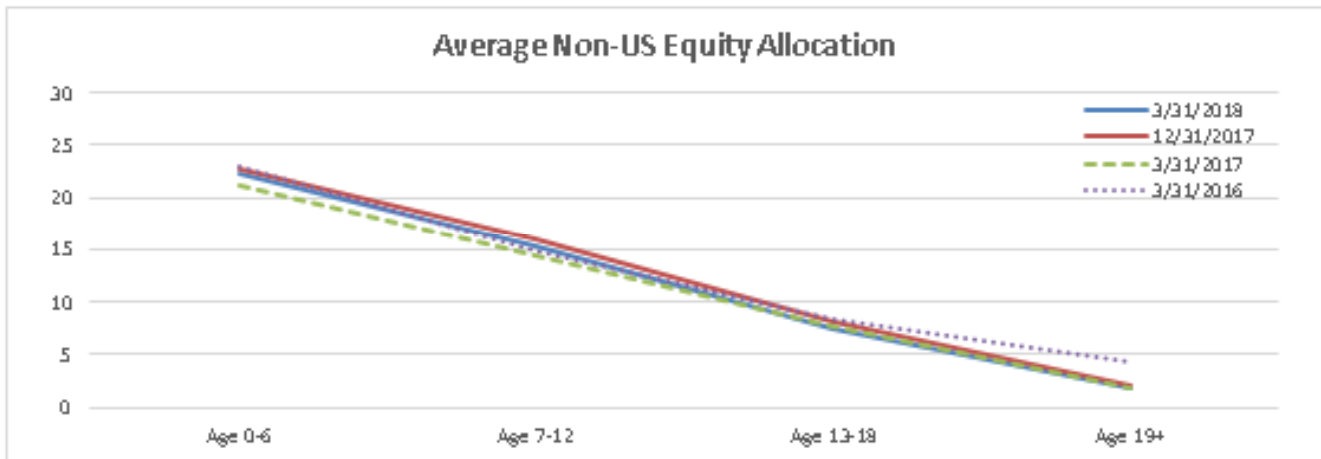
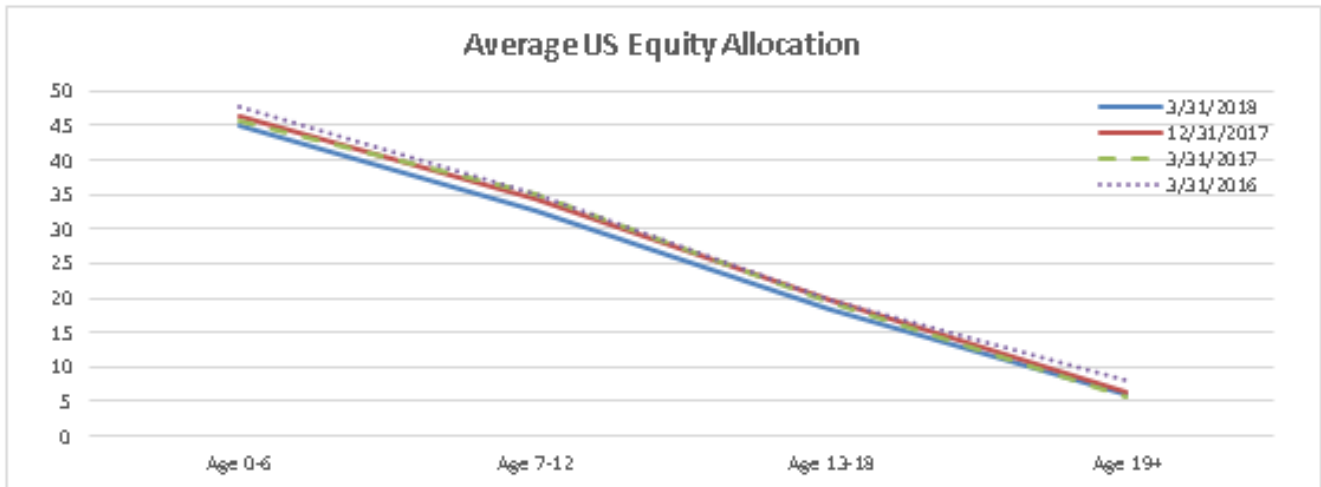
AVERAGE PLAN ASSET ALLOCATION



