



Education Trust Board  
of New Mexico

Gary L. Gordon  
Board Chair

Carolyn Fittipaldi  
Acting Executive Director

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Investments and Pensions  
Oversight Committee

October 8, 2021



# Table of Contents

529 College Savings Program Overview	3
Accomplishments and Goals	13
New Mexico 529 Program Design and Data	22
Appendix Investment Line Ups, Pricing and Morningstar Ratings	31





# 529 COLLEGE SAVINGS PROGRAM OVERVIEW

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# What is a 529 College Savings Plan?



- A 529 Plan is an education savings plan operated by a state or educational institution designed to help families set aside funds for future education costs.



- 529 assets can be used to pay for qualified expenses for K-12, post-secondary education – public or private, and apprenticeship programs.



- All earnings and withdrawals from a 529 plan are free from federal and state income taxes if used to pay for qualified educational expenses.



- Contributions by a New Mexico taxpayer may be deducted from income for New Mexico individual income tax purposes if used to pay for qualified higher education expenses.





# Qualified Higher Education Expenses

## What are qualified expenses?

- Post-secondary education – public or private (any school nationwide)
  - Tuition and fees
  - Room and board
  - Books, supplies, and equipment
  - Computer technology, equipment, or internet access
  - Expenses for special needs services
  - Student loans
  - Costs of apprenticeship programs
- K-12 (limited to \$10,000 per year)
  - Tuition

## What isn't covered?

- College application and testing fees
- Transportation Costs
- Health insurance
- Extracurricular activities
- Expenses used to generate federal education tax credits such as:
  - American Opportunity Tax Credit (AOTC)
  - Lifetime Learning Tax Credit (LLTC)





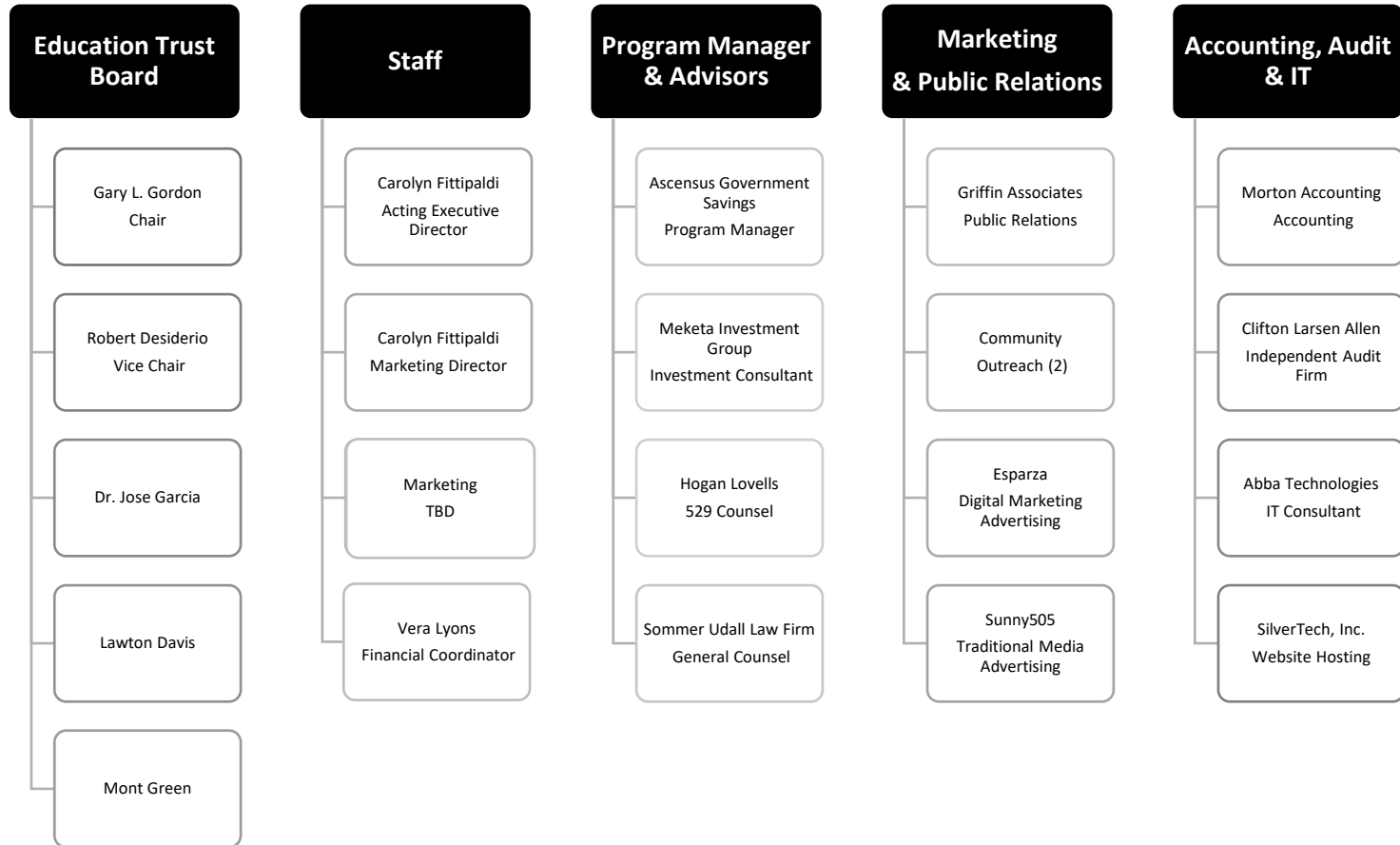
# NM ETB Responsibility and Structure

- The Education Trust Board (NM ETB) is the governing body for New Mexico's 529 college savings programs.
- The NM ETB does **not** receive state general funds. By statute NM ETB must fund its efforts **entirely** from program fees.
- The NM ETB Acts as a fiduciary of the Education Trust.
- The NM ETB is responsible for implementation, administration and marketing of the plans established under the Education Trust Act.
- The NM ETB is administratively attached to the New Mexico Higher Education Department.
- Secretary of Higher Education Department or the Secretary's designee is the Board Chair.
- Other members are appointed by the Governor (2), Senate Pro Tem (1), and Speaker of the House of Representatives (1).





