
INVESTMENT POLICY STATEMENT

For

AZ529, Arizona's Education Savings Plan

Effective: October 1, 2020
Last Restated: March 28, 2024

CAPITAL CITIES, L.L.C.
426 E New York St
Indianapolis, IN 46202
(317) 475-4500
www.capcities.com

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PURPOSE

The purpose of this Investment Policy Statement (IPS) is to assist the Arizona State Board of Investment (hereinafter referred to as “the Board”) and the Arizona State Treasurer (hereinafter referred to as “the Treasurer”) in effectively supervising, monitoring and evaluating the Investment Portfolios offered within the AZ529, Arizona’s Education Savings Plan (hereinafter referred to as “AZ529”) established pursuant to A.R.S. Title 15, Chapter 14, Article 7, including the AZ529 Plan managed by Fidelity (formerly the Fidelity Arizona College Savings Plan or Direct Plan) and the Ascensus/Goldman Sachs 529 Plan (Advisor Plan). The investment program is defined in the various sections of the IPS by:

- Stating in a written document the expectations, objectives and guidelines of the investment of all AZ529 assets.
- Setting forth an investment structure for managing all AZ529 assets. This structure includes various asset classes and investment management styles. AZ529 intends to provide an appropriate range of Investment Portfolios that will span the risk/return spectrum, and if necessary and subject to Board approval pursuant to A.R.S § 15-1873, Subsection A, Paragraph 7, existing Treasurer Investment Funds established pursuant to A.R.S Title 35, Chapter 2, Articles 2 and 2.1.
- Establishing the criteria and procedures for selecting Investment Portfolios and underlying Investment Managers.
- Providing guidelines for each Investment Portfolio that control the level of overall risk (appropriate diversification) and liquidity, such that all AZ529 assets are managed in accordance with the stated objectives.
- Encouraging effective communications between the Board, the Treasurer, the Investment Consultant, the Program Managers and the Investment Managers.
- Establishing formalized criteria to monitor, evaluate and compare the performance results achieved by the Investment Portfolios and the underlying Investment Managers on a regular basis.
- Complying with all fiduciary, prudence and due diligence requirements and with all applicable laws, rules and regulations from state and federal political entities that may impact AZ529 assets.

This IPS has been arrived at upon consideration by the Board and the Treasurer of the financial implications of a wide range of policies, and describes the prudent investment process that the Board and the Treasurer deem appropriate.

PROGRAM SUMMARY

The AZ529 was established in 1999 pursuant to Laws 1997, Chapter 171. Laws 2004, Chapter 327 established the AZ529, Arizona's Education Savings Plan Trust Fund (Fund) as a public instrumentality of the State of Arizona. Laws 2020, Chapter 88 designates the Board as the sole Fund Trustee and the Treasurer as the sole Fund Administrator, effective October 1, 2020. The mission of the Treasurer is to protect taxpayer money as the State of Arizona's Banker, Chief Investment Officer and Financial Services Provider. The Board, in addition to its role as Fund Trustee, is responsible for:

- Reviewing all investment activities of the Treasurer; and
- Serving as the Trustee of the Arizona Permanent Land Endowment Trust Fund consistent with the requirements of Article X, Section 7 of the Arizona Constitution, the Arizona Endowment Trust Fund established pursuant to A.R.S. § 35-314.03, and any public pension prefunding plan investment accounts established pursuant to A.R.S. § 35-314.04 as added by Laws 2020, Chapter 79.

Vision, mission and guiding principles have also been established by the Treasurer, as detailed below.

Vision: To improve the educational opportunities of Arizonans by providing a high quality 529 plan.

Mission: To educate and assist Arizona families to financially prepare for postsecondary education, including traditional college, vocational training and apprenticeships, by providing quality college savings choices.

Guiding Principles:

- To fulfill the mandate of the Arizona Revised Statutes (A.R.S.).
- To see that the Plan operates according to U.S. federal and Arizona state laws and regulations.
- To see that the Plan is serving the best interests of its current and future investors.
- To communicate the 529 Plan opportunity to the public, with emphasis on increasing 529 Plan access among Arizona's economically disadvantaged, minority and underrepresented student populations.

The AZ529 was established by the State of Arizona as a qualified state tuition program in accordance with Section 529 of the Internal Revenue Code of 1986, as amended. The AZ529 is designed to help families meet the rising costs of a higher education. The AZ529 offers an easy, flexible, and tax-advantaged way to save for traditional college, vocational training and apprenticeships.

PROGRAM SUMMARY

In December 2017, changes to Section 529 made by the federal Tax Cuts and Jobs Act became law. Arizona state law was subsequently updated to reflect these federal changes by Laws 2019, Chapter 251. The following is an overview of those changes applicable to qualified tuition programs:

Expanded Definition of Qualified Higher Education Expenses. Effective for distributions made after December 31, 2017, the definition of “qualified higher education expenses” under Section 529 was expanded to include expenses for tuition in connection with enrollment or attendance at an elementary or secondary public, private, or religious school (not to exceed \$10,000 per tax year in the aggregate across all qualified tuition programs for a beneficiary) (“K-12 Tuition Expenses”). Earnings on distributions from a 529 plan account used for K-12 Tuition Expenses are free of federal income tax.

Certain Rollovers From 529 Plans to Achieving a Better Life Experience Programs Not Subject to Federal Income Tax. Effective for periods after December 22, 2017 and prior to January 1, 2026, rollovers from a 529 plan account to an Achieving a Better Life Experience Program (“ABLE”) account for the same beneficiary or to another beneficiary who is a Member of the Family (as defined in Section 529 of the Internal Revenue Code) will be free of federal income tax, subject to the annual contribution limits for ABLE accounts. Amounts withdrawn from a 529 plan account may be treated as a rollover to an ABLE account for federal tax purposes if the amount withdrawn is re-deposited within 60 days into an ABLE account, subject to the limitations in the immediately preceding sentence. The Treasurer or the Treasurer’s designee is a statutory member of the Arizona ABLE Act Oversight Committee, the membership and duties of which are outlined in A.R.S. § 46-907.

In December 2019, changes to Section 529 made by the federal Setting Every Community Up for Retirement Enhancement (SECURE) Act became law. Arizona state law was subsequently updated to reflect these federal changes by Laws 2020, Chapter 88. The following is an overview of those changes applicable to qualified tuition programs:

Expanded Definition of Qualified Higher Education Expenses. Effective for distributions made after December 31, 2018, the definition of “qualified higher education expenses” under Section 529 was expanded to include:

- Expenses for fees, books, supplies, and equipment required for the participation of a designated 529 Plan beneficiary in an apprenticeship program registered and certified with the U.S. Secretary of Labor under Section 1 of the National Apprenticeship Act (29 U.S.C. 50); and
- Amounts paid as principal or interest on any qualified education loan as defined in Section 221(d) of the Internal Revenue Code of the designated 529 Plan beneficiary or brother, sister, stepbrother, or stepsister of the designated beneficiary pursuant to Section 529 of the Internal Revenue Code.

The amount of distributions treated as qualified higher education expense under this paragraph with respect to the loans of any individual shall not exceed \$10,000, reduced by the amount of distributions so treated for all prior taxable years.

PROGRAM SUMMARY

During the 2021 legislative session (January - June 2021), Arizona state law pertaining to AZ529 was updated as follows:

Statutory Program Name Change. Laws 2021, Chapter 188, effective September 29, 2021, updated the statutory name of the Arizona Family College Savings Program to AZ529, Arizona's Education Savings Plan.

Expanded State Tax Deduction Incentive. Laws 2021, Chapter 395, retroactive to tax years beginning January 1, 2021, modified Arizona's existing tax deduction incentive for contributions made by Arizona resident taxpayers to any state's 529 plan, including AZ529. Effective September 29, 2021, the deduction is as follows, depending on the resident taxpayer's filing status:

- Married couples may subtract up to \$4,000 *per beneficiary* when filing jointly (previous limit was \$4,000 total, regardless of the number of beneficiaries).
- Single individuals or heads of household may subtract up to \$2,000 *per beneficiary* (previous limit was \$2,000 total, regardless of the number of beneficiaries).

In September 2021, the Board also adopted updated AZ529 administrative rules (i.e., A.A.C. R2-13-201 through R-13-207) to:

- Reflect the new Administrator and Trustee structure.
- Remove any antiquated, redundant or otherwise unnecessary rule language.
- Update the rule language accordingly in light of changes in federal and state law, regulation and guidance that have occurred.

The updated administrative rules went into effect September 28, 2021.

