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# **INVESTMENT POLICY STATEMENT**

**For**

## **CollegeChoice 529 Investment Plan**

Prepared: November 2003

Restated: January 2006

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# PURPOSE

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The purpose of this Investment Policy Statement (“IPS”) is to assist the Indiana Education Savings Authority (“IESA”) Board (“Board”) in effectively supervising, monitoring and evaluating the investment options of the CollegeChoice 529 Investment Plan (“Plan”) assets. The Board has the authority to oversee the investment of the Plan assets. The Plan’s investment program is defined in the various sections of the IPS by:

- Stating in a written document the Board's attitudes, expectations, objectives, and guidelines in the investment of all Plan assets.
- Setting forth an investment structure for managing all Plan assets. This structure includes various asset classes and investment management styles. The Plan intends to provide an appropriate range of investment options that will span the risk/return spectrum.
- Establishing the criteria and procedures for selecting investment options and investment managers.
- Providing guidelines for each investment portfolio that controls the level of overall risk (appropriate diversification) and liquidity assumed in that portfolio so that all Plan assets are managed in accordance with stated objectives.
- Encouraging effective communications between the Board, the investment consultant, and the investment managers.
- Establishing formalized criteria to monitor, evaluate and compare the performance results achieved by the investment managers on a regular basis.
- Complying with all fiduciary, prudence and due diligence requirements that experienced investment professionals would utilize, and with all applicable laws, rules and regulations from state political entities that may impact Plan assets.

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

# PLAN SUMMARY

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## ***Background Information:***

The Plan is a qualified savings plan established for the purpose of enhancing the accessibility and affordability of higher education. The Plan, which began operations in 1997 (as the Indiana Family College Savings Plan), was made possible by legislation passed by the Indiana General Assembly in 1996, which created the IESA to serve as the governing board of the Plan.

Effective January 1, 2002, the IESA retained One Group Administrative Services Inc., an indirect wholly owned subsidiary of Bank One Corporation, as plan administrator. On July 1, 2004, Bank One was acquired by JP Morgan Chase and subsequently was renamed JP Morgan Chase & Co. The Plan is designed to meet certain Internal Revenue Service requirements in order to offer participants favorable tax treatment. The existing rules governing the Plan are found in Title 540 of the Indiana Administrative Code, as amended from time to time. Participants are entitled to make periodic deposits to the Plan for the benefit of designated beneficiaries.

The Plan's participants and beneficiaries are expected to have different time horizons and risk tolerances. To meet these varying investment needs, participants and beneficiaries will be able to direct their account balances among a range of investment options to construct diversified portfolios that reasonably span the risk/return spectrum. *Participants and beneficiaries alone bear the risk of the investment results from the options and asset mixes that they select. Moreover, the Board recognizes that by employing licensed professional brokers or financial advisors, contributors elect to avail themselves of advice and assistance in the selection of investments that are outside the scope of the Board's oversight or responsibility.* The IESA and the Indiana General Assembly reserve the right to modify the Plan's policies, procedures and rules.

Key information regarding the Plan can be found in Appendix A.

## **STATEMENT OF OBJECTIVES**

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The objectives of the Plan have been established in conjunction with a comprehensive review of the current position. The objectives are:

- To maintain flexibility in meeting the future needs of the participants.
- To maximize return within reasonable and prudent levels of risk by providing investment options which cover a broad range of risk and return characteristics.
- To control costs of administering the Plan and managing the investments.
- To undertake all transactions solely in the interest of the participants and beneficiaries.

# RESPONSIBILITIES

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The Board is responsible for the prudent administration of the Plan with specific responsibilities, which include: design of Plan investment platform; establishing investment policy objectives and guidelines; prudent selection of investment managers; and ongoing monitoring. The Board may contract with a Consultant to assist in these responsibilities.