# NM ETB Members, Staff, & Advisors





# Transparency – Online at nmetb.org


- Investment Policy Statement
- Monitoring Procedures and Criteria
- Program Manager Quarterly Reports – including asset and account numbers and investment performance
- Current RFPs and supporting materials
- IPRA Policy
- Audited Financials (unmodified with no findings for last two years)
- ETB Open Meeting Resolution, Agendas and Minutes
- Plan expenses and detailed program information contained in plan disclosure documents (online at [theeducationplan.com](http://theeducationplan.com) and [scholarsedge529.com](http://scholarsedge529.com))







# New Mexico 529 Program

- The New Mexico 529 Program consist of two separate plans
  -  **The Education Plan**<sup>®</sup> (TEP) – sold directly to the public  
*Save today for your child's tomorrow*
    - Direct-Sold Plan
    - Assets – \$685 million
    - Accounts – 25,626
  - **SCHOLAR'S EDGE**<sup>™</sup> (SE) – sold through commission-based investment advisors
    - Advisor-Sold Plan
    - Assets – \$2 billion
    - Accounts – 89,470

*Data as of June 30, 2021*





# NM ETB Program Manager

Ascensus currently serves as the program manager for the NM college savings program and is responsible for:

- Program Administration
- Customer Service and Recordkeeping
- Investment Management
- Marketing and Distribution of Scholar's Edge

Ascensus replaced OppenheimerFunds as program manager on December 9, 2019





# NM ETB Program Manager

## Ascensus

- Administers \$185 billion in 529 assets
- Supports 42 education savings plans across 25 states and the District of Columbia
- Contractual Marketing Commitment to NM ETB (7 years)
  - TEP -- \$6,896,216
  - SE -- \$9,594,952





# NM ETB Program Manager

## Principal Financial Group

- Ascensus subcontracted with Principal for SE investment management, marketing and distribution
- \$990 billion in assets under management
- Strong investment performance, with 59% of Principal investment options above median on a one-year basis, 70% on a three-year basis, and 74% on a five-year basis.
- Additionally, 65% of fund level AUM had a 4- or 5-star Morningstar rating.
- Relationships with 1,100 broker-dealers
- Leading provider of employee benefits, including retirement plans and group benefits plans





# ACCOMPLISHMENTS AND GOALS

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# NM ETB Mission, Vision & Goals

## MISSION

The New Mexico Education Trust Board (NM ETB) is responsible for New Mexico's 529 College Savings Program. Our mission is to make post-secondary education more attainable by offering a flexible, low-cost, tax-efficient way to save for the costs of higher education.

## VISION

NM ETB believes that higher education improves the lives of our children and ultimately benefits the citizens and the economy of New Mexico. Our vision is to enable as many New Mexican children as possible to become beneficiaries of 529 College Savings Accounts before age 10, and to promote continued contributions to the Accounts until post-secondary education is complete.

## GOALS

To show consistent year-over-year growth in new account owners in New Mexico. To be recognized by industry experts/national rating services as a top-rated program for both in-state and out-of-state residents.





# Accomplishments and Goals

## FY21 Marketing and Outreach

- Total of 2,914 new direct-sold plan accounts in FY21 compared to 2,029 new accounts in FY20 (a 44% YOY increase)
- Increased statewide reach with account holders in 161 cities in New Mexico.
- Doubled the number of direct-sold plan accounts using payroll direct deposit YOY.
- Increased the number of employers offering direct-sold plan by 8 in FY21 for a total of 19.
- Sandia Labs is the largest employer offering the direct-sold plan with 202 new accounts to date.
- Increased public relations efforts statewide and nationally in FY21 with close to 1,151 news clips and 1.5 billion impressions. The advertising value was over \$13.9 million and the PR value was \$138.4 million. The investment was only \$60,000.
- Rollout of new mobile app for the direct-sold plan.
- Began the development of a statewide privately-funded scholarship program for low-income, underserved families with plans to launch in May 2022.
- Improved communication with account holders through bi-weekly and monthly emails and relevant content.
- Improved website and search engine optimization.
- Improved digital analytic capabilities.
- Increased partnerships with NM nonprofits, municipal and governmental agencies and schools





# Accomplishments and Goals

## FY21 Outreach Highlights

- Four radio interviews and three TV interviews on the importance of saving for education and the benefits and unique features of the 529 plan. A 30-minute public affairs show airing on seven Albuquerque radio stations on 7/11/20, a 14-minute interview on KTRC on 9/4/20, two 30-minute interviews on Business Matters Show on KTRC, two 5-minute interviews on KRQE/Fox NM on 12/9/20 and 4/19/21, a 20-minute video interview on Broadcast Retirement Network on 3/30/21
- Live webinar presentation at the Los Alamos ScienceFest 7/11/20.
- Presentation to Lovelace Health Systems management and employees 7/14/20
- Presentation to Families & Youth, Inc management and employees 8/18/20, 11/9/20 & 11/10/20
- Presented and educational webinar for CE credit for New Mexico Society of Enrolled Agents on 9/18/20.
- Sponsor of the Nuclear Museum Extended Care Tudor Program to support distance learning for children K-7 9/8/20-12/31/20
- Live webinar presentation to ABCWUA (Water Authority) employees 9/23/20.
- Live webinar presentation at the APS Financial Wellness Fair on 10/1/20. Participated in APS Wellness Fair on 10/8/20-10/9/20.
- Participated in an expert panel discussion webinar about College Savings with middle school and high school students and their families hosted by the National Association of Secondary School Principals (NASSP) on 10/1/20.
- Recorded presentation and Q & A sessions during the CNM open enrollment period 10/5/20-10/26/20.
- Presentation during the Economic Forum of Albuquerque webinar on 10/14/20.







# Accomplishments and Goals

## FY21 Outreach Highlights (continued)

- As lead sponsor, we presented during the New Mexico Society of Association Executives (NMSAE) Growing Leaders Academy on 10/22/20, 10/27/20, 11/10/20 & 11/17/20.
- Participated in the City of Albuquerque Health & Benefits Fair 10/30/20
- Presentation to the State of New Mexico and local public body HR administrators 12/15/20
- Participated in the New Mexico Counties BIPO Conference 12/1/20-12/2/20 & 12/7/20-12/8/20 and the Legislative Conference 1/19/21-1/21/21
- Presentation to employees at Dekker/Perich/Sabatini 1/28/21
- Presentation to members of Public Charter Schools of New Mexico 2/1/21
- Presentation to Curry County employees 2/17/21
- Presentation to Los Lunas Rotary Club 3/23/21
- Presentation to Graphic Connection employees 4/6/21
- Participation and presentation at the Society of HR Managers New Mexico (SHRM NM) Conference 4/19/21
- Participation in Family Friendly New Mexico Awards 4/28/21
- Participation and presentation in NMPTA Conference 4/30/21
- Presentation to members at Nusenda Credit Union 4/30/21
- Participation and presentation during Dona Ana County open enrollment – 5/24/21-6/6/21
- Albuquerque Hispano Chamber of Commerce Golf Tournament sponsorship with table set up on course 5/6/21
- Participation with table at ABQ Mom Park Hop Play Date 6/2/21
- Presentation to students and families at Flamenco Works Inc 6/27/21