Certain Rollovers from 529 Plans to Roth IRAs Not Subject to Federal or Arizona State Income Tax. On December 29, 2022, the Setting Every Community Up for Retirement Enhancement Act 2.0 (SECURE 2.0) was signed into law. SECURE 2.0 allows 529 assets to be rolled over to a Roth IRA for the beneficiary, subject to annual Roth contribution limits and an aggregate lifetime limit of \$35,000 with respect to the beneficiary. Rollover distributions can be made from an account that has been maintained for the 15-year period ending on the date of the distribution. The amount of the distribution cannot exceed the aggregate amount contributed to the account (and earnings attributable thereto) before the 5-year period ending on the date of the distribution. In addition, the rollover must be a direct trustee-to-trustee rollover.

Key information regarding the AZ529 can be found in Appendix A of this IPS.

STATEMENT OF OBJECTIVES

The AZ529 provides vehicles for eligible Account Owners to take an active role in saving for their tuition expenses by providing education and information so that they can make informed decisions about their Investment Portfolio(s) selections, and if applicable and approved by the Board, Treasurer Investment Funds.

The goals and objectives of the AZ529 have been established in conjunction with a comprehensive review. The goals and objectives are:

- Provide flexible and affordable education savings options
- Solicit and recommend appropriate financial institutions
- Undertake a rigorous annual review of providers
- Monitor compliance with all regulatory bodies
- Provide timely communication to the State of Arizona
- Initiate strategic partnerships to enhance the program
- Create a fair and responsive operating environment for financial institutions

RESPONSIBILITIES

Responsibilities of the Board

The establishment of the Board is mandated by Article X, Section 7 of the Arizona Constitution. The membership, powers and duties of the Board are specified in A.R.S. § 35-311. The Board is comprised of five members who are as follows:

- the Treasurer as Chair of the Board;
- the Director of the Arizona Department of Administration or the Director's designee;
- the Director of the Arizona Department of Insurance and Financial Institutions or the Director's designee; and
- two Treasurer-appointed members, one of whom must have verifiable expertise in investment management and one of whom must represent a public entity with current deposits in the Treasurer's Local Government Investment Pool Program.

The Board serves as Trustee for the AZ529 pursuant to A.R.S. § 35-311 and A.R.S. Title 15, Chapter 14, Section 7. The Board reviews program performance, product enhancements, and makes informed decisions, including selection and termination of providers, after considering recommendations from the Treasurer.

Responsibilities of the Treasurer

The Treasurer is a statewide constitutional officer elected to a four-year term. The Treasurer is one of the five statewide elected officers who make up the State of Arizona's Executive Branch pursuant to Article V, Section 1 of the Arizona Constitution. The main responsibility of the Treasurer is to administer the AZ529 Plan and Fund, to make recommendations to the Board, as the AZ529 Trustee, regarding selection of providers and to review and advise regarding investment, operational and oversight procedures. The Treasurer's roles also include:

- Oversight of the Request for Proposal process, including recommendation to the Board for approval;
- Suggestion of improvements in the Plan;
- Monitoring of Plan compliance; and
- Recruitment and appointment of an AZ529 Advisory Committee to assist the Treasurer in promoting and raising awareness of the AZ529 to Arizona residents pursuant to A.R.S. § 41-179.

Responsibilities of the AZ529 Advisory Committee

The AZ529 Advisory Committee (hereinafter referred to as "the Committee") is comprised of the Treasurer or the Treasurer's Designee as Chair of the Committee and 12 Treasurer-appointed members who are as follows:

RESPONSIBILITIES

- Two community college district representatives: one from an urban county and one from a rural county;
- One public university representative;
- Two accredited private educational institution representatives: one from an institution offering Associate's, Bachelor's or Higher Degrees and one offering private vocational training;
- One representative of an accredited private school or organization offering instruction to students in grades K-12 in Arizona (Laws 2022, Chapter 74);
- One teacher currently providing classroom instruction;
- One representative of a federally-recognized Indian tribe in Arizona;
- One representative of a U.S. Department of Labor-approved apprenticeship program; and
- Three public members with at least one representing an Arizona-based non-profit organization (Laws 2022, Chapter 74).

The Committee assists and makes recommendations to the State Treasurer regarding promotional and informational activities relating to the AZ529, including increasing AZ529 access among economically disadvantaged, minority and underrepresented student populations as required by A.R.S. § 41-179.

Responsibilities of Treasurer's Staff

The roles of the Treasurer's Staff include:

- Support of the Board in its oversight of the AZ529, including Investment Risk Management Committee review of investment performance of Program Providers and organization of the annual provider review process;
- Monitoring the program for regulatory compliance;
- Bringing issues of importance or concern to the Board and Treasurer;
- Acting as state agency liaison through the Request for Proposal process;
- Ensuring Program Manager compliance with contract requirements;
- Relationship management of the Program Providers in the administration of the AZ529 operations and activities;
- Preparing 529 Plan status reports for the Board as Trustee;
- Reviewing Program Provider offering materials;
- Coordinating Assistant Attorney General or other legal counsel evaluation as needed;
- Increasing public awareness of the AZ529, including providing necessary Staff services to the Committee; and
- Other administrative support and research as directed by the Board and Treasurer.

RESPONSIBILITIES

Delegation of Authority

The Board is the fiduciary of the AZ529 and is responsible for providing the investment framework and monitoring the investment management of AZ529 assets. In support of this Board function, the Treasurer, as the AZ529 Administrator, is authorized to delegate certain responsibilities to the Treasurer's staff and/or professional experts in various fields. These include, but are not limited to:

1. *Investment Consultant.* Capital Cities, L.L.C. has been retained by the Treasurer as an investment consultant. Investment guidance concerning the investment management of AZ529 assets will be offered by the Investment Consultant, and will be consistent with the investment objectives, policies and constraints as established in this IPS. Specific responsibilities of the Investment Consultant include, but are not limited to:
 - Providing independent and unbiased information.
 - Assisting in strategic planning of the AZ529.
 - Assisting in the development and periodic review of the IPS.
 - Conducting Investment Portfolio searches when requested by the Board and Treasurer.
 - Assisting in the development of performance measurement and qualitative standards.
 - Monitoring and evaluating Investment Portfolios' performance on an ongoing basis and conducting due diligence when an Investment Portfolio fails to meet a standard.
 - Making recommendations with respect to Investment Portfolio retention or termination.
 - Assisting in monitoring hired Investment Managers for compliance with this IPS.
 - Assisting in the control of investment expenses.
 - Reporting, on a timely basis, quarterly investment performance results to provide the Board and Treasurer with the ability to determine the progress and compliance with investment goals and objectives.

2. *Program Manager.* The Board and Treasurer have retained Program Managers within the AZ529, including:
 - Fidelity: AZ529, Arizona's Education Savings Plan (Direct Plan)

 - Ascensus: Goldman Sachs 529 Plan (Advisor Plan)

RESPONSIBILITIES

A Program Manager has the responsibility to manage the day-to-day operations of the AZ529. A Program Manager is responsible for recordkeeping, risk management, reporting, regulatory, tax reporting, client services, marketing, distribution and other services in connection with the operation of the AZ529 and the program management agreement with the Board and Treasurer.

A Program Manager can delegate accounting, custody and other administrative services. Specifically, custodian services for the Fidelity AZ529, Arizona's Education Savings Plan are managed by National Financial Services LLC, with National Financial Services LLC and Fidelity Brokerage Services LLC also providing accounting and administrative services.

The assets within the Ascensus/Goldman Sachs 529 Plan are custodied by The Bank of New York Mellon. Ascensus serves as the Program Manager and recordkeeper, while Goldman Sachs is the Investment Manager and Distributor of the Ascensus/Goldman Sachs 529 Plan.

Separately, NexBank serves as the Program Manager for the former College Savings Bank (Bank Plan). The Bank Plan was closed to new accounts and contributions effective February 1, 2022. The Bank Plan will continue to service all CD products through their respective maturity dates. Upon maturity of a CD product, it will be converted into an Honors Savings Account unless otherwise directed by a current Account Owner or the Treasurer. The Bank Plan serviced Honors Savings Accounts through November 30, 2022, which was the Transition Date. The Bank Plan transitioned management and service of all existing Honors Savings Accounts on the Transition Date to Fidelity as directed by the Treasurer with the Fidelity AZ529 Bank Deposit Portfolio being the default option. Quarterly transitions to Fidelity occur for matured CD products on March 1, June 1, September 1, and December 1.