## **Delegation of Authority**

The Board members of the Plan are fiduciaries and are responsible for providing the investment framework and monitoring the investment management of Plan assets. As such, the Board is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to:

1. *Investment Management Consultant (“Consultant”)*. The Consultant may assist the Board in: establishing investment policy, objectives, and guidelines; selecting investment managers; reviewing such investment managers over time; measuring and evaluating investment performance; and other tasks as deemed appropriate.
2. *Recordkeeper*. The Recordkeeper will calculate individual participant balances; and process participant contributions and disbursements. The Recordkeeper will continually reconcile participant balances with trust account balances to maintain alignment. The Recordkeeper will also produce management reports that ensure the overall compliance of the Plan with both the IRS and the State of Indiana.
3. *Plan Administrator*. The Plan Administrator has delegated to JP Morgan Investment Advisors, Inc. the responsibility to manage the Age-Based Program, the Model Portfolios used in the Age-Based Program, and certain Targeted Portfolios (also referred to as Stand-alone options).
4. *Investment Manager (“Manager”)*. The Manager has discretion to purchase, sell, or hold the specific securities or products that will be used to meet the Plan’s investment objectives. Managers include mutual funds. The Board will delegate day-to-day operations to the Administrator and investment decisions to Managers. Managers will be held responsible and accountable to achieve the objectives herein stated.
5. Additional specialists such as attorneys, auditors, actuaries, and others may be employed by the Board to assist in meeting its responsibilities and obligations to administer Plan assets prudently.

## **Responsibility of Participants**

Participants are responsible for choosing an appropriate investment program. IESA will not provide individual investment counseling to participants. Participants choosing to invest in the Age-based Program must determine that the portfolios’ shift in asset allocation strategies are appropriate for their risk tolerances, time horizons and return expectations. Participants choosing to allocate their portfolios using the Custom Program are responsible for utilizing the basic

## RESPONSIBILITIES

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principals of strategic asset allocation to select a combination of investment options based on the participant's unique time horizon, risk tolerance, return expectation, and asset class preferences.

### **Responsibility of the Consultant**

The Consultant's role is that of an advisor to the Board. Investment guidance concerning the investment management of Plan assets will be offered by the Consultant, and will be consistent with the investment objectives, policies, and constraints as established in this statement. Specific responsibilities of the Consultant include:

- Providing independent and unbiased information.
- Assisting in strategic planning and investment option mapping.
- Assisting in the development and periodic review of the investment policy.
- Conducting investment option searches when requested by the Board.
- Assisting in development of performance measurement standards.
- Monitoring and evaluating investment options performance on an ongoing basis and conducting due diligence when an investment option fails to meet a standard.
- Making recommendations with respect to investment option retention or termination.
- Assisting in monitoring hired Managers and service vendors for compliance with this IPS.
- Assisting in the control of investment expenses, including helping to negotiate Plan Administrator fees.
- Reporting, on a timely basis, quarterly investment performance results to provide the Board with the ability to determine the progress and compliance with investment goals and objectives.

## INVESTMENT OPTIONS

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In order to provide appropriate investment alternatives for the participants, thirteen investment options will be made available that provide a range of risk and return characteristics, each uniquely different to aid in proper diversification. The investment options will be made available through two different programs, five available in the Age-based Program, and twelve available in the Custom Program as Stand-Alone Options. More specific information on each option is contained in Appendix B.

### **Age-based Program/Model Portfolios**

The Age-based Program shifts the account's asset allocation over time based upon the beneficiary's time horizon. Generally, these strategies are more aggressive (greater equity exposure) in the early years and become more conservative as the beneficiary nears enrollment.

The Plan's Age-based Program has five Model Portfolios, four of which are allocated with different equity to fixed income ratios (90:10; 70:30; 50:50; 30:70) and a Tuition portfolio (100% money market). Allocations automatically change based on beneficiary's age. The table below illustrates how an account is allocated in the Age-based Program.

<u>Portfolio</u>	<u>Asset Mix (Equity:Fixed Income)</u>	<u>Beneficiary's Age</u>
Growth	90:10	Newborn – 10 yrs
Growth & Income	70:30	11 – 14 yr
Balanced	50:50	15 – 17 yrs
Conservative Growth	30:70	18 – 19 yrs
Tuition	100% MMkt	20+

### **Custom Program/Stand-Alone Options**

The Custom Program offers Stand-Alone Options which allow participants the ability to allocate their account into one or more of the twelve investment options. The goal in offering the Custom Program is to provide participants with the ability to construct diversified portfolios by asset class and investment style that matches their risk tolerances, asset class preferences, time horizons and expected returns. Participants are able to change allocations once per year.