- The average plan (Direct and Advisor) has allocated approximately 67% to Equities (US and Non-US) in age-based portfolios between 0-6.
- The average Equity allocation is split between approximately 71% US and 29% Non-US throughout the entire glide path, reflecting a home bias.
- International Equity as a percentage of total equity is highest for the Age 0-6 age-bands (33%), and lowest for the Age 19+ age-bands (23%).
- Median Age 19+ bond and cash exposures are 51% and 31%, respectively.

Source: Morningstar Direct

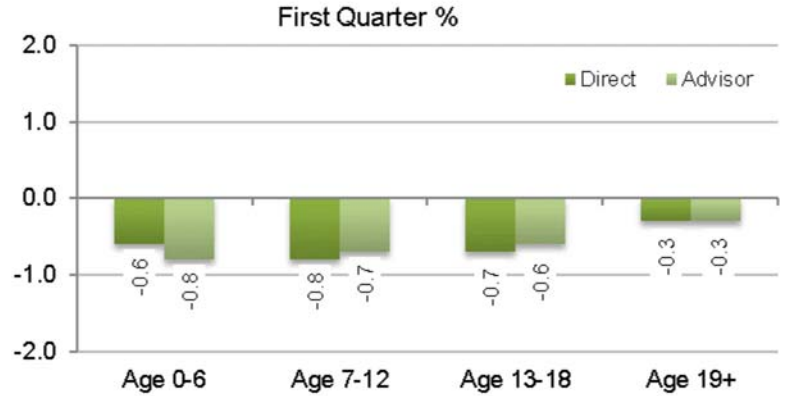
529 Plan Average Equity Allocation Curve



- During the quarter, both US and Non-US Equity average allocations decreased across the glidepath by roughly (1.0%) and (0.5%), respectively
- Compared to two years ago, allocations to US Equities has trended down across all age bands ranging from (1.5%) to (2.8%)
- Allocations to Non-US Equities remain about the same compared to two years ago, with the exception of Age 19+ which decreased by (2.6%)
- The mix between US and Non-US Equity has remained somewhat stable over time, with the exception of Age 19+ where the average allocation fluctuated by (12.1%) to (1.4%)

DIRECT vs. ADVISOR SOLD 3-MO. RETURN

- Quarterly median returns were negative across all age-bands due to negative returns in both the Equity and Bond markets.
- Median quarterly returns were similar across all age-bands for both Advisor-sold and Direct-sold with a range of only 50 basis points.
- The median Advisor-sold plan outperformed Direct-sold plans over the Ages 7-12 and 13-18 age-bands, while the median Direct-sold plan outperformed Advisor-sold plans over the Age 0-6 age-band.
- The Direct-sold Age 0-6 median return decreased (5.1%) compared to the previous quarter, the largest decrease over all age-bands.

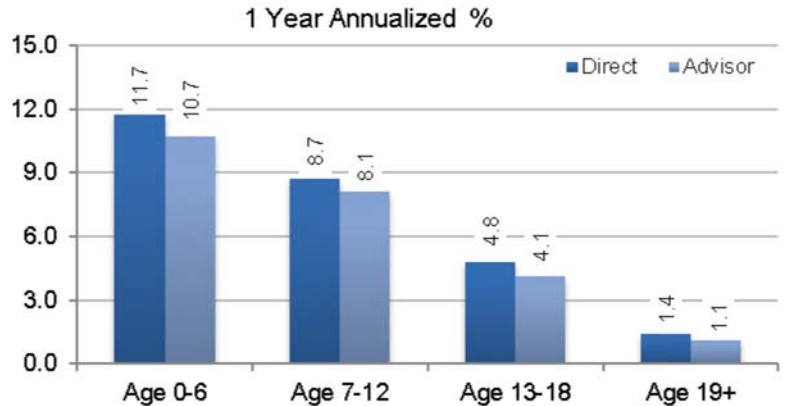


*Returns are net of fees. Advisor Plan returns reflect A Shares excluding the effects of sales charges.