# Accomplishments and Goals

## FY22 Marketing Goals

- Of the 3,205 new accounts targeted to open (a goal of 10% YOY increase), 50% will be NM-based (1,600).
- Monthly target of 267 new accounts.
- Grow contributions to existing accounts.
- Add 10 new employers in New Mexico offering the 529 plan as an employee “benefit”
- Brand messaging & positioning:
  - A 529 plan can help anyone – regardless of age, career path or socio-economics
  - Higher education costs are much more than just tuition
  - Savings helps reduce the burden of student debt
  - A 529 plan is a smart, tax-advantaged way to grow savings
  - It’s never too late or too early to start a 529 plan
  - 529 plans can be “crowd-funded” with gift contributions from family & friends for birthdays and holidays, which helps fuel savings
  - A 529 employee benefit is free, easy and smart for employers to offer
  - The Education Plan can help make New Mexico stronger





# Accomplishments and Goals

## FY22 Outreach Highlights

- 7/1/21 & 7/20/21: Participated with table at ABQ Mom Park Hop Play Dates
- 8/4/21: Participated in Family Friendly New Mexico Facebook Live interview and hosted a Financial Wellness Webinar with a presentation and Q&A 8/18/21
- 8/6/21 & 9/17/21: Presentation during NMPTA Leadership Academy
- 8/9/21: Presentation to management of Alta Mira Family Services and presentation to employees on 9/16/21
- 8/13/21: 5-minute TV interview on KRQE/Fox NM
- 9/16/21: 2-minute TV interview on KRQE/Fox NM
- 9/16/21: Presentation to Albuquerque Hispano Chamber of Commerce members
- Scheduled to participate and present at:
  - 10/7/21 APS Wellness Fair
  - 10/8/21 the Investments & Pensions Oversight Committee
  - 10/19/21, 11/16/21 & 12/14/21 the New Mexico Society of Association Executives (NMSAE) Growing Leaders Academy
  - 11/8/21-11/19/21 the Big Brothers Big Sisters Discovery Festival





# Accomplishments and Goals

## Current Active Employer Partners

- Sandia National Labs
- ABCWUA (Water Authority)
- Lovelace Health Systems
- University of New Mexico
- APS
- Central New Mexico Community College
- City of Albuquerque
- Dona Ana County
- Dekker/Perich/Sabatini
- Sunny 505
- HB Construction
- Curry County
- Main Bank
- Eddy County
- Presbyterian Health Services
- Families & Youth Inc
- Big Brothers Big Sisters of Central New Mexico
- Graphic Connection
- Alta Mira Family Services





# Accomplishments and Goals

## Employer Partners In Discussion

- State of New Mexico
- Los Alamos National Laboratories & Foundation
- Bernalillo County
- PNM
- Christus St. Vincent Hospital
- Southwestern Title & Escrow
- Nusenda Credit Union
- Sandia Labs Federal Credit Union
- Rio Grande Credit Union
- Washington Federal Bank
- First Financial Credit Union





# NEW MEXICO 529 PROGRAM DESIGN AND DATA

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# Current Plan Options



- 3.6★'s Avg. Morningstar rating
- 100% funds medal rated



- 4.1★'s Avg. Morningstar rating
- 73% funds medal rated

- 11 Year of Enrollment Portfolios
  - Passive
- 8 Asset Allocation Portfolios
  - 4 Active
  - 4 Passive
- 5 Individual Portfolios
  - 3 Passive
  - 1 Active (Social Choice)
  - 1 Capital Preservation

- 11 Year of Enrollment Portfolios
  - Active/Passive Blend
- 4 Asset Allocation Portfolios
  - Active/Passive Blend
- 16 Individual Portfolios
  - 9 Active
  - 6 Passive
  - 1 Capital Preservation





# Underlying Money Managers



- Vanguard
- Black Rock
- DFA
- American Funds
- New York Life
- Prudential
- Schwab
- SSgA
- TIAA-CREF