# **GUIDELINES AND INVESTMENT POLICY**

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## **Age-Based Program/Model Portfolios**

The Plan offers participants Age-Based Model Portfolio Options. The Age-Based Options are diversified, globally balanced portfolios designed to provide participants with pre-packaged asset allocation vehicles. The Committee has chosen to provide five distinct Age-Based portfolios in order to satisfy the needs of Plan participants who have a broad array of investment time horizons. A description of each Age-Based Model Portfolio Option is contained in Table 1 of Appendix C of the IPS.

The Age-Based Options represent a weighted allocation among a pre-determined number and type of mutual funds. The Board, with the assistance of the Investment Advisor, conducted a Manager Structure Study in order to determine the strategic allocation of each Age-Based Option. Table 2 in Appendix C depicts which mutual funds are included, as well as their respective weightings in the Age-Based Options. The Board intends to review these strategic allocations periodically.

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. This insures the risk profile of each option remains intact over time and implements a buy-low, sell-high philosophy. The Board has instructed the Plan Administrator to rebalance the Age-Based Options back to their strategic targets quarterly.

## **Custom Program/Stand-Alone Options** **Risk Tolerances**

The Board recognizes the difficulty of achieving the Plan's investment objectives in light of the uncertainties and complexities of the investment markets.

In establishing the risk tolerances of the IPS, the Board, with the assistance of the Investment Advisor, evaluated the ability of the participants to gain access to a wide range of investment styles covering a broad range of risk and return characteristics. The Board, with the assistance of the Investment Advisor, sought to provide participants with a broad array of investment choices so they have the ability to construct portfolios which could represent a variety of levels of risk and return regardless of time horizon.

## **Asset Allocation Constraints**

The Board believes that the Plan's risk and liquidity postures are, in large part, a function of asset class mix. The Board has reviewed the long-term performance characteristics of various asset classes, focusing on balancing the risks and rewards of market behavior. In order to allow participants to construct broadly diversified portfolios, investment options representing the following five asset classes were selected:

## **GUIDELINES AND INVESTMENT POLICY**

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- *Domestic Large Cap Equities*
- *Domestic Mid/Small Cap Equities*
- *International Equities*
- *Domestic Fixed Income*
- *Cash & Equivalents*

In addition to the broad asset classes, investment options will be diversified to allow participants to choose from a broad range of equity capitalization and fixed income maturities. For a definition and explanation of each asset class, please refer to Appendix B.

# SECURITIES GUIDELINES

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The Board chooses to utilize mutual funds for the investment of Plan assets. The vehicles selected shall adhere to the guidelines set forth in the prospectus or trust document; however, during the selection and review the portfolio characteristics shall be analyzed to see if they generally follow the guidelines set forth below.

## **Domestic Large Cap and Mid/Small Cap Equities:**

- Equity holdings in any one company should not exceed more than 10% of the market value of the portfolio. Not more than 25% of the market value of the portfolio should be invested in any one industry sector.
- The Managers shall emphasize quality in security selection and shall avoid risk of large loss through diversification.
- The Managers shall have the discretion to invest a portion of the assets in cash reserves when they deem appropriate. However, the Managers will be evaluated against their peers on the performance of the total funds under their direct management.

## **International Equities:**

- Equity holdings in any one company shall not exceed more than 10% of the portfolio. No more than 25% of the portfolio shall be invested in one industry sector.
- The Manager may enter into foreign exchange contracts on currency for investment or hedging purposes.

## **Domestic Fixed Income:**

- At least 75% of fixed-income securities held in the portfolio shall have a Moody's, Standard & Poor's and/or a Fitch's credit quality rating of no less than "BBB". U.S. Treasury and U.S. government agencies, which are unrated securities, are qualified for inclusion in the portfolio.
- The exposure of the portfolio to any one company, other than securities of the U.S. government or agencies, shall not exceed 10% of the market value of the portfolio.

## **Cash/Cash Equivalents:**

- Cash equivalent reserves shall consist of cash instruments having a quality rating of A-2, P-2 or higher. Eurodollar Certificates of Deposits, time deposits, repurchase agreements are also acceptable investment vehicles.
- Any idle cash not invested by the Managers shall be invested daily through an automatic sweep managed by the custodian.