Source: Morningstar Direct

DIRECT vs. ADVISOR SOLD 1 YEAR RETURN

- Trailing 1-year Advisor-sold and Direct-sold median returns decreased significantly for all age-bands.
- Direct-sold plan median returns decreased by a greater amount over all age-bands than Advisor-sold age-bands.
- The median Direct-sold plan continues to outperform the median Advisor-sold plan over all age-bands.
- The Direct-sold Age 0-6 age-band median return had the largest decrease from the previous quarter declining (7.1%).

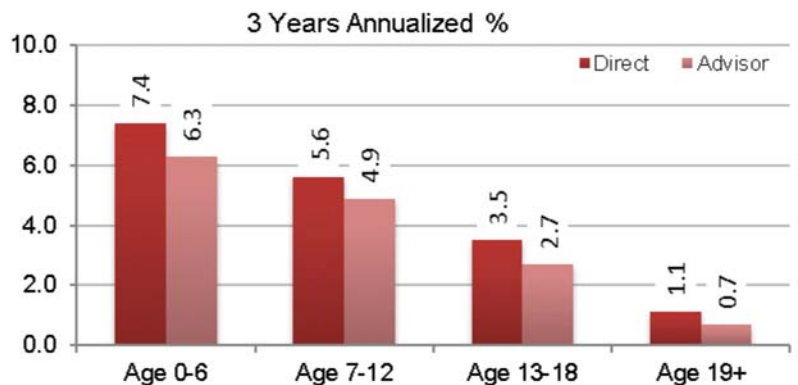


*Returns are net of fees. Advisor Plan returns reflect A Shares excluding the effects of sales charges.

Source: Morningstar Direct

DIRECT vs. ADVISOR SOLD 3 YEAR RETURN

- Trailing 3-year returns decreased for all age-bands across both Advisor-sold and Direct-sold plans.
- Direct-sold plans continue to outperform the Advisor-sold plans over all age-bands.
- The Advisor-sold Age 0-6 age-band's median return saw the largest overall decrease of (1.2%).
- 3-year returns remain positive for all age-bands.