- Principal
- Vanguard
- Black Rock
- JP Morgan
- MainStay

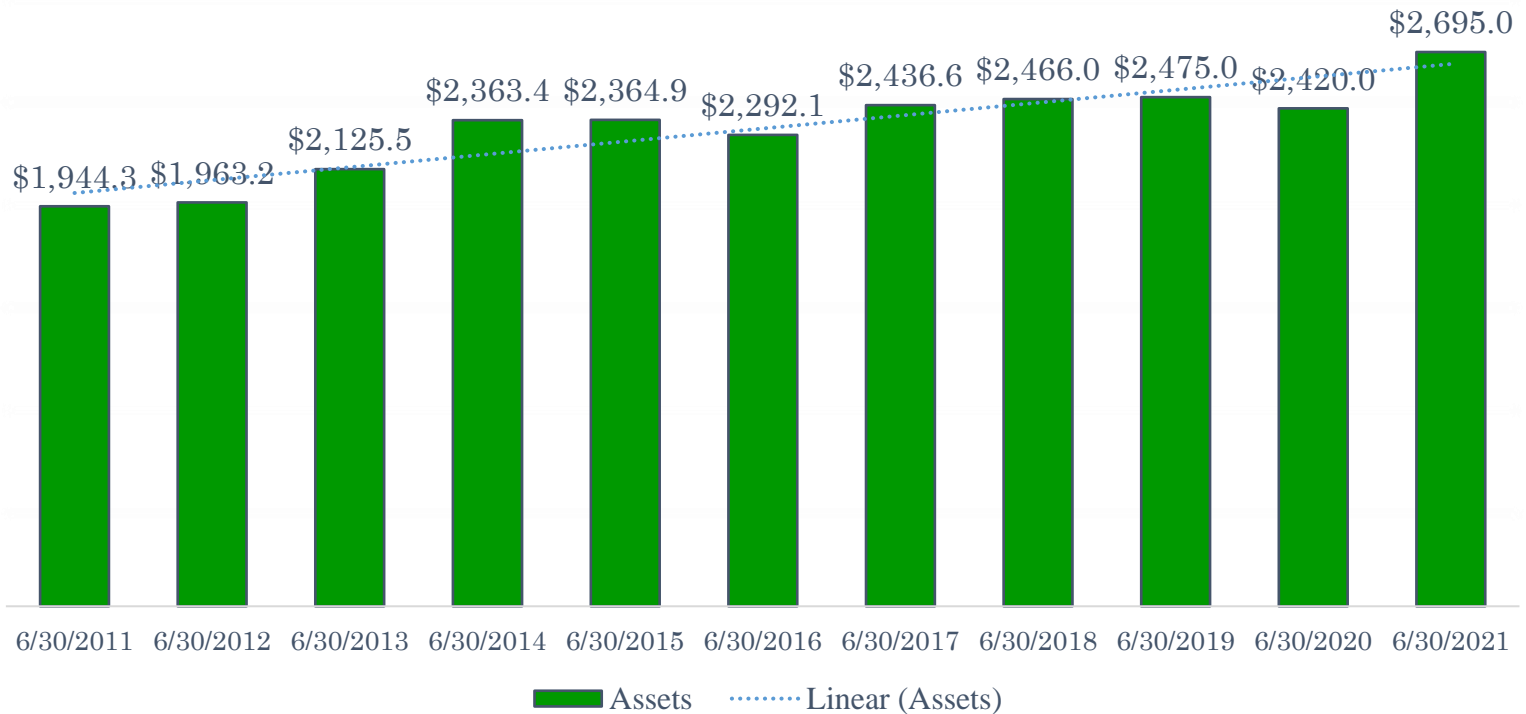






# TOTAL 529 TRUST ASSETS (Both Plans)

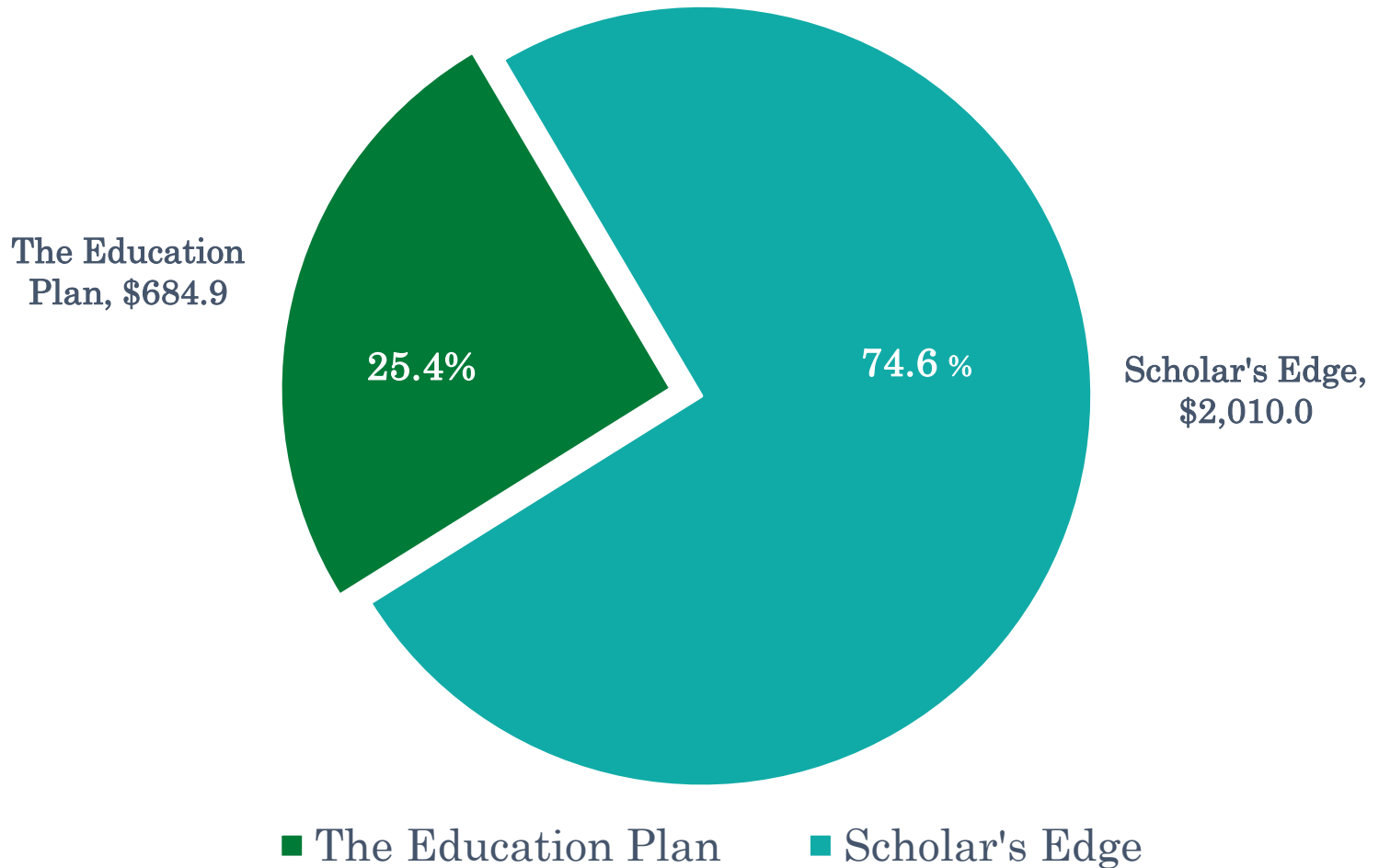
(IN MILLIONS)