## SELECTION OF MANAGERS

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The Board has the responsibility for selecting Managers. The Board, with the assistance of the Consultant, will select appropriate Managers to manage the Plan assets. The Board's intent is to follow a process that embodies the principles of procedural due diligence. Accordingly, when selecting Managers, the following criteria will be considered:

1. The Manager will be a bank, insurance company, investment management company, or investment adviser 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 Manager relative to other managers of like investment style.
4. Detailed information on the history of the firm, key personnel, key clients, costs, and support personnel.
5. The investment strategy that will be followed must be described and documented that the strategy has been successfully adhered to over time.
6. Fees should be competitive compared to similar investments.
7. Managers will be compared against a comparable peer group for selection.

# **CONTROL PROCEDURES**

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## **Duties and Responsibilities of the Managers**

Mutual funds selected by the Board must adhere to the terms and conditions set forth in the funds' prospectus or trust document.

## **Disclosure to Participants**

In order to ensure that participants have sufficient information to make informed investment decisions, the following disclosures will be made to all participants:

- an explanation of when and how participants may give investment instructions, including any restrictions on transfers or on the exercise of voting, tender and similar rights;
- transaction fees and expenses, such as sales commissions or redemption fees, that are charged to the participant's account;
- a description of the annual operating expenses of each investment vehicle including the investment management and other fees, which are charged to the investment vehicle thereby reducing its rate of return;
- a copy of the most recent prospectus will be provided upon request prior to or immediately following a participant's initial purchase in an investment subject to the Securities Act of 1933;
- a list of assets included in each investment vehicle and the value of each asset;
- performance data for each investment vehicle, net of expenses, presented over reasonable periods of time, calculated in a reasonable and consistent manner;
- the participant's account balance as of the last valuation date (but not less frequently than quarterly).

Every effort will be made to ensure all participants receive all correspondence regarding Plan developments and changes. The Board may delete and/or replace a particular style of investment management, if they deem appropriate. In addition, the Board may add a particular style of investment management, if deemed appropriate.

# MONITORING OF MANAGERS

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The Board is aware that the ongoing review and analysis of Managers is just as important as the due diligence implemented during the Manager selection process. Monitoring these Managers is a three step process, outlined below:

## **Step 1 – On-Going Monitoring**

The Consultant and the Board will perform a constant and on-going analysis of all Plan Managers. In addition to reviewing quarterly investment performance, the Consultant and the Board will continually evaluate:

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

## **Step 2 – Formal Watchlist**

If the Consultant and the Board determine that any of the above factors, or any other development regarding the Manager's performance or organization, warrants a more thorough examination, the Board will place the 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 a Manager termination include such things as:

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

- Long-Term Performance in Relation to Appropriate Market Index

Long-term performance standards measure a 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"

# MONITORING OF MANAGERS

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Shorter-term performance standards incorporate a time period of at least three years. Each Manager is expected to consistently perform in the top 50th percentile versus an appropriate peer group of Managers with similar investment styles. Additionally, each Manager is expected to demonstrate favorable cumulative and rolling three-year risk-adjusted performance compared to its peer group. 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 watchlisting examination of the Manager, a recommendation to either **replace** or **retain** the Manager will be made.

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

## ***Monitoring Costs***

The Board will review the service contracts and costs associated with the Plan annually. Areas to be reviewed include:

- Asset Management: The active management of the fund.
- Custody: The holding of the assets, collection of the income and disbursement of payments.
- Administrative Functions: Administration of the Plan, including recordkeeping, account settlement (participant balance with that of fund), and allocation of assets and earnings.

## **IPS REVIEW AND EVALUATION**

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The Board and the Investment Advisor will review the IPS, at least annually, to determine whether any changes are appropriate. Based on the Board's and the Investment Advisor's IPS review, the Board may revise the IPS or alter the Investment Managers to meet current needs. In conjunction with this review, as indicated previously, the Board also will annually review the performance of the Investment Advisor in carrying out its responsibilities under this IPS.



# SIGNATURES

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Prepared:  
Capital Cities, L.L.C.

Date: \_\_\_\_\_

\_\_\_\_\_  
Consultant

Accepted:  
IESA Board

Date: \_\_\_\_\_

\_\_\_\_\_  
Treasurer, State of Indiana, Chairman

\_\_\_\_\_  
Commissioner for Higher Education

\_\_\_\_\_  
Superintendent of Public Instruction

\_\_\_\_\_  
State Budget Director

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## APPENDIX A

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### **Key Information:**

Name of Plan: CollegeChoice 529 Investment Plan

Plan Sponsor: Indiana Education Savings Authority  
One North Capitol Ave., Suite 444  
Indianapolis, IN 46204

Plan Administrator: JP Morgan Funds Management, Inc.