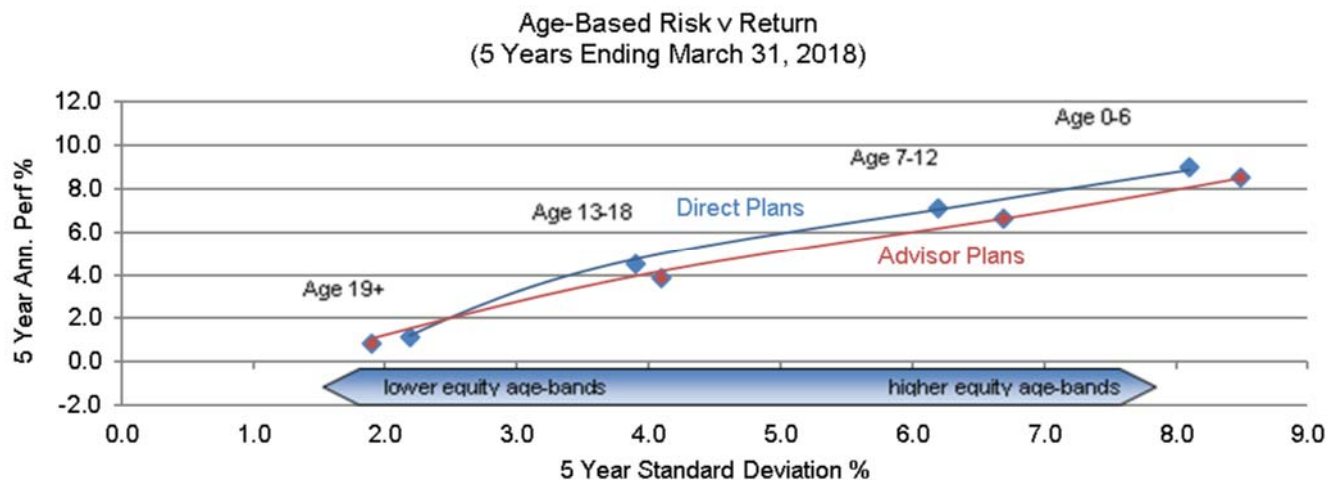


*Returns are net of fees. Advisor Plan returns reflect A Shares excluding the effects of sales charges.

Source: Morningstar Direct

DIRECT vs. ADVISOR SOLD RISK/RETURN 5 YR %

- Over the 5-year period, the Direct Plan provided better risk adjusted returns across all age-bands compared to Advisor-sold plans with the exception of the Age 19+ age-band.



*Returns are net of fees. Advisor Plan returns reflect A Shares excluding the effects of sales charges