3. *Investment Managers* (“*Investment Managers*”). Investment Managers have discretion to purchase, sell, or hold the specific securities or products that will be used to meet the AZ529's investment objectives. Investment Managers can include both actively and passively managed mutual funds, exchange-traded funds (“ETFs”), separate accounts and any other investment options as agreed upon by the parties and provided through any contractual agreement. Investment Managers will be held responsible and accountable to achieve the objectives herein stated. Investment Managers must furnish regular investment reports as required by the Board, Treasurer and/or Investment Consultant.
4. Additional specialists such as attorneys, auditors, actuaries and others may be employed by the Treasurer to assist in meeting its responsibilities and obligations to administer AZ529 assets prudently.

RESPONSIBILITIES

Responsibilities of Account Owners

The AZ529 will not provide individual investment counseling to Account Owners. Account Owners are responsible for choosing appropriate Investment Portfolio(s). Furthermore, Account Owners choosing to invest in the Age-Based/Year of Enrollment and Static/Target Risk Portfolios must determine that the Portfolios' asset allocation strategies are appropriate for their risk tolerance, time horizons and return expectations. An Account Owner choosing to invest in the Individual Portfolios is responsible for selecting an appropriate asset allocation based on the Account Owner's unique time horizon, risk tolerance, return expectation and asset class preferences.

Account Owners who wish to participate in the Ascensus/Goldman Sachs 529 Plan (Advisor Plan) must do so through a financial intermediary, who provides advice on financial matters, such as determining the investment decisions outlined above. A financial intermediary is a firm that receives compensation for contributions made to an Account established by one of its clients. Financial intermediaries may include, among others, an Account Owner's broker, financial planner or advisor, banks and insurance companies. Financial intermediaries employ individual financial advisors who advise Account Owners and other contributors on an individual basis.

GUIDELINES AND INVESTMENT POLICY

Fidelity AZ529, Arizona's Education Savings Plan (Direct Plan) and Ascensus/Goldman Sachs 529 Plan (Advisor Plan)

In order to provide appropriate investment alternatives for Account Owners, several Investment Portfolios within the Fidelity AZ529, Arizona's Education Savings Plan (Direct Plan) and the Ascensus/Goldman Sachs 529 Plan (Advisor Plan) are made available that provide a range of risk and return characteristics, each unique to aid in proper diversification. **Three different types of Investment Portfolios are offered to Account Owners: Age-Based/Year of Enrollment Portfolios, Static/Target Risk Portfolios and Individual Portfolios.** Once an Account Owner's Investment Portfolio(s) is selected for a particular contribution, IRS guidance dictates the rules through which an Account Owner can move or transfer money from one Investment Portfolio to another. More specific information on each type of Investment Portfolio can be found below and in Appendix B and Appendix C of this IPS.

Age-Based/Year of Enrollment Portfolios

The Age-Based/Year of Enrollment Portfolios offer Account Owners pre-diversified Investment Portfolios that become more conservative as the Designated Beneficiary nears his/her intended year of enrollment into college.

The Age-Based/Year of Enrollment Portfolios represent a weighted allocation among a pre-determined mix of diversified investment strategies. The strategic allocations of the Age-Based/Year of Enrollment Portfolios are periodically reviewed and adjustments are made when deemed appropriate (within the terms of the program management agreement).

Age-Based/Year of Enrollment Portfolios' Glide Paths and Rebalancing

A "glide path" describes how the asset allocation of the Age-Based/Year of Enrollment Portfolio evolves over time - transitioning from a higher allocation to equities in earlier years to a more conservative allocation to equities and higher allocation to fixed income strategies as the Designated Beneficiary approaches college age. This change in asset allocation helps smooth the shift from capital accumulation in the earlier years to capital preservation in the near-college and college years.

The Direct Plan's glide path adjusts the asset allocation of the Age-Based/Year of Enrollment Portfolios to be more conservative on a monthly basis to create a smooth transition for Account Owners, while the Advisor Plan's Age-Based/Year of Enrollment Portfolios decrease the equity allocation on a quarterly basis.

GUIDELINES AND INVESTMENT POLICY

An essential component of the asset allocation process is rebalancing. Rebalancing is a process that realigns a portfolio back to its strategic targets as market fluctuations change the initial allocations over time. The asset allocation of the Age-Based/Year of Enrollment Portfolios is monitored on an ongoing basis and the Age-Based/Year of Enrollment Portfolios are rebalanced back to their strategic targets when appropriate.

Static/Target Risk Portfolios

Static/Target Risk Portfolios offer Account Owners pre-diversified Investment Portfolios based on risk tolerance. Unlike the Age-Based/Year of Enrollment Portfolios, an investment in a Static/Target Risk Portfolio will not automatically change as the Designated Beneficiary grows older.

The Static/Target Risk Portfolios represent a weighted allocation among a pre-determined mix of diversified investment strategies. The strategic allocations of the Static Portfolios are periodically reviewed and adjustments are made when deemed appropriate within the terms of the Program Management agreement. Additionally, the asset allocation of the Static/Target Risk Portfolios is monitored on an ongoing basis and the Static/Target Risk Portfolios are rebalanced back to their strategic targets when appropriate.

Individual Portfolios

The Individual Portfolios are stand-alone options which allow Account Owners to allocate their account into one or more Investment Portfolios. The goal in offering the Individual Portfolios is to provide Account Owners with the ability to construct diversified portfolios by asset class and investment style that match their risk tolerance, asset class preferences, time horizons and expected returns. As such, a broad array of Individual Portfolios is offered to Account Owners.

Individual Portfolios Structure

The Program Manager, with the oversight of the Board, Treasurer and/or Investment Consultant, seeks to achieve diversity in the Individual Portfolios offered. Certain criteria will be used to determine the material difference between and among potential Individual Portfolios with exposure to the various asset classes. These criteria are:

- A distinct definable market;
- A distinct risk and return profile; and
- Use of a distinct management style that is definable in terms of the investment strategies/methodologies utilized (e.g., passive versus active management).

GUIDELINES AND INVESTMENT POLICY

The Board and Treasurer reserve the right to recommend adding or replacing Individual Portfolios based upon: market conditions; Program Manager, Treasurer and/or Investment Consultant input; Account Owner response; and/or other factors.

College Savings Bank (Bank Plan)

Separate from the Investment Portfolios offered within the Fidelity AZ529, Arizona's Education Savings Plan (Direct Plan) and the Ascensus/Goldman Sachs 529 Plan (Advisor Plan), the AZ529 previously offered the College Savings Bank Plan (Bank Plan). The Bank Plan historically offered certificates of deposits (CDs) and a high-yield Savings Account for Account Owners who exhibit a conservative risk profile and/or seek FDIC insurance. The Bank Plan was closed to new accounts and contributions effective February 1, 2022.

The Bank Plan will continue to service all CD products through their respective maturity dates. Upon maturity of a CD product, it will be converted into an Honors Savings Account unless otherwise directed by a current Account Owner or the Treasurer. The Bank Plan serviced Honors Savings Accounts through November 30, 2022, which was the Transition Date. The Bank Plan transitioned management and service of all existing Honors Savings Accounts on the Transition Date to Fidelity as directed by the Treasurer with the Fidelity AZ529 Bank Deposit Portfolio being the default option. Quarterly transitions to Fidelity occur for matured CD products on March 1, June 1, September 1, and December 1.

SECURITIES GUIDELINES

The guidelines set forth in the prospectus shall govern all mutual fund and ETF vehicle investments. Securities guidelines for separate accounts, and as otherwise provided through any contractual agreement, shall be negotiated and agreed upon in writing on a case-by-case basis.

SELECTION OF UNDERLYING INVESTMENT MANAGERS

Selection of Underlying Investment Managers

The Program Managers, with the oversight of the Board, Treasurer and/or Investment Consultant, have the responsibility for selecting the appropriate underlying Investment Managers of the Investment Portfolios. The Program Managers must follow a process that embodies the principles of procedural due diligence. Accordingly, when selecting Investment Managers, the following criteria will be considered:

1. The organizational structure of the Investment Manager (banks, insurance companies, investment management companies, or investment advisers as defined by the Investment Advisers Act of 1940).
2. Historical quarterly performance numbers calculated on a time-weighted basis for performance screening.
3. Performance evaluation reports that illustrate the risk/return profile of the Investment Manager relative to other Investment Managers of like investment style, as appropriate.
4. Detailed information on the history of the firm and key personnel (including any material litigation and fraud), key clients, costs and support personnel.
5. The stated investment strategy and adherence to that strategy over time.
6. Fees that are competitive compared to similar investments.
7. Evaluation relative to a comparable peer group, where appropriate.

CONTROL PROCEDURES

Disclosure to Account Owners

A Program Description or equivalent document will be made available, in accordance with MSRB Rules, to all Account Owners in order to ensure Account Owners have sufficient information to make informed investment decisions.

