



PURPOSE

The purpose of this Statement of Investment Policy and Guidelines (“Statement”) is to identify a set of investment objectives, guidelines and performance standards for Invest529. This Statement represents the formal investment policy document for Invest529 and is to be communicated to the investment managers for their use in developing an appropriate investment portfolio. This document will also be used by the Board as the basis for future investment management decisions, measurement, and evaluation of investment performance of Invest529.

This Statement will be reviewed at least annually by the Board to ensure that it is consistent with the investment needs of Invest529.

RESPONSIBILITIES

Standard of Care

Pursuant to § 23.1-706 of the Code of Virginia (“Code”), the Board, and any person, investment manager, or committee to whom the board delegates any of its investment authority, shall act as trustee and shall exercise the judgment of care under the circumstances then prevailing that persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation but to the permanent disposition of funds, considering the probable income and the probable safety of their capital.

Board

Pursuant to § 23.1-704 of the Code of Virginia (“Code”), the Board shall administer the Commonwealth Savers Plan (“Plan”) and shall develop and implement programs for (i) the prepayment of undergraduate tuition, as defined in § 23.1-700 of the Code, at a fixed, guaranteed level for application at a public institution of higher education and (ii) contributions to college savings trust accounts established on behalf of a qualified beneficiary in order to apply distributions from the account toward qualified higher education expenses at eligible educational institutions, as both such terms are defined in § 529 of the Internal Revenue Code of 1986, as amended, or other applicable federal law. In addition, pursuant to § 23.1-704 of the Code, the Board shall invest moneys in the Plan in any instruments, obligations, securities, or property deemed appropriate by the Board.

The Board is authorized to delegate certain responsibilities to qualified agents to assist them in properly meeting the overall Board responsibilities as outlined above. Specifically, the Board relies on the advice, guidance and actions of Commonwealth Savers Plan management (“Management”), the Investment Advisory Committee, a custodian, investment managers, an investment consultant and legal counsel to perform various functions.

Management

Commonwealth Savers management, comprised of the Chief Executive Officer (“CEO”) and such other senior officers as may be appointed by the CEO, shall implement decisions approved by the Board and/or Investment Advisory Committee. Management shall (i) oversee the development, structure, evaluation and implementation of Invest529’s strategic goals and objectives and (ii) with the assistance of the Investment Advisory Committee, and investment consultants, will direct, manage and administer Invest529’s assets and programs, and (iii) report periodically and as requested to the Board.



Investment Advisory Committee

According to § 23.1-702 of the Code, the Board of Commonwealth Savers Plan shall appoint an Investment Advisory Committee (“Committee”), the purpose of which is to assist the Board in fulfilling its fiduciary duty as trustee of the Plan and to assist Management in directing, managing, and administering Plan assets, and to provide the Board with sophisticated, objective and prudent investment advice and direction on all matters related to the management of investments, within the parameters set by the Statement, as it may be amended from time to time. While this Statement refers to the responsibilities and duties of the Board, some of these responsibilities and duties may be delegated to the Committee via the Committee Charter.

The Committee shall be comprised and administered in accordance with the Committee Charter, as it may be amended from time to time by the Board. The Committee is authorized to make decisions with regard to investment managers. The Committee is further authorized to take any additional action specifically authorized in other Board actions. Recommendations are not binding upon the Board.

The Committee shall report any action taken to the Board at the Board’s next meeting.

ALLOWABLE INVESTMENTS

Pursuant to § 23.1-706 of the Code, as amended, the Board is authorized to acquire and retain every kind of property and any kind of investment, and to retain property properly acquired, without time limitation and without regard to its suitability for original purpose, specifically including but not limited to:

- Debentures and other corporate obligations of foreign or domestic corporations;
- Common or preferred stocks traded on foreign or domestic stock exchanges;
- Not less than all of the stock or 100 percent ownership of a corporation or other entity organized by the Board under the laws of the Commonwealth for the purpose of acquiring and retaining real property that the Board is authorized to acquire and retain;
- Unregistered securities, often referred to as letter stock or private placements, including limited partnerships and 144A securities;
- Securities of any open-end or closed-end management type investment company or investment trust registered under the federal Investment Company Act of 1940, as amended, including such investment companies or investment trusts which, in turn, invest in the securities of such investment companies or investment trusts. Also permitted are pooled investments, including collective trusts and similar commingled fund vehicles, which may be used as an alternative to a mutual fund investment;
- Bonds, notes or other obligations of the Commonwealth or its agencies and instrumentalities.