Plan Accounting: Boston Financial Data Services, Inc. and JP Morgan Investor Services Co.

IESA Board: Treasurer of State, Chairman  
Commissioner for Higher Education  
Superintendent of Public Instruction  
State Budget Director  
Five Gubernatorial Appointees

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

Current Assets (as of September 30, 2005): \$379,681,036

Participant Directed Investment Options: Yes

Frequency to Change Investment Options: Annually (in Custom Program)

Investment Consultant: Capital Cities, L.L.C.  
Joe Bill Wiley (317) 475-4500  
Bill Mauger  
Janet Sweet

## APPENDIX B

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The investment options are designed to fulfill the following investment categories and objectives.

### **Investment Categories and Objectives**

**Large Cap Core Equity Index:** Large Cap Core Equity Index Style managers hold portfolios with characteristics similar to those of the broader market as represented by the Standard & Poor's 500 Index.

**Large Cap Value Equity:** Large Cap Value Equity managers invest in predominately large capitalization companies believed to be undervalued or possessing lower than average price/earnings ratios. The companies are expected to have a near-term earnings rebound and realize their potential for capital appreciation.

**Large Cap Growth Equity:** Large Cap Growth Equity managers invest in companies that are expected to have above average prospects for long-term growth in earnings and profitability. Future growth prospects take precedence over valuation levels in the stock selection process.

**Small Broad Equity:** Managers invest in companies with relatively small capitalization. The companies typically have zero dividends or dividend yields below the broader market. The securities exhibit greater volatility than the broader market as measured by the risk statistics beta and standard deviation.

**International Core Equity:** International Core Equity managers invest in a well-diversified portfolio of mostly large issues in developed countries with liquid markets, resulting in characteristics similar to that of an index such as the Morgan Stanley Capital International (MSCI) EAFE Index.

**Core Bond:** Managers who construct portfolios to approximate the investment results of the Lehman Brothers Government/Corporate Bond Index or the Lehman Brothers Aggregate Bond Index with a modest amount of variability in duration around the index. The objective is to achieve value added from sector and/or issue selection.

**Inflation-Protected Bond:** Managers who seeks to protect investment principal and interest against erosion from inflation over the long term. Typically managers will invest in inflation-protected debt securities issued by the U.S. Treasury, U.S. government agencies and by other entities such as corporations and foreign governments.

**Money Market:** Seeks to provide liquidity and as high a level of current income as is consistent with the preservation of capital through the investment in cash equivalent securities.

## APPENDIX B

### Selected Plan Options Asset Category, Index and Peer Group Universe

<i>Age-Based Program/Model Portfolio Options</i>	
<i>Asset Category</i>	<i>Weighted Index</i>
Growth Portfolio	15% S&P 500/ 16% Russell 1000 Value/ 16% Russell 1000 Gr/ 18% Russell 2000/ 25% MSCI EAFE/ 10% LB Agg
Growth & Income Portfolio	12% S&P 500/ 12% Russell 1000 Value/ 12% Russell 1000 Gr/ 14% Russell 2000/ 20% MSCI EAFE/ 30% LB Agg
Balanced Portfolio	8% S&P 500/ 9% Russell 1000 Value/ 9% Russell 1000 Gr/ 10% Russell 2000/ 14% MSCI EAFE/ 50% LB Agg
Conservative Growth Portfolio	6% S&P 500/ 5% Russell 1000 Value/ 5% Russell 1000 Gr/ 6% Russell 2000/ 8% MSCI EAFE/ 70% LB Agg
Tuition	100% 90 Day T-bills

<i>Underlying Funds in Model Portfolios</i>		
<i>Asset Category</i>	<i>Index</i>	<i>Peer Group Universe</i>
<b>Core Equity</b>		
JP Morgan Equity Index	S&P 500	Core Equity Style
<b>Domestic Large Cap Equity</b>		
JP Morgan Value Opportunities	Russell 1000 Value	Large Cap Value Style
JP Morgan Large Cap Growth	Russell 1000 Growth	Large Cap Gr Style
<b>Domestic Mid and Small Cap Equity</b>		
JP Morgan Small Cap Equity	Russell 2000	Small Cap Broad Style
<b>International Equity</b>		
JP Morgan International Equity	MSCI EAFE	Core International Equity Style