Monitoring Service Contracts and Costs

The Board, Treasurer and/or Investment Consultant will review the service contracts and costs associated with the Program periodically. The review of Program Manager contracts will include, among other factors, investment offerings, fees, benefits to the AZ529, terms and protections.

Additionally, the Treasurer, through the Investment Risk Management Committee, undertakes an annual provider review process to serve as the basis for the Treasurer's recommendations to the Board regarding provider contract renewal. The AZ529 Program Managers participate in this review annually, generally during the month of March of each calendar year, with each provider submitting a written report to the Treasurer. In addition to the written report, the Treasurer's Staff assesses elements of partnership satisfaction for the Treasurer including compliance, communication, responsiveness, and commitment to common goals as a part of the review process.

Product Fees Policy

Upon approval by the Board, acting as Trustee of the AZ529 on behalf of Arizona families, the Treasurer, acting as Administrator of the AZ529, shall be responsible for entering into contract agreements with financial institutions that offer investment product options that are in the interest of Account Owners and their Designated Beneficiaries.

The Treasurer will not recommend and the Board will not accept product options that charge Contingent Deferred Sales Charges (CDSC) or "back-end" fees for future AZ529 investment offerings with the limited exception of the following within the Ascensus/Goldman Sachs 529 Plan:

- a) Class C shares which may impose a 1% CDSC on shares sold within the first 12 months of purchase. This is due to the advisor being paid 1% for the sale of the Class C share at the time of purchase by the distributor. The CDSC will be prorated based on the length of time the shares have been held.
- b) Class A shares which may impose a 1% CDSC on shares sold within the first 12 months of purchase only for purchases greater than \$250,000.00 where the participant did not pay an initial sales charge. This is due to the advisor being paid 1% for the sale of the Class A share at the time of purchase by the distributor. The CDSC will be prorated based on the length of time the shares have been held.

CONTROL PROCEDURES

The CDSC qualifies for certain waivers and may be waived at the discretion of the distributor. In the event of plan transition or conversion, the CDSC for both A and C share class will be waived.

IPS Review and Evaluation

The IPS will be updated as necessary. Although short-term changes in the financial markets should not require adjustments to the IPS. The Board, Treasurer and/or Investment Consultant will review the IPS periodically to determine whether any changes are appropriate. The Board may revise the IPS and/or AZ529 to meet current needs. Additionally, Program Managers will be consulted to obtain input prior to amending the IPS.

Proxy Voting Policy and Procedures

The policy outlined below has been adopted to address proxy voting procedures specific to the Investment Portfolios (proxy voting at the underlying security level is handled by the respective Program Managers) offered within the AZ529.

The Board, acting as Trustee of the AZ529 on behalf of Arizona families, shall be responsible for casting proxy ballots solely in the interest of Account Owners and their Designated Beneficiaries. In voting proxies, the following policies set forth the Trustee's general position on various proposals:

1. **Routine Items** – The Trustee will generally vote for uncontested director, independent auditor, or fund trustee. The Trustee will generally vote for changes in company name and other procedural matters related to annual meetings.
2. **Corporate Governance** - The Trustee will generally vote for prospectus, statement of additional information, charter and bylaw amendments proposed solely to conform to modern business practices, to enhance shareholder value, for purposes of simplification, or to comply with what the Treasurer's counsel interprets as applicable law.
3. **Anti-Takeover Matters** - The Trustee will generally vote for proposals that require shareholder ratification of poison pills, and on a case-by-case basis on proposals to redeem a company's poison pill. Poison pill used in this context refers to a strategy used by corporations to discourage a hostile takeover by another company.
4. **Mergers/Acquisitions and Corporate Restructurings** – The Trustee will examine mergers, acquisitions, and corporate restructurings on a case-by-case basis.
5. **Shareholder Rights** – The Trustee will generally vote against proposals that may restrict shareholder rights.

CONTROL PROCEDURES

6. **Investment Directions** – The Trustee will generally vote against proposals that restrict the investment authority of the Board of Directors or fund managers. The Trustee will generally vote against proposals that would increase fund fees or expenses, decrease fund risk-adjusted returns, or cause a change in a fund’s investment style or asset-class exposure that is inconsistent with the benchmark index and investment objectives and policies as set forth in the fund’s prospectus and/or statement of additional information.
7. While the above policies set forth the Trustee’s general position on proxy voting, the Trustee may vary from such policies on a case-by-case basis if the Trustee deems it to be in the best financial and economic interest of the Account Owners and their Designated Beneficiaries.

MONITORING OF INVESTMENT MANAGERS

In conjunction with the annual provider review process, the Board and Treasurer are aware that the ongoing review and analysis of underlying Investment Managers of the Investment Portfolios is just as important as the due diligence implemented during the Investment Manager/Portfolio selection process. Monitoring these Investment Managers is a three-step process, outlined below:

Step 1 – Ongoing Monitoring

An ongoing analysis of all of the Investment Managers will be conducted by the Treasurer and/or Investment Consultant. In addition to reviewing quarterly investment performance, the following criteria will be evaluated:

- Investment Manager's adherence to the IPS guidelines
- Material changes in the Investment Manager's organization, investment philosophy and/or personnel
- Volatility of the investment rates of return of the Investment Manager compared to the volatility of an appropriate market index and peer group (as listed in Appendix B and Appendix C)
- Comparisons of the Investment Manager's results to appropriate indices and peer groups (as listed in Appendix B and Appendix C)

If appropriate market indices and/or peer groups are not available, the Investment Manager's adherence to stated risk and return objectives and the Investment Manager's portfolio exposures in relation to the market environment and stated philosophy and process will be evaluated by the Treasurer and/or Investment Consultant.

Step 2 – Formal Watchlist

If the Treasurer and/or Investment Consultant determines that any of the above factors, or any other development regarding the Investment Manager's performance or organization, warrants a more thorough examination, the Treasurer and/or Investment Consultant will recommend to the Board and Treasurer to place the Investment Manager on a formal "watchlist." Factors examined during the watchlist period include, but are not limited to, the following:

- Extraordinary Events (Organizational Issues)

Extraordinary events that may lead to an Investment Manager termination include such things as:

- Change in ownership (e.g., key people "cash out")
- Change in professionals
- Changes to an Investment Manager's philosophy or the process it uses to implement the agreed upon strategy
- Material litigation or fraud involving the Investment Manager
- Client-servicing problems
- Significant account losses or significant account growth

MONITORING OF INVESTMENT MANAGERS

- Change in cost
 - Change in financial condition
 - Extreme performance volatility
- Long-Term Performance in Relation to Appropriate Market Index, Market Environment or Stated Goals and Objectives

Long-term performance standards measure an Investment Manager's performance over rolling five-year returns or since inception in relation to the appropriate market index.

- Shorter-Term Performance in Relation to Appropriate “Style Group,” Market Environment or Stated Goals and Objectives

Shorter-term performance standards incorporate a time period of at least three years. Each Investment Manager is expected to consistently perform in the 50th percentile or better versus an appropriate peer group of Investment Managers with similar investment styles. Additionally, each Investment Manager is expected to demonstrate favorable cumulative and rolling three-year risk-adjusted performance compared to its peer group. If appropriate peer groups are not available, the Investment Manager’s adherence to stated risk and return objectives and the Investment Manager’s portfolio exposures in relation to the market environment and stated philosophy and process will be evaluated. Risk-adjusted performance measures will vary, but may include: Sharpe Ratio, Downside Risk, Information Ratio and/or Relative Standard Deviation.

Step 3 – Replace or Retain

The watchlist period will generally be four quarters, but the time period can be shorter or longer depending on the factors causing the watchlist.

As a result of the examination of an Investment Manager on the watchlist, a recommendation by the Treasurer and/or Investment Consultant to either **replace** or **retain** the Investment Manager will be made. The recommendation will weigh performance relative to peers, outlook for future returns, changes in the Investment Manager’s staff and/or strategy, and other considerations.

It is at the Treasurer’s discretion to take corrective action by recommending replacing an Investment Manager, if it deems it appropriate, at any time. The watchlist is not the only route for removing an existing Investment Manager. The aforementioned events, or any other events of concern identified by the Treasurer, may prompt the immediate removal of an Investment Manager without it being watchlisted.

Separate from this three-step monitoring process, each Program Manager will complete its own independent monitoring of the Investment Managers on an ongoing basis.