# TOTAL EDUCATION TRUST ASSETS BY PLAN

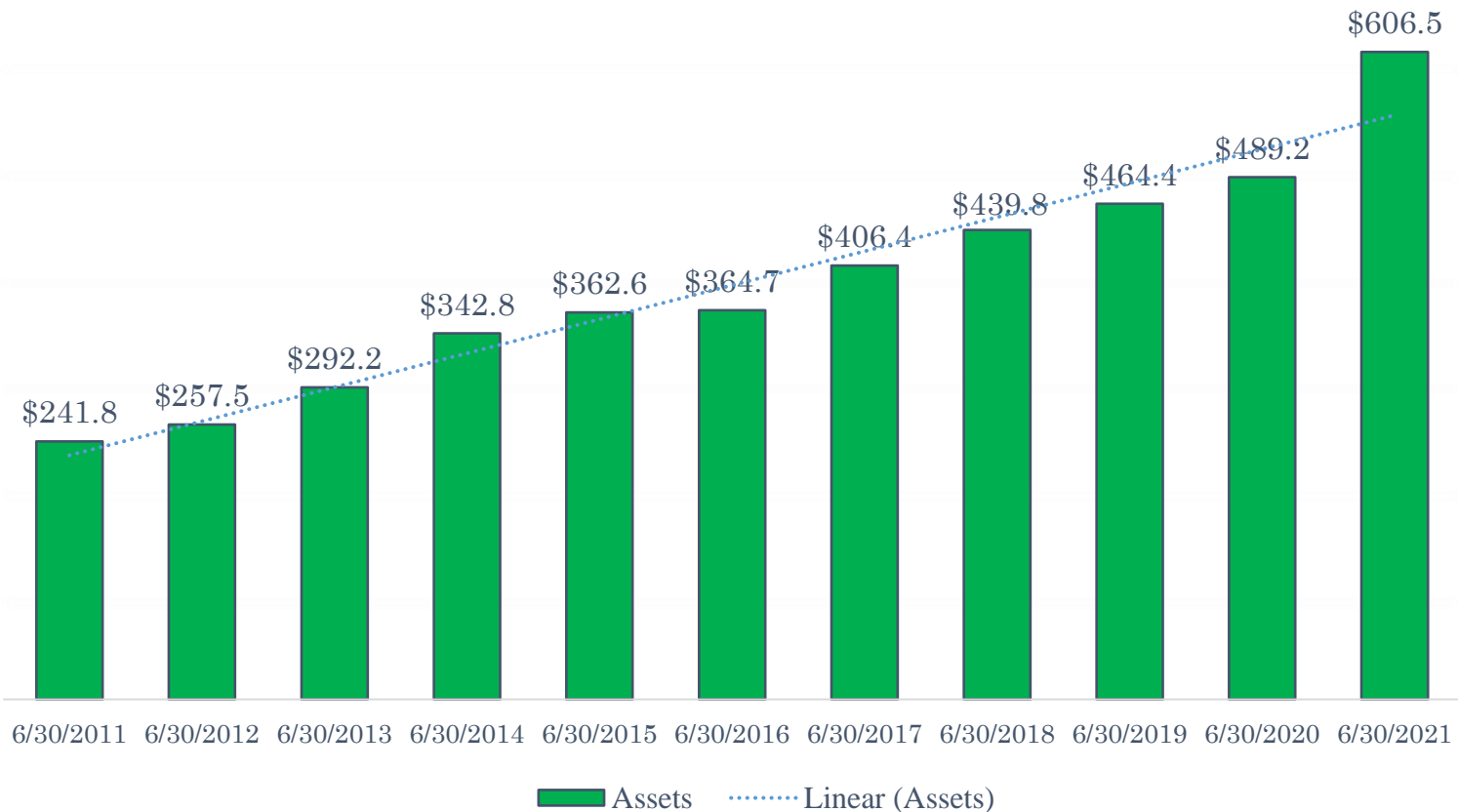
(IN MILLIONS)





# NM RESIDENT 529 TRUST ASSETS (Both Plans)

(IN MILLIONS)





# FY2021 New Mexico Resident Utilization

## NM Account Summary

**25,282**  
NM Total Accounts

**\$606.5 million**  
NM Total Assets

**\$10,216(TEP) \$8,799(SE)**  
Median NM Account  
Balance

**13.7 Years**  
Average Beneficiary Age  
Per NM Account

## NM Account Activity (7/1/2020 – 6/30/2021)

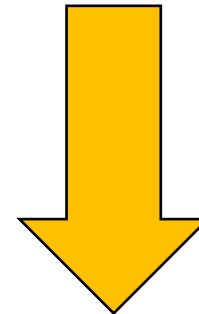
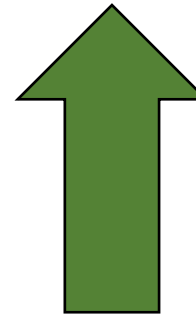
### Contributions