## APPENDIX B

<b>Domestic Fixed Income</b> JP Morgan Core Bond Fund	LB Aggregate	Core Bond Style
<b>Cash</b> JP Morgan Liquid Assets Money Market	90 Day T-Bills	Money Market Funds Style

### *Custom Program/Stand-Alone Options*

<i>Asset Category</i>	<i>Index</i>	<i>Peer Group Universe</i>
<b>Core Equity</b> JP Morgan Equity Index	S&P 500	Core Equity Style
<b>Domestic Large Cap Equity</b> Franklin Mutual Shares R MFS Mass Investors Growth	S&P 500 / S&P 500/Citigroup Value S&P 500/Russell 1000 Growth	Large Cap Value Style Large Cap Gr Style
<b>Domestic Mid and Small Cap Equity</b> Royce Low-Priced Stock Fund	Russell 2000	Small Cap Broad Style
<b>International Equity</b> Templeton Foreign Fund	MSCI EAFE	Core International Eq. Style
<b>Domestic Fixed Income</b> JP Morgan Core Bond Fund Fidelity Adv. Inflation-Protected Bond	LB Aggregate LB US TIPS	Core Bond Style Core Bond Style
<b>Cash</b> JP Morgan Liquid Assets Money Market	90 Day T-Bills	Money Market Funds

## APPENDIX C

**Table 1: Description of Age-Based Program/Model Portfolio Options**

<b>Growth Portfolio</b>	<b>Growth &amp; Income Portfolio</b>	<b>Balanced Portfolio</b>	<b>Conservative Growth Portfolio</b>	<b>Tuition Portfolio</b>
Seeks long-term capital appreciation by investing primarily in mutual funds that invest mainly in equity securities. The Growth Portfolio is appropriate for beneficiaries aged Newborn – 10 years or an investor who is willing to tolerate significant volatility in exchange for higher potential returns.	Seeks growth of income by investing predominantly in mutual funds that invest in equity securities. The Growth & Income Portfolio is appropriate for beneficiaries aged 11 – 14 years or an investor who is willing to tolerate significant volatility in exchange for higher potential returns.	Seeks high total return consistent with the preservation of capital by investing primarily in mutual funds that invest in equity and fixed income securities. The Balanced Portfolio is appropriate for beneficiaries aged 15 – 17 years or an investor who is willing to tolerate a modest level of risk and volatility while seeking capital appreciation.	Seeks income and capital appreciation by investing primarily in mutual funds that invest in fixed income and equity securities. The Conservative Growth Portfolio is appropriate for beneficiaries aged 18 – 19 years or an investor who has an aversion to risk (uncomfortable incurring significant losses but willing to tolerate mild volatility).	Seeks current income consistent with low volatility of principal by investing primarily in mutual funds that invest in high-quality, short-term money market instruments. The Tuition Portfolio is appropriate for beneficiaries aged 20+ or an investor who has a strong aversion to risk (uncomfortable incurring losses).

<b>Asset Class/Style</b>	<b>Investment Option</b>	<b>Growth Portfolio</b>	<b>Growth &amp; Income Portfolio</b>	<b>Balanced Portfolio</b>	<b>Conservative Growth Portfolio</b>	<b>Tuition Portfolio</b>
<b>Large Cap Domestic Equity</b>						
Large Cap (Passive)	JPM Equity Index Fund	15%	12%	8%	6%	-
Large Cap Value	JPM Value Opportunities	16%	12%	9%	5%	-
Large Cap Growth	JPM Large Cap Growth	16%	12%	9%	5%	-
<b>Small Cap Domestic Equity</b>						
Small Cap Core	JPM Small Cap Equity	18%	14%	10%	6%	-
<b>International Equity</b>						
Core International Equity	JPM International Equity	25%	20%	14%	8%	-
<b>Domestic Fixed Income</b>						
Core Bond	JPM Core Bond Fund	10%	30%	50%	70%	-
<b>Cash Equivalents</b>						
Money Market	JPM Liquid Assets MMkt	-	-	-	-	100%