SIGNATURES

Prepared:


Date: March 28, 2024

Tiffany Spudich
Investment Consultant

Accepted:

Office of the Arizona State Treasurer

Date: March 28, 2024


The Honorable Kimberly Yee
State Treasurer and Chair, Arizona
State Board of Investment

APPENDIX A: KEY INFORMATION

Key Information:

AZ529 Program Managers:

- Fidelity: AZ529, Arizona's Education Savings Plan (Direct Plan)
- Ascensus: Goldman Sachs 529 Plan (Advisor Plan)
- NexBank: College Savings Bank (Bank Plan)—closed to new accounts and contributions

Total AZ529 Assets (as of December 31, 2023): \$2,120,847,108

Type of Program: Qualified Tuition Program (referred to as a “529 Plan”)

Account Owner Directed Investment Options: Yes

Account Owner Frequency to Change Investment Options: Up to 2 times per calendar year

Investment Consultant: Capital Cities, L.L.C. (317) 475-4500

APPENDIX B: AZ529, ARIZONA'S EDUCATION SAVINGS PLAN

Fidelity AZ529, Arizona's Education Savings Plan Investment Menu

A summary of the investment menu is provided below.

| Fidelity Age-Based & Static Portfolios: | Index | |
|---|---|--|
| Age-Based Portfolios (Fidelity Funds) | Custom Benchmark Representing Underlying Asset Allocation | |
| Aggressive Growth (Fidelity Funds) | Custom Benchmark Representing Underlying Asset Allocation | |
| Moderate Growth (Fidelity Funds) | Custom Benchmark Representing Underlying Asset Allocation | |
| Conservative Portfolio (Fidelity Funds) | Custom Benchmark Representing Underlying Asset Allocation | |
| Underlying Funds (as of 6/30/2023) | Index | Group Index |
| Benchmark Constituent | | |
| Fidelity Series All-Sector Equity Fund | Russell 1000 Index | Dow Jones U.S. Total Stock Market Index |
| Fidelity Series Blue Chip Growth Fund | Russell 1000 Growth Index | Dow Jones U.S. Total Stock Market Index |
| Fidelity Series Growth Company Fund | Russell 3000 Growth Index | Dow Jones U.S. Total Stock Market Index |
| Fidelity Series Intrinsic Opportunities Fund | Russell 3000 Index | Dow Jones U.S. Total Stock Market Index |
| Fidelity Series Large Cap Stock Fund | S&P 500 Index | Dow Jones U.S. Total Stock Market Index |
| Fidelity Series Large Cap Value Index Fund | Russell 1000 Value Index | Dow Jones U.S. Total Stock Market Index |
| Fidelity Series Opportunistic Insights Fund | Russell 3000 Index | Dow Jones U.S. Total Stock Market Index |
| Fidelity Series Small Cap Core Fund | Russell 2000 Index | Dow Jones U.S. Total Stock Market Index |
| Fidelity Series Small Cap Discovery Fund | Russell 2000 Index | Dow Jones U.S. Total Stock Market Index |
| Fidelity Series Small Cap Opportunities Fund | Russell 2000 Index | Dow Jones U.S. Total Stock Market Index |
| Fidelity Series Stock Selector Large Cap Value | Russell 1000 Value Index | Dow Jones U.S. Total Stock Market Index |
| Fidelity Series Value Discovery Fund | Russell 3000 Value Index | Dow Jones U.S. Total Stock Market Index |
| Fidelity Series Canada Fund | MSCI Canada (Net MA) | MSCI World ex US Index (Net MA) |
| Fidelity Series International Growth Fund | MSCI EAFE Growth Index (Net MA) | MSCI World ex US Index (Net MA) |
| Fidelity Series International Small Cap Fund | MSCI EAFE Small Cap Index (Net MA) | MSCI World ex US Index (Net MA) |
| Fidelity Series International Value Fund | MSCI EAFE Value Index (Net MA) | MSCI World ex US Index (Net MA) |
| Fidelity Series Overseas Fund | MSCI EAFE Index (Net MA) | MSCI World ex US Index (Net MA) |
| Fidelity Series Emerging Markets Equity Fund | MSCI Emerging Markets (Net MA) | MSCI Emerging Markets Index (Net MA) |
| Fidelity Series Emerging Markets Opportunities Fund | MSCI Emerging Markets Index (Net MA) | MSCI Emerging Markets Index (Net MA) |
| Fidelity Series Investment Grade Bond Fund | Bloomberg U.S. Aggregate Bond Index | Bloomberg U.S. Aggregate Bond Index |
| Fidelity Series Long-Term Treasury Bond Index Fund | Bloomberg U.S. Long Term Treasury Index | Bloomberg U.S. Long Term Treasury Index |
| Fidelity Series 0-5 Inflation-Protected Fund | Bloomberg US TIPS 0-5 Years | Bloomberg US TIPS 0-5 Years |
| Fidelity Series 5+ Inflation-Protected Fund | Bloomberg US TIPS 5+ Years Index | Bloomberg US TIPS 5+ Years Index |
| Fidelity Series International Developed Markets Bond Fund | Bloomberg ATL xUSxEM RICC,USH | Bloomberg ATL xUSxEM RICC,USH |
| Fidelity Series Government Money Market Fund | Bloomberg 3 Month T-bill Index | Bloomberg U.S. 3-6 Month Treasury Bill Index |
| Fidelity Series Short-Term Credit Fund | Bloomberg Credit 1-3 Year Bond | Bloomberg U.S. 3-6 Month Treasury Bill Index |
| Out-of-Benchmark Constituent | | |
| Fidelity Series Commodity Strategy Fund | Bloomberg Commodity Index Total Return | Bloomberg Commodity Index Total Return |
| Fidelity Series High Income Fund | ICE BofAML US High Yield Constrained Index | ICE BofAML US High Yield Constrained Index |
| Fidelity Series Floating Rate High Income Fund | S&P/LSTA Leveraged Performing Loan Index | S&P/LSTA Leveraged Performing Loan Index |
| Fidelity Series Emerging Market Debt Fund | J.P. Morgan Emerging Markets Bond Index Global | J.P. Morgan Emerging Markets Bond Index Global |
| Fidelity Series Emerging Markets Debt Local Fund | JPM GBI-EM G1b Dvsfd | JPM GBI-EM G1b Dvsfd |
| Fidelity Series Real Estate Income Fund | FID Series Real Estate Income Composite Index | FID Series Real Estate Income Composite Index |