\$62.2 million

\$421 avg. contribution  
for the period

### Redemptions (To pay for college expenses)

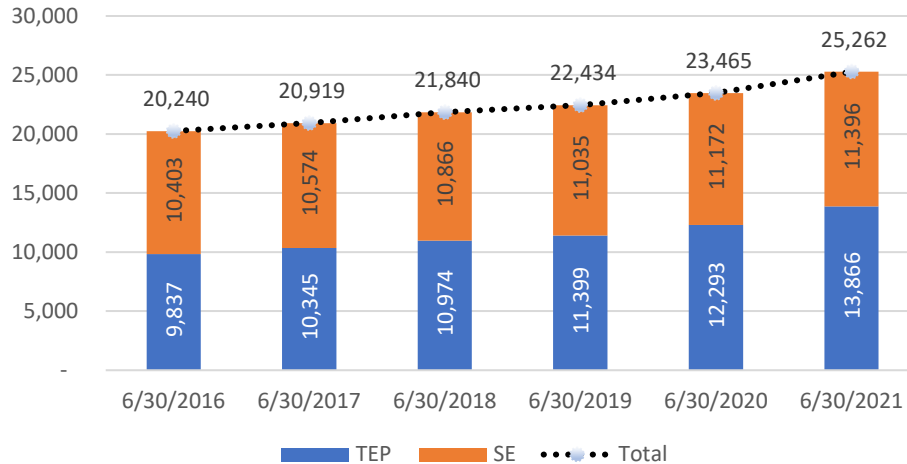
\$34.9 million





# FY2021 New Mexico Resident Utilization

## NM Resident Accounts



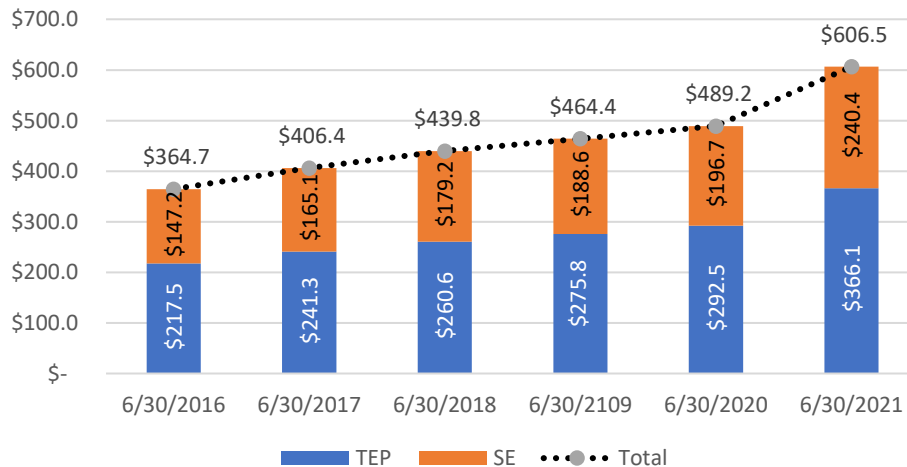
### NM SE Accounts

- Increased 2.01% year-over-year
- Averaging 1.1% growth rate over last 3 FYs

### NM TEP accounts

- Increased 12.8% year-over-year
- Averaging 7.2% growth rate over last 3 FYs

## NM Resident 529 Assets



### NM SE Assets

- Increased 22.2% year-over-year
- Averaging 9.2% growth rate over last 3 FYs

### NM TEP Assets

- Increased 25.2% year-over-year
- Averaging 10.9% growth rate over last 3 FYs





# Thank You





# APPENDIX

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# The Education Plan

## Year of enrollment-based portfolios



Asset Class	Product	Year of Enrollment Portfolio										
		2038-2039	2036-2037	2034-2035	2032-2033	2030-2031	2028-2029	2026-2027	2024-2025	2022-2023	2020-2021	Enrollment Portfolio
US Equity	Vanguard Total Stock Market Index Inst Plus	48.60%	45.90%	42.30%	38.70%	35.10%	31.05%	25.65%	18.90%	12.15%	5.40%	5.40%
US Real Estate	Schwab US REIT ETF	5.40%	5.10%	4.70%	4.30%	3.90%	3.45%	2.85%	2.10%	1.35%	0.60%	0.60%
Non-US Equity	Vanguard Developed Markets Index Inst	27.00%	25.50%	23.50%	21.50%	19.50%	17.25%	14.25%	10.50%	6.75%	3.00%	3.00%
Emerging Market Equity	SPDR® Portfolio Emerging Markets ETF	9.00%	8.50%	7.83%	7.17%	6.50%	5.75%	4.75%	3.50%	2.25%	1.00%	1.00%
Core Fixed Income	Vanguard Total Bond Market II Index I	5.63%	7.03%	8.91%	10.78%	12.66%	15.00%	18.75%	22.50%	23.91%	16.88%	16.88%
Short Term Inflation Protected	Vanguard Short Term Inflation Protected Securities Fund Inst	1.50%	1.88%	2.38%	2.88%	3.38%	4.00%	5.00%	6.00%	6.38%	4.50%	4.50%
High Yield Corporate	Vanguard High Yield Corporate Fund Adm	1.00%	1.25%	1.58%	1.92%	2.25%	2.67%	3.33%	4.00%	4.25%	3.00%	3.00%
Non-US Fixed Income	iShares International Aggregate ETF	1.88%	2.34%	2.97%	3.59%	4.22%	5.00%	6.25%	7.50%	7.97%	5.63%	5.63%
Short-Term Government	Vanguard Short Term Treasury Index Inst	0.00%	1.00%	2.33%	3.67%	5.00%	6.33%	7.67%	10.00%	14.00%	24.00%	24.00%
Stable Value	New York Life GIA 10	0.00%	1.50%	3.50%	5.50%	7.50%	9.50%	11.50%	15.00%	21.00%	36.00%	36.00%
	Equity	90.00%	85.00%	78.33%	71.67%	65.00%	57.50%	47.50%	35.00%	22.50%	10.00%	10.00%
	Fixed Income/Short-Term Marketable Securities	10.00%	15.00%	21.67%	28.33%	35.00%	42.50%	52.50%	65.00%	77.50%	90.00%	90.00%
	<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
	Weighted Average Expense	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.03%	0.03%
	Plan Management Fee	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
	State Administrative Fee	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
	<b>Total Annual Asset-Based Fees</b>	<b>0.14%</b>	<b>0.14%</b>	<b>0.14%</b>	<b>0.14%</b>	<b>0.14%</b>	<b>0.14%</b>	<b>0.14%</b>	<b>0.14%</b>	<b>0.14%</b>	<b>0.13%</b>	<b>0.13%</b>

As of June 30, 2021.



# The Education Plan

## Static allocation passive portfolios



Asset class	Product	Static Allocation Passive Portfolio			
		100% Equity Index Portfolio	75% Equity Index Portfolio	50% Equity Index Portfolio	25% Equity Index Portfolio
US Equity	Vanguard Total Stock Market Index Inst Plus	54.00%	40.50%	27.00%	13.50%
US Real Estate	Schwab US REIT ETF	6.00%	4.50%	3.00%	1.50%
Non-US Equity	Vanguard Developed Markets Index Inst	30.00%	22.50%	15.00%	7.50%
Emerging Market Equity	SPDR® Portfolio Emerging Markets ETF	10.00%	7.50%	5.00%	2.50%
Core Fixed Income	Vanguard Total Bond Market II Index I	0.00%	9.85%	18.30%	25.30%
Short Term Inflation Protected	Vanguard Short Term Inflation Protected Securities Fund Inst	0.00%	2.63%	4.87%	6.75%
High Yield Corporate	Vanguard High Yield Corporate Fund Adm	0.00%	1.75%	3.25%	4.50%
Non-US Fixed Income	iShares International Aggregate ETF	0.00%	3.28%	6.08%	8.45%
Short-Term Government	Vanguard Short Term Treasury Index Inst	0.00%	7.50%	17.50%	30.00%
	Equity	100%	75%	50%	25%
	Fixed Income/Short-Term Marketable Securities	0%	25%	50%	75%
	Total	100%	100%	100%	100%
	Weighted Average Expenses	0.04%	0.04%	0.04%	0.05%
	Plan Management Fee	0.05%	0.05%	0.05%	0.05%
	State Administrative Fee	0.05%	0.05%	0.05%	0.05%
	Total Annual Asset-Based Fees	0.14%	0.14%	0.14%	0.15%

As of June 30, 2021.

# The Education Plan

## Static allocation active portfolios



Asset class	Product	Static Allocation Active Portfolio			
		100% Active Equity Portfolio	75% Active Equity Portfolio	50% Active Equity Portfolio	25% Active Equity Portfolio
US Equity	American Funds Fundamental Invs F3	54.00%	40.50%	27.00%	13.50%
US Real Estate	TIAA CREF Real Estate Sec Instl	6.00%	4.50%	3.00%	1.50%
Non-US Equity	DFA International Core Equity I	30.00%	22.50%	15.00%	7.50%
Emerging Market Equity	DFA Emerging Markets Core Equity I	10.00%	7.50%	5.00%	2.50%
Core Fixed Income	TIAA CREF Bond Plus Instl	0.00%	9.85%	18.30%	25.30%
Inflation Protected	DFA Inflation-Protected Securities I	0.00%	2.63%	4.87%	6.75%
Ultra Short-Term Bond	Vanguard Ultra Short Term Bond Admiral	0.00%	1.75%	3.25%	4.50%
Global Fixed Income	Prudential Global Total Return R6	0.00%	3.28%	6.08%	8.45%
Stable Value	New York Life GIA 10	0.00%	7.50%	17.50%	30.00%
	Equity	100%	75%	50%	25%
	Fixed Income/Short-Term Marketable Securities	0%	25%	50%	75%
	<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
	Weighted Average Expense	0.30%	0.28%	0.25%	0.21%
	Plan Management Fee	0.05%	0.05%	0.05%	0.05%
	State Administrative Fee	0.05%	0.05%	0.05%	0.05%
	<b>Total Annual Asset-Based Fees</b>	<b>0.40%</b>	<b>0.38%</b>	<b>0.35%</b>	<b>0.31%</b>

As of June 30, 2021.