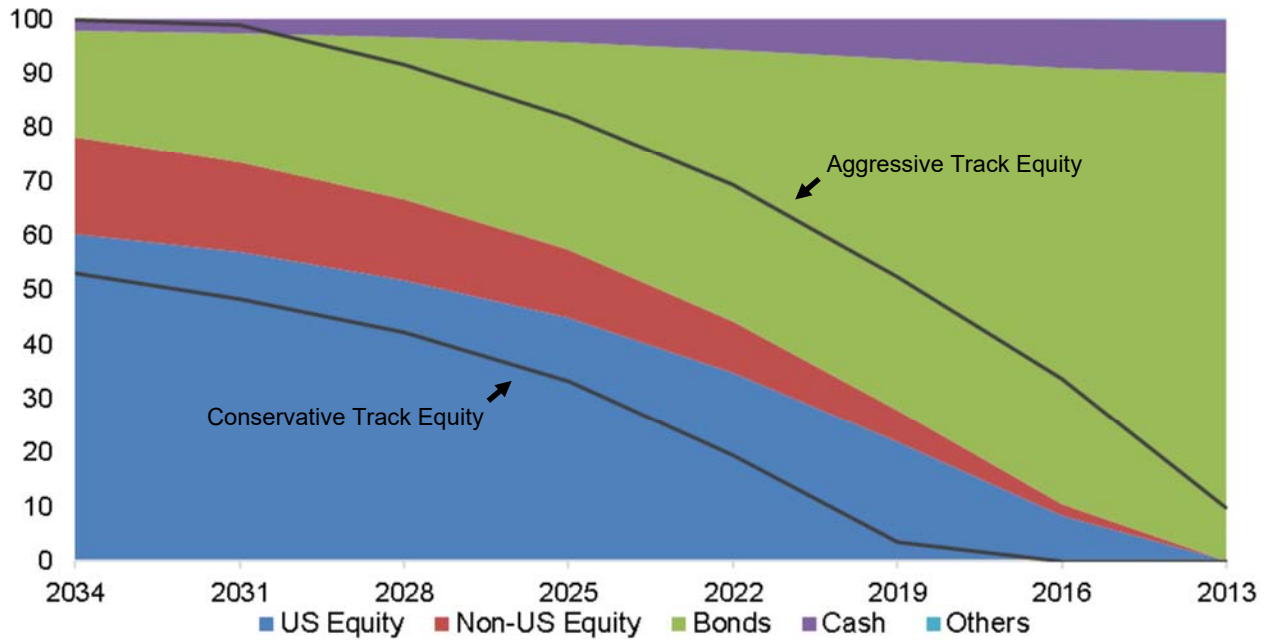
MARKET SUMMARY

SUMMARY STATISTICS	1 YEAR		3 YEAR		5 YEAR	
	Return	Avg. Std. Deviation	Return	Avg. Std. Deviation	Return	Avg. Std. Deviation
BROAD BENCHMARKS						
U.S. Equity (Russell 3000)	13.8	8.0	10.2	10.4	13.0	10.0
Non-U.S. Equity (MSCI ACWI ex US)	16.5	9.2	6.2	12.5	5.9	11.9
Bonds (BC Aggregate Bond)	1.2	2.4	1.2	2.7	1.8	2.9
Cash (3-month T-Bills)	1.1	0.1	0.5	0.1	0.3	0.1
DIRECT SOLD PLANS (Median)						
Age 0-6	11.7	6.4	7.4	8.4	9.0	8.1
Age 7-12	8.7	4.6	5.6	6.3	7.1	6.2
Age 13-18	4.8	2.5	3.5	3.8	4.5	3.9
Age 19+	1.4	1.2	1.1	1.7	1.1	2.2
ADVISOR SOLD PLANS (Median)						
Age 0-6	10.7	6.7	6.3	8.9	8.5	8.5
Age 7-12	8.1	4.8	4.9	6.7	6.6	6.7
Age 13-18	4.1	2.5	2.7	3.9	3.8	4.1
Age 19+	1.1	1.1	0.7	1.5	0.8	1.9

*Returns are net of fees. Advisor Plan returns reflect A Shares excluding the effects of sales charges

Source: Morningstar Direct

Morningstar 529 Benchmark Asset Allocation
Moderate Track



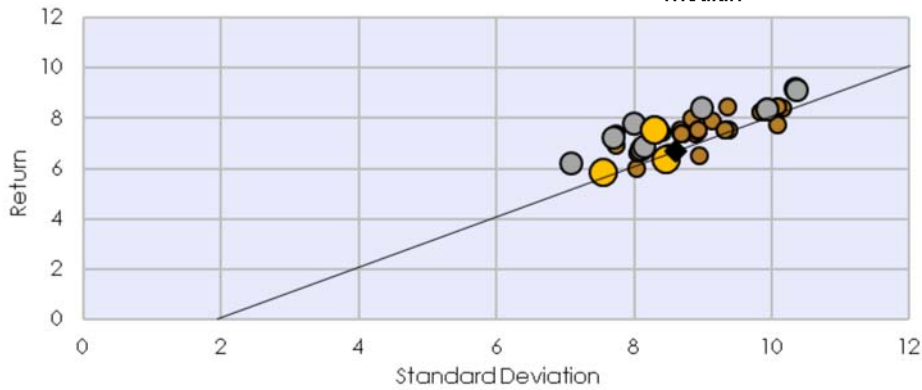
- Total allocations to equity decreased when compared to previous quarters while Bond allocations increased.
- Moderate Morningstar 529 benchmark allocations remain more equity-heavy at the 0-6 age-band than the average (Direct & Advisor) 529 plan, and more bond-heavy at the 19+ age-band.
- Morningstar benchmark allocations to Cash and Others Assets typically do not exceed 11% of total portfolio allocation, while the average Age 19+ portfolio allocates 31% to cash.

SUMMARY STATISTICS	1 YEAR		3 YEAR		5 YEAR	
	Return	Avg. Std. Deviation	Return	Avg. Std. Deviation	Return	Avg. Std. Deviation
Aggressive Track						
2034	9.9	5.8	7.2	8.1	9.1	7.8
2028	8.6	5.0	6.4	7.2	8.3	7.1
2022	6.2	3.4	4.9	5.4	6.6	5.5
2016	2.3	1.5	2.3	2.5	3.4	3.0
Moderate Track						
2034	12.4	7.4	8.7	10.1	10.9	9.7
2028	11.5	6.8	8.2	9.7	10.6	9.4
2022	9.0	5.2	6.7	7.8	8.9	7.7
2016	5.0	2.7	4.1	4.5	5.9	4.9
Conservative Track						
2034	7.0	4.0	5.4	5.6	6.7	5.5
2028	5.8	3.3	4.6	4.8	5.9	4.9
2022	3.3	1.8	3.0	3.1	4.1	3.5
2016	0.9	1.4	1.2	1.7	1.3	2.1