General Restrictions/Guidelines

The Board requires that all investment managers comply with the following limitations and restrictions on their investment activities and holdings:

- Unless granted permission by the Board in writing, investment managers shall not engage in short sales or margin purchases and all accounts shall be free of leverage.
- Unless granted permission by the Board in writing, commodities or commodity contracts are not allowed.
- Derivative securities are prohibited except where specifically permitted in the investment manager agreement, subscription agreement or prospectus. Specific asset classes may be



permitted to make use of derivatives consistent with the overall investment guidelines and objectives of that asset class.

- The individual managers are expected to be fully invested at all times, with cash accounting for no more than 10% of the portfolio's market value.

Individual Portfolio Guidelines - Equity

- Securities of any one issuer are limited to 5% (at market) of the individual portfolio.
- Portfolios should be diversified by sector, with sector allocations limited to a maximum of 200% of the weight of the sector in the benchmark (see the Appendix for the benchmark assigned to each asset class), or 25%, whichever is greater, with the exception of sectors whose benchmark allocation is less than 5%, where the maximum allocation shall be 15%.
- No quantitative guidelines are given as to industry diversification. However, the investment manager is expected to develop and apply prudent standards.

Individual Portfolio Guidelines – Fixed Income

- While no specific ranges are required, it is expected that the average duration of the account will be within +/- 20% of the designated benchmark (see Appendix for the benchmark assigned to each asset class).
- For the Core Fixed Income portfolios, the average quality of the total account should be A- or higher. Only investment grade securities defined as BBB-rated or higher by Standard & Poor's or the equivalent rating by Moody's or Fitch, may be purchased, unless the Board grants specific exceptions in writing. For bonds with split ratings, the higher rating will apply. In cases where securities were purchased and were subsequently downgraded, the manager will immediately notify Management and outline the course of action anticipated for the security.
- Core Plus Fixed Income portfolios can hold non-investment grade securities and have an overall average quality rating of BBB or higher.
- Securities of any one issuer, with the exception of the U.S. Government and its agencies and instrumentalities, are limited to 5% (at market) of the individual portfolio.

Individual Portfolio Guidelines – Fixed Income, Stable Value

- While no specific ranges are required, it is expected that the average duration of the account will be between two and four years.
- The average quality of the total account should be AA- or higher. Only investment grade securities defined as BBB-rated or higher by Standard & Poor's or the equivalent rating by Moody's or Fitch, may be purchased, unless the Board grants specific exceptions in writing. For bonds with split ratings, the higher rating will apply. In cases where securities were purchased and were subsequently downgraded, the manager will immediately notify Management and outline the course of action anticipated for the security.
- Securities of any one issuer, with the exception of the U.S. Government and its agencies and instrumentalities, are limited to 5% (at market) of the individual portfolio.
- Stable Value portfolios cannot hold non-dollar denominated securities.

Exceptions Allowed

On a case-by-case basis, the Board may grant the investment manager a special exception to the foregoing restrictions where such exceptions are deemed appropriate and prudent. Specific guidelines



applicable to each individual investment manager may be recorded in the manager's investment management agreement with the Plan or in a letter to the manager signed by the CEO of the Plan.

Commingled Funds, Collective Trusts and Mutual Funds

The guidelines in this Statement have been established to ensure that the investments of each investment manager are in keeping with the return and risk objectives of Invest529. However, in attempting to meet these objectives, it may be advantageous for a portion of portfolio assets to be placed in a pooled, commingled, collective trust, or mutual fund which may have specific restrictions, policies, or guidelines that conflict from time-to-time with those outlined in this Statement. The restrictions, policies and guidelines in the funds' prospectus or offering statement shall take precedence over those stated in this Statement.