# The Education Plan

## Individual fund portfolios



Asset class	Fund/ETF	Fund fee
US Equity Index Portfolio	Vanguard Total Stock Market Index Instl Plus	0.02%
Bond Index Portfolio	Vanguard Total Bond Market Index ETF	0.035%
Short Term Bond Index Portfolio	Vanguard Short Term Treasury Index Instl	0.05%
Social Choice Portfolio	TIAA-CREF Social Equity Instl	0.18%
Cash Preservation Portfolio	New York Life GIA 10	0.00%

As of June 30, 2021.

# The Education Plan

## Morningstar evaluation

	Investment option	Star rating	Analyst rating	Morningstar pillar		
				Process	People	Parent
Passive	Vanguard Total Stock Market Index	4	Gold	High	Above Average	High
	Schwab US REIT ETF™	2	Silver	Above Average	Above Average	Above Average
	Vanguard Developed Markets Index	4	Silver	Above Average	Above Average	High
	SPDR® Portfolio Emerging Markets ETF	3	Gold	Above Average	Above Average	Average
	Vanguard Total Bond Market II Index	3	Gold	Above Average	Above Average	High
	Vanguard Short-Term Infl-Prot Sec Index	2	Gold	Above Average	Above Average	High
	Vanguard High-Yield Corporate	4	Gold	Above Average	Above Average	High
	iShares Core International Agg Bond ETF	3	Bronze	Average	Above Average	Above Average
	Vanguard Short-Term Treasury Index	3	Gold	Above Average	Above Average	High
	Vanguard Ultra-Short-Term Bond Index	4	Silver	High	Average	High
	Vanguard Total Bond Market ETF	3	Gold	Above Average	Above Average	High
Active	American Funds Fundamental Investors	3	Silver	Above Average	Above Average	High
	TIAA-CREF Real Estate Securities	5	Gold	High	High	Average
	DFA International Core Equity	3	Silver	Above Average	Above Average	High
	DFA Emerging Markets Core Equity	3	Silver	Average	Above Average	High
	TIAA-CREF Core Plus Bond	4	Silver	Above Average	Above Average	Average
	DFA Inflation-Protected Securities	5	Silver	Above Average	Average	High
	PGIM Global Total Return	5	Silver	Above Average	Above Average	Above Average
	TIAA-CREF Social Choice Equity Instl	4	Bronze	Average	Above Average	Average

As of June 30, 2021. Source: Morningstar.

# Scholar's Edge

## Year-of-Enrollment portfolio holdings

Year of Enrollment - 2021		2038-2039	2036-2037	2034-2035	2032-2033	2030-2031	2028-2029	2026-2027	2024-2025	2022-2023	2020-2021	Principal Today
Asset Class	Fund/ETF											
<b>U.S Equity</b>	iShares S&P 500 Stock Index ETF (IVV)	26.05%	25.20%	23.30%	23.50%	22.50%	18.95%	16.05%	11.40%	6.20%	0.00%	0.00%
	Principal Blue Chip R6 Fund (PGBHX)	13.05%	12.60%	11.60%	11.80%	11.25%	9.45%	8.05%	5.70%	3.15%	0.00%	0.00%
	Principal Equity Income Inst Fund (PEIIX)	13.05%	12.60%	11.60%	11.80%	11.25%	9.45%	8.05%	5.70%	3.15%	0.00%	0.00%
	Vanguard Mid-Cap Index Fund Institutional Shares (VMCIX)	10.45%	10.10%	9.30%	6.45%	5.30%	4.45%	1.05%	0.00%	0.00%	0.00%	0.00%
	iShares Small Cap Index ETF (IIR)	6.95%	6.75%	6.20%	3.60%	2.65%	2.25%	0.55%	0.00%	0.00%	0.00%	0.00%
<b>International Equity</b>	Principal Diversified International R6 Fund (PDIFX)	25.15%	24.53%	22.95%	21.30%	19.30%	15.95%	12.20%	8.10%	3.85%	0.00%	0.00%
	JPMorgan Emerging Markets Equity R6 (JEMWX)	2.80%	2.73%	2.55%	1.45%	1.25%	1.00%	0.80%	0.50%	0.25%	0.00%	0.00%
<b>Fixed Income</b>	Principal Core Fixed Income R6 Fund (PICNX)	0.00%	2.40%	8.00%	12.00%	16.65%	24.65%	27.25%	32.95%	37.50%	40.00%	40.00%
	iShares Core U.S. Aggregate Bond (AGG)	0.00%	0.60%	2.00%	3.00%	4.15%	6.15%	6.80%	8.25%	9.40%	10.00%	10.00%
<b>GIC</b>	Principal Short-Term Income Inst Fund (PSHIX)	0.00%	0.00%	0.00%	1.50%	2.60%	3.85%	9.60%	13.70%	16.70%	20.00%	20.00%
	Scholar's Edge Guaranteed Contract	0.00%	0.00%	0.00%	1.50%	2.60%	3.85%	9.60%	13.70%	19.80%	30.00%	30.00%
<b>Real Estate</b>	Principal Real Estate Securities R6 Fund (PFRSX)	2.50%	2.50%	2.50%	2.10%	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total Equity</b>		100.0%	97.0%	90.0%	82.0%	74.0%	61.5%	46.8%	31.4%	16.6%	0.0%	0.0%
<b>Total Fixed Income/Short-Term Marketable Securities</b>		0.0%	3.0%	10.0%	18.0%	26.0%	38.5%	53.3%	68.6%	83.4%	100.0%	100.0%
<b>Proprietary Fund Allocation</b>		53.8%	54.6%	56.7%	62.0%	64.2%	67.2%	74.8%	79.9%	84.2%	90.0%	90.0%
<b>Non-Proprietary Fund Allocation</b>		46.3%	45.4%	43.4%	38.0%	35.9%	32.8%	25.3%	20.2%	15.9%	10.0%	10.0%
<b>Weighted Fund Fee</b>		0.39%	0.39%	0.39%	0.39%	0.38%	0.38%	0.37%	0.35%	0.33%	0.29%	0.29%
<b>Total Annual Asset-Based Fees for Class A</b>		0.92%	0.92%	0.92%	0.92%	0.91%	0.91%	0.90%	0.88%	0.86%	0.82%	0.82%
<b>Total Annual Asset-Based Fees for Class C</b>		1.67%	1.67%	1.67%	1.67%	1.66%	1.66%	1.65%	1.63%	1.61%	1.57%	1.57%
<b>Total Annual Asset-Based Fees for Class R</b>		0.67%	0.67%	0.67%	0.67%	0.66%	0.66%	0.65%	0.63%	0.61%	0.57%	0.57%

As of June 30, 2021.