APPENDIX B: AZ529, ARIZONA'S EDUCATION SAVINGS PLAN

| Blend Age-Based Portfolios: | Index | |
|---|---|--|
| Age-Based Portfolios (Blend) | Custom Benchmark Representing Underlying Asset Allocation | |
| Underlying Funds (as of 6/30/2023) | Index | Group Index |
| Benchmark Constituent | | |
| Fidelity Series Blue Chip Growth Fund | Russell 1000 Growth Index | Dow Jones U.S. Total Stock Market Index |
| Fidelity Series Large Cap Growth Index Fund | Russell 1000 Growth Index | Dow Jones U.S. Total Stock Market Index |
| Fidelity Series Large Cap Stock Fund | S&P 500 Index | Dow Jones U.S. Total Stock Market Index |
| Fidelity Series Large Cap Value Index Fund | Russell 1000 Value Index | Dow Jones U.S. Total Stock Market Index |
| Fidelity Series Small Cap Core Fund | Russell 2000 Index | Dow Jones U.S. Total Stock Market Index |
| Fidelity Series Small Cap Opportunities Fund | Russell 2000 Index | Dow Jones U.S. Total Stock Market Index |
| Fidelity Series Value Discovery Fund | Russell 3000 Value Index | Dow Jones U.S. Total Stock Market Index |
| Fidelity Series Canada Fund | MSCI Canada (Net MA) | MSCI World ex US Index (Net MA) |
| Fidelity Series International Growth Fund | MSCI EAFE Growth Index (Net MA) | MSCI World ex US Index (Net MA) |
| Fidelity Series International Index Fund | MSCI EAFE Index (Net MA) | MSCI World ex US Index (Net MA) |
| Fidelity Series International Small Cap Fund | MSCI EAFE Small Cap Index (Net MA) | MSCI World ex US Index (Net MA) |
| Fidelity Series International Value Fund | MSCI EAFE Value Index (Net MA) | MSCI World ex US Index (Net MA) |
| Fidelity Series Overseas Fund | MSCI EAFE Index (Net MA) | MSCI World ex US Index (Net MA) |
| Fidelity Series Emerging Markets Equity Fund | MSCI Emerging Markets (Net MA) | MSCI Emerging Markets Index (Net MA) |
| Fidelity Series Emerging Markets Opportunities Fund | MSCI Emerging Markets Index (Net MA) | MSCI Emerging Markets Index (Net MA) |
| Fidelity Series Corporate Bond Fund | Bloomberg U.S. Credit Bond Index | Bloomberg U.S. Aggregate Bond Index |
| Fidelity Series Government Bond Index Fund | Bloomberg U.S. Government Bond Index | Bloomberg U.S. Aggregate Bond Index |
| Fidelity Series Investment Grade Bond Fund | Bloomberg U.S. Aggregate Bond Index | Bloomberg U.S. Aggregate Bond Index |
| Fidelity Series Investment Grade Securitized Bond Fund | Bloomberg U.S. Securitized Index | Bloomberg U.S. Aggregate Bond Index |
| Fidelity Series Long-Term Treasury Bond Index Fund | Bloomberg U.S. Long Term Treasury Index | Bloomberg U.S. Long Term Treasury Index |
| Fidelity Series 0-5 Inflation-Protected Fund | Bloomberg US TIPS 0-5 Years | Bloomberg US TIPS 0-5 Years |
| Fidelity Series 5+ Inflation-Protected Fund | Bloomberg US TIPS 5+ Years Index | Bloomberg US TIPS 5+ Years Index |
| Fidelity Series International Developed Markets Bond Fund | Bloomberg ATI, xUSxEM RICC,USH | Bloomberg ATI, xUSxEM RICC,USH |
| Fidelity Series Treasury Bill Index Fund | Bloomberg U.S. 3-6 Month Treasury Bill Index | Bloomberg U.S. 3-6 Month Treasury Bill Index |
| Fidelity Series Government Money Market Fund | Bloomberg 3 Month T-bill Index | Bloomberg U.S. 3-6 Month Treasury Bill Index |
| Fidelity Series Short-Term Credit Fund | Bloomberg Credit 1-3 Year Bond | Bloomberg U.S. 3-6 Month Treasury Bill Index |
| Out-of-Benchmark Constituent | | |
| Fidelity Series Commodity Strategy Fund | Bloomberg Commodity Index Total Return | Bloomberg Commodity Index Total Return |
| Fidelity Series High Income Fund | ICE BofAML US High Yield Constrained Index | ICE BofAML US High Yield Constrained Index |
| Fidelity Series Floating Rate High Income Fund | S&P/LSTA Leveraged Performing Loan Index | S&P/LSTA Leveraged Performing Loan Index |
| Fidelity Series Emerging Market Debt Fund | J.P. Morgan Emerging Markets Bond Index Global | J.P. Morgan Emerging Markets Bond Index Global |
| Fidelity Series Emerging Markets Debt Local Fund | JPM GBI-EM Glb Dvsfd | JPM GBI-EM Glb Dvsfd |
| Fidelity Series Real Estate Income Fund | FID Series Real Estate Income Composite Index | FID Series Real Estate Income Composite Index |

| Fidelity Index Age-Based & Static Portfolios: | Index | |
|---|---|---|
| Age-Based Portfolios (Fidelity Index) | Custom Benchmark Representing Underlying Asset Allocation | |
| Aggressive Growth (Fidelity Index) | Custom Benchmark Representing Underlying Asset Allocation | |
| Moderate Growth (Fidelity Index) | Custom Benchmark Representing Underlying Asset Allocation | |
| Conservative Portfolio (Fidelity Index) | Custom Benchmark Representing Underlying Asset Allocation | |
| Underlying Funds (as of 6/30/2023) | Index | Group Index |
| Fidelity Series Total Market Index Fund | Dow Jones U.S. Total Stock Market Index | Dow Jones U.S. Total Stock Market Index |
| Fidelity Series Global ex-US Index Fund | MSCI All Country World ex U.S. Index (Net MA) | MSCI All Country World ex U.S. Index (Net MA) |
| Fidelity Series Bond Index Fund | Bloomberg U.S. Aggregate Bond Index | Bloomberg U.S. Aggregate Bond Index |
| Fidelity Series Long-Term Treasury Bond Index Fund | Bloomberg U.S. Long Term Treasury Index | Bloomberg U.S. Long Term Treasury Index |
| Fidelity Series 0-5 Inflation-Protected Fund | Bloomberg US TIPS 0-5 Years | Bloomberg US TIPS 0-5 Years |
| Fidelity Series 5+ Inflation-Protected Fund | Bloomberg US TIPS 5+ Years Index | Bloomberg US TIPS 5+ Years Index |
| Fidelity Series International Developed Markets Bond Index Fund | Bloomberg ATI, xUSxEM RICC,USH | Bloomberg ATI, xUSxEM RICC,USH |
| Fidelity Series Treasury Bill Index Fund | Bloomberg U.S. 3-6 Month Treasury Bill Index | Bloomberg U.S. 3-6 Month Treasury Bill Index |

Underlying funds include Benchmark Constituents and Out-of-Benchmark Constituents.

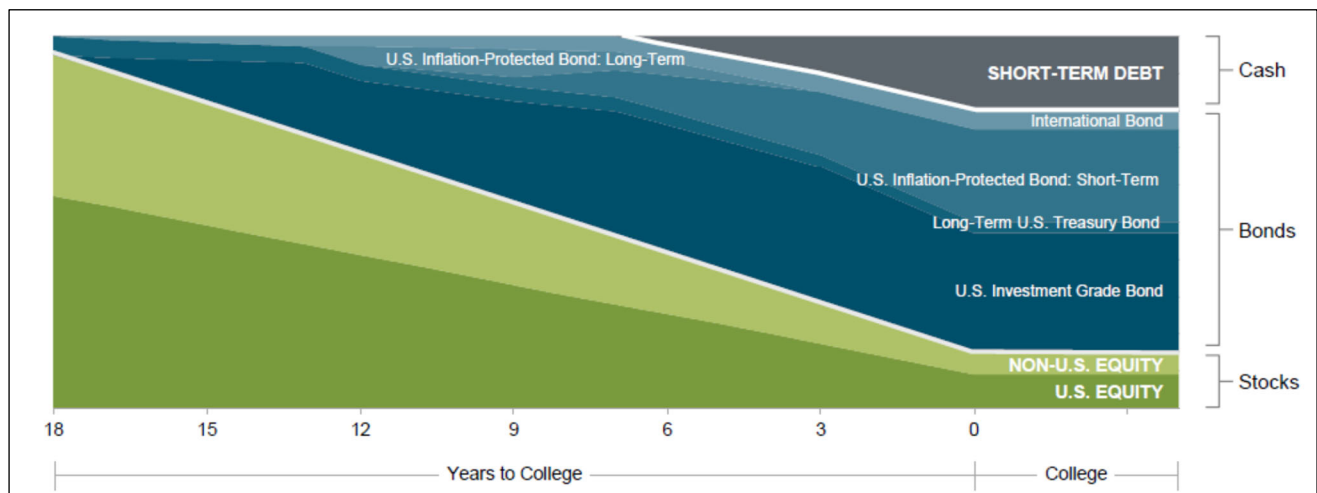
Fidelity may change the overall asset allocation of a Portfolio, including the underlying mutual funds held in a Portfolio or the allocation among funds, at any time without notice.

For the most current underlying funds, fund allocation list, and the benchmarks of the underlying funds please call Fidelity or visit www.fidelity.com/Arizona.

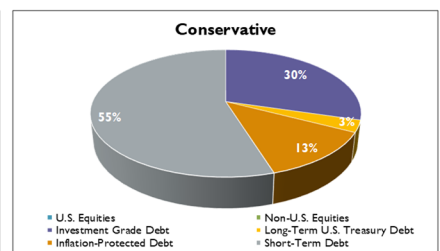
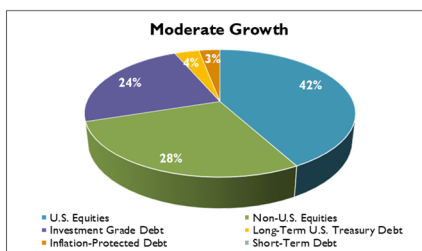
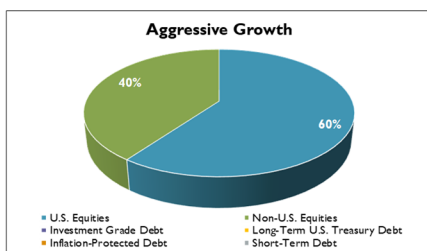
APPENDIX B: AZ529, ARIZONA'S EDUCATION SAVINGS PLAN

| Individual Portfolios | Index | Peer Group Universe |
|--|---|---------------------------|
| Fidelity 500 Index Portfolio | | |
| Fidelity 500 Index | S&P 500 Index | Large Cap Core Equity |
| Total Market Index Portfolio | | |
| Fidelity Total Market Index | Dow Jones U.S. Total Stock Market Index | All Cap Core Equity |
| International Index Portfolio | | |
| Fidelity Global ex-US Index | MSCI All Country World ex U.S. Index (Net MA) | International Core Equity |
| Intermediate Treasury Index Portfolio | | |
| Fidelity Intermediate Treasury Bond Index | Bloomberg 5-10 Year Treasury Bond Index | U.S. Treasury Bond |
| Stable Value Portfolio | | |
| Fidelity Education Income | Bloomberg 3 Month T-Bill Index | Stable Value |
| Bank Deposit Portfolio | | |
| Bank Deposit Portfolio | Bloomberg 3 Month T-Bill Index | -- |

Fidelity AZ529, Arizona's Education Savings Plan Age-Based & Static Portfolios



Note: The glide path chart illustrates the target asset allocations among stocks, bonds, and short-term funds. This chart also illustrates how these allocations may change over time. The future target asset allocations may also differ from this approximate illustration.