Source: Morningstar Direct

The following graphs highlight the risk-adjusted returns of the portfolios for the programs (Direct and Advisor) that earned medal ratings from Morningstar versus their respective peer median. Data set limited to include portfolios with current data available and moderate portfolios for programs with multiple tracks.

Key: ● Gold ● Silver ● Bronze ◆ Morningstar Median

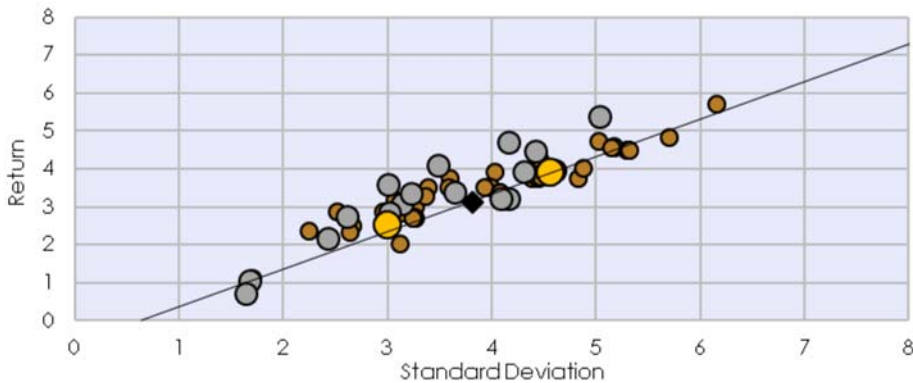
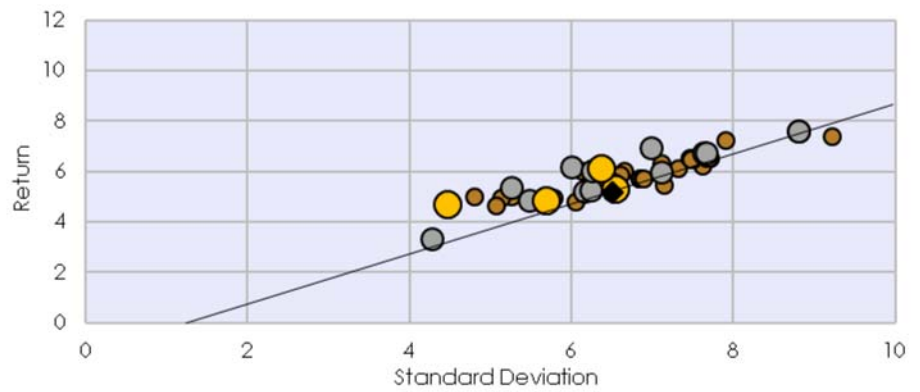


Ages 0-6

– Higher medal-rated Age 0-6 portfolios mostly have lower volatility than the median Age 0-6 portfolio.

Ages 7-12

- Gold medal-rated Age 7-12 portfolios typically have lower or similar volatility compared to the Median portfolio.
- Nearly all medal-rated portfolios earned risk-adjusted returns that were similar or better than the median portfolio.