INVESTMENT OPTION STRUCTURE

Invest529 offers individual tax-advantaged Internal Revenue Code Section 529 savings accounts with a variety of investment options from which a participant may choose. The Board determines the investment options to be offered in Invest529. Invest529 has no state residency requirements, no age limits and is open year round. The risk of investment losses in Invest529 accounts rests with the participant. The primary investment objectives of Invest529 are to offer a set of investment options that:

- allow Invest529 participants to build portfolios consistent with their desired investment risk and return;
- provide a risk profile consistent with its position in the overall structure; and
- are managed so as to implement the desired risk profile and other investment characteristics.

In seeking to achieve diversity among the investment options offered, **Invest529** has established certain criteria to determine the material differences in investment options. The following technical factors should be used to classify and differentiate potential investment options:

- A distinct definable market and the availability of a widely used and understood benchmark;
- A distinct risk and return profile as exhibited by historical return analysis; and
- Use of a distinct management style that is definable in terms of the investment strategies/methodologies utilized (e.g., passive versus active management, growth vs. value).

TARGET ENROLLMENT PORTFOLIOS

Asset Allocation

Each target enrollment portfolio is designed to take into account the beneficiary's age and account owner's investment time horizon or the number of years before the beneficiary is expected to need funds from the account for higher education expenses.

The appropriateness of the asset allocation for each portfolio will be examined by the Board at least every five years. At a minimum, the portfolios will be diversified across the following asset classes:

- U.S. Equity
- International Equity
- U.S. Fixed Income
- U.S. Stable Value



ACTIVELY MANAGED BALANCED PORTFOLIOS

The actively-managed balanced portfolios will be constructed based on the risk orientation of the individual investor rather than the investor's time horizon. These portfolios may invest in a mix of actively-managed and passively-managed assets.

PASSIVELY MANAGED BALANCED PORTFOLIOS

The passively managed balanced portfolios will be constructed based on the risk orientation of the individual investor rather than the investor's time horizon.

STATIC SINGLE ASSET CLASS PORTFOLIOS

These portfolios will be offered such that they along with other Invest529 and Plan programs, will provide sufficient investment options such that a Plan investor/participant could construct a portfolio to meet their college savings goals based on the individual investor's risk orientation and time horizon.

Rebalancing

Rebalancing will occur as needed according to the Rebalancing Policy. For the Target Enrollment portfolios this provides for a smooth transition on the glide path towards the next target asset allocation stage. For the balanced portfolios this ensures the allocation remains consistent over time. Staff certifies and reports to management on a monthly basis whether portfolio components are properly balanced according to asset allocation parameters.

INVESTMENT MANAGER SELECTION, MONITORING AND TERMINATION

The Board reserves the right to hire, terminate or replace investment managers based upon inability to meet performance guidelines outlined in this policy or other factors affecting the continuing viability of the portfolio. The Board has delegated to the Staff, principally the CEO and Investment Director, the authority to select, contract, hire, and terminate individual investment managers that satisfy the requirements of the Board approved investment lineup.

SELECTION – GENERAL CRITERIA

When selecting investment managers for Invest529, six broad categories should be considered including economies of scale, organizational strength, diversification, performance consistency, transparency and risk/reward. Managers should be of institutional quality based on metrics such as assets under management and offer reasonable fees compared to an appropriate peer group. Likewise, appropriate risk controls may be outlined in each investment manager agreement with respect to sector and industry weightings relative to benchmark. The strategy should be supported by qualified personnel with sufficient resources and have at least three years of verifiable investment performance. Returns versus benchmark and peer group should be competitive. Staff or managers may consider ESG issues when selecting certain investment strategies. Evaluation of strategies is not adjusted based on ESG factors and should be compared to the appropriate benchmark and universe for the asset class as stipulated in the Appendix. For avoidance of doubt, any incorporation of ESG factors into investment analysis must be done through a lens of being additive to pecuniary factors (risk and return). The Board is committed to seeking diversity in the ownership, management, and staffing of firms with which the Plan does business, including investment managers. Each firm's commitment to diversity shall be considered in evaluating potential investment managers, with the primary criteria remaining those outlined in this section, in accordance with the fiduciary obligations of the Board.



PERFORMANCE MONITORING

The Board shall periodically, but not less than quarterly, evaluate investment managers. Each actively-managed investment option will be measured against its benchmark and peer group for the measurement periods outlined below. The ability to meet the benchmark comparison on a net of fees basis will be a primary measure of performance. In addition to monitoring performance, consideration will be given to risk adjusted metrics.

Measurement Period	Benchmark Comparison	Peer Group Comparison
Multiple rolling 3-year periods	The total rate of return should exceed the return of the benchmark index over most rolling periods. ¹	The total rate of return should exceed the median return of the fund's peer group over most rolling periods.

For the managers that do not have a 3-year track record with Invest529, the manager's separate account composite or mutual fund performance will be used for evaluation. The manager may also be placed on watch within a lesser period if the strategy deviates from the universe and benchmark dramatically and in a manner that would not have been expected given the tracking error expectations of the strategy.

If the investment manager utilizes a passively-managed strategy, the portfolio will be monitored on its ability to successfully track the risk and return characteristics of the stated benchmark. Peer group performance will not be required for passive strategies.

In addition to monitoring investment performance results, staff may periodically evaluate the investment managers on the basis of the following factors to ascertain whether they should continue to be utilized in Invest529:

- the stability and depth of the investment professionals responsible for the management of this strategy;
- the suitability of its investment approach for Invest529;
- its management fees; and
- any other measures staff deems useful and relevant.

Watch List Status & Termination

If an investment manager fails to meet the minimum standards of investment performance outlined in this document, staff has the discretion to place the manager on a watch list for up to a year. Staff maintains a manager dashboard that evaluates managers across areas of performance, team, process, strategy, capacity and firm and develops watch statuses based on this analysis. Significant changes or weakness in any of these areas can be cause for termination.

ACCEPTANCE AND ADOPTION

The Board of the Commonwealth Savers Plan has approved and adopted this restated Statement of Investment Policy and Guidelines as of August 28, 2024.

¹ Measured over the latest 12 quarters available for review.



APPENDIX: BENCHMARKS & PEER GROUPS

The table below reflects target allocations as of July 1, 2024. Benchmarks are updated quarterly to reflect the allocation changes to the portfolios as a result of the quarterly asset allocation shift.

Portfolio	Category	Benchmark	Peer Group
84.00% Equity / 16.00% Fixed Income	Target Enrollment Portfolios	30.70% S&P 500 / 3.50% CRSP US Small Cap Index / 12.50% MSCI ACWI ex US / 12.50% MSCI EAFE / 9.20% MSCI Emerging Markets / 15.60% NCREIF NFI ODCE / MSCI US IM RE 25/50 / 4.80% Bloomberg Barclays U.S. High Yield Ba/B 1% Issuer Cap Index / 4.80% JP Morgan Emerging Bond Market Index Global Diversified / 2.70% Bloomberg Barclays U.S. Aggregate Float Adjusted / 3.70% iMoneyNet Taxable Index	NA
75.70% Equity / 24.30% Fixed Income	Target Enrollment Portfolios	28.00% S&P 500 / 3.20% CRSP US Small Cap Index / 11.50% MSCI ACWI ex US / 11.50% MSCI EAFE / 8.40% MSCI Emerging Markets / 13.10% NCREIF NFI ODCE / MSCI US IM RE 25/50 / 6% Bloomberg Barclays U.S. High Yield Ba/B 1% Issuer Cap Index / 6% JP Morgan Emerging Bond Market Index Global Diversified / 3.60% Bloomberg Barclays U.S. Aggregate Float Adjusted / 8.70% iMoneyNet Taxable Index	NA
64.80% Equity / 35.20% Fixed Income	Target Enrollment Portfolios	24.40% S&P 500 / 2.80% CRSP US Small Cap Index / 10.10% MSCI ACWI ex US / 10.10% MSCI EAFE / 7.20% MSCI Emerging Markets / 10.20% NCREIF NFI ODCE / MSCI US IM RE 25/50 / 7.70% Bloomberg Barclays U.S. High Yield Ba/B 1% Issuer Cap Index / 7.70% JP Morgan Emerging Bond Market Index Global Diversified / 4.70% Bloomberg Barclays U.S. Aggregate Float Adjusted / 15.10% iMoneyNet Taxable Index	NA
54.20% Equity / 45.80% Fixed Income	Target Enrollment Portfolios	20.60% S&P 500 / 2.40% CRSP US Small Cap Index / 8.50% MSCI ACWI ex US / 8.50% MSCI EAFE / 6.20% MSCI Emerging Markets / 8% NCREIF NFI ODCE / MSCI US IM RE 25/50 / 7.90% Bloomberg Barclays U.S. High Yield Ba/B 1% Issuer Cap Index / 7.90% JP Morgan Emerging Bond Market Index Global Diversified / 8.30% Bloomberg Barclays U.S. Aggregate Float Adjusted / 21.70% iMoneyNet Taxable Index	NA
40.00% Equity / 60.00% Fixed Income	Target Enrollment Portfolios	15.30% S&P 500 / 1.70% CRSP US Small Cap Index / 6.30% MSCI ACWI ex US / 6.30% MSCI EAFE / 4.60% MSCI Emerging Markets / 5.80% NCREIF NFI ODCE / MSCI US IM RE 25/50 / 7.50% Bloomberg Barclays U.S. High Yield Ba/B 1% Issuer Cap Index / 7.50% JP Morgan Emerging Bond Market Index Global Diversified / 14.60% Bloomberg Barclays U.S. Aggregate Float Adjusted / 30.40% iMoneyNet Taxable Index	NA
19.00% Equity / 81.00% Fixed Income	Target Enrollment Portfolios	7.20% S&P 500 / 0.70% CRSP US Small Cap Index / 2.80% MSCI ACWI ex US / 2.80% MSCI EAFE / 2.20% MSCI Emerging Markets / 3.30% NCREIF NFI ODCE / MSCI US IM RE 25/50 / 7.50% Bloomberg Barclays U.S. High Yield Ba/B 1% Issuer Cap Index / 7.50% JP Morgan Emerging Bond Market Index Global Diversified / 19.60% Bloomberg Barclays U.S. Aggregate Float Adjusted / 46.40% iMoneyNet Taxable Index	NA
100% Fixed Income (Transition)	Target Enrollment Portfolios	5.70% Bloomberg Barclays U.S. High Yield Ba/B 1% Issuer Cap Index / 5.70% JP Morgan Emerging Bond Market Index Global Diversified / 15% Bloomberg Barclays U.S. Aggregate Float Adjusted / 73.60% iMoneyNet Taxable Index	NA
100% Fixed Income	Target Enrollment Portfolios	100% iMoneyNet Taxable Index	NA
100% Fixed Income (Stable Value)	Static, Single Asset Class Portfolio	100% iMoneyNet Taxable Index	NA



APPENDIX: BENCHMARKS & PEER GROUPS (CONTINUED)

Portfolio	Category	Benchmark	Peer Group
Conservative Portfolio	Static, Balanced	56% Bloomberg Barclays U.S. Aggregate Float Adjusted / 12% CRSP US Total Market / 8% FTSE Global All Cap ex US / 24% Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped	NA
Moderate Portfolio	Static, Balanced	36% CRSP US Total Market / 28% Bloomberg Barclays U.S. Aggregate Float Adjusted / 12% Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped / 24% FTSE Global All Cap ex US	NA
Aggressive Portfolio	Static, Balanced	48% CRSP US Total Market / 14% Bloomberg Barclays U.S. Aggregate Float Adjusted / 6% Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped / 32% FTSE Global All Cap ex US	NA
Total Stock Index Portfolio	Static, Single Asset Class	CRSP US Total Market Index	NA
Total Bond Index Portfolio	Static, Single Asset Class	Bloomberg Barclays U.S. Aggregate Float Adjusted Index	NA
International Stock Index Portfolio	Static, Single Asset Class	FTSE Global All Cap ex US Index	NA
Inflation Protected Securities Portfolio	Static, Single Asset Class	Bloomberg Barclays Capital US Treasury Inflation Protected Index	NA
REIT Index Portfolio	Static, Single Asset Class	MSCI US Investable Market Real Estate 25/50 Index	NA
FDIC-Insured Savings Account	Static, Single Asset Class	Federal Reserve Bank of New York Overnight Bank Funding	NA
ESG Core Equity Portfolio	Static, Single Asset Class	S&P 500	NA
Global Equity Portfolio	Static, Equity	50% CRSP US Total Market / 20% MSCI ACWI ex US / 20% MSCI EAFE / 10% MSCI ACWI Small Cap	NA
Active Conservative Portfolio	Static, Balanced	8.6% S&P 500 / 0.90% CRSP US Small Cap Index/ 3.40% MSCI ACWI ex US / 3.40% MSCI EAFE / 2.60% MSCI Emerging Markets / 3.90% NCREIF NFI ODCE / MSCI US IM RE 25/50 / 7.50% Bloomberg Barclays U.S. High Yield Ba/B 1% Issuer Cap Index / 7.50% JP Morgan Emerging Bond Market Index Global Diversified / 19.40% Bloomberg Barclays U.S. Aggregate Float Adjusted / 42.80% iMoneyNet Taxable Index	NA
Active Moderate Portfolio	Static, Balanced	21.2% S&P 500 / 2.40% CRSP US Small Cap Index/ 8.70% MSCI ACWI ex US / 8.70% MSCI EAFE / 6.20% MSCI Emerging Markets / 8.40% NCREIF NFI ODCE / MSCI US IM RE 25/50 / 8.05% Bloomberg Barclays U.S. High Yield Ba/B 1% Issuer Cap Index / 8.05% JP Morgan Emerging Bond Market Index Global Diversified / 7.70% Bloomberg Barclays U.S. Aggregate Float Adjusted / 20.60% iMoneyNet Taxable Index	NA
Active Aggressive Portfolio	Static, Balanced	31.5% S&P 500 / 3.5% CRSP US Small Cap Index / 12.85% MSCI ACWI ex US / 12.85% MSCI EAFE / 9.3% MSCI Emerging Markets / 15.8% NCREIF NFI ODCE / MSCI US IM RE 25/50 / 4.6% Bloomberg Barclays U.S. High Yield Ba/B 1% Issuer Cap Index / 4.6% JP Morgan Emerging Bond Market Index Global Diversified / 2.5% Bloomberg Barclays U.S. Aggregate Float Adjusted / 2.5% iMoneyNet Taxable Index	NA



APPENDIX: BENCHMARKS & PEER GROUPS (CONTINUED)

Asset Class	Benchmark	Peer Group
Stable Value	iMoneyNet Taxable Index	Stable Value Funds
U.S. Core Fixed Income/Passively-Managed	Bloomberg Barclays U.S. Aggregate Float Adjusted Index	NA
U.S. Large Cap Equity/Passively-Managed	S&P 500 Index	NA
U.S. Small Cap Equity/Passively-Managed	CRSP US Small Cap Index	NA
Emerging Markets Debt/Actively-Managed	JP Morgan EMBI Global Diversified	Emerging Markets Debt Mutual Funds
Emerging Markets Equity/Actively-Managed	MSCI Emerging Markets Index	Emerging Markets Equity Mutual Funds
U.S. High Yield Fixed Income/Actively-Managed	Bloomberg Barclays U.S. High Yield Ba/B 1% Issuer Cap Index	U.S. High Yield Fixed Income Managers
Private Real Estate/Actively-Managed	NCREIF NFI ODCE / MSCI US IM RE 25/50	Private Real Estate
International Equity/Actively-Managed	MSCI ACWI ex US	International Equity Mutual Funds
Global Small Cap Equity	MSCI All Country World Small Cap Index	Global Small Cap Equity Mutual Funds