# Scholar's Edge

## Static allocation portfolio holdings

Static Allocation (Custom Choice) Portfolios		Aggressive	Moderate	Conservative	Fixed Income
Asset Class	Fund/ETF				
U.S Equity	iShares S&P 500 Stock Index ETF (IVV)	22.65%	17.80%	10.00%	0.00%
	Principal Blue Chip R6 Fund (PGBHX)	11.35%	8.95%	5.00%	0.00%
	Principal Equity Income Inst Fund (PEIIX)	11.35%	8.95%	5.00%	0.00%
	Vanguard Mid-Cap Index Fund Institutional Shares (VMCIX)	9.10%	4.20%	0.00%	0.00%
	iShares Small Cap Index ETF (IJR)	6.05%	2.10%	0.00%	0.00%
International Equity	Principal Diversified International R6 Fund (PDIFX)	22.50%	15.05%	7.05%	0.00%
	JPMorgan Emerging Markets Equity R6 (JEMWX)	2.50%	0.95%	0.45%	0.00%
Fixed Income	Principal Core Fixed Income R6 Fund (PICNX)	9.60%	26.90%	34.80%	40.00%
	iShares Core U.S. Aggregate Bond (AGG)	2.40%	6.70%	8.70%	10.00%
	Principal Short-Term Income Inst Fund (PSHIX)	0.00%	4.20%	14.50%	20.00%
GIC	Scholar's Edge Guaranteed Contract	0.00%	4.20%	14.50%	30.00%
Real Estate	Principal Real Estate Securities R6 Fund (PFRSX)	2.50%	0.00%	0.00%	0.00%
<b>Total Equity</b>		<b>88.0%</b>	<b>58.0%</b>	<b>27.5%</b>	<b>0.0%</b>
<b>Total Fixed Income/Short-Term Marketable Securities</b>		<b>12.0%</b>	<b>42.0%</b>	<b>72.5%</b>	<b>100.0%</b>
<b>Proprietary Fund Allocation</b>		<b>57.3%</b>	<b>68.3%</b>	<b>80.9%</b>	<b>90.0%</b>
<b>Non-Proprietary Fund Allocation</b>		<b>42.7%</b>	<b>31.8%</b>	<b>19.2%</b>	<b>10.0%</b>
<b>Weighted Fund Fee</b>		<b>0.39%</b>	<b>0.38%</b>	<b>0.35%</b>	<b>0.29%</b>
<b>Total Annual Asset-Based Fees for Class A</b>		<b>0.92%</b>	<b>0.91%</b>	<b>0.88%</b>	<b>0.82%</b>
<b>Total Annual Asset-Based Fees for Class C</b>		<b>1.67%</b>	<b>1.66%</b>	<b>1.63%</b>	<b>1.57%</b>
<b>Total Annual Asset-Based Fees for Class R</b>		<b>0.67%</b>	<b>0.66%</b>	<b>0.63%</b>	<b>0.57%</b>

As of June 30, 2021.

# Scholar's Edge

## Individual portfolios

Individual Portfolios					
Asset Class	Fund/ETF	Fund Fee	Total Annual Asset-Based Fees for Class A	Total Annual Asset-Based Fees for Class C	Total Annual Asset-Based Fees for Class R
U.S. Large Cap	iShares S&P 500 Stock Index ETF (IVV)	0.04%	0.57%	1.32%	0.32%
U.S. Large Cap	Principal Blue Chip R6 Fund (PGBHX)	0.56%	1.09%	1.84%	0.84%
U.S. Large Cap	Principal Equity Income Inst Fund (PEIIX)	0.52%	1.05%	1.80%	0.80%
U.S. Mid Cap	Vanguard Mid-Cap Index Fund Institutional Shares (VMCIX)	0.04%	0.57%	1.32%	0.32%
U.S. Small Cap	iShares Small Cap Index ETF (IJR)	0.06%	0.59%	1.34%	0.34%
Non-U.S. Equity	Principal Diversified International R6 Fund (PDIFX)	0.73%	1.26%	2.01%	1.01%
Emerging Market Equity	JPMorgan Emerging Markets Equity R6 (JEMWX)	0.79%	1.32%	2.07%	1.07%
Core Fixed Income	Principal Core Fixed Income R6 Fund (PICNX)	0.49%	1.02%	1.77%	0.77%
Core Fixed Income	iShares Core U.S. Aggregate Bond (AGG)	0.04%	0.57%	1.32%	0.32%
Short Term Fixed Income	Principal Short-Term Income Inst Fund (PSHIX)	0.43%	0.96%	1.71%	0.71%
Global Equity	Vanguard Total World Stock ETF (VT)	0.08%	0.61%	1.36%	0.36%
Non-U.S. Small Cap	Principal International Small Company R-6 (PFISX)	1.08%	1.61%	2.36%	1.36%
Non-U.S. Fixed Income	Vanguard Total International Bond ETF (BNDX)	0.08%	0.61%	1.36%	0.36%
U.S. High Yield	MainStay MacKay High Yield Corporate Bond (MHYSX)	0.59%	1.12%	1.87%	0.87%
GIC	Scholar's Edge Guaranteed Contract	0.00%	0.53%	1.31%	0.28%
U.S. Real Estate	Principal Real Estate Securities R6 Fund (PFRSX)	0.81%	1.34%	2.09%	1.09%

As of June 30, 2021

# Scholar's Edge

## Individual portfolios Morningstar evaluation

	Investment option	Star rating	Analyst rating	Morningstar pillar		
				Process	People	Parent
Passive	iShares Core S&P 500 ETF	5	Gold	High	Above Average	Above Average
	Vanguard Mid Cap Index Institutional	5	Gold	High	Above Average	High
	iShares Core S&P Small-Cap ETF	4	Silver	Above Average	Above Average	Above Average
	iShares Core US Aggregate Bond ETF	3	Gold	Above Average	Above Average	Above Average
	Vanguard Total World Stock ETF	4	Gold	High	Above Average	High
	Vanguard Total International Bond ETF	3	Silver	Above Average	Above Average	High
Active	Principal Blue Chip R-6	5	Silver	Above Average	Above Average	Average
	Principal Equity Income Inst	4	Silver	Above Average	Above Average	Average
	Principal Diversified International R-6	4	Bronze	Average	Above Average	Average
	JPMorgan Emerging Markets Equity R6	5	Silver	Above Average	High	Above Average
	Principal Core Fixed Income R6 Fund	4	Neutral	Average	Average	Average
	Principal Short-Term Income Inst	4	Neutral	Average	Average	Average
	Principal International Small CompanyR-6	2	Silver	Average	High	Average
	MainStay MacKay High Yield Corp Bd R6	4	Silver	Average	Above Average	Average
Principal Real Estate Securities Fd R-6	4	Bronze	Above Average	Above Average	Average	

As of June 30, 2021.