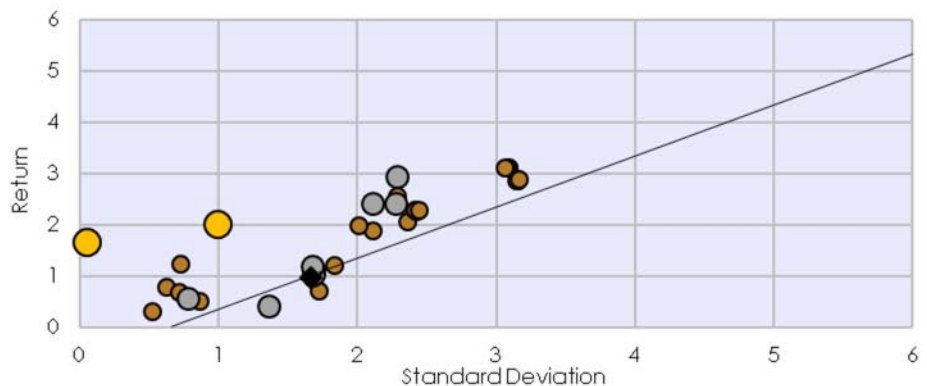


Ages 13-18

– Similar to Age 7-12 portfolios, nearly all medal-rated portfolios earned risk-adjusted returns that were similar or better than the median portfolio.

Ages 19+

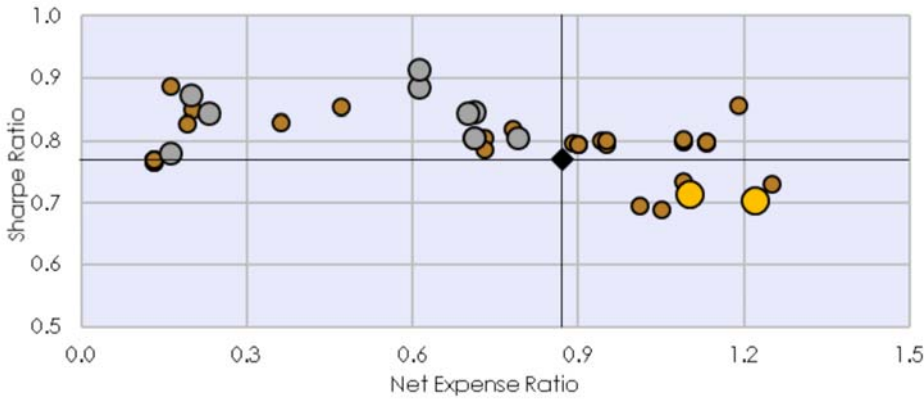
- Nearly all Age 19+ medal-rated portfolios have either higher returns or lower volatility than the median Age 19+ portfolio.



Source: Morningstar Direct

The following graphs highlight the risk-adjusted performance of the portfolios relative to their overall fees for the programs (Direct and Advisor) that earned medal ratings from Morningstar versus their respective peer median. Data set limited to include portfolios with current data available and moderate portfolios for programs with multiple tracks.

Key: ● Gold ● Silver ● Bronze ◆ Morningstar Median

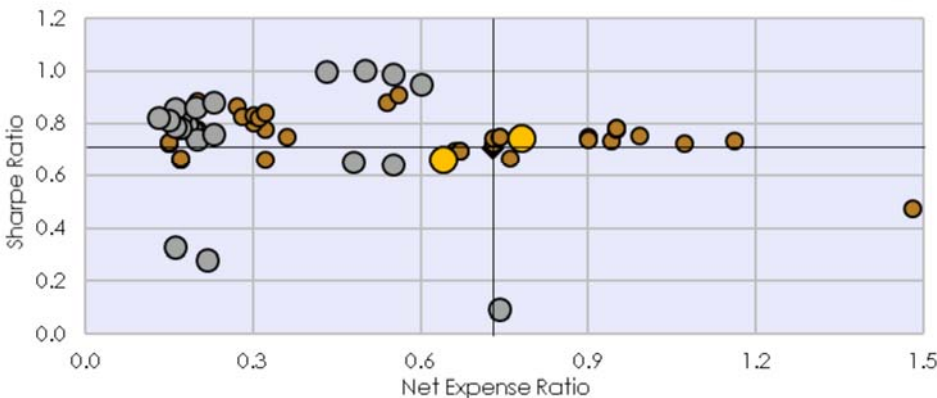
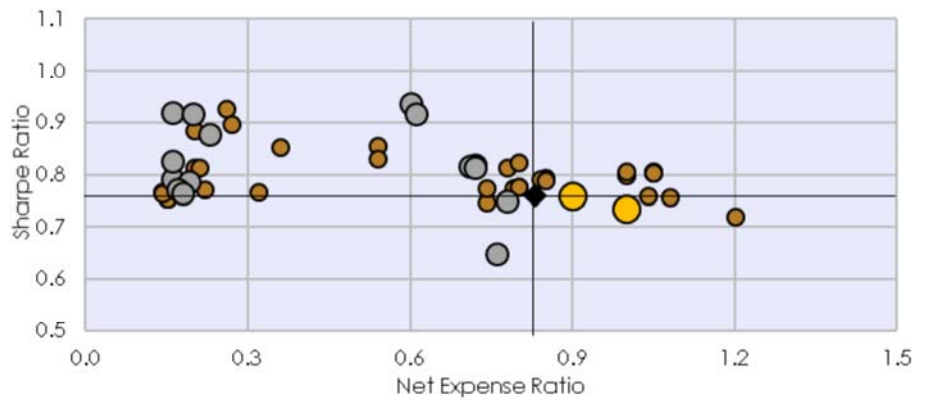


Ages 0-6

– Age 0-6 medal-rated portfolio performance is more mixed as many medal-rated portfolios have higher expenses and lower Sharpe ratios (including both gold-rated portfolios) than the median portfolio.

Ages 7-12

– Most medal-rated Age 7-12 portfolios have Sharpe ratios at, or above, the overall median portfolio, but several higher-rated portfolio's remain below the median.

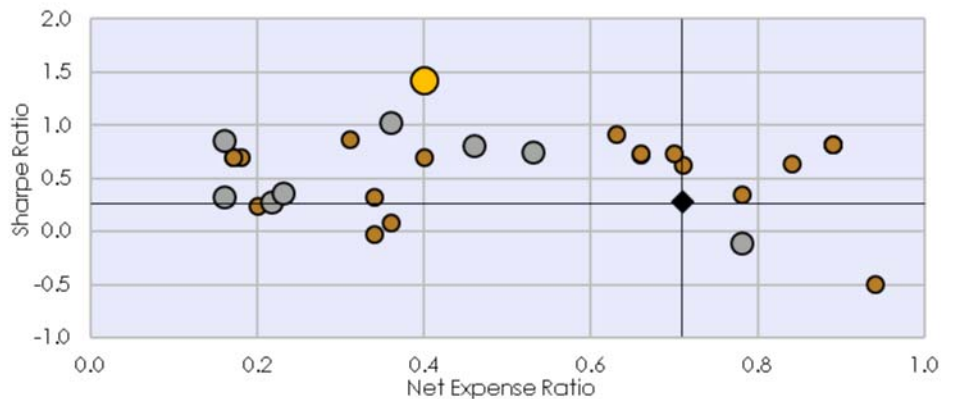


Ages 13-18

– The majority of medal-rated Age 13-18 portfolios have lower expense ratios than the median portfolio, but several higher-rated portfolios have lower Sharpe ratios when compared to the median portfolio.

Ages 19+

– Only two Age 19+ portfolios have both a lower Sharpe ratio and a higher net expense ratio than the overall median portfolio.



Source: Morningstar Direct

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Pages 7-8 notes:

Performance as of March 31, 2018. Median Fund age range is based on Morningstar Direct age-range categories.

Net expense ratio = % of assets deducted each fiscal year for expenses. Sharpe Ratio = (Annualized Return-Risk Free Rate)/Standard Deviation.

Lines represent medians using all portfolios updated in each age-based group. Results as of March 31, 2018.