APPENDIX C: ASCENSUS/GOLDMAN SACHS 529 PLAN

Ascensus/Goldman Sachs 529 Plan's Investment Menu

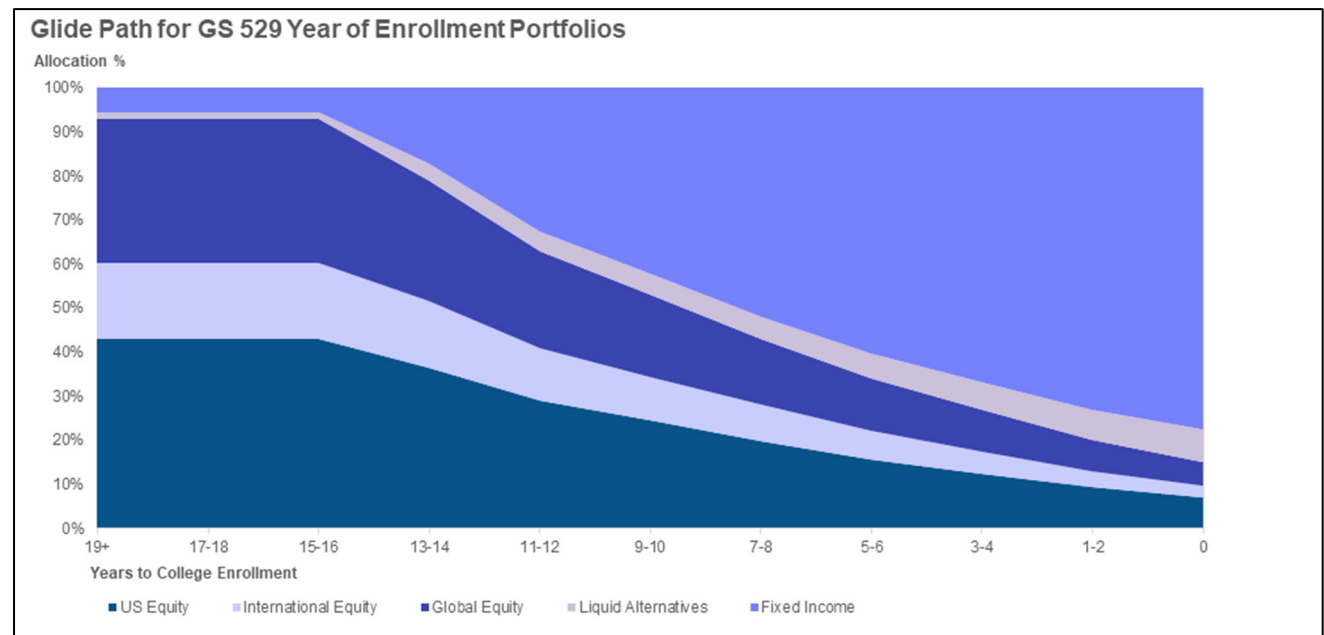
| Asset Allocation Portfolios: | Index | | |
|--|--|--|-------------------------------------|
| Year of Enrollment Portfolios | | | |
| GS 529 2041-2042 Portfolio | Custom Benchmark Representing Underlying Asset Allocation | | |
| GS 529 2039-2040 Portfolio | | | |
| GS 529 2037-2038 Portfolio | | | |
| GS 529 2035-2036 Portfolio | | | |
| GS 529 2033-2034 Portfolio | | | |
| GS 529 2031-2032 Portfolio | | | |
| GS 529 2029-2030 Portfolio | | | |
| GS 529 2027-2028 Portfolio | | | |
| GS 529 2025-2026 Portfolio | | | |
| GS 529 2023-2024 Portfolio | | | |
| GS 529 Currently Enrolled Portfolio | | | |
| Target Risk Portfolios | | | |
| GS 529 90 Eq/10 FI Portfolio | Custom Benchmark Representing Underlying Asset Allocation | | |
| GS 529 80 Eq/20 FI Portfolio | | | |
| GS 529 60 Eq/40 FI Portfolio | | | |
| GS 529 40 Eq/60 FI Portfolio | | | |
| GS 529 20 Eq/80 FI Portfolio | | | |
| Underlying Funds: | Index | Group Index | |
| GS ActiveBeta US Large Cap Equity ETF | S&P 500 Index | Russell 3000 Index | |
| GS MarketBeta U.S. Equity ETF | Solactive GBS United States Large & Mid Cap Index | | |
| GS ActiveBeta Small Cap Equity ETF | Russell 2000 Index | | |
| GS Global Managed Beta Fund | MSCI ACWI IMI (Net, USD, 50% Non-US Developed Hedged) | MSCI EAFE Index MSCI Emerging Markets Index | |
| GS ActiveBeta Intl Equity ETF | MSCI World ex-US Index | | |
| GS MarketBeta International Eq ETF | Solactive GBS Developed Markets ex North America Large & Mid Cap Index | Bloomberg Aggregate Bond Index | |
| GS Emerging Markets Debt Fund | JP Morgan EMBI Global Diversified Index | | |
| GS Access High Yield Corp Bond ETF | FTSE GS High Yield Corporate Bond Index | | |
| SPDR Portfolio Long Term Treas ETF | Bloomberg Long U.S. Treasury Index | | |
| GS Access Investment Grade Corp Bond ETF | FTSE GS Investment Grade Corporate Bond Index | | |
| GS Core Fixed Income Fund | Bloomberg Aggregate Bond Index | | |
| GS Treasury Access 0-1 Year ETF | FTSE US Treasury 0-1 Year Composite Select Index | | |
| GS Access Inflation Securities ETF | FTSE GS Treasury Inflation Protected USD Bond Index | | |
| GS Absolute Return Tracker Fund | ICE BofA 3 Month T-Bill Index | | Bloomberg 1-3 Month US T-Bill Index |
| GS Managed Futures Strategy Fund | ICE BofA 3 Month T-Bill Index | | |

Note: For the Asset Allocation Portfolios, Goldman Sachs Asset Management may change the overall asset allocation of a Portfolio, including the underlying funds held and the allocation to those funds, at the discretion of the portfolio managers.

APPENDIX C: ASCENSUS/GOLDMAN SACHS 529 PLAN

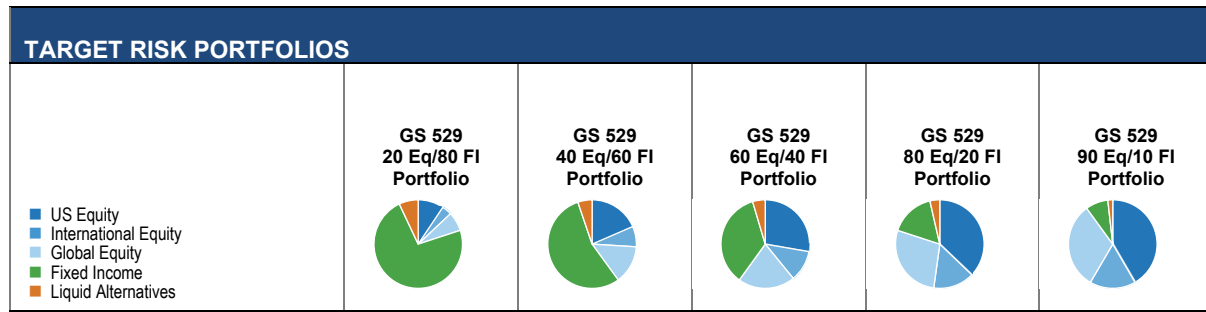
| Individual Portfolios: | Index | Peer Group Universe |
|--|---|--------------------------------------|
| Equity Funds | | |
| GS 529 Large Cap Value Portfolio | Russell 1000 Value Index | Large Cap Value Equity |
| GS 529 S&P 500 Index Portfolio | S&P 500 Index | Large Cap Core Equity |
| GS 529 Large Cap Growth Portfolio | Russell 1000 Growth Index | Large Cap Growth Equity |
| GS 529 ActiveBeta Small Cap Core Portfolio | Russell 2000 Index | Small Cap Equity |
| GS 529 Global Equity Portfolio | MSCI ACWI IMI (Net, USD, 50% Non-US Developed Hedged) | Global Equity |
| GS 529 ActiveBeta International Equity Portfolio | MSCI World ex-US Index | International Large Cap Broad Equity |
| GS 529 ActiveBeta US Large Cap Equity Portfolio | S&P 500 Index | Large Cap Broad Equity |
| GS 529 GS/GQG International Equity Portfolio | MSCI ACWI ex-US Index | International Large Cap Broad Equity |
| Bond Funds | | |
| GS 529 Capital Preservation Portfolio | 3-Month T-Bill | Stable Value |
| GS 529 High Yield Portfolio | Bloomberg U.S. High Yield 2% Issuer Capped Bond Index | High Yield |
| GS 529 Core Fixed Income Portfolio | Bloomberg Aggregate Bond Index | Core Bond |
| GS 529 Inflation Protected Securities Portfolio | Bloomberg US TIPS Index | TIPS |
| Specialty Funds | | |
| GS 529 Real Estate Securities Portfolio | Wilshire RESI Index (Free Float Market Cap) | Real Estate |
| GS 529 Technology Opportunities Portfolio | NASDAQ Composite Index | Science & Technology |
| GS 529 Future Planet Equity Portfolio | MSCI All Country World Index | Global Equity |

Ascensus/Goldman Sachs 529 Plan's Year of Enrollment & Target Risk Portfolios



Note: The future target asset allocations may differ from the illustration above.

APPENDIX C: ASCENSUS/GOLDMAN SACHS 529 PLAN



Note: The future target asset allocations may differ from the illustration above.

ATTACHMENT A: SECURITIES GUIDELINES

STABLE VALUE PORTFOLIO (AZ529, Arizona's Education Savings Plan)

The Stable Value Portfolio seeks the preservation of principal while earning a level of income that is consistent with principal preservation. The Portfolio is composed of a stable value separately-managed account that may invest in individual securities or actively-managed and/or index Fidelity mutual funds and investment contracts issued by third-party insurance companies or banks. Fidelity has entered into contractual arrangements with third-party insurance providers on behalf of the Trust, which is the Policyholder of the insurance contracts, to help the Stable Value Portfolio provide a steady, positive annual rate of return. The insurance contract is made by the insurance companies to the Policyholder not to the Participants.

ATTACHMENT A: SECURITIES GUIDELINES

GS 529 CAPITAL PRESERVATION PORTFOLIO (Ascensus/Goldman Sachs 529 Plan)

I. INVESTMENT OBJECTIVE

The primary investment objective of the GS Capital Preservation Portfolio is preservation of capital. Within this objective, the Investment Manager will also seek to achieve a reasonably stable monthly return, a high level of liquidity for Account Owner withdrawals and a total return which, over time, exceeds that of the 3-Month T-Bill.

II. INVESTMENT STRATEGY

A. Permitted Investments

The GS Capital Preservation Portfolio's assets may be invested in the following sectors as described in the "Summary Description of GS Capital Preservation Portfolio Investment Sectors":

- 1) Guaranteed Investment Contracts (GICs).
- 2) Separate Account Contracts where any actively managed account or mutual fund investment shall have a stated target minimum weighted average credit quality of "A-" or equivalent at time of purchase.
- 3) Wrapped Fixed Income in which the following fixed income securities or vehicles are wrapped:
 - a) Shares of mutual funds, or actively managed accounts with a stated target minimum weighted average credit quality of "A-" or equivalent at time of purchase.
 - b) U.S. Treasuries and other securities backed by the full faith and credit of the U.S. Government, securities issued by U.S. Government Sponsored Entities or supranational organizations, municipal securities, or other fixed income investments such as mortgage-backed securities, asset-backed securities, collateralized mortgage obligations, and corporate debt obligations.
 - c) Cash or cash equivalents, including custodian's short-term reserve funds, other short-term investments, or money market funds.
- 4) Cash or cash equivalents.

B. GS Capital Preservation Portfolio Diversification

The GS Capital Preservation Portfolio's assets will be allocated over time across the various permitted asset classes, in accordance with the following target sector guidelines:

| Allocation Guidelines | |
|---------------------------------------|-------------------|
| Sector | Allocation Ranges |
| Cash/Cash Equivalents | 0-20% |
| Guaranteed Investment Contracts | 0-20% |
| Wrapped/Separate Account Fixed Income | 0-100% |

ATTACHMENT A: SECURITIES GUIDELINES

C. Summary Description of GS Capital Preservation Portfolio Investment Sectors

Guaranteed Investment Contracts (GICs): The GICs component will generally consist of investment contracts backed by the general account assets of qualified insurance companies or major money center banks or other financial institutions. GICs that may be purchased by the Investment Manager for the GS Capital Preservation Portfolio are limited to those issued by companies included on the Investment Manager's list of issuers approved for new investments, as in effect from time to time. The Investment Manager will provide its approved list to the Fund quarterly via online web reporting. In connection with the acquisition of new GICs for the GS Capital Preservation Portfolio, the Investment Manager will limit the GS Capital Preservation Portfolio's exposure to any one GIC issuer to no more than 5% of the GS Capital Preservation Portfolio's assets on a dollar weighted basis, measured at the time of purchase. For avoidance of doubt, this limitation shall not apply to GICs held by the GS Capital Preservation Portfolio as of the date of the Agreement, irrespective of whether the Investment Manager may undertake to restructure certain of the terms of such GICs.

Separate Account Contracts: The Separate Account component will generally consist of specific contracts with insurance companies who agree to provide book value liquidity and a minimum return guarantee. The assets of the Separate Account may consist of actively managed portfolios of fixed income securities subject to an advisory agreement between the insurance company and one or more external managers (which may include the Investment Manager) or shares of mutual funds. When the GS Capital Preservation Portfolio's assets are invested in a Separate Account, the GS Capital Preservation Portfolio owns an interest in the Separate Account rather than the underlying investments. Separate Accounts are limited to those issued by companies included on the Investment Manager's list of issuers approved for new investments, as in effect from time to time.

Wrapped Fixed Income: The Wrapped Fixed Income component may consist of a portfolio or portfolios of fixed income securities and one or more agreements to provide book value liquidity ("Stable Value Wrap Contracts") with respect to fixed income portfolios for benefit payments of the Plan. All Stable Value Wrap Contract issuers shall be on the Investment Manager's approved issuer list at the time of placement. In addition to individual securities holdings, this component may consist of actively managed portfolios of fixed income securities subject to a sub-advisory agreement between the Investment Manager and one or more external managers, or shares of mutual funds, including actively managed portfolios of fixed income securities or mutual funds to which the Investment Manager, or an affiliate of the Investment Manager, acts as adviser or subadviser thereto. The maturity dates of Wrapped Fixed Income investments may be fixed or open, and the interest rates, while fixed for a certain period of time, may be reset from time to time over the life of the contract.

Cash or Cash Equivalents: The Cash/Cash Equivalent component may include short-term reserve funds, other short-term investment funds or money market funds.

Investment Authority: In entering into the investments listed above, the Investment Manager is specifically authorized by the Fund (a) to utilize and delegate its investment mandate to such affiliated advisers ("Affiliates") as it deems necessary and in the best interests of the GS Capital Preservation Portfolio; and (b) to make any necessary representations (either itself or through its Affiliates) on behalf of the Fund to effectuate such investments.

D. Deviations

Deviations from the above diversification requirements are acceptable if at the time of the investment it is known that such deviation will occur and will subsequently cease within the succeeding six months or upon a schedule mutually agreed to by the Investment Manager and the Fund or its authorized representative.

ATTACHMENT A: SECURITIES GUIDELINES

The Investment Manager has investment discretion with respect to the GS Capital Preservation Portfolio and if it believes the guidelines set out above (or anywhere else in these guidelines) may adversely affect its GS Capital Preservation Portfolio results or fiduciary responsibility, then it will immediately bring this matter to the attention of the Fund its authorized representative.

E. Liquidity for Participant Withdrawals

The GS Capital Preservation Portfolio will allow for Account Owner-directed withdrawals on a daily basis.

F. GS Capital Preservation Portfolio Duration

The duration of the GS Capital Preservation Portfolio shall be within a permissible range of 2.0 years to 4.